



ANADOLU EFES

1H2020

CONFERENCE CALL
PRESENTATION

13.08.2020

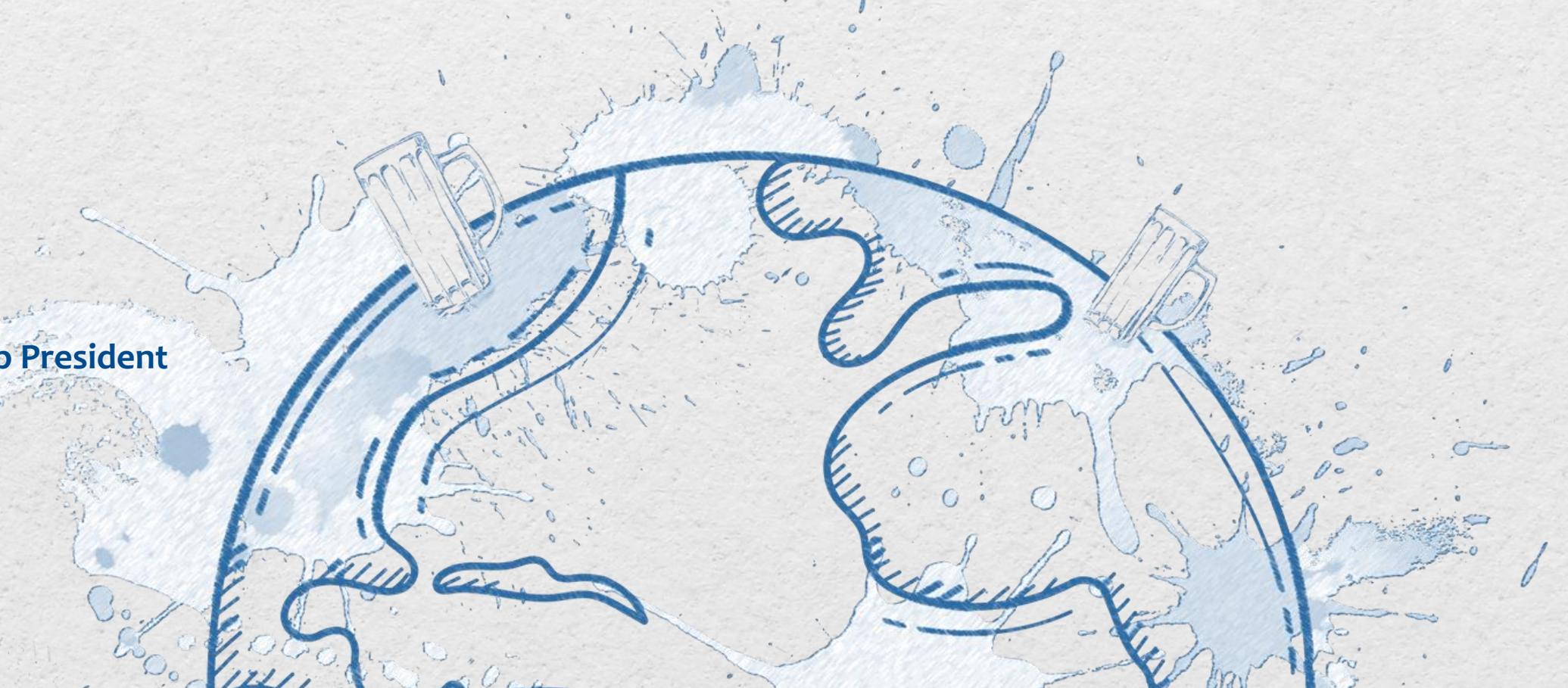
Forward-Looking Statements

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.

GENERAL OVERVIEW & OPERATING ENVIRONMENT

Can aka

CEO & Beer Group President



A rollercoaster first half...



Very strong EBITDA performance in 2Q



March-April -- The most challenging months, government measures against the pandemic were at its peak

May-June – Strong rebound with gradual easing of the measures, consumers adapt to new normal with favorable weather especially in the Beer segment



Higher operating profitability driven by PRGM as well as cost and spend optimization

