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# ANADOLU EFES BEER OPERATIONS

FY2012 Results Conference Call Presentation

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**Onur Çevikel**  
CFO

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- *SABMiller's Russian and Ukrainian beer businesses are consolidated into EBI's financial results (thus into Anadolu Efes' as well) starting from March 1, 2012. While reported financials do not include any contribution from these newly acquired businesses for FY2011, they include ten months contribution in FY2012 (starting from March 2012). However, for comparison purposes, Anadolu Efes' and EBI's operating proforma figures are also provided for both FY2011 & FY2012, which include the results of SABMiller's Russian and Ukrainian beer businesses for these periods in full as if both businesses were operating together with Anadolu Efes' international beer operations starting from January 1st in both periods. Also, due to one-off transaction and integration costs, EBI and Anadolu Efes started to report operating performance before such non-recurring items (BNRI).*
  - *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.*

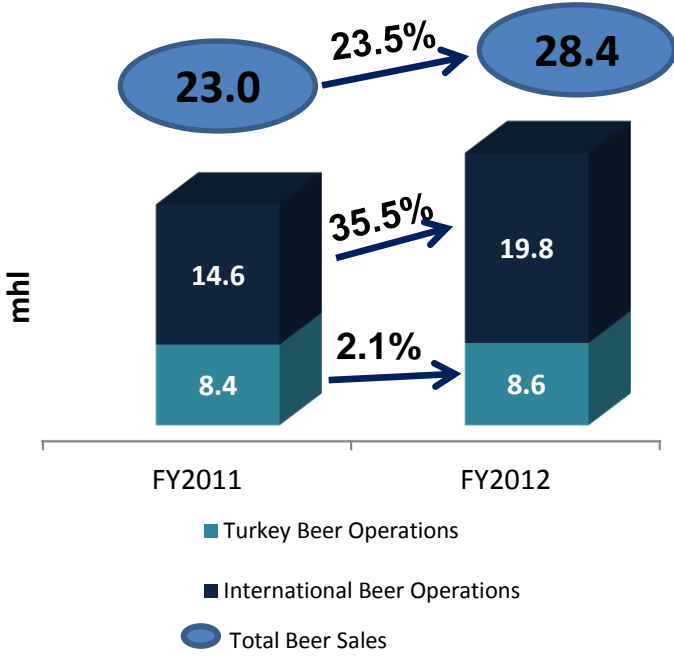
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# General Overview & Operating Performance

*by* Alejandro Jimenez

# Beer Sales Volume Development

## Total Beer Volume Development - Reported



Total reported beer sales volume rose by 22.9% in 4Q2012 vs. 4Q2011, with an organic decline of 7.0% on an operating proforma basis;

Turkey beer

down 1.6% y-o-y to 2.0 mhl in 4Q2012

International beer

up by 40.2% y-o-y to 3.9 mhl in 4Q2012

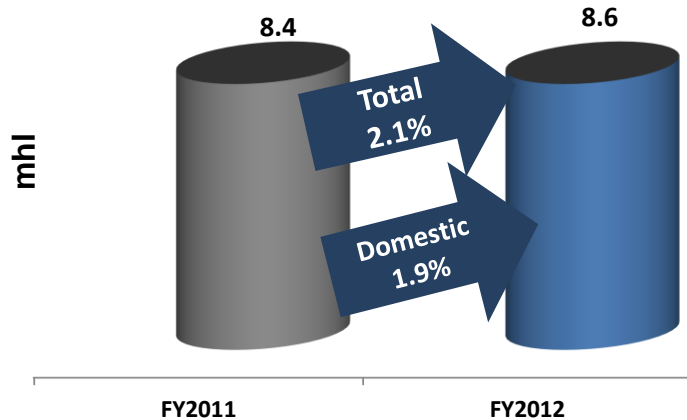
down organically by 9.5% on an operating proforma basis



