



Baltika Breweries

9M'06 and Q3'06 Results

13 November 2006

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Development Overview for 9M'06



- **Excellent financial performance**

- Net Sales 1338 MEUR, +20.3%
- EBITDA 440.9 MEUR, +39.1%
- EBIT 354.4 MEUR, + 45.8%

Excellent financial results show the advantages of operational merger

- **Russian market volume growth of 9%**

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**

- Total volume of Baltika Group 28.6 MHL, +8.5%; beer volume 28.2 MHL, +8.8%
- Export volume of Baltika Group 1.3 MHL, +12%; with license volume in Ukraine +27%
- Market share in Russia 36.3%

- **Contribution to the volume growth for 9M'06 was significantly determined by the results of Q3'06:**

- Total volume 11.7 MHL, +14.8%; beer volume 11.6 MHL, +15.4%
- Market share in Russia 37.2%, +0.4%pts



Financial Results



9M'06 Financial Results

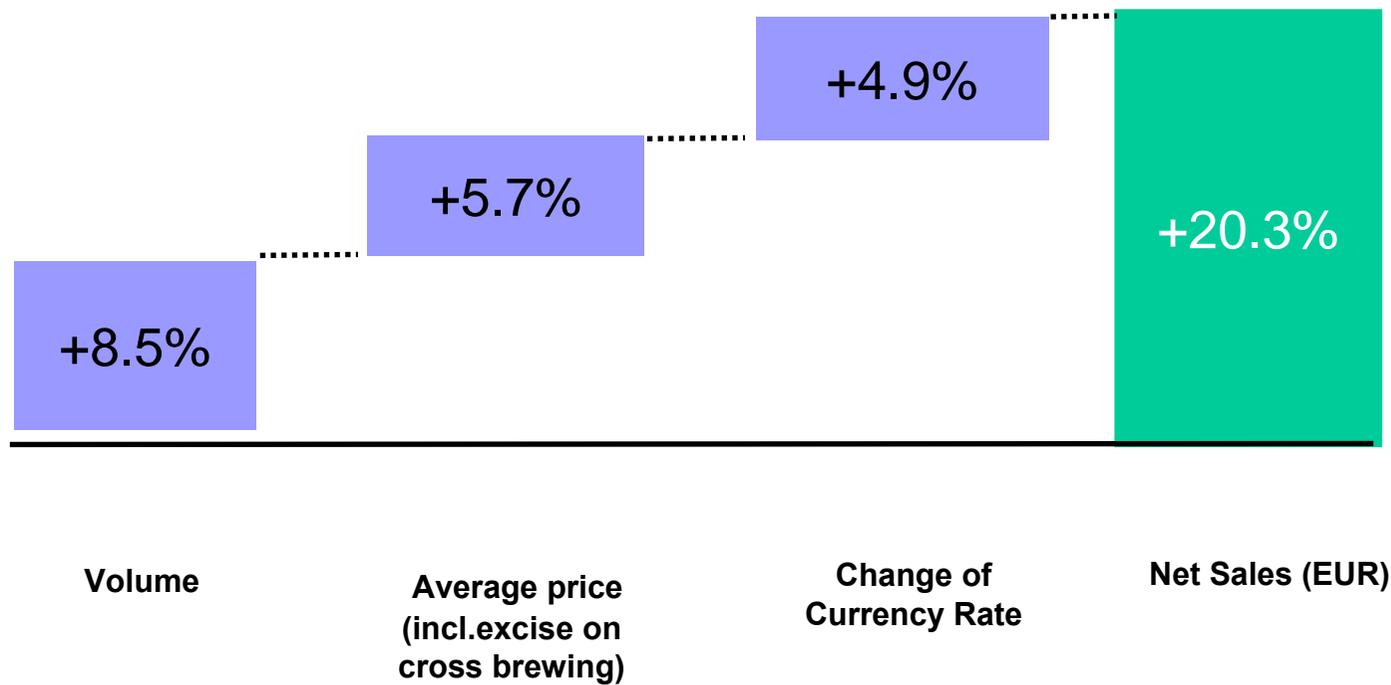


	9M'06	9M'05	Δ
Volume, MHL	28.59	26.35	+8.5%
Net Sales, MEUR	1 338	1 112	+20.3%
EBITDA, MEUR	440.9	316.9	+39.1%
EBITDA Margin, MEUR	33%	28.5%	+4.5 pts
EBIT, MEUR	354.4	243.1	+45.8%
EBIT Margin, MEUR	26.5%	21.9%	+4.6 pts

