



BBH Success Story in Baltics

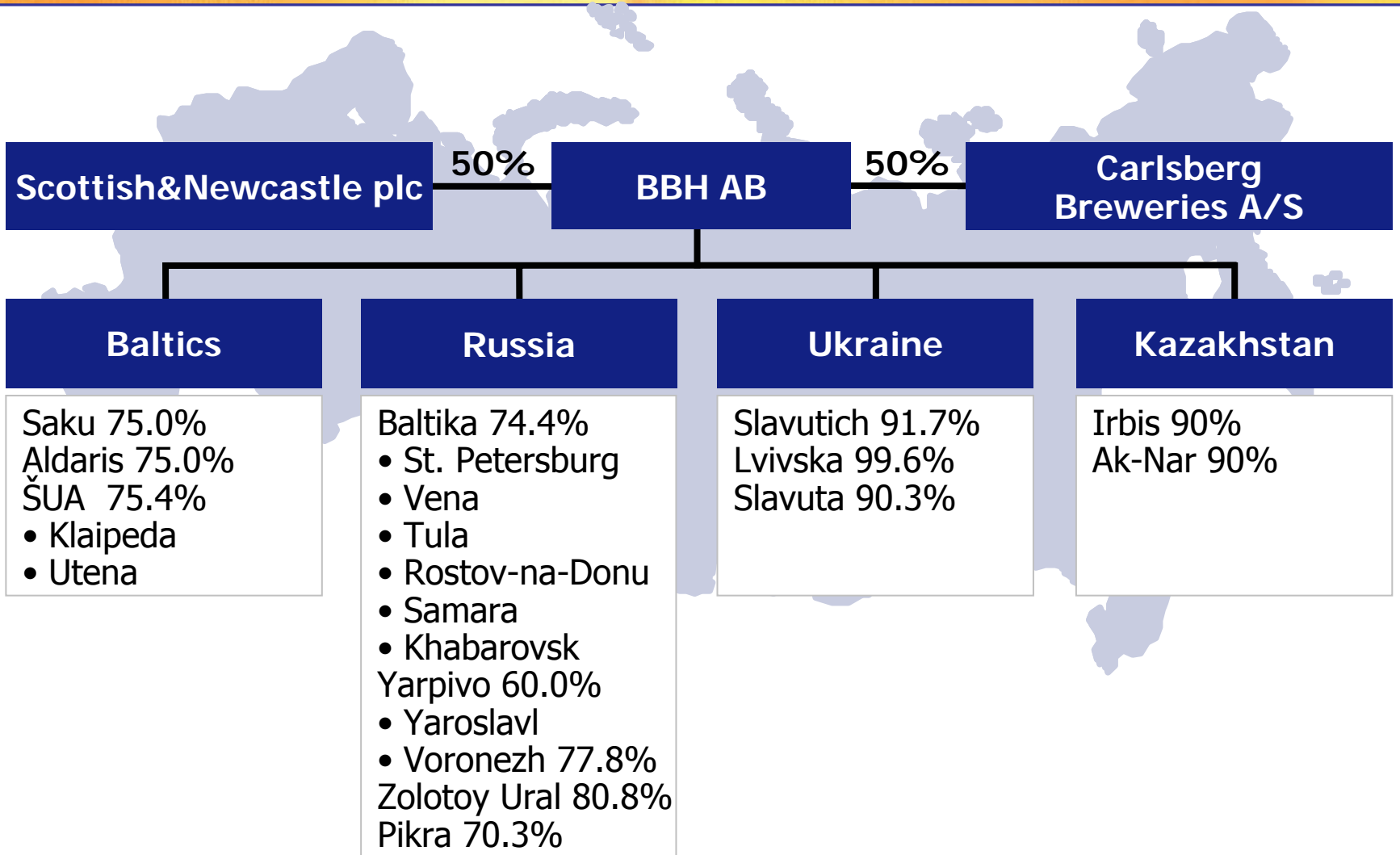
Saulius Galadauskas

Director Corporate Affairs BBH Baltics

Capital Markets Day

Vilnius, March 21, 2005

BBH Group Structure



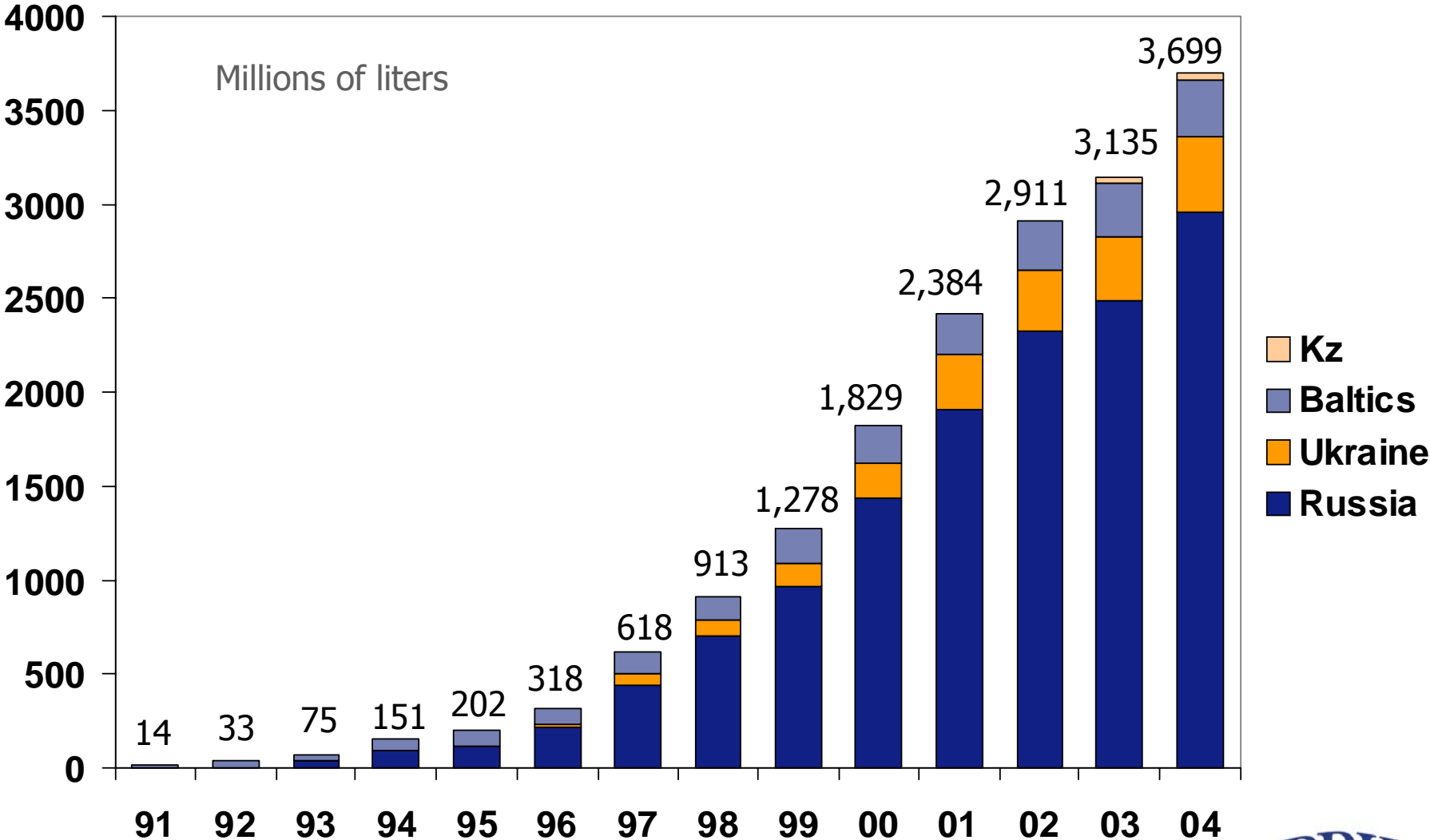
Expansion of BBH family



- 2003 **Baltika-Samara (Russia); Baltika-Khabarovsk (Russia); Ak-Nar (Kazakhstan)**
- 2002 **Vena (Russia); Voronezh (Russia); Irbis (Kazakhstan)**
- 2001 **Švyturys (Lithuania)**
- 1999 **Zolotoy Ural (Russia); Pikra (Russia)**
- 1998 **Lvivska Pivovarnia (Ukraine)**
- 1997 **Tula Brewing (Russia); Baltika-Don (Russia); Utenos Alus (Lithuania)**
- 1996 **Slavutich (Ukraine); Yarpivo (Russia)**
- 1994 **Kalnapilis (Lithuania) ¹⁾**
- 1993 **Baltika (Russia)**
- 1992 **Aldaris (Latvia)**
- 1991 **BBH established; Saku (Estonia)**

1) Sold 2001

BBH volume development 1991-2004



BBH Performance in Q4/04

Strong results demonstrate renewed momentum, led by Baltika

Volume +23.1%

	MEUR	Change %	MUSD	Change %
Net sales	294	+20	381	+31
EBITDA	72	+24	94	+36
EBITA	45	+27	58	+39



