



ANADOLU EFES

1Q2020

CONFERENCE CALL
PRESENTATION

07.05.2020

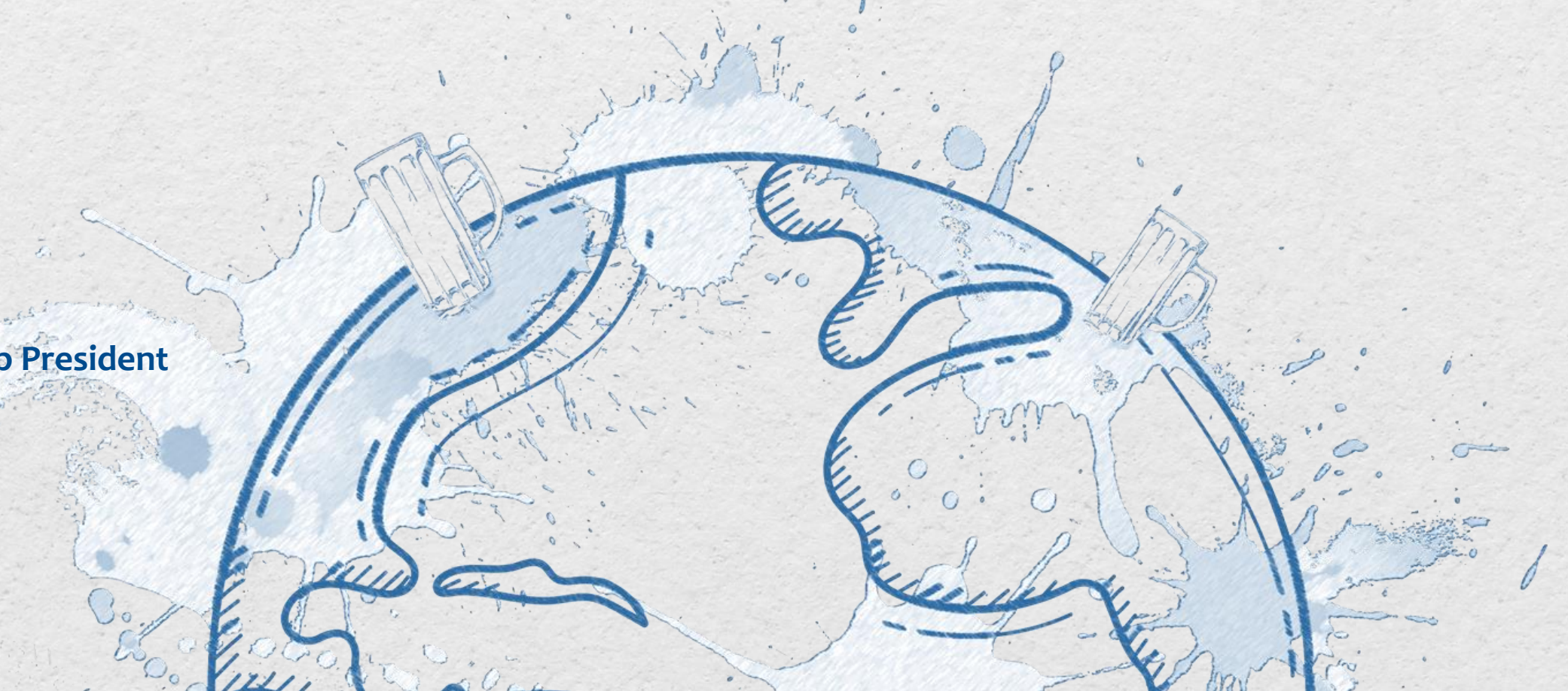
Forward-Looking Statements

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



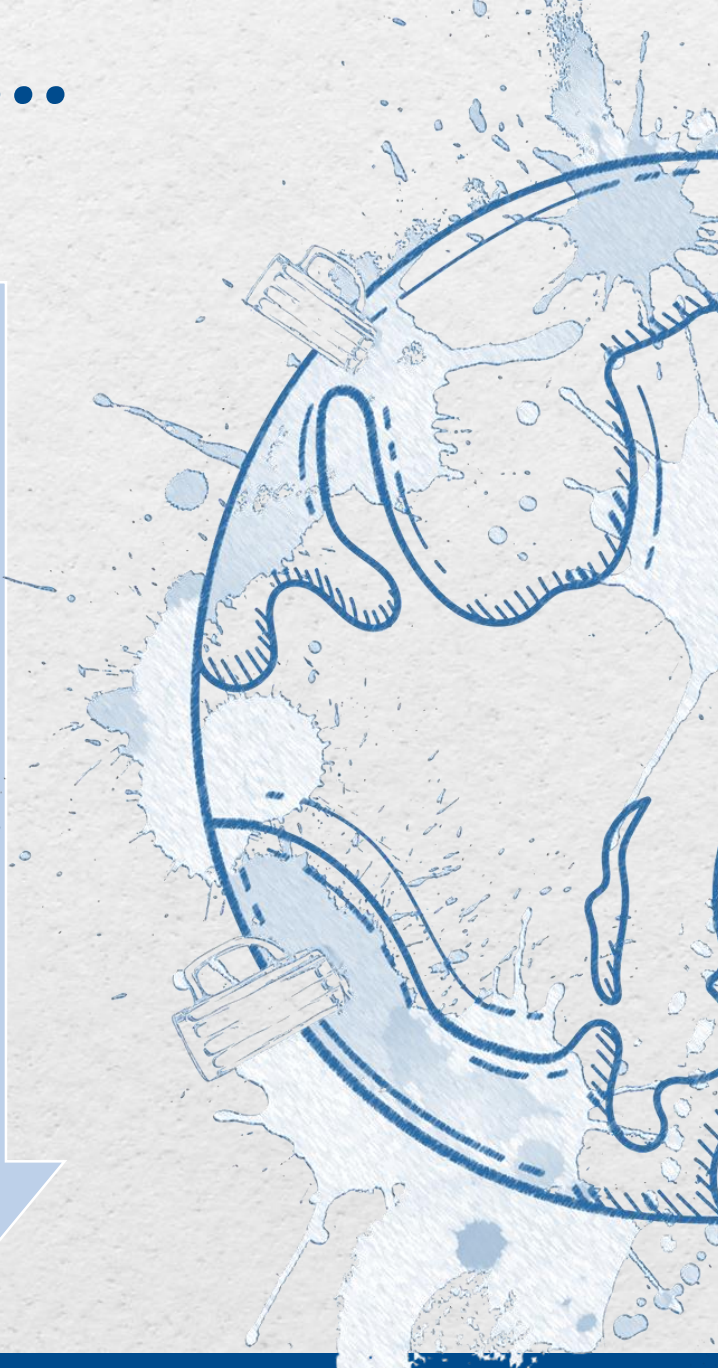
Robust performance until the outbreak...

