



Beer in the Czech Republic

Industry Profile

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EXECUTIVE SUMMARY

Market Value

The Czech beer market grew by 3.5% in 2006 to reach a value of \$2,432.3 million.

Market Value Forecast

In 2011, the market is forecast to have a value of \$2,720.6 million, an increase of 11.9% since 2006.

Market Volume

The market grew by 3.8% in 2006 to reach a volume of 1,809.4 million liters.

Market Volume Forecast

In 2011, the market is forecast to have a volume of 2,060.4 million liters, an increase of 13.9% since 2006.

Market Segmentation I

Sales of standard lager form the most lucrative sector of the market, with a 61.1% share of the market's value.

Market Segmentation II

The Czech Republic accounts for 2.1% of the European beer market by value.

Market Share

SABMiller is the leading company in the market, with a 43.3% share of the market's volume.

Distribution

On-trade sales form the most lucrative distribution channel, with a 59.1% share of the market by volume.

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CHAPTER 1 MARKET OVERVIEW

1.1 Market Definition

The beer market consists of ales, stouts & bitters, low/no alcohol beers, premium lager, specialty beers and standard lager. 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 beer market generated total revenues of \$2.4 billion in 2006, this representing a compound annual growth rate (CAGR) of 3.3% for the five-year period spanning 2002-2006.

Standard lager sales proved the most lucrative for the Czech beer market in 2006, generating total revenues of \$1.5 billion, equivalent to 61.1% of the market's overall value.

The performance of the market is forecast to decelerate, with an anticipated CAGR of 2.3% for the five-year period 2006-2011 expected to drive the market to a value of \$2.7 billion by the end of 2011.

1.3 Market Analysis

Growth in the Czech beer market is forecast to decelerate, with growth unlikely to match the peak of 2005 in the forthcoming five year period 2006-2011.

The Czech beer market generated total revenues of \$2.4 billion in 2006, this representing a compound annual growth rate (CAGR) of 3.3% for the five-year period spanning 2002-2006. In comparison, the Polish market grew with a CAGR of 4.7% over the same period to reach a value of \$4.6 billion in 2006, while the Hungarian market grew with a compound annual change rate (CACR) of -1.1% to reach a value of \$803.3 million in 2006.

Market consumption volumes increased with a CAGR of 3.9% between 2002-2006, to reach a total of 1.8 billion liters in 2006. The market's volume is expected to rise to 2.06 billion liters by the end of 2011, this representing a CAGR of 2.6% for the 2006-2011 period.

Standard lager sales proved the most lucrative for the Czech beer market in 2006, generating total revenues of \$1.5 billion, equivalent to 61.1% of the market's overall value. In comparison, sales of premium lager generated revenues of \$825.1 million in 2006, equating to 33.9% of the market's aggregate revenues.

The performance of the market is forecast to decelerate, with an anticipated CAGR of 2.3% for the five-year period 2006-2011 expected to drive the market to a value of \$2.7 billion by the end of 2011. Comparatively, the Polish market is set to grow with a CAGR of 2.9% to reach a value of \$5.3 billion, while the Hungarian market will grow with CACR of -3.1% over the same period, to reach a value of \$685.4 billion in 2011.

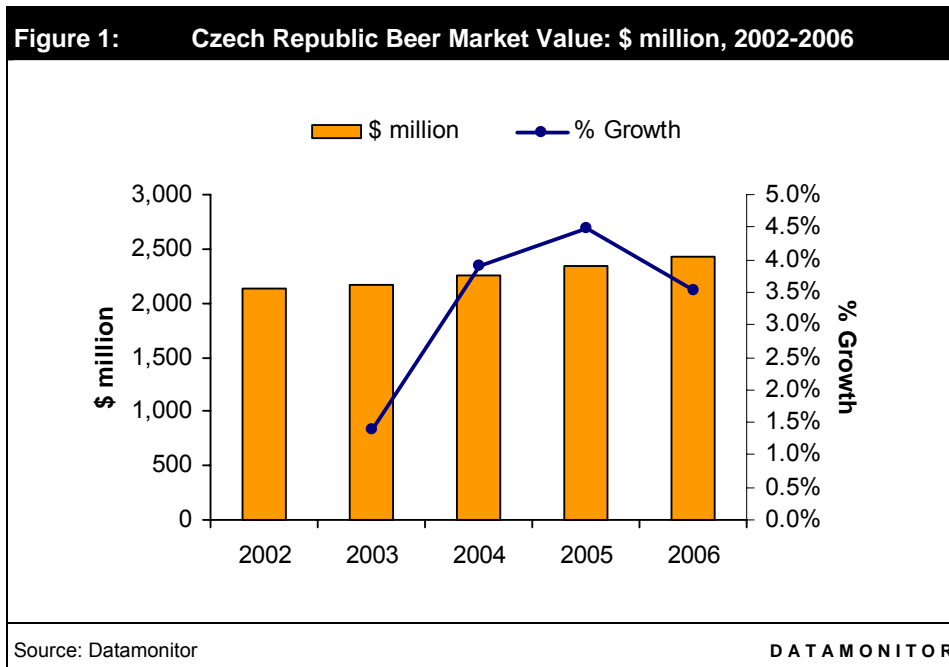
CHAPTER 2 MARKET VALUE

The Czech beer market grew by 3.5% in 2006 to reach a value of \$2,432.3 million.

The compound annual growth rate of the market in the period 2002-2006 was 3.3%.

Table 1: Czech Republic Beer Market Value: \$ million, 2002-2006			
Year	\$ million	CzK billion	% Growth
2002	2,134.8	51.2	
2003	2,164.3	51.9	1.40%
2004	2,248.6	53.9	3.90%
2005	2,349.4	56.4	4.50%
2006	2,432.3	58.4	3.50%
CAGR, 2002-2006:			3.3%

Source: Datamonitor DATAMONITOR



CHAPTER 3 MARKET VOLUME

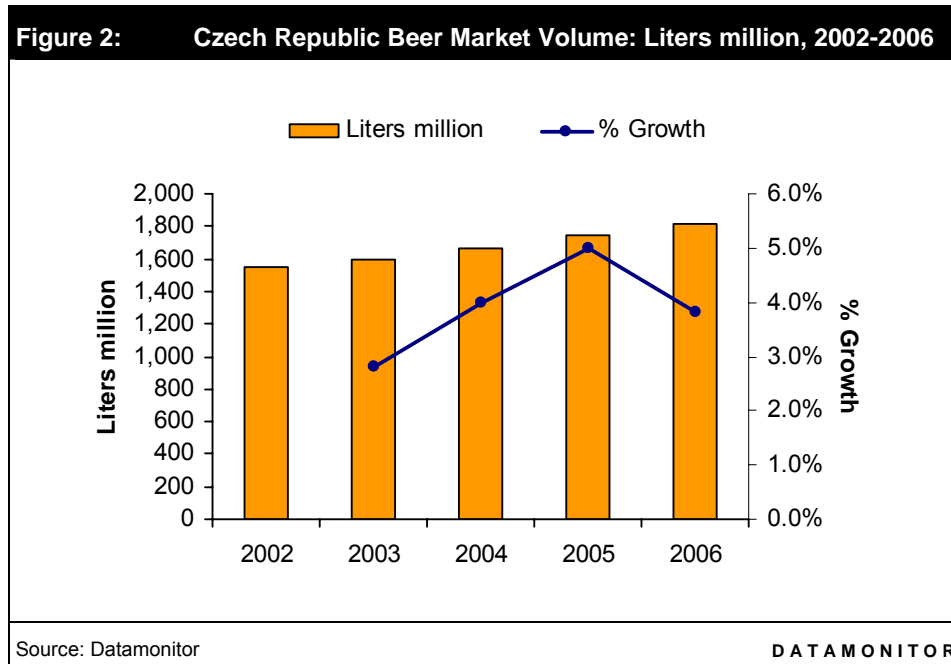
The Czech beer market grew by 3.8% in 2006 to reach a volume of 1,809.4 million liters.

The compound annual growth rate of the market volume in the period 2002-2006 was 3.9%.

