

# ANADOLU EFES

## INVESTOR PRESENTATION

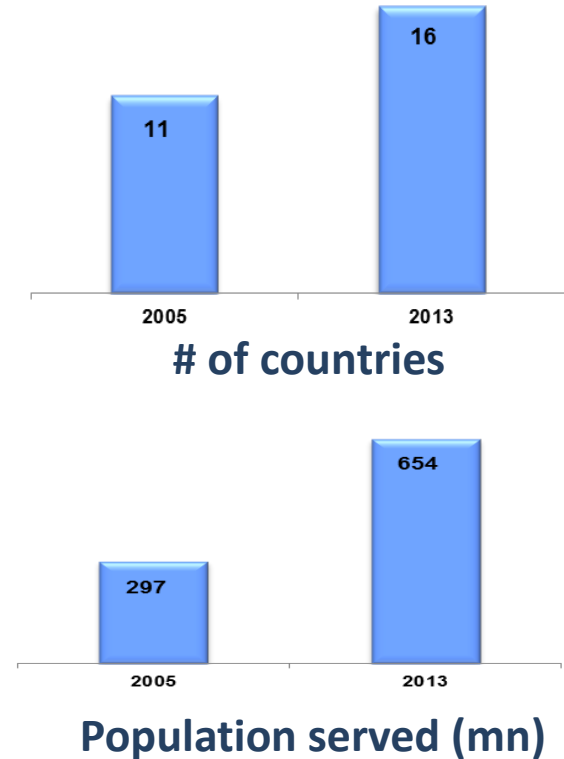
August 15, 2014

# Forward-Looking Statements

*This presentation may contain certain forward-looking statements concerning our future performance and should be considered as good faith estimates made by the Company. These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.*

# A Total Beverage Company Refreshing 660mn Consumers With A Strong History of Growth...

- A world class brand portfolio
- In markets with low per capita consumption
  - Turkey: 11 litres of beer, 45 litres of sparkling beverages
  - Kazakhstan: 30 litres of beer, 34 litres of sparkling beverages
  - Pakistan: 15 litres of sparkling beverages
- To a diverse & exciting region with strong GDP growth
  - Refreshing around 660mn consumers in Turkey, CIS and Middle East
- Through an experienced and financially strong organisation
- Supported through world alliances

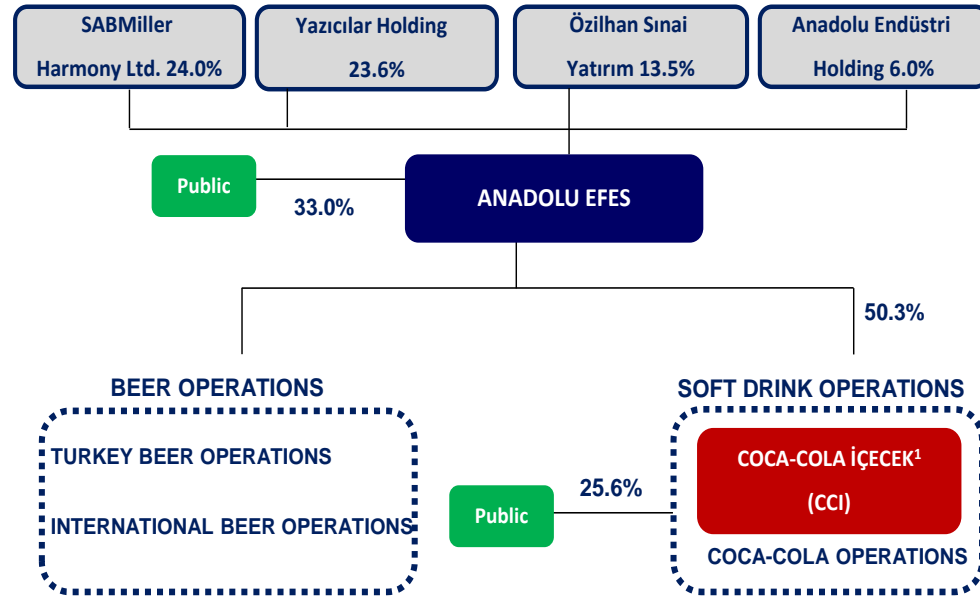


# Operating Geography

Refreshing around 660mn consumers in markets with low per capita consumption...



# Ownership Structure



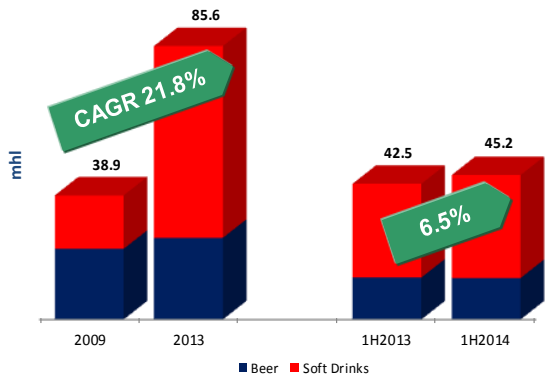
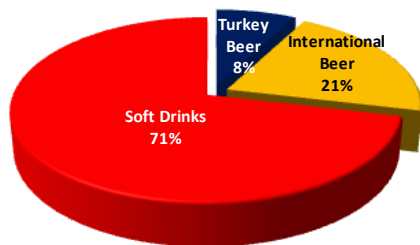
(1) 20% held by TCCEC (The Coca-Cola Export Corporation) and 4% by Özgörkey Holding.  
\* Only the major subsidiaries of the Group are presented

# Our Group Strategy

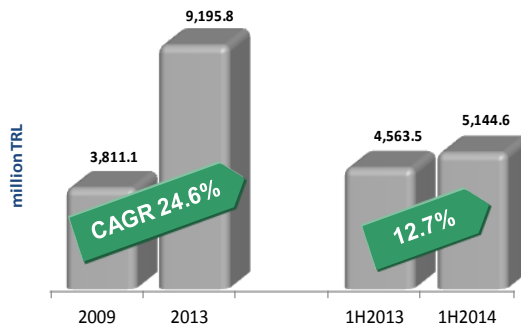
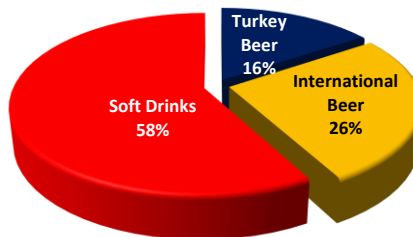
- ✓ Maintain focus on beer and soft drinks brands
- ✓ Leverage strategic alliances to expand into new markets, categories and brands
- ✓ Operate through two distinct companies to maintain focus, build capability & support investment
- ✓ In our core beer markets, restore margin & share in Russia and Turkey through cost reduction, premium brand focus & optimizing RTM
- ✓ In our CCI markets, drive sparkling category in Turkey, expand margins in Pakistan & Iraq, deliver a full beverage portfolio
- ✓ Improve balance sheet health, FCF, working capital management & a diverse funding strategy

