Interbrew

THE WORLD'S LOCAL BREWER©

Press Release

Interbrew realized solid organic growth of volumes and operating profit in 2003

Brussels, 3rd March 2004

Highlights

- Organic EBITDA growth +7.2%, organic EBIT growth +11.1%, driven by organic volume growth +6.3% and organic net turnover growth +6.5%
- Strong global brand performance, led by Stella Artois® with + 8.1% volume growth worldwide and by Beck's®, with +5.7% volume growth worldwide
- Market-share gains in most markets
- Proposed dividend: 0.36 euro per share, up +9.1% from 2002, reflecting a solid 2003 performance and illustrating Interbrew's confidence in the future

Interbrew's CEO, John Brock, commented, "Interbrew's commitment in 2003 was to focus on and drive operational performance. With organic volume growth three times the industry average, and share up in most markets in which it competes, Interbrew has delivered on that commitment, and looks forward to a successful 2004."

Million euro	**Audited consolidated key figures**		**Overall variance % △**	**Organic growth(1) % △**
	2003	**2002**		
Net turnover	7,044	6,992	+0.7%	6.5%
EBITDA(2)	1,498	1,394	+7.5%	7.2%
EBIT(2)	839	728	+15.2%	11.1%
Net profit from ordinary activities(2)	505	467	+8.1%	
Cash flow from operating activities	1,151	1,045	+10.1%	
Euro				
EPS pre-restructuring	1.45	1.51	-4.0%	
EPS post-restructuring	1.45	1.33	+9.0%	
Proposed dividend	0.36	0.33	+9.1%	

(1) Based on 2002 figures, pre-restructuring.
(2) 2002 figures include restructuring charges of 92m euro on EBITDA, 108m euro on EBIT, and 78m euro on net profit from ordinary activities.

Operating review

Organic growth figures reflect the growth adjusted for acquisitions and divestitures, and for the impact of currency movements.

1) Acquisitions

- K.K. Group
- Apatin
- Gilde® included as of 30th December 2002 (no balance sheet impact)

2) Divestitures

- Heineken UK contract: year-on-year changes excluded

3) Currency movements

- The reported translation impact from currencies on net after tax profit in 2003 amounted to -63m euro; on operating profit it amounted to -75m euro. The main currencies with negative translation impact on net turnover were the pound sterling (-132m euro), the U.S. dollar (-132m euro), the Russian ruble (-79m euro), the Canadian dollar (-98m euro) and the Korean won (-67m euro).

Performance by Zone

Western Europe
Due to the combination of strong brands and good summer weather in Western Europe, Interbrew realized organic volume growth of +3.4%. The company also delivered EBITDA of +7.6%, and EBIT of +13.2%, illustrating the positive effects of top-line growth, combined with cost containment. Interbrew's profit and market-share growth was driven, in part, by strong mainstream brands such as Jupiler® in Belgium, whose volume growth of +2.0% ensured the company's market leadership, and Hasseröder® in Germany.

The Beck's® family of brands grew by +11.5% in Germany, aided by the performance of Beck's Gold®, which was voted the country's number one new brand in 2003. Beck's ® is positioned as a premium brand in its home market, and, despite the impact of the deposit law enacted last year, it remains one of the fastest-growing brands, contributing to the 30 basis-point increase in Interbrew's share of the German market.

Stella Artois® continued its strong performance in the UK premium segment, with volume growth of +12.1%. The growth of the brand contributed to the market share increase of +2.7%, up to 19.3%. Castlemaine XXXX® achieved its target of 50% replacement of lost Heineken Cold Filtered volumes and contributed 1.5% to Interbrew's market-share growth. In Scotland, Tennent's consolidated its leadership position, growing its market share to 42.3%.

Central and Eastern Europe
The performance in this zone was outstanding, with organic volume growth up +20.8%, organic net turnover up +31.1%, and organic EBITDA and EBIT up +33.3% and +62.7%, respectively. Growth was driven in both regions by initiatives such as the introduction of new packaging and brand extensions, which contributed 4.5m hectoliters of additional volumes. Interbrew's exclusive, barrier-enhanced, monolayer, PET packaging—Q Pack® in Central Europe and Pivopak® in Eastern Europe—contributed 900,000 hectoliters to these additional volumes. Interbrew's organic profit performance is a combination of effective cost management and the significant turnaround of business in this zone.

In the past, the effect of currency translation in Russia was embedded in Interbrew's organic growth figures. The country has moved to being a ruble-reporting country and the translational currency effect of -15m euro at the EBITDA level, and -6m euro at the EBIT level is now excluded from the company's organic growth figures.

