

Kofola Group results in 1Q2011

Investor Presentation

16 May 2011



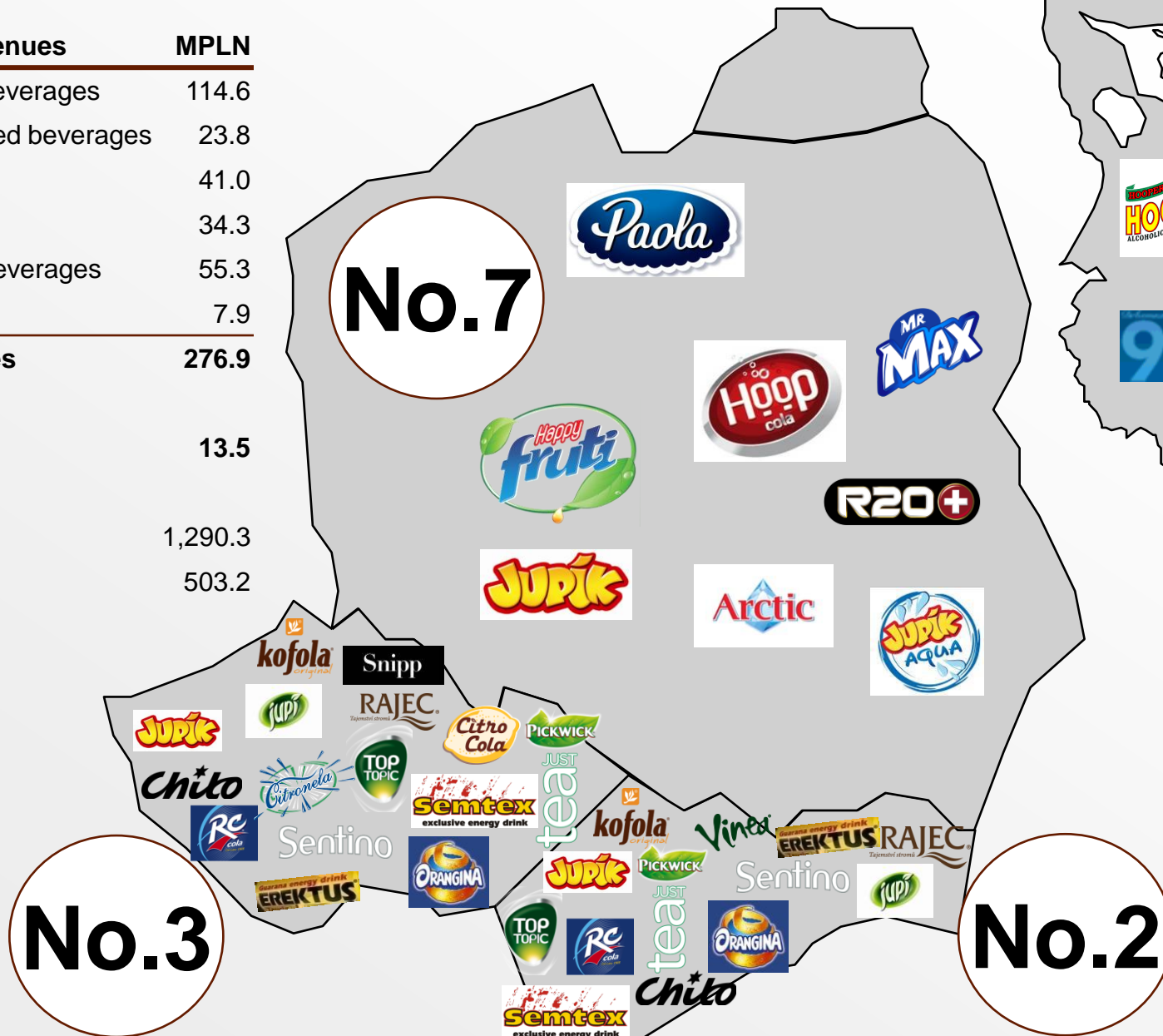
- **Kofola Group in 1Q2011**

- Summary of financial results and market conditions in 1Q2011
- Markets, trends and strategy
- Profile and history of Kofola Group
- Shares and shares' price
- Contact



KOFOLA GROUP IN 1Q2011

| Segment revenues | MPLN |
|--------------------------|--------------|
| Carbonated beverages | 114.6 |
| Non-carbonated beverages | 23.8 |
| Waters | 41.0 |
| Syrups | 34.3 |
| Low alcohol beverages | 55.3 |
| Other | 7.9 |
| Total revenues | 276.9 |
| EBITDA | 13.5 |
| Total assets | 1,290.3 |
| Equity | 503.2 |



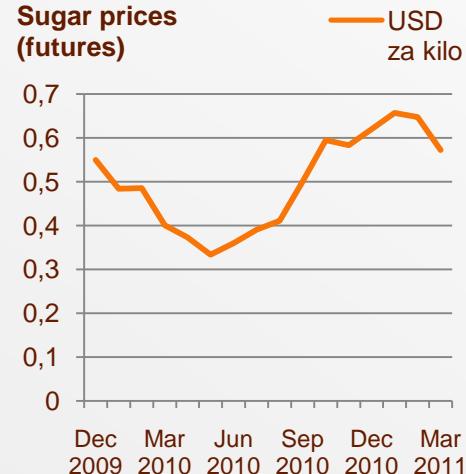
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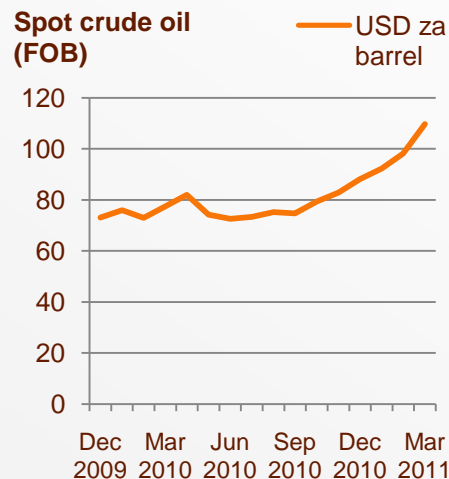
FINANCIAL RESULTS OF KOFOLA GROUP IN 1Q2011 [MPLN]

External factors affecting Group results:

Sugar prices (futures)



Spot crude oil (FOB)



Source: Commodity markets

| | Reported 1.1.2011 - 31.3.2011 | Translated* 1.1.2010 - 31.3.2010 |
|----------------------------------|--|---|
| Selected financials | | |
| Revenues | 276,902 | 239,182 |
| Costs of sales | (192,085) | (137,891) |
| Gross margin | 84,817 | 101,291 |
| Selling costs | (74,291) | (76,801) |
| Administration costs | (18,182) | (18,836) |
| Other income / (costs) | 2,794 | (313) |
| Operating profit / (loss) | (4,862) | 5,341 |
| Financial costs - net | (5,498) | (3,174) |
| Income tax | 88 | (703) |
| Net profit | (10,272) | 1,464 |

