



## Full Year 2009 Earnings Call

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9 April 2010

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These factors include:

- changes in political, social, legal or economic conditions in Russia generally, or in the regions of Russia in which the Company operates, including changes in levels of consumer spending and demand for some or all of its products;
- changes in consumer preferences and tastes, demographic trends or perceptions about health related issues;
- increased competitive product and pricing pressures and unanticipated actions by competitors that could impact the Company’s market share, increase expenses and hinder growth potential;
- the ability to complete business combinations, partnerships, acquisitions or disposals, existing or future, and to achieve integration, expected synergies and/or costs savings;
- levels of marketing, promotional and innovation expenditure by the Company and its competitors;
- the Company’s ability to protect its intellectual property rights;
- increasing recognition in Russia of product liability and personal injury torts;
- legal and regulatory developments and changes in the policies of the government of the Russian Federation, including regional authorities, including regulatory developments or policy changes regarding consumption of or advertising for spirits, or taxation;
- changes in the cost of raw materials and labor costs;
- renewal of distribution rights and contracts on favorable terms when they expire;
- technological developments that may affect the distribution of products;
- changes in financial and equity markets, including significant interest rate and foreign currency exchange rate fluctuations, which may affect the Company’s access to or increase the cost of financing or which may affect the Company’s financial results;
- changes in accounting standards, policies or practices;
- availability of qualified personnel, including accounting personnel; and
- ability to identify other risks relating to the Company’s business and manage the risks associated with the aforementioned factors.

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# Financial Highlights: sustainable growth on the volatile market

## Financial Highlights FY 2009

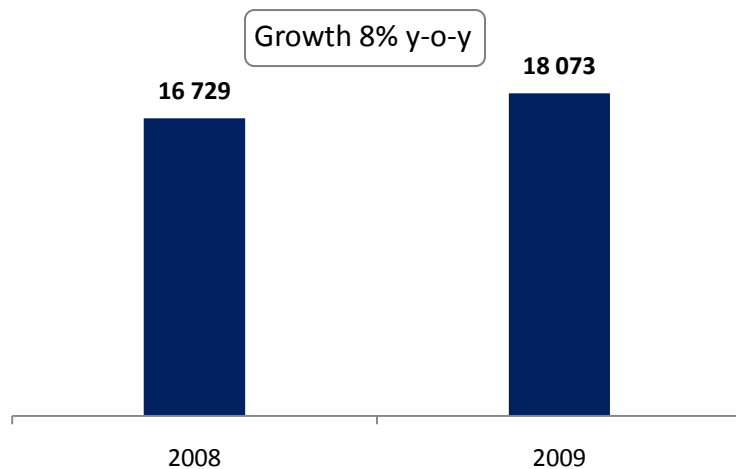
- ▶ 8% Y-o-Y increase organic growth in consolidated revenue
- ▶ 17% Y-o-Y increase in EBITDA
- ▶ EBITDA margin improved to 16% from 15%
- ▶ 17% Y-o-Y increase in operating profit

## Key Company Events in 2009

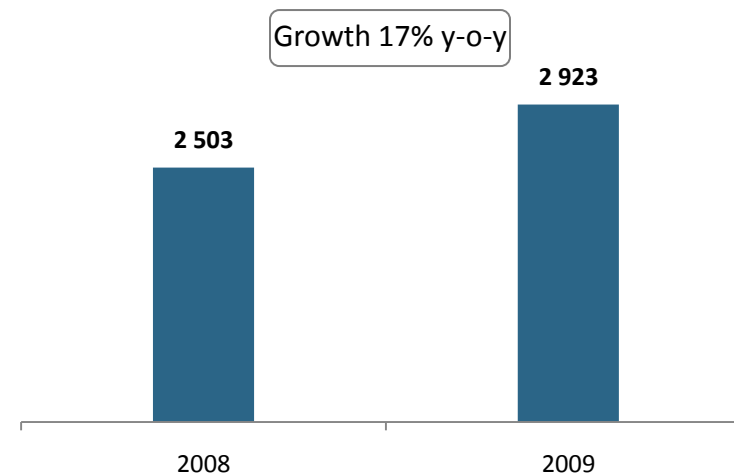
- ▶ October 2009: SPO with following new shares issue of 4.6 million shares increased free float to 34%
- ▶ New distribution strategy implementation with the focus on organic growth and prioritization of 3 key brands: Beluga, Myagkov and Belenkaya
- ▶ Market share increased to 12% in value from 10% reported in 2008
- ▶ Expansion of export geography for Beluga, distribution expanded to 21 countries of the world
- ▶ September 2009: Introduction of new federal brandy brand Zolotoy Rezerv opens new opportunities on the second largest spirits market in Russia
- ▶ December 2009: Food and land assets of Synergy placed in a separate legal entity

