



# ANADOLU EFES

1Q2017 CONFERENCE CALL PRESENTATION

May 5, 2017

# 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.



## LIVING THE VALUES!



PASSIONATE  
& PROUD



PROFESSIONAL



ENTREPRENEURIAL



COLLABORATIVE



SUSTAINABLE

**ANADOLU  
EFES**

**GENERAL  
OVERVIEW &  
OPERATING  
ENVIRONMENT**





# Key Highlights on Consolidated Performance – 1Q2017

**Volume** up 6.0% in 1Q2017 vs. 1Q2016

- ✓ The highest quarterly volume growth since 2014
- ✓ Benefiting from strong performance of international beer operations and soft drinks

**Revenue** up 25.5% in 1Q2017 y-o-y, outperforming volume growth ;

- ✓ Strong volume growth
- ✓ Local currency price increases
- ✓ Positive translation effect of local currencies of international operations into TL

**EBITDA (BNRI)** increased by 16.7% to TL 295.2 million

**Bottomline** was negative due to FX losses;

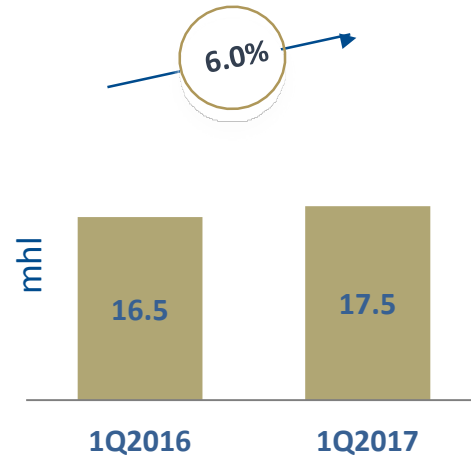
- ✓ Net loss of TL 84.9 mn in 1Q2017 vs. a net income of TL 60.3 mn in 1Q2016

