ANNUAL REPORT 2017

ANADOLU EFES

CONTENTS

ABOUT ANADOLU EFES

WE'RE WORLD'S 15TH, EUROPE'S 5TH LARGEST BREWER.

CCI IS THE 6TH LARGEST BOTTLER IN THE COCA-COLA SYSTEM.

ANADOLU EFES IN BRIEF

A strong and respected member of the Anadolu Group.

Established in 1950 by Yazıcı and Özilhan families, the Anadolu Group carries its existence to the future in the light of its vision of becoming a "Star that connects Anatolia to the World and the World to Anatolia". The Group operates in 19 countries, with almost 80 companies, 59 manufacturing facilities and over 50 thousand employees.

Anadolu Group, acting in accordance with the mission to be a multinational and entrepreneurial group, hit the road to offer always the better to the people of Anatolia. The Group continues to add value within the operating geography thanks to the partnerships established with leading brands in the world and the cooperation with multinational companies.

Focused on its operations in beverages, automotive, retail sectors with brands respected on a global scale, Anadolu Group's business fields are expanding with the investments undertaken in the sectors of agriculture, real estate, energy and health in recent years.

Within the framework of social responsibility concept; Anadolu Group continues, with a sensitive approach, to contribute to the society in the areas of education, health and sports through Anadolu Foundation, Anadolu Health Center and Anadolu Efes Sports Club.

ANADOLU EFES REACHES A POPULATION OF OVER 690 MILLION WITH BRANDS IN ITS PORTFOLIO.

Anadolu Efes started its journey in 1969 with two breweries established in İstanbul and İzmir. Becoming the market leader shortly, Anadolu Efes contributed to the development of the market by cultivating the beer culture in Turkey. As the largest brewer in Turkey, Anadolu Efes introduced many "firsts" to the consumers. The company took an important step by expanding abroad in 1990s. Regarding the international operations, Anadolu Efes took another important step aimed at commercial sustainability in the global market in 2012 and formed a strategic alliance with SABMiller Plc ("SABMiller"). In 2016, following the acquisition of SABMiller by Anheuser-Busch InBev ("AB InBev"), world's largest brewer, AB InBev became the holder of 24% stake in Anadolu Efes.

Anadolu Efes runs its international beer operations through Efes Breweries International NV ("EBI"), its 100% subsidiary based in Netherlands. Anadolu Efes is also the main shareholder of Coca-Cola İçecek A.Ş. ("CCI"), which runs Coca-Cola operations in Turkey and abroad.

Making about three-fourth of its beer sales in international markets, Anadolu Efes is Europe's 5th and the world's 15th largest brewer by sales volume. The company serves a population of over 690 million with beer and soft drinks brands in its portfolio. With 14 breweries, 5 malteries, 1 hops processing facility and 1 preform plant in 6 countries, and 25 bottling plants in 10 countries, including Turkey among others, Anadolu Efes is operating as one of the most important players in its region. The company ships its products to more than 70 countries.

The leader of its industry with its strong vision and a dynamic and modern structure, Anadolu Efes is supporting, with a pioneering and innovative approach, its corporate competency built up in the last 48 years since the foundation. Establishing economic and social sustainability by creating synergy and its knowledge, Anadolu Efes aims to bring its brands together with future generations.

CAPITAL AND SHAREHOLDER STRUCTURE

As one of the largest listed companies by market capitalization on Borsa İstanbul ("BIST"), Anadolu Efes' shares received above-average attention by the international institutional investors since the shares began trading in 2000. At the same time, in terms of foreign ownership in free float, Anadolu Efes has one of the highest shares.

In 2017, the shareholder structure changed as shown below after Yazıcılar Holding A.Ş. took over Anadolu Endüstri Holding A.Ş. and Özilhan Sınai Yatırım A.Ş., which was followed, by a name change to AG Anadolu Grubu Holding A.Ş.

Company's capital is comprised of 592,105,263 shares each with a nominal value of 1 (one) TRL. 142,105,263 of the shares are registered to and owned by AB InBev Harmony Limited, while 450,000,000 of the shares are bearer shares.

Thanks to the Level 1 American Depository Receipts ("ADR") program (AEBZY/Cusip No: 032523201), Anadolu Efes shares may be bought and sold by private investors as well as by international institutional investors in over-the-counter markets.

31 December 2017	Share Amount (TRL)	Share Ratio (%)
AG Anadolu Grubu Holding A.Ş.	254,891.157	43.05
AB InBev Harmony Ltd.	142,105.263	24.00
Publicly-traded and other	195,108.843	32.95
Total issued capital	592,105.263	100.00

Registered capital ceiling	900,000.000
BIST Symbol	AEFES.IS

1 January - 31 December 2017	Lowest	Highest	Average	30.12.2016	29.12.2017	Change (%)
Closing Price* (TRL)	17.43	24.60	21.16	17.43	24.20	38.9
Market Value (TRL Million)	10,318.0	14,565.8	12,530.1	10,318.0	14,328.9	
BIST-100 (TRL)	76,143.6	115,333.0	98,884.4	78,138.7	115,333.0	47.6

* Adjusted

ANADOLU EFES SUBSIDIARIES

Anadolu Efes operates with 14 breweries, 5 malteries, 1 hops processing facility and 1 preform plant in 6 countries, and with 25 bottling plants in 10 countries.

TURKEY BEER OPERATIONS

ANADOLU EFES BİRACILIK VE MALT SAN. A.Ş.

100.0%
Efes Pazarlama ve Dağıtım Tic. A.Ş. Turkey

33.3%
Anadolu Etap Tarım ve Gıda Ürünleri Sanayi ve Ticaret A.Ş., Turkey

INTERNATIONAL BEER OPERATIONS

100.0%
EFES BREWERIES INTERNATIONAL N.V.

100.0%
Moscow Efes Brewery, Russia

100.0%
Efes Kazakhstan Brewery, Kazakhstan

99.9%
PJSC Efes Ukraine Brewery, Ukraine

100.0%
JSC Lomisi, Georgia

96.9%
Efes Vitanta Moldova Brewery S.A., Moldova

100.0%
Efes Trade BY FLLC, Belarus

AS ONE OF THE TOP LEADERS IN THE INDUSTRY, ANADOLU EFES ADDS VALUE TO TURKEY.

SOFT DRINK OPERATIONS

50.3%
COCA-COLA İÇECEK A.Ş.*

100.0%
Coca-Cola Satış Dağıtım A.Ş. (CCSD), Turkey

100.0%
Mahmudiye Kaynak Suyu Ltd. Şti., Turkey

100.0%
J.V. Coca-Cola Almaty Bottlers LLP, Kazakistan

100.0%
Coca-Cola Beverages Tajikistan LLC, Tajikistan

99.9%
Azerbaijan Coca-Cola Bottlers LLC, Azerbaijan

59.5%
Turkmenistan Coca-Cola Bottlers Ltd., Turkmenistan

100.0%
Coca-Cola Bishkek Bottlers CJSC, Kyrgyzstan

49.7%
Coca-Cola Beverages Pakistan Ltd., Pakistan

90.0%
The Coca-Cola Bottling Company of Jordan Ltd., Jordan

50.0%
Syrian Soft Drink Sales and Distribution LLC, Syria

80.0%
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics and Plastic Caps Production LLC, Iraq

100.0%
CC Company for Beverages Industry Limited, Iraq

* Direct and indirect shareholding.

MILESTONES

1969

The first beer production started with two facilities under the brand name of "Efes Pilsen"

1970 1980 1990

One hops processing facility, two malteries, and two new breweries established.

1986

Efes Pazarlama was established to conduct sales, distribution, and marketing operations in Turkey. Production of the first canned beer in Turkey.

2000

The group's four publicly traded beer and malt companies merged under "Anadolu Efes". Started brewing "Miller Genuine Draft (MGD)", under licence in Istanbul.

2002

Signed a license agreement with Interbrew for the production, marketing and distribution of "Beck's" brand in Turkey.

Level-1 American Depositary Receipts ("ADRS") of Anadolu Efes started trading.

2003

Started operating in Moldovian beer market after the acquisition of Vitanta Intravest S.A. Brewery.

Started production in 2 new breweries in Russia and 1 new brewery in Kazakhstan.

2010

Started licensed production of "Efes Pilsener" brand in Germany to be sold by Efes Deutschland GMBH, 100% subsidiary of Anadolu Efes.

2011

SABMiller and Anadolu Efes signed a strategic alliance agreement.

2012

Anadolu Efes acquired SABMiller's beer operations in Russia and Ukraine.

ON THE WAY TO BECOME AN INTERNATIONAL BEVERAGE COMPANY

1996

Efes Breweries International N.V. was founded.
Started operations in the Kazakhstan beer market after the acquisition of Karagandi Brewery.

1998

Acquired the assets and the “Marmara” brand of Toros Biracılık.

1999

Started production in Russia at the first modern brewery established in Moscow and launched the “Stary Melnik” brand.

2005

Introduced the first draft beer in a keg-shaped bottle in the world.

2006

Acquired Krasny Vostok Brewing Group, then seventh largest brewer, in Russia.

2008

Started operations in the Georgian beer market after acquiring 100% of Lomisi ltd., the leading brewer in Georgia.

2016

AB InBev became the new shareholder of Anadolu Efes after acquiring SABMiller.

2017

Anadolu Efes and AB InBev signed a non-binding agreement for combining their Russian and Ukrainian beer operations.

MILESTONES

1986

First ever production of sparkling beverages in pet bottles in Turkey.

1987

First ever production of sparkling beverages in aluminum cans in Turkey.

1993

Efes Sinai Yatirim Holding was founded to make bottling investments in the CIS region.

2002

Coca-Cola Turkey bottling operation was restructured to become a production company, which is the owner of its sales and marketing company. New company's name was changed to Coca-Cola İçecek A.Ş. (CCI).

2005

Anadolu Efes reorganized all the soft drink operations under the roof of CCI. Coca-Cola operations in Jordan was acquired.

2006

Started water production after the acquisition of Mahmudiye LTD., a producer of natural spring water CCI shares began trading on BIST.

2017

10^{th} plant in Turkey started production in Isparta.

1995

Coca-Cola bottling operations commenced in Kazakhstan.

1996-1998

Bottling plants were established in Kyrgyzstan, Azerbaijan, and Turkmenistan.

Anadolu Group invested in 80% of Coca-Cola operations in Turkey following the acquisition of 33% of Coca-Cola Bottling and Marketing Companies' shares from The Coca-Cola Company.

2008

Started operations in Pakistan.

2012

Started operations in Southern Iraq market after an acquisition.

2015

Dushanbe (Tajikistan), Astana (Kazakhstan) and Multan (Pakistan) facilities started production.

GROWING STEPS OF COCA-COLA

OUR REGIONAL FOOTPRINT

Breweries in 6 Countries
Soft Drink Plants in 10 Countries
Population of over 690 Million
46 Facilities

RUSSIA

Population: 146,8 Million [1]
6 Breweries
20,0 mhl Brewing Capacity
3 Malteries
110 Thousand Ton Malt Production Capacity
1 Preform Production Facility
Per Capita Consumption: 52 liters [4]
15% Market Share [3]
Market Position: Second [3]

AZERBAIJAN

Population: 9,8 Million[1]
Per Capita Consumption: 6 Liters [4]
1 Soft Drink Facility
75% Market Share [8]
Market Leader [8]

TURKEY

Population: 80,8 Million [1]
3 Breweries
7,6 mhl Brewing Capacity
2 Malteries
118 Thousand Ton Malt Production Capacity
1 Hop Processing Facility
Per Capita Consumption: 11 Liters [2]
61% Market Share [3]
Market Leader [3]
10 Soft Drink Facilities
63% Market Share [3]
Market Leader [3]

BELARUS [5]

Population: 9,5 Million [1]
Per Capita Consumption: 45 Liters [4]

GERMANY [6]

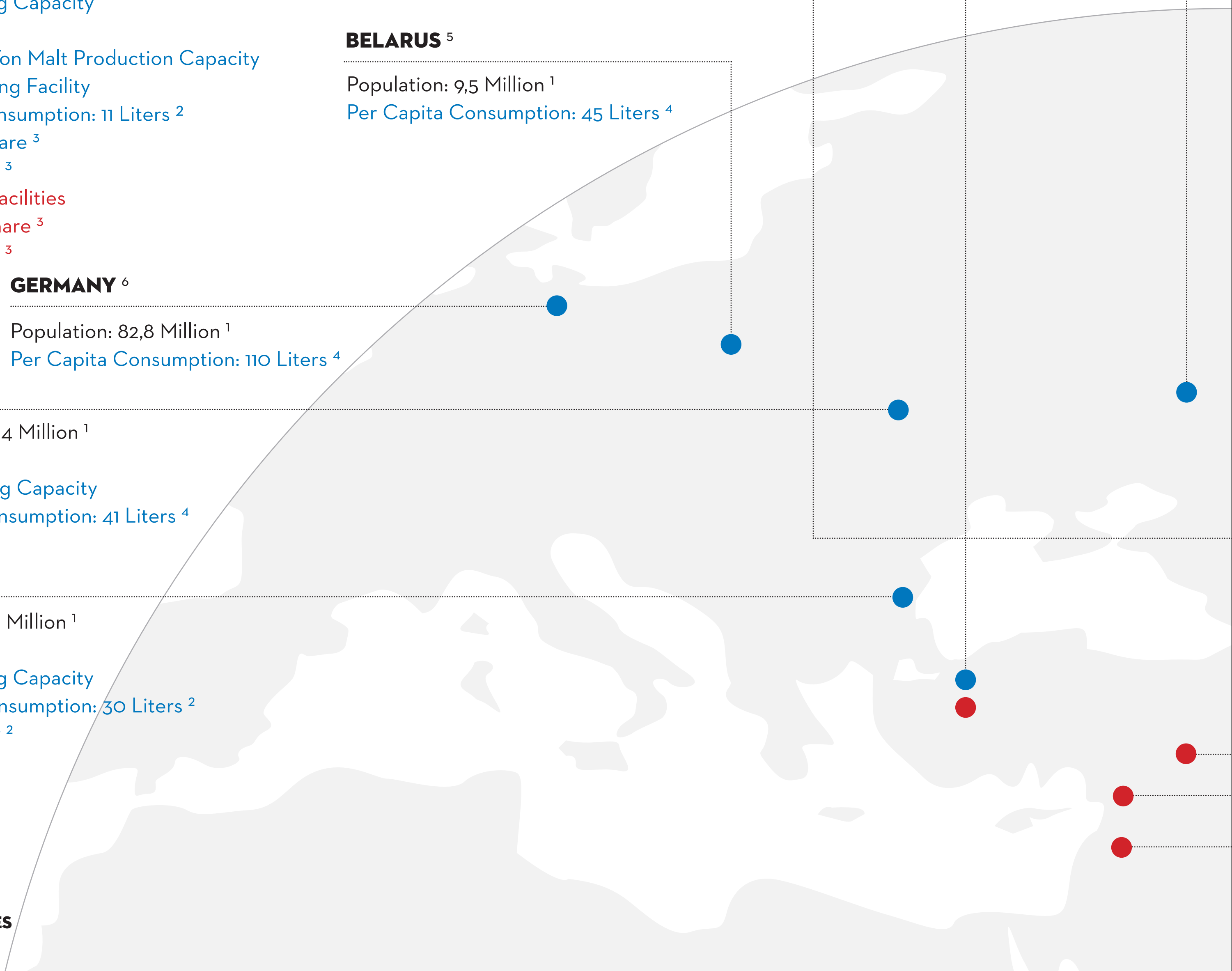
Population: 82,8 Million [1]
Per Capita Consumption: 110 Liters [4]

UKRAINE

Population: 42,4 Million [1]
1 Brewery
3,2 mhl Brewing Capacity
Per Capita Consumption: 41 Liters [4]

MOLDOVA

Population: 3,6 Million [1]
1 Brewery
1,3 mhl Brewing Capacity
Per Capita Consumption: 30 Liters [2]
Market Leader [2]



[1] National Statistic Offices, 2017 (Pakistan: 2016); United Nations, 2017 [2] AEFES estimate [3] Nielsen, January-December 2017 [4] Euromonitor [5] Other than the exports by Efes Beer Group to the whole world, Anadolu Efes has organizations (either directly owned or through the controlling companies) in Belarus and Azerbaijan that carry out and/or coordinate the marketing, sales and distribution of group products. [6] "Efes Pilsener" brand is being produced on a contract basis by Gilde Brauerei GmbH to be sold by Efes Deutschland Gmbh, a 100% subsidiary of Anadolu Efes established in Germany. [7] CCI estimate [8] Ipsos Retail Audit, (Turkmenistan: January-October 2017) [9] Gamma Retail Audit [10] Retail Zoom

GEORGIA

Population: 3,7 Million [1]
1 Brewery
1,0 mhl Brewing Capacity
Per Capita Consumption: 23 Liters [4]
Market Leader [9]

TURKMENISTAN

Population: 5,8 Million [1]
1 Soft Drink Facility
61% Market Share [8]
Market Leader [8]

KAZAKHSTAN

Population: 18,2 Million [1]
2 Breweries
2,5 mhl Brewing Capacity
Per Capita Consumption: 29 Liters [4]
54% Market Share [3]
Market Leader [3]
2 Soft Drink Facilities
49% Market Share [3]
Market Leader [3]

JORDAN

Population: 10,1 Million [1]
1 Soft Drink Facility
Market Position: Second [7]

TAJIKISTAN

Population: 8,9 Million [1]
1 Soft Drink Facility

SYRIA

Population: 18,3 Million [1]
Soft Drink

KYRGYZSTAN

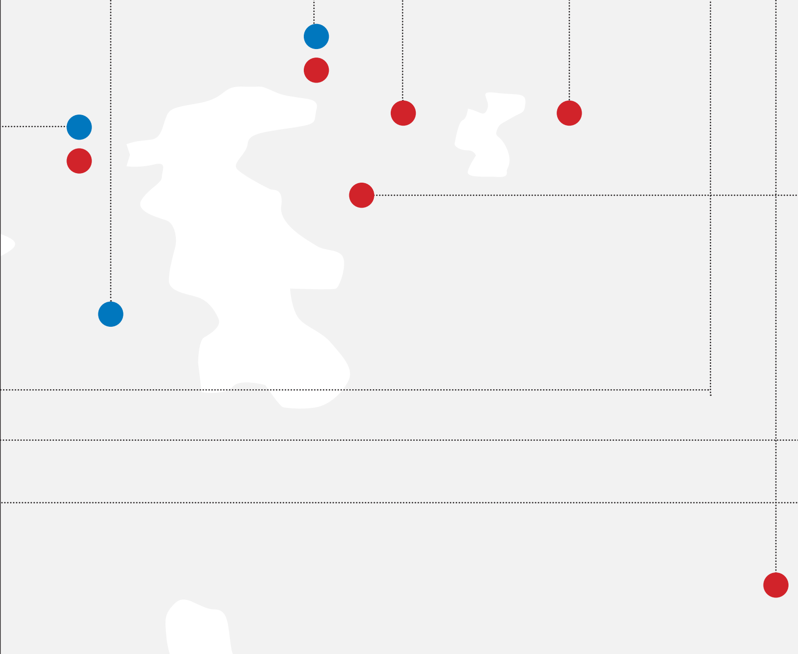
Population: 6,1 Million[1]
1 Soft Drink Facility
68% Market Share [8]
Market Leader [8]

IRAQ

Population: 38,3 Million [1]
3 Soft Drink Facilities
Market Position Second [10]

PAKISTAN

Population: 207,7 Million [1]
5 Soft Drink Facilities
37% Market Share [3]
Market Position: Second [3]



MAIN INDICATORS

Income Statement Items[1]	2017	2016	% Change
Beer Sales Volume (m hectoliters)[2]	21.1	19.9	5.6%
Soft Drink Sales Volume (m unit case)[3]	1,237	1,189	4.1%
Net Sales TRL (000)	12,946,918	10,420,257	24.2%
Net Sales Per litre TRL	1.42	1.19	18.9%
Profit from Operations TRL (000)	1,251,949	939,940	33.2%
Operating Profit Margin (%)	9.7%	9.0%	
Depreciation and Amortization TRL (000)	931,979	790,670	17.9%
Net Income[4] TRL (000)	149,420	-70,795	n.m.
Net Income[4] Margin (%)	1.2%	-0.7%	
EBITDA[5] TRL (000)	2,212,876	1,768,747	25.1%
EBITDA[5] Per litre TRL	0.24	0.20	19.7%
EBITDA[5] Margin (%)	17.1%	17.0%	
Free Cash Flow TRL (000)	1,314,885	1,030,406	

ANADOLU EFES DELIVERED A STRONG SET OF RESULTS IN 2017, WITH CONTRIBUTIONS OF BOTH BEER AND SOFT DRINK OPERATIONS WITH GROWTH IN SALES VOLUME, REVENUE AND STRONG FREE CASH FLOW GENERATION.

Balance Sheet Items	2017	2016	% Change
Cash, Cash Equivalents and Marketable Securities TRL (000)	5,498,210	2,756,300	99.5%
Total Assets (000 TRL)	29,690,905	25,628,559	15.9%
Equity Attributable to Equity Holders of the Parent TRL (000)	9,972,973	9,262,501	7.7%
Total Financial Debt (Including Lease Obligations) TRL (000)	8,509,490	6,183,273	37.6%
Net Financial Debt/EQUITY	0.3X	0.4X	
Net Financial Debt/EBITDA	1.4X	1.9X	
Capital Expenditure (Gross)[6] TRL (000)	836,631	761,147	9.9%
Number of Shares	592,105,263	592,105,263	
Earnings per Share[7]	0.2524	(0.1196)	n.m.
Average Number of Employees	14,188	15,724	-9.8%

"Note 1: According to the agreement signed about the management of Coca-Cola İçecek A.Ş. ("CCI") as of January 1, 2013 Anadolu Efes started to fully consolidate CCI whose financial results had been proportionally consolidated until December 31, 2012."

Note 2: 1 hectoliter = 100 liters.

Note 3: 1 unit case = 5,678 liters.

Note 4: Parent company shares.

Note 5: EBITDA: Earnings before interest, tax, depreciation, and amortization are calculated by adding or subtracting depreciation and other relevant non-cash items to or from profit from operations.

Note 6: Acquisitions excluded

Note 7: Earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

BEER GROUP

WE ARE THE REAL BRAND OF OUR INDUSTRY WITH OUR STRONG VISION, AND DYNAMIC AND MODERN STRUCTURE.

EFES PILSEN WAS AWARDED AS "BRAND OF OF THE YEAR"
AT WORLD BRANDING AWARDS 2017.

BEER GROUP

OUR VISION

To be the most admired beverage company in our markets.

OUR MISSION

To bring people together to share moments of life by enjoying our brands responsibly.

Efes Pilsen... The first brand of Anadolu Efes, which started its operations by beer production back in 1969 in two breweries with a production capacity of 300 thousand hectoliters. In a short time became the first brand that comes to mind, Efes Pilsen is one of the highly preferred brands by consumers with its high quality and constant taste. Leading the industry for almost half a century; years of experience, a dynamic corporate culture with an agile decision-making that enables taking appropriate measures in changing market conditions as well as keeping a close eye on consumers lie behind the success of Anadolu Efes.

The company expands its product range by listening to its customers and closely monitoring their wishes and preferences. A pioneer in execution in the sector, Anadolu Efes has a strong sales network across Turkey with its efficient marketing strategies. Anadolu Efes continously makes investments in order to increase its brand value.

MOVING WITH A STRATEGY TO BECOME A REGIONAL POWER

Anadolu Efes continues its operations as part of its strategy to become a regional power while further penetrating the Turkish market.

Started its international beer operations with exports, Anadolu Efes commenced its first operations abroad in the late 1990s in Russia and Kazakhstan by prioritizing culturally and geographically close markets. Followed by beer operations in Moldova, Georgia and Ukraine, the number of countries in which the company runs beer operations went up to six.

Grew by using investment opportunities available in the markets it enters, Anadolu Efes continues its studies to minimize the impact of the challenge by capitalizing on its competitive advantage and years of experience and competitive advantage in these regions with a potential to grow.

Behind the success of Anadolu Efes underlies its studies towards quickly offering products that fit for customer demands, an effective and extensive distribution network, a pricing policy supporting operational profitability, an effective customer communication targeting to raise brand awareness and an effort to seek a more flexible and efficient organizational structure.

With approximately 60 beer brands in its portfolio, Anadolu Efes has an annual production capacity of 35.6 million hectoliters of beer and 228 thousand tons of malt as of 2017 year-end.

Running its operations by keeping entrepreneurship, foresight, motivation and its big potential with room further for development at the forefront, Anadolu Efes will continue its studies on maintaining its strong position by focusing on sustainability.

WITH APPROXIMATELY **60 BEER BRANDS** IN ITS PORTFOLIO, ANADOLU EFES HAS AN ANNUAL PRODUCTION CAPACITY OF 35.6 MILLION HECTOLITERS OF BEER AND 228 THOUSAND TONS OF MALT AS OF 2017 YEAR-END.

TURKISH BEER OPERATIONS

EFES TURKEY PRODUCT PORTFOLIO

PREMIUM BRANDS

» ERDINGER
» MILLER GENUINE DRAFT
» DUVEL
» GROLSCH
» AMSTERDAM NAVIGATOR
» EFES BREWMASTER SERIES (WHITE ALE, RED ALE)

MAINSTREAM BRANDS

» EFES PİLSEN
» EFES PASTÖRSÜZ
» EFES LIGHT
» EFES XTRA
» EFES FIÇI
» EFES MALT
» EFES ÖZEL SERİ
» BOMONTİ
» BOMONTİ FİLTRESİZ
» BOMONTİ RED ALE
» KOZEL
» BECK'S

ECONOMY BRANDS

» MARMARA GOLD
» MARMARA 34

Designed by Kaan Bağcı.

Operating with 3 breweries, 2 malteries and 1 hops processing facility in Turkey, Anadolu Efes is the largest brewer of the country. The company has an annual total production capacity of 7.6 mhl of beer and 118 thousand tons of malt in Turkey. In 2017, we estimate that the sales volume of Turkish beer market was around 9.0 mhl, per capita consumption was 11 litres while the beer market was flat compared to 2016.

2017 started rough for the Turkish beer market with excise tax increases and concerns over security issues. Although Turkish economy recorded a significant growth in 2017, the industry remained under pressure during the year due to the continued deterioration in consumer confidence and lower than expected tourism activity. Inflation pressures triggered by the recent volatility in exchange rates intensified affordability issues.

Anadolu Efes tried to respond to the challenges the industry faced in the most powerful way by refreshing its strategy in Turkey operations. The relaunch of "Efes" brand was done with a great event organized in July as freshness and quality formed the essence of our portfolio strategy. The decrease in the shelf life from 1 year to 6 months was found very innovative and revolutionary. Despite the ongoing tough competition throughout the year, domestic sales volumes recorded growth in the last two quarters thanks to the successful executions following the relaunch. Our new taste, new packaging and new brand images drew great attention. Although it is too soon to fully evaluate the outcomes of our refreshed strategy, we believe we will see it justified in the upcoming period.

Another important indication of our branding studies was the "Global Beer Brand" award, which was granted to "Efes Pilsen" at World Branding Awards, one of the most prestigious brand awards in the world.

By investing in our brands, best market executions without compromising efficiency, and our sustainable and robust relationship with our shareholders continued to be the founding pillars of our strategy which was refreshed with the relaunch. In 2017, total domestic sales volume of our Turkey beer operations was 5.8 mhl. Net sales revenue increased by 10.4% to reach TRL 1.6 billion supported by price increases.

COMPETITIVE ADVANTAGE SECURED BY THE MOST INNOVATIVE STEPS

Targeting a systematic, efficient, profitable and sustainable growth in Turkey as well as international markets and in all business segments it operates, Anadolu Efes implemented its business plans accordingly also in 2017 with the right strategies. Through its efficient and dynamic structure with the flexibility to respond quickly to the needs of the market, Anadolu Efes combines its effective and agile decision-making processes with its deep-rooted experience. Anadolu Efes continued to take the most innovative steps in 2017.

In addition to its multi-brand strategy, Anadolu Efes maintained the positive contribution of different SKU alternatives offered to consumers in 2017, as well.

Creating competitive advantage through continuous innovations in terms of product development and business concept, Anadolu Efes went on to take measures to improve processes in a simpler, faster and cost-conscious manner.

INTERNATIONAL BEER OPERATIONS

RUSSIA BRAND PORTFOLIO

HIGH PREMIUM BRANDS

- REDD'S
- PERONI

MID PREMIUM BRANDS

- GROLSCH
- PILSNER URQUELL
- MILLER GENUINE DRAFT
- AMBERWEISS

LOW PREMIUM BRANDS

- V. KOZEL
- ESSA
- AMSTERDAM NAVIGATOR

HIGH UPPER MAINSTREAM BRANDS

- ZOLOTAYA BOCHKA
- BAVARIA
- STARY MELNIK IZ BOCHONKA
- EFES PILSENER
- 387
- TVERDY ZNAK

LOW UPPER MAINSTREAM BRANDS

- STARY MELNIK MAIN

LOWER MAINSTREAM BRANDS

- BELIY MEDVED
- GOLD MINE BEER
- ZHIGULEVSKOE
- MOYA KALUGA
- STUDENOE
- RYTSAR PRIMORYA
- GREEN BEER
- 54
- SIMBIRSKOE
- YANTARNOE
- DUSHISTII KHMEL
- EL&KHMEL
- KHMELNAYA STOLITSA
- SUDOKU
- TRI SHURUPA
- VOLZHSKAYA VOLNIZA

Anadolu Efes conducts its international beer operations through EBI, a wholly owned subsidiary that was established in the Netherlands in 1996. Operating in Russia, Kazakhstan, Moldova, Georgia and Ukraine, EBI has eleven breweries with an annual total capacity of 28.0 mhl and three malteries with annual total capacity of 110 thousand tons.

EBI's sales volume increased by 9.3% to 15.2 mhl in 2017 compared to the previous year thanks to the strong performance of international operations. Together with the strong performance of Russian beer operations outperforming the market in 2017, and positive contribution of other EBI operations helped to achieve this result. The growth in revenues exceeded volume growth by price increases and positive impact from currency translation. Net sales revenue was at TRL 2,806.8 million in 2017, implying an increase of 47.5% against 2016. Higher volumes brought economies of scale to ensure a decrease in per unit costs. Additionally, effective management of operational costs resulted in improved operational profitability versus last year. Market trends in this period are closely monitored as the changes in consumer preferences are observed with attention.

MARKET WITH THE LARGEST SHARE IN SALES VOLUME

Anadolu Efes started its Russian operations, the largest within beer segment in terms of sales volume, with the start of production in Moscow-Efes Brewery ("MEB") in 1999. The position in the Russian market was further solidified through the acquisition of Krasny Vostok Brewing Group, the then 7th largest player in the market back in 2006, which was followed by the alliance with SABMiller in 2012. Becoming our new shareholder after acquiring SABMiller in 2016, we sought to form a partnership with AB InBev operating in the Russian and Ukrainian markets in an effort to draw maximum benefit out of this partnership and the parties continue to work on the binding agreements.

Carrying out its operations with six breweries and three malt production facilities in Russia, Anadolu Efes has an annual total production capacity of 20.0 mhl of beer and 110 thousand tons of malt.

GROWTH MOMENTUM MAINTAINED IN 2017

Contracted by more than 25% since 2010 because of regulations and excise tax increases, the Russian beer market is estimated to have contracted by mid-single digits in 2017 due to the restrictions on the size of PET bottles as well as unfavorable weather conditions particularly in the high season. The contraction is partly mitigated by the growth in the relatively new Draft-In-Off-Trade ("DIOT") segment in which we captured our fair share. Euromonitor estimates the size of the Russian beer market in 2017 at 74 mhl with a per capita consumption of 52 litres.

We managed to gain market share by increasing our penetration in line with the growth trend in the modern trade channel as a result of monitoring the market dynamics closely. As always, our lead in the premium segment is maintained while we performed stronger in the mainstream segment. Consequently, Anadolu Efes continued to grow strong in 2017 despite the contraction in the market and strong base effect. New launches and various projects underpinned the powerful performance of our brands, which are supported by successful market executions. Our market share reached 15.0% by sales volume and 15.2% by value in 2017, according to Nielsen data.

KAZAKHSTAN

EFES KAZAKHSTAN BRAND PORTFOLIO

SUPER PREMIUM BRANDS

» MILLER GENUINE DRAFT
» GROLSCH
» PILSNER URQUELL

PREMIUM BRANDS

» BAVARIA HOLLAND
» BAVARIA MALT
» AMSTERDAM NAVIGATOR
» VEL. KOZEL SVETLY
» VEL. KOZEL CHERNY
» EFES PILSENER
» STARY MELNIK IZ BOCHONKA
» 3 NEDELI ZHIVOE

MAINSTREAM BRANDS

» KRUZHKA SVEZHEGO LAGER
» KRUZHKA SVEZHEGO MILD
» KRUZHKA SVEZHEGO BELOE
» BELY MEDVED LAGER
» BELY MEDVED MILD
» BELY MEDVED OSOBOE
» BELY MEDVED V ROZLIV
» BELY MEDVED STRONG
» KARAGANDINSKOE LAGER
» KARAGANDINSKOE STRONG
» ZHIGULEVSKOE LAGER
» ZHIGULEVSKOE STRONG
» SLAVNA PIVNICE

DISCOUNT BRANDS

» BOCHKOVOE
» BREMEN
» 13 REGION
» PAVLODARSKAYA LEGENDA

LEADING THE MARKET WITH 54% SHARE IN KAZAKHSTAN

Kazakhstan is EBI's largest and the most important market following Russia.

Anadolu Efes entered the Kazakhstan market through the acquisition of a brewery in Karaganda in 1996 from privatization and continued its operations by opening a new brewery in Almaty in 2003.

According to Euromonitor 2017 data, Kazakhstan beer market is estimated at 5.1 million hectoliters and per capita beer consumption at 29 liters. Despite the 50% increase in excise taxes in 2017, Kazakhstan beer market is estimated to have grown low-to-mid single digits vs. last year by improved consumer confidence, albeit limited, thanks to the recovery in macro and fading effects of devaluations in Tenge.

Anadolu Efes led the Kazakhstan market in 2017 with 54% volume share, according to Nielsen data. We observed the preferences of consumers, closely, in terms of packaging and channels also in 2017. SMIB Mild was offered to consumers as a new premium alternative leading to a strong performance in the segment while Slavna Pivnice continued to grow strong thanks to increased visibility with successful executions in sales points.

GEORGIA

EFES GEORGIA BRAND PORTFOLIO

PREMIUM BRANDS

- EFES PILSENER

HIGH MAINSTREAM BRANDS

- KOZEL
- OETTINGER
- HERRENHAUSER LIGHT
- KAISER

MAINSTREAM BRANDS

- NATAKHTARI
- NATAKHTARI LIGHT
- NATAKHTARI EXTRA
- KARVA
- KASRIS
- 3D

WE REACHED OUT TO CONSUMERS WITH NEW LAUNCHES IN GEORGIA

Anadolu Efes commenced operations in Georgia by acquiring the leading brewer Lomisi in 2008. The Georgian beer market is estimated at 0.9 million hectoliters and per capita consumption at 23 liters in 2017, according to Euromonitor data. We estimate a low-to-mid single digit contraction in 2017 vs. last year in Georgian beer market, however, Anadolu Efes outperformed the market despite tougher competition.

Anadolu Efes continued to maintain its leading position in the Georgian beer market in 2017 with 52% volume share, according to Gamma data. Karva brand consolidated our position in the mainstream segment while significant growth was achieved in high-alcohol beer. Staropramen and Natakhtari Light offered to consumers with new launches during the year. The success of the campaign for Natakhtari Light brand was awarded with many international prizes as the international recognition of Nataktari Light continued increasingly in 2017.

MOLDOVA

EFES MOLDOVA BRAND PORTFOLIO

SUPER PREMIUM BRANDS

- GROLSCH
- MILLER GENUINE DRAFT
- PILSNER URQUELL
- CHISINAU RADLER
- EFES
- KOZEL
- STARYI MELNIK
- URSUS
- BAVARIA

PREMIUM BRANDS

- TIMISOREANA

UPPER MAINSTREAM BRANDS

- OETTINGER
- CHISINAU

MAINSTREAM BRANDS

- JIGULEOVSCOE BOCIKOVOE
- BELYI MEDVED

DISCOUNT BRANDS

- CAMARAD

LEADER IN EVERY SEGMENT IN MOLDOVA

Anadolu Efes has been in Moldova beer market since the acquisition of Vitanta Intravest S.A. brewery in Chisinau. Anadolu Efes maintained leadership in Moldova, where a slight recovery was observed in the beer market despite the ongoing uncertainty in the financial and political environment. Moldova beer market grew mid-single digits with per capita beer consumption at 42 litres, according to our estimates. Our portfolio with a wide range of brands and products together with various programs developed for increasing consumer engagement supported sales volumes. Especially in the premium segment, Timisoreana maintained a strong growth while the portfolio was renewed in the upper mainstream segment with Oettinger. Anadolu Efes, continued to lead all segments in 2017 with 62% market share, according to our estimates.

OPERATING IN RUSSIA, KAZAKHSTAN, MOLDOVA AND GEORGIA, ANADOLU EFES CONTINUED TO GROW IN INTERNATIONAL MARKETS IN 2017 DESPITE CHALLENGES IN GLOBAL ECONOMY.

SOFT DRINK GROUP

ANADOLU EFES' 2025 VISION IN SOFT DRINKS OPERATIONS:

BE THE BEST FAST MOVING CONSUMER GOODS COMPANY ACROSS OUR MARKETS

CCI'S PRODUCTS TODAY REACH OUT TO NEARLY 400 MILLION CONSUMERS.

SOFT DRINKS GROUP

CCI IS ONE OF THE LEADING COMPANIES IN THE SECTOR WITH 25 BOTTLING PLANTS AND ALMOST 9 THOUSAND EMPLOYEES IN 10 COUNTRIES.

4.1% INCREASE IN THE SALES VOLUME OF SOFT DRINK OPERATIONS

Efes Sınai Yatırım Holding A.Ş. ("Efes Sınai"), was set up in 1993 to undertake Coca-Cola bottling investments in international markets. Initially started in Kazakhstan, Kyrgyzstan, and Azerbaijan, international soft drinks operations merged in 2006 with Coca Cola İçecek A.Ş. ("CCI"), of which initially 33% was acquired in 1996 in Turkey and later joined by different bottling and marketing companies in subsequent years. The operations were after reorganized to become the CCI today. Anadolu Efes runs soft drink operations in Turkey and abroad through CCI, a 50.3% subsidiary. Producing, marketing and selling the sparkling and still beverages within the brand portfolio of The Coca-Cola Company ("TCCC"), CCI is the sixth largest bottler in the Coca-Cola system by sales volume.

CCI carries out its operations through 25 facilities and almost 9 thousand employees in Turkey, Pakistan, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria and Tajikistan. The rich product portfolio of CCI, consisting of sparkling beverages and still beverages such as fruit juice, water, energy and sport drinks, iced tea and non-ready-to-drink tea, reaches out to nearly 400 million consumers.

Having 50% share in consolidated sales volume, Turkey operations recorded the highest growth in the last 5 years with 3.3%. Consolidated sales volume increased by 4.1% in 2017.

The sales volume of international operations increased by 4.9% by the growth in Kazakhstan, Pakistan, Azerbaijan and Iraq operations. Pakistan managed to grow sales volumes by 3.5% despite the strong base of previous year and the strategy towards growing volumes without eroding value. Central Asia operations grew sales volumes by 7.0% thanks to the successful performance of Kazakhstan and Azerbaijan. Kazakhstan, in particular, reported the highest volume growth so far with 17.5% with the improvement in market executions, consumer activites and macroeconomy. Across the Middle East, sales volumes grew by 5.5% by positive contributions of Iraq and Jordan. Consolidated net sales revenues increased by 20.9% owing to the double-digit revenue growth in Turkey and positive currency translation effect from international operations. Operational profitability of international operations was parallel to the previous year while increased profitability and the decrease in operational expenses as percentage of sales in Turkey operations contributed positively to consolidated EBITDA margin.

Focusing on profitable volume growth driven by financial discipline, strong position in the markets and successful management, CCI is on its way to achieve long-run targets.

CCI BRAND PORTFOLIO

SPARKLING BEVERAGE FLAVORS / TYPES

- COCA-COLA
- COCA-COLA ZERO
- COCA-COLA LIGHT
- FANTA (ORANGE, MANDARIN)
- SPRITE (LEMON)
- SCHWEPPES (BITTER LEMON, MANDARIN, TONIC, 100% APPLE, 100% APPLE-POMEGRANATE, 100% APPLE-SOUR CHERRY, LİME, SODA)
- SENSUN

STILL BEVERAGE FLAVORS / TYPES

- BURN (REGULAR, ROYAL, LEMON ICE)
- MONSTER (ENERGY, KHAOS, ASSAULT)
- GLADIATOR
- CAPPY (ORANGE, PURE ORANGE, PEACH, APRICOT, SOUR CHERRY, MIX, PINEAPPLE, ATOM, APPLE, TOMATO, 100% APPLE, 100% APPLE MIX, 100% APPLE-PEACH, 100% APPLE-SOUR CHEERY, PULPY PEACH, PULPY ORANGE, PULPY MANDARIN, PULPY MIX, RAMADAN SCHERBET, LEMONADE)
- FUSE TEA (LEMON, PEACH, MANGO-PINEAPPLE, WATERMELON, MANGO-PAPATYA, CUBE CUBE)
- POWERADE (ICE BLAST, SUN RUSH)
- DAMLA SU
- DAMLA MİNERA (PLAIN SODA, APPLE, LEMON)
- ZICO
- ILLY

MANAGEMENT & CHAIRMAN'S MESSAGE

WE ARE MOVING AHEAD WITH
THE AIM
OF BEING AN EXEMPLARY
BEVERAGE COMPANY
LEADING THE SECTOR,

INSPIRING
THE EMPLOYEES
AND CREATING VALUE
ADDED WITH
EXCELLENCE.

LETTER FROM THE CHAIRMAN

Dear Stakeholders,

As one of the world's leading beverage companies, in 2017, we continued to create value by reaching both our operational and financial targets.

2017 was an eventful year in terms of both political and economic developments. Both in Turkey and on the global markets, we experienced ups and downs in many areas including the economy, politics and financial markets. In 2017, we once again felt the impact of geopolitical risks and political relations on the economy.

Developed countries started 2018 with considerable stability achieved in macroeconomic indicators such as growth, inflation and unemployment rates. The GDP of the U.S. and the Euro zone grew by 2.3 percent each, year-on-year in 2017. The Federal Reserve is strongly expected to continue raising the interest rate in the coming period. Although a more cautious approach was observed across Europe, we see that the European Central Bank may continue its bond purchase program for some time to come; however, they aim to gradually reduce purchases.

The moderate recovery of economic activity continues due to increased confidence in the global economy. After two years of poor indicators, an increase in global growth is expected along with increased production activity, which stimulates trade. The Organization for Economic Co-operation and Development (OECD) stated that the global economy continues to strengthen and expand. In its Global Economic Outlook Report, IMF revised its global growth forecasts upward to 3.6 percent and 3.7 percent for 2017 and 2018, respectively, which is 0.1 percentage point higher than projected in 2016.

From the perspective of emerging markets, 2017 was a good year. The risk appetite remained firm despite headwinds. Of course, economic and political issues specific to certain countries and regions, rising interest rates and the resurgence of the economies of developed countries continued to be a risk factor for developing economies and their currencies.

Thanks to growth measures taken by the government, the Turkish economy achieved a good momentum despite the problems inherited from 2016 and that arose in 2017. In the third quarter of the year, Turkey became the only G20 country to achieve a double-digit growth rate of 11.1 percent. Turkey was followed by China and India with 6.8 percent and 6.3 percent, respectively.

The Turkish lira continued to depreciate against foreign currencies, with a lower pace compared to the previous two years. The USD/TRY rate, which reached its highest level at the beginning of the year, dropped to 3.52, at the 2016 year-end, and continued to drop to below 3.40. However, the Turkish lira still ended the year with depreciation. In addition to the depreciation of the Turkish lira, continued high domestic demand and the rise in energy prices pushed inflation to double digits. We will feel its impact on production costs even more next year.

For 2018, the main risks to the Turkey's economy are going to be the reverberations of global developments, regional issues, inflation and the current account deficit.

WE LEVERAGED OUR EXPERIENCE TO SUCCESSFULLY NAVIGATE MARKET FLUCTUATIONS

Anadolu Efes has a successful record of managing and reducing risk using the experience it has gained over many years in highly volatile markets. In 2017, we took the necessary steps to reduce the risks originating from the financial markets in order to successfully navigate market fluctuations.

2017 was a tough year for the Turkish brewing industry due to tax increases and only a partial recovery in tourism revenues. The inflationary pressures triggered by exchange rate fluctuations put a downward pressure on sales figures.

REFRESHING OUR STRATEGY WITH RELAUNCHES

Our Turkey beer operations has reacted to the market strongly during this period by revisiting its strategy.

We positioned "quality" and "freshness" at the center of our portfolio strategy with the "real beer" relaunch that we carried out in July.

We took an important step in providing both freshness and taste by shortening our product's shelf life from one year to six months. We organized "Better Together" meetings in Trabzon, Samsun, Bursa, Tekirdağ, Adana, Izmir and Denizli in our effort to promote our products in the field. We talked about our "Real Beer" with more than 3,000 customers and we had a chance to chat with them. It made us all very proud to receive positive feedback from our customers in every region from all over the country.

Turkey's first choice since 1969, Efes has touched the hearts of three different generations. As has always been the case, we continue to use the highest quality and the most natural raw materials with the least amount of additives thanks to our well-established quality practices. The basic raw materials of our real beer are the earth, water and the hard work of the Anatolian people.

We grew over the last two quarters of the year in Turkey with our marketing efforts following the relaunches. The investments we make in our brands, the best market practices, our uncompromising dedication to productivity, and our sustainable and robust relationships with our stakeholders continue to be the core elements of our strategy.

"Efes Pilsen" received the "Brand of the Year" award in its category at the World Branding Awards, which is a strong testament to the efficacy of our branding efforts.
At the same time, Tuğrul Ağırbaş, who had assumed important roles in our group for nearly three decades, was appointed as Anadolu Efes Turkey Managing Director. I am fully convinced that he will also do great in his new role and produce great results.

HANDSHAKE FOR GIANT PARTNERSHIP WITH ANHEUSER-BUSCH INBEV

We also took a very important step in Russia, our largest market by sales volume.
After Anheuser-Busch InBev became our new shareholder following its merger with SABMiller in 2016, we signed a non-binding agreement to combine our operations under one management in Russia and Ukraine. The parties continue to work on the binding agreements. Meanwhile, we maintained in 2017 the growth momentum we achieved in Russia since the second half of last year. In 2017, we increased our market share with a sales volume growth well above the beer market At the same time, we have maintained and strenghtened our market leadership in Kazakhstan, Georgia and Moldova.

As a result of these concerted efforts, our total revenues increased by 24 percent to 13 billion Turkish lira. Consolidated EBITDA increased by 26 percent to 2.2 billion Turkish lira.

Thirty-six (36) percent of the total sales revenue of our beer group came from domestic operations while the contribution of our international operations was 64 percent.
Forty-seven (47) percent of the total sales revenues of our soft drink group came from domestic operations and 53 percent from international operations. Thanks to our tight balance sheet management, effective capex policies and our focus on profitability, we recorded a consolidated free cash flow of 1.3 billion Turkish lira in 2017.

Today, Anadolu Efes serves more than 690 million people around the world and continues to be the fifth largest brewer in Europe, the 15th largest brewer in the world and the sixth largest bottler of in the global Coca-Cola system through its subsidiary, Coca-Cola İçecek.

We are delighted to continue to achieve strong results in such a challenging year like 2017. Our company, closely monitored by international rating agencies, has managed to maintain its investment-grade rating thanks to its strong liquidity profile, financial discipline and the ability to generate strong cash flows

SUSTAINABILITY IS KEY

The starting point of the Anadolu Efes Positive Effect Plan that we began to implement in 2011 was to boost the positive impact of our activities by generating a responsible, smart and profitable business model that secures the future of the community. In this respect, we achieved significant progress in the six priority areas we established in our management approach as well as in our social, environmental and economic performance. We identified performance indicators in each of our priority areas.
All indicators of water use, energy and recycling are developed and monitored using GRI Standards. In 2017, we were one of 44 companies listed in the BIST Sustainability Index.

Moreover, we continued to support local development by creating sustainable agriculture and tourism models as part of our social responsibility commitment; we continued to contribute to social development in social areas such as sports, cinema and theater.

ANADOLU GROUP COMPANIES UNDER ONE ROOF

Anadolu Group continues to be one of the most successful enterprises and one that was built with shared wisdom since its establishment in 1950. The three founding companies of the Anadolu Group were brought under the name AG Anadolu Grubu Holding A.Ş. and started to be traded on BIST, with the founding Yazıcı and Özilhan families enjoying equal representation and management rights.

The merger, which was successfully completed on December 26, 2017, aims to increase the profitability, efficiency and productivity of the Anadolu Group and to carry out its activities in a stable, economical and strong manner in order to strengthen institutional and legal management infrastructure, to maximize value creation for all stakeholders and to maintain the legacy of the Anadolu Group for many generations to come.

WE POSITIONED "QUALITY" AND "FRESHNESS" AT THE CENTER OF OUR PORTFOLIO STRATEGY WITH THE "REAL BEER" RELAUNCH THAT WE CARRIED OUT IN JULY.

OUR FUTURE LOOKS BRIGHT

At Anadolu Efes, we have one of the best teams in the brewing industry, including our employees, dealers and distributors in all country operations, our sales points and all our business partners.

In the years to come, we will continue our journey standing on our corporate experience, our sound and timely decisions, and with the same enthusiasm that we have had since day one.

Anadolu Efes will continue to lead in every field thanks to your support and valuable contributions.

With my sincere regards,

TUNCAY ÖZİLHAN

Chairman

BOARD OF DIRECTORS

STUART MURRAY MACFARLANE
Member

DR. YILMAZ ARGÜDEN
Strategist

KAMİL SÜLEYMAN YAZICI
Vice Chairman

JOHN GAVIN HUDSON
Beer Group President and Anadolu Efes CEO

İZZET KARACA
Independent Member

AHMET BOYACIOĞLU
Member

MEHMET METE BAŞOL
Independent Member

MEHMET CEM KOZLU
Member

TUNCAY ÖZİLHAN
Chairman

SALİH METİN ECEVİT
Member

T. ALTUĞ AKSOY
Member

HURŞİT ZORLU
AG Anadolu Group Holding CEO

Note: Our Independent Board Members Ahmet Cemal Dördüncü and Kamil Ömer Bozer and Board of Directors' Consultant Rasih Engin Akçakoca are not present in the photograph.

BOARD OF DIRECTORS

TUNCAY ÖZİLHAN
Chairman

Tuncay Özilhan was born in Kayseri on 1947. Mr. Özilhan studied in Saint-Joseph high school then graduated from the Faculty of Economics of İstanbul University. He has received his MBA degree from Long Island University in the United States. He has undertaken responsibilities such as General Director of Erciyas Brewery, Coordinator of the Beer Group and General Coordinator of the Anadolu Group. Mr. Özilhan acted as the CEO of the Anadolu Group from 1984 to February 2017. He is the Chairman of the Anadolu Group since May 2007. He has also been serving as Chairman of Anadolu Foundation as well as Group companies. Mr. Özilhan served as TÜSİAD's (Turkish Industry and Business Association) Chairman from 2001 to 2003 and he is currently Chairman of its High Advisory Council. His other responsibilities include; Member of The Board and Chairman of the Turkish – Russian Business Council at the Foreign Economic Relations Board (DEİK), Honorary Consul for the Republic of Estonia and President of the Anadolu Efes Sports Club. Tuncay Özilhan holds Ministerial Medal by the Ministry Foreign Affairs of the Republic of Estonia and "The Order of the Rising Sun, Gold and Silver Star", constituting one of the most important orders awarded by Japanese government.

KAMİL SÜLEYMAN YAZICI
Vice Chairman

Kamilhan Süleyman Yazici holds a bachelor's degree in business administration from Emory University in USA, an MBA degree from AIBEC (American Institute of Business and Economics) in Russia and has completed the GMP program at Harvard Business School. Starting his career in Anadolu Group Finance Department in 2000, Mr. Yazici later worked in Anadolu Efes Russia Marketing Department between 2003-2005 and was appointed New Product Development Manager in 2005. Continuing his career in Russia as Logistic Systems Manager during 2006-2008, Mr. Yazici was appointed as Supply Chain Director in 2008 and as Development Director in 2010. Mr. Yazici assumed the role of Anadolu Efes Moldova Managing Director between 2011-2014 and was later appointed as Market Development Director in Anadolu Efes Headquarters, a position held until April 2017. Mr. Yazici currently serves as Board Member and Vice-Chairman in Anadolu Group companies.

STUART MURRAY MACFARLANE
Member

Stuart Murray MacFarlane is AB InBev's Zone President Europe. Mr. MacFarlane received a Degree in Business Studies from Sheffield University in the UK and is also a qualified Chartered Management Accountant. He joined AB InBev in 1992 and since then held senior roles in Finance, Marketing, Sales, and was Managing Director for AB InBev's business in Ireland. Mr. MacFarlane was appointed President of AB InBev UK & Ireland in January 2008, and in January 2012, became AB InBev's Zone President Central & Eastern Europe. In January 2014 he was appointed as Zone President Europe to lead combined European Zone of AB InBev.

TALİP ALTUĞ AKSOY
Member

T. Altuğ Aksoy received his bachelor's degree in economics from Oglethorpe University in USA. He began his career as Finance Assistant Specialist at Anadolu Group in 1995 and was appointed as a Finance Specialist in 1996. Mr. Aksoy worked as Human Resources and Treasury Specialist from 1998 to 2000. He served as Director of Sales and Marketing at Efes Invest from 2000 to 2003 and was appointed as the Director of Trade and Export at Efes Beer Group in January 2003. Continuing his career at the Group as the Director of Purchasing and Logistics from 2006, Mr. Aksoy was appointed Director of Supply Chain of Efes Beer Group in June 2008. In November 2011, he was appointed as Efes Turkey Managing Director and served in this position until January 2017. Mr. Aksoy still continues to serve as a Board Member in various Anadolu Group companies.

SALİH METİN ECEVİT
Member

Born in 1946, Metin Ecevit graduated from Faculty of Political Sciences in 1967. He also received a master's degree in Economics from Syracuse University in 1976. From 1967 to 1980, he worked as a Government Auditor and served as Deputy General Manager of General Directorate of Revenues at the Ministry of Finance.
Mr. Ecevit joined Anadolu Group in 1980 and worked in various roles, serving as General Manager, Executive Director, and Chairman of the Board of Directors in automotive companies of the Anadolu Group. He retired in 2006, while he was serving as the Automotive Group President, owing to the retirement age limit regulations of the Group. He served as Board Member and Chairman of the Association of Imported Car Distributors in Turkey from 1992 to 2004. He is a member of the Board of Directors of AG Anadolu Grubu Holding A.Ş. among other Anadolu Group companies and serves as the Chairman of the Board of Directors at Kamil Yazıcı Yönetim ve Danışmanlık A.Ş.

MEHMET CEM KOZLU
Member

Born in 1946, Dr. Cem Kozlu completed middle and high school at Robert College after which he received his bachelor's degree from Denison University, MBA from Stanford University and PhD from Boğaziçi University. Dr. Kozlu lectured International Marketing and Export Administration at Boğaziçi University from 1978 to 1981 and was a visiting Professor in the Department of Economics at Denison University in 1985. After holding executive positions in various domestic and international companies, Dr. Kozlu was appointed General Manager and Chairman of the Board of Directors of Turkish Airlines in 1988 and held these positions until 1991. He also served as the Chairman of the Association of European Airlines (AEA) in 1990. Cem Kozlu remained in public service as a Member of the Turkish Parliament from 1991 to 1995 and Chairman of the THY Board of Directors from 1997 to 2003. Dr. Kozlu has held different positions in The Coca Cola Company since 1996. He assumed the posts of Turkey, Caucasia and Central Asian Republics Executive Director and the Vienna-based Central Europe, Eurasia and Middle East Group President, retiring in April 2006. Currently, he is the Chairman of the Board of Directors of Global Relations Forum. Cem Kozlu also serves as member of the Boards of Directors of İstanbul based Coca Cola Satış ve Dağıtım A.Ş., AG Anadolu Grubu Holding A.Ş., Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., Pegasus Airlines, and DO & CO Aktiengesellschaft (Vienna), as a member of Koc University Maritime Council Forum and as member of the Boards of Trustees of Anadolu-Johns Hopkins Sağlık Merkezi (Anadolu- Johns Hopkins Health Center) and İstanbul Modern Sanatlar Vakfı (İstanbul Modern Arts Foundation).

AHMET BOYACIOĞLU
Member

Born in 1946, Ahmet Boyacıoğlu holds a bachelor's degree in Business Administration from the Middle East Technical University. Mr. Boyacıoğlu began his professional career with the Efes Beverage Group (Anadolu Efes) in 1973. He served in various positions from 1973 to 2005 including Bursa Region Sales Manager, Ege Biracılık ve Malt San. A.Ş. Sales Manager, Güney Biracılık ve Malt San. A.Ş. General Manager, Ege Biracılık ve Malt San. A.Ş. General Manager, Eastern Europe President, International Beer Operations Group President, and Strategy and Business Development Director. Mr. Boyacıoğlu was appointed as the President of the Efes Beer Group in May 2005 and retired on 1 February 2007. Currently, he sits on the Boards of Directors of some Anadolu Group companies.

AHMET CEMAL DÖRDÜNCÜ
Independent Member

Born in 1953 in Istanbul, Mr. Ahmet Cemal Dördüncü graduated from the Business Administration Department of Çukurova University, and pursued graduate studies at the University of Mannheim and the University of Hannover. Having started his professional career at Claas OHG company in Germany, he then worked at Mercedes Benz A.Ş. in Turkey from 1984 to 1987. He joined Sabancı Group in 1987, and held various managerial positions at

BOARD OF DIRECTORS

Kordsa A.Ş. until 1998. From 1998, he worked at the Group's DUSA Company, serving in the positions of Managing Director/President of DUSA South America and subsequently of DUSA North America. After his appointment to the position of Executive Vice President of Strategic Planning and Business Development at H.Ö. Sabancı Holding in 2004, he functioned as the CEO at H.Ö. Sabancı Holding from 2005 through 2010. Having joined the Akkök Group on 3 September 2012 as a member of the Executive Board, Mr. Dördüncü currently serves as the CEO of the Group, a position he holds since January 2013. He also serves as the Chairman of Akenerji Elektrik Üretim and Akiş REIT and a member on the Boards of Directors of some other public or non-public Group companies including Aksa Akrilik Kimya Sanayii A.Ş.. Ahmet Dördüncü is also an independent board member at Anadolu Isuzu, Coca-Cola İçecek, and the International Paper company registered with the U.S. Securities and Exchange Commission (SEC).

KAMİL ÖMER BOZER
Independent Member

Born in 1958 in İstanbul, Ömer Bozer holds a bachelor's degree in Business Administration from the Middle East Technical University and received his MBA from Georgia State University. Mr. Bozer began his professional career in Koç Group as an MT and served as Deputy Chief Executive in Maret and General Manager at Düzey Pazarlama, respectively. He was appointed as General Manager of Migros in 2002. Ömer Bozer served at the Koç Group as President of Food, Retailing and Tourism Group between 2005-2006, President of Food and Retailing Group between 2006-2008 and once again as President of Food, Retailing and Tourism Group between 2008- 2011.

MEHMET METE BAŞOL
Independent Member

Born in 1957, Mete Başol graduated with a BSc degree from the Arizona State University, Department of Economics, and started his career in banking at Interbank in 1984. In 1988, he transferred to the Turkish Merchant Bank, which was an investment bank established jointly by Bankers Trust Co. New York and İşbank, as the Treasury, Fund Management and Foreign Relations Manager. In 1992, he also assumed the responsibility for the capital markets group as the Assistant General Manager. In 1995, upon the purchase of the bank completely by the Bankers Trust, he was elected to the Membership of the Board of Directors and the Credit Committee. He assumed the offices of Chairman of the Board of Directors and the General Manager of Bankers Trust A.Ş. and Deutsche Bank A.Ş. during 1997-2001. During the period 2001-2003, he participated as Executive Director in the joint Board of Directors of the public banks, which were established pursuant to the law (T.C Ziraat Bankası, T. Halk Bankası, T. Emlak Bankası). Subsequently, he has formed Tridea Consulting with two other partners, where he advised small to medium sized companies on financial and managerial issues. After 2009 he has continued the similar work under his own entity. He also served as the Member of the Board of Directors of Galatasaray Sportif A.Ş. (2011-2012), T. İş Bankası A.Ş. (2011-2014), Dedeman Holding A.Ş. (2008-2014), Dedeman Turizm Otelcilik Yatırım A.Ş. (2012- 2014). Currently he is serving on the boards of Enerya Gaz Dağıtım A.Ş., Enerya Gaz Ticaret A.Ş (2015) and Nurol Investment Bank Inc. (2014), also has been serving as an independent member of the Board of Directors of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. and Coca-Cola İçecek A.Ş. since 2012.

İZZET KARACA
Independent Member

Born in 1954, Mr. İzzet Karaca graduated from Boğaziçi University Industrial Engineering Department in 1977. Having started his professional career in 1977 at Koç Research and Development Centre, he held Industrial Engineer and IT Manager position until 1985. Between 1985-1988, Mr. Karaca worked as Systems and Organization Director at Ford Otosan. Since 1988, he held several positions at Unilever in Germany, Turkey and Baltic States including Internal Audit Group Manager, Logistics Manager, Commercial Director and Managing Director. In addition, between 2011-2013, İzzet Karaca served as the Chairperson at YASED (International Investors Association). After serving as Executive Chairman at Unilever Turkey and Unilever NAMET RUB (North Africa, Middle East, Russia, Ukraine and Belarus) and being a member of the Unilever CEO Forum, Mr. Karaca has retired from his duties as of 31 December 2013. In 2015, he published his first book called "The New CEO is... You"

R. ENGİN AKÇAKOCA

Advisor

Mr. R. Engin Akçakoca received his undergraduate degree from Middle East Technical University in Management and started his career in banking in 1974. He assumed Deputy General Manager position in Koç-Amerikan Bank during 1986 and 1991 and General Manager position in Koçbank A.Ş. during 1991 and 2000. He was appointed as the Chairman of the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund in 2001 responsible for a large-scale banking sector restructuring program held in Turkey. Mr. Akçakoca is working as a consultant since 2004.

DR. YILMAZ ARGÜDEN

Strategist

Dr. Argüden is the Chairman of ARGE Consulting, a management consulting firm known for value creating strategies and institution building. He is also the Chairman of Rothschild investment bank in Türkiye. His career spans the private sector, public sector, multinational institutions, NGOs, and academia. Dr. Argüden served on the boards of more than 50 national and international corporations. He is an adjunct Professor of Business Strategy, an author of numerous books and a columnist focusing on business and strategy issues. He is a renowned governance expert and has been selected as a member of the Private Sector Advisory Group of the IFC's Global Corporate Governance Group; he is also the Vice-Chairman of the Governance Committee of the Business at OECD. He is the founder of the non-profit Argüden Governance Academy. As the elected Chair of Local Networks Advisory Group, he represented the National Networks on the Board of the UN Global Compact, the world's largest sustainability platform. He is an Eisenhower Fellow, a recipient of numerous leadership, distinguished citizenship and career awards. Dr. Argüden was selected by the World Economic Forum as a "Global Leader for Tomorrow" for his commitment to improving the state of the world.

STATEMENT OF INDEPENDENT STATUS

IN ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş;

» No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

» I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

» I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

» I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

» I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 1930,

» I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries,

» I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

» I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange,

» I am not registered nor declared on behalf of the corporate entity for which I will be elected as a Board Member and thus I shall carry out the duties imposed upon me due to my being a board member as an independent member.

METE BAŞOL

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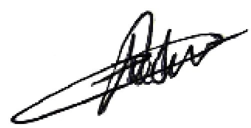
AHMET CEMAL DÖRDÜNCÜ



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İZZET KARACA

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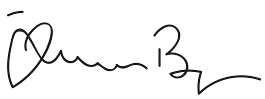
KAMİL ÖMER BOZER



ORGANIZATION CHART

ANADOLU EFES

JOHN GAVIN HUDSON
Beer Group President / Anadolu Efes CEO

Chief Financial Officer
ONUR ÇEVİKEL

Efes Turkey Managing Director
TUĞRUL AĞIRBAŞ

Efes Russia Acting Managing Director
ROY CORNISH

Efes Kazakhstan Managing Director
ÖMER ÖĞÜN

Efes Moldova Managing Director
GÖKÇE YANAŞMAYAN

Efes Georgia Managing Director
CÜNEYT ARAT

Market Development Director
DANIEL BARBULESCU

Human Resources Director
BURAK GÜRCAN

Legal Affairs Director
YILDIRAY EFİL

Internal Audit Director
AHMET ÖZTÜRK*

* Effective January 1, 2018, Uluhan Kumru is appointed in place of Ahmet Öztürk, who left his position.

COCA-COLA

BURAK BAŞARIR
Coca-Cola İçecek A.Ş.
CEO

Turkey General Manager
TUGAY KESKİN

Chief Financial Officer
MICHAEL COOMBS

Supply Chain Services Director
ALİ HÜROĞLU

Corporate Affairs Director
ATİLLA D. YERLİKAYA

General Counsel
R. ERTUĞRUL ONUR

Human Resources Director
EBRU ÖZGEN

Chief Information Officer
GÖKHAN KIPÇAK

Region Director, Central Asia
LİSANİ CENK ATASAYAN

Strategic Business Development Director
MELTEM METİN

Region Director, Middle East & Pakistan
N. ORHUN KÖSTEM

Commercial Excellence Director
OSMAN KAZDAL

Internal Audit Director
GÖKHAN İZMİRLİ*

* Effective January 1, 2018, Ahmet Öztürk is appointed in place of Gökhan İzmirli, who left his position.

SENIOR MANAGEMENT - BEER GROUP

JOHN GAVIN HUDSON
Anadolu Efes CEO and Beer Group President

Mr. John Gavin Hudson joined Anadolu Efes as the Managing Director of Efes Russia after assuming Marketing, Sales, Distribution and various General Management roles within SABMiller both in South Africa and Latin America. Mr. Hudson is an accomplished business executive with over 24 years of experience with a very successful and proven track record of delivering results through disciplined processes, people management and an innovative approach to leading the organization. He obtained his MBA through the Open University, London in 2000. Appointed as Efes Russia Managing Director in January 2016, John Gavin Hudson has been appointed as the Anadolu Efes CEO and Beer Group President as of 01.01.2017 and also served as Efes Turkey Managing Director until August 2017. Mr. Hudson continues to serve as Anadolu Efes CEO and Beer Group President.

ONUR ÇEVİKEL
Chief Financial Officer

Onur Çevikel received his degree in Business Administration from Istanbul University. Mr. Çevikel began his professional career with the Ermenegildo Zegna as budget and accounting specialist. Continuing his career at Efes Beer Group as a Finance Specialist in 1995, Mr. Çevikel held various positions from 1996 to 2011 including Finance Manager of Coca-Cola Kuban Bottlers, Finance Manager of Coca-Cola Rostov Bottlers, as well as Finance Manager, Finance Director and Operations Director of Efes Russia. Following the announcement of the strategic alliance with SABMiller Plc. in 2011, Mr. Çevikel was appointed as Integration Director leading the integration team coordinating the integration activities in Russia. Mr. Çevikel has been appointed as the Anadolu Efes Chief Financial Officer effective as of 1 January 2013.

TUĞRUL AĞIRBAŞ
Efes Turkey Managing Director

Tuğrul Ağırbaş received his bachelor's degree in Business Administration from Istanbul University and joined Efes Beverage Group in 1990. From 1990 to 2001, Mr. Ağırbaş worked as Project Development Specialist, Marketing Specialist, Istanbul Region Sales Supervisor, New Product Development Supervisor, Group Product Manager, Sales Manager of Marmara Region and Marketing Manager of Miller. Mr. Ağırbaş was appointed as the Marketing Director of Efes Russia in 2001 and Managing Director of Efes Russia in June 2005. He assumed the post of Efes Turkey Managing Director on 1 January 2010. Mr. Ağırbaş was reappointed as Managing Director of Efes Russia on 1 November 2011. Between 2014-2017, Mr. Ağırbaş served as Anadolu Efes Eastern Europe and the CIS Group Managing Director, Head of Corporate Functions and Sales Organization Transformation Lead, respectively. As of 1 August 2017, Mr. Tuğrul Ağırbaş is appointed as Anadolu Efes Turkey Managing Director.

ROY CORNISH
Efes Russia Managing Director (Acting)

Prior to joining Efes, Roy worked for SABMiller for a total of 14 years, in senior financial positions in Ukraine, South Africa, Hungary and Zambia. Roy is a UK Chartered Accountant and has been with Efes for nearly 6 years in our Russia business. For most of this time, Roy filled the position of CFO and since January 2017 he has been the acting CEO.

ÖMER ÖĞÜN
Efes Kazakhstan Managing Director

Ömer Öğün holds a bachelor's degree from the Department of Geophysical Engineering at Yıldız Technical University. Mr. Öğün began his professional career at Anadolu Group as Service Representative at Çelik Motor in 1992, where he later worked as a Sales Supervisor. He served as Planning and Logistics Manager at Coca-Cola Russia (Rostov) Operations from 1998 to 1999 and Operations Manager at Efes Russia Rostov Brewery from 2000 to 2006. Mr. Öğün was appointed as Operations Director of Efes Russia in 2006. He served as Efes Kazakhstan Managing Director from May 2008 until March 2012, until he was appointed as Efes Ukraine Managing Director. As of 1 June 2015, Mr. Öğün has been appointed as Efes Kazakhstan Managing Director. He will also be carrying on his Efes Ukraine Managing Director role.

GÖKÇE YANAŞMAYAN
Efes Moldova Managing Director

Mr. Gökçe Yanaşmayan graduated from Dokuz Eylül University Department of Economics in 2000. He worked as an assistant auditor at Arthur Andersen from 2000 to 2002 and as senior auditor at Ernst & Young from 2002 to 2004. After starting his career at Anadolu Efes in 2004 as Efes Kazakhstan Reporting and Budgeting Manager, he worked as Finance and Administration Manager at EBI Holland Office from 2006 until 2010 and as Finance Director at Efes Kazakhstan from 2010 until 2012. Having worked as the Finance Director at Efes Ukraine from 2012, Mr. Yanaşmayan serves as Efes Moldova Managing Director since 1 December 2014.

SENIOR MANAGEMENT - BEER GROUP

CÜNEYT ARAT
Efes Georgia Managing Director

Having graduated from Boğaziçi University, Department of Business Administration, in 1992, Mr. Arat began his career as International Marketing Specialist at Bekoteknik A.Ş. After working at STFA Dış Tic. A.Ş. as International Marketing Coordinator, Mr. Arat continued his career at General Elektrik A.Ş. as Sales & Marketing Specialist between 1994-1996. Then he served, respectively, between 1996-2006 at Nestle Türkiye as Import & Export Manager, Distribution & Warehousing Manager, Logistic Manager, National Distribution Manager, at Nestle Azerbaijan as Business Development Manager and at Nestle Türkiye as Sales Operations Manager (Foodservices Division). Having served as Supply Chain Director at Kimberly-Clark Türkiye between 2006-2009, Mr. Arat joined our Group as Iraq General Manager at Coca-Cola İçecek A.Ş. in 2010. He served, respectively, as North and South Iraq General Manager, South Iraq General Manager and Middle East Regional Director at Coca-Cola İçecek A.Ş. until 2015. As of 1 May 2015, Mr. Arat has been appointed as Efes Georgia Managing Director.

DANIEL BARBULESCU
Market Development Director

Born in 1977, Mr. Daniel Barbulescu received his Master of Science degree in Agri-Business from Babeş-Bolyai University in 2001 after receiving his bachelor's degree in Food Products Economics from the same university in 2000. Having started his professional career in 2004 as a Brand Manager at Unilever South Central Europe (USCE), Mr. Barbulescu worked at Unilever Poland as Central Eastern Europe Brand Development Manager and as European Brand Development Manager between 2005-2008. Having served as Category Manager and Marketing Manager at USCE since 2007, Mr. Barbulescu joined our group as Marketing Director at Efes Moldova in May 2013. After serving as International Marketing and Sales Director at Anadolu Efes Market Development Directorate between January 2016 - April 2017, Mr.Daniel Barbulescu is appointed as Acting Market Development Director at Anadolu Efes Market Development Directorate in May 2017 and Market Development Director in October 2017.

BURAK GÜRCAN
Group Human Resources Director

Holding a bachelor's and a master's degree from the Department of Industrial Engineering at Istanbul Technical University, Mr. Gürcan began his career at Anadolu Endüstri Holding A.Ş. as an Assistant Human Resources Specialist in 1996. He held various positions at Anadolu Group companies including Marketing Supervisor, Human Resources Process Supervisor, Human Resources Team Leader, Human Resources Systems Manager, Human Resources Manager and Assistant Human Resources and Industrial Relations Coordinator from 1997 to 2011. Between 2011 and 2013, Mr. Gürcan served as Human Resources Director at Anadolu Medical Centre. Since 1 October 2013, Burak Gürcan has been serving as Efes Beer Group Human Resources Director.

YILDIRAY EFİL
Group Legal Affairs Director

Having graduated from Istanbul University Faculty of Law, Mr. Yıldıray Efil worked as Legal Advisor- Lawyer at Turkiye İş Bankası A.Ş. Headquarters from 2001 until 2005. Mr. Efil completed Kadir Has University Sports Law Program in 2006 and earned his master's degree (LL.M.) in Sports Law in 2011. Mr. Efil joined Anadolu Endustri Holding A.Ş. in 2005 as Legal Advisor-Lawyer and held the positions of Legal Affairs Manager and Assistant Legal Affairs Coordinator until 2013. Since April 2013, Mr. Efil has been serving as Anadolu Efes Group Legal Affairs Director. Besides, Mr. Efil has been assigned as Anadolu Efes Group Ethics Officer as of May 2015. Mr. Efil is a member of Istanbul Bar Association.

AHMET ÖZTÜRK
Group Internal Audit Director*

Ahmet Öztürk graduated from the Department of Economics at Bilkent University and joined Anadolu Group in 1995. He began his professional career as Assistant Financial Control Specialist in the Finance Presidency and later served in various responsibilities at international companies operating under Anadolu Group. He worked as Financial Control Manager at Coca-Cola Rostov Bottlers in 1998 and as CFO at Coca-Cola Turkmenistan, Coca-Cola Azerbaijan, Efes Ukraine and Efes Serbia operations from 1999 to 2007. Mr. Öztürk assumed Internal Auditor role for Anadolu Efes international beer operations, in Efes Breweries International, in 2007. Mr. Öztürk has been working as the Internal Audit Director at Anadolu Efes since January 2011.

* Uluhan Kumru has been appointed to the position left by Ahmet Öztürk, who has been appointed as Internal Audit Director to CCI as of January 1, 2018.

SENIOR MANAGEMENT - SOFT DRINK GROUP

BURAK BAŞARIR
CEO

Burak Başarır was appointed as CEO in January 1st, 2014. He joined CCI in 1998 and assumed increasing managerial responsibilities in finance and commercial functions. He was named CFO in 2005 and played an integral role during CCI's IPO process, while effectively managing the financial integration of Efes Invest with CCI in 2006. He was honored as the Best CFO in Turkey by Thomson Reuters Extel in 2009. He led the largest operation of CCI in terms of volume and sales as the Turkey Region President between 2010 and 2013. Başarır holds a BA in business administration and a minor in computer sciences from American River College. He studied management in California State University of Sacramento between 1990 and 1992 and received a B.S. degree in Business Administration from the Middle East Technical University in 1995. Başarır has more than 20 years of work experience and prior to joining CCI, he worked for Arthur Anderson as a Senior Auditor. He is the President of the Corporate Volunteers Association (ÖSGD) and a member of the Turkish Industry and Business Association (TUSIAD).

TUGAY KESKİN
Turkey General Manager

Tugay Keskin was appointed as Coca-Cola İçecek Turkey General Manager as of 1 January 2017. Keskin joined CCI in 1993 and served in different positions in Turkey sales function until his appointment as Turkey Sales Director in 2007. He worked as Turkey Sales Director between 2007-2011 and Turkey Commercial Director between 2011–2014. Having served as CCI Commercial Excellence Director between 2014 and 2016, Keskin is a graduate of Ankara University Faculty of Political Science.

MICHAEL COOMBS
Chief Financial Officer

Michael Coombs was appointed to the position of CFO as of 1 January 2017. He was the Group CFO for Coca-Cola Eurasia and Africa Group between April and December 2016. Prior to this, he held the position of Vice President and CFO of Coca-Cola East Japan, his most recent role in a career spanning more than thirty years in the global Coca-Cola system. Following a number of finance assignments within the Coca-Cola system in South Africa, the UK and France, in 1997 Michael moved to Istanbul, where he served as the CFO of CCI. He was appointed as the General Manager of TurkeCom in 2001, an eBusiness joint venture between The Coca-Cola Company and a number of Turkish conglomerates. Two years later, he moved back to the Turkish bottler to resume the position of CFO. From January 2005, he held the position of CFO for Coca-Cola Japan (CCJC). Between 2009 and 2013, he led two of Coca-Cola's bottling businesses in Japan as the president of Tone CCBC and Coca-Cola Central Japan. Michael has broad Coca-Cola system experience in the key markets of South Africa, Britain, France, and Turkey and over the last eleven years, in Japan. He holds a Bachelor's degree in commerce from the University of South Africa and an M.B.A. from the University of South Florida.

* Short CV of Ahmet Öztürk, appointed as Internal Audit Director to CCI, is available under Beer Group Management.

ALİ HÜROĞLU

Supply Chain Services Director

Ali Hüroğlu has been serving as CCI Group Supply Chain Services Director for Turkey and International Operations since 2001. He joined the Coca-Cola system as the plant manager of the former Trabzon production facility under the responsibility of the Black Sea Sales Center in 1990. Following this, Mr. Hüroğlu worked on the construction of the Mersin production facility and was responsible for the South and Southeast Sales Center. In 1995, he was transferred to the operations department, assuming the position of operations manager of the Mersin plant in 1996, and later he was promoted to be the Ankara Plant and East Region Group Operation Manager. Prior to joining the Coca-Cola system, he worked for HEMA Gear manufacturing as a process engineer from 1983 to 1985 and for General Dynamics Forth Worth-Texas as a trainee from 1985 to 1986. He then returned to Turkey in 1986 and worked on an F-16 aircraft design and manufacturing project in Turkish Aerospace Industries in Ankara from until 1990. Mr. Hüroğlu holds both Bachelor of Science and Master of Science degrees in Mechanical Engineering from Black Sea Technical University and he is a member of the Association of Beverage Producers (MEDER). Since 2008 he has been an Executive Committee member of the Coca-Cola Global Supply Chain Council. Mr. Hüroğlu has 36 years of professional experience.

ATİLLA D. YERLİKAYA

Corporate Affairs Director

Atilla D. Yerlikaya holds a BA in Economics from Boğaziçi University. After having worked as a journalist and publisher for more than ten years, he took senior managerial positions at Philip Morris SA and Shell. He joined Coca-Cola İçecek in 2007 as Group Corporate Affairs Director. Yerlikaya is currently the Chairman of the Turkish-Pakistan Business Council of DEIK (Turkish Foreign Economic Relations Board), Board Member of the Turkish-Azerbaijan Business Council and Turkish-Kyrgyzystan Business Council in DEIK, Deputy Chairman of UN Global Compact Turkey Network, and Chairman of the Public Affairs Institute.

R. ERTUĞRUL ONUR

General Counsel

Atty. R. Ertuğrul Onur has been serving as the General Counsel of CCI since 2007. He is also currently the Head of CCI Ethics and Compliance Committee. He established the CCI Compliance & Ethics Program and served as CCI Ethics and Compliance Officer between 2013 and 2016. He graduated from Istanbul University's Law Faculty in 1988. Following the completion of his traineeship in the Konya Bar Association, he worked as a research assistant in the same Law Faculty. Mr. Onur served as Legal Counsel for Mobil Oil Türk A.Ş. and BP Petrolleri A.Ş. between 1995 and 2000. He also worked as BP Turkey Employee Representative, BP Oil Europe Works Council Member and BP Oil Europe Works Council Link Committee Member. Prior to joining the Coca-Cola system, he set up the legal department in Pfizer İlaçları and served as Assistant General Manager and Legal Director. Mr. Onur implemented various compliance programs as the Compliance Liaison Officer in Pfizer Turkey. Mr. Onur has 29 years of work experience and is a member of the Istanbul Bar Association.

SENIOR MANAGEMENT - SOFT DRINK GROUP

EBRU ÖZGEN
Group Human Resources Director

Ebru Özgen was appointed as the Group Human Resources Director for Coca-Cola İçecek A.Ş. as of 1 January 2017. She joined CCI as Budget and Planning Supervisor in 1997, worked as Finance Manager between 1998-2000 and East Region Finance Manager between 2000-2005. Özgen was appointed as Turkey Budget Planning and Commercial Finance Manager in 2010 with increased management responsibilities. In 2013 she was promoted to become Turkey Finance Director, and as a member of CCI Turkey Leadership Team she was responsible for the coordination of finance operations that support strategic business targets. Özgen started her career in 1992 in Arthur Andersen. She has a bachelor's degree in Business Administration from the Middle East Technical University and an MBA in International Banking and Finance from the University of Birmingham. In 2009, she earned a master's degree on Law and Economics from Bilkent University. Özgen is a CIM certified CPA and independent auditor, and has two children.

GÖKHAN KIPÇAK
Chief Information Officer

Gökhan Kıpçak received his BS degree in Mechanical Engineering and MS degree in Industrial Engineering from Istanbul Technical University in 1990. He started his career in Elginkan Group as Information Systems Engineer responsible for production and sales systems. He joined the Coca-Cola system in Turkey in 1991 and held various positions in the Information Technology function until 1998. He then worked for The Coca-Cola Company and Coca-Cola Amatil to establish IT systems for the Coca-Cola bottling operation in South Korea. He came back to CCI in 2000 and led the implementation of core Sales, Finance and Supply Chain information systems in all CCI operations. He was appointed as the Group Chief Information Officer of CCI as of 2007. Kıpçak was awarded as Turkey's Best CIO in 2012 by the CIO Magazine.

LİSANİ CENK ATASAYAN
Region Director, Central Asia

Lisani Atasayan graduated from Boğaziçi University with a major in Economics and later went on to study Business Administration and Computer Science majors at the University of Guelph, before obtaining an MBA degree from the University of Windsor in Canada. Atasayan began his career in Coca-Cola İçecek as a Financial Analyst in 1997, continuing as the Financial Analysis and Planning Manager between 1999 and 2004. He was appointed as the Finance Manager for Coca-Cola İçecek's Marmara Region in 2004 and later as the International Operations Finance Director with increasing management responsibilities in 2006. Between 2010 and 2013, he made important contributions to the growth of Coca-Cola İçecek in Azerbaijan where he served as the General Manager. Between 2014 and 2016 he served as Coca-Cola İçecek General Manager of Turkey operation. As of January 2017, Atasayan was appointed as CCI Central Asia Regional Director responsible for Kazakhstan, Kyrgyzstan, Azerbaijan, Turkmenistan and Tajikistan.

MELTEM METİN

Strategic Business Development Director

Meltem Metin, a graduate of Istanbul University with a major in Business Administration in English, started her career in Pamukbank as a management trainee. She transferred to Anadolu Group to work as a specialist in the Financial Control Directorate in 1995. She became a Financial Controller in Anadolu Endüstri Holding before being transferred to Efes Sınai Yatırım Holding in 1998, working first as a Financial Controller, then as the Regional Finance Manager. In May 2000, she was appointed as the Finance Manager of Efes Sınai's Kazakhstan operations (CCAB), and in 2005 she additionally assumed the role of Finance Manager for its Kyrgyzstan operations (CCBB). Subsequently she was appointed as the General Manager of CCAB in February 2002, and she was additionally appointed to the same position for CCBB in June 2005. With 19 years of professional experience, Metin has been serving as the Group Strategic Business Development Director in CCI since May 2009.

N. ORHUN KÖSTEM

Middle East and Pakistan Region Director

N. Orhun Köstem was appointed as CCI Middle East and Pakistan Region Director as of 1 January 2017. Köstem joined Anadolu Group in 1994 and assumed different senior executive positions such as Corporate Finance and Investor Relations Director of Efes Beverage Group, Finance Director of Efes Breweries International, Corporate Finance Coordinator of the Anadolu Group and Coca-Cola İçecek Chief Financial Officer. In 2015, he was listed among "Turkey's Most Influential 50 CFOs" by Fortune Turkey Magazine. He was awarded as Turkey's Best CFO in the Investor Relations Awards organized by Thomson Reuters Extel in 2011 and 2013, while he was also honored with the CFO of the Year award by Management Events in 2014. He holds a BSc in Mechanical Engineering and an MBA from the Middle East Technical University, as well as an MA in Law and Economics from Bilgi University. Köstem is one of the three authors of the book "A Window to Capital Markets: The A to Z of Public Offering and Investor Relations" published in 2009.

OSMAN KAZDAL

Commercial Excellence Director

Osman Kazdal was appointed as the Commercial Excellence Director of Coca-Cola İçecek as of 1 January 2017. He started his career in CCI in 1990. He assumed several senior leadership roles in the commercial function until 2010. He served as the General Manager of CCI Kazakhstan between 2010-2014 and as the Central Asia Regional Director responsible for CCI Kazakhstan, Kyrgyzstan, Azerbaijan, Turkmenistan and Tajikistan between 2014 and 2016. Kazdal holds a BA degree in Economics from Uludağ University and an MBA degree from Marmara University. He is married and has three children.

2017 PERFORMANCE

WE HAVE EFFECTIVELY
EVALUATED
THE RISKS
AND OPPORTUNITIES
IN OUR FOCUS INDUSTRIES AND
IN THE GLOBAL ECONOMY;

SUCCEEDED IN
PROTECTING
OUR STRONG BALANCE SHEET.

MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

The company's consolidated financial statements have been drawn up in accordance with the provisions of the Capital Markets Board of Turkey (Sermaye Piyasası Kurulu - "SPK") Communiqué Serial: II-14.1 on Principles of Financial Reporting in the Capital Market published in the Official Gazette issue 28676 dated 13 June 2013, and has been based on the Turkish Accounting Standards ("TMS") enforced by the Public Oversight, Accounting and Auditing Standards Authority (Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu - "KGK") in accordance with Article 5 of the Communiqué. TMSs consist of Turkish Accounting Standards, Turkish Financial Reporting Standards (TFRS) and supplements and comments in relation thereto.

In addition to Anadolu Efes' independently-audited and TFRS-compliant financial statements for 2016 and 2015 that have been drawn up in accordance with the SPK legislation, we are also presenting the summaries of the results of our Turkish beer operations, our international beer operations, and our consolidated Coca-Cola operations, which together make up our consolidated financials, as additional information for the benefit of domestic and international individual and institutional investors.

The consolidated financial statements comprise the financial statements of the company (Anadolu Efes) and of its subsidiaries and joint ventures drawn up as at the same date. The purchase method of accounting is used for acquired businesses. Subsidiaries, joint ventures, and investments in associates acquired or disposed of during the year are included in the consolidated financial statements as of the date of acquisition or until the date of disposal, as appropriate.

A "subsidiary" is a company that is subject to Anadolu Efes' control. "Control" in this context means that Anadolu Efes is exposed to various consequences arising in such companies, that it is entitled to receive some of their earnings, and that it has the power to influence their management. Among Anadolu Efes' subsidiaries are EFPA (sales and distribution of beer products in Turkey), Efes Breweries International (EBI - International Beer Operations), CCI (domestic and international Coca-Cola operations), Cypex and Efes Deutschland.

A "joint venture" is a company in which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Anadolu Efes and one or more enterprising partners. Under the change introduced by TFRS 11, joint ventures were accounted for using the equity method starting from 1 January 2013.

STATEMENT OF GENERAL INFORMATION CONCERNING THE CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDING 31 DECEMBER 2017

In addition to our consolidated financial statements dated 31 December 2017 that have been drawn up in accordance with the accounting principles published by the Capital Markets Board ("SPK") and for the purpose of informing domestic and foreign investors, individuals, and organizations, we are providing the summarized consolidated operational results of the Turkish beer operations, the international beer operations, and the soft drinks operations which constitute our consolidated financial statements. Figures showing Anadolu Efes', Turkish Beer Operations' and EBI's consolidated operating profit before non-recurring items ("BNRI") are also separately reported.

2017

» CONSOLIDATED SALES VOLUME UP 4.4% TO 91.3 MHL

» CONSOLIDATED NET SALES REVENUE UP 24.2% TO TRL 12,946.9 MILLION

» CONSOLIDATED EBITDA BEFORE NON-RECURRING ITEMS (BNRI) UP 25.8% TO TRL 2,228.4 MILLION

» CONSOLIDATED FREE CASH FLOW WAS TRL 1,314.9 MILLION IN FY2017 VERSUS TRL 1,030.4 MILLION IN FY2016

4Q2017

» CONSOLIDATED SALES VOLUME UP 3.8% TO 17.7 MHL

» CONSOLIDATED NET SALES REVENUE UP 28.0% TO TRL 2,758.3 MILLION

» CONSOLIDATED EBITDA (BNRI) UP 86.6% TO TRL 418 MILLION

AEFES Consolidated (TRL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mhl)	17.0	17.7	3.8%	87.5	91.3	4.4%
Net Sales	2,155.3	2,758.3	28.0%	10,420.3	12,946.9	24.2%
Gross Profit	779.7	1,089.3	39.7%	4,090.6	5,040.4	23.2%
EBIT (BNRI)	8.6	176.9	1965.0%	943,1	1,267.5	34.4%
EBITDA (BNRI)	224.0	418.0	86.6%	1,771.9	2,228.4	25.8%
Net Income / (Loss)*	-435.0	-194.4	55.3%	-70,8	149.4	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	36.2%	39.5%	332	39.3%	38.9%	-32
EBIT (BNRI) Margin	0.4%	6.4%	602	9.1%	9.8%	74
EBITDA (BNRI) Margin	10.4%	15.2%	476	17.0%	17.2%	21
Net Income Margin*	-20.2%	-7.0%	1314	-0.7%	1.2%	183

* Net income attributable to shareholders.

Anadolu Efes' consolidated sales volume recorded 3.8% growth y-o-y in 4Q2017 led by the strong performances of beer operations and positive contribution of soft drinks. The biggest contributor to growth was international beer operations, which recorded 13.7% y-o-y growth in 4Q2017. Accordingly, Anadolu Efes' consolidated sales volume for the full year increased by 4.4% y-o-y to 91.3 mhl in line with our guidance of mid-single digit growth.

Consolidated net sales revenues increased by 28.0% y-o-y in the 4th quarter of the year, recording the highest quarterly revenue growth since 2012. Higher volumes and prices as well as the positive effect from currency translations were the main contributors to the strong growth. Full year consolidated net sales revenues reached TRL 12,946.9 million with an increase of 24.2%, in line with our guidance. The highest contribution to revenue came from international beer operations, led by Russia.

Consolidated EBITDA (BNRI) was up by 86.6% to TRL 418.0 million in the last quarter vs 4Q2016, with a strong margin expansion of 476 bps. The strong expansion in EBITDA margin was as a result of strong contribution of all business segments during the quarter. Full year EBITDA margin was flattish at 17.2% (vs 17.0% in 2016), in line with our guidance. Thanks to our diversified business structure, margin expansion of international beer operations and soft drinks operations balanced the relatively softer margins in Turkey beer operations.

Anadolu Efes recorded a net loss of TRL 194.4 million in 4Q2017, due mainly to a TRL 93.9 million loss from investing activities related to the provision for the impairment of assets associated with the Ukrainian beer operations as well as non-cash FX losses incurred from FX based long term borrowings. Bottomline was positive at TRL 149.4 million in FY2017 vs a net loss of TRL 70.8 million in FY2016 on the back of improved profitability as well as relatively lower, mostly non-cash FX losses.

Anadolu Efes posted an all-time high Free Cash Flow of TRL 1,314.9 million in FY2017 despite cycling a then all-time high FCF of TRL 1,030.4 million in FY2016 thanks to the balanced strong contributions of both beer and soft drink segments. Accordingly, Anadolu Efes' net financial indebtedness over its EBITDA decreased to 1.4x from 1.9x in FY2016.

SUMMARY FINANCIALS

Consolidated (TRL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mhl)	17.0	17.7	3.8%	87.5	91.3	4.4%
Net Sales	2,155.3	2,758.3	28.0%	10,420.3	12,946.9	24.2%
Gross Profit	779.7	1,089.3	39.7%	4,090.6	5,040.4	23.2%
EBIT (BNRI)	8.6	176.9	1965.0%	943.1	1,267.5	34.4%
EBITDA (BNRI)	224.0	418.0	86.6%	1,771.9	2,228.4	25.8%
Net Income/(Loss)*	-435.0	-194.4	55.3%	-70.8	149.4	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	36.2%	39.5%	332	39.3%	38.9%	-32
EBIT (BNRI) Margin	0.4%	6.4%	602	9.1%	9.8%	74
EBITDA (BNRI) Margin	10.4%	15.2%	476	17.0%	17.2%	21
Net Income Margin*	-20.2%	-7.0%	1,314	-0.7%	1.2%	183

Beer Group (TRL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mhl)	4.3	4.8	11.0%	19.9	21.1	5.6%
Net Sales	780.1	1,101.9	41.2%	3,370.1	4,425.9	31.3%
Gross Profit	368.9	544.7	47.7%	1,708.1	2,142.6	25.4%
EBIT (BNRI)	35.6	137.4	285.5%	317.9	407.8	28.3%
EBITDA (BNRI)	127.8	248.0	94.0%	679.1	849.7	25.1%
Net Income/(Loss)*	-252.5	-118.3	53.1%	-35.1	61.2	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	47.3%	49.4%	215	50.7%	48.4%	-227
EBIT (BNRI) Margin	4.6%	12.5%	790	9.4%	9.2%	-22
EBITDA (BNRI) Margin	16.4%	22.5%	612	20.1%	19.2%	-95
Net Income Margin*	-32.4%	-10.7%	2,162	-1.0%	1.4%	243

Turkey Beer (TRL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mhl)	1.4	1.4	5.2%	6.0	5.8	-3.2%
Net Sales	330.5	442.0	33.7%	1,438.6	1,588.4	10.4%
Gross Profit	197.7	272.7	37.9%	853.5	940.5	10.2%
EBIT (BNRI)	51.7	86.4	67.2%	246.6	228,.5	-7.3%
EBITDA (BNRI)	90.5	128.2	41.6%	408.3	401.1	-1.8%
Net Income/(Loss)*	-215.1	-40.6	81.1%	-129.0	-8.2	93.6%
			Change (bps)			Change (bps)
Gross Profit Margin	59.8%	61.7%	186	59.3%	59.2%	-12
EBIT (BNRI) Margin	15.6%	19.5%	391	17.1%	14.4%	-276
EBITDA (BNRI) Margin	27.4%	29.0%	162	28.4%	25.3%	-313
Net Income Margin*	-65.1%	-9.2%	5,589	-9.0%	-0.5%	845

* Net income attributable to shareholders

EBI (TRL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mhl)	2.9	3.3	13.7%	13.9	15.2	9.3%
Net Sales	443.9	653.3	47.2%	1,903.3	2,806.8	47.5%
Gross Profit	162.5	266.0	63.7%	831.2	1,177.7	41.7%
EBIT (BNRI)	8.4	60.6	621.3%	128.6	220.4	71.4%
EBITDA (BNRI)	61.4	128.6	109.4%	325.3	487.4	49.8%
Net Income/(Loss)*	-4.9	-54.6	-1002.4%	159.2	98.7	-38.0%
			Change (bps)			Change (bps)
Gross Profit Margin	36.6%	40.7%	412	43.7%	42.0%	-171
EBIT (BNRI) Margin	1.9%	9.3%	738	6.8%	7.9%	110
EBITDA (BNRI) Margin	13.8%	19.7%	585	17.1%	17.4%	27
Net Income Margin*	-1.1%	-8.4%	-724	8.4%	3.5%	-485

CCI (TRL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mn u/c)	224.0	227.1	1.4%	1,189.1	1,237.5	4.1%
Net Sales	1,375.2	1,656.5	20.5%	7,050.2	8,521.1	20.9%
Gross Profit	413.3	546.2	32.2%	2,392.5	2,901.3	21.3%
EBIT	-22.9	43.1	n.m.	640.7	874.0	36.4%
EBITDA	96.4	170.0	76.4%	1,092.9	1,378.7	26.2%
Net Income/(Loss)*	-360.1	-148.5	58.8%	-28.4	237.6	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	30.1%	33.0%	292	33.9%	34.0%	11
EBIT Margin	-1.7%	2.6%	427	9.1%	10.3%	117
EBITDA Margin	7.0%	10.3%	325	15.5%	16.2%	68
Net Income Margin*	-26.2%	-9.0%	1,722	-0.4%	2.8%	319

* Net income attributable to shareholders

BEER GROUP

MANAGEMENT COMMENTS

“I am happy to report that we delivered a strong set of results in the 4th quarter of 2017, with both beer and soft drink operations contributing to growth in sales volume, revenue and strong free cash flow generation. Solid growth in volumes, revenue management and efficient expense management translated into margin expansion across all operations. Anadolu Efes' consolidated sales revenue reached TRL 13 billion in 2017 and EBITDA increased over TRL 2 billion. I am also particularly happy to inform that our Free Cash Flow was very strong at TRL 1.3 billion “commented Mr. Gavin Hudson, Anadolu Efes CEO and Beer Group President.

On the beer side, 4th quarter volume growth was strong at 11% year on year, bringing the full year volume growth to 6% with sales volume exceeding 21 million hectoliters in 2017. Revenue growth was significantly ahead of that of volume as a result of price increases, favorable mix and positive translation impact. Beer Group EBITDA margin was slightly below last year's, as guided before. We are especially happy with the solid FCF generation of the beer group. Despite cycling a very strong base of tight working capital in 2016, we were able to decrease our core working capital as a percentage of net sales revenue and together with our smartly planned low capex as well as improved profitability in absolute terms, we recorded over TRL 500 million free cash flow in 2017. This strong performance enabled us to significantly reduce our financial leverage to 1.1x in Beer Group. On this basis, our Board of Directors resolved to recommend a dividend payment of TRL 250 million for the approval of the General Assembly.

In Turkey, the strong performance of our brand portfolio continued in the 4th quarter of the year. We are seeing some positive signs after “Efes Pilsen” relaunch on July 3rd. Our commitment to bringing the freshest and the most natural beer with highest quality is receiving very positive feedback from our consumers. Our strong brand portfolio will continue to be at the heart of our strategy in 2018 as well.

In international markets we delivered strong growth across all our operating countries in the 4th quarter. Russia performed exceptionally well by recording double digit growth both in 4th quarter and full year. Our increased presence in modern trade channels as well as market share gains in premium and upper mainstream segments enabled strong outperformance of the market in 2017. We estimate the Russian beer market to be down by mid-single digits in 2017.

Looking ahead, we expect to deliver mid-single digit volume growth in Anadolu Efes on a consolidated basis with positive contributions from all operations. We expect Anadolu Efes to deliver revenue growth ahead of volumes due to our price increases and strategy to improve mix. We target to improve our EBITDA margin while continuing to generate strong FCF is going to be a core focus area.“

TURKEY BEER OPERATIONS

Turkey Beer (TRL mn)	4Q2016	4Q2017	% change	FY2016	FY2017	% change
Volume (mhl)	1.4	1.4	5.2%	6.0	5.8	-3.2%
Net Sales	330.5	442.0	33.7%	1,438.6	1,588.4	10.4%
Gross Profit	197.7	272.7	37.9%	853.5	940.5	10.2%
EBIT (BNRI)	51.7	86.4	67.2%	246.6	228.5	-7.3%
EBITDA (BNRI)	90.5	128.2	41.6%	408.3	401.1	-1.8%
Net Income/(Loss)*	-215.1	-40.6	81.1%	-129.0	-8.2	93.6%
			Change (bps)			Change (bps)
Gross Profit Margin	59.8%	61.7%	186	59.3%	59.2%	-12
EBIT (BNRI) Margin	15.6%	19.5%	391	17.1%	14.4%	-276
EBITDA (BNRI) Margin	27.4%	29.0%	162	28.4%	25.3%	-313
Net Income Margin*	-65.1%	-9.2%	5.589	-9.0%	-0.5%	845

* Net income attributable to shareholders

Turkey beer domestic volume posted a strong 5.6% growth in 4Q2017 after the mild growth in the third quarter of the year. Thus, domestic Turkey beer volume came in at 5.4 mhl in FY2017, down by 3.1% vs. 2016 in line with our guidance of low single digit decline. Total Turkey sales volume, which include exports was 5.8 mhl in FY2017, down by 3.2% y-o-y.

Turkish beer market is estimated to be flat in FY2017.

Given the deterioration of consumer confidence at the beginning of the year and lower-than expected tourist arrivals lacking the favorable mix, beer volumes in Turkey remained under pressure during the year. High prices due to the excise tax increases put further pressure on affordability. Yet, the successful execution of the relaunch of “Efes Pilsen” brand was supportive of the growth seen in the last two quarters of 2017 despite the ongoing competition.

Driven by a solid mix improvement and price increases, Turkey beer operation’s revenue per liter grew by 27.1% in 4Q2017 vs the same quarter of previous year. Accordingly, full year revenues of Turkey beer operations increased to TRL 1,588.4 million from TRL 1,438.6 million in 2016 by growing 10.4% y-o-y.

Increased volumes in the quarter and more favorable exchange rate enabled us to control our cost base in the 4th quarter of the year despite higher barley prices and increase in packaging material costs. This, together with revenue per liter increase contributed to gross margin improvement of 186 bps in the quarter. Accordingly FY2017 gross profit increased to TRL 940.5 million with a margin of 59.2%, flat to the previous year.

EBIT (BNRI) and EBITDA (BNRI) as a percentage of revenue improved by 391 bps and 162 bps respectively in 4Q2017 mainly due to the expansion in gross profit margin and optimization in OPEX. On a full year basis, Turkey beer operations recorded TRL 401.1 million EBITDA (BNRI) with a margin of 25.3%. The decrease in margin is mostly attributable to costs related to re-launch of Efes brand as well as lower volumes.

Bottomline was negative at TRL 8.2 million in FY2017, albeit at a lower amount compared to TRL 129.0 million net loss recorded in FY2016. Devaluation in TRL, which resulted in non-cash fx losses from hard currency borrowings was the main reason.

INTERNATIONAL BEER OPERATIONS

International Beer (TRL mn)	4Q2016	4Q2017	% change	FY2016	FY2017	% change
Volume (mhl)	2.9	3.3	13.7%	13.9	15,2	9.3%
Net Sales	443.9	653.3	47.2%	1,903.3	2,806.8	47.5%
Gross Profit	162.5	266.0	63.7%	831.2	1,177.7	41.7%
EBIT (BNRI)	8.4	60.6	621.3%	128.6	220.4	71.4%
EBITDA (BNRI)	61.4	128.6	109.4%	325.3	487.4	49.8%
Net Income/(Loss)*	-4.9	-54.6	-1002.4%	159.2	98.7	-38.0%
			Change (bps)			Change (bps)
Gross Profit Margin	36.6%	40.7%	412	43.7%	42.0%	-171
EBIT (BNRI) Margin	1.9%	9.3%	738	6.8%	7.9%	110
EBITDA (BNRI) Margin	13.8%	19.7%	585	17.1%	17.4%	27
Net Income Margin*	-1.1%	-8.4%	-724	8.4%	3.5%	-485

* Net income attributable to shareholders

EBI's consolidated sales volume in 4Q2017 was strong at 3.3 mhl indicating a growth of 13.7% y-o-y as each EBI operating country contributed positively to the quarterly volumes. Mostly led by Russian beer operations, EBI's consolidated volume reached 15.2 mhl with a 9.3% growth in FY2017.

The Russian beer market is estimated to have declined by mid-single digits in 2017 due to the negative impact of the PET downsizing as well as unfavorable weather conditions during the high season. Our Russian operations recorded double digit volume growth in the quarter, despite cycling a very strong base of last year. Accordingly full year sales volume growth in Russia was also double digit, outperforming the market, as guided. The outperformance was driven by increased penetration in the modern trade channel, leadership in the premium segment and strengthened position in the mainstream segment.

Volume performance was also positive in other EBI markets with our execution efforts, also assisted by the improved macro environment in the operating geography. Continuous optimization of the brand portfolio supported by successful executions and efficient RTM continued to be the focus in 2017 as we maintained our leadership in these markets.

EBI's consolidated net sales revenues increased by 47.2% year on year to TRL 653.3 million in 4Q2017 as a result of continued volume growth, price increases and the positive effect from currency translation driven by the better currency performances in major EBI countries in the quarter. Accordingly, EBI's consolidated net sales revenue was TRL 2,806.8 million, up by 47.5% in FY2017 vs FY2016.

Gross profit increased by 63.7% to TRL 266.0 million in 4Q2017 on a yearly basis. Cost of goods sold declined as a percentage of net sales in the last quarter leading to improvement in gross profit margin. Full year gross margin was recorded at 42.0%, down by 171 bps vs FY2016 as the gross margin expansion in 4Q2017 mitigated the impact of the product and channel mix and procurement prices putting pressure on profitability in the first nine months.

EBI's consolidated EBIT (BNRI) and EBITDA (BNRI) margins improved by 738 bps and 585 bps respectively in 4Q2017 on the back of higher volumes and tight opex management. In FY2017, EBI's consolidated EBITDA (BNRI) was TRL 487.4 million, 49.8% higher vs the same period of previous year. EBITDA margin was flattish at 17.4%.

EBI recorded TRL 98.7 million net profit in FY2017 vs TRL 159.2 million in FY2016.

SOFT DRINK GROUP

MANAGEMENT COMMENTS

Burak Başarır, Chief Executive Officer of Coca-Cola İçecek, commented: "We are pleased with our growth in 2017, with all of our regions contributing to the top-line acceleration. Through high-quality growth and efficiency measures, we registered the highest net revenue, EBIT and EBITDA growth of the past five years[1] and delivered on our 2017 guidance. Robust profitability reconfirmed the strength of our business model and resulted in record high free cash flow. Today we also announced a TRL 200 million dividend proposal[2] for 2017, reflecting our commitment to return value to our shareholders.

In Turkey, volume grew by 3.3%, the highest increase in five years. Quality volume growth saw the Sparkling category turning positive after five years and a more significant share of immediate consumption (IC) volumes. Net revenue per case grew 8.1% in 2017, on the back of strong price-mix stemming from successful revenue growth initiatives.

Pakistan operations were able to build on the previous year's high base, and we are pleased to report a significant improvement in operating profitability through price increases and efficiency measures. In Iraq, volume growth turned positive in 2017, supported by strong Sparkling performance and improved market execution.

Central Asia regained its growth momentum as Kazakhstan and Azerbaijan, our largest markets in the region, both posted strong double-digit volume growth, driven by a recovering macroeconomic backdrop. Despite the challenging operating environment in Turkmenistan, Central Asia's overall performance was solid, with volume growth in all categories and improving operating profitability.

In 2017, we further strengthened our readiness for future growth opportunities with a very successful Eurobond issuance resulting in both a longer maturity and lower financing cost. In addition, we successfully completed a hedging transaction for USD 150 million through participating cross-currency swaps, in early 2018. With our

Coca-Cola İçecek (TRL mn)	4Q2016	4Q2017	% change	FY2016	FY2017	% change
Volume (mn u/c)	224.0	227.1	1.4%	1,189.1	1,237.5	4.1%
Net Sales	1,375.2	1,656.5	20.5%	7,050.2	8,521.1	20.9%
Gross Profit	413.3	546.2	32.2%	2,392.5	2,901.3	21.3%
EBIT	-22.9	43.1	n.m.	640.7	874.0	36.4%
EBITDA	96.4	170.0	76.4%	1,092.9	1,378.7	26.2%
Net Income/(Loss)*	-360.1	-148.5	58.8%	-28.4	237.6	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	30.1%	33.0%	292	33.9%	34.0%	11
EBIT Margin	-1.7%	2.6%	427	9.1%	10.3%	117
EBITDA Margin	7.0%	10.3%	325	15.5%	16.2%	68
Net Income Margin*	-26.2%	-9.0%	1.722	-0.4%	2.8%	319

* Net income attributable to shareholders

1) 2013 growth based on 2012 proforma figures as announced in FY13 Earnings Release

2) FY17 dividend is subject to the approval of the General Assembly of Shareholder

disciplined financial approach, strong market positions and proven management team, we are on track to grow our business profitably and deliver our strategic objectives set out for 2025."

In FY2017, consolidated sales volume increased by 4.1%, in line with our guidance. This was driven by solid performance of Sparkling (up 3.3%), Stills (up 8.5%) and non-ready-to-drink ("NRTD") Tea (up 20.9%), while Water volume declined by 3.2%. The share of Turkey operations within total sales volume was 50% in FY17 compared to 51% in FY2016. In 4Q2017, consolidated sales volume rose by 1.4%, driven by 3.0% Sparkling and 16.8% Stills growth, along with 4.0% lower Water and 7.7% lower NRTD tea volume.

In FY2017, Turkey operations delivered volume growth of 3.3%, registering the highest growth of the past 5 years. This was mainly driven by Sparkling (up 1.7%), Stills (up 4.1%) and NRTD tea (up 20.7%). Water contracted by 6.8% in FY17, in line with our strategy to improve category profitability. Initiatives to drive revenue through quality volume growth resulted in positive Sparkling growth for the first time in 5 years. The share of immediate consumption ("IC") packages in the Sparkling category increased to 22% from 20% in FY2016, with the number of transactions growing by 9%, outpacing volume growth. In 4Q2017, volume growth in Turkey was 1.9%. The Sparkling category registered 5.7% growth with an accelerated growth of 23.5% in IC packages. The share of IC packages in the Sparkling category increased by 3.7% points year-on-year to 25.7%. The Stills category posted 13.2% growth in the quarter, mainly driven by double-digit growth both in Juice and Ice Tea. Meanwhile, Water contracted by 0.7% with packaging mix evolving in favor of IC packages. NRTD Tea declined by 7.9%, mainly due to the high base of 4Q2016.

In FY2017, international operations delivered 4.9% volume growth, primarily driven by growth in Kazakhstan, Pakistan, Azerbaijan and Iraq. In Pakistan, volume rose by 3.5%. This was mainly due to the focus on profitable volume growth and price increases in early 2017 for the first time in 3 years, which slowed down overall volume growth. Across the Middle East, volume grew by 5.5%, with Iraq posting 5.5% growth, mainly driven by Sparkling. Jordan recorded 5.0% growth for the year. Central Asia registered 7.0% growth, mainly due to strong performance in Kazakhstan and Azerbaijan. Kazakhstan posted 17.5% volume growth, representing a record high volume in the aftermath of the economic slowdown. Strong market execution, successful consumer activities and higher oil prices supporting the economy led to double-digit growth in all categories in Kazakhstan. Azerbaijan, CCI's second largest market in the region, posted 27.2% volume growth, mainly driven by strong growth in the Sparkling category. Turkmenistan registered 45.8% volume contraction due to a worsened macroeconomic backdrop which resulted in limitations on currency convertibility, causing interruptions to operations. In 4Q2017, international operations delivered 0.8% volume growth. In Pakistan, volume decreased by 3.7% in 4Q2017, cycling 13.1% growth in 4Q2016, mainly due to the slowdown impact of price increases, coupled with unfavorable weather conditions and macro uncertainties impacting consumer sentiment. Across the Middle East, volume grew by 3.7%. Iraq posted 4.9% growth driven by the Sparkling category. Jordan recorded a 2.6% contraction, reflecting the weak macroeconomic environment and slowdown in overall consumer spending. Central Asia registered 5.3% volume growth with all markets, except for Turkmenistan, posting double-digit volume growth. During the quarter, Kazakhstan posted 13.4% volume growth, cycling 14.3% growth in 4Q16 and Azerbaijan posted 34.7% volume growth.

In FY2017, consolidated net sales revenue ("NSR") increased by 20.9%, mainly driven by double-digit revenue growth in Turkey operations and positive FX conversion impact of International operations. On an FX-neutral basis, consolidated NSR was up by 9.8%, on the back of increasing volume, strong pricing and positive sales mix. In Turkey, NSR was up by 11.7%, mainly driven by pricing, successful promotion management and improving packaging mix. NSR per unit case maintained its momentum throughout the year, recording 8.1% growth as the revenue growth initiatives continued to deliver solid results. In the international operations, NSR increased by 30.4% or 7.8% on an FX-neutral basis. Strong volume growth in Central Asia and NSR per unit case growth in Pakistan were the main drivers of top-line in 2017, while NSR per unit case was up by 2.8%, on an FX-neutral basis. In 4Q2017, consolidated NSR increased by 20.5%, while it was up by 13.1% on an FX-neutral basis. In Turkey, NSR was up by 19.4%, mainly driven by pricing and improving packaging mix. NSR per unit case accelerated to 17.2% in the last quarter of the year, reflecting higher share of IC packages, favorable sales mix and continued focus on more profitable packages. In international operations, NSR increased by 21.4%, or 7.1% on an FX-neutral basis. NSR per unit case increased by 20.5%, or 6.3% on an FX-neutral basis, which was mainly supported by higher NSR per case in Pakistan.

In FY2017, consolidated gross margin improved by 11 bps to 34.0% with raw material costs as a percentage of revenue remaining almost flat on a consolidated basis. In Turkey, stronger NSR per unit case more than offset higher packaging costs and paved the way for margin expansion. Turkey's gross margin improved by 101 bps to 38.4% in FY2017. In international operations, gross margin remained almost flat at 30.2% as margin expansion in Pakistan and Kazakhstan compensated for lower margins in Turkmenistan and Iraq.

In 4Q2017, gross margin expanded by 292 bps to 33.0%, with both Turkey and International operations delivering margin expansion. In Turkey, growth in cost per unit case lagged behind growth in NSR per case, leading to 274 bps expansion in gross margin. International gross margin improved by 307 bps as higher NSR per case compensated for higher costs in sugar and packaging materials. In FY2017, EBIT margin improved by 117 bps to 10.3%, primarily driven by Turkey operations. This was due to 11 bps decrease in cost of sales, 32 bps decrease in G&A expenses and 73 bps decrease in SD&M expenses as a percentage of revenue. Operating expenses as a percentage of revenue declined both in Turkey and in international operations. EBIT margin turned positive in 4Q2017 with significant margin expansion both in Turkey and International operations. EBITDA margin expanded by 68 bps to 16.2% in FY2017, reflecting better operating profitability in Turkey and lower OpEx/Sales. EBITDA margin improved by 325 bps to 10.3% in 4Q2017, reflecting solid operating profitability, both in Turkey and International operations. Net income was TRL 237.6 million in FY2017 vs. TRL 28.4 million loss in FY2016 mainly due to higher operating profit and lower net financial expense. Net loss decreased by 58.8% in 4Q2017, due to higher operating profit and lower net financial expense.

Free cash flow increased to TRL 729 million in FY2017, up by 13.7% compared to FY2016, mostly attributable to higher cash from operating activities and lower capital expenditure.

Net Debt/EBITDA ratio improved to 1.5x in FY2017 from 2.1x in FY2016.

CONSOLIDATED FINANCIAL PERFORMANCE

EBITDA (TRL mn)	FY2016	FY2017
Profit/loss from Operations	939.9	1,251.9
Depreciation and amortization	790.7	932.0
Provision for retirement pay liability	20.1	22.8
Provision for vacation pay liability	9.8	2.8
Foreign exchange gain/loss from operating activities	3.9	-0.8
Rediscount interest income/expense from operating activities	0.0	0.5
Other	4.3	3.7
EBITDA	1,768.7	2,212.9
EBITDA (BNRI*)	1,771.9	2,228.4

* Non-recurring items amounted to TRL 3.2 million in FY2016 and TRL 15.6 million in FY2017

Financial Income / (Expense) Breakdown (TRL mn)	FY2016	FY2017
Interest income	81.1	141.3
Interest expense	-211.6	-266.0
Foreign exchange gain /(loss)	-641.0	-524.1
Other financial expenses (net)	-26.5	-25.4
Gain/(loss) on derivative transactions	-4.2	0.0
Net Financial Income /(Expense)	-802.2	-674.2

Anadolu Efes Free Cash Flow (TRL mn)	FY2016	FY2017
EBITDA	1,768.7	2,212.9
Change in Working Capital	172.5	70.6
Income Taxes & Employee Benefits Paid	-133.4	-165.8
CAPEX, net	-707.8	-770.8
Net Financial Income /(Expense)	-69.6	-31.9
FCF	1,030.4	1,314.9
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	-14.1	-17.8
FCF (after investing activities)	1,016.3	1,297.0

As of 31.12.2017	Consolidated Gross Debt	Cash & Cash Equivalents	Net Cash/(Debt) Position
AEFES Consolidated (TRL mn)	8,509.5	5,498.2	-3,011.3
Beer Group (TRL mn)	2,518.8	1,606.3	-912.5
» Turkey Beer (TRL mn)	2,346.2	387.5	-1,958.7
» EBI (USD mn)	43.1	321.5	278.4
CCI (TRL mn)	5,990.7	3,891.9	-2,098.8
Net Debt / EBITDA (BNRI)	FY2017	FY2016	
Anadolu Efes Consolidated	1.9	1.4	
Beer Group	1.7	1.1	

OUTLOOK

The guidance below refers to the expected organic results of Anadolu Efes in 2018 and does not include any guidance considering the new operating structure in Russia & Ukraine. As announced earlier, we are working towards finalizing the deal with ABI. Once the deal closes, we will be able to share more information on the new operating structure.

SALES VOLUME: Mid-single digits growth on a consolidated basis

TOTAL BEER: Flattish to low single digit growth
- **Turkish beer market:** Flattish-to-low single digit growth
- **Turkey own beer:** In line with market
- **Russian beer market:** Flattish
- **Russian own beer:** In line with market

CONSOLIDATED SOFT DRINKS: 4%-6% growth
- **Turkey soft drinks:** 2%-4% growth
- **International soft drinks:** 8%-10% growth

REVENUE: Outperform sales volume in all business lines

EBITDA MARGIN: Slightly higher on a consolidated basis mainly due to improved margins in beer operations

CAPEX: As a percentage of sales high single digits on a consolidated basis

FCF: Positive FCF in both beer and soft drinks

FORESEEABLE RISKS FOR 2018

FINANCIAL MARKETS RELATED:

2018 will continue to be a challenging year for Emerging Markets. Apart from specific country/region economic or political issues, increasing interest rates and recovery of growth in developed markets put pressure on emerging countries' economic activities and their local currencies. In addition, specific events/political tension may also bring additional volatility. Company has been taking actions to mitigate financial markets related risk as much as possible and manage volatility to some extent. With an accumulated experience of operating in highly volatile markets for long years, we have a successful track record of managing and mitigating risks.

PROCUREMENT RELATED:

A significant portion of our cost of sales relates to raw and packaging materials and many of these raw materials are commodities, or are priced based on commodity prices. The supply and price of raw materials used by us can fluctuate as a result of a number of factors. This risk is mitigated by our long term supply contracts and using of available hedging mechanisms to a meaningful extent.

POLITICAL ENVIRONMENT RELATED:

Some of Anadolu Efes' operating markets have been under political tension for some time both in beer and soft drink sides. Any further escalation of this tension may negatively impact our performance.

CONSUMPTION RELATED:

With all sales generated from emerging and frontier markets, political or economic instability could deteriorate consumer sentiment.

ANADOLU EFES

Consolidated Income Statements For the Twelve-Month Period Ended 31.12.2016 and 31.12.2017 Prepared in accordance with IFRS as per CMB Regulations (TRL mn)

	2016/12	2017/12
Sales Volume (mhl)	87.5	91.3
Sales Revenue	10,420.3	12,946.9
Cost of Sales (-)	-6,329.6	-7,906.5
Gross Profit from Operations	4,090.6	5,040.4
Selling, Distribution and Marketing Expenses (-)	-2,393.8	-2,915.9
General and Administrative Expenses (-)	-841.2	-955.5
Other Operating Income /Expense (net)	84.3	82.9
Profit from Operations (BNRI)*	943.1	1,267.5
Income /Expense From Investing Activities (net)	-61.3	-64.0
Income / (Loss) from Associates	-23.5	-30.4
Operating Profit Before Finance Income/(Expense)	855.1	1,157.6
Financial Income / Expense (net)	-802.2	-674.2
Profit Before Tax From Continuing Operations	53.0	483.4
Continuing Operations Tax Income/(Expense)		
» Current Period Tax Expense (-) / Income	-84.9	-157.6
» Deferred Tax Expense (-) / Income	-8.1	-19.9
Income/(Loss) for the Period	-40.1	305.9
Attributable to:		
» Non-Controlling Interest	30.7	156.5
» Equity Holders of the Parent	-70.8	149.4
EBITDA (BNRI)*	1,771.9	2,228.4

*Non-recurring items amounted to TRL 3.2 million in FY2016 and TRL 15.6 million in FY2017

Note 1: EBITDA comprises of Profit from Operations, depreciation and other relevant non-cash items up to Profit From Operations.

ANADOLU EFES

Consolidated Balance Sheets as of 31.12.2016 and 31.12.2017 Prepared In Accordance with IFRS as per CMB Regulations (TRL mn)

	2016/12	2017/12
Cash & Cash Equivalents	2,745.3	5,409.6
Financial Investments	11.0	88.6
Derivative Instruments	1.5	0.2
Trade Receivables from Third Parties	1,188.1	1,372.6
from Related Parties	131.5	158.1
Other Receivables	99.1	103.4
Inventories	1,031.0	1,179.2
Other Current Assets	801.2	886.4
Total Current Assets	6,008.7	9,198.0
Other Receivables	14.5	22.3
Financial Investments	0.8	0.8
Investments in Associates	58.4	46.3
Property, Plant and Equipment (incl. inv properties)	7,396.6	7,587.1
Other Intangible Assets	9,964.1	10,403.3
Goodwill	1,675.2	1,840.8
Deferred Tax Assets	274.3	307.4
Other Non-Current Assets	236.0	284.8
Total Non-Current Assets	19,619.9	20,492.9
Total Assets	25,628.6	29,690.9

	2016/12	2017/12
Current portion of long term borrowings	383.1	2,956.1
Short-term Borrowings	117.8	89.4
Derivative Instruments	0.1	0.0
Current Trade Payables to Third Parties	1,258.3	1,624.0
to Related Parties	25.9	52.4
Other Current Payables	661.6	851.1
Provision for Corporate Tax	1.4	6.5
Provisions	129.6	115.4
Other Liabilities	108.6	123.7
Total Current Liabilities	2,686.5	5,818.7
Long-term Borrowings	5,682.4	5,464.0
Non Current Trade Payables	26.4	35.2
Other Non Current Payables	301.5	347.2
Deferred Tax Liability	1,831.5	1,908.1
Other Non Current Liabilities	283.2	290.9
Total Non-Current Liabilities	8,125.1	8,045.4
Total Equity	14,817.0	15,826.9
Total Liabilities and Shareholders' Equity	25,628.6	29,690.9

Note 1: "Financial Investments" in Current Assets includes the time deposits with a original maturity more than three months.

BEER GROUP

Highlighted Income Statements For the Twelve-Month Period Ended 31.12.2016 and 31.12.2017 Prepared in accordance with IFRS as per CMB Regulations (TRL mn)

	2016/12	2017/12
SALES VOLUME (mhl)	19.9	21.1
SALES REVENUE	3,370.1	4,425.9
GROSS PROFIT FROM OPERATIONS	1,708.1	2,142.6
PROFIT FROM OPERATIONS (BNRI)*	317.9	407.8
OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)	325.3	337.4
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	13.0	102.5
INCOME/(LOSS) FOR THE PERIOD	-34.8	61.5
» EQUITY HOLDERS OF THE PARENT	-35.1	61.2
EBITDA (BNRI)*	679.1	849.7

*Non-recurring items amounted to TRL 3.2 million in FY2016 and TRL 15.6 million in FY2017

Note 1: EBITDA comprises of Profit from Operations, depreciation and other relevant non-cash items up to Profit From Operations.

BEER GROUP

Consolidated Balance Sheets as of 31.12.2016 and 31.12.2017 Prepared In Accordance with IFRS as per CMB Regulations (TRL mn)

	2016/12	2017/12
Cash & Cash Equivalents	1,279.2	1,534.9
Financial Investments	0.0	71.4
Derivative Instruments	0.3	0.0
Trade Receivables	715.7	856.0
Other Receivables	57.7	63.1
Inventories	509.7	615.4
Other Current Assets	313.6	352.5
Total Current Assets	2,876.3	3,493.3
Investments in Associates	655.9	643.8
Property, Plant and Equipment (incl. inv properties)	2,063.6	2,092.7
Other Intangible Assets	1,781.4	1,965.7
Goodwill	985.3	1,102.7
Other Non-Current Assets	354.6	400.6
Total Non-Current Assets	5,840.8	6,205.5
Total Assets	8,717.1	9,698.8

	2016/12	2017/12
Current portion of long term borrowings	126.8	237.7
Short-term Borrowings	8.6	11.1
Current Trade Payables	511.1	721.4
Other Current Payables	449.8	618.5
Provisions	47.3	49.4
Other Liabilities	45.4	53.4
Total Current Liabilities	1,189.0	1,691.4
Long-term Borrowings	2,277.7	2,270.0
Other Non Current Payables	301.5	347.2
Deferred Tax Liability	279.5	305.1
Other Non Current Liabilities	106.9	101.0
Total Non-Current Liabilities	2,965.8	3,023.3
Total Equity	4,562.4	4,984.1
Total Liabilities and Shareholders' Equity	8,717.1	9,698.8

TURKEY BEER OPERATIONS

Highlighted Income Statement Items For Twelve-Month Period Ended 31.12.2016 and 31.12.2017 Prepared In Accordance with IFRS as per CMB Regulations (TRL mn)

	2016/12	2017/12
Sales Volume (mhl)	6.0	5.8
Net Sales	1,438.6	1,588.4
Gross Profit from Operations	835.5	940.5
Profit from Operations (BNRI)*	246.6	228.5
Income / Expense from Investing Activities (Net)	2.7	9.6
Financial Income / Expense (Net)	-404.4	-262.9
Continuing Operations Profit Before Tax	-155.1	-31.3
Tax Income / (Expense)	26.2	23.1
Profit for the Year	-128.9	-8.2
EBITDA (BNRI)*	408.3	401.1

* Non-recurring items amounted to TRL 6.6 million in FY2017

Note : EBITDA comprises of Profit from Operations (excluding other operating income/expense arising from Anadolu Efes' holding nature), depreciation and other relevant non-cash items up to Profit From Operations.

INTERNATIONAL BEER OPERATIONS (EBI)

Highlighted Income Statement Items For Twelve-Month Period Ended 31.12.2016 and 31.12.2017 Prepared In Accordance with IFRS as per CMB Regulations (TRL mn)

	2016/12	2017/12
Sales Volume (mhl)	13.9	15.2
Net Sales	1,903.3	2,806.8
Gross profit	831.2	1,177.7
Profit from Operations (BNRI)*	128.6	220.4
Income / Expense from Investing Activities (Net)	15.3	-77.5
Financial Income / Expense (Net)	91.9	27.9
(Loss) / Profit Before Tax	232.6	162.4
Tax Income / (Expense)	-73.1	-63.4
(Loss) / Profit After Tax	159.5	99.0
Attributable to		
Minority Interest	0.3	0.3
Equity Holders of the Parent Company	159.2	98.7
EBITDA (BNRI)*	325.3	487.4

*Non-recurring items amounted to TRL 3.2 million in FY2016 and TRL 8.4 million in FY2017.

Note 1: EBITDA comprises of Profit from Operations, depreciation and other relevant non-cash items up to Profit From Operations.

Note 2: Figures for EBI are obtained from consolidated financial statements prepared in accordance with IFRS after CMB reclasses.

SOFT DRINK OPERATIONS (CCI)

Highlighted Income Statement Items For Twelve-Month Period Ended 31.12.2016 and 31.12.2017 Prepared In Accordance with IFRS as per CMB Regulations (TRL mn)

	2016/12	2017/12
Sales Volume (mn u/c)	1,189.1	1,237.5
Net Sales	7,050.2	8,521.1
Cost of Sales	-4,657.8	-5,619.8
Gross Profit	2,392.5	2,901.3
Operating Expenses	-1,763.5	-2,042.1
Other Operating Income / (Expense) (net)	11.8	14.8
EBIT	640.7	874.0
Gain / (Loss) from Associates	-1.2	-0.4
Income / (Expense) from Investing Activities, net	-79.0	-13.4
Financial Income / (Expense), net	-489.8	-439.2
Income Before Minority Interest & Tax	70.8	421.0
Tax income /(expense)	-48.4	-139.5
Income Before Minority Interest	22.4	281.5
Attributable to,		
Minority Interest	50.8	43.9
Net Income attributable to Shareholders	-28.4	237.6
EBITDA	1,092.9	1,378.7

Note 1: EBITDA comprises of profit from operations, depreciation and other relevant non-cash items up to EBIT.

Note 2: Figures for CCI are obtained from consolidated financial results prepared in accordance with IFRS as per CMB regulations.

SOFT DRINK OPERATIONS (CCI)

Highlighted Balance Sheet Items as of 31.12.2016 and 31.12.2017 Prepared In Accordance with IFRS as per CMB Regulations (TRL mn)

	2016/12	2017/12
Cash and Cash Equivalents	1,466.1	3,874.7
Financial Investments	11.0	17.2
Derivative Instruments	1.1	0.2
Trade Receivables and due from related parties	604.3	675.2
Inventory (net)	521.3	563.8
Other Receivables	41.4	40.3
Other Current Assets	487.6	533.9
Total Current Assets	3,132.8	5,705.3
Property, Plant and Equipment	5,084.8	5,258.0
Intangible Assets (including goodwill)	2,077.7	2,226.5
Other Non-Current Assets	160.6	204.4
Total Non-Current Assets	7,323.1	7,688.9
Total Assets	10,456.0	13,394.2

	2016/12	2017/12
Short-term Borrowings	109.2	79.9
Current Portion of Long-term Borrowings	256.3	2,716.8
Trade Payables	773.5	955.6
Other Payables	211.7	232.4
Provision for Corporate Tax	0.0	4.8
Short Term Provisions	82.3	66.1
Employee Benefits Payable	31.5	39.6
Other Current Liabilities	33.1	32.4
Total Current Liabilities	1,497.6	4,127.6
Long-term Borrowings	3,404.7	3,194.0
Non-Current Trade Payables	26.4	35.2
Non Current Provisions	65.2	72.3
Deffered Tax Liabilities	353.9	407.9
Other Non- Current Liabilities	111.2	117.6
Total Non-Current Liabilities	3,961.4	3,827.0
Total Equity	4,997.0	5,439.6
Total Liabilities and Shareholders' Equity	10,456.0	13,394.2

Note 1: Figures for CCI are obtained from consolidated financial results prepared in accordance with IFRS as per CMB regulations.

WITH OUR BUSINESS MODEL RESPECTFUL TOWARDS THE ENVIRONMENT, WE ARE FOCUSING ON QUALITY AND SUSTAINABILITY IN ALL OUR OPERATIONS AND WORK FOR SUPPORTING THE DEVELOPMENT OF THE SOCIETIES.

ANADOLU EFES AND CCI ARE INCLUDED IN BIST-SUSTAINABILITY INDEX SINCE 2015, ENHANCING THE VALUE OF STAKEHOLDER SAVINGS.

SUSTAINABILITY BEER GROUP

Anadolu Efes shaped its sustainability studies by the Positive Impact Plan which was implemented in 2011. With its sensitive model towards human and the environment, Anadolu Efes works to contribute to the socioeconomic development of the communities in which we live and work, and to sustain its continuous improvement.

SUSTAINABILITY MANAGEMENT

The foundation of our sustainability concept includes the following targets: to enhance our positive impact with a model sensitive towards people and the environment, to contribute to the socioeconomic development of the communities in which we live and work, and to sustain the continuous improvement of Anadolu Efes.

The starting point of the Anadolu Efes Positive Impact Plan that we began to implement in 2011 is to boost the positive impact of our activities by generating a responsible, smart and profitable business model that secures the future of the community. In this respect, we achieved significant progress in the six priority areas we established in our management approach as well as in our social, environmental and economic performance.

A component of our sustainability management concept is to increase the positive impact we are generating by pairing them with international initiatives.

In this context, the U.N. Global Compact and its extension CEO Water Mandate as well as the Women's Empowerment Principles are the main initiatives we are committed to. In addition, we keep track of any global sustainability initiatives that are exhibiting continuous improvement and steer our practices accordingly. With this in mind, the U.N. Sustainable Development Goals have been included in our areas of study as they relate to our Anadolu Efes Positive Impact Plan.

PERFORMANCE EVALUATION

Our Performance Evaluation System plays a major role in the success of the Anadolu Efes Positive Impact Plan. Performance indicators that relate to each of our priority areas have been identified. All these indicators are generated in relation to GRI Standards and monitored, and are reported annually via our sustainability reports and on our website. Furthermore, a large majority of these indicators are monitored as part of the Anadolu Efes Performance Evaluation

System, and they are used in the evaluation of all managers' individual performance and in their remuneration management system. A large portion of these indicators are also monitored through internal audit and corporate risk management.

For more detailed information on Anadolu Efes' Positive Impact Plan and sustainability management, you can access our corporate website. (www.anadoluefes.com)

CONSERVATION OF WATER RESOURVES

Conservation of fresh water resources

is included in our Sustainable Development Goals and remains one of our fundamental subjects. We consider the management of water to be among our sustainable priorities, both in respect to its relationship to operations and its importance to communities. Thus, we continuously monitor it under the umbrella of corporate risk management.

Being a major part of our business strategy, our main goal is to produce more while consuming less water, and to promote research in the field of water resources conservation. With this in mind, we utilize a continuous improvement logic. In addition to developing our own water efficiency projects, we work to promote both local and international initiatives. In 2014, we were a pioneer among Turkish companies by becoming one of the cosigners of the UNGC CEO Water Mandate initiative. We developed our policy, system and processes to conserve water resources in line with the principles designated by this initiative. We evaluate water risks across our value chain in the context of risk management and implement internal control practices. We use the results obtained by our performance indicators and disclose them to the public through our annual sustainability reports. We continued our studies on the development of our water consumption and wastewater management performance, which we consider as part of our continuous improvement program in the reporting period.

We also continued leading the Water Working Group of the Business World and Sustainable Development Association of Turkey, as well as working jointly with various stakeholders by promoting local studies in other countries.

WATER MANAGEMENT

In 2016, water consumption in brewing decreased to 8.2 million m3 in parallel to our production volume. Thanks to our efficiency efforts, water consumption per product remained steady at 4.2 hl/hl just as the previous year, whereas under normal circumstances water consumption per product should have increased. During the year, for malt production, we consumed same volume of water with the previous year however, water consumption per production displayed a rise of 3% and reached the 6.5 m3/ton.

WASTEWATER MANAGEMENT

In 2016, total wastewater discharge was realized as the same as the previous year at Anadolu Efes brewing plants, owing to the decline in wastewater discharge per product during production. It showed a minimal increase by reaching 3.1 hl/hl. A similar trend was observed in the malt production process. Water consumption per product rose to 5.5 m3/ton level.

Wastewater, a by-product of our production processes, is now being discharged after its environmental impact is minimized at treatment facilities. In this way, the wastewater discharge process does not negatively effect the biodiversity value of any water resource.

CLIMATE AND ENVIRONMENT

We strive to conduct our operations with minimum impact on the environment and climate. Our target is to enhance our performance based on our Sustainable Development Goals. Anadolu Efes Working Principles, Environment Policy, Energy and Climate Policy certificates designate the principles we follow as part of our sustainability priorities. Conforming in full with all applicable legislation we are subject to is an important component of these principles. This applies to all countries in which we operate. Each country monitors its operations, taking into account processes designed in accordance with ISO14001 and ISO50001. In order for our employees to achieve these processes in conformity with our standards, they are provided the necessary handbooks and training programs. As of 2016, 71% of our operational facilities are certified according to the ISO14001 standard.

We diverted funds amounting to more than $6 million to environmental management and improvement investments in the reporting period. Furthermore, in 2016, we arranged environment training for our

596 employees adding up to 1,536 person-hours to develop our employees with respect to environmental protection, policies and our procedures.

ENERGY AND EMISSIONS

In spite of falling production in 2016 thanks to our efficiency efforts, we reduced per-product energy consumption by 3.5% to 36.2 kWh/hl compared to last year. In malt production, despite decreasing production quantity we maintained our energy consumption value and retained the 981 kWh/ton level, representing a very minor increase.

In 2016, we also made an important achievement by improving our gas emissions performance. During the year, we reduced our greenhouse gas emissions by 5.8% to a 9.7 kg CO_2/hl; in the malt production, per-product greenhouse gas emission was brought down to a 224 kg CO_2/ton level, an improvement of 3.9%.

Thanks to our energy efficiency efforts conducted during the year, we brought our annual energy consumption to 20 TJ, and greenhouse gas emissions were reduced to 1,756 tons of CO_2. One example is our rinser bottle washing system at the Kazakhstan location, leading to a yearly savings of 162,000 kWh energy and 73 tons of CO_2 greenhouse gas emissions. With respect to the Georgian operations, process improvement and equipment renewal studies led to an annual energy savings of over 1 million kWh. During the year, the highest reduction performance was achieved by our Russian operation. Although 25 projects were carried out, the operation recorded an annual energy savings of 3.1 million kWh and 1,127 tons of CO_2 in greenhouse gas emissions.

WASTE AND PACKAGING MANAGEMENT

In response to our waste management efforts, we act according to sorting principles at the source and with maximum recovery. In 2016, at our beer and malt production facilities we produced 181 ktons solid waste and 410 ktons of by-products. Only 4.7 ktons of the total solid waste was in the hazardous waste status. The recovery ratio of 96.6% in 2015 increased to 97.5% in the reporting period.

Our packaging is one of the main factors that presents our products to our consumers. It ensures the products maintain their safety, taste and quality, and delivers our corporate message. Unfortunately, it transforms into waste after consumption and produces an environmental impact. In order to reduce this impact to a minimum, we are undertaking efforts to reduce the quantity of packaging, and increase recycling and recovery.

Compared to the previous year, in 2016, the returnable glass bottle rate increased to 15.1% from 14.9%, and aluminum cans to 21.8% from 21.6%. Steel keg and returnable glass bottle rate increased to 23.1%. The coutry operation where the highest rate in that category achieved was Anadolu Efes Turkey with 57.3%.

As we accomplish the recovery of recyclable material within our own supply chain, recovery of one-way materials show great variations based on the current legislation and application infrastructure in the countries of operation. According to this, collection of one-way packaging and its recovery is regulated by legislation in Turkey, and managed by ÇEVKO (Environment Protection and Recycling of Packaging Waste Foundation), of which Anadolu Efes is a co-founder. The one-way packaging recovery rate in the Turkish operation is almost 80%, whereas in general the rate is around 10% across all of our operations.

VALUE CHAIN PARTNERSHIPS

With our value chain system, we offer a profitable and sustainable business model to all our business partners, and primarily to dealers, suppliers and distributors. While we make a contribution to our business partners by boosting their business efficiency and their achievements, we also support their development of working standards. By establishing long-term partnerships, we increase our positive impact on our stakeholders' business value and reinforce the sustainability of our value chain.

SUPPLIER AND DEALER DEVELOPMENT EFFORTS

As of 2016 there are over 8,000 product and service suppliers, more than 100 malt barley suppliers and more than 400 hop suppliers in the Anadolu Efes supply chain. We give them guidance in respect to the responsibilities they need to take on and the basic principles they need to follow in terms of the Anadolu Efes Supplier Working Principles we published in 2015. We monitor our suppliers to make sure they conform with these principles through our supplier audits. In the context of this work, in the last three years we completed audits of 40% of the main supplier group, including raw material and primary packaging producers.

Anadolu Efes products reach more than 300 million consumers via more than 500 dealers and distributors and tens of thousands of on and off-trade points of sale. With the help our work performance practices, we strive to improve the technical and managerial skills of our business partners. We design improvement programs keeping the needs of our stakeholders in mind.

Anadolu Efes Turkey supports the development of dealers and distributors via the Talimhane (Drill Field) joint development platform. Under the scope of Efes Talimhane, training courses, such as Leadership and Executive Development Program, Effective Decision-Making, Building and Managing Organizations, Advanced Finance, Contemporary Law and Customer Relations Management trainings, are provided owners, and decision makers of dealers and distributors. Moreover, Dealer Sales Teams and Distributors are provided with professional and competence building trainings conducted by internal trainers and outstanding third party trainers.

SUPPORTING AGRICULTURE AND FARMERS

In the brewing industry, protection of production continuity, product quality and product taste is of critical importance. In regards to agricultural raw materials, many external factors play a role in the production of malting barley and hops, and preventing risks is quite difficult. For this reason, it is of key importance to forge a close relationship with producers and to enhance their business efficiency for the sustainability of our operations. In connection with the Agricultural R&D Program that began 1982, we provide operational, technical and financial support to the producers of malting barley and hops.

AGRICULTUREL R&D PROGRAM

The Agricultural R&D program is a support program developed by Anadolu Efes on the basis of our Contractual Purchase Model. It aims to satisfy the demand for malting barley and hops from domestic producers with our own registered strains. Studies were carried out using natural methods. From the start of the program to date, Anadolu Efes has developed 15 new malting barley and seven hops strains and had these registered. Developing registered products belonging to us creates added value with respect to production and product quality, and in maintaining the consistency of taste. Registered malting barley and hops strains create an advantage in regards to resource consumption in production. When compared to other commonly-used barley strains in Turkey, use of Atılır and Fırat, two of our registered strains, leads to reduced electricity consumption of 12 to 24%, fuel consumption of 18 to 22%, and water consumption of 40 to 47%.

CONTRACTUAL PURCHASE MODEL

Anadolu Efes achieves the organized running of activities with respect to supporting producers by way of its Contractual Purchase Model. In addition to financial and operational support provided to malting barley and hops producers, other informational projects are conducted simultaneously.

Thanks to the Contractual Purchase Model, which provides the strains acquired through the agricultural R&D program, a significant efficiency increase has been realized in malting barley and hops production, adding value to local agricultural activities.

Implementation began in Turkey and reached roughly 8,000 farming families. It was carried over to our Moldova operation in 2012 due to its success. Following experimental planting studies and recognizing that the climate conditions of Moldova promote better results for winter range malting barley, more intense experimentation was carried for these strains. In 2017 we are targeting to complete the entire Moldova production with locally produced malting barley.

WORKFORCE

We recognize workforce practices as a basic component of our sustainability performance, and we are always focused on continuous improvement. We offer our employees a fair, equitable, safe working environment that boosts productivity and creativity and promotes talent. As a signatory to the U.N. Global Compact and Women's Empowerment Principles (WEP), we can vouch for the importance we attribute to human rights.

In order to elevate the level of awareness and consciousness of our employees regarding human rights, we organized 1,994 person-hours of human rights training in this reporting period.

We ascribe great importance to the development of our employees' individual and professional competence. In this regard, employees at every level are offered leadership, competence and skill development programs; special training programs; and foreign language, orientation training and on-the-job training programs. In this context, in 2016 14,412 attendants received 152,966 person-hours of training. Our average training hours per employee is 28 hours.

We recognize ensuring the health and safety of our employees as the most indispensable component of our working culture. In this regard, our business processes and our work environment are being continuously improved. Our target in occupational health and safety, which is now a strategic business target at the top management level, is to achieve zero work accidents and occupational disease.

PRODUCT RESPONSIBILITY

Producing high-quality beer and acting responsibly during the marketing process are the core principles of our product responsibility approach. In this regard, while we offer satisfying, high-quality products, we also encourage a responsible consumption culture. We add value to consumers' social lives with our products and generate positive value for our stakeholders.

PRODUCTION QUALITY

We produce our products with high-quality raw materials and processes. Our production plants are equipped with modern technology, and we process high-quality barley and hops developed at our R&D facilities. We perform our production processes under assurance by international systems and standards, such as ISO22000, HACCP Food Safety Management Systems and ISO9001 Quality Management Systems. We accomplish our entire production at plants certified by ISO22000 and HACCP food safety management systems.

CUSTOMER SATISFACTION AND INFORMATION

We steer our brand development efforts by taking into account market and research results as well as consumer satisfaction surveys undertaken on the basis of brands and products.

An important component of generating customer satisfaction is providing complete information to our customers on our products. We believe that getting proper information is a basic consumer right and we provide our customers with information by way of product labels, websites and customer support lines.

Outside of Anadolu Efes Turkey operations, countries in which local legislation has a ban on product-related websites, our stakeholders can access product information via corporate and product websites.

We provide information on our product labels that go beyond the criteria stipulated by local regulations. Our product labels may differ from one country to another, depending on consumption habits, local regulations and the structure of the industry. In all the countries, our stakeholders can call the support lines denoted on the product labels and obtain detailed information regarding the products. They can also relay suggestions and complaints. All requests reaching the related managers of Anadolu Efes via these call lines are meticulously evaluated and answered.

RESPONSIBLE CONSUMPTION

We are convinced that a responsible consumption culture is only possible when producers behave in accordance with responsible marketing principles. In all our operations, we act with full awareness of our responsibility.

The alcoholic beverage industry is rigorously regulated with respect to marketing communications. We monitor rules designated by initiatives of the industry in addition to current legislation in marketing communications. In accordance with our marketing communications concept, we avoid using marketing content that may encourage our consumers to engage in negative actions, that may be perceived as political or discriminatory, or that may hurt the sensitivities of the society or a specific community. We ensure that our products are only sold at points of sale that comply with legislation, and that they are not sold to persons below the legal age of consumption.

Anadolu Efes country operations conduct several studies to make consumers aware of the risks of irresponsible alcohol consumption and to promote responsible consumption. These applications are making our consumers aware of responsible consumption and may vary from one country to another due to cultural differences.

COMMUNITY DEVELOPMENT

In current climate, the business world has to shoulder a great deal of responsibility in the cultural and social development of communities. We act with the awareness of this responsibility, which is also handled within the scope of the Sustainable Development Goals. We conduct our operations with a view to make a contribution to the local economy and support the economic, social and cultural development of the communities in which we operate.

CONTRIBUTING TO THE LOCAL ECONOMY

The beer industry has a high multiplier effect on employment and thus has a great potential for vitalizing the local economy. In this regard, we consider local employment to be one of the core elements of our human resources policy. For this reason, a large majority of our staff is made up of local employees. Additionally, including local employees in our senior management is considered to be a major indicator of contribution to the local economy. As of 2016, local managers make up approximately 81% of our management ranks.

We also choose local channels for product procurement. As well as making a contribution to the development of the economy by sourcing locally, we also prevent foreign-source dependency. In 2016, 90% of our more than 8,200 suppliers from whom we realize our purchasing activity are local.

Annual culture and art events carried out by Anadolu Efes country operations in different cities as well as local development projects also revitalize local economies. The Urban Beautification Project ran by Anadolu Efes Russia progressed in 2016 as well. The project aimed to beautify urban areas and maintain good relations with the local community. Employees participated on a volunteer basis. During the project, over 6 tons of garbage was collected and over 100 trees were planted.

COMMUNITY INVESTMENTS

We are implementing several projects and practices in tourism, culture and arts, and sports to fulfil social expectations and needs in order to contribute to the social and cultural development of society. In this context, Anadolu Efes Turkey has been promoting projects for the advancement of sports for 40 years, cinema for 29 years, theater for 24 years and tourism for nine years.

Our largest social investment in the field of sports is the Anadolu Efes Sports Club, founded in 1976. The club's achievements have brought joy to the Turkish community. It was the first Turkish team to win a European Cup in professional sports. It continues its efforts to further advance basketball in Turkey.

In the regions in which we operate, we play a leading role in supporting culture and the arts. Anadolu Efes Turkey aims to promote the development of cinema and to participate in the recognition of Turkish cinema in international platforms. It was a sponsor of the Cinema of Turkey and the National Competition from 1990 to 2016, as part of the Istanbul Film Festival organized by the Istanbul Foundation for Culture and Arts. The films promoted by Anadolu Efes Turkey have won a total of 76 prizes in local and international festivals.

Anadolu Efes Turkey's support of theater is in its 24^{th} year. It sponsors nine theaters across Turkey. These theaters represent some of the most important venues in the country, staging more than 600 plays to over 30,000 people.

* Sustainability informations are taken from Anadolu Efes 2016 Sustainability Report. 2017 information will be release in second half of of the year 2018.

SOFT DRINK GROUP

CREATING VALUE FOR THE ENVIRONMENT AND COMMUNITY

Our primary goal in our efforts for the environment and communities is to be recognized as one of the most responsible corporate citizens by all of our stakeholders.

As the sixth-largest bottler in the Coca-Cola system, we are aware of the impact that our operations have on the environment and communities. Our primary goal in our efforts for the environment and communities is to ensure the long-term viability of our business by being proactive and innovative in environmental protection and to be recognized as one of the most responsible corporate citizens by all stakeholders. As we advance towards our growth targets set by our 2025 vision, we are embedding sustainability principles into all our processes, engaging in innovative practices to achieve our objective.

Our 2025 vision is to be the best FMCG company across our markets. Our sustainability strategy, guided by this vision, focuses on the issues that are material for our stakeholders and our company. We closely evaluate and manage these issues under six major titles: community development, environmental footprint, economic development, workplace rights, consumer well-being and customer value.

COMMUNITY DEVELOPMENT

As CCI, we work in collaboration with the communities in our operating geography in order to enhance their well-being and quality of life, especially focusing on youth and women. In doing this, we collaborate with local and international NGOs and encourage our employees to take an active role in our initiatives through volunteering. For this purpose, in 2017 launched the CCI Volunteering Program to systematically encourage and support volunteering activities for all our employees. Under the program, we realized 1 international, 8 national projects and 8 local activities in 17 cities across Turkey with more than 700 volunteers in 2017.

We launched our 3.2.1 Move! social responsibility program in Turkey in 2013 to enhance the well-being and quality of life of youth through physical activity and sports, and successfully expanded it to Pakistan, Iraq and Kazakhstan. Likewise, we are expanding Coca-Cola grassroots football tournaments to all our operating geography. Through our women entrepreneurship program Coca-Cola Belestery, we support women's contribution to the local economy in Kazakhstan, in line with our commitments to the UN Women Empowerment Principles (WEP) signed in 2015. We collaborate with NGOs in Pakistan to develop and execute clean water projects to increase public access to clean drinking water. We currently provide clean drinking water to more than 750,000 people through 24 water filtration plants established in different cities in Pakistan. As stated in our Articles of Incorporation, we donate a percentage of our pretax profit to the Anadolu Foundation and the Coca-Cola Life Plus Foundation in Turkey, which develop and implement projects with youth that benefit the environment and society.

ENVIRONMENTAL FOOTPRINT

We are aware of the direct link between environmental sustainability and the sustainability of our business. Therefore, we always seek to produce more by using less resources and creating less waste. Our environmental approach focuses on preventing pollution, reducing waste, reusing and recycling. Our efforts are directed towards minimizing our water consumption, reducing our total carbon footprint and reducing the amount of waste generated in our operations, along with the conservation of natural resources.

Every year we implement various Operational Excellence projects in order to reduce our energy consumption and carbon footprint. In 2016, we achieved total energy savings of approximately 1620 million MJ through the projects conducted in our plants in Turkey, Kazakhstan, Jordan, Azerbaijan, Pakistan and Kyrgyzstan. We reduced our total CO_2 emissions by 6920 tons through numerous efficiency and optimization projects.

In 2016, thanks to our environment-friendly coolers, we achieved a CO_2 reduction of approximately 230,000 tons, equal to the amount of CO_2 that 19.2 million trees annually extract from the atmosphere. 60% of our coolers in Turkey are HFC-free coolers. 88% of our coolers are equipped with EMD (energy management device) in Turkey, 72.5% in Kyrgyzstan, 50% in Azerbaijan and 41% in Kazakhstan. We produced all 330 ml Damla water bottles in Turkey using PlantBottle resin, which uses up to 30% plant-based material. Through our Lightweight projects, we saved 2,869 tons of resin in Turkey, Kazakhstan, Jordan, Azerbaijan, Pakistan and Kyrgyzstan. In 2016, we reached a recycling rate of 52% for our plastic, glass, metal and aluminum packaging waste in Turkey.

We fully support TCCC's ultimate global goal of "replenishing every drop of water used". In 2016, we saved around 296,078 m3 of water in our Turkey, Kazakhstan, Jordan, Azerbaijan, Pakistan and Kyrgyzstan operations. Our Turkey operation is one of least energy and water consuming operations in the world. Since 2006, we decreased our water consumption per liter of product rate by 19% in Turkey. Our water replenishment rate in Turkey reached 150%, corresponding to about 4.27 billion liters of water.

In order to protect the environment and communities in our operating geography, we comply with local legal requirements, international standards and TCCC KORE requirements in our sustainability practices. It is mandatory for all our operations to install quality, food, environment, energy, and occupational health and safety management systems. All our plants in Azerbaijan, Kyrgyzstan, Jordan, Iraq, Kazakhstan, Pakistan, Turkmenistan, Tajikistan and Turkey hold the ISO 9001, ISO 14001, OHSAS 18001 and FSSC 22000 standards certificates. Moreover, all our plants, sales operations and offices in Turkey are certified with ISO 50001 Energy Management System and ISO 14064-1 GHG Standard. All our plants where we produce preforms (i.e. Ankara, Çorlu, Sapanca, Pakistan-Lahore, Kazakhstan-Almaty and Azerbaijan-Baku) hold PAS 223 Packaging certificates. We continue to work on establishing energy management systems in all of our country operations.

KEY PERFORMANCE INDICATORS

Country	Year	Energy Use Ratio (MJ/L)	GHG Emissions Ratio (gCO_2-e/L)	Water Use Ratio (L/L)	Total Waste Recycling Rate (%)
Turkey	2016	0.25*	29.09**	1.47*	94.79
	2020 Target	0.28	28.54	1.35	98.00
Jordan	2016	0.30	48.00	1.71	90.30
	2020 Target	0.30	50.00	1.50	95.00
Kazakhstan	2016	0.55	59.86	1.67	91.20
	2020 Target	0.38	45.00	1.47	96.00
Azerbaijan	2016	0.37	60.24	1.82	96.30
	2020 Target	0.32	55.00	1.79	98.00
Pakistan	2016	0.40	36.37	2.00	93.00
	2020 Target	0.43	tbd	tbd	tbd
Kyrgyzstan	2016	0.48	33.52	1.88	98.10
	2020 Target	0.45	28.00	1.70	98.50

* Figures have received limited assurance from the independent auditing firm EY.
** Figure has been verified by SGS.

ECONOMIC DEVELOPMENT

CCI conducts bottling and distribution operations with 25 plants in 10 countries, creating a positive economic impact both directly and indirectly. Our products are produced, sourced (where possible), distributed and sold locally. A bottle of Coca- Cola creates added value for multiple sectors during its journey from the production line to the consumer. Many sectors, including agriculture, energy, production, logistics, transportation, distribution, retail, cooling, advertising, media and packaging play a role in the production of a single bottle of Coke. Our suppliers play an important role in creating this impact. Our local procurement policy supports the sustainable development of local economies and we support our suppliers to improve their sustainability performance with effective supplier development practices.

Our business stimulates job creation throughout our value cycle. We contribute to the economic success of each community by employing local people, paying taxes to governments, paying suppliers for goods, services and capital equipment, and supporting community investment programs. An independent economic impact study conducted for CCI Pakistan showed that CCI Pakistan has an output multiplier of 5, which means that an injection of Rs 1 by CCI Pakistan generates Rs 5 in Pakistan's economy. Additionally, CCI's tax multiplier in Pakistan is 2, which means for every Rs 1 tax paid by CCI Pakistan, almost Rs 2 are generated in taxation for the state. For our Turkey operations, every 1 generated by the Coca-Cola system in Turkey yields 6.8 in the economy. Additionally, our operations enable 2.5 billion value added in retail business and generate income for 145,000 farmers.

CORPORATE GOVERNANCE AND WORKPLACE RIGHTS

Every year we set new sustainability goals, measure our performance, and share our results and practices with all our stakeholders through our sustainability report prepared in accordance with GRI standards. We give utmost priority to transparency, integrity and accountability in corporate governance. These values are of vital importance for us to represent our company and brands in the best way, and to build an excellent reputation. To ensure this, we conform to many national and international standards, and continue to regularly report our activities in various areas as required by the different organizations that we adhere to.

Our employees are key to our success. It is our main responsibility to create a workplace environment in which they feel valued, encouraged, and where their workplace and human rights are recognized and respected. The CCI Workplace Rights Policy (WRP) is our guide to sustaining these values within all of our operations. Since 2002, as part of our commitment to protect our employees and safeguard our value chain, we require our suppliers to comply with the Supplier Guiding Principles (SGP), which determine the social, environmental, ethical and economic minimums that TCCC and its bottlers expect from suppliers, and also cover our WRP. We consistently cultivate effective communication, and conduct audit and development practices in order to ensure that our suppliers adhere to our principles. Moreover, we use the CCI Code of Ethics to guide our employees and make sure that they remain loyal to our values and behave accordingly. Our Corporate Governance Committee ensures full implementation and enforcement of the Code of Ethics.

CONSUMER WELL-BEING AND CUSTOMER CARE

While we offer our consumers a wide choice of products fit for every lifestyle and occasion, product safety and quality remain the priority of our commitment to well-being. We aim to meet the ever-evolving preferences of our consumers and provide more choice in our beverage portfolio with a total beverage mindset. We provide affordable, ready, innovative products for all occasions. We offer more than 25 brands to our consumers. 10% of our product portfolio is composed of low or no-calorie products. We provide our consumers with clear, understandable and scientific information regarding our products. We comply with labeling regulations in the countries where our products are sold and provide our consumers with nutritional information about all of our products, allowing them to make choices that best fit their lifestyles.

Responsible advertising and marketing forms another important component of our engagement with consumers. In line with TCCC's Global School Beverage Guidelines we do not sell our sparkling beverages in elementary schools. Specifically, to honor the rights of parents and caregivers to make the appropriate choices for their children, we do not engage in advertising or marketing activities targeting children under the age of 12.

For information on our activities regarding Customer Care, please see the Creating Value for Our Customers section of the report.

EXTERNAL RECOGNITION

Our efforts and successes in the field of sustainability are acknowledged and prized by various institutions both in Turkey and internationally.

CCI is One of Turkey's Climate Leaders

CCI was honored with the Climate Leadership Award by CDP Turkey three times, in 2012, 2014 and 2016. As a member of the CDP Turkey Water Program since 2015, CCI submits a water transparency report to CDP every year.

CCI is the First and Only Turkish Company in the UNGC 100 Index

Since its launch by the United Nations Global Compact (UNGC) in 2013, CCI continues to be the first and the only company in Turkey to be included in the UNGC 100 Index. The 100 companies listed in the index are selected from the eligible UNGC members around the world. Members that have implemented and demonstrated an executive commitment to the 10 principles of the UNGC and continuously improve and disclose their sustainability performance and maintain a baseline profitability are selected for the index.

CCI Listed in the BIST Sustainability Index

Based on the evaluation of its sustainability practices and performance in 2016-2017, CCI was selected among the Borsa Istanbul (BIST) companies to be included in the BIST Sustainability Index for the period between November 2017 and October 2018. CCI had become one of the first 29 companies to be included in the BIST Sustainability Index in 2015.

CCI Listed in the MSCI ESG Leaders Index

Following the evaluation of our environment, society and corporate governance performance for 2016-2017, we were selected by Morgan Stanley Capital International to be included in the 2017 MSCI ESG Leaders Index, receiving an AA score in our evaluation. CCI was first listed in the MSCI Global Sustainability Index in 2016.

CCI Listed in the FTSE4Good Emerging Index

In early 2017, CCI was selected to be included in the FTSE4Good Emerging Index due to its high performance in the fields of environment, society and corporate governance. The FTSE4Good Emerging Index was launched in 2016 by FTSE Russell, a global leader in indexes and data that are used by investors globally. It is an extension to the FTSE4Good Index Series, which is designed to measure the performance of companies demonstrating strong environment, society and corporate governance practices.

CCI Joined the ECPI Emerging Markets ESG Equity Index

As of December 2017, CCI became a constituent of ECPI Emerging Markets ESG Equity index. ECPI is a leading rating and index company dedicated to environmental, social and governance performance research. ECPI Indices are used for benchmarking, thematic investment, risk management purposes and to create index-tracking investment strategies or exchange-traded funds.

CCI Included in Vigeo Eiris Best Emerging Markets Performers Ranking

In December, CCI was included in Vigeo Eiris Best Emerging Markets Performers Ranking, chosen as one of the 100 most advanced companies within the Equitics Emerging Markets Universe that consists of 850 companies from 37 sectors and 31 countries. Companies included in this index achieve the highest scores, as determined by a review based on 38 criteria, divided into six key areas of corporate environmental, social and governance responsibility, assessed by Vigeo Eiris.

3 2 1 MOVE!

We Enhanced the Well-Being and Quality of Life of Youth with 3.2.1 Move!

Our 3.2.1 Move! social responsibility program was launched in 2013 in Turkey with the aim of raising awareness of young people on active and healthy living and helping them to develop a lifelong habit of physical activity. Following its success in Turkey, the program was expanded to Pakistan and Iraq in 2014, and Kazakhstan in 2015. Various sports and training activities organized within the program resulted in significant enhancement of the well-being and quality of life of thousands of young people that benefited from the program.

3 2 1 BAŞLA!

Turkey

Between 2013 and 2017, 3.2.1 Başla! program mobilized around 125 thousand youth in Turkey for a more active and healthy life style. In line with the program's mission, we supported projects developed and implemented by physical education teachers at schools. As part of the projects, young people participated in activities in a wide range of branches including athletics, gymnastics, table tennis, basketball, volleyball, dance, step, korfball, bocce, archery, handball and badminton. With the addition of 2 more cities in 2017, thousands of students in 134 schools from 16 cities across Turkey benefited from the program since its launch in 2013.

3.2.1 Başla! Physical Activity Festival on Children's Day

This year, a day long physical activity festival was organized on April 23rd Children's Day at a junior high school in Istanbul, which also serves refugee children from Syria. The festival aimed to help children from different cultural backgrounds socialize and connect together through various sports and team games. Sports areas in the school were reorganized and renovated, with new activity areas created for children by 3.2.1 Başla! teams as part of the event. Basketball, volleyball, mini badminton, athleticism, handball and dance activities were organized with the participation of close to 500 students and CCI volunteers.

Social Responsibility Innovation Award to 3.2.1 Başla!

In March 2017, 3.2.1 Başla! was honored with another prize, this time from Turkey, receiving the Innovation Prize at the Corporate Social Responsibility Awards organized by the Turkish Confederation of Employer Associations (TISK). Previously in 2015, the program was selected as one of the best corporate social responsibility programs of 2015 in Europe, receiving a bronze Stevie award at the 12th Annual International Business Awards. It was also honored by the Coca-Cola system in 2015, receiving "Excellence Award" in the individual "Wellbeing" category at the Coca-Cola Eurasia and Africa Sustainability Awards.

3.2.1 Move! Supports Young Social Entrepreneurs in Kazakhstan

3.2.1 Move! program was expanded to Kazakhstan in March 2015, and was implemented in 19 schools from low-income rural areas in the Akmola region. It focused on helping physical education (PE) teachers to develop their personal and professional capacities, meanwhile introducing creative and innovative learning methods. Between 2015 and 2016, more than 40 PE teachers were trained and around 3,000 students benefited from renovation of sports facilities and donation of sports equipment.

In 2017, we expanded the scope of the program in Kazakhstan to benefit a wider section of the society and address a wider range of issues related to community development. With this purpose, in 2017 the program focused on addressing the most significant social and environmental problems in Kazakhstan and developing social entrepreneurship, project management and social engineering skills among the youth. For this purpose, a social entrepreneurship project competition was organized where a shortlist of 10 projects to address major socio-environmental problems in Kazakhstan were evaluated by NGOs, state and media representatives. The selected top 3 young entrepreneurs received a total funding of 1 million Kazakh Tenges and assistance from the Eurasia Fund to realize their projects.

CCI Volunteering Program: We Support Volunteers and They Support Our Communities

Encouraging and supporting employee volunteerism is one of the building blocks of CCI's organizational culture. Within its 2025 vision, one of CCI's main goals is to be recognized as one of the most responsible corporate citizens by all stakeholders. To reach this objective, CCI supports civic initiatives that help build stronger communities, focusing on social needs such as women empowerment, youth development and environmental protection. In doing this, CCI collaborates with local and international NGOs and encourages its employees to take an active role through volunteering.

In May 2017, we took a very important step by launching the CCI Volunteering Program to systematically encourage and support volunteering activities for all our employees. The program was launched first in Turkey, to be gradually expanded to other CCI countries. As part of the program, we collaborate with around a dozen civil associations and foundations, as well as the Ministry of Education, universities and local governments.

Under the Volunteering Program, CCI employees can apply individually or as a group to become volunteers through the company's intranet platform indicating their preferred fields of activity. The program's Coordination Team, supported by Local Teams, collects the applications and organizes meetings for volunteering candidates where they learn about the volunteering process and discuss the roadmap for their project. Volunteers can ask for CCI's financial support, or partner with one of the program's external partners.

An evaluation is also carried out at the end of each activity or project to ensure effectiveness of the program. The program is supported by CCI's leadership team whose members also volunteer in its activities and mentor volunteer teams.

In 2017, we realized 1 international, 8 national projects and 8 local activities in 17 cities across Turkey under the program serving a population of close to 95,000 people that consisted of various special groups such as disadvantaged women, children and families, refugee children, youth, elderly and persons with disabilities. More than 700 employees volunteered in the program spending more than 3000 volunteer hours. Our volunteers collaborated with more than 40 external partners.

With more and more CCI employees realizing the value of volunteering for their own lives and for the society, CCI's Volunteering Program is supporting a growing community of CCI volunteers ready to take joint action to make a positive difference in the society. The program is expected to further support and strengthen the volunteering spirit that has long been cherished across CCI's wide geography.

CCI Released 2016 Sustainability Report

We published our 9th Sustainability Report covering the period between 1 January to 31 December 2016. The report includes information on our sustainability practices and performance results in Turkey, Jordan, Azerbaijan, Kazakhstan, Pakistan and Kyrgyzstan. We expanded the scope of the report this year by including full data from Kyrgyzstan, allowing the coverage of the report to reach 88% of CCI's total production volume. The content of the report was prepared in accordance with the "core" option of the GRI Sustainability Reporting Guidelines. The report, which has limited assurance from an independent audit company, also serves as CCI's Communication on Progress to the UN Global Compact and its progress report for the UN Women's Empowerment Principles.

CCI Mersin Plant Received Efficiency Award

In May, CCI Mersin plant received the second prize in the Midsize Enterprises category with its Tetra Lines Automatic Pallet Truck System project at the 2017 Efficiency Projects Competition organized by the Turkish Ministry of Science, Industry and Technology.

CCI Kazakhstan Won Community Service Award

CCI Kazakhstan won the 2017 Community Service Award given by the American Chamber of Commerce for its successful implementation of CSR projects such as 3.2.1 Move!, Coca-Cola Belestery and Coca-Cola Bylgary Dop.

CCI Received Water Efficiency Award from the Sustainability Academy in Turkey

In October, CCI received the grand prize in Water Efficiency category at the 4th Sustainable Business Awards in Turkey. The awards are organized every year by the Sustainability Academy to award Turkish companies that apply the most sustainable business models in various fields of activity. CCI received the 2017 award with its Water Efficiency Monitoring System project developed and implemented by its Damla water plant in Sapanca.

CCI Received Recycling Award from the Turkish Ministry of Environment

In February CCI received a recycling award from the Turkish Ministry of Environment and Urbanization in appreciation of its efforts to recycle product packages. CCI recycles 52% of its product packages in collaboration with ÇEVKO. The award came as a recognition of CCI's successful practices to reach waste management targets for the FMCG sector in Turkey.

CCI Global Leadership Development Program

Our third Global Leadership Development Program, organized in collaboration with Anadolu Foundation since 2014, was held at Boğaziçi University. 20 fellows from 10 different countries participated in various training sessions and seminars for 7 days. During the week fellows met with professionals from Turkish public, private and NGO sectors and journalists, and visited several private sector institutions and NGOs at the end of the program.

Coca-Cola School Cup in Azerbaijan

CCI Azerbaijan organized the 6th Coca-Cola School Cup in collaboration with the Association of Football Federations and the Ministry of Education of Azerbaijan. The tournament aims to promote sports among the youth, and requires each participating team to have at least one female player. More than 200,000 youth and 1,584 teams from 76 districts participated in the tournament this year.

Olympic Moves Engaged More than 100,000 Teens in Azerbaijan

The Olympic Moves program, supported globally by Coca-Cola, was launched in 2015 in Azerbaijan with the collaboration of Coca-Cola, the National Olympic Committee of Azerbaijan, the Ministry of Education and the Ministry of Youth and Sport. The program's mission is to increase sports participation among youth and thereby foster healthier, happier and more active communities. It also helps teens to acquire life skills such as team play and fair competition, and inspires them to excel in their efforts through the power of sports and Olympic values. In 2017, the program engaged more than 100,000 teens in Azerbaijan through school level and city level competitions in basketball, volleyball, cycling, athletics and badminton. This year 3 participants of the program, 3 female cyclists, also participated in the European Youth Olympic Festival; marking a first in Azerbaijan's history where 3 female athletes represented the country in cycling category on an international level.

Grassroots Football Tournament in Turkmenistan

In May, CCI Turkmenistan organized the 2017 Grassroots Football Tournament, also known as the Coca-Cola School Cup, in collaboration with the Turkmenistan Football Federation and the Turkmenistan Sports Committee in Ashgabat. Around 5000 students of ages 12-14 from 140 schools competed in the tournament.

Bylgary Dop Reached Thousands of Youth in Kazakhstan

Jointly organized every year in Kazakhstan by Coca-Cola and the Football Federation of Kazakhstan since 2006, Coca-Cola Bylgary Dop grassroots football tournament reached around 220,000 children aged 14-15 from more than 6100 schools in its 11th season during the 2016-2017 academic year. Honored twice by UEFA awards, Coca-Cola Bylgary Dop is the largest football tournament in Kazakhstan reaching 80% of the country's student population and opens the doors of a professional football career for youth.

Copa Coca-Cola 5th Season Completed in Iraq

The 5th season of Copa Coca-Cola grassroots football tournament in Iraq was organized in October in Baghdad. The tournament, organized every year in partnership with the Ministry of Education, had started with boys' schools in Baghdad, with girls' schools joining in last year. This year the tournament brought together more than 2400 boys and girls under 15 from around 300 schools in 7 Iraqi provinces.

CCI Kyrgyzstan Received Best Taxpayer Award

In July, CCI Kyrgyzstan received Kyrgyzstan's Best Taxpayer Award given by the State Tax Affairs of the Kyrgyz Republic. CCI was given the award for its contribution to the economy of the Kyrgyz Republic and its flawless application of the tax legislation.

We Provide Clean Drinking Water to More Than 750,000 People in Pakistan

Paani Clean Water Project was launched by CCI Pakistan in collaboration with the World Wildlife Fund (WWF) in 2014 with the objective of increasing public access to safe drinking water. By the end of 2016, the project had reached a total of 20 water filtration plants offering free clean drinking water to local communities in cities such as Karachi, Rahim Yar Khan and Lahore. On average, each filtration plant has the capacity of producing over 2000 liters of clean drinking water per hour and serves a community of over 20,000 people every day. More plants were built in 2017, reaching 24 filtration plants set up in densely populated communities enabling water access for more than 750,000 people. The plants help improve the living standards of the local population and reduce the prevalence of waterborne diseases. The project's impact study conducted by WWF suggested that there has been a significant decrease (10-15%) in instances of water borne diseases in the project's beneficiary communities.

CORPORATE GOVERNANCE

WE ARE FULLY COMMITTED TO ALL LEGAL REGULATIONS AS WELL AS OUR CODE OF CONDUCT.

HONESTY AND FAIRNESS FORM THE FOUNDATIONS OF OUR SUCCESS AND REPUTATION.

CODE OF BUSINESS CONDUCT AND ETHICS

Integrity and honesty constitute the basis of sustainable business success and outstanding reputation of Anadolu Efes.

Anadolu Efes complies with all applicable laws and legal regulations in the countries where it operates. In addition, company policies, strategies and business processes are devised carefully in accordance with internationally accepted norms and the company ensures that its employees comply with the same.

Having embraced the corporate governance notion and core values of the Anadolu Group, of which it is a member, Anadolu Efes has developed structures and principles that will optimally serve to the interests of its shareholders and all of its stakeholders, and has produced a detailed "Code of Business Conduct and Ethics" ("the Code").

The set of rules captured in this document, which is also made public on the corporate website, is based on the Corporate Governance Principles introduced for publicly-held joint stock companies by the Capital Markets Board of Turkey (CMB), other applicable CMB legislation, and the ethical values and corporate culture of Anadolu Efes.

This Code of Business Conduct and Ethics (the "Code") is applicable for all Company operations and binding for all Anadolu Efes employees including Board members. In addition, distributors, suppliers, and other business partners are all expected to comply with the Code.

ANADOLU EFES CODE OF BUSINESS CONDUCT AND ETHICS

HUMAN RIGHTS, DISCRIMINATION AND HARASSMENT

In its operations, Anadolu Efes respects internationally recognized human rights, related International Labour Organization (ILO) articles, UN Universal Declaration of Human Rights.

ENVIRONMENTAL RESPONSIBILITY

Placing environmental sustainability at the core of its business, Anadolu Efes continues to be committed to reduce its impact on the environment. As a signatory to UN Global Compact and CEO Water Mandate, Anadolu Efes has undertaken to abide by the core elements of the Mandate.

RESPONSIBLE MARKETING

Producing and selling its products in a geography where they are enjoyed by millions of consumers, Anadolu Efes complies not just with laws and regulations, but also adheres to the general principles of fair competition and good business practice.

OCCUPATIONAL HEALTH AND SAFETY

Anadolu Efes implements an effective health and safety management system to provide a safe, healthy and incident-free workplace for all employees, contractors and visitors.

RESPONSIBLE DRINKING

Anadolu Efes supports moderate and responsible consumption of alcoholic beverages with due observance of the applicable legislation.

BUSINESS AND FINANCIAL RECORDS

All business and financial records, accounts and financial statements of Anadolu Efes are kept accurately and in reasonable detail. These records duly represent the company's operations, and ensure that the company timely meets its legal and regulatory obligations.

COMPANY ASSETS

Company assets and resources are used in an efficient, careful and professional manner and for their intended business purpose only.

SOCIAL MEDIA

In line with the corporate culture of Anadolu Efes; employees must not share on their personal accounts on social media/networks any confidential or strategic information including but not limited to trade secrets of the company, or any negative content that might damage the company's reputation.

CONFIDENTIAL INFORMATION

Unauthorized disclosure of confidential information, strategic plans and/or information, which is not generally available to the public, is strictly prohibited.

INSIDER TRADING

At Anadolu Efes, which is a publicly traded company, all employees are prohibited from engaging in insider trading or from using or disclosing confidential information of the company to derive any financial or commercial benefits.

CONFLICTS OF INTEREST

Anadolu Efes has taken all necessary measures to prevent personal interests and relationships within the company from creating an obstacle against the ability to take the decisions that will produce the optimum results to the company's benefit, and to preclude conflicts of interest.

ANTI-BRIBERY AND ANTI-CORRUPTION

Anadolu Efes has a zero tolerance policy towards bribery and corruption. This attitude extends to all businesses and transactions in all countries in which it operates.

GIFTS, ENTERTAINMENT AND HOSPITALITY

Anadolu Efes considers offering or receiving gifts, entertainment or hospitality as customary courtesies designed to build goodwill among business partners. However, the company urges avoidance of such behaviors if they tend to give rise to the perception that the same is unfairly influencing a business relationship.

POLITICAL CONTRIBUTIONS

Anadolu Efes does not make any donations to politicians or political parties, nor does it allow company assets to be used for political activities.

RELATIONS WITH BUSINESS PARTNERS

Anadolu Efes expects that its suppliers and business partners will take no action contrary to the business principles it has established and that they will comply with the company guidelines with respect to society, environment and ethics.

COMPETITION COMPLIANCE

Having adopted and internalized fair competition, Anadolu Efes abides by all applicable competition laws in the countries of operation.

For further details, please visit:
www.anadoluefes.com

INVESTOR AND SHAREHOLDER RELATIONS

DISCLOSURE POLICY

Anadolu Efes treats all shareholders and other stakeholders equally, adhering to the principles of accuracy, impartiality, consistency and timeliness. The fundamental principle is to make the disclosures in a timely, accurate, complete, clear and analyzable manner, easily available to all at low-cost and in a fashion considering the Company's own rights and responsibilities, as well. The Disclosure Policy formulated in this context is available on the corporate website.

Shareholders' and other stakeholders' requests for information and meetings are dealt within the frame of the Disclosure Policy and no additional information is divulged beyond which has already been publicly disclosed.

Shareholders' and/or investors' requests for information about undisclosed topics are dealt within the same manner. All shareholders and investors are simultaneously informed by means of special case announcements and/or press releases.

INVESTOR RELATIONS

Anadolu Efes maintains active and transparent communication with all stakeholders–including, but not limited to, domestic and international shareholders, stakeholders, investors, and capital market institutions. The company's investor relations are conducted by the Investor Relations and Treasury Department, which operates under the Finance Directorate. The Investor Relations and Treasury Department takes on an active role in the protection of shareholder rights and in the facilitation of their exercise.

During 2017, a total of 255 meetings took place with domestic and international institutional and private investors and shareholders, addressing the company's business results, performance, and other developments in the reporting period.

Anadolu Efes regularly takes part in domestic and international investor conferences and other meetings that are intended to provide shareholders and investors with information about the company. Company representatives attended 9 conferences in Turkey and abroad and one roadshow was organized during 2017.

Anadolu Efes' operating results, performance and other developments during the reporting period, along with all sorts of information and announcements that are of a nature to affect the exercise of shareholding rights are made available to shareholders in an up-to-date manner on the corporate website. This corporate website **www.anadoluefes.com** serves as a bilingual communication channel provided in Turkish and English languages as required by the CMB's Corporate Governance Principles.

Public disclosures made by the company and a copy each of the presentations used in domestic and overseas meetings are available on the corporate website. Also accessible on the website are the quarterly financial results and notes thereto, and the annual reports published in both Turkish and English languages.

Various communication tools are also used for public disclosure purposes in addition to conventional information distribution channels. Accordingly, public disclosures made by the company are sent by electronic mail directly to those stakeholders who make a specific request and convey their contact information via the website or other means.

CREDIT RATINGS

International credit rating agencies closely watch Anadolu Efes' financial and operational performance. Invesment grade ratings assigned by Standard & Poor's and Moody's were successfully maintained in 2017.

S&P affirmed the credit rating of Anadolu Efes as "BBB-" with a "Stable" outlook on August 10, 2017. Large cash balances mostly held in foreign currencies, significant amount of cash flow created abroad and low levels of leverage, low working capital and capex needs underlie the evaluation of the agency.

Diversified product portfolio of Anadolu Efes in both beer and soft drink segments, growth potential in large non-alcoholic beverage markets such as Turkey and Pakistan, market leader position in Turkey with a large portfolio, ability to generate high amounts of cash flow, reasonable leverage ratio and financial policy supportive of liquidity position all positively impacted S&P's evaluation, however, the contraction in Turkish and Russian beer markets that are impacted negatively by regulations, the volatility in emerging markets and substantially high amounts of borrowing in hard currency are also mentioned in the report.

Moody's affirmed Anadolu Efes' long-term corporate credit rating as "Baa3" with a "Negative" outlook in 2017. The affirmation confirms company's strong liquidity profile and ability to maintain positive free cash flow generation despite adverse conditions in the Turkish beer market. In addition, the company's long debt maturity profile, successfully issued Eurobond in 2012 and strong relationships with local and international banks were positively highlighted in the report.

Credit Rating Agency	Latest Review	Rating Type	Credit Rating	Outlook
Moody's	22.03.2017 (affirmation)	Long-term Issuer Rating	Baa3 (Investment grade)	Negative
Standard and Poors	10.08.2017 (affirmation)	Long-term Corporate Credit Rating	BBB- (Investment grade)	Stable

Convenience Translation Into English
of Consolidated Financial Statements
Originally Issued In Turkish

ANNUAL ORDINARY GENERAL ASSEMBLY MEETING AGENDA

1. Opening of the meeting and establishment of the Board of the Assembly,

2. Reading out and discussion of the annual report of the Board of Directors for the year 2017,

3. Reading out the report of the Independent Audit Company for the fiscal year 2017,

4. Reading out, discussion and approval of the Financial Statements for the fiscal year 2017 prepared in accordance with the regulations of CMB,

5. Acquittal of the members of the Board of Directors separately regarding their actions in 2017,

6. Approval, revision or rejection of the proposal of the Board of Directors on distribution of profits,

7. Election of the new members of the Board of Directors in place of those whose terms of office have expired and determine the terms of office and remuneration,

8. Selection of the independent audit company for the audit of the financial statements and reports for the year 2018 in accordance with the Turkish Commercial Code numbered 6102 and Capital Markets Law numbered 6362,

9. Informing the shareholders on the donations made by the Company in 2017 in accordance with the regulations laid down by the Capital Markets Board,

10. According to the regulations laid down by the Capital Markets Board, informing the shareholders on any income and benefits obtained by granting collaterals, pledges and mortgages in favor of third persons,

11. Informing the General Assembly on transactions, if any, as per the principle 1.3.6 of the Communiqué On Corporate Governance,

12. Authorization of the members of the Board of Directors about the transactions and operations in the context of the Articles 395 and 396 of the Turkish Commercial Code,

13. Petitions and requests.

CORPORATE GOVERNANCE COMPLIANCE REPORT

ANADOLU EFES CORPORATE GOVERNANCE COMPLIANCE REPORT

Adopting the corporate governance understanding as an indispensable component in its activities, Anadolu Efes works within the framework of all existing regulations and the "Corporate Governance Principles", which are prepared by CMB, and adopts these principles as an important part of its management understanding. Furthermore, our Company aims to develop structures and principles that are appropriate for the conduct of our business which will serve best for the benefit of our shareholders and other stakeholders.

As a result of the studies conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA - Corporate Governance and Credit Rating Services Inc.), Anadolu Efes received a Corporate Governance Rating of 81.0 and qualified for listing in the BIST Corporate Governance Index in 2008. In the subsequent years, SAHA's studies indicated a steady increase in the Corporate Governance Rating of Anadolu Efes and the Corporate Governance Rating of our company was finally revised to 95.8 as of 18.05.2017.

The rating mentioned above was determined by attaching specific weights to the rating under four sub-categories. In this context, below is the distribution of the Corporate Governance Rating according to main categories.

Main Sections	Weight	Note
Shareholders	25%	95.3
Public Disclosure & Transparency	25%	98.5
Stakeholders	15%	99.5
Board of Directors	35%	92.6
Total	100%	95.8

The Corporate Governance Rating Reports, which have been published by SAHA, are available on the Company's website, **www.anadoluefes.com.**

SECTION I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE DISCLOSURE

Anadolu Efes conducts all of its operations within the framework of all existing regulations and the "Corporate Governance Principles", which are prepared by CMB. The Corporate Governance Compliance Report includes information regarding the application of each item of the Corporate Governance Principles by our company, as well as if there are principles which were not applied, the reasons for not applying these principles, the conflicts of interest arising from not applying these principles and whether there is a plan to change the company's management applications in the framework of the principles.

Our Company has complied with the Corporate Governance Principles issued by CMB except for the below-mentioned provisions that were voluntary, in the period of 01.01.2017-31.12.2017. There are no conflicts of interest arising from the below-mentioned provisions that are not implemented.

» In accordance with the Article 4.6.5 of Corporate Governance Principles, the remunerations and all other benefits provided to Board members and managers having administrative responsibilities are made public through our annual report. However, as it was done in the past, the declaration is not made separately for each person, but a cumulative number is given for all board members and managers having administrative responsibilities separately.

» Although in the previous years, more than one woman member was present in our Board of Directors, currently, there are no women Board members. It is recommended by the Corporate Governance Committee to the Board of Directors to include women members in the Board in the coming years and our efforts continue within this regard.

» While our Company is insured against damages that may be caused due to the faults of the members of the Board of Directors during the execution of their duties, the total annual responsibility limit of the relevant insurance is below the amount stated in Corporate Governance Principles. The total annual responsibility limit is determined according to the management's decision and currently the limit is expected to remain on its current levels.

İZZET KARACA
Corporate Governance Committee Chairman

ÇİÇEK UŞAKLIGİL ÖZGÜNEŞ
Corporate Governance
Committee Member

MEHMET METE BAŞOL
Corporate Governance
Committee Member

SECTION II - SHAREHOLDERS

2.1 Investor Relations Unit

Our company has adopted the principle of treating each shareholder equally, and the Investor Relations and Treasury Department, established within our Company's Finance Directorate, continued to conduct the relations with our shareholders.

The individuals in charge of Investor Relations in our Company's Investor Relations Unit in 2017, are provided below. Çiçek Uşaklıgil Özgüneş, Investor Relations and Treasury Director, is working full-time and directly reporting to Onur Çevikel, CFO. Investor Relations Manager R. Aslı Demirel and Investor Relations and Treasury Supervisor Özgün Ökten are working full-time and reporting to Çiçek Uşaklıgil Özgüneş. Additionally, Çiçek Uşaklıgil Özgüneş is working as the member of the Corporate Governance Committee.

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Licenses: CMB Capital Market Activities Advanced Level License and CMB Corporate Governance Rating Specialist License

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Licenses: CMB Capital Market Activities Advanced Level License and CMB Corporate Governance Rating Specialist License

Investor Relations Unit plays an essential role in accordance with the protection of shareholders rights and making usage of these rights easier particularly the rights to obtain information and the rights to examine.

In accordance with the Disclosure Policy of our company, information regarding operations and performance of our company as well as other events are shared, through meetings with shareholders, investors, research specialists of intermediary institutions and other stakeholders. In addition, any type of information and explanation that may affect the exercise of the shareholders' rights are uploaded and updated on a regular basis on our website for the usage of the shareholders.

During 2017, meetings were conducted with a total of 255 investors including local and international institutional and individual investors, shareholders, and analysts concerning issues related to the company's business results, performance, and other developments during the reporting period. Anadolu Efes also participates in conferences in Turkey and abroad and other meetings to provide shareholders and investors information about the company. In this context, in 2017, company representatives took part in nine conferences in Turkey and abroad and one roadshow was organized.

The Corporate Governance Committee is responsible for monitoring the activities of the Investor Relations Unit of our company. Within this context, the Committee determines the standards for all announcements and main principles of investor relations, reviews these standards and principles and compliance with these every year, and gives necessary advices to the Board of Directors. The report that is prepared by the Investor Relations Unit regarding its activities and submitted to the Corporate Governance Committee at every meeting held by the Committee is also submitted to the Board of Directors by the Committee. In 2017, eight Committee meetings were held, whose dates are provided in Attachment-1.

Details regarding the activities performed by this department in 2017 can be found in our Company's 2017 Annual Report.

2.2 Exercise of the Information Rights by Shareholders

Information requests of shareholders are evaluated in accordance with our company's Disclosure Policy. Additionally, as mentioned above, any type of information and announcement which may affect the exercise of the shareholders' rights are put and updated on a regular basis on our website and through our IR application for the usage of the shareholders. Our Disclosure Policy dictates equal treatment of all our shareholders and investors, and provides that accurate disclosure with similar content reach to everyone at the same time.

While shareholder's right to get and examine information given by laws, is not abolished or limited by the articles of association or the decision of any bodies of the company; every mechanism has been set up in order to ensure that shareholders use this right fully.

The Company's articles of association do not include an article that obstructs special audit and the management avoids any action that makes special audit process difficult. Our company acts in accordance with the relevant articles of Turkish Commercial Law regarding the right to ask for a special audit. In 2017, there has not been any request by shareholders for the assignment of a special auditor.

2.3 General Assembly Meetings

The General Assembly meetings of our company are held in accordance with the principles of the Corporate Governance Principles' "General Assembly" section.

In its meeting dated 31.03.2017, our Board of Directors resolved to hold the Annual Ordinary General Assembly Meeting regarding the Company's 2016 calendar year operations on 27.04.2017 Thursday at 14:00 at the address "Dudullu OSB, Deniz Feneri Sk. No:4 Ümraniye 34776 Istanbul" and this resolution was announced to public the same day through Public Disclosure Platform.

The newspaper announcements including our invitation to our shareholders were published on Dünya newspaper, dated 04.04.2017, and on the Trade Registry Gazette, dated 04.04.2017.

For the year 2016, the balance sheet and income statement, Annual Report of the Board of Directors and the Corporate Governance Compliance report as its attachment, dividend distribution proposal of the Board of Directors, Independent External Audit Report and an information document regarding the agenda were made ready for the evaluation of our shareholders at our headquarters and our website at www.anadoluefes.com, 21 days earlier than the date of the General Assembly. Also the proxy documents that were required for participation via proxy to the General Assembly were made available at our website in order to ease the participation to the meeting.

On the website of our company, in addition to the announcement of the General Assembly, disclosures and statements that are mandatory to be made according to the regulations, as well as all matters required to be announced according to Corporate Governance Principles, were disclosed to shareholders. Namely;

» Total number of shares which reflect the current shareholding structure of the company and the voting rights of shares were announced on our website on the date of announcement of the General Assembly meeting.

» The General Assembly information document regarding the items on the agenda prepared for the Ordinary General Assembly Meeting which included information about the candidates, who were nominated for the independent Board memberships in line with Corporate Governance Principles. The candidates for the independent board memberships submitted written statements to the Nomination Committee, at the time that they were proposed as candidates, regarding their independence within the framework of the law, Articles of Association and the Corporate Governance Principles.

» While preparing the agenda of the General Assembly, every proposal has been given in a separate heading and these headings were made clear in a way that would not cause different interpretations. Strict attention has been paid not to use expressions such as “other”, “various (miscellaneous)” on the agenda. The information given before the general assembly has been given together with a reference to the related articles of the agenda.

» While preparing the agenda of the Ordinary General Assembly Meeting, there has not been any written requests, which the shareholders delivered to the Investor Relations Unit in writing to be included on the agenda. Likewise, shareholders, CMB or other government institutions, which are related to the company, have not delivered any written agenda item requests to be added to the agenda.

» In order to increase the attendance of the shareholders to the General Assembly, it is aimed to hold the meetings without causing any inequalities between shareholders and enable shareholders to attend these meetings with a minimum cost. In this context, the 2016 Ordinary General Assembly Meeting was held on 27.04.2017 in İstanbul where the headquarters of the company is registered, also in accordance with the articles of association.

» The Chairman of the meeting has obtained the required information and has done the necessary preparations in order to conduct the General Assembly as per the Turkish Commercial Code, related laws and legislations.

» The chairman of the Ordinary General Assembly has taken specific care in conveying the information about the subjects on the agenda objectively and in a detailed, clear and unbiased way. The shareholders have been given opportunities under equal conditions in explaining their considerations and questions. The chairman of the General Assembly has made sure that the questions asked by the shareholders and the questions which were not considered as trade secret have been answered directly in the General Assembly meeting. During the Ordinary General Assembly Meeting, there has not been any question irrelevant to the topics on the agenda or extensive such that they cannot be answered immediately. Questions asked during the General Assembly meeting and responses to these were recorded in the meeting minutes.

» In accordance with the Corporate Governance Principle article 1.3.7., there has not been any transaction in which persons who have privilege to access company information, had done on their behalf within the company’s field of activity.

» The board of directors and other related persons, the ones who have responsibility in preparing the financial reports, and auditors have been present in the General Assembly meeting in order to provide the necessary information and answer the questions about the important subjects on the agenda in particular.

» Although there is no such article on our articles of association, the General Assembly meetings of our company are open to public including the stakeholders and the media without having the right to speak. In the Ordinary General Assembly Meeting held in 27.04.2017, there were no attendances by any stakeholders or the media apart from Company representatives that are mentioned in the previous provision.

» There has not been any transaction that required the approval of the majority of the independent Board members for the Board of Directors to take a decision, and where the decision was left to be resolved by the General Assembly because this condition was not met.

» Shareholders who have a management control, members of the Board of Directors, managers with administrative responsibility and their spouses, relatives by blood or marriage up to second degree have not conducted a significant transaction with the company or subsidiaries thereof which may cause a conflict of interest, or/and conduct a transaction on behalf of themselves or a third party which is in the field of activity of the company or subsidiaries thereof, or become an unlimited shareholder to a corporation which operates in the same field of activity with the company or subsidiaries thereof. There were also no transactions conducted by persons who have the opportunity to access information of the company in a privileged way, on their behalf within the scope of the company’s field of activity.

The 2016 Annual Ordinary General Assembly Meeting of our Company was held on 27.04.2017 with the participation of a total of 541,367,908.167 shares (91%) out of 592,105,263 shares constituting the capital amounting to TRL 592,105,263.00 of the Company.

Meeting minutes and List of Attendees were announced to public at the same day with the General Assembly through the Public Disclosure Platform. The General Assembly meeting minutes and Lists of Attendees are also available for the information of our shareholders at our website.

The following decisions were taken at the 2016 Ordinary General Assembly Meeting of our company:

» The Annual Report of the Board of Directors and reports of Board of Auditors and the Independent External Audit Company, as well as the financial statements for the calendar year 2016, were discussed and approved.

» The information was given to shareholders on the amounts and beneficiaries of donations and grants made by the Company in 2016; on any suretyship and guarantees granted or pledges including mortgages instituted by the Company in favor of third parties and related income and benefits.

» **TUNCAY ÖZİLHAN, SALİH METİN ECEVİT, , STUART MURRAY MACFARLANE, TALİP ALTUĞ AKSOY, MEHMET CEM KOZLU, KAMİLHAN SÜLEYMAN YAZICI, AHMET BOYACIOĞLU, AHMET CEMAL DÖRDÜNCÜ** (Independent member), **KAMİL ÖMER BOZER** (Independent member), **MEHMET METE BAŞOL** (Independent member) and **İZZET KARACA** (Independent member) were appointed in lieu of the released Directors of the Board for one year term.

» The selection of the DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the external audit company for 2017 fiscal year was approved.

» It was decided to distribute cash dividend of gross 0.245 TRL (net 0.20825 TRL) per each share with 1 TRL nominal value realizing a 24.5% gross dividend distribution, calculated for the period January-December 2016. The total proposed cash dividend of 145,065,789.44 TRL will be paid from previous years' extraordinary reserves in the amount of TRL 58,204,094.47 and from statutorily released portion of share issue premium accounts in the amount of 86,861,694.96 TRL starting from May 29, 2017 and will be distributed to 592,105,263 shares representing the paid-in capital of Anadolu Efes as of December 31, 2016.

2.4. Voting Rights and Minority Rights

While our company avoids practices that make the use of voting rights difficult, the mechanisms have been set in order to enable every shareholder, including the cross-border ones, to use their voting rights in a proper and simple way. In this context, according to the Article 26 of the articles of association of the company regarding "Participation to General Assembly via Electronic Means", shareholders having the right to attend the General Assembly can attend the meeting electronically in accordance with article 1527 of Turkish Commercial Law. In accordance with this article of articles of association, at the 2016 Ordinary General Assembly meeting, shareholders and their representatives were able to use their rights as mentioned in the regulation.

While utmost care is given to the use of minority rights, our articles of association regulates the usage of all minority rights in accordance with regulations. While, Corporate Governance Principles enables provision of minority rights to shareholders with less than 1/20 share in capital in the articles of association; articles of association of our company does not include any article broadening the extent of minority rights compared to Law.

There are no privileged shares among the shares representing the paid-in capital of our Company. There is no cross shareholding relationship with the majority shareholders of our Company.

As there is no cross-ownership associated within our Company, therefore there occurred no voting in the General Assemblies of such companies.

2.5 Dividend Right

There is no privilege granted to shareholders regarding the distribution of dividends. Within the framework of compliance with Corporate Governance Principles, our Dividend Policy has been resolved to be handled as a written policy starting from 2005.

In line with our Dividend Distribution Policy, our Board of Directors resolved, in its meeting held on 02.03.2017, to submit a cash dividend proposal of gross 0.245 TRL (net 0.20825 TRL) per each share with 1 TRL nominal value, realizing a 24.5% gross dividend distribution, calculated for the period January-December 2016, which amounts to a total proposed cash dividend of 145.065.789,44 TRL to be paid from previous years' extraordinary reserves in the amount of TRL 58,204,094.47 and from statutorily released portion of share issue premium accounts in the amount of 86,861,694.96 TRL starting from May 29, 2017, for the approval of the General Assembly and this resolution was announced to public the same day through Public Disclosure Platform. The said resolution was approved in the Annual General Assembly Meeting held on 27.04.2017.

While dividend policy of our company is available on our website and annual report, detailed explanations and tables regarding the distribution of profit for the year 2017 are also provided in our Company's 2017 Annual Report.

2.6. Transfer of Shares

There are no provisions contained in the Company's Articles of Association restricting the transfer of shares, or provisions causing the transfer of shares difficult.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

Acting in compliance with the principles regarding Public Disclosure and Transparency of Corporate Governance Principles, our Disclosure Policy regulates such matters; information which will be disclosed apart from the ones pointed out in the legislation, how frequently and in what ways these information's shall be disclosed, how frequently the board and the managers shall meet with the media, how frequently meetings shall be arranged to inform the public, which method shall be followed in answering the questions to the company, etc.

The information which will be disclosed to the public should be helpful in decision making process of the persons and institutions and should be prepared on time, accurately, completely, comprehensibly, interpretably, and accessible with low costs with ease at "Public Disclosure Platform" (www.kap.org.tr), on our company's website and through our IR application for public use. Besides, Central Registry Agency's "e-GOVERNANCE: Corporate Governance and Investor Relations Portal" is used directly and effectively to give information to the shareholders.

During the year, 24 special case announcements were made in accordance with CMB regulations. All of the public disclosures were made on time and released on our website simultaneously.

While the Investor Relations and Treasury Directorate working within the Finance Directorate is responsible for pursuing the Corporate Disclosure Policy in co-ordination with the Corporate Governance Committee, the details of individuals in charge are presented under the section "Investor Relations Unit".

While announcing its year-end financial results, our company regularly discloses its expectations for the following year along with assumptions and the data on which these assumptions are based, through an information document available to public. During the year, in the case where estimates and the base for these expectations are not realized or it is understood that they are not going to be realized, the updated expectations are shared with public with the required explanation.

The Disclosure Policy is available at our Company website.

3.1 Corporate Website and Its Content

Our corporate website is at www.anadoluefes.com. In order for international investors to use it, in addition to Turkish, our website is prepared also in English. In public disclosure, our website is used actively and the information given on the website is updated on a regular basis. The information on our website is the same and consistent with the announcements which are done in accordance with the relevant regulation and it does not include conflicting or missing information. The letterhead of our company includes our website address. In our website, all information required as per Article no 2.1 in Section 2 of Corporate Governance Principles is available.

Announcements of financial statements, except for material events and footnotes which are mandatory to be disclosed to public in accordance with capital markets regulations, are simultaneously being disclosed at Public Disclosure Platform in English as well as in Turkish.

3.2. Annual Report

The annual report of our company is prepared in detail in a way that the public may access to the full and accurate information about the operations of our company, and includes information which is required by legislation and Article no 2.2 in Section 2 of the Corporate Governance Principles as well as the requirements specified in other Corporate Governance Principles.

SECTION IV - STAKEHOLDERS

4.1. Informing the Stakeholders

Stakeholders are persons, associations or interest groups such as employees, creditors, customers, suppliers, trade unions, several non-governmental organizations who are related to the matters on achieving the company's targets or that are related to the company's activities. Our company protects stakeholders' rights in transactions or activities conducted for the company which are set by the regulations or through the mutual contracts signed. If the rights of the stakeholders are not protected by regulations or with the mutual contracts, our company spends maximum effort to protect the rights of the stakeholders as much as possible in line with company means and within bona fide rules. Our Company acts in accordance with the Corporate Governance Principles regarding its relations with its stakeholders, and has established all necessary mechanisms. In the case of conflicts of interest that rise among the stakeholders or when a stakeholder is involved in more than one interest group; a balanced policy, as far as possible shall be followed with regard to protection of the vested rights and each right is aimed to be protected independently.

Anadolu Efes' Indemnity Policy as required by the non-mandatory Article no 3.1.2 of Corporate Governance Principles was approved by the Board on 19.03.2015, as provided below, and immediately came into effect and also disclosed at company website.

Indemnity Policy

In Our Company, provisions of the Labour Law numbered 4857 are applied regarding severance and notice payments. If there are amendments related to Labour Law numbered 4857, provisions of the relevant law that will come into force will be applied.

Within this context,

Regarding the claims for severance pay; provisions of the Labour Law numbered 4857 and Article 14 of the former Labour Law numbered 1475 (in accordance with the Temporary Article 6 of the Labour Law numbered 4857) are applied. However, if there is a collective bargaining agreement in force at the workplace, provisions of this collective bargaining agreement are to be implemented within the context.

Regarding notice period, collective job seeking permission is granted only if the employee presents a written request at the date of dismissal notice.

Creating timely and applicable solutions to problems related to the employees and other stakeholders, in order to maintain the satisfaction of all the stakeholders, is one of the key policies of the Company. Our employees, suppliers, customers and consumers are informed on matters related to them in different ways.

The Efes Communication Line that is currently active (444 EFES / 444 33 37) serves 6 days of the week excluding Sundays between 09:00-18:00. The incoming calls are immediately replied and are resolved within specific time periods by the pre-determined responsibles of relevant departments.

Information exchange with customers and suppliers is ensured by periodic dealer meetings as well as site meetings held by individuals in charge in relevant locations. Furthermore, customers and suppliers are capable of transmitting their problems to our Company via the dealer meetings and through oral or verbal applications submitted to the Company's management.

Meetings are held with our suppliers so as to improve the quality of the current materials as well as on other sectoral developments and pilot activities are conducted with respect to the co-produced projects.

Through the wide data information network established with its customers, the Company can exchange information on a real-time basis.

Our company conducts training programs to enhance the development of the employees. These development programs include class education, e-learning, on the job training and knowledge sharing. For this purpose, in-house developed systems using internet platforms are also used.

The necessary mechanisms are formed by the Corporate Governance Committee in order for the stakeholders to communicate with the "Corporate Governance Committee" or the "Audit Committee" about Company's practices which are contrary to the legislation and unethical. On the other hand, according to its own charter, the Audit Committee is responsible for monitoring whether a system regarding compliance to the Company's code of business conduct and ethical rules is established by the management. Additionally, the Audit Committee reviews whether the management monitors Company's compliance to code of business conduct and code of ethics, makes fraud risk assessments and gives code of business conduct and fraud and code of ethics trainings to Company employees.

Stakeholders are sufficiently informed about afore-mentioned Company policies, procedures etc. regarding the protection of their rights, via several channels including emails, corporate website etc.

4.2. Participation of the Stakeholders in Management

Models supporting the participation of the stakeholders, primarily company's employees, to the management are developed in a manner not to hinder the activities of the corporation. Relevant actions are summarized below:

Employees are capable of transmitting their value adding suggestions to the management via our Bi-Fikir system, which is the Anadolu Group Innovation Portal. In addition, "Human Resources Request & Suggestion Line" that facilitates submission of requisitions and improvement requirements regarding the services provided by our Human Resources function is used effectively by our employees.

Periodically, a study for Measuring Employee Loyalty is conducted and employees can also transmit their requests and suggestions for improvement regarding the company they are involved in via this way.

In order to manage the relationships with our employees, as well as to manage the corporate information flow, we launched a web-based intranet system in 2009. As of 2013, our Human Resources Portal has been launched and our employees can obtain many human resources services via this portal which is an extensive self-service application.

As per our main system requirements, indicators designated under strategic planning process are reviewed through meetings held.

With the Efes Communication Line, complaints or claims from our customers, suppliers or consumers are replied and remedied within prescribed periods by designated officers in charge at relevant units and all incoming requests are stored in electronic media, allowing the monitoring and reporting of progress in customer satisfaction. In addition, the performance of our suppliers in terms of quality, price and delivery are monitored on our computer systems where they are scored and benchmarked on periodic basis.

In production processes, utmost care is given to quality standards and the quality of our products is under the guaranty of our company.

New product developments are steered by Customer-Consumer research results and product improvement and development work is conducted in accordance with the demand from the market with product, package and technology investments.

Within the context of trade secret, confidentiality of the information about the customers and the suppliers is taken care of as per Personal Data Protection Law and related legislations.

Regarding the important decisions that give rise to an outcome for the stakeholders, the opinion of the stakeholders is taken.

4.3. Human Resources Policy

Our company's human resources policy and practices in this area are in line with all of the principles of Section 3 Article no 3.3 of Corporate Governance Principles.

Our human resources mission is to develop human resources strategies and coordinate the application of human resources systems in our operations in line with our company's vision and mission and strategies in order to support our strategic growth and profitability strategies through increasing productivity of our employees, as well as establishing a qualified, motivated, loyal workforce. In line with our human resources mission our key strategy is to build up a satisfied, highly motivated and well-educated workforce that works as a team and continually develops, operates on knowledge and focuses on Company targets. Our human resources strategy is also disclosed publicly in our website.

The Human Resources Strategy of our company is designed in line with our vision and mission in order to support our strategic business plan and implemented under the following headings:

(1) Increasing organizational efficiency

(2) Centralized Strategy, Local Policy Development

(3) Right Person for the Right Position,

(4) Maintaining a Dynamic & Proactive Structure,

(5) An Unreplicated Human Capital that Creates Competitive Advantage.

Our Company gives great importance on training at all stages and at all levels in order to prepare our employees to the future. We "INVEST IN PEOPLE" through established systems where we present this importance in a transparent way. In this context, in order to develop leaders, to form a common management language and to strengthen our culture that supports continuous learning, corporate development practices have been in action since 2010.

In addition, through "Efes Akademi", an e-learning platform over the internet, it is aimed to improve the personal and occupational knowledge and skills of our employees. Via this platform, we are able to reach mass of employees in a short time period with the trainings which are designed interactively. The attendance is tracked on the system and exams are held in order to measure knowledge as well.

At the same time, employee-specific special development programs are created through various evaluation processes. Within the context of talent management processes, backup plans ensure the continuity of the success of our company.

"Efes Quality Circle" project, whereby our employees voluntarily solve the problems in their respective work areas, enable a better environment for communication, creativity and innovation while contributing to our employees' personal development and hence increasing their motivation. Parallel to generating monetary benefits and improving business, "Efes Quality Circle" activities also provide abstract benefits like development of responsibility, proving oneself, innovation and creative thinking, as well as job satisfaction. At the same time, Efes employees can contribute to the innovation culture of Anadolu Group as well as themselves by entering their ideas of change, improvement and development into «bi-fikir», the innovation portal of Anadolu Group.

It is essential to implement fastidiously any resolution rendered by our Board of Directors in the pertinent field of activity. Monitoring of such applications is conducted within the framework of the designated Critical Performance Criteria focused not only on the operating performance but also on profitability. The annual performance targets we have designated for our employees in line with the relevant criteria allow not only the qualitative measurement but also the indicator-based quantitative assessment of our management policies. There is no share purchase plan designed for employees.

One of our Group's commitments towards its employees in the course of every relationship, which is part of our working principles and followed strictly without any concession, is not to make any discrimination in terms of race, skin color, age, nationality, gender and religious beliefs. We take pride in different aspects and cultural diversification of our employees and consider such diversification a valuable tool for advancement towards a common objective.

In every Human Resources practice spanning from the initial recruitment to the training, compensation, career and financial means granted, equal opportunity is provided to all employees. No complaints, in particular on discrimination, have been raised by any of our employees within the period.

The new Anadolu Efes Code of Business Conduct and Ethics ("the Code") has been put into effect in 2015. The purpose of the Code is to guide the behavior of Anadolu Efes' employees and to explain the legal and ethical rules required to be followed. All our employees are provided the opportunity to communicate, on a confidential basis, their concerns regarding the breaches to Anadolu Efes Business Conduct via a line managed by an independent company. The said topics are examined by our Ethics Committee and actions are taken.

We are committed to respect and protect the rights granted to our employees by law and regulations.

Relations with blue-collar workers are regulated according to the collective bargaining agreement, and in the context of the agreement, 5 head representatives and 10 union representatives work in our 3 breweries and 1 hops processing facilityin Turkey. These representatives are responsible for communicating the requests, complaints and problems of our blue-collar workers to the senior management, following up the results of these, representing the employees in platforms such as Occupational Safety Board and Disciplinary Board and protecting their legal rights within the Collective Bargaining Agreement and the Legal framework. In addition, for both our blue-collar and white-collar workers, there is a Business Partnership organization deployed in our headquarters within our human resources structure and 7 regional human resources supervisors in total are affiliated to this organization. As a requirement of their job description, the afore-mentioned business partners and human resources supervisors are responsible for evaluating the requests, complaints and problems conveyed by employees and following up the results of the processes regarding these requests, complaints and problems, in coordination with the senior management.

In addition, representatives have been designated to conduct the relations with employees. For white-collar workers, a "Health and Security Worker Representative" has been selected to represent the workers on issues of occupational health and security. The duties and authorities of such representative that is selected by the workers at the workplace, as per Occupational Health and Safety Statute, are as follows:

One or more workers act as the "Health and Security Worker Representative" and participate in studies for health and security in the workplace, monitor the studies, request for measures and precautions, give suggestions and represent workers in similar matters particularly on health and security.

For blue-collar workers, a "Trade Union Representative at the workplace" is present as set forth in the collective bargaining agreements.

The trade union representatives fulfill the following delegated tasks to ensure occupational peace, maintain and safeguard the balance between the worker and the employer:

a) Ensuring the cooperation and occupational peace between the worker and the employer at the workplace,

b) Examining the demands and complaints of workers, persuading the worker in withdrawing its unreasonable demand or complaint, reflecting any demand or complaint that it will find reasonable in his sole discretion to the employer (the representative may not be penalized for his/her discretion in this process.)

c) Striving to settle amicably, conflicts or disputes to arise between the worker and employer,

d) Seeking remedies for problems that may arise in connection with implementing these contractual provisions and if necessary, conveying the matter to the employer after consulting with workers.

e) Striving to prevent, to the extent of his/her authority, any illegalized attempt or behavior, refraining from getting involved in such attempts or behaviors,

f) Regulating the relationship of workers that are trade union members with the trade union,

g) Ensuring the uninterrupted execution of the contract,

h) Transmitting any matter that he/she could not settle at the workplace to his/her affiliated branch/department in writing,

i) Fulfilling all other liabilities imposed by the legislation.

While safe working environment and conditions are provided to the employees, General Occupational Health and Safety trainings, which require the participation of all employees, are organized by our company periodically.

Job descriptions of all employees of the company can be reached through the corporate portal. Performance evaluation is carried out through an online system, and evaluation and compensation criteria as well as expectations are shared with the employees in the system starting from the beginning of the year.

4.4. Ethical Rules and Social Responsibility

Ethical rules are highly respected within our Company and these merits have been exercised for years within the corporate culture of Anadolu Group, our parent company, and our all operations are performed within this context. Anadolu Efes Code of Business Conduct and Ethics, which form our ethical values, are disclosed publicly in our website, whereas the minimum ethical rules with respect to environment, discrimination, child employees and union rights have been included to public in our annual report and website.

The necessary mechanisms to monitor the compliance with Anadolu Efes Code of Business Conduct and Ethics Principles have been formed. In this context, details for the Code of Business Conduct and Ethics Communication Channels to be used by those who have any concern or become aware of any Code violation are made available at company website. These communication channels are operated by an independent company, and they are available 7/24 and it is possible to communicate a violation confidentially or anonymously.

Detailed explanations regarding the activities of our Company within the framework of social responsibility can be found in our Company's 2017 Annual Report.

SECTION V – BOARD OF DIRECTORS

5.1. Structure and Composition of the Board of Directors

Our Board which consists of at least 7, at most 13 members according to articles of association, currently is composed of one Chairman, one Vice Chairman and nine members, totaling to eleven members.

TUNCAY ÖZILHAN Chairman

KAMILHAN SÜLEYMAN YAZICI Vice Chairman

STUART MURRAY MACFARLANE Member

TALIP ALTUĞ AKSOY Member

SALIH METIN ECEVIT Member

MEHMET CEM KOZLU Member

AHMET BOYACIOĞLU Member

AHMET CEMAL DÖRDÜNCÜ Independent Member

KAMIL ÖMER BOZER Independent Member

MEHMET METE BAŞOL Independent Member

İZZET KARACA Independent Member

The curriculum vitae of the Board members which also include their responsibilities outside of our Company are provided both in 2017 Annual Report and the website of our Company. There are no rules established by our Company regarding the Board Members taking responsibilities outside of Our Company, however, the requirements of the Corporate Governance Principles are applied on this issue. In this respect, the positions held by the Board Members outside Anadolu Group as at 31.12.2017 are provided in the table below:

Board Member	Current Positions Held Outside the Company*
İzzet Karaca	Board Member – Sütaş, Enfaş, Tarfaş
Mehmet Cem Kozlu	Board Member – Pegasus Airlines; Anadolu Vakfı Chairman – Global Relations Forum Board of Trustee – İstanbul Modern Sanat Vakfı
Ahmet Cemal Dördüncü	CEO - Akkök Sanayi Yatırım ve Geliştirme A.Ş.; Chairman - Akenerji, Akiş GYO Board Member – Aksa A.Ş., Akkim, , International Paper;
Kamil Ömer Bozer	Board Member - CarrefourSA.; TeknoSA, Boyner Perakendecilik; Söktaş
Mehmet Mete Başol	Board Member -, Nurol Yatırım Bankası, Enerya Gaz Dağıtım A.Ş., Enerya Gaz Ticaret A.Ş.

* Both the Board Members that are listed in the table above and some of the other Board Members hold seats at the boards of various Anadolu Group companies.

According to the articles of association, the Board elects among the members every year a Chairman and at least one Deputy Chairman to represent the Chairman at his absence. The chairman is responsible for managing the Board meetings, ensuring that negotiations are held in order and the discussions during the meetings are recorded. While authorization of the Chairman of the Board, Board members and company executives are defined in the articles of association, no one in the company is given an unlimited decision making power.

According to the Corporate Governance Principles, our Board of Directors is required to be composed of at least four independent members. Similarly according to relevant regulations, in the case where a separate Nomination Committee cannot be established due to the Board structuring, the Corporate Governance Committee can fulfill the responsibilities of this committee. In this respect, the Corporate Governance Committee assessed the candidate proposals to become an independent member, including the ones proposed by the board and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria and submitted this assessment as a report dated 14.02.2017 to the Board. The candidates for the independent board membership submitted their written statements to the Nomination Committee at the time they were proposed as candidates, that they are independent within the framework of the law, articles of association and the principles.

The written statement by all independent Board members declaring their independent status in the context of the principles in the regulatory framework, articles of association and the communiqué is as follows:

I hereby declare and state that;

» No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

» I was not a shareholder of (%5 and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

» I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

» I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

» I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193;

» I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

» I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

» I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

» I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange,

» I am not registered nor declared on behalf of the corporate entity for which I will be elected as a Board Member,

and thus I shall carry out the duties imposed upon me due to my being a board member as an independent member.

In accordance with the report of the Nomination Committee, the Board's decision to appoint Ahmet Cemal Dördüncü, Kamil Ömer Bozer, Mehmet Mete Başol and İzzet Karaca as independent Board members, was sent to CMB for opinion on 23.02.2017. CMB informed our Company that it delivers no negative opinion on independent membership of these candidates, via its written statement dated 03.03.2017.

Therefore, the precise independent Board membership candidates list and information about the candidates was disclosed to public through an information document released with the announcement of the General Assembly. Assignment of candidates whose curriculum vitae were submitted in the information document, was approved at the General Assembly dated 27.04.2017 and came into force.

Individuals who were elected as Independent Board Members were neither registered nor declared on behalf of a corporate identity.

In 2017, there arose no situation which revoked the independence of independent members of the Board of Directors.

There are currently no executive members in the Board of Directors. According to our articles of association, the office terms of Board members are up to three years, and it is possible for these members to be re-elected.

While our Company is insured against damages that may be caused due to the faults of the members of the Board of Directors during the execution of their duties, the total annual responsibility limit of the relevant insurance is below the amount stated in Corporate Governance Principles. The total annual responsibility limit is determined according to the management's decision and currently the limit is expected to remain at its current levels.

Although in the previous years, more than one woman member was present in our Board of Directors, currently, there are no women Board members. It is recommended by the Corporate Governance Committee to the Board of Directors to include women members in the Board in the coming years and our efforts continue within this regard.

5.2. Working Principles of the Board of Directors

The Board of our company executes its activities transparently, accountably, fairly and responsibly in accordance with the requirements set by the Corporate Governance Principles.

The Board has a leading role to protect the efficient communication and to eradicate and find solutions for disagreements between the company and the shareholders. For this purpose the Board conducts its roles with a close cooperation with the Corporate Governance Committee and Investor Relations Unit.

In accordance with Article no 4.4.1 of Corporate Governance Principles, the Board gathers as often so that it performs its duties effectively. The gathering procedures and frequency of Board meetings, meeting and resolution quorum, process of asserting objections and the validity of Board resolutions are explicitly laid down in our Company's Articles of Association. In this context, the Board holds its ordinary meetings five-six times a year and the Board members also convene upon any extraordinary situation and negotiate and render resolutions on critical agenda issues. In accordance with our Articles of Association, majority of the members of the Board of Directors participates to the Board meetings and board decisions are taken with the vote of the majority of the total members of the Board.

The average rate of participation of Board Members in these four meetings during the year 2017 has been 91% and Board members aim attending every meeting and present an opinion. When there are dissenting opinions on reasonable and detailed grounds regarding the questions asked or different opinions expressed by Board members, these are recorded in the meeting minutes.

The agenda of Board meetings comprises of the agenda issues designated in the previous Board meeting for further negotiation in the next meeting along with the issues designated by the related Group President. However, before the meeting, a Board member may propose the Chairman of the Board to make a change in the agenda. The opinion of a member, who did not attend the meeting but submitted his opinion to the Board in written format, is also submitted for other member's review.

Dates of the Board meetings are determined at the beginning of the year and accordingly the Board members are notified of the meeting dates. Furthermore Board members are also notified by means of a formal memorandum and report at least one week prior to any meeting. A secretariat is established for the meetings and all questions raised during the meetings and all issues negotiated are recorded into meeting minutes.

Each member in the Board has one voting right and Board Members do not have the right of weighted vote and/or power of veto. Board meetings are held in accordance with Article no 4.4.6 of Corporate Governance Principles.

Meeting minutes that have the nature of trade secrets are not disclosed to the public. However all of the critical matters resolved are announced through public disclosures.

The Board resolutions related to the related party transactions of our Company are taken with the majority vote of the independent members; in accordance with the Corporate Governance Principles.

There were no transactions that are in the scope of the significant transactions as described in Article 1.3.9 of Corporate Governance Principles, in 2017.

5.3. Number, Structure and Independence of the Committees established under the Board

According to Article no 4.5.1 of Corporate Governance Principles, in order the board to perform its duties properly, an Audit Committee, a Corporate Governance Committee, a Nomination Committee, an Early Determination of Risk Committee and a Remuneration Committee should be established, however, in case a separate

Nomination Committee, Early Determination of Risk Committee and Remuneration Committee cannot be established due to the structure of Board, Corporate Governance Committee may fulfill the responsibilities of these committees. In this context, in addition to the Audit Committee and Corporate Governance Committee that were already present in our company, Committee for Early Detection of Risks was established according to the Board resolution dated 07.06.2012. Responsibilities of committees that are not present within Board of Directors are fulfilled by the Corporate Governance Committee according to Corporate Governance Principles.

According to Article no 4.5.2 of Corporate Governance Principles, the scope of duties, the working principles and the members of the committees' are identified and disclosed to the public by the Board. In this context, in line with the Principles, Charters regarding functions and working principles of Committees were approved on 29.06.2012 and disclosed to public on our company website at www.anadoluefes.com. Charters of the Audit Committee and Corporate Governance Committee that were updated in accordance with the revised Corporate Governance Principles were approved on 06.03.2014 and were made available to public at our corporate website. There arose no necessity to revise the Charter of the Committee for Early Detection of Risks.

Apart from this, Article no 4.5.3 of Corporate Governance Principles requires all members of the Audit Committee and the chairman of other committees to be selected from independent Board members. In this context, selection of chairman and members to Committees was done through Board resolution dated 16.05.2017 for one year, was in line with this Corporate Governance Principle. Likewise, in line with the Principles, the chief executive/general manager does not have a role in any of the committees. Except forMehmet Mete Başol, Chairman of the Audit Committee and a member of the Corporate Governance Committee and İzzet Karaca, Chairman of the Corporate Governance Committee and a member of Early Detection of Risk Committee ; all Board members have a role in only one one committee.

Members of the committees* constituted within the Board are as follows:

	Independent/ Not Independent	Executive/ Non-executive
Audit Committee		
MEHMET METE BAŞOL - Chairman	Independent	Non-executive
AHMET CEMAL DÖRDÜNCÜ - Member	Independent	Non-executive
Corporate Governance Committee		
İZZET KARACA - Chairman	Independent	Non-executive
MEHMET METE BAŞOL - Member	Independent	Non-executive
ÇIÇEK UŞAKLIGIL - Member	Not Independent	Executive
Committee of Early Detection of Risks		
AHMET CEMAL DÖRDÜNCÜ - Chairman	Independent	Non-executive
İZZET KARACA - Member	Independent	Non-executive

*Following the Annual Ordinary General Assembly Meeting held on 27.04.2017, the appointment of relevant members to the committees listed above were made as per the Board Resolution dated 16.05.2015 and announced to the public on the same day.

Evaluation of the Board of Directors regarding the working principles and efficiency of Committees constituted within the Board is presented as attachment to Corporate Governance Compliance Report (Attachment 1).

5.4. Risk Management and Internal Control Mechanism

The aim of risk management and internal control mechanism is the protection of the value of the assets of the company, operational efficiency and pursuing sustainability. Intended for this aim, risk management and internal control mechanisms have been established within the Company and fundamental principles with respect thereto are being announced via our annual report and website.

Identification of all the existing and potential risks for the Company, development of practices for obtaining competitive advantage and sustainability by taking appropriate actions against the identified risks and monitoring of such practices constitute the basic starting point of the risk management system.

The Committee for Early Detection of Risks is established within the Company for early detection of risks that might endanger the existence, development and perpetuation of the Company and to implement measures required against the risks determined as well as the management of risks. The Committee for Early Detection of Risks convenes as often as deemed necessary for the effectiveness of the work, at least two times per annum and regularly briefs the Board of Directors of the Company about its meeting resolutions, important sightings and recommendations. Thus, the Corporate Risk Management work is led and monitored by the top management.

Corporate Risk Management system enables managers at all levels to determine current as well as potential risks and opportunities to be encountered while achieving Company targets, evaluate their likely impacts based on the Company's risk-taking profile, as well as plan and implement necessary actions. The risks and action plans are integrated into strategic business plans to make the necessary resource allocations.

Helped by the Corporate Risk Management software, which was initiated in all of our domestic and international operations, risk management system was made prevalent in whole company. Thus, participation to risk evaluation is achieved at every level. The outcomes are used in supporting business continuity studies as well as operational and strategic decisions.

Existing or potential risks for our Company are defined below:

Financial Risk; assets/liabilities risk, credibility, equity/debt ratio, exchange rate risk and other factors that can affect the Company's financial status.

Strategic Risk; risk factors such as shareholders, investor relations, mergers and acquisitions that may affect the sustainable growth of the Company, corporate governance structure, company and brand value.

Operational Risk; risks that may affect every part of the business from the suppliers to the customers, and so the processes including business continuity, compliance, reputation, occupational health and safety.

Environmental Risk; risk factors such as fire, earthquake, etc. that can affect the Company's business continuity and safety.

Performance and risk indicators are used as early warning systems in order to trace risks and take necessary precautions on time. The SAP ERP system that is integrated to all procedures in the Company is an efficient technological decision support system that is used for this purpose.

SAP ERP supplies operational results in real time that eliminates the human error and makes early detection of risks possible and improves the efficiency of the internal control system. Softwares and technologies particularly used by sales teams in the field are constantly improved to make sure that teams can access correct information immediately for making quick and right decisions by which customer satisfaction and competitive advantage are aimed at. With the use of high level internal communication technologies, we aim to handle and solve the problems in a short time period.

Emergency situation management systems are established against potential natural risks while investments in backup systems are made to prevent systems from being affected and losing any data in case of an emergency situation. Additionally, all our facilities are insured in order to minimize the environmental risks.

Additionally, environmental factors and extraordinary situations are monitored on an immediate basis and investigations are made to take necessary measures to minimize risk.

Investments in line with annual budgets and business plans allow us to use the state-of-the-art technology in our facilities and the most up to date technology prevailing in the global brewing industry is utilized.

Training programs about leadership, management skills and competency improvement are made available to all employees. These programs are increasing employee engagement while having positive effects on business management and results.

Within the finance function, the actual results are compared to the budgeted figures on a regular basis and any deviations are analyzed.

The "Guarantee - Risk Management System" devoted to tracking customer risks has been put into service. Accordingly, purchasing limits applicable to our customers have been established and our systems are designed to prevent any product shipments in excess of prescribed limits.

Internal Control Mechanism can be defined as all practices aimed to eliminate circumstances that may affect reaching the goals of the Company negatively and/or reduce their effects and possibility and disclose any non-compliances. Standard definitions, policies and procedures, job descriptions and delegation structures regarding business processes constitute the basis of internal control system. In this context, holistic internal control systems including preventive reformative and fixative ones have been established by the management, in order for the company to carry out Company's business effectively and efficiently.

Through internal control systems established within the company, it is aimed to ensure safety of assets, provide effectiveness and efficiency of operations, trustworthiness of the financial reporting system, compliance with regulations, and assurance regarding these issues. The relevant internal control systems are also intended to protect the assets, reputation, sustainability and profitability of the company. An internal audit function has been established within the Company. This function is organized comprising of both the headquarters and our subsidiaries, and conducts process audits investigating the efficiency of the general control environment, corporate governance and risk management structures of our company, in accordance with International Internal Audit Standards for Professional Practice and the related laws and regulations, also benefitting from the auditors of AG Anadolu Grubu Holding A.S, who are specialized in their areas in addition to internal sources.The execution of the accounting system of the Company, the disclosure of financial information to the public, the external audit of the Company and supervision of the functioning and efficiency of the internal control system are mainly carried out by the Audit Committee established by the Board of Directors of the Company. While carrying out the relevant function, the Audit Committee utilizes the findings of the Independent Audit, and Certified Councillorship, Internal Audit Directorate, Audit Presidency of AG Anadolu Grubu Holding A.Ş and Risk Management Coordinatorship of Anadolu Group.

The authorities and responsibilities are defined in writing in the internal control mechanism of the Company. Within this framework, the rules governing the fulfillment of tasks by functions in their respective business areas and the holders of such responsibilities are explicitly defined. The internal control mechanism is equipped with the following features:

» Purposes and principles of activities are explicitly defined.

» Possible conflict of interests taken into account in the allocation of entrant and confirmative responsibilities

» The current and potential risks of the Company are defined and constantly being monitored.

» Regular reporting is made to executives.

Issues to be approved as per chart of authorities are provided to executives electronically accompanied with detailed remarks and viewed, scrutinized and approved by several executives within pre-determined limits.

5.5. Strategic Objectives of the Company

While the authorization and responsibilities of the Board members are clearly listed in our articles of association, the duties and responsibilities that are carried out by Board members de facto include:

» Setting the vision and mission of the company,

» Setting the strategic targets of the company,

» Determining the human and financial resource needs of the company,

» Auditing the performance of the management,

» Approving the budget and working plans of the company,

» Checking whether the company reaches its targets, examine results of operations,

» Ensure that the operations of the company are in line with regulations, articles of association, internal rules and policies,

» Examine Corporate Governance Principles of the company and improve missing points,

» Form the committees of the Board and ensure their operability

While The Board manages and represents the company and is particularly loyal to company's long-term interests by keeping the risk, growth and return balance of the company at the optimum level through taking strategic decisions and with rationalistic and prudent risk, it is responsible for the company to reach its preset and publicly disclosed operational and financial performance targets. In this context, related Directorships make annual budgets and business plans every year and submits them to the Board. As a result, the operating results which are held in accordance with the plans throughout the year are continuously compared with the budget that was approved by the Board of Directors and the reasons of the deviations are analyzed.

5.6. Financial Benefits

In accordance with the decision taken on Annual Ordinary General Assembly, our company does not make any payment to Board members except for the independent Board members. On the Ordinary General Assemble dated 27.04.2017, it was decided to make an annual net payment of TRL 96,000 on a monthly basis, to each independent Board member aiming to secure their independency. In accordance with the Article 4.6.5 of Corporate Governance Principles, the remunerations and all other benefits provided to Board members and managers having administrative responsibility are made public through our annual report. However, the declaration is not made separately for each member, but a cumulative number is given for all board members and managers having administrative responsibility.

The company has not lend any money, given any loan, extended the maturity of the loans or credits, improved the conditions of the loans, given any loan under the name of an individual loan through third parties or given guarantee such as bail to a Board member or to the managers having administrative responsibility.

According to Article no 4.6.2 of Corporate Governance Principles, the remuneration principles of the Board members and managers having administrative responsibility should be in written form and the shareholders should be enabled to give their opinion after submitting these written remuneration principles to their reviews with a separate article in the General Assembly. Our remuneration policy prepared in this context is also made available to public at our company website **www.anadoluefes.com.**

While there is no Nomination Committee established within the Board of Directors, in line with the Corporate Governance Principles, responsibilities of this committee are fulfilled by the Corporate Governance Committee

ATTACHMENT 1

Evaluation of the Board of Directors Regarding the Working Principles and Efficiency of the Committees Formed within the Board

After the selection of Chairman and members made in accordance with Corporate Governance Principles, with the Board resolution dated 16.05.2017, it has been decided to;

» Appoint Board Member Mr. Mehmet Mete BAŞOL as the Chairman of the Audit Committee; Mr. Ahmet Cemal DÖRDÜNCÜ as a member of the Audit Committee,
» Appoint Board Member Mr. İzzet KARACA as the Chairman of the Corporate Governance Committee, and Board Member Mr. Mehmet Mete BAŞOL and Mrs. Çiçek UŞAKLIGİL ÖZGÜNEŞ as members of the Corporate Governance Committee,
» Appoint Board Member Mr. Ahmet Cemal DÖRDÜNCÜ as the Chairman of the Early Detection of Risk Committee and Board Member Mr. İzzet KARACA as the member of the Early Detection of Risk Committee.

Charters regarding functions and working principles of the three afore-mentioned Committees were approved on 29.06.2012 and disclosed to public on our company website at www.anadoluefes.com. Charters of the Audit Committee and Corporate Governance Committee that were updated in accordance with the revised Corporate Governance Principles were approved on 06.03.2014 and were made available to public at our corporate website. There arose no necessity to revise the Charter of the Committee for Early Detection of Risks.

In 2017, all committees constituted within the Board of Directors have performed their functions as required in Corporate Governance Principles and their own Charters, and performed efficiently.

In 2017, in compliance with the way required for the efficiency of their functions, their Charters and annual meeting schedules;

» Audit Committee met seven times on 17.02.2017, 02.03.2017, 06.06.2017, 26.07.2017, 08.08.2017, 26.09.2017 and 11.12.2017

» Corporate Governance Committee met seven times on, 22.02.2017, 02.03.2017, 06.06.2017, 26.07.2017, 08.08.2017, 27.09.2017 and 11.12.2017,

» Corporate Governance Committee met once on 14.02.2017 in order to execute duties of the Nomination Committee,

» Early Detection of Risk Committee met four times on 17.02.2017, 06.06.2017, 26.09.2017 and 11.12.2017

and submitted reports to the Board, consisting of information on their work and results of the meetings held during the year.

According to this,

» Audit Committee that is responsible for taking all necessary measures in order to ensure that internal and external auditing are carried out adequately and transparently, as well as efficient performance of internal control system; has submitted all of its suggestions on areas it is responsible for including its opinion and suggestions on the internal audit and internal control system.

» Corporate Governance Committee, that has been established to follow company's compliance to Corporate Governance Principles, develop improvement processes in this area and submit suggestions to the Board, has determined whether or not the Corporate Governance Principles were applied in the company, if not what is the reason, and also determined the conflict of interests occurred due to not complying with these principles totally and gave the Board advices that will improve the corporate governance practices; and monitored the works of the Investor Relations Unit.

» Early Detection of Risk Committee, that has worked on early determination of risks that will endanger the existence, development and sustainability of the company, has worked on the application of due precautions regarding the determined risks and has worked for the aim to manage the risks, scrutinized the systems of risk management of the company in accordance with Corporate Governance Principles and Charter of the Committee for Early Detection of Risks. The Committee also submitted risk assessment reports to the Board of Directors every two months in compliance with the Article 378 of the Turkish Commercial Code numbered 6102.

FINANCIAL STATEMENTS

ONE OF OUR MOST IMPORTANT PRIORITIES IS TO COMMUNICATE WITH OUR SHAREHOLDERS WITH THE RIGHT, COMPLETE, TIMELY, UNDERSTANDABLE AND ANALYZABLE DATA IN LINE WITH THE PRINCIPLE OF TRANSPARENCY.

OTHER INFORMATION RELATED TO OPERATIONS

1. ANADOLU EFES BIRACILIK VE MALT SANAYII A.Ş. TRADE REGISTRATION

Trade name:
Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

Formation date:
26.06.2000

Registration number:
91324/36346

Address of record:
Bahçelievler Mahallesi Şehit İbrahim Koparır Caddesi
No: 4 Bahçelievler- İstanbul/Türkiye

Number of issued shares and registered share capital:
592,105,263 shares each with a par value of TRL 1.00 (one Turkish lira).
On this basis the company's issued share capital amounts to TRL 592,105,263.

2. CHANGES IN THE ARTICLES OF ASSOCIATION DURING THE REPORTING PERIOD:

No changes were made in the Articles of Association during the reporting period.

3. CAPITAL STRUCTURE

As of 31 December 2017, the company's registered share capital ceiling was TRL 900,000,000 and its issued capital was TRL 592,105,263. During the reporting period there was no change in the company's capital structure.

4. PRODUCTION AND SALES

The production and sales amounts of beer, soft drinks and malt, as well as the domestic, international and consolidated net sales revenues for 2017, are given in the tables below.

A. PRODUCTION VOLUME

		2017	2016	Change (%)
Beer (Operations in Turkey)	Beer (mhl)	5.7	5.9	-4.6
	Malt (ton)	84,739	90,715	-6.6
Beer (International Operations)	Beer (mhl)	14.8	13.6	8.9
	Malt (ton)	79,973	79,863	0.1
Total Soft Drinks	Soft Drinks (million unit cases)	1,124	1,084	3.7

B. SALES VOLUME

		2017	2016	Change (%)
Domestic Beer	Beer (mhl)	5.8	6.0	-3.2
	Malt (ton)	-	-	
International Beer	Beer (mhl)	15.2	13.9	9.3
	Malt (ton)	-	-	
Total Soft Drinks	Soft Drinks (million unit cases)	1,237	1,189	4.1

C. NET SALES

2017	Turkey Beer	International Beer	Soft Drinks	Other(1) and Eliminations	Total
Sales	1,588,408	2,806,835	8,521,146	51,309	12,967,698
Intersegment sales	-19,942	-773	-105	-	-20,780
Sales Revenues	1,568,466	2,806,102	8,521,041	51,309	12,946,918

2016	Turkey Beer	International Beer	Soft Drinks	Other(1) and Eliminations	Total
Sales	1,438,601	1,903,337	7,050,245	44,541	10,436,724
Intersegment sales	-15,818	-557	-92	-	-16,467
Sales Revenues	1,422,783	1,902,780	7,050,153	44,541	10,420,257

(1) Includes other subsidiaries included in the consolidation of Anadolu Efes and headquarters expenses.

5. EXPORTS

Turkey-originated beer exports volume and CIF amounts in 2017, compared to 2016, are given in the table below.

	Amount (mhl)			CIF Amount (USD)		
	2017	2016	Change (%)	2017	2016	Change (%)
Exports	0.43	0.46	-6.5	31.0	33.9	-8.7

6. CAPACITY AND CAPACITY UTILIZATION RATES

Annual beer, malt and soft drinks production capacities and capacity utilization rates of the company's domestic and international, direct and indirect subsidiaries are as follows:

CAPACITY AND CAPACITY UTILIZATION RATES

	Capacity	Capacity Utilization Rate in 2017 (%)*
Domestic Beer (mhl)**	8.2	69
International Beer (mhl)	28.0	53
Total (mhl)	36.2	57
Malt (Domestic) (ton)	118,000	72
Malt (International) (ton)	110,000	73
Soft Drinks (million unit cases)***	1,507	74

* Capacity Utilization Rate=Production Amount/Average Capacity

** Istanbul plant included in the calculation until May 2017.

*** Annual production capacity calculations are based on the formula provided by The Coca-Cola Company to all bottlers of Coca-Cola products. Calculations are made according to high season capacity utilization rates. Capacity is defined as the product obtained by multiplying the hourly unit case output of a plant at targeted utilization. Because package mix and sales may change from year to year, production capacity calculations for one year may not be directly comparable to such calculations for other years even if the numbers of production lines are the same.

7. INVESTMENT POLICY AND INVESTMENT EXPENDITURES

Anadolu Efes is a company which pursues sustainable growth, takes risks that are quantifiable and manageable, and adroitly shepherds its investments. Continuously undertaking investments in order to maintain both its organic and its inorganic growth and to expand the market and foster a beer-appreciative culture in the countries in which it operates, the company also invests without letup in order to keep pace with rising demand. Anadolu Efes carries out its international beer investments through EBI, a wholly-owned subsidiary based in Holland, while its soft drinks investments in the Turkish and international markets are carried out by CCI, in which it is the majority shareholder. CCI is an independent company whose operations are completely separate from the Anadolu Efes' beer operations. CCI provides for its own investment and working capital needs from its own cash flow and/or by borrowing and it makes no demands of Anadolu Efes on this account.

All of Anadolu Efes' investments and all investments related to all beer operations taking place under Anadolu Efes' responsibility are undertaken in line with Board of Directors-approved annual budgets and investment decisions as specified in business plans. Investments in beer operations are conducted as spelled out in the company's Investment Management Guide ("Guide"), whose aims are to ensure the appropriateness of investment decisions and to achieve standardization and consistency in investment activities. Every investment is carried out so as to be compatible with that specific operation's strategic business plan. Our most important priority is to make certain that only the most profitable and essential investments are undertaken in all beer operations. As a general principle, investment decisions must be based on the specific financial projections as spelled out in detail in the Guide and they must be documented in detail as also specified in the Guide.

The investment expenditures made by Anadolu Efes in recent years consist mainly of investments undertaken in three areas: investments related to the company's growth strategy; a variety of technical investments, which include those undertaken to make improvements and to comply with the requirements of laws and regulations in existing plants; marketing-related investments, such as investments in coolers aimed at increasing the cold-availability of products.

In the near and medium terms, Anadolu Efes' investment expenditures are expected to be related mainly to equipment purchases needed for technical improvements, outlays to fulfill legal compliance requirements, and marketing-related cooler upgrades. However all of these outlays are associated exclusively with Anadolu Efes' beer operations and, as was pointed out above, CCI is entirely responsible for financing its own investment expenditures and for satisfying any other needs for working capital that it may have. Experience shows that there may be significant discrepancies between Anadolu Efes' investment outlay projections and the company's actual expenditures. This is because investment plans and their performance are influenced by several factors such as market conditions, demand for the company's products, funding resources, operational cash flows, and other contingencies that are partly or sometimes even entirely beyond the company's control.

Total investment-related cashflows amounted to TRL 788.7 million in 2017 as compared with TRL 732.9 million in 2016.

The company's TRL 788.7 million investment-related cash flow in 2017 consisted essentially of TRL 770,8 million paid for acquisitions of tangible and intangible non-current assets concerned with its soft drinks and beer operations. Of the remainder, TRL 17,8 million reflects share capital increases undertaken in jointly-managed partnerships and ventures and TRL 0,1 million reflects the minority buyout.

The company's TRL 732.9 million investment-related cash flow in 2016 consisted essentially of TRL 718.8 million paid for acquisitions of tangible and intangible non-current assets concerned with its soft drinks and beer operations. Of the remainder, TRL 14.1 million reflects share capital increases undertaken in jointly-managed partnerships and ventures and TRL 0.1 million reflects the cash inflow arising from the capital increases made by the non-controlling interests.

8. INVESTMENT INCENTIVES

Anadolu Efes takes advantage of various "investment incentives" that are provided under Turkish laws and regulations whose intent is to encourage investment in designated regions of the country. Anadolu Efes also benefits from incentives under the Ministry of Economy's "Turquality" project, specifically under the headings of "International Branding of Turkish-Made Products" and "Entrenching the 'Made In Turkey' Logo".

9. INFORMATION RELATED TO EMPLOYEES

The average number of employees for the years ended on 31.12.2016 and 31.12.2017 are as follows (numbers represent the employees of the companies that are being consolidated):

2016: 15,724
2017: 14,188

Our Company agreed with Tek Gıda İş Labor Union on the terms of the collective bargaining agreement for the period 1 September 2017 – 31 August 2018; the agreement is currently pending signature.

The main terms of the collective agreement are as follows;

» GROSS WAGES OF THE UNION MEMBER EMPLOYEES WILL BE INCREASED BY 525 TRL PER PERSON PER MONTH IN THE FIRST YEAR OF THE COLLECTIVE BARGAINING AGREEMENT,

» IN THE SECOND YEAR OF THE AGREEMENT, GROSS WAGES OF THE UNION MEMBER EMPLOYEES WILL BE INCREASED BY THE RATE OF INCREASE IN THE CONSUMER PRICE INDEX ANNOUNCED BY THE STATE STATISTICAL INSTITUTE PLUS BY 135 TRL PER PERSON PER MONTH. .

10. DONATIONS AND ASSISTANCE; SOCIAL RESPONSIBILITY PROJECT-RELATED OUTLAYS; BENEFITS PROVIDED TO COMPANY DIRECTORS AND SENIOR MANAGERS

In 2017, Anadolu Efes paid out a total of TRL 4,201,000 as charitable donations.

The consolidated value of Anadolu Efes' expenditures related to social responsibility projects was TRL 4,334,231.

Information about benefits consisting of salaries, bonuses, shares of profits, and similar forms of remuneration paid to members of the Company's Board of Directors and of its senior management is presented in the footnotes to the financial statements. The total value of all benefits provided to these persons as allowances (including travel, accommodation and representation allowances), as access to company-owned properties, as cash facilities, and as insurance and other guarantees was TRL 595,951 in 2017.

11. R&D

Anadolu Efes has been carrying out R&D work on barley, one of the most important inputs used in brewing, since 1982. The company has developed 15 barley cultivars, all of which are registered in its own name. This R&D work has resulted in such benefits as diversifying and improving plant breeds, increasing crop productivity by 30%, and improving product quality.

12. ORGANIZATIONAL STRUCTURE

KASIA ÖZGEN
Turkey Marketing Director

Kasia Özgen graduated from the Middle East Technical University Economics Department in 1998, Kasia Özgen worked at Internal Audit department at Türk Exim Bank between years 1991-1993, and Corporate Marketing & Strategic PL Department at Garanti Leasing & Garanti Bank between years 1993-1996, and worked as a Marketing Manager at Unilever between years 2003-2008, and Marketing Director at Koç Holding between years 2008-2014, and Global Director for Ethnic and Halal Center and Brand Development Director (North Africa, Middle East, TK, Israel) at Unilever between years 2008-2014. Before joining our Group, she was a Vice President at Sütaş between years 2015-2016. Kasia Özgen serves as Anadolu Efes Turkey Marketing Director since February 2016.

MUSTAFA OĞUZCAN BÜLBÜL
Corporate Affairs & Competition Compliance Director

Oğuzcan Bülbül graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 2001 and completed his master's degree in International Energy Policy and Management from the Faculty of International Relations and Public Administration at Columbia University in the USA. He is currently continuing his PhD studies at Hacettepe University, Faculty of Business Finance Department. Bülbül worked as an expert in Competition Authority between 2001 and 2010; mainly in the areas of approval of mergers and acquisitions in the energy, chemical and pharmaceutical industries, appraisal of applications for exemption and exemption, carrying out preliminary investigations and investigations, sector research and privatization of companies subject to privatization. In 2010, he left his position in the Competition Authority and started his career in Anadolu Efes as Competition Compliance Manager. Since 2017, he has been serving as Corporate Affairs and Competition Compliance Director, responsible for the Legal Affairs, Corporate Communications, Public Affairs and Competition Compliance Directorate.

BURHAN TANIK
Finance Director

Having graduated from Dokuz Eylül University Business Administration Department in 1998, Burhan Tanık worked as an auditor at Arthur Andersen between years 1998-2002, and at Ernst & Young between years 2002-2003. Mr. Tanık began his career in Anadolu Efes as Efes Beverage Group as Financial Controller in 2003. Between years 2003-2006, he served as Moscow Efes Breweries Budget and Planning Manager. Following that, he worked as Efes Russia Financial Control Manager between years 2006-2007, Efes Russia Finance Director between years 2007-2012 and Efes Russia Finance and Control Director between years 2012-2013. As of 1 November 2013, Mr. Tanık has been appointed as Efes Turkey Finance Director. Mr. Tanık is a Certified Public Accountant.

LEYLA AYŞEGÜL ÖRS BİNGÖL
Human Resources Director

Leyla Ayşegül Örs Bingöl graduated from Middlesex University, Human Resources Management Department in 2004. Before joining our Group, she was Assistant Personnel Manager at Sofra Restaurant in London (2001-2004), Researcher at Nicholson International Turkey (2004-2005) and Recruitment Manager at İzmir Tesco Kipa (2005-2006). She joined our Group in 2007, and worked as Human Resources Specialist (2007- 2008), Human Resources Chief(2008-2011), at Anadolu Endüstri Holding; Human Resources Manager at Çelik Motor (2011-2015), and Corporate Human Resources Manager at Anadolu Efes Group (March-October 2015). Leyla Ayşegül Örs Bingöl serves as Anadolu Efes Turkey Human Resources Director since 1 October 2015.

GANİ KÜÇÜKKÖMÜRCÜ
Supply Chain Director

Gani Küçükkömürcü graduated from the Department of Chemical Engineering at the Middle East Technical University in 1993, and completed his master's degree in Brewing and Distilling at Heriot-Watt University in Scotland. He worked at Bossa T.A.Ş. as an Operation Engineer from 1993 to 1996 and began his career in Anadolu Efes as Production Engineer at Güney Bira in 1996. He worked as Beer Production Supervisor (1998-2003), Operations Manager at Lüleburgaz Plant (2003-2005), Technical Manager at İstanbul Plant (2005-2006), Country Technical Manager of Efes Kazakhstan (2006-2009) and Technical Director of Efes Turkey (2009-2012). Mr. Küçükkömürcü has been serving as Supply Chain Director of Efes Turkey since 2012.

13. ISSUES RELATED TO GROUP COMPANIES

Instances in which the company increased or reduced any direct or indirect stakes it owns in the capital of any associate, subsidiary, or joint venture during the reporting period are summarized below:

Effective Rates	31.12.2017	31.12.2016	Reason for change
Anadolu Efes Techical and Management Consultancy N.V.	0%	100%	Liquidation
AB InBev Efes B.V.	100%	0%	New company establishment

14. OTHER ISSUES

The company acquired none of its own shares during the reporting period.

The company did not undergo any special audits during the reporting period. The company did undergo normal audits by public authorities as required by the laws and regulations to which it is subject.

As of the reporting date (31 December 2017), the company was not a respondent in any suit whose outcome would be capable of significantly affecting either the company's financial position or the conduct of its business.

As of the reporting date, no administrative or judicial action had been initiated against the company or any member of its Board on account of any violation of the requirements of law.

As of the reporting date, none of the members of the company's Board of Directors had demanded the issuance of any report as provided for under Article 199/4 of the Turkish Commercial Code.

The company's financial position is solid. There is no risk of its having insufficient capital or of its becoming insolvent.

None of the persons from the company's management has been engaged in business, on their own behalf or on behalf of someone else, that is in competition with the company, in accordance with the permission given by the general assembly.

In the Affiliate Report approved by the Board of Directors of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. concerning the company's dealings with members of its own corporate group it is stated that the company was involved in no dealings that were directed by a controlling shareholder or by any entity belonging to a controlling shareholder or by any other controlling entity and there were no dealings that were undertaken solely for the benefit of a controlling shareholder or any entity belonging to a controlling shareholder; that there were no measures that were either taken or refrained from solely for the benefit of a controlling shareholder or of any entity belonging to a controlling shareholder; that all the dealings in which the company was involved during 2017 with any controlling shareholder or with any entity belonging to a controlling shareholder were conducted on an arm's-length basis and the company was, to the best of our knowledge, adequately and appropriately compensated for each and every such transaction that it entered into at the time the transaction occurred; that there were no measures that were either taken or refrained from that would have benefited a controlling shareholder of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. or any entity belonging to a controlling shareholder while also causing the company to suffer a loss and that, for this reason, there were no transactions or measures whose consequences need to be compensated for.

Information about; I) the conflicts of interest between the Company and the corporations providing the Company with services such as investment consultancy and rating services, and II) the measures taken by the company to prevent such conflicts of interest: No conflicts of interest have been observed during the period.

Regarding the procurement of services such as investment consultancy and rating services, our Company complies with all legal provisions including the CMB legislation, and pays utmost attention to prevent any situation that could lead to a conflict of interest in this respect.

2017 DIVIDEND DISTRIBUTION TABLE (TRL)

1. Paid-In / Issued Capital		592,105,263.00
2. Total Legal Reserves (According to Legal Records)		317,920,688.80
	Based on CMB Regulations	Based on Legal Records
3. Current Period Profit	326,932,430.40	-115,022,801.36
4. Taxes Payable (-)	177,512,718.40	
5. Net Current Period Profit (=)	149,419,712.00	-115,022,801.36
6. Losses in Previous Years (-)		406,000,530.73
7. Primary Legal Reserve (-)	0.00	0.00
8. Net Distributable Current Period Profit	149,419,712.00	-521,023,332.09
9. Donations Made During the Year (+)	4,201,000.00	
10. Donation-Added Net Distributable Current Period Profit on which First Dividend Is Calculated	153,620,712.00	
11. First Dividend to Shareholders		
12. Dividend Distributed to Owners of Privileged Shares		
13. Other Dividend Distributed		
14. Dividend to Owners of Redeemed Shares	1,804,183.71	
15. Second Dividend to Shareholders		
16. Secondary Legal Reserves	25,010,526.31	
17. Statutory Reserves		
18. Special Reserves		
19. Extraordinary Reserves	122,605,001.98	
20. Other Distributable Resources	250,105,263.09	250,105,263.09

ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş. 2017 DİVİDEND RATES

		Dividend Amount		Total Dividend Amount (TRL) / Net Distributable Current Period Profit	Dividend To Be Paid For Share With Par Value Of 1 TRL	
	Share Group	Cash (TRL)	Stock (TRL)	(%)	Net (TRL)	(%)
Net	-	212,589,473.63	-	-	0.35904	35.904

STATEMENT OF RESPONSIBILITY

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORT

RESOLUTION DATE: 01/03/2018 - 12/03/2018
RESOLUTION NUMBER: 2018 - 383/387

DECLARATION OF RESPONSIBILITY PURSUANT TO ARTICLE 9 OF THE SECOND SECTION OF THE CAPITAL MARKETS BOARD COMMUNIQUE ON PRINCIPLES PERTAINING TO FINANCIAL REPORTING IN CAPITAL MARKETS

Appended to this resolution are our financial statements and annual report for January-December 2017, which have been approved by our company's Board of Directors and Audit Committee, which have been prepared in compliance with Capital Markets Board ("SPK") Communique II-14.1 on principles pertaining to financial reporting in capital markets and with Turkish Accounting/Financial Reporting Standards ("TMS"/"TFRS") and in an SPK-compatible format, and which have been independently audited.

We hereby declare:

a) We have examined the consolidated financial statements and annual report dated 31 December 2017;

b) That, to the best of our knowledge within the framework of our duties and responsibilities at our company, neither the consolidated financial statements nor the annual report contain any assertion that is untrue insofar as matters of material importance are concerned or any omission that would lead to the conclusion that such assertions were misleading as of the date on which they were made;

c) That, to the best of our knowledge within the framework of our duties and responsibilities at the company, these consolidated financial statements prepared in accordance with current financial reporting standards honestly reflect the realities of our company's assets, liabilities, financial standing, and profits & losses, and the annual report honestly reflects our company's business and performance and honestly reflects our company's financial standing along with any material risks and uncertainties that confront it.

METE BAŞOL
Chairman of the Audit Committee

AHMET DÖRDÜNCÜ
Member of the Audit Committee

ONUR ÇEVİKEL
Group CFO

BURHAN TANIK
CFO

Deloitte.

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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Maslak, Sarıyer 34398 İstanbul, Türkiye
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INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

TO THE GENERAL ASSEMBLY OF ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş.

1) Opinion

We have audited the annual report of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 1 January- 31 December 2017.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance based on the information provided in the audited consolidated financial statements, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 1 January- 31 December 2017 in our Auditor's Report dated 12 March 2018.

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,

b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c) The annual report also includes the matters stated below:
- The significant events occurred in the Group's activities subsequent to the financial year ends,
- The Group's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Customs and Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Board of Directors' discussions based on the information in the audited consolidated financial statