

# Anadolu Efes 1Q2026 Financial Results Conference Call

## Participants

- Onur Altürk, Chief Executive Officer
- Yasemen Güven Çayırmez, Chief Financial Officer
- Aslı Kılıç Demirel, Investor Relations & Risk Management Director

## Aslı Kılıç Demirel

Ladies and gentlemen, welcome to Anadolu Efes First Quarter 2026 Financial Results Conference Call and Webcast. I'm Aslı Demirel, I'm together with our presenters today, our CEO, Mr. Onur Altürk and; and our CFO, Ms. Yasemen Çayırmez. The first part of today's call will be in listen-only mode. Afterwards, we will open the floor for a Q&A session. You may submit your questions at any time using the question box on your screen. However, we kindly encourage you to do so before the Q&A begins to ensure you have enough time to review and address them.

Unless explicitly stated otherwise, all financial information disclosed in this presentation are presented in accordance with TAS 29. Just to remind you that is being recorded and the link will be available online. Before we start, I would kindly request you to refer to our notes in our presentation regarding forward-looking statements.

Now I'm leaving the ground to Onur Altürk, Anadolu Efes CEO. Sir?

## Onur Altürk

Good morning and good afternoon, everyone, and welcome to Anadolu Efes' 1Q2026 operational and financial results conference call. We started the year in a challenging operating environment, which was further heightened by geopolitical tensions in the Middle East, elevated petroleum prices, and ongoing inflationary pressures. Against this backdrop, our first-quarter performance reflected a mixed set of results across our operations. Despite these challenges, we delivered a solid 5% volume growth, reaching 26 mhl on Anadolu Efes consolidated basis. This performance was mainly driven by our soft drink and international beer operations. Again on consolidated basis, we delivered a solid top-line performance with the increase of 8%; which is higher than the volume growth. This performance was supported not only by solid volumes, but also by better revenue quality, driven by timely pricing actions, a more favorable portfolio mix and disciplined discount management. This also supported our EBITDA BNRI margin which was recorded at 13.6% with a strong margin expansion of 433 bps. This also supported our EBITDA BNRI margin which was recorded at 13.6% with a strong margin expansion of 433 bps. Alongside the improvement in gross profit, similar to the previous quarter, we maintained a disciplined approach to OPEX management, which continued to support our profitability. This was especially important in our beer operations, where strict cost discipline helped us to limit the impact of softer top line performance. Free cash flow was negative, as anticipated, mainly due to the seasonal build-up in working capital. However, we delivered a significant y-o-y improvement, where we benefitted from improved working capital, lower interest payments, and some capex phasings.

Importantly, this improvement was visible across both of our business lines. As a result, our consolidated Net Debt to EBITDA BNRI ratio stood at 1.3x as of the end of the quarter. I am also very pleased to share that in April, we signed a toll-filling agreement in Uzbekistan, an initiative we have been working on for some time as part of our broader growth agenda in Central Asia. Through this agreement, we are taking an important step in our localization strategy, with the aim of improving product availability, expanding our reach and building scale over time. We see Uzbekistan as an attractive market, with one of the fastest-growing economies in Central Asia and relatively low beer consumption per capita, offering meaningful long-term potential.

Now, let me walk you through the key drivers behind the performance in first quarter. Moving to our Beer Group performance, we had a slow start to the year than we expected in domestic market which was partly compensated by international beer operations.

Consolidated beer volume was recorded at 2.1 million hectoliters in the first quarter of 2026, corresponding to a 9.6% decline year-on-year. In Türkiye, beer volumes were pressured by several factors, in line with the beer market performance which contracted by double digits.

On the other hand, international beer volumes stood at 1.3 million hectoliters, with a limited decline of 1.6% year-on-year. It is also important to note that, excluding the impact of the restructuring of the export business in Georgia, our international beer volume would have grown by 3.2% in the first quarter. So, while the Beer Group started the year on a softer note overall, the volume performance of our international operations was strong, particularly when we adjusted the restructuring impact in Georgia.