Consolidated **Net Debt to EBITDA (BNRI)** was 2.1x as of 1Q2017

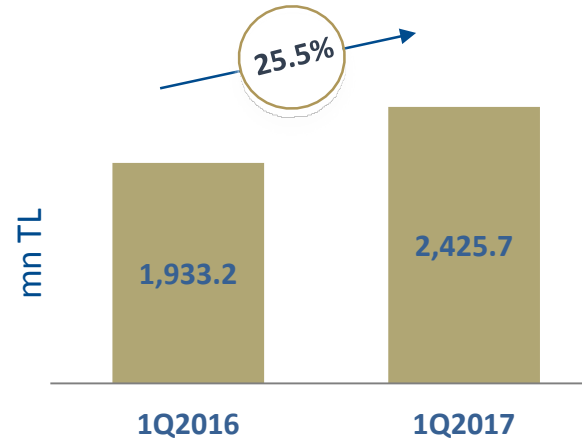


# Consolidated Performance – 1Q2017

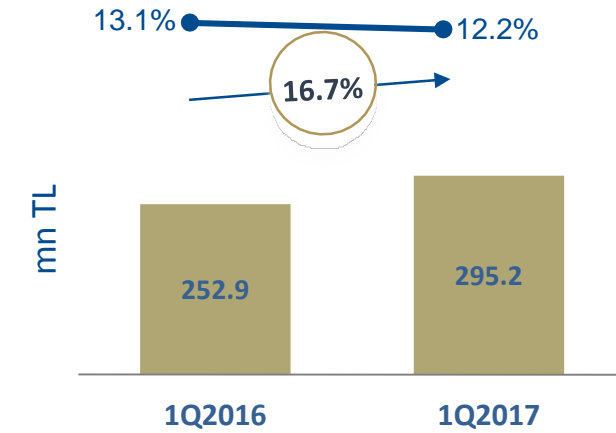
## SALES VOLUME



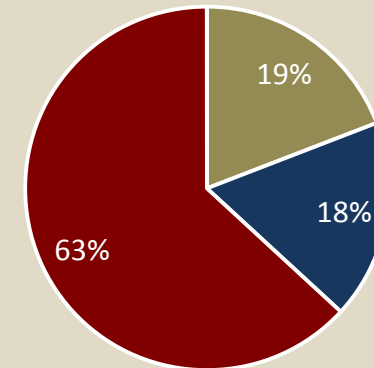
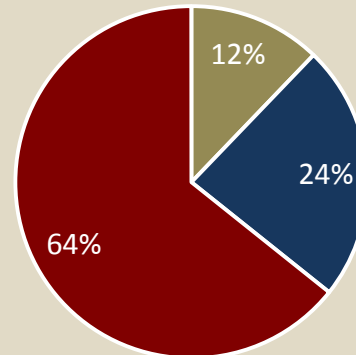
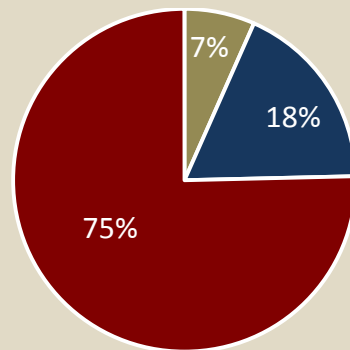
## NET SALES REVENUE



## EBITDA (BNRI) & EBITDA (BNRI) Margin



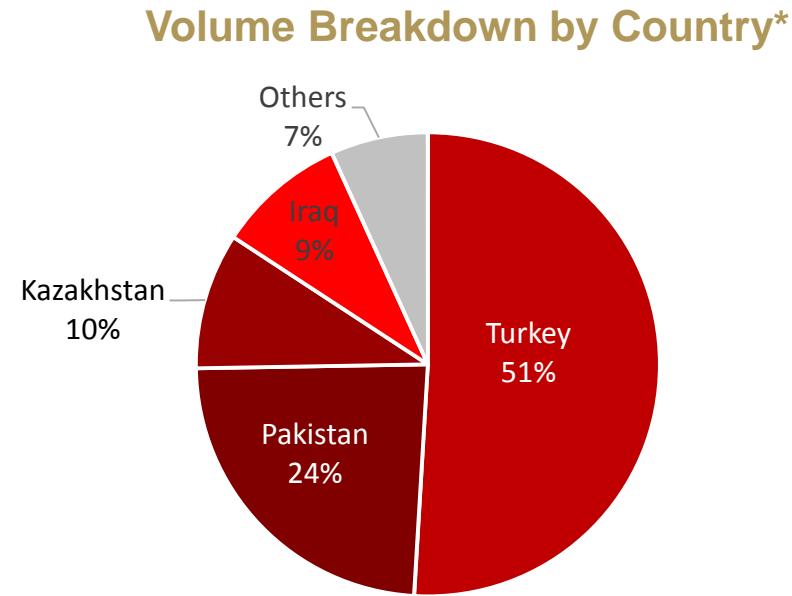
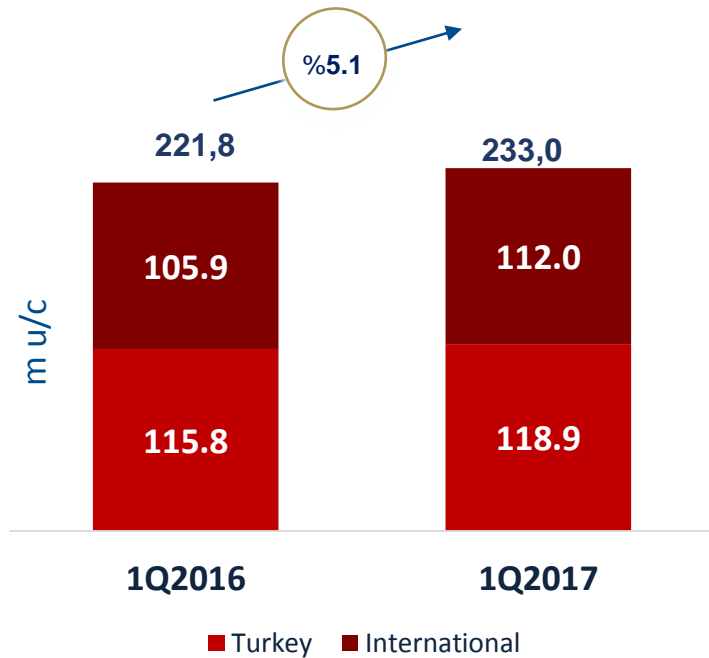
## BREAKDOWN\*