Significant improvement in core working capital and prudent capex spending



Strong free cash flow in second quarter in both business lines



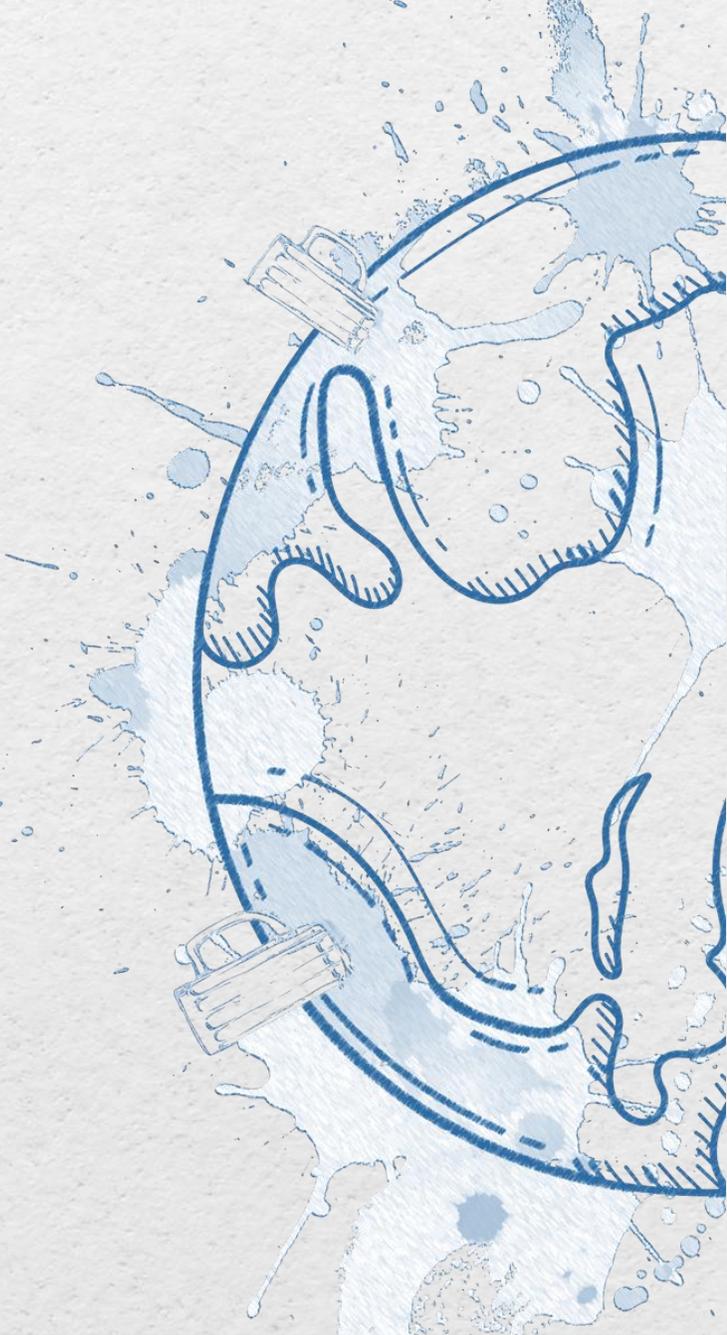
Post-COVID strategies and priorities launched



Relaunch of Efes family in Turkey with a new brewing technique with extended rest that provides a smoother drinking experience



Maintained Investment Grade Ratings following the latest review of Fitch

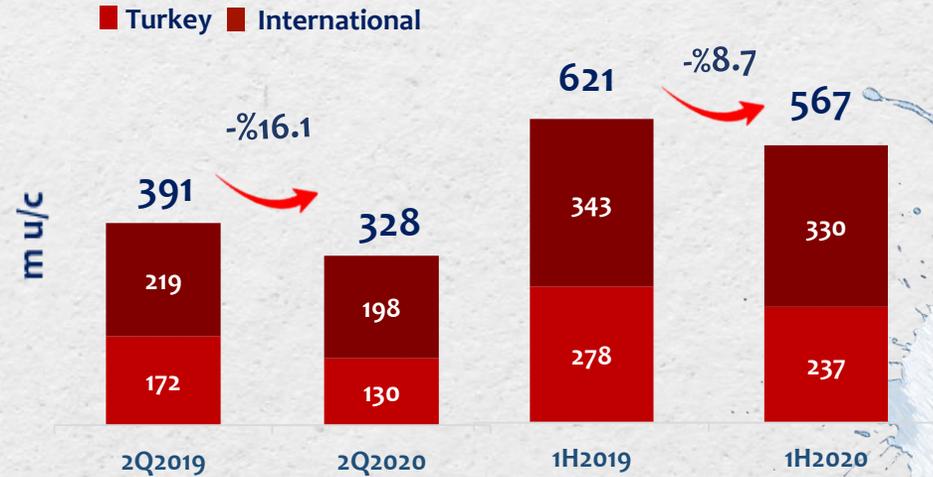


A gradual recovery in 2Q...

BEER GROUP SALES VOLUME



SOFT DRINKS SALES VOLUME



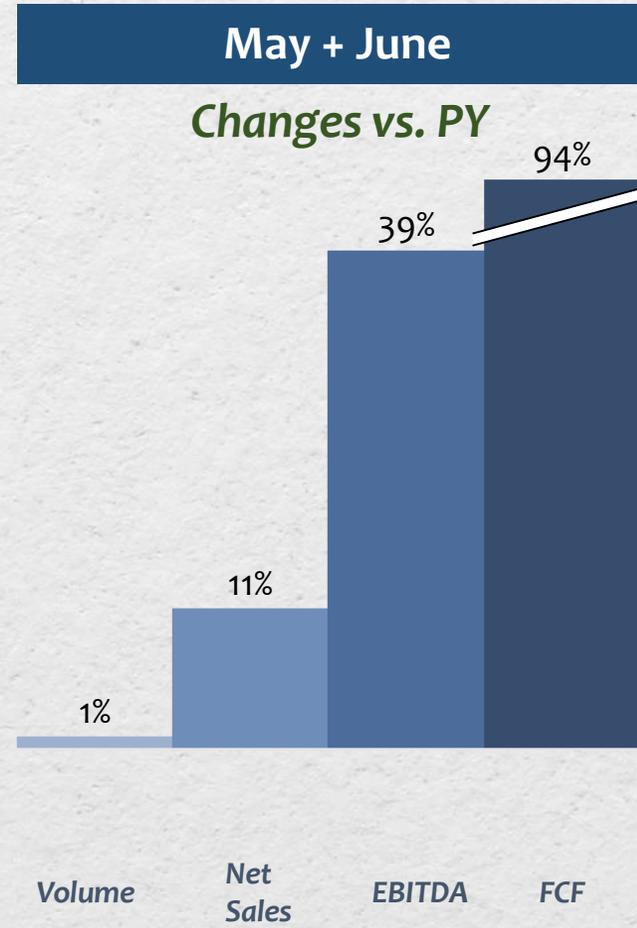
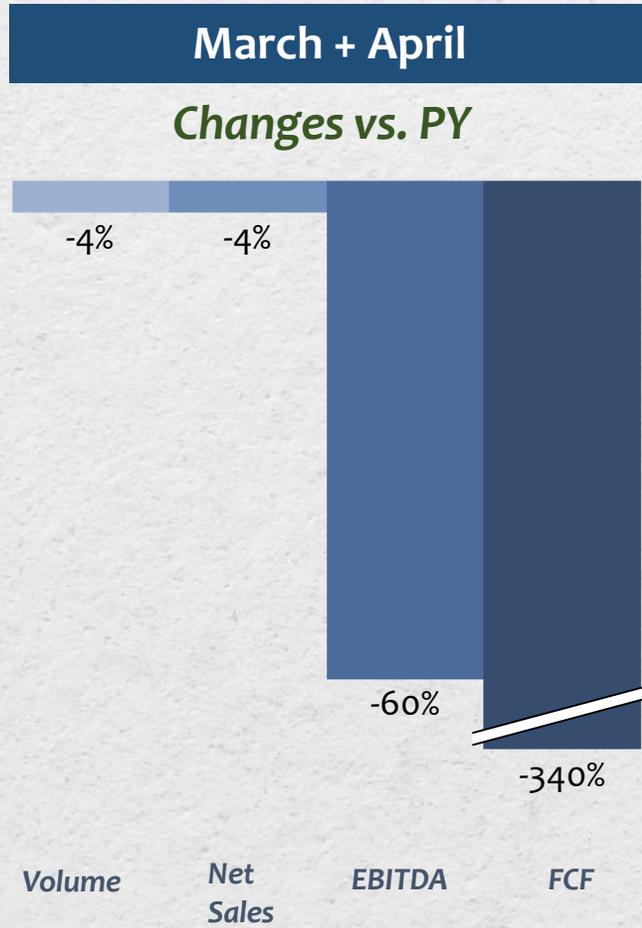
Beer Operations