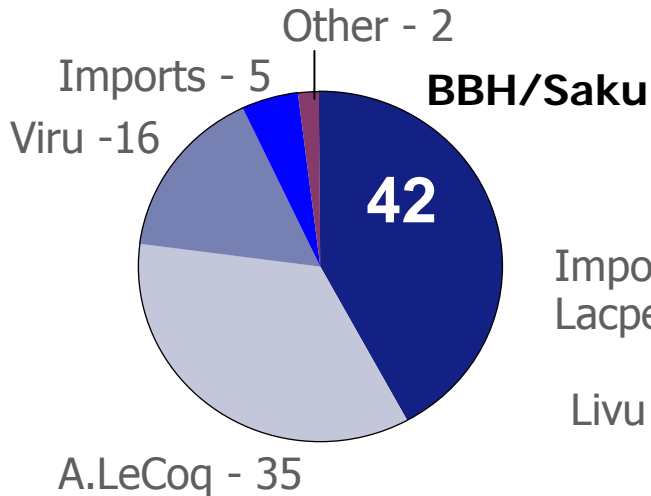
BBH Baltic



Baltic Beer Market 2004

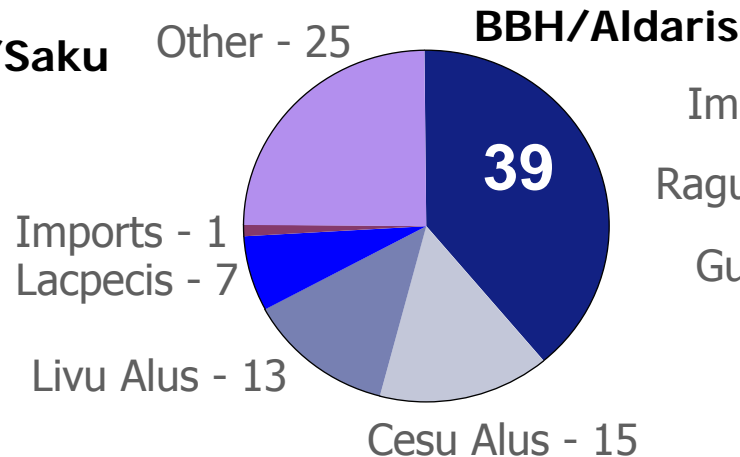
Estonia 2004

100%= 110 million litres



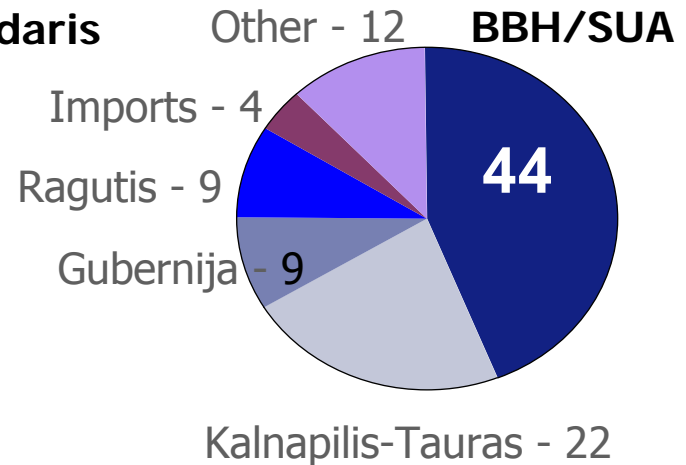
Latvia 2004

100%= 135 ML



Lithuania 2004

100%= 277 ML



Average BBH Baltic Market Share was 42.1% in 2004

Lithuania

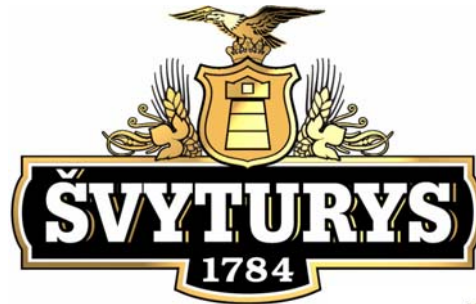
Švyturys-Utenos alus

UAB Švyturys-Utenos alus (ŠUA) from 2001 unites two strongest Lithuanian breweries – the oldest brewery in Lithuania Švyturys (e.1784) and modern Utenos Alus (e.1977)

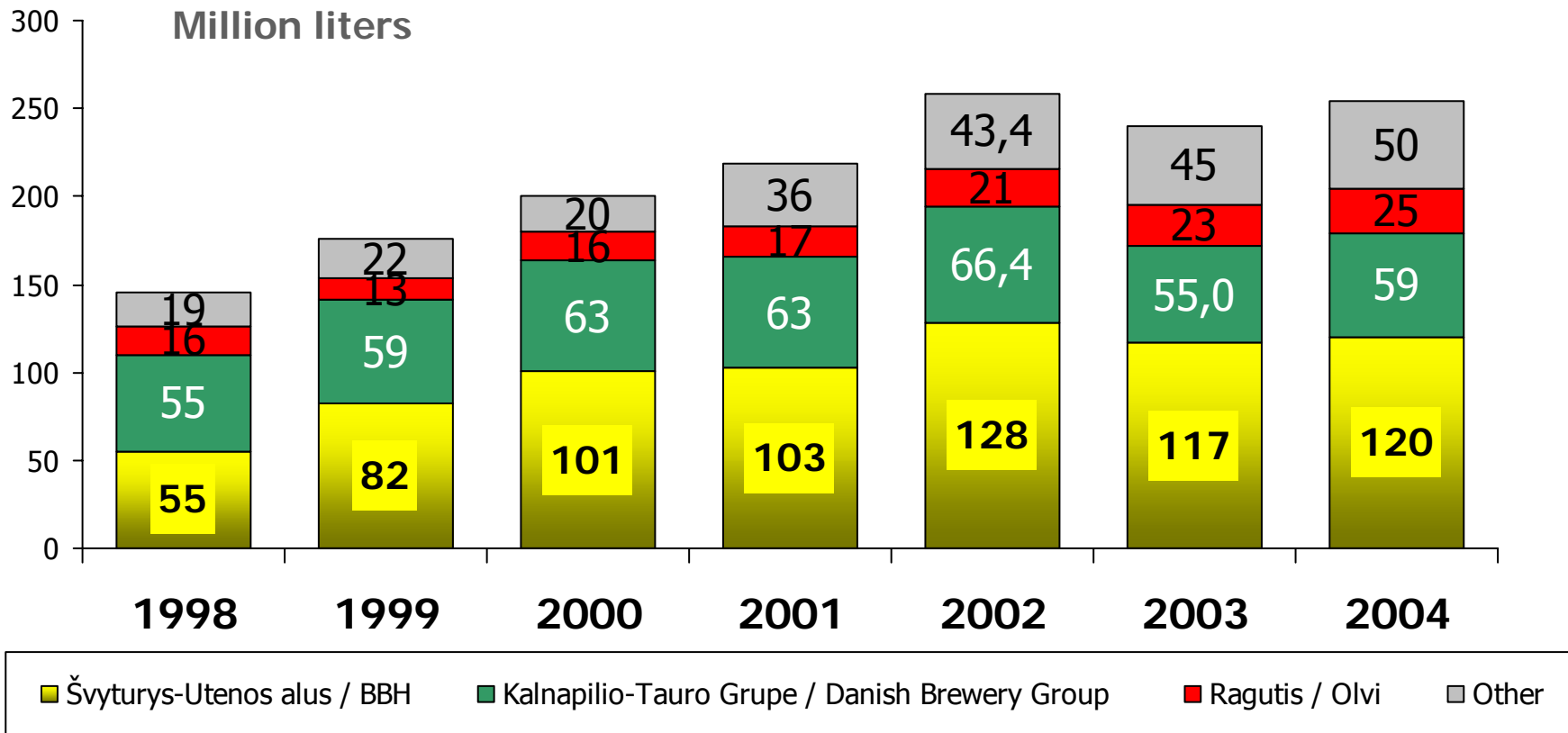


Švyturys-Utenos alus Brand Portfolio

- Švyturys
- Utenos
- Carlsberg
- Kiss
- Euro
- Tornado
- Vichy Classique
- Montavit
- Pepsi
- Utenos G.I.N.