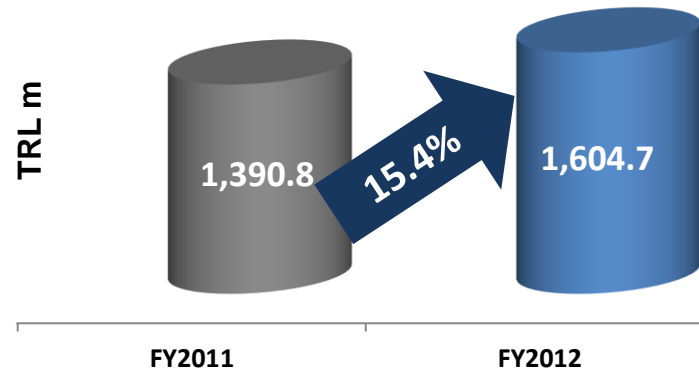
# TURKEY

## 2012 volume in line with expectations

### Volume Development

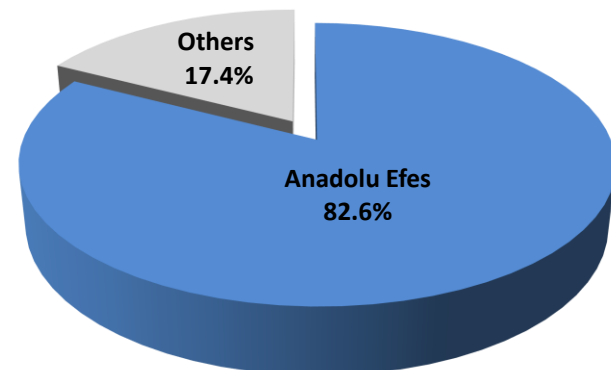


### Sales Revenue Development



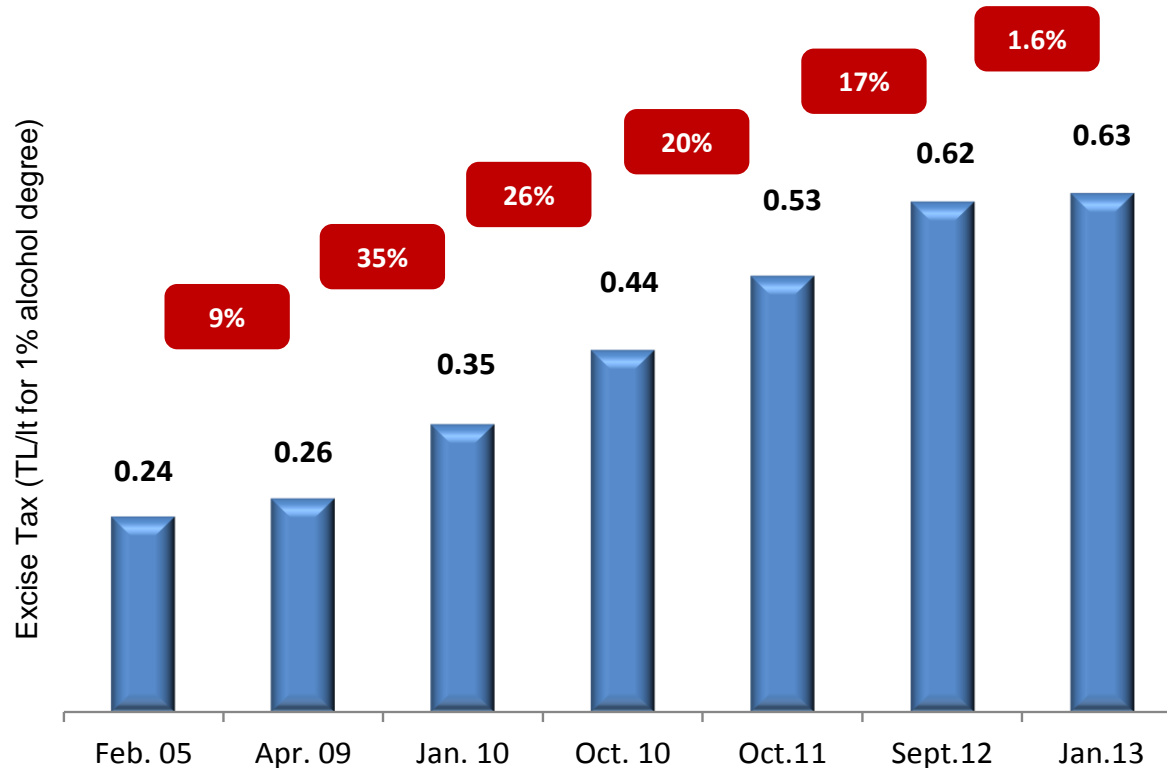
- In Turkey beer operations, total sales volume rose by 2.1% to 8.6mhl in FY2012 vs. FY2011, with a 1.6% decline in 4Q2012 y-o-y
- In FY2012, volume growth was driven by;
  - ✓ successful sales & marketing initiatives,
  - ✓ new launches and improved availability of our products via investments in both on and off-premise channel
 despite higher prices