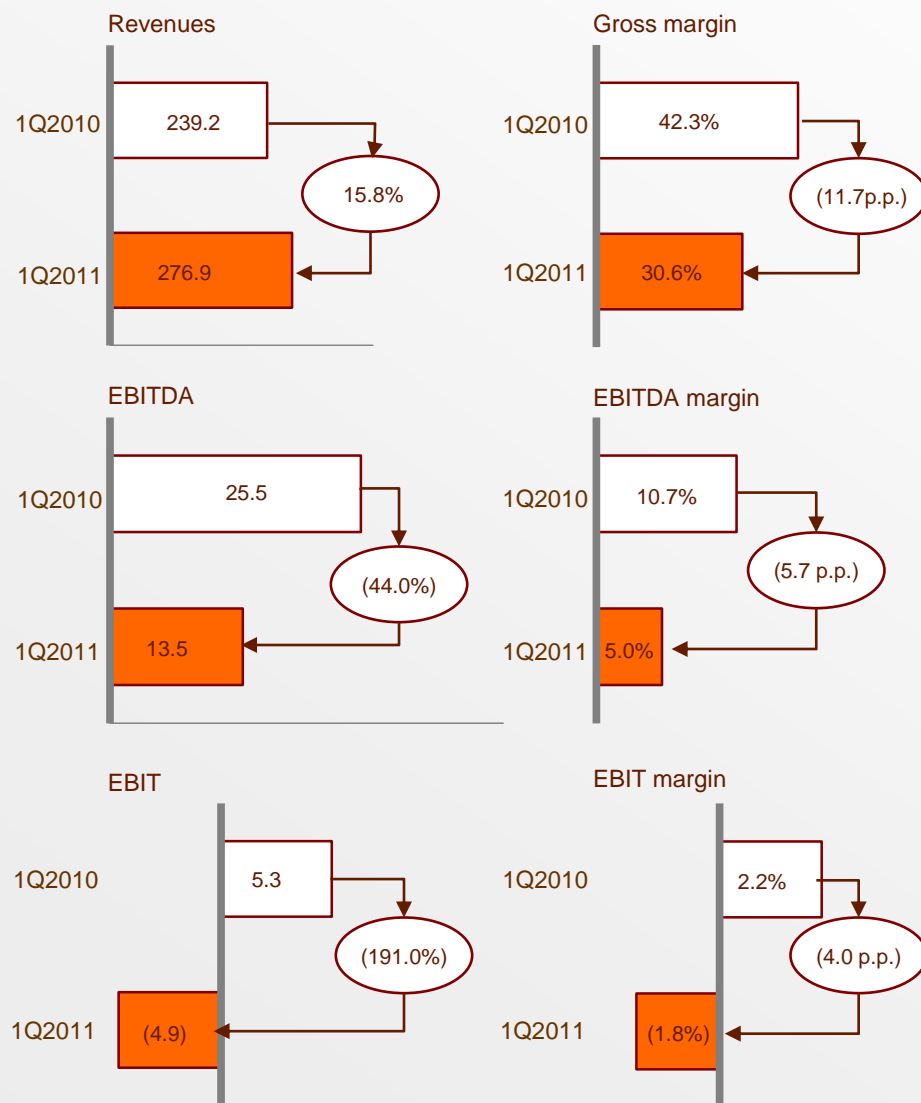
* translated using 1Q2011 FX rates

Increase of material prices and effect of FX rates changes

- The increase of commodity prices which started in the second half of 2010 still continued (crude oil, sugar, fruit concentrates and paper) what caused the increase of beverage's production costs. In the first quarter of 2011, the prices of sugar, isoglucose and granulate for PET bottles reached their maximums. Due to this fact the Group had to purchase the material for substantially higher prices compared to the first quarter of 2010. Management board reaction on the commodity prices increase was successful increase of final product prices or cost cutting what should be visible from the second quarter of the year.
- For the better understanding of the financial position of the Group, the management board presents together with the 1Q2011 reported consolidated results under IFRS the reported 1Q2010 results translated using the same FX rates.
- Taking into account the changes in FX rates between the first quarters of 2010 and 2011, the reported results of 1Q2010 were translated using 1Q2011 FX rates.

FINANCIAL RESULTS OF KOFOLA GROUP IN 1Q2011 [MPLN]

Legend: 1Q2010
 1Q2011



Explanation of 1Q2011 results

- Increase of consolidated revenues by 15.8% was caused mainly by:
 - Higher revenues of Megapack Group (by PLN 39,555k) due to a co packing production of low alcohol drinks which was to Megapack outsourced by external subjects which lost the alcohol license,
 - Higher revenues of Hoop Poland by PLN 8,202k due to much better efficiency of sales teams and subsequent concentration on key brands and customers,
- Decrease of consolidated gross margin by 11.7 p.p. due to increase of material prices for beverages production, press on sales prices in cola drinks and water segments and also higher co packing revenues which generate low margins.
- Decrease of EBITDA by 44.0% caused by increase of material prices. Decrease of EBITDA margin by 5.7 p.p. was lower than decrease of gross margin mainly due to restructuralization of the Group which started in December 2010.
- Decrease of operating profit margin by 4.0 p.p.

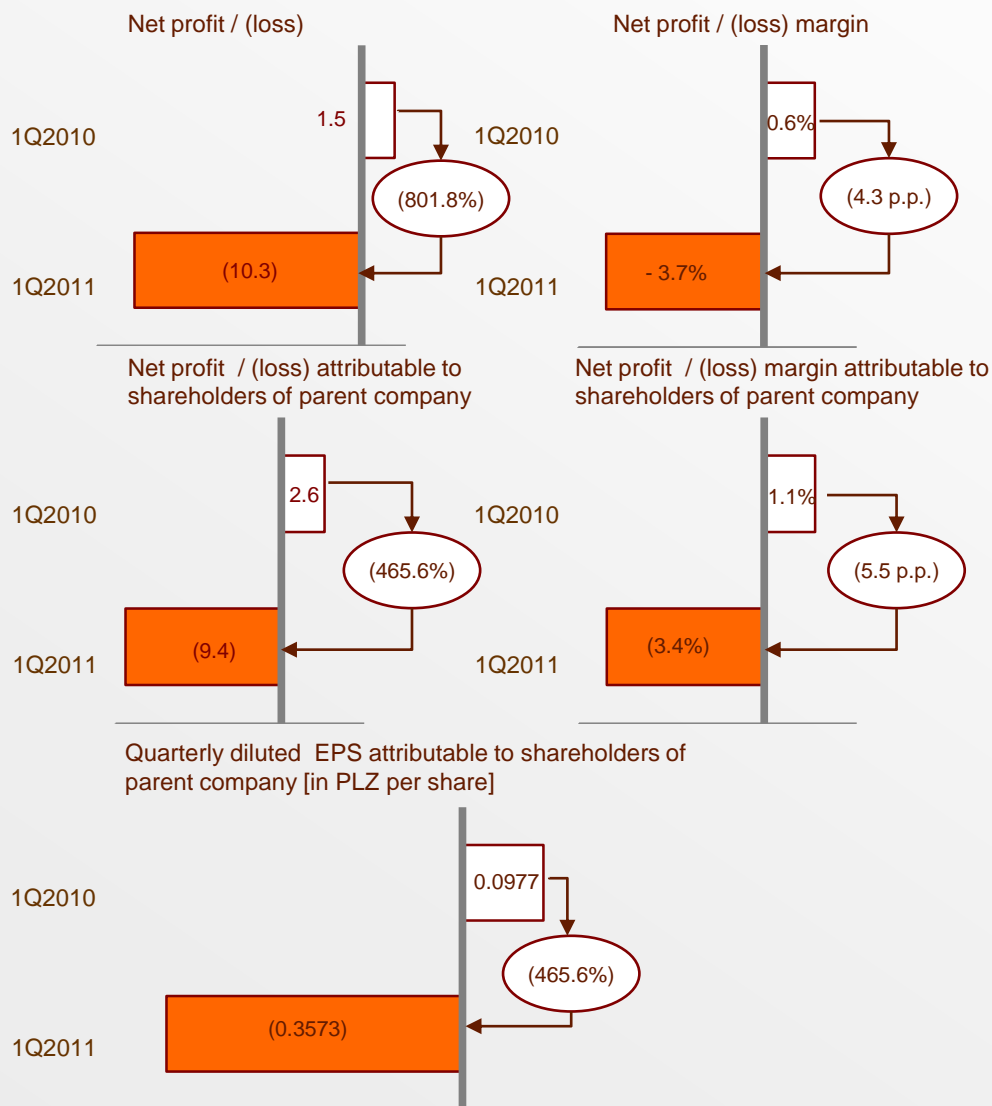
Although the consolidated revenues increased, EBITDA margin decreased due to material prices