Lithuanian Beer Market By Producers (ML) Source: LBA



We are Doing Hard to Be the Best in Lithuania

- 1. Best Product** - According to AC Nielsen June-December 2003 Švyturys is absolutely best Lithuanian beer:
 - The best Lithuanian beer – 96%
 - Beer with long traditions - 91%
 - Beer that I would recommend to my friends - 89%
 - A beer for national pride - 83%
- 2. Best Supplier** - Research made by other industries stated that ŠUA sales & distribution forces are one of the best in Lithuania (according to Nielsen data)
- 3. Best Employer** - Good employment conditions; Compensations Policy; Performance Management Process; Bonus System; Special Recognition & Awards System; Employee Involvement; Communication strategy; Structured Training & Development approach

We are Doing Hard to Be the Best in Lithuania

- 4. Best Company** - The consumer survey, ordered by independent business magazine "Veidas", stated that Švyturys-Utenos Alus is recognized as the best company (image, reputation) in Lithuania (2003, February). The research made by TNS Gallup in 2004 showed that Švyturys-Utenos Alus is regarded as the Strongest Enterprise in Lithuania.
- 5. Best Exporter** - Absolute beer export leader. During 2004 Lithuanian beer export grew about two times reaching 10 million liters. Švyturys-Utenos alus export for this period makes **70% of total Lithuanian beer export** (7 million liters).

How did we get there...

Švyturys Sunset

Klaipeda 1999.07 – Carlsberg appoints a new Managing Director Tomas Kučinskas straight after acquisition

- Shrinking market share 16% (while Utenos-Kalnapilis ~50%)
- No structure, no commercial department
- Operating profit ~27 MLTL, Operating margin ~40%
- Good beer

Švyturys Sunrise

Klaipeda 2000.01 – 2001.03

- Švyturys market share almost tripled - bigger than Utenos-Kalnapilis
- Strong focus on HoReCa
- Minimal structure with growing middle management
- Senior management competency still very low
- Operating profit ~42 MLTL, 56% growth vs LY
- Operating margin ~40%
- Production Company changing to Consumer Oriented Company with strong Sales & Marketing

Merger

UAB "Švyturys-Utenos Alus" 2001 - 2003

- Merging "Švyturys" with "Utenos Alus" by selling "Kalnapilis"
- HR issues:
 - conflict of cultures
 - low management competency
 - limitations in changing of old BBH team
 - unions
- Even during the merger results were going up – 1.3 vs 0.7
- 2003 started building a new management team
- Continues innovation – new products, new packaging, creative marketing, international beer awards etc.

Švyturys-Utenos alus Key Figures

	2003	Change	2002	2001	Change
Volume (ML)	135.3	-6%	144.14	111.9	+ 28.8%
Net Sales (MLTL)	301	+7.5%	279.9	239.9	+ 16.6%
Profit before taxes (MLTL)	84.6	+6.4%	79.5	43.2	+ 84%

Searching for Synergy

BBH Baltic 2003-2004

- Pan Baltic integration of four breweries
- Matrix Organization: Adding Value to Local Markets
- Synergies in production, distribution, marketing projects, pan Baltic brands such as "Kiss" ciders, "Vichy" & "Montavit" waters, soft drinks, long drinks etc.
- Building Baltic management team - top management BBH
Baltic & Local Markets: *VP Marketing Claudia Lindby (Carlsberg); VP Market Development Piotr Sanetra (PepsiCo); "ŠUA" MD Rolandas Viršilas (Minolta, TKG); "Aldaris" President Henrijs Fogels (KESKO/RIMI); Jaak Uus "Saku" MD (Tobaccoland), VP Sales Remigijus Štaras (Stimorol); VP HR Jūratė Jurgilienė (Philip Morris); CAD Saulius Galadauskas (Coca-Cola); Business Controller Janno Veskimae (BBH)*

