



Alcoholic Drinks in the Czech Republic

Industry Profile

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EXECUTIVE SUMMARY

Market Value

The Czech alcoholic drinks market grew by 2.0% in 2006 to reach a value of \$5.8 billion.

Market Value Forecast

In 2011, the market is forecast to have a value of \$6.3 billion, an increase of 9.6% since 2006.

Market Volume

The market grew by 1.2% in 2006 to reach a volume of 1,814.7 million liters.

Market Volume Forecast

In 2011, the market is forecast to have a volume of 1,950.8 million liters, an increase of 7.5% since 2006.

Market Segmentation I

The sale of beer, cider & FABs generates 45.1% of the market's value.

Market Segmentation II

The Czech Republic generates 1.2% of the European market value.

Market Share

SABMiller leads the Czech market with a 38% share of all volume sold.

Distribution

On-trade sales form the most significant distribution outlet for alcoholic drinks sales in Europe, accounting for 54% of the market by volume.

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CHAPTER 1 MARKET OVERVIEW

1.1 Market Definition

The alcohol drinks market consists of beers, ciders & FABs, spirits and wines. The market is valued according to retail selling price (RSP) and includes any applicable taxes. Any currency conversions used in the creation of this report have been calculated using constant 2005 annual average exchange rates.

For the purpose of this report, the European market is deemed to consist of Belgium, the Czech Republic, Denmark, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Russia, Spain, Sweden and the UK.

1.2 Research Highlights

The Czech alcoholic drinks market generated total revenues of \$5,787 million in 2006, this representing a compound annual growth rate (CAGR) of 1.5% for the five-year period spanning 2002-2006.

Market consumption volumes increased with a CAGR of 0.1% between 2002-2006, to reach a total of 1.814.7 million liters in 2006.

The performance of the market is forecast to follow a similar pattern, with an anticipated CAGR of 1.8% for the five-year period 2006-2011 expected to drive the market to a value of \$6,341 million by the end of 2011.

1.3 Market Analysis

After an increase in growth rate in 2004, the Czech alcoholic drinks market delivered moderate, stable growth over the last five years. Looking forward, this trend is expected to persist through to 2011.

The Czech alcoholic drinks market generated total revenues of \$5,787 million in 2006, this representing a compound annual growth rate (CAGR) of 1.5% for the five-year period spanning 2002-2006. In comparison, the Polish and Hungarian markets grew with CAGRs of 4.3% and 1.5% over the same period, to reach respective values of \$14,698 million and \$5,787 million in 2006.

Market consumption volumes increased with a CAGR of 0.1% between 2002-2006, to reach a total of 1.814.7 million liters in 2006. The market's volume is expected to rise to 1,950.8 million liters by the end of 2011, this representing a CAGR of 1.5% for the 2006-2011 period.

Beer, cider & FABs sales proved the most lucrative for the Czech alcoholic drinks market in 2006, generating total revenues of \$2,609.6 million, equivalent to 45.1% of the market's overall value. In comparison, sales of wine generated revenues of \$1,665.1 million in 2006, equating to 28.8% of the market's aggregate revenues.

The performance of the market is forecast to follow a similar pattern, with an anticipated CAGR of 1.8% for the five-year period 2006-2011 expected to drive the market to a value of \$6,341 million by the end of 2011. Comparatively, the Polish and Hungarian markets will grow with CAGRs of 4.1% and 0.4% respectively over the same period, to reach respective values of \$18,005 million and \$5,089 million in 2011.