### Market Share by Volume-FY2012



# Recent Developments: Excise Tax Increase

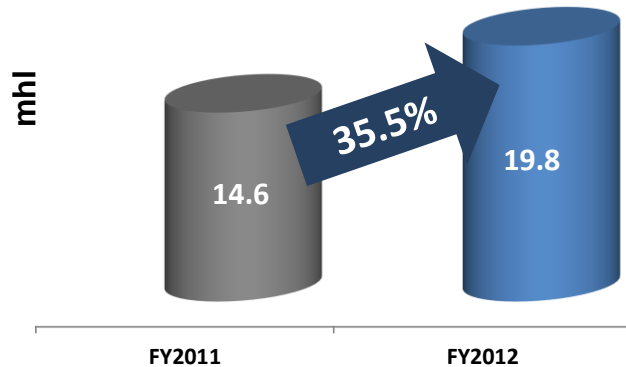
- In line with the current legislation that requires excise tax increases to be in line with inflation, the excise tax on beer per 1% of alcohol degree increased from 0.62TL to 0.63TL on January 3, 2013
- Simultaneously, we increased our average price by 2.7%, more than covering the excise tax hike
- Next excise tax increase expected to be on July 2013



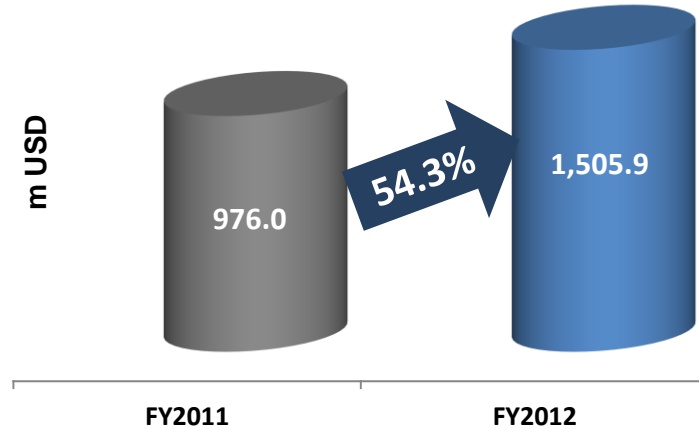
# INTERNATIONAL OPERATIONS

Sales volumes in line with guidance both on reported and operating proforma basis

## Volume Development-Reported



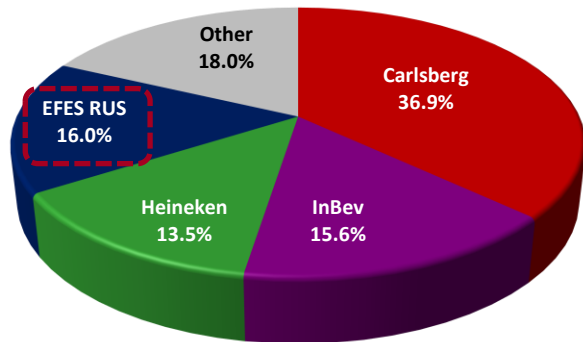
## Sales Revenue Development-Reported



- EBI's reported consolidated sales volume was 3.9mhl, up 40.2% in 4Q2012 compared to 4Q2011. Consequently, the volume growth was 35.5% at 19.8mhl in FY2012 compared to FY2011, contributed by SABMiller operations in Russia and Ukraine, acquired in March 2012.
- On an operating proforma basis, consolidated sales volume of EBI declined organically by 9.5% in 4Q2012 over 4Q2011, leading to a 6.1% decline in FY2012 versus FY2011. Lower volumes on an operating proforma basis in FY2012 was mainly driven by weaker volumes in Russia, where our performance was negatively impacted by the integration issues and relatively high pricing.
- All operating countries other than Russia achieved significant growth rates in FY2012, ranging between mid-single to low-teens levels.

# Market Share Developments in FY2012

## Market Share by Volume – Russia

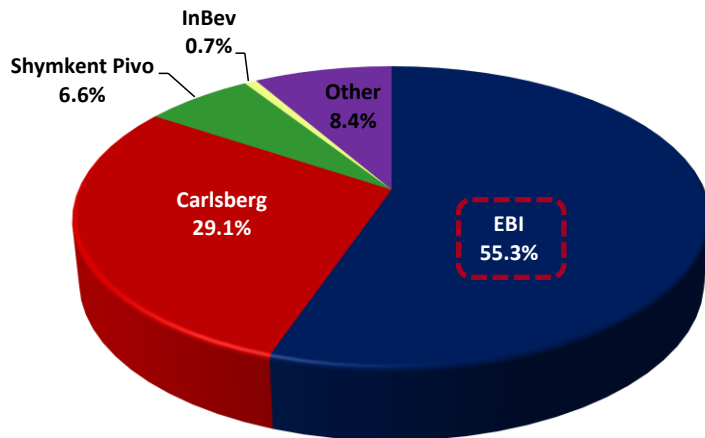


Nielsen, National Urban Russia (over 10 th. inhab) Retail YTD December 2012

\*Carlsberg and INBEV breweries shares include Ukrainian brands  
 \*\* EFES RUS includes ex-Efes Russia and ex-SABMiller portfolios

- According to Nielsen, beer market sales volumes in Urban Russia<sup>1</sup>;
  - grew by 1.1% in FY2012 versus FY2011
  - rose by 2.2% in the last quarter of 2012 vs. the same quarter of 2011

## Market Share by Volume – Kazakhstan



Nielsen, YTD December 2012

- According to Nielsen, EFES RUS' market share<sup>2</sup> declined to 16.0% in FY2012<sup>2</sup> compared to 17.9% in FY2011
- In all other operating markets, we either sustained or improved our market shares



# Merger Update

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- In our combined Russian business, we achieved a total cost synergies of USD36.2mn in 2012, exceeding our guidance of USD20mn
- The merger process is almost completed in 2012 with some outstanding issues left...
- We already finalized portfolio strategy and prepared final activity plan per brand/channel, while we will be dealing with some brand issues in 2013;
  - Performance of several strategic brands due to less innovation behind our brands than usual resulting from the shift of focus to integration issues and lower in store activity during merger process particularly with key accounts
- A route-to-market model of the merged entity to create common distributors network and trade terms is already implemented;
  - Integration of «Traditional Trade» already completed, «Modern Trade» and «On-trade» channels will be completed in 1Q2013
  - Negotiations with some of the key accounts still continue

