



# Efes Breweries International



**Renaissance Capital Consumer Goods One-on-One Day**

**February 26th, 2007**

**MOSCOW**



## Forward-Looking Statements

This report may contain certain forward-looking statements concerning our future performance and should be considered as good faith estimates made by the Company. These forward - looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.



*"We fill every minute in 24 hours"*



# Agenda

1. **EBI Overview and Recent Developments**
2. **Operational Highlights**
3. **Financial Highlights**
4. **Conclusion**

**Appendix**



## Investment Highlights

- High growth markets with attractive demographics
- Strong positions in a wide geography internationally
  - No.4 market position in Russia, the 3rd largest beer market in the world
- Strong brand recognition and extensive distribution network
- Proven management team with long standing track record
- Consistent organic & inorganic growth historically







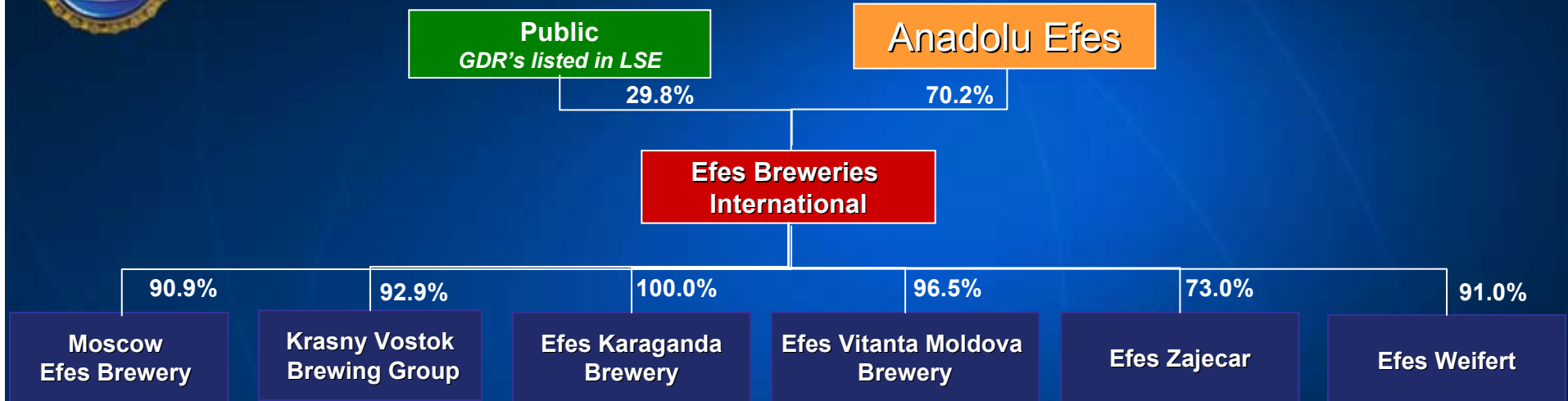
# Operating Territory

|                   |          |
|-------------------|----------|
| 4 Countries       |          |
| 10 Breweries      |          |
| 4 Malteries       |          |
| 23.3 mhl capacity |          |
| Russia            | 19.7 mhl |
| Kazakhstan        | 1.3 mhl  |
| Moldova           | 0.9 mhl  |
| Serbia            | 1.4 mhl  |





# Efes Breweries International N.V.



| <u>RUSSIA</u>  |          | <u>KAZAKHSTAN</u> |         | <u>MOLDOVA</u> |         | <u>SERBIA</u>  |         |
|----------------|----------|-------------------|---------|----------------|---------|----------------|---------|
| Market Share   | 9%       | Market Share      | 18%     | Market Share   | 66%     | Market Share   | 13%     |
| Position       | 4        | Position          | 2       | Position       | 1       | Position       | 4       |
| Capacity Today | 19.7 mhl | Cap. Today        | 1.3 mhl | Cap. Today     | 0.9 mhl | Capacity Today | 1.4 mhl |

Source: A.C. Nielsen YTD December 2006, AC Nielsen October-November 2006, MEMRB December 2006