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

Year	Liters million	% Growth
2002	1,552.3	
2003	1,596.0	2.80%
2004	1,659.9	4.00%
2005	1,742.9	5.00%
2006	1,809.4	3.80%
CAGR, 2002-2006:		3.9%

Source: Datamonitor DATAMONITOR



CHAPTER 4 MARKET SEGMENTATION I

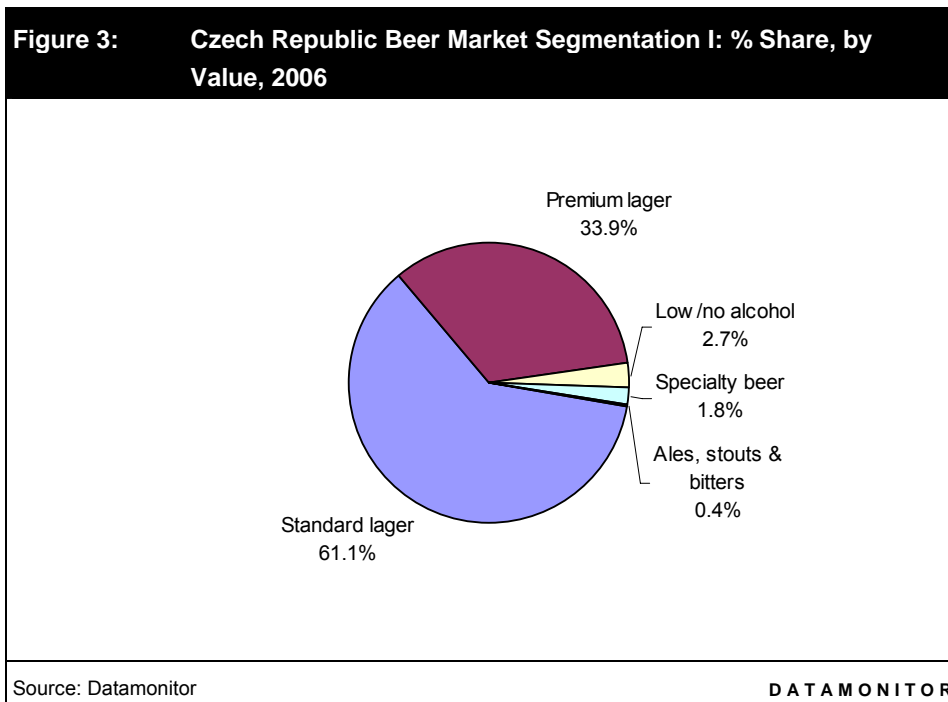
Sales of standard lager form the most lucrative sector of the Czech beer market, with a 61.1% share of the market's value.

In addition, sales of premium lager generate a further 33.9% of the market's revenues.

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

Category	% Share
Standard lager	61.10%
Premium lager	33.90%
Low/no alcohol	2.70%
Specialty beer	1.80%
Ales, stouts & bitters	0.40%
Total	100.0%

Source: Datamonitor DATAMONITOR



CHAPTER 5 MARKET SEGMENTATION II

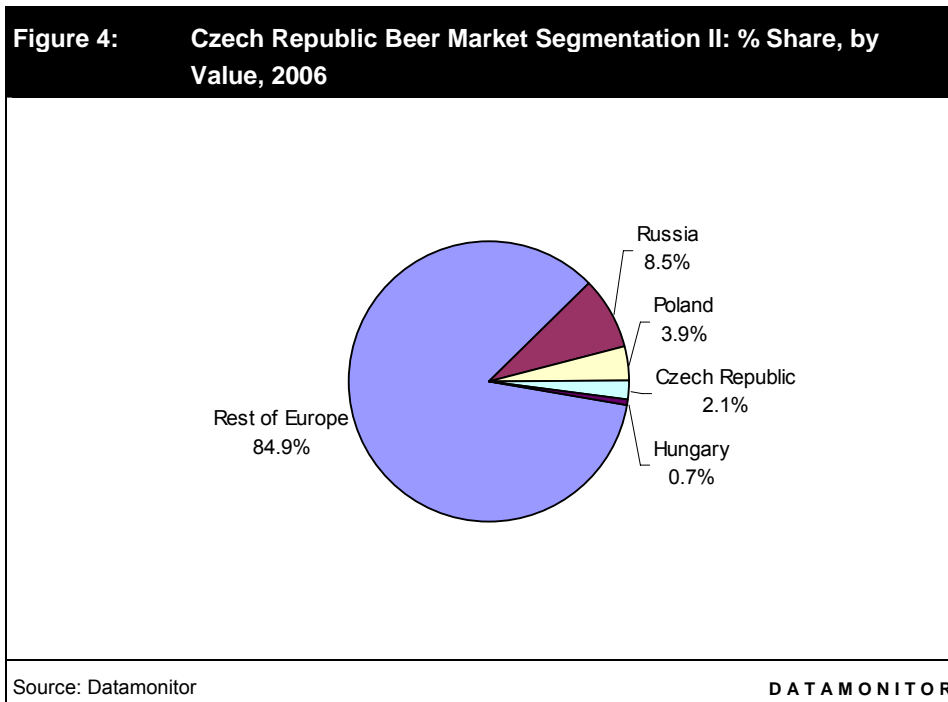
The Czech Republic accounts for 2.1% of the European beer market by value.

