

ANADOLU EFES

May 5, 2016

BEER OPERATIONS 1Q2016 RESULTS CONFERENCE CALL



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

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.

ROBIN GOETZSCHE-
BEER GROUP PRESIDENT & CEO



**ANADOLU
EFES**

GENERAL OVERVIEW &
OPERATING PERFORMANCE



1Q2016 Key Highlights on Consolidated Performance

Volume & revenue mostly in line with guidance;

- ✓ Sales volume reported at 16.5mhl
- ✓ Revenue performed better than volume
- ✓ Flattish net sales revenue at TL1,933.2 mn

EBITDA (BNRI) margin was 13.1% with a limited 127bps decline, thanks to;

- ✓ Continued expense management
- ✓ Higher efficiencies

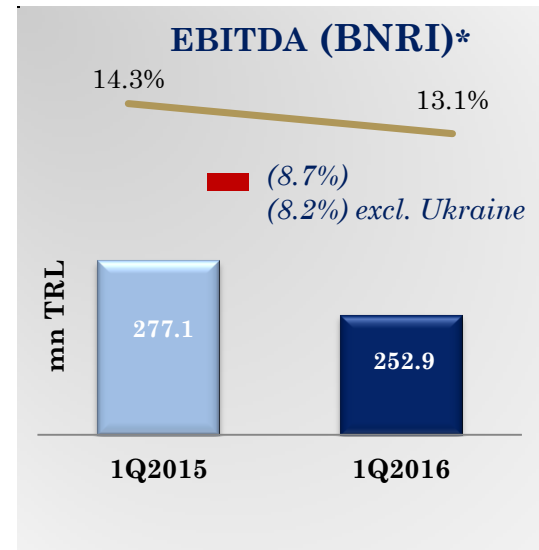
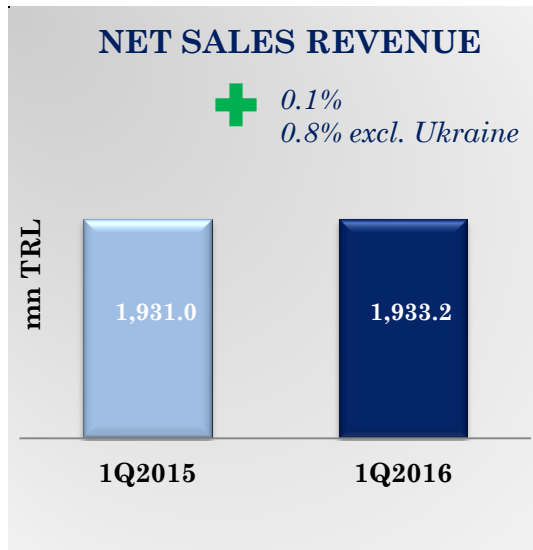
Significant improvement in bottomline; net profit of TL60.3 mn vs a TL 212.0 mn loss in 1Q2015, due to;

- ✓ Net non-cash F/X gain of TL81.2 mn vs TL355.1 mn loss in 1Q2015

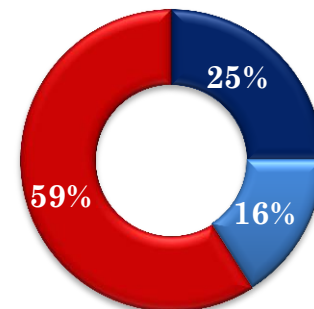
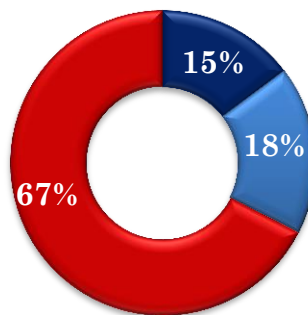
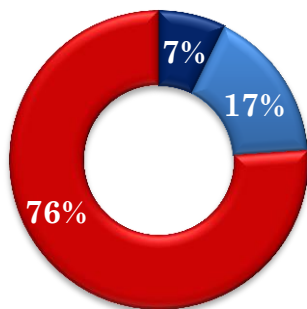
Consolidated net debt to EBITDA (BNRI) was 2.0x