# Market Dynamics

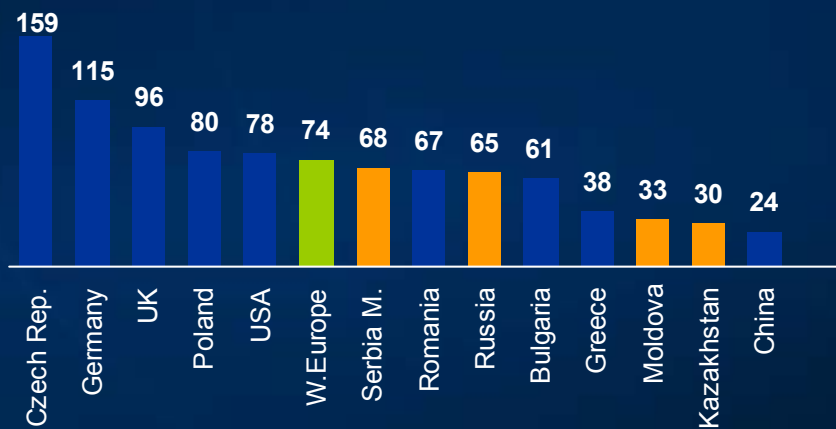
Source: Canadian Global Beer Trends 2006

Source: Canadian Global Beer Trends 2006, company estimates

## Total Consumption Growth (EBI's Current Markets)



## Beer per Capita Consumption



- Operating territories delivering significant total consumption growth historically
- Notwithstanding the substantial growth, relatively low per capita consumption in operating markets
  - Suggesting potential for future market growth
  - Potential for per capita consumption in Russia to converge to European average
- Shifting consumer preferences towards Western life style
- Increasing supply of quality products
  - International brewers replace locals.
  - Market volume sold by international operators:
    - Russia 86%
    - Kazakhstan 72%
    - Serbia 72%
- Recovering economies



# Significant Developments in 2006

## ACQUISITIONS/DISPOSALS

- Krasny Vostok acquisition (February)
- Minority Buy-Out (12.4%) in Moscow Efes Brewery (“MEB”) (February)
- Sale of 50% share in Interbrew Efes Brewery in Romania to Inbev (August)
- Further minority buy-out (7.5%) in MEB (November)

- EBI, jointly with Anadolu Efes, sourced a 500 million USD syndication loan, of which EBI utilized 300 million USD (September)
- EBI increased its capital by US\$300 million through a rights issue, in which both Anadolu Efes and EBI’s public minority shareholders participated (November)
- Mr. Alejandro Jimenez has been announced as the new CEO and the Chairman of the Board of Management of EBI, pending approval of EGM on March 6th, 2007. (January 2007)

## FINANCIAL & MANAGEMENT

## BRAND PORTFOLIO

- Licence agreement signed for the brewing, sale & distribution of Bavaria products in Russia (April)
- Licence agreement to produce Mexican beer “Sol” in Russia (December)

- Capacity increase in Kazakhstan to 1.3 mhl from 1.0 mhl (June).
- Capacity increase in Ufa brewery(Russia) to 4 mhl per annum (July)

## CAPACITY INCREASES





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# Continued Sales Volume Increase

EBI

## Volume Development FY 2006

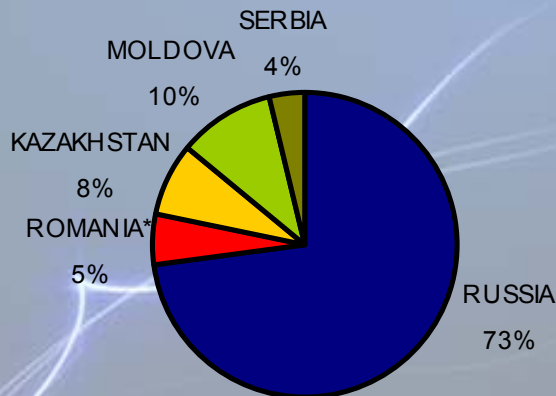
mhl



- Total sales volume at 11.7 mhl, up 31% in FY2006 vs FY2005

- Sales volume growth at 8% excluding KV Group brands

## Geographical Sales Volume Breakdown FY 2006<sup>1</sup>



- 10% excluding the sales volume of Efes Romania for both 2005 & 2006, in addition to KV Group brands,

<sup>1</sup>Includes consolidation adjustments

\*EBI sold its 50% share in the Interbrew Efes Brewery in Romania to InBev in August 2006