# Consolidated Financial Performance - 1H2014

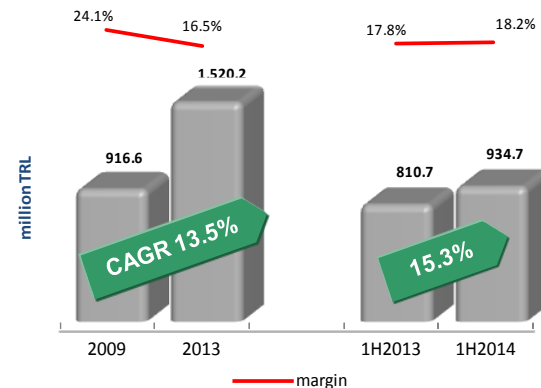
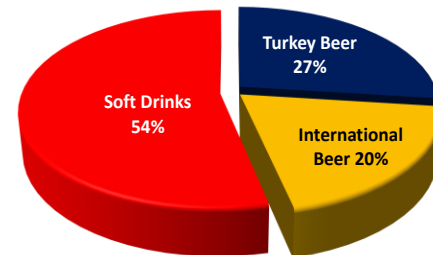
## Volume\* 1H2014



## Revenue\* 1H2014



## EBITDA\*(BNRI)\*\* 1H2014



\*On a combined basis

\*\*Non-recurring items amounted to TL9.1 million in 1H2014

# Beer Operations

# The Leading Brewer in CIS and Turkey

Europe's 5th largest and the World's 10th largest brewer in terms of sales volume\* with No.1 position in most of the markets in which we operate

- Largest brewer by sales volume in Turkey<sup>(1)</sup>, Kazakhstan<sup>(1)</sup>, Moldova<sup>(2)</sup>, Georgia<sup>(3)</sup>
- 3rd largest brewer by sales volume & 2nd largest by value in Russia<sup>(1)</sup>, the World's 4th largest beer market<sup>(4)</sup>
- 4th largest brewer by sales volume in Ukraine<sup>(1)</sup>

