SUN Interbrew reports results for the second quarter 2002

MOSCOW, September 16, 2002 - SUN Interbrew Limited (Lux: SUNB5-LX), a leading brewer in Russia and Ukraine, wishes to announce its financial results for the second quarter 2002.

	Q2 2002	Q2 2002	Change
Volume, m hl including soft drinks	3.9	3.9	0%
Total Net Net Sales, €m	128.1	115.4	+11%
Gross Margin	46%	45%	+1%
EBITDA, €m	26.5	26.6	0%
Net Income, €m	3.5	8.6	-5.1m

FINANCIAL PERFORMANCE IN 2Q 2002

Total volumes in the quarter were static when compared with last year. There was growth in Ukraine but lower sales than last year in the quarter in Russia. The prime reason for the decline in market share in Russia was the absence of Cans and PET until June 2002.

Net Net Sales per hl of beer increased by 10% versus the same period last year from €32.03 in 2001 to €35.35 in 2002. This was a result of sales of a higher added value product mix although this was partially offset by higher product costs. Gross margins continued to improve by 1% to 46% versus the same period last year despite devaluation of the Ruble and Hryvna versus the Euro.

The increased Selling, Marketing and Distribution costs are entirely driven by higher distribution costs, which increased from €2.3 per hl in 2001 to €4.4 per hl in 2002. The major cause of this increase is the implementation of the full portfolio strategy in Russia, which has resulted in the growth of the key national brands. This cost will be reduced as the cross brewing initiative was successfully implemented in the second quarter in Russia.

General and Administration Costs remain at circa €9m per quarter which is 7% of Net Net Sales and the same level as 2001.

The foreign exchange loss is a result of the more rapid devaluation of both the Ruble and Hryvna versus the Euro when trade debts were at a peak in local currency.

Net cash provided by operating activities, quarter-on-quarter, reduced from €24.5m in 2001 to €19.2m in 2002 as a result of lower profitability. Net cash used in investing activities, quarter-on-quarter, increased from €29.0 in 2001 to €35.2 as a result of increased investment, principally in PET and Can capacity in Russia and in PET in Ukraine.

RUSSIA

In Russia despite sales volume growth of 18% in the first quarter versus last year, sales volumes in the second quarter declined 5% versus the same period last year leaving the growth this year at 3% for the first six months. SUN Interbrew however continued to grow its Core and Local Premium brands in 2002.

Brand	**Growth in volume (2nd quarter 2002 to 2nd quarter 2001)**
Klinskoye	+18%
Sibirskaya Korona	+13%
Tolstiak	-14%

Whilst sales of Tolstiak were below last year the brand has begun to grow again due to the brand relaunch and the expansion of the packaging segmentation into PET. The brand recovered to 3.1% of the off trade segment in July and the current monthly trend is encouraging.

The Can and PET segment now represent 42% of the market in Russia. Two new PET lines and a can production line in Klin were successfully started in June. In August, a second can line was completed in Omsk. Distribution capacity will be developed in the third quarter and the benefit of this investment will deliver improved sales volumes in the fourth quarter versus the fourth quarter 2001.

In Russia both Klinskoye and Sibirskaya Korona increased their share of the bottle segment whist Tolstiak fell due to its overall volumes being below last year and partial cannibalisation into PET.

The sales performance in the second quarter in Russia has been in overall decline but very good results have been achieved in the East and Central Regions. In Moscow sales have not reached planned levels. Price increases in April and June have been aggressive in order to recover inflation but PET price and some bottle SKUs had to be re-adjusted later to remain competitive.

UKRAINE

In Ukraine sales volume of beer grew by 25% versus the same period of last year (excluding the Krym Brewery disposal). The Ukrainian beer market grew 31% in the second quarter against the same period last year. The SIL Ukraine market share for 2Q02 was 30.6% compared with 32% in 2Q01. The main drivers of growth were better distribution, PET line extensions in June and aggressive brands communication campaigns.

- Rogan was re-launched in February 2002, with a complete re-design of a rationalised, fully pasteurized, product portfolio. Despite this and a significantly higher consumer-price level in its home region, Rogan sales in 2Q02 were stable versus 2Q01 (+0.7%). Sales of Rogan's non-alcoholic variant were 90% higher against 2Q01, projecting towards total sales of more then 100 khl for the year. Rogan's TV campaign was chosen by an independent Ukrainian consumer panel as «best campaign of 2002».
- Taller grew 31% in the first half of the year over the previous year, partly on the successful launch of Taller Ice, bringing Taller's market share to an all time high in June. The 2Q02 growth of Taller compared to 2Q01 was 48.9%.
- Stella Artois (launched in May 2001) continues to develop successfully, with 2Q02 sales being up 34% versus our already aggressive budget.
- Our unsupported value brand, Yantar, successfully maintained volumes, with 2Q02 sales being only 1% below plan.

The Chernigivske brand continued to grow, up 85% quarter on quarter. A market share of 12.3% was achieved versus 8.7% of the same period of last year. The Rogan and Yantar brands maintained the volumes of the second quarter 2001. New PET lines were installed at the Yantar and Rogan breweries. PET volumes grew 95%. SIL Ukraine's share in the PET segment grew, quarter on quarter, from 25.8% to 31.7%.

Successful implementation of price increases and the growth of PET volumes delivered improved beer NNS per hl, €26.91 up 4.3%, compared with the same period in 2001.

Brand	Growth in volume (2nd quarter 2002 to 2nd quarter 2001)	
	Chernigivske	+84%
	Taller	+49%

In Ukraine Net Net Sales (beer) per hl have grown as follows:

Beer Sales per hl, €

	2001	2002	
Q1	23.10	29.27	**+27%**
Q2	25.80	26.91	**+4%**

OUTLOOK

In Russia the company has lost market share in the second quarter on a year-to-year comparison. The second quarter results are disappointing and as Russia is the principal profit generator for SIL the current shortfall versus last year means that the total net income for the year will be lower than last year. As distribution of the PET and Can variants grow in the third quarter, sales volumes in Russia will improve against last year.

The improved top line growth in Ukraine will be significant but will not materially affect the net income of the company.

The company remains confident that it is pursuing the correct strategy of building strong brands supported by a sizeable investment in media and commercial activities. The focus remains on achieving the turnaround in market share in Russia plus the continued growth in Ukraine. The focus on costs will continue ensuring growth in margins and lower distribution costs, which will bring improved financial results to our shareholders.

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