Baltika Net Sales Development for 9M'06



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



Results Breakdown for 9M'06



MEUR	9M'06	9M'05	Change
Net Sales (without VAT, excise)	1338	1112	+20.3%
Cost of sales*	610.6	553.4	+10.3%
Gross profit	727.4	558.6	+30.2%
Logistics expenses*	161.5	141.2	+14.4%
Expenses on production promotion (marketing, sales etc. expenses)*	156.8	123.4	+27%
Administrative expenses*	50.3	45.9	+9.6%
EBIT	354.4	243.1	+45.8%
Net profit	260.6	193.3	+34.8%

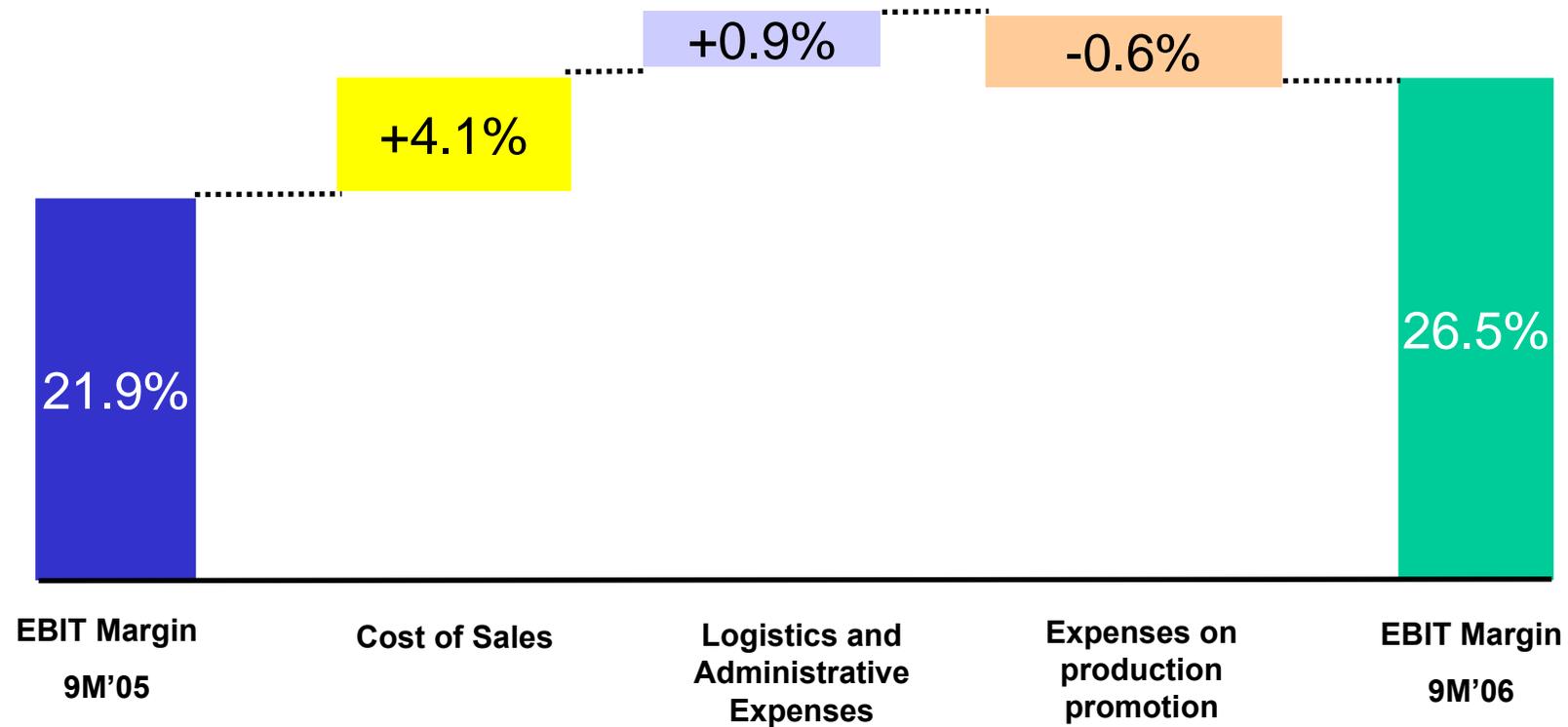
IFRS

*Including depreciation

Baltika Margin Development



Favorable market conditions and efforts on reduction of production costs compensated growth of expenses on production promotion

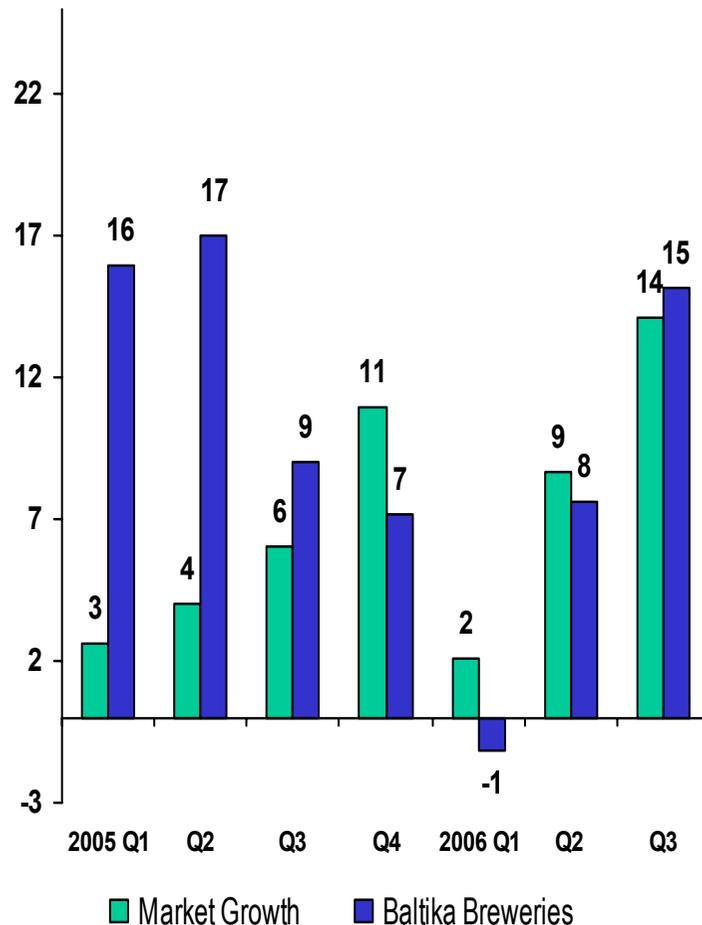




Russian Beer Market and Baltika Breweries



Russian Beer Market Development



Market share, %	9M'05	9M'06	Q3'05	Q3'06
Baltika Brweries	36.5	36.3	36.9	37.2
Sun Interbrew	17.4	18.8	17.3	18.6
- <i>excl.acquisitions</i>	17.2	17.9	17.0	17.6
Heineken*	13.0	13.2	12.8	12.8
- <i>excl.acquisitions</i>	7.0	7.5	7.1	7.5
SAB Miller*	4.9	5.6	4.7	5.6
Ochakovo	5.9	5.0	5.9	4.8
Others	22.4	21.0	22.3	21.0

* Estimate

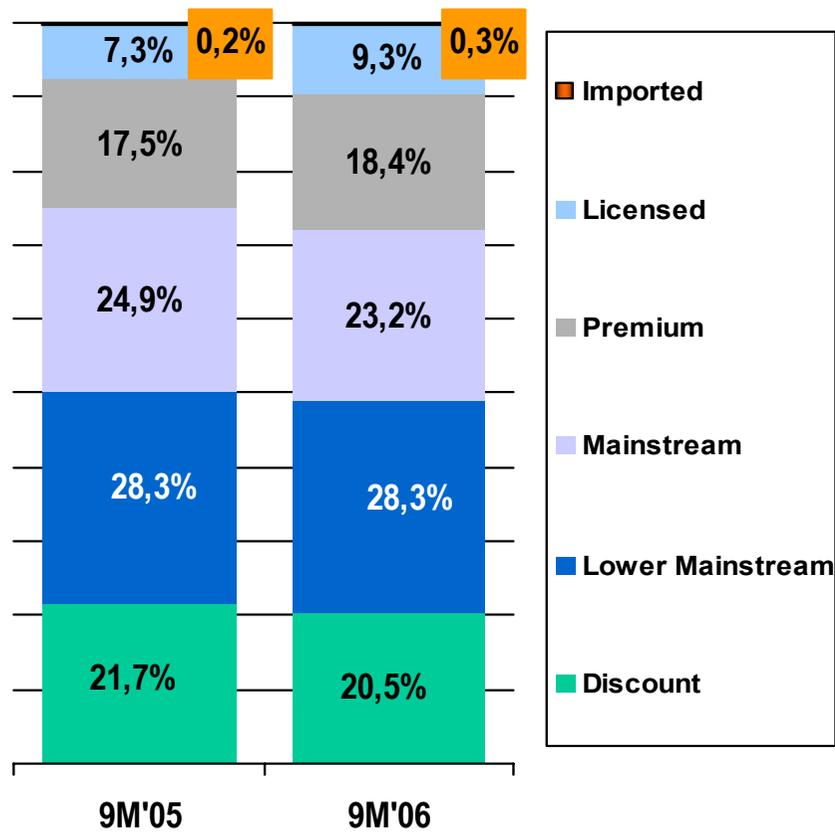
Source: Baltika, State Statistics Committee, Companies data
 Note: Domestic Volumes

Source: Baltika, State Statistics Committee, Companies data

Price Segments Development



Price segments market volume share



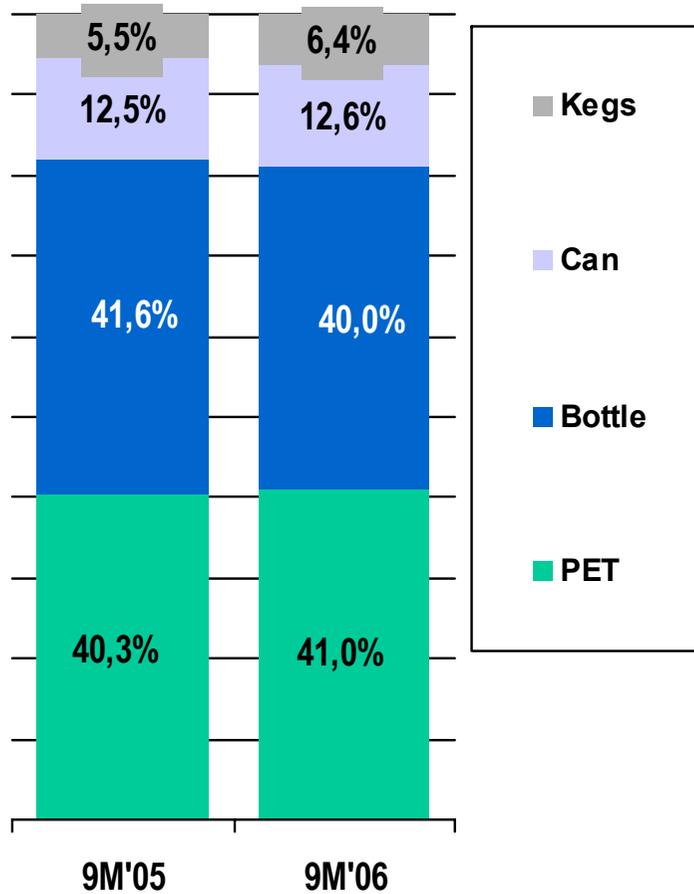
Baltika Breweries share in segment	9M'05	9M'06
Licensed	19.7	21.9
Premium	43.2	43.9
Mainstream	52.2	49.7
Lower Mainstream	37.4	33.5
Discount	24.2	23.4

Source: Business Analytica

Packaging Segment Development



Packaging segments market volume share



Baltika Breweries share in segment	9M'05	9M'06
Kegs	27.3	28.9
Can	58.7	57.5
Bottle	33.7	33.9
PET	35.7	31.3

Source: Business Analytica, incl.HoReCa

Performance of Baltika Brands for 9M'06



- Baltika and Arsenalnoye are two leading brands in Russia
- Volume growth of licensed brands:
 - Tuborg – brand №1 in licensed segment +130.2%
 - Carlsberg +38.4%,
 - Foster's +113%,
 - Kronenbourg 1664 +114.2%
- Volume growth of premium brand Nevskoye +35.3%
- High volume growth of a number of regional brands:
 - Leningradskoye +48.3%, Chelyabinskoye +27.1%, Don +22.0%
- Growth of market share of Baltika Breweries in licensed segment +2.2% pts. (up to 21.9%)
- Growth of market share of Baltika Breweries in premium segment +0.7% pts (up to 43.9%)



Innovations for 9M'2006



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





Outlook



Integration of BBH Russian breweries



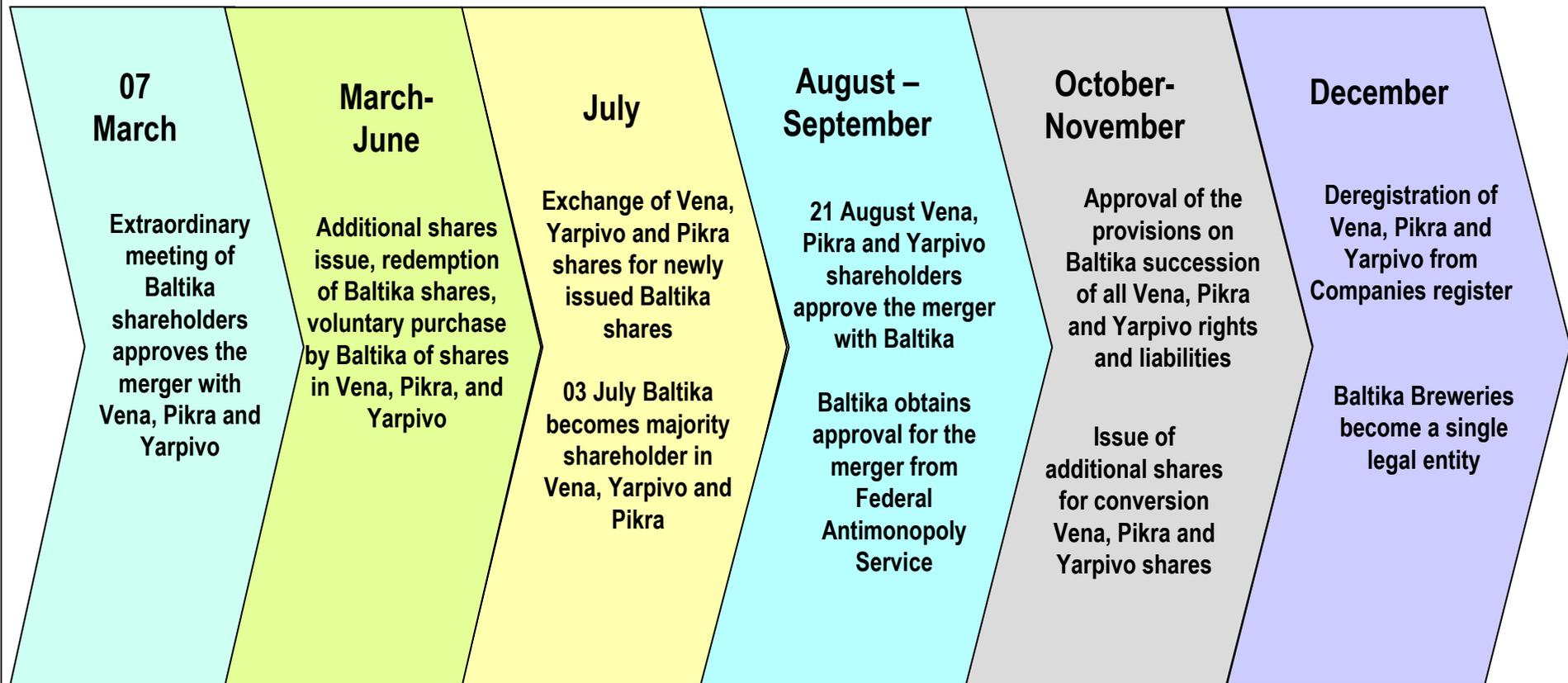
Today:
4 separate enterprises

After integration:
Leader of Russian beer market



Integration Stages

The Company plans to complete the merger process by the end of 2006



Baltika Group in 2006



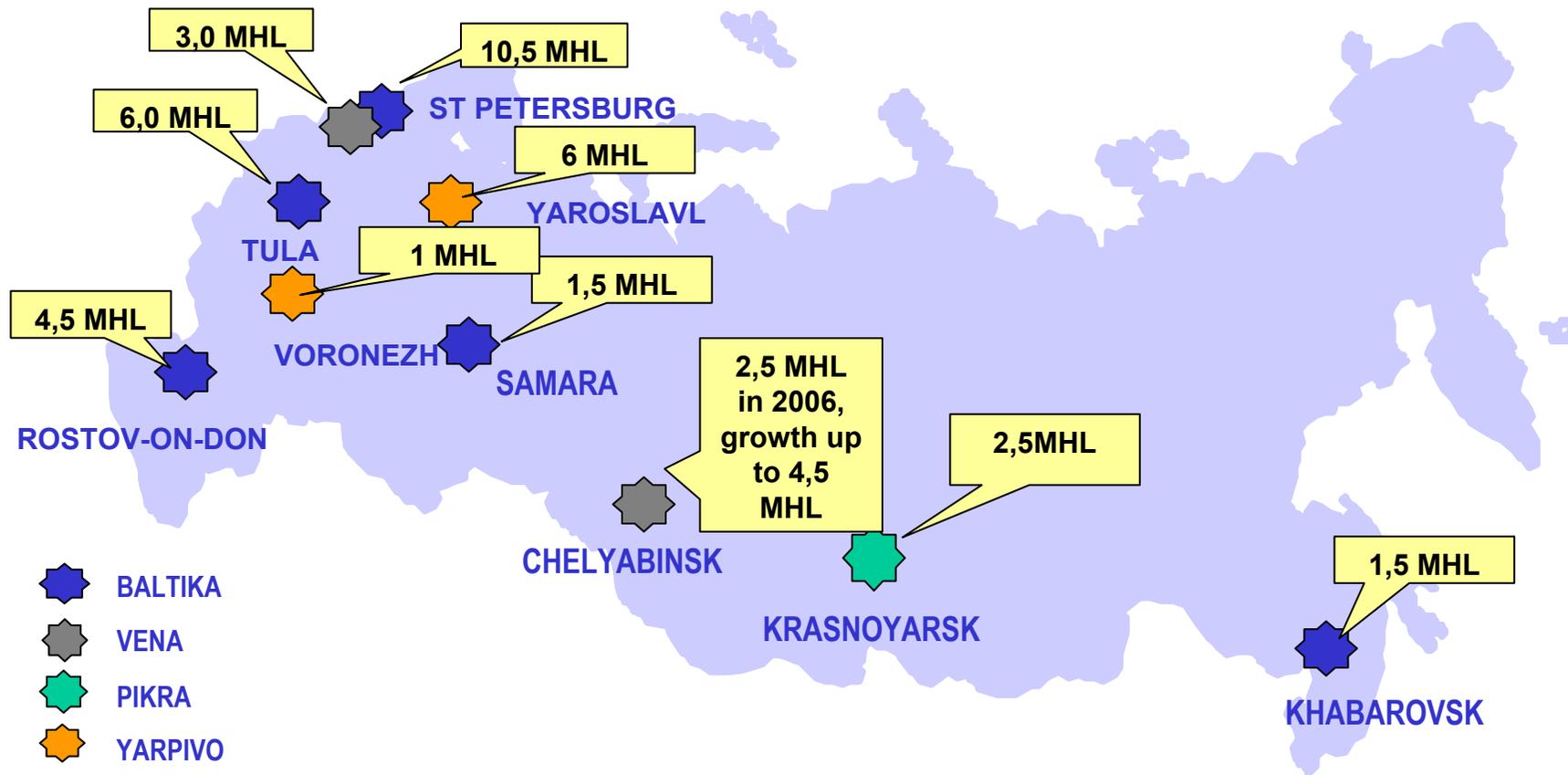
- 10 breweries:
 - St.Petersburg (2 breweries),
Rostov-on-Don, Tula, Samara
Yaroslavl, Voronezh, Chelyabinsk
Krasnoyarsk, Khabarovsk
- Production Capacity:
 - 40 MHL/year
- 3 malt-houses:
 - St.Petersburg, Tula, Yaroslavl
- About 12 000 employees
- Market share 37.2% in Q3'06



Portfolio of United Brands in 2006



Baltika Breweries Group Network in Russia





Baltika Breweries
9M'06 and Q3'06 Results

Thank you!