



**ANADOLU
EFES**

1H2017 CONFERENCE CALL PRESENTATION

August 9, 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 – 1H2017

Volume up 4.4% in 1H2017 vs.1H2016

- ✓ Robust results in both international beer operations and soft drinks
- ✓ In line with our guidance of low-to-mid single digit growth

Revenue up 23.1% in 1H2017 y-o-y, outperforming volume growth ;

- ✓ Higher volumes
- ✓ Price increases
- ✓ Positive translation effect of local currencies of international operations into TL

EBITDA (BNRI) increased by 11.1% and reached TL984.4 million

Bottomline was 90.2 million TL vs 232.2 million TL;

- ✓ Higher profitability in absolute terms
- ✓ TL 100.5 million net fx-loss in 1H2017, vs. net fx-gain of TL 69.9 million

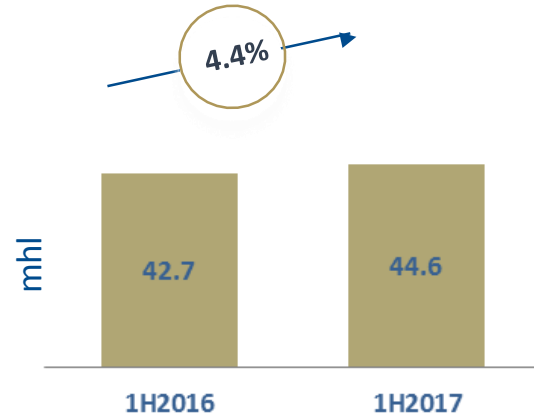
Consolidated **FCF** of TL129.8 million up from TL49.4 million in 1H2016