# Stable financial performance in volatile market environment

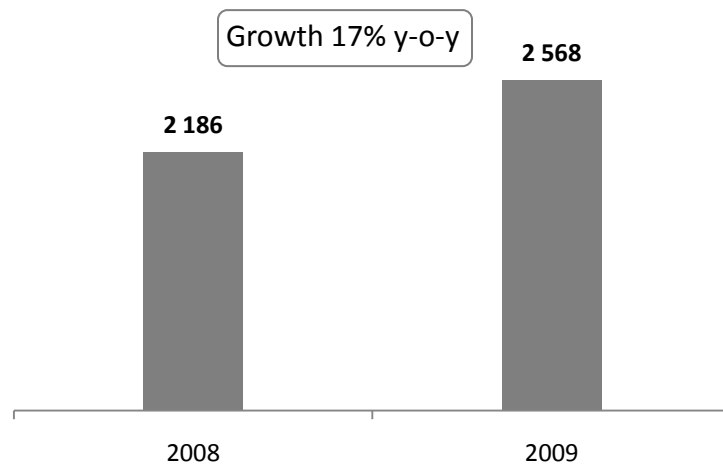
Revenue, million RUB



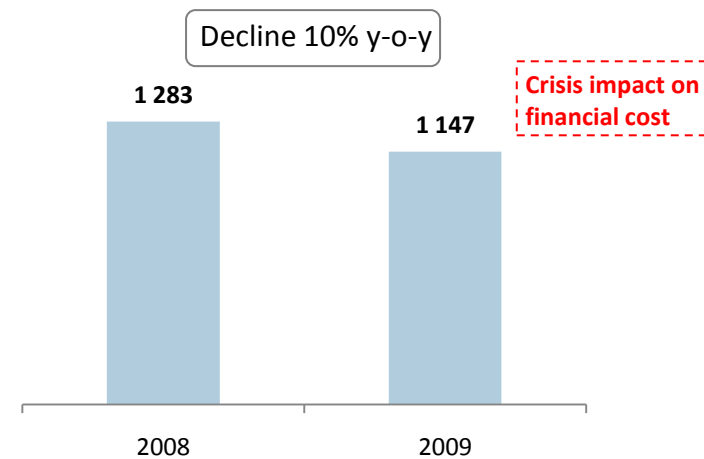
EBITDA, million RUB



Operating Profit, million RUB



Net Profit, million RUB



Note(\*) r stands for interest rate of financing

# INCOME STATEMENT

## Summary income statement

RUB million	2009	2008	Y-o-Y, %
<b>Revenue</b>	<b>18 073</b>	<b>16 729</b>	<b>+8%</b>
COGS	(11 872)	(10 755)	+11%
<b>Gross Profit</b>	<b>6 201</b>	<b>5 974</b>	<b>+3%</b>
<i>Gross margin</i>	34%	36%	-2pp
G&A expenses	(1 072)	(1 368)	-22%
Selling expenses	(2 381)	(2 755)	-14%
Other income /expenses	(180)	336	
<b>Operating income</b>	<b>2 568</b>	<b>2 186</b>	<b>+17%</b>
<i>Operating margin</i>	14%	13%	+1pp
Net financial costs	(1 168)	(647)	+80%
<b>EBT</b>	<b>1 401</b>	<b>1 540</b>	<b>-9%</b>
Income tax	(253)	(257)	-1%
<b>Net income</b>	<b>1 147</b>	<b>1 283</b>	<b>-10%</b>
<i>Net margin</i>	6%	8%	-2pp
<i>Attributable to shareholders</i>	1 068	1 225	-13%
<b>Basic earnings per share, RUB</b>	<b>75.64</b>	<b>85.51</b>	<b>-11%</b>