Estonia



**WE MAKE LIFE IN ESTONIA MORE
ENJOYABLE!**

ESTONIAN BEER MARKET BEFORE SAKU ORIGINALAAL

BEFORE SAKU PRIVATIZATION
BY BBH THE PREDOMINANT BEER
BRAND IN ESTONIA WAS ZIGULI

SHELF LIFE 7 DAYS

CONSUMERS - 99 % MEN

DUE TO IT'S BAD IMAGE BEER WAS NOT SERVED AT RESTAURANTS

MARKET VOLUME CA ~40 ML, OVER 50% OF THE MARKET WAS
DRAUGHT BEER



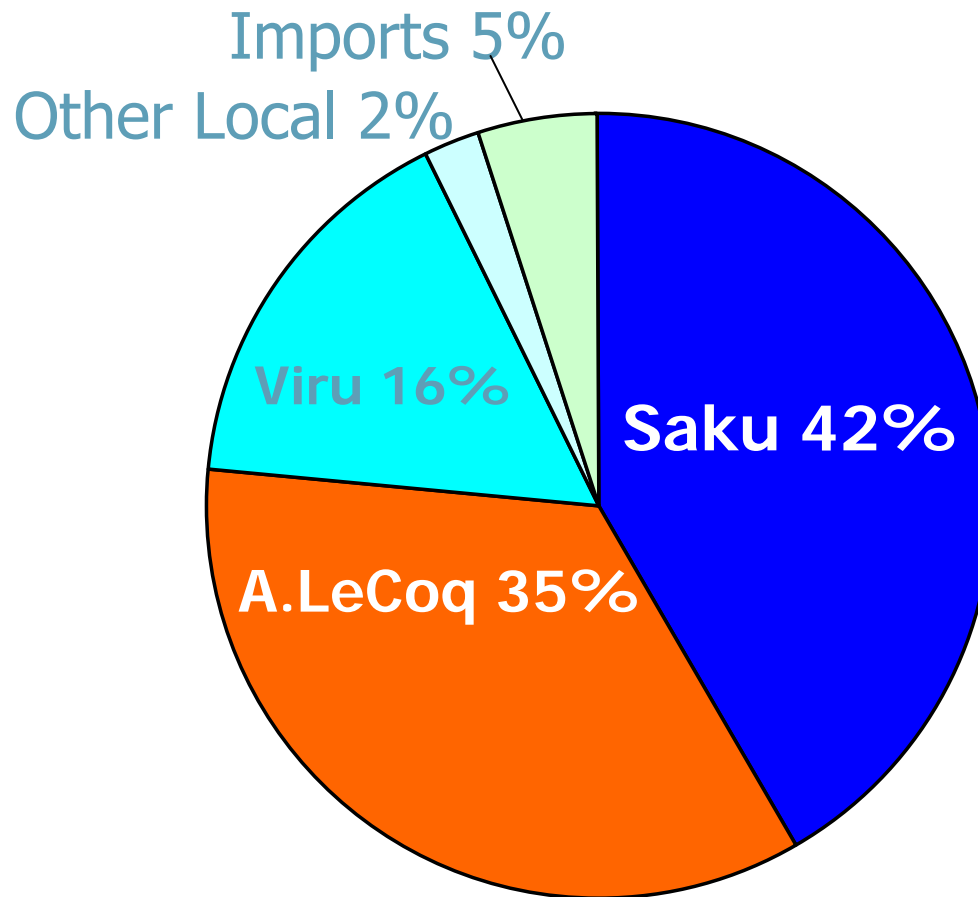
THE FIRST ESTONIAN PREMIUM BEER BRAND - SAKU ORIGINALAAL 1993