CHAPTER 2 MARKET VALUE

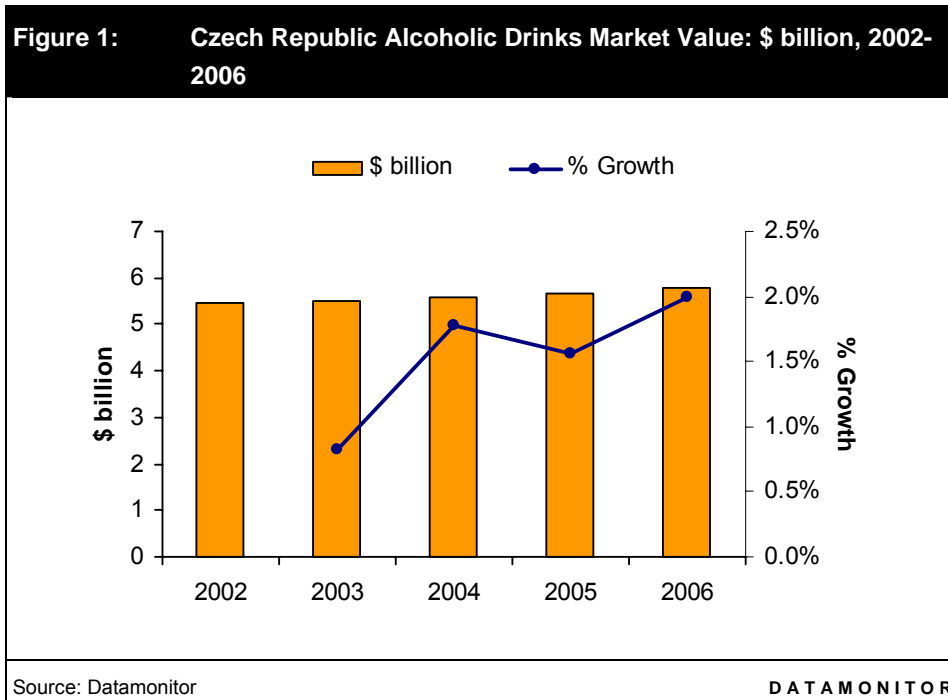
The Czech alcoholic drinks market grew by 2.0% in 2006 to reach a value of \$5.8 billion.

The compound annual growth rate of the market in the period 2002-2006 was 1.5%.

Table 1: Czech Republic Alcoholic Drinks Market Value: \$ billion, 2002-2006

Year	\$ billion	CzK billion	% Growth
2002	5.4	130.6	
2003	5.5	131.7	0.80%
2004	5.6	134.0	1.80%
2005	5.7	136.1	1.60%
2006	5.8	138.8	2.00%
CAGR, 2002-2006:			1.5%

Source: Datamonitor DATAMONITOR



CHAPTER 3 MARKET VOLUME

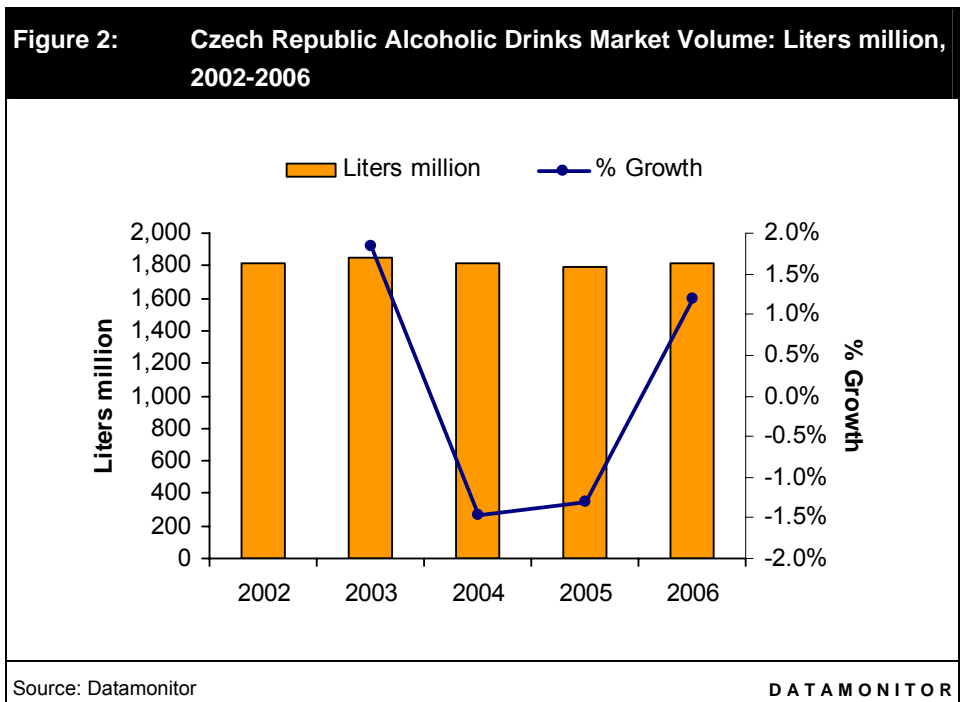
The Czech alcoholic drinks market grew by 1.2% in 2006 to reach a volume of 1,814.7 million liters.

The compound annual growth rate of the market volume in the period 2002-2006 was 0.1%.