FINANCIAL RESULTS OF KOFOLA GROUP IN 1Q2011 [MPLN]

Legend: 1Q2010
 1Q2011

Comments on net profit / (loss)

- Compared to 1Q2010, the consolidated net profit attributable to shareholders of parent company decreased by PLN 11,911k to the loss of PLN 9,353k in 1Q2011. Such decrease was slightly higher than decrease of EBIT. This was caused by PLN 1,814k lower financial revenues (mainly lower FX gains) and by PLN 510k higher financial costs or by PLN 791k higher tax effect.
- Net profit margin attributable to shareholders of parent company decreased by 5.5 p.p., from 1.1% to (3.4%).



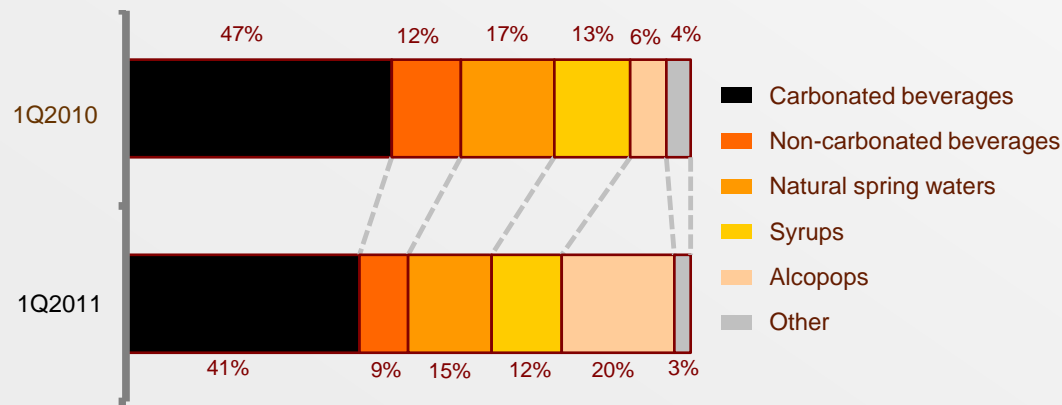
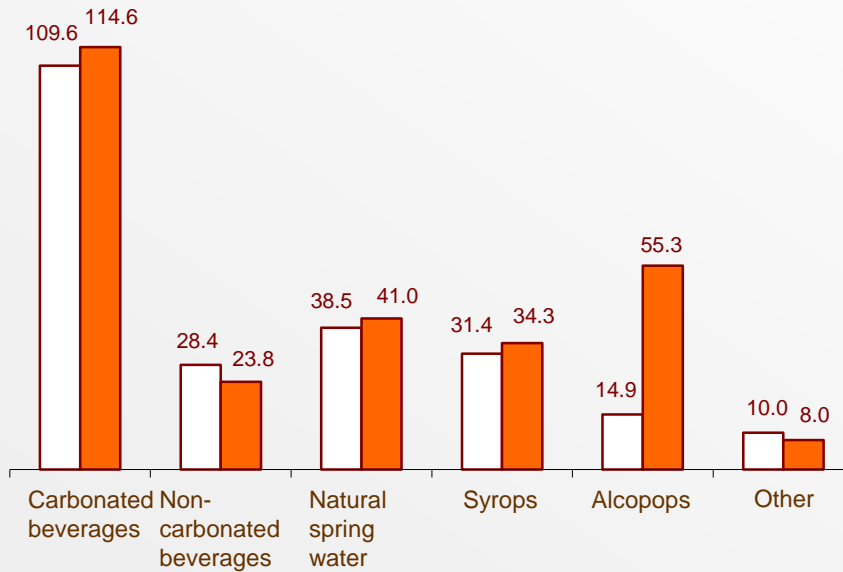
Compared to EBIT, higher decrease of net profit due to higher financial costs



FINANCIAL RESULTS OF KOFOLA GROUP IN 1Q2011 [MPLN]

Legend: 1Q2010
 1Q2011

Sales in individual product segments



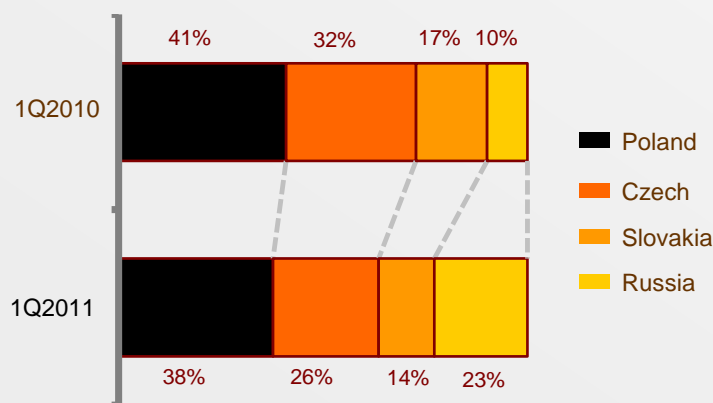
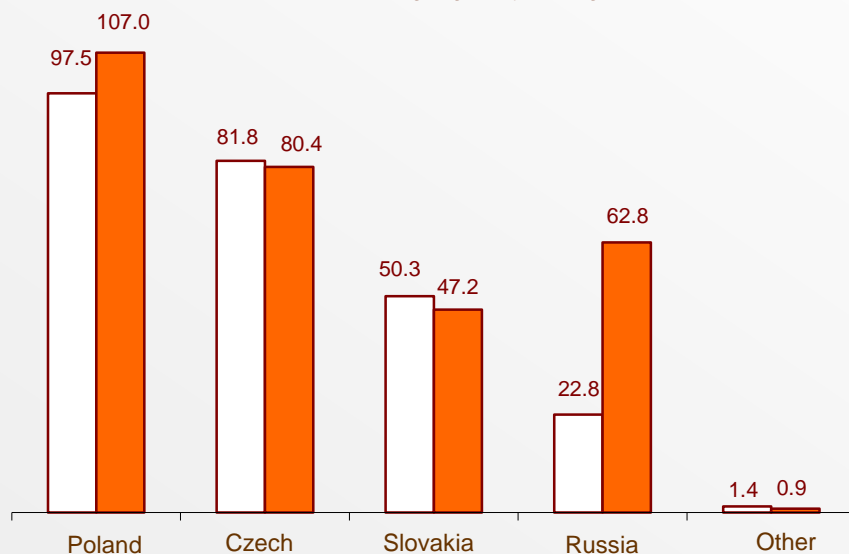
Segment reporting by product groups

