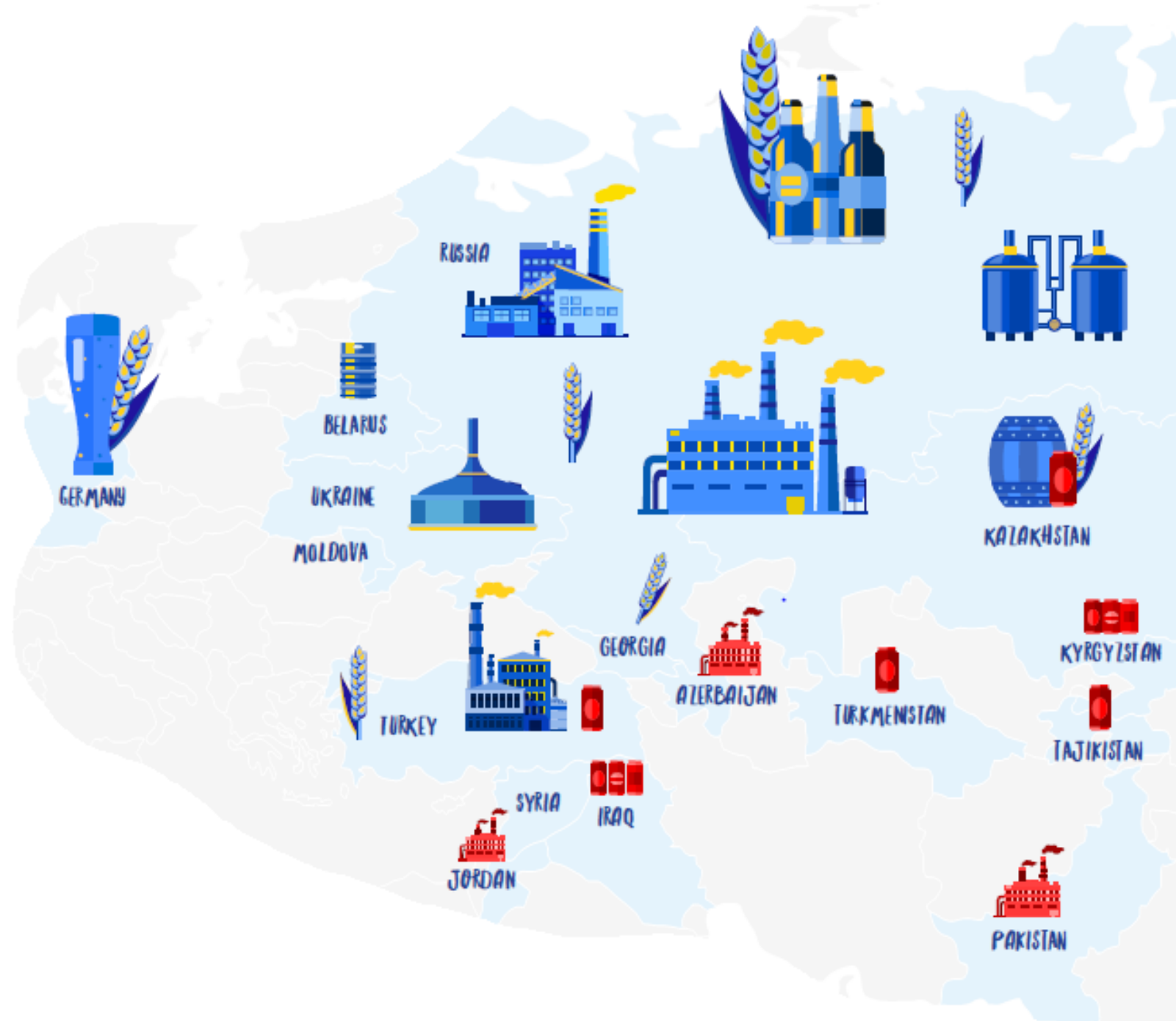


# ANADOLU EFES

9M2019

CONFERENCE CALL  
PRESENTATION

06.11.2019



# 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 ENVIRONMENT



**Can aka**  
*CEO & Beer Group President*

#50ENFESYIL

# 3Q2019 Highlights

Unless stated otherwise, the figures from hereon are based on proforma numbers (including the ABI merger in Russia & Ukraine for 9M2018) and excluding IFRS16 impact for 9M2019.

## Volume growth of 0.7% on Consolidated & 4.2% on Total Beer Level

- Positive contribution to beer volumes from all countries with the exception of Turkey beer
- For soft drinks, strong growth in Turkey operations with a challenging quarter in international

## Strong market positions in all beer markets

- Strong beer volume performance in Russia came despite unusually cooler summer, the strong base and the intense competition
- Ukraine continued to deliver above the beer market
- Strong beer market positions in Kazakhstan, Moldova, Georgia

## Consolidated Net Income of TL 583.4 mn

- Increase in operational profitability
- Lower FX losses y-o-y
- Lower net financial and other expenses

## Consolidated Revenue up by 12.3%; Beer up by 20.4%

- Higher volumes on a consolidated basis
- Higher average prices per hl in all business units