In Central Europe, volume growth was up +12.3%. Kamenitza®, which became the leading brand in Bulgaria, was up +59.5%, and Bergenbier®, up +31.0%, became the leading brand in Romania. In the Czech Republic, Staropramen® was up +6.8%.

In Eastern Europe, Interbrew grew volume by +26.2%. The premium brand in Russia, Sibirskaya Korona®, was up +50.3%, while the core brand, Klinskoe®, was up +13.5%; both brands are now being sold in Pivopak®. Overall, beer packaged in Pivopak® now represents 7.2% of Interbrew's total volume sold in the country. Stella Artois® grew by +114%, and Staropramen® by +46.1%. Market share in Russia reached a record level of 14.5% in 2003, confirming that Interbrew's business has more than regained its lost market share.

In Ukraine, Interbrew strengthened its market leadership position, led by the growth of Chernigivske®, up +44%. Three years ago, Chernigivske® had only a 7.5% market share; in 2003 it reached a 16.8% market share, and during this three-year period it added to its base an average of nearly 500,000 hectoliters per year.

The Americas
Volume was down by -0.6%, while net turnover growth was +2.7%, EBITDA -2.2%, and EBIT -4.4%.

The decline in volume is due to a combination of the weak performance of certain brands and the slowing growth rate of the import segment in the U.S. Profitability overall was also impacted by the strike at the Montreal brewery during the summer, which cost Interbrew 16m euro, post tax.

In Canada, Interbrew was able to maintain its market share despite the strike. Market dynamics continue to favor the premium segment, where Interbrew has a strong representation, realizing an organic volume growth of +30.7%.

Overall, for Interbrew's business in the U.S., shipments were down -4.7%, while depletions were down by -1.1%. This difference is explained by wholesalers' destocking which occurred extensively in 2003.

Two special situations in the U.S. developed for Interbrew last year. In July, the company took ownership of Bass® Ale, and as a result, Interbrew views the second half of the year as a period of transition. Interbrew looks forward to a better performance in 2004 when the company will have control of the brand for the full year. In 2003, Bass® experienced a decline in depletions of -14.2%.

For Beck's®, as for Bass®, 2003 can also be considered a transitional year: a new management structure was put in place and the brand was repositioned, through the launch of the "Life Beckons" advertising campaign. Beck's® depletions were down -7.9%, slowly recovering from the double-digit decline in 2002.

Excluding these two brands, Interbrew's U.S. import depletions were up +3%. Since depletion is a measure of actual consumer demand, and excludes the impact of wholesaler stock levels, Interbrew anticipates a more positive growth trend for its portfolio in the future.

Asia Pacific

Volume decreased by -2.3%, due to the -3.4% decline of the South Korean market, but net turnover was up +2.3%. EBITDA and EBIT increased by +5.4% and +26.1%, respectively.

In South Korea, market share has stabilized since the relaunch of OB®, and the +6% price increase taken in February of 2003 has led to margin improvement. The relaunch in April introduced a completely new go-to-market approach, followed by the introduction of Q Pack®, the first instance of barrier-enhanced, monolayer, PET packaging in the Asia-Pacific region. Q Pack®'s impact on OB®'s volume growth is already being felt.

The contribution of China to this region will increase in 2004, but in 2003 it still played a minor role, with positive impact on volume and EBIT from the inclusion of K.K. Group.

Segment information

Million hectoliters	Dec 2002	Restructuring Charges	Organic Growth	Acquisitions/ Divestitures	Currency Translation	Dec 2003
Volumes						
Carling	1.1	0.0	0.0	-1.1	0.0	0.0
Western Europe	35.1	0.0	1.2	3.9	0.0	40.2
Western Europe (including Carling)	36.2	0.0	1.2	2.8	0.0	40.2
Central & Eastern Europe	23.1	0.0	4.8	0.5	0.0	28.4
Americas	16.8	0.0	-0.1	0.1	0.0	16.8
Asia Pacific	8.5	0.0	-0.2	2.0	0.0	10.3
Export & Holdings	2.3	0.0	-0.2	0.1	0.0	2.2
Worldwide	**86.9**	**0.0**	**5.5**	**5.5**	**0.0**	**97.9**
Million euro						
Net Turnover						
Carling	83	0	0	-83	0	0
Western Europe	3,345	0	141	169	-132	3,523
Western Europe (including Carling)	3,428	0	141	86	-132	3,523
Central & Eastern Europe	859	0	267	14	-118	1,022
Americas	2,014	0	54	11	-230	1,849
Asia Pacific	522	0	12	31	-69	496
Export & Holdings	169	0	-23	7	1	154
Worldwide	**6,992**	**0**	**451**	**149**	**-548**	**7,044**
EBITDA						
Carling	4	0	0	-4	0	0
Western Europe	539	92	48	25	-19	685
Western Europe (including Carling)	543	92	48	21	-19	685
Central & Eastern Europe	189	0	63	6	-26	232
Americas	459	0	-10	-10	-52	387
Asia Pacific	149	0	8	9	-21	145
Export & Holdings	54	0	-2	-4	1	49
Worldwide	**1,394**	**92**	**107**	**22**	**-117**	**1,498**
EBIT						
Carling	-9	0	0	9	0	0
Western Europe	218	108	43	-21	-14	334
Western Europe (including Carling)	209	108	43	-12	-14	334
Central & Eastern Europe	75	0	47	2	-11	113
Americas	340	0	-15	-14	-39	272
Asia Pacific	65	0	17	5	-11	76
Export & Holdings	39	0	1	4	0	44
Worldwide	**728**	**108**	**93**	**-15**	**-75**	**839**