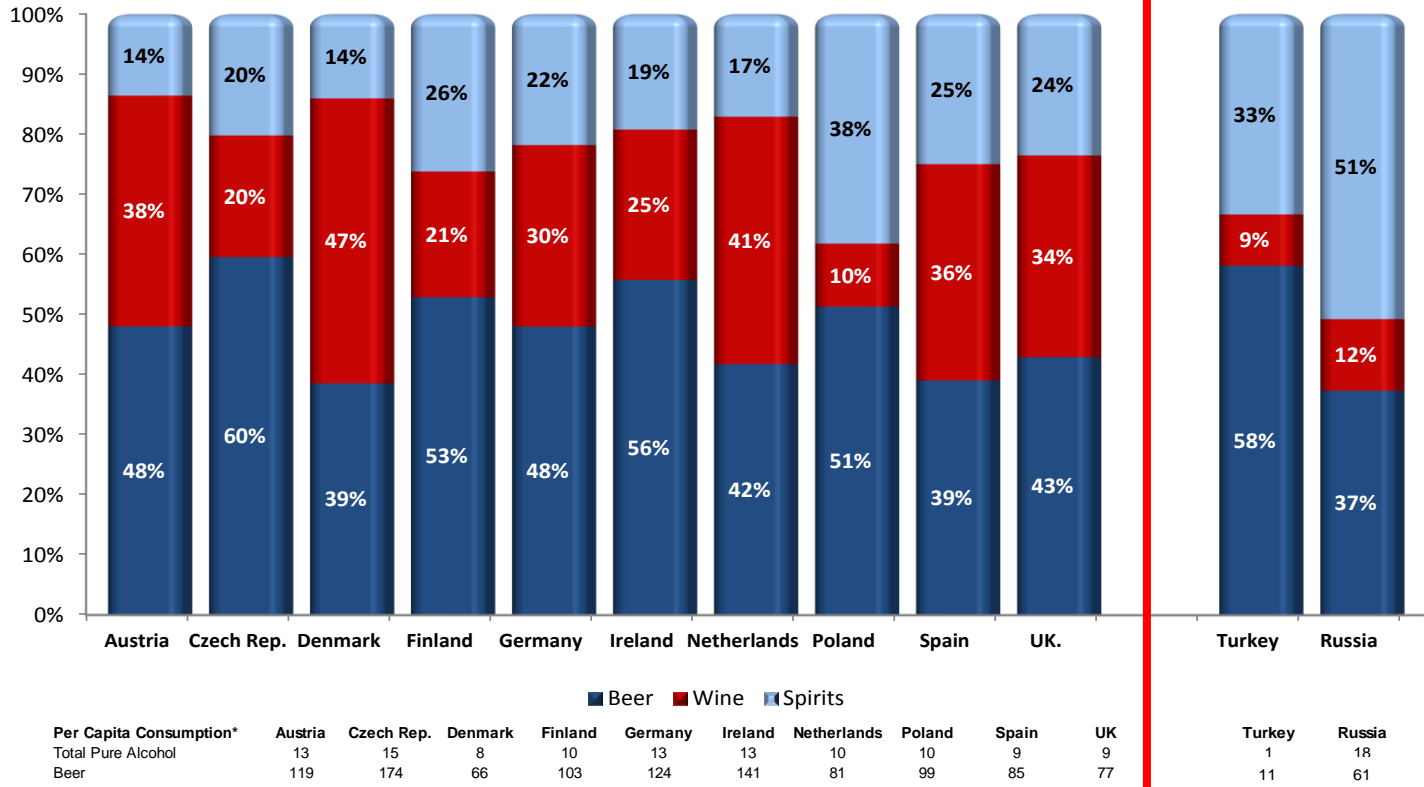


\* Company estimate

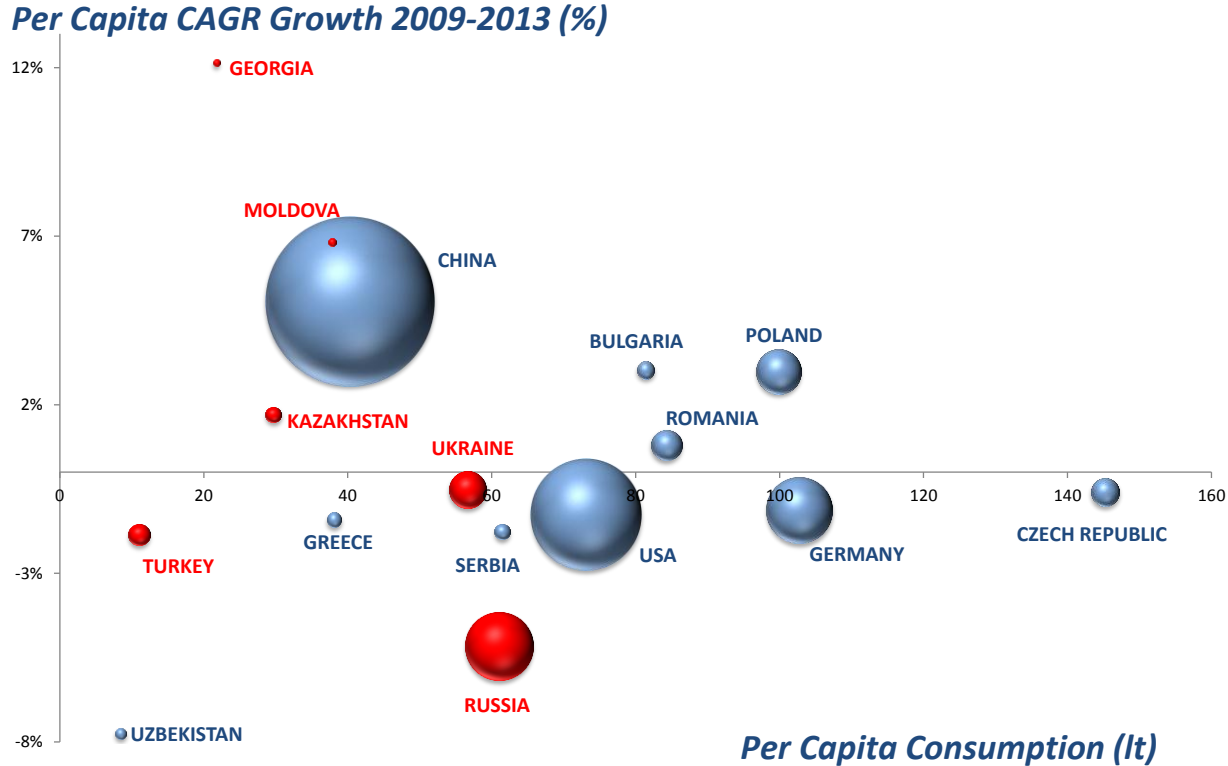
Sources: (1) Nielsen, (2) Retail Zoom Moldova, (3) GAMMA Retail Audit, (4) Canadean Global Beer Trends 2013



# Breakdown Of Pure Alcohol Consumption



# Total Beer Market Size & Per Capita Beer Consumption in Operating Markets & in Some Selected Countries



Source: Canadean Global Beer Trends 2013, Company estimates  
\* Bubbles represent market size

# Long Term Beer Group Strategy

## Brands

- It's all about the consumer and delivering choice, innovation and brand love

## Execution

- Great distribution and activation at the point of sale

## Efficiency

- Lean and efficient organisation throughout the supply chain and RTM

## Relationship

- with our employees, governments, suppliers, customers...

# Beer Group's Strategy for 2014 - 2016

- ✓ Expand brand & package portfolio in premium and mainstream segments in all countries
- ✓ Leverage our SABMiller alliance to provide global & regional brand power
- ✓ Reduce cost base through capacity reduction, procurement savings & opex reduction in Russia & Turkey
- ✓ Improve customer service & loyalty through store by store execution solutions & great service
- ✓ Protect category availability through innovative retail solutions, experiential marketing & a proactive strategy with regulators
- ✓ Develop profitable new markets for our brands like Ukraine, Central Asia

# Key Enablers For 2014-2016

- **Best brands**

|             |          |                 |              |
|-------------|----------|-----------------|--------------|
| Efes Pilsen | Miller   | Kruzha Svezhego | Samuel Adams |
| Bomonti     | Kozel    | Beliy Medved    | 387          |
| Efes Malt   | Chisinau | Sary Melnik     |              |

- **Strong RTM**

- **Lean & efficient manufacturing**

- **Market leading capabilities in marketing & sales**

- **Superior customer relationship**

- **Healthy balance sheet**

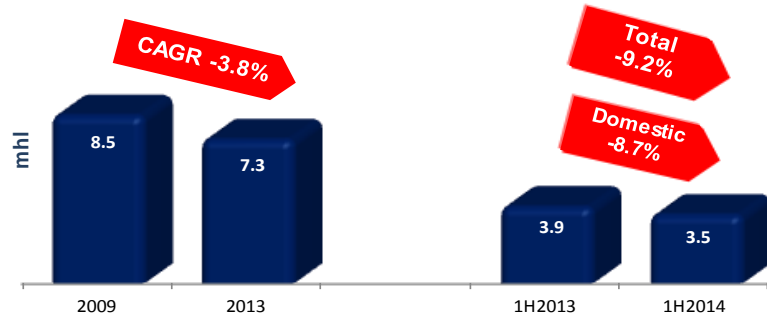
| 1H2014             | Net Debt / EBITDA |
|--------------------|-------------------|
| AEFES Consolidated | 1.7               |

- **Working with best people**

# Turkey Beer Operations

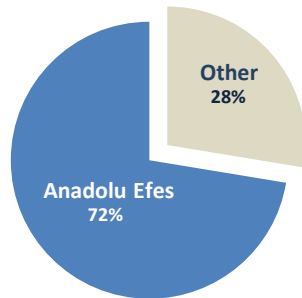
# Developments in Turkey Beer Operations

## Historical Volume Performance\*



\*Sales volume including exports

## Market Share Development



Source: Nielsen, YTD June 2014

- Negative impact of regulatory changes & higher prices continued in 2Q2014, but at a descending rate despite;

- adverse weather conditions in June
- destocking
- Ramadan

- Our performance in 2Q2014 was still better than our estimates

# Turkey Beer Operation's Strategy

## Brands

- Focus on Brands in line with LT strategy
- New Brands and SKU launches (Launch of "Efes Pilsen Special Edition:10", "Samuel Adams" and "Grolsch" as well as "Efes Malt" & "Bomonti" in returnable SKUs)

## Execution

- Creative & innovative executions to maximize in-store excellence
- Focus on field execution

## Efficiency

- Cost reduction initiatives
- Network optimization (Closure of Lüleburgaz plant as of May 1)
- Inventory, receivables & payables management to maximize cash flow

