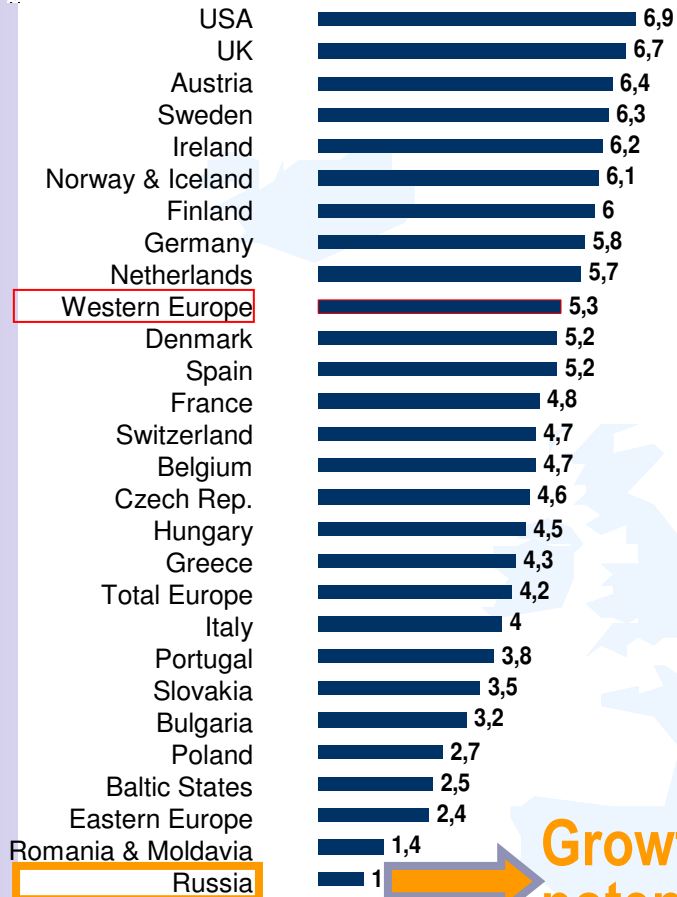




Consumption per Capita Europe & USA, 2004

Toilet paper



Growth potential



Sales Value				
Number of Buyers		Quantity per Capita		Item Value
Population	Penetration	Usages Occasions	Frequency of Use	Mix
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Units: Kgs
Source: TMD 2004 / EU Consulting

Market Background



Macroeconomics:

Inhabitants: 143 Mio. (2005)

Enormous geographical size of the market (West-East: > 8500km)

Comparatively low per capita expenditure on tissue products:

Russia: US \$9 Western Europe: US \$50 *)

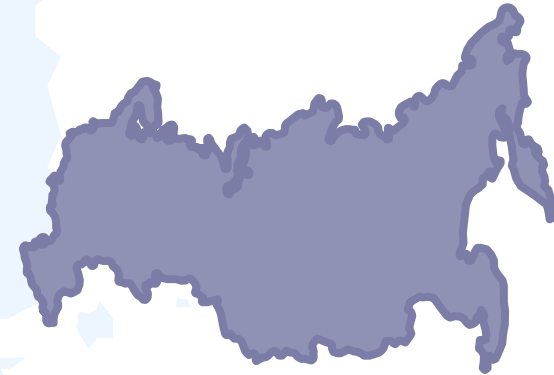
Tissue market:

Toilet tissue demand: 160 000 tons (2005)

Growth of Western European tissue market: **3 % p.a.**)**

Growth of Eastern European tissue market: **> 7 % p.a.**)**

Market value disposable paper products: US \$ 924.8 million***)



Shop formats and buying behaviour different from Western Europe

Trade environment: fragmented in provinces, more consolidated in metropolitan areas

Toilet paper traditionally bought as single, paperwrapped rolls, predominantly 1-ply

Emerging trends:

Russians are becoming more quality oriented.

Image becomes important in the decision-making

Russians (who are not affluent) prefer spending to saving

Toilet paper on the way to be regarded as an “essential item”

Rapid growth and demand for higher-quality products: especially in the 2 largest cities

Moskow and St. Petersburg due to rise in disposable income of middle class

*) Source: Euromonitor.com **) Source: EU Consulting (Pulp and Paper 1999), European Commission SG (2001) D/ 289999 ***) Euromonitor International, Aug 2003



Market issues and Zewa's success factors

Key market issue:

Grow per capita expense in toilet tissue

- Encourage people to trade up for 1-ply toilet tissue and upgrade to 2-ply toilet tissue products



Zewa's success factors:

Build brand awareness and focusing on quality products

- Be fast to be first in the mindset of the consumer
- Create awareness for the category (high quality toilet paper)

Grow with modern trade

- Product availability highly important

Be close to the market

- From consumer point of view: through continuous market research
- From production point of view: Local production allows quick reaction to consumer needs





Zewa in Russia – The success:

Zewa strong market leader

Clear No. 1 in market share, top-of-mind-awareness and spontaneous awareness
Zewa was the first to advertise on Russian-TV

Creation of market standards

Convert sales from 1-ply to 2-ply and even 3-ply products

2003: 1-ply 83%, 2-ply 17%

2005: 1-ply 72%, 2-ply 28%

Change of buying behaviour:

High distribution rate in modern shop formats



The Success in figures and future potential:

