



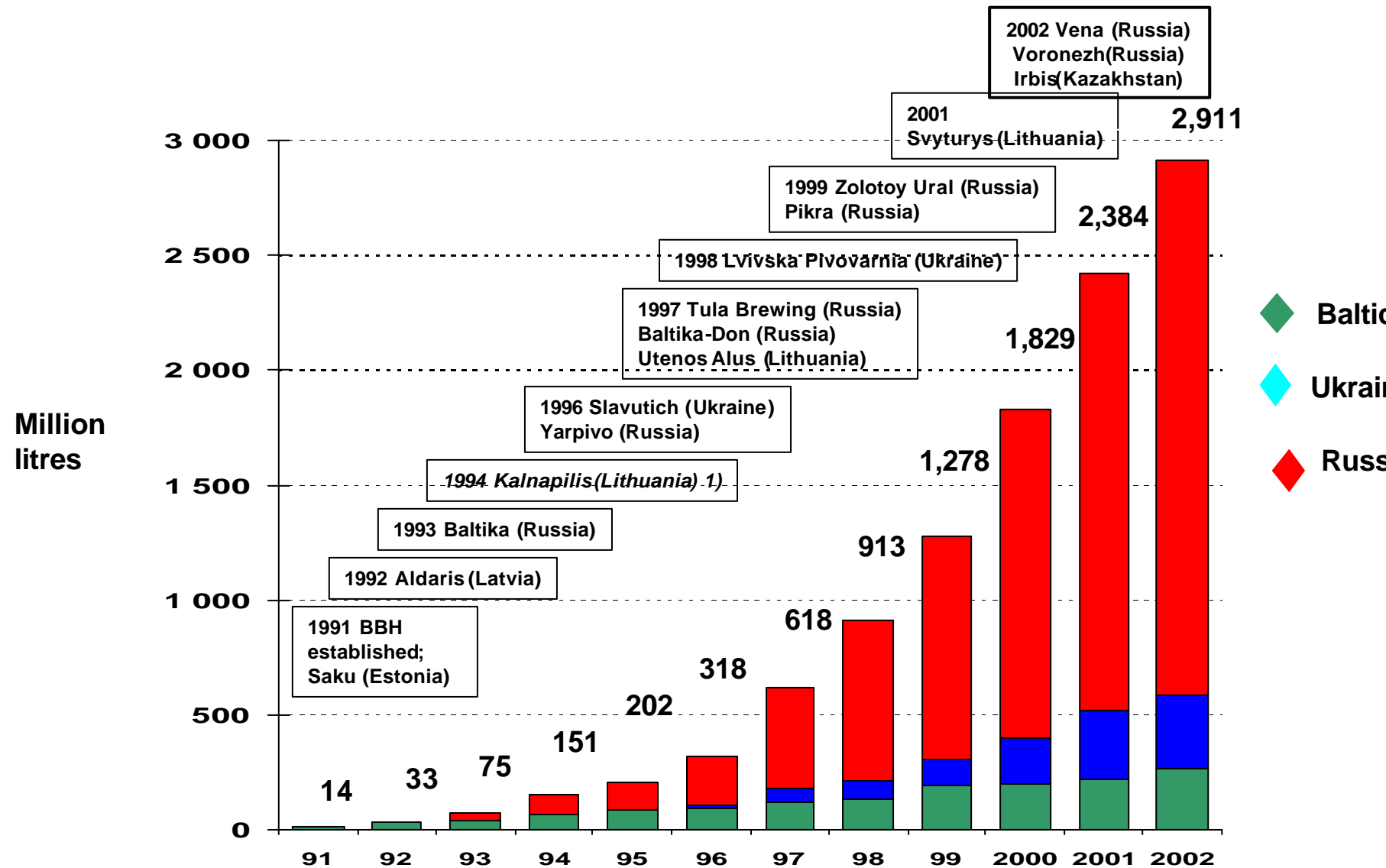
Capital Markets Day
St.Petersburg

Christian Ramm-Schmidt
17-18 March 2003

- History and Facts
- Strategic Approach
- Market Overviews
- Branding
- Packaging Development
- Distribution
- Consolidation
- Investments
- Dividends
- Outlook

History and Facts

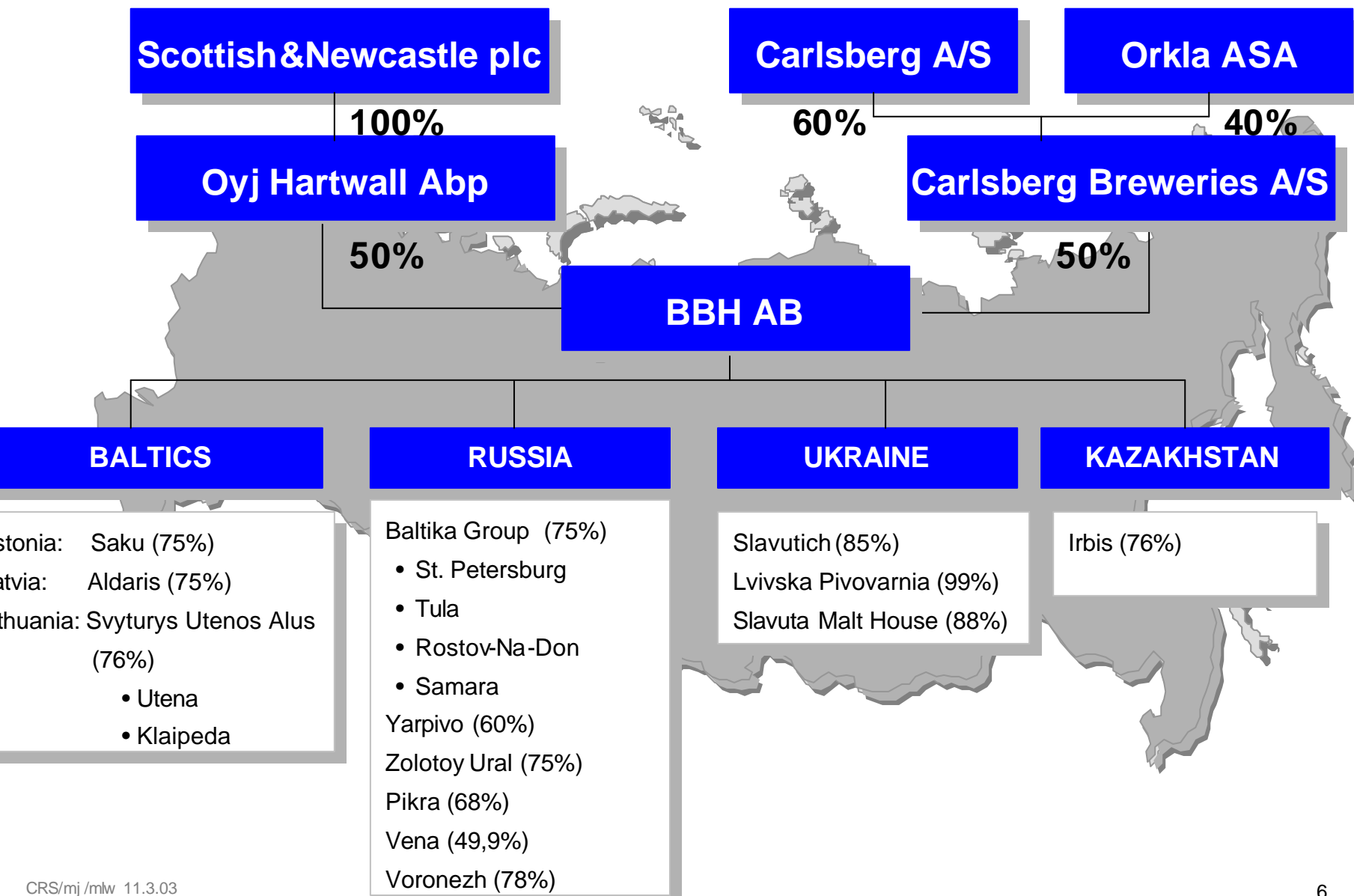
Volume Development



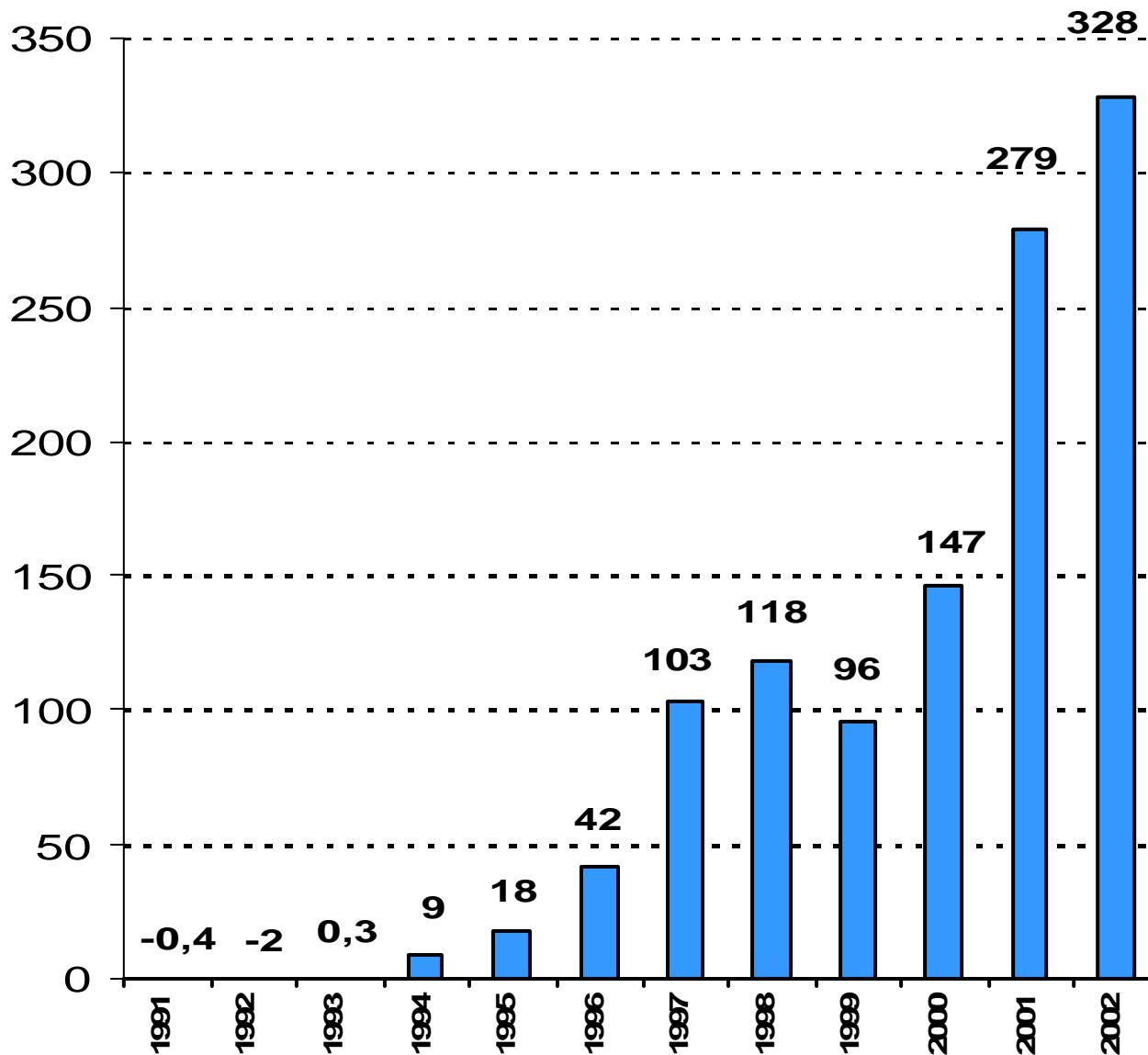
Markets and Locations 2003



Ownership Structure



Operating Profit Development (MEUR)



Key Figures (MEUR)



	2002	2001	Change	2001	2000	Change
Net sales (100%)	1237.4	976.4	+26.7%	976.4	637.0	+53.3%
Operating profit (100%)	327.9	274.9	+19.3%	274.9	156.6	+75.5%
EBIT margin, %	26.5%	28.2%	-1.7%pts	28.2%	24.6%	+3.6%pts
Volume (100%), m hls	29.11	23.84	+22.1%	23.84	18.29	+30.3%

Strategic Approach

- Acquire majority interests in local breweries
 - Local brands
 - Local management
 - Local ownership
- Quality improvements
 - Modern technology
 - Beer of western quality
 - Extensive personnel development
- Functional support from BBH in all key business areas
- Brands strategy with focus on mainstream quality segment
 - Go for market leadership
- Volume growth through capacity expansions
- BBH “family concept”

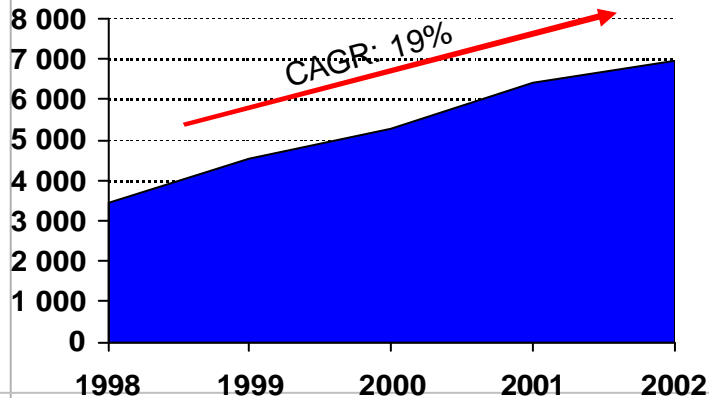
- BBH philosophy:
 - "To build upon strong local leadership and entrepreneurial drive combined with consistent infusion of local Managers with Western business experience and education. Optimal balance between local and global."
 - The role of the BBH Management Team is to initiate and secure the above process
 - The speed of the process is adjusted to optimally fit the market requirements