- The highest increase of sales was reported in the segment of low alcohol beverages (by 271.1%). This was the result of the new co packing contracts in the Russia (some competitors in Russia lost licenses) or higher sales of carbonated beverages (4.6%) supported mainly by Hoop Cola in traditional sales channels.
- Non-carbonated beverages reported decrease of sales by 16.1%.
- Higher sales of syrups due to fact that the customers were looking for the costs saving products.

FINANCIAL RESULTS OF KOFOLA GROUP IN 1Q2011 [MPLN]

Legend: 1Q2010
 1Q2011

Sales in individual geographical segments



Geographical segments

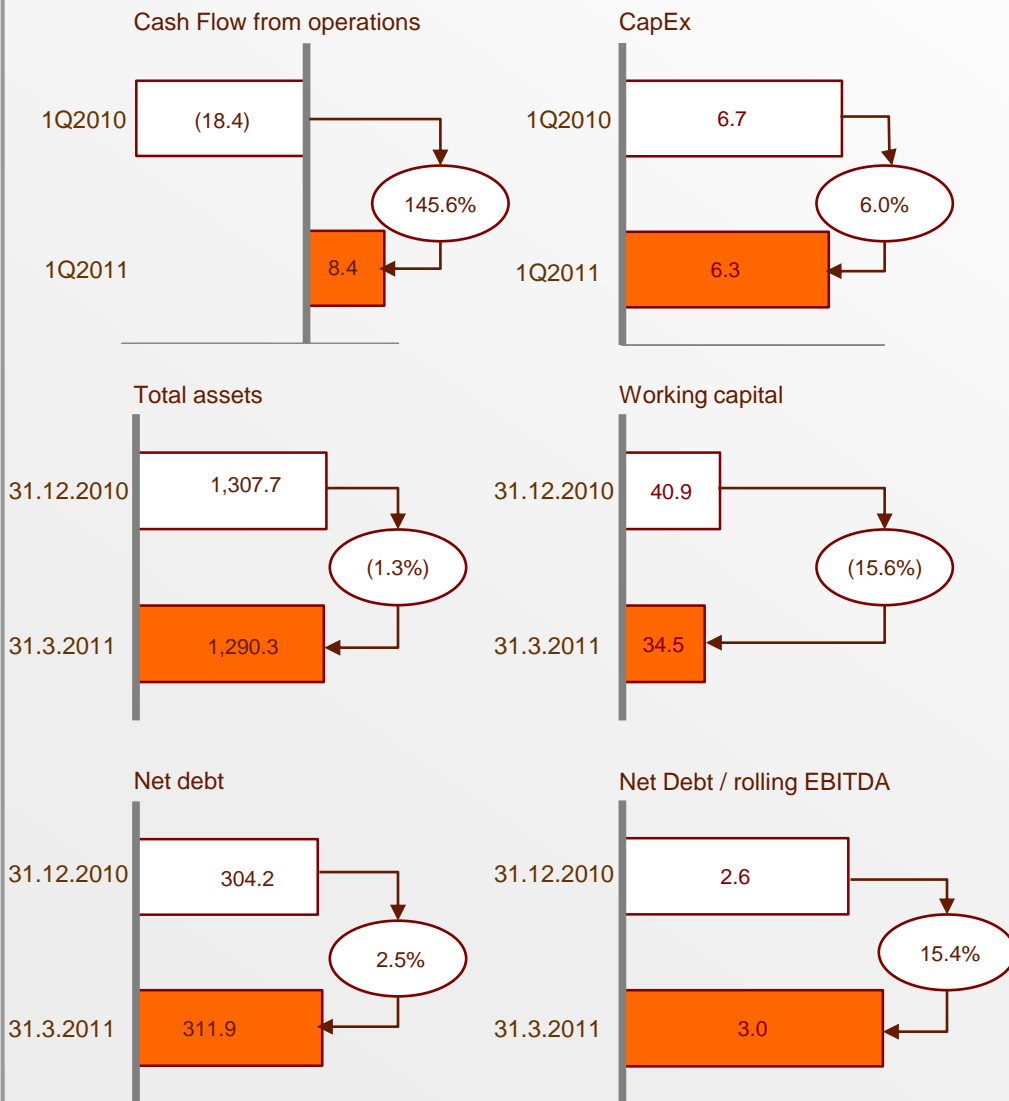
- In **Poland**, sales increased by 9.7%. Although the polish non alcoholic beverages market decrease by 1.7%, sales of Hoop Polska Sp. z o.o. increased by PLN 8,202k (by 8.9%). Such increase relates mainly to better sales of carbonated beverages (Hoop Cola), natural spring waters and syrups (especially in traditional sales channels). Increase of sales was also affected by much better efficiency of sales organization and focus on key brands and customers.
- In **Russia**, Kofola Group reported increase of revenues by 170.2% (in local currency) - by PLN 39,555k compared to 1Q2010. This increase was achieved by revenues from new co-packing contracts which were outsourced to Megapack who gained bigger market share because some producers on the Russia market lost license for selling of alcohol products.
- Despite **Czech** non-alcoholic beverages market increased by 3.1% (compared to 1Q2010), Kofola Group reported lower revenues by 1.2%. Decrease was visible mainly in the segments for carbonated and non-carbonated beverages.
- In **Slovakia**, Kofola Group reported decrease of revenues by 6.1%, however, the Slovak market was rather stable. Such decrease was reported in both traditional and modern channels. Compared to 1Q2010, revenues from sales to gastronomy (the most profitable) segment increased by 2.2%.

FINANCIAL RESULTS OF KOFOLA GROUP IN 1Q2011 [MPLN]

Legend: 1Q2010
 1Q2011

Cash flow and net debt

- In 1Q2011, consolidated cash flow from operations totaled PLN 8,359k and exceeded by PLN 26,728k cash flow from operations reported in 1Q2010. This improvement was related mainly to better working capital management.
- As at 31 March 2011, working capital to rolling revenues (last twelve months) reached 2.7% (compared to 3.2% as at 31 December 2010).
- Net debt to rolling EBITDA (last twelve months) increased from 2.6% to 3.0% as at the of December 2010 and March 2011 respectively.
- Slight decrease of total assets by 1.3% from PLN 1,307.7m to PLN 1,290.3m.



