



AV RETAIL 04 2006

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Keeping Our Promise

- AV-TO has delivered on its promise to expand its network 100 stores by Q1 2006.
- With 104 stores the AV-TO network is now the number one multi-brand tyre service center chain in Russia.
- Current momentum & strategy will ensure dominant position in auto supply & service space.



Russia is #1 Retail Market

- Russia is the #1 market for retail development in the world. (A.T. Kearney 2004 Global Retail Development Index)
- The retail industry is one of the fastest growing sectors in the Russian economy.
- Retail growth has surpassed Russia's GDP growth.
- Russian retail market grew to \$193.2 billion in 2004. Retail turnover in Moscow is \$50 billion.

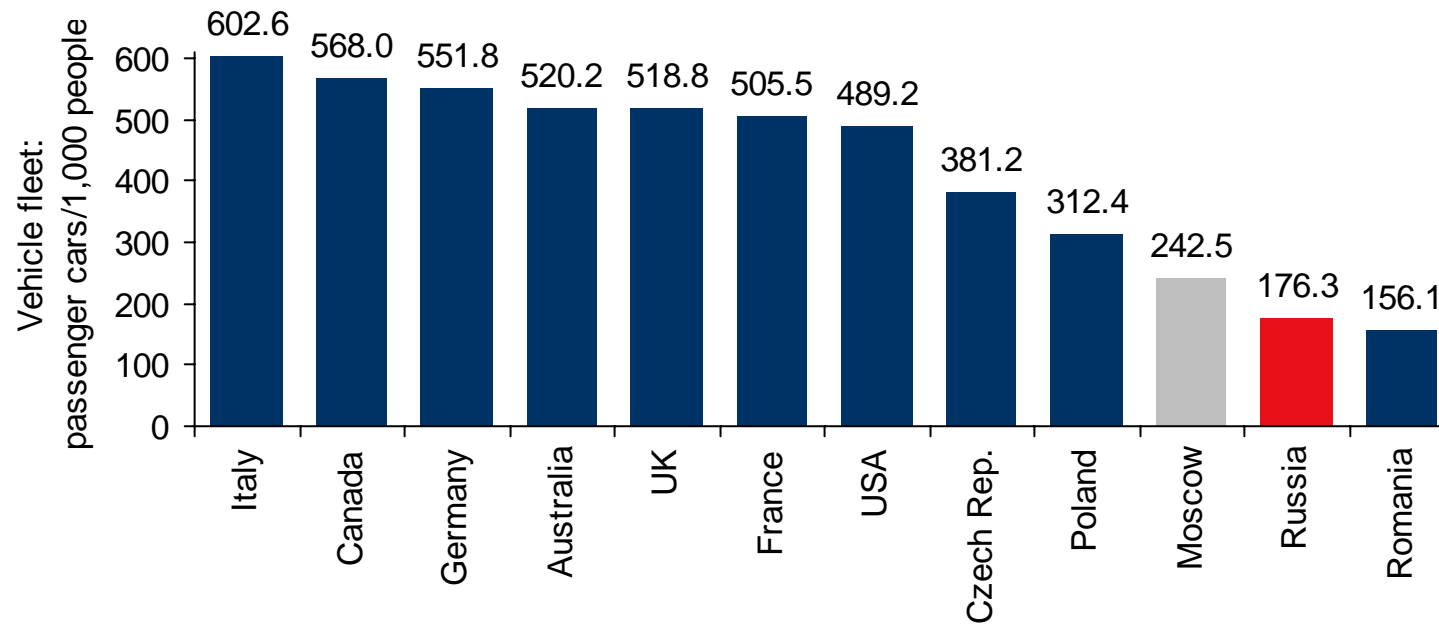


#1 Car Market in Region

- Russia is the largest car market in Central and Eastern Europe with rapid growth
- Car Pool in Russia increases 7-10% per year
- 165 cars per 1000 people -- twice lower than average in W. Europe
- Tyre fitting service demand exceeds car pool growth



Passenger Cars/1000 people



Russians Demanding Quality

- Sales of foreign brands increased 61.0% in 2005 to 567,000 units.
- Foreign brand share of sales forecast to increase from 38.0% of the total new car market in 2005, to over 50.0% with estimated sales of some 900,000 units by 2010.
- Higher quality, more expensive cars translates into higher quality more expensive tyres and other aftermarket sales and service.



