

**EFES**

Pilsener

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# Operations



*Time: 07:00*

*Location: Amsterdam*

*EBI is a Dutch holding entity located in Amsterdam*

# Operations *Russia*



The Russian beer market is the World's 5th largest beer market and is expected to become the 3rd in 2010 outpacing Germany and Brazil (Canadean Global Beer Trends 2005). The total beer consumption in Russia in 2005 was 87 mhl, highlighting a CAGR of 12.2% since 1999. Although the growth rate is among the highest in Europe, Russia's per capita beer consumption level of 62 liters is still well below the Western Europe average. This, along with the improving economic conditions makes Russia one of the most attractive beer markets in the world.

Russia is the largest market of EBI, generating 76% of its revenues in 2005. EBI had 8% market share by volume in 2005, maintaining its position as the 4th largest brewer in the market.

Efes Russia was established in March 1997 and the commercial production started in the Moscow Brewery in May 1999 with 1.5 mhl annual brewing capacity. As of end of 2005, Efes Russia had 3 breweries, in each of Moscow (Moscow Brewery), Rostov (Rostov Brewery) and Ufa (Ufa Brewery), possessing a total capacity of 7.7 mhl per annum.

The malt production facility in Moscow, which is adjacent to Moscow Brewery, with a production capacity of 46.000 tons per annum, provides EBI with a distinct competitive advantage in the market by providing the main ingredient of beer.

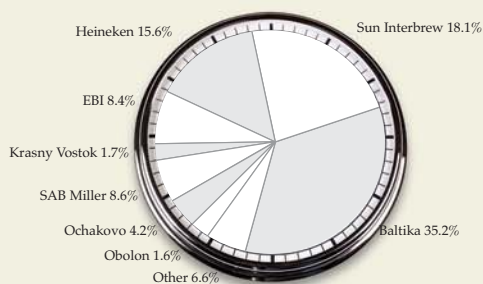
As of end of 2005, EBI's product portfolio included seven different brands, penetrating to all the segments of the Russian beer market. These are; "Warsteiner" in the super premium segment, "Efes Pilsener", "Zlatopramen" and "Amsterdam Navigator" in the premium segment, "Stary Melnik" in the upper mainstream segment, "Sokol" in the lower mainstream segment and "Beliy Medved" in the economy segment.

EBI focuses closely on marketing and promotion of its brands in Russia, which has helped it to create significant brand awareness among local consumers.

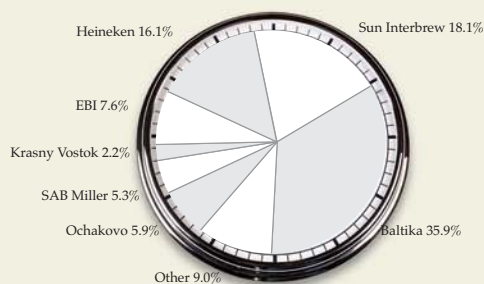
According to AC Nielsen research, Stary Melnik and Beliy Medved were among the top ten best selling brands by volume in the Russian beer market as for January-December 2005. In addition, Stary Melnik is also the best selling brand both by volume and by value in the Moscow beer market, the largest and one of the most competitive regions in the Russian beer market, as well as the 4th best selling by value in Russia.

EBI has restructured its sales and distribution system in Russia in 2005, almost tripling the number of outlets served through direct order taking in Moscow and increasing its number of executive sales teams throughout Russia.

*Russian Federation Market Share by Value*



*Russian Federation Market Share by Volume*



Source: AC Nielsen YTD December 2005

## Acquisition of Krasny Vostok Brewing Group

On 21 February 2006, EBI purchased 92.34% of the capital stock of the Krasny Vostok Brewing Group ("Krasny Vostok") for \$364 million. The acquired assets entail two breweries with annual combined brewing capacity of c. 10.0 mhl., three malteries with combined annual production capacity of 93,000 tons, and preform production capacity of 1.3 million/day.

Krasny Vostok's first brewery is located in the City of Kazan, which is 800 km to the East of Moscow on the River Volga, and has an annual brewing capacity of approximately 7.0 mhl. Its second brewery is located in the Western Siberian City of Novosibirsk, and has an estimated annual brewing capacity of approximately 3.0 mhl. Krasny Vostok's self sufficient malt and preform production capacity will also suffice Efes Russia in the near term.

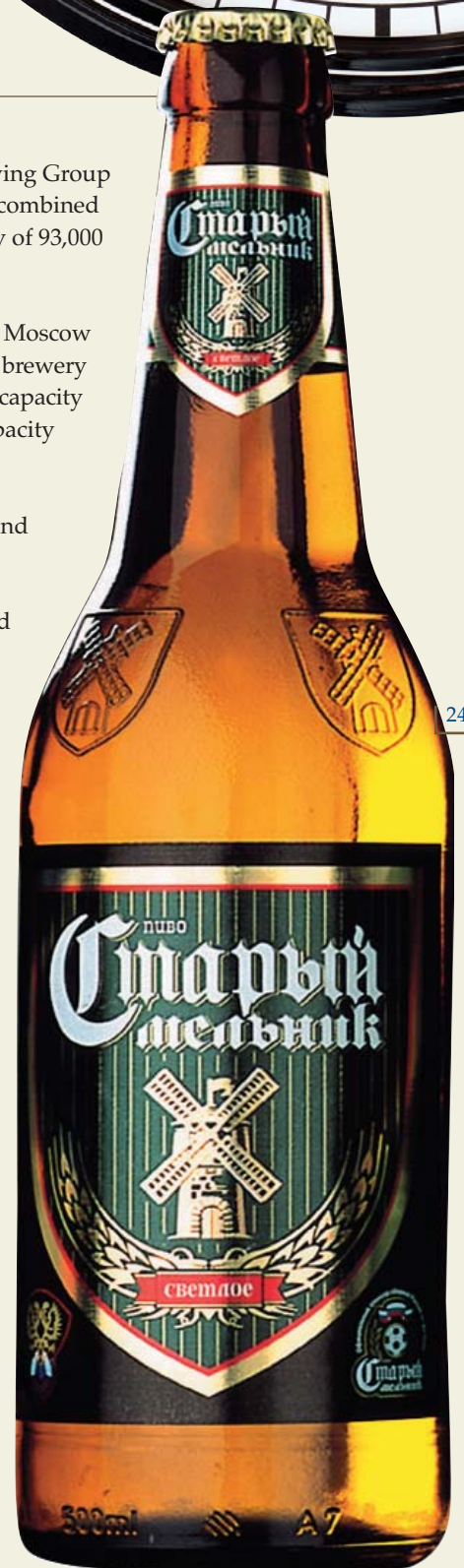
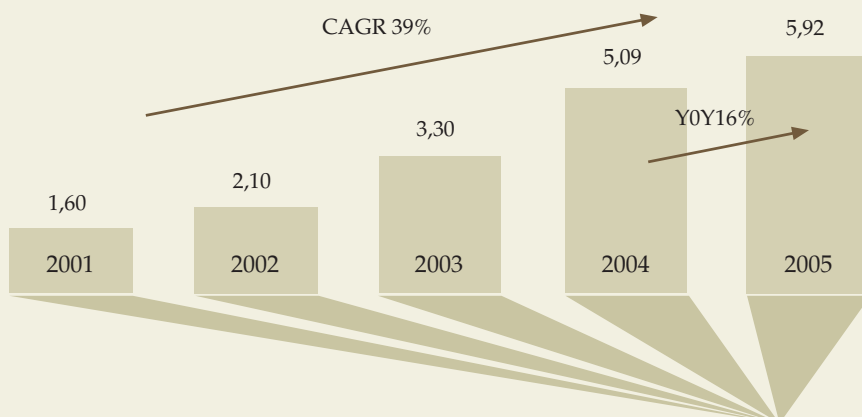
Krasny Vostok product portfolio includes two economy-segment brands (Krasny Vostok and Zhigulevskoe), as well as a mainstream brand (Solodov).

