



Moscow
June 6, 2008

JSC Lebedyansky announces 12m 2007 financial and operating results

Moscow, Russia June 6, 2008 – JSC Lebedyansky (“Lebedyansky” or the “Company”) (RTS: LEKZ), the leading juice producer and one of the main players in the baby food market in Russia, today announces its audited financial and operating results for the 12 months ended 31 December 2007.

Key Operating and Financial Highlights for the 12 months ending 31 December 2007

- Total sales volumes (including Troya-Ultra’s 87m litres¹) reached 1137m litres, up 22% compared to last year. Total sales volumes excluding Troya-Ultra reached 1050m litres, up 14% compared to last year
 - Juice volumes increased by 18% to 984m litres including Troya-Ultra (and by 9% to 897m litres excluding Troya-Ultra)
 - Baby Food volumes increased by 21% to 71m litres
 - Mineral Water volumes increased by 102% to 82m litres
- Net revenues increased by 33% to US\$944,8m, including Troya-Ultra. Excluding Troya-Ultra, net revenues increased by 27% to US\$892,5m
 - Juice net revenues increased by 30% to US\$803,0m including Troya-Ultra (and by 23% to US\$750,7m excluding Troya-Ultra)
 - Baby Food net revenues increased by 42% to US\$123,8m
 - Mineral Water net revenues increased by 147% to US\$18,0m
- Group EBITDA increased by 12% year-on-year to US\$156,0m
 - Juice EBITDA increased by 9% to US\$118,6m
 - Baby Food and Mineral Water EBITDA increased by 23% to US\$37,4m
- Net income before MI was down by 10% amounting to US\$79,3m
- Capital expenditure for 2007 was US\$103m for Juice and US\$29m for Baby Food and Mineral Water

As per Nielsen Company Retail Audit, Lebedyansky maintained its leading position in the juice market with a 30,8%² volume share (including Troya-Ultra’s 2,6%) and 31,7% value share (including Troya-Ultra’s 1,9%).

¹ The Group consolidates Troya-Ultra results since November 2006

² AC Nielsen Company retail audit for 2007

Financial Statements Summary

US\$ mln	2007	2006	Change, %
Sales volumes, mln litres	1137	935	22%
Juices	984	835	18%
Baby Food	71	59	21%
Mineral Water	82	41	102%
Revenues, net	944,8	709,7	33%
Juices	803,0	616,3	30%
Baby Food	123,8	87,1	42%
Mineral Water	18,0	7,3	47%
Gross profit	396,5	296,5	34%
<i>Gross margin, %</i>	42,0%	41,8%	
Selling and Distribution expenses	210,0	131,6	60%
General and Administrative expenses	62,0	42,4	46%
EBITDA	156,0	138,9	12%
<i>EBITDA margin, %</i>	16,5%	19,6%	
EBIT	124,4	122,4	2%
<i>EBIT margin, %</i>	13,2%	17,3%	
Net income	79,3	87,6	(10%)
<i>Net income margin, %</i>	8,4%	12,4%	
Profit attributable to Equity holders of the Company	78,9	86,1	(8%)
%	8,4%	12,1%	
CAPEX (paid)	132,0	75,1	

Commentary on the results

Lebedyansky's consolidated net revenues reached US\$944,8m in 12m 2007 compared to US\$709,7m in 2006, representing an increase of 33%. This increase was primarily driven by regional expansion of our distribution system, development of direct delivery and efficient pricing and marketing policies. The Company derived 85% of its net revenues from Juice, 13% from Baby Food and 2% from Mineral Water. The «Ya» and «Tonus» brands showed growth of 21%, «Fruktovy Sad» 19%, «Privet» 49% and «FrutoNyanya» 43%. Net revenues of private label products increased by 33% compared to 2006.

Group gross margin increased by 0,2% to 42,0% in 2007 due to increase in selling prices (up by 11% for Juice, 17% for Baby Food, 23% for Mineral Water and 9% for Group in US Dollar terms), which more than offset increase in cost of sales of 9%, which were mainly driven by raw material and packaging price inflation of 7%. Lebedyansky improved gross margin across all segments; Juice remained stable at 40,2%, Baby Food was up 0,1% and Mineral Water was up 8,5% in 2007.

Selling, general and administrative expenses for the 12m 2007 reached 28,8% of total net revenues, up from 24,5% in 2006 mainly due to increase in freight/delivery (up by 2% of total net revenues versus 2006), warehousing costs (up by 1% of total net revenues versus 2006) and wages (up by 0.5% of total net revenues versus 2006).

Freight and delivery costs increased by 46% per litre mainly due to 35% increase in transport rates and Rouble appreciation of 6%. Warehousing costs increased by 52% per litre mainly due to seasonal increase in leased warehouse capacity of 7%, abnormal obsolete finished goods write-offs of 15% caused by a deficit of storage capacity at the Lebedyansky plant, warehousing services rates inflation of 21% and Rouble appreciation of 6% against the US Dollar.

Group EBITDA for the 12m 2007 increased by 12% year-on-year to US\$156m. 12m 2007 EBITDA margin was 16,5% compared to 19,6% in 12m 2006. Juice EBITDA increased by 9% to US\$118,6m with EBITDA margin down by 2,9% to 14,8%. Baby Food and Mineral Water EBITDA increased by 23% to US\$37,4m with EBITDA margin down by 5,8%.

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Company description:

JSC Lebedyansky is the leading company in the Russian juice market and also has a strong position in the baby food market in Russia. JSC Lebedyansky's production volumes grew by over 30 times between 1999 and 2007, while the Company's share of the Russian juice market grew by over 4 times in the period. JSC Lebedyansky's volume market share in the Russian juices/nectars category is 29,8%.³

The Company manages a well-balanced brand portfolio consisting of the premium segment brand «Ya», the medium segment brands «Frustyle» and «Tonus», and the value segment brands «Fruktovy Sad», «Privet» and «Dolka». Juices and purees for babies are distributed under the «FrutoNyanya» brand. Lebedyansky also manufactures «Lipetsky Buvet» mineral water, «Edo» ice tea and juice for children of age 6-10 years «Tusa Jusa».

JSC Lebedyansky has a well-developed distribution network that covers all of Russia as well as Ukraine, Kazakhstan, Azerbaijan and Belarus.

On 20 March 2008, four largest individual shareholders of Lebedyansky entered into a conditional agreement with PepsiCo to sell their shares in Lebedyansky totalling 75.53%, excluding the Baby Food and Mineral Water business, for US\$88.02 per share.

The agreement is conditional upon, amongst other things, the separation and spin-off of Lebedyansky's Baby Food and Mineral Water business. The separation and spin-off is subject to approval by the shareholders of Lebedyansky at the EGM to be held on 16 June 2008.

Once the separation and spin-off are completed, each shareholder in Lebedyansky (save for those who voted against the spin-off (or did not participate in voting) and requested to be redeemed by Lebedyansky) will receive a mandatory offer from PepsiCo in relation to Lebedyansky shares (Juice business) at no less than US\$88.02 per share plus new shares in Progress Capital (Baby Food and Mineral Water business) pro rata to the stake in Lebedyansky held on 28 March 2008, which have been independently valued at US\$12.32 per share.

³ AC Nielsen Company retail audit for February - March 2008