- BBH chairing all Boards
 - all strategic issues handled on Board level
- On-going reporting and common systems
 - monthly financial reporting (standard)
 - functional co-operation (logistics, marketing, HR, finance, IT, purchasing)
 - both western and local auditors
- Close relationships with all key people, BBH "family concept"

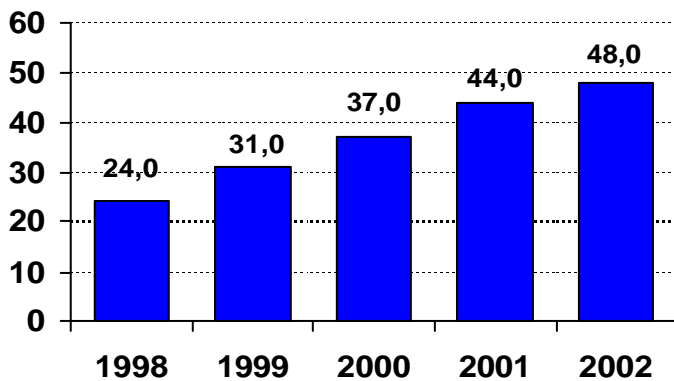
Market Overviews

Russian Market Overview

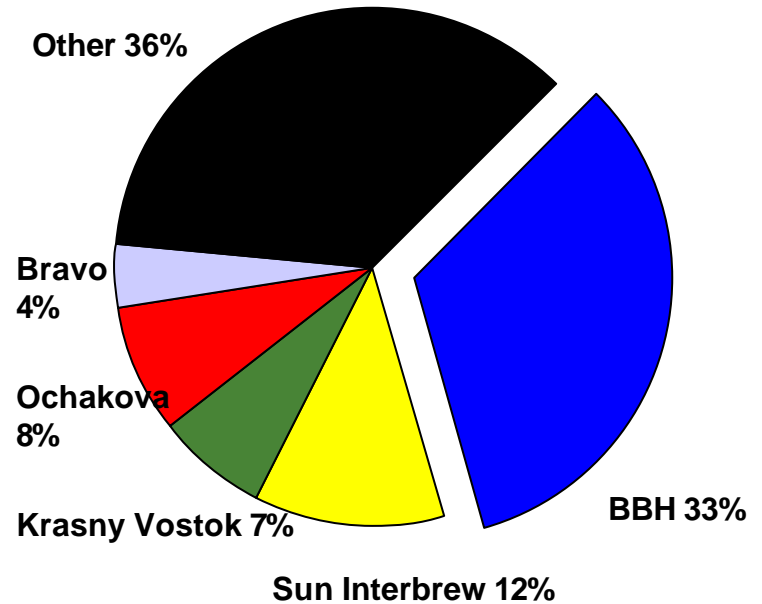
Market growth (million litres)



Per capita consumption (litres)

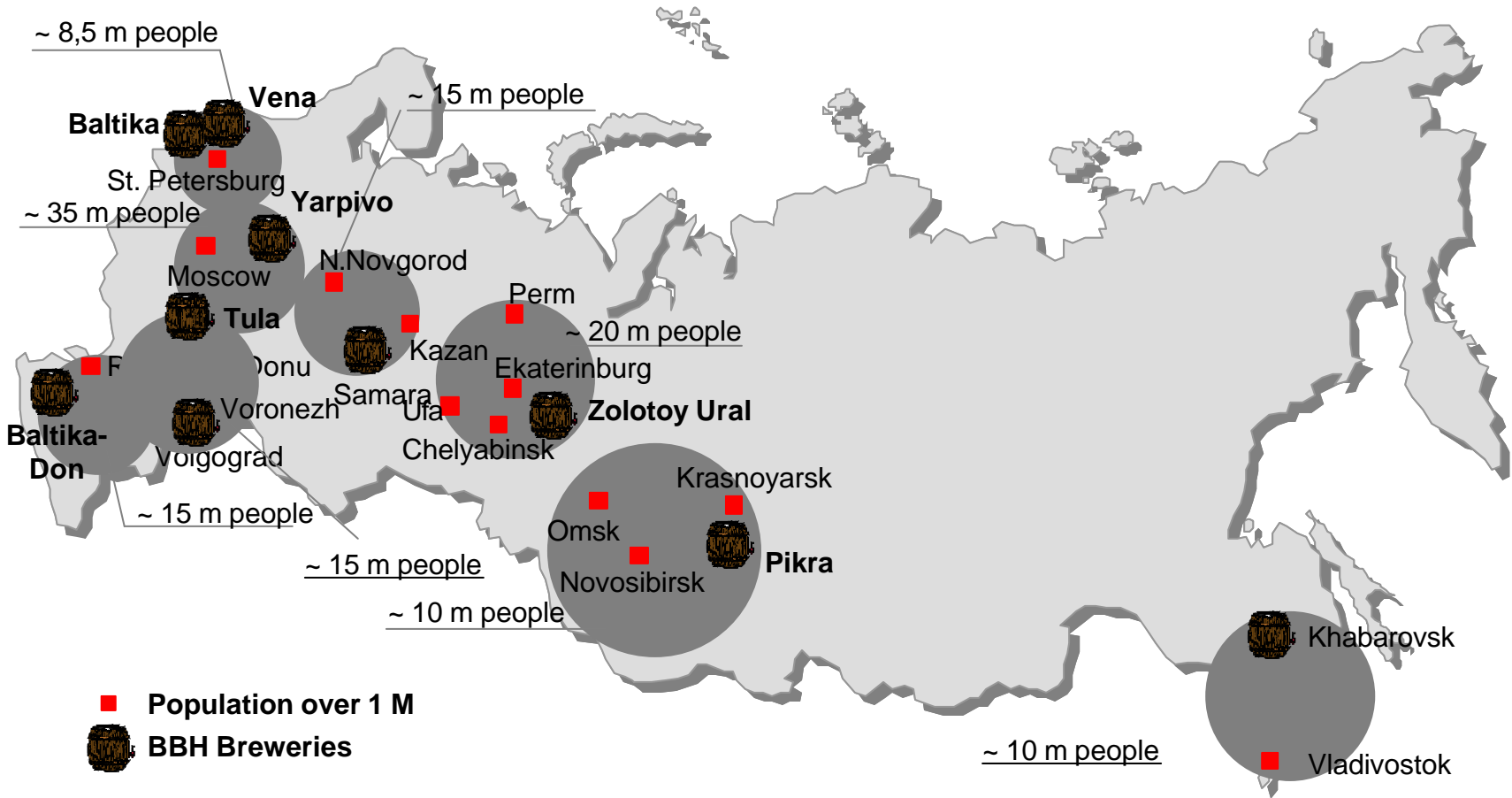


The Russian beer market, 2002



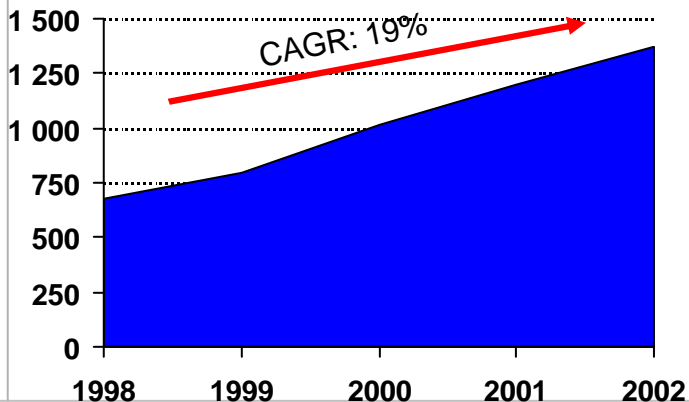
- Total beer market 6,950 million litres -

Coverage of Main Population Centres (Russia)

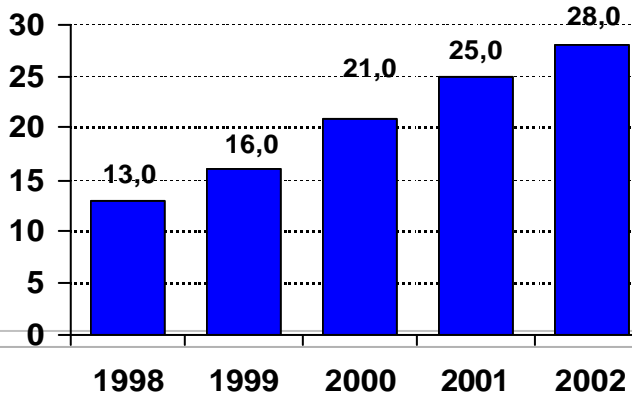


Ukrainian Market Overview

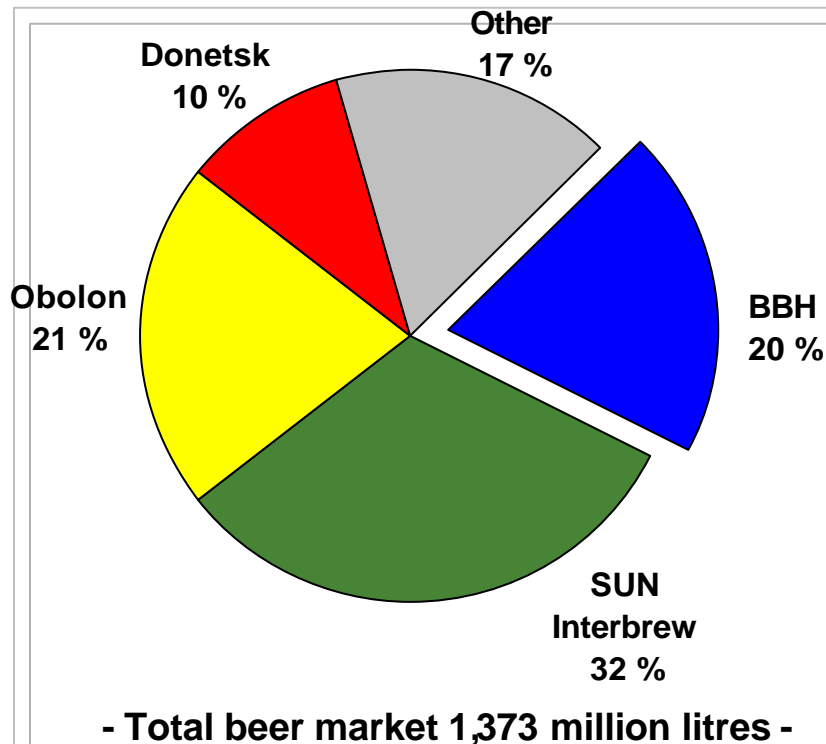
Market growth (million litres)



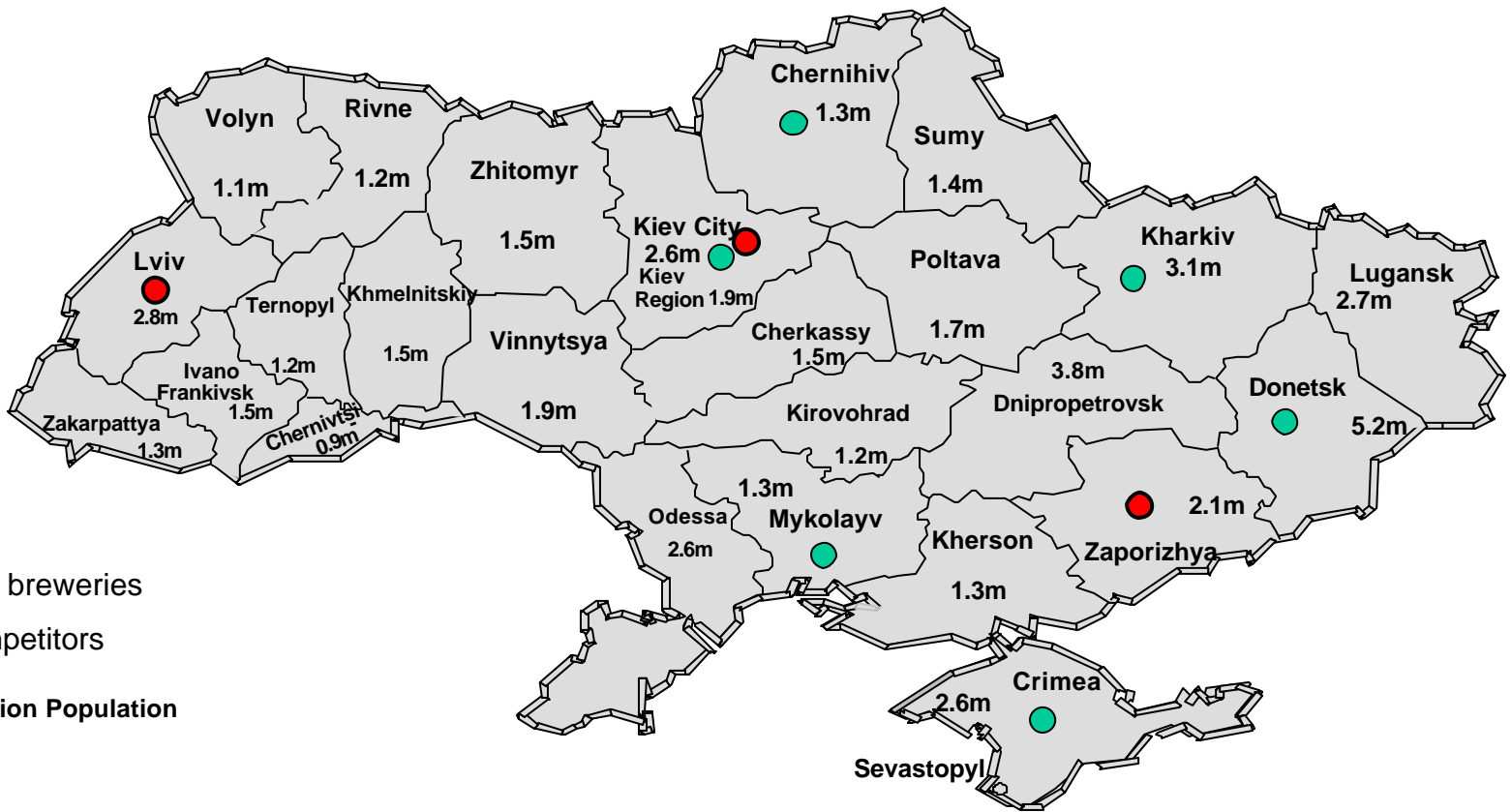
Per capita consumption (litres)



