



# **Efes Breweries International N.V. (EBI)**

**JP Morgan  
Asia Pasific & Emerging Markets Conference**

**3-5 September 2008  
New York**



# Forward-Looking Statements



**This report may contain certain forward-looking statements concerning our future performance and should be considered as good faith estimates made by the Company. These forward - looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.**



# Core Strengths Generated in Eurasia



10\* breweries and 4 malteries in 4\* Countries

25,4 mhl\* Beer Capacity

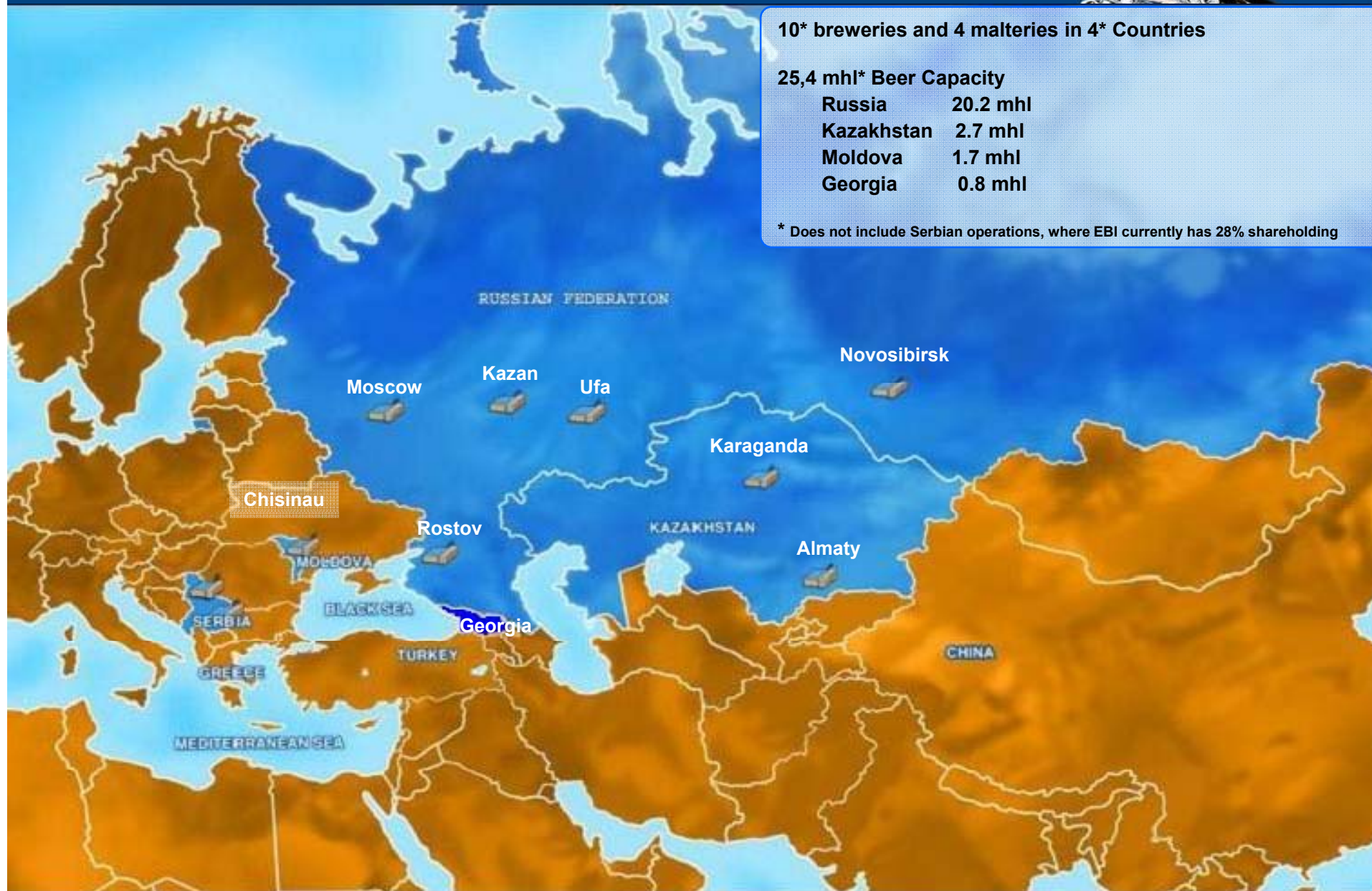
Russia 20.2 mhl

Kazakhstan 2.7 mhl

Moldova 1.7 mhl

Georgia 0.8 mhl

\* Does not include Serbian operations, where EBI currently has 28% shareholding