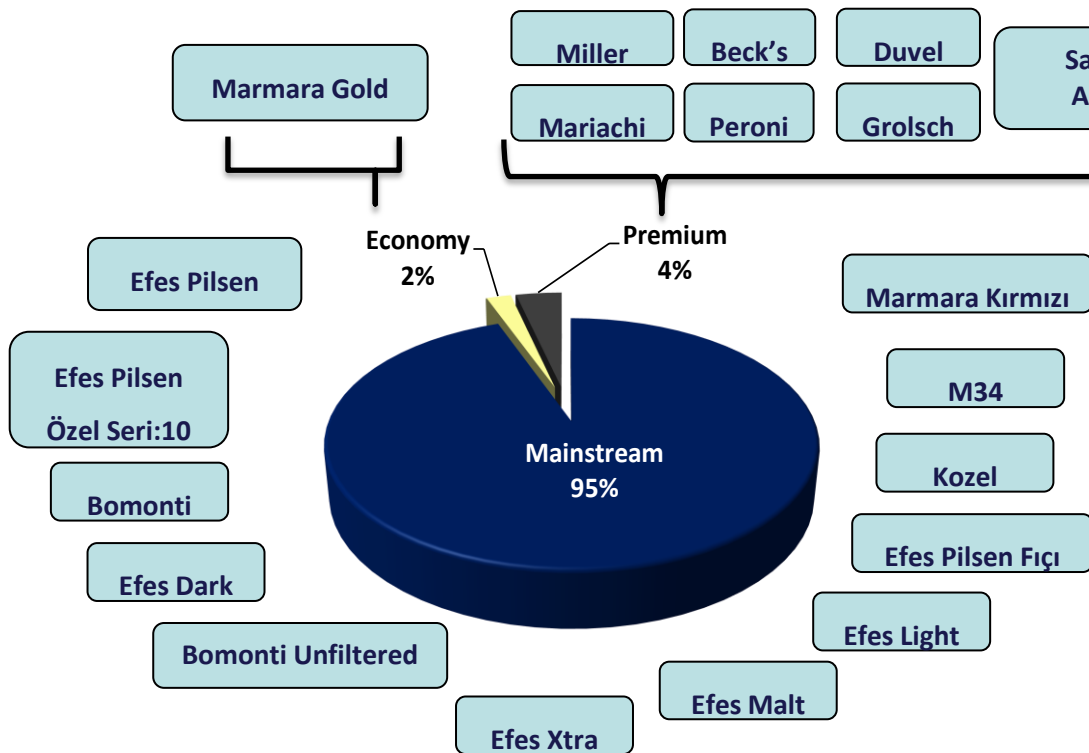
## Relationship

- Strong focus on improving customer & consumer engagement



# Focus on Brands

Through a portfolio for all occasions...



-  100% brand awareness for Efes
-  Exports to more than 70 countries
-  # 1 in consumer spending in Food & Beverage category – 8.9% as of January- June 2014 (Nielsen)
-  100% penetration in Turkey (June 2014, Nielsen)

# Efficiency & Relationship

## EFFICIENCY

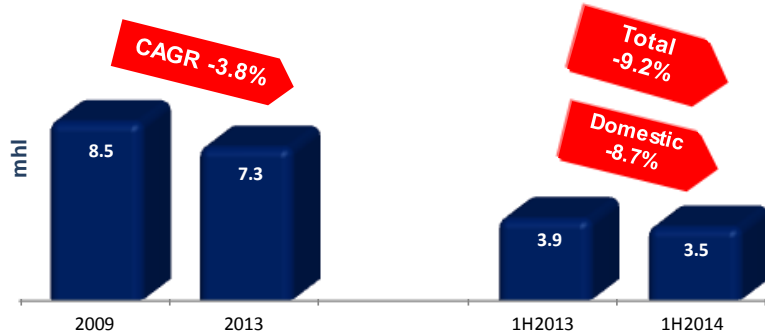
- ✓ Minimize costs through procurement savings
- ✓ Minimize opex
- ✓ RTM optimization

## RELATIONSHIP

- ✓ Proactive relationships with governments
- ✓ Working with best people
- ✓ Win-win relationship with suppliers & business partners
- ✓ Increase cooperation with strategic partners
- ✓ Transparent & proactive relationship with shareholders

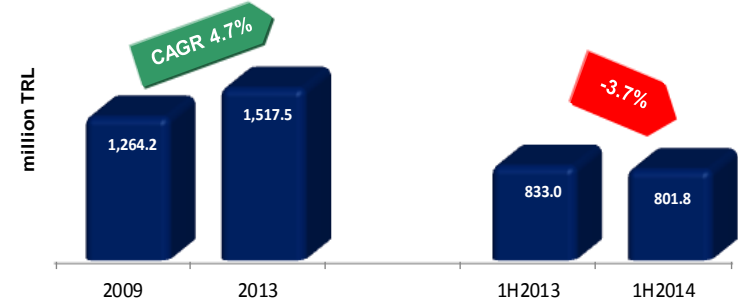
# Turkey Beer Financial Performance

## Volume\*

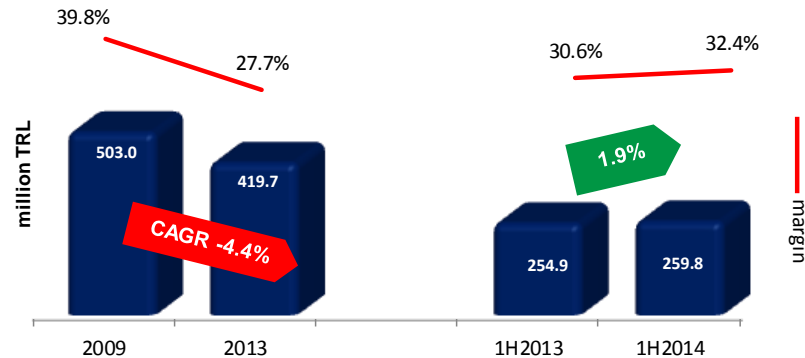


\*Sales volume including exports

## Revenue



## EBITDA



# International Beer Operations

# International Beer Operations

## ➤ Strong presence in the CIS region with operations in 5 countries

- Largest brewer by sales volume in Kazakhstan<sup>(1)</sup>, Moldova<sup>(2)</sup>, Georgia<sup>(3)</sup>
- 3rd largest brewer by sales volume & 2nd largest by value in Russia<sup>(1)</sup>, the World's 4th largest beer market<sup>(4)</sup>
- 4th largest brewer by sales volume in Ukraine<sup>(1)</sup>

**Acquisition of SAB's beer operations in Russia and Ukraine in 2012**

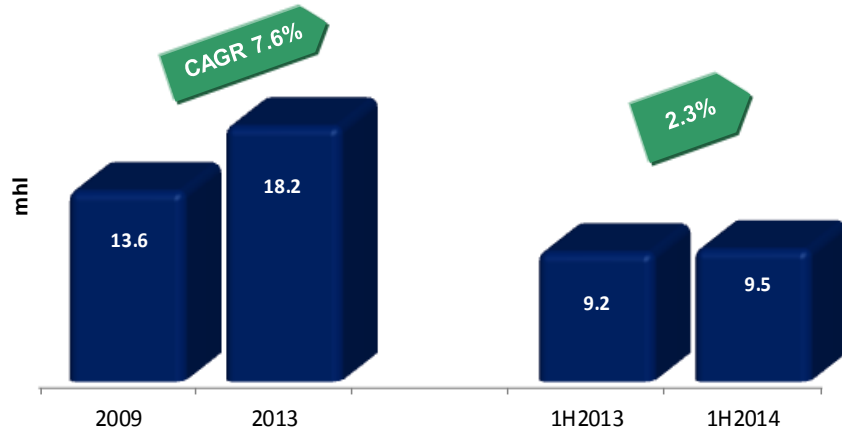
**Merger process was completed and network optimization programme was initiated in Russia in 2013**



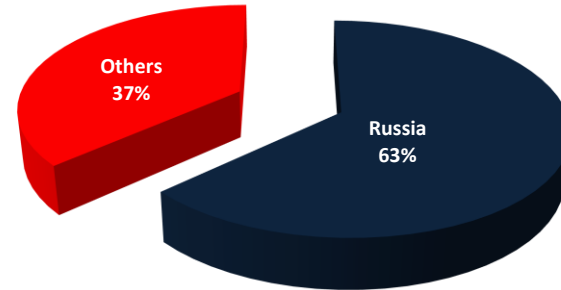
Sources: (1) Nielsen, (2) Retail Zoom Moldova, (3) GAMMA Retail Audit, (4) Canadean Global Beer Trends 2013