A strong start to the year...

13% volume growth as of February
Sell-out numbers exceeding sell-in
Market share gains
Stepped up brand communication despite low season

Quarantines & lockdowns
On-trade ban in all operations
Social distancing; no gatherings & events
Change in shopping and consumption behavior
Volume decline especially in Turkey starting 2H March

... impacted by the outbreak in March ...



We are better together...



People

Protect our People



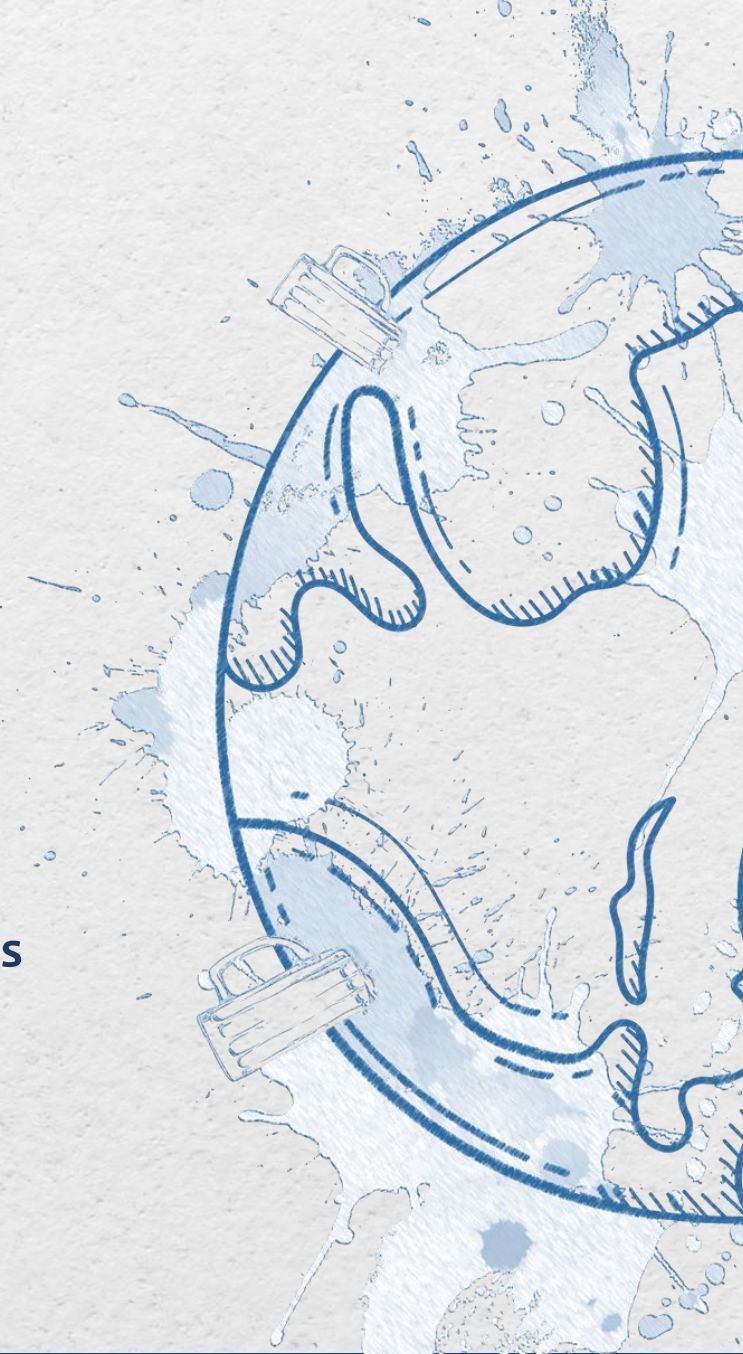
Business

Sustain our Business



Communities

Support our Communities



Revisit all touchpoints to ensure safety and ...

Health, Safety & Working Conditions

- Switched to remote working practices across all operations, wherever possible
- All measures taken according to pandemic plan and government instructions in breweries
- Remote working for sales teams where possible with no disruption in order taking

Production & Supply Chain

- No interruption in production
- Cross brewing plans in place
- Coverage plans for raw, packaging & auxiliary materials

Route-to-Market & Trade & Marketing

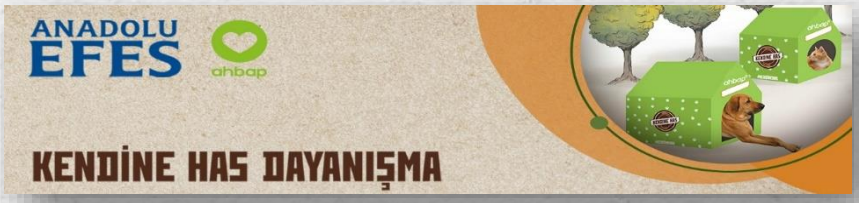
- Switched to alternative order taking where applicable, e.g. Telesales etc.
- Field visit to ensure stocks with less frequency
- Supporting consumer pull with increased visibility
- Digitally connected with our customers/consumers
- Connecting with the communities through social responsibility actions

... business continuity throughout 2020

Business Continuity

- On-trade closed across all countries; varying impact on country operations
 - Share of on-trade in Turkey is ~25%, in Russia is low to mid single digit & in other EBI countries high single digit
- Low volumes expected during Ramadan (1 week of April + 3 weeks of May)
- Launched cost and spend optimization initiatives; especially in OPEX and CAPEX
- Ensured no supply & production interruption risk during high season

Supporting our communities



Turkey:
In cooperation with Ahbap Association shopping cards to be provided to +7000 impacted employees and their families to support restaurant and bar staff.



