

BEER OPERATIONS

2Q2016 & 1H2016 FINANCIAL RESULTS

CONFERENCE CALL

ROBIN GOETZSCHE - BEER GROUP PRESIDENT & CEO
ONUR ÇEVİKEL - CFO

**ANADOLU
EFES**

August 17, 2016



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.

ANADOLU EFES

ROBIN GOETZSCHE
BEER GROUP PRESIDENT & CEO



GENERAL OVERVIEW &
OPERATING PERFORMANCE



Key Highlights on Consolidated Performance – 1H2016

Volume flat vs. 1H2015 (excl. Ukraine up by 0.4%)

- ✓ 3.6% volume growth in soft drink business
- ✓ Recovery in beer volumes in the 2nd Q versus previous Q

Revenue slightly underperformed volume decline

- ✓ Despite local currency price increases in all business segments
- ✓ Due to devaluation of Ruble & Central Asian currencies against TL

EBITDA (BNRI) margin parallel to 1H2015 at 17.6%

- ✓ GP margin pressure was offset by tight expense management in all operations

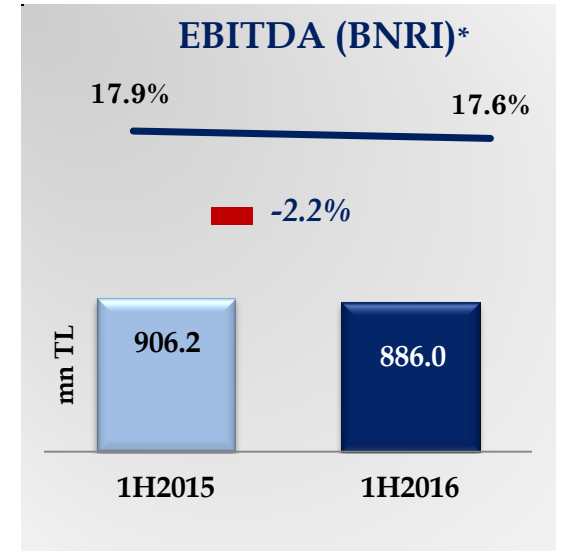
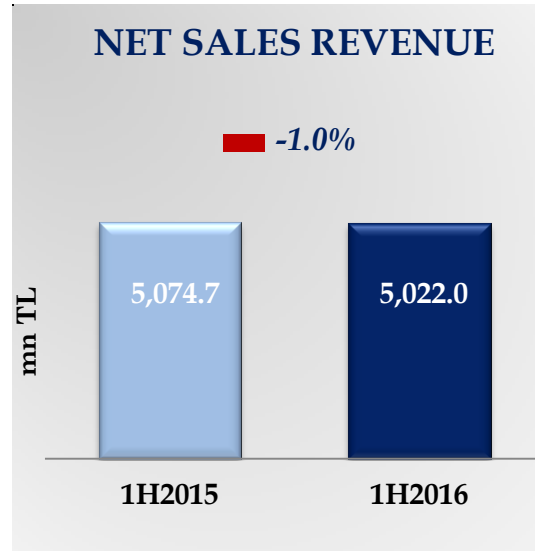
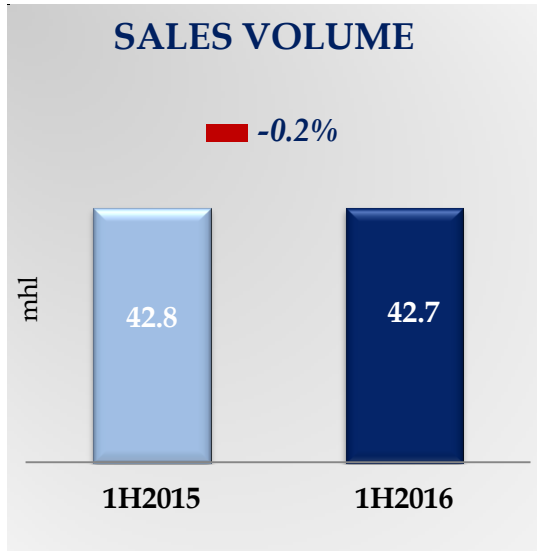
Significant improvement in bottomline; net profit of TL 232.2 mn vs a TL 39.4 mn loss in 1H2015

Positive FCF of TL 49.4 million vs negative FCF of TL 170.8 million in 1H2015

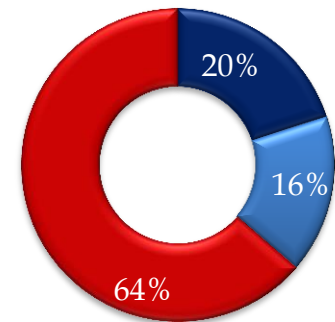
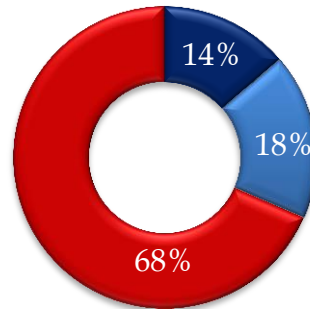
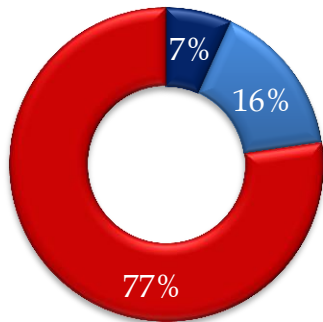
Consolidated net debt to EBITDA (BNRI) was 2.1x



Consolidated Performance



BREAKDOWN**



■ Turkey Beer ■ International Beer ■ Soft Drinks

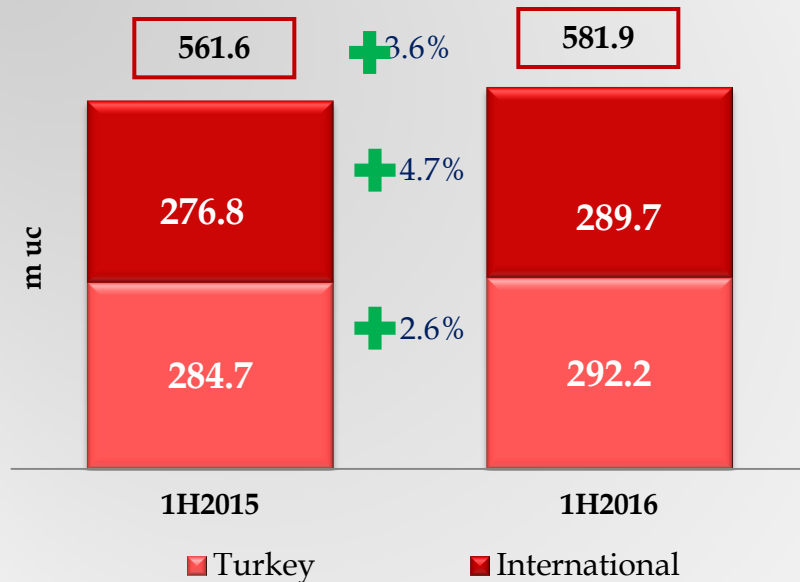
Numbers may not add up to 100% due to rounding