Consolidated Performance – 1Q2016



BREAKDOWN**



■ Turkey Beer ■ International Beer ■ Soft Drinks

Numbers may not add up to 100% due to rounding

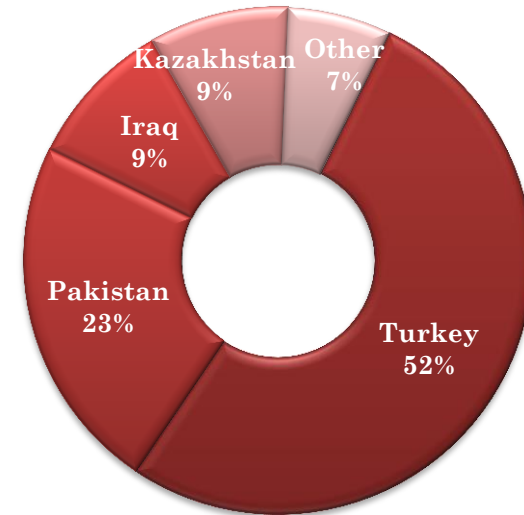
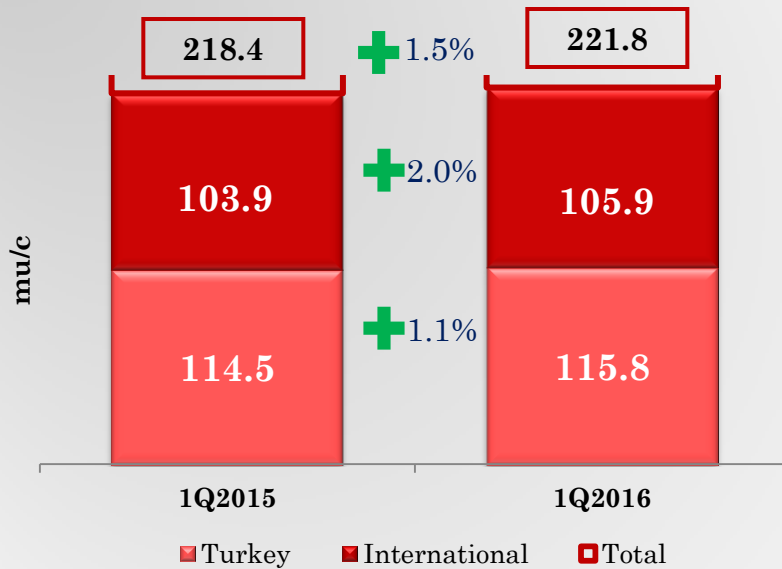