The Ukraine beer market, 2002



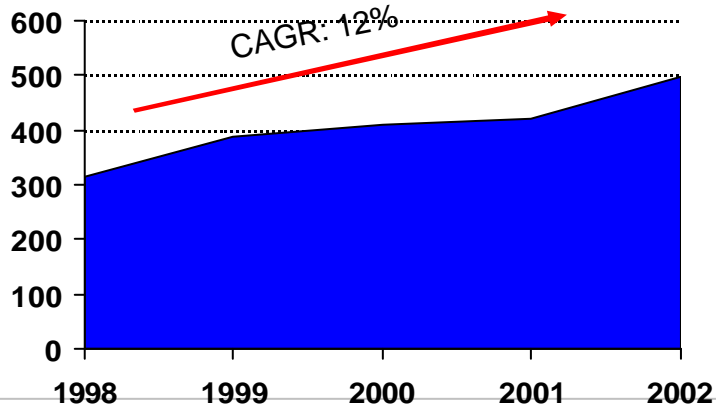
Ukrainian Market Map



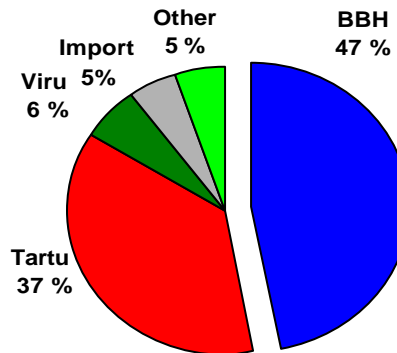
- - BBH breweries
- - Competitors
- #m - Region Population

Baltic Market Overview

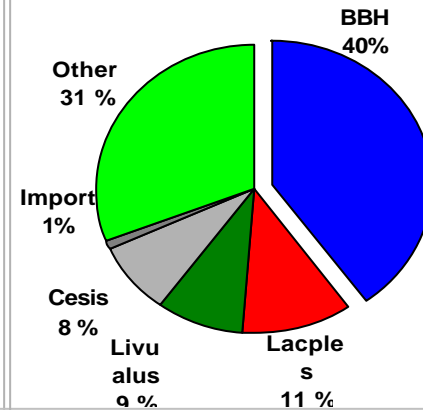
Market growth (million litres)



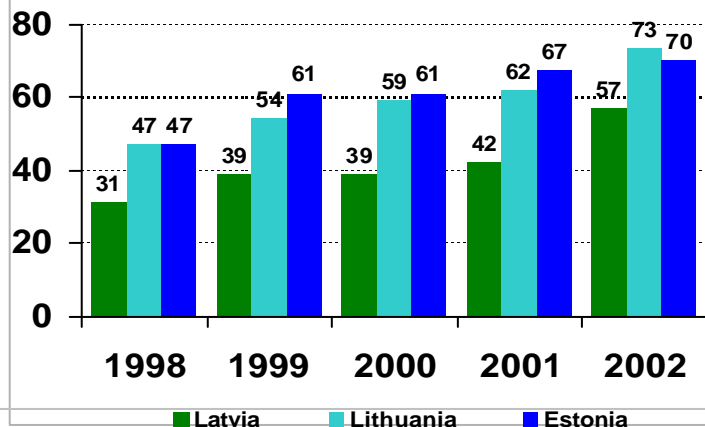
Estonia



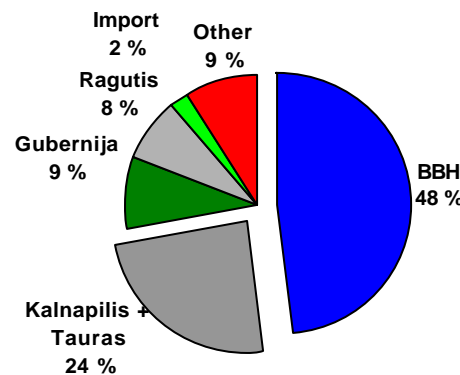
Latvia



Per capita consumption (litres)



Lithuania



Baltics Beer market 2002

Estonia: 96 ML
Latvia: 134 ML
Lithuania: 268 ML
Total: 498 ML

Kazakhstan Market Potential



Population, mln	15
Beer consumption, litres per capita	20
Total market (ML)	300

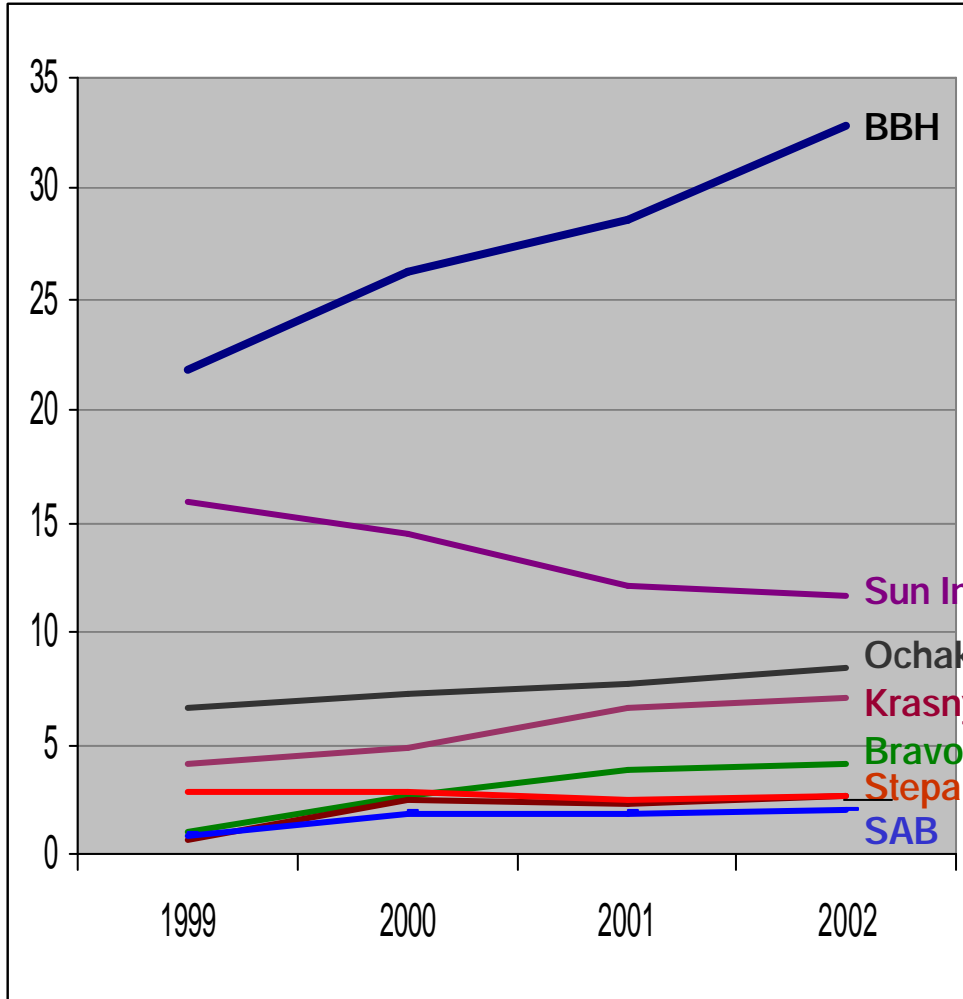
- Market offers strong growth and profit potential**
- 100% growth of consumption from 1999
 - expected to double from 20 to 40 litres per capita by 2007

BBH Market Shares



	Market share Jan-Dec 2000	Market share Jan-Dec 2001	Market share Jan-Dec 2002
Saku ESTONIA	47,6	48,5	46,7
Aldaris LATVIA	46,7	44,7	39,5
Svyturus-Utenos Alus LITHUANIA	37,2	42,6	47,8
BALTICS total	42,5	44,6	45,6
SLAVUTICH Lvivska			
UKRAINE	16,7	18,1	20,2
Baltika Group	19,8	21,3	21,8
Yarpivo	4,7	5,5	6,6
Vena	-	(1,5)	1,7
Pikra	0,6	0,7	1,0
Zolotoy Ural	1,1	1,1	1,1
Voronezh	-	(0,6)	0,6
RUSSIA	26,3	28,6	32,8

Market Share Development (Russia)



	1999	2000	2001	2002
BBH	21,9	26,3	28,6	32,8
Sun Interbrew	15,9	14,5	12,2	11,6
Ochakova	6,5	7,3	7,8	8,3
Krasny Vostok	4,1	4,8	6,6	7,1
Bravo	1,0	2,6	3,7	4,1
Efes	0,7	2,4	2,3	2,7
Stepan Razin	2,8	2,8	2,5	2,6
SAB	0,8	1,8	1,8	1,9

Market Growth (Russia)

BBH has achieved close to 50% of the market growth in the last 5 years.

	Market growth, m hls	BBH share of growth, %
1998	6.2	45%
1999	10.7	24%
2000	7.6	58%
2001	10.9	40%
2002	5.6	80%

* BBH consolidated sales volumes excluding exports

Branding

- Strengthening market leadership
- Focusing on mainstream quality segment
- Building strong national and regional brands
- Building national brand portfolios
- Covering each consumer need segment and consumption occasion

Brand Portfolio (Russia)



	BALTIKA	BBH Others
International License	Carlsberg	Tuborg
Local Premium	Parnas Baltika (0, 5, 7, 8)	Nevskoye
Mainstream	Baltika 3, 4, 9	Sibirskaya Legenda Zolotoy Ural Yarpivo
Lower mainstream	Arsenalnoye Don Medovoye	Volga Kupecheskoye Uralskiy Master
Economy	Samara, regional brands	Voronezhskoye, regional brands

Beer Market Segmentation (Russia)



BBH share of the segment

Segment share of total market

0%

Import

Bavaria, Staropramen, Heineken, Corona Extra, Foster's

1%

Tuborg, Carlsberg

13%

License

Miller, Lowenbrau, Holsten, Staropramen, Efes, Stella Artois

2%

Baltika 0, Baltika 2, Baltika 5, Baltika 7
Baltika 8 Parnas, Nevskoe

34%

Premium

Zolotaya Bochka, Sary Melnik, Solodov, Bochkarev

16%

Baltika 3, 4, 9
Sibirskaya Legenda, Don, Yarpivo

44%

Mainstream

Sibirskaya Korona, Klinskoye,

60%

Arsenalnoye, Medovoye, Zolotoy Ural, Kupecheskoye

Voronezhskoye, Chelyabinskoye, Uralskiy Master

4%

Economy

Ochakova, Krasny Vostok

21%

Baltika III = 0,38 EUR

33% BBH total market share

Total market size: 6,950 ML

Volume share of total market

	Key Brands	MS02,% Volume	MS01,% Share
1	Baltika	12,4 %	12,0 %
2	Ochakova	7,7 %	7,6 %
3	Arsenalnoye	5,3 %	4,5 %
4	Krasny Vostok*	4,5 %	4,4 %
5	Yarpivo	4,0 %	3,2 %
6	Klinskoye	3,8 %	3,9 %
7	Tolstyak	2,7 %	3,0 %
8	Sary Melnik*	2,7 %	2,3 %
9	Volga	2,6 %	2,4 %
10	St.Razin	2,6 %	2,6 %
11	Bochkarev	2,2 %	2,5 %
12	Medovoye	2,1 %	3,2 %
13	Don	2,1 %	1,6 %
14	Zolotaya Bochka*	1,9 %	1,8 %
15	Okhota	1,6 %	0,8 %
16	Sib.Korona	1,5 %	1,5 %
17	Nevskoye	1,5 %	1,3 %

BBH Invested in Marketing

	<u>2002</u>	<u>2001</u>
Total Marketing	79 MEUR	36 MEUR
% Net Sales	6,4 %	3,7 %



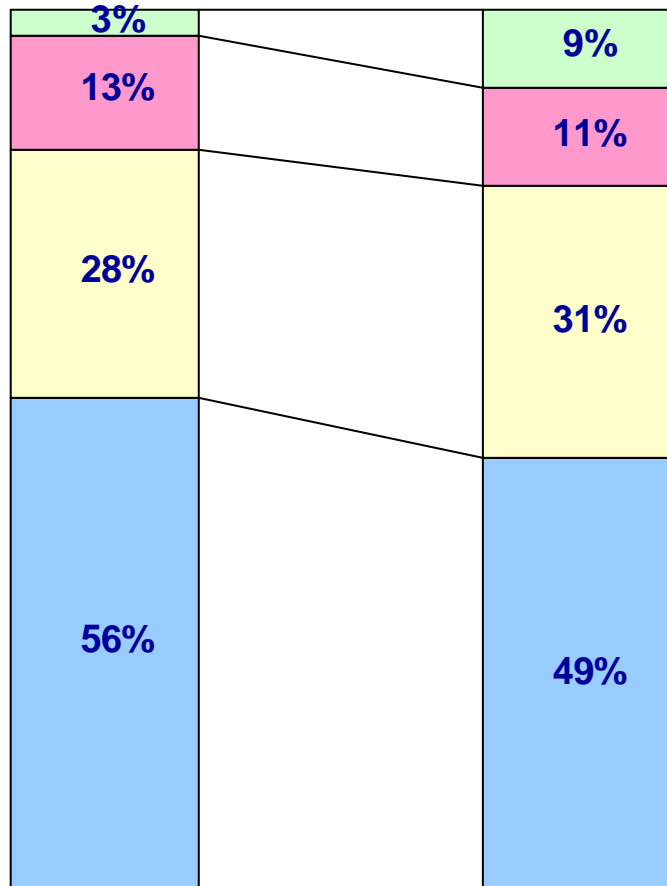
Total Marketing including expenses and investments
Brand marketing ATL+BTL
Investments: coolers, POS-materials