## Consolidated EBITDA (BNRI) up by 15.0%; Beer up by 31.3%

- Higher volumes and expanding margins in Russia and Ukraine despite contraction in Turkey beer

## Solid Consolidated Free Cash Flow generation of TL 1,435.2 mn in 9M2019

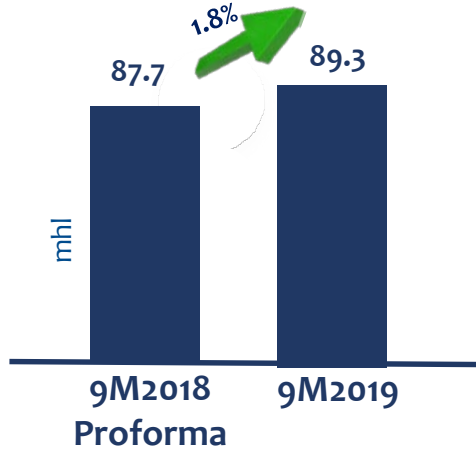
- Strong contribution from both Beer & Soft Drink segments
- Improved operational profitability and working capital management
- Positive effect of seasonality



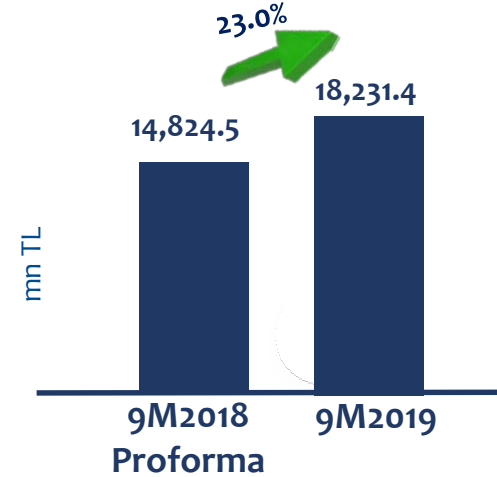
# Margin Expansion On The Back Of Topline Growth



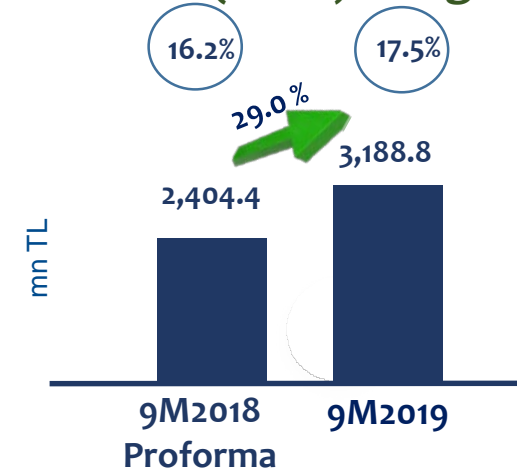
## SALES VOLUME



## NET SALES REVENUE



## Excluding IFRS 16 EBITDA (BNRI) & EBITDA (BNRI) Margin

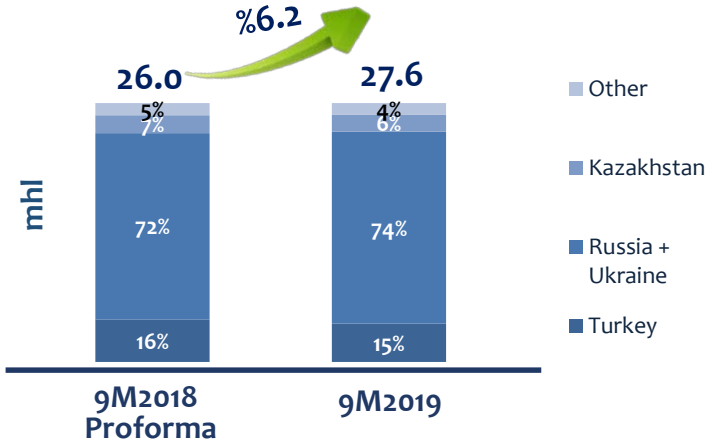


Share of*	Turkey Beer	International Beer	Coca-Cola Icecek
	5%	26%	69%
	9%	36%	55%
	8%	29%	63%

