

local brands, the company has developed into a very satisfactory business.

BBH achieved substantial growth in sales in Russia and the Ukraine in 2001 whereas sales in the Baltic States remained stable compared to last year. BBH has gained market share in all countries with BBH operations. BBH's sales increase totalled more than 30% this year, and the company's progress in results thus proved very satisfactory with an increase of 25%. The company invests in capacity expansion at its breweries on an ongoing basis to keep up with demand. BBH employs a staff of more than 12,000 people and is market leader in Russia and the Baltic States. In 2001, BBH entered into an agreement regarding sale and marketing of Carlsberg in the Baltic States and of Tuborg in the Ukraine.

During the year, BBH sold Kalnapilis, one of its two Lithuanian breweries. The divestment was a direct consequence of the establishment of Carlsberg Breweries, as the Lithuanian competition authorities in that connection required that the parties sell one of their three breweries in the country. Carlsberg Breweries also owned the Lithuanian brewery Svyturys, which was merged with the BBH company Utenos when Kalnapilis had been sold. In addition, BBH took over 49.9%

of Carlsberg Breweries' brewery Vena in St. Petersburg in November and has an option to acquire the remaining shares in Vena. The sale ensures that both ownership and management responsibility of Carlsberg Breweries' activities in Russia, the Baltic States and the Ukraine are handled by BBH.

In November 2001, BBH's subsidiary Baltika Brewery acquired the controlling interest in the brewery Krinitsa in Belarus.

Other European markets

United Romanian Breweries, which is partly owned by Carlsberg Breweries, registered continued marked improvement in the sales of Tuborg, which is produced under licence. In 2001, the brewery launched locally produced Carlsberg in the international premium segment with great success.

In Croatia, Panonska Pivovara, which is partly owned by Carlsberg Breweries, maintained its market share in a market characterised by intensifying, tough competition as regards quality products. Panonska has produced Tuborg under licence since 1971, and in 2001 the brewery expanded its portfolio with the successful launch of Tuborg Classic.