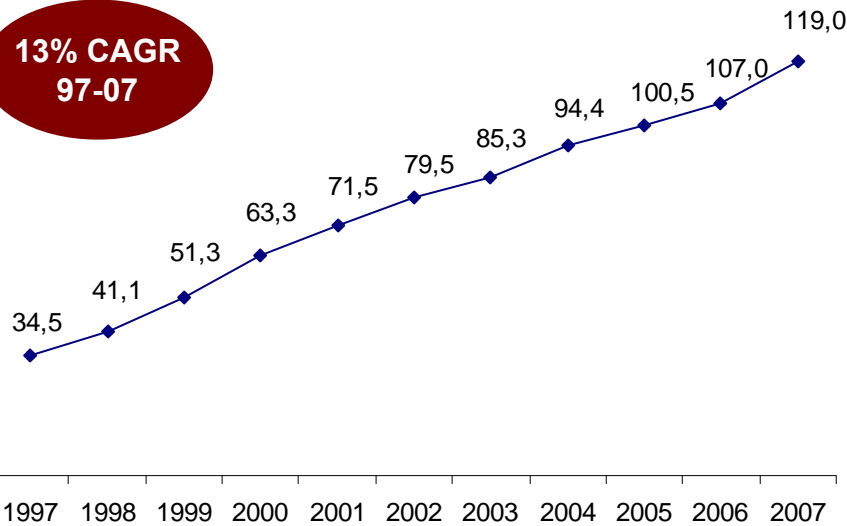


# Market Dynamics



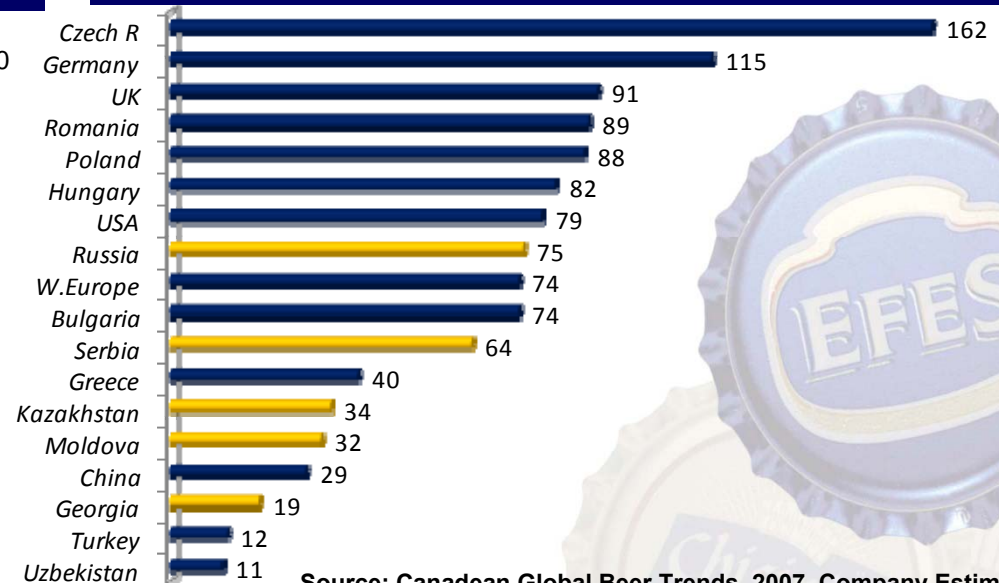
## Total Consumption (EBI's Current Markets)

**13% CAGR  
97-07**



Source: Canadean Global Beer Trends, 2007

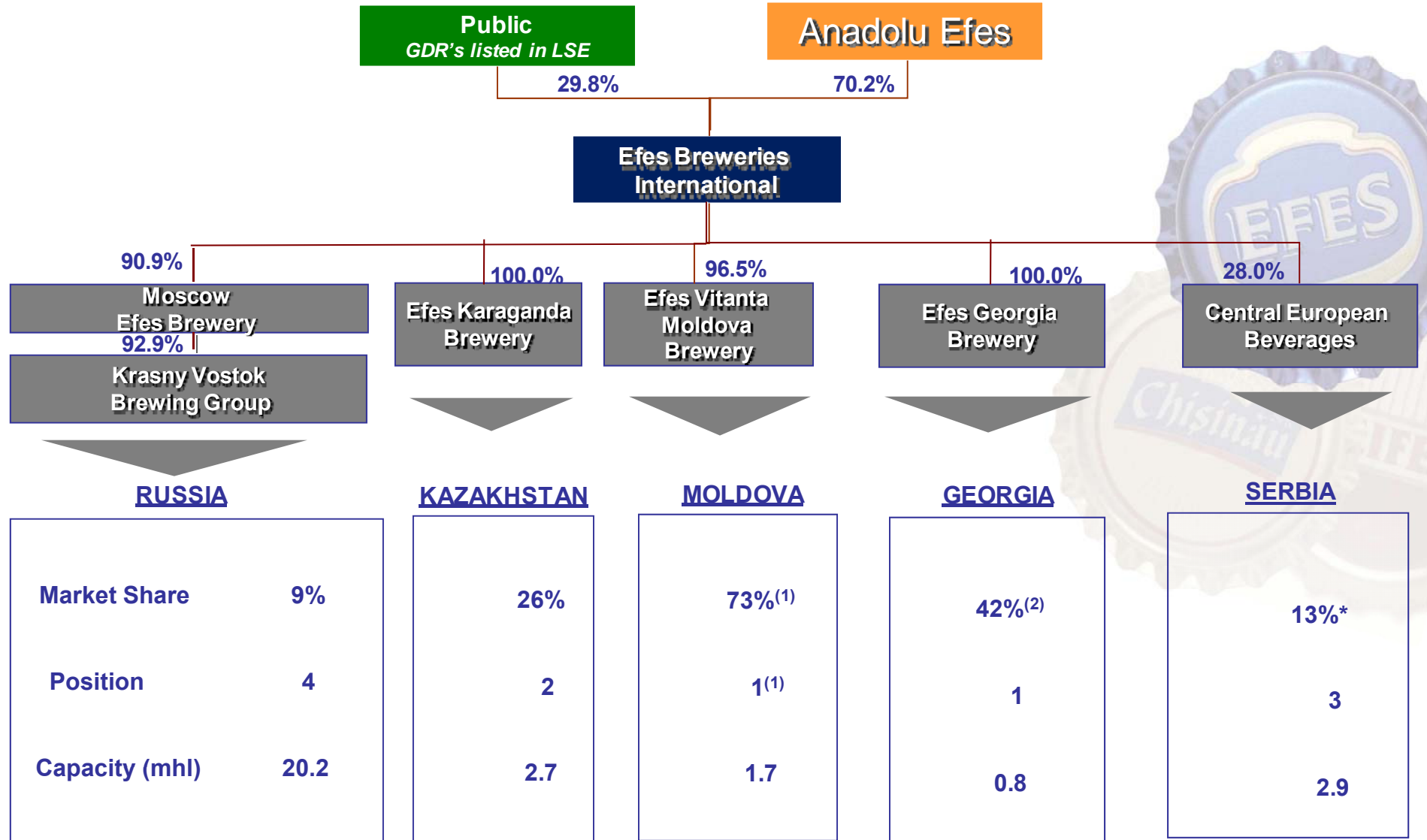
## Per Capita Beer Consumption



Source: Canadean Global Beer Trends, 2007, Company Estimates

- Significant total consumption growth historically in the operational countries
  - 13% CAGR in the last 10 years
- Strong market growth potential for the future, due to;
  - Growing economies
  - Young population
  - Relatively low per capita consumption in operating markets
  - Shifting consumer preferences towards Western life style
  - Increasing supply of quality products

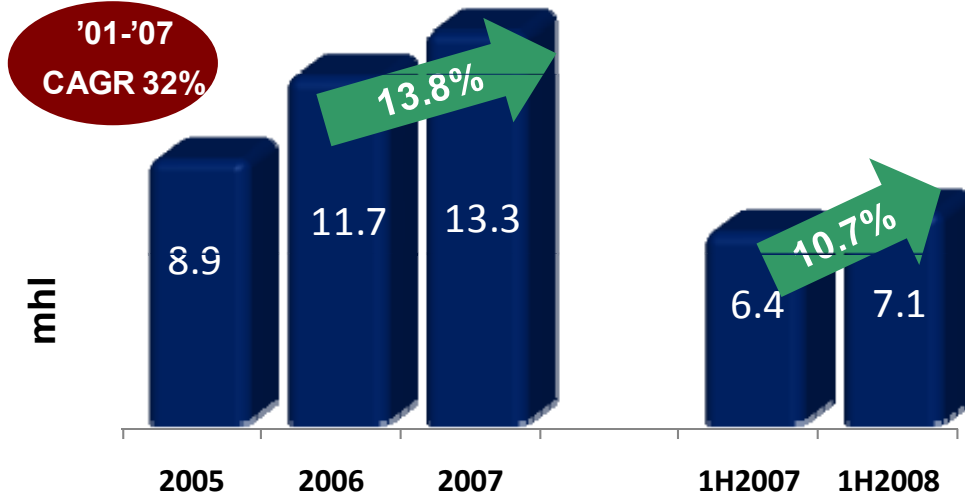
# Efes Breweries International N.V.



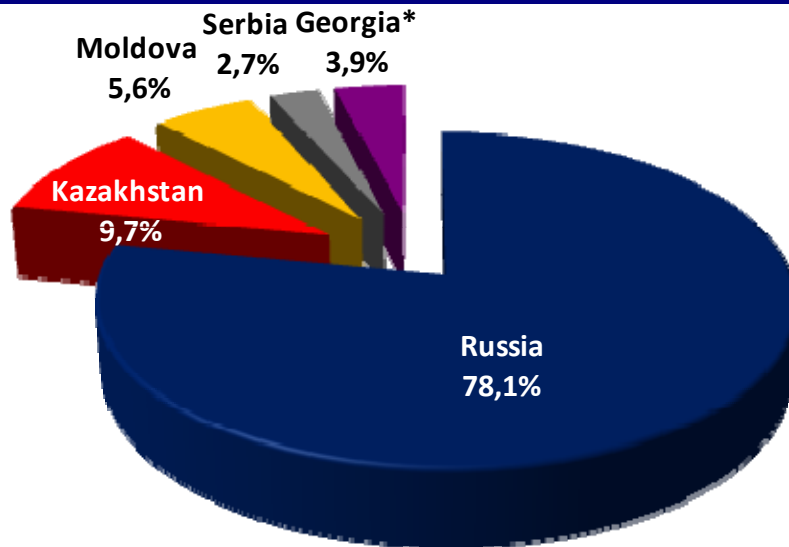
# Healthy Sales Volume Growth



## Sales Volume Development



## Geographical Breakdown of Sales Volume- 1H2008



\*Georgia is consolidated in EBI starting from March 2008

✓ Consolidated Sales volume up 10.7% in 1H2008 compared the same period of previous year

▪ Organic<sup>1</sup> growth at 8.5%

✓ Russia generated 78.1% of EBI's total sales volume

*(<sup>1</sup>) by excluding the sales volume of JSC Lomisi in Georgia, which EBI acquired in February 2008 and started full consolidation starting from March 2008 inclusive and the sales volume of "Viva" and "Real" soft drink brands in Moldova, which were sold to The Coca-Cola Company in February 2007*

# Operational Review: Innovations Driving Growth in 1H2008



Innovations leading to strong outperformance of the market;



- Sales volume of upper main stream brand “**Stary Melnik**” grew strongly year on year – new varieties and new packaging design introduced to the market in mid 2007.



- Sales volume of the licenced brand “**Bavaria**” positioned in the premium segment in Russia, grew substantially in 1H2008.



- New PET package designs for “**Bely Medved**”
  - with new QPack™ technology, increasing shelf life up to 6 months
  - twist-off cap for bottle packages- first in economy segment.



- “**Efes Fusion**” and “**Gold Red**” were launched in Russia in July 2008

- “**Gold Mine Beer**” was launched in Kazakhstan in May 2008



- Local Production of “**Bely Medved**” and “**Sokol**” started in Moldova in June and July 2008, respectively.

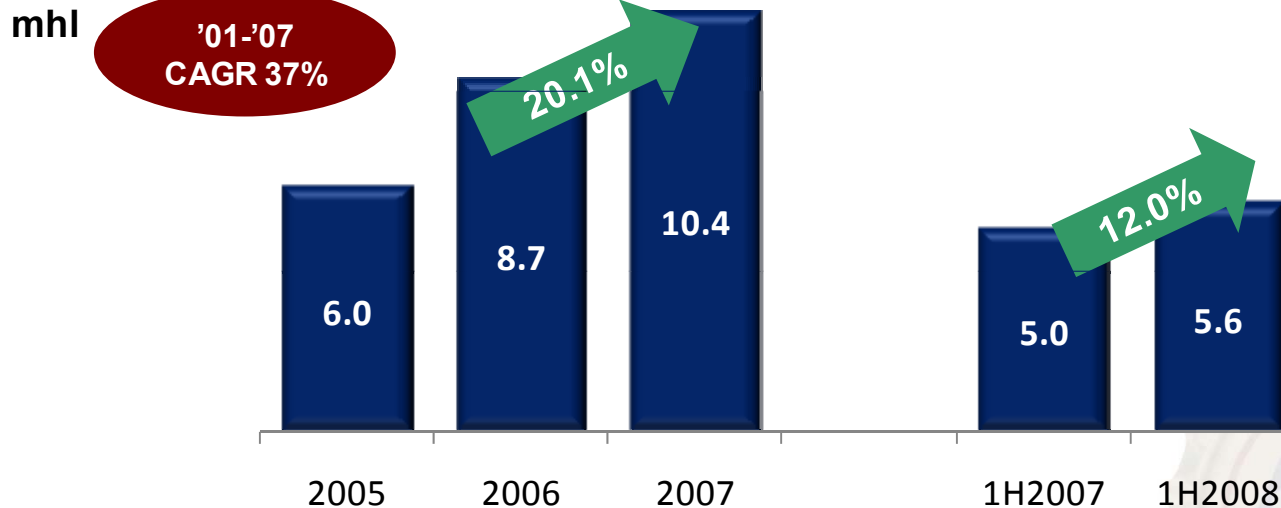


- Fresh beer in bottle “**Chisinau Draft**” was launched in Moldova in April 2008.

# Overview-Russia



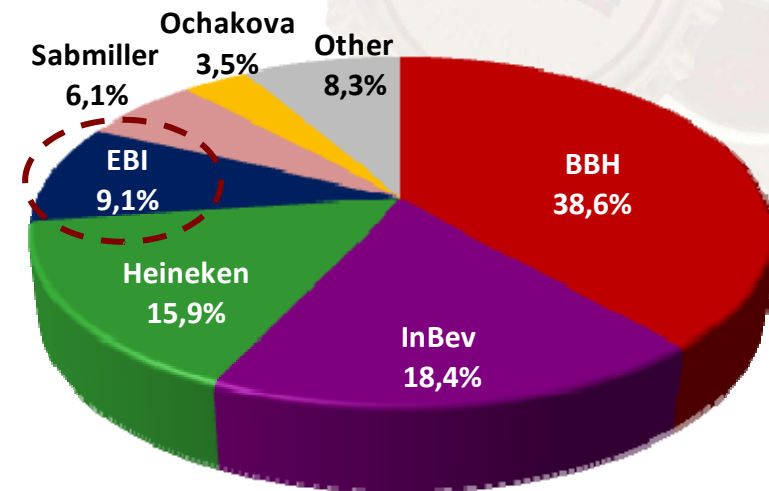
## Volume Development



\*Sales volume pre consolidation adjustments

- ✓ In 1H2008 sales volume increased by 12.0%, ahead of the market growth of 2.4%
- ✓ Revenue growth of 34.6% in 1H2008 over 1H2007 assisted by;
  - Local currency price increases
  - Positive brand mix effect due to the increased share of “Stary Melnik”
  - Strengthening of Ruble against USD
- ✓ Market share up to 9.1% in June 2008

## Market Share by Volume



Source: AC Nielsen June 2008



# Market Dynamics / Favourable Logistics - Russia



- ▲ brewery
- maltery
- ◆ PET pre-form production



## Production Platform

- 5 breweries – 20.2 mhl total brewing capacity
- 4 malteries – 139,000 tons total production capacity
- 1 PET pre-form production facility

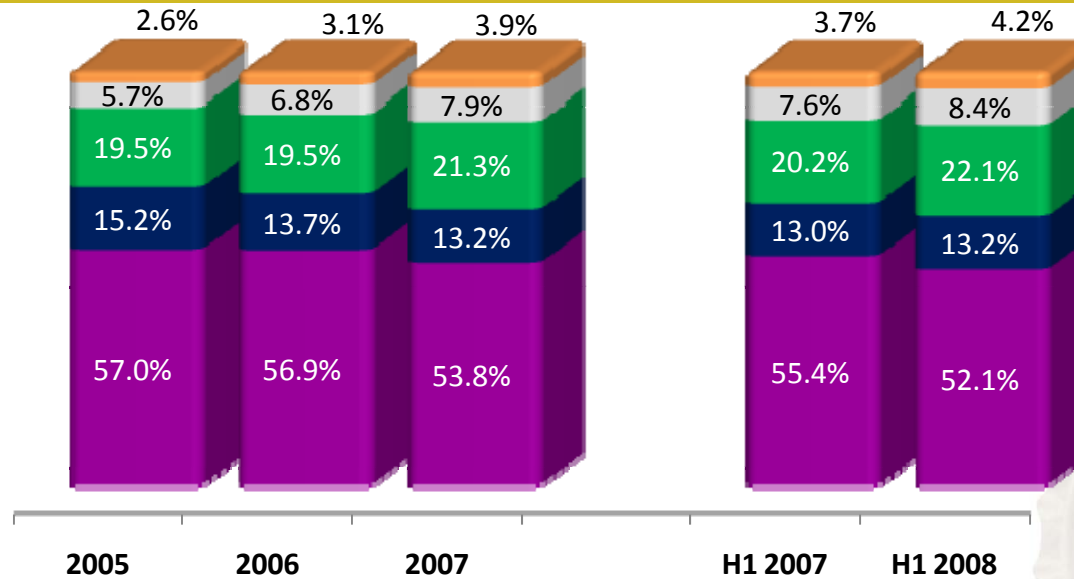
## Market Dynamics

- Local production by global players
- Changing consumer preferences and an increasing switch from high alcohol substitutes also supported by government regulations
- High concentration and substantial barriers to entry: five largest players account for 90% of the market