In comparison, Russia generates 8.5% of the market's revenues.

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

Geography	% Share
Rest of Europe	84.90%
Russia	8.50%
Poland	3.90%
Czech Republic	2.10%
Hungary	0.70%
Total	100.0%

Source: Datamonitor DATAMONITOR



CHAPTER 6 MARKET SHARE

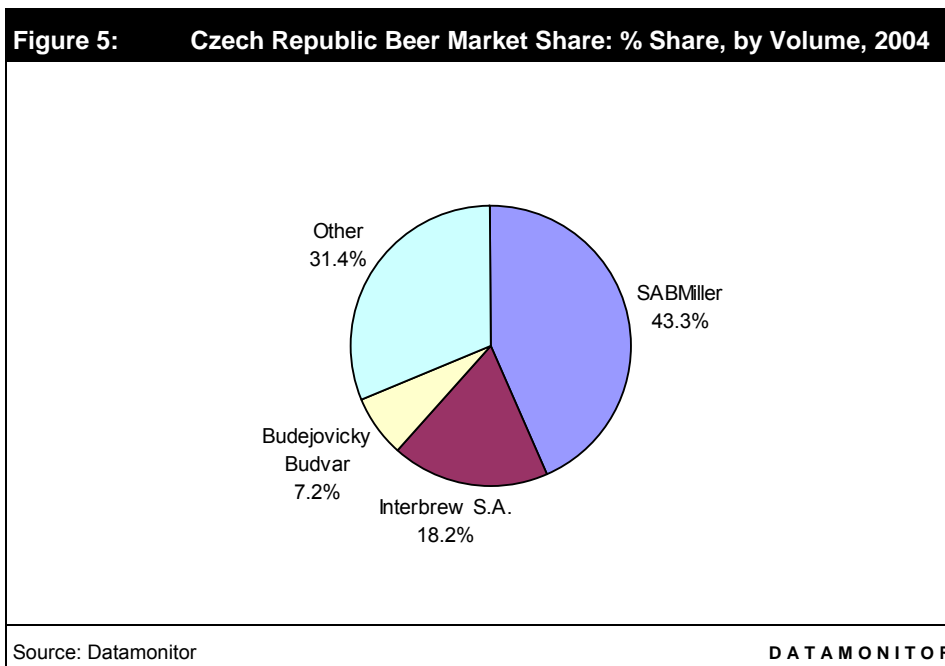
SABMiller is the leading company in the Czech beer market, with a 43.3% share of the market's volume.

In comparison, Interbrew accounts for 18.2% of the total market's volume.

Table 5: Czech Republic Beer Market Share: % Share, by Volume, 2004

Company	% Share
SABMiller	43.30%
Interbrew S.A.	18.20%
Budejovicky Budvar	7.20%
Other	31.40%
Total	100.0%

Source: Datamonitor DATAMONITOR



CHAPTER 7 COMPETITIVE LANDSCAPE

SAB Miller leads the Czech beer market, with sales in 2004 amounting to 718.1 million liters, this accounting for 43.3% of the market's volume. Other significant players include Interbrew S.A., whose sales of 302.6 million liters comprises 18.2% of the market's volume and Budejovicky Budvar, with a sales volume of 118.7 million liters, or 7.2% of the Czech market revenues.

On-trade forms the most significant distribution channel for beer products in the Czech Republic, accounting for 59.1% of the market by volume. Specialist retailers distribute products worth 12.2% 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 \$1,129 million in fiscal year 2005, an increase of 25.7% over 2004.