# BALANCE SHEET HIGHLIGHTS

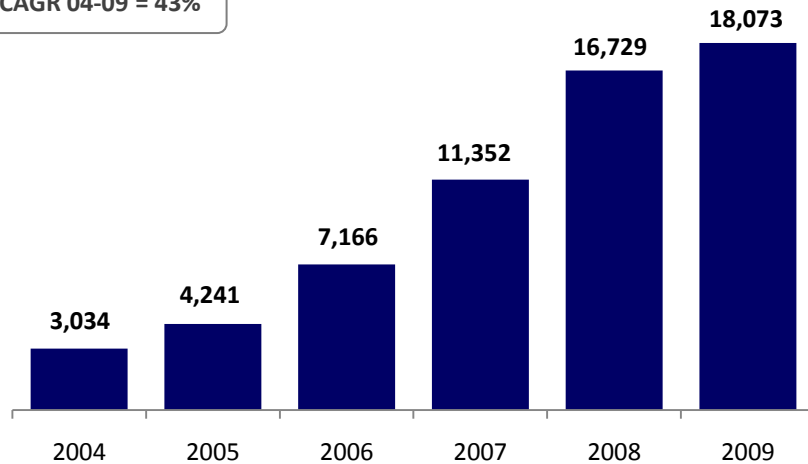
RUB million	2009		2008
Long-term debt	2 517	42%	965 14%
Short-term debt	3 601	58%	6 146 86%
Total equity and reserves	10 394		8 312
Total capital (Long-term debt + Total Equity)	12 965		9 277
Total financial debt	6 173		7 111
Net financial debt/Equity	0.52		0.74
Net financial debt/Total capital	0.42		0.67
Net financial debt/EBITDA	1.86		2.47

\* - includes Loans and borrowing , Bond issue with deduction of Cash and cash equivalents