Starting with Türkiye, our volumes declined by 20% in 1Q2026. Beer market also declined in the period. The main driver behind the market decline was the visible shift in consumer behavior toward savings, as persistent inflationary pressures continued to weigh on discretionary spending. Moreover, unfavorable weather conditions and softer demand during Ramadan weighed on volumes. In fact, the number of rainy days, which is one of the key indicators we closely monitor, nearly doubled compared to the same period last year. In addition to these factors, we also saw some temporary pressure on our own volumes as we intentionally reduced inventory levels in the field ahead of the Efes Family Uplift Project. This was a deliberate and short-term effect, aimed at ensuring a healthier transition to the renewed Efes Family portfolio.

I would also like to touch upon what the Uplift Project means for us and why we see it as an important step in strengthening our core brand proposition. Efes has been at the heart of our journey since 1969. For more than five decades, we have continuously invested in the brand, listened to our consumers and evolved the product in line with changing expectations, while keeping the same excitement that brought Efes to the shelves on day one. With the new Efes Family, we are now taking this journey into a new era. This is not only a packaging change; it is a bold and comprehensive transformation of the Efes proposition. Developed through nearly one and a half years of dedicated work, the project brings a modernized packaging design with stronger shelf impact, a clearer portfolio architecture, enhanced serve standards, and improved liquid quality following extensive testing and expert input. The process was also validated through comprehensive consumer research, ensuring that the relaunch is fully aligned with evolving consumer expectations. It is still very early, but the initial consumer response has been very positive, and this gives us strong confidence as we continue to strengthen Efes for the future.

Taking a closer look at our International Beer operations, we had a more positive picture overall, with different dynamics across our markets. Starting with Kazakhstan, volumes grew by low-single digits in 1Q2026, marking the fourth consecutive quarter of growth. This is important because despite the Ramadan pressure on volumes and pricing adjustments made, we achieved to sustain growing momentum. The key drivers of growth was premiumization and our continued focus on the KEG segment similar to previous quarters. So, despite some seasonal pressure, Kazakhstan delivered another quarter of growth.

In Georgia, total beer volumes were down by mid-teens in 1Q2026. However, excluding the impact of the export business restructuring, volumes were actually up by low-twenties. This was mainly supported by the expansion of our presence in the modern trade channel, following the addition of a new modern trade customer to our Efes brand network, as well as the continued strong momentum in the CSD business. In other words, while the restructuring continued to weigh on reported volumes, the core business remained healthy.

In Moldova, volumes increased by low-to-mid-single digits in 1Q2026. The key driver of growth was our well-balanced brand portfolio, supported by successful launches in 2025, which enhanced our coverage across consumer segments and price tiers. Overall, Moldova continued to deliver steady and balanced growth, despite cycling a strong base from 1Q2025, which makes the performance even more encouraging.

Let's move on to the soft drinks operations performance, we had a positive start to the year, with consolidated volumes increasing in 1Q2026 and positive contributions across both domestic and international operations. The strongest growth came from Central Asia, while Türkiye and Pakistan also delivered resilient performances. So overall, volume performance was supported by different markets at the same time.

In Türkiye, volumes increased by 1.4% cycling a very strong base of 8.4% growth from last year. This performance came despite our deliberate choice to optimize sales in the water category, as we continued to shift our focus toward higher value categories and improve the overall value mix of the business.

On the international side, volumes sustained its growth momentum with nearly 10% growth, mainly supported by Central Asia. Kazakhstan and Uzbekistan delivered growth of 11.0% and 41% respectively, while Iraq declined of 1.8% impacted by severe political and economic stress. On the other hand, Pakistan grew slightly by 0.2%, showing resilient performance following a high base of 17% growth in the same period last year. Now, let me hand over to Yasemen, for her in-depth comments for financials.