Consolidated **Net Debt to EBITDA (BNRI)** was 1.9x as of 1H2017

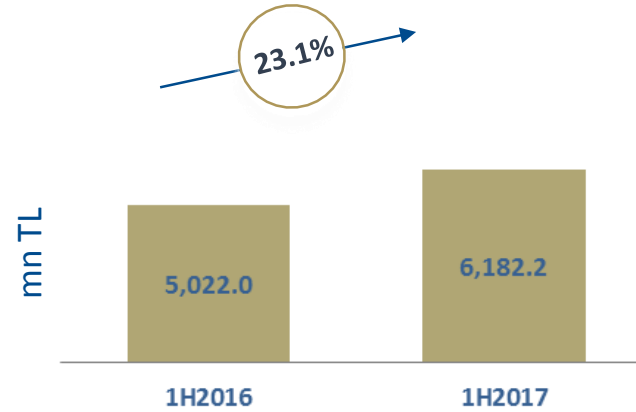


Consolidated Performance – 1H2017

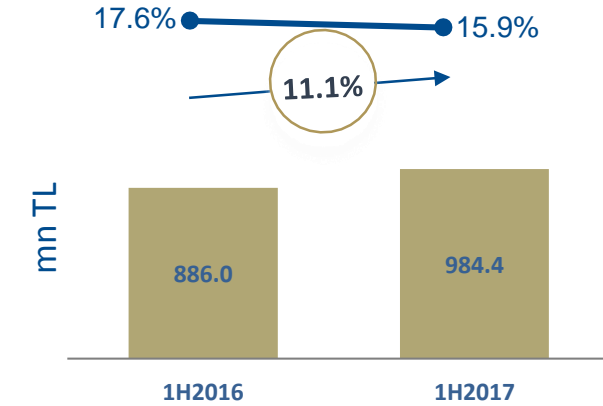
SALES VOLUME



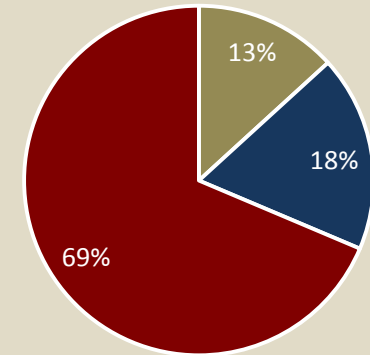
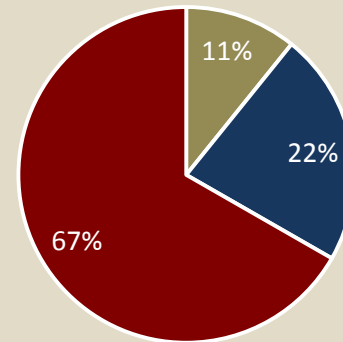
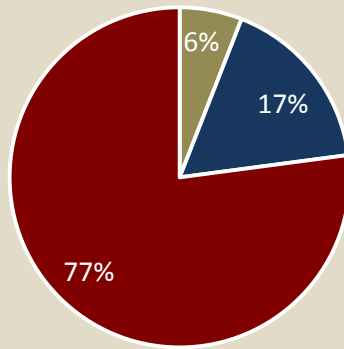
NET SALES REVENUE



EBITDA (BNRI) & EBITDA (BNRI) Margin



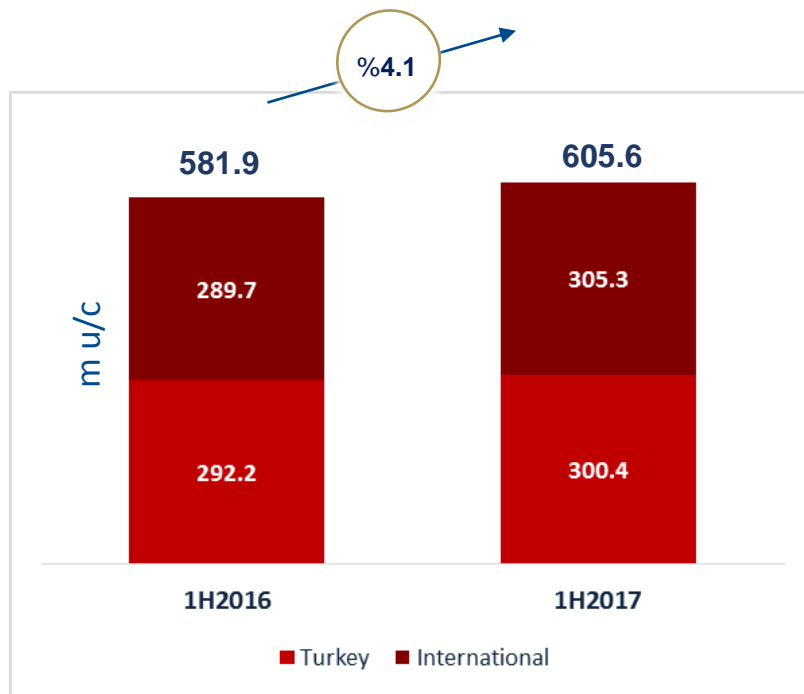
BREAKDOWN*



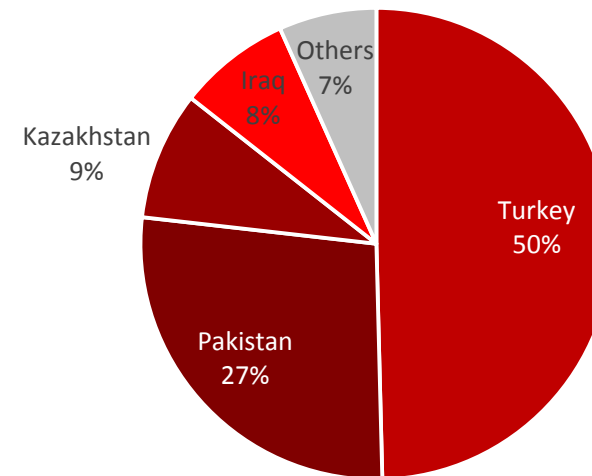
■ Turkey Beer ■ International Beer ■ Soft Drinks