* BNRI means Before Non Recurring Items

**Breakdowns are on a combined basis

Soft Drinks Volume Development

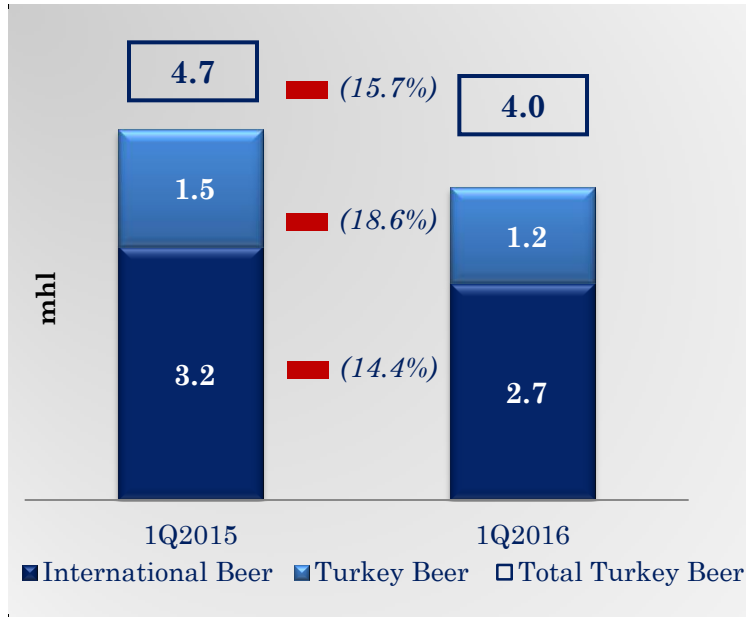
VOLUME BREAKDOWN



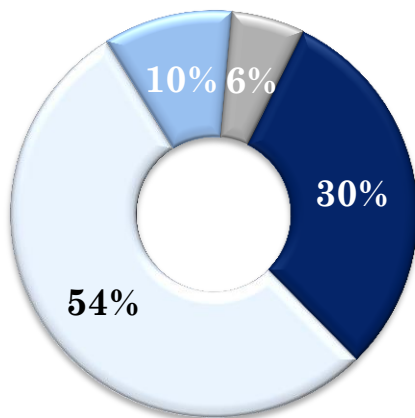
- Turkey delivered low single-digit volume growth, while transaction numbers increased by 9.5%, outperforming unit case volume growth
- International operations' volume was up by 2.0% in 1Q2016, cycling 4.8% growth in 1Q2015
 - ✓ Pakistan posted strong double digit volume growth
 - ✓ Continued weakness in Central Asia
 - ✓ Slowdown in Iraq



Beer Volume Development



VOLUME BREAKDOWN*



*Breakdown is on a combined basis

Total beer group sales volume in line with expectations;

✓ Outperformance of expectations in Russia & Kazakhstan balanced softer volumes in Turkey

Social unrest & decline in tourism activity in **Turkey** created pressure on volumes

EBI's consolidated volume performance was better than expected

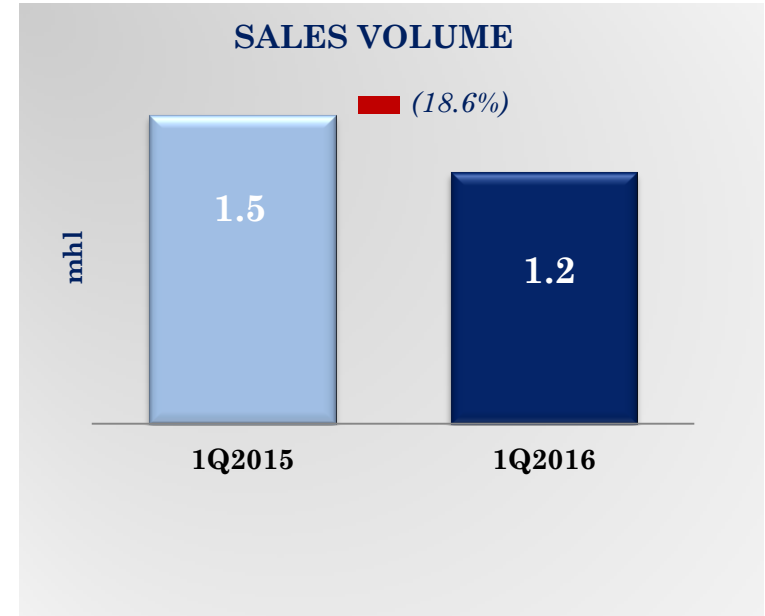
Turkey Beer Operations

New launches including;

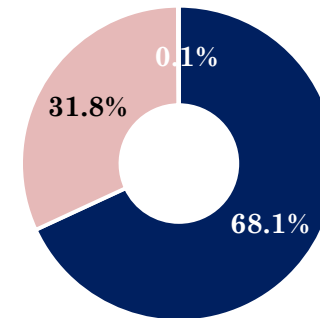
- ✓ Efes Pilsen Long Neck RB
- ✓ Efes Xtra RB
- ✓ Amsterdam Navigator Shot
- ✓ 55cl Efes Pilsen Color Series