Table 2: Czech Republic Alcoholic Drinks Market Volume: Liters million, 2002-2006

Year	Liters million	% Growth
2002	1,810.9	
2003	1,844.1	1.80%
2004	1,817.2	-1.50%
2005	1,793.3	-1.30%
2006	1,814.7	1.20%
CAGR, 2002-2006:		0.1%

Source: Datamonitor DATAMONITOR



CHAPTER 4 MARKET SEGMENTATION I

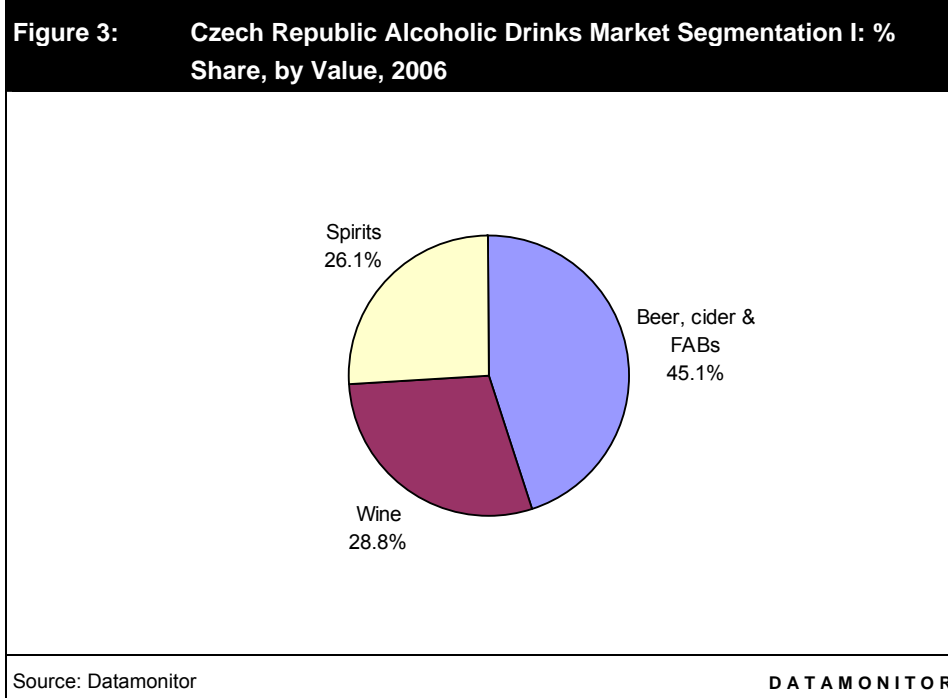
The sale of beer, cider & FABs generates 45.1% of the market's value.

Sale of wine accounts for a further 28.8% of the market's revenues.

Table 3: Czech Republic Alcoholic Drinks Market Segmentation I: % Share, by Value, 2006

Category	% Share
Beer, cider & FABs	45.10%
Wine	28.80%
Spirits	26.10%
Total	100.0%

Source: Datamonitor DATAMONITOR



CHAPTER 5 MARKET SEGMENTATION II

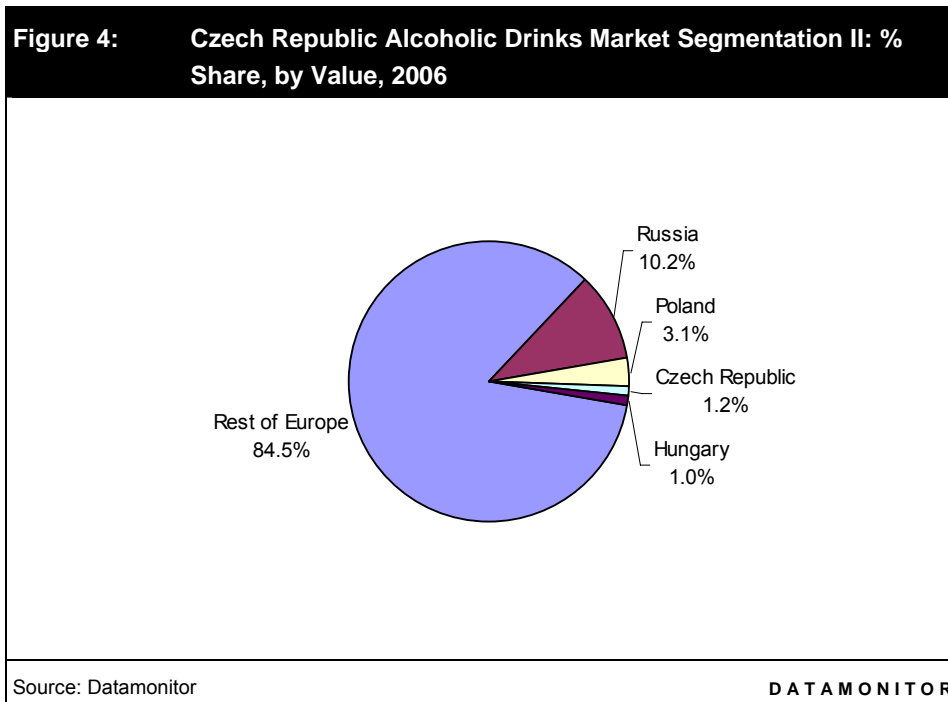
The Czech Republic generates 1.2% of the European market value.