# All International Beer Operations Posted Volume Growth



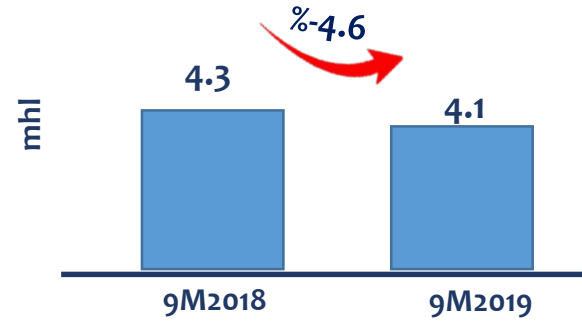
## BEER GROUP



\*16.7% growth on reported basis

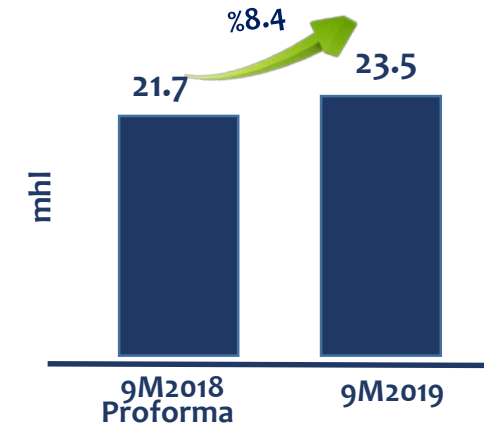
- ✓ 4.2% growth in 3Q, 6th consecutive quarter of solid growth
- ✓ Strong volume performance in all international markets
  - ✓ Kazakhstan's volumes benefitted from extended visibility in modern trade
  - ✓ In Moldova, the volumes were up, thanks to launch of ABI portfolio & contribution from Efes brand
  - ✓ In Georgia, strong position despite challenging market conditions

## TURKEY BEER



- ✓ FMCG sector negatively impacted by high prices and weak consumer sentiment
- ✓ Beer sector was down due to;
  - ✓ high prices on the back of excise increase
  - ✓ unfavorable weather conditions
  - ✓ high base of last year
- ✓ Continue leveraging on our portfolio
- ✓ Increased touch with consumers through more events and festivals
- ✓ Increased service levels and customer satisfaction

## INTERNATIONAL BEER EFES



\*21.4% growth on reported basis

- ✓ Growth recorded in all international markets
- ✓ Maintaining market leadership positions
- ✓ Low-single digit growth in Ukrainian Beer market in 9M2019
  - ✓ Outperformance of the market growing by low-double digit
    - ✓ Launch of Efes portfolio of brands in the market
    - ✓ Improvements in R-t-M
- ✓ Low single digit growth in Russian Beer market in 9M2019
  - ✓ Continued to post growth in Russia despite;
    - ✓ unfavorable weather conditions during the quarter
    - ✓ high base of last year
    - ✓ intense competition
- ✓ Market share gains in super premium and mainstream segments
- ✓ Outperformance of the market in both modern and traditional trade

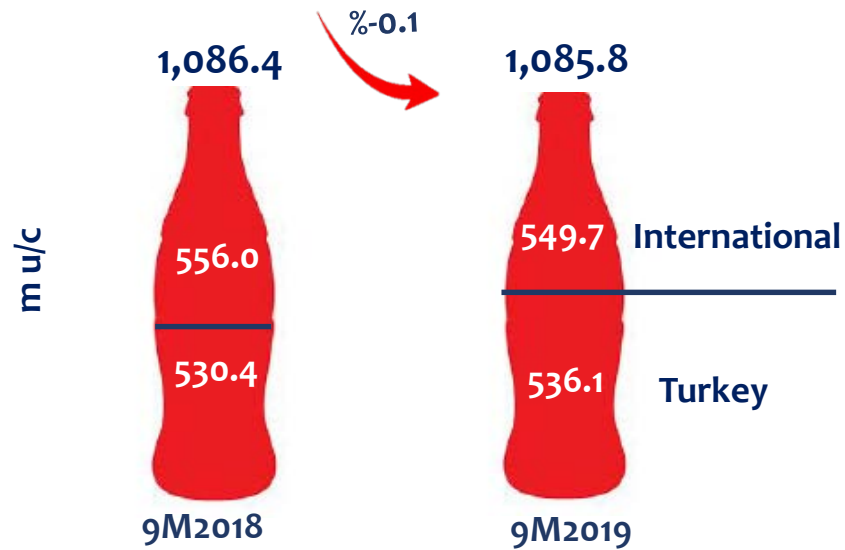
2018 proforma figures include ABI Russia and ABI Ukraine effect starting from Jan 1<sup>st</sup>.