Packaging Development

Packaging Segment Development

(Russia) Jan-Dec 2002/2001

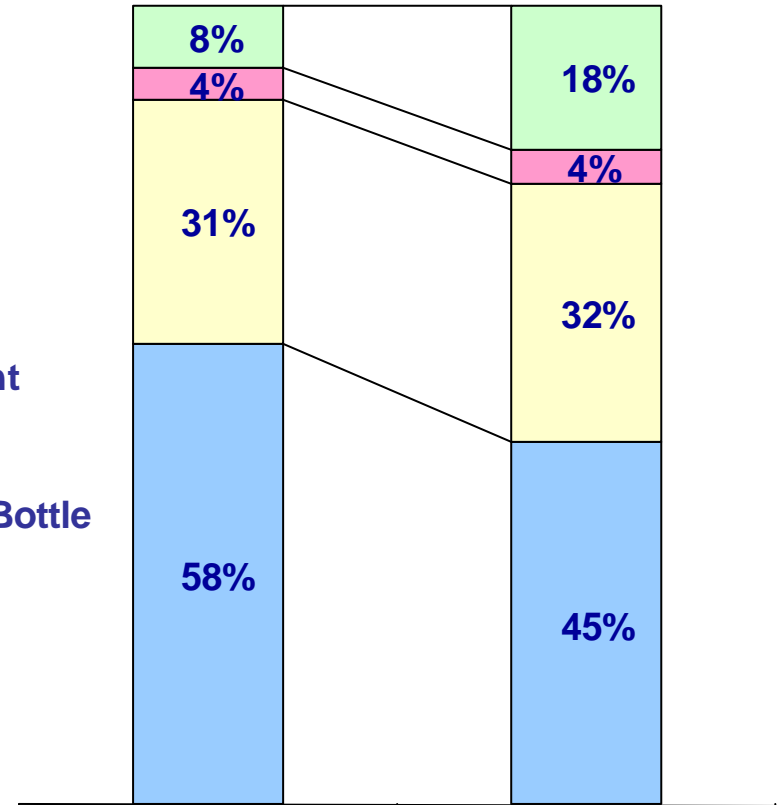
BEER MARKET



Market 01

Market 02

BBH SALES



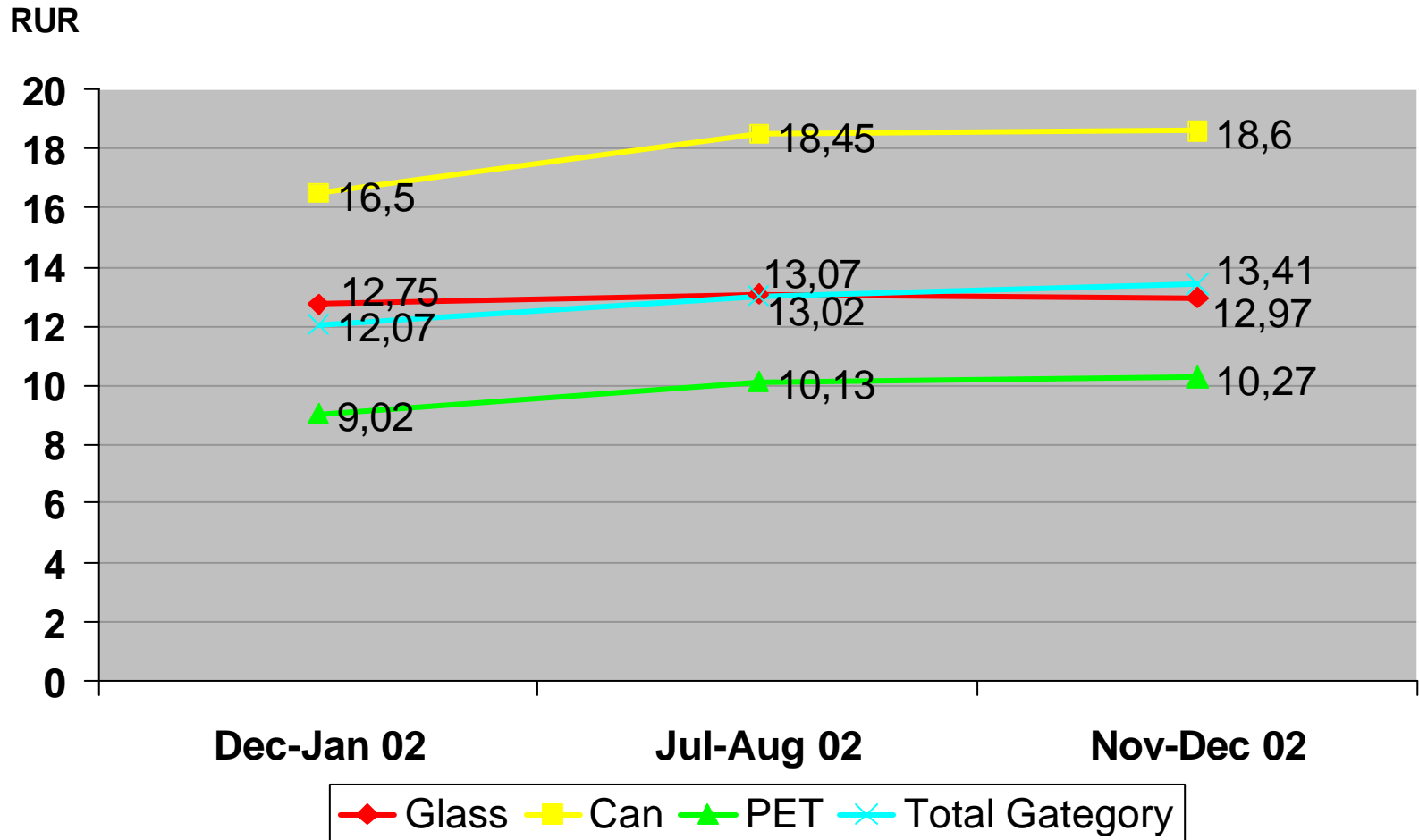
BBH 01

BBH 02

- Can
- Draught
- PET
- Glass Bottle

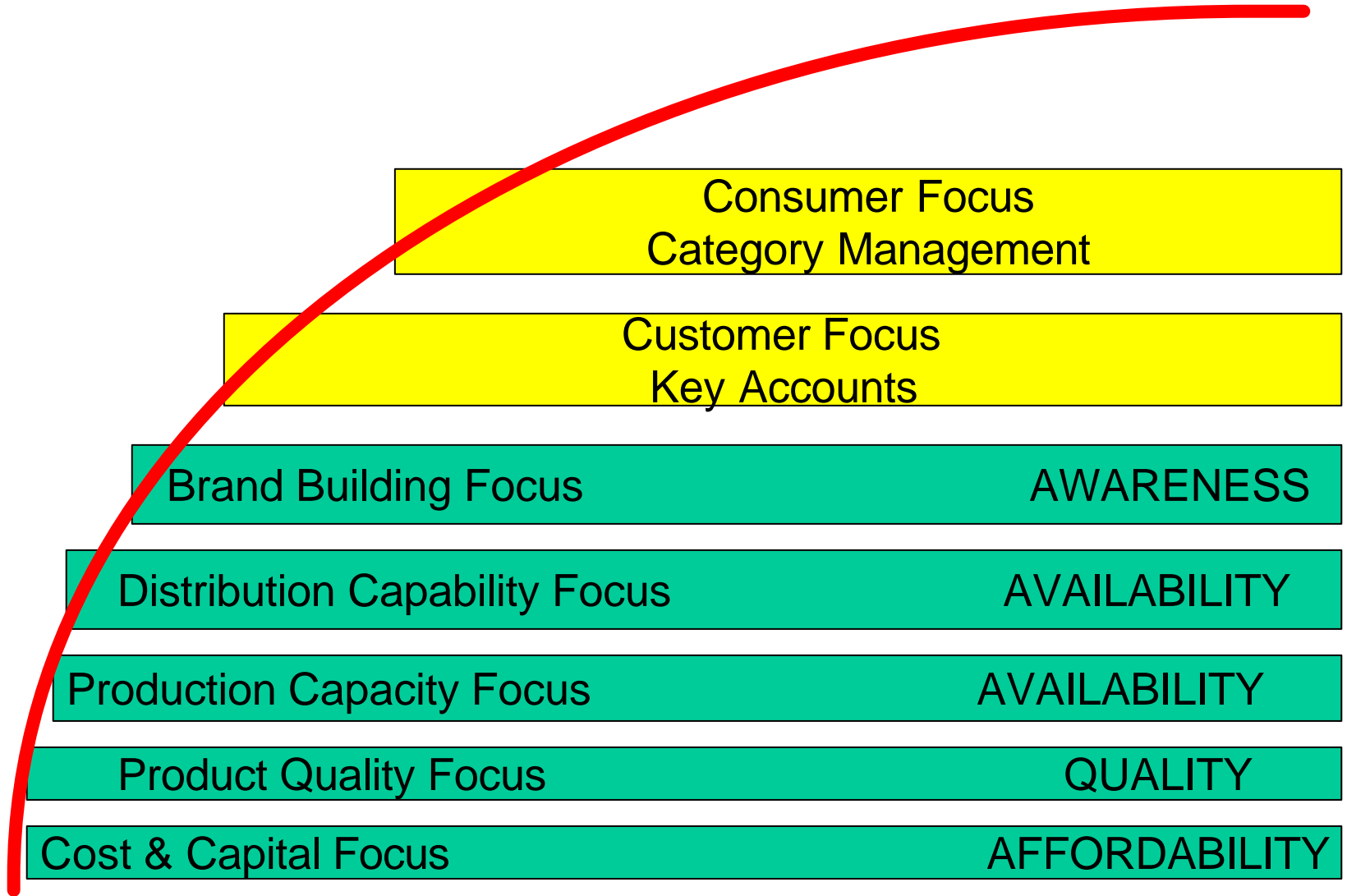
Price Development by Packaging (Russia)

Average Shelfprice per 0,5L / RUR

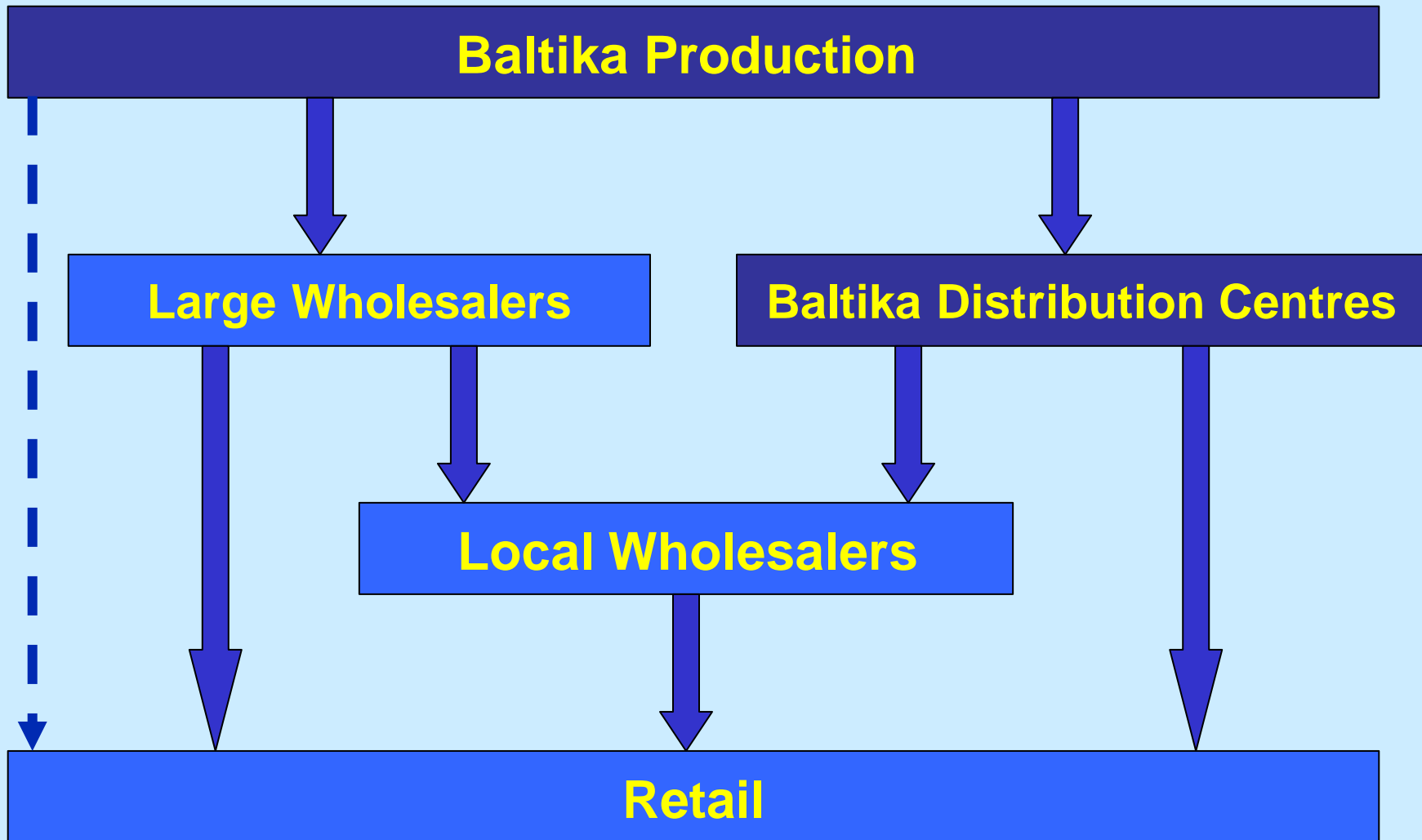


Distribution

Normal Way of Evolution....