# Historical financial performance

## Revenue dynamics, mln RUB

CAGR 04-09 = 43%

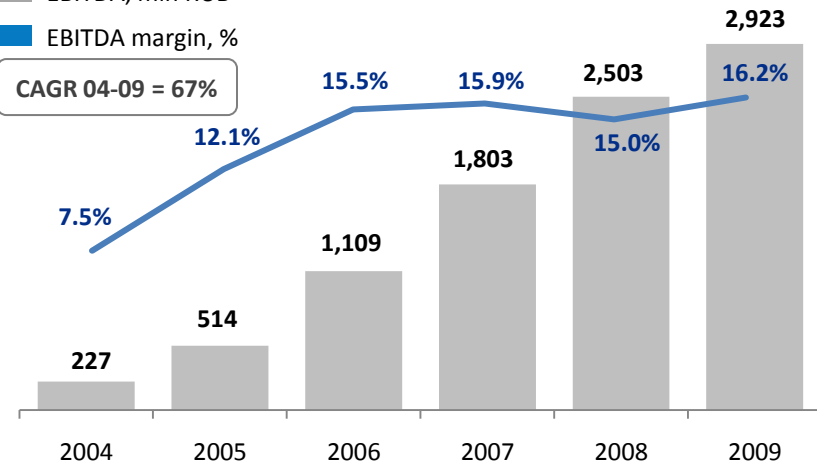


## EBITDA and EBITDA Margin dynamics

EBITDA, mln RUB

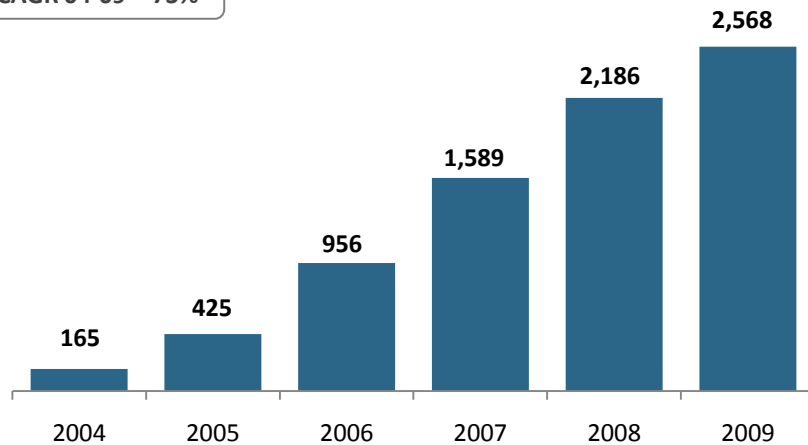
EBITDA margin, %

CAGR 04-09 = 67%



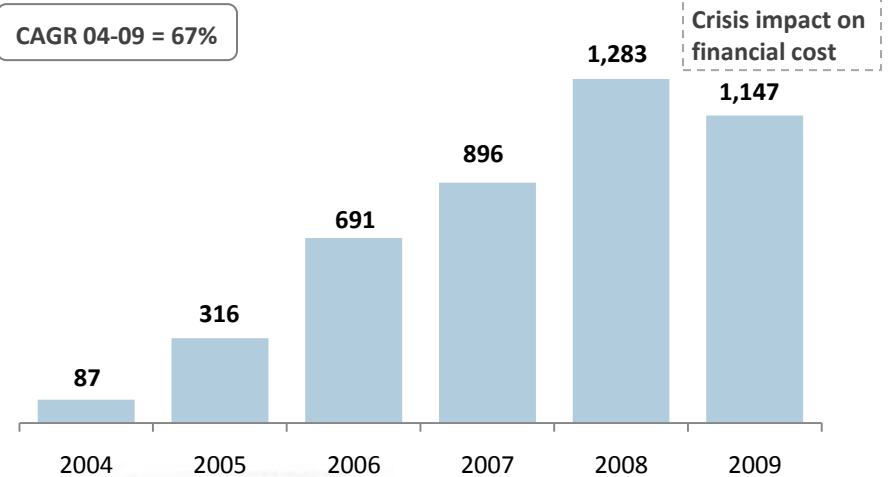
## Operating Income dynamics, mln RUB

CAGR 04-09 = 73%



## Net Income dynamics, mln RUB

CAGR 04-09 = 67%



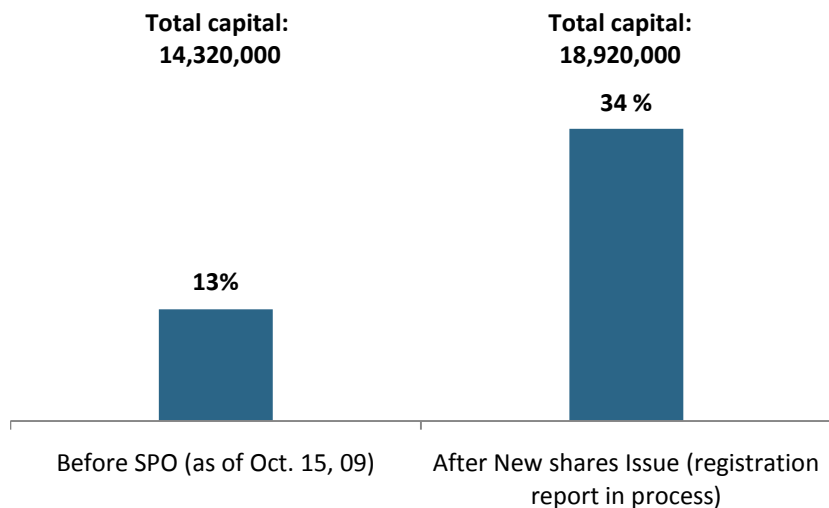
## Reconciliation of the consolidated EBITDA to consolidated net income

<b>RUB million</b>	<b>As of 31 Dec. 2009</b>	<b>As of 31 Dec. 2008</b>
Profit for the period	1 147	1 283
Income tax	253	254
Net financial costs	1 168	647
Depreciation and amortization	355	317
<b>EBITDA</b>	<b>2 923</b>	<b>2 503</b>