- ✓ Volume decline of 2.6% in 2Q
 - ✓ International beer volume flat
 - ✓ Russian volume up mid-single digits
 - ✓ Turkey volume down; however better than anticipated
 - ✓ Higher share of on-trade

Soft Drink Operations

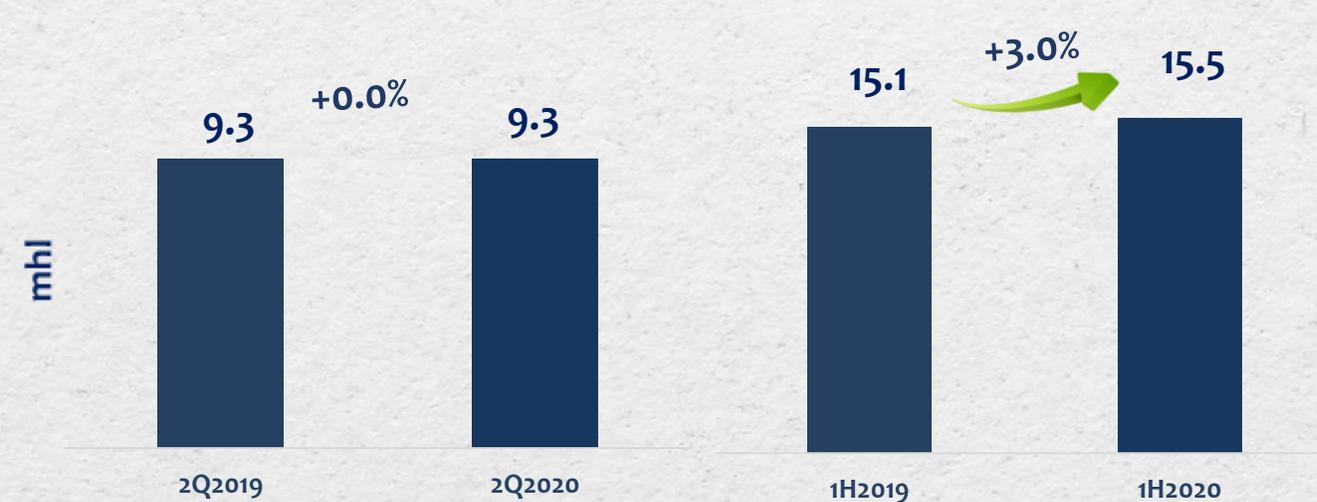
- ✓ Volume decline of 16.1% in 2Q, cycling 3.7% growth in 2Q2019
 - ✓ Impacted by on-trade ban
- ✓ Sparkling; best performing category
 - ✓ Down by 10%
- ✓ Stills and water declined higher
 - ✓ Mainly due to Turkey

Beer Group rebounded strongly in May and June...

