

# Anadolu Efes BEER OPERATIONS

FY2010 Results Conference Call Presentation



**Alejandro Jimenez**  
EFES BEER GROUP PRESIDENT

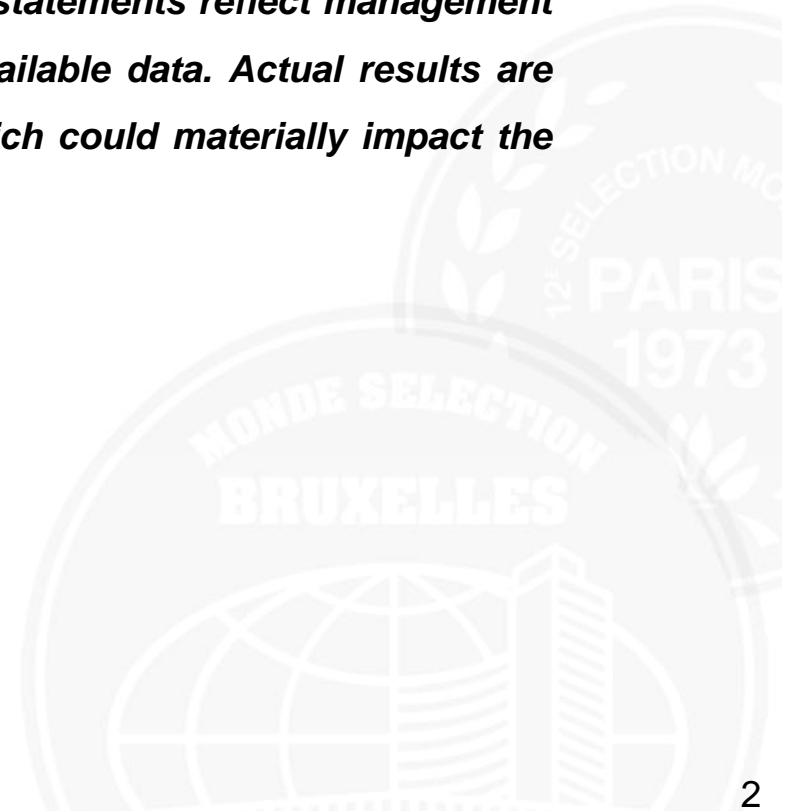
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CFO

30.03.2011



## 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.*



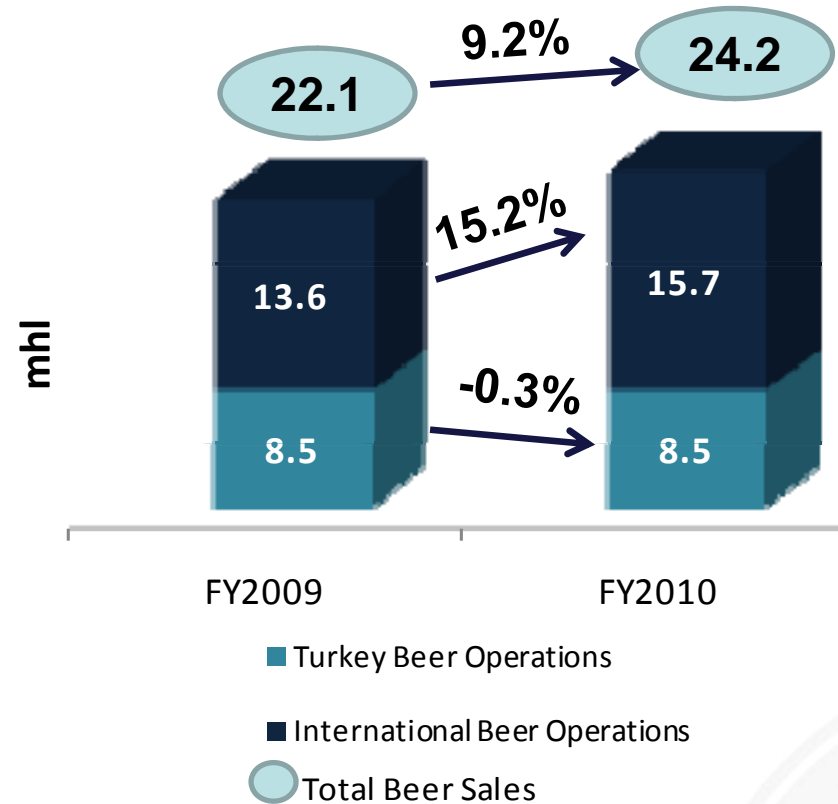


**General Overview & Operating Performance**

*by* **Alejandro Jimenez**

# Beer Sales Volume Development-FY2010

## Total Beer Volume Development



Total beer sales volume increased by 9.2% in FY2010; 10.9% up in 4Q2010

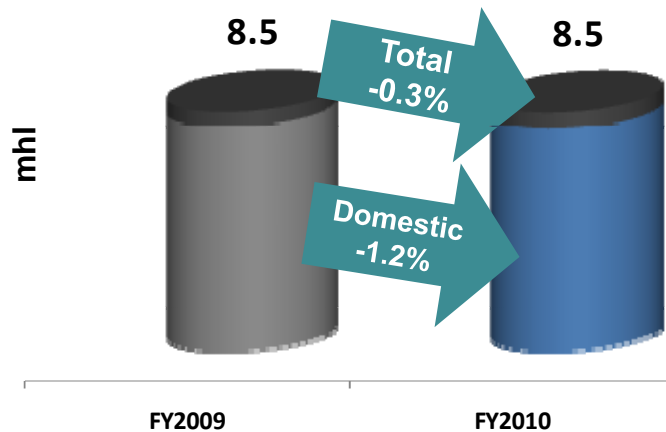
- ✓ Sales volume in Turkey beer operations remained almost flat at 8.5 mhl in FY2010; up by 8.4% in 4Q2010
- ✓ Sales volume in international beer operations increased by 15.2% in FY2010; 12.4% up in 4Q2010



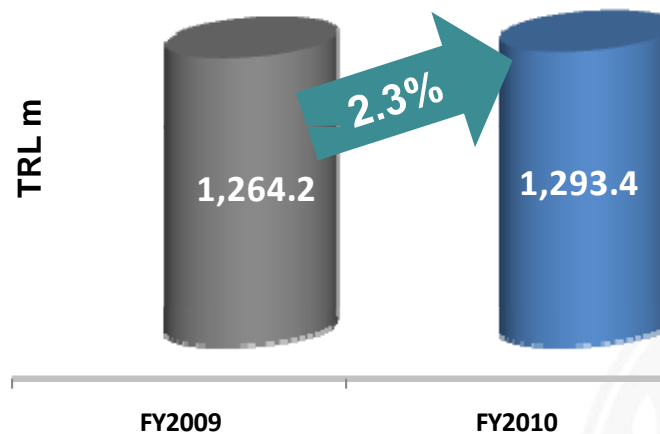
# TURKEY

## Better-than-Expected Volume Performance in 4Q2010

### Volume Development



### Sales Revenue Development



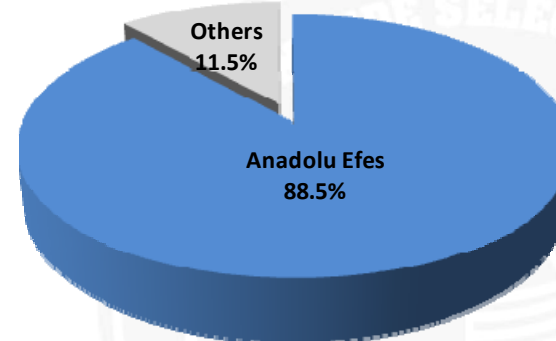
Sales volume in Turkey beer operations increased by 8.4% in 4Q2010 y-o-y, contributed by;

- Exceptionally hot weather conditions in October and November
- Low base of last year

despite;

an average price increase of 17% due to excise tax increase of 26% effective as of October 28, 2010

### Market Share by Volume-2010



The Nielsen Company, YTD December 2010

## Excise Tax Developments in Turkey

- Excise tax on beer increased further by 26%, from TRL 0.35/lt to TRL 0.44/lt for 1% alcohol degree, effective as of October 28, 2010
  - Required price increase of ca. 12% to fully cover the tax increase
- Simultaneously, we increased our average price by 17% on October 28, 2010, **MORE THAN COVERING THE TAX INCREASE**





## Regulatory Changes Brought by the New Bylaw - I

- *A Bylaw by TAPDK has been entered into force on January 7, 2011*
- *The new regulation brings some additional restrictions to sales, display, competition and advertising conditions of alcoholic beverages in Turkey*

### **Major additional restrictions brought by the Bylaw are as follows;**

- *Alcoholic beverages companies are required to target people over age 24 in any events, sponsorships or brand communication activities **We are not allowed to continue to support cultural events like music festivals, theatre, cinema etc. in the same way as previous practices***
- *Sponsorships in sports activities or sports clubs are prohibited **Changing the name of “Efes Pilsen Sports Club” can be an option...***
- *Presentation of alcoholic beverages required to be done only in specifically allocated spaces in sales outlets*

## Regulatory Changes Brought by the New Bylaw - II

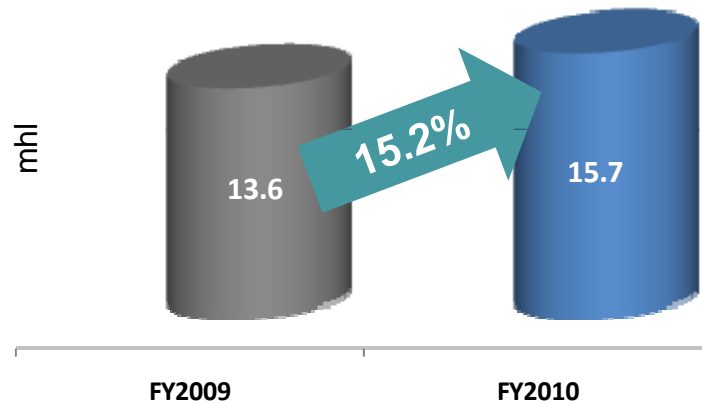
- *It is hard to forecast the effect of new regulations on our sales volumes however we have been conducting business in an environment where TV and radio ads have been forbidden for the 25 years*
- *We believe that our brand will continue to be primary preference of our consumers and we do not think that our sales will be affected significantly*
- *We filed a lawsuit against the new regulation... **We believe certain parts are not sufficiently worded and certain parts are not inline with other regulations***



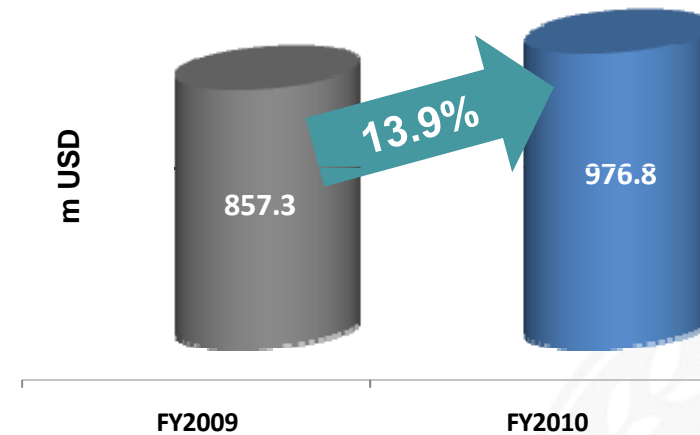
# INTERNATIONAL OPERATIONS

## Outperformance Continued in the Fourth Quarter

### Volume Development



### Sales Revenue Development

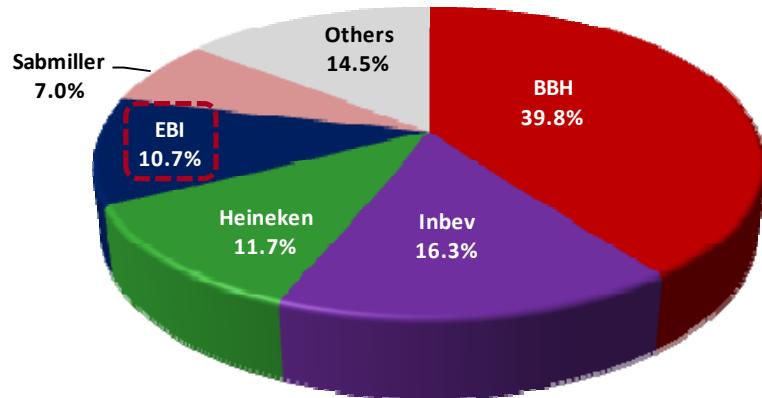


- In 4Q2010, EBI's consolidated sales volume rose by 12.4% over the same quarter of 2009, despite lower contribution from the base effect in this quarter compared to the previous ones
- EBI continued to report positive growth rates in all operations in 4Q2010 with the contribution of;
  - continued focus on strategic brands
  - moving from quantitative to qualitative availability
 despite ;
  - higher beer prices to reflect increased taxes



# Market Share Gains Continued in International Operations

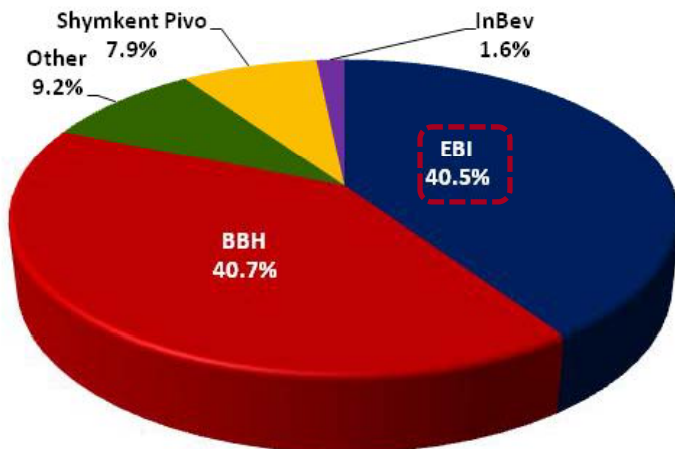
## Market Share by Volume – Russia



*Due to changes in the Nielsen Company's methodology as of January 2011, the previously announced market share data for 2010 has been changed. For comparison purposes, the adjusted market share data is also provided for 2009.*

The Nielsen Company, YTD December 2010

## Market Share by Volume – Kazakhstan



*Numbers may not add up to 100 due to rounding.*

The Nielsen Company, YTD December 2010

- Russian beer market contracted in volume by 7% in FY2010 compared to FY2009<sup>1</sup>

- EBI significantly outperformed the market and increased its market share by almost 1 pp to 10.4% in **Russia**

- As of August 2010, Efes **Kazakhstan** captured #1 position in the market

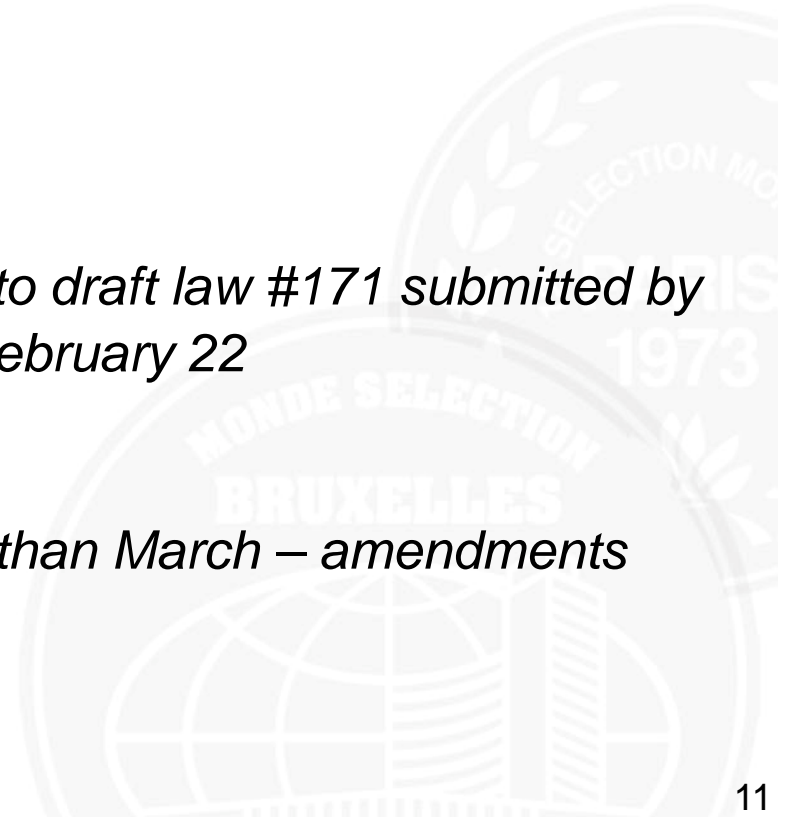
- Leadership positions further strengthened in **Moldova** and **Georgia**

<sup>[1]</sup>The Nielsen Company, National Urban Retail Audit Report, December YTD 2010



## Recent Developments: Regulatory Changes - I

- *Minimum retail price of half-liter bottle of vodka increased from RUB 89 to RUB 98 as of January 1, 2011*
  
- *Excise tax on beer increased from RUB 9/lt to RUB 10/lt as of January 1, 2011*
  
- *The new draft law;*
  - *The first hearing of the amendments to draft law #171 submitted by the Government in January was held February 22*
  - *Duma supported the draft*
  - *Until the second hearing - not earlier than March – amendments could be submitted*





## Recent Developments: Regulatory Changes - II

### According to the new draft law;

- *Beer will be regulated by the same law as hard liquors and wine, but the restrictions will differ*
- *Ban on sales in kiosks of > 5% alcohol content*
- *Rights of the regions to impose additional restrictions by time and place of sales*

**THE NEW DRAFT LAW IS NOT OFFICIALLY ACCEPTED YET & THERE MIGHT BE CERTAIN AMENDMENTS...**





**Financial Overview**

*by* **Can aka**



# TURKEY

## Operational Snapshot-FY2010 Performance

	FY2009	FY2010	Growth (%)
Total Sales Volume (mhl)	8.5	8.5	(0.3%)
Net Sales (million TRL)	1,264.2	1,293.4	2.3%
Gross Profit (million TRL)	840.2	889.6	5.9%
Gross Profit margin (%)	66.5%	68.8%	231 bps
EBITDA (million TRL)	503.0	519.1	3.2%
EBITDA margin (%)	39.8%	40.1%	35 bps

✓ Due to higher volumes and a higher price increase than excise tax increase in late October, sales revenues significantly increased by 23.2% to TRL 310.7 m in 4Q2010 y-o-y, bringing net sales revenue to TRL 1,293.4 m in FY2010, up 2.3% y-o-y

✓ Contributed by lower input prices, gross profit rose by 31.1% to TRL 212.6 m in 4Q2010 y-o-y, indicating a gross margin improvement of 415 bps to 68.4%. Consequently, gross profit reached TRL 889.6 m in FY2010, up 5.9%, with a margin improvement of 231 bps to 68.8%

✓ Due to lower operating expenses/net sales ratio, operating margin increased significantly by 760 bps to 29.1% and operating profit increased by 66.8% to TRL 90.3 m in 4Q2010 y-o-y. Hence, operating profit reached TRL 432.2 m in FY2010, up 1.2%, with an almost flat margin of 33.4% compared to FY2009

✓ EBITDA increased to TRL 114.8 m in 4Q2010, up 54.3%, with an EBITDA margin improvement of 747 bps to 37.0%, bringing full year EBITDA growth to 3.2% with a slight margin improvement of 35 bps to 40.1%



# TURKEY BEER OPERATIONS

## Positive Free Cash Flow Generation

(m TRL)	FY2009	FY2010
<b>Operating Profit</b>	<b>426.9</b>	<b>432.2</b>
Depreciation & Amortization	69.0	74.9
Other non-cash items	7.1	12.0
<b>EBITDA</b>	<b>503.0</b>	<b>519.1</b>
<i>Change in Inventory</i>	17.7	9.6
<i>Change in Trade Receivables</i>	(28.6)	(69.9)
<i>Change in Trade Payables</i>	(6.1)	1.0
<i>Change in Other Assets/ Liabilities</i>	31.5	71.7
<b>Change in Working Capital</b>	<b>14.5</b>	<b>12.4</b>
<b>Income Taxes &amp; Employee Benefits Paid</b>	<b>(96.4)</b>	<b>(86.9)</b>
<b>CAPEX, net</b>	<b>(99.3)</b>	<b>(88.6)</b>
<b>Minority Buy-Out and Other Investing Activities</b>	<b>(41.9)</b>	<b>(303.8)</b>
<b>Net Financial Income (Including interest)</b>	<b>18.1</b>	<b>18.0</b>
<b>FCF</b>	<b>298.0</b>	<b>70.1</b>
<b>FCF excluding minority buy-out and other investing activities</b>	<b>339.9</b>	<b>373.9</b>





# EFES BREWERIES INTERNATIONAL

## Operational Snapshot-FY2010 Performance

	FY2009	FY2010	Growth (%)
<b>Total Sales Volume (mhl)</b>	13.6	15.7	15.2%
<b>Net Sales (million USD)</b>	857.3	976.8	13.9%
<b>Gross Profit (million USD)</b>	402.1	468.3	16.5%
<b>Gross Profit margin (%)</b>	46.9%	47.9%	104 bps
<b>EBITDA (million USD)</b>	170.1	213.7	25.6%
<b>EBITDA margin (%)</b>	19.8%	21.9%	203 bps

✓ Stronger local currencies eliminated most of the negative impact of phased reflection of increased excise taxes into prices in Russia and revenues grew by 13.9% reaching USD 976.8 m in FY2010 y-o-y

✓ Resulting from the slightly lower net selling price per liter in USD terms, gross margin realized as 44.9% in 4Q2010 vs. 45.6% in 4Q2009. Nevertheless, gross margin improved by 104 bps to 47.9% in FY2010 vs. FY2009 with a gross profit rise of 16.5% to USD 468.3 m in the period contributed by favorable input prices

✓ Contributed by economies of scale, operating profit rose significantly from USD 1.8 m in 4Q2009 to USD 12.1 m in 4Q2010, bringing FY2010 operating profit to USD 112.7 m, up 36.6%, with a margin rise of 191 bps to 11.5%

✓ In 4Q2010, EBI generated an EBITDA of USD 39.1 m, up 64.4%, indicating a 661 bps improvement in EBITDA margin to 19.5%. Hence, in FY2010, consolidated EBITDA increased by 25.6% y-o-y to USD 213.7 m, with a 203 bps margin improvement to 21.9%



(m USD)

# EFES BREWERIES INTERNATIONAL

## Positive Free Cash Flow Generation

	FY2009	FY2010
<b>Operating Profit</b>	<b>82.5</b>	<b>112.7</b>
Depreciation & Amortization	84.2	99.8
Other non-cash items	3.4	1.2
<b>EBITDA</b>	<b>170.1</b>	<b>213.7</b>
<i>Change in Inventory</i>	38.4	-36.0
<i>Change in Trade Receivables</i>	31.9	0.6
<i>Change in Trade Payables</i>	39.9	13.3
<i>Change in Other Assets/ Liabilities</i>	14.4	3.1
<b>Change in Working Capital</b>	<b>124.6</b>	<b>-19.0</b>
<b>Income Taxes &amp; Employee Benefits Paid</b>	<b>-7.2</b>	<b>-11.9</b>
<b>CAPEX, net</b>	<b>-98.3</b>	<b>-93.6</b>
<b>Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)</b>	<b>-33.8</b>	<b>6.3</b>
<b>Net Financial Expense (Including interest)</b>	<b>-45.1</b>	<b>-7.5</b>
<b>FCF</b>	<b>110.4</b>	<b>88.0</b>
<b>FCF excluding capital increase in subsidiaries by minority shareholders</b>	<b>144.2</b>	<b>81.6</b>



# Net Financial Debt & Financing

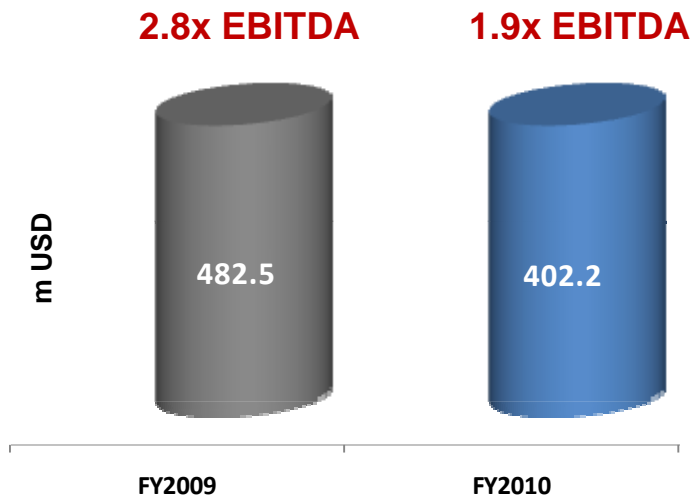
## Turkey Beer Operations

- Cash & cash equivalents at 580.6 m TRL - Net cash position of 178.2 m TRL

## Efes Breweries International

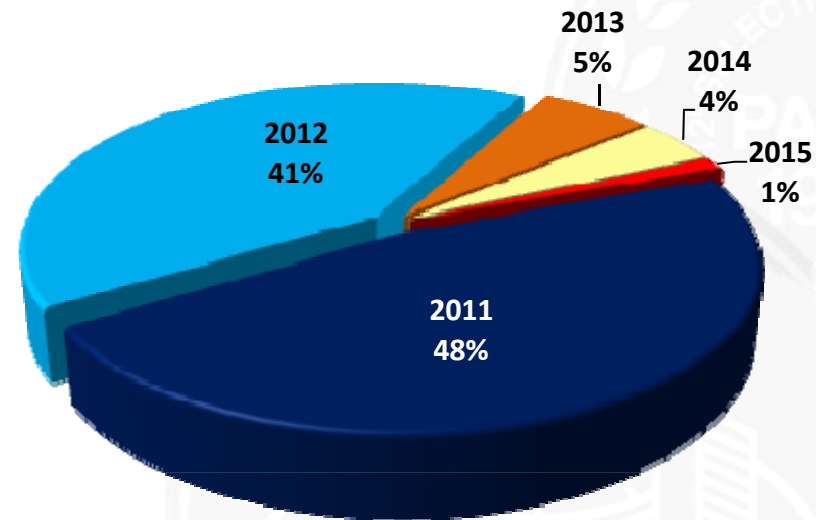
- Consolidated gross debt at US\$ 468.2 m
- Cash & cash equivalents at US\$ 66.0 m - Net debt position at US\$ 402.2 m

**EBI-Net Financial Debt\***



\*excluding put options

**EBI-Maturity Breakdown**



Numbers may not add up to 100 due to rounding.



**CLOSING REMARKS**

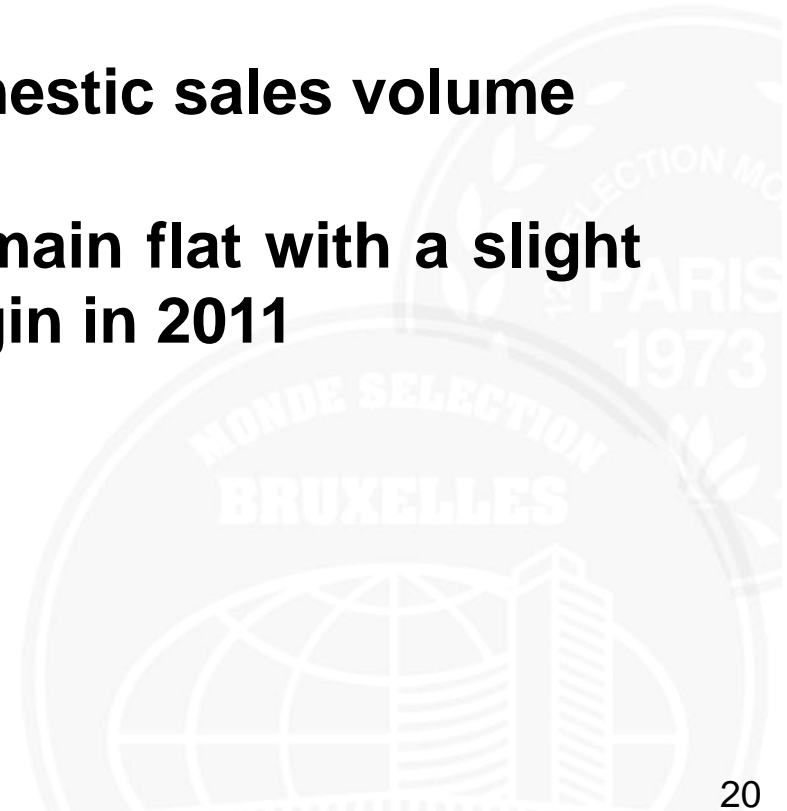
*by* **Alejandro Jimenez**



# FY2011 OUTLOOK

## TURKEY BEER OPERATIONS

- **Higher beer prices will create pressure on demand in 2011**
- **Low-single digit decline in domestic sales volume**
- **We expect gross margin to remain flat with a slight contraction in our EBITDA margin in 2011**





# FY2011 OUTLOOK

## INTERNATIONAL BEER OPERATIONS

**In 2011, demand will be under pressure, especially in Russia due to;**

- already high level of prices reached after price increases implemented in 2010 to cover excise tax increase of 200%
  - demand is expected to be negatively effected especialy in 1Q as it was only after the season that price increases in 2010 were fully implemented
- further pricing due in order to reflect 11% rise in excise taxes, increasing commodity prices (especially barley & oil) and usual inflationary increases

**Therefore, we expect Russian beer market to be flat in 2011...**

**In Russia, cost increases will cause pressure on margins** as price increases are difficult to make, despite we had an increase in November and another one to be in April

**2011 would not only be challenging but also difficult to forecast and provide a specific guidance before seeing 2Q. However we are confident to overperform the market and keep the impact on margins limited.**





**? QUESTIONS PLEASE ?**



The logo features the word "EFES" in a bold, white, serif font with a blue outline and a 3D effect. It is centered within a golden, metallic-looking oval frame that has a red inner border and a slight shadow. The background is a vibrant blue with a pattern of water droplets and abstract, curved lines.

**EFES**

**APPENDIX**

<b>TURKEY BEER OPERATIONS</b>			
Highlighted Income Statement Items For the Year Ended 31.12.2010 and 31.12.2009			
Prepared In Accordance with IFRS as per CMB Regulations			
(million TRY)			
	2009/12	2010/12	
Sales Volume (million hectolitres)	8.5	8.5	
<b>SALES</b>	<b>1,264.2</b>	<b>1,293.4</b>	
<b>GROSS PROFIT FROM OPERATIONS</b>	<b>840.2</b>	<b>889.6</b>	
<b>PROFIT FROM OPERATIONS</b>	<b>426.9</b>	<b>432.2</b>	
Financial Income / Expense	18.8	16.7	
<b>CONTINUING OPERATIONS PROFIT BEFORE TAX</b>	<b>445.7</b>	<b>448.8</b>	
Provision for Taxes	(82.6)	(80.3)	
<b>PROFIT FOR THE YEAR</b>	<b>363.1</b>	<b>368.5</b>	
<b>EBITDA</b>	<b>503.0</b>	<b>519.1</b>	

Note : EBITDA comprises of Profit from Operations (excluding other operating income/expense arising from Anadolu Efes' holding nature), depreciation and other relevant non-cash items up to Profit From Operations.

<b>TURKEY BEER OPERATIONS</b>			
Highlighted Balance Sheet Items as of 31.12.2010 and 31.12.2009			
Prepared In Accordance with IFRS as per CMB Regulations			
(million TRY)			
	2009/12	2010/12	
Cash, Cash equivalents and Investment in Securities	440.6	580.6	
Trade Receivables	214.1	277.1	
Inventories	105.5	96.0	
Other Assets	21.5	22.9	
<b>Total Current Assets</b>	<b>790.6</b>	<b>992.4</b>	
Investments	1,281.5	1,587.7	
Property, Plant and Equipment	360.4	375.3	
Other Assets	21.5	35.9	
<b>Total Non-Current Assets</b>	<b>1,673.3</b>	<b>2,010.2</b>	
<b>Total Assets</b>	<b>2,463.9</b>	<b>3,002.6</b>	
Trade Payables	47.4	53.0	
Other Liabilities	139.7	206.5	
Short-term Borrowings	147.6	325.1	
<b>Total Current Liabilities</b>	<b>342.4</b>	<b>587.8</b>	
Long-term Borrowings	0.0	77.3	
Other Liabilities	160.0	186.6	
<b>Total Non-Current Liabilities</b>	<b>160.0</b>	<b>263.9</b>	
<b>Shareholders' Equity</b>	<b>1,961.5</b>	<b>2,150.9</b>	
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,463.9</b>	<b>3,002.6</b>	

Note: Anadolu Efes subsidiaries, excluding brewing and malt production subsidiaries in Turkey, are stated on cost basis in order to provide more comprehensive presentation.

<b>INTERNATIONAL BEER OPERATIONS (EBI)</b>		
<b>Highlighted Consolidated Income Statement Items For the Year Ended 31.12.2010 and 31.12.2009</b>		
<b>Prepared In Accordance with IFRS</b>		
<b>(million USD)</b>		
	<b>2009/12</b>	<b>2010/12</b>
<b>Volume (million hectoliters)</b>	<b>13.6</b>	<b>15.7</b>
<b>NET SALES</b>	<b>857.3</b>	<b>976.8</b>
<b>GROSS PROFIT</b>	<b>402.1</b>	<b>468.3</b>
<b>PROFIT FROM OPERATIONS</b>	<b>82.5</b>	<b>112.7</b>
Financial Income / (Expense)	(64.9)	(17.3)
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>10.5</b>	<b>83.4</b>
Income Tax	(10.7)	(20.6)
<b>(LOSS)/PROFIT AFTER TAX</b>	<b>(0.2)</b>	<b>62.8</b>
Attributable to		
Minority Interest	(0.6)	8.7
Equity Holders of the Parent Company	0.4	54.2
<b>EBITDA</b>	<b>170.1</b>	<b>213.7</b>

Note 1: EBITDA here means earnings before interest (financial income/(expense) — net), tax, share of net loss of associates, depreciation and amortisation, minus minority interest, and as applicable, minus gain on holding activities, plus loss/(gain) on sale of PPE disposals, provisions, reserves and impairment.

Note 2: Figures for EBI are obtained from consolidated financial statements prepared in accordance with IFRS.

<b>INTERNATIONAL BEER OPERATIONS (EBI)</b>		
<b>Highlighted Consolidated Balance Sheet Items as of 31.12.2010 and 31.12.2009</b>		
<b>Prepared In Accordance with IFRS</b>		
<b>(million USD)</b>		
	<b>2009/12</b>	<b>2010/12</b>
Cash and Cash Equivalents	219.1	66.0
Trade Receivables	56.9	55.8
Inventories	126.6	164.7
Other Current Assets	29.3	27.6
<b>Total Current Assets</b>	<b>432.5</b>	<b>314.3</b>
Property, Plant and Equipment	676.4	680.1
Intangible Assets (including goodwill)	456.1	454.1
Investments in Associates	30.1	13.9
Other Non-Current Assets	28.8	22.1
<b>Total Non-Current Assets</b>	<b>1,194.5</b>	<b>1,170.1</b>
<b>Total Assets</b>	<b>1,626.9</b>	<b>1,484.5</b>
Trade Payables, Due to Related Parties and Other Payables	154.2	246.0
Short-term Borrowings (including current portion of long-term debt and lease obligations)	228.0	225.8
<b>Total Current Liabilities</b>	<b>382.2</b>	<b>471.7</b>
Long-term Borrowings (including lease obligations)	473.7	242.4
Other Non-Current Liabilities	67.9	12.9
<b>Total Non-Current Liabilities</b>	<b>541.6</b>	<b>255.3</b>
<b>Total Equity</b>	<b>703.2</b>	<b>757.4</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,626.9</b>	<b>1,484.5</b>

Note 1: Figures for EBI are obtained from consolidated financial statements prepared in accordance with IFRS.