8.3 Budejovicky Budvar

Budejovicky Budvar produces a range of beers under the brand "Budvar" including light, super, premium and alcohol free lager. Today, Budweiser Budvar exports its lager into more than 50 countries across all continents. Some of its largest markets are in Germany, Great Britain, Slovak Republic, Austria, Italy, Russia, France, Spain, Hungary and Poland. The company is headquartered in České Budějovice, 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 lucrative distribution channel, with a 59.1% share of the Czech beer market by volume.

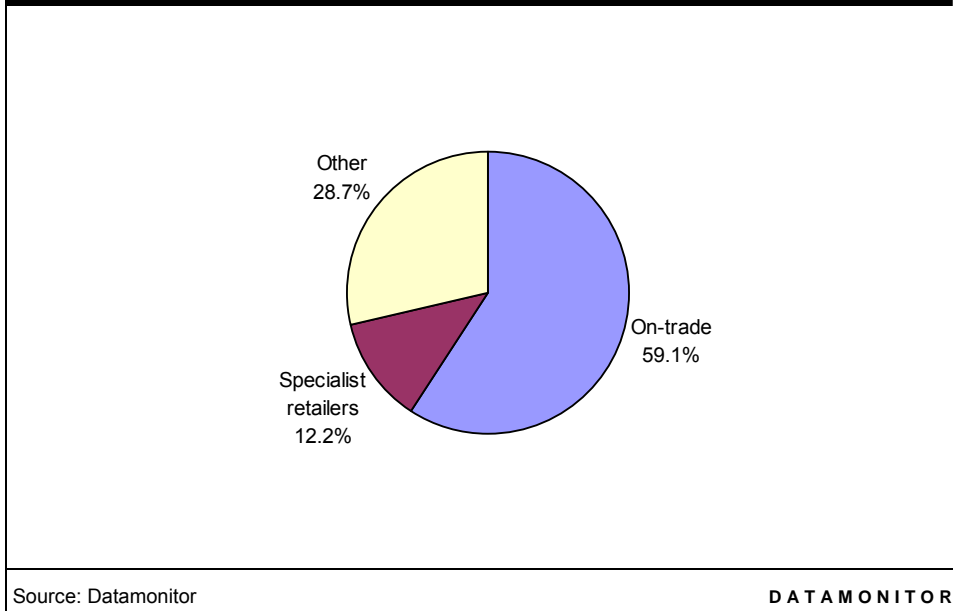
In addition, specialist retailers distribute a further 12.2% of the total market's volume.

Table 6: Czech Republic Beer Distribution: % Share, by Volume, 2004

Channel	% Share
On-trade	59.10%
Specialist retailers	12.20%
Other	28.70%
Total	100.0%

Source: Datamonitor DATAMONITOR

Figure 6: Czech Republic Beer Distribution: % Share, by Volume, 2004



CHAPTER 10 MARKET FORECASTS

10.1 Market Value Forecast

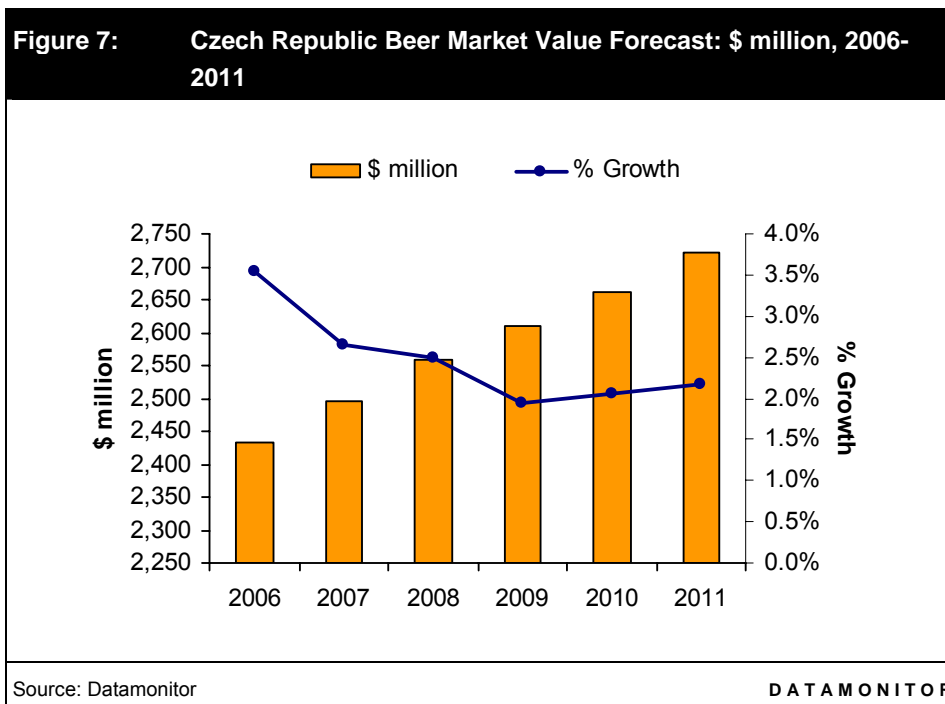
In 2011, the Czech beer market is forecast to have a value of \$2,720.6 million, an increase of 11.9% since 2006.