# Active in all Segments-Russia



Source: AC Nielsen YTD June 2008



The numbers may not add up to 100 due to rounding



Super Premium

Premium

Upper Mainstream

Lower Mainstream

Economy



Sol



Warsteiner



Bavaria Premium



Amsterdam Navigator



Zlatopraven



Efes



Sary Melnik iz Bochonka



Sary Melnik



Sokol



Bely Medved



Krasny Vostok



Gold Mine Beer

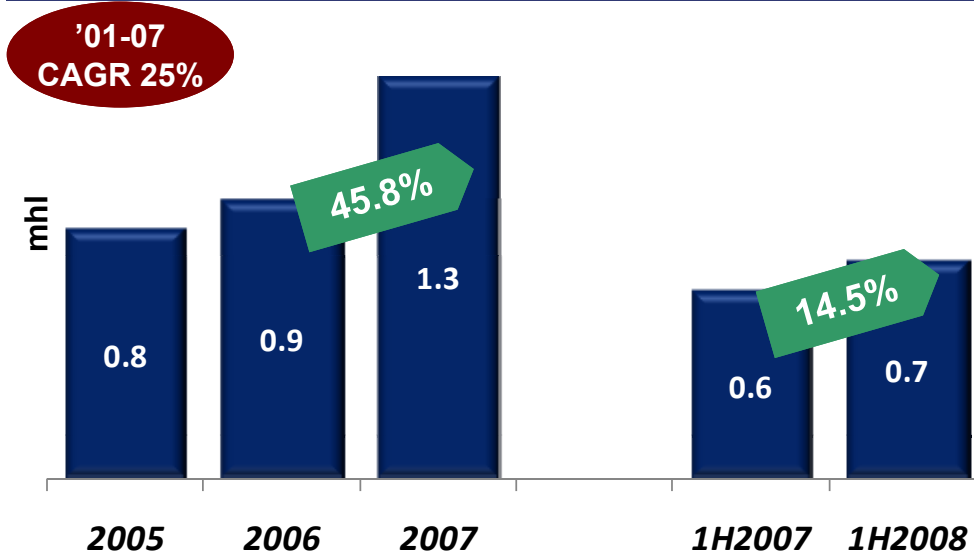


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# Overview-Kazakhstan



## Volume Development



✓ #2 Brewer

✓ Market share up to 25.5% in June 2008 from 20.7% in June 2007

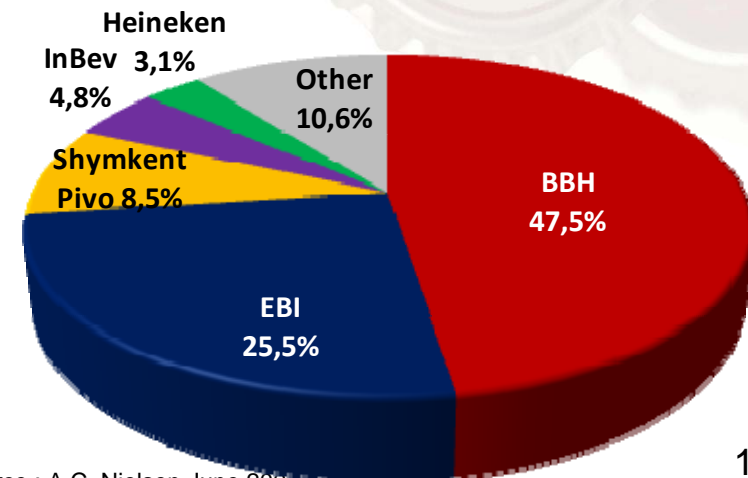
✓ Net sales revenue increased above the volume growth as a result of

- Local currency price increases
- The strength of Kazakh Tenge against USD.

## Brand Portfolio



## Market Share by Volume

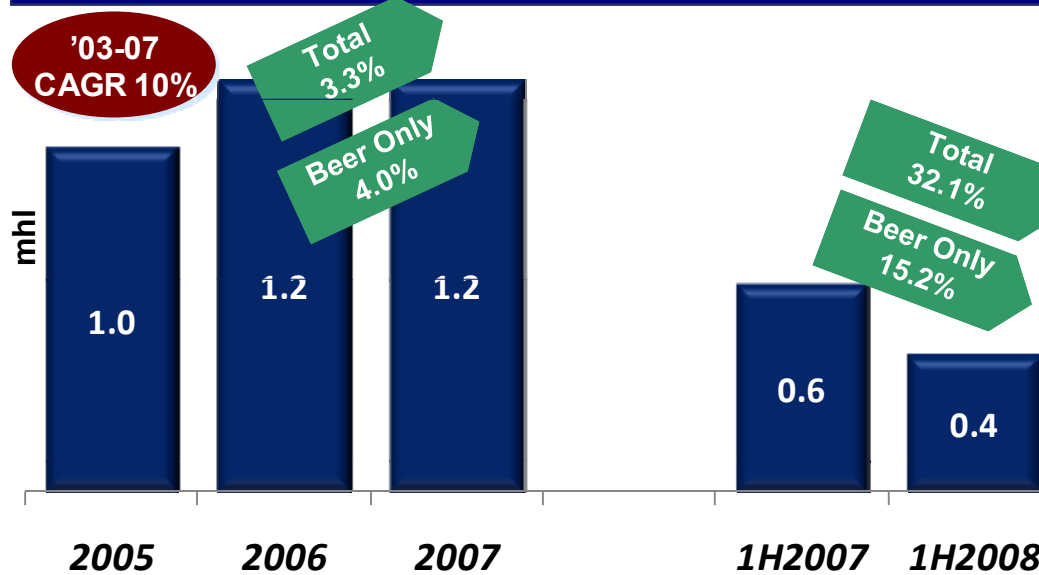


Source : A.C. Nielsen June 2008

# Overview-Moldova



## Volume Development



✓ Total sales volume down by 32.1% compared the same period of previous year as a result of;