Financials

Interbrew's cash flow and balance sheet remain strong. Cash flow from operating activities was 1,151m euro (2002: 1,045m euro). At 595m euro, net CAPEX 2003 also takes into account the acquisition of the Bass® rights in the US (approximately 90m euro). For 2004, we expect net CAPEX of slightly more than 600m euro. Net financial debt was 2,434m euro (2002: 2,583m euro) and cash-interest cover was 7.6 times. Return on Invested Capital (ROIC), after tax, was 10.6%, versus 10.2% in 2002.

Outlook

Interbrew successfully delivered organic volume and turnover growth in 2003 which led to strong organic profitability growth. Given the quality of its people and its brands, Interbrew believes that it will continue to deliver organic profitability growth in 2004.

Shareholders' agenda

Conference call
The conference call concerning these results is organized for Thursday, 4 March, at 3:00 p.m. Central European Time. The dial-in number is +44 (0)129 648 0100 with pin code C356197. The dial-in number for the replay for one week is +44 (0)129 661 8700 with entry code 564657.

Annual Report 2003
The full Annual Report 2003 and the Statistical Review 1996-2003 will be available on www.interbrew.com as of 30 March 2004. Printed copies of the Annual Report will be available as of 12 April 2004.

Financial calendar

- General Shareholders Meeting: 27 April 2004
- Payment of proposed dividend: 28 April 2004
- Pre-closed Period Statement: 25 June 2004
- Half-year results: 9 September 2004
- Nine-month trading update: 26 October 2004
- 2004 results: 2 March 2005

Interbrew - *The World's Local Brewer©*

Interbrew is a publicly traded company (INTB – Euronext) based in Belgium. The company's origins date back to 1366, and today it is one of the leading global brewers. Interbrew's strategy is to strengthen its local platforms by building significant positions in the world's major beer markets through organic growth, world-class efficiency, targeted acquisitions, and by putting its consumers first. Interbrew has a portfolio of more than 200 brands, including Beck's®, Stella Artois®, Leffe®, Hoegaarden®, Staropramen® and Bass® Ale. It employs nearly 50,000 people, and runs operations in 21 countries across the Americas, Europe and Asia Pacific. In 2003, the company realized a net turnover of more than 7 billion euro.

Visit us on our website www.interbrew.com for more information.

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Audited Consolidated Income Statement

For the year ended 31 December Million euro (except per share figures)	2003	2002
Net turnover	**7,044**	**6,992**
Cost of sales	(3,385)	(3,418)
Gross Profit	**3,659**	**3,574**
Distribution expenses	(778)	(758)
Sales and marketing expenses	(1,377)	(1,317)
Administrative expenses	(615)	(593)
Other operating income/expenses	(50)	(70)
Profit from operations, pre restructuring charges	**839**	**836**
Restructuring charges	-	(108)
Profit from operations	**839**	**728**
Net financing costs	(131)	(134)
Income from associates	35	71
Profit before tax	**743**	**665**
Income tax expense	(185)	(162)
Profit after tax	**558**	**503**
Minority interests	(53)	(36)
Net profit from ordinary activities	**505**	**467**
Extraordinary items	-	-
Net profit	**505**	**467**
Weighted average number of ordinary shares (million shares)	432	431
Fully diluted weighted average number of ordinary shares (million shares)	434	435
Year-end number of ordinary shares (million shares)	432	432
Basic earnings per share	1.17	1.08
Diluted earnings per share	1.16	1.07
Earnings per share before goodwill and restructuring	1.45	1.51
Diluted earnings per share before goodwill and restructuring	1.44	1.50
Earnings per share before goodwill and after restructuring	1.45	1.33

Audited Consolidated Statement of Recognised Gains and Losses

For the year ended 31 December Million euro	2003	2002
Foreign exchange translation differences	(342)	(431)
Cash flow hedges:		
Effective portion of changes in fair value	10	6
Transferred to the income statement	(8)	(6)
Other items recognised directly in equity	-	(1)
Net profit recognised directly in equity	**(340)**	**(432)**
Net profit	505	467
Total recognised gains	**165**	**35**
Effect of changes in accounting policy	**-**	**(32)**

Audited Consolidated Balance Sheet

As at 31 December Million euro	2003	2002
ASSETS		
Non-current assets		
Property, plant and equipment	3,342	3,512
Goodwill	3,744	3,658
Intangible assets other than goodwill	228	133
Interest-bearing loans granted	9	10
Investments in associates	443	625
Investment securities	247	277
Deferred tax assets	169	199
Employee benefits	31	32
Long-term receivables	324	345
	8,537	**8,791**
Current assets		
Interest-bearing loans granted	2	1
Investment securities	-	31
Inventories	460	444
Income tax receivable	30	92
Trade and other receivables	1,509	1,572
Cash and cash equivalents	445	215
	2,446	**2,355**
Total assets	**10,983**	**11,146**
EQUITY AND LIABILITIES		
Capital and reserves		
Issued capital	333	333
Share premium	3,215	3,212
Reserves	(232)	108
Retained earnings	1,404	1,041
	4,720	**4,694**
Minority interests	**410**	**463**
Non-current liabilities		
Interest-bearing loans and borrowings	2,200	1,433
Employee benefits	300	329
Trade and other payables	40	45
Provisions	200	252
Deferred tax liabilities	251	242
	2,991	**2,301**
Current liabilities		
Bank overdrafts	85	122
Interest-bearing loans and borrowings	612	1,320
Income tax payables	122	224
Trade and other payables	1,956	1,940
Provisions	87	82
	2,862	**3,688**
Total liabilities	**10,983**	**11,146**

Audited Consolidated Cash Flow Statement

For the year ended 31 December Million euro	2003	2002
OPERATING ACTIVITIES		
Net profit from ordinary activities	505	467
Depreciation	504	504
Amortisation and impairment of goodwill	120	106
Amortisation of intangible assets	37	31
Impairment losses (other than goodwill)	(1)	27
Write-offs on non-current and current assets	1	-
Unrealised foreign exchange losses/(gains)	26	15
Net interest (income)/expense	107	116
Net investment (income)/expense	(5)	(1)
Loss/(gain) on sale of plant and equipment	(19)	(13)
Loss/(gain) on sale of intangible assets	-	(2)
Income tax expense	185	162
Income from associates	(35)	(71)
Minority interests	53	36
Profit from operations before changes in working capital and provisions	**1,478**	**1,377**
Decrease/(increase) in trade and other receivables	-	88
Decrease/(increase) in inventories	(25)	(30)
Increase/(decrease) in trade and other payables	-	(243)
Increase/(decrease) in provisions	(96)	33
Cash generated from operations	**1,357**	**1,225**
Interest paid	(139)	(145)
Interest received	33	31
Dividends received	58	25
Income tax (paid)/received	(158)	(91)
CASH FLOW FROM OPERATING ACTIVITIES	**1,151**	**1,045**
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	83	84
Proceeds from sale of intangible assets	3	13
Proceeds from sale of investments	100	159
Repayments of loans granted	7	21
Sale of subsidiaries, net of cash disposed of	-	1,846
Acquisition of subsidiaries, net of cash acquired	(383)	(2,300)
Acquisition of property, plant and equipment	(544)	(515)
Acquisition of intangible assets	(137)	(92)
Acquisition of other investments	(62)	(181)
Payments of loans granted	(6)	(1)
CASH FLOW FROM INVESTING ACTIVITIES	**(939)**	**(966)**
FINANCING ACTIVITIES		
Proceeds from the issue of share capital	7	3
Proceeds from borrowings	6,228	5,680
Repayment of borrowings	(5,985)	(5,864)
Payment of finance lease liabilities	(9)	(7)
Dividends paid	(168)	(142)
CASH FLOW FROM FINANCING ACTIVITIES	**73**	**(330)**
Net increase/(decrease) in cash and cash equivalents	**285**	**(251)**
Cash and cash equivalents less bank overdrafts at beginning of year	93	349
Effect of exchange rate fluctuations on cash held	(18)	(5)
Cash and cash equivalents less bank overdrafts at end of year	**360**	**93**