

# **Efes Breweries International N.V. (EBI)**

## **9M2008 Financial Results**



# 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.**

# Snapshot



	9M2007	9M2008	Growth (%)	3Q2007	3Q2008	Growth (%)
Total Sales Volume (mhl)	10,4	11,2	7,5%	4,0	4,1	2,5%
Net Sales (million USD)	655,1	861,1	31,4%	270,4	337,2	24,7%
Gross Profit (million USD)	310,2	360,5	16,2%	129,6	142,6	10,0%
Gross Profit margin (%)	47,3%	41,9%	<b>(-549 bps)</b>	47,9%	42,3%	<b>(-565 bps)</b>
EBITDA (million USD)	131,2	139,4	6,3%	59,5	57,8	-2,8%
EBITDA margin (%)	20,0%	16,2%	<b>(-384 bps)</b>	22,0%	17,1%	<b>(-485 bps)</b>

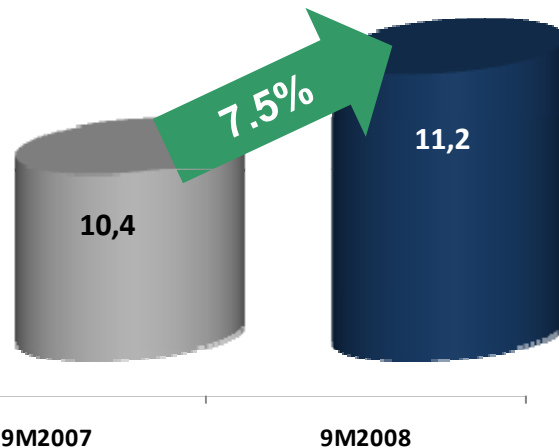
- ✓ Volume growth ahead of market growth despite deteriorating consumer demand and unfavorable weather conditions
- ✓ Revenue growth significantly ahead of volume growth, mainly due to;
  - local currency price increases,
  - positive brand mix,
  - strengthening of local currencies versus USD
- ✓ On an organic basis (excluding the revenue of Serbia and Georgia) revenue growth was 27.1%
- ✓ Impact on profitability due to;
  - global commodities inflation and adverse macro economic conditions
  - increased volatility and slowing consumer demand in our operating markets
- ✓ Contraction in EBITDA margin less than gross profit margin in 9M2008 driven by savings in operating expenses

# Volumes Continue to Grow in a Challenging Year



## Volume Development

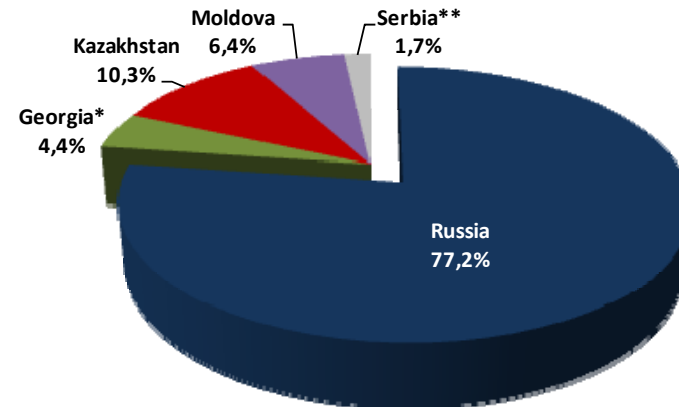
mhl



✓ Consolidated Sales volume up 7.5% in 9M2008 compared to the same period of previous year

- Organic<sup>(1)</sup> growth at 6.5%
- Third quarter sales volume growth of 2.5% year-on-year

## Breakdown of Sales Volume



\*Consolidated starting from March 2008, inclusive

\*\* Consolidated until 30.06.2008

✓EBI was able to manage volume and top line growth in a very challenging environment;

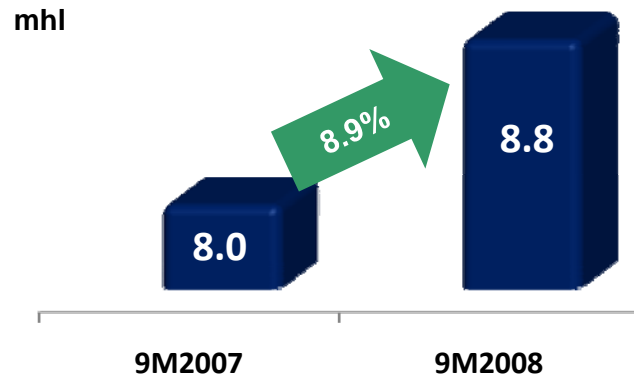
- Slower disposable income growth
- Slowing consumer demand
- Increased inflation rate
- Poor weather conditions
- A strong base effect

(1) By excluding i) the sales volume of JSC Lomisi in Georgia, which EBI acquired in February 2008 and started full consolidation starting from March 1st 2008, ii) the 9M2007 sales volume of Efes Serbia, which is excluded from EBI's financials after the end of 1H2008 iii) the sales volume of "Viva" and "Real" brands in Moldova, which were sold to The Coca-Cola Company in February 2007.

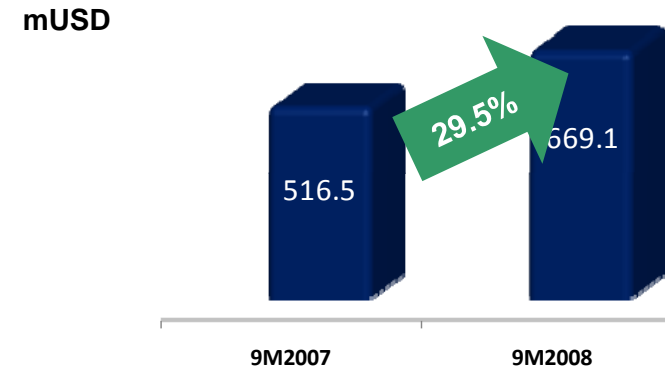
# Operational Review: Russia



## Volume Development

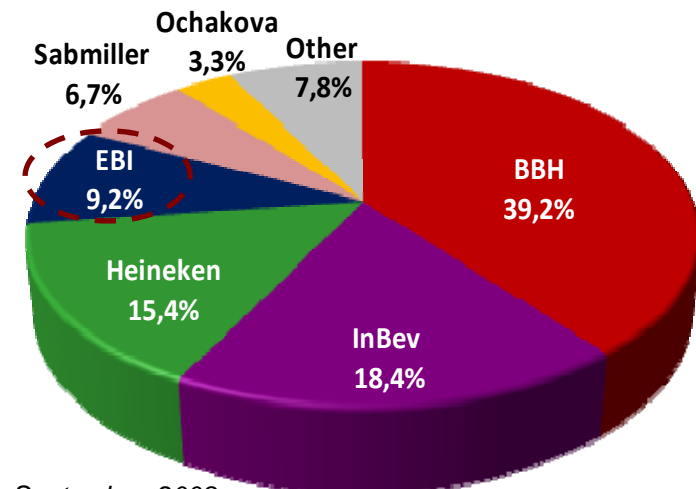


## Revenue Development



- ✓ Inflation in Russia is increasing
  - CPI increased 10.6% in YTD Sep. 2008 vs. 11.9% in FY2007
  - Food inflation exceeded CPI in 9M2008 at 12.1%
- ✓ Market growth is slowing
  - 2% in 1Q2008 vs. 28% in 1Q2007
  - 2% in 1H2008 vs. 23% in 1H2007
  - 1% in 9M2008 vs. 17% in 3Q2007
- ✓ Sales volume up by 8.9% in 9M2008 and 4% in 3Q2008
  - 50 bps market share increase y-o-y
- ✓ Revenue growth, ahead of volume growth as a result of,
  - local currency price increases ahead of inflation
  - favorable brand mix
  - strengthening of Ruble against USD

