



KARELIA

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ANOTHER YEAR OF DOUBLE-DIGIT GROWTH FOR KARELIA TOBACCO

March 2005 - Greece's largest cigarette manufacturer and exporter of own trademark brands continued its upward momentum, once again registering strong growth for the year 2004. Karelia Tobacco Company reported its international sales increased by 20%, and net turnover sales exceeded 157 mn euros increasing by 12%. The Company's overall sales volume increased by 25% to a total of 15 bn sticks. Net profits before taxes surpassed 32 mn euros, an increase of 19%.

Exports have boosted the Company to realize a dramatic expansion in its international business in recent years. International sales to 66 markets totaled 10.4 bn sticks in 2004. Brand families "George Karelias and Sons", "Karelia Slims", "Karelia Lights" and "American Legend" continued to lead the Company's portfolio to solid growth abroad, as more and more smokers chose Karelia as their preferred brand. A new brand extension of Karelia Royal called "Karelia Royal Lights" was launched. Last year Karelia brands entered ten new markets in Latin America, the Far East, the Middle East and Africa.

On the Greek domestic market, the Company experienced a notable increase in sales and market share following the launch of its new brand called "Leader". Cigarette sales totaled 4.5 bn sticks, an increase of 54%, in the face of severely heightened competition due to price wars in that market. In the Greek duty-free sector, Karelia sales continued their upbeat performance increasing by 20%. Karelia holds second place among all domestic and international cigarette companies in Hellenic Duty Free and Travel Value Shops with strong sales from George Karelias and Sons and Karelia Slims.

Due to the continued surge in cigarette sales, Karelia has entered into the next phase of its investment program estimated to surpass 18 mn euros, in order to further develop its product portfolio and increase productivity. Karelia is installing two more cigarette making/packing systems. Investments in the filter production department, and other stages of the cigarette-making phase will also be completed in 2005. Last year, Karelia became the world's first non-multinational cigarette manufacturer to install and fully operate a cigarette making/packing system capable of producing 16.000 cigarettes per minute.

This year at the IAADFS Show, Karelia will present its products at its new stand location No. 2239. On display will be the following brands: "George Karelias and Sons" (Full Flavor, Lights), "Karelia Slims" (Regular, Menthol, Ultima), "Karelia Lights" (KS, 100's), "Wellington", "Karelia Royal", the new "Karelia Royal Lights", "Wellington", and "American Legend" (Full Flavor, Lights).

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