Kofola Group keeps due to good working capital management save indebtness level.

| Event | Effects |
|---|---|
| Focus on key brands | Elimination of economical downturn effects by the strong brands. Side effect: drop in sales of non perspective brands without marketing promotion. |
| Changes of Hoop's sales team organization | Increase of revenues achieved by much better efficiency of sales team and subsequent concentration on key brands and customers |
| Launches of new products | In the first quarter, we launched new products to all markets: flavored spring waters Rajec ("daisy" and "birch tree"), Kofola with cherry flavour or Jupi syrups in small bags in Czech and Slovakia. In Poland, we offered new Hoop Cola Light. |
| Annex to club financing received by Hoop Polska Sp. z o.o. | In February 2011, Hoop Polska signed the annexes to contract for bank club financing lead by BZ WBK where Kofola S.A. acts as a guarantor. These annexes changed definition of selected covenants and some credit parameters. |
| Rajec - water recommended by wine producers | Natural sping water Rajec was as the first natural sping water on the Czech market recommended by Czech Wine Institut as the ideal water to wine. This cetificate was lauched by the Czech Wine Institut in 2010 and the awarded water must complies with the highest gastronomy and quality standards. |
| Acquisition of PINELLI spol. s r.o. | After the end of 1Q2011 - as at 22 April 2011, Kofola a.s. (Czech), the subsidiary of KOFOLA S.A., acquired 100% share in Czech company Pinelli spol. s r.o. – energy drinks Semtex and Erectus producer. |
| Optimization of costs structure | Kofola Group started costs optimization program focused on fixed costs and headcount in administration. |

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GROUP MARKET SHARE IN THE MAIN SEGMENTS

Comment

| | PL | CZ | SK | RU |
|--|----|----|----|----|
| Cola beverages | 3 | 2 | 2 | - |
| Carbonated beverages | 3 | 2 | 1 | - |
| Non-carbonated beverages | 4 | 2 | 2 | - |
| Natural spring waters | 10 | 4 | 1 | 25 |
| Sirups and concentrates | 2 | 1 | 2 | - |
| 100% fruit juices and nectars | - | 9 | 9 | - |
| Beverages for children | 5 | 1 | 1 | 3 |
| Energy drinks | 5 | 2* | - | - |
| Soft alcohol beverages (alkopops) | - | - | - | 2 |

- Due to a brands like Kofola, Hoop Cola or RC Cola, Kofola Group achieves very strong position in the segment for Cola beverages. (nr. 2 in Czech and Slovakia, nr. 3 in Poland).
- Leading position in the segment for carbonated beverages in Slovakia was achieved due to an acquisition of Vinea brand in 2008. Vinea is a traditional local beverage made from wine grapes. Vinea brand beats brands like Fanta and Mirinda.
- Since 2008, Kofola Group has a leading position in the segment for natural spring waters in Slovakia. This was achieved due to a changes in segment strategy (new flavors - herbs, trees and oxygen) after the Rajec brand acquisition in 2004.
- Leading position of Jupi syrup brand in Czech (syrups Jupi) and second position of Paola syrup brand in Poland.
- Pioneer activities in the segment of beverages for children on Czech and Slovak markets (Jupík, Jupík Aqua).
- Acquisition of 100% share in Pinelli spol. s r.o. – Czech producer of energy drinks Semtex and Erektus.
- Alcopops products have a strong position in Russia, however, the market is rather decreasing.

*Started in 2Q2011 due to acquisition of Pinelli (Semtex, Erektus)

Kofola Group's approach to market trends and development

HEALTHY FOOD AND BEVERAGES

- Implementation of new technologies for decrease or elimination of preserving additives
- More healthy beverages (waters, children beverages) with lower sugar shares compared to other competitors and beverages with herbs and trees extracts
- Promotion of healthy life style (www.hravezijzdrave.cz)

INCREASING SHARE OF OUTDOOR ACTIVITIES

- Entrance to „on-the-go” market (kiosks, vending machines, gyms, schools, work places etc.)
- Increasing share of small formats in the product portfolio
- Increasing number of restaurants supplied by Kofola Group (beginning of direct distribution in Slovakia)
- New sales team for gastronomy clients in Czech

CUSTOMERS LOOKS FOR THE VALUE

- Systematical decreasing production and logistics costs
- Focus on brands dedicated to Czech and Poland markets
- Focus on value added for customers

GLOBALIZATION AND GROWING INDIVIDUALISM

- Using production/distribution licenses, introduction of global brands in CEE markets (e.g. Orangina)
- Innovations acceptable for the majority of customers
- Engaging the customers in the promotion of positive emotions related to Kofola Group's brands

Macro-economics

- Consumers are still cost sensitive
- High unemployment rate is limiting the consumer's baskets in the countries where Kofola Group is active
- Continuing trend when the home consumption of consumers increasing and substituting the consumption in the restaurants
- Increase of commodity prices (e.g. petrol, paper, sugar, pre-forms for PET bottles, bottle tops, foils, packaging materials, fruit concentrates)

Market / competition

- Due to a decrease of consumers demand, the beverage producers started price war to defense their market shares
- Increasing power of retail chains due to a market consolidation.

Regulation

- Since January 2010, promotion of alcoholic beverages is regulated in Russia
- Increase of excise duties from alcoholic beverages in Russia since January 2010
- In summer 2010, sale of alcoholic beverages after 10 p.m. became prohibited

Weather

- Compared to 1Q2010, weather conditions were more favorable in 1Q2011
- See comparison of the average temperature in the Central Europe

| In °C | IQ | IIQ | IIIQ | IVQ | Average |
|-------|-------|------|------|-----|------------|
| 2009 | (0.6) | 13.4 | 17.1 | 3.9 | 8.4 |
| 2010 | (1.4) | 12.1 | 16.1 | 2.1 | 7.2 |
| 2011 | 0.3 | | | | 0.3 |