Market investments continued

RB: Returnable Bottle

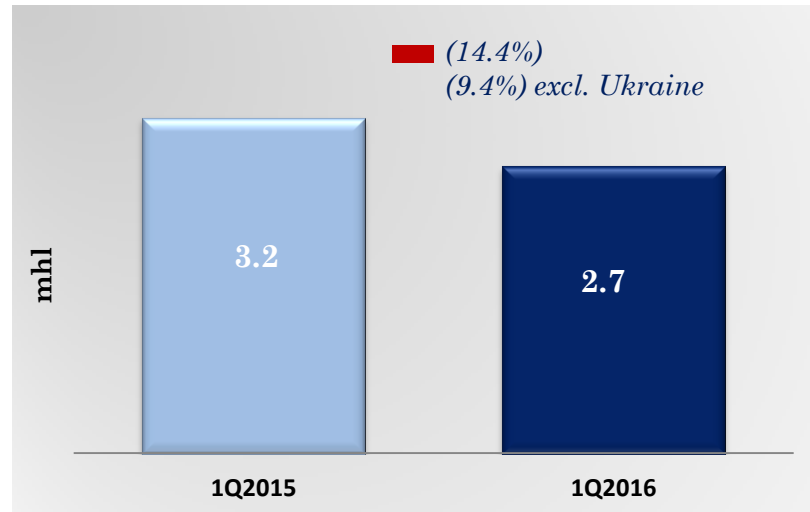


Volume Share - Turkey



■ Efes TURKEY ■ Tuborg ■ Other

International Beer Operations



Net sales revenue per liter grew by 15% on constant currency basis

Margins improved significantly, helped by;

- Stock carry-over in 1Q2016
- Positive mix
- Continued cost savings
- Effective hedging
- Opex efficiencies



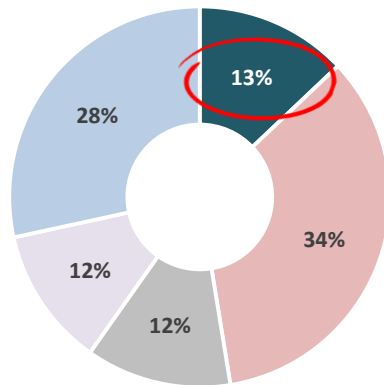
despite ongoing softness in local currencies, higher fixed costs and increased barley

prices

Russia

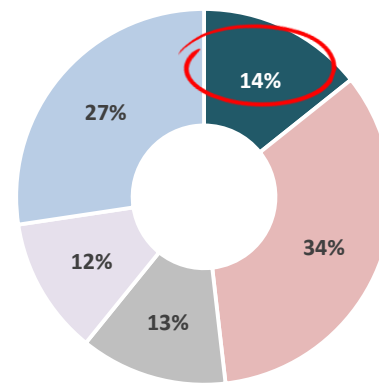
- Market share intact in 1Q2016 vs 4Q2015 where the market declined less than expected
- Improved mix with growth in higher margin brands
- Number of key brand extensions & launches to ensure the continued growth of key brands
- New initiatives to become more competitive in certain segments to gain market share without eroding value

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



ONUR EVİKEL - CFO



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FINANCIAL OVERVIEW



Consolidated Performance – 1Q2016

(million TL)	1Q2015	1Q2016	Change %
Volume (mhl)	17.1	16.5	-3.2%
Net Sales	1,931.0	1,933.2	0.1%
Gross Profit	788.8	732.0	-7.2%
EBIT (BNRI)	85.5	47.0	-45.0%
EBITDA (BNRI)	277.1	252.9	-8.7%
Net Income	-212.0	60.3	128.4%
Margins			Change (bps)
Gross Profit	40.8%	37.9%	-298
EBIT (BNRI)	4.4%	2.4%	-200
EBITDA (BNRI)	14.3%	13.1%	-127
Net Income	-11.0%	3.1%	1,409



Beer Group Performance – 1Q2016

	Turkey Beer (mn TL)		International Beer (mn USD)		Beer Group (mn TL)	
	1Q2016	vs 1Q2015	1Q2016	vs 1Q2015	1Q2016	vs 1Q2015
Volume (mhl)	1.2	-18.6%	2.7	-14.4%	4.0	-15.7%
Net Sales	283.4	-16.6%	116.9	-25.4%	632.0	-13.2%
Gross Profit	157.4	-25.6%	52.7	-21.9%	315.4	-16.8%
EBIT (BNRI)	23.4	-67.8%	-2.2	86.8%	6.2	-59.0%
EBITDA (BNRI)	65.7	-40.0%	14.3	61.7%	97.8	-15.7%
Net Income	40.3	171.9%	7.4	120.4%	47.6	129.0%
Margins		Change (bps)		Change (bps)		Change (bps)
Gross Profit	55.5%	-668	45.1%	204	49.9%	-216
EBIT (BNRI)	8.3%	-1,313	-1.9%	883	1.0%	-109
EBITDA (BNRI)	23.2%	-903	12.3%	661	15.5%	-46
Net Income	14.2%	3,072	6.3%	2,929	7.5%	3,013



