



# EFES BREWERIES INTERNATIONAL N.V.

**YTDH1 2005 Results**  
**September 2005**

**Investor Presentation**





## Summary of Key Developments

1. **EBI Overview**
2. **Operational Highlights**
3. **Financial Highlights**
4. **Conclusion**

## Appendix



# Summary of Key Developments



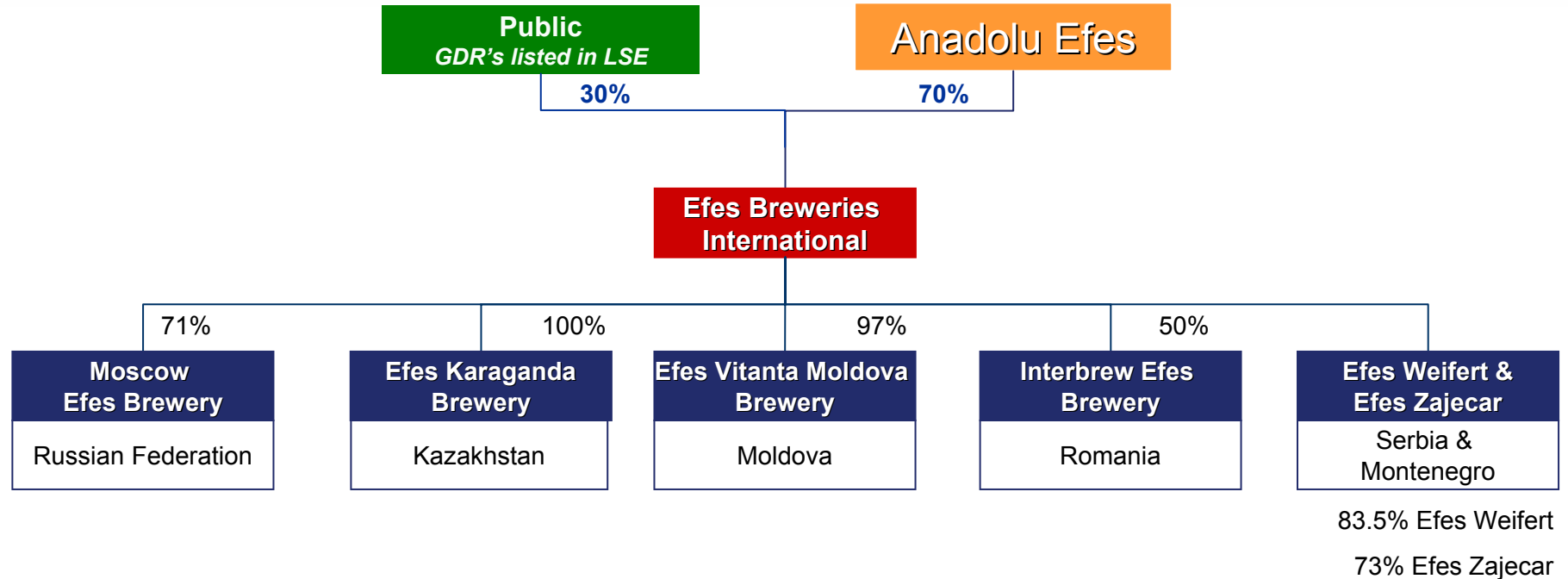
- ▶ **Continued top line growth momentum in YTD H12005 vs YTD H12004**
  - 18% overall volume growth, 20% sales growth
- ▶ **Profitability normalizing on seasonality and volume growth**
- ▶ **Slight reduction in Gross Profit Margin due to**
  - Price increases below inflation (Russian Federation)
    - pricing levels vs market average & competition maintained
  - Composition change – increased share of PET especially in Russian Federation
    - impact of increased resin prices in cost of sales
- ▶ **EBITDA contraction due to**
  - Restructuring of sales & distribution system
  - Higher marketing expenses incurred in Serbia & Montenegro
- ▶ **Continued out-performance compared to the market**
  - 18% volume growth in Russian Federation vs. estimated 4% market growth in YTD H12005
- ▶ **8% overall value share in YTD H12005 in Russian Federation**
  - Stary Melnik; best selling brand in Moscow, 4<sup>th</sup> in Russian Federation, by value

# 1. EBI Overview

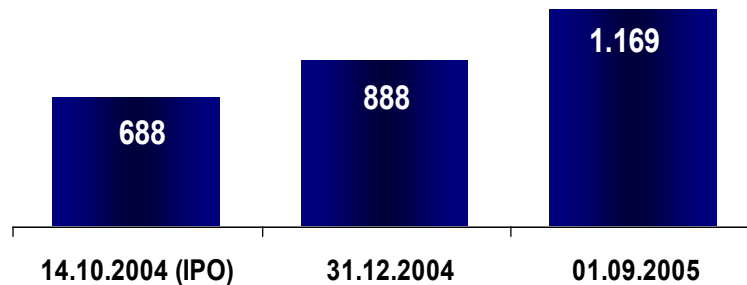




# Efes Breweries International N.V.



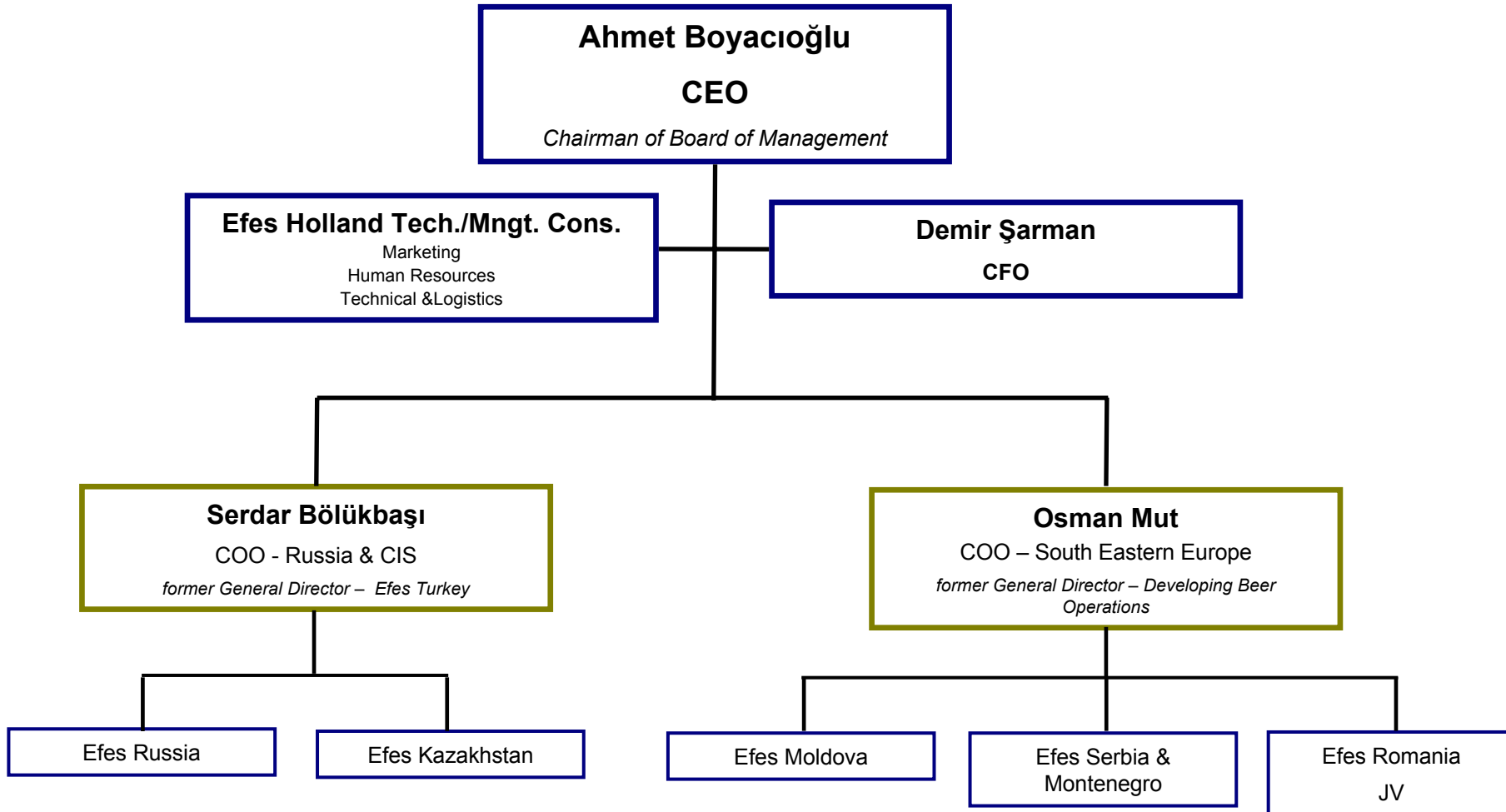
**Market Cap (million USD)**



Source: Company information.



► New organizational changes in EBI





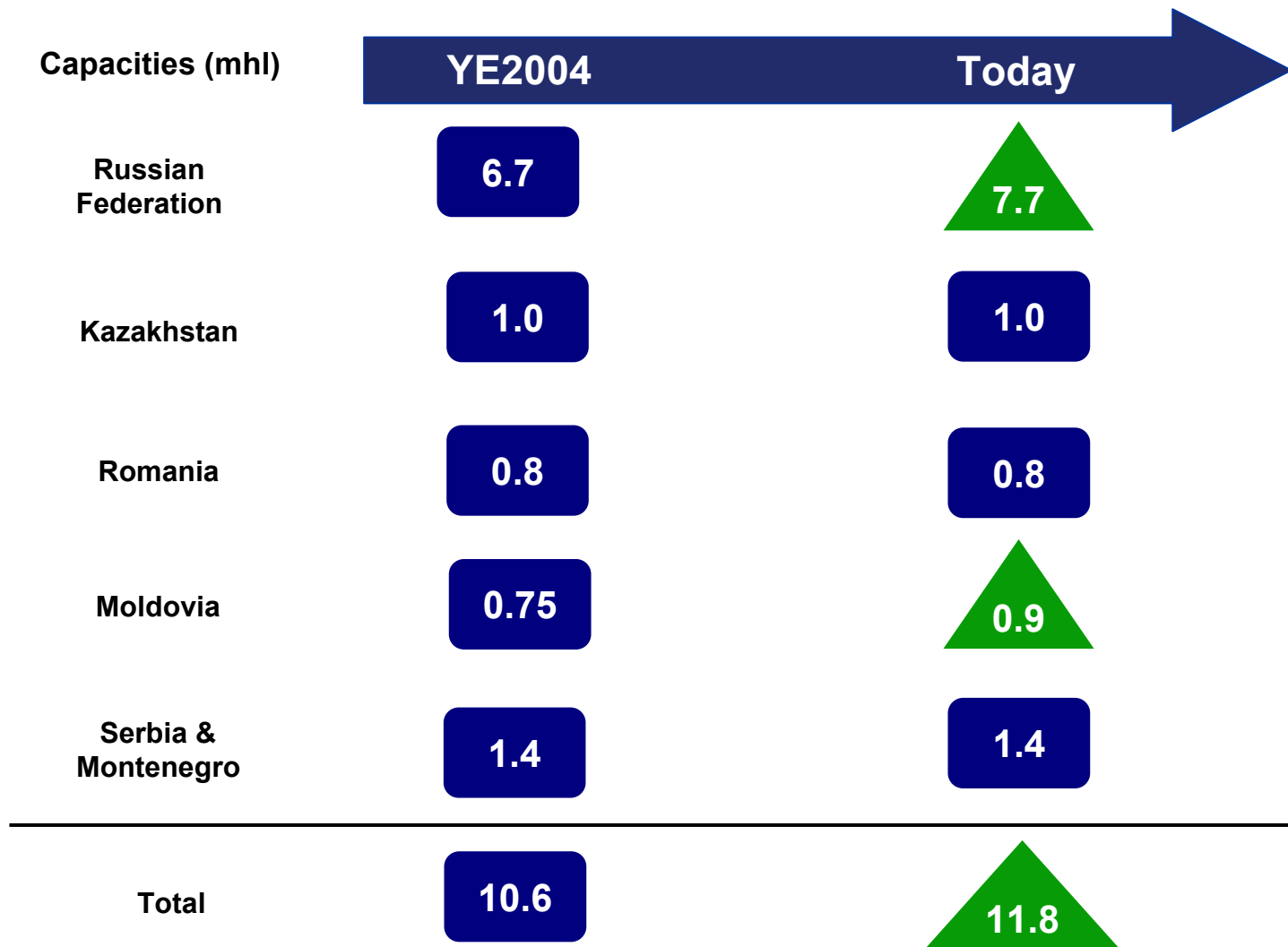
# Leading Brewer in CIS, SEE & Central Asia



Source: Company information.



# EBI's Brewing Infrastructure







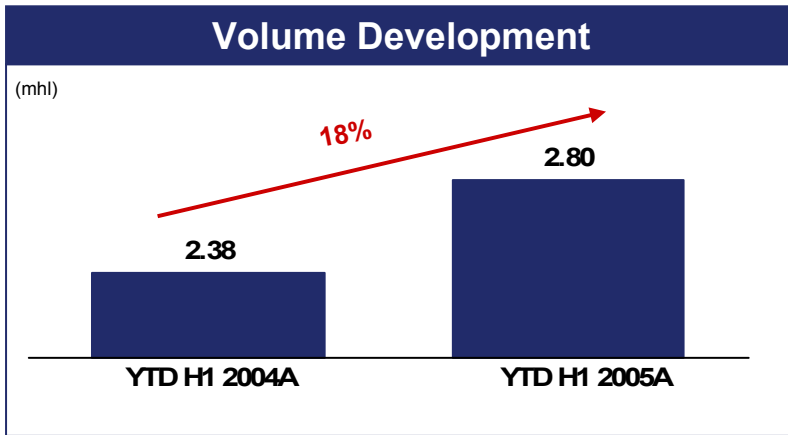
# Positioning and Key Brands



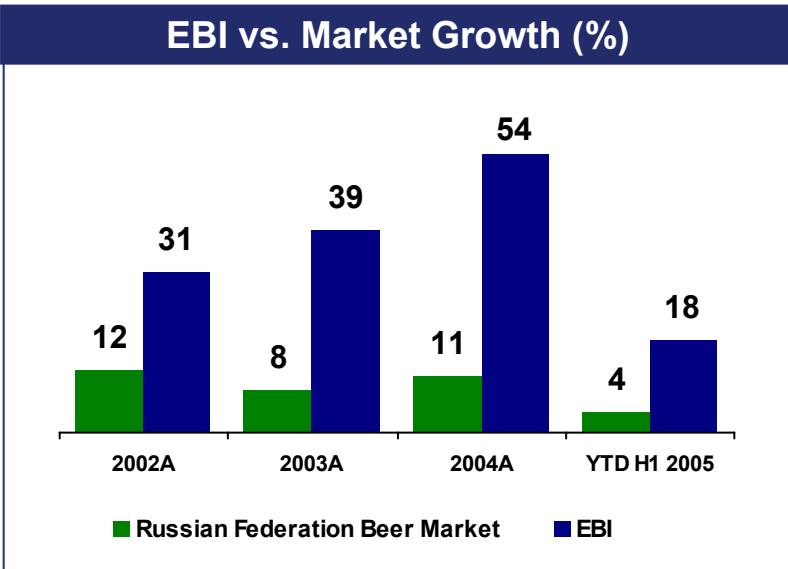
Premium	Licensed Licensed Licensed Licensed	Licensed	Import Import	Import	Licensed
	Local Local	Local	Local Local		
Mid-priced	Belyi Medved	Karagandinskoe	Arc Chisinau	Weifert Pils Plus	Caraiman

# 2. Operational Highlights

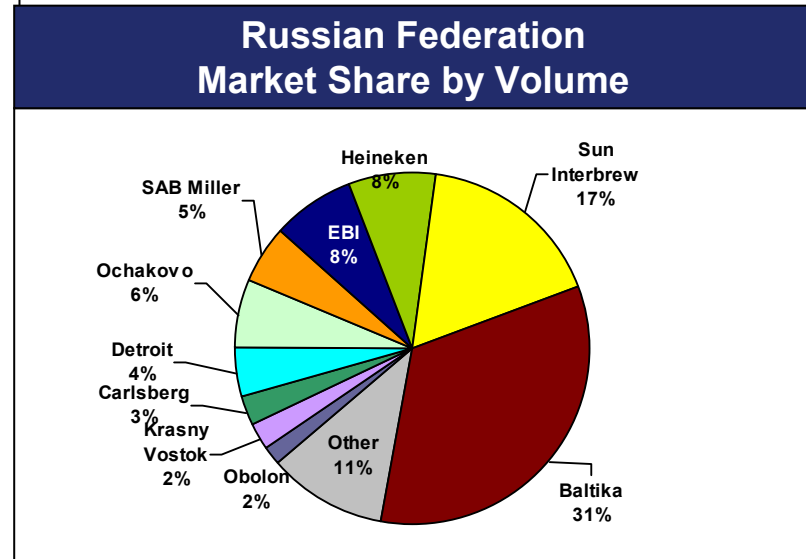
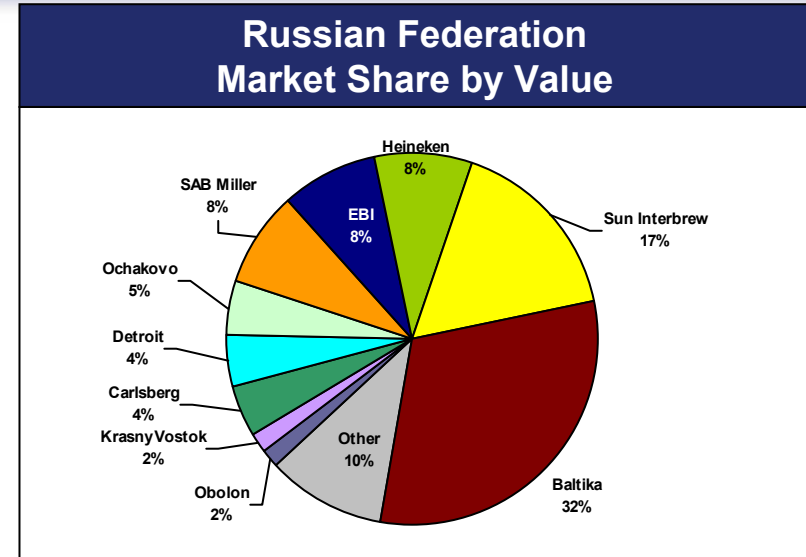




Source: Company information.



Note: Russian Federation beer market growth of 4% in YTD H12005 is an estimated figure.  
Source: Company information, Canadean Global Beer Report 2004

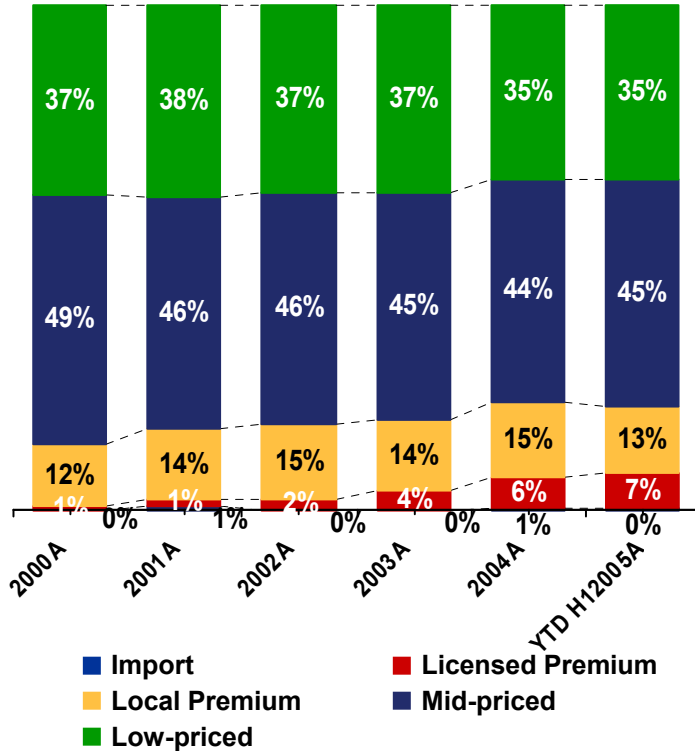


Source: AC Nielsen YTD June 2005.