# Better Than Expected Sales Performance in International Operations

## Volume Development of EBI



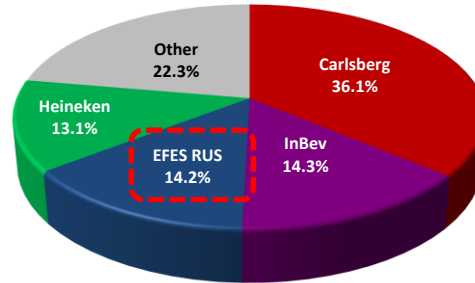
## Breakdown of Sales Volume - 1H2014



- In Russia, volume performance continued to be better than our expectations in 2Q2014
- On a consolidated basis, we still performed better than our expectation despite several political & economic challenges in some operating countries like Kazakhstan and Ukraine

# Continuing Market Share Gains in Russia

## Market Share by Volume\* – 1H2014 Russia



*Shares of Carlsberg and INBEV include Ukrainian brands*

- Beer market sales volumes in Russia\* declined by high-single digit in 1H2014 versus 1H2013
  - EFES RUS continued to perform better than the market, leading to a market share gain: 14.2%\*\* in 1H2014 up from 13.4%\*\* in 1H2013

\* Company estimate

\*\*Nielsen, National Urban Russia (over 10 th. inhab) Retail YTD June 2014

# Opportunities in the world's 4th largest beer market

## Brands

- Focus on Brands; Premiumization & further strengthening main brands
- Pioneering innovation in the region; new launches & redesigns (launch of "387" in Russia as well as many new SKU launches in all international operating markets)

## Execution

- Continued cooler placements to further increase cold availability
- Good momentum in key accounts in Russia

## Efficiency

- Cost reduction initiatives & network optimization (Closure of Moscow & Rostov plants in Russia)
- Procurement initiatives & total supply chain cost control

## Relationship

- Focus on engagement
- More proactive relationship with regulatory bodies

### PREMIUM

Redd's    Bavaria    Miller  
Essa    V. Kozel    Grolsch  
Amsterdam Navigator

### UPPER MAINSTR.

Zolotoya Bochka    Sary Melnik  
Efes Pilsener    Zwei Meister  
Sary Melnik Iz Bochonka  
387

### LOWER MAINSTR.

Beliy Medved  
Gold Mine Beer

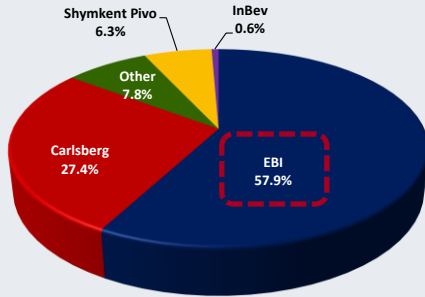
*Highly attractive,  
valuable &  
balanced  
portfolio in  
Russia...*



# Other Operating Countries

## Kazakhstan

### Market Share by Volume



- #1 brewer
- Capacity: 2.6 mhl

Nielsen , YTD June 2014

## Ukraine

- #4 brewer
- Capacity: 2.9 mhl
- Growing operation through brand focus

## Moldova

- #1 brewer
- Capacity: 1.3 mhl

## Georgia

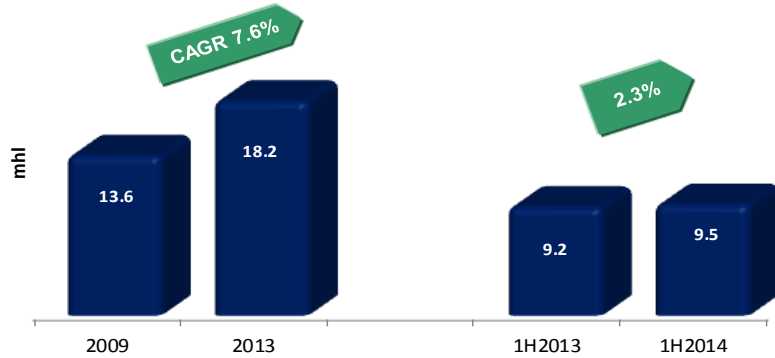
- #1 brewer
- Capacity: 1.1 mhl

# Strongly Positioned in All Markets

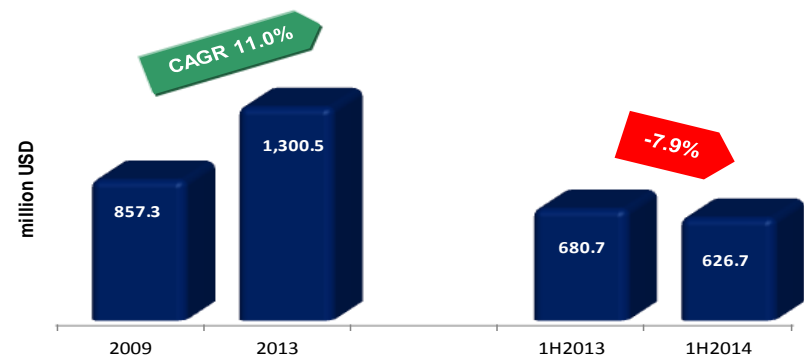
|            |                                       |   |  |                           |                        |
|------------|---------------------------------------|---|--|---------------------------|------------------------|
| Kazakhstan | SUPER PREMIUM                         | PREMIUM   | MAINSTREAM   | ECONOMY                   |                        |
|            | Miller<br>Grolsch<br>Pilsner Urquell  | Efes<br>Bavaria<br>V. Kozel<br>Zwei Meister<br>Amsterdam Navigator<br>Efes Radler | Beliy Medved<br>Karagandinskoe<br>Kruzhka Svezhego<br>Zhigulevskoe | Lubitelskoe               |                        |
| Ukraine    | MEGA PREMIUM                          | SUPER PREMIUM   | PREMIUM  | MAINSTREAM                | ECONOMY                |
|            | Kozel<br>Grolsch<br>Pilsner Urquell   | Efes Pilsen<br>Sary Melnik<br>Redds<br>Miller                                     | Zolotoya Bochka<br>V. Kozel<br>Amsterdam Navigator                 | Beliy Medved              | Sarmat                 |
| Moldova    | SUPER PREMIUM                         | PREMIUM   | MAINSTREAM   | ECONOMY                   |                        |
|            | Bavaria<br>Grolsch<br>Pilsner Urquell | V. Kozel<br>Miller  | Sary Melnik<br>Timisoreana   | Chisinau                  | Beliy Medved           |
| Georgia    | SUPER PREMIUM                         | PREMIUM   | MAINSTREAM   |                           |                        |
|            | Miller                                | Efes Pilsener   | Natakhtari<br>Natakhtari Ksaris<br>Natakhtari Extra                | Mtieli<br>Kaiser<br>Kozel | Herrenhausser<br>Karva |