*Breakdowns are on a combined basis

Soft Drinks Volume Development – 1H2017



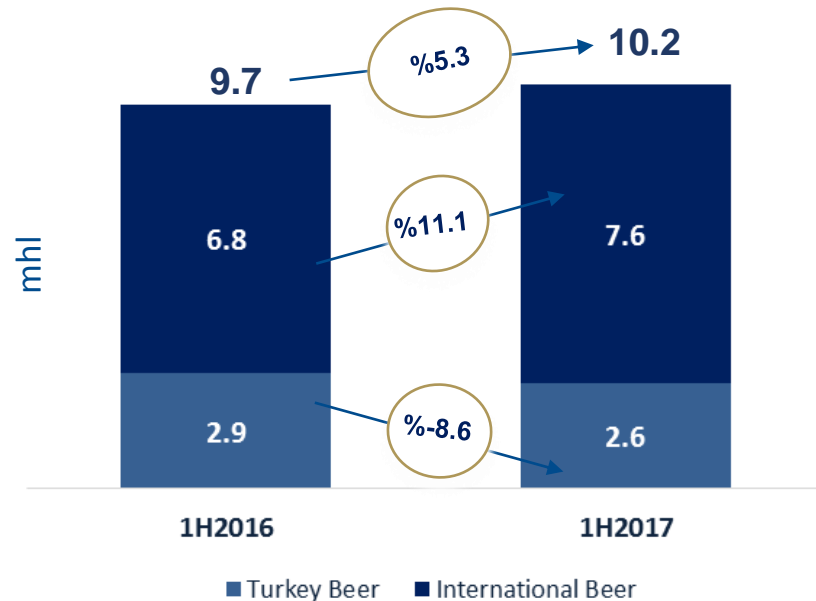
Volume Breakdown by Country*



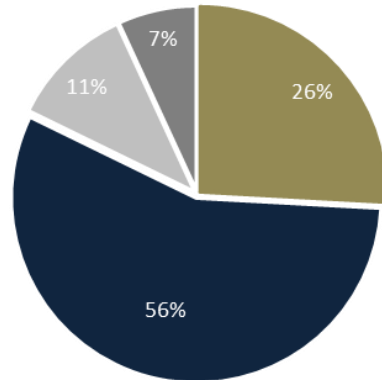
*Breakdown is on a combined basis

- ✓ **Turkey** delivered 2.9% volume growth in 2Q2017
- ✓ International operations delivered 5.4% volume growth in 1H2017
 - ✓ 3.7% growth in **Pakistan** cycling 28.1% growth in 2Q16
 - ✓ **Central Asia** continued its recovery by posting 6.0% growth in 2Q17
 - ✓ Double digit growth in Kazakhstan and Azerbaijan
 - ✓ **Iraq** posted 2.2% growth in 2Q17 despite macroeconomic and security challenges

Beer Volume Development – 1H2017



Volume Breakdown by Country*



■ Turkey ■ Russia ■ Kazakhstan ■ Other

*Breakdown is on a combined basis

Total beer group sales volume at 10.2 mhl, up 5.3%

Russian beer market is estimated to be down low-to-mid single digits in 1H2017 y-o-y on the back of,

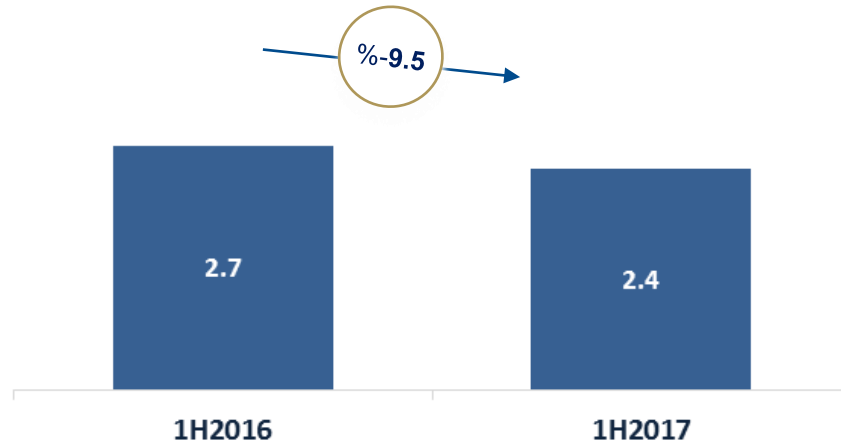
- ✓ PET regulation
- ✓ Weak consumer sentiment
- ✓ Colder than normal weather conditions
- ✓ Downsizing