## **Yasemen Güven Çayirezmez**

Thank you, Onur. Good morning and good afternoon, everyone. As Onur covered, as usual, the consolidated results of Anadolu Efes. Let me now walk you through the Beer Group's financial results for the first quarter and then walk you through the cash flow, the impact of hyperinflation accounts, and finally our balance sheet and risk management dynamics.

Beer Group sales revenue declined by 8.4% to TRY9.4 billion on a reported basis. The said decline is resulted mainly due to the volume decline in Turkey. Even if our local revenues and international operations grew above inflation. At gross profit level, it declined by 18.4% to TRY3.4 billion, corresponding to gross profit margin of 35.9% with a 440 basis points margin contraction.

This margin pressure was mainly driven by unfavorable operating leverage in Türkiye and high input costs, particularly malt and glass in Kazakhstan. At the bottom line, the Beer Group recorded at a net loss of TRY327 million compared to net income in the same period of prior year. The year-on-year swing is largely explained by non-recurring income from investing activities recorded in first quarter of 2025 following the change in the scope of the consolidation of Russian operations.

Excluding these effects and TAS 29, the underlying net result is broadly in line with operational performance, as it's shown at Page 15 as well. Coming to EBITDA, EBITDA came in at negative TRY761 million, corresponding to an EBITDA margin of minus 8.1% with a 190 basis points margin contraction year-on-year. While declining gross profitability was reflected in EBITDA, EBITDA margin contraction remained more limited than the gross margin decline, with the impact of lean operating expenses and improving OpEx to sales ratio across the Beer Group.

On the cash flow side, Beer Group free cash flow improved meaningfully by 26.5% year-on-year, despite the earnings pressure this improvement was driven by mainly tighter working capital management and also CapEx discipline, and lower interest payments. The first quarter represents the weakest cash generation period for the beer business, and we expect progressive normalization as volume recovers through the rest of the year. Improving free cash flow generation remains our top priority for 2026, and going forward.

I would like to briefly share the impact of TAS 29 and hyperinflation accounting on our financial results. For analysis purposes, if you look at the numbers excluding TAS 29 effects, underlying operational performance is materially stronger at consolidated levels as also shown in the previous slide. On TAS 29, excluded basis of Beer Group level revenue would have been TRY9.7 billion with 22% increase year-on-year compared to TRY9.4 billion with 8% decline year-on-year under TAS 29. EBITDA remained positive on a non-TAS 29 basis. Accordingly, EBITDA would have been TRY251 million compared to minus TRY761 million as reported.

In terms of the cash and debt management, as of end of March 2026, consolidated net debt to EBITDA stood at 1.3x. At the Beer Group level, net debt to EBITDA was reported at 4.6x, while excluding TAS 29, it was 3.6x. From the balance sheet perspective, gross debt at Beer Group level stands at approximately \$1 billion with average maturity of 1.6 years. While 64% of our growth debt is in hard currency. Our cash position is \$0.2 billion, with 56% held in hard currency and 39% in Eurozone currency.

On the risk management side for 2026, we have already hedged 72% of our aluminum exposure work Turkey and CIS. In Türkiye, 86% of our FX exposure has been hedged.

That's basically end of my presentation. Now I will hand it back for the Q&A. Thank you

## **Aslı Kılıç Demirel**

Thank you. Yasemen, There is one question already on the floor, so let me summarize. Do you see any improvements in April trends after the rebranded products reached shelves?

## **Onur Altürk**

Thank you for the question. Let me clear the air around our new products maybe. Over the years, Efes has gone through many packaging changes and liquid improvements. Most of them were evolutionary steps, but this is because of the reason we just put our consumers in the heart of our business. And now today, our consumers expect a more comprehensive transformation from Efes, both inside and outside the bottle, while also expecting the brand to stay through its spirit. This is exactly what we are aiming to do with Efes family. We have upgraded the liquids. We have modernized the packaging, strengthening shelf visibility. We have improved the serving standards, and we have simplified the portfolio architecture while preserving the emotional bond, heritage and authenticity.