## Segments in Russian Federation

(mhl)

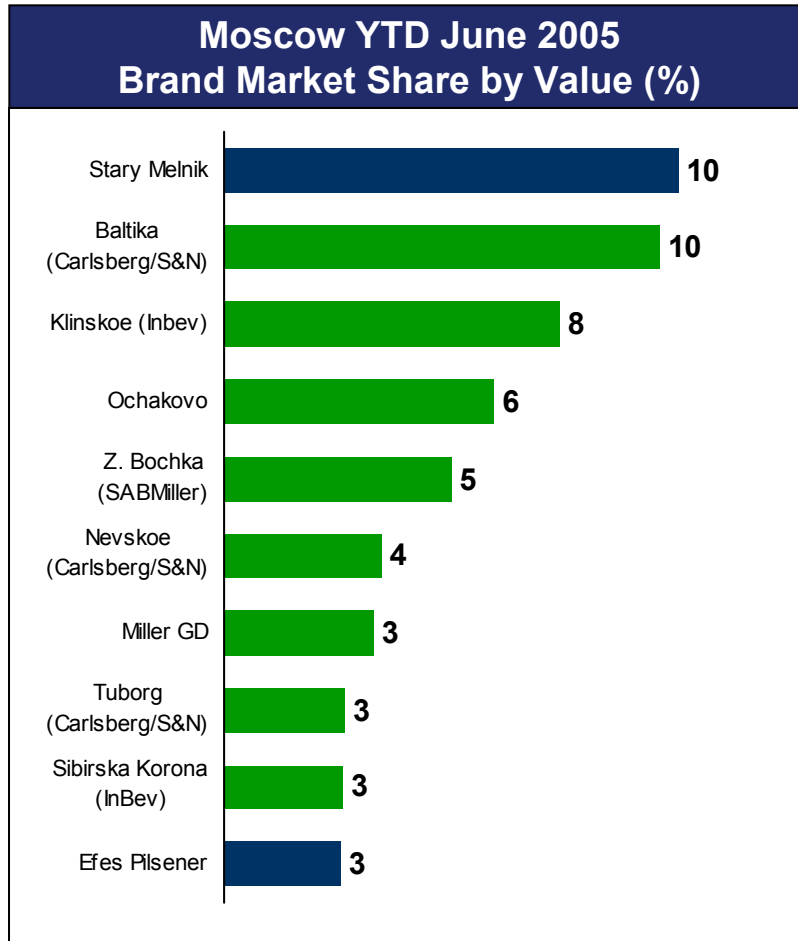


Source: AC Nielsen YTD June 2005.

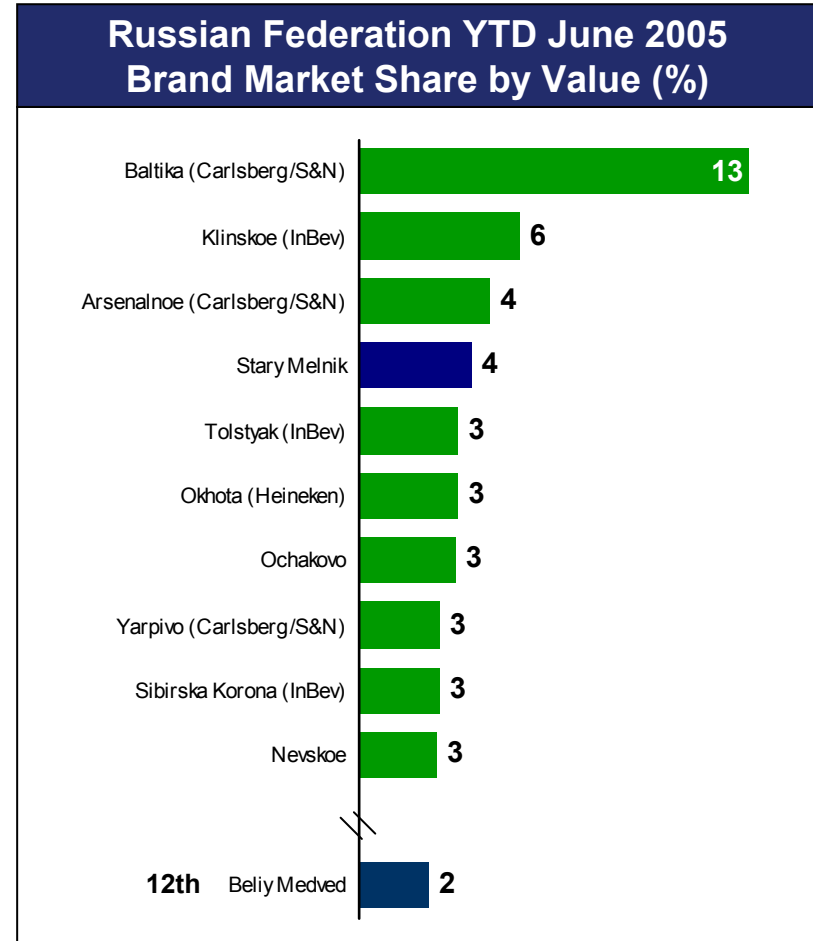
## Brands

- ▶ **Import:** Budweiser, Corona, Grolsch, Paulaner
- ▶ **Licensed Premium:** Efes Pilsener, Warsteiner, Zlatopramen, Amsterdam Navigator, Bavaria, Carlsberg, Heineken, Holsten, Kozel, Löwenbrau, Miller, Pilsener Urquell Staropramen, Stella Artois, Tuborg, Gösser, Foster's, Beck's
- ▶ **Local Premium:** Stary Melnik, Sokol, Bochkarev, Nevskoe, Parnas, Sib. Korona, Solodov, Stolichnoe, Zolotaya Bochka
- ▶ **Mid-priced:** Beliy Medved, Baltika, Klinskoe, Krasniy Vostok, Ochakovo, Patra, Pit, Stepan Razin, Tolstiak
- ▶ **Low-priced:** Arsenalnoe, Badaevskoe, Volzhanin, Yachmennoe, Yarpivo, Zhigulevskoe