Baltika's Distribution Prior Rationalisation



Consolidation

TWO WAYS:

1. Based upon ownership
2. Voluntary, based upon mutual benefits

BALTICS

- The most advanced Pan-Baltic approach in the Baltic FMCG-sector launched end 2002.
- Baltic management with mandatory power, Baltic Strategies, assets optimisation, in-depth benchmarking.
- Legal merger not possible due to national borders.

UKRAINE

- One-company approach since 1999
- One national management, one sales & distribution system, etc.
- Legal merger as soon as technically possible

RUSSIA

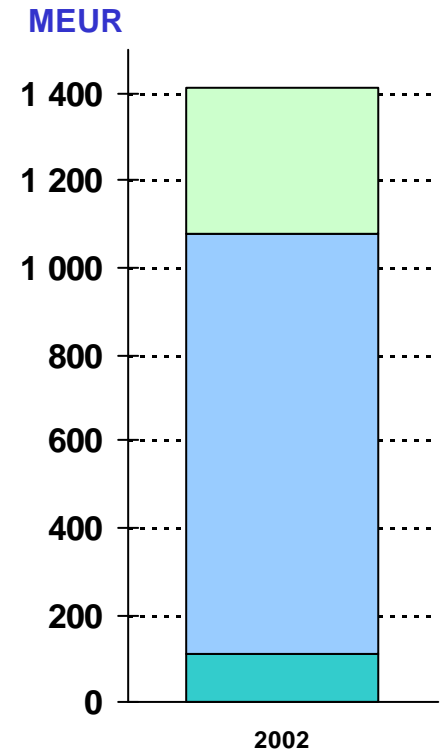
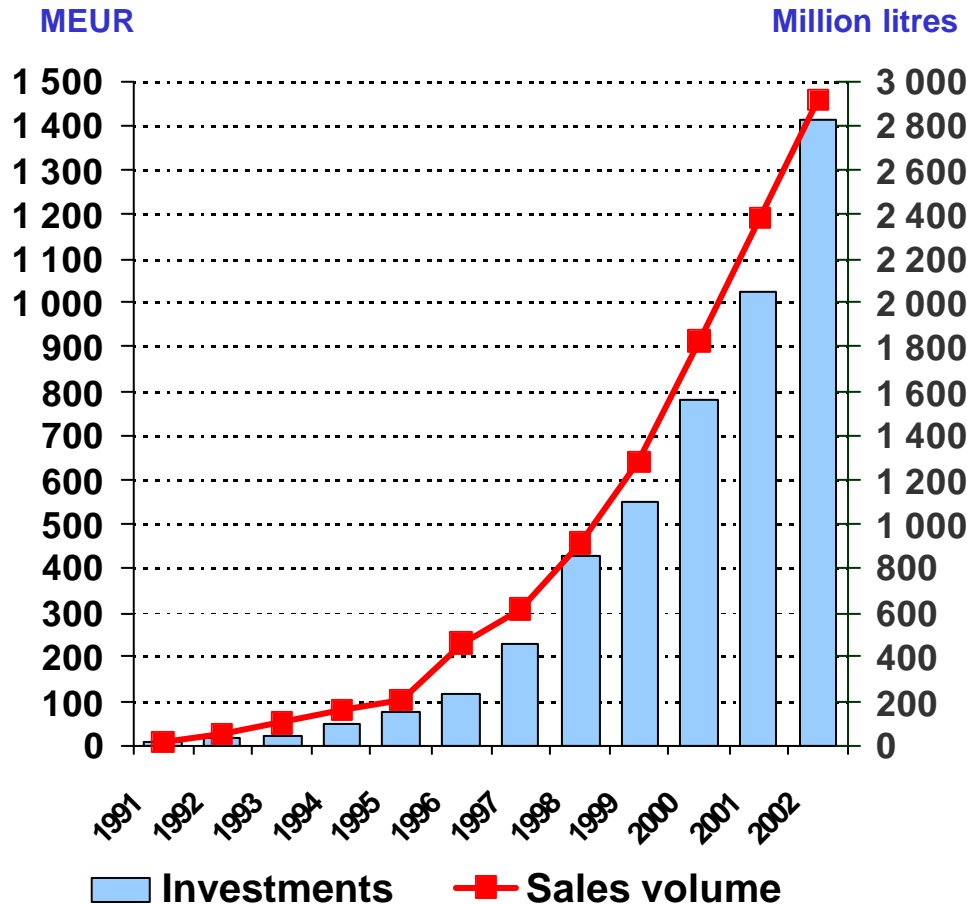
- Challenges
 - How to balance between entrepreneurial drive (maximum growth) and corporate structures?
 - How to avoid stumbling upon lack of organisational skills in managing large corporations?
- BBH's approach
 - To gradually create corporate structures around two natural centers:
 - Baltika: St.Petersburg, Rostov, Tula, Samara, Habarovsk
 - Yarpivo: Yaroslavl, Voronezh
 - Open issues: Vena, Zolotoy Ural, Pikra
 - The speed of further consolidation will be carefully considered

Investments

Investments and Sales Volumes

1991 - 2002 accumulated

Accumulated investments and financing 2002



- Loans
- Own cashflow
- Equity from owners

Capex is Increasingly Market Oriented

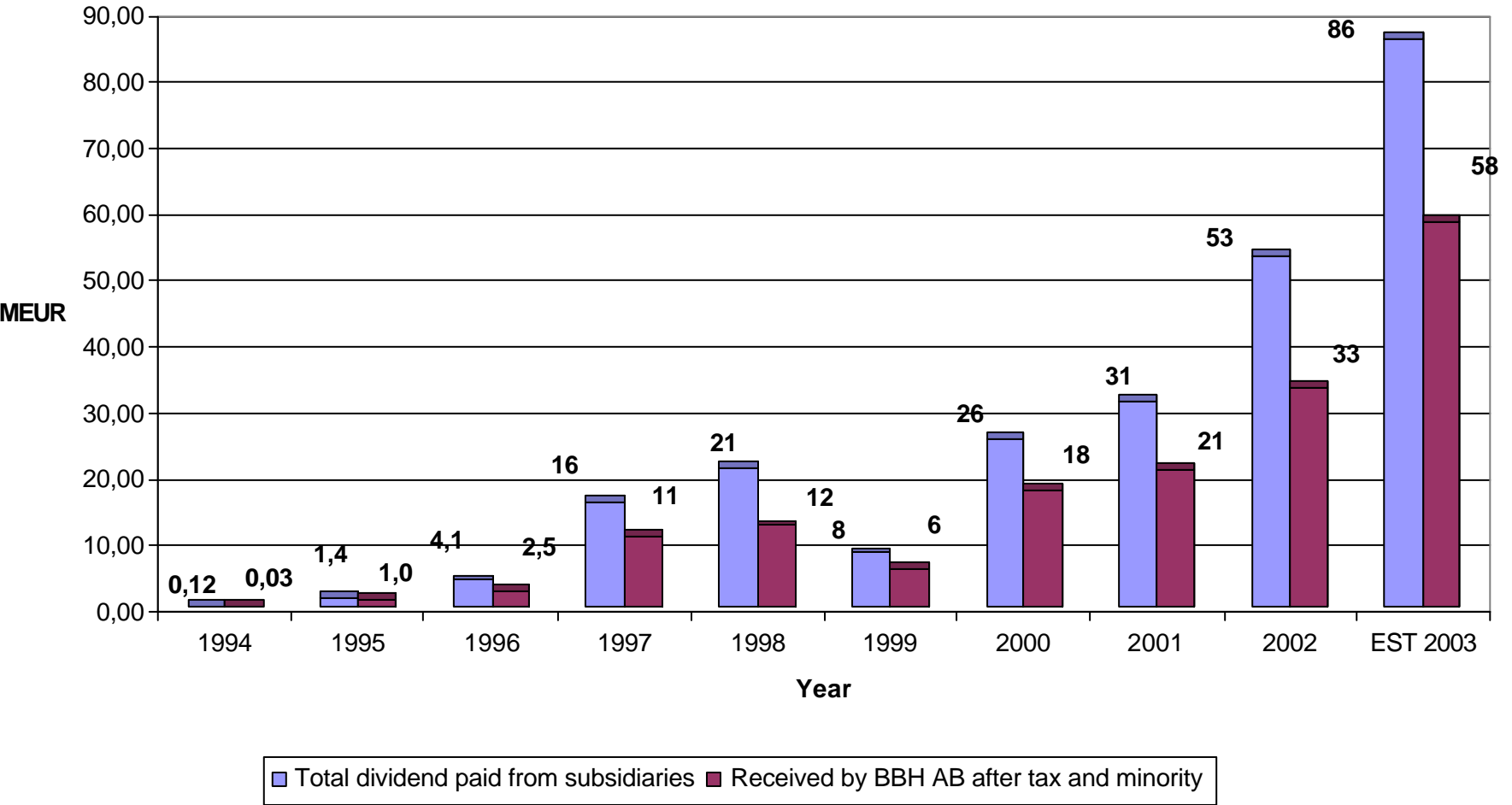


In 2003

- Investments in capacity enhancement will be reduced by 20%
- Investment in customer service related projects will increase by 50%
- Overall capex will be on lower levels in the years to come

Dividends

Dividends in the BBH Group



Outlook

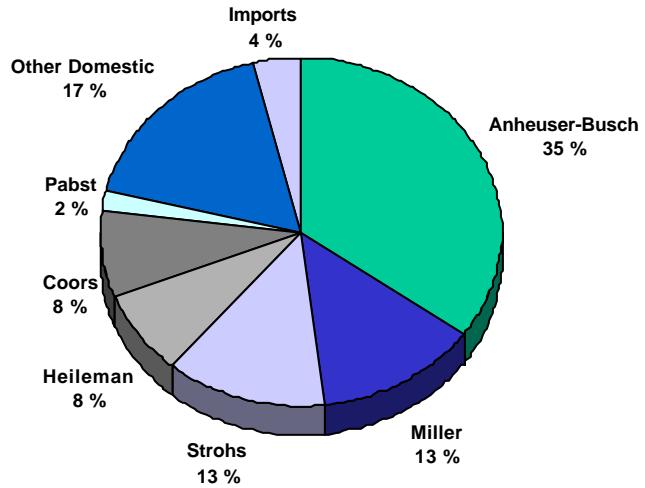
- market growth 2003
 - Russia: high single digit, approx. 5 - 6 m hls per annum
 - Ukraine: double digit
 - Baltics: single digit
 - Kazakhstan: high growth

- 40% share in Russia, 30% share in Ukraine
- A more integrated structure
- As skilful and competitive at sales and marketing as we already are in production and administration
- Highly motivated and effective teams with little still to learn from western companies
- Baltika brand No. 1 in Europe