Georgia:
Support total of 500 barmen's and waiters who lost their jobs due to closure of on trade outlets

Supply disinfection liquids for Infectious Hospital

Moldova:
1000 liter of disinfectant supplied to local authorities



Russia & Ukraine:
Supply disinfection liquids for medical institutions and farmers

Manufacture sanitizers at production sites for free distribution among medical and social institutions in Russia

Purchased medical ventilators for hospitals in Ukraine

Kazakhstan:
Support total of 2.000 food beverage industry professionals in Almaty & Astana

Support for overall other Kazakhstan cities which are in quarantines

Anadolu Efes 1Q Financial Highlights

VOLUMES

1Q
+3.7%

- Strong volume growth achieved in International Beer & Soft Drinks
- Turkey beer under pressure starting from mid-March

REVENUE

1Q
+15.3%

- Higher prices per hl
- Positive currency translation

EBITDA (Margin)

1Q
-23.4%
(-337 bps)

- Margin decline mainly driven by the negative EBITDA in Beer Group due to COVID
- Soft drink margins improved

Net Income

1Q
TL-84mn

- Better performance vs previous year
 - FX gains recorded as a result of repatriation of cash from EBI
 - Lower net financial expenses

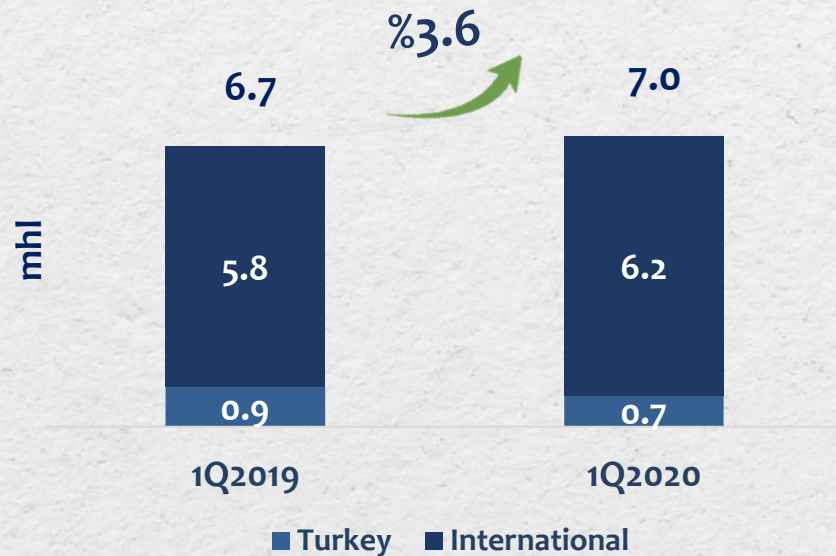
Free Cash Flow

1Q
TL-1,021 mn

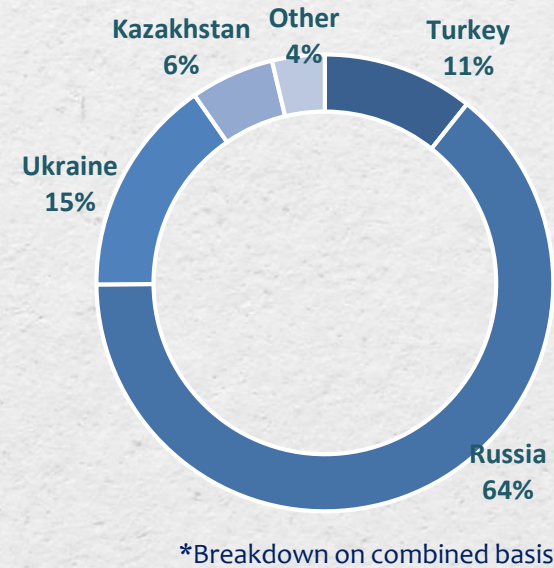
- Negative FCF due to seasonality but in line with or better than plan
- Turkey Beer benefitted from better working capital management & lower capex
- International Beer lower operational profitability and increase in working capital vs previous year to normalize throughout the year

Beer volume growth driven by international and compensating softer volumes in Turkey...

BEER GROUP SALES VOLUME



VOLUME BREAKDOWN* BY COUNTRY



Turkey Operations

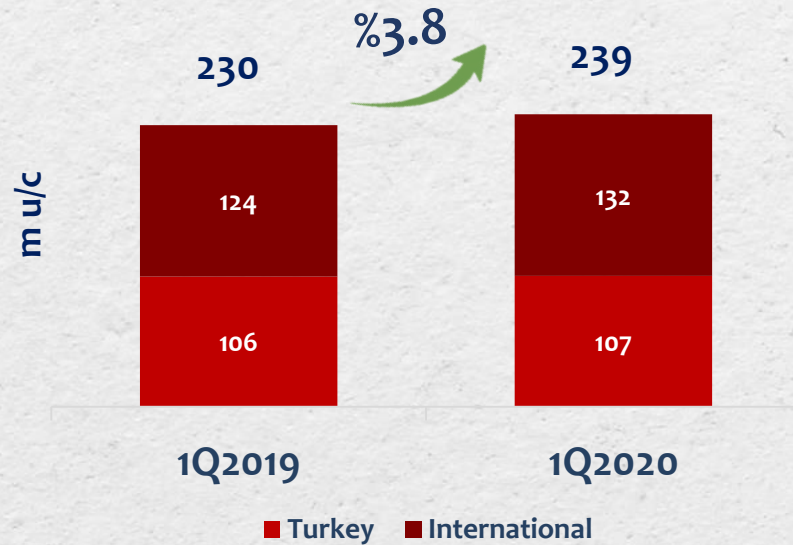
- ✓ Year started strong & parallel to expectations
- ✓ March volumes under pressure due to on-trade ban
- ✓ Stable market share since July2019

International Operations

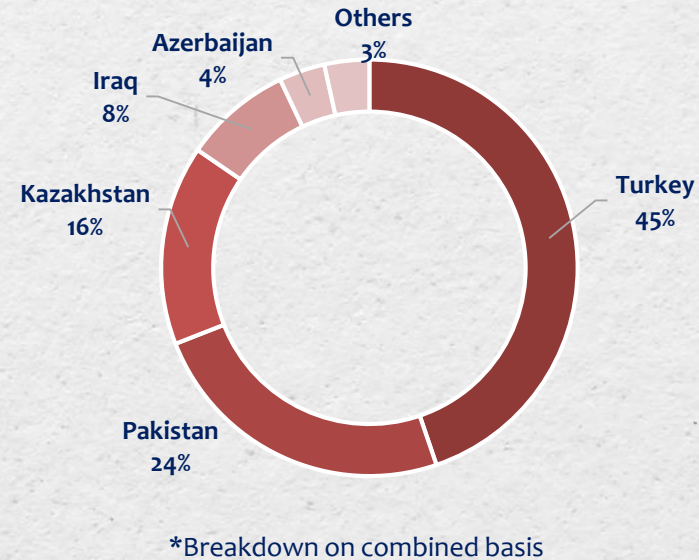
- ✓ Volume growth of 7.7%
- ✓ Robust volume performance attributable to all international beer operations except Kazakhstan
- ✓ Market leadership maintained with further gains especially in Russia & Ukraine
- ✓ Moldova & Georgia better than expectations

Another quarter with robust volume growth for soft drinks ...