THE MAIN GOAL – TO UPGRADE THE IMAGE OF BEER IN ESTONIA

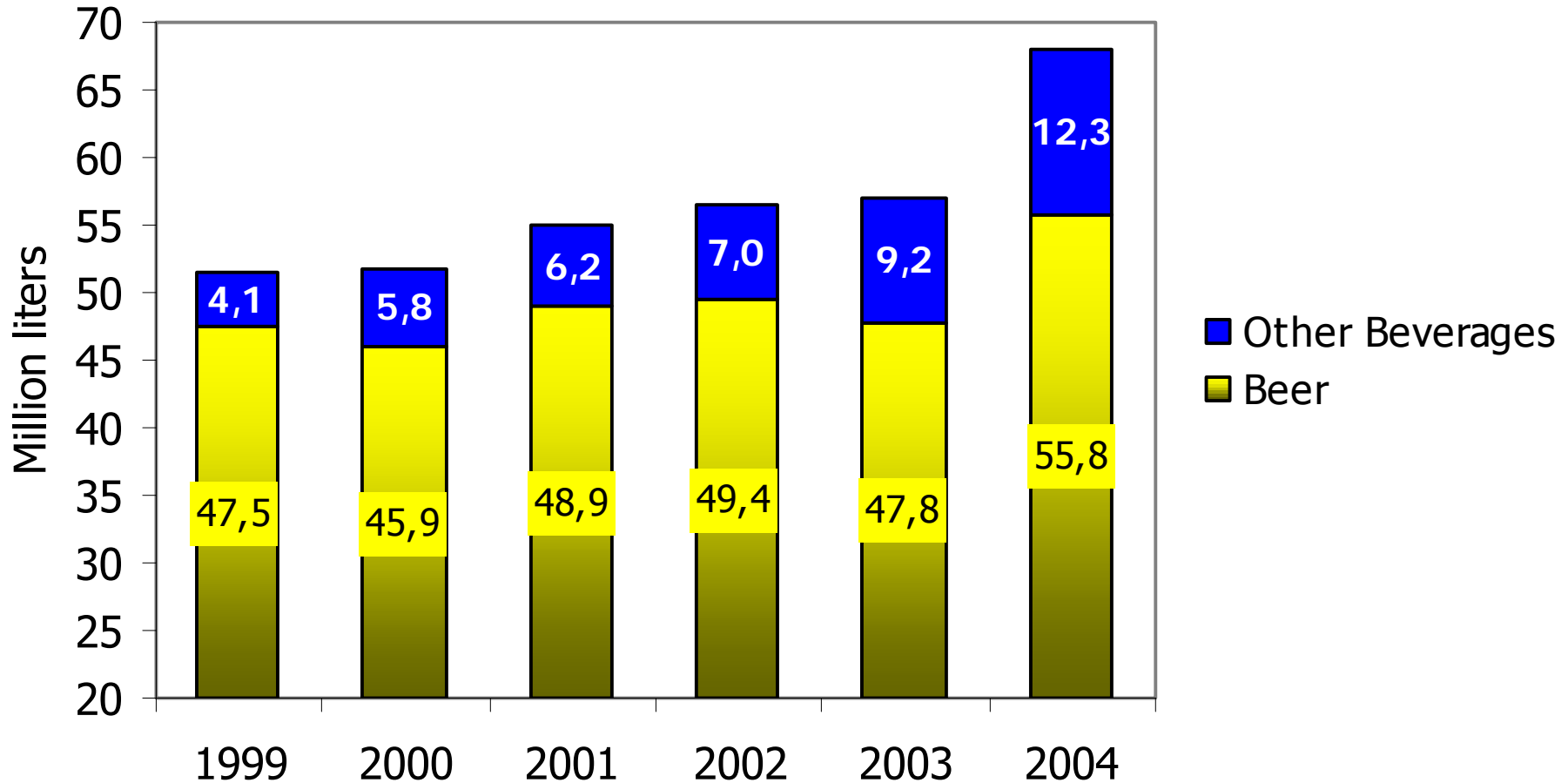


According to the EMOR 2002 survey - Saku Originala is the most favoured beer brand in Estonia

