



Press-release: RG Brands JSC 1H 2014

<i>Thousands KZT</i>	<i>1H 2014</i>	<i>1 H 2013</i>	<i>Change %</i>
<b>Revenue</b>	17 994 901	16 793 403	7%
<b>Gross Profit</b>	6 950 091	6 314 616	10%
<b>Gross Profit margin, %</b>	39%	38%	3%
<b>EBIT</b>	1 927 868	1 334 489	44%
<b>EBITDA</b>	2 652 141	1 974 350	34%
<b>EBITDA margin, %</b>	14,7%	11,8%	25%
<b>Exchange rate difference</b>	-1 590 567	-39 694	
<b>Net Profit/loss</b>	-307 934	1 059 718	

- RG Brands 1H 2014 revenue climb by 7% to TENGE 18 bn
- 1H 2014 Gross Profit increased by 10% to TENGE 7 bn
- Due to the sudden TENGE devaluation on 11.02.2014, exchange rate loss amounted to TENGE 1.6 bn which resulted in net loss totaling TENGE 308 mn
- 1H 2014 Net Operating Cash amounted to KZT 245 mn

RG Brands continues to successfully execute its midterm development plan, and despite a complicated macroeconomic situation has shown positive trends on key financial and economic indicators.

Thanks to diversified brands portfolio, weighted pricing policy and successful procurement management, sudden local currency devaluation effect was compensated both by sales growth and improvement of the marginal contribution of business.

During regular marketing campaigns the Company effectively activated consumers and customers across Kazakhstan and Kyrgyzstan. The Company pursues development in neighboring territories, primarily in Russia.

As a result, in comparison with first half of last year, RG Brands net revenue resulted in TENGE 18 bn +7%, gross profit amounted to TENGE 7bn +10%; EBITDA resulted in TENGE 2.7 bn + 34%.

Due to sudden devaluation on February 11<sup>th</sup> this year foreign exchange loss amounted to TENGE 1.6 bn which resulted in net loss totaling TENGE 308 mn. While EBIT increased by 44% and accounted for TENGE 1.9 bn.





The company pays great attention to effective management of working capital and as a result plans 8-10% growth of net operating cash in 2014 compared with last year. Net cash, received from operating activities for first half of 1H 2014 reached TENGE 245 mln.

Based on the current situation in the capital market, RG Brands management continues its focus on delivering its growth through long-term working capital financing and diversification of its obligations by using different types and tools of funding. Much attention is paid to minimize currency risks. In the structure of borrowings, share in TENGE is a majority of 60% and foreign currency accounts for 40%. It should be noted that 70% of obligations are long term with 5-7 years maturity with optimum funding cost.

Due to stable business model and access to long-term low cost funding, RG Brands is confident it can deliver positive trends of financial and economic activities of 2014.

#### Note

RG Brands JSC (KASE: RGBR), leading producer of juices and nectars, juice drinks, UHT milk, packaged and bagged tea, water, carbonated and energized drinks and snacks in Kazakhstan.

The company has a diversified brands portfolio, including own and international juices: natural juices – “Gracio”, “DaDa” и DaDaDay, “Nectar Solnechniy”; water – A’SU; Ice Tea - Lipton IceTea, CiTi; carbonated drinks - Pepsi, 7up, Mirinda; Milk – “Moe”; Tea – “Piala”, “Assortea”; Energy drink – “YETI”; Snacks – “Grizzly”.

Rating, given by Moody’s international agency is B2/stable.

"RG Brands" JSC tools are included into trade lists KASE RGBRb6, RGBRb7.