# An International Brand Portfolio

## Russian Federation

## Kazakhstan

## Moldova

## Serbia

Super Premium/Premium



Warsteiner



Amsterdam Navigator



Bavaria Premium



Zlatopramen



SOL



Efes



Warsteiner



Efes



Bavaria Premium



Beliy Medved



Stary Melnik



Sokol



Efes



Warsteiner



Sokol



Vitanta



Stary Melnik



Efes



MGD

Mainstream



Stary Melnik



Sokol



Solodov



Karagandinskoe



Chisinau



Weifert

Economy



Beliy Medved



Krasny Vostok



Zhigulevskoe



Pils Plus



Zajecarsko



Standard





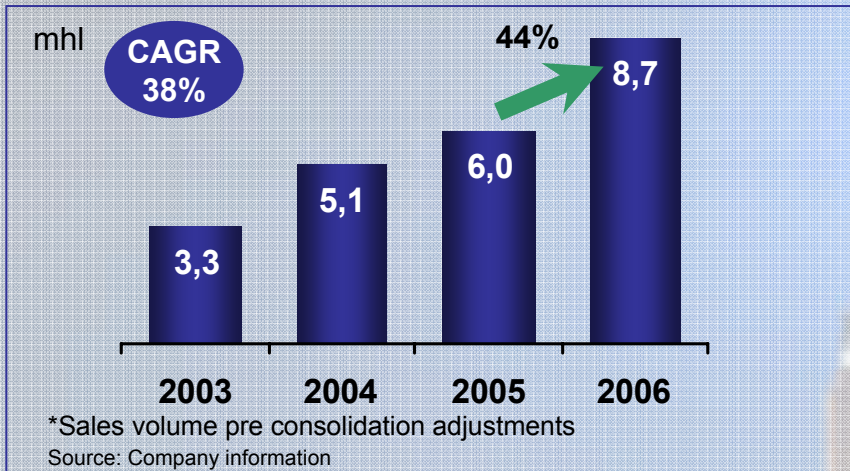


# Overview

## Russia

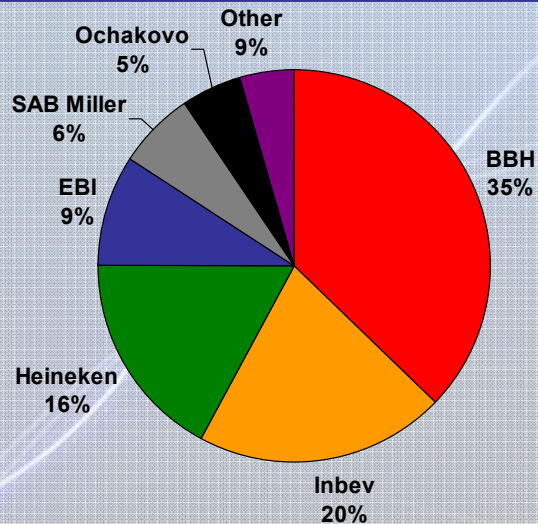


### VOLUME DEVELOPMENT\*



- ▶ Total volume growth of 44% in FY2006
- Organic sales volume growth of 10% excluding KV Group brands
- ▶ #4 brewer in the market with strong brand portfolio
  - 22 brands-over 130 SKUs at different price, concept and package types
- ▶ Growth through brand portfolio optimization & innovation
- ▶ Active sales force in over 70 cities throughout Russia through 24 regional sales offices
- ▶ Operates with over 130 distributors in Russia

### MARKET SHARE BY VOLUME

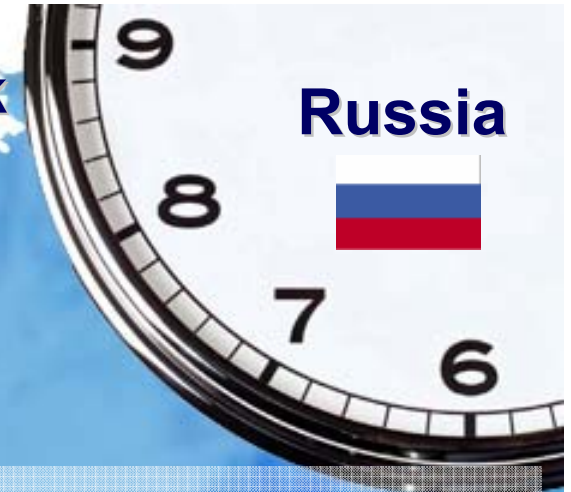


Source: ACNielsen YTD December 2006.