\*Breakdowns are on a combined basis

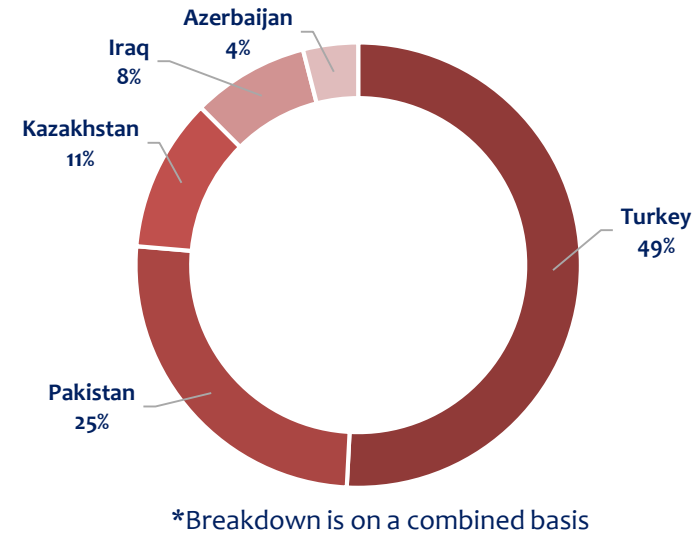


# Challenging Environment in International with High Volumes in Turkey

## SALES VOLUME



## VOLUME BREAKDOWN\* BY COUNTRY



- ✓ **Consolidated sales volume** decreased by 0.8% to 413 million UC, cycling 2.9% growth in 3Q2018.
- ✓ **Turkey volume** was up by 3.8% to 207 million UC;
  - ✓ Excluding NRTD Tea category, the volume was down by 1.4%, reflecting lower volumes in the Sparkling category.
  - ✓ Unfavorable weather conditions had an adverse impact on sales, along with declining consumer confidence.
- ✓ **International operations** decreased by 4.9% to 207 million UC, reflecting lower volumes in Pakistan & continued production stoppage in Turkmenistan.
  - ✓ Central Asia operations up 0.3% (6.1% excl. Turkmenistan) mainly driven by Kazakhstan, Kyrgyzstan and Tajikistan
  - ✓ Pakistan down 11.1%, Middle East up 2.2%, driven by Iraq

# FINANCIAL OVERVIEW



**N. Orhun Köstem**  
*Chief Financial Officer*

#50ENFESYIL

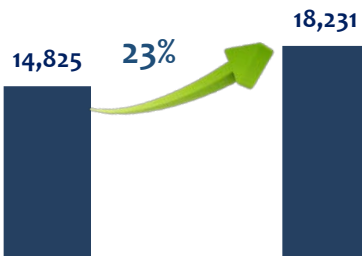


# Margin Expansion Despite Slowdown in Turkey



Net Sales

## ANADOLU EFES



9M2018 Proforma 9M2019

Margin: 35.8% 37.2%

## BEER GROUP



9M2018 Proforma 9M2019

Margin: 38.0% 40.8%

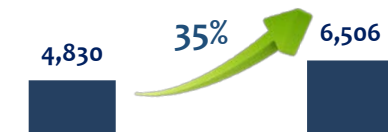
## TURKEY BEER



9M2018 9M2019

Margin: 55.9% 53.3%

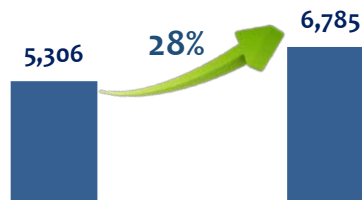
## EBI



9M2018 Proforma 9M2019

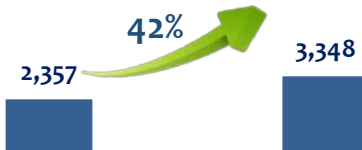
Margin: 32.6% 37.2%

Gross Profit



9M2018 Proforma & Restated 9M2019

Margin: 16.2% 17.0%



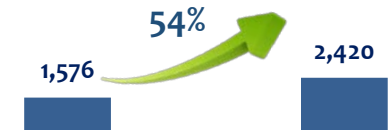
9M2018 Proforma & Restated 9M2019

Margin: 11.0% 13.8%



9M2018 Reclassed 9M2019

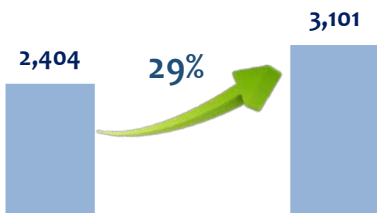
Margin: 21.5% 15.2%



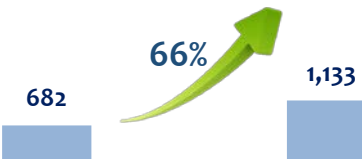
9M2018 Proforma & Restated 9M2019

Margin: 8.5% 13.9%

EBITDA (BNRI)