■ Turkey Beer ■ International Beer ■ Soft Drinks

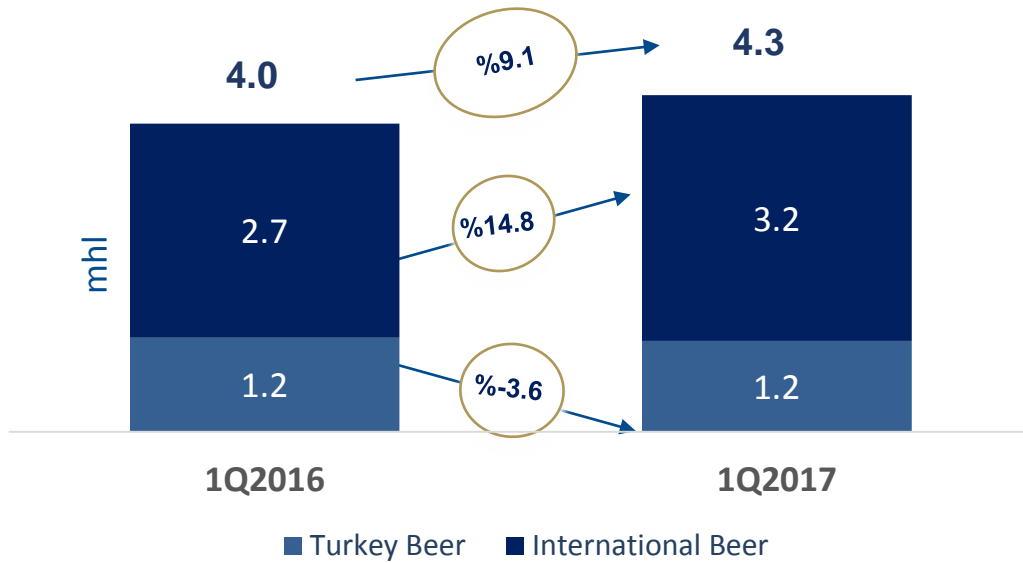
\*Breakdowns are on a combined basis

# Soft Drinks Volume Development – 1Q2017



- ✓ Turkey delivered 2.7% volume growth in 1Q2017
- ✓ International operations delivered 7.6% volume growth in 1Q2017
  - ✓ Positive momentum continued with 9.4% volume growth in **Pakistan**
  - ✓ **Central Asia** posted 7.6% growth in 1Q17 driven by double digit growth in Kazakhstan and regained momentum in Azerbaijan
  - ✓ **Middle East**, sales volume grew by 3.8% in the quarter, led by North Iraq (18.6% growth) and Jordan (7.6% growth)

# Beer Volume Development – 1Q2017

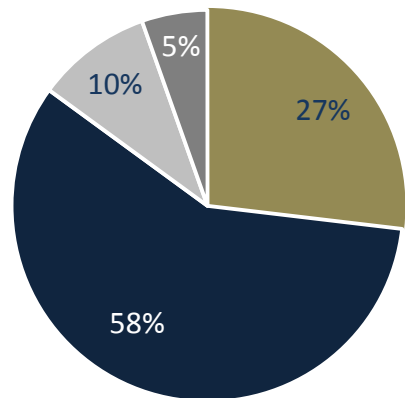


**Total beer group sales volume at 4.3 mhl, up 9.1%**

**Russian beer market** is estimated to be down mid-to-high single digit on the back of,

- ✓ PET regulation
- ✓ Downsizing

## Volume Breakdown by Country\*



■ Turkey    ■ Russia    ■ Kazakhstan    ■ Other

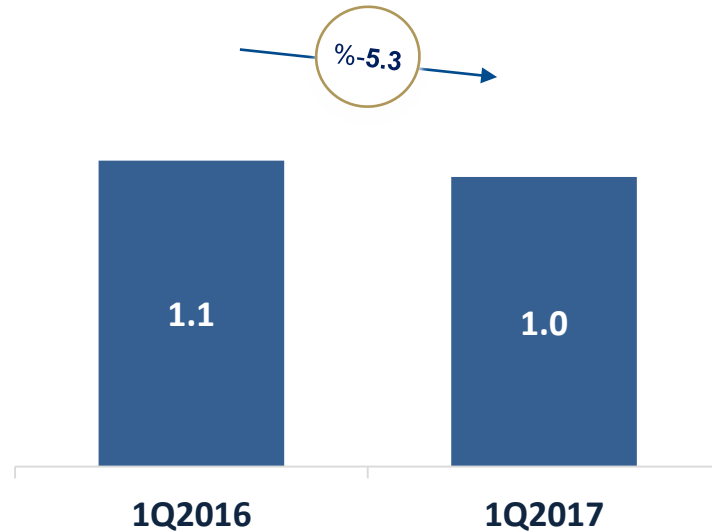
**Turkey beer market** continued to be under pressure due to;