Launch was in the 22nd of April. So it's very fresh. It's very new. Our distribution is still limited. Our expectations are so high. The early indicators are very positive. And on the blind consumer test before the launch, we observed and we were rated as the best luggers all around. So yes, we have very positive indicators, early indicators, but it is still too early to talk about the full scope. I think summer period and summer season will give you a good idea about the new products performance.

## **Aslı Kılıç Demirel**

Thank you very much. Another question comes from Eren Erciş. Thank you for the presentation. Given the 20% year-on-year volume decline in Türkiye beer in first quarter, what's your visibility on the second quarter recovery? Does the weak start create any downside risk to the full year guidance? Also, pricing appears soft. Are there any pricing actions being considered in the near term?

## **Onur Altürk**

Yeah, thank you again for the question. Despite the headwinds and Ramadan impact, I think the business remained resilient in terms of OpEx management. We were able to protect our profitability through disciplined OpEx management and mainly supported by savings in sales and marketing expenses. As a result, we're able to achieve EBITDA margin almost flat. Looking ahead, we are taking a more cautious view for the remainder of the year. As performance in the first four months has become below our initial expectations. We did not want to make any changes to our guidance yet.

Given the seasonality of our business, we believe we need to see at least the second quarter performance before having a clearer view of the full year. The first quarter is typically our lowest volume quarter and therefore, does not necessarily set the tone for the rest of the year.

Moreover, we expect the FS family launch to support our performance in the upcoming period. For now, we are maintaining our guidance of slight volume growth for 2Q operations, while recognizing that this guidance currently reflects a more optimistic view, and we will be following up quite closely.

## **Aslı Kılıç Demirel**

Thank you. Another question comes from an anonymous user. One of the organized retailers that sells alcohol, Carrefour was sold to a group that does not sell alcohol. Are these kinds of changes that you closely monitor? Can these losses be compensated through the sales in traditional channels?

## **Onur Altürk**

Thank you for the question. Actually, we have been working on this project quite some time. So, we have approximately analysis of every Carrefour point of sales in traditional trade. And the total Carrefour coverage was single digits. So, we just have the proximity analysis and in every Carrefour point of sales in the same street. So, we have 200 meters, 500 meters kind of proximity analysis. And we already compensated and we have the plans for compensation our loss that will be coming from the Carrefour point of sales, both with the other modern trade customers and traditional trade customers.

## **Aslı Kılıç Demirel**

Thank you. Have you already seen any cost increases on the packaging side, for example, in glass or aluminum?

## **Onur Altürk**

As we all know, we are hedged in aluminum.

## **Yasemen Güven Çayırmezmez**

Compared to the previous year, our mechanism based on the hedging mechanism in terms of the aluminum. So and accordingly, of course, there is an increase in the aluminum price in the market, but we are using the hedging mechanism. In terms of the glasses, so we made our purchasing in Turkey, we already made most of the year. For the rest of the year, so we didn't see any price increase yet.

## **Aslı Kılıç Demirel**

Thank you. Do you have a year-end net debt-to-EBITDA target for Turkey beer operations based on IAS 29 numbers? We don't disclose net debt-to-EBITDA target for Turkey, but we rather disclose -- I mean, we rather give the number for Beer Group. It was around 2.8x when we closed the year 2025. And Yasemen, maybe you would like to give a color for 2026, which will be staying flat versus even we expect some improvement.

## **Yasemen Güven Çayirezmez**

Yes, there could be some improvements, but currently it's too early to share about any better number. So within that context, we are still keep on our target for 2026. So with IAS 29, of course, it will be higher than 3.5 times. However, without IAS 29 numbers, the number in any case, in any even worst-case scenario, it will not be reaching even 3 times. So it will be below 2.8 times, which was last year.

## **Aslı Kılıç Demirel**

I don't see any more questions on the floor. If you have any questions, we would like you to write down your questions on the question box. There seems no more questions.

## **Onur Altürk**

Okay. So far so good.

## **Aslı Kılıç Demirel**

Thank you for all for participating.