

# BEER OPERATIONS

3Q2016 & 9M2016 FINANCIAL RESULTS

CONFERENCE CALL

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ANADOLU  
EFES

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## 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.

# ANADOLU EFES

ROBIN GOETZSCHE  
BEER GROUP PRESIDENT & CEO



GENERAL OVERVIEW &  
OPERATING PERFORMANCE



## Key Highlights on Consolidated Performance – 9M2016

Volume up 2.5% in 3Q2016 vs. 3Q2015

- ✓ Improvement in beer volumes both in Turkey & Russia in the 3Q vs. 1H2016
- ✓ 1.7% volume growth in soft drink business

Revenue up 0.1%, slightly underperforming volumes;

- ✓ Despite local currency price increases in all segments
- ✓ Due to y-o-y devaluations of local currencies of some international markets against TL

EBITDA (BNRI) margin was 18.7%, slightly below 9M2015, in line with our guidance

- ✓ Higher raw material prices, F/X pressure, increase in fixed costs

Significant improvement in bottomline;

- ✓ Net profit of TL 364.2 mn vs. a loss of TL 179.2 mn in 9M2015

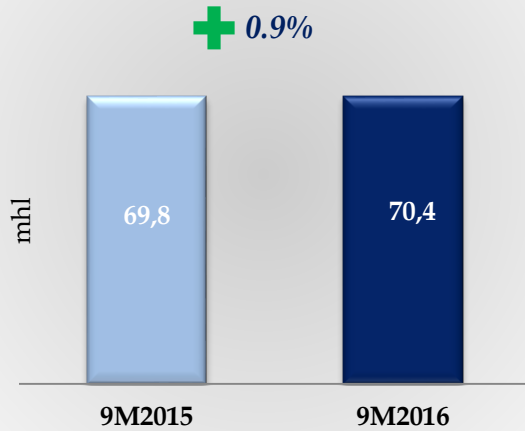
Positive FCF of TL 723.2 million in 9M2016 vs TL 566.3 million in 9M2015