# Acquisition of Krasny Vostok



- ▶ Significant cross-brewing potential
- ▶ Transportation and logistic synergies
- ▶ Enhanced Scale
- ▶ Further diversified brand portfolio
- ▶ A major player in the Volga region and enhanced existing foothold in the Eastern Regions



|                     | EFES BREWERIES INTERNATIONAL | KRASNY VOSTOK | COMBINED     |
|---------------------|------------------------------|---------------|--------------|
| Brewing Capacity    | 9.7 mhl                      | 10.0 mhl      | 19.7 mhl     |
| Malt Capacity       | 46,000 tons                  | 93,000 tons   | 139,000 tons |
| Pre-form Production | -                            | 1.3 mil/day   | 1.3 mil/day  |

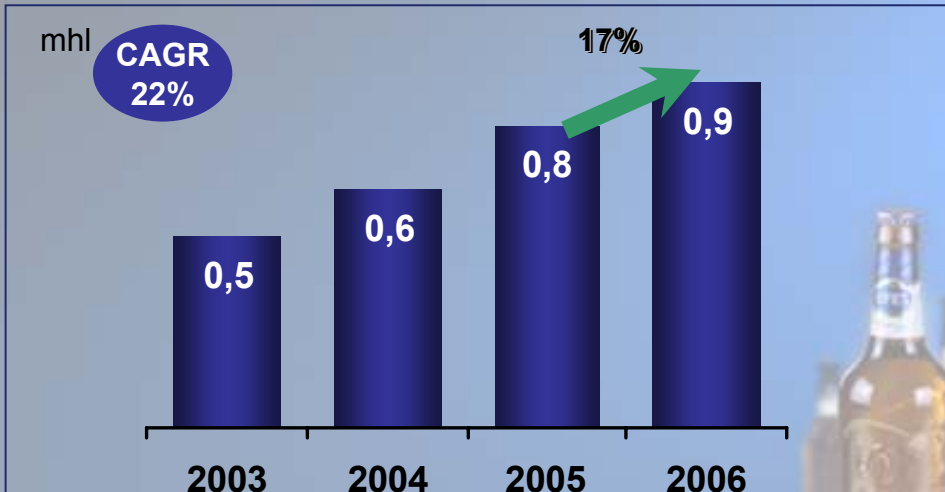




# Overview

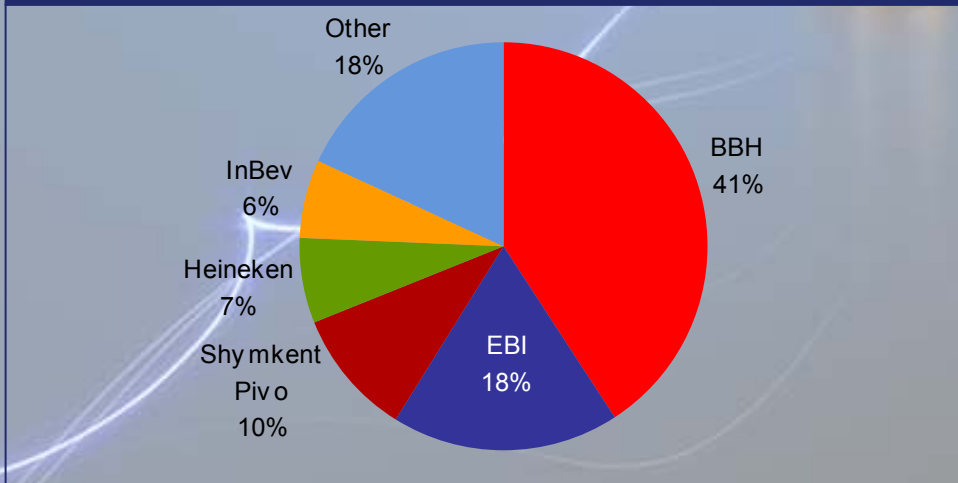


## VOLUME DEVELOPMENT



Source: Company information

## MARKET SHARE BY VOLUME



Source: AC Nielsen October-November 2006

- ▶ EBI is #2 brewer
- ▶ Total brewing capacity up to 1.3 mhl from 1.0 mhl in 2005
- ▶ Superior logistical advantage
  - ▶ 2 modern breweries
  - ▶ Leverage Coca-Cola distribution network in largest urban centres; Almaty & Astana
- ▶ Growth drivers
  - ▶ Tendency for healthy lifestyle
  - ▶ Improvement of life standards
- ▶ In FY2006 total sales volume up 17%



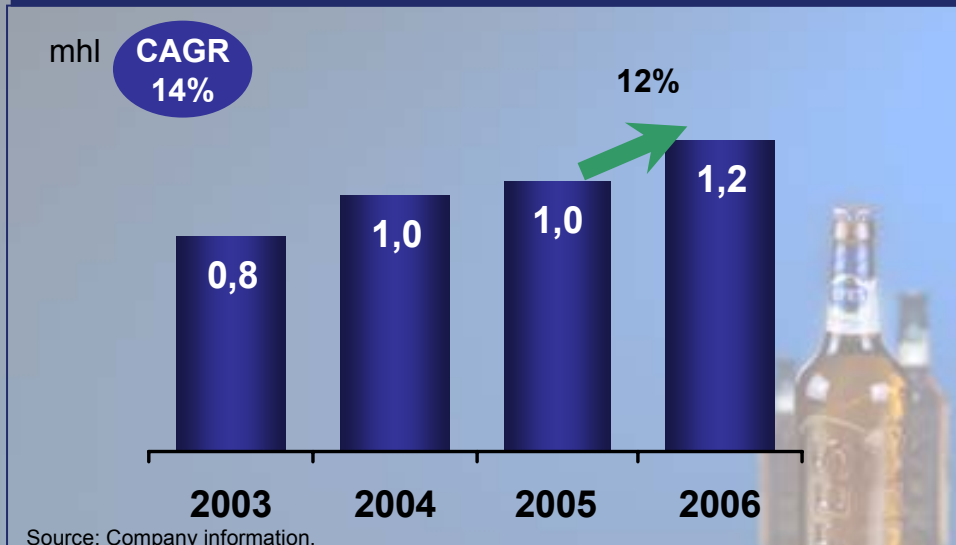
# Overview



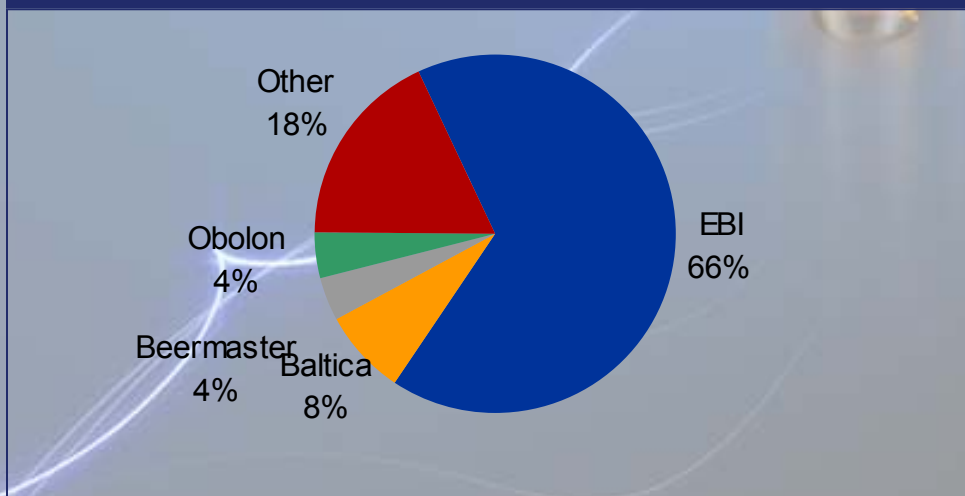
Moldova



## VOLUME DEVELOPMENT



## MARKET SHARE BY VOLUME

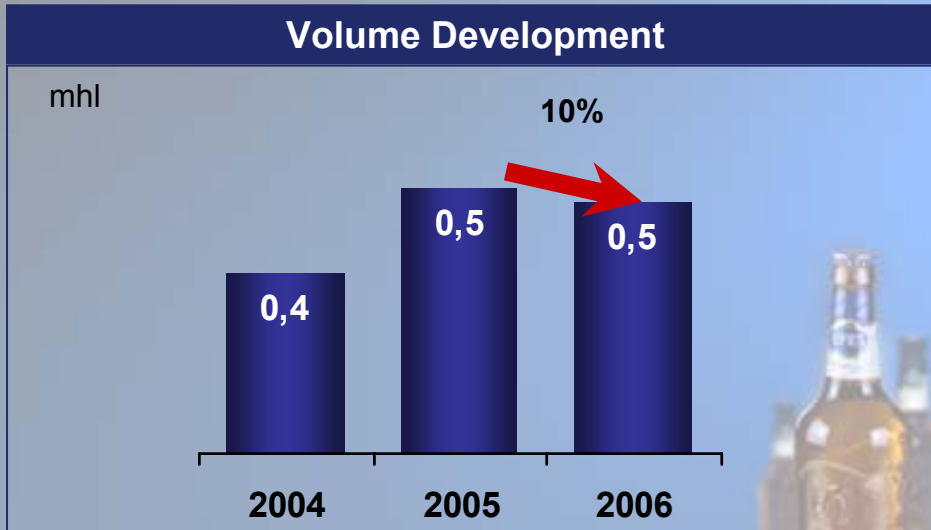


Source: MEMRB December 2006.

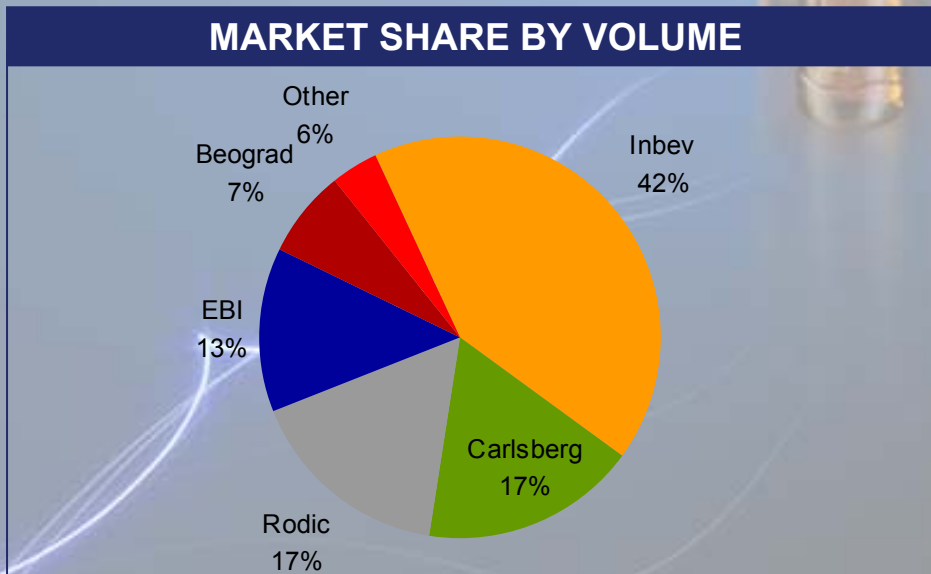
- ▶ EBI is #1 brewer with 66% market share by volume
- ▶ Total capacity 1.3 mhl
  - ▶ Brewing capacity of 0.9mhl
  - ▶ Soft drink capacity of 0.4mhl
- ▶ Focus on marketing, branding and re-launch of existing beer and soft drink brands
- ▶ Efficient portfolio management