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Group Mission

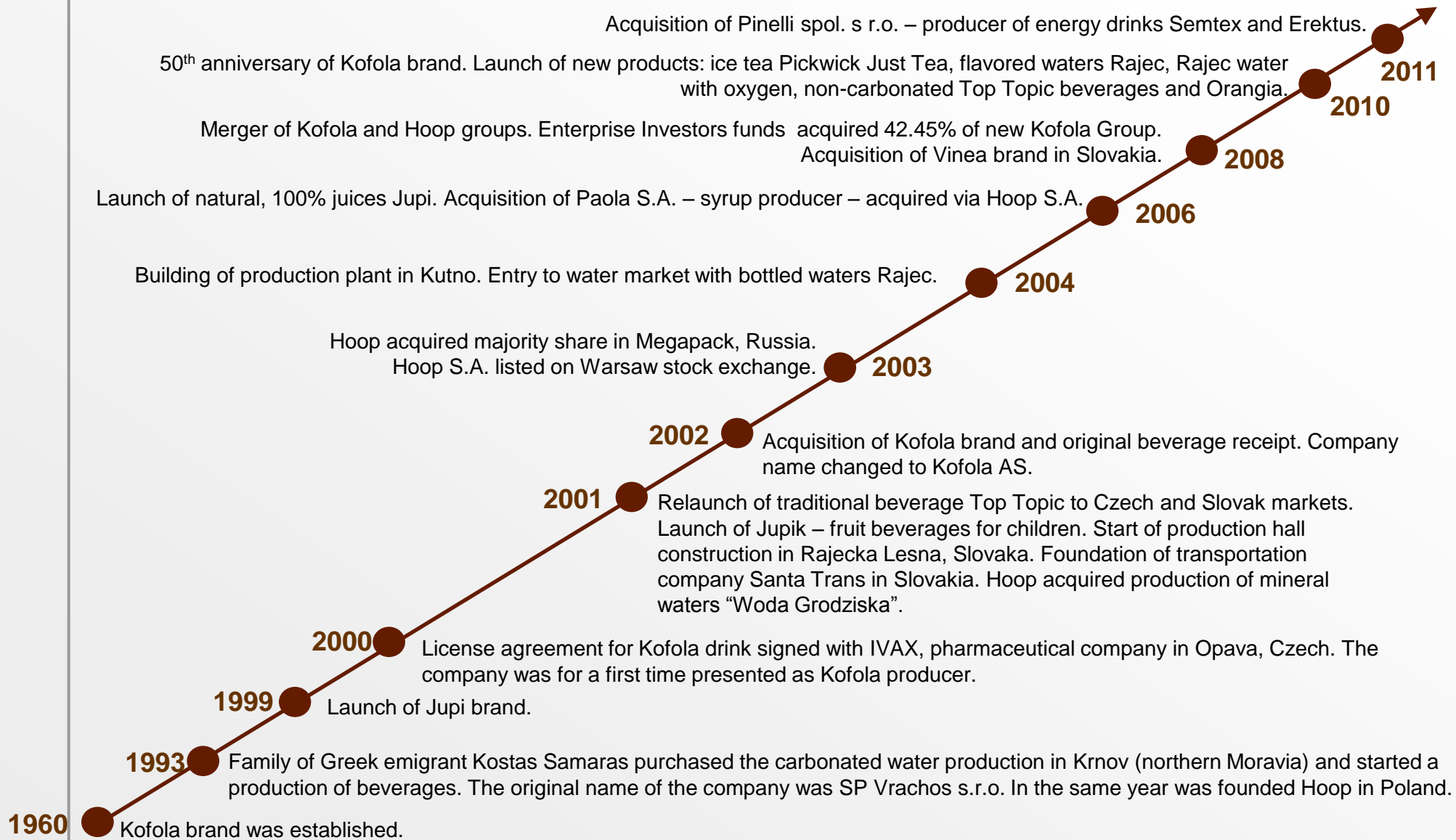
To create attractive drinks brands with passion and enthusiasm, providing consumers with unique functional and emotional values, thus becoming an important part of their lives.

Group Vision

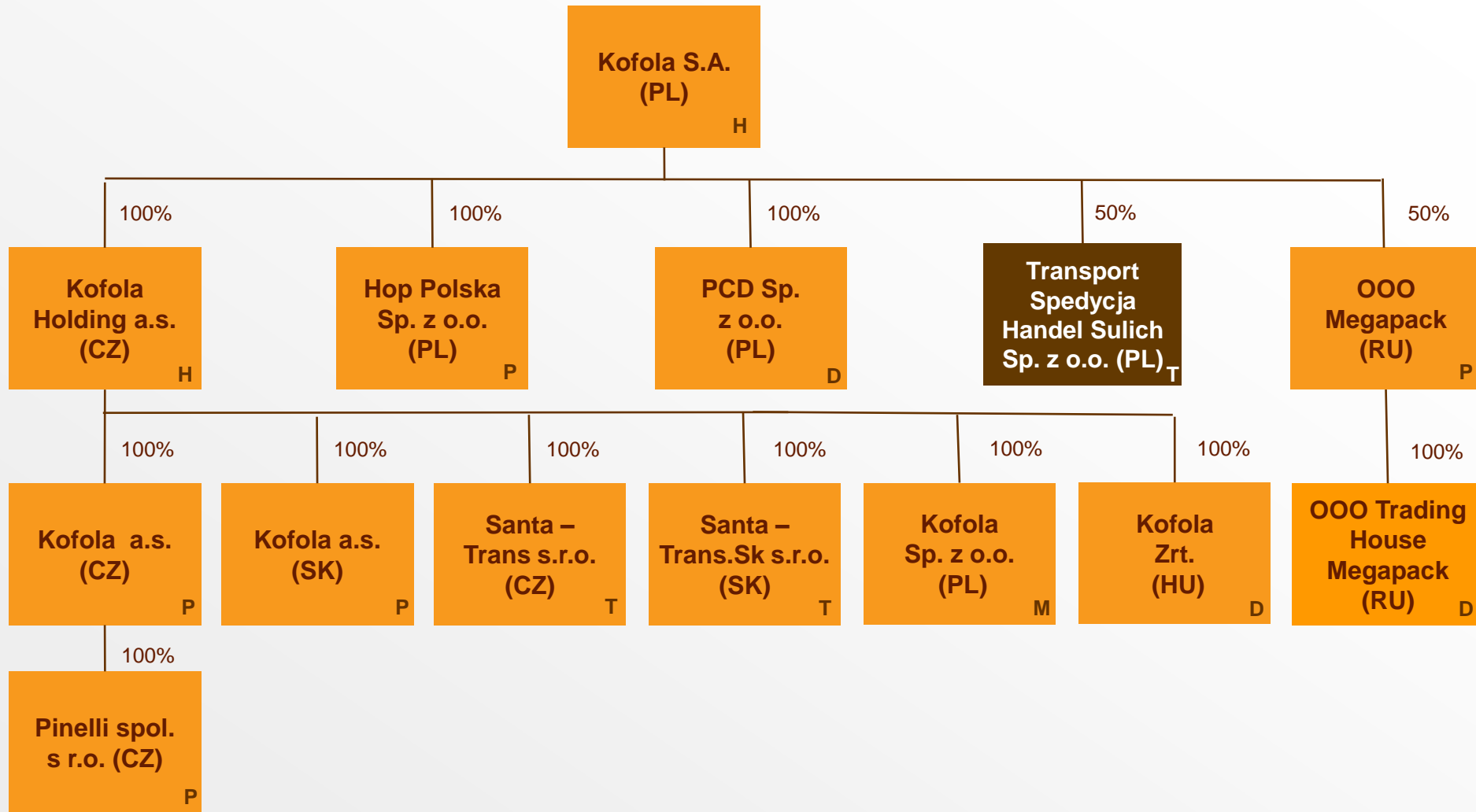
To become the second largest player in the soft drinks market in Central Europe (Czech, Slovakia, Poland).

In each country, the goal is to create a strong **cola**, **syrup** and **water** brands which would be number one or two in the individual segments of beverages. Other brands should be at least number three on the market.

To start with the construction of a basis for a similar position in Russia.