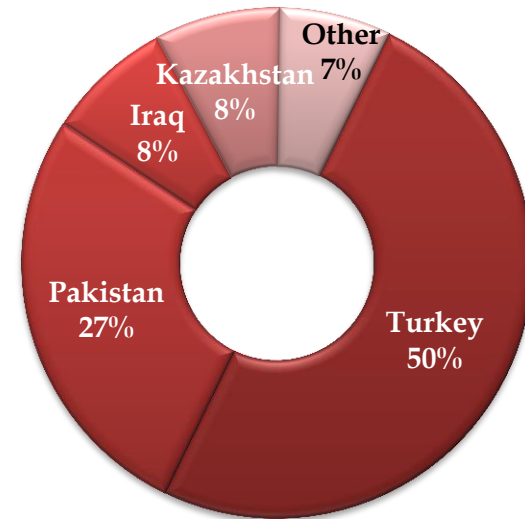
* BNRI means Before Non Recurring Items

**Breakdowns are on a combined basis

Soft Drinks Volume Development



Volume Breakdown by Country

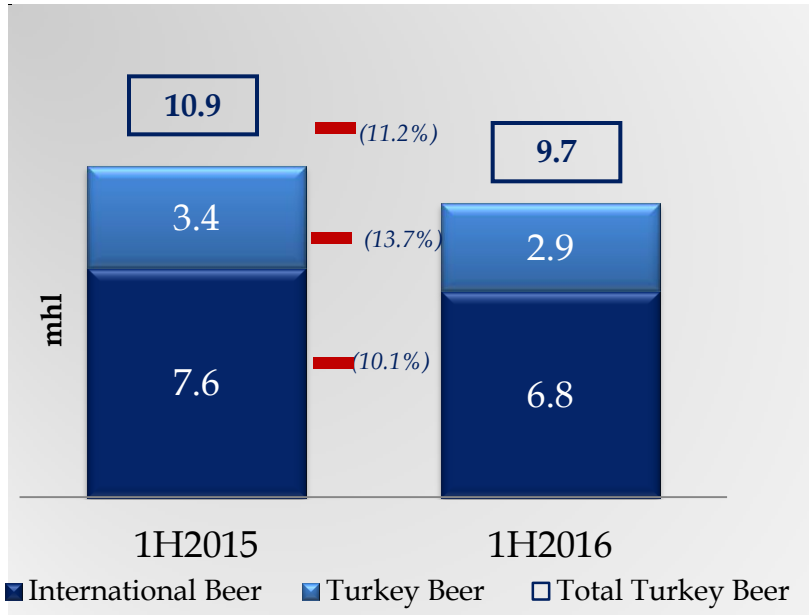


- Turkey delivered 2.6% volume growth in 1H2016
- International operations' volume was up by 4.7% in 1H2016

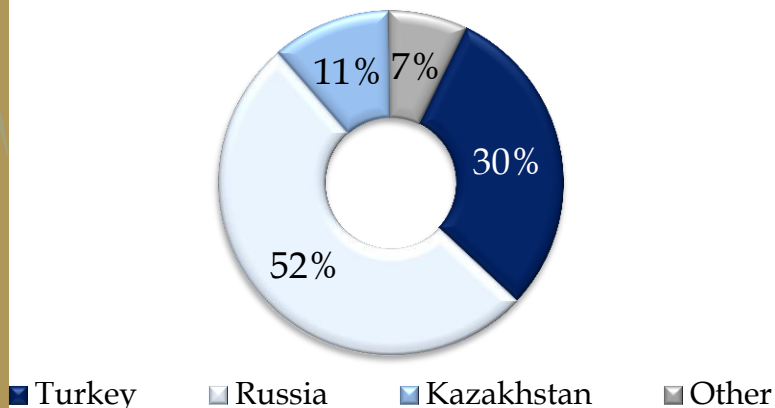


- ✓ Strong volumes in Pakistan in 2Q2016
- ✓ Better than planned performance in Central Asia
- ✓ Slowdown in Middle East

Beer Volume Development



VOLUME BREAKDOWN*



Total beer group sales volume at 9.7 mhl

Russia performed ahead of expectations due to;

- ✓ More stable macro environment
- ✓ Relative affordability of beer
- ✓ Postponement of PET size restrictions
- ✓ Favorable weather

Turkey beer market was under pressure due to;

- ✓ Social unrest
- ✓ Decline in tourism activity,
- ✓ Lower consumer confidence
- ✓ Higher taxes



*Breakdown is on a combined basis

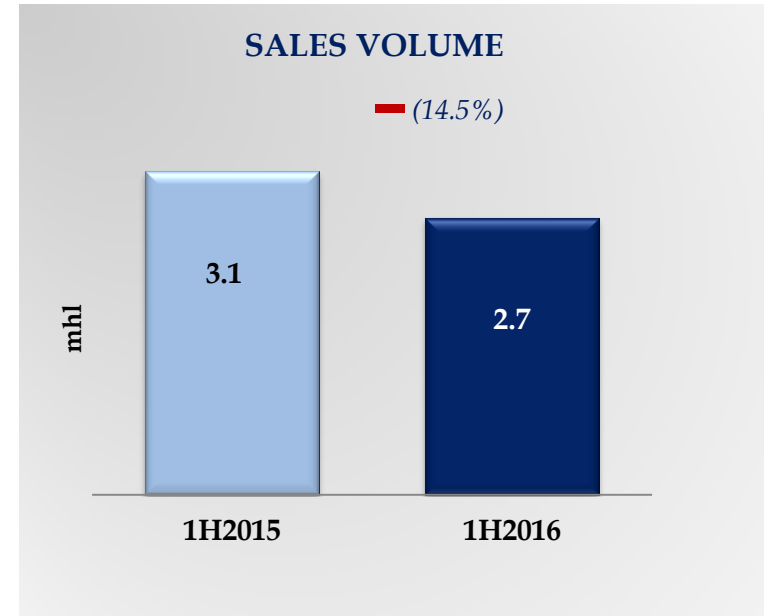
Turkey Beer Operations

New launches including;

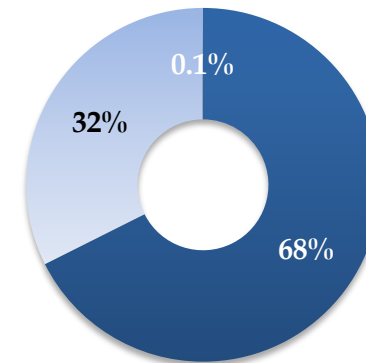
- ✓ Efes Pilsen Pastörsüz
- ✓ Efes Brewmaster Series

Continued to focus on;

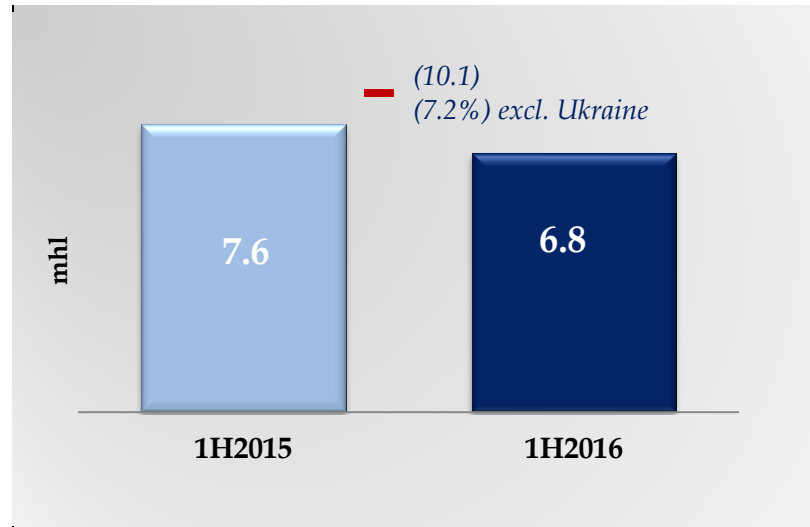
- ✓ Execution
- ✓ Sales & Marketing investments
- ✓ Working capital management and FCF



VOLUME SHARE



International Beer Operations



Price increases in all operations and positive geographical & brand mix led to higher revenue per liter on LC basis