- ✓ Slowdown in economy
- ✓ Decrease in consumer confidence with lower personal spending
- ✓ Increased security concerns
- ✓ Affordability issues

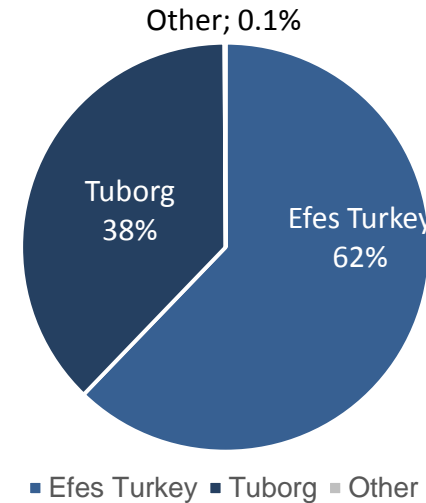
\*Breakdown is on a combined basis

# Turkey Beer Operations – 1Q2017

## DOMESTIC SALES VOLUME



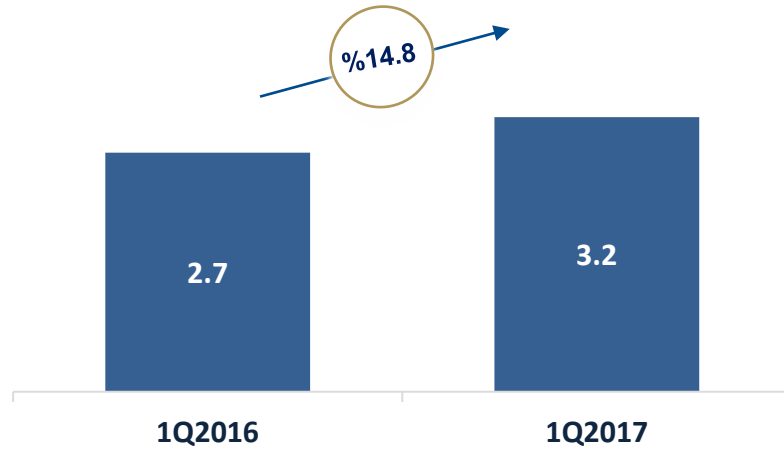
## MARKET SHARE\*



- ✓ Turkey beer market is estimated to be down by low single digits in 1Q2017 vs 1Q2016.
- ✓ Apart from the challenges in the beer market, Anadolu Efes' volumes were also impacted by high competition.
- ✓ We still continue our strategy of;
  - Refining the portfolio strategy with a non negotiable stance on quality
  - Addressing affordability
  - Sales force effectiveness



# International Beer Operations – 1Q2017



- ✓ EBI volumes grew by 14.8%
- ✓ Above expectation volume performance across all operating countries
- ✓ Efes Rus outperformed the market in 1Q2017
  - ✓ 15.4%\* market share in Russia in 1Q2017 up from 13.0% in 1Q2016
    - continued focus on brands
    - improved execution in market place
  - ✓ #2 player both in volume and value share




## EFES RUSSIA MARKET SHARE\*



\*Nielsen Urban Russia, Cities 10000+, Off-Trade, YTD March 2017

# B E E R

**BRANDS**  
**XECUTION**  
**FFICIENCY**  
**RELATIONS**

-  Provide choice and innovation to consumers:  
**Grow brand love**
-  Excell in **customer collaboration**  
**availability and point of sale activation**
-  Build competitive advantage through **lean and efficient operations**
-  Focus on **employees, customers, regulators, community and environment**