- ▶ In FY2006 total sales volume (including soft drinks) up 12%
  - Beer only sales volume up 17%



# Overview



Source: Company information



Source: ACNielsen YTD December 2006.

- ▶ #4 brewer in Serbia
- ▶ Total capacity 1.4 mhl
  - ▶ Pancevo Brewery 0.4 mhl, acquired in 2003
  - ▶ Zajecar Brewery 1.0 mhl, acquired in 2004
- ▶ Growth drivers:
  - ▶ Logistics advantage
  - ▶ Improving nationwide distribution
  - ▶ Diversified product portfolio
- ▶ In FY2006, sales volumes down 10%





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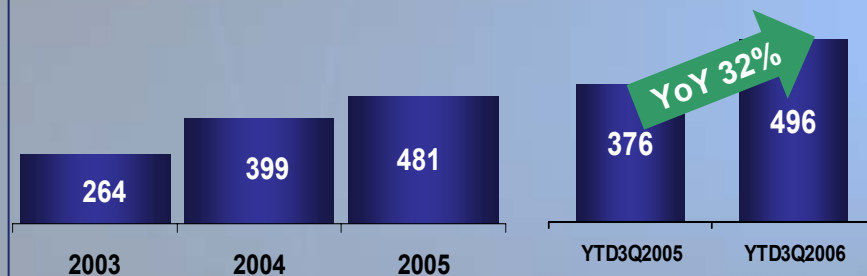
**Appendix**



