



Press-release: RG Brands 1Q 2014

<i>thousands KZT</i>	1Q 2014	1Q 2013	Change, %
Revenue	7 524 934	7 202 955	4%
GrossProfit	2 694 708	2 655 117	1%
EBIT	760 954	697 602	9%
EBITDA	1 099 202	995 765	10%
EBITDA margin, %	14,6%	13,8%	6%
Currencytranslationgain/loss	-1 604 620	85 050	
Netprofit/loss	-1 168 430	589 645	

- RG Brands Q1 2014 revenue climb by 4% to TENGE 7.5 bn
- Q1 2014 Gross Profit increased by 1% to TENGE 2.7 bn
- Q1 EBIT result grew by 9%
- Q1 EBITDA result grew by 10% to TENGE 1.1bn
- Due to the sudden TENGE devaluation on February 11th, 2014, negative exchange rate amounted to TENGE 1.6 bn resulting in Net Loss 1.2bn
- Net Operating Cash for Q1 is TENGE 175 mn

RG Brands continues to successfully execute its midterm development plan and, as a result of Q1 2014, the company has shown positive trends on key financial and economic indicators compared to prior year. Net revenue growth of RG Brands reached TENGE 7.5 bn and grew by 4%, gross profit amounted to TENGE 2.7 bn, EBITDA reached TENGE 1.1 bn and increased by 10% versus 1Q 2013.

After KZT devaluation in February of this year, the company's management promptly took a number of anti-crisis measures revising its annual operational plan. RG Brands adjusted its revenue and expenses plan, took decisions on optimization of expenses and increase of investment efficiency in its sales and distribution system and marketing activities.

Despite the 20% devaluation, negative exchange rate and rise in the cost of imported raw materials, the company took a decision not to immediately increase prices in the current period and conduct planned gradual increase of prices by 4-8% in several stages till the end of the year.

Main objectives of these tactical measures are the strengthening of consumer brand loyalty, and attraction of new consumers resulting in gaining additional market share and sales volumes.





RG Brands continues to actively reinvest funds into development of key brands and strengthening of its sales and distribution system. In the first and second quarters of 2014, the company will conduct efficient marketing campaigns aimed at supporting customers and exciting consumers. This gives confidence of a continuing positive trend in the first half of 2014.

The International business development program across Central Asia and Russia (Western Siberia, the Urals, and the Volga Region) is a key driver of growth for RG Brands business, due to active marketing campaigns and long term relationship development with local trade partners. The company will enter new territories in the Western Siberia region: Novokuznetsk, Kemerevo, and Barnaul during the first half of 2014.

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 2013. Net cash, received from operating activities for three months of 2014 reached TENGE 175 mn.

Based on the current situation in the capital markets, management of JSC "RG Brands" focus on delivery 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.

In the structure of borrowings, share in TENGE is overwhelming accounting for 60%, in EUR it accounts for 40%. It should be pointed out that 70% of liabilities are long-term with 5-7 years maturity with optimum funding cost.

Due to the brand portfolio management approach, strong balance sheet, low cost of funding, and stable business model, the negative impact of devaluation have been mitigated.

RG Brands is confident it can deliver positive trends in financial and economic activities of 2014 and in performance of key indicators shown in its midterm development strategy.

Note

JSC «RG Brands» (KASE: RGBR), leading producer of juices and nectars, milk, tea, carbonated drinks and snacks in Kazakhstan.

Company has diversified portfolio of brands, including own, and international: juices – “Gracio”, “DaDa” и “DaDaDay”, “Nectar Solnechniy”. Water – “A’SU”; Iced Tea – “Lipton Iced Tea”, “Citi”; carbonated soft drinks – “Pepsi”, “7UP”, “Mirinda”; Milk – “Moe”; Tea – “Piala”; Energy drink – “Yeti”; snacks – “Grizzly”.

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

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