EBITDA was up 145 bps y-o-y in 1H2016, benefitting from,

- ✓ Tightly controlled opex
- ✓ Cost optimization programs

despite lower gross margin

FCF generation is the main focus



Russia

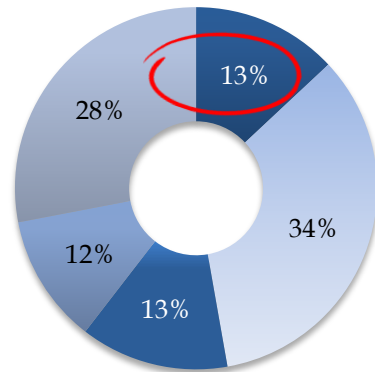
Beer market decline of mid-single digits* in 1H2016 vs 1H2015 (better than initial expectations)

Managed to maintain share while improving margins as a result of;

- ✓ Revenue management
- ✓ Cost control

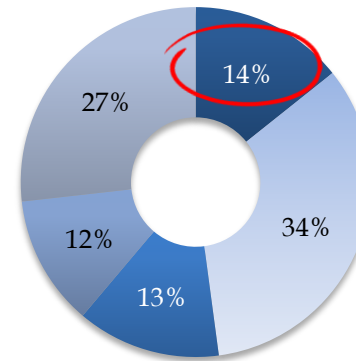
Majority of the growth coming from priority brands

Volume Share*



■ Efes RUSSIA ■ Carlsberg ■ Inbev ■ Heineken ■ Other

Value Share*



■ Efes RUSSIA ■ Carlsberg ■ Inbev ■ Heineken ■ Other

- Numbers may not add up to 100% due to rounding

Beer Group Strategy



BRANDS

Provide choice and innovation to consumers:
Grow brand love

EXECUTION

Excel in customer collaboration, availability and point of sale activation

EFFICIENCY

Build competitive advantage through lean and efficient operations

RELATIONS

Focus on employees, customers, regulators, community and environment



ANADOLU EFES

ONUR EVİKEL
CFO



FINANCIAL OVERVIEW



Anadolu Efes Consolidated Performance

(mn TL)	1H2015	1H2016	Change %
Volume (mhl)	42.8	42.7	-0.2%
Net Sales	5074.7	5022.0	-1.0%
Gross Profit	2159.6	2036.6	-5.7%
EBIT (BNRI)	524.9	470.5	-10.4%
EBITDA (BNRI)	906.2	886.0	-2.2%
Net Income	-39.4	232.2	689.0%
Margins			Change (bps)
Gross Profit	42.6%	40.6%	-200
EBIT (BNRI)	10.3%	9.4%	-98
EBITDA (BNRI)	17.9%	17.6%	-21
Net Income	-0.8%	4.6%	540



Beer Group Performance

	Turkey Beer (TL mn)		International Beer (USD mn)		Beer Group (TL mn)	
	1H2016	<i>vs 1H2015</i>	1H2016	<i>vs 1H2015</i>	1H2016	<i>vs 1H2015</i>
Volume (mhl)	2.9	-13.7%	6.8	-10.1%	9.7	-11.2%
Net Sales	686.5	-9.6%	305.5	-26.1%	1591.7	-13.0%
Gross Profit	400.8	-14.5%	141.0	-28.1%	821.2	-15.9%
EBIT (BNRI)	98.4	-42.1%	18.3	6.6%	128.3	-30.6%
EBITDA (BNRI)	181.9	-25.3%	51.0	-19.1%	308.8	-18.4%
Net Income*	71.9	400.1%	35.9	1927.5%	161.2	1192.5%
Margins		Change (bps)		Change (bps)		Change (bps)
Gross Profit	58.4%	-338	46.1%	-124	51.6%	-181
EBIT (BNRI)	14.3%	-807	6.0%	184	8.1%	-204
EBITDA (BNRI)	26.5%	-557	16.7%	145	19.4%	-129
Net Income*	10.5%	1,363	11.8%	1,224	10.1%	1,093