# Financial Review – Operating Performance

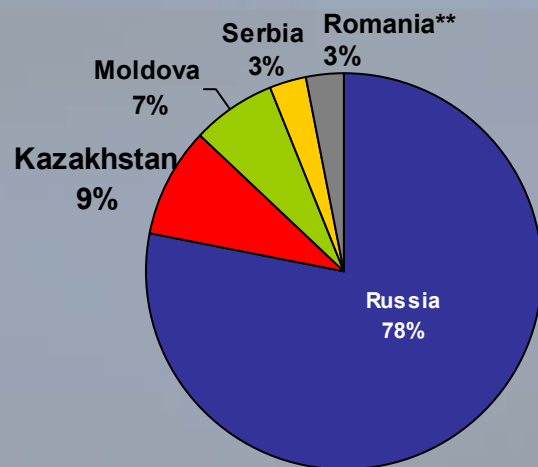
## Revenue Development

(US\$ millions)



- ▶ Consolidated Revenue up by 32% in YTD3Q2006 to US\$ 496 million
- ▶ Excluding KV Group;
  - ▶ Revenue growth at 18% -ahead of sales volume growth mainly due to;
    - ▶ local currency price increases through effective pricing policy
    - ▶ positive foreign currency effect
    - ▶ in spite of unfavorable brand mix impact due to increased volume of economy brands.

## Revenue Breakdown\* YTD3Q2006



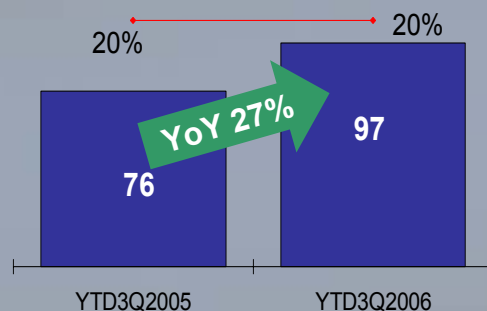
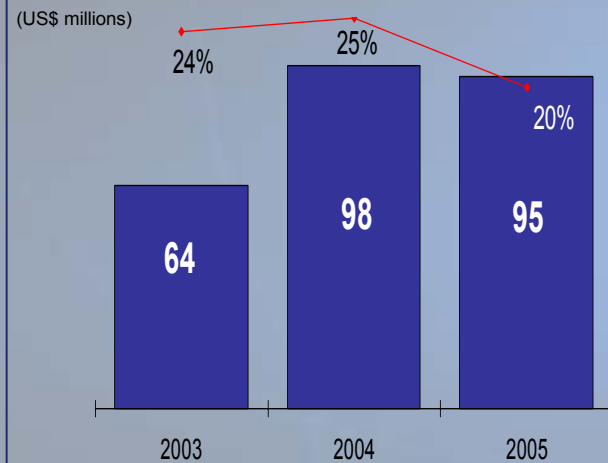
\*Includes consolidation adjustments

\*\*EBI sold its 50% share in the Interbrew Efes Brewery in Romania to InBev in August 2006



## Financial Review – Operating Performance

### EBITDA Development



- ▶ EBITDA margin at 19.6% in YTD 3Q2006 vs. 20.4% in YTD 3Q2005
- ▶ In February 2006, 500 million USD Bridge Loan at EBI level guaranteed by Anadolu Efes
  - In order to finance:
    - KV Acquisition: 367 million USD (after giving effect to working capital adjustments)
    - Minority Buy-Out (12.4%) in Russia: 108 million USD
- ▶ At the end of 3Q2006 net financial debt at 530 million USD, which is to be lower with a longer tenure at YE2006 due to;
  - a 3 year syndicated loan collectively sourced with Anadolu Efes, of which EBI utilized US\$300 million and,
    - ◇ partial prepayment of Bridge Loan
  - a capital increase of US\$300 million through a Rights Issue
    - ◇ 200 million USD to pay the balance of Bridge Loan
    - ◇ Rest for further Minority Buy-Out in Russia and general corporate purposes





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## The Key To Future Success For EBI

- Develop and retain strong positions in key and fast-growing emerging markets in CIS, SEE & Central Asia
- Continuous focus on
  - Profitable organic growth
  - Strategic expansion opportunities in existing and new high growth markets
- Leverage synergies of being available in all the developing beer market segments
  - Premium – Most profitable
  - Mainstream – Fastest growing
  - Economy – Largest
- Invest in brands marketed across all profitable segments