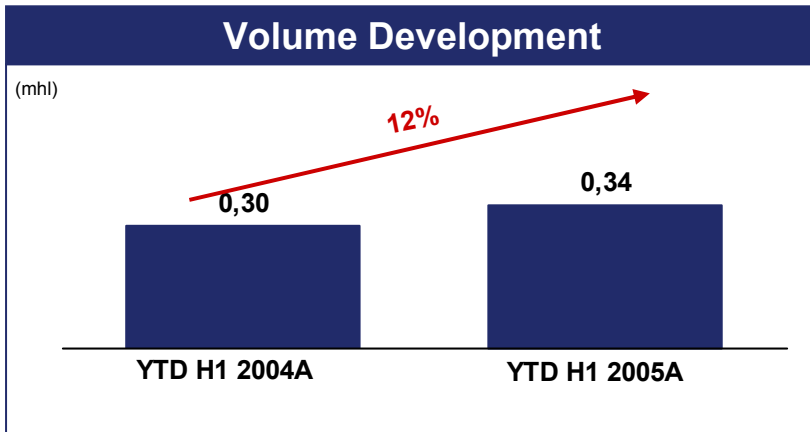




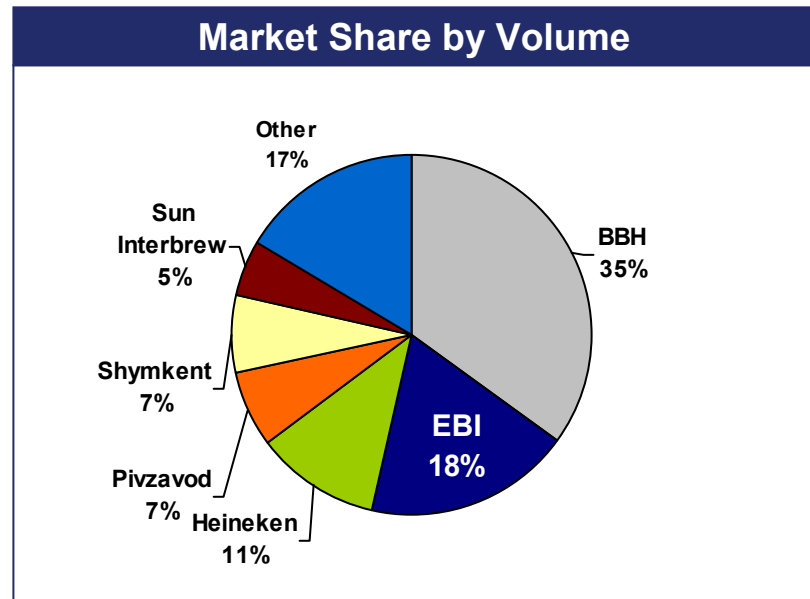
Source: AC Nielsen YTD June 2005.



Source: AC Nielsen YTD June 2005.

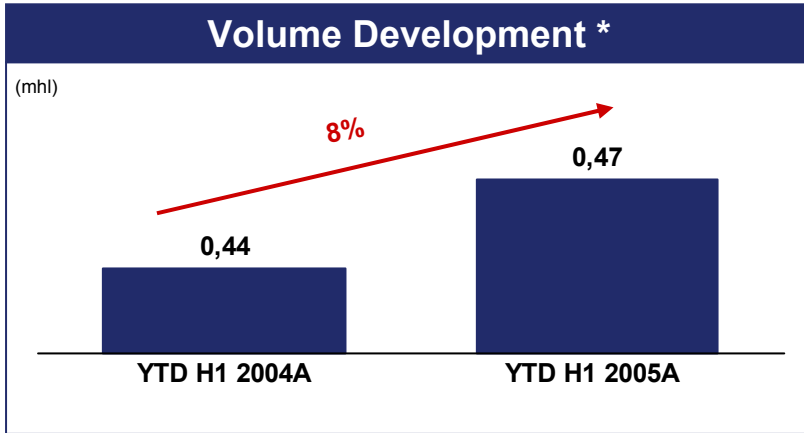


Source: Company information.

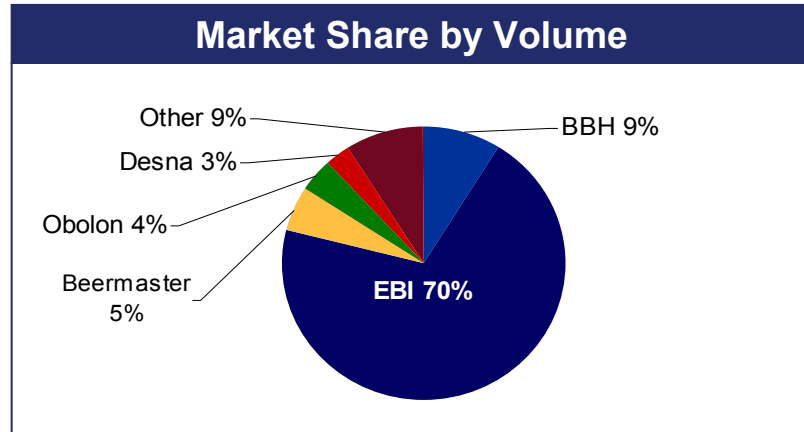


Source: ACNielsen YTD Apr-May 2005.

- ▶ EBI is #2 brewer
- ▶ Sales volume up by 12% to 0.34 mhl in YTD H12005 from 0.30 mhl in YTD H12004
- ▶ Superior logistical advantage
  - 2 modern breweries (total brewing capacity 1.0mhl)
  - 1 in-house maltery (6,500 tons capacity)
- ▶ Synergies through Coca-Cola distribution network

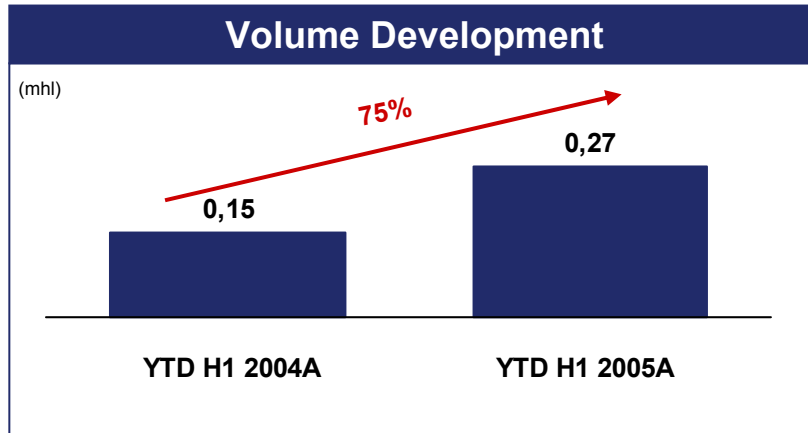


\* : Includes both beer & soft drinks.  
Source: Company information.