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EFES**

**FINANCIAL  
OVERVIEW**



# Anadolu Efes Consolidated Performance – 1Q2017

## ANADOLU EFES CONSOLIDATED (TL mn)

	1Q2016	1Q2017	Change (%)
Volume (mhl)	16.5	17.5	6.0%
Net Sales	1,933.2	2,425.7	25.5%
Gross Profit	732.0	869.6	18.8%
EBIT (BNRI)	47.0	60.3	28.4%
EBITDA (BNRI)	252.9	295.2	16.7%
Net Income**	60.3	-84.9	n.m.
<b>Margins</b>			<b>Change (bps)</b>
Gross Profit	37.9%	35.8%	-202
EBIT (BNRI)	2.4%	2.5%	6
EBITDA (BNRI)	13.1%	12.2%	-91
Net Income**	3.1%	-3.5%	-662

\*million unit case

\*\*Net income attributable to shareholders

# Beer Group Performance – 1Q2017

	TURKEY BEER (TL mn)		INTERNATIONAL BEER (TL mn)		BEER GROUP (TL mn)	
	1Q2017	vs 1Q2016	1Q2017	vs 1Q2016	1Q2017	vs 1Q2016
Volume (mhl)	1.2	-3.6%	3.2	14.8%	4.3	9.1%
Net Sales	294.8	4.0%	570.3	65.9%	870.1	37.7%
Gross Profit	160.1	1.7%	226.1	45.9%	390.5	23.8%
EBIT (BNRI)	16.1	-31.4%	-9.3	-41.7%	-5.2	n.m.
EBITDA (BNRI)	58.7	-10.7%	54.3	28.6%	101.5	3.8%
Net Income**	-59.9	n.m.	33.6	55.4%	-40.0	n.m.
<b>Margins</b>	<b>Change (bps)</b>		<b>Change (bps)</b>		<b>Change (bps)</b>	
Gross Profit	54.3%	-124	39.6%	-543	44.9%	-503
EBIT (BNRI)	5.5%	-282	-1.6%	28	-0.6%	-157
EBITDA (BNRI)	19.9%	-328	9.5%	-275	11.7%	-381
Net Income**	-20.3%	-3,453	5.9%	-40	-4.6%	-1,214

\*million unit case

\*\*Net income attributable to shareholders

# Beer Group Free Cash Flow – 1Q2017

Beer Group Free Cash Flow (TL mn)	1Q2016	1Q2017
EBITDA	96.3	100.9
Change in Working Capital	-66.7	-15.8
Income Taxes & Employee Benefits Paid	-15.4	-23.2
CAPEX, net	-63.9	-88.6
Net Financial Income /(Expense)	-1.4	0.9
<b>FCF</b>	<b>-51.1</b>	<b>-25.8</b>
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	0.0	-17.8
<b>FCF (after investing activities)</b>	<b>-51.1</b>	<b>-43.6</b>