## Market Share by Volume

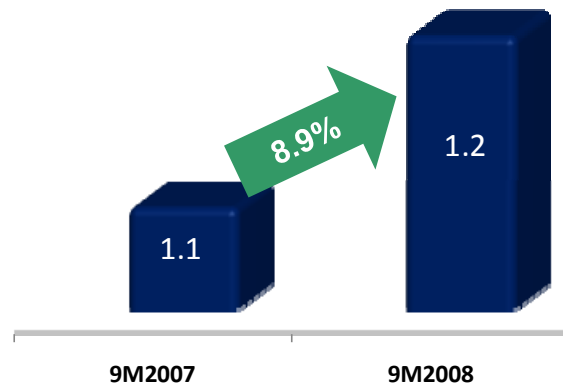


# Operational Review: Kazakhstan



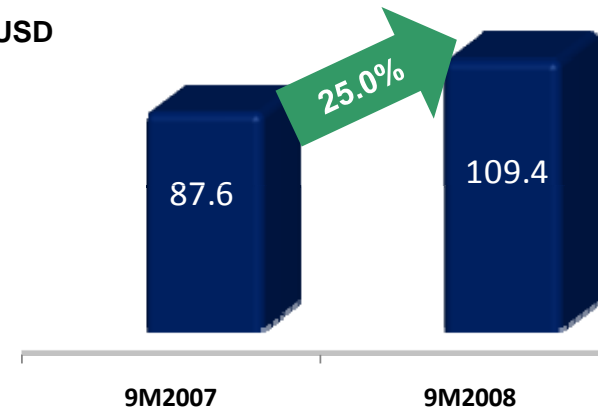
## Volume Development

mhl



## Revenue Development

mUSD



✓ Economy is slowing down in Kazakhstan

- Real GDP growth at 8.5% in FY2007 vs. estimated growth of 4.5% in FY2008

✓ Beer market slowing down due to economic volatility & strong base of 2007

- Beer market growth of 3% in 9M2008 vs. 17% in 9M2007

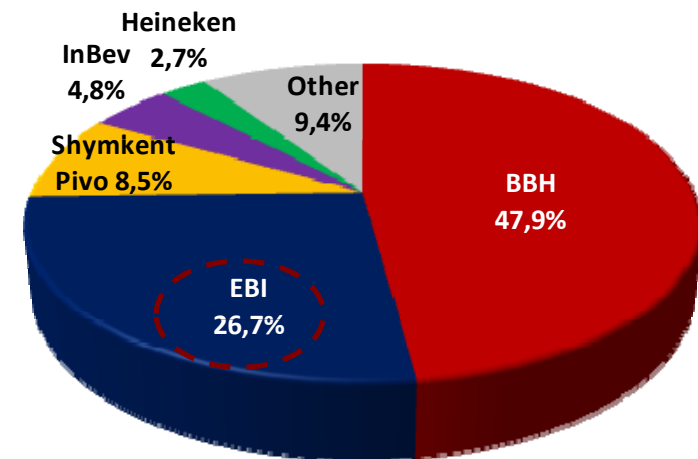
✓ Sales volume up by 8.9% versus estimated market growth of 3%

- Market share improved 390 bps y-o-y to 26.7%

✓ Net sales revenue increased above the volume growth as a result of;

- local currency price increases
- the strength of Kazakh Tenge against USD

## Market Share by Volume



AC Nielsen, September 2008

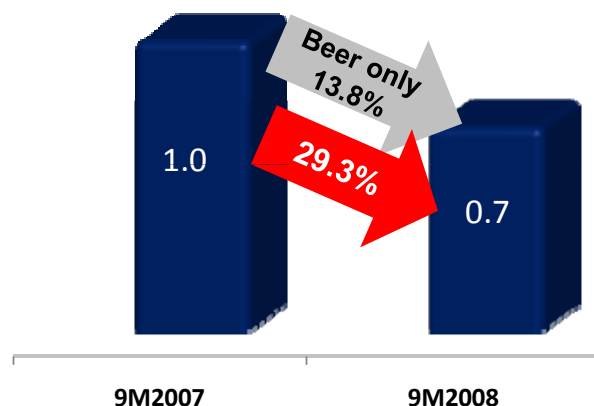
# Operational Review:

## Moldova



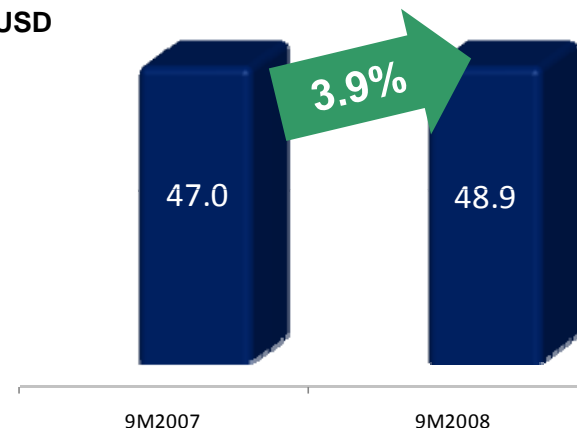
### Volume Development

mhl



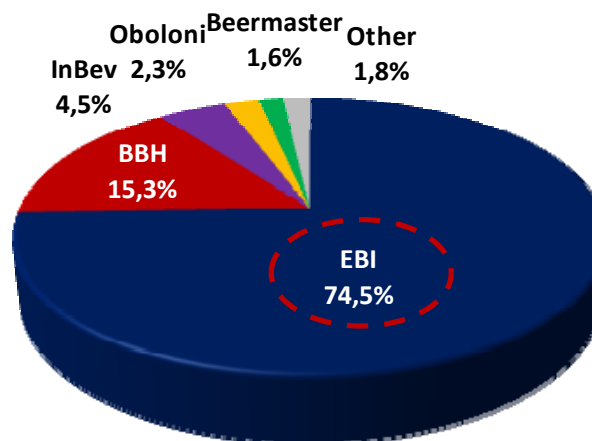
### Revenue Development

mUSD



- ✓ Total sales volume down by 29.3% in 9M2008, as a result of;
  - strong base effect
  - sale of soft drink brands to TCCC in February 2007
- ✓ Beer only sales volume down by 13.8%, due to;
  - challenging economic environment
  - cycling of a strong base
- ✓ Net Sales revenue up by 3.9% over 9M2007 due to;
  - local currency price increases ahead of consumer inflation
  - strength of Lei against USD

### Market Share by Volume



# Overview-Georgia



- ✓ EBI entered the Georgian beer market by the acquisition of the leading brewer in the market, JSC Lomisi ("Lomisi"), in February 2008 and included this operation in its financials starting from March 2008
- ✓ Between March-September 2008 EBI generated 0.5 mhl sales volume in Georgia
- ✓ Military conflict impacted volume performance in the peak season (Aug 2008)
- ✓ 2008 volume below initial expectations, but impact of turbulence limited
- ✓ Market share increased to 47% from 42% at YE2007

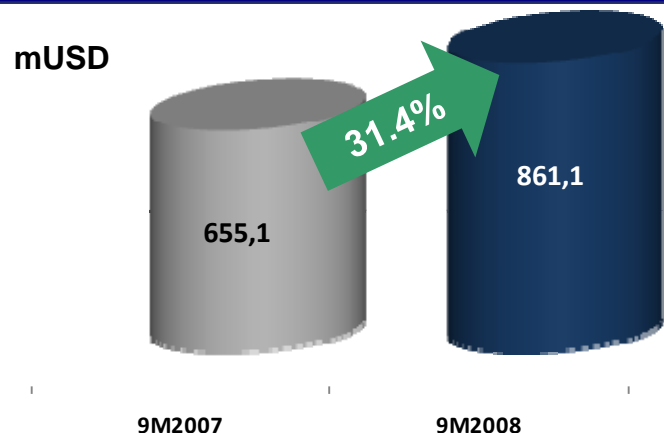




# Revenue Growth ahead of Volume Growth



## Sales Revenue Development

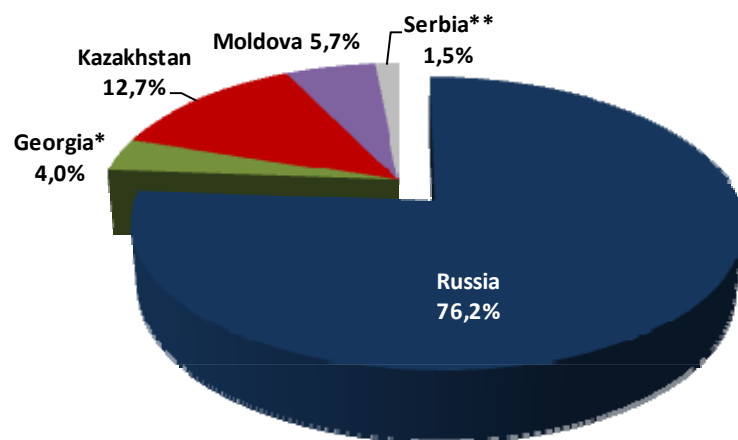


✓ Consolidated net sales revenue up by 31.4% in 9M2008 versus 9M2007;

- Organic\* growth of 27.1%

\* by excluding the revenues of Georgia and Serbia

## Breakdown of Sales Revenue



✓ Net revenue per hl increased by 22.2% due to;

- Local currency price increases
- Positive brand mix effect
- Strength of local currencies versus USD

\* Consolidated starting from March 2008, inclusive

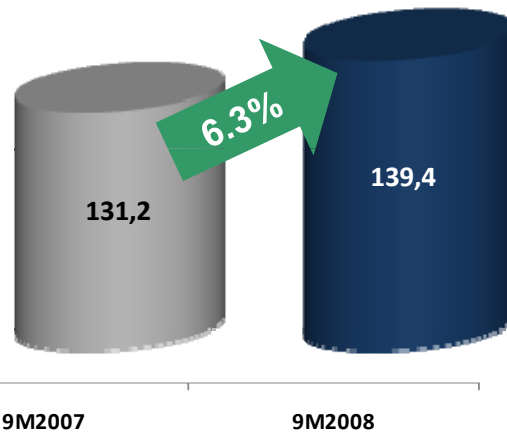
\*\* Consolidated until 30.06.2008

# EBITDA Growth – Margin Contraction

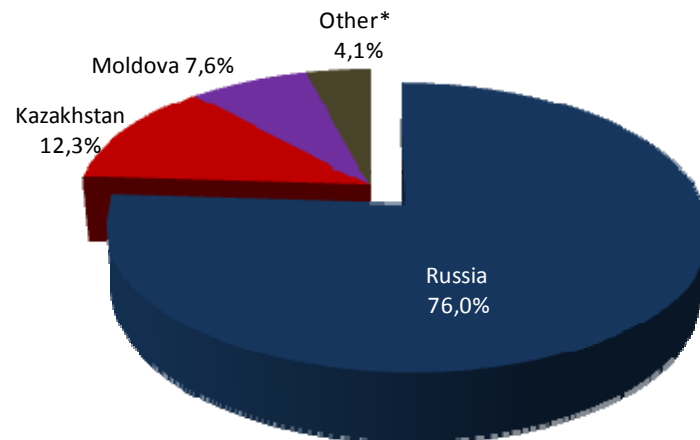


## EBITDA

mUSD



## Breakdown of EBITDA



- ✓ **Cost of sales/hl up by 35%, due to**
  - ✓ commodity price inflation
  - ✓ strong local currencies against USD
  - ✓ slowing sales volume growth in the third quarter of the year
  - ✓ labor inflation
- ✓ **Operating expenses decreased despite**
  - ✓ high level of oil prices in the period
  - ✓ higher transportation tariffs
- ✓ **Temporary negative impact of business combinations impacting EBIT**
- ✓ **EBITDA up by 6.3% in 9M2008**
- ✓ **EBITDA margin down to 16.2% in 9M2008 from 20.0% in 9M2007**