SOFT DRINKS SALES VOLUME



VOLUME BREAKDOWN* BY COUNTRY



Turkey Operations

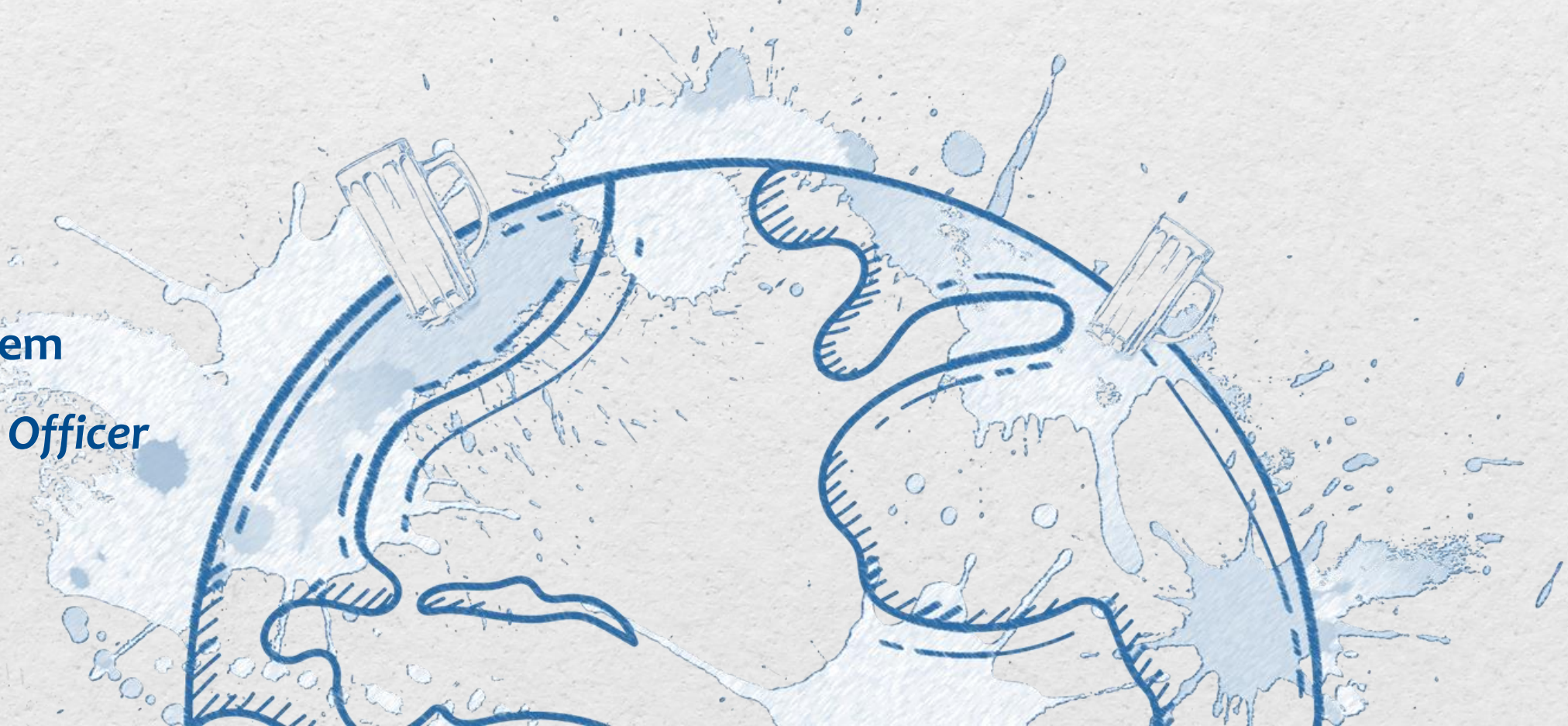
- ✓ Turkey volume flat at 107 million
- ✓ Sparkling category fastest growing by 4.1%
- ✓ Share of IC packages down driven by shutdown of on-trade channel

International Operations

- ✓ International operations volume up by 6.6%
- ✓ Central Asia up 14.5%; double-digit growth in Kazakhstan, Azerbaijan and Tajikistan
- ✓ Pakistan up 6.5% with more than 30% growth recorded in first 2 months
- ✓ Middle East down 7.2%,

FINANCIAL OVERVIEW

N. Orhun Köstem
Chief Financial Officer



Balance Sheet & Risk Management



Cash Management

- Current cash balances cover short term financial debt obligations due in next 12 months
- 78% of cash held in hard currency



Debt Management

- No long term refinancing needs in 2020
- Ave. maturity 1.9 years for Beer Group & 2.6 years for AEFES
- Secured liquidity under worst case scenario
- Available uncommitted credit lines, RCFs & other funding sources



Liquidity & Leverage

- Beer Group Net Debt / EBITDA ratio 2.0x
- AEFES Net Debt / EBITDA ratio 1.5x



Risk Management

- High hedge coverage for short term FX exposure
 - More than 90% in Turkey
 - 100% in Russia and Ukraine
- ALU exposure hedged financially
 - 60% in Turkey
 - 40% in Kazakhstan
 - 100% in Russia and Ukraine
- 100% of collections from dealers & distributors under guarantee across all operations

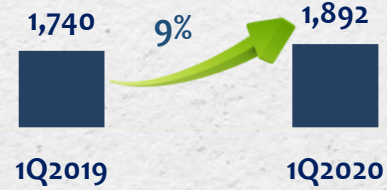
Beer profitability impacted pricing & calendarization of OPEX

Net Sales

ANADOLU EFES



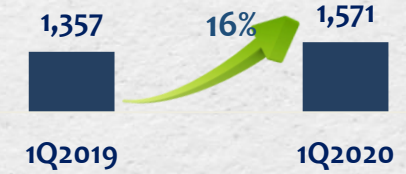
BEER GROUP



TURKEY BEER



EBI



Margin:

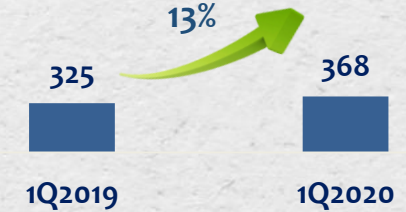
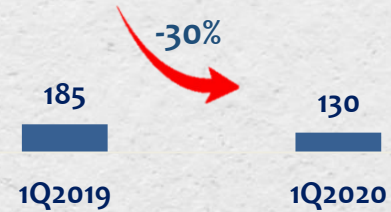
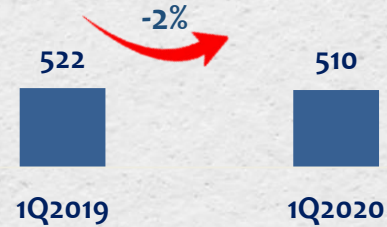
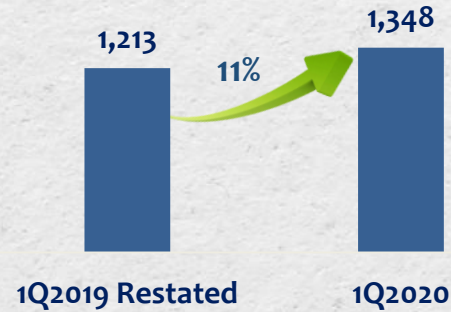
31.0% 29.9%

30.0% 27.0%

49.4% 41.6%

23.9% 23.4%

Gross Profit



Margin:

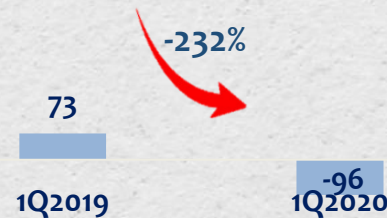
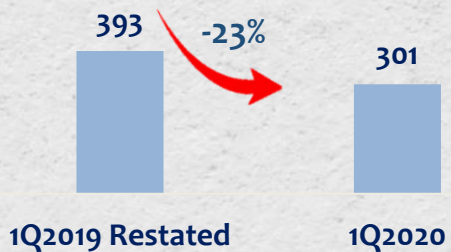
10.0% 6.7%

4.2% -5.1%

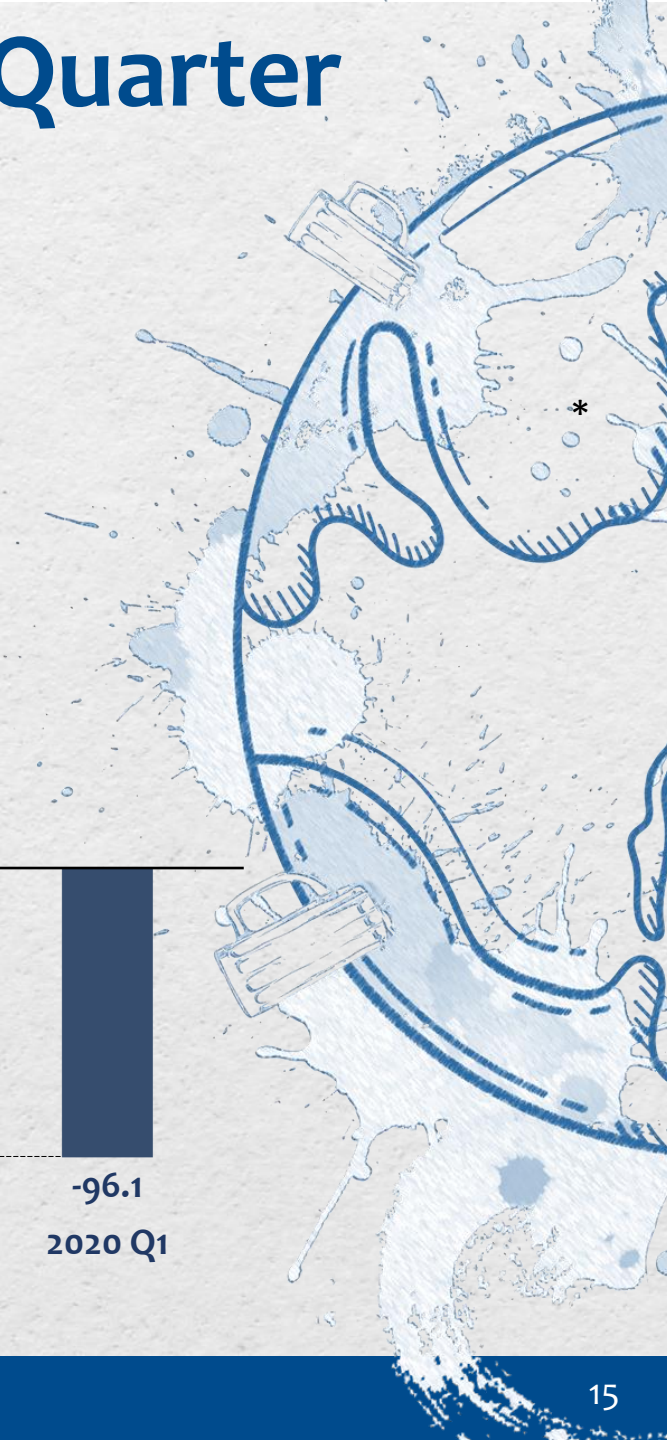
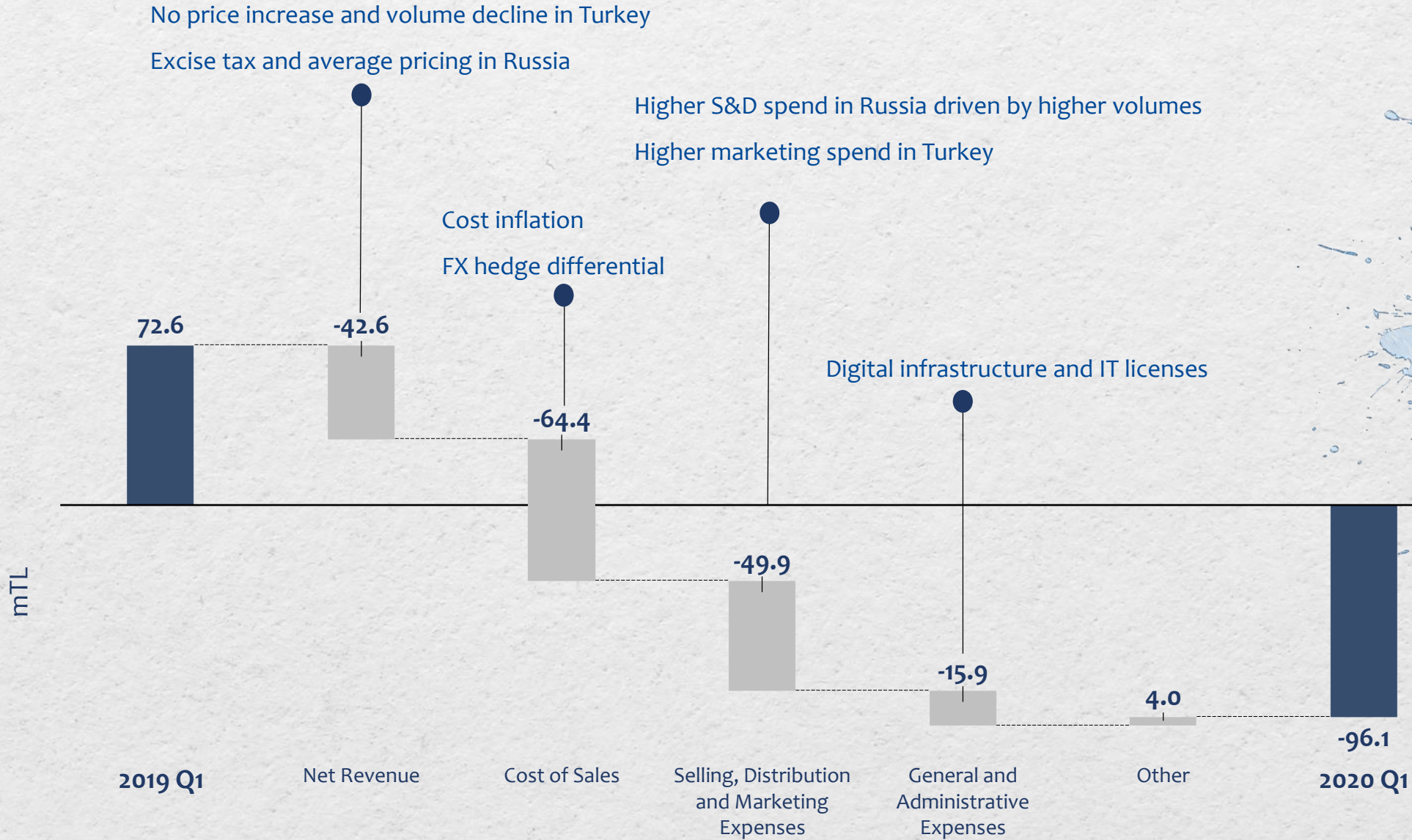
6.2% -16.3%