\*million unit case

\*\*Net income attributable to shareholders



# BALANCE SHEET FLEXIBILITY

- 1Q2017 Net Leverage Ratios are within comfortable area

Net Leverage Ratio: Net Debt / EBITDA (BNRI)  
times

## Anadolu Efes Consolidated



- 74% of cash is hold as hard currency
- 99% of debt is in hard currency

## Beer Group



- 70% of cash is hold as hard currency
- 100% of debt is in hard currency

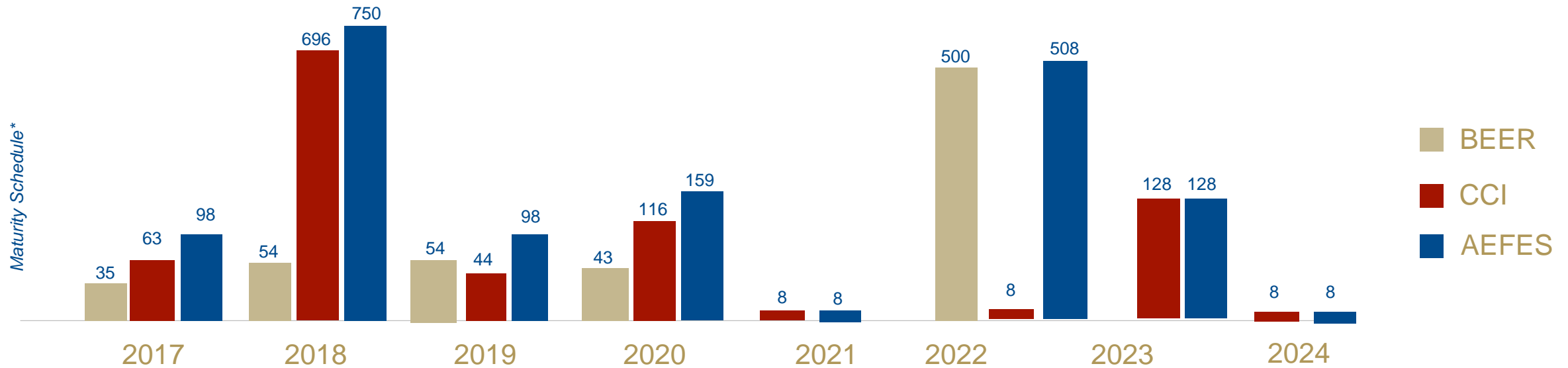
# BORROWING MIX & LIQUIDITY PROFILE

- Easily manageable debt repayment schedule

- Average maturity of debt for

- ✓ Beer Group is app. 4.6 years and

- ✓ Anadolu Efes is app. 3.1 years



\*Only amounts principal

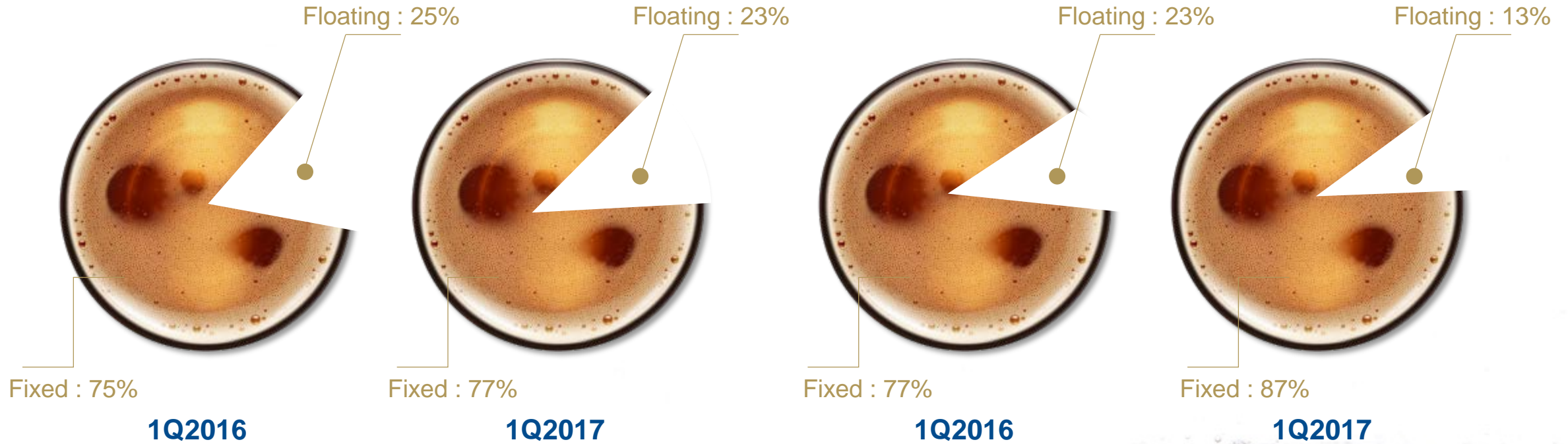


# INTEREST BREAKDOWN

- Significant portion of debt is fixed, minimized interest rate risk

## ANADOLU EFES

## BEER GROUP



# Financial Income/(Expense) Breakdown – 1Q2017

Financial Income / (Expense) Breakdown	1Q2016	1Q2017
Interest income	19.5	27.6
Interest expense	-52.2	-60.9
Foreign exchange gain /(loss)	81.2	-121.7
Other financial expenses (net)	-4.6	-8.0
Gain/(loss) on derivative transactions	-9.3	0.3
<b>Net Financial Income /(Expense)</b>	<b>34.7</b>	<b>-162.7</b>