An additional 10.2% of the market value in the region is generated by Russia.

Table 4: Czech Republic Alcoholic Drinks Market Segmentation II: % Share, by Value, 2006

Geography	% Share
Rest of Europe	84.50%
Russia	10.20%
Poland	3.10%
Czech Republic	1.20%
Hungary	1.00%
Total	100.0%

Source: Datamonitor DATAMONITOR



CHAPTER 6 MARKET SHARE

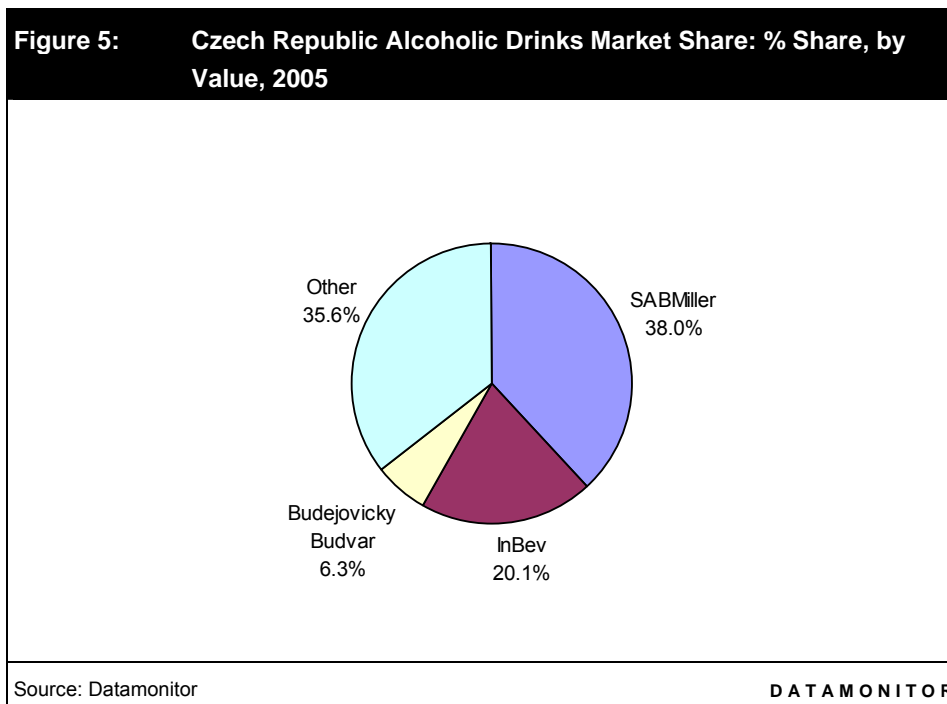
SABMiller leads the Czech market with a 38% share of all volume sold.

InBev generates another 20.1% of the market volume.

Table 5: Czech Republic Alcoholic Drinks Market Share: % Share, by Value, 2005

Company	% Share
SABMiller	38.00%
InBev	20.10%
Budejovicky Budvar	6.30%
Other	35.60%
Total	100.0%

Source: Datamonitor DATAMONITOR



CHAPTER 7 COMPETITIVE LANDSCAPE

SABMiller is the leading company in the Czech alcoholic drinks market, with sales in 2005 amounting to 681.8 million liters, this accounting for 38% of the market's volume. Other significant players include InBev, whose sales of 360.2 million liters comprise 20.1% of the market's volume; and Budejovicky Budvar, whose 113 million equates to an 6.3% share of the market.