# International Beer Financial Performance

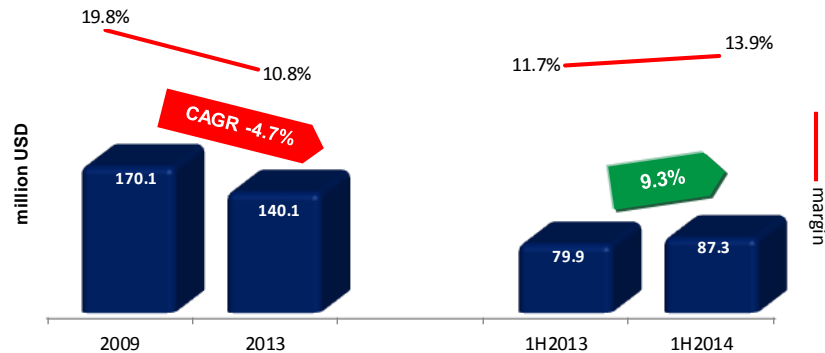
## Volume



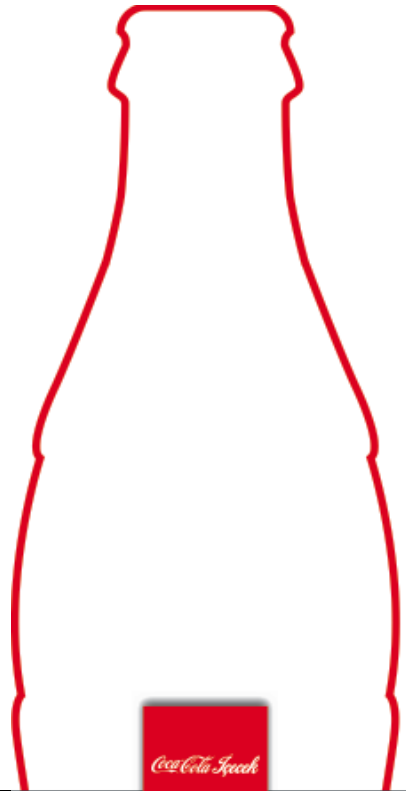
## Revenue



## EBITDA\* (BNRI)



# Soft Drink Operations



# Soft Drinks Business Strategic Priorities

**1** Accelerate Revenue and Margin Growth



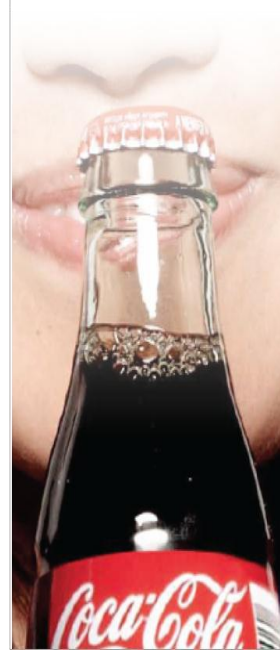
**2** Grow Sparkling Category and Per Caps



**3** Selectively Expand Profitable Still Portfolio



**4** Continue to Build and Enhance Our Reputation



**5** Build a World Class Organization



- Winning At The Point of Sales

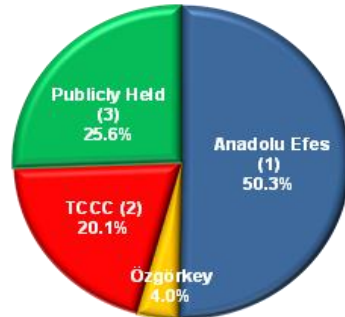
- Sales Force Effectiveness - SFE

- Revenue Growth Management - OBPPC

# CCI at a glance



## Shareholder Structure

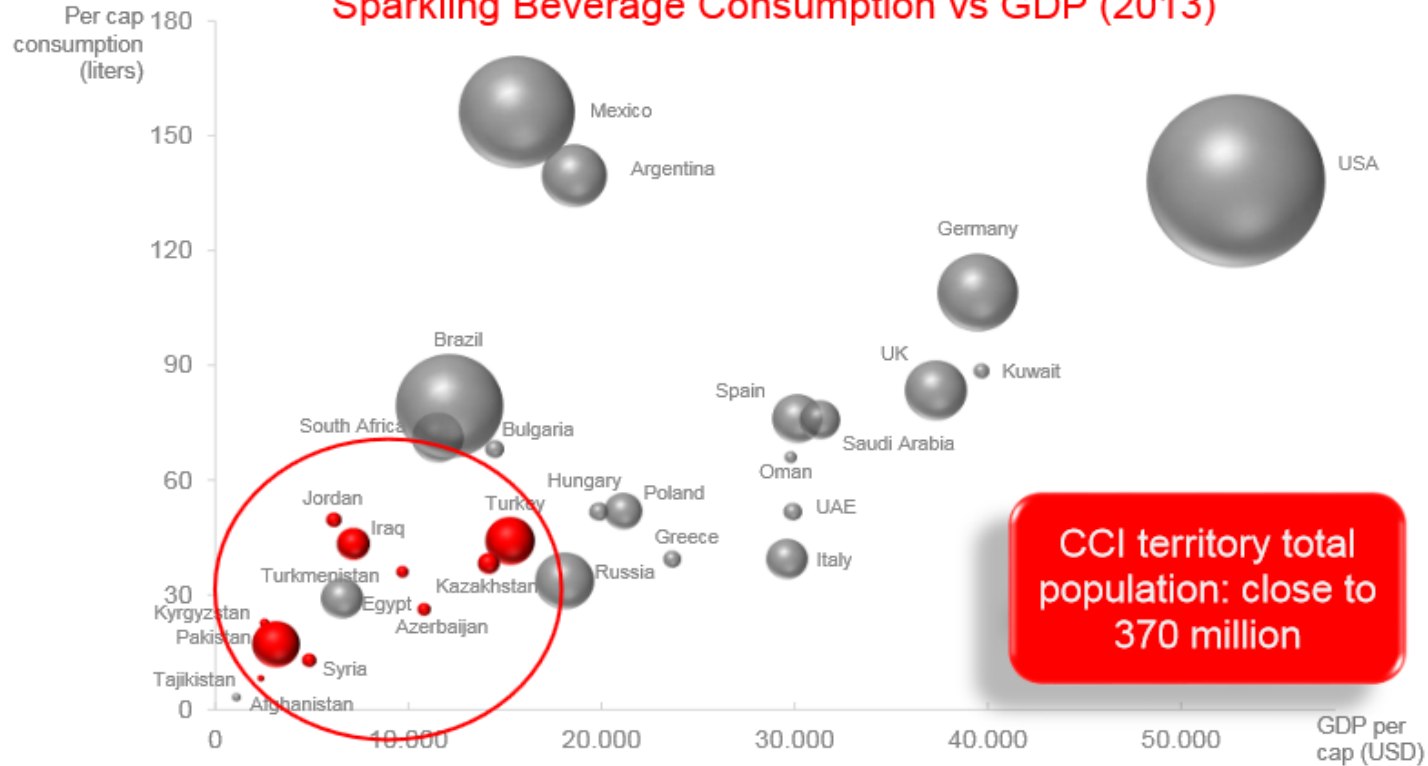


- (1) Anadolu Efes and its fully-owned subsidiaries
- (2) TCCC and its fully-owned subsidiaries
- (3) Listed on Borsa Istanbul