The compound annual growth rate of the market in the period 2006-2011 is predicted to be 2.3%.

Table 7: Czech Republic Beer Market Value Forecast: \$ million, 2006-2011

Year	\$ million	CzK billion	% Growth
2006	2,432.3	58.4	3.50%
2007	2,496.8	59.9	2.70%
2008	2,558.8	61.4	2.50%
2009	2,608.7	62.6	2.00%
2010	2,662.7	63.9	2.10%
2011	2,720.6	65.3	2.20%
CAGR, 2006-2011:			2.3%

Source: Datamonitor DATAMONITOR



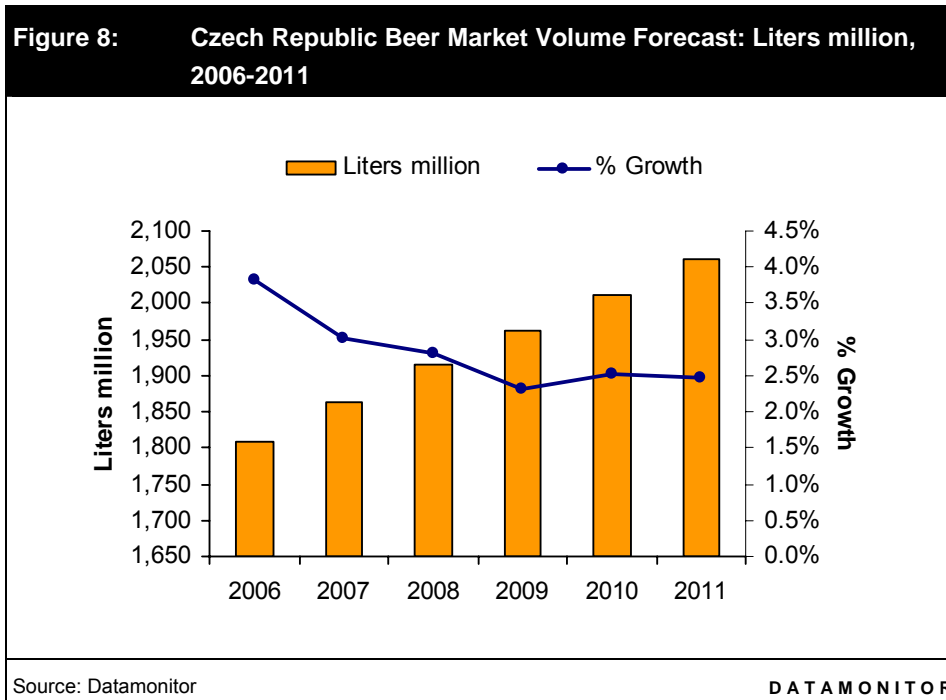
10.2 Market Volume Forecast

In 2011, the Czech beer market is forecast to have a volume of 2,060.4 million liters, an increase of 13.9% since 2006.

The compound annual growth rate of the market volume in the period 2006-2011 is predicted to be 2.6%.

Table 8: Czech Republic Beer Market Volume Forecast: Liters million, 2006-2011		
Year	Liters million	% Growth
2006	1,809.4	3.80%
2007	1,863.9	3.00%
2008	1,916.5	2.80%
2009	1,961.1	2.30%
2010	2,010.6	2.50%
2011	2,060.4	2.50%
CAGR, 2006-2011:		2.6%

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

Czech Union of Breweries and Malt-Houses

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Fax: 420 2 2491 4542
<http://www.cspas.cz>

12.2 Related Datamonitor Research

Datamonitor Industry Profiles

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