# 2009 Company Key Events

# In October 2009 Synergy held secondary public offering with the following issue of new shares

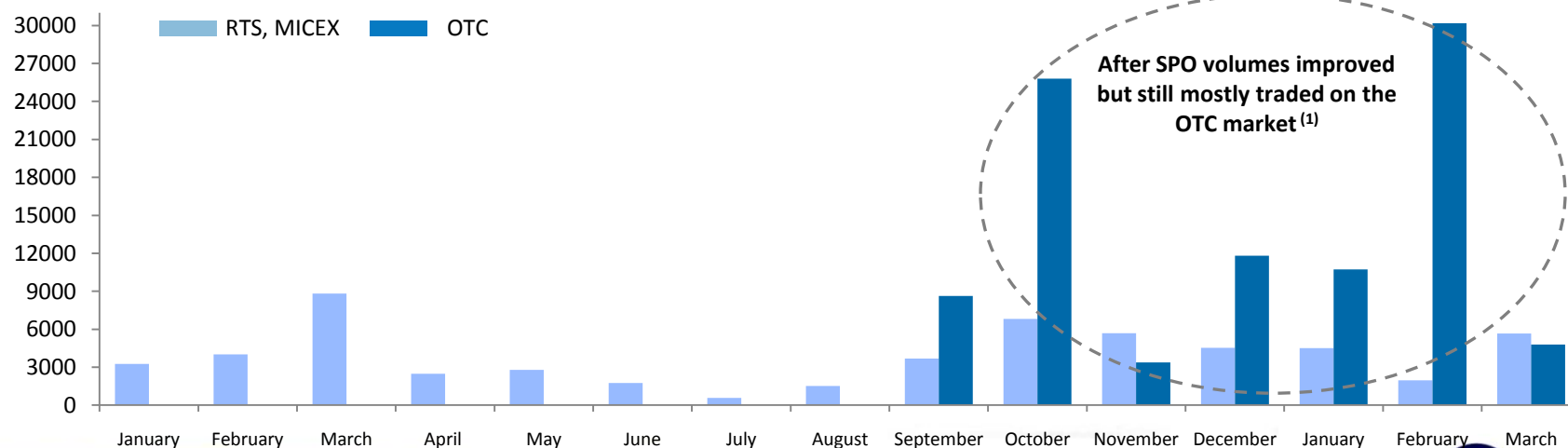
## Change in Free float



## Secondary Public Offering Summary

Comprises	<ul style="list-style-type: none"> <li>4 000 000 shares</li> </ul>
Initial Price Range	<ul style="list-style-type: none"> <li>20 US\$ per share</li> </ul>
Date	<ul style="list-style-type: none"> <li>15 October 2009</li> </ul>
Total Offer Size	<ul style="list-style-type: none"> <li>\$80 US million</li> </ul>
Use of the Proceeds	<ul style="list-style-type: none"> <li>immediate debt repayment</li> <li>development of operating business</li> <li>cash reserve for debt repayment</li> </ul>
Additional proceeds from realization of preemptive rights by minorities	<ul style="list-style-type: none"> <li>\$ 10 US million</li> </ul>

## Average daily trading volumes dynamics 2009-2010



# Strategic direction



# Marketing and distribution development strategy

## Recent developments

- ▶ Focus on top priority brands characterized by large volumes and high margins: “BELUGA”, “Myagkov” and “Belenkaya”
- ▶ Focus on Trade Marketing - the most effective way to stimulate sales growth
- ▶ Significant distribution staff increase: merchandisers, dedicated sales teams, regional trade representatives, etc. The Company hired approximately 300 additional sales force in 2009

## Key brands location rules

- ▶ “GOLDEN SHELF” RULE : “Myagkov” and “Belenkaya” should be present on the golden shelf (eye-level shelf). “BELUGA” should be placed on the shelf above
- ▶ RULE OF THE CENTRE: Synergy brands should be allocated on the best places in sales area and shelves
- ▶ “6 FACES” RULE: key brands - “BELUGA”, “Myagkov” and “Belenkaya” - should be presented by at least 6 faces on one shelf in all self-service stores