- Operating in one of the world's most dynamic and exciting markets
- A gateway to Turkey, Pakistan, Central Asia and The Middle East
- Serving close to 370 million people; 60% of our population is below 30 years of age

# Future Opportunities

## Sparkling Beverage Consumption vs GDP (2013)

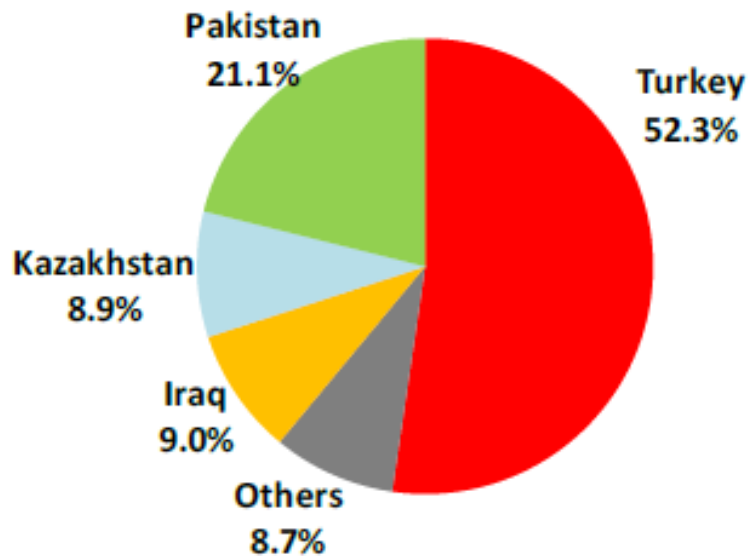


CCI territory total population: close to 370 million

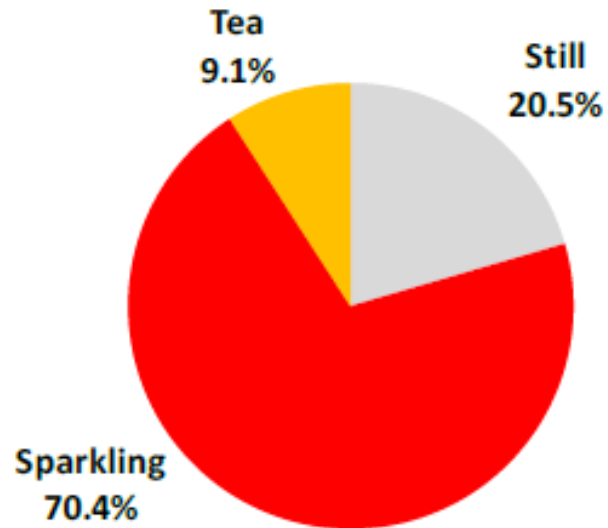
Sources: IMF (GDP) and TCCC and CCI best estimates based on Nielsen and own market intelligence.  
Notes: Bubbles represent market size.

# Geographic and Category Split of Business (1H2014)

Volume split (uc) - Consolidated



Volume split (uc) – Consolidated





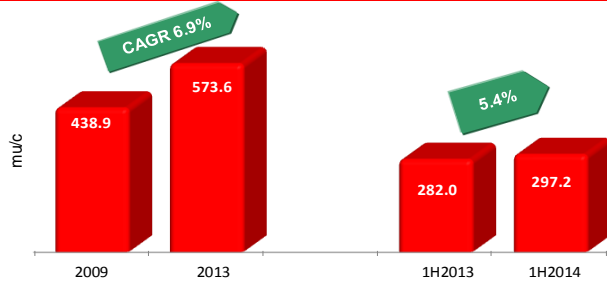
# Strong Brand Positioning and Offering in Our Key Markets



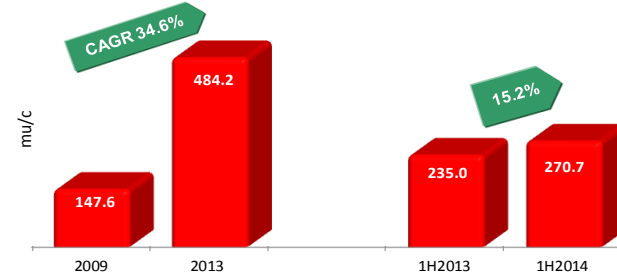
Sources: Nielsen Retail Panel, 2013 & Retail Zoom. | Notes: (\*) Percentage volume share.

# Soft Drinks Financial Performance

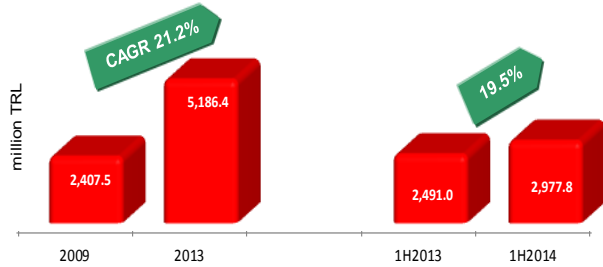
## Turkey Volume



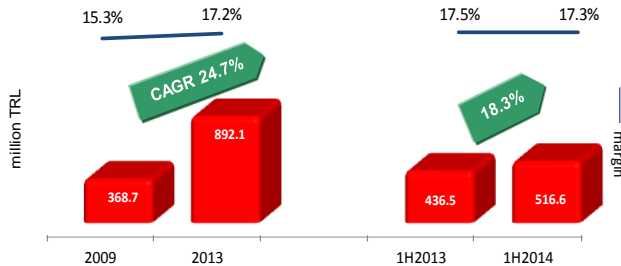
## International Volume



## Revenue



## EBITDA



## 2014 OUTLOOK

- High- single digit volume growth on a consolidated basis
- Turkey volume growth up at low-single digit
- Int'l volume up at mid teens
- Net revenue growth > volume growth
- Flat EBITDA margin