4.2% -1.7%

EBITDA (BNRI)

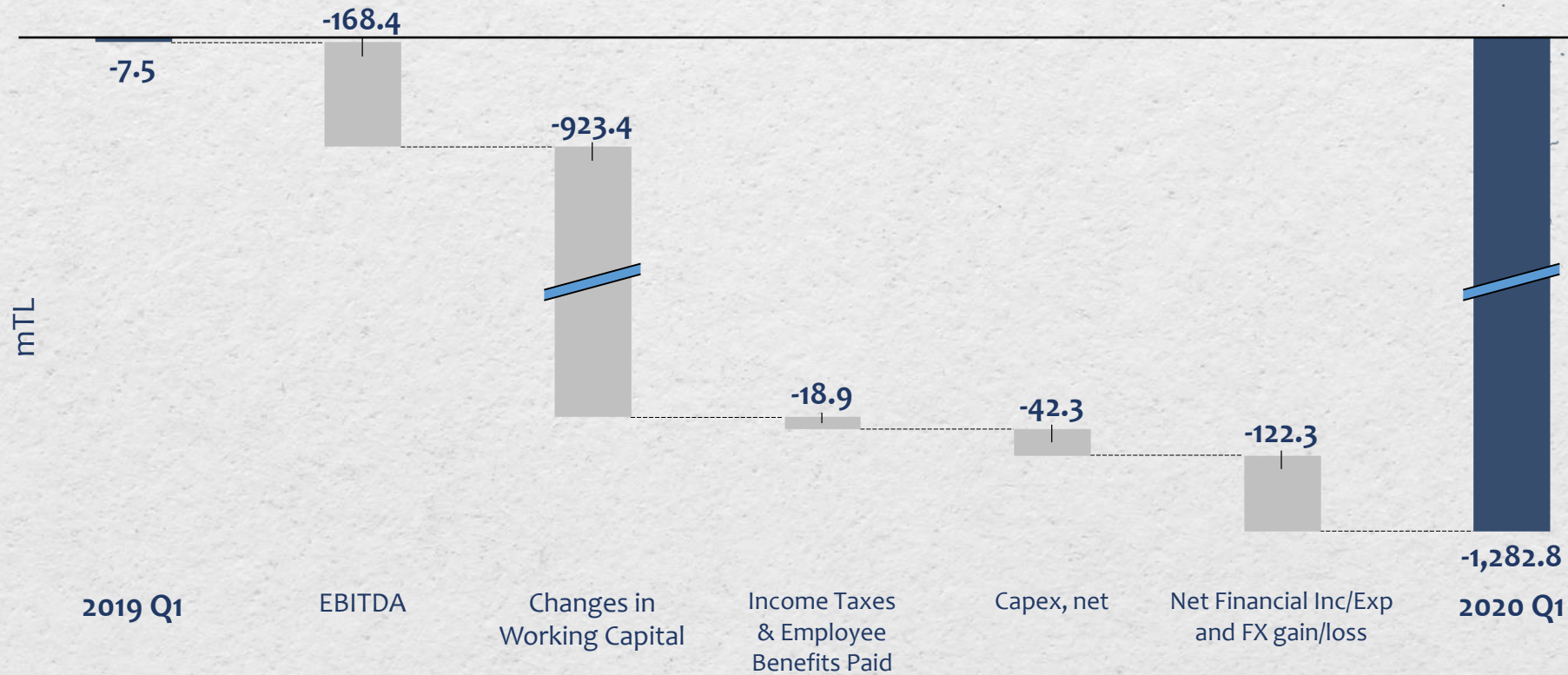


Beer Group EBITDA Drop in the Smallest Quarter



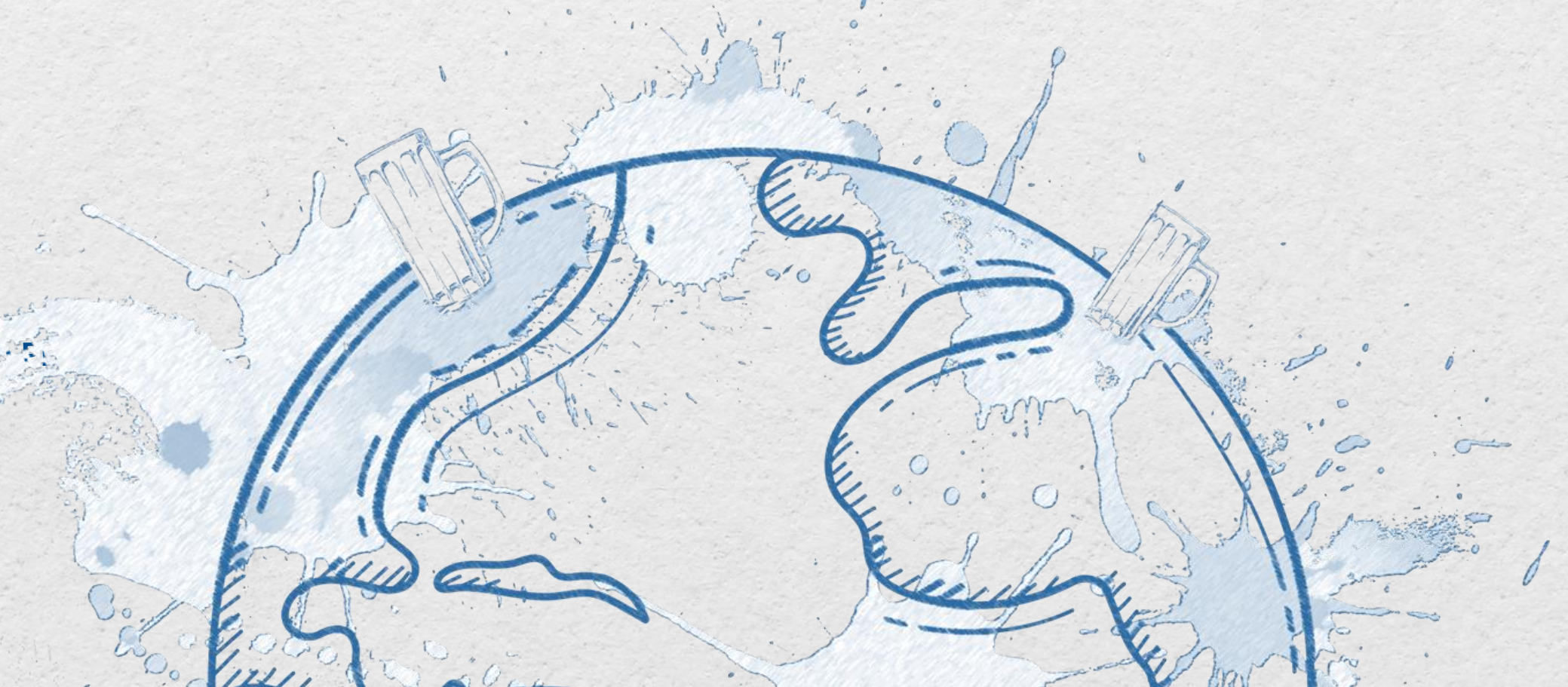
Beer Group FCF Breakdown

- Drop in Beer Group FCF compared to last year is due to;
 - Lower EBITDA in absolute terms
 - Increase in working capital
 - Despite significant improvement in Turkey
 - Especially in Russia driven by the payables performance, to be normalized rest of the year



CLOSING REMARKS

Can aka
CEO & Beer Cfo



2020 Beer Group Outlook

- *Given the uncertainties, 2020 guidance withdrawn*
- *Second quarter results critical to give a more concrete and detailed guidance*

**Decline by low-
double digits
on annual basis**

Volumes



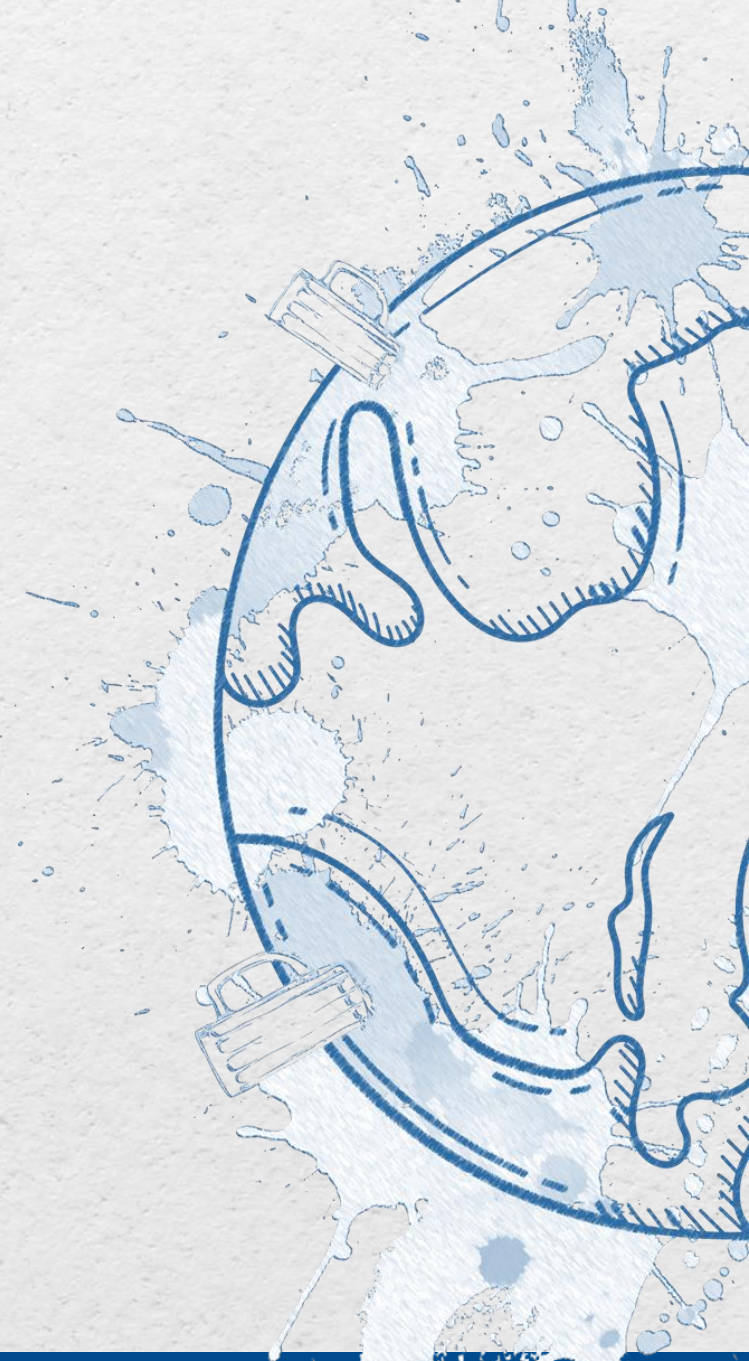
**EBITDA margin
contraction in FY
to be less than 1Q**