- Base effect; sale of soft drink brands to TCCC in February 2007

✓ Beer only sales volume contracted by 15.2%;

- challenging economic environment
- strong base effect in 1H2007

✓ Market share up to 72,7% in June 2008 vs. 69.6% in June 2007

✓ Net Sales revenue up by 0.6% over 1H2007 due to;

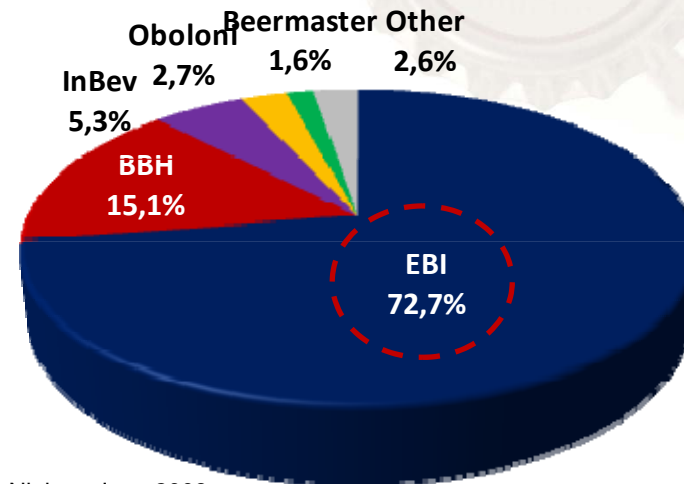
- local currency price increases ahead of consumer inflation

## Brand Portfolio



Warsteiner Efes Sokol Vitanta Stary Melnik Chisinau

## Market Share by Volume

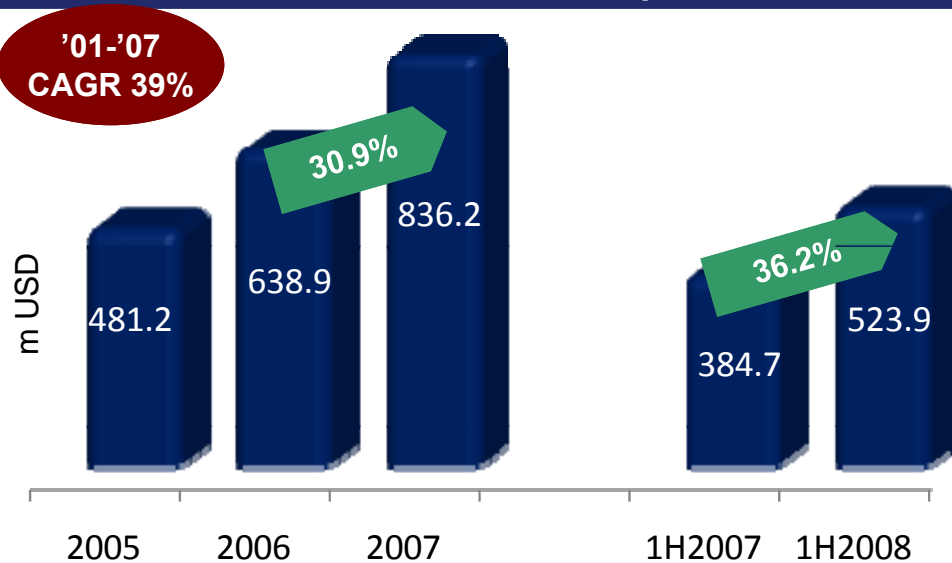


Source : A.C. Nielsen June 2008

# Financial Highlights – Operating Performance



## Revenue Development

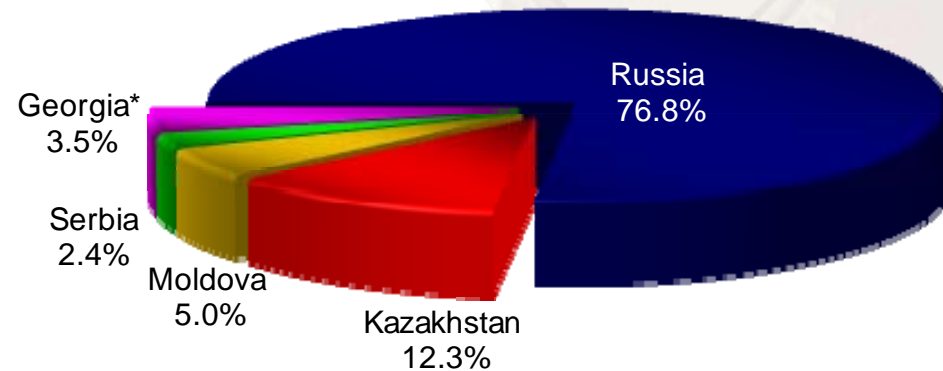


- ✓ Consolidated net sales revenue up by 36.2% in 1H2008 versus 1H2007;
  - Organic growth of 31.4%
- ✓ Second quarter net sales revenue up by 34.5%

## Revenue Breakdown<sup>(1)</sup>

✓ Revenue growth was ahead of volume growth due to;

- Local currency price increases
- Positive brand mix effect in Russia
- Strength of local currencies versus USD