LEGAL STRUCTURE OF KOFOLA GROUP

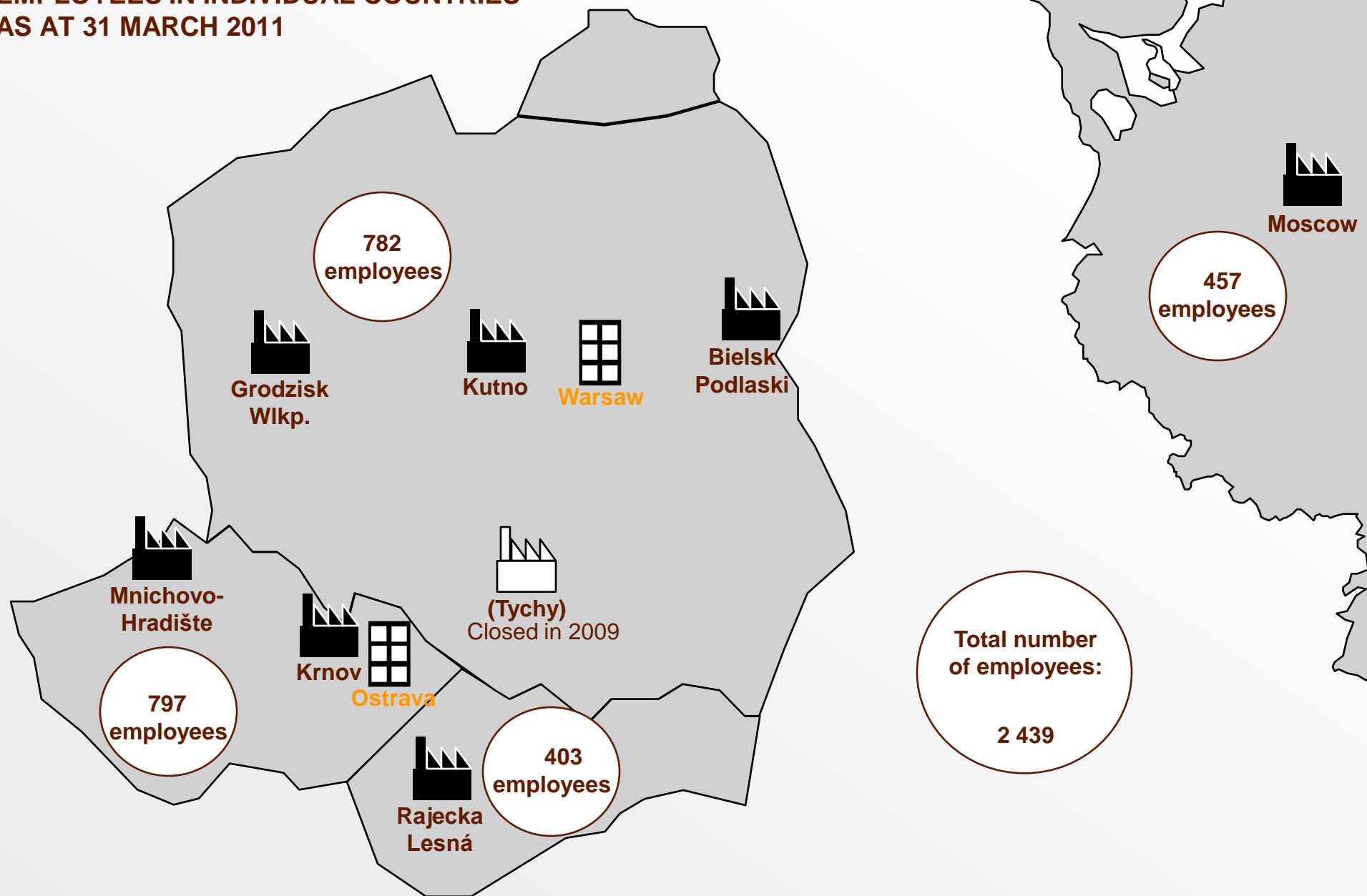


Legend:

- Fully consolidated entity
- Entity consolidated using equity method

- P – sales and production
- T – transportation
- M – landlord of tangible fixed assets
- D – distribution
- H – holding company

PRODUCTION PLANT, OFFICES AND NUMBER OF EMPLOYEES IN INDIVIDUAL COUNTRIES AS AT 31 MARCH 2011



Comments

| | PL | CZ | SK | RU |
|---|----|----|----|----|
| Modern channels (retail chains) | ● | ● | ● | ● |
| Traditional channels (wholesalers and distributors) | ● | ● | ● | ● |
| HoReCa | | ● | ● | |
| B2B (private labels, co-packing, toll-manufacturing) | ● | | | ● |
| Van selling | | ● | | |
| Direct distribution | | | ● | |
| Vending machines | | ● | | |

- Kofola Group has a strong position in modern channels (in both supermarkets and discount stores in all countries).
- Although, the sales activity slowly moving to modern distribution channels, traditional channels remains the second strongest channel.
- Very strong position of HoReCa channel in Czech and Slovakia where Kofola is offered also in 50 liters kegs.
- Segment B2B requires unique knowledge. We produce a private labels for our strategic partners as well as products of global beverages producers.
- Van selling is active in Slovakia. Since 2010, van selling was launched also in Czech.
- Direct distribution was implemented in April 2009 in Slovakia. This distribution channel increased the gross profit and improved cash flows. However, this had negative impact on logistics costs which increased.
- Sales using first 2,000 vending machines was introduced in Czech in 2010. Sales process is outsourced to external company.

SUCCESSES AND AWARDS

2008-2011

2008

- Czech TOP 100 (Kofola a.s.)
- Product of the year (Paola)
- Nomination of Kofola Slovakia general manager for „The Manager of The Year“
- Joining the European Road Safety Charter (Kofola a.s.)
- Pearl award of FMCG market (Jupik)
- Water Innovation award (Jupik Aqua)



2009

- Czech TOP 100 (Kofola a.s.)
- Hit FMCG (Jupik Aqua)
- The most popular TV advertisement (Rajec)
- The best TV spot (Kofola)



2010

- Marketing manager of the year 2009 – Martin Mateáš, sales and marketing director Kofola Holding
- Czech TOP 100 – Kofola a.s. the third most admired company in Czech Republic
- The best TV spot – campaign Kofola 1960 (Kofola, CZ)
- Zlatý klinec 2010 – second position of ads for Kofola and Vinea (Kofola, CZ)
- FMCG hit of the year – campaign “OOkulary OOtwartości” (Hoop, PL)
- MAGELLAN AWARD – “Dzień przytulania” (HOOP, PL)
- Awards PROTON – best PR managers – Edyta Bach, PR Manager (HOOP, PL)