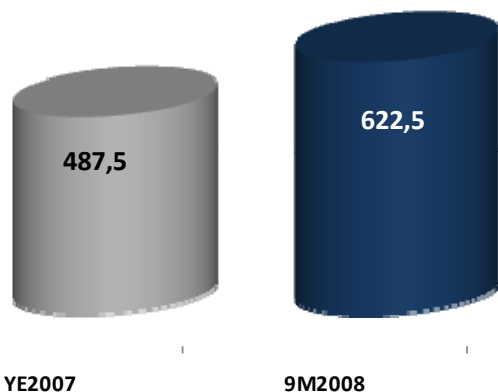
*\*Other includes consolidation of Georgia starting from March, consolidation of Serbia until 30.06.2008 and headquarter adjustments*

# Consolidated Net Financial Debt & Financing



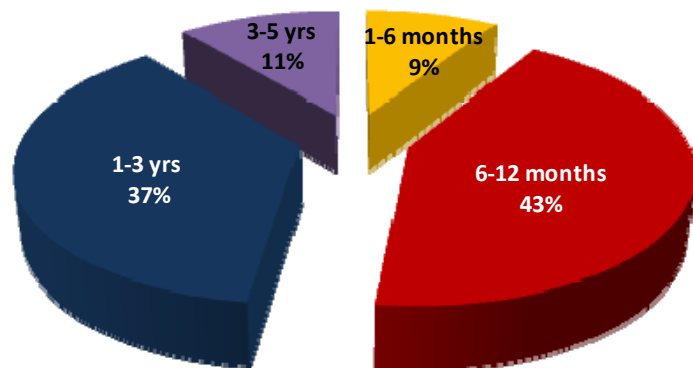
## Net Financial Debt

mUSD



- ✓ Consolidated gross debt at US\$ 782 million in 9M2008
- ✓ Cash & cash equivalents at US\$ 159 million
- ✓ Increase in indebtedness due to;
  - acquisition of Lomisi
  - increased working capital needs due to increased inventory, impacted by higher commodity prices
  - capital expenditure of US\$ 146.8 million