Estonian Beer Market 2004



Saku Sales Volume Development



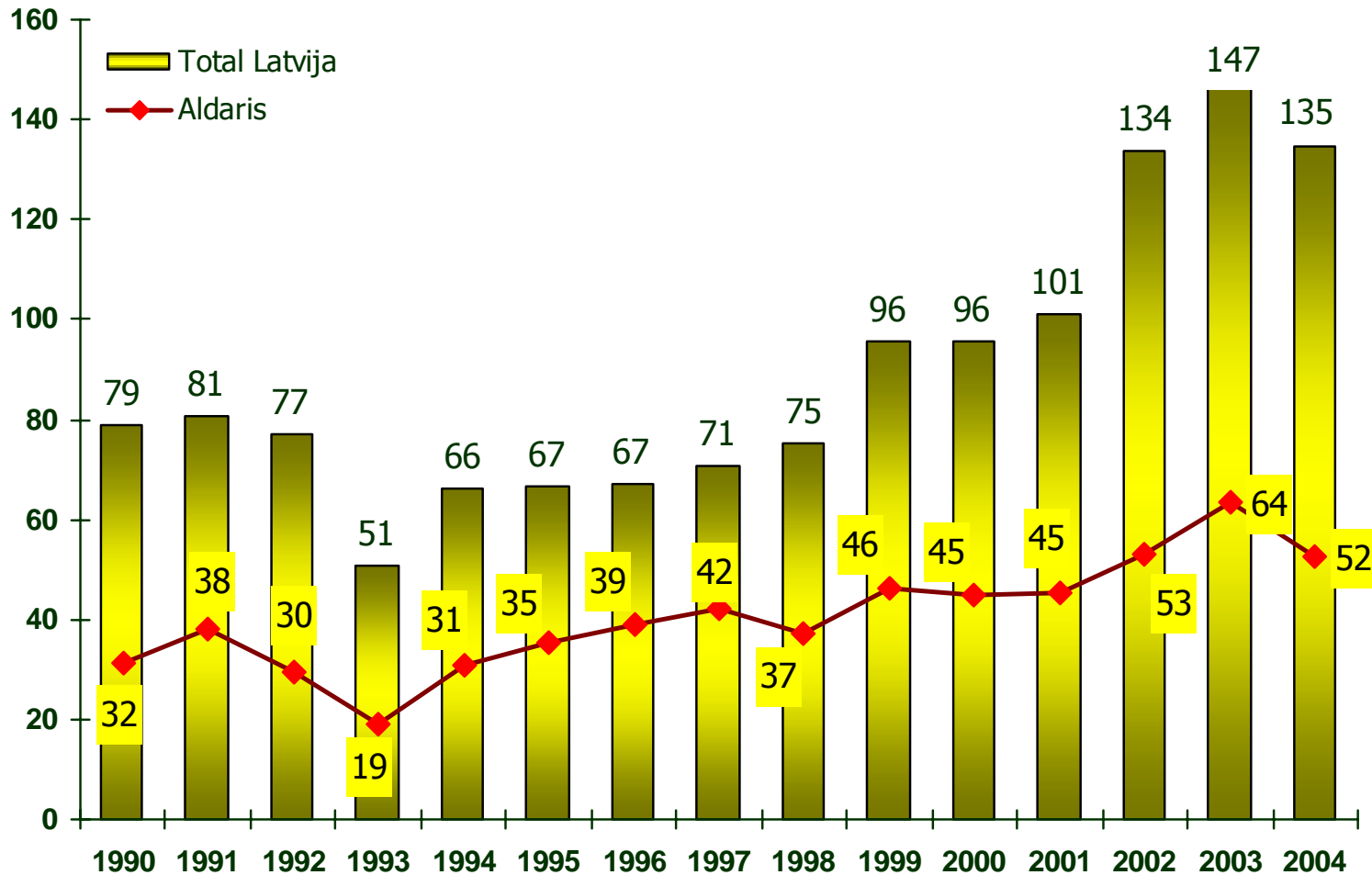
Latvia



Aldaris

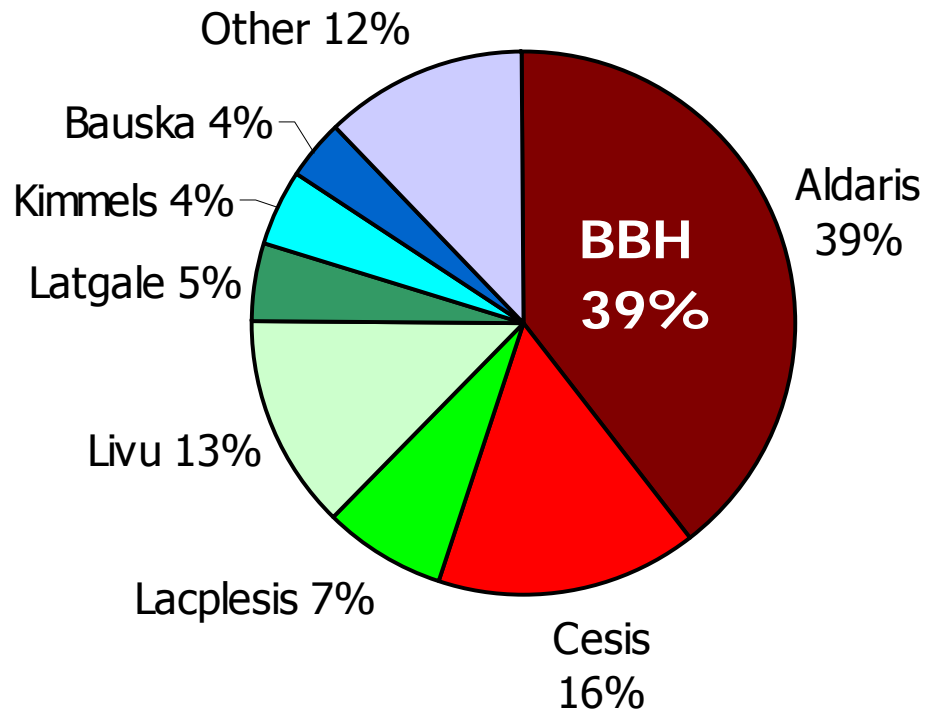
Since 1865

Development of Total Latvian Beer Market by Volume (ML)



Source: Aldaris; LADS, CSP

Market Shares in Latvian Beer Market



The market leader in beer market Adaris also is a strong player in other beverages markets