Turkey beer market continued to be under pressure in second quarter due to;

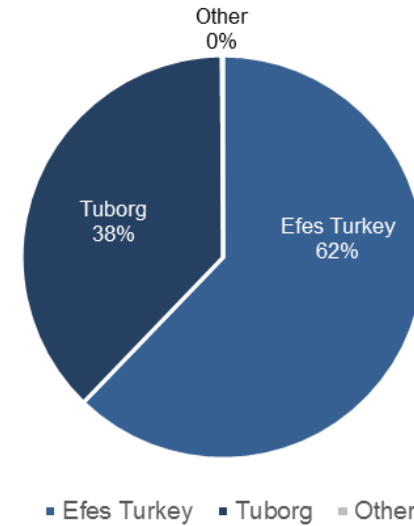
- ✓ Factors that affected 1Q negatively
- ✓ Unfavorable weather conditions
- ✓ Ramadan fully overlapping the 2nd quarter

Turkey Beer Operations – 1H2017

DOMESTIC SALES VOLUME



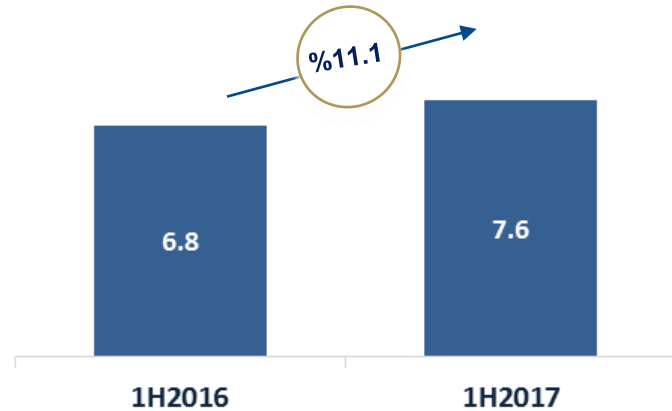
MARKET SHARE*



- ✓ Turkey beer market is estimated to be down by low single digits in 1H2017 vs 1H2016.
- ✓ Competitive environment continued to be a challenge for the volumes in the period as well.
- ✓ Relaunch of Efes brand with high season;
 - Main pillar to drive our portfolio strategy
 - The core of our focus - Brands
 - Route-to-market capability optimization
 - Excelling in execution



International Beer Operations – 1H2017



- ✓ EBI volumes up 11.1%
- ✓ Volume performance beating expectations esp. in Russia and Kazakhstan
- ✓ Efes Rus outperformed the market in 1H2017
 - ✓ 15.2%* market share in Russia in 1H2017 up from 13.2% in 1H2016
 - continued focus on brands and execution
 - increased presence in the growing modern trade channel and DIOT segment

EFES RUSSIA MARKET SHARE*



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

BEER GROUP STRATEGY

B BRANDS E XECUTION E FFICIENCY R ELATIONS

-  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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**FINANCIAL
OVERVIEW**



Anadolu Efes Consolidated Performance – 1H2017



ANADOLU EFES CONSOLIDATED (TL mn)			
	1H2016	1H2017	Change (%)
Volume (mhl)	42.7	44.6	4.4%
Net Sales	5,022.0	6,182.2	23.1%
Gross Profit	2,036.6	2,354.1	15.6%
EBIT (BNRI)	470.5	500.8	6.4%
EBITDA (BNRI)	886.0	984.4	11.1%
Net Income*	232.2	90.2	-61.2%
Margins			Change (bps)
Gross Profit	40.6%	38.1%	-248
EBIT (BNRI)	9.4%	8.1%	-127
EBITDA (BNRI)	17.6%	15.9%	-172
Net Income*	4.6%	1.5%	-316

