



Baltika Breweries

Q1 2008 Results

7 May 2008

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Development Overview for Q1 Y2008



☰ Russian market volume growth of 1.7%

Due to tough comparables of the high performance at the beginning of 2007 driven by unusual mild weather and regulatory changes to the alcohol drinks Russian beer market as expected grew modestly at the level of 1.7% in Q1 2008

☰ Positive sales volume trend in Q1 Y2008

- Total Baltika sales volume 9.0 MHL, +2.5%;
beer volume 8.8 MHL, +2.7%
- Export volume 0.4 MHL, +13.6%;
with license volume in Ukraine and the UK +20.1%
- Market share in Russia 38.1%, +0.6%

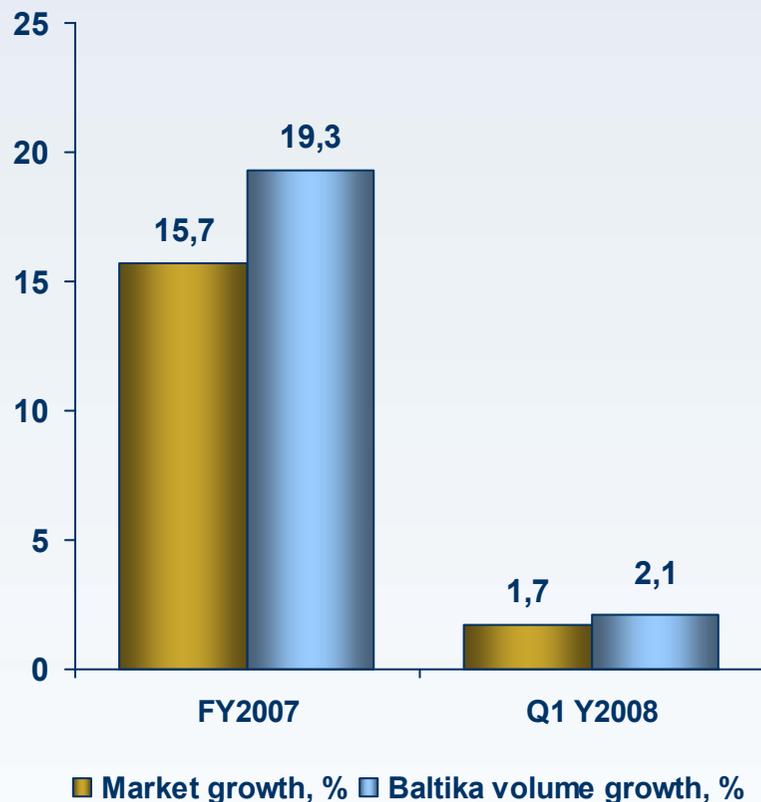
☰ Stable financial performance

- Revenue 463.1 MEUR, +13.3%
- EBITDA 115.4 MEUR, +2.1%
- EBIT 80.0 MEUR, -3.1%
- Net profit 58.7 MEUR, +2.2%



Russian Beer Market and Baltika Breweries

Russian Beer Market Development



Brewery, market share, %	Q1 2007	Q1 2008
Baltika	37.5	38.1
Sun InBev	18.5	17.5
Heineken	13.2	14.7
Efes*	9.2	8.9
SAB Miller*	6.3	6.5
Others	15.3	14.3

* Business Analytica, Jan-Mar 2007/2008

Note: Baltika domestic beer volumes

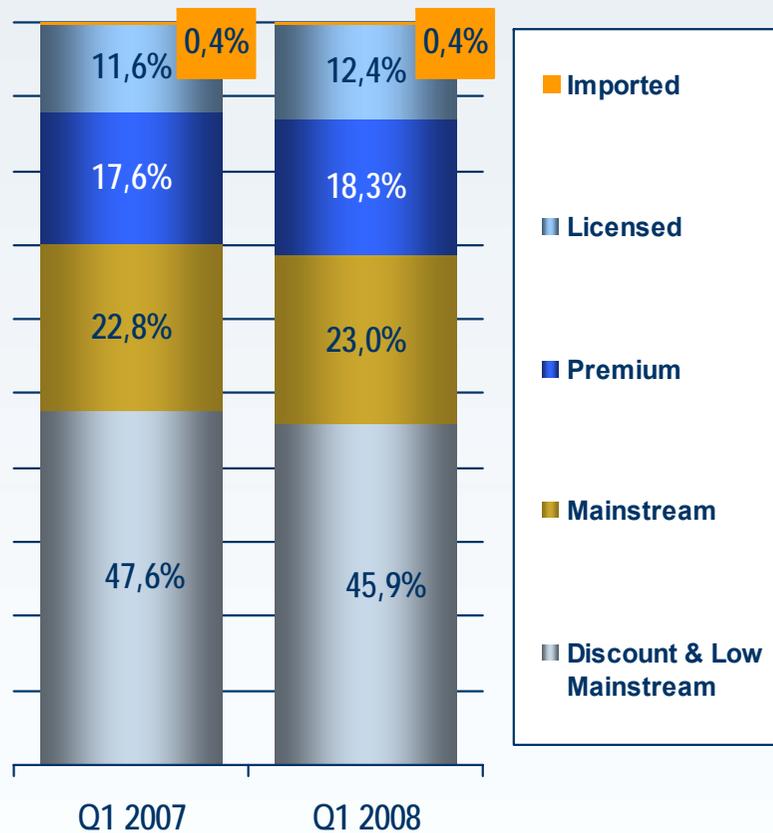
Heineken, Sun InBev & Efes include all acquisitions

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

Segments Development



Price segments market volume share



Source: Business Analytica, pack – incl. HoReCa

Baltika Breweries share in price segment	Q1 2007	Q1 2008
Licensed	25.1	28.3
Premium	42.8	41.8
Mainstream	51.5	51.9
Discount & LM	31.9	33.1

Company's share in pack segment	Q1 2007	Q1 2008
Keg	30.6	31.5
Can	56.4	56.8
Bottle	34.2	34.4
PET	34.3	35.0

Baltika Brands performance

Q1 2008



- Baltika is leading brand in Russia
- Baltika brand growth in Q1 Y2008 vs. Q1 Y2007 is +21.8% (Baltika-7 +45%, Cooler +61%), market share in Russia growth is 1.7% up to 13.0% (internal estimate)
- Licensed brands volume growth:
 - In Q1 Y2008 Baltika continued to strengthen its leadership in Licensed price segment, according to Business Analytica retail audit data company's volume share in License reached 28.4% in March Y2008
 - Tuborg +43%, brand #1 in licensed price segment (according to Business-Analytica Retail Audit volume share within licensed segment in Q1 Y2008 increased by 2.7% and reached 18.8% in March Y2008)
 - Carlsberg +21%
 - Kronenbourg +75%
 - Foster's +85%
- High volume growth of regional brands:
 - DV +39%, Don +26%, Uralsky Master +11%

Source: Internal data

Innovations for Q1 2008



- **Baltika premium restyling**
- **Twist-off for Nevskoye**
- **Kegs for Baltika-3**



- **New variety Arsenalnoye Extra Krepkoye**
- **PET 2.5 for Yarpivo Yantarnoye**





Financial Results

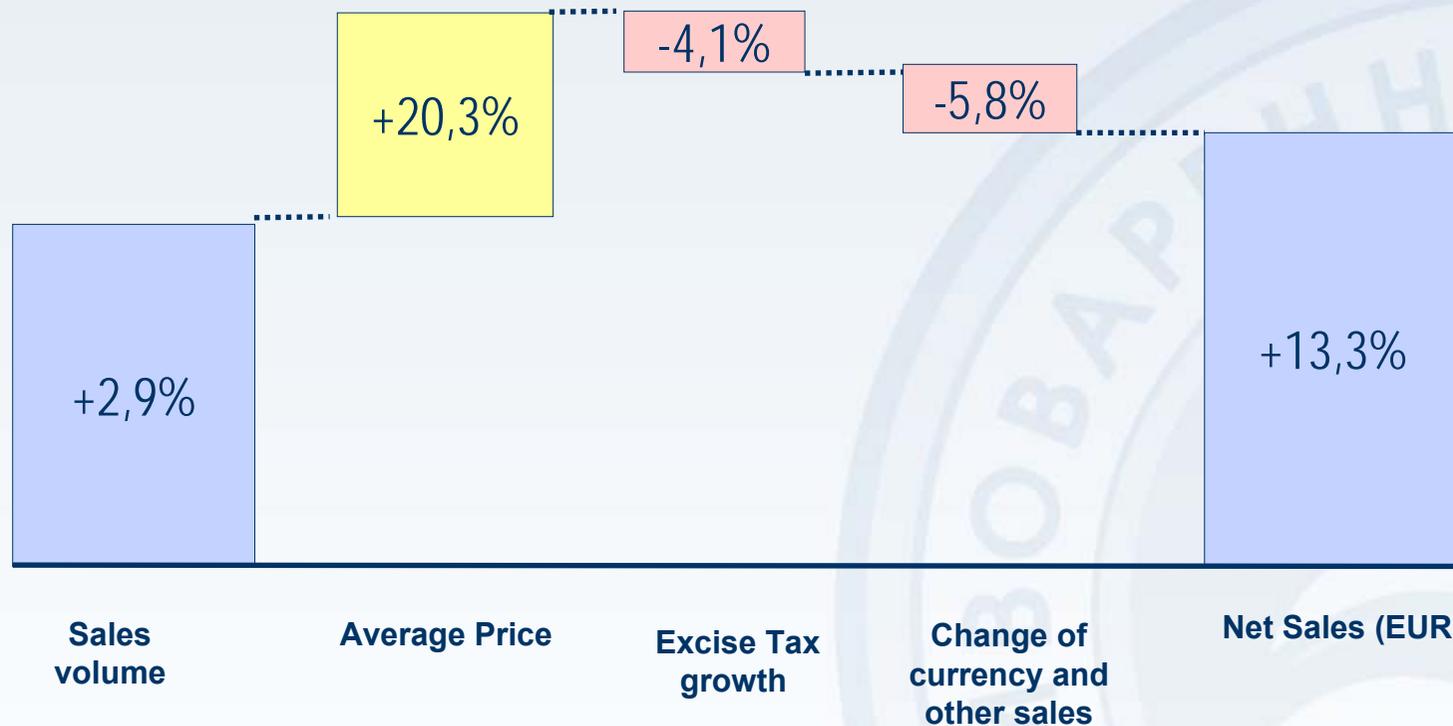
Q1 2008/2007 Financial Results



	1Q 2008, MEUR	1Q 2007, MEUR	Change
Sales Volume, mln. hl	9.0	8.7	2.5%
Revenue	463.1	408.6	13.3%
Cost of sales	-248.8	-209.8	18.6%
Gross profit	214.4	198.8	7.8%
Distribution expenses	-67.3	-54.1	24.3%
Commercial expenses	-51.5	-41.6	23.8%
Administrative expenses	-17.3	-21.0	-17.5%
Other operating income/expenses	1.7	0.4	
EBIT	80.0	82.5	-3.1%
NET PROFIT	58.7	57.4	2.2%
Gross Margin	46.3%	48.7%	-2.4 p.p.
EBIT margin	17.3%	20.2%	-2.9 p.p.
NET margin	12.7%	14.0%	-1.4 p.p.

IFRS

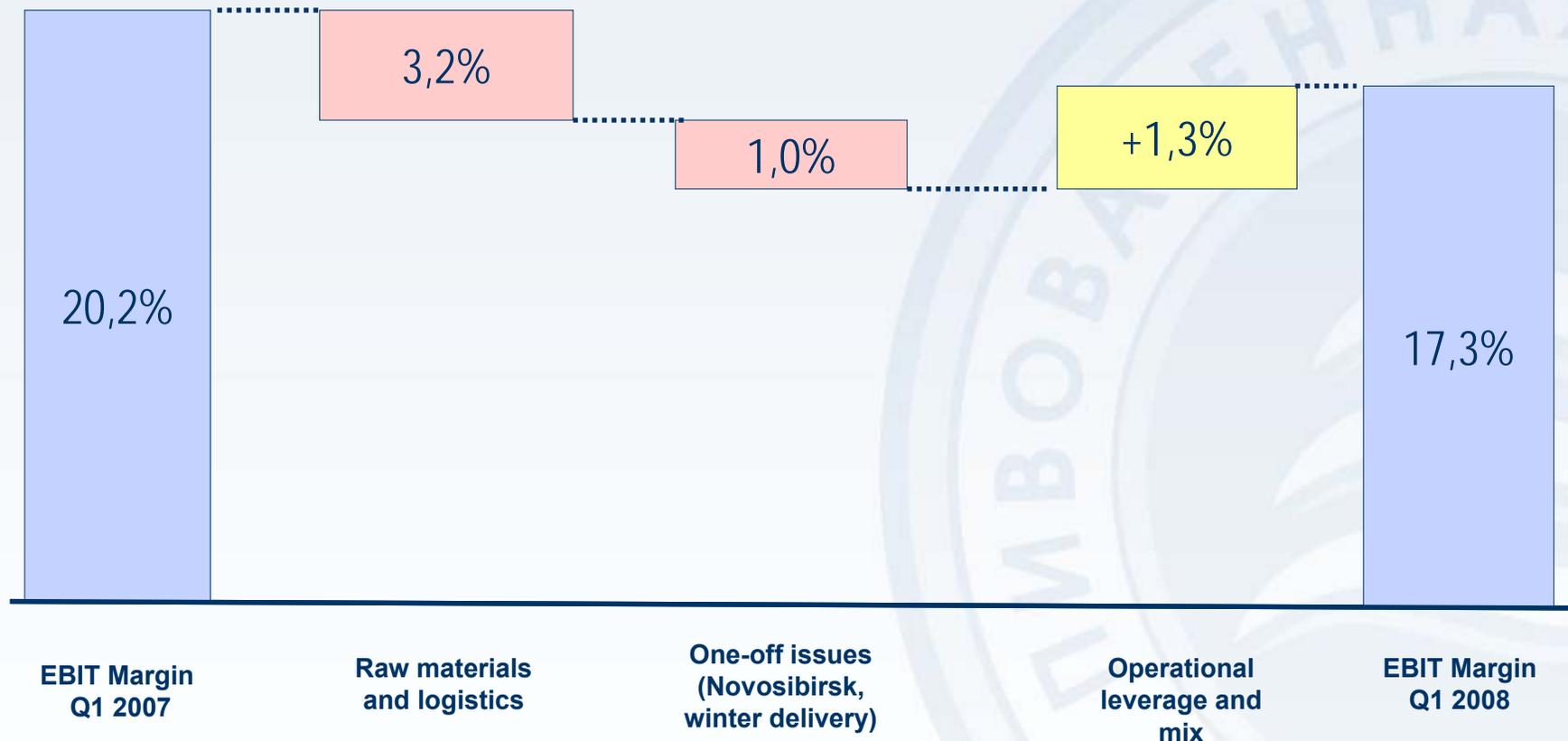
Baltika Net Sales Development for Q1 2008



Baltika Margin Development in 1Q '08



Sales volume increase, portfolio further premiumisation and operational leverage made it possible to significantly soften the influence from raw materials and logistics costs growth



Investments in Q1 2008



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

- ☉ **Baltika Novosibirsk**
brewery construction,
4.5 mln hl capacity per year



Total Q1 2008 investments of 70 MEUR



Supplementary information

Baltika Breweries today



☰ 11 breweries:

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

☰ Production Capacity:

Around 50 MHL/year

☰ 3 malt-houses:

St. Petersburg, Tula, Yaroslavl

☰ About 12 000 employees

☰ Market share in Q1 2008 38.1%



Brand Portfolio



		Company position in the segment	Brand #
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 50 MHL per year





Baltika Breweries

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Thank you!