Beer

Zelta
Carlsberg
Aldaris
Porteris
Pilzene
Ice Beer
Vanaga
Apinītis



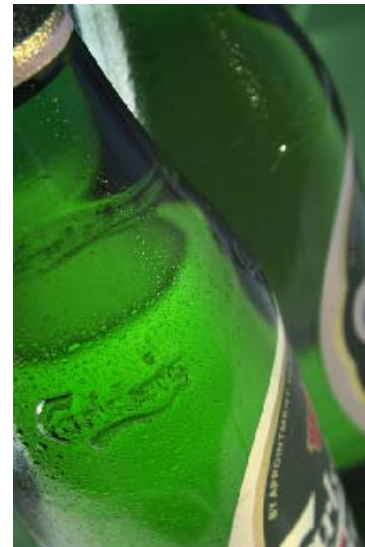
Cider

Kiss



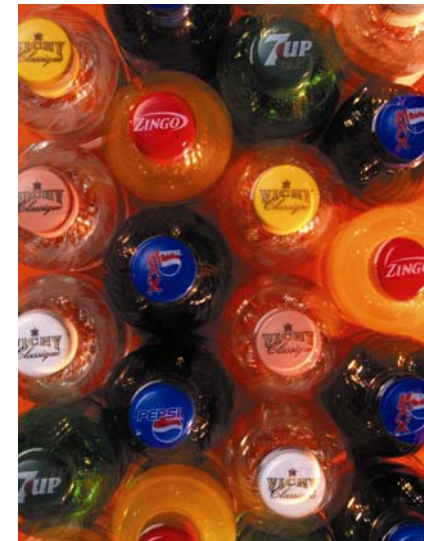
Water

Vichy Classique
Montavit

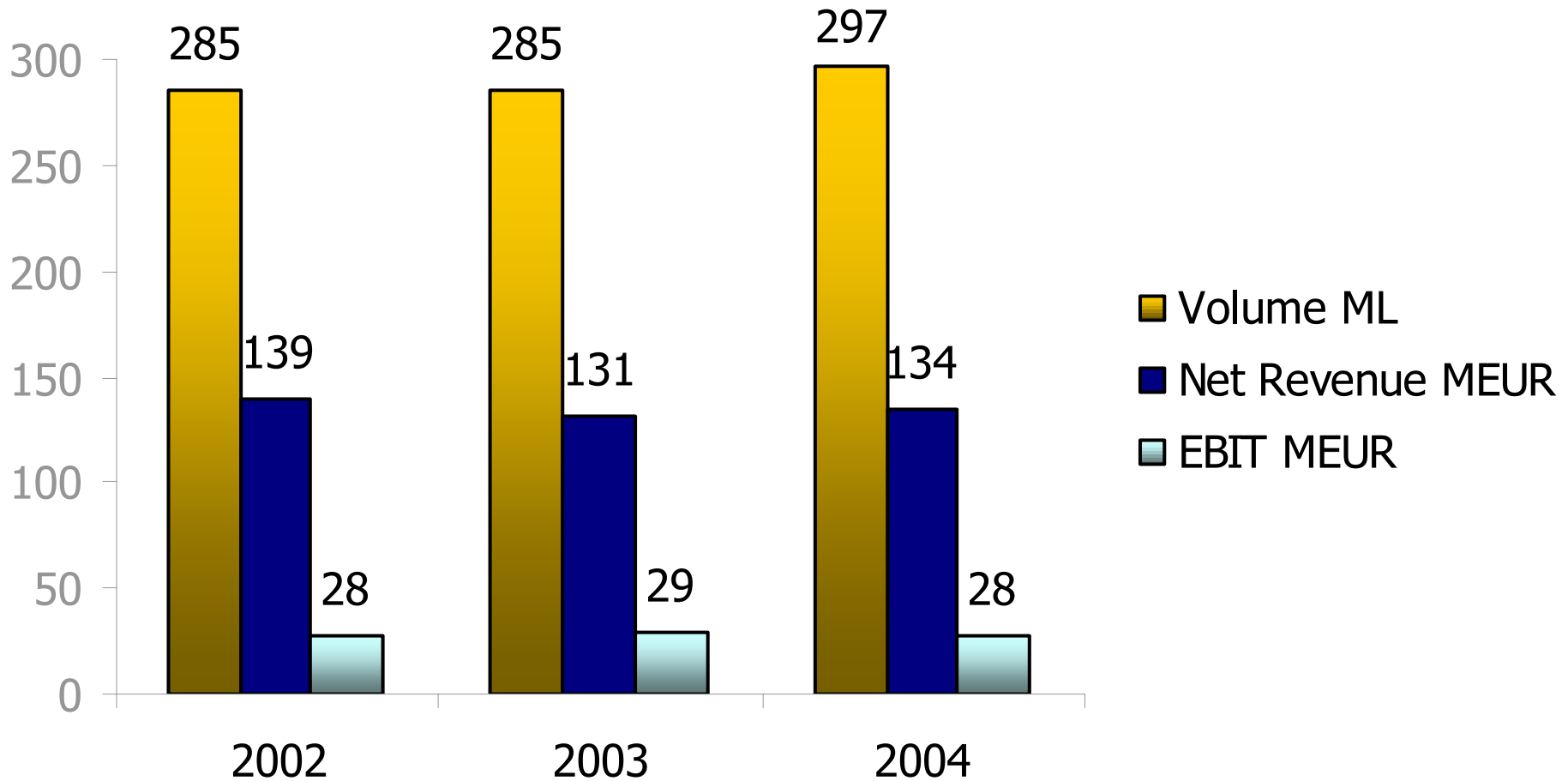