Fragmented Tyre Retail

- The tyre retail segment is primarily comprised of single unit resellers and small chains.
- Many operate as part of franchise systems by major tyre companies, including Bridgestone, Michelin, Pirelli, Nokian, Continental and Goodyear.
- Overall, it is a fast-growing, yet highly fragmented market that is ripe for consolidation.



Competition

Tyre producer	Retail chain	Outlets
AV	AV-TO	104
Bridgestone	Pole Position	80
Michelin	TyrePlus/Michelin Pilot	49
Pirelli		44
Nokian	Vianor	22
Continental	MVO	21
Goodyear	Premio+Profil	17



A Outstanding Opportunity

Amtel-Vredestein's rationale for entry into the retail business is twofold.

First...

- Tremendous upside for a first-mover who consolidates the market
 - Ultimately, this business could be spun-off
 - and/or floated on public markets.



Synergies

Second...

- Many synergies with our core tyre business.
 - direct access to consumers at the critical point of sale – where most tyre purchase decisions are made.
 - AV-TO multi-brand stores will showcase Amtel-Vredestein brands through product display, POS, merchandising and salesperson training.
 - business overall has higher margins than the tyre business
 - offsets the seasonality of our core business.



Bold Strategy

- Now that we have reached the first level of consolidation, our next step will be to re-brand our stores.
- Two tiers -- Premium and value-for-money.
- To date we have acquired stores in Moscow, St Petersburg, Perm, Nizhny Novgorod, Kaluga, Volgograd, Ufa, Samara, Rostov and Ivanovo.
- We plan to expand across Russia, Ukraine, Kazakhstan and possibly Baltic countries.





Building A Business

- Integrating stores into a cohesive business network with new corporate standards, systems and accountability.
- Focus on main retail activity and outsource logistics – including warehousing and distribution.
- Strong team of experienced retail professionals who operate the AV-TO business as a wholly-owned subsidiary in a separate administrative facility.



Goals

- First goal of exceeding 100 stores – the size at which we believe critical mass is achieved – has already been accomplished as promised in Q1.
- We plan 200 outlets by end of 2006/early 2007 – primarily through acquisition.
- In 2007 and 2008 we will grow primarily through construction of new stores and ultimately by franchising once the brands have been established.
- 500 stores by 2008





Dominate Retail Tyre Market

- We plan to dominate the market and achieve an average market share of 30% - with market share in the premium segment of 40%.
- We will introduce a variety of complimentary products and services to our stores, which will include a full range of accessories, replacement parts, fluids, etc., as well as service and maintenance of exhaust systems, brakes, oil changes, etc.





Investment

- To date we have invested \$68.7 million USD, of which approximately \$20 million USD is real estate.
- We plan to spend approximately \$50-60 million USD in second half 2006/early 2007 to acquire an additional 100 outlets and re-brand all outlets.
- We plan a new CLN this year to finance this expansion (as well as reduce cost of current debt).



Other Options

- We are weighing options to reduce the amount of debt required for our growth
 - possible sale/lease-back of the real estate we have acquired.
 - REIT (real estate investment trust) to free up additional working capital.
 - equity participation in the AV-TO business (or possible Russian IPO).
 - All these options would require supervisory board approval; no final decision has been reached.

Net Present Value

- It is important to note that through our consolidation of these retail outlets we believe we have already built a business that has a net present value significantly higher than the cost of acquisition and integration of the underlying assets.



Projections

- Based on our business model, we project sales of \$70-100 million USD in 2006 with a gross margin of 25-29%.
- \$400 million USD by 2008
- We also project average sales per square meter/per year of approximately 80,000 – 120,000 rubles.
- To date we have acquired approximately 32,000 square meters.





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