Consolidated net debt to EBITDA (BNRI) was 1.8x

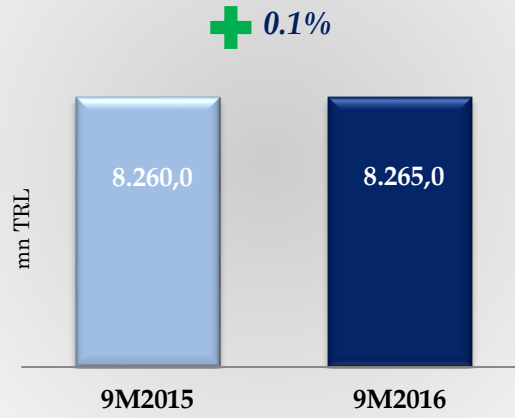


# Consolidated Performance

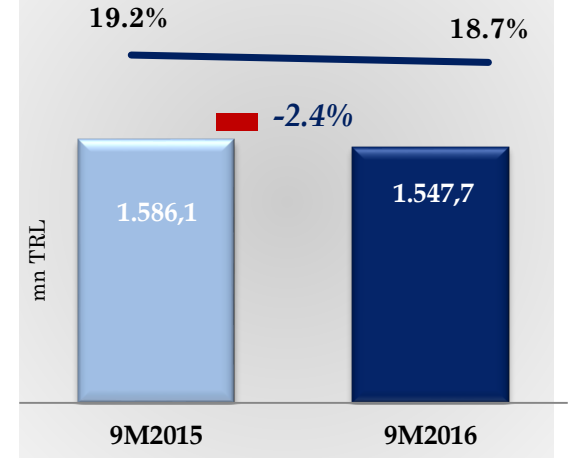
## SALES VOLUME



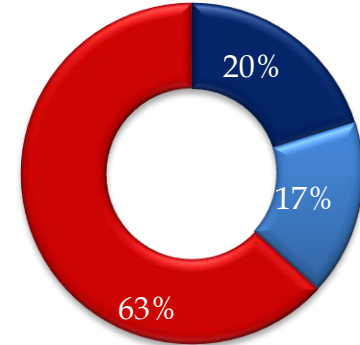
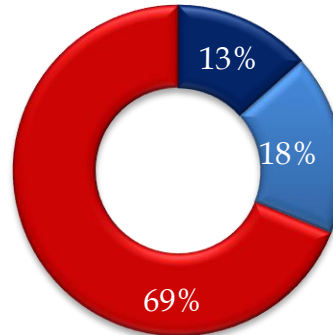
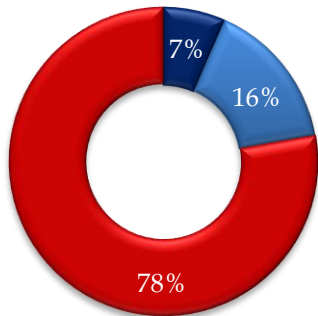
## NET SALES REVENUE



## EBITDA (BNRI)\*



## BREAKDOWN\*\*



■ Turkey Beer ■ International Beer ■ Soft Drinks

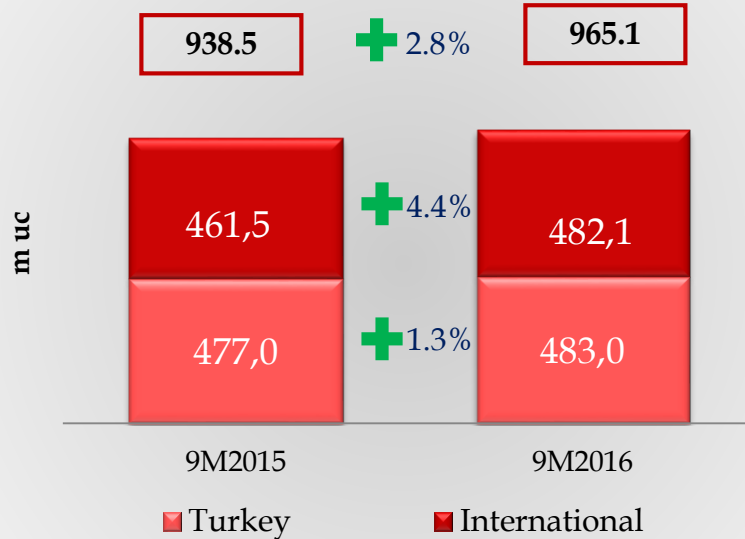
Numbers may not add up to 100% due to rounding



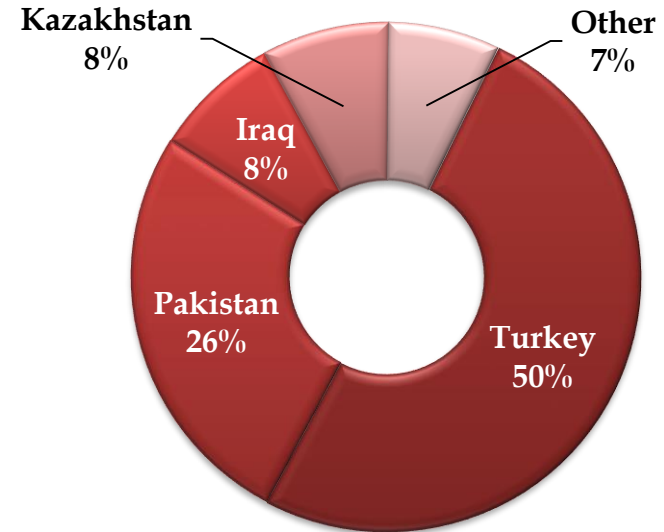
\* BNRI means Before Non Recurring Items