Soft Drinks

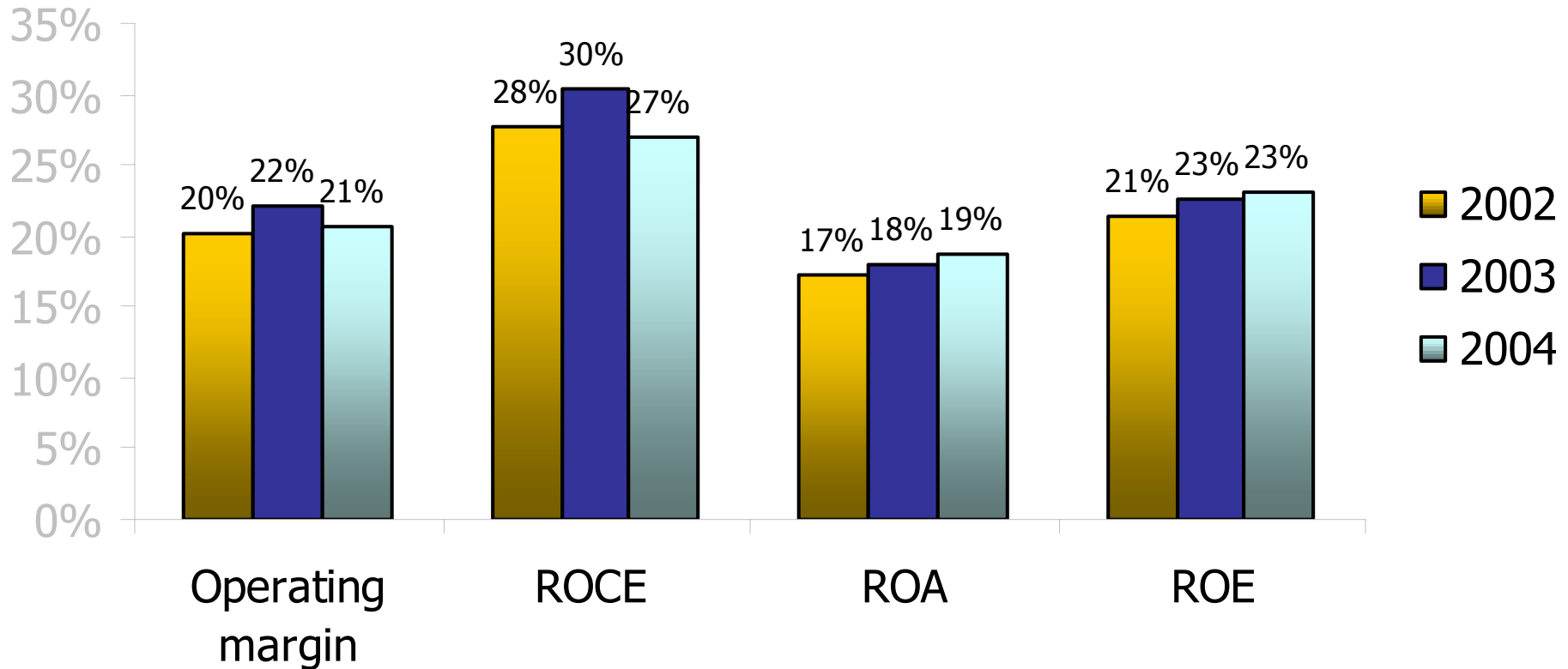
Pepsi
Pepsi Max
7Up
Zingo
Lauku Kvass



BBH Baltic Key Figures



BBH Baltic Key Figures



Thank you for your attention!
We will continue our success...