Beer Group Free Cash Flow

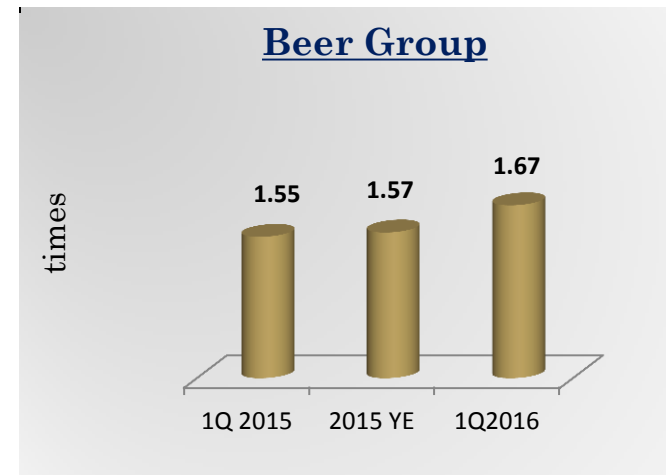
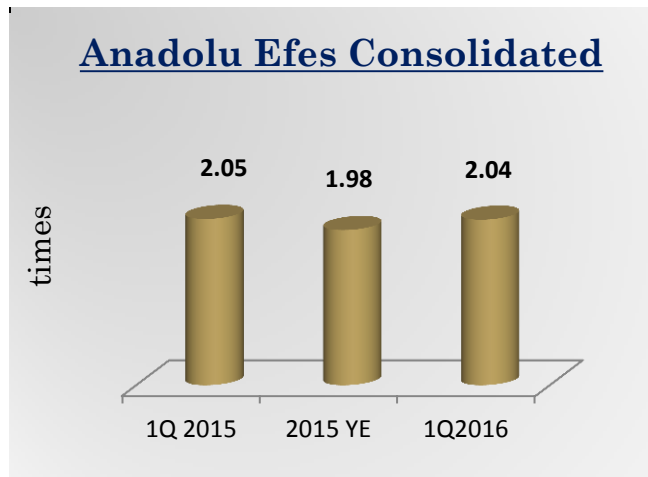
Beer Group Free Cash Flow (mn TRL)	1Q2015	1Q2016
EBITDA	111.2	96.3
Change in Working Capital	-71.7	-66.7
Income Taxes & Employee Benefits Paid	-15.6	-15.4
CAPEX, net	-55.5	-63.9
Net Financial Income /(Expense)	16.3	-1.4
FCF	-15.4	-51.1
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increas	-	-
FREE CASH FLOW (after investing activities)	-15.4	-51.1



Balance Sheet Flexibility

1Q 2016 Net Leverage Ratios are within comfortable area.

Net Leverage Ratio
Net Debt / EBITDA (BNRI)



AEFES	1Q2015	1Q2016
TOTAL FINANCIAL DEBT <i>m TL</i>	5,046	5,271
TOTAL CASH & EQUIVAL <i>m TL</i>	1,460	1,709
NET DEBT <i>m TL</i>	3,587	3,562
NET DEBT <i>m USD</i>	1,374	1,257

BEER	1Q2015	1Q2016
TOTAL FINANCIAL DEBT <i>m TL</i>	2,064	2,009
TOTAL CASH & EQUIVAL <i>m TL</i>	855	843
NET DEBT <i>m TL</i>	1,209	1,166
NET DEBT <i>m USD</i>	463	411