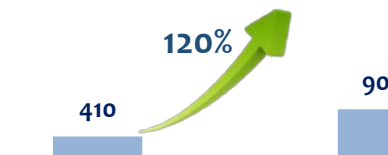
9M2018 Proforma & Restated 9M2019



9M2018 Proforma & Restated 9M2019



9M2018 Reclassed 9M2019



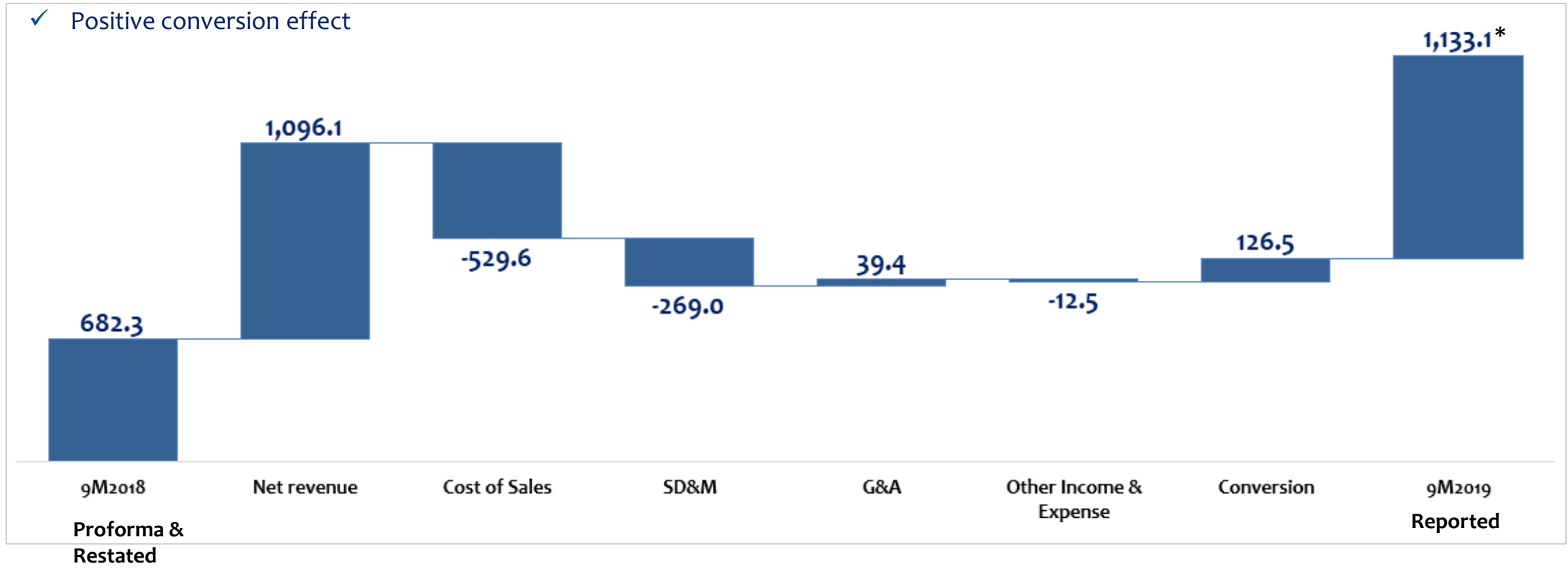
9M2018 Proforma & Restated 9M2019

\*2018 Proforma figures assume realization of ABI Efes JV as of January 1st 2018 (instead of actual April 1st). Therefore proforma 2018 restated results include 6 months of operation of combined business. In addition to actual results, 9M2018 figures also include the incremental depreciation charge in 9M2019 which is a result of the revaluation of fixed assets following the merger in Russia & Ukraine as required by IFRS 3.

# Pillars of Beer Group EBITDA Growth

Year on year 66% EBITDA growth came as a result of;

- ✓ Higher volumes in international operations
- ✓ Favorable mix
- ✓ Extraction of synergies
- ✓ Positive conversion effect