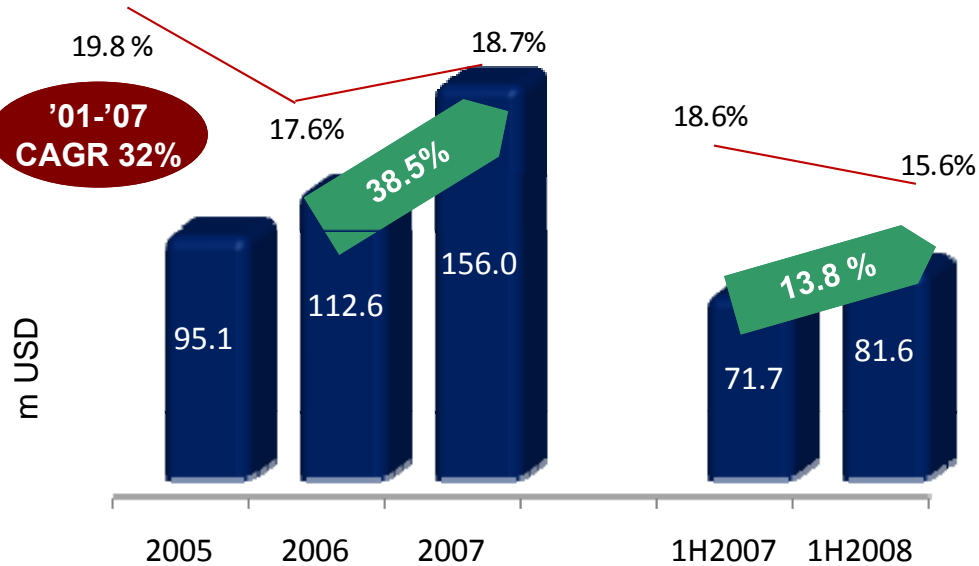
\* Consolidated in EBI starting from March 2008

(1) Includes consolidation adjustments

# Financial Highlights – Operating Performance



## EBITDA Development

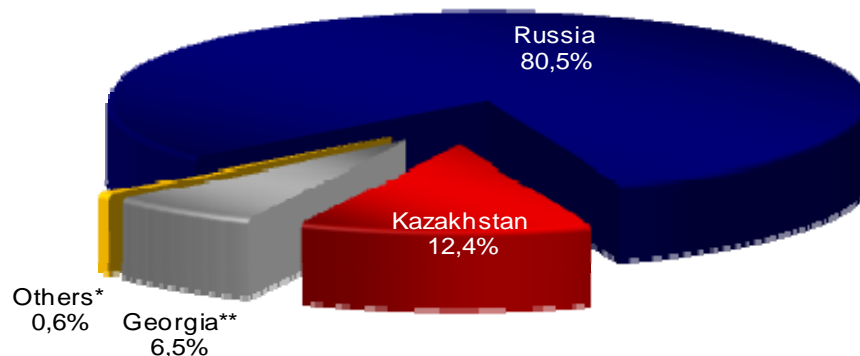


✓ EBITDA up by 13.8% in 1H2008

✓ EBITDA margin down to 15.6% in 1H2008 from 18.6% in 1H2007- EBITDA margin contraction, due to;

- Higher commodity input costs globally leading to gross profit margin contraction
- Increase in transportation expenses
- Labor inflation

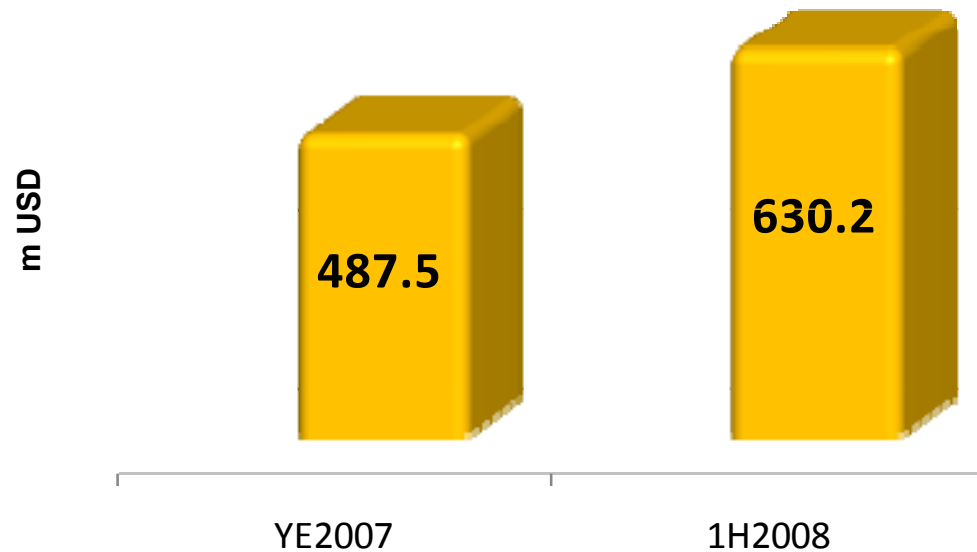
## EBITDA Breakdown\*



\* Others include Serbia, Moldova

\*\* Georgia is consolidated in EBI starting from March 2008 inclusive

# Net Financial Debt



- ✓ Consolidated net debt at US\$ 630.2 million in 1H2008 versus US\$ 487.5 million in YE2007
- ✓ Increase in indebtedness due to;
  - capital expenditure of US\$ 121.3 million
  - increased working capital due to increase in inventory impacted by higher commodity prices
  - funding of the acquisition of Lomisi Ltd. in Georgia

# International Beer - Outlook for 2008



- ✓ **Outperforming the sales volume growth of operating markets despite the;**
  - **unfavourable macro-economic market conditions in our operational countries**
  - **increase in food inflation ahead of the consumer prices**
- ✓ **Slightly lower volume momentum than 1H2008, due to high comparisons of 2nd half of 2007 , still delivering high single digit volume growth year-on-year**
- ✓ **Maintain a similar topline momentum in the 2nd half of 2008**
- ✓ **Input cost pressures continue to be apparent at gross profit line**
- ✓ **EBITDA growth in mid-teens in FY2008 albeit with a lower margin**
- ✓ **Well aligned to maintain growth momentum and develop profitability as the input costs come down from their historical peaks going forward.**