On-trade forms the most significant distribution outlet for alcoholic drinks sales in Europe, accounting for 54% of the market by volume. Specialist retailers form an additional 14.8% of the market.

CHAPTER 8 LEADING COMPANIES

8.1 SABMiller

SABMiller is engaged in the production and retailing of beer, malts and carbonated soft drinks. Its brands include international premium beers such as Peroni Nastro Azzurro, Pilsner Urquell, Miller Genuine Draft and Castle Lager, as well as local brands, such as Miller Lite, Aguila, Tyskie and Snow. The company primarily operates in the Americas, South Africa and Europe. It is headquartered in London, the UK.

The company recorded revenues of \$15,307 million during the fiscal year ended March 2006, an increase of 18.6% over 2005. The net profit was \$1,440 million in fiscal year 2006, a decrease of 5.3% from 2005.

8.2 Inbev

InBev is the leading global brewer by volume, formed due to merger between Interbrew and AmBev in 2004. InBev has a portfolio of over 200 brands, including Stella Artois, Brahma, Beck's, Leffe and Skol. The company primarily operates in the Americas, Europe and Asia Pacific. It is headquartered in Leuven, Belgium.

The company recorded revenues of \$14,488 million during the fiscal year ended December 2005, an increase of 36% over 2004. The operating profit of the company was \$2,732 million during fiscal year 2005, an increase of 67.3% over 2004. The net profit was \$1,123.6 million in fiscal year 2005, an increase of 25.7% over 2004.

8.3 Budejovicky Budvar

Budejovicky Budvar also known as Budweiser Budvar is a brewery in Czech Republic. Budweiser Budvar exports its lager into more than 50 countries including Germany, Great Britain, Slovak Republic, Austria, Italy, Russia, France, Spain, Hungary and Poland. In 2002 Budweiser Budvar managed to enter, after 62 years, the market in the USA and Canada where, due to trademark legal disputes with the American company Anheuser-Busch it exports its original premium lager under the brand name of Czechvar. The company is based in České Budějovice in Czech Republic.

Budvar is not required to release financial information, however, revenues from global sales reached almost \$100 million in 2004. In 2004 the brewery created a gross profit (before taxation) to the amount of \$12.9 million.

CHAPTER 9 DISTRIBUTION

On-trade sales form the most significant distribution outlet for alcoholic drinks sales in Europe, accounting for 54% of the market by volume.

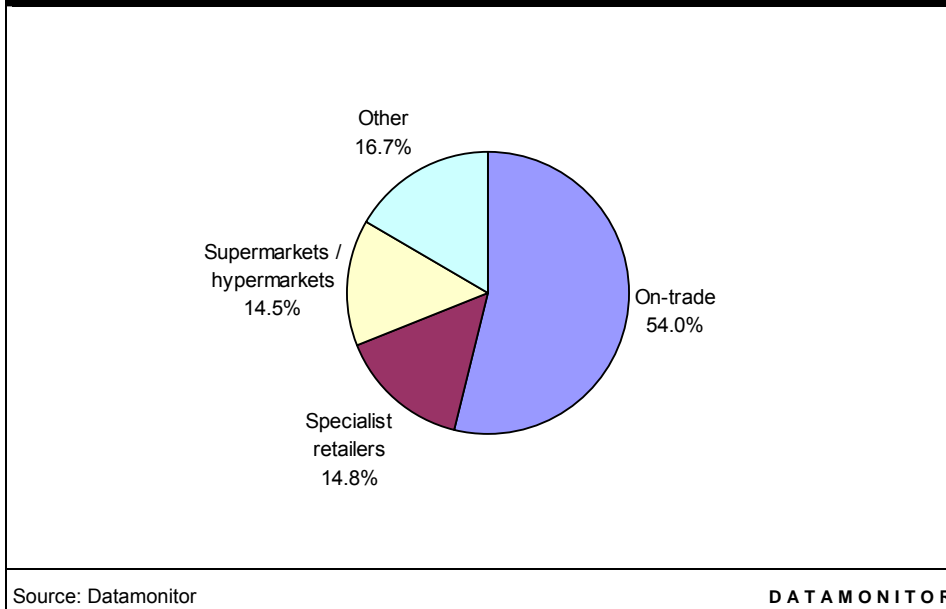
Specialist retailers form an additional 14.8% of the market.