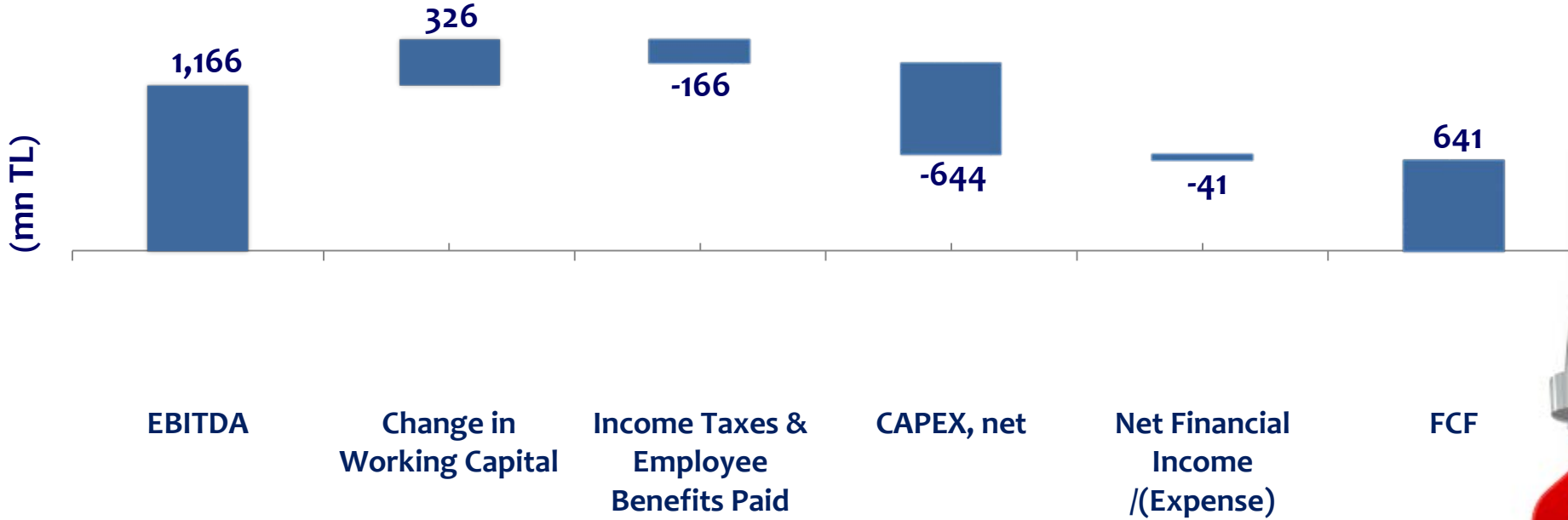


\* Excluding IFRS 16 impact

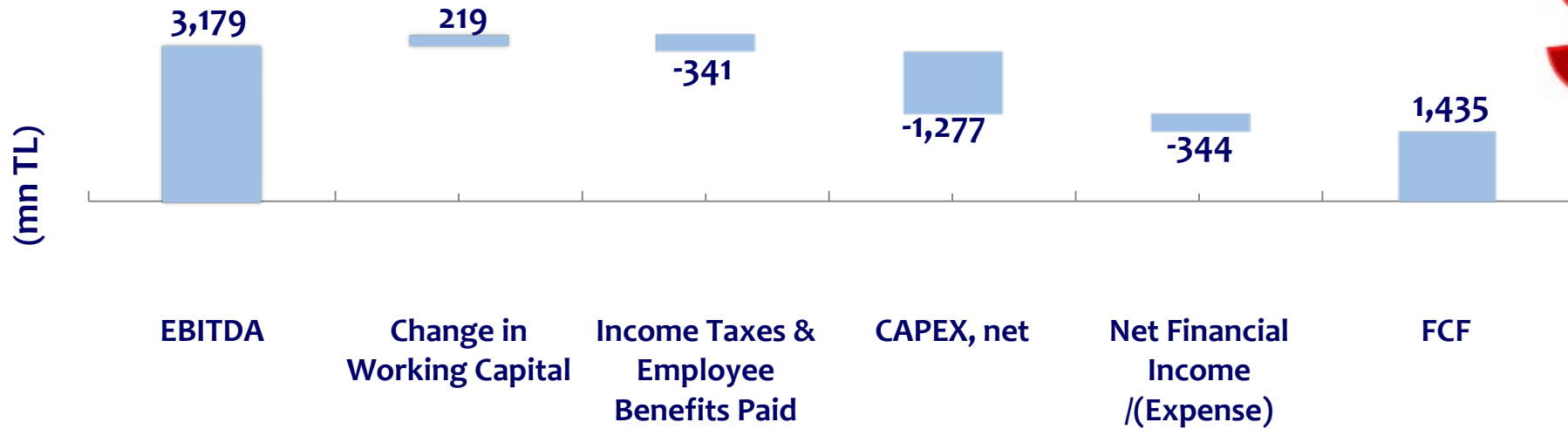
# Strong Cash Generation



Beer Group



Anadolu Efes



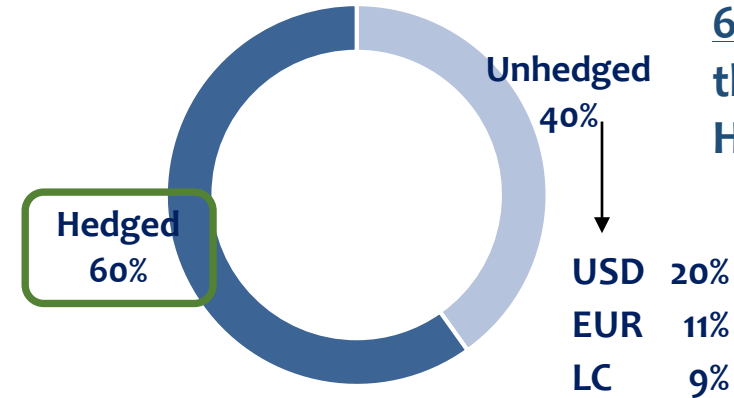
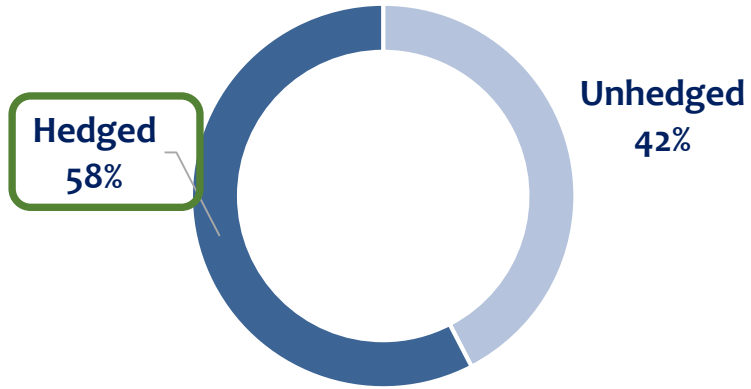
# Balance Sheet FX Exposure Mitigated...