*Net income attributable to shareholders

Beer Group Performance – 1H2017

	TURKEY BEER (TL mn)		INTERNATIONAL BEER (TL mn)		BEER GROUP (TL mn)	
	1H2017	vs 1H2016	1H2017	vs 1H2016	1H2017	vs 1H2016
Volume (mhl)	2.6	-8.6%	7.6	11.1%	10.2	5.3%
Net Sales	666.1	-3.0%	1386.9	55.6%	2067.2	29.9%
Gross Profit	367.3	-8.4%	574.9	39.8%	953.3	16.1%
EBIT (BNRI)	45.1	-54.2%	46.5	-12.9%	68.9	-46.3%
EBITDA (BNRI)	133.4	-26.7%	182.2	22.4%	293.9	-4.8%
Net Income*	-3.4	n.m.	58.4	-44.3%	45.5	-71.8%
Margins	Change (bps)		Change (bps)		Change (bps)	
Gross Profit	55.1%	-325	41.5%	-470	46.1%	-548
EBIT (BNRI)	6.8%	-756	3.4%	-264	3.3%	-473
EBITDA (BNRI)	20.0%	-647	13.1%	-357	14.2%	-519
Net Income*	-0.5%	-1,098	4.2%	-755	2.2%	-793

*Net income attributable to shareholders

Beer Group Free Cash Flow – 1H2017

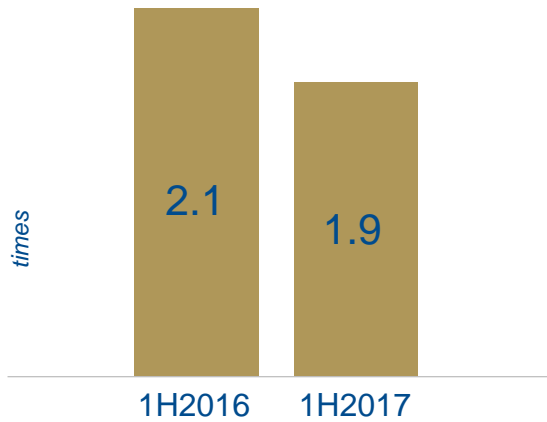
Beer Group Free Cash Flow (TL mn)	1H2016	1H2017
EBITDA	306.5	287.7
Change in Working Capital	-228.5	-63.0
Income Taxes & Employee Benefits Paid	-26.0	-38.2
CAPEX, net	-107.7	-163.8
Net Financial Income /(Expense)	-3.3	-4.8
FCF	-59.0	17.9
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	-14.1	-17.8
FCF (after investing activities)	-73.1	0.1

BALANCE SHEET FLEXIBILITY

- 1H2017 Net Leverage Ratios are within comfortable area

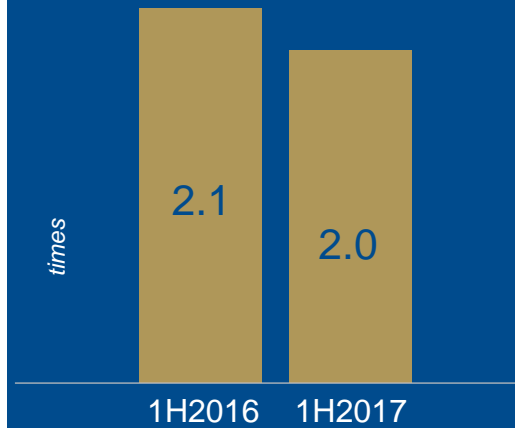
Net Leverage Ratio: Net Debt / EBITDA (BNRI)
times