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# Financial Overview

*by* Onur Çevikel

# TURKEY

## Operational Snapshot-FY2012 Performance

	FY2011	FY2012	Growth (%)
<b>Total Sales Volume (mhl)</b>	8.4	8.6	2.1%
<b>Net Sales (million TRL)</b>	1,390.8	1,604.7	15.4%
<b>Gross Profit (million TRL)</b>	961.2	1,105.2	15.0%
<b>Gross Profit margin (%)</b>	69.1%	68.9%	-23 bps
<b>EBITDA (million TRL)</b>	519.9	550.5	5.9%
<b>EBITDA margin (%)</b>	37.4%	34.3%	-307 bps

✓ Higher sales prices have let to an 11.3% growth in sales revenues to TRL377.0mn in 4Q2012 vs. 4Q2011, despite lower sales volumes in the same time period. As a result, revenue growth outpaced the volume rise and sales revenues reached TRL1,604.7mn in 2012, up by 15.4% y-o-y.

✓ Gross profit was up by 9.2% at TRL249.3mn in 4Q2012 compared to 4Q2011. Higher sales prices partially compensated for the higher per liter fixed costs due to lower volumes and gross margin declined by 124bps to 66.1% compared to 4Q2011. Consequently, gross profit reported as TRL1,105.2mn in 2012, up 15.0% over 2011, with an almost flat gross margin at 68.9%, as guided previously.

✓ Contributed by a moderate rise in operating expenses compared to the rises reported in previous quarters despite a lower gross margin, operating profit rose 1.8% TRL83.6mn in 4Q2012 compared to 4Q2011. Hence, operating margin declined by 205 bps to 22.2% in the same time period. For the full year of 2012, operating profit was TRL436.6mn, up 2.1% compared to the previous year, with an operating margin of 27.2% versus 30.7% in 2011. Operating margin was diluted in 2012 due to higher operating expenses resulting from new openings in on and off premise channels in addition to higher sales and marketing expenditures.

✓ EBITDA rose 9.8% y-o-y and reported as TRL118.4mn in 4Q2012, indicating a 41bps decline in margin to 31.4% compared to 4Q2011. Hence, for the full year of 2012, EBITDA was TRL550.5mn versus TRL519.9mn in 2011, with an EBITDA margin of 34.3% compared to 37.4% last year.

# TURKEY BEER OPERATIONS

## Free Cash Flow

(m TRL)

	FY2011	FY2012
<b>Operating Profit</b>	<b>427.6</b>	<b>436.6</b>
Depreciation & Amortization	80.4	90.3
Other non-cash items	11.9	23.6
<b>EBITDA</b>	<b>519.9</b>	<b>550.5</b>
<i>Change in Inventory</i>	-24.9	-55.4
<i>Change in Trade Receivables</i>	-36.9	-162.5
<i>Change in Trade Payables</i>	10.6	12.7
<i>Change in Other Assets/ Liabilities</i>	34.7	-34.7
<b>Change in Working Capital</b>	<b>-16.5</b>	<b>-239.9</b>
<b>Income Taxes &amp; Employee Benefits Paid</b>	<b>-93.9</b>	<b>-92.1</b>
<b>CAPEX, net</b>	<b>-83.8</b>	<b>-111.3</b>
<b>Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)</b>	<b>-199.0</b>	<b>-509.4</b>
<b>Net Financial Income</b>	<b>50.2</b>	<b>6.4</b>
<b>FCF</b>	<b>177.0</b>	<b>-395.7</b>
<b>FCF excluding minority buy-out and other investing activities</b>	<b>376.0</b>	<b>113.7</b>

# EFES BREWERIES INTERNATIONAL

## Operational Snapshot-FY2012 Performance

	FY2011 (Reported)	FY2012 (Reported)	Growth (%)	FY2012 (Proforma)	Organic Growth (%)
Total Sales Volume (mhl)	14.6	19.8	35.5%	20.7	-6.1%
Net Sales (million USD)	976.0	1,505.9	54.3%	1,585.1	-5.7%
Gross Profit (million USD)	410.7	686.9	67.2%	725.1	-7.0%
Gross Profit margin (%)	42.1%	45.6%	353 bps	45.7%	-63bps
EBITDA BNRI (million USD)	143.0	248.3	73.6%	268.2	-4.3%
EBITDA BNRI margin (%)	14.7%	16.5%	184 bps	16.9%	24bps