Hedged majority of outstanding debt via various instruments; both at Anadolu Efes & Beer Group level

**December 2018**

**September 2019**

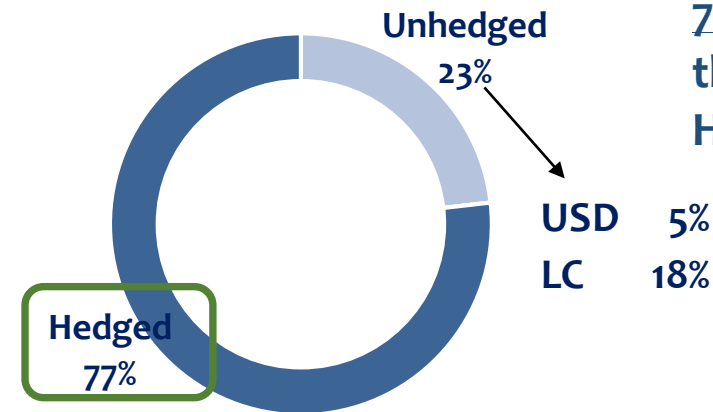
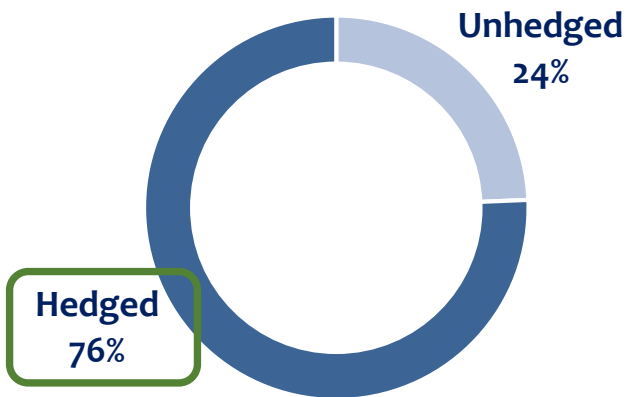
Anadolu Efes



60% of our debt is hedged through Net Investment Hedge and CCS as of 3Q2019

USD 20%  
EUR 11%  
LC 9%

Beer Group



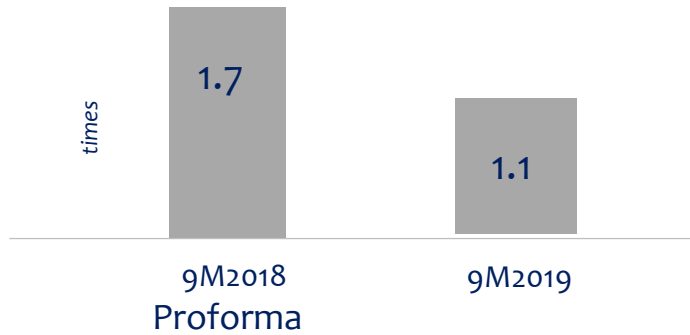
77% of our debt is hedged through Net Investment Hedge as of 3Q2019

USD 5%  
LC 18%

# Balance Sheet Discipline Maintained

## Net Debt / EBITDA (BNRI)<sup>1</sup>

### Anadolu Efes Consolidated

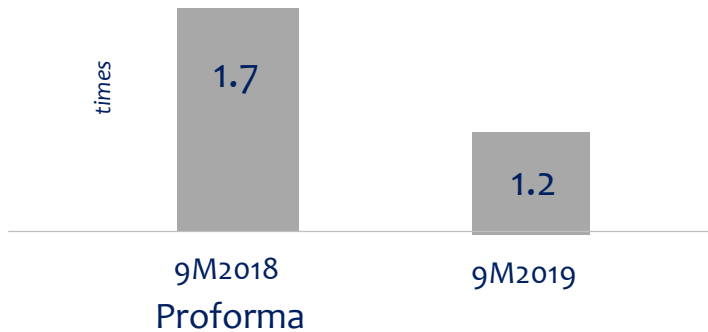


-57% of cash is hold as hard currency

-83% of debt is in hard currency  
(60% of our debt is hedged through Net Investment Hedge and CCS)

-86% of debt has fixed interest

### Beer Group

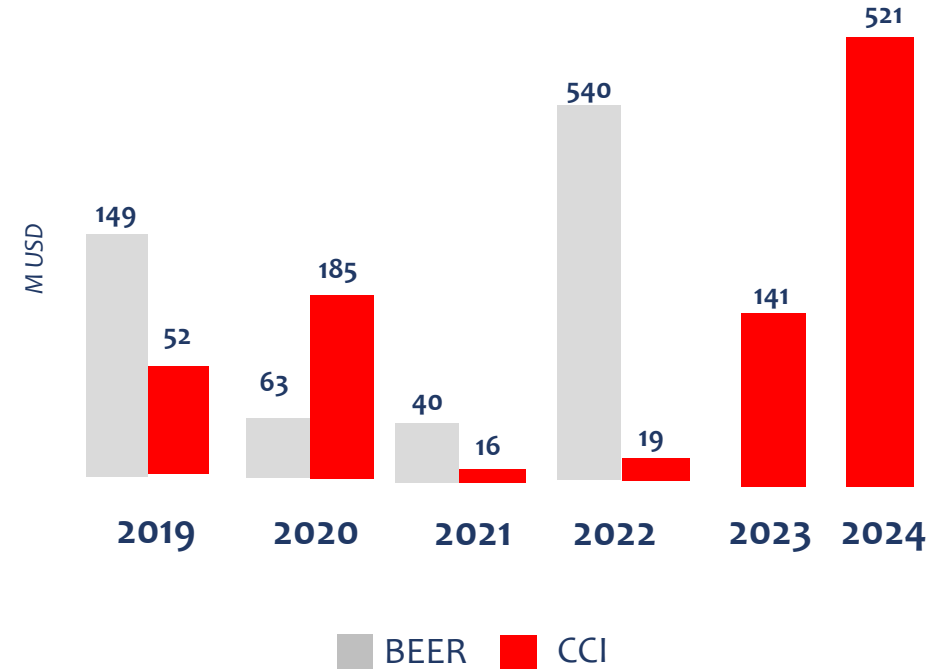


-61% of cash is hold as hard currency

-82% of debt is in hard currency  
(77% of our debt is hedged through Net Investment Hedge)