# APPENDIX





**EFES BREWERIES INTERNATIONAL N.V.**  
**CONSOLIDATED INCOME STATEMENT**

For the period ended June 30, 2008 and 2007

| <i>(US\$ in thousands)</i>          | <b>YTD H1 2008</b> | <b>YTD H1 2007</b> |
|-------------------------------------|--------------------|--------------------|
| Sales                               | <b>523.924</b>     | 384.737            |
| Cost of sales                       | <b>(306.032)</b>   | (204.148)          |
| <b>Gross profit</b>                 | <b>217.892</b>     | 180.589            |
| Selling and marketing expenses      | <b>(126.083)</b>   | (101.385)          |
| General and administrative expenses | <b>(59.949)</b>    | (43.537)           |
| Other operating income/(expense)    | <b>(1.965)</b>     | 2.687              |
| <b>Profit from operations</b>       | <b>29.895</b>      | 38.354             |
| Financial income/(expense)          | <b>(13.224)</b>    | (12.752)           |
| <b>Profit before tax</b>            | <b>16.671</b>      | 25.602             |
| Income tax                          | <b>(8.866)</b>     | (8.165)            |
| <b>Profit after tax</b>             | <b>7.805</b>       | 17.437             |
| Minority interest                   | <b>176</b>         | (73)               |
| <b>Net profit</b>                   | <b>7.981</b>       | 17.364             |
| <b>EBITDA <sup>(1)</sup></b>        | <b>81.622</b>      | 71.748             |
| <b>VOLUME (mio hl)</b>              | <b>7,07</b>        | 6,38               |





**EFES BREWERIES INTERNATIONAL N.V.**  
**CONSOLIDATED BALANCE SHEET**

As of June 30, 2008 and December 31, 2007

| <i>(US\$ in thousands)</i>                  | <b>2008</b>      | <b>2007</b> |
|---|------------------|-------------|
| Cash and cash equivalents                   | <b>184.234</b>   | 58.526      |
| Trade and other receivables                 | <b>113.334</b>   | 88.140      |
| Due from related parties                    | <b>8.682</b>     | 8.161       |
| Inventories                                 | <b>237.220</b>   | 188.041     |
| Prepayments and other current assets        | <b>54.259</b>    | 59.840      |
| <b>Total current assets</b>                 | <b>597.729</b>   | 402.708     |
| Investments in securities                   | <b>2.766</b>     | 1.521       |
| Property, plant and equipment               | <b>848.753</b>   | 726.490     |
| Intangible assets                           | <b>642.449</b>   | 536.949     |
| Deferred tax assets                         | <b>9.589</b>     | 13.806      |
| Prepayments and other non-current assets    | <b>2.719</b>     | 2.942       |
| <b>Total non-current assets</b>             | <b>1.506.276</b> | 1.281.708   |
| <b>Total assets</b>                         | <b>2.104.005</b> | 1.684.416   |
| Trade and other payables                    | <b>289.809</b>   | 225.773     |
| Due to related parties                      | <b>28.277</b>    | 23.339      |
| Income tax payable                          | <b>1.321</b>     | 5.008       |
| Short-term borrowings                       | <b>213.214</b>   | 188.609     |
| Current portion of long-term borrowings     | <b>12.582</b>    | 14.822      |
| <b>Total current liabilities</b>            | <b>545.203</b>   | 457.551     |
| Long-term borrowings-net of current portion | <b>588.641</b>   | 342.598     |
| Deferred tax liability                      | <b>14.750</b>    | 10.912      |
| Other non-current liabilities               | <b>341</b>       | 346         |
| <b>Total non-current liabilities</b>        | <b>603.732</b>   | 353.856     |
| Minority interest                           | <b>10.068</b>    | 9.572       |
| Total equity                                | <b>945.002</b>   | 863.437     |
| <b>Total liabilities and equity</b>         | <b>2.104.005</b> | 1.684.416   |





**EFES BREWERIES INTERNATIONAL N.V.**  
**CONSOLIDATED CASH FLOW**

For the period ended June 30, 2008 and 2007

| <i>(US\$ in thousands)</i>                                  | <b>YTD H1 2008</b> | <b>YTD H1 2007</b> |
|---|--------------------|--------------------|
| Net profit before minority interest and income tax          | <b>16.671</b>      | 25.602             |
| Gain on sale of soft-drink trademarks                       | -                  | (3.780)            |
| Gain on sale of joint venture                               | -                  | -                  |
| Depreciation and amortisation                               | <b>45.502</b>      | 33.821             |
| Provisions, reserves and impairment                         | <b>4.612</b>       | 2.415              |
| Other non-cash expense                                      | <b>2.231</b>       | 1.583              |
| Net interest expense  | <b>20.222</b>      | 14.351             |
| (Increase)/decrease in net working capital                  | <b>(3.552)</b>     | (22.077)           |
| Net interest paid   | <b>(18.780)</b>    | (21.816)           |
| Income taxes paid   | <b>(5.859)</b>     | (5.681)            |
| <b>Net cash provided by operating activities</b>            | <b>61.047</b>      | 24.418             |
| Capex   | <b>(121.270)</b>   | (66.699)           |
| Cash payments to acquire subsidiary and minority shares     | <b>(73.145)</b>    | (33.516)           |
| Proceeds from sales of PPE ,soft-drink trademarks and other | <b>6.722</b>       | 7.149              |
| <b>Net cash used in investing activities</b>                | <b>(187.693)</b>   | (93.066)           |
| Proceeds from/(repayments of) debt                          | <b>246.335</b>     | (20.469)           |
| <b>Net cash provided by financing activities</b>            | <b>246.335</b>     | (20.469)           |
| Currency translation differences                            | <b>6.019</b>       | 1.528              |
| Net increase in cash and cash equivalents                   | <b>125.708</b>     | (87.589)           |
| Cash and cash equivalents at beginning of year              | <b>58.526</b>      | 163.861            |
| <b>Cash and cash equivalents at end of period</b>           | <b>184.234</b>     | 76.272             |