## Maturity Breakdown



# Outlook



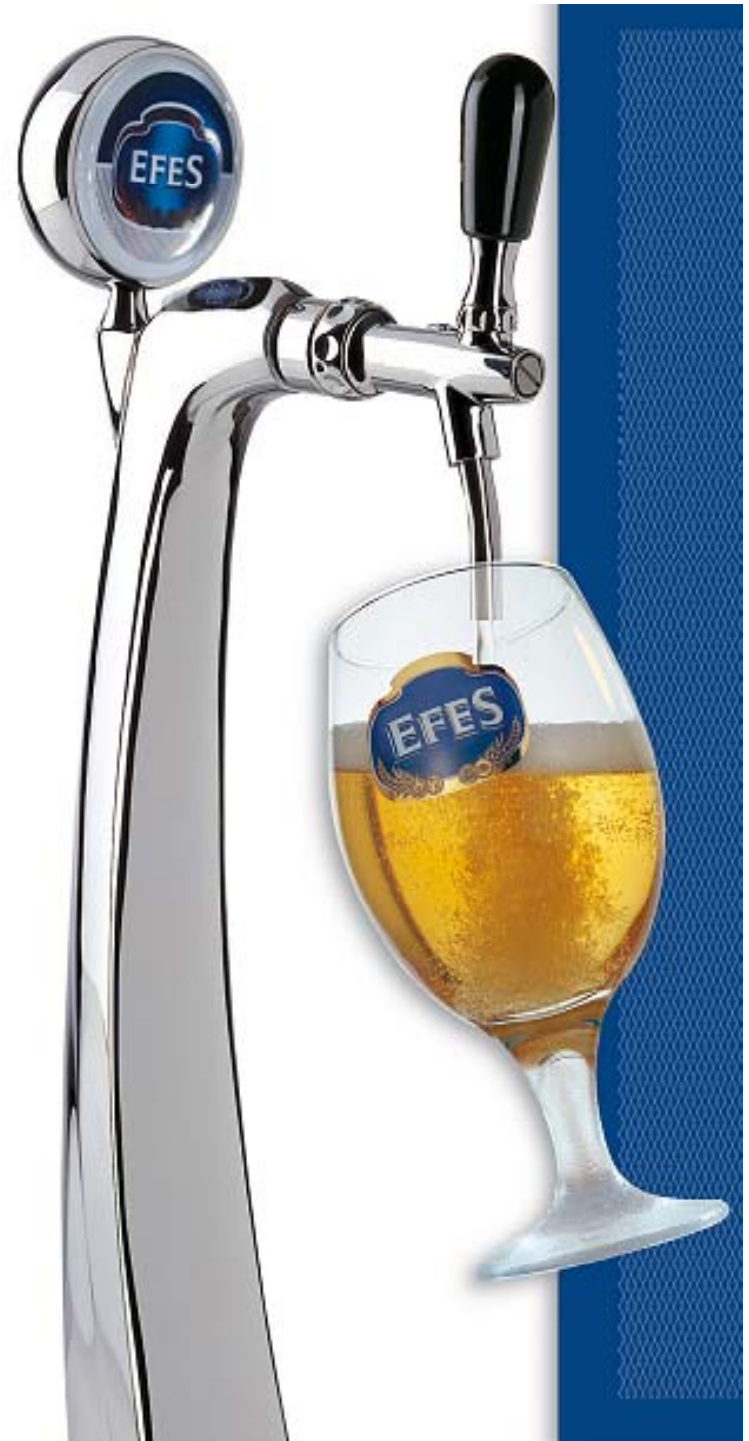
## FY20008 EXPECTATIONS

- Russian beer market growth expectation down to 1-2%
  - slowing consumer demand starting from 3Q
- Committed to outperforming the market growth
  - mid to high single digit volume growth in Russia in 2008
- Consolidated sales revenue to increase ahead of sales volume
- EBITDA margin contraction in FY2008 to be inline with that of 9M2008, due to
  - the impact of commodity cost pressures
  - increasing transportation tariffs
  - slow down of consumer demand
- Capex at US\$165-170 million

## FY20009 EXPECTATIONS

- Russian beer market growth at 1-2%
- Outperforming the markets through
  - increasing availability
  - impactful visibility
  - brands relevant to consumer needs
- Revenue growth ahead of volume
- EBITDA growth ahead of revenue
- Considerable reduction of capex vs. 2008

# APPENDIX





**EFES BREWERIES INTERNATIONAL N.V.**  
**CONSOLIDATED INCOME STATEMENT**

For the period ended September 30, 2008 and 2007

(US\$ in thousands)	YTD Q3 2008	YTD Q3 2007
Sales	861.133	655.147
Cost of sales	(500.675)	(344.943)
Gross profit	360.458	310.204
Selling and marketing expenses	(206.155)	(166.691)
General and administrative expenses	(87.324)	(67.307)
Other operating income/(expense)	(14.857)	5.238
Profit from operations	52.122	81.444
Financial income/(expense)	(60.078)	(19.140)
Share of net loss of associates	(1.490)	-
Profit before tax	(9.446)	62.304
Income tax	(6.348)	(17.599)
Profit after tax	(15.794)	44.705
Net profit	(15.794)	44.705
Attributable to:		
-Equity holders of the parent	(15.723)	44.515
-Minority interests	(71)	190
	(15.794)	44.705
EBITDA <sup>(1)</sup>	139.414	131.207
VOLUME (mio hl)	11,21	10,42

(1) EBITDA here means earnings before interest (financial income/(expense) — net), tax, depreciation and amortisation, minus minority interest, and as applicable, minus gain on holding activities, plus loss on sale of PPE disposals, provisions, reserves and impairment.