The Krasny Vostok Acquisition will further diversify Efes Russia's brand portfolio and expand Efes Russia's presence in the economy segment to include Krasny Vostok's economy-segment brands and predominantly PET packaging mix. The acquisition is expected to significantly enhance the position of Efes Russia in the Volga and the Eastern regions.

Krasny Vostok was estimated to be the 7th largest brewing group in Russia with 2.2% market share by volume (AC Nielsen, December 2005). Following the acquisition, EBI's market share by volume increased to 10%, solidifying its #4 position in the dynamically consolidating Russian beer market.

In addition, the acquisition is anticipated to strengthen the future strategic position of EBI in the Russian beer market, through increased capacity, extended geographical coverage, lower cost base and higher sales volume.

### Sales Volume Development



# Operations *Kazakhstan*



The Kazakh beer industry has grown considerably from approximately 1.4 mhl. in 1999 to 4.0 mhl. in 2005, constituting a CAGR of 18.8%. In spite of the strong historical increase in total beer consumption, 25 liters of estimated per capita beer consumption remains low when compared to Eastern Europe average. With a population of approximately 15.9 million, Kazakhstan is an attractive beer market, and is expected to grow at a CAGR of approximately 8.1% in the period from 2005 to 2010 (Canadean Global Beer Trends 2005).

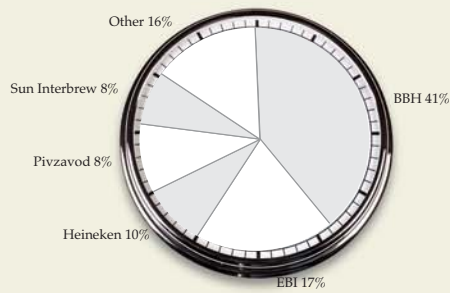
Karaganda Brewery was acquired from State Privatization Committee in 1996 and EBI commenced its operations in Kazakhstan in 1998. Later in 2003, the construction of the second brewery was completed in Almaty, the largest geographical segment in Kazakhstan with a retail beer market that accounts for 32.4% of the national beer market (AC Nielsen). Currently Efes Kazakhstan operates with two breweries in Almaty ("Almaty Brewery") and Karaganda ("Karaganda Brewery"), with an aggregate capacity of 1.0 mhl. per year. The annual capacity is 0.6 mhl. at the Almaty Brewery and 0.4 mhl. at the Karaganda Brewery.

Efes Kazakhstan ranks second in Kazakhstan with its market share of 17% by volume as of December '05-January '06 (AC Nielsen). Efes Kazakhstan currently sells five brands appealing to different market segments: "Karagandinskoe" is sold as a mid-priced local brand, "Stary Melnik" and "Sokol" are sold as local premium brands while "Efes Pilsener" and "Warsteiner" are sold as super premium brands.

0.8 million hectoliters total sales volume in 2005 indicated a 26% increase compared to 2004 level. The sales volume growth in Kazakhstan is mainly attributable to the growth of two premium segment beers, "Stary Melnik" and "Efes Pilsener".