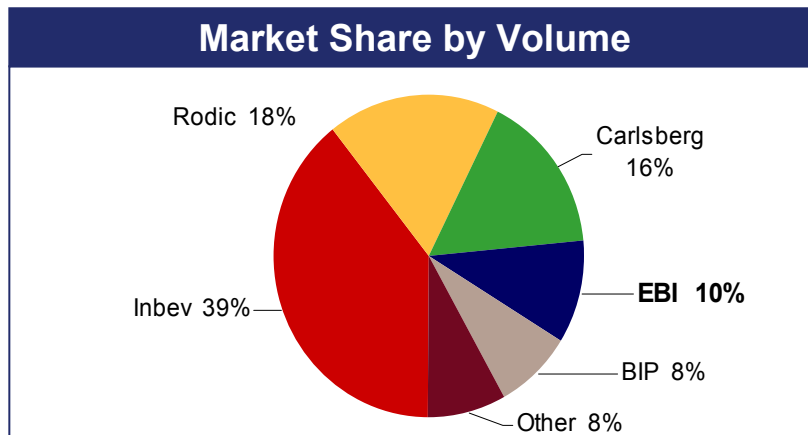


Source: MEMRB YTD May-June 2005.

- ▶ Sales volume at 0.47 mhl; up by 8% in YTD H12005 vs YTD H12004
- ▶ EBI is #1 brewer with 70% market share by volume
- ▶ Brewing capacity of 0.9mhl
  - up from 0.75mhl within H1 2005
- ▶ Additional soft drink business
  - Leading CSD market with 46% share by volume
  - Bottling capacity of 0.40mhl
- ▶ Focus on marketing, branding and re-launch of existing beer and soft drink brands



Source: Company information



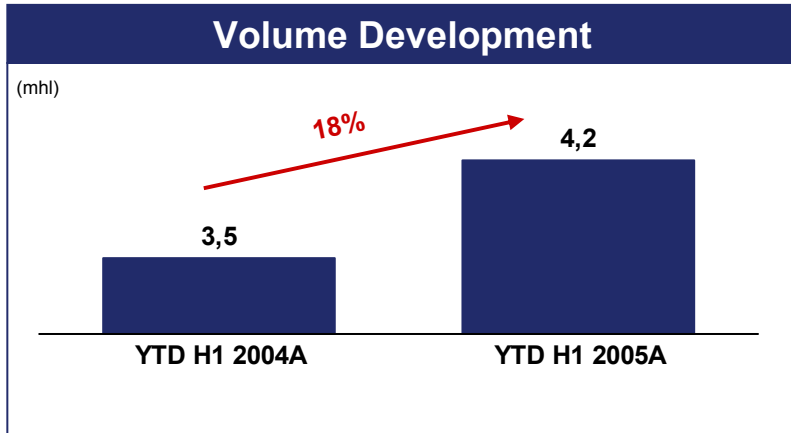
Source: Business Association of Serbia & Montenegro Brewers and Malt Producers\_ YTD June 2005...

- ▶ #4 brewer in Serbia and Montenegro
- ▶ Market entry in 2003
  - Acquisition of a brewery near Belgrade
  - Annual capacity 0.4mhl
- ▶ Acquisition of 2nd brewery in Zajecar in 2004
  - Annual capacity 1.0mhl
- ▶ Growth drivers
  - Re-launch of Weifert & Pils Plus brands
  - Improving nationwide distribution

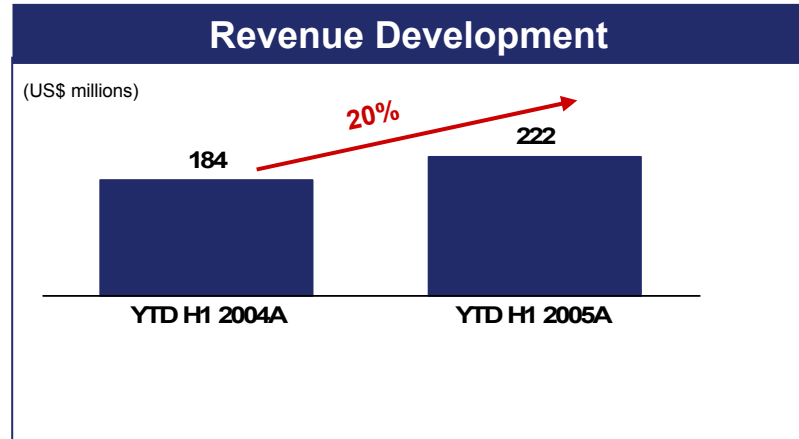


### 3. Financial Highlights

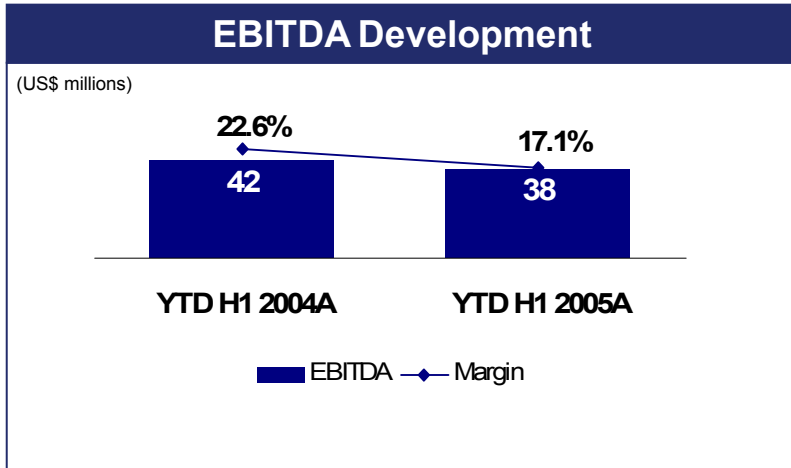




Source: Company information.