\*\*Breakdowns are on a combined basis

## Soft Drinks Volume Development



## Volume Breakdown by Country

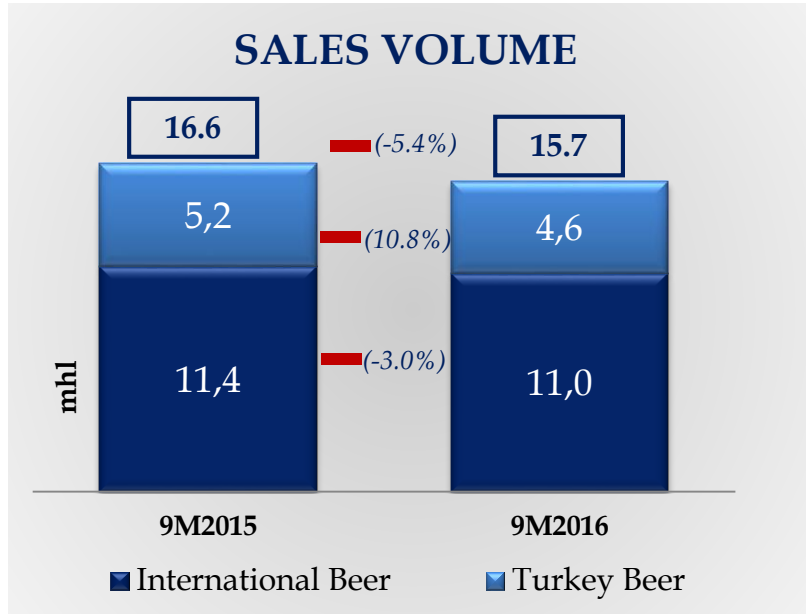


- Turkey delivered 1.3% volume growth in 9M2016
- International operations' volume was up by 4.4% in 9M2016



- ✓ Strong volumes in Pakistan
- ✓ Better than planned performance in Central Asia
- ✓ Growth in North Iraq and continued momentum in Jordan turning Middle East volumes to positive

## Beer Volume Development

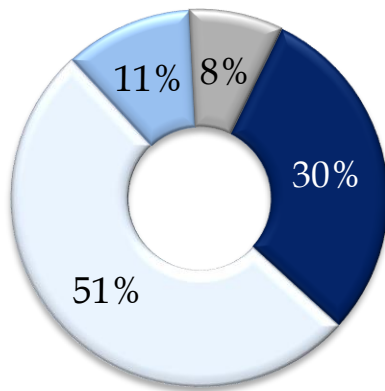


**Total beer group sales volume at 15.7 mhl**

**Russian beer market performed well in 3Q on the back of;**

- ✓ Favorable summer weather
- ✓ Improving economic conditions

### VOLUME BREAKDOWN\*



■ Turkey ■ Russia ■ Kazakhstan ■ Other

\*Breakdown is on a combined basis

**Turkey beer market continued to be under pressure due to;**

- ✓ Unfortunate events in mid July
- ✓ Decline in tourism activity, in particular Russian & German tourists
- ✓ Lower consumer confidence
- ✓ Higher taxes resulting in higher prices

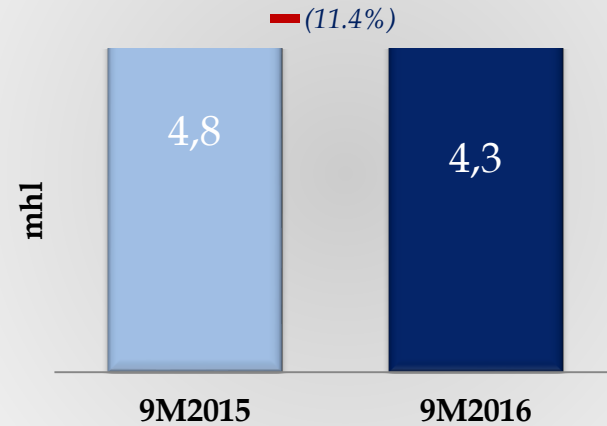


# Turkey Beer Operations

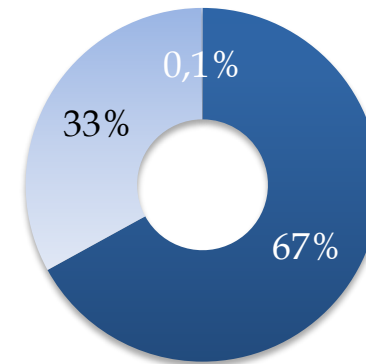
Continued to focus on;

- ✓ Sales execution
- ✓ Sales & Marketing investments
- ✓ Innovative launches
- ✓ Working capital management and FCF

## DOMESTIC SALES VOLUME



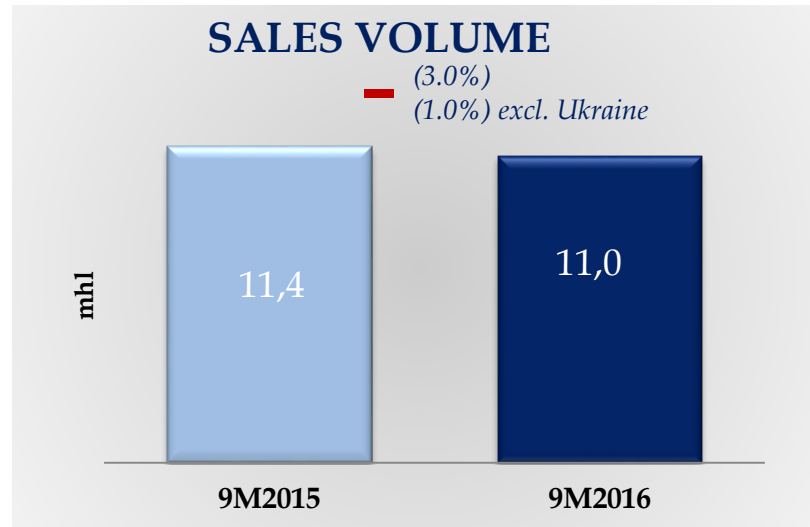
## VOLUME SHARE



■ Efes TURKEY ■ Tuborg ■ Other



## International Beer Operations



LC revenue per liter increased in all operations

- ✓ Price increases and positive brand mix in all operations

EBITDA margin up 39 bps y-o-y in 9M2016, benefitting from,

- ✓ Tightly controlled opex
- ✓ Higher efficiencies on the back of higher volumes
- ✓ despite lower gross margin

FCF generation is the main focus



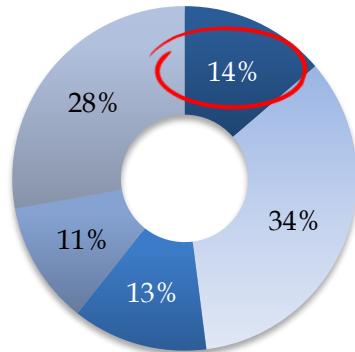
# Russia

Beer market decline of low-single digits in 9M2016 vs 9M2015 (better than expected)

Market share gain as well as improving margins as a result of;

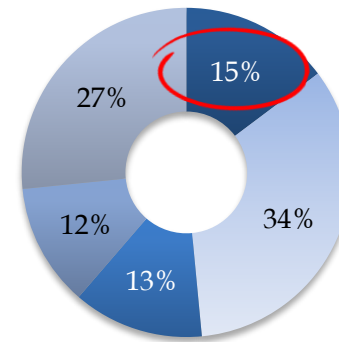
- ✓ Share gain in Premium and Upper Mainstream brands
- ✓ Market facing projects and initiatives

**Volume Share\***



■ Efes RUSSIA ■ Carlsberg ■ Inbev ■ Heineken ■ Other

**Value Share\***



■ Efes RUSSIA ■ Carlsberg ■ Inbev ■ Heineken ■ Other

- Numbers may not add up to 100% due to rounding



**B**RANDS

Provide choice and innovation to consumers:  
Grow brand love

**E**XECUTION

Excel in customer collaboration, availability and point of sale activation

**E**FFICIENCY

Build competitive advantage through lean and efficient operations

**R**ELATIONS

Focus on employees, customers, regulators, community and environment



# ANADOLU EFES

ONUR EVİKEL  
CFO



FINANCIAL OVERVIEW



## Anadolu Efes Consolidated Performance

<b>(mn TL)</b>	<b>9M2015</b>	<b>9M2016</b>	<b>Change %</b>
Volume (mhl)	69.8	70.4	0.9%
Net Sales	8,260	8,265	0.1%
Gross Profit	3,466	3,311	-4.5%
EBIT (BNRI)	978	935	-4.4%
EBITDA (BNRI)	1,586	1,548	-2.4%
Net Income*	-179	364	303.3%
<b>Margins</b>			<b>Change (bps)</b>
Gross Profit	42.0%	40.1%	-191
EBIT (BNRI)	11.8%	11.3%	-53
EBITDA (BNRI)	19.2%	18.7%	-48
Net Income*	-2.2%	4.4%	658

\*Net income attributable to shareholders



## Beer Group Performance

	Turkey Beer (mn TL)		International Beer (mn USD)		Beer Group (mn TL)	
	9M2016	vs 9M2015	9M2016	vs 9M2015	9M2016	vs 9M2015
Volume (mhl)	4.6	-10.8%	11.0	-3.0%	15.7	-5.4%
Net Sales	1,108.1	-5.3%	497.9	-18.4%	2,590.0	-7.8%
Gross Profit	655.8	-9.8%	228.2	-22.5%	1,339.2	-11.9%
EBIT (BNRI)	195.7	-27.3%	41.0	4.7%	282.2	-16.8%
EBITDA (BNRI)	318.5	-16.0%	90.0	-16.6%	551.1	-13.3%
Net Income*	86.8	168.0%	56.0	390.6%	217.3	220.7%
<b>Margins</b>		<b>Change (bps)</b>		<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit	59.2%	-297	45.8%	-244	51.7%	-239
EBIT (BNRI)	17.7%	-536	8.2%	181	10.9%	-117
EBITDA (BNRI)	28.7%	-367	18.1%	39	21.3%	-133
Net Income*	7.8%	1,874	11.3%	1,441	8.4%	1,480

\*Net income attributable to shareholders



- BNRI means Before Non Recurring Items

## Beer Group Free Cash Flow

Beer Group Free Cash Flow (TL mn)	9M2015	9M2016
EBITDA	624.7	548.2
Change in Working Capital	-144.5	-171.2
Income Taxes & Employee Benefits Paid	-54.4	-47.0
CAPEX, net	-176.0	-144.6
Net Financial Income / (Expense)	59.9	1.7
<b>FCF</b>	<b>309.8</b>	<b>187.1</b>
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	-8.9	-14.1
<b>FCF (after investing activities)</b>	<b>300.9</b>	<b>173.1</b>



## Balance Sheet Flexibility

Net Debt / EBITDA (BNRI)	9M2015	2015YE	9M2016
Anadolu Efes Consolidated	2.3	2.0	1.8
Beer Group	1.9	1.6	1.8

BEER		9M2015	9M2016	AEFES		9M2015	9M2016
TOTAL FINANCIAL DEBT	<i>m TL</i>	2,283	2,179	TOTAL FINANCIAL DEBT	<i>m TL</i>	5,838	5,418
TOTAL CASH & EQUIVALENTS	<i>m TL</i>	834	1,023	TOTAL CASH & EQUIVALENTS	<i>m TL</i>	1,859	2,264
NET DEBT	<i>m TL</i>	1,449	1,156	NET DEBT	<i>m TL</i>	3,979	3,154
NET DEBT	<i>m USD</i>	476	386	NET DEBT	<i>m USD</i>	1,308	1,053

77% of cash is hold as hard currency

96% of debt is in hard currency

76% of cash is hold as hard currency

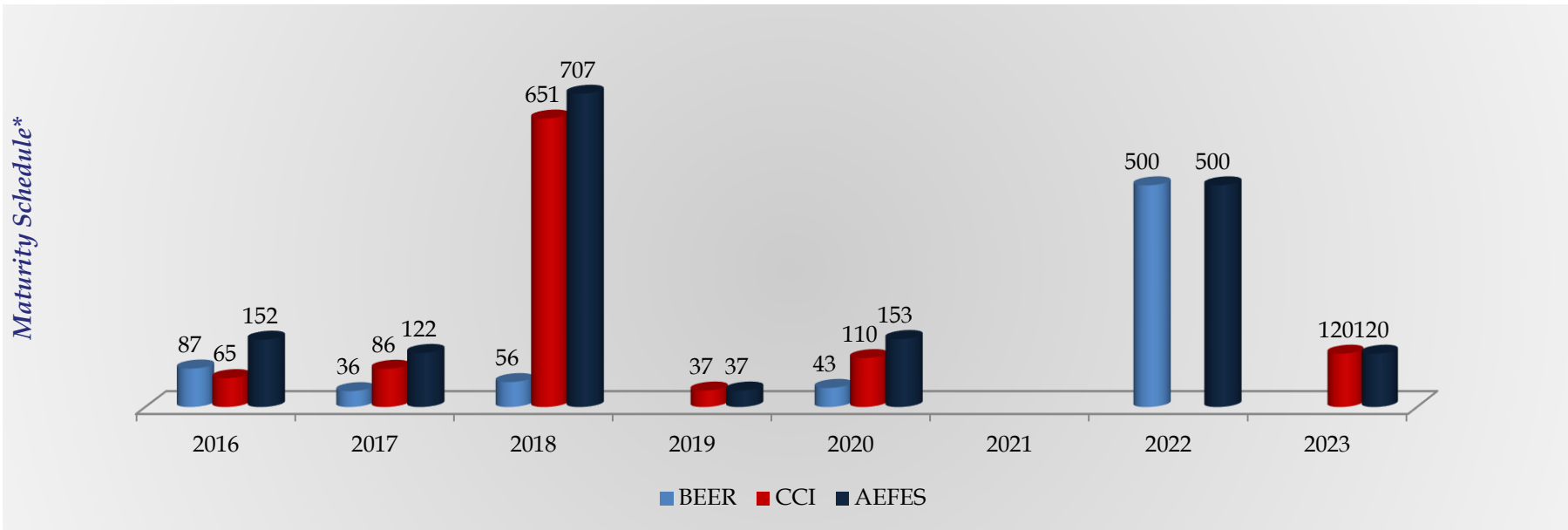
97% of debt is in hard currency





## Borrowing Mix & Liquidity Profile

- ✓ Easily manageable debt repayment schedule
- ✓ Average maturity of debt for;
  - ✓ Beer Group is app. **4.6 years** and
  - ✓ Anadolu Efes is app. **3.3 years**

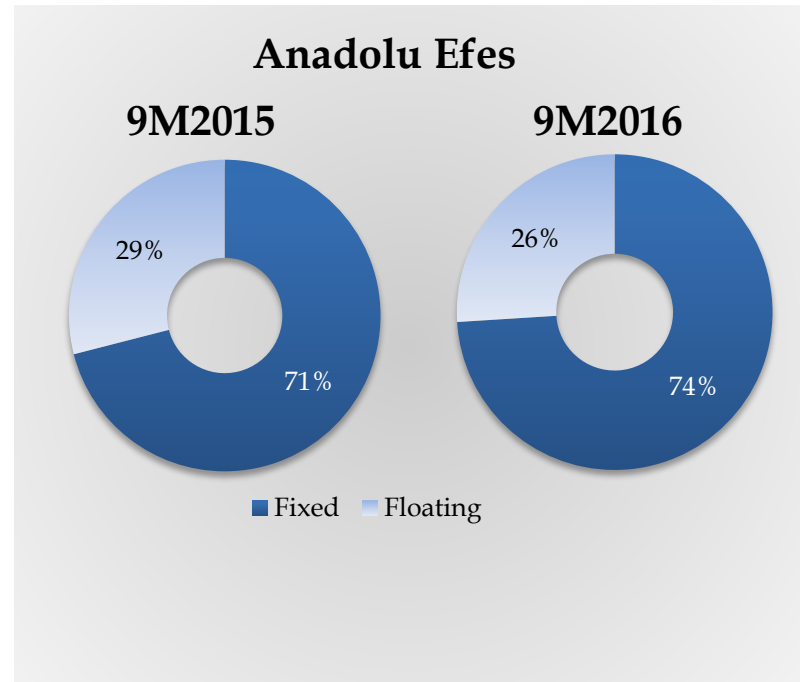
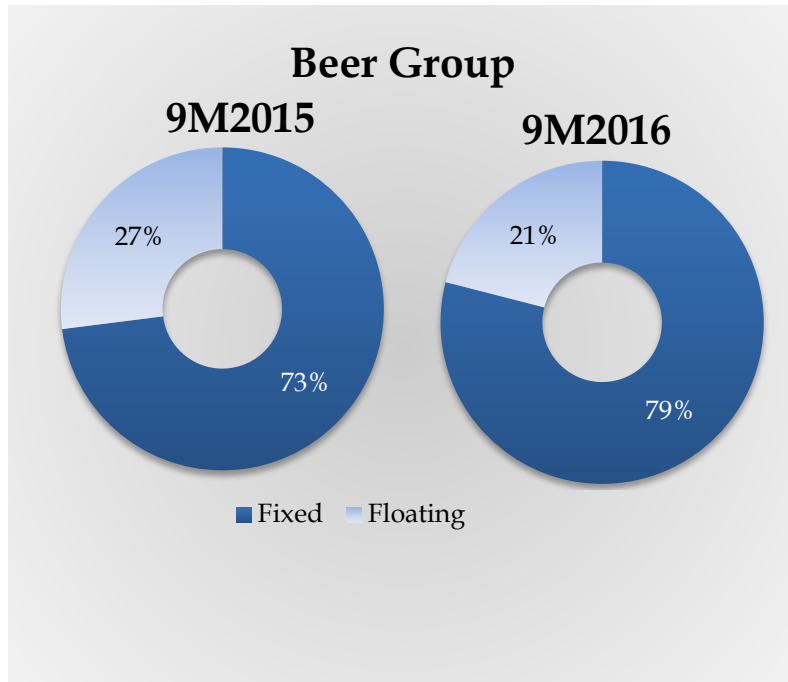


\*Only principal amounts



## Interest Breakdown

Significant portion of debt is fixed, minimized interest rate risk



## Financial Income/Expense Breakdown

<b>Financial Income / (Expense) Breakdown</b>	<b>9M2015</b>	<b>9M2016</b>
Interest income	59.6	53.5
Interest expense	-168.3	-153.4
Foreign exchange gain / (loss)	-929.4	-66.5
Other financial expenses (net)	-22.6	-18.3
Fain/ (loss) on derivative transactions	-1.6	-5.7
<b>Net Financial Income /(Expense)</b>	<b>-1,062.3</b>	<b>-190.5</b>



## Anadolu Efes Consolidated Free Cash Flow

Anadolu Efes Free Cash Flow (TL mn)	9M2015	9M2016
EBITDA	1,575.5	1,544.8
Change in Working Capital	-263.5	-183.6
Income Taxes & Employee Benefits Paid	-121.5	-85.8
CAPEX, net	-802.2	-489.4
Net Financial Income / (Expense)	181.7	-48.7
<b>FCF</b>	<b>570.0</b>	<b>737.3</b>
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	-3.7	-14.1
<b>FCF (after investing activities)</b>	<b>566.3</b>	<b>723.2</b>



## 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



# ANADOLU EFES

ROBIN GOETZSCHE  
BEER GROUP PRESIDENT & CEO



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
- to achieve optimal brand & SKU mix
- excelling in execution
- focus on quality market share
- strong cash flow generation with special focus on optimizing working capital *in our beer business*

### Soft Drinks

- Accelerate revenue and margin growth
- Winning at the point of sales
- Sales force effectiveness *in our soft drinks business*



## 2016 Outlook is reiterated...

BEER GROUP

Turkey beer market	decline mid-single digit
Efes Turkey volume	decline mid-to-high single digit
Russian beer market	decline low-to-mid-single digit
EFES RUS volume	outperform the market
Total beer volume	decline at a rate of low-single digits
Revenue	lower decline compared to volume decline
EBITDA Margin	slightly lower

CONSOLIDATED

Sales volumes	grow low-single digit
Sales revenues	grow mid-single digits
EBITDA (BNRI)	grow in abs. terms
EBITDA (BNRI) marg	flattish to slightly lower margin
Capex/net sales	high-single digit
FCF	higher in absolute terms





# ANADOLU EFES



Q&A SESSION



# ANADOLU EFES

APPENDIX



## Upcoming IR Events

### November

- ✓ Citi's Turkish Symposium | Frankfurt | 23 November 2016

### December

- ✓ WOOD's 5th Winter Conference | Prague | 2 December 2016



## F/X Rates

		9M2015	9M2016	Δ%
USD/TL	AVG	2.66	2.93	10.3%
	PE	3.04	3.00	-1.6%
EUR/TL	AVG	2.96	3.27	10.4%
	PE	3.42	3.36	-1.8%
USD/RUB	AVG	59.28	68.37	15.3%
	PE	66.24	63.16	-4.6%
USD/KZT	AVG	195.57	344.57	76.2%
	PE	270.40	334.93	23.9%
USD/UAH	AVG	21.42	25.48	18.9%
	PE	21.53	25.91	20.4%
USD/MDL	AVG	18.45	19.89	7.8%
	PE	20.11	19.76	-1.7%
USD/GEL	AVG	2.23	2.32	4.3%
	PE	2.38	2.33	-2.2%