79% of cash is hold as hard currency

97 % of debt is in hard currency

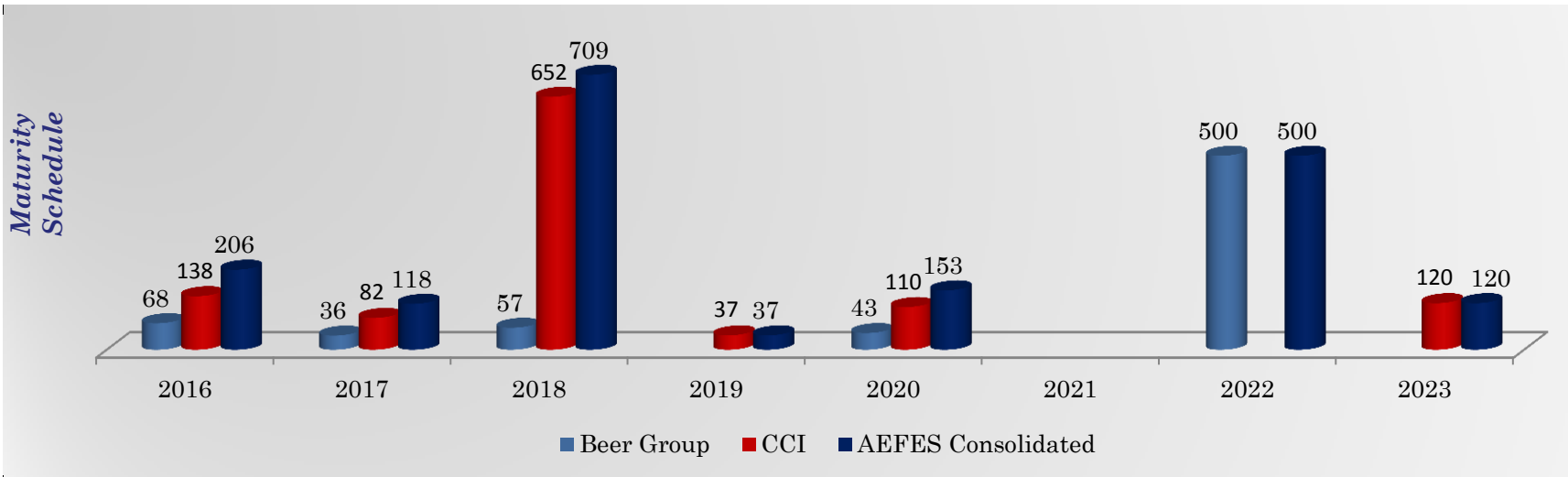
83% of cash is hold as hard currency

100% of debt is in hard currency



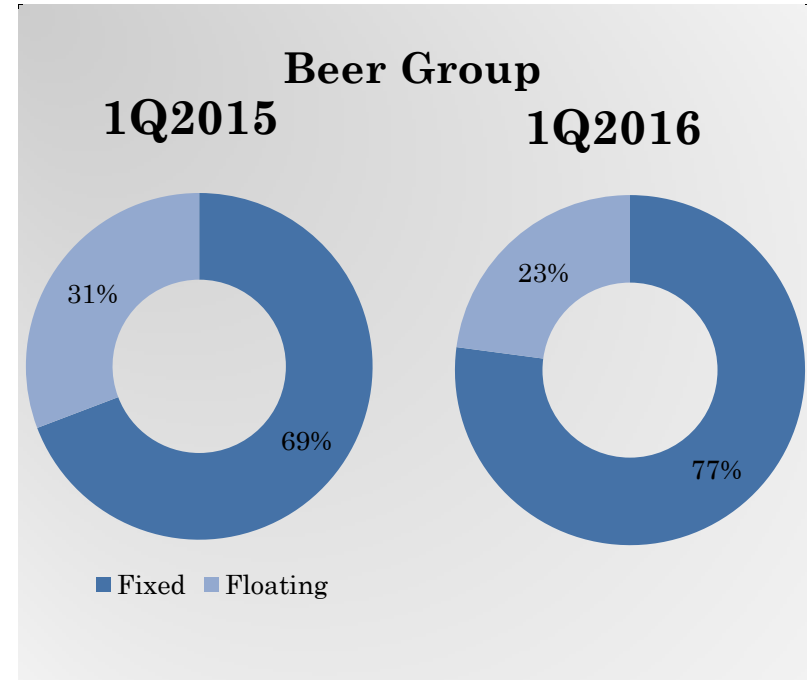
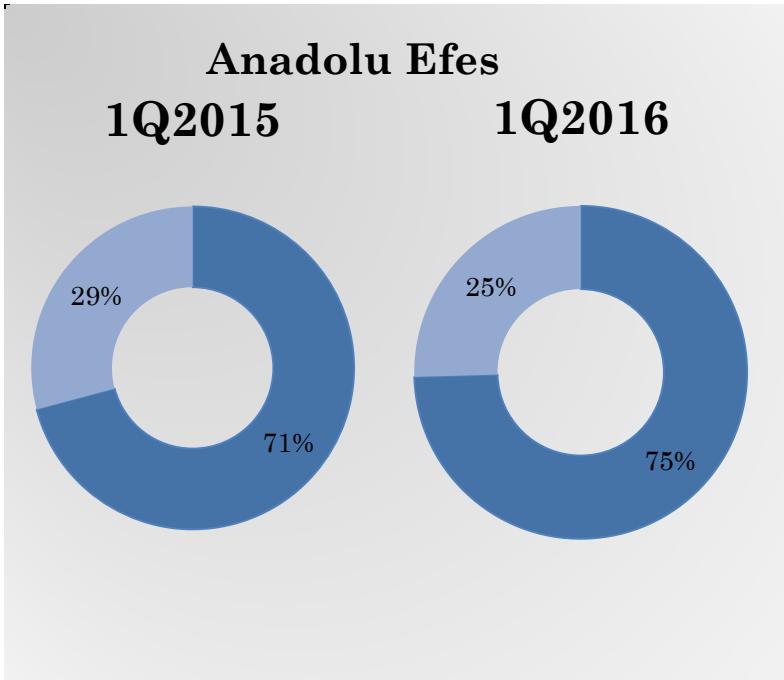
Borrowing Mix & Liquidity Profile

- Easily manageable debt repayment schedule
- Average maturity of debt for;
 - Beer Group is app. **5.2 years** and
 - Anadolu Efes is app. **3.7 years**



Interest Breakdown

Significant portion of debt is fixed, minimized interest rate risk



Financial Income/Expense Breakdown

Anadolu Efes Consolidated - Financial Income / (Expense) Breakdown (million TL)	1Q2015	1Q2016
Interest income	23.6	19.5
Interest expense	-55.0	-52.2
Foreign exchange gain /(loss)	-355.1	81.2
Other financial expenses (net)	-3.9	-4.6
Fain/(loss) on derivative transactions	0.0	-9.3
Net Financial Income /(Expense)	-390.4	34.7

Stronger local currencies as of 31 March 2016 compared to 2015-end produced non-cash F/X gains contributing to the bottomline



Anadolu Efes Consolidated Free Cash Flow

AEFES Free Cash Flow (million TL)	1Q2015	1Q2016
EBITDA	272.2	251.4
Change in Working Capital	-241.0	-82.0
Income Taxes & Employee Benefits Paid	-34.8	-27.5
CAPEX, net	-275.4	-203.3
Net Financial Income /(Expense)	122.5	-7.6
FCF	-156.5	-68.9
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	0.0	0.0
FCF (after investing activities)	-156.5	-68.9



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



ROBIN GOETZSCHE
BEER GROUP PRESIDENT & CEO



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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 Guidance

BEER GROUP

- **Turkey beer market** decline low-single digit*
- **Efes Turkey volume** flattish*
- **Russian beer market** decline parallel to the decline in 2015*
- **EFES RUS volume** outperform the market
- **Total beer volume** decline at a rate of mid-single digits
- **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

*As the first quarter may not be a sufficient indicator for the full year for the beer sector, we believe it would be wiser to re-evaluate our full year outlook at the end of the first half.



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Q&A SESSION



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APPENDIX



Upcoming IR Events

May;

- Morgan Stanley GEMs Conference – London
- HSBC's MENAT Equity Investor Forum - Dubai

June;

- Merrill Lynch Emerging Markets Corporate Conference 2016 – Miami
- Deutsche Bank Consumer Conference - Paris



F/X Rates

		1Q2015	1Q2016	Δ%
USD/TL	AVG	2.46	2.94	19.7%
	PE	2.61	2.83	8.6%
EUR/TL	AVG	2.77	3.24	17.0%
	PE	2.83	3.21	13.3%
USD/RUB	AVG	62.19	74.63	20.0%
	PE	58.46	67.61	15.6%
USD/KZT	AVG	184.64	356.62	93.1%
	PE	185.65	343.06	84.8%
USD/UAH	AVG	20.86	25.80	23.7%
	PE	23.44	26.22	11.8%
USD/MDL	AVG	18.00	20.07	11.5%
	PE	18.38	19.64	6.9%
USD/GEL	AVG	2.07	2.44	17.5%
	PE	2.23	2.37	6.3%