**EFES BREWERIES INTERNATIONAL N.V.**  
**CONSOLIDATED BALANCE SHEET**

As of September 30, 2008 and December 31, 2007

(US\$ in thousands)	2008	2007
Cash and cash equivalents	159,444	58,526
Trade and other receivables	105,864	88,140
Due from related parties	7,080	8,161
Inventories	212,107	188,041
Prepayments and other current assets	57,117	59,840
<b>Total current assets</b>	<b>541,612</b>	<b>402,708</b>
Investments in securities	1,511	1,521
Investment in associates	39,903	-
Property, plant and equipment	769,984	726,490
Intangible assets	588,455	536,949
Deferred tax assets	13,163	13,806
Prepayments and other non-current assets	1,462	2,942
<b>Total non-current assets</b>	<b>1,414,478</b>	<b>1,281,708</b>
<b>Total assets</b>	<b>1,956,090</b>	<b>1,684,416</b>
Trade and other payables	264,523	225,773
Due to related parties	27,505	23,339
Income tax payable	1,185	5,008
Short-term borrowings	98,545	188,609
Current portion of long-term borrowings	308,967	14,822
<b>Total current liabilities</b>	<b>700,725</b>	<b>457,551</b>
Long-term borrowings-net of current portion	374,400	342,598
Deferred tax liability	15,913	10,912
Other non-current liabilities	32	346
<b>Total non-current liabilities</b>	<b>390,345</b>	<b>353,856</b>
Minority interest	3,464	9,572
Equity attributable to equity holders of the parent	861,556	863,437
<b>Total liabilities and equity</b>	<b>1,956,090</b>	<b>1,684,416</b>



## EFES BREWERIES INTERNATIONAL N.V.

### CONSOLIDATED CASH FLOW

For the period ended September 30, 2008 and 2007

(US\$ in thousands)	YTD Q3 2008	YTD Q3 2007
Net (loss) / profit before minority interest and income tax	(9,446)	62.304
Gain on sale of soft-drink trademarks	-	(3.712)
Loss on holding activities	8.634	-
Depreciation and amortisation	69.694	52.318
Provisions, reserves and impairment	5.896	357
Share of net loss of associates	1.490	-
Other non-cash expense	4.004	1.740
Net interest expense	29.643	22.316
(Increase)/decrease in net working capital	(9.461)	(70.197)
Net interest paid	(29.724)	(28.407)
Income taxes paid	(11.927)	(14.911)
<b>Net cash provided by operating activities</b>	<b>58.803</b>	<b>21.808</b>
Purchase of property plant and equipment	(146.822)	(94.653)
Cash payments to acquire subsidiary and minority shares	(74.370)	(33.516)
Proceeds from sales of PPE ,soft-drink trademarks and other	5.389	8.200
Proceeds from sale subsidiaries, net of cash	993	-
<b>Net cash used in investing activities</b>	<b>(214.810)</b>	<b>(119.969)</b>
Proceeds from/(repayments of) debt	233.895	33.882
<b>Net cash provided by financing activities</b>	<b>233.895</b>	<b>33.882</b>
Currency translation differences	23.030	7.534
Net increase in cash and cash equivalents	100.918	(56.745)
Cash and cash equivalents at beginning of year	58.526	163.861
<b>Cash and cash equivalents at end of period</b>	<b>159.444</b>	<b>107.116</b>