Beer Industry Market Shares

USA

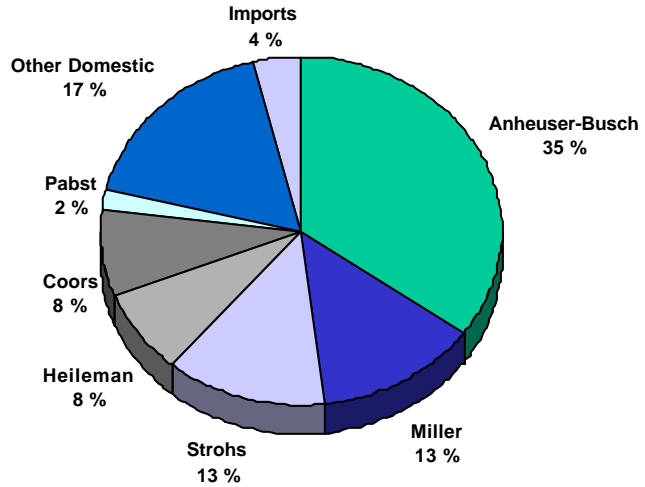
Volume Share 1985



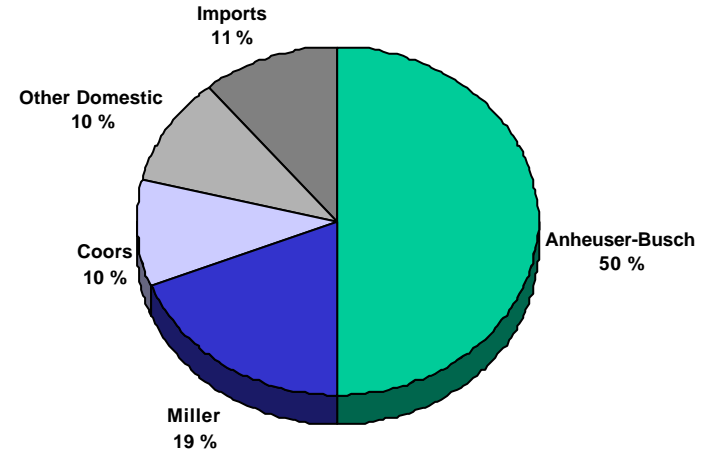
Beer Industry Market Shares

USA

Volume Share 1985



Volume Share 2001

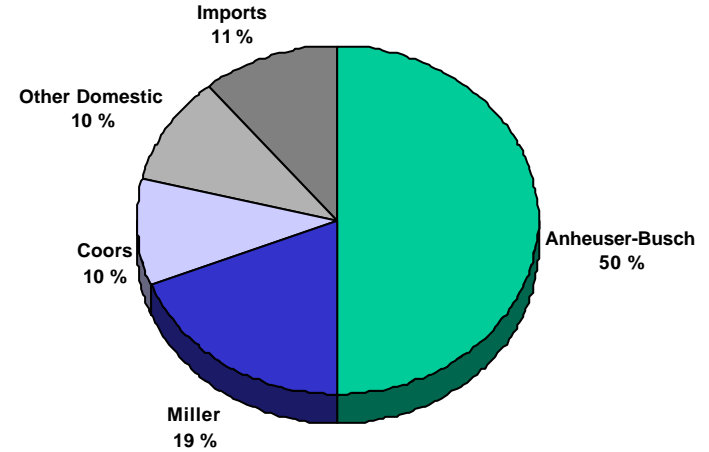


Beer Industry Market Shares



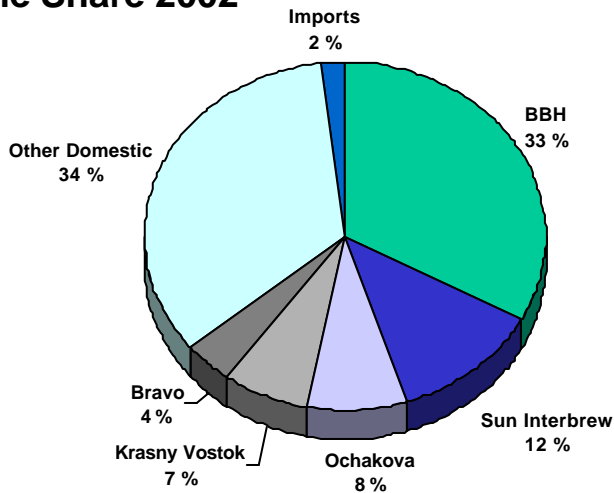
USA

Volume Share 2001

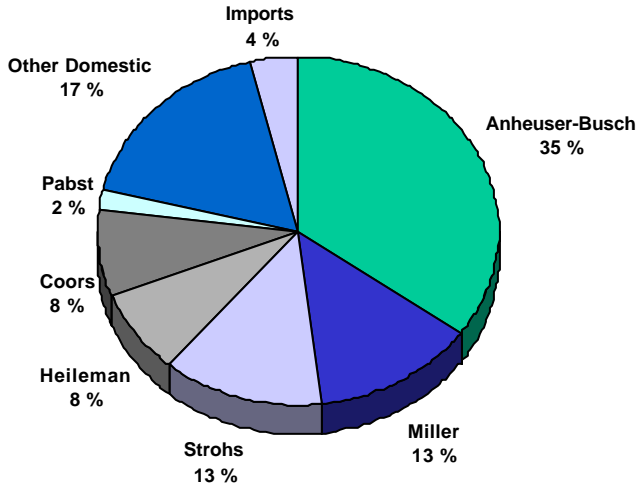


Russia

Volume Share 2002



Volume Share 1985

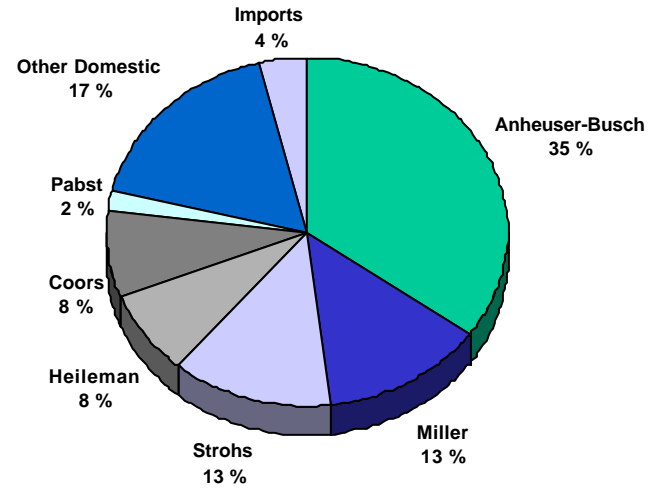


Beer Industry Market Shares

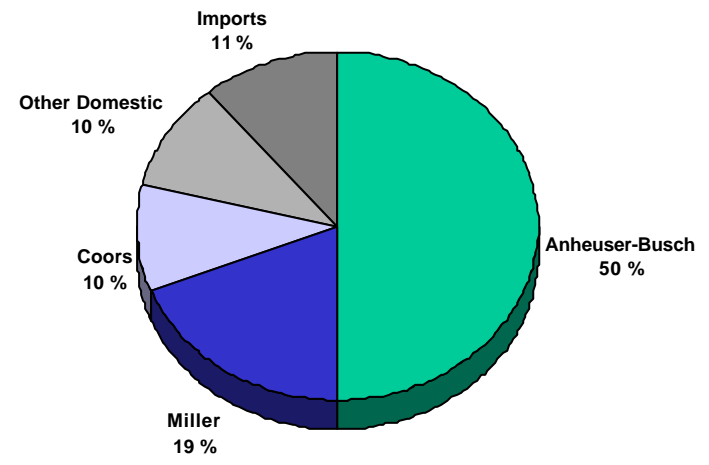


USA

Volume Share 1985

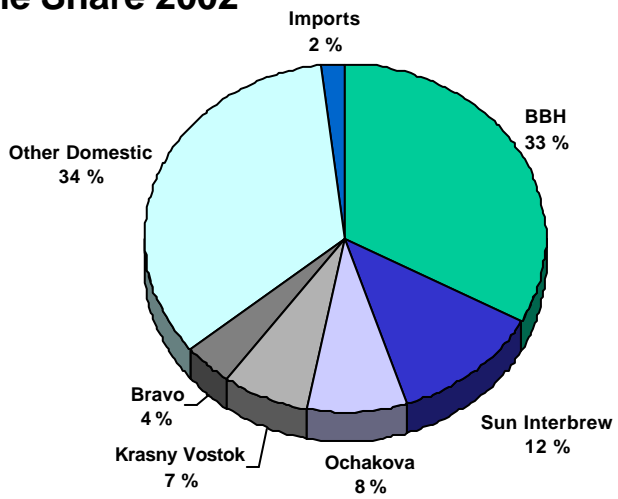


Volume Share 2001

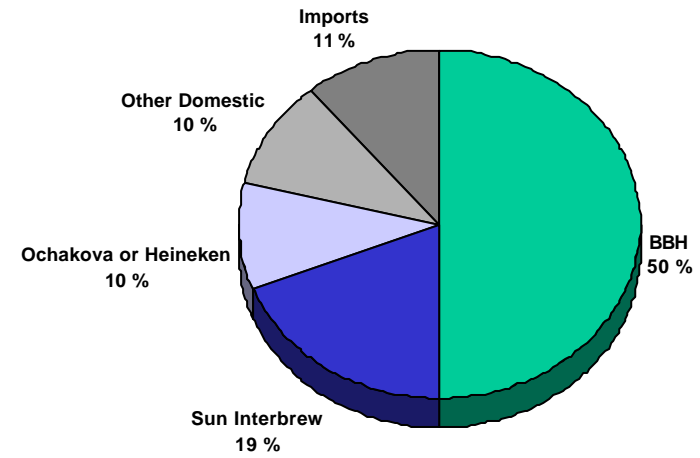


Russia

Volume Share 2002

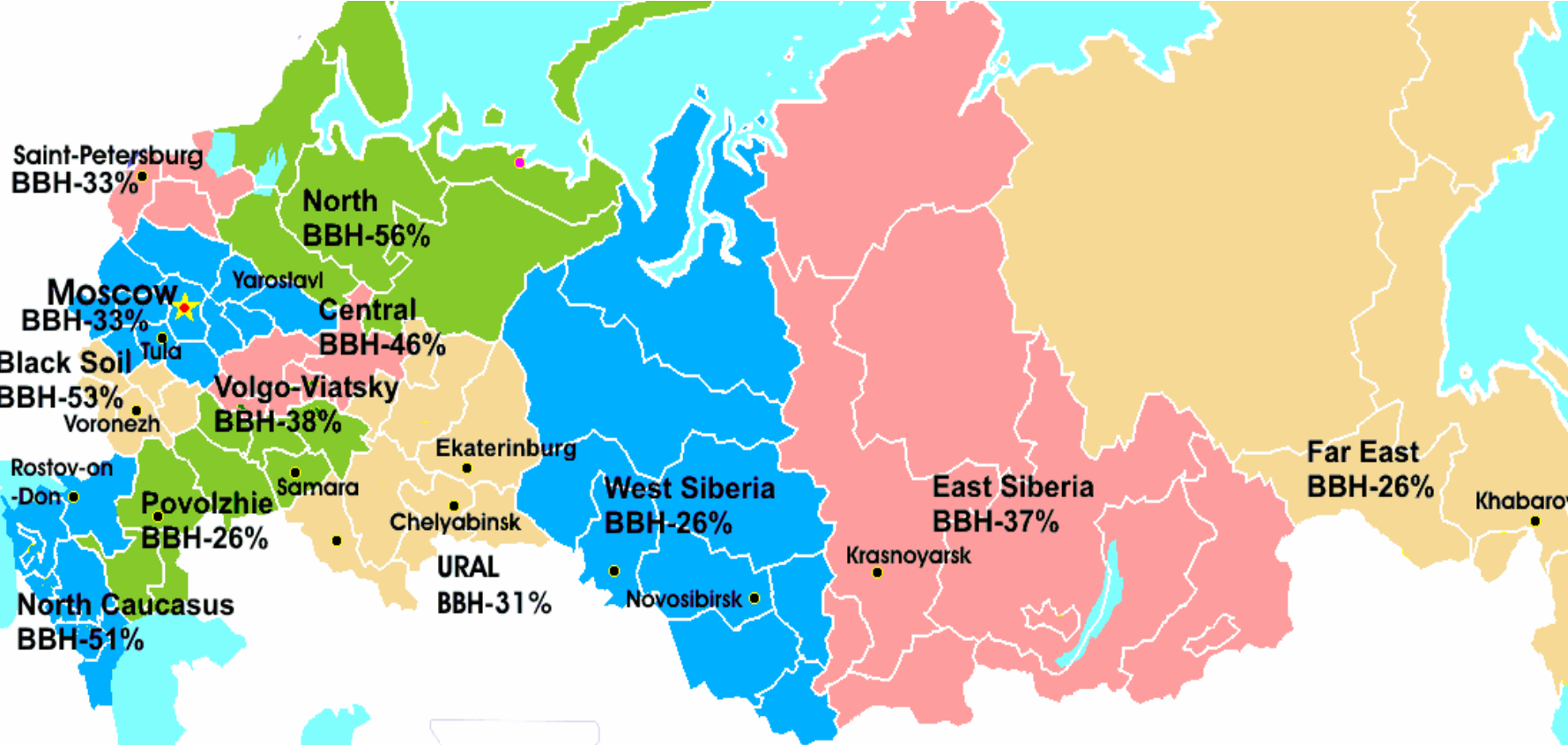


Volume Share 2015?



Extra Slides

BBH Regional Market Shares (Russia)

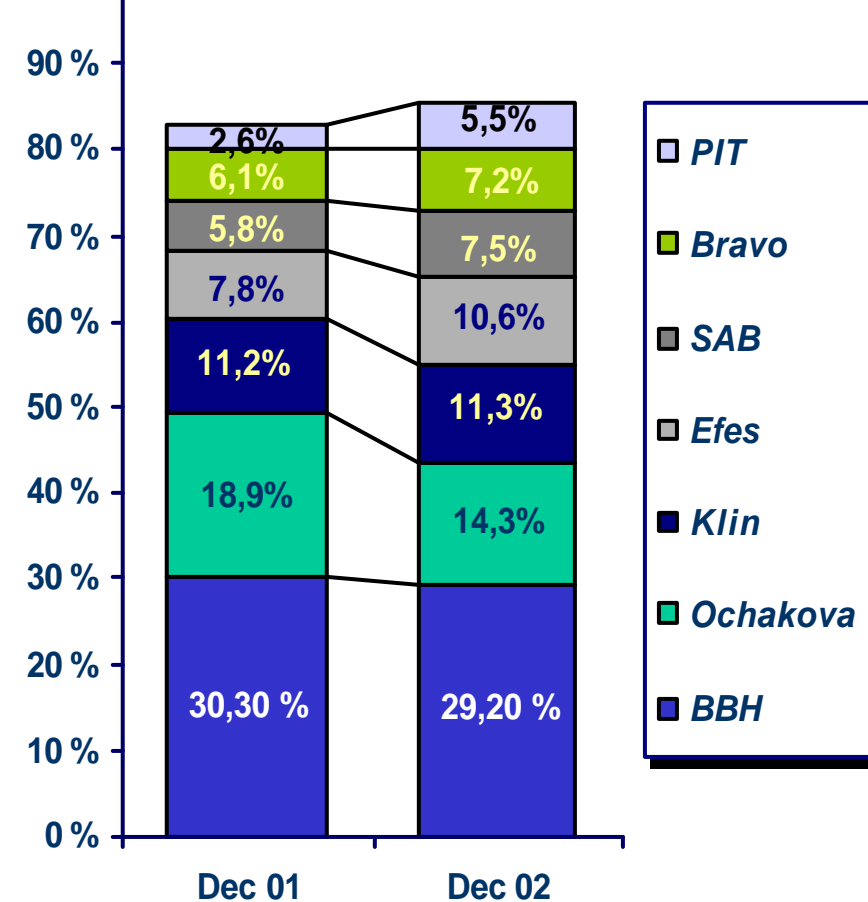


Sources: Business Analitika (Total Russia, wave Nov./Dec.02)

