



## Press-release: RG Brands 1H 2013

	1H 2013	1H 2012	Change, %
<i>tousands KZT</i>			
Revenue	16 793 403	15 907 366	6%
Gross Profit	6 314 616	6 428 647	-2%
Gross Profit, %	38%	40%	
EBITDA	1 974 350	2 336 475	-15%
EBITDA margin, %	11,8%	14,7%	
Currency exchange gain/loss	-39 694	396	
Net profit/loss	1 059 718	1 239 803	-15%
Net financial debt	9 001 627	12 298 846	-27%

- **RG Brands 1H 2013 revenue climb by 6% to TENGE 16.8bn**
- **1H Gross Profit decreased by 2% to TENGE 6.3bn**
- **1H EBITDA result is TENGE 1.97bn**
- **12 month Net Operating Cash amounted to TENGE 1.5 bn**
- **Net financial debt decreased by 27% or for the amount of TENGE 3.3 bn.**

RG Brands continues to successfully execute its midterm development plan, achieving net revenue growth in first 6 months of 2013 of 6%. The first half of 2013 was in line with expectations as a result of improved sales and marketing initiatives and a focus on new products development in rapidly growing segments of beverages market.

The company actively reinvests accumulated funds into the development of key company brands and strengthening of sales and distribution system. This strategy continues to deliver sustainable revenue growth and improvement of profitability of the business.

Focus of RG Brands on developing strong regional brands with high growth potential resulted in the launch in 1H of 2013 of the companies own brand CITI in the Iced Tea category, as well as extended flavours with brand YETI in the energy drink segment. Sales and distribution development dynamics for Yeti and CiTi in the first half of 2013 is fully in line with the company's expectations.

The International business development program across Central Asia and Russia (Western Siberia, the Urals and the Volga region), is already becoming a significant factor in the company's business, due to active marketing campaigns and long term relationship development with local trade partners.

The decline of Gross profit by 2% and gross profit margin by 2 points is a result of increased commodity prices (in particular, on tea), as well as due to investments supporting aggressive launch of New Products. Currently, the company has already managed to optimize the commodity prices by concluding forward contracts for the second half of 2013, which in combination with the results from the new product





investments made in the first half of the year will deliver improvement in Gross profit margin in the second half of 2013.

EBITDA decline for the first six months of 2013 is tactical and connected with 'Investing for Growth'. Investments were made in strengthening of the sales and distribution capability, as well as in marketing initiatives related to the launch of new products. The effect from these investments will begin in the second half of 2013, whilst these investments are medium-term ones. Along with this, the company continues to implement cost reduction and productivity improvement programs.

Net Operating Cash results for the first half of 2013 reached 1.5 bn tenge.

RG Brands continues to implement financial initiatives aimed at strengthening its balance sheet. The Long term loan agreement for the amount of USD 40.2 mln was concluded with Asian Development Bank during the first half of 2013, aimed at refinancing of short term obligation and financing of 2013-2015 investment program. The amount of net financial debt has decreased by 1.7 bn tenge since the beginning of this year.

Based on the current situation in the capital markets, management of JSC "RG Brands" focuses on delivering of its growth through long term working capital financing facilities and diversification of its obligations by using different types and instruments of funding. Much attention is paid to minimize currency risks.

The momentum of sales and profitability growth combined with strengthening key balance items allows RG Brands to confirm its growth plans for 2013 and the company is confident it can continue to deliver its Main Economic Principle "sustainable profitable growth".

#### 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, Ice Tea – Lipton, CiTi, AquaFina, Pepsi, 7up, Mirinda. Milk – «Moe». Tea – «Piala». Energy drinks – "YETI". Snacks – «Grizzly». Rating, given by Moody's international rating agency, B2/stable.

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