Anadolu Efes Consolidated



- 72% of cash is hold as hard currency
- 97% of debt is in hard currency

Beer Group



- 72% of cash is hold as hard currency
- 95% of debt is in hard currency

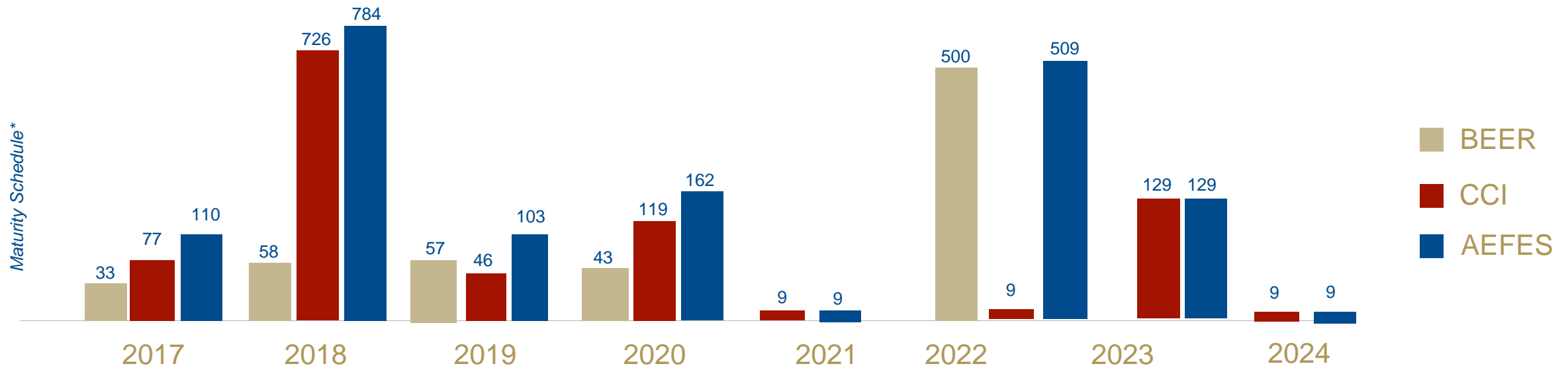
BORROWING MIX & LIQUIDITY PROFILE

- Easily manageable debt repayment schedule

- Average maturity of debt for

- ✓ Beer Group is app. 4.1 years and

- ✓ Anadolu Efes is app. 2.8 years



*Only principal amounts

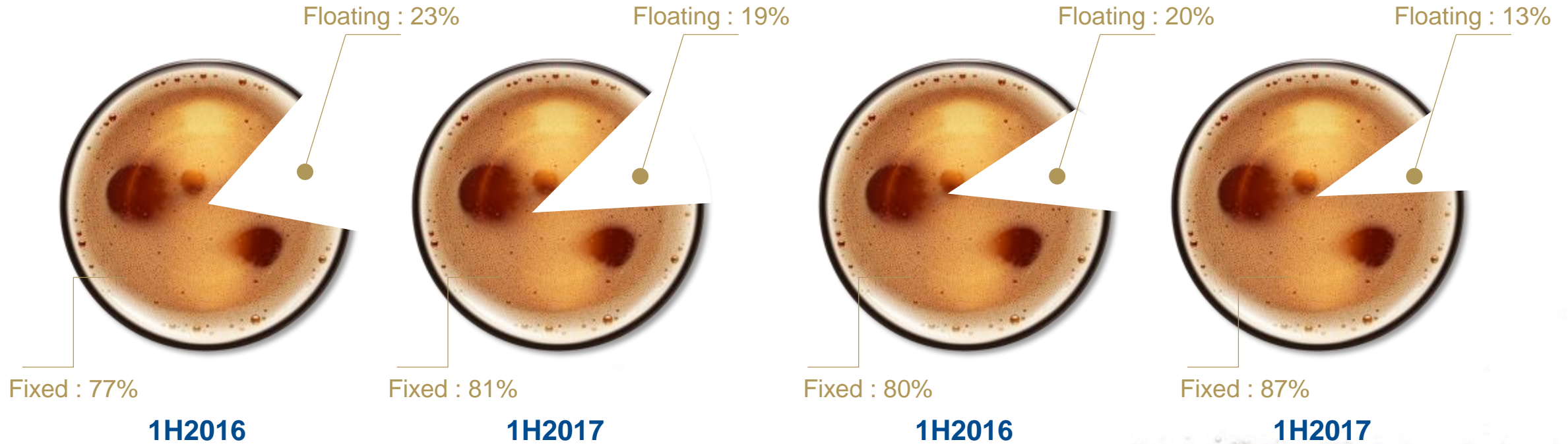


INTEREST BREAKDOWN

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

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BEER GROUP



Financial Income/(Expense) Breakdown – 1H2017

Financial Income / (Expense) Breakdown	1H2016	1H2017
Interest income	35.7	49.3
Interest expense	-101.5	-121.4
Foreign exchange gain /(loss)	69.9	-100.5
Other financial expenses (net)	-9.0	-11.6
Gain/(loss) on derivative transactions	-14.0	0.0
Net Financial Income /(Expense)	-18.8	-184.2

Anadolu Efes Consolidated Free Cash Flow – 1H2017

Anadolu Efes Free Cash Flow (TL mn)	1H2016	1H2017
EBITDA	883.7	978.2
Change in Working Capital	-331.6	-317.7
Income Taxes & Employee Benefits Paid	-43.7	-35.1
CAPEX, net	-376.4	-416.7
Net Financial Income /(Expense)	-68.5	-61.1
FCF	63.5	147.6
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	-14.1	-17.8
FCF (after investing activities)	49.4	129.8

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:

Mid-single digits growth on a consolidated basis (*previously: low-to-mid single digit growth*)

Total Beer: Mid-single digit growth (*previously: low single digit growth*)