### On an operating proforma basis;

- Consolidated sales revenues of EBI declined organically by 4.4% in 4Q2012 compared to 4Q2011. Stable average Ruble rate in both quarters as well as the positive contribution of a ca. 4% price increase in Russia in September partly compensated for lower volumes. As a result, sales revenues in international beer operations declined organically by 5.7% to USD1,585.1mn in FY2012 compared to FY2011.
- Gross profit was 11.1% down y-o-y at USD127,6mn in 4Q2012, with 316bps lower gross margin in the period mainly due to lower volumes leading to higher fixed costs. As a result, gross profit declined by 7.0% to USD725.1mn in FY2012 compared to the previous year, while gross margin was down 63bps at 45.7% in the same time period.
- Mainly due to lower gross profitability in absolute terms, EBI's operating loss (BNRI) was USD7.7mn in 4Q2012 vs an operating profit (BNRI) of USD0.6mn in 4Q2011. Likewise, operating profit (BNRI) was USD112.6mn in FY2012, down 15.1% y-o-y, indicating a margin of 7.1% vs 7.9% in FY2011.
- EBI's EBITDA (BNRI) declined by 14.5% to USD33.2mn in 4Q2012, indicating a 128bps fall in margin to 10.9%, leading to a cumulative EBITDA (BNRI) of USD268.2mn in 2012 vs USD280.3mn in 2011, with a slightly higher EBITDA (BNRI) margin of 16.9% in 2012 compared to 16.7% in 2011.

# EFES BREWERIES INTERNATIONAL

## Free Cash Flow

(m USD)

<i>Reported</i>		FY2011	FY2012
Operating Profit		36.3	90.4
	Depreciation & Amortization	105.0	144.2
	Other non-cash items	1.8	3.1
EBITDA		143.0	237.7
	<i>Change in Inventory</i>	16.4	-9.1
	<i>Change in Trade Receivables</i>	-5.4	12.6
	<i>Change in Trade Payables</i>	-40.3	36.6
	<i>Change in Other Assets/ Liabilities</i>	7.3	2.2
Change in Working Capital		-22.1	42.3
Income Taxes & Employee Benefits Paid		-9.8	-30.3
CAPEX, net		-122.8	-118.7
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)		-7.5	-37.6
Net Financial Income		-16.0	-4.5
<b>FCF</b>		<b>-35.3</b>	<b>89.0</b>
<b>FCF excluding minority buy-out and other investing activities</b>		<b>-27.7</b>	<b>126.5</b>

# Net Financial Debt & Financing

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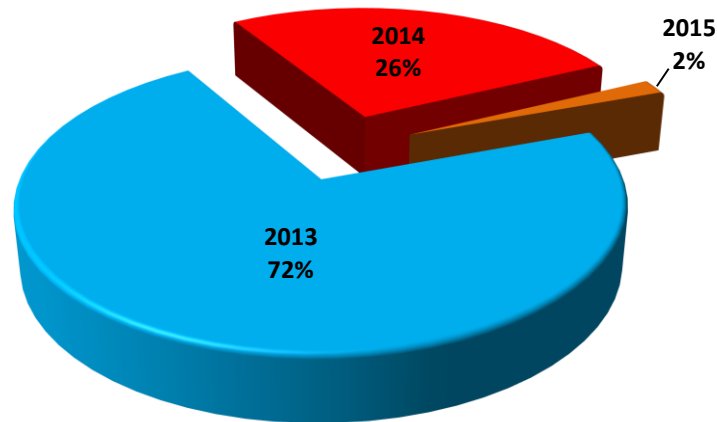
## Turkey Beer Operations

