

FOR IMMEDIATE RELEASE

31 May 2004

## RESULTS FOR THE 1<sup>ST</sup> QUARTER OF 2004

MOSCOW, May 31, 2004 - SUN Interbrew Limited (Lux: SUNB5-LX), a leading brewer in Russia and Ukraine, wishes to announce its financial results for the 1<sup>st</sup> quarter ended 31 March 2004.

### RESULTS

#### Operational Highlights

The Company has had a very successful 1<sup>st</sup> quarter marked by a number of significant achievements:

- Beer volume grew by 48.6% versus the 1<sup>st</sup> quarter of 2003.
- Net Turnover increased by 60.7% versus the 1<sup>st</sup> quarter of 2003.
- EBITDA for the 1<sup>st</sup> quarter was €17.2m, or 126.9% higher than in the same period in 2003. Excluding the negative currency, EBITDA was €18.5m, a 144.1% increase versus the same quarter in 2003.
- EBIT growth for the 1<sup>st</sup> quarter of 2004 was €6.0m versus the 1<sup>st</sup> quarter of last year.
- Net Loss was reduced to € (1.8)m from € (7.1)m.

We continued to build on last year's key initiatives; strengthening our route to market; introducing new higher margin brands; and optimizing our operational efficiency.

In Russia, these activities led to a volume growth of 61.0% for the 1<sup>st</sup> quarter leading to an improvement in market share to 16.0% up from 12.8% in the same period of 2003.

In Ukraine, the Company realised a volume increase of 21.4%. In the 1<sup>st</sup> quarter the market share reached 34.3%.

The following examples illustrate the Company's efforts in brand innovation:

- *Tolstiak*<sup>®</sup>, *Grechishnoye*, *Klinskoye*<sup>®</sup>, *Arriva* and *Sibirskaya Korona*<sup>®</sup>, *Yantarnoye* and *Georgievskoye* were launched into the Russian market.
- In March, the Company started producing *Stella Artois*<sup>®</sup> at Novocheboksarsk brewery in Russia.
- *Chernigivske*<sup>®</sup>, *Bagryane* and *Yantar*<sup>®</sup> *Unfiltered* were introduced on the Ukrainian market.

#### Financial Highlights of the 1<sup>st</sup> quarter of 2004:

	Q1 2004	Q1 2003	Change	Change, %
<b>Volume, m hl, beer only</b>	<b>3.9</b>	<b>2.6</b>	<b>+1.3</b>	<b>+48.6%</b>
<b>Net Sales, €m</b>	<b>133.6</b>	<b>83.2</b>	<b>+ 50.4</b>	<b>+ 60.7%</b>
<b>Gross Margin, %</b>	<b>35.6</b>	<b>35.4</b>	<b>+ 0.2</b>	
<b>Operating Income, €m</b>	<b>5.3</b>	<b>-1.9</b>	<b>+7.3</b>	
<b>EBITDA, €m</b>	<b>17.2</b>	<b>7.6</b>	<b>+9.6</b>	<b>+126.9%</b>
<b>EBITDA Margin, %</b>	<b>12.9</b>	<b>9.1</b>	<b>+3.8</b>	
<b>Net Loss, €m</b>	<b>-1.8</b>	<b>-7.1</b>	<b>+5.2</b>	

## FINANCIAL PERFORMANCE IN THE 1<sup>ST</sup> QUARTER OF 2004

The financial performance of SUN Interbrew Limited in the 1<sup>st</sup> quarter of 2004 was underpinned by strong volume growth in both Russia and Ukraine.

The Euro exchange rate evolution had a €1.3m negative impact on EBITDA.

It is important to note the evolution of accounts receivable turnover ratio (net of VAT) going from 21 days in the 1<sup>st</sup> quarter 2003 down to 15 days in the same period this year. At the same time gross margin remained stable.

Sales, marketing and distribution costs increased by 41% to €36.1 m in the 1<sup>st</sup> quarter of 2004 from €25.6 m for the same period of the last year.

The average distribution cost per hl was €4.8 in the 1<sup>st</sup> quarter of 2004 versus €4.0 in the same quarter last year. Sales development in more distant locations and unexpected railway tariff increases were the main causes of the increase in transport cost.

Total sales and marketing costs in the 1<sup>st</sup> quarter of 2004 represented 12.0% of Net Turnover, compared to 16.6% in the same period of 2003.

