



## Press-release: RG Brands 1H 2012

	1H 2012	1H 2011	Change, %
<i>tousands KZT</i>			
Revenue	15,907,366	14,344,533	11%
Gross Profit	6,428,647	4,964,315	29%
Gross Profit margin, %	40%	35%	
EBITDA	2,336,475	1,872,081	25%
EBITDA margin, %	14.7%	13.1%	
Currency translation gain/loss	396	-184,091	
Net profit/loss	1,239,803	603,932	105%
Net financial debt	12,298,846	14,959,802	-18%

- **RG Brands 2012 1<sup>st</sup> Half sales climb by 11% to TENGE 15.9bn**
- **Total 6 month Gross Profit increased by 29% to TENGE 6.4bn**
- **Gross profit margin increased from 35% to 40%**
- **Total 6 month EBITDA increased by 25% to TENGE 2.3bn**
- **RG Brands confident of achieving its financial plans, approved for 2012**

RG Brands continues to successfully execute its 3 Pillars of Growth Strategy in 2012 – New Product Development – Home Market Dominance – Territory Growth, achieving net revenue growth in first 6 months of 2012 of 11%. The first half of 2012 was in line with expectations as a result of improved sales and marketing initiatives and a focus on higher margin single serve product growth and effective price management.

The company continues to improve the efficiency of operations and actively reinvests funds, obtained through decrease in operational expenses, into the development of key company brands. Continuous innovation and development in sales and marketing programs continues to deliver consistent revenue growth and margin improvement across all categories.

The Juice category remained consistent on the strength of the company's leading brands Gracio, DaDa, NS and DaDaDay. Piala Gold Tea kept its leading share of the market and tea bag segment growth was accelerated through the launch of Piala's new teabag brand Assortea and excellent consistent growth of regular Piala Gold teabag range. Milk MOE showed consistently strong results with the launch of renewed marketing strategy and snacks brand GRIZZLY continues to deliver aggressive growth.

Focus of RG Brands on developing strong brands and being present on the most attractive markets resulted in the launch of the companies own brand water A'SU in 2010. Full year 2011 and first half 2012 ASU resulted in aggressive sales growth dynamics and are in line with expectations. ASU 1 litre pack was launched in Q1 2012 providing





RG Brands access to an additional 30% of the packaged bottled water market. Consistently good results were achieved in the CSD and Iced Tea categories, with its International Brands Pepsi, 7UP, Mirinda CSD's and Lipton Iced Tea, on the back of the successful launch of Lipton 1 litre pack in Q4 2011, and strong results from the Pepsi EURO 2012 Football promotion.

Further development of the product expansion program resulted in the launch of the first carbonated Apple fruit drink in CIS - Aport, using the legend of the famous Almaty apple Aport as a brand platform. 2012 growth trend continues to confidently confirm our expectations..

Further initiatives in the product expansion program saw the launch of the leading juice carton brand Nectar Solnechniy into PET bottle format in 500ml and 1.5 litre in line with company's intention to maximally meet customers' demands, at the same time improving economic indicators of this particular brand.

RG Brands further demonstrated its commitment and capability for strategically New Product Development by launching its new brand YETI into the rapidly growing and high margin Energy drink segment in Central Asia during the summer season. The new brand YETI utilizes current manufacturing assets and capacity delivering further scale advantages and initial launch results are exciting.

The company is already enjoying the results of its International business development program across Central Asia and Southern Russia, based on effective support of brands and local partners. Share of growth from international sales in particular Russia further contributed to RG Brands results in the first half.

Gross profit growth of 29% indicates a strong concept and good economic model, because RG Brands receives the improvement of profitability not only through implementation of scale effect, but also through improving operational efficiency and increasing the share of its higher margin products, including new product launches (A'Su , Aport, YETI).

The EBITDA result for the 6 months was 25% growth and EBITDA margin continued to increase by 1.6 points as a result of cost reduction programs, improved operating efficiency and the results of previous period's aggressive investment in Marketing and New Product Development delivering growth in higher margin products.

Based on the above-mentioned, the management of RG Brands is confident that it can deliver the main principle of its Economic Model - "sustainable profitable growth".

The company continues to implement initiatives aimed at strengthening the balance sheet, and during 1H2012 the amount of KZT1.5 bln of short-term financial obligations was refinanced with 5-year long-term facilities at substantially lower interest rates, which resulted in substantial improvement of the company's liquidity position. Net operating cash for the 1H2012 reached 1.7 bln. tenge which is 51% more than the result of the 1H2011, which enabled the company to decrease its financial obligations by approx. 1.6 billion tenge.

The momentum of sales and profitability growth combined with strengthening key balance items allows RG Brands to confirm its optimistic growth plans for 2012 and expects all key measures to improve over the next 12 months.

## Note

JSC «RG Brands» (KASE: RGBR), leading producer of juices and nectars, milk, tea, carbonated drinks and snacks in Kazakhstan. Company has portfolio of brands, including own, and international: juices – «Gracio», «DaDa» и DaDaDay, «Nectar Solnechniy». Drinks – Aport, A'SU, Lipton Ice Tea, AquaFina, Pepsi, 7up, Mirinda. Milk – «Moe». Tea – «Piala». Energy drinks – "YETI". Snacks – «Grizzly». Rating, given by Moody's international rating agency, B3/stable.

JSC "RG Brands" tools, included in trade lists of KASE, RGBRb5, RGBRb6 (without rating evaluation of first subcategory)

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