# Anadolu Efes Consolidated Free Cash Flow – 1Q2017

Anadolu Efes Free Cash Flow (TL mn)	1Q2016	1Q2017
EBITDA	251.4	294.6
Change in Working Capital	-83.1	-159.4
Income Taxes & Employee Benefits Paid	-27.5	-46.7
CAPEX, net	-202.2	-199.5
Net Financial Income /(Expense)	-7.6	34.4
<b>FCF</b>	<b>-68.9</b>	<b>-76.5</b>
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	0.0	-17.8
<b>FCF (after investing activities)</b>	<b>-68.9</b>	<b>-94.3</b>

\*million unit case

\*\*Net income attributable to shareholders



# FINANCIAL PRIORITIES

- Sustain consolidated cash flows through;
  - ✓ focus on working capital optimization
  - ✓ optimized capex policy
  - ✓ sticking to tight balance sheet management
- Deleveraging
- Efficiency improvements via savings
- Managing impact of F/X volatility on operations
- Commitment to Investment Grade Ratings





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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
- Achieving optimal brand & SKU mix
- Excelling in execution
- Focusing on quality market share
- Strong cash flow generation with special focus on optimizing working capital

## Soft Drink



- Accelerate revenue and margin growth
- Winning at the point of sales
- Sales force effectiveness



# 2017 GUIDANCE

## Sales Volume:

Low-to-mid single digit growth on a consolidated basis

- **Total Beer:** low single digit growth
- **Turkey beer:** flattish vs a flattish market
- **Russian beer:** outperformance of flattish beer market

Consolidated Soft Drinks: mid-single digit growth

- **Turkey soft drinks:** low-single digit growth
- **International soft drinks:** high-single digit growth

## Revenue:

Outperform sales volume **in all business lines**

## EBITDA Margin:

Flattish **on a consolidated basis**

- Flattish EBITDA (BNRI) margin for **beer group** despite the growing share of structurally lower margin international beer business
- Flat to slight improvement in EBITDA margin **for soft drinks**

**Capex:** As a percentage of net sales at high single digits **on a consolidated basis**

**FCF:** Positive FCF in **both beer and soft drinks**

**\*\*\*Since first quarter is relatively a small quarter, we cautiously reiterate our guidance for Anadolu Efes.**

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**Q&A SESSION**





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**APPENDIX**



# GROSS & NET DEBT

## Anadolu Efes Consolidated

1Q2016	1Q2017	
5,271	6,425	TOTAL FINANCIAL DEBT (m TL)
1,709	2,683	TOTAL CASH & EQUIVALENTS (m TL)
3,562	3,742	NET DEBT (m TL)
1,257	1,028	NET DEBT (m USD)

## Turkey Beer

1Q2016	1Q2017	
1,750	2,234	TOTAL FINANCIAL DEBT (m TL)
323	369	TOTAL CASH & EQUIVALENTS (m TL)
1,427	1,865	NET DEBT (m TL)
504	513	NET DEBT (m USD)

## Beer Group

1Q2016	1Q2017	
2,009	2,524	TOTAL FINANCIAL DEBT (m TL)
843	1,296	TOTAL CASH & EQUIVALENTS (m TL)
1,166	1,228	NET DEBT (m TL)
411	337	NET DEBT (m USD)

## EBI

1Q2016	1Q2017	
252	281	TOTAL FINANCIAL DEBT (m TL)
486	922	TOTAL CASH & EQUIVALENTS (m TL)
-234	-641	NET DEBT (m TL)
-83	-176	NET DEBT (m USD)



# FX RATES

		1Q2016	1Q2017	Δ%
USD/TL	AVG	2.94	3.69	25.6%
	PE	2.83	3.64	28.4%
EUR/TL	AVG	3.24	3.93	21.3%
	PE	3.21	3.91	21.8%
USD/RUB	AVG	74.63	58.84	-21.2%
	PE	67.61	56.38	-16.6%
USD/KZT	AVG	356.62	322.53	-9.6%
	PE	343.06	314.79	-8.2%
USD/UAH	AVG	25.80	27.07	4.9%
	PE	26.22	26.98	2.9%
USD/MDL	AVG	20.07	19.96	-0.6%
	PE	19.64	19.48	-0.8%
USD/GEL	AVG	2.44	2.60	6.9%
	PE	2.37	2.45	3.3%