Table 6: Czech Republic Alcoholic Drinks Distribution: % Share, by Volume, 2005

Channel	% Share
On-trade	54.00%
Specialist retailers	14.80%
Supermarkets / hypermarkets	14.50%
Other	16.70%
Total	100.0%

Source: Datamonitor DATAMONITOR

Figure 6: Czech Republic Alcoholic Drinks Distribution: % Share, by Volume, 2005



CHAPTER 10 MARKET FORECASTS

10.1 Market Value Forecast

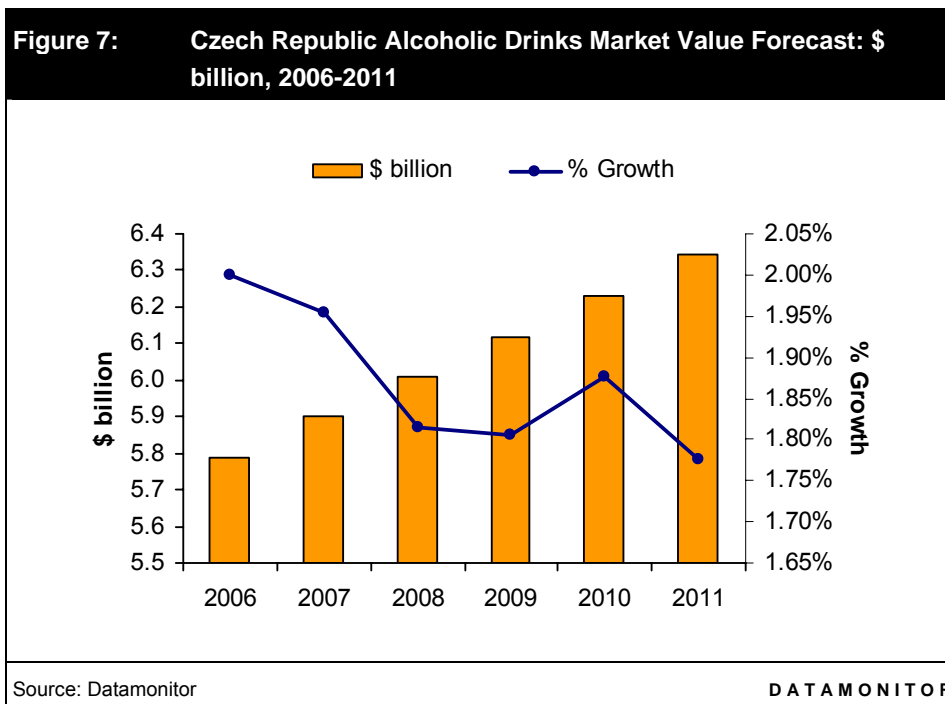
In 2011, the Czech alcoholic drinks market is forecast to have a value of \$6.3 billion, an increase of 9.6% since 2006.

The compound annual growth rate of the market in the period 2006-2011 is predicted to be 1.8%.

Table 7: Czech Republic Alcoholic Drinks Market Value Forecast: \$ billion, 2006-2011

Year	\$ billion	CzK billion	% Growth
2006	5.8	138.8	2.00%
2007	5.9	141.5	2.00%
2008	6.0	144.1	1.80%
2009	6.1	146.7	1.80%
2010	6.2	149.5	1.90%
2011	6.3	152.1	1.80%
CAGR, 2006-2011:			1.8%