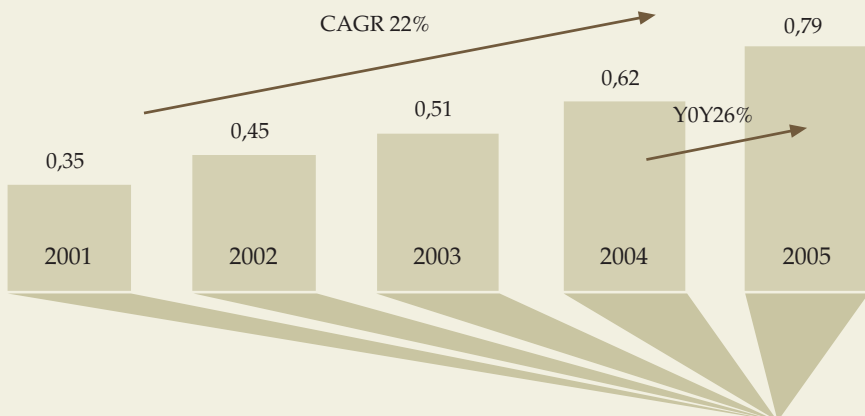


Market Share by Volume



Source: AC Nielsen YTD Dec '05 - Jan '06

Sales Volume Development



# Operations *Moldova*



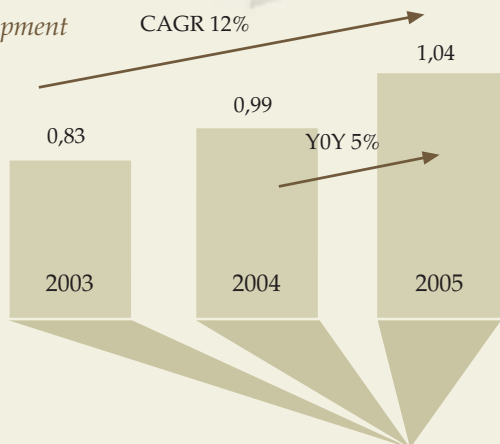
The Moldovan beer industry has significantly grown in size between 1999 and 2005, from 0.2 mhl. in 1999 to 1.0 mhl. in 2005, constituting a CAGR of 27.6%. Per capita beer consumption of approximately 23 liters remains low when compared to European averages. The Moldovan beer market is expected to grow at a CAGR of 11.3% in the period from 2005 to 2010 (Canadian Global Beer Trends 2005).

Efes Moldova operates a brewery in Chisinau, with a brewing capacity of 0.9 mhl., of which 0.15 mhl. was achieved through a capacity increase in 2005 and a soft drink production capacity of 0.4 mhl. per annum.

Efes Moldova is the largest brewer in the country, with a market share of 70% for 2005 (MEMRB). Efes Moldova currently produces and sells five brands of beer appealing to different market segments: "Chisinau" and "Arc" are sold as mainstream local brands, "Vitanta" is sold as local premium brand, and "Efes Pilsener" and "Stary Melnik" are sold as imported premium brands. "Chisinau" was the #1 brand in Moldova with 54.4% market share by volume in 2005.

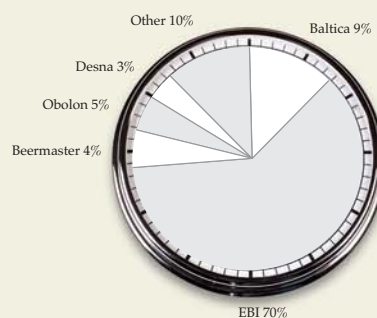
Efes Moldova also produces and markets carbonated soft drinks ("CSD"), bottled water and ready-to-drink products. Efes Moldova's carbonated soft drink brand "Viva" is currently the leader of the Moldovan CSD market, with a market share of 44% for 2005. Efes Moldova also sells and markets its "Real" brand of bottled water in Moldova.

Volume Development



\*Includes both beer and soft drinks

Market Share by Volume



Source: MEMRB November-December 2005



MOLDOVA



FABRICAT IN MOLDOVA  
fondat 1873  
Bere  
**Chisinau**  
BLONDA

FABRICAT IN MOLDOVA  
fondat 1873  
Bere  
**Chisinau**  
BLONDA  
min. 4.5% vol.

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# Operations

# Serbia & Montenegro



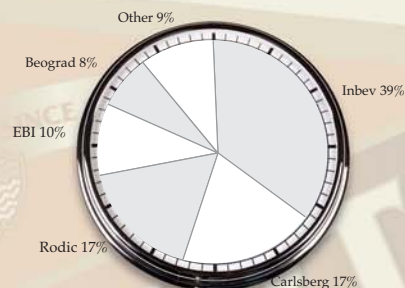
The Serbian beer market has contracted between 1999 and 2005, from 6.1 mhl. in 1999 to 5.0 mhl. in 2005, constituting a negative CAGR of 3.4%. Per capita consumption of 47 liters is below the Western European average. However, with the entry of international brewers starting from 2003, the market is expected to grow going forward, as evidenced by the 3% growth of the beer market in 2005 (Canadean Global Beer Trends 2005).

