



KARELIA

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KARELIA TOBACCO COMPANY REPORTS STRONG GROWTH FOR 2003

March 2004 - Greece's largest cigarette manufacturer and exporter of own trademark brands reported strong growth for the year 2003. Karelia Tobacco Company announced international sales sharply increased by 58%, and net turnover sales increased by 19.1%, exceeding 140 mn euros.

Export sales in recent years have boosted the Company to realize a dramatic expansion in its international business in North America, Europe, the Middle East, Africa, and Asia Pacific. Karelia currently exports to more than 60 foreign markets. Export sales in 2003 totaled more than 8,7 bn sticks. The Company's overall sales volume reached 12 bn sticks, an increase of 33.4%. Karelia's net profits before taxes rose to more than 27 mn euros, an increase of 11%.

Brand families George Karelias and Sons, Karelia Slims, Karelia Lights and American Legend led the Company's portfolio to solid growth abroad, as more and more smokers chose Karelia as their preferred brand. Last year Karelia brands entered seven new markets in the Far East, the Middle East and Africa.

On the Greek domestic market, major brands experienced upward sales trends with cigarette sales totaling 2.9 bn sticks in 2003. The company's core brands George Karelias and Sons, Karelia Slims, Karelia Lights/Blue 100's, Rex Lights/Blue, Extra, and American Legend increased their market shares. The brand Karelia Lights was redesigned, introducing a new "Round Corner" pack feature, while carefully maintaining the merits and quality of the brand.

As a result of the Company's continued surge in its cigarette sales in recent years, Karelia has completed a large investment program in the latest available technology totaling more than 14 mn euros. Specifically, Karelia became the first non-multinational cigarette manufacturer to install and fully operate a cigarette making/packing system capable of producing 16.000 cigarettes per minute. The filter production department was also fully modernized and now has the capability to produce the double filters used in light brands. In addition another Slims making/packing system was installed, and Karelia also became one of the few manufacturers to install in a packing system to produce "round corner" packs. All laser perforation units were renewed with the latest technology, and new hi-tech flavoring and casing cylinders were installed.

This year at Tax Free Asia Pacific, Karelia will present its products at its new stand location, F1. On display should be the following brands: George Karelias and Sons (Full Flavor, Lights, Plain Ovals), Origin by George Karelias and Sons, Karelia Lights (KS, 100's), Wellington, Karelia Royal, and American Legend (Full Flavor, Lights).

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