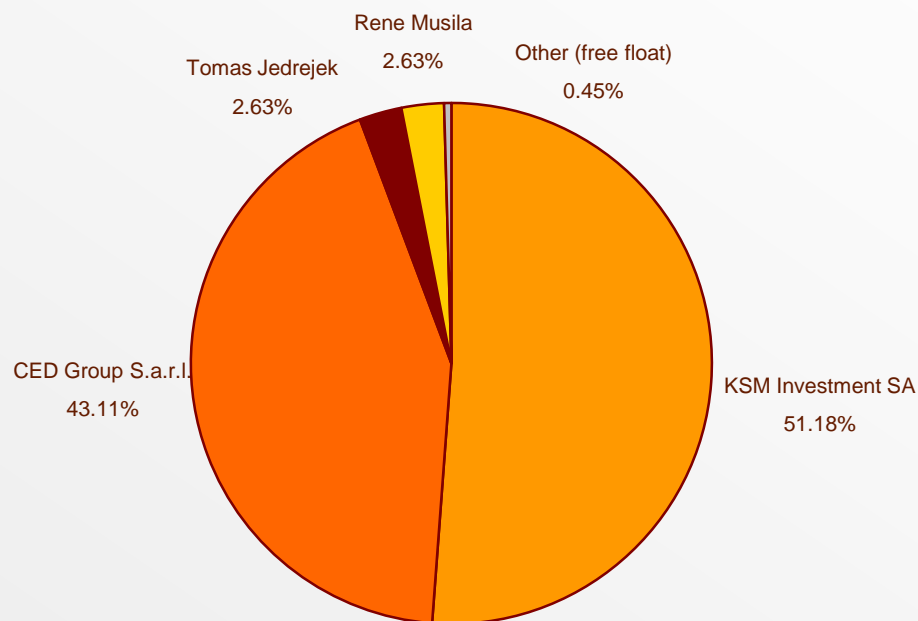
2011

- Czech TOP 100 (Kofola a.s.)
- Kofola Brand was awarded with golden “Louskacek” in the category for the most creative advertisement (Kofola CZ).
- Natural spring water Rajec was as the first natural spring water on the Czech market recommended by Czech Wine Institute as the ideal water to wine.
- Polish magazine “Media i Marketing Polska” awarded our marketing activity “Hooptymistrzyczne Ookno na Swiat” with the “ambient pearl”.



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Share capital comprises 26,172,602 shares in following structure:

13,088,576 shares in series A-E approved for trading

13,084,026 shares in series F-G not in trading

Management motivation program

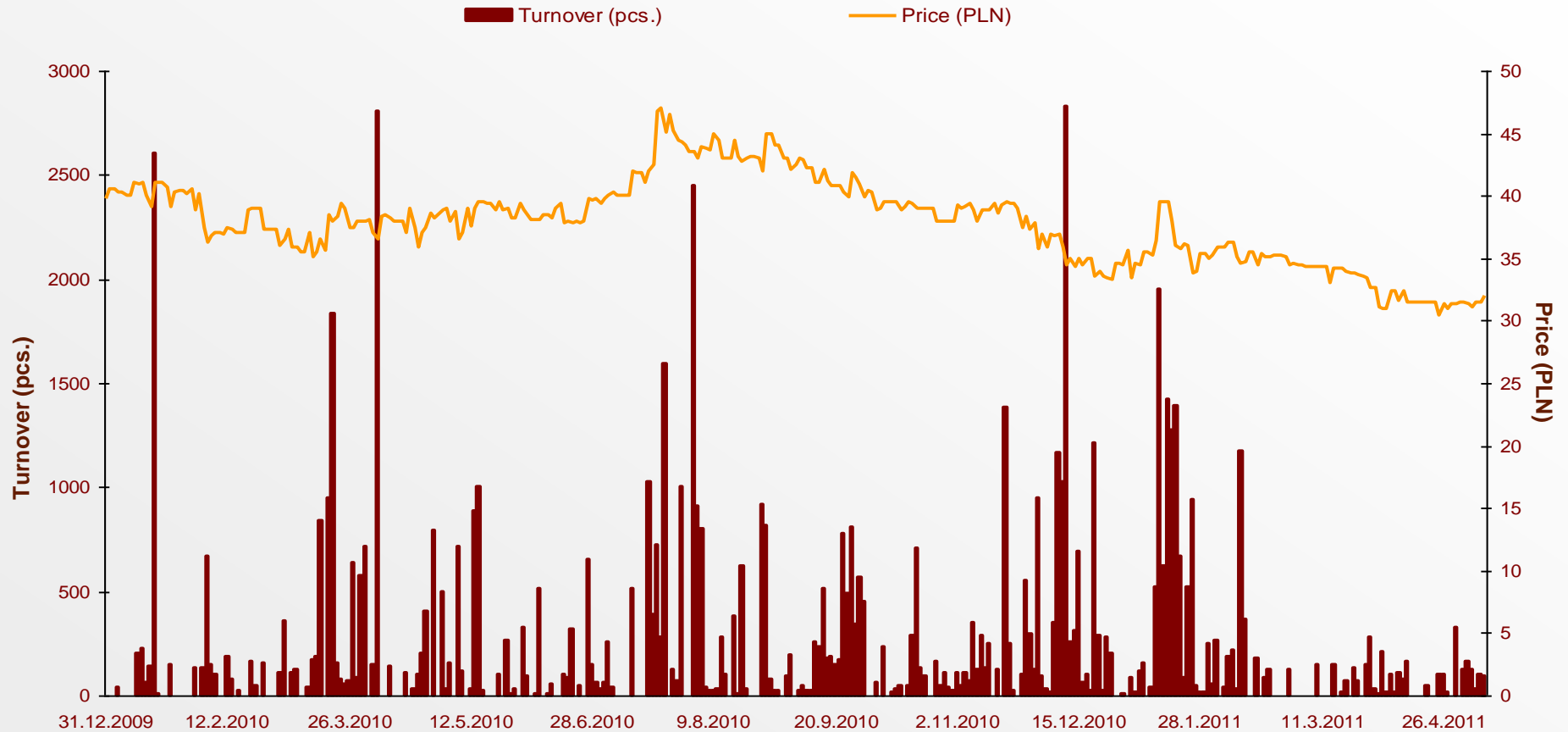
- As at 18 December 2009, Kofola Group approved rules for management motivation program. Program includes 45 key managers from the Group companies.
- On 18 August 2010, Kofola S.A. issued 26,843 inscribed A-series subscription warrants, entitling members of the Company's and subsidiaries' management staff to take up a total of 26,843 ordinary H-series bearer's shares at an issue price of 43.20 PLN per share.
- Program's goal is systematical growth of Group financial results and shares price.
- Share option program covers the period from 2009 to 2012 and guarantees the possibility to purchase the shares in case the Group financial targets (net profit, EBITDA) are met.
- In case of meeting the highest target goals in the period of share option program, maximum amount of 1,090,526 share warrants will be issued – until 4.0% of share capital.

Support of share price growth

Share price and transaction activity

1 January 2010 – 16 May 2011




| | | | |
|--|----------|--|----------|
| Avg. share price in 2010 | 38.6 PLN | Avg. share price in 1Q2011 | 35.0 PLN |
| Average daily transaction activity in 2010 | 239 pcs. | Average daily transaction activity in 1Q2011 | 223 pcs. |



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Should you have any question related to Kofola S.A. do not hesitate to contact our investor relations office:

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