-93% of debt has fixed interest

## Maturity Schedule<sup>2</sup>



Weighted average maturity of debt for

Beer Group is 2.2 years and

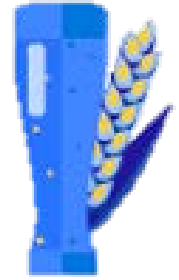
Anadolu Efes is 2.9 years

<sup>1</sup>For the purposes of Net Debt to EBITDA calculation, EBITDA(BNRI) excluding IFRS 16 impact was used.

<sup>1</sup>Trailing 12 month EBITDAs include ABI Russia and ABI Ukraine effect for the whole 12 month period.

<sup>2</sup>Figures represent principal amounts

# CLOSING REMARKS



**Can aka**

*CEO & Beer Group President*

**#50ENFESYIL**



# Closing Remarks

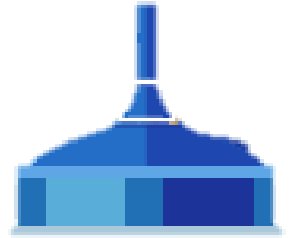
Strategic Priorities are in progress...



- **People**
  - Vision, mission and values are re-launched
- **Operational Excellence**
  - Information and Digital Solutions Re-organization
- **Brands**
  - Efes brand campaign for international markets
  - Efes Alcohol Free launch in Moldova
- **Financial Discipline**
  - Zero-based spending expansion to new items in OPEX
  - Synergy extraction inline with plans
- **Customer & Consumer**
  - Win at the points of sale



# Q&A SESSION



**Can aka**

*CEO & Beer Group President*

**N. Orhun Kstem**

*Chief Financial Officer*

**#50ENFESYIL**

# Detailed 2019 Guidance



Our 2019 guidance reflects reported financials where 2018 numbers include 9-months ABI-Efes impact and 2019 expected numbers include 12-months. Reference to “proforma” means 12 month ABI-Efes impact in 2018.



**In light of the first 9 months’ performance, we are reiterating our consolidated and total beer group guidance, while making a revision in Turkey Beer as well as international and consolidated soft drink guidance:**

	REPORTED	PROFORMA
<b>SALES VOLUME</b>		
Consolidated	low to mid-single digit growth	low-to-mid single digit growth
Total Beer	low-to-mid teens growth	grow by mid-single digit
Turkey Beer	mid-single digit decline (previously: low-single digit decline)	
Russia	grow by high-teens	outperforming the market with mid-to-high single digit growth
International Beer	grow by mid-teens	grow by mid-to-high-single digit
Soft Drinks	Slight decline (previously: 1-3% growth)	
Turkey Soft Drinks	Flat to slightly positive	
International Soft Drinks	Low single digit decline (previously: 2% - 4% growth)	
<b>NET SALES REVENUE</b>		
Consolidated	outperform sales volume	
Total Beer	high thirties growth	low thirties
Turkey Beer	Grow by low twenties (previously: high twenties growth driven by price increases and sales mix together with favorable channel mix)	
International Beer	low forties growth	low thirties
Soft Drinks	10-%12 growth (FX neutral) (previously: %16-18% growth on a consolidated basis (FX neutral))	
<b>EBITDA MARGIN</b>		
Consolidated	Flat	
Total Beer	flat due to the decline in Turkey beer despite y-o-y higher margin in Russia We reiterate our initial EBITDA margin contraction expectation albeit at a faster rate of decline (revised: decline due to lower volumes and higher procurement prices albeit at a lower pace compared to 1H)	margin expansion higher than reported
Turkey Beer		
International Beer	Improve - mainly attributable to Russian operations where synergies expected to be captured in line w/ initial guidance	
Soft Drinks	slight improvement	
FCF	continue to deliver strong FCF in both beer and soft drinks	
CAPEX	as a percentage of sales high single digits on a consolidated basis	

# FX Rates



		9M2018	9M2019	Δ%
USD/TL	AVG	4.60	5.63	22.4%
	PE	5.99	5.66	-5.5%
EUR/TL	AVG	5.47	6.33	15.6%
	PE	6.95	6.18	-11.0%
TL/RUB	AVG	13.35	11.55	-13.5%
	PE	10.95	11.38	4.0%
TL/KZT	AVG	73.10	67.72	-7.4%
	PE	60.61	68.50	13.0%
TL/UAH	AVG	5.86	4.68	-20.1%
	PE	4.72	4.26	-9.9%
TL/MDL	AVG	3.63	3.13	-13.8%
	PE	2.82	3.13	11.3%
TL/GEL	AVG	0.54	0.49	-8.8%
	PE	0.44	0.52	19.6%