**EBITDA
Margin**



**Will not exceed
previous year's
level**

**Capex /
Net Sales**



Manage through potential risks ahead ...



... And adapt to new normal

Initial Measures

- Ensure health & safety
- Remote working & hygiene rules
- Suspension of all discretionary OPEX & CAPEX

Crisis Management

- Scenario planning
- Revised demand & production planning
- Alternative order taking for Sales Team
- Coverage plan for raw materials
- Increased visibility in market place

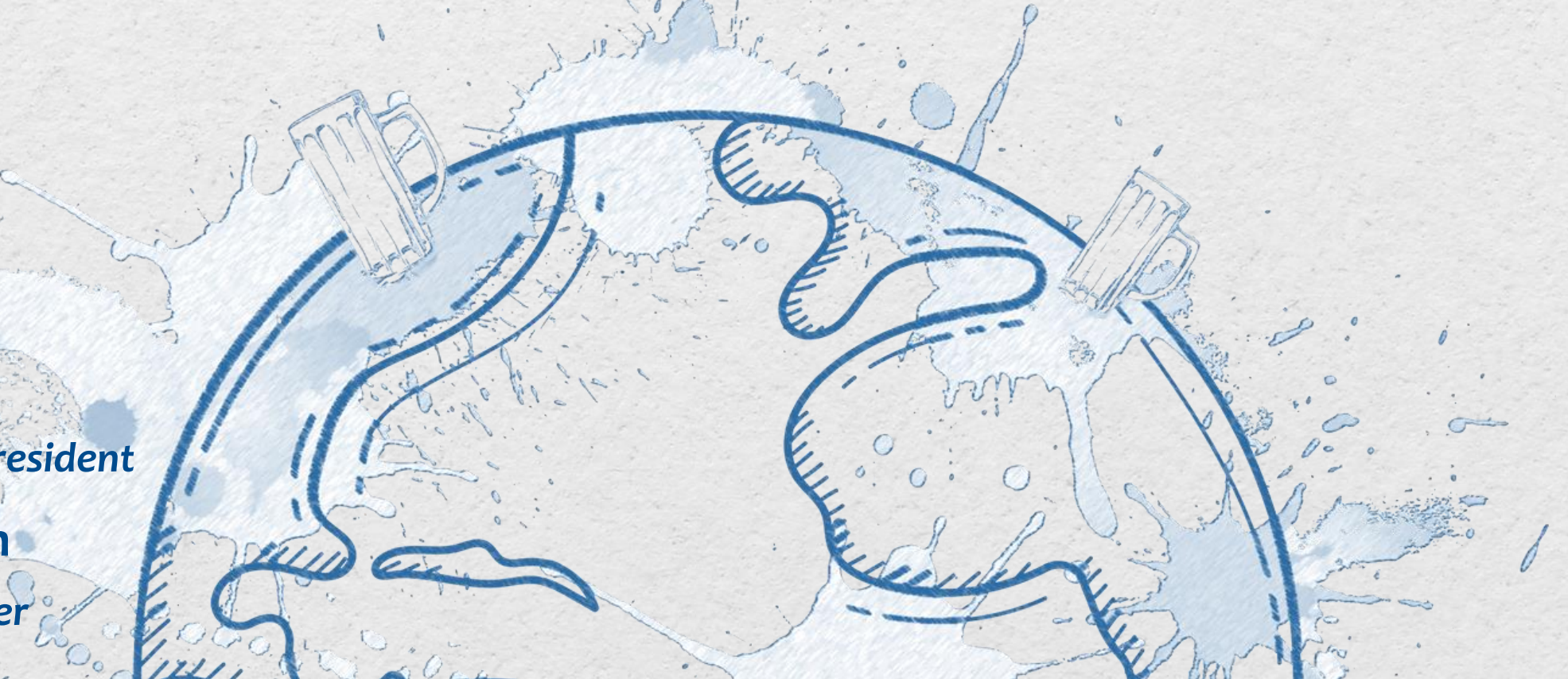
Post Crisis Recovery & Adaptation

- Leverage learnings to adapt to new normal
- Reassess brand & SKU strategy
- Reconfigure procurement & supply chain
- Zero based OPEX & Capex spend
- Capitalize on low commodity prices
- Leverage healthy Balance Sheet
- Review capital allocation to maximize recovery

Q&A SESSION

Can aka
CEO & Beer Group President

N. Orhun Kstem
Chief Financial Officer



FX Rates

		1Q2019	1Q2020	Δ%
USD/TL	AVG	5.36	6.09	13.6%
	PE	5.63	6.52	15.8%
EUR/TL	AVG	6.09	6.72	10.3%
	PE	6.32	7.22	14.2%
TL/RUB	AVG	12.33	10.90	-11.6%
	PE	11.50	11.93	3.7%
TL/KZT	AVG	70.50	64.18	-9.0%
	PE	67.52	68.76	1.8%
TL/UAH	AVG	5.09	4.11	-19.2%
	PE	4.84	4.31	-11.0%
TL/MDL	AVG	3.20	2.89	-9.7%
	PE	3.08	2.79	-9.3%
TL/GEL	AVG	0.50	0.48	-3.5%
	PE	0.48	0.50	5.4%