Source: Datamonitor DATAMONITOR



10.2 Market Volume Forecast

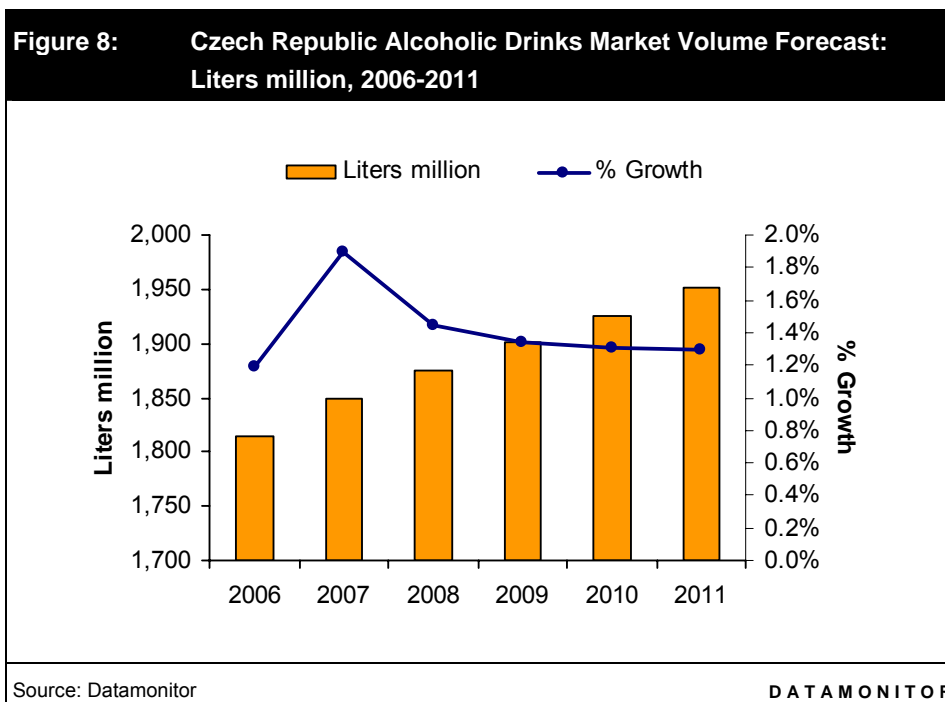
In 2011, the Czech alcoholic drinks market is forecast to have a volume of 1,950.8 million liters, an increase of 7.5% since 2006.

The compound annual growth rate of the market volume in the period 2006-2011 is predicted to be 1.5%.

Table 8: Czech Republic Alcoholic Drinks Market Volume Forecast: Liters million, 2006-2011

Year	Liters million	% Growth
2006	1,814.7	1.20%
2007	1,849.1	1.90%
2008	1,875.8	1.40%
2009	1,900.9	1.30%
2010	1,925.8	1.30%
2011	1,950.8	1.30%
CAGR, 2006-2011:		1.5%

Source: Datamonitor DATAMONITOR



CHAPTER 11 MACROECONOMIC INDICATORS

Table 9: Czech Republic Size of Population (million) , 2002-2006		
Year	Population (million)	% Growth
2002	10.3	
2003	10.3	-0.10%
2004	10.2	0.00%
2005	10.2	0.00%
2006	10.2	-0.10%

Source: Datamonitor DATAMONITOR

Table 10: Czech Republic GDP (1995=100), 2002-2006		
Year	1995=100	% Growth
2002	105.5	
2003	108.6	2.90%
2004	112.2	3.30%
2005	116.4	3.70%
2006	121.0	4.00%

Source: Datamonitor DATAMONITOR

Table 11: Czech Republic Inflation, 2002-2006		
Year	Inflation Rate (%)	% Growth
2002	0.6	
2003	0.1	-82.50%
2004	3.1	3033.30%
2005	2.8	-9.60%
2006	2.2	-21.60%

Source: Datamonitor DATAMONITOR

Table 12: Czech Republic Exchange Rate, 2002-2006

Year	Exchange Rate (\$/CzK)
2002	0.03048
2003	0.03543
2004	0.03887
2005	0.04168
2006	0.04168

Source: Datamonitor

DATAMONITOR

CHAPTER 12 FURTHER READING

12.1 Sources

This report is based on a combination of primary Datamonitor research, including online, face-to-face and telephone interviews with consumer and industry players, and secondary research using various sources (including trade associations, news providers and others).

Industry Associations

Union of the Czech Spirits Producers

C/o Ministerstvo zemědělství ČR, Tešnov 17,
CZ – 117 05 Praha 1, Czech Republic
Tel: 420 2 2181 2808
Fax: 420 2 2481 0478

European Confederation of Spirits Producers

Avenue de Tervueren, 192 Bte 3,
1150 Brussels, Belgium
Tel: 32 2 779 2423
Fax: 32 2 772 9820
<http://www.europeanspirits.org>

12.2 Related Datamonitor Research

Datamonitor Industry Profiles

Global Alcoholic Drinks (\$200)
Alcoholic Drinks in Asia-Pacific (\$200)
Alcoholic Drinks in Australia (\$200)
Alcoholic Drinks in Belgium (\$200)
Alcoholic Drinks in Brazil (\$200)
Alcoholic Drinks in Canada (\$200)
Alcoholic Drinks in China (\$200)
Alcoholic Drinks in Denmark (\$200)
Alcoholic Drinks in Europe (\$200)
Alcoholic Drinks in France (\$200)
Alcoholic Drinks in Germany (\$200)