Hungary

Very competitive market with 3 big players

- Soproni Sörgyár
- Brau Hungaria
- Amstel Sörgyár
- Heineken
- Dreher Sörgyárak
- SAB
- Martfűi Sörgyár
- Brau Hungaria
- Pécsi Serfőzde
- Ottakringer

Territory: 93 th sqkm
Population: 10 million

Interbrew - from regional to national player
Hungarian economy

Exchange rate (HUF/€)

Inflation rate (CPI)

Real income growth (%)

Excise duty

1998 1999 2000 2001 2002 2003 2004

HUF/hl  €/hl
Hungarian Beer Market Evolution

Beer Market

Total volume

Litres / capita

Channel evolution

Packaging mix

Interbrew

The World's Local Brewer®
Superior, Consistent Growth

**NNS**

- **CAGR: 20.6%**

**EBIT**

- **CAGR: 29.5%**
Focused brand portfolio

Total Market Segmentation

Competition
- SAB: Dreher, Pilsner Urquell, Tuborg, Hofbrau
- Heineken: Heineken, Amstel, Gösser, Kaiser, Steffl, Zipfer

SAB: Arany Ászok
- Heineken: Soproni Ászok
- Pécs: Szalon

Interbrew
- Stella Artois (1998)
- Beck’s (2004)
- Borsodi Sör

2000
- Price: 15%
- Core: 59%
- Premium: 26%

2003
- Price: 21%
- Core: 56%
- Premium: 23%
Borsodi Sör - regional rural brand → nationwide respected brand

First in NRW bottle
First in can
First in big bottle
First in PET

Line extension:
First non alcoholic, first amber beer and first strong core

Borsodi family MS in CORE segment

Awareness
Liking

Interbrew

World's Local Brewer®
Global superpremium brands

Launch Stella Artois in 1998
Stella Artois N.A. in 2001
Beck’s in 2003, brewing in Hungary 2004
Stella Artois in embossed bottle & Q-pack in 2004

ITW MS in PREMIUM segment
Long term partnership program

Wholesalers in the past:
- Loss maker
- Basic distributor only
- Weak knowledge
- Competing with each and other

DIEX
- Help the partner:
  - Improve profitability with increasing sales volume
  - Best practice sharing
  - Develop special integrated IT system
  - COSERV - creating purchasing association

Wholesaler after DIEX
- Profitable
- Professional

Number of WHS (pcs)

Volume of WHS (thHL)

HL/WHS (thHL)
Cost saving and effectiveness

Cost savings

Overall productivity

- Heat
- Losses
- Electricity
- Water


0 0,5 1 1,5 2 2,5 3 3,5


thhl/employee
Key challenges in Hungary

- EU accession
  - New competitors with cheap products
  - Environmental law
- Three strong players on the beer market
- Unforeseen quick changes in macroeconomy (inflation / devaluation/taxation)
- Modern retail expansion
- More expensive labour costs / energy costs