*Net income attributable to shareholders



Beer Group Free Cash Flow

Beer Group Free Cash Flow (TL mn)	1H2015	1H2016
EBITDA	367.8	306.4
Change in Working Capital	-103.1	-228.5
Income Taxes & Employee Benefits Paid	-36.5	-26.0
CAPEX, net	-132.3	-107.7
Net Financial Income / (Expense)	69.1	-3.4
FCF	165.1	-59.1
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	-8.9	-14.1
FCF (after investing activities)	156.2	-73.2



Balance Sheet Flexibility

Net Debt / EBITDA (BNRI)	1H2015	2015YE	1H2016
Anadolu Efes Consolidated	2.4	2.0	2.1
Beer Group	1.9	1.6	2.1

BEER		1H2015	1H2016	AEFES		1H2015	1H2016
TOTAL FINANCIAL DEBT	<i>m TL</i>	2,173	2,157	TOTAL FINANCIAL DEBT	<i>m TL</i>	5,299	5,332
TOTAL CASH & EQUIVALENTS	<i>m TL</i>	793	815	TOTAL CASH & EQUIVALENTS	<i>m TL</i>	1,277	1,692
NET DEBT	<i>m TL</i>	1,380	1,342	NET DEBT	<i>m TL</i>	4,022	3,640
NET DEBT	<i>m USD</i>	514	464	NET DEBT	<i>m USD</i>	1,497	1,258