Source: Reviewed accounts

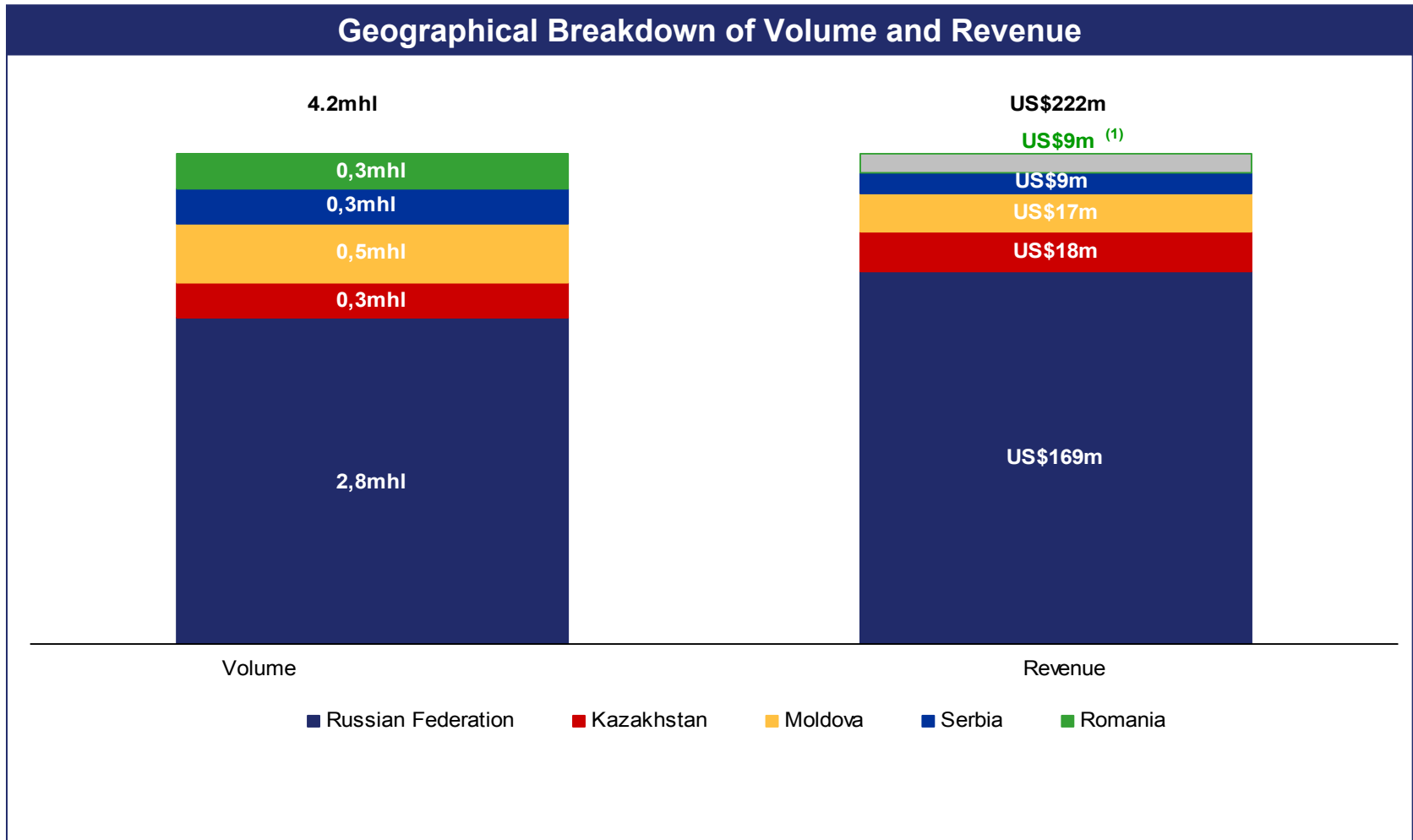


Source: Reviewed accounts

- ▶ Sales volume at 4.2 mhl up 18% in YTD H12005 vs YTD H12004
- ▶ Consolidated Revenue up by 20% in YTD H12005 vs YTD H12004, in line with volume growth, at US\$222 million
- ▶ Profitability continued to recover and normalize, building on the seasonality and the organic volume growth
  - certain margin contraction still exists in H12005 vs H12004

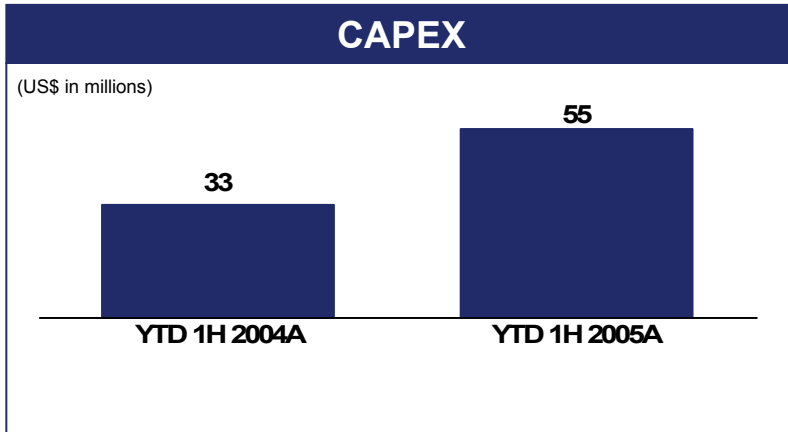


- ▶ **Slight contraction in Gross Profit margin due to**
  - Price increases below inflation (Russian Federation)
    - pricing levels vs market average & competition maintained
  - Change in product composition - increased PET share (Russian Federation)
    - higher exposure to increased resin prices
- ▶ **Decline in Profit from Operations due to**
  - Seasonal shift of marketing and advertising expenses
    - stabilized to a great extent
  - Restructuring of sales and distribution system in Russian Federation
    - will normalize in FY2005
  - Higher marketing expenses incurred in Serbia & Montenegro
    - following Zajecar Brewery acquisition in Q32004
    - aim to establish strong long-term market position
- ▶ **FY2005 volume outlook unchanged – revenue growth to be in line with volume growth**
  - Impact on full year EBITDA expectation



Note: (1) Romania represents 50% of total figures in Romania.

Source: Company Information, Reviewed accounts.