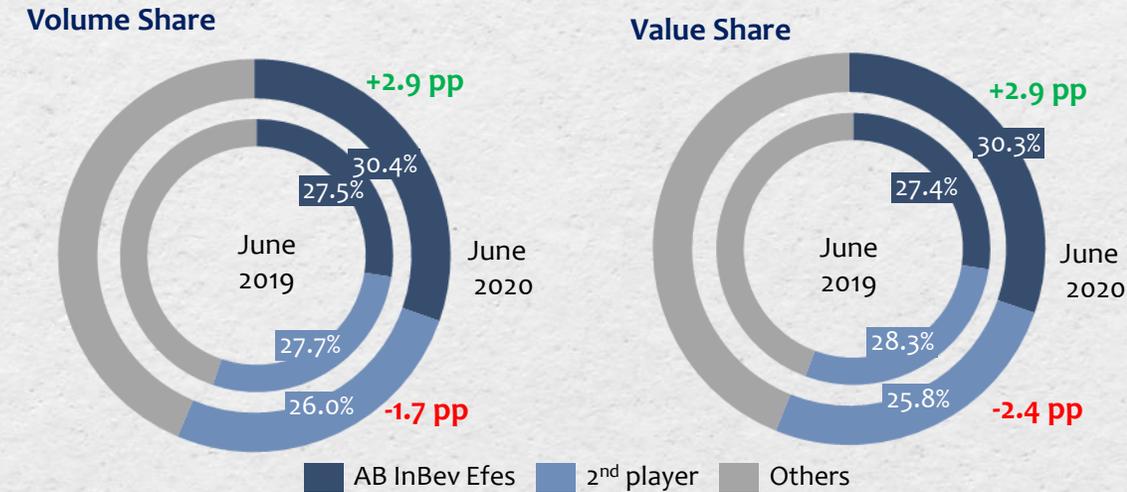


International volumes supported by Russia with gradual recovery in others...

INTERNATIONAL BEER SALES VOLUME



RUSSIA MARKET SHARE *

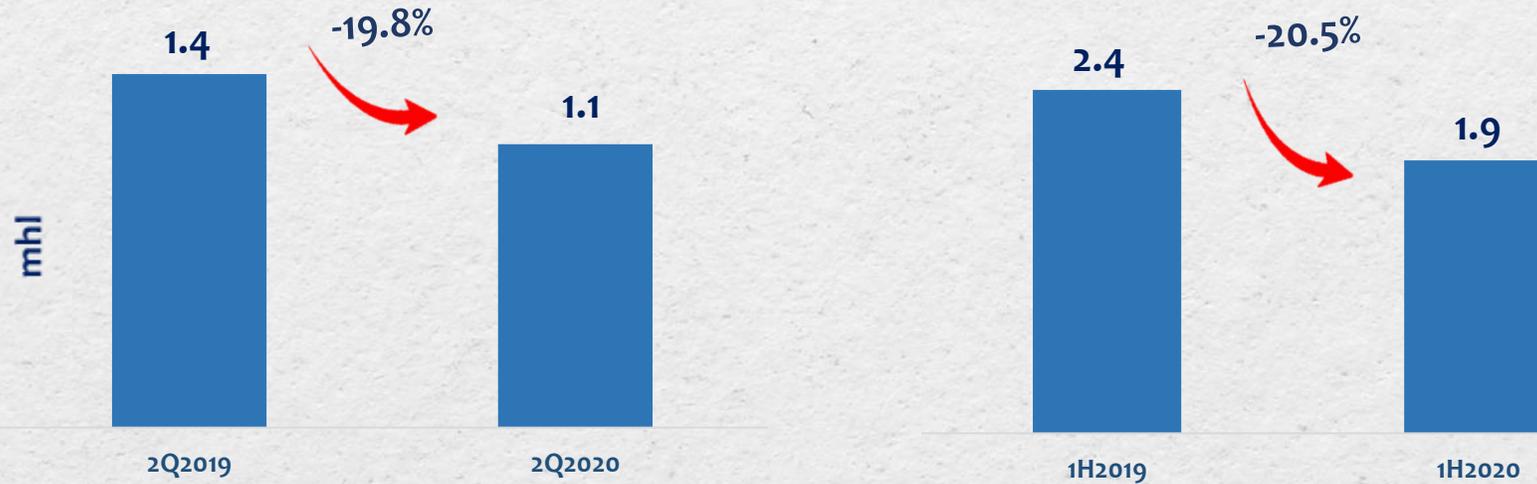


International Beer Operations

- ✓ Volumes flat in 2Q, despite challenging environment
- ✓ Russian volumes up in the quarter
 - ✓ Industry showed slight growth
 - ✓ Increased presence in Core segment
 - ✓ Stronger pricing compared to 1Q
- ✓ Ukraine volumes under pressure
 - ✓ Industry declined in 2Q
- ✓ Soft volumes in CIS countries
 - ✓ Higher pricing
 - ✓ Strong profitability

2Q results in Turkey better than anticipated...

TURKEY BEER SALES VOLUME

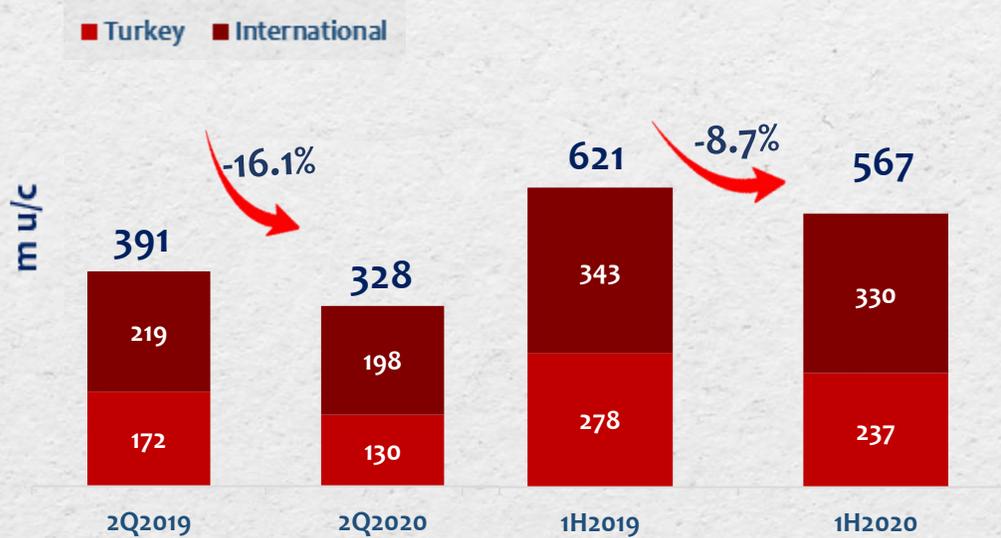


Turkey Beer Operations

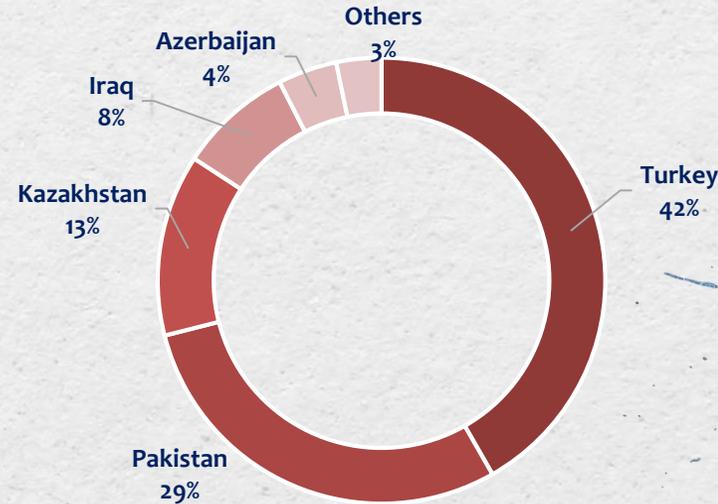
- ✓ 2Q volumes down 19.8%
- ✓ March-April volumes under pressure due to on-trade ban
- ✓ May volumes slightly picked up, with Ramadan moving 10 days earlier
- ✓ June volumes were better than anticipated
 - ✓ Gradual easing of mobility restrictions and on-trade ban
 - ✓ Consumer demand shifting to new normal
- ✓ “+1” Relaunch of Efes Family
 - ✓ Smoother yet rich in aroma
 - ✓ New technique with extended rest before the brewing
- ✓ Seasonal and craftsmanship offering appreciated

Resilient sparkling category amid challenging environment...

SOFT DRINKS SALES VOLUME



VOLUME BREAKDOWN* BY COUNTRY



*Breakdown on combined basis

Turkey Operations

- ✓ 2Q volumes down 24.5%; cycling 4.2% growth
 - ✓ Gradual recovery in volume trend in 2Q
- ✓ Sparkling category relatively resilient
- ✓ Share of IC packages down driven by shutdown of on-trade

International Operations

- ✓ International operations volume down 9.5%
 - ✓ Lower exposure in on-trade
- ✓ Central Asia was the most resilient
- ✓ Pakistan impacted by the on-trade ban & curfews
- ✓ Middle East volumes down however sparkling was up

... with robust financial performance in 2Q

VOLUMES

2Q	1H
-11.6%	-5.8%

- International beer volumes flat;
- Turkey beer & soft drinks volumes under pressure starting from mid-March

REVENUE

2Q	1H
-0.6%	+5.1%

- Higher average prices per hl
- Positive currency translation

EBITDA & MARGIN

2Q	1H
+8.5%	+1.4%
(+177 bps)	(-56 bps)

- 2Q Margin expansion backed by;
 - Substantial savings in S&M expenses
 - Higher margin in CCI
- EBITDA margin decline shrank to 56 bps, at 15.5% in 1H

NET INCOME

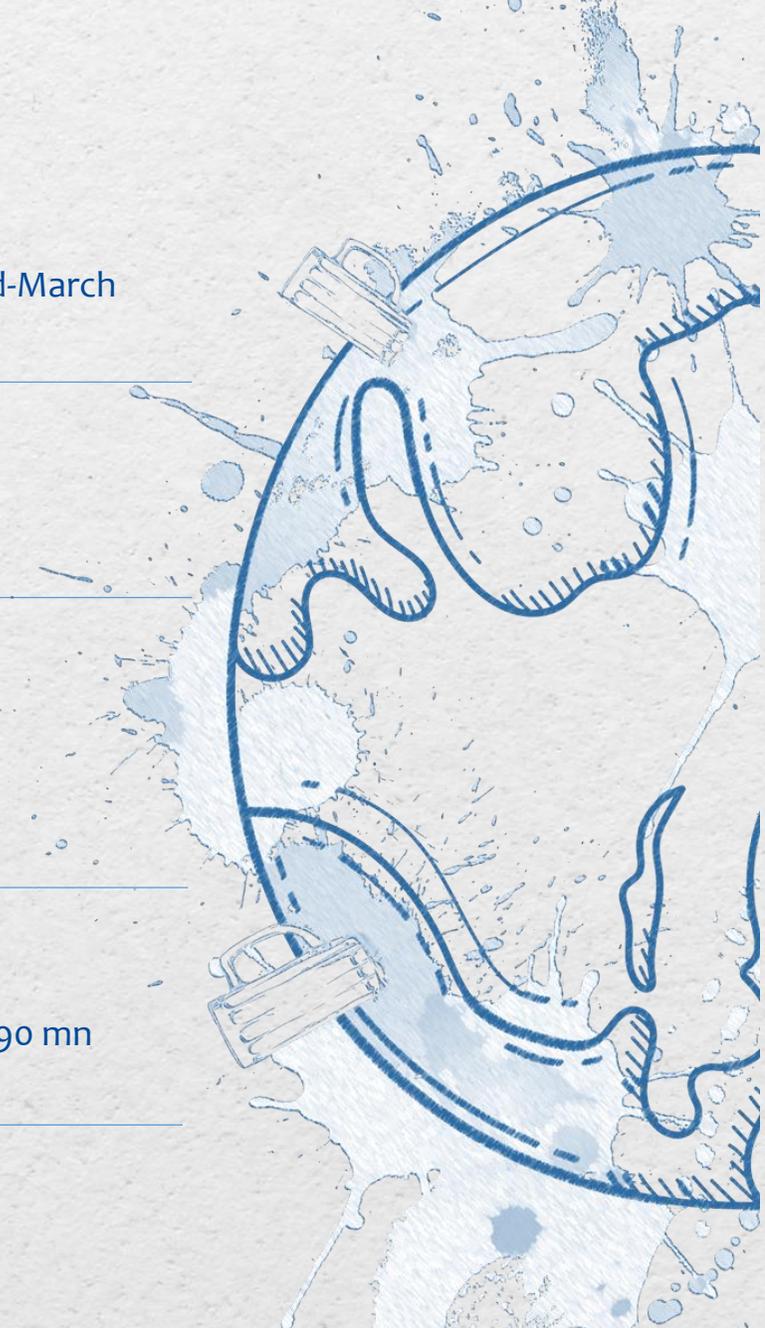
2Q	1H
TL352 mn	TL268 mn
(-18.1%)	(+6.1%)

- Supported by the improvement in operational profitability in 2Q
- 2Q2019 net income supported by one-off investment income of TL 190 mn

FREE CASH FLOW

2Q	1H
TL2,013 mn	TL991 mn
(+TL 1,231 mn)	(+TL 357 mn)

- Positive contribution from both business lines
- FCF in 2Q more than doubled; driven by
 - improvement in core WC & reduction in capex



FINANCIAL OVERVIEW

N. Orhun Köstem
Chief Financial Officer



June 2020 – Income Statement

	 VOLUME	 NET REVENUE	 EBITDA BNRI	EBITDA BNRI %																														
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Balance Sheet & Risk Management

Beer G Net Debt / EBITDA @ **1.2x** (1H2019: 1.4x)
AEFES Net Debt / EBITDA @ **1.1x** (1H2019: 1.5x)



Maintained **investment grade ratings** after latest review of Fitch

No long term refinancing needs in 2020



Currency **92% Hedged** (2020)
Aluminium **92% Hedged** (2020)

~60% of cash held in hard currency



Started long term **commodity hedges**

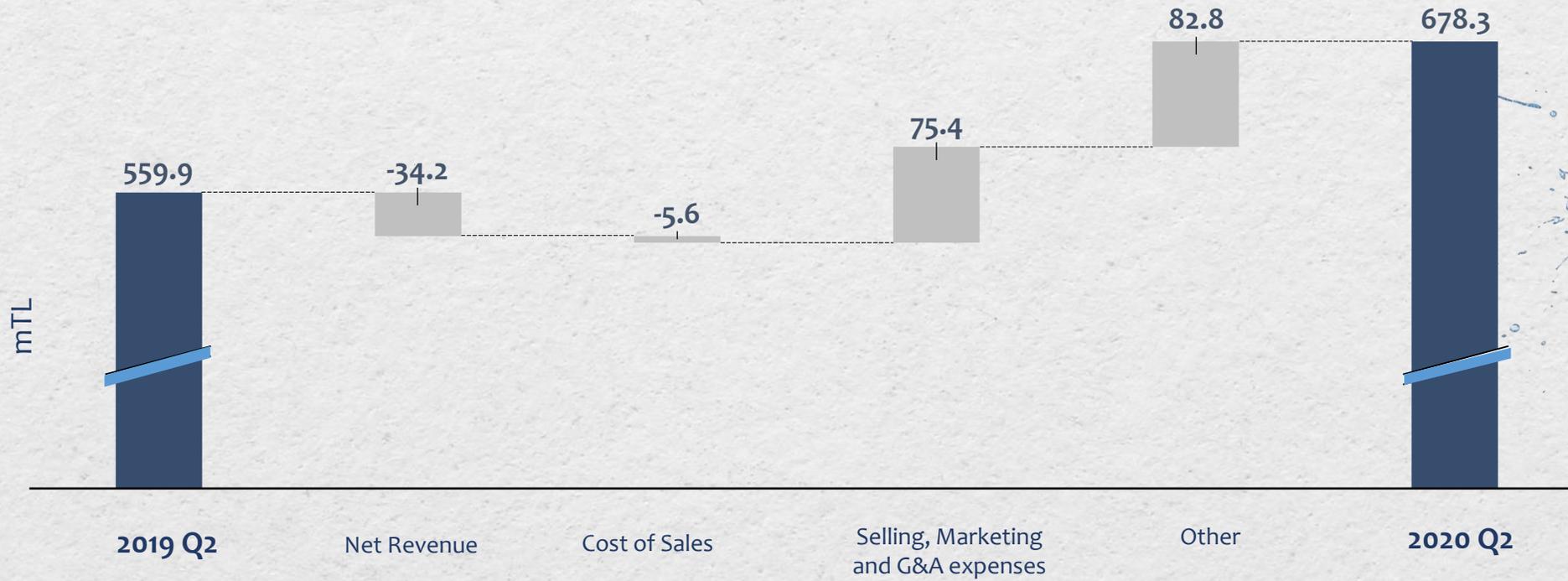
Current cash balances cover short term financial debt obligations due in next **12 months**



Kicked off **post COVID financial strategies**

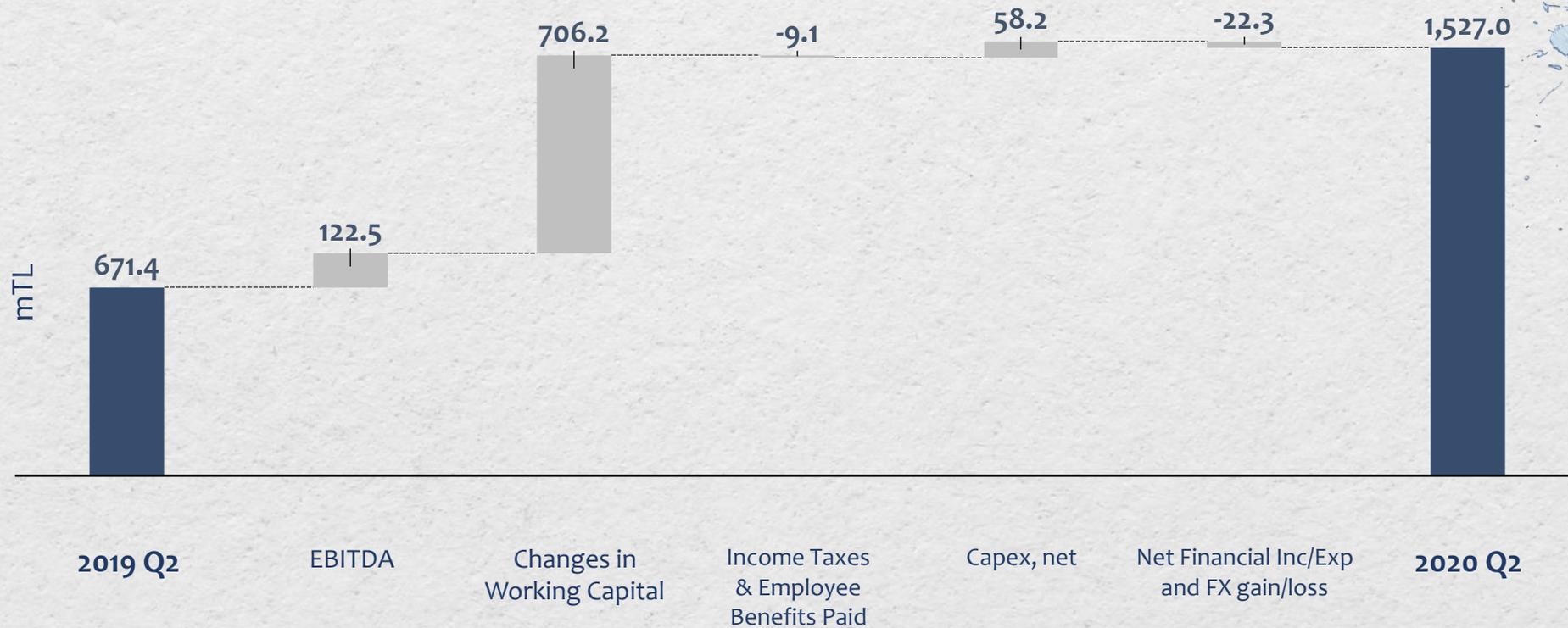
Pillars of Beer Group EBITDA Growth

Strong EBITDA performance in 2Q driven by OPEX savings...



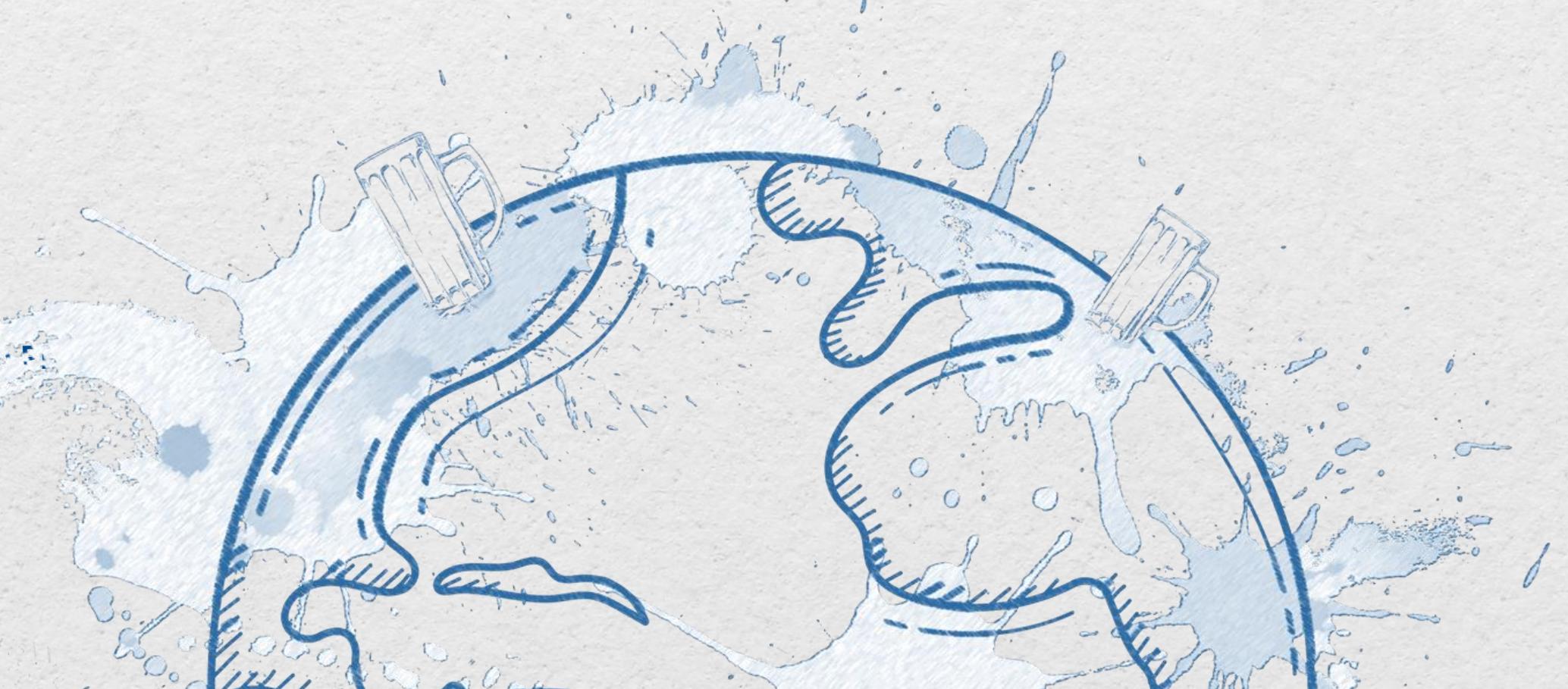
Beer Group FCF Breakdown

- Increase in Beer Group FCF vs last year is due to;
 - Higher operational profitability
 - Improvement in core working capital
 - Savings in CAPEX



CLOSING REMARKS

Can aka
CEO & Beer Cro



2020 Beer Group Outlook

Mid-single digit decline

Volumes



Less contraction vs. 1H

EBITDA Margin



Not exceed 2019

Capex / Net Sales



Positive Free Cash Flow

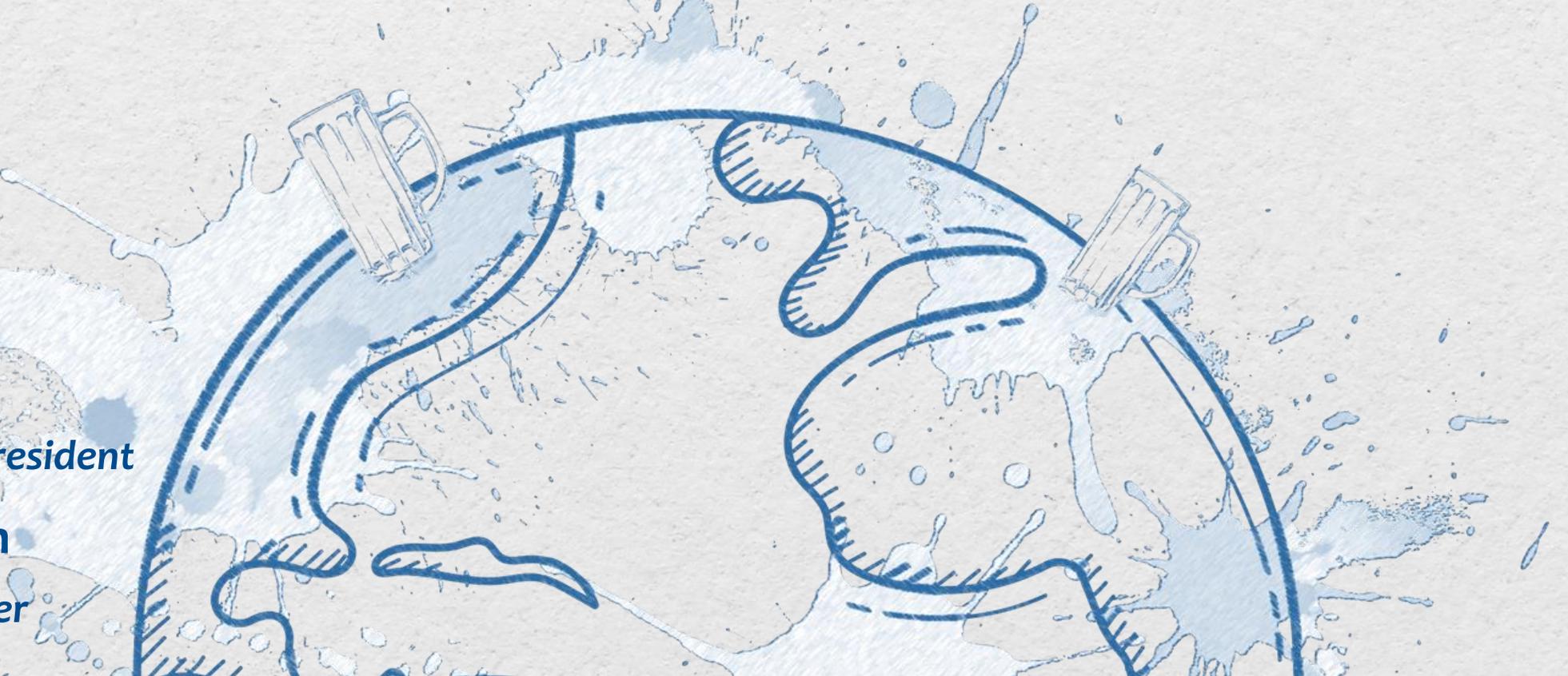
Free Cash Flow



Q&A SESSION

Can aka
CEO & Beer Group President

N. Orhun Kstem
Chief Financial Officer



FX Rates

		1H2019	1H2020	Δ%
USD/TL	AVG	5.62	6.47	15.2%
	PE	5.76	6.84	18.9%
EUR/TL	AVG	6.35	7.13	12.4%
	PE	6.55	7.71	17.7%
TL/RUB	AVG	11.63	10.72	-7.8%
	PE	10.96	10.22	-6.7%
TL/KZT	AVG	67.50	62.50	-7.4%
	PE	66.12	59.02	-10.7%
TL/UAH	AVG	4.79	4.01	-16.2%
	PE	4.55	3.90	-14.2%
TL/MDL	AVG	3.12	2.73	-12.5%
	PE	3.15	2.52	-20.1%
TL/GEL	AVG	0.48	0.47	-2.6%
	PE	0.50	0.45	-10.4%