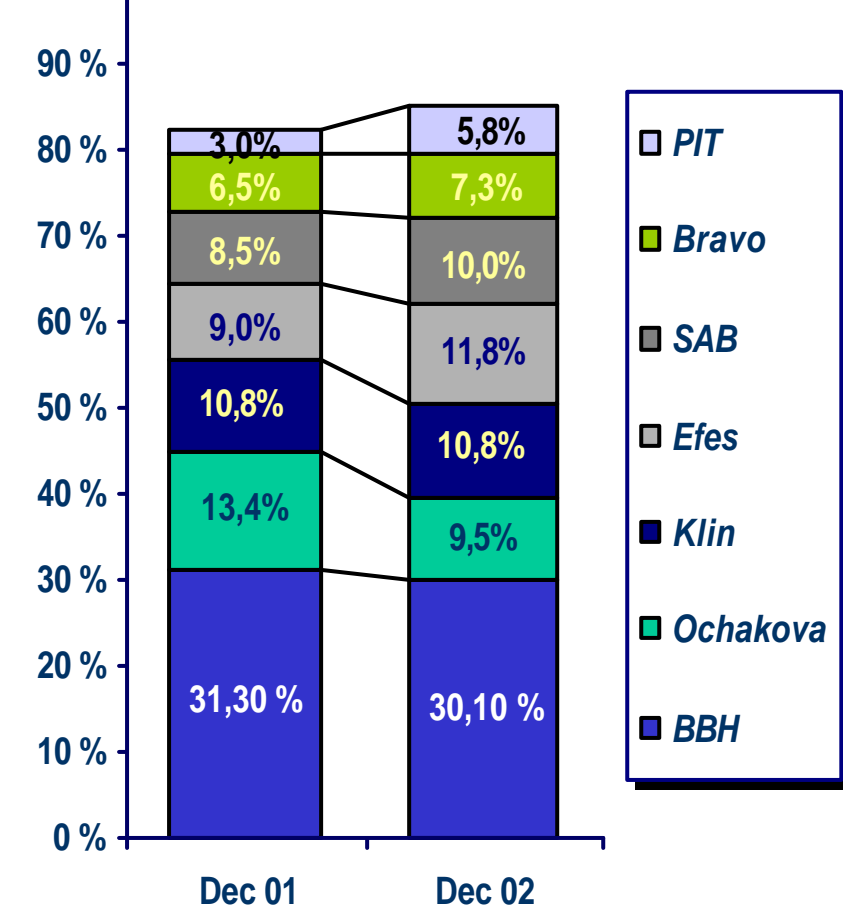
Baltika Market Leader in Moscow

Top-Manufacturers' Share, Dec02 vs. Dec01

Moscow, Volume Shares



Moscow, Value Shares

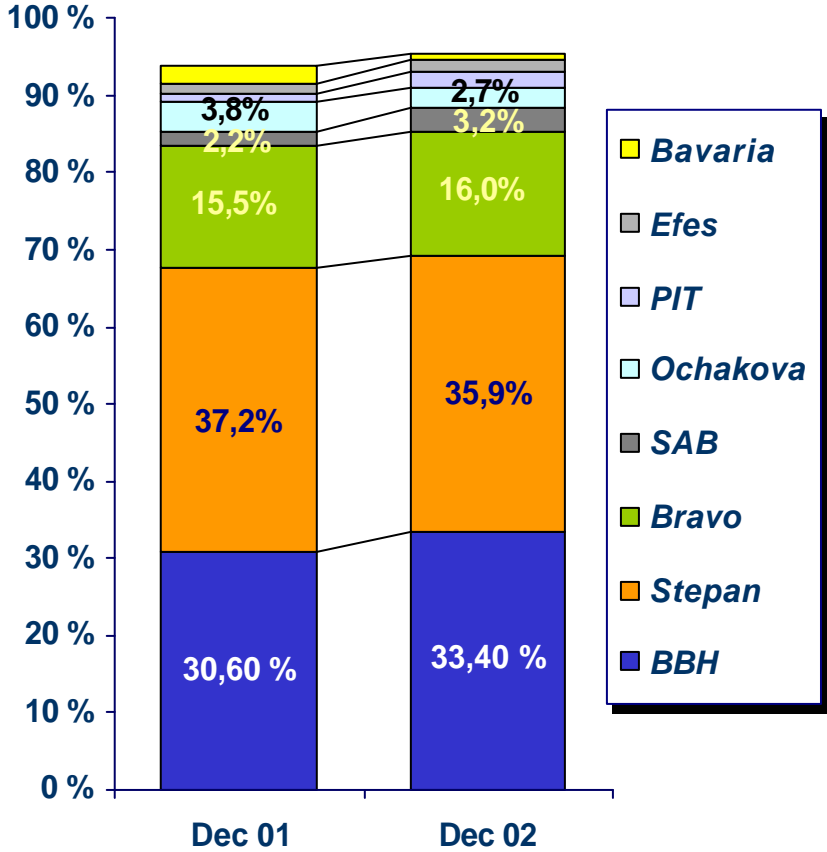


Market Shares in St.Petersburg

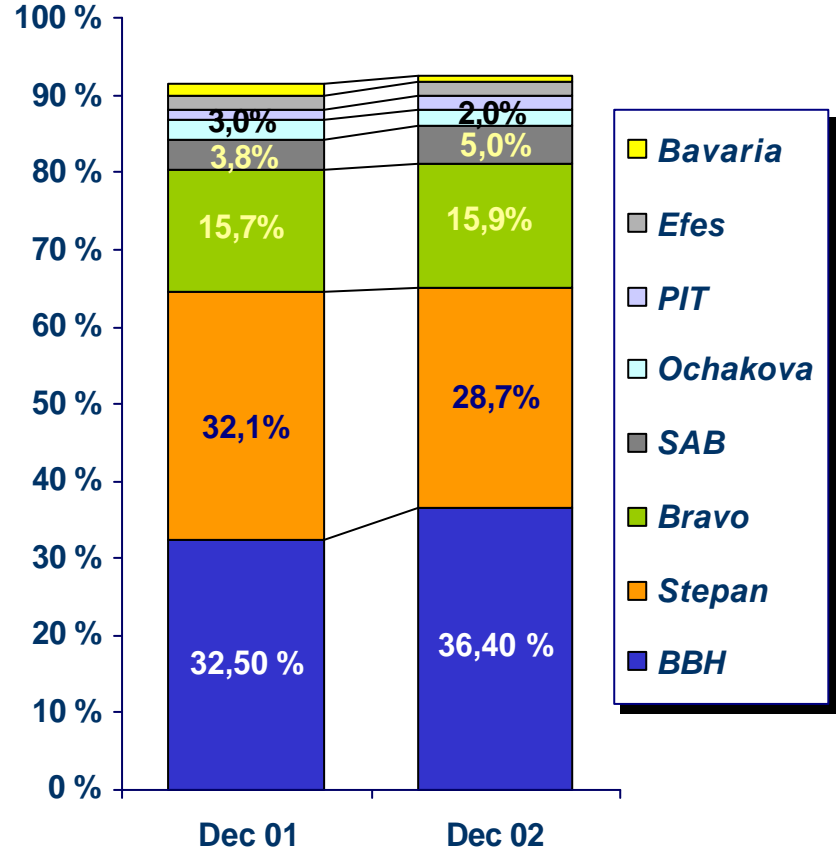


Top-Manufacturers' Share, Dec.02 vs. Dec.01

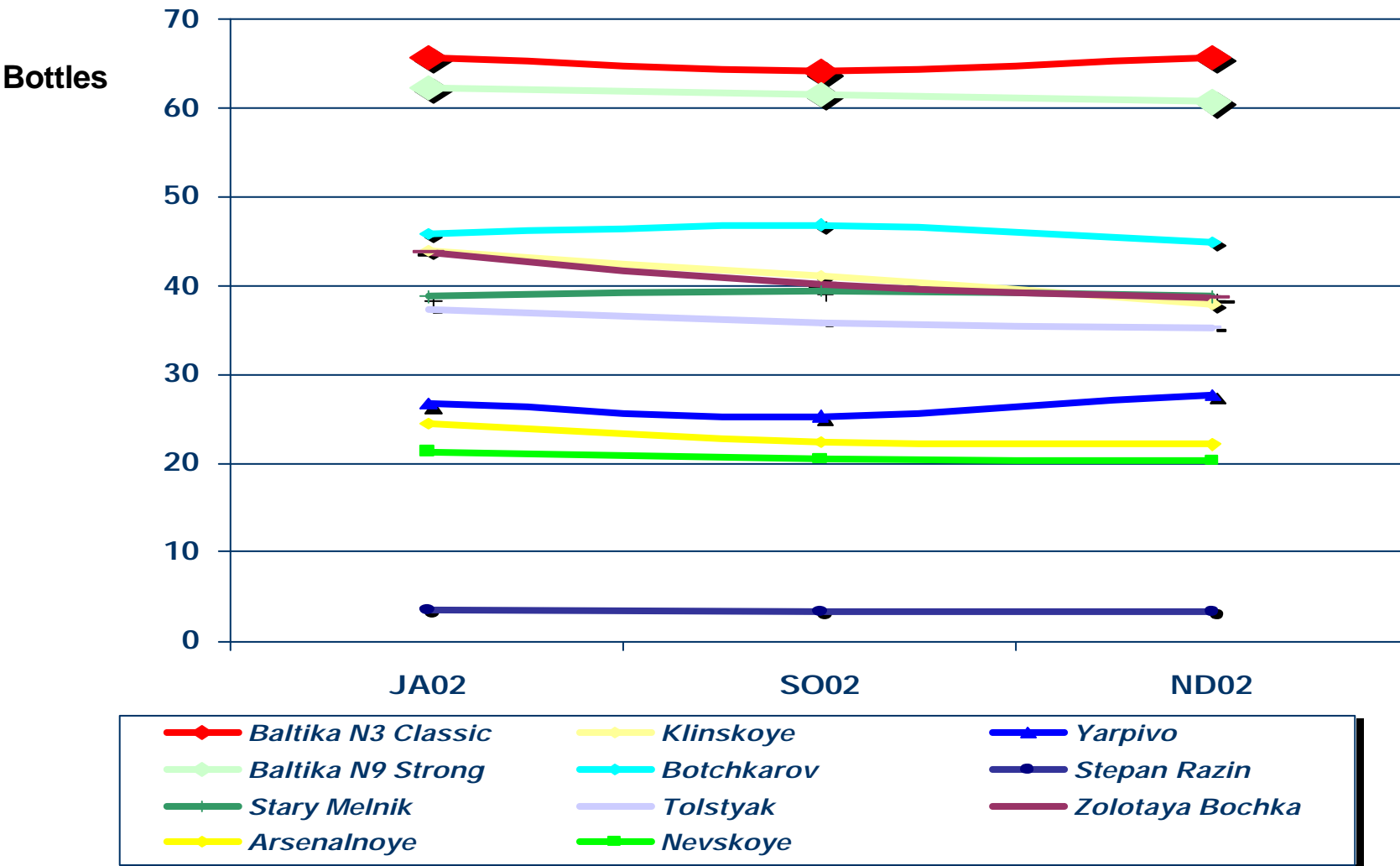
St.Petersburg, Volume Shares



St.Petersburg, Value Shares

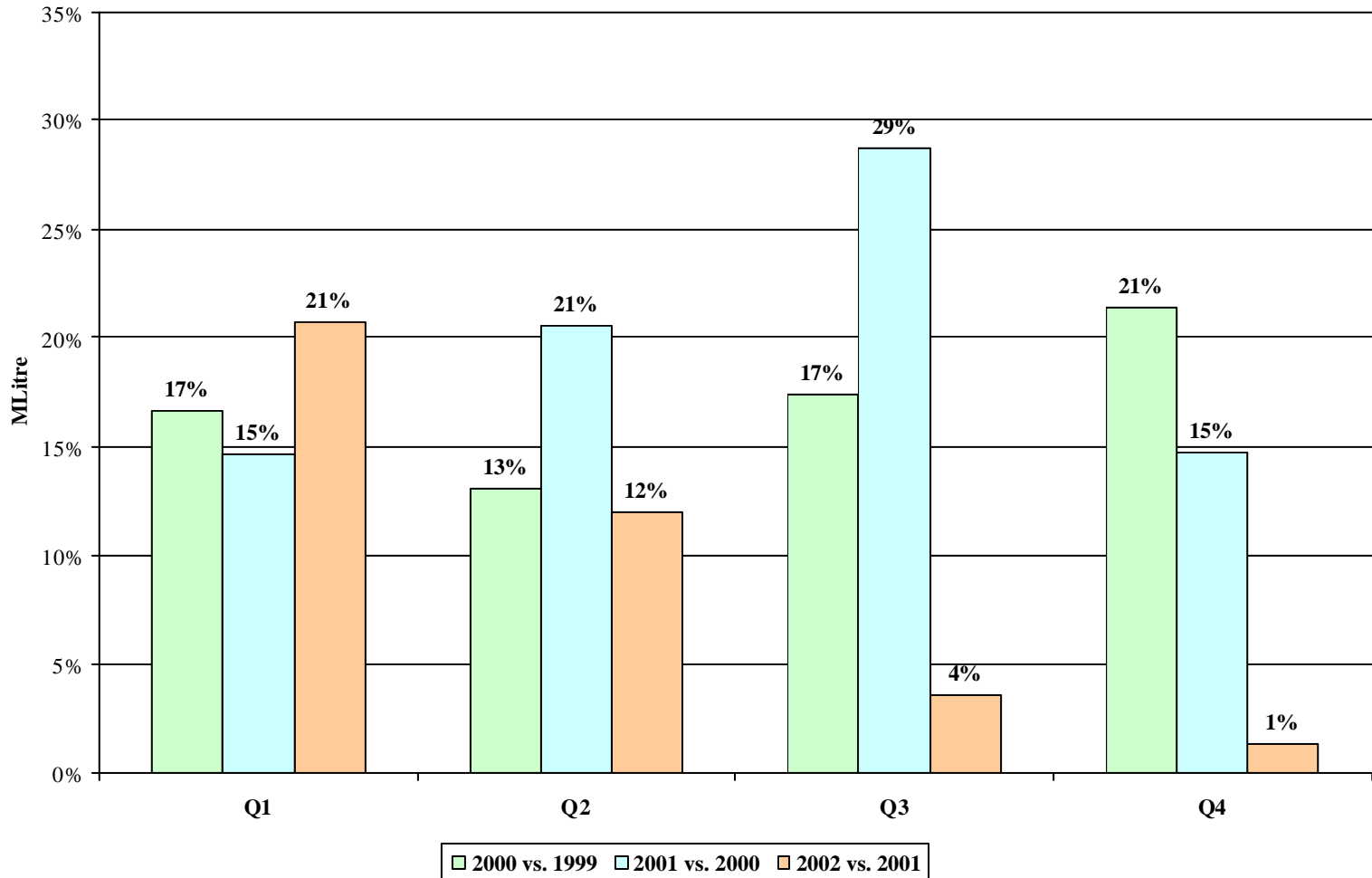


Numeric Distribution of Key Brands (Russia)



Russian Market – Quarterly Growth

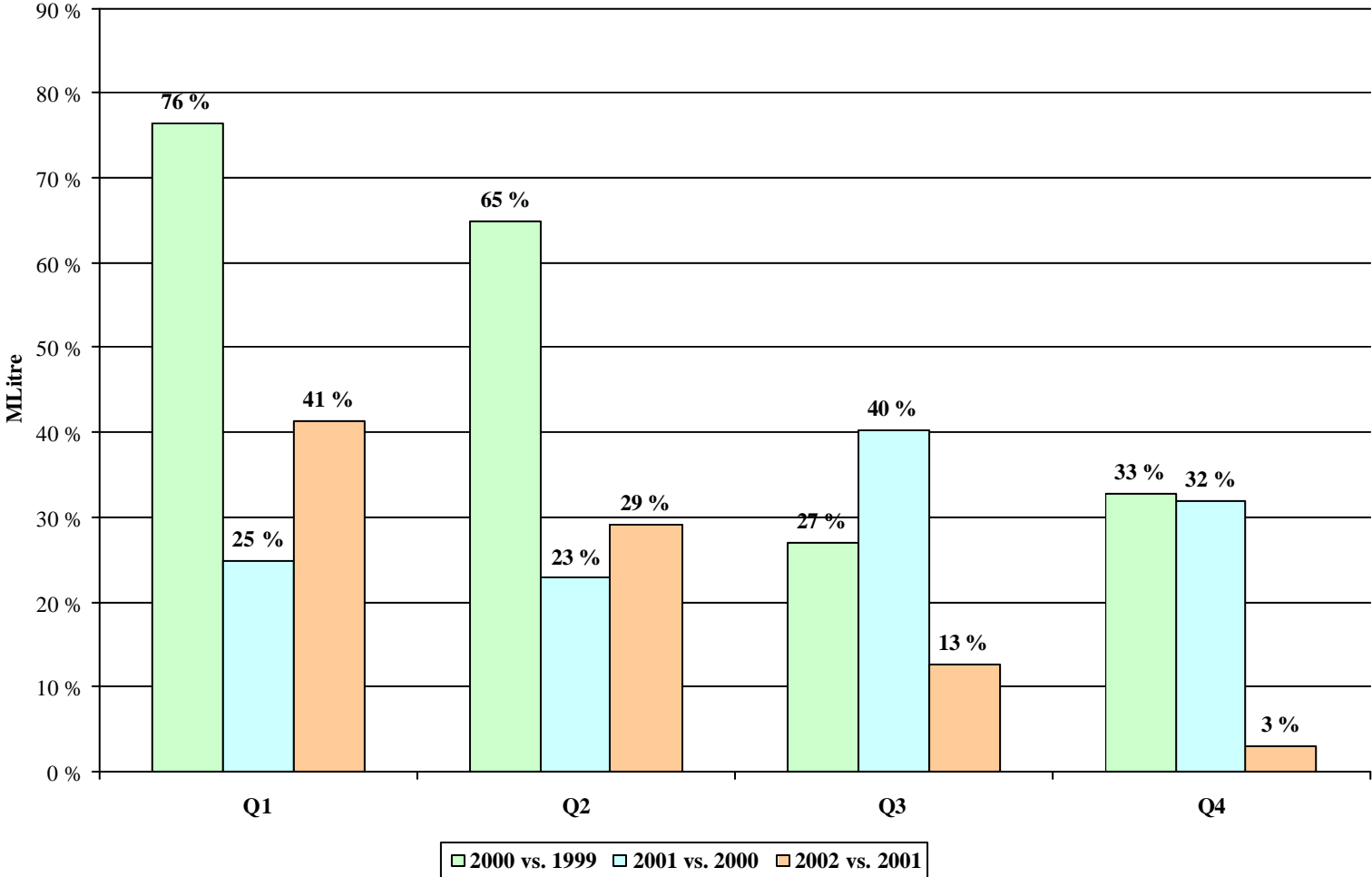
Russian market - Quarterly growth rate vs. previous year



BBH Russia - Quarterly Growth



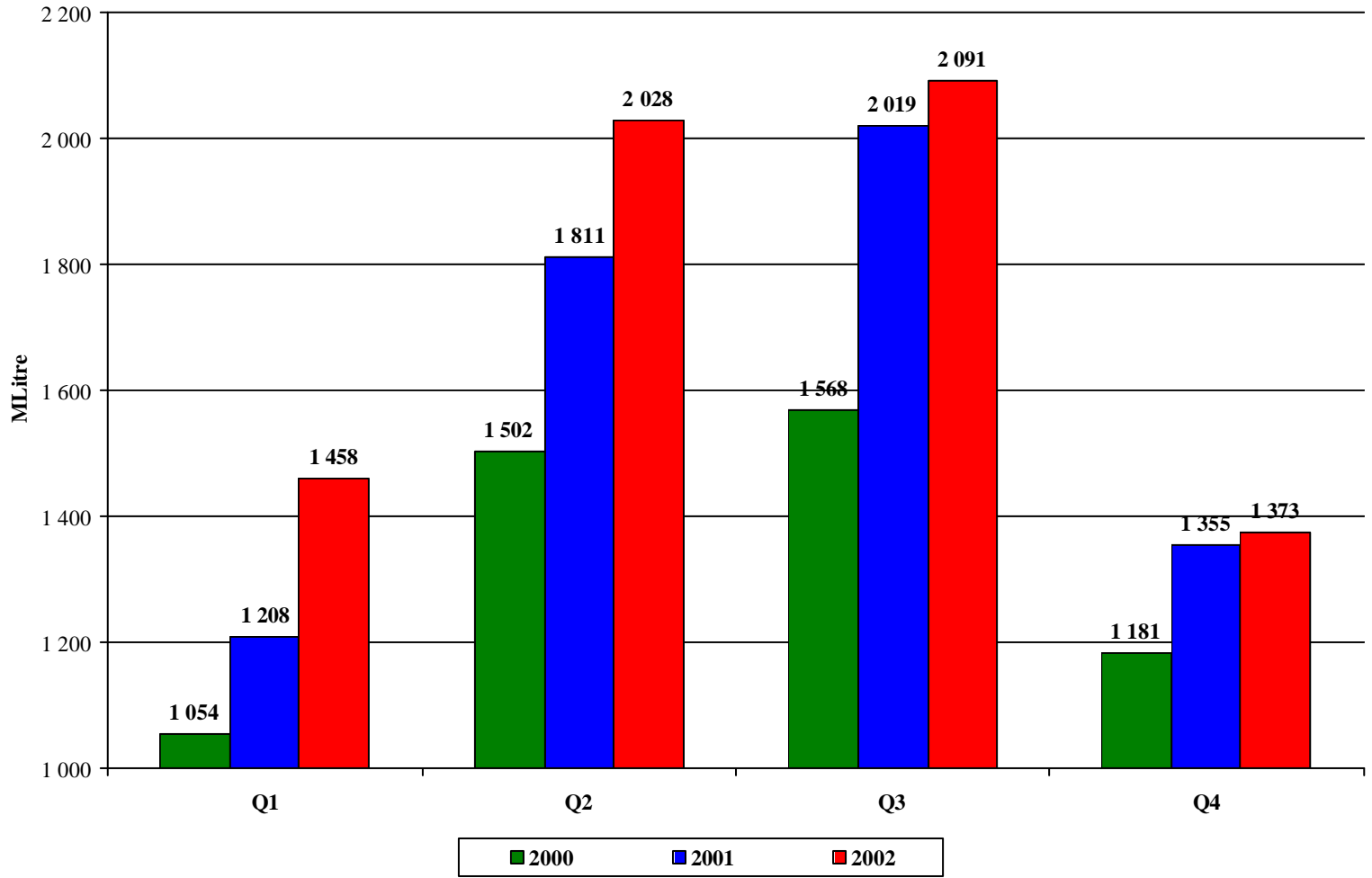
BBH Russia - Quarterly growth rate vs. previous year



Russian Market – Beer Volume Development



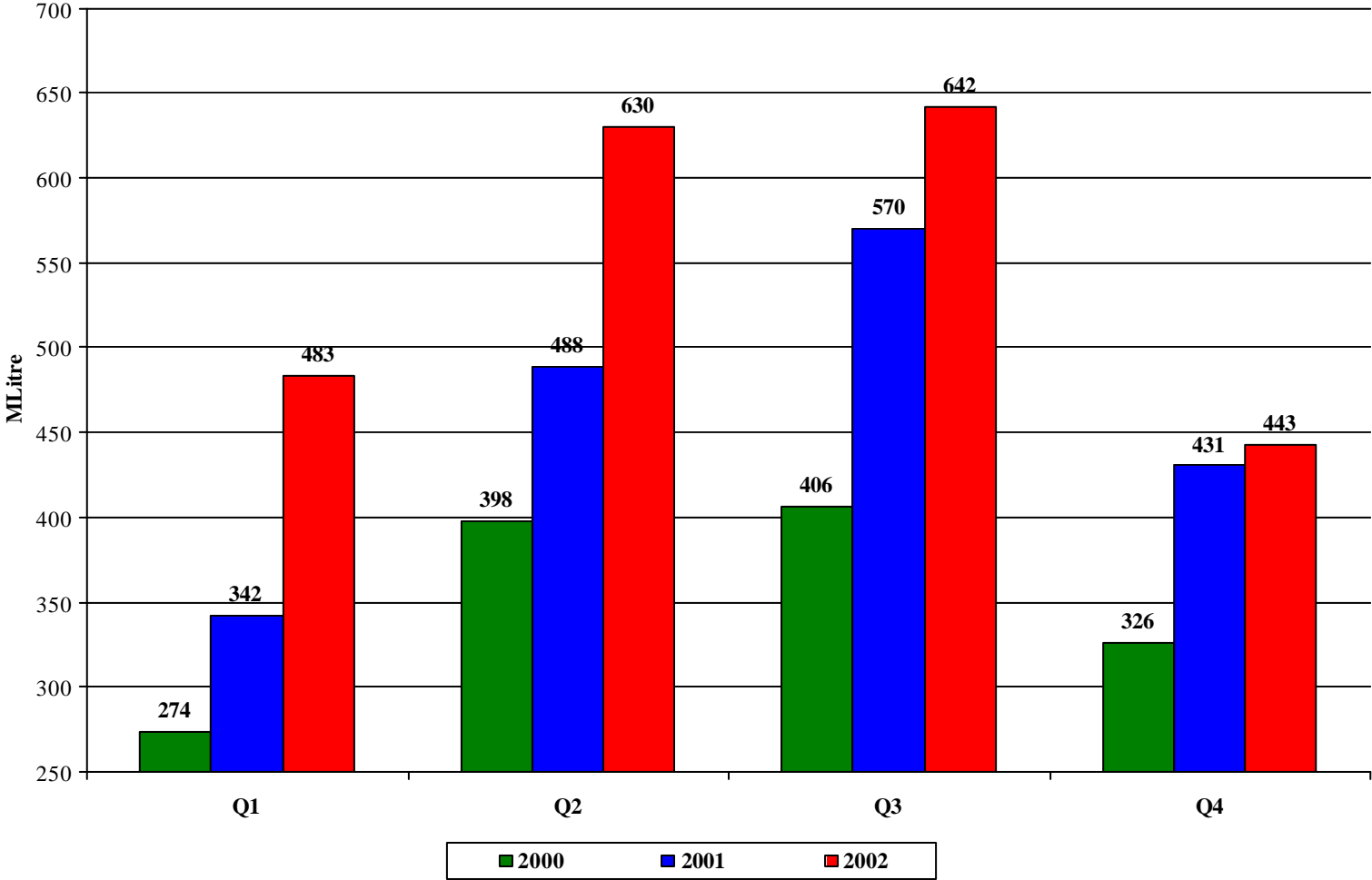
Russian market - Beer volume development 2000-2002



BBH Russia – Beer Volume Development



BBH Russia - Beer volume development 2000-2002



BBH Key Managerial Resources



BREWERY	POSITION	AGE	EDUCATION/ CAREER
Baltika	MD	50	Food Technology
	Sales & Distrib. Director	32	MBA, Coca Cola, Philip Morris, BBH Russia
	Other Management	< 35 (average)	
Yarpivo	MD	63	Food Technology
PIKRA	MD	64	Food Technology
	VP	30	Western Business Courses
Zolotoy Ural	MD	35	MBA, Coca-Cola
	Management Team	33 (average)	MBA, etc.
Voronezh	MD	31	MBA
Vena	MD	34	MBA, ABB, BBH Ukraine, BBH Russia
	Marketing Director	30	MBA, Mars, Reynolds, BBH Russia
BBH Ukraine	MD	57	Food Technology
	CFO	30	London, etc., BBH, Philip Morris
	Sales Director	30	MBA, Stimorol
BBH Baltics	MD	35	MBA, USA, Pepsi

What Made the Success?

- BBH was first
 - limited resources,
 - balanced risk taking, "cheap approach"
- Unconventional strategy
- "Mobilisation of local (Russian) energy"
 - focus on local,
 - entrepreneurial drive,
 - balance between freedom and control,
 - strong financial incentives (ownership) combined with personal struggle for social power
- Careful homework