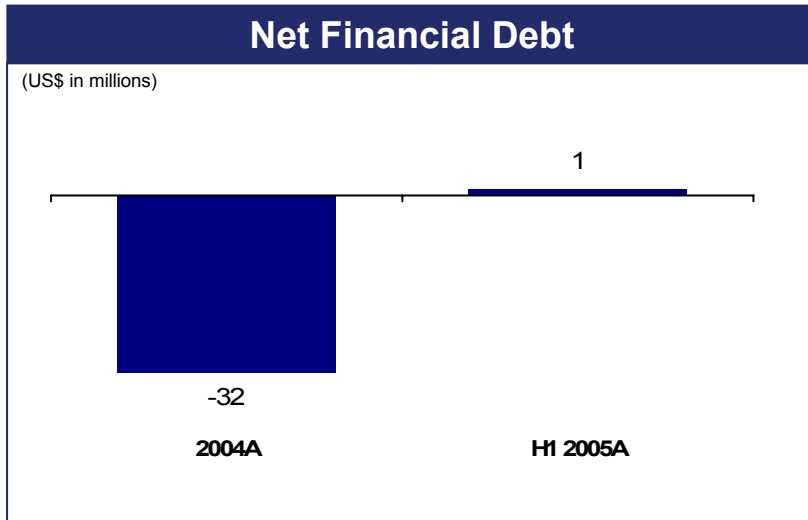
Source: Reviewed accounts

### Capex in 2005

- ▶ Capacity expansions in Ufa Brewery (+0.8 mhl) and in Rostov Brewery (+0.2 mhl) (Russian Federation) and in Vitanta Brewery (+0.2 mhl) (Moldova)
- ▶ Upgrade of existing breweries in Moldova and Serbia & Montenegro

### Capex in 2004

- ▶ Capacity expansion of Moscow brewery (+1.5mhl)
- ▶ Upgrade of existing breweries in Moldova and Serbia & Montenegro



Source: Reviewed accounts

### Net Financial Debt

- ▶ Net debt position the end of H1 2005 of US\$1 million



## 4. Conclusions





- ▶ **Strong positions in attractive markets**
  - #4 in Russian Federation
  - #1 in Moldova
  - #2 in Kazakhstan
  - #4 in Serbia-Montenegro
- ▶ **Present in key and fast-growing emerging markets in CIS, SEE & Central Asia**
  - Russian Federation – 81 mhl / 5% per capita consumption growth (2004 - 2009E)
  - Kazakhstan – 3.2 mhl / 8% per capita consumption growth (2004 - 2009E)
- ▶ **Positioned in the most attractive beer segments**
  - Most profitable
  - Fastest growing
- ▶ **Focus on profitable growth with proven track record**
  - Organic growth
  - Tactical and strategic acquisitions
- ▶ **Proven management team**

**Positioned to take advantage of growth in target markets**



**Continue to pursue  
profitable growth**

**Focus on higher value  
segments**

**Leverage effective  
capital expenditure  
model**

- ▶ **Ongoing review of greenfield / brownfield opportunities in existing territories**
- ▶ **Tactical and strategic expansion into new high-growth territories**
- ▶ **Capitalise on shift in consumer demand to premium beer**
- ▶ **Invest in brands**





**APPENDIX**





# Consolidated Income Statement

For the period ended June 30, 2005 and 2004

<i>(US\$ in thousands)</i>	YTD 1H 2004	YTD 1H2005
Sales	184,425	<b>221,683</b>
Cost of sales	(95,363)	<b>(119,213)</b>
<b>Gross profit</b>	<b>89,062</b>	<b>102,470</b>
Selling and marketing expenses	(42,468)	<b>(60,292)</b>
General and administrative expenses	(22,120)	<b>(24,656)</b>
<b>Profit from operations</b>	<b>24,474</b>	<b>17,522</b>
Financial expense	(1,439)	<b>(9,965)</b>
Other expense	(2,446)	<b>(445)</b>
<b>Profit before tax</b>	<b>20,589</b>	<b>7,112</b>
Income tax	(5,438)	<b>(7,233)</b>
<b>Profit after tax</b>	<b>15,151</b>	<b>(121)</b>
Minority interest	(2,977)	<b>(2,089)</b>
<b>Net profit</b>	<b>12,174</b>	<b>(2,210)</b>
<b>EBITDA <sup>1</sup></b>	<b>41,699</b>	<b>37,844</b>
<b>VOLUME (mio hl)</b>	<b>3.51</b>	<b>4.15</b>

<sup>(1)</sup> EBITDA here means earnings before interest (financial income/(expense) — net), tax, depreciation and amortisation, minus minority interest, and as applicable, minus gain on sale of subsidiaries and investment in securities, plus provisions, reserves and impairment.

Source: Reviewed accounts.



# Consolidated Balance Sheet

As of June 30, 2005 and December 31, 2004

<i>(US\$ in thousands)</i>	2004	2005
Cash and cash equivalents	134,668	124,751
Trade and other receivables	28,366	35,976
Due from related parties	3,384	3,407
Inventories	47,999	55,131
Prepayments and other current assets	19,613	32,454
<b>Total current assets</b>	<b>234,030</b>	<b>251,719</b>
Investments in securities	1,756	1,742
Property, plant and equipment	315,910	334,984
Intangible assets	69,164	67,220
Deferred tax assets	5,765	2,406
Prepayments and other non-current assets	3,816	2,133
<b>Total non-current assets</b>	<b>396,411</b>	<b>408,485</b>
<b>Total assets</b>	<b>630,441</b>	<b>660,204</b>
Trade and other payables	44,483	62,731
Due to related parties	13,478	17,001
Income tax payable	567	2,596
Short-term borrowings	30,154	62,091
Current portion of long-term borrowings	19,284	19,382
<b>Total current liabilities</b>	<b>107,966</b>	<b>163,801</b>
Long-term borrowings-net of current portion	53,471	43,976
Deferred tax liability	12,900	11,048
Other non-current liabilities	1,596	2,763
<b>Total non-current liabilities</b>	<b>67,967</b>	<b>57,787</b>
Minority interest	73,144	71,490
Total equity	381,364	367,126
<b>Total liabilities and equity</b>	<b>630,441</b>	<b>660,204</b>

Source: Reviewed accounts.



# Consolidated Cash Flow



For the period ended June 30, 2005 and 2004

<i>(US\$ in thousands)</i>	YTD 1H 2004	YTD 1H2005
Net profit before minority interest and income tax	20,589	7,112
Depreciation and amortisation	16,341	19,388
Provisions, reserves and impairment	3,800	1,379
Other non-cash expense	307	124
Net interest expense	2,989	1,813
(Increase)/decrease in net working capital	1,369	(4,342)
Net interest paid	(3,303)	(1,606)
Income taxes paid	(5,306)	(3,817)
<b>Net cash provided by operating activities</b>	<b>36,316</b>	<b>20,051</b>
Capex	(32,774)	(54,587)
Other investing activities	5,475	(490)
<b>Net cash used in investing activities</b>	<b>(27,622)</b>	<b>(55,077)</b>
Proceeds from/(repayments of) debt	(8,468)	25,580
<b>Net cash provided by financing activities</b>	<b>(8,468)</b>	<b>25,580</b>
Currency translation differences	(1,621)	(471)
Net increase in cash and cash equivalents	(1,395)	(9,917)
Cash and cash equivalents at beginning of year	32,677	134,668
<b>Cash and cash equivalents at end of period</b>	<b>31,282</b>	<b>124,751</b>

Source: Reviewed accounts.