76% of cash is hold as hard currency

93% of debt is in hard currency

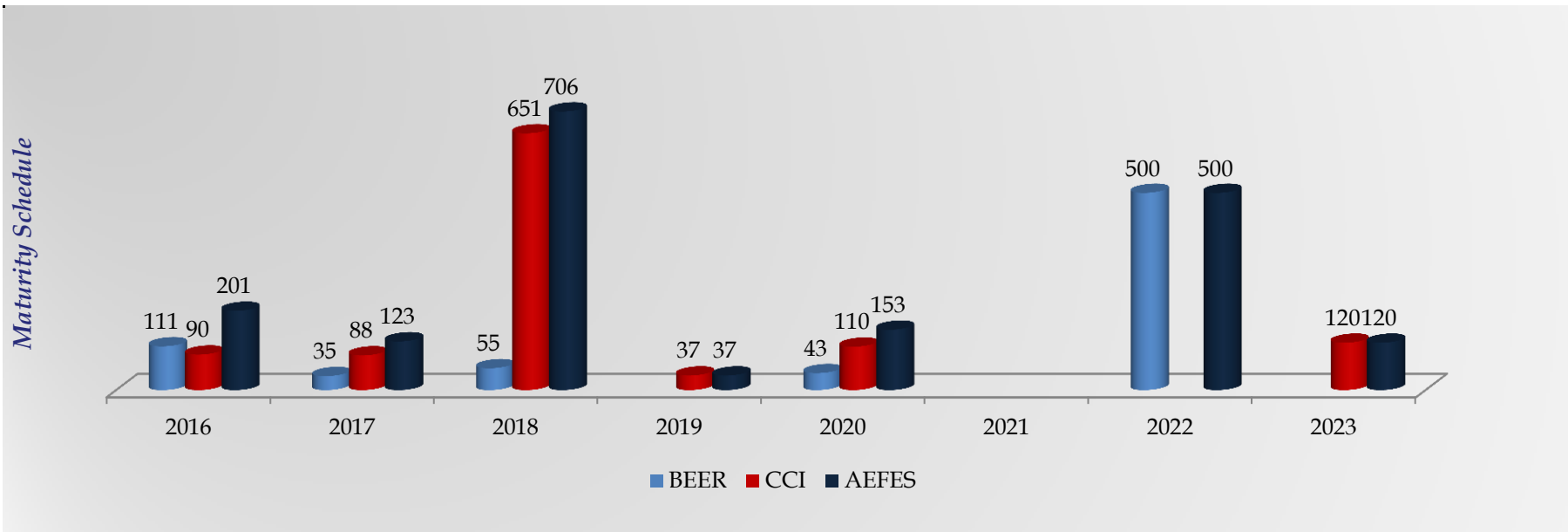
77% of cash is hold as hard currency

96 % of debt is in hard currency



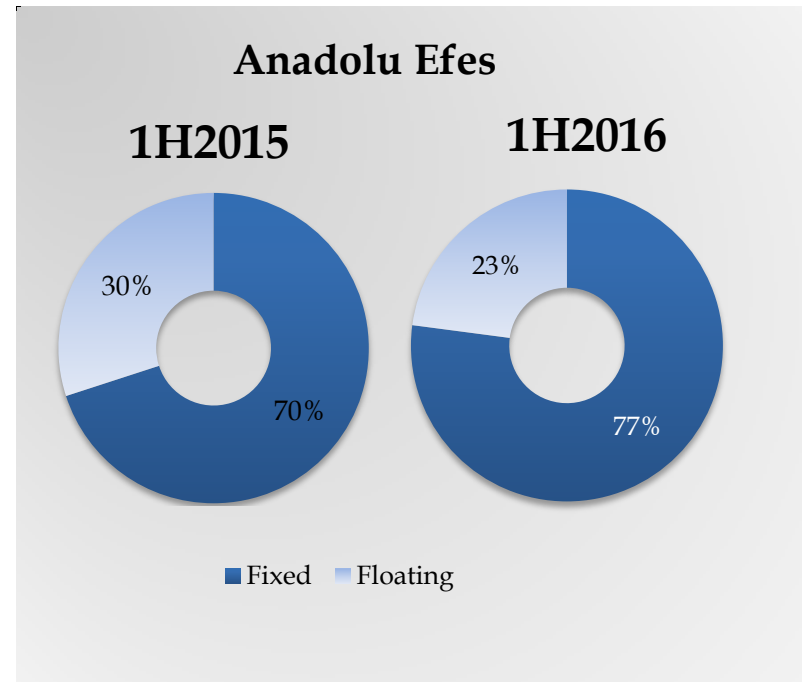
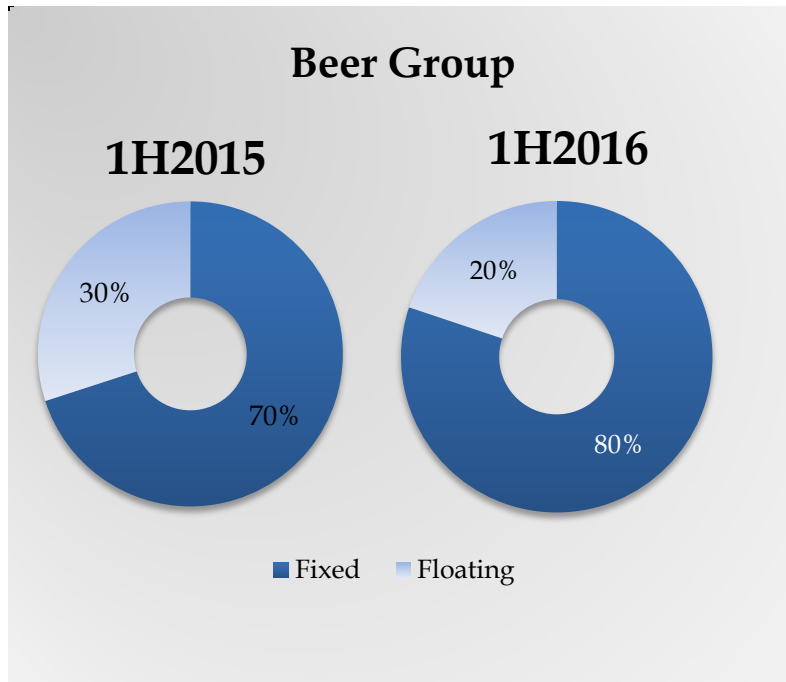
Borrowing Mix & Liquidity Profile

- ✓ Easily manageable debt repayment schedule
- ✓ Average maturity of debt for;
 - ✓ Beer Group is app. **4.7 years** and
 - ✓ Anadolu Efes is app. **3.5 years**