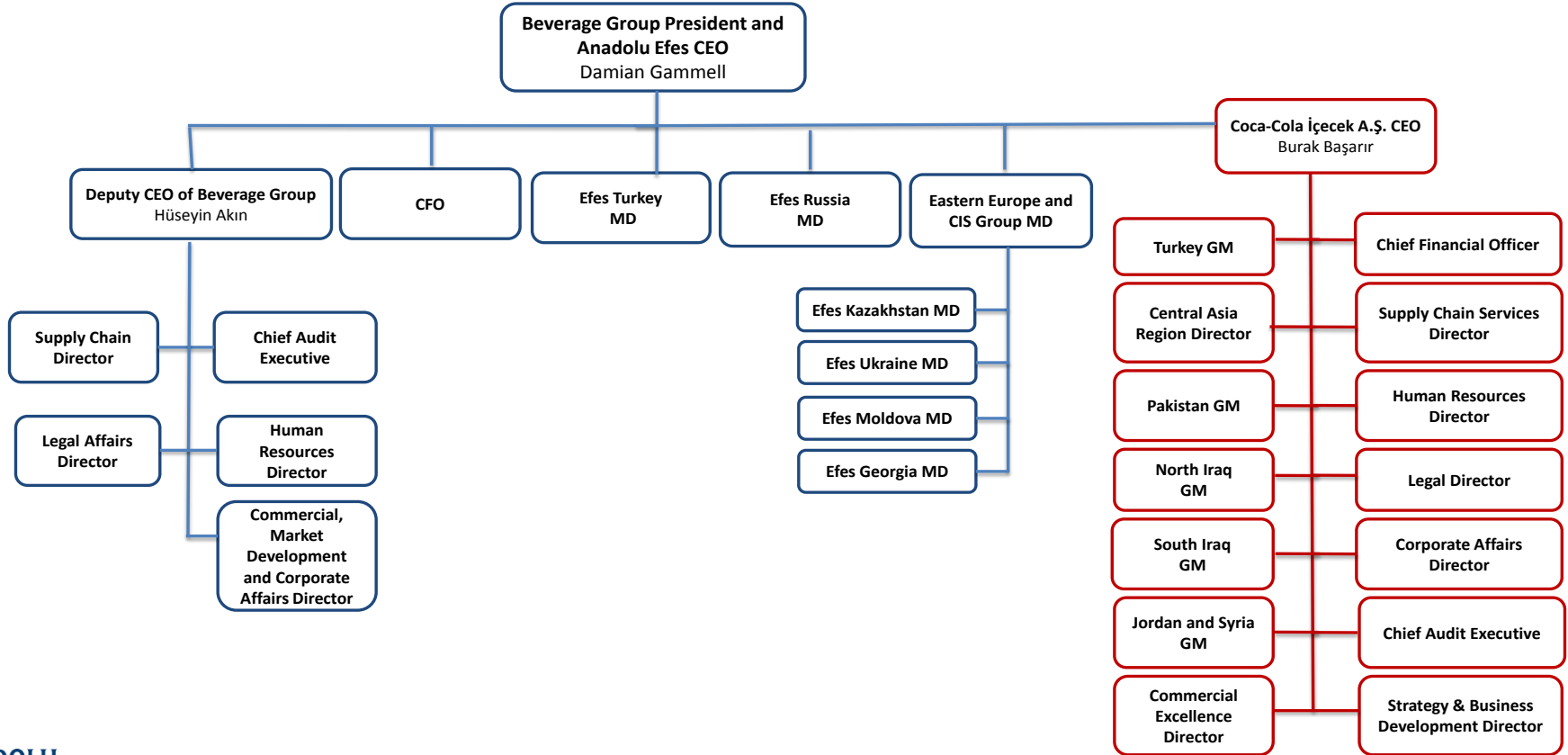
# FY2014 OUTLOOK

# 2014 Outlook

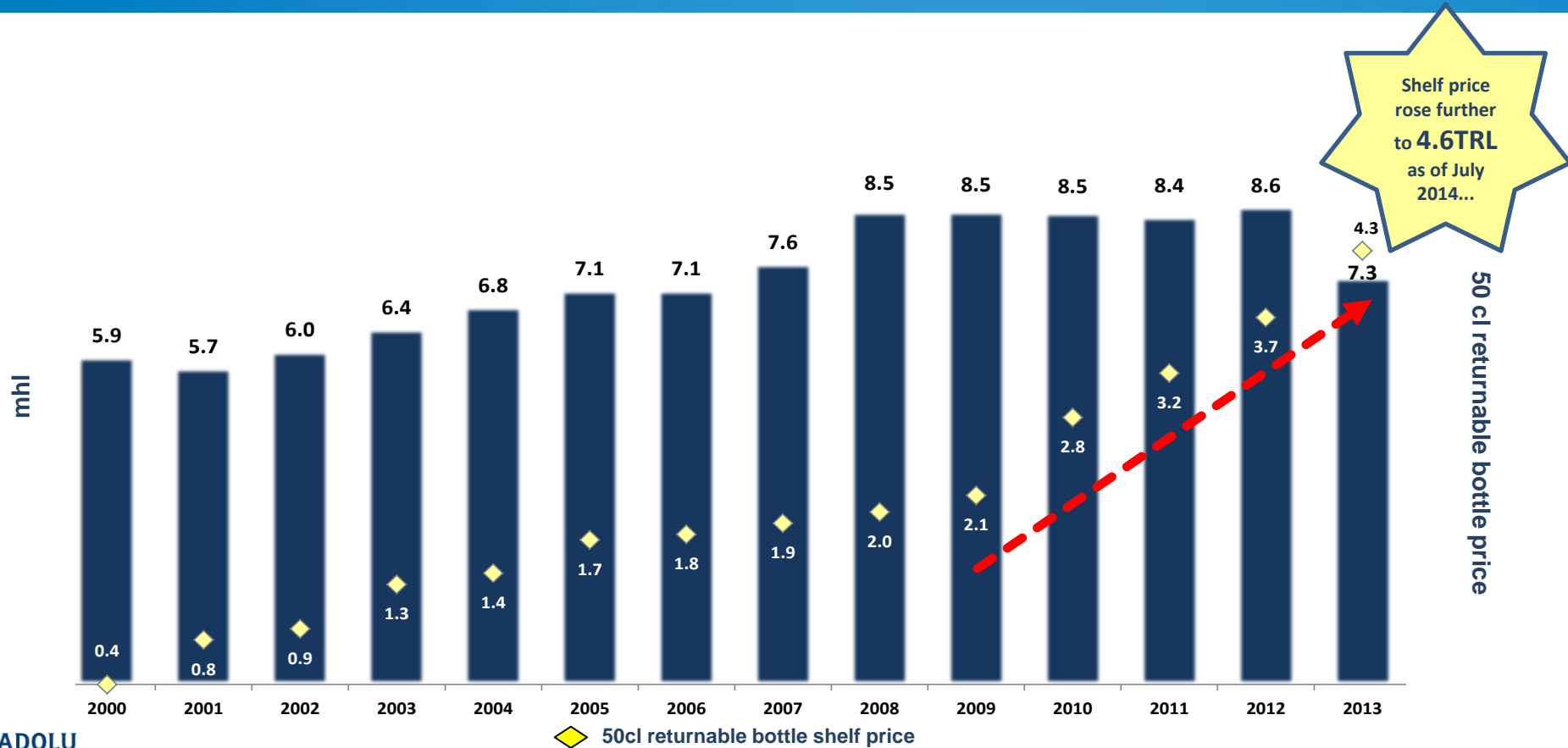
- In 2Q2014, our volume and financial performance was still better than our expectations. This continued to prove our confidence on the results of the initiatives we have taken.
- However, considering also the fact that our operating region is exposed to several economic and political issues, we maintain our 2014 guidance for AEFES and prefer to reconsider the outlook after seeing the performance in the coming months, following which the results of our initiatives and brand performances will be much more evident.

# APPENDIX

# Operating Model



# Historical Volume and Sales Price Development





ANADOLU  
EFES