Turkish beer market: Flattish

Turkey own beer: Down low-single digit (*previously: flattish*)

Russian beer market: Down low-single digit (*previously: flattish*)

Russian own beer: Outperformance of 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**

- Slightly lower margin **for beer group** (*previously: flattish*)
- 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**

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Q&A SESSION



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APPENDIX



GROSS & NET DEBT

Anadolu Efes Consolidated

1H2016	1H2017	
5,332	6,372	TOTAL FINANCIAL DEBT (m TL)
1,692	2,727	TOTAL CASH & EQUIVALENTS (m TL)
3,640	3,645	NET DEBT (m TL)
1,258	1,039	NET DEBT (m USD)

Turkey Beer

1H2016	1H2017	
1,925	2,302	TOTAL FINANCIAL DEBT (m TL)
179	248	TOTAL CASH & EQUIVALENTS (m TL)
1,746	2,054	NET DEBT (m TL)
604	586	NET DEBT (m USD)

Beer Group

1H2016	1H2017	
2,157	2,587	TOTAL FINANCIAL DEBT (m TL)
815	1,278	TOTAL CASH & EQUIVALENTS (m TL)
1,342	1,309	NET DEBT (m TL)
464	373	NET DEBT (m USD)

EBI

1H2016	1H2017	
225	276	TOTAL FINANCIAL DEBT (m TL)
600	1,026	TOTAL CASH & EQUIVALENTS (m TL)
-375	-749	NET DEBT (m TL)
-130	-214	NET DEBT (m USD)

FX RATES

		1H2016	1H2017	Δ%
USD/TL	AVG	2.92	3.64	24.6%
	PE	2.89	3.51	21.2%
EUR/TL	AVG	3.26	3.93	20.8%
	PE	3.20	4.00	24.9%
USD/RUB	AVG	70.26	57.99	-17.5%
	PE	64.26	59.09	-8.0%
USD/KZT	AVG	346.11	318.75	-7.9%
	PE	338.87	321.46	-5.1%
USD/UAH	AVG	25.54	26.77	4.8%
	PE	24.85	26.08	4.9%
USD/MDL	AVG	19.80	19.35	-2.2%
	PE	19.87	18.15	-8.6%
USD/GEL	AVG	2.32	2.51	8.0%
	PE	2.34	2.41	2.8%