Serbia & Montenegro is EBI's newest market of operation, where the operations started in 2003 following the acquisition of the Pancevo Brewery in the outskirts of Belgrade, whose name was later changed to "Efes Weifert". In 2004 EBI acquired a second brewery in Zajecar, with an annual capacity of 1.0 mhl., thereby increasing its total capacity in the market to 1.4 mhl. per annum.

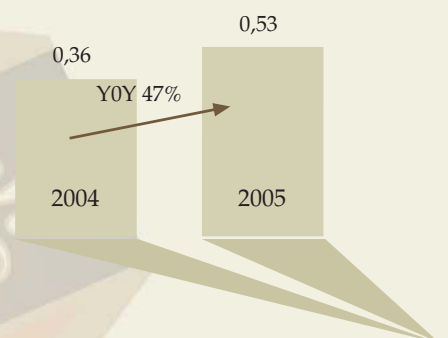
Efes Serbia produces and sells four different brands of beer, "Weifert" and "Pils Plus" in the mainstream segment and "Standard" and "Zajecarsko" in the economy segment. In addition Efes Serbia also sells "Efes Pilsener" and "Miller Genuine Draft", both positioned in the imported premium segment.

In 2005, EBI was the 4th largest brewer in Serbia&Montenegro, with a market share of 10%. EBI's sales volume in 2005 posted 47% growth compared to 2004 and reached 0.5 mhl.

Market Share by Volume



Volume Development



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

SERBIA &  
MONTENEGRO



# Operations *Romania*

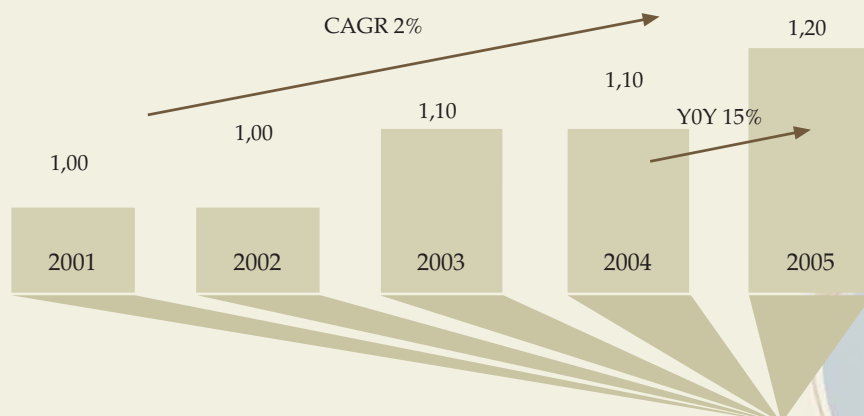


The Romanian beer market has an established beer drinking culture with a per capita consumption of 63 liters for 2005. The market size is 14.0 mhl., and has grown at a CAGR of 4.1% between 1999 and 2005 (Canadean Global Beer Trends 2005).

Interbrew Efes Brewery, a 50:50 joint venture between EBI and InBev, supplies approximately 9.0% of the Romanian beer market output. Interbrew Efes Brewery operates a brewery in Ploiesti, 60 km from the capital Bucharest, with a total capacity of approximately 1.5 mhl. per annum and sales volume of 1.2 mhl. in 2005.