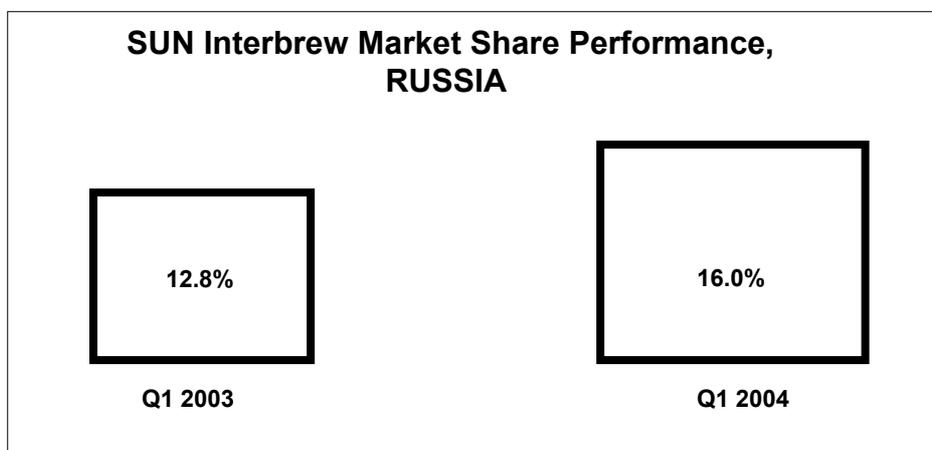
General and administration costs for the quarter were €6.1m versus €5.8m in the same period of 2003, reflecting the Company's continuous focus on cost control mainly resulting in payroll and consultancy savings.

### RUSSIA

In the 1<sup>st</sup> quarter of 2004 SUN Interbrew Russia sold 2.9m hl of beer versus 1.8m hl in the same period last year. This represents an increase of 61.0% compared to overall beer market growth of 17.9%.

#### Sales volumes, m hl

	Q1 2004	Q1 2003	% change
Beer	2.86	1.78	+61.0%



*Stella Artois*<sup>®</sup> grew by 69.7% in volume versus the 1<sup>st</sup> quarter of 2003.

Both *Staropramen*<sup>®</sup> continued its successful growth and the initial performance of *Beck's*<sup>®</sup> looks promising.

*Sibirskaya Korona*<sup>®</sup> exceeded last year's sales by 159.1%, due to successful launches of new packaging and brand extensions.

*Klinskoye*<sup>®</sup> achieved volume growth of 63.0% versus the 1<sup>st</sup> quarter of 2003. This growth was driven by the success of PIVOPACK<sup>®</sup>, SUN Interbrew's new proprietary bottle, and the powerful launch of *Klinskoye*<sup>®</sup> *Arriva*.

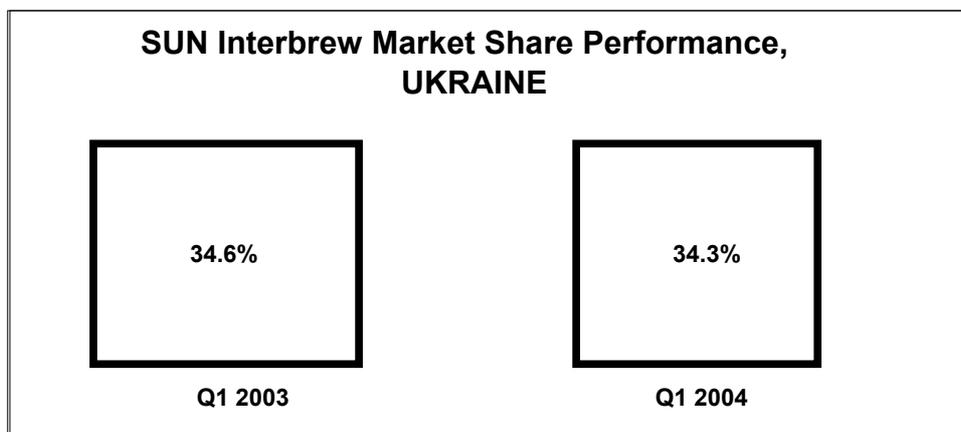
*Tolstiak*<sup>®</sup> sales volume grew by 28.9% following the successful geographical expansion of the brand, the introduction of a new PET bottle shape and the launch of a new brand extension *Tolstiak*<sup>®</sup> *Grechishnoye*.

## UKRAINE

Beer sales by volume grew by 21.4% versus the same period of the previous year and reached 1.0 m hl.

### Sales volumes, m hl

	Q1 2004	Q1 2003	% change
Beer	1.01	0.83	+21.4%



*Chernigivske*<sup>®</sup> grew volumes by 45.2% compared to the same period of 2003, largely driven by success of *Chernigivske*<sup>®</sup> *Bile*.

*Stella Artois*<sup>®</sup> continued to grow strongly, increasing volumes by 62.7% in the quarter compared to the same period last year.

