

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## Central European Distribution Corporation Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

(Operator Instructions). We'll go first to Doug Lane with Jeffries & Company.

#### Doug Lane - Jeffries & Company

Bill, can you update us on initiatives that you're undertaking with Gallo, try to give us some perspective on timing and how big you think that can be?

#### William Carey

The Gallo business that we were planning to start last fall as you remember from previous calls, but because of the ruble devaluation we kind of had to wait until it stabilized, which it has. So we have proceeded now with Gallo to go ahead and get started in Russia with the wine business.

We are doing a couple of hundred thousand cases of some key products from Constellation. Of course, they've been there for a while, but Gallo is quite aggressive and that Constellation business is going through Whitehall. I think that Gallo views us as a great opportunity to be one of their major markets in Europe over three to five years and we're doing about 700,000 cases in Poland and I think that they view Russia as a bigger market than Poland, Doug.

#### Doug Lane - Jeffries & Company

What about on the other side, with Gallo such a huge force in the US and already got an initiative with Zubrowka,, but what about the opportunity of the US as an export market for some of your brands and also an update on how is Zubrowka doing?

#### William Carey

On the Zubrowka front, we have settled our trademark issue we had with one of the importers. We settled that a few weeks ago. So, we will be looking to now be able to certainly push that much, much faster now. Now that we have this trademark issue settled. We've been doing a lot of private label work, Doug, a lot of third party bottling.

We just signed a deal with (inaudible). We will be bottling their ultimate vodka in Poland. A number of other agreements, we signed in the last three to six months. We're seeing big, big movement in terms of the bulk spirit, third party bottling, private label work that we do for other US importers.

In terms of our own brands, besides Zubrowka also on the Green Mark side, we have been in discussion with the Gallo team that we would like to take on the Green Mark brand in the US. As you know, they've been very active in progressing with their brandy. They launched a new Amsterdam gin. I think they are working on (inaudible) currency and next year they would like to do something in the vodka sector.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.