

# SUN Interbrew reports results for the third quarter 2002

MOSCOW, November 13, 2002 - SUN Interbrew Limited (Lux: SUNB5-LX), a leading brewer in Russia and Ukraine, wishes to announce its financial results for the third quarter 2002.

	Q3 2002	Q3 2001	Change
Volume, m hl, beer only	4.0	4.0	0.0%
Total Net Net Sales, €m	135.5	138.1	-1.9%
Gross Margin	45%	46%	-1%
EBITDA, €m	31.7	41.4	-23.4%
Net Income, €m	11.1	12.1	-1.0m

## FINANCIAL PERFORMANCE IN 3Q 2002

Total beer sales volumes for the Group were flat when compared with the same quarter last year in both Russia and Ukraine. However, if allowance is made for the sale of the Krym brewery in Ukraine at the end of 2001, real growth was in fact 3.4%.

Net Net Sales per hl of beer remained flat principally due to the devaluation of the Ruble and Hryvna versus the Euro. The impact on costs is not as significant as many costs are hard currency denominated, therefore the potential impact on gross margins is substantial. The Company was able to minimise this impact on gross margin to the loss of only 1%, as a result of higher sales volumes of its core brands and efficiency improvements in its breweries.

Distribution costs in the quarter were € 3.68 hl, reduced from € 4.36 per hl in the second quarter 2002 as a result of increased cross-brewing. When the change in commercial policy at the start of 2002 is adjusted distribution costs are now similar to those achieved in the same period last year. The company believes there are further opportunities for reduction in distribution costs in the future.

Marketing and Commercial Costs are higher than in the same quarter in the previous year.

Net Income is only €1M lower due to a lower effective tax charge as a result of the regional initiatives.

Net cash provided by operating activities, quarter-on-quarter, significantly increased from € 8.1m in 2001 to € 32.4m in 2002 as a result of improved cash management. During third quarter 2002 the Company made considerable investments in plant and equipment, including the acquisition of the new PET lines in the Desna and Perm Breweries, new can lines in the Rosar and Klin Breweries.

The Company is pursuing a program of purchasing its minority interests and has reduced its minority interests by purchasing the following additional shareholdings:

Povolzhie Brewery	3.11%
Rosar Brewery	10.72%

Yantar Brewery	1.67%
Rogan Brewery	0.67%

## RUSSIA

The beer market in Russia slowed considerably in the third quarter of this year and the month of September was particularly poor with negative growth in the month. Despite this overall market decline SIL has managed to achieve a modest growth in market share against the competition, as a result of the continued growth of capacities in its Can and PET varieties. Distribution growth was slower than the Company would like but sales are increasing and offsetting the decline in the Bottle segment.

In Russia Net Net Sales (beer) per hl have grown as follows:

### Beer Sales Per hl, €

	2001	2002	
Q1	31.47	37.86	+20.3%
Q2	34.77	39.98	+14.9%
Q3	37.41	37.52	+0.3%

The fall in Net Net Sales values per hl reflects primarily the devaluation of the Rouble against the Euro.

There has also been significant price competition in the PET segment in the 3<sup>rd</sup> Quarter 2002.

## UKRAINE

In Ukraine sales volume of beer grew by 9% versus the same period of last year (excluding volumes of disposed Krym Brewery), ahead of the 8% growth achieved by the Ukrainian beer market in 3Q 2002 vs. 3Q 2001. Due to relatively bad weather, overall market growth in August '02 was very low at +0.7% vs. August of '01. However, Sun Interbrew Ukraine sales volume managed to achieve a growth of 7,8% in August '02 versus August '01 and sales could have been even higher if not for capacity constraints.

PET sales volumes grew by 85% quarter-on-quarter, keg volumes by 6%, while bottle volumes dropped 2%.

The Chernigivske brand grew by 25% compared with the same period last year; market share grew from 10.3% to 11.9% as result of increased availability of its 1L PET variants and the successful launch of an unfiltered wheat beer variant. Taller grew 31% following the introduction of new line Taller Ice and its market share grew from 1.6% to 1.9%. Rogan grew 11% but market share is still slightly down at 12.,7% versus 13.1% due to aggressive price growth.

In Ukraine Net Net Sales per hl decreased in the 3rd Quarter 2002 to 26.09 Euro from 26.37 in the 3<sup>rd</sup> Quarter 2001.

### Beer Sales Per hl, €

	<b>2001</b>	<b>2002</b>	
<b>Q1</b>	23.10	29.27	<b>+26.7%</b>
<b>Q2</b>	25.80	27.45	<b>+6.4%</b>
<b>Q3</b>	26.34	26.09	<b>-0.95%</b>

## **OUTLOOK**

The outlook for our businesses in both Russia and Ukraine is encouraging. Both markets are seeing the Bottle segment reduce with the proportion of sales in PET and Cans in both markets now becoming significant and growing. The completion of the investments in PET and Cans will therefore reap their rewards.

In October SIL Russia achieved double-digit percentage growth, which we believe is higher than both the market and our main competitors.

In Ukraine the extra capacity in PET has enabled growth to be resumed in the third quarter. This will enable the Company to re-capture its market share lost as a result of the Krym sale.

The company target is to achieve a market share growth trend and this, together with the cost reduction programs, will generate improved financial results.

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