- Cash & cash equivalents at 967.0 m TRL - Net debt position of 523.6 m TRL

## Efes Breweries International

- Consolidated gross debt at US\$ 313.0 m
- Cash & cash equivalents at US\$ 331.9 m - Net cash position at US\$ 18.8 m

### EBI-Maturity Breakdown



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

# Recent Developments

## Unwinding of Partnerships with Heineken in Kazakhstan and Serbia...

- Sale & transfer of the shares and the consequent payment by EBI to HEINEKEN in order to unwind their partnerships in Kazakhstan and Serbia has been completed in January 2013
- Consequently, EBI sold its 28% stake in Serbian operations to HEINEKEN and purchased HEINEKEN's 28% stake in Efes Kazakhstan, thereby obtaining full ownership

## Exercise of the Put Option Right by EBRD in MEB...

- EBRD transferred its 8.76% stake in MEB to EBI, while the value of the shares were converted into a 7-year loan with a nominal value of USD43 mn
- EBI now has a 99.7% stake in MEB

## Sale of ABANK stake...

- Negotiations between AEH and CBQ regarding the sale of AEH's majority stake in Abank have been resulted in an agreement
- Anadolu Efes' wholly owned subsidiary EFPA, holding a 7.46% stake in Abank, will also sell its shares to CBQ.
- Transaction value will be two times of the total equity excluding minority interests of Abank in its audited IFRS consolidated financial statements as of 30.06.2013



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## **CLOSING REMARKS**

*by* **Alejandro Jimenez**

# FY2013 OUTLOOK

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## TURKEY BEER OPERATIONS

- ✓ We expect Turkey beer market to grow at low-single digits. Consequently, our beer sales in Turkey is expected to grow in line with the market in 2013.
- ✓ Sales revenues are expected to grow ahead of volumes, at a rate of high-teens, contributed by higher sales prices.
- ✓ Price increases are expected to cover the negative impact of the higher input prices, i.e. barley prices.
- ✓ In absolute terms, higher gross and operating profitability are expected to lead to a higher EBITDA in absolute terms with an almost flat EBITDA margin in 2013 compared to the previous year. The ratio of operating expenses to net sales is expected to remain high as well due mainly to the continued investments in on and off trade, which is the underlying reason for the expected market growth.

# FY2013 OUTLOOK

## INTERNATIONAL BEER OPERATIONS

- Russian beer market is expected to decline at a rate of mid-single digits in 2013 mainly due to the negative impact of the regulatory changes. Except for the flattish volumes forecasted for the Ukrainian beer market, we expect our operating beer markets in other CIS and Eastern Europe countries to grow at a rate of mid-single digits.
- On a reported basis, our sales volumes are expected to grow at a rate of mid-single digits.
  - On an operating proforma basis, our sales volumes are expected to grow at a rate of low-single digits.
- On a reported basis, sales revenues are expected to grow at a rate of high-single digits.
  - On an operating proforma basis, sales revenues are expected to grow at a rate of low-to-mid single digits contributed by the planned price increases in operating countries.
- On a reported basis, gross profit is expected to grow at a rate of mid-to-high single digits with slightly lower gross margin.
  - On an operating proforma basis, gross profit is expected to grow at a rate of low-single digits with slight decline on gross margin.
- On a reported basis, operating profit (BNRI) is expected to grow at a rate of mid-teens level in absolute terms with a flattish operating profit (BNRI) margin.
  - On an operating proforma basis, operating profit (BNRI) is expected to grow at a rate of mid-single digit level in absolute terms, leading to an almost flattish operating profit margin (BNRI), contributed by the cost synergies to be achieved in Russia.
- On a reported basis, EBITDA (BNRI) is expected to grow at a rate of low double-digit level in absolute terms, indicating flattish EBITDA (BNRI) margin.
  - On an operating proforma basis, EBITDA (BNRI) is expected to grow at a rate of low-single digit levels in absolute terms, leading to a flattish margin.
- For 2013, the expected cost synergies are estimated to be around USD70 million.

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**? QUESTIONS PLEASE ?**