## Best practice



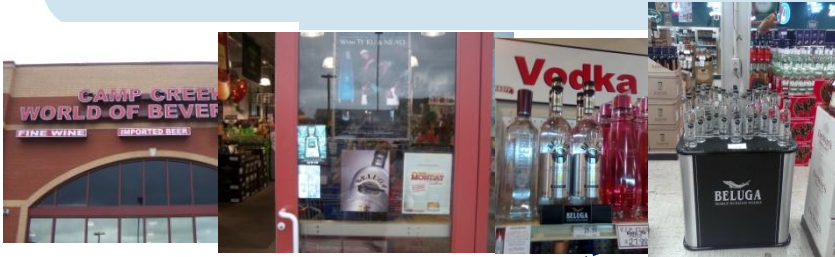
## Execution



## In 2009 we have doubled the export volumes of Beluga and expanded our presence

### Strategic step into the US market

- ▶ Signed agreement with Georgia Crown for Georgia state
- ▶ Signed agreement with Southern Wine & Spirits for Florida

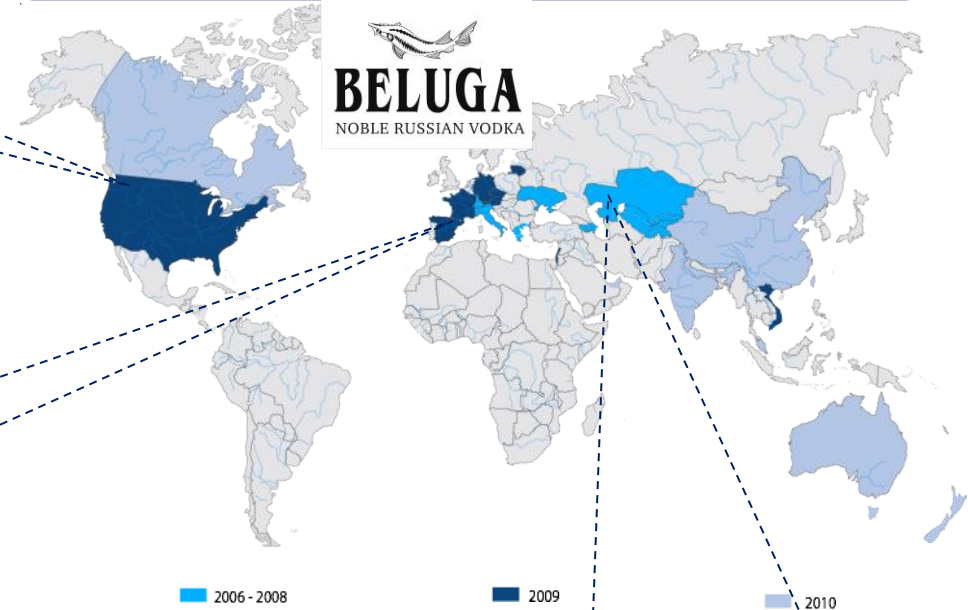


### Europe and Middle East

- ▶ Launched sales of Beluga in Vietnam, Lebanon, Beirut Duty Free, France, Germany, Spain, Czech Republic and Israel
- ▶ Started cooperation with Gebr Heinemann, one of the largest duty free operators in Europe



### Geography of Coverage



### The CIS

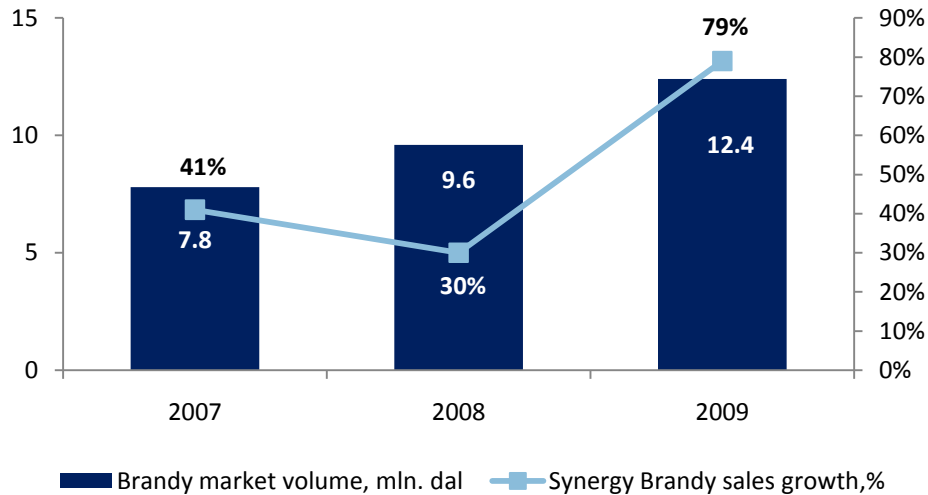
- ▶ Tripled sales volumes and expanded territory of operations in Kazakhstan
- ▶ Doubled sales volumes and expanded territory of operations in Ukraine
- ▶ Increased sales in Armenia 10 times