PET volume grew by 65.1% making it the fastest growing on a quarter-on-quarter basis.

SUN Interbrew Ukraine grew its keg volume by 28.8%, versus an overall keg market volume of 24.9%.

Bottle volumes declined by 2.5%.

The can segment share now represents 9.8% of total volumes. No beer was sold in cans in the 1<sup>st</sup> quarter last year.

## SUMMARY AND OUTLOOK

The strong performance of our business in 2003 continued into the 1<sup>st</sup> quarter of 2004 with SUN Interbrew Russia sales far exceeding market growth and improving drastically Operating Profit.

There is now a real momentum to the volume growth and we will continue our effective emphasis on cost control, although in the short term this will be partially mitigated by some increases in raw material and distribution costs. The business is very well placed to continue its market outperformance and we are confident of further successful development in 2004.

**ENDS**

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### **Notes to Editors:**

SUN Interbrew Limited is the second largest brewer in Russia and the largest brewer in Ukraine. The company is a strategic partnership between Interbrew, one of the largest brewers in the world, and the SUN Group, which has operated in the region since 1958, and in the beer sector of Russia and the CIS since the early 1990s.

The company's main brands are *Stella Artois*<sup>®</sup>, *Beck's*<sup>®</sup>, *Staropramen*<sup>®</sup>, *Sibirskaya Korona*<sup>®</sup>, *Klinskoye*<sup>®</sup>, and *Tolstiak*<sup>®</sup> in Russia, and *Stella Artois*<sup>®</sup>, *Beck's*<sup>®</sup>, *Chernigivske*<sup>®</sup>, *Rogan*<sup>®</sup>, *Taller*<sup>®</sup> and *Yantar*<sup>®</sup> in Ukraine.

SUN Interbrew is a public company registered in Jersey, whose shares are listed in Luxembourg and traded on the Luxembourg, Frankfurt and Berlin stock exchanges.

**SUN Interbrew Limited and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
**For the Three Months Ended March 31, 2004 and 2003**  
**(Euros in thousands, except per share amounts)**

	Three months ended March 31,	
	2004 (unaudited)	2003 (unaudited)
<b>Net Sales</b>	€ 133 622	€ 83 165
Cost of goods sold	<u>(86 045)</u>	<u>(53 711)</u>
<b>Gross Margin</b>	47 577	29 454
Selling, marketing and distribution expenses	(36 134)	(25 552)
General and administrative expenses	<u>(6 123)</u>	<u>(5 843)</u>
<b>Operating Income (Loss)</b>	5 320	(1 941)
<b>Other Income (Expense)</b>		
Interest expense, net	(4 152)	(2 571)
Foreign exchange gain (loss)	2 589	(1 153)
Other – net	<u>(4 372)</u>	<u>(289)</u>
Net other expense	(5 935)	(4 013)
Loss before income taxes and minority interest	(615)	(5 954)
Income taxes	<u>(1 394)</u>	<u>(1 436)</u>
Loss before minority interest	(2 009)	(7 390)
Minority interest	<u>172</u>	<u>318</u>
<b>Net Loss</b>	€ <u><u>(1 837)</u></u>	€ <u><u>(7 072)</u></u>
<b>Basic loss per share</b>	€ <u><u>(0.02)</u></u>	€ <u><u>(0.10)</u></u>
<b>Diluted loss per share</b>	€ <u><u>(0.02)</u></u>	€ <u><u>(0.10)</u></u>

See Notes to Condensed Consolidated Financial Statements.

**SUN Interbrew Limited and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
**As of March 31, 2004 and December 31, 2003**  
**(Euros in thousands)**

	March 31, 2004 (unaudited)	December 31, 2003
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	€ 2 616	€ 2 529
Accounts receivable, net	26 400	23 799
Inventories	88 154	76 033
Taxes receivable	23 413	20 417
Deferred tax assets	9 598	8 872
Other current assets	14 715	17 689
	<b>164 896</b>	<b>149 339</b>
<b>Total current assets</b>		
Plant and equipment, net	446 757	420 456
Intangible assets, net	3 080	3 497
Goodwill	57 165	56 859
Long-term deferred tax assets	526	6 451
Other long-term assets, net	7 614	10 043
	<b>680 038</b>	<b>646 645</b>
<b>Total assets</b>		
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	€ 38 729	€ 43 011
Taxes payable	13 676	8 623
Deferred tax liabilities	1 565	1 764
Accrued expenses	18 686	13 808
Short-term debt	155 958	130 097
Short-term debt, related parties	-	-
	<b>228 614</b>	<b>197 303</b>
<b>Total current liabilities</b>		
Long-term deferred tax liabilities	20 826	24 767
Long-term bonds payable	70 778	69 435
Pensions payable	460	463
	<b>320 678</b>	<b>291 968</b>
<b>Total liabilities</b>		
Minority interests in equity of subsidiaries	7 510	14 228
<b>Shareholders' Equity</b>		
Class A Shares, one pence par; authorized 125,278,614 shares; issued 88,777,585 shares	1 421	1 421
Class B Shares, one pence par; authorized 30,000,000 shares; issued 27,796,220 shares	387	387
Additional paid-in capital	357 679	357 679
Retained earnings	56 789	58 626
Accumulated other comprehensive loss	(64 426)	(77 664)
	<b>351 850</b>	<b>340 449</b>
<b>Total shareholders' equity</b>		
<b>Total liabilities and shareholders' equity</b>	<b>€ 680 038</b>	<b>€ 646 645</b>

See Notes to Condensed Consolidated Financial Statements.

**SUN Interbrew Limited and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2004 and 2003**  
**(Euros in thousands)**

	Three months ended March 31,	
	2004 (unaudited)	2003 (unaudited)
<b>Operating Activities:</b>		
<b>Net profit/(loss)</b>	€ (1 837)	€ (7 072)
Adjustments to reconcile net loss to net cash provided by operations:		
Depreciation	14 592	9 186
Other non-cash items	776	1 008
Changes in current assets and current liabilities net of effect from acquisitions:		
Accounts receivable	(2 198)	(3 064)
Inventories	(7 042)	(4 392)
Other current assets	2 974	(3 609)
Taxes payable	833	(4 005)
Accounts payable	(5 822)	7 143
Accrued expenses	4 878	4568
Net cash provided by (used in) operating activities	<u>7 154</u>	<u>(4 347)</u>
<b>Investing Activities:</b>		
Purchase of intangible assets, plant and equipment (net of proceeds from disposal)	(22 908)	(25 272)
Acquisitions of consolidated subsidiaries (net of cash acquired)	-	(421)
Net cash used in investing activities	<u>(22 908)</u>	<u>(25 693)</u>
<b>Financing Activities:</b>		
Net proceeds from issuance of shares	-	888
Payments of loans payable – related parties	-	(3 041)
Proceeds of loans	16 239	29 000
Net cash provided by financing activities	<u>16 239</u>	<u>26 847</u>
Effect of exchange rate changes on cash	(398)	-
Increase (decrease) in cash and cash equivalents	87	(3 193)
Cash and cash equivalents, beginning of period	2 529	7 828
Cash and cash equivalents, end of period	<u>€ 2 616</u>	<u>4 635</u>
<b>Cash paid during the period for:</b>		
Interest	7 271	2 050
Income taxes	561	884
<b>Schedule of non-cash financing activities</b>		
Proceeds from shares issue offset with loan	-	37 600

See Notes to Condensed Consolidated Financial Statements.

# **SUN Interbrew Limited and Subsidiaries**

## **Notes to Condensed Consolidated Financial Statements For the Three Months Ended March 31, 2004 and 2003**

The accompanying consolidated financial statements of SUN Interbrew Limited and Subsidiaries (the "Company") have been prepared in conformity with the accounting principles generally accepted in the United States of America ("US GAAP"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted. It is suggested that these condensed, consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2003 audited financial statements. The results of operations for the three months ended March 31, 2004 and 2003 are not necessarily indicative of the operating results to be expected for the full year.

The majority-owned subsidiaries incorporated under the laws of the Russian Federation and Ukraine (the "Russian subsidiaries" and "Ukrainian subsidiaries") maintain accounting records and prepare their financial statements in Russian rubles and Ukrainian Hryvnas in accordance with the requirements of Russian and Ukrainian accounting and tax legislation. The accompanying financial statements differ from the financial statements prepared for statutory purposes in Russia and Ukraine in that they reflect certain adjustments, not recorded in the accounting books of the Russian or Ukrainian subsidiaries, which are appropriate to present the financial position, results of operations and cash flows in accordance with US GAAP.

### **Significant Transactions**

On the 2nd of March 2004 the Company merged all of its Russian Subsidiaries, except Bavaria Brewery (Saint Petersburg), into one legal entity. The merger is not expected to have any material impact on consolidated financial statements.

On December 31<sup>st</sup> 2003, the Company's investment in the Yekaterinburg Brewery was recorded in the balance sheet at cost less impairment loss. Based on a review of the current status of the process of regaining control over the brewing production facilities, the Company has decided to impair them in full in the 1<sup>st</sup> quarter of 2004 for an amount of Euro 3.2 million. However the process of regaining control over the assets of Yekaterinburg continues.