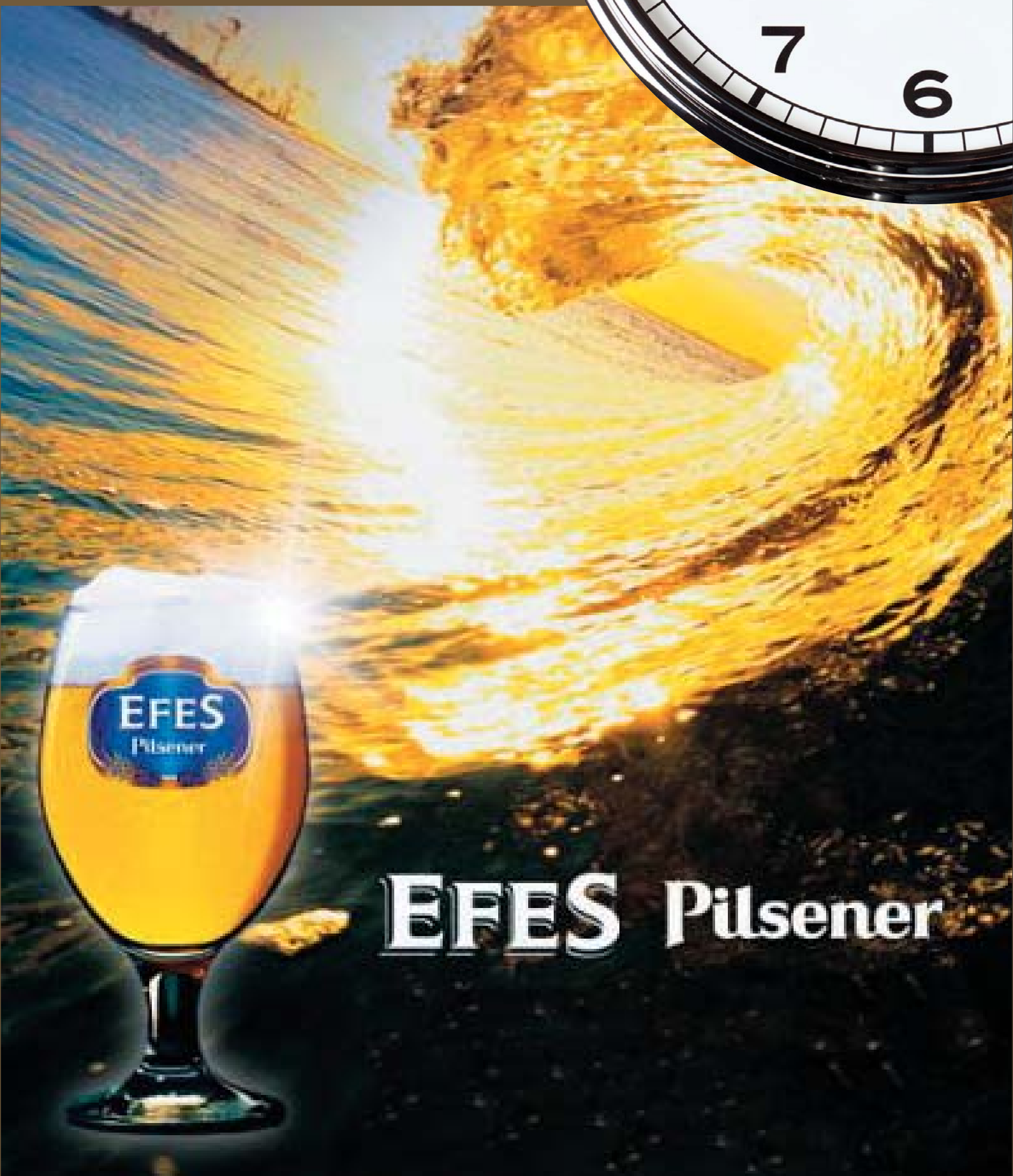
Currently, Interbrew Efes Brewery produces "Efes Pilsener" brand in the premium beer segment, and our local brand "Caraiman" in the mid-price segment. In addition to these two brands, Interbrew Efes Brewery is engaged in the production of InBev brands, which include Stella Artois, Hopfen König and Bergenbier.

*Volume Development*



Interbrew Efes Brewery in which EBI holds 50% stake is accounted for by using proportionate consolidation in the financial results.





**EFES Pilsener**