Interest Breakdown

Significant portion of debt is fixed, minimized interest rate risk



Financial Income/Expense Breakdown

Financial Income / (Expense) Breakdown	1H2015	1H2016
Interest income	42.8	35.7
Interest expense	-108.1	-101.5
Foreign exchange gain / (loss)	-424.4	69.9
Other financial expenses (net)	-12.9	-9.0
Fain/(loss) on derivative transactions	-0.7	-14.0
Net Financial Income /(Expense)	-503.3	-18.8

The appreciation of local currencies against USD in the period contributed to the bottom line positively in 1H2016



Anadolu Efes Consolidated Free Cash Flow

Anadolu Efes Free Cash Flow (TL mn)	1H2015	1H2016
EBITDA	895.6	883.7
Change in Working Capital	-414.5	-331.6
Income Taxes & Employee Benefits Paid	-94.0	-43.7
CAPEX, net	-645.1	-376.4
Net Financial Income / (Expense)	90.9	-68.4
FCF	-167.0	63.5
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	-3.7	-14.1
FCF (after investing activities)	-170.8	49.4



Financial Priorities

Sustain consolidated cash flows through;

- ✓ focus on working capital optimization
- ✓ optimized capex policy
- ✓ stick to tight balance sheet management

Deleveraging

Efficiency improvements via savings

Manage impact of F/X volatility on operations

Commitment to Investment Grade Ratings



ANADOLU EFES

ROBIN GOETZSCHE
BEER GROUP PRESIDENT & CEO



CLOSING REMARKS



Long Term Key Priorities

Continue to generate value by margin improvement and FCF generation through our *priorities*;

Beer

- capitalizing on our strong brand portfolios
- to achieve optimal brand & SKU mix
- excelling in execution
- focus on quality market share
- strong cash flow generation with special focus on optimizing working capital *in our beer business*

Soft Drinks

- Accelerate revenue and margin growth
- Winning at the point of sales
- Sales force effectiveness *in our soft drinks business*



2016 Outlook

BEER GROUP

Turkey beer market	decline mid-single digit (<i>prev: decline low-single digit</i>)
Efes Turkey volume	decline mid-to-high single digit (<i>prev: flattish</i>)
Russian beer market	decline low-to-mid-single digit (<i>prev: decline inline with last year</i>)
EFES RUS volume	outperform the market
Total beer volume	decline at a rate of low-single digits (<i>prev: decline mid-single digit</i>)
Revenue	lower decline compared to volume decline
EBITDA Margin	slightly lower

CONSOLIDATED

Sales volumes	grow low-single digit
Sales revenues	grow mid-single digits
EBITDA (BNRI)	grow in abs. terms
EBITDA (BNRI) marg	flattish to slightly lower margin
Capex/net sales	high-single digit
FCF	higher in absolute terms



ANADOLU EFES



Q&A SESSION



ANADOLU EFES

APPENDIX



Upcoming IR Events

September;

- ✓ HSBC EMEA & LATAM 2016 Conference - London
- ✓ J.P. Morgan Credit and Equities Emerging Market Conference - London



F/X Rates

		1H2015	1H2016	Δ%
USD/TL	AVG	2.56	2.92	14.0%
	PE	2.69	2.89	7.7%
EUR/TL	AVG	2.86	3.26	13.9%
	PE	2.98	3.20	7.5%
USD/RUB	AVG	57.40	70.26	22.4%
	PE	55.52	64.26	15.7%
USD/KZT	AVG	185.25	346.11	86.8%
	PE	186.20	338.87	82.0%
USD/UAH	AVG	21.25	25.54	20.1%
	PE	21.02	24.85	18.3%
USD/MDL	AVG	18.07	19.80	9.6%
	PE	18.70	19.87	6.3%
USD/GEL	AVG	2.18	2.32	6.7%
	PE	2.25	2.34	4.2%

