

# Results for the third quarter 2003

MOSCOW, November 19, 2003 - SUN Interbrew Limited (Lux: SUNB5-LX), a leading brewer in Russia and Ukraine, wishes to announce its financial results for the third quarter ended 30 September 2003.

## RESULTS

### Operational Highlights

The initiatives undertaken by the company in 2003 have so far contributed to the excellent performance in the third quarter. Key achievements include:

- In Russia SUN Interbrew posted 30% volume growth in the third quarter, with the overall market growing by just under 7%. This led to a market share increase from 12.5% in the third quarter of 2002 to 14.9 % in the third quarter of 2003.
- In Ukraine, SUN Interbrew further strengthened its leading position with volume growth of 10% (versus 4% market growth) and a market share increase from 31.7% in the third quarter of 2002 to 33.5 % in the third quarter of 2003.
- On Group level, EBITDA for the quarter increased by 31.7%, versus the third quarter 2002, to €41.8m. After stripping out the negative currency impact, EBITDA was €48.9m, or 54% higher than in the third quarter of 2002.
- Net Income in the third quarter was €19.1m, 71.1% higher than in the same period last year, representing the highest result in SUN Interbrew history.
- The Company continued its strategy of introducing new higher margin products, improving the sales mix.
- Strong brand performance: Klinskoye® and Sibirskaya Korona® grew further in the Core and Local Premium segments, primarily due to continuous brand and packaging innovations. The performance of Tolstiak® and regional brands in the lower price segments was also encouraging.
  - Significant growth of Stella Artois® and Staropramen® supported the company's effort to occupy a solid position in the Super Premium segment of the market.
  - Chernigivske®'s strong performance in Ukraine was also a remarkable achievement in the third quarter.

### Financial Highlights

	Q3 2003	Q3 2002	Change	Change, %
Volume, m hl, beer only	4.9	4.0	+0.9m	+22.8%
Gross Margin, %	45.7%	45.2%		+0.5%
Operating Income, €m	28.4	20.0	+8.3m	+41.7%
EBITDA, €m	41.8	31.7	+10.1m	+31.7%
EBITDA Margin, %	25.8%	23.4%		+2.3%
Net Income, €m	19.1	11.1	+7.9m	+71.0%

## FINANCIAL PERFORMANCE IN THE THIRD QUARTER

Sales, marketing and distribution costs for the third quarter were €39.3m versus €34.2m in the same quarter last year (15 % increase), with volumes up 20.2%.

The average distribution cost per hl in the quarter was €4.0, €0.3 higher than in the same period last year.

Marketing costs were almost €1m higher compared with the same quarter last year.

Total sales and marketing costs for the quarter represent 11.3% of Net Turnover, compared to 13.4% in the third quarter of 2002.

General and administration costs for the quarter were €0.6m lower than in the same quarter last year, mainly driven by payroll and consultancy savings.

## **RUSSIA**

In total the volume of SUN Interbrew beer sold in Russia in the third quarter was 3.3m hl versus 2.5m hl in the same period last year, representing an increase of 30%. At the same time the total market volume in Russia increased by just under 7%. This growth was driven by the right distribution strategy with a full portfolio of brands and packaging.

Stella Artois® was further expanded nationally and grew 119 % versus the third quarter of 2002.

Sales volumes for Staropramen® grew 43% versus the second quarter of 2003 when it was successfully launched.

Sibirskaya Korona® exceeded last year's sales by 70%, driven by a new proprietary glass bottle and the successful launch of the new variety, Belye.

Klinskoye® sales recovered further with volume growing by 18% versus the third quarter of 2002. This growth was driven by the success of PIVOPACK® and the launch of its new variety Samurai.

Tolstiak® sales volumes grew by 19% versus the same period last year.

### **Sales volumes, m Hl**

	2003 Q3	2002 Q3	% change '03 vs '02
Beer	3.3	2.5	+30%

### **Market Share Growth**

## **UKRAINE**

The volume of beer sales for SUN Interbrew in Ukraine grew by 10.3% to 1.6m hl in the reported quarter, well ahead of the total market growth of 4% for the quarter.

### **Sales volumes, m Hl**

	2003 Q3	2002 Q3	% change '03 vs '02
Beer	1.6	1.5	+10.3%
Soft drinks	0.3	0.3	-10.5%
Total	1.9	1.8	+6.3%

### **Market Share Growth**

This growth in market share and total volumes was achieved by the timely expansion of production capacities in our three Ukrainian breweries as well as a number of sales, marketing and packaging initiatives on the Ukrainian and international brands.

Chernigivske® grew 40% in volume in the quarter versus the third quarter of 2002, based on the success of Chernigivske® Bile. Stella Artois® continued to grow strongly at 37% in the reported quarter versus the same period last year.

SIL Ukraine introduced Stella Artois®, Taller® Ice, Chernigivske® Premium, Chernigivske® Bile in 0.5 L cans, plus a 1L PET bottle for Rogan® Svitle.

### **SUMMARY AND OUTLOOK**

The strong performances in both Russia and Ukraine in the first half of this year were exceeded in the third quarter, leading to record, quarterly bottom line results for the Company. SUN Interbrew continued its strategy of expanding its diversified portfolio of brands and packaging, enabling it to take up strong positions in each segment of the market. This was complemented by thoughtful and sizeable investments in marketing and commercial activities along with the right distribution structure, resulting in the continued growth of market share in Russia and in Ukraine.

Based on our achievements in innovation and a more complete brand portfolio, along with our route to market we are well positioned to finish the year with growth far exceeding the market. Whilst a further strengthening of the Euro is expected to affect the headline results, we expect this strong performance to enhance our bottom line results.

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