[WWW.BELUGA.RU](http://WWW.BELUGA.RU)

1

In Sep. 09 the launch of new brand Zolotoy Rezerv <sup>(1)</sup> production significantly increased our brandy sales growth

Brandy market sales growth vs Synergy performance, 07-09



#### Russian brandy market overview

- ▶ Russian brandy market is the second largest spirits market in Russia after vodka market
- ▶ Brandy market is 11% of legal vodka market size in terms of volume
- ▶ Growing spirits category
- ▶ High marginal product
- ▶ Synergy has 2% Russian brandy market share mainly Rossiysky (3 stars) and Rossiysky (5 stars) brandy
- ▶ 2006- 1H2009 brandy market share is gained through sales of common brandy brand Cognac Rossiysky

#### About Zolotoy Rezerv brand

- ▶ Zolotoy Rezerv will be sold across the whole territory of Russian Federation through our own distribution system
- ▶ Target audience of the brand is ranging from 35 +years old men
- ▶ With an introduction of Zolotoy Rezerv there is a new growth potential driven by Russian brandy market share growth



Note (1) Zolotoy Rezerv name stands for Golden Reserv

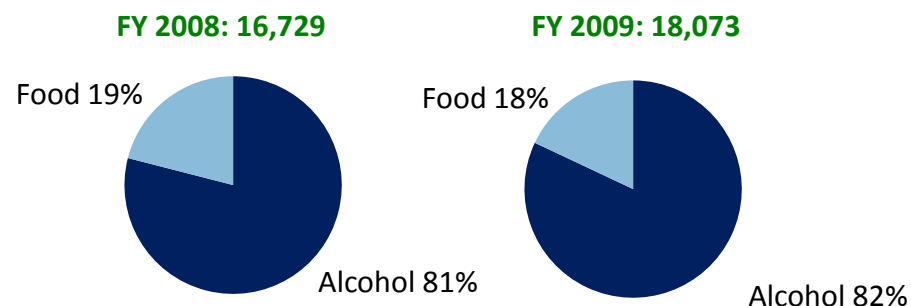
# In December 2009 we made first step towards separation of our spirits assets from food



Description

- Business originated in 1999
- The Company established in 2009
- 100% owned by Synergy
- Vertically integrated structure
- Diversified in 4 core food segments, protected from segmental price fluctuations
  - Crops (125K ha land)
  - Poultry (3 plants)
  - Dairy (2 plants)
  - Meat (1 plant)
- Leading regional market positions (see next slide)
- Developed sales and distribution network
- Experienced management (over 7 years in the industry on average)

## Revenue breakdown by production segment, 000 RUR



## Synergy's revenue dynamics by segment, 000 RUR

RUB million	2009	2008	Y-o-Y, %
Distilled spirits	14 804	13 584	+9%
Food	3 268	3 145	+4%

# Penta Agrogroup Business Structure

## Agriculture

- Operations in Saratov region Black Earth belt
- Controls over 124,535ha of black earth fertile land
- 35% of land is cultivated
- Innovative approach to cultivation of crops and harvest

## Food Processing

### Poultry

- Operations in Saratov region
- Consists of 3 production plants: Mikhailovskiy poultry plant, Zorinskiy and Tsarevshinskiy breeding plants
- #1 producer of poultry in the region with 54% <sup>(1)</sup> market share

### Meat processing

- Operations in Primorskiy Kray, Far East of Russia
- Consists of Nakhodkinskiy meat processing plant
- One of the leading producers in the region with market share of 7%<sup>(2)</sup>
- Mature market and balanced competition environment

### Dairy

- Operations in Far East of Russia
- #1 dairy producer in the combined market of 2 regions
- Consists of 2 production plants: Ussuriyskiy dairy plant in Primorskiy region, and Dakgomz plant in Khabarovskiy region

Note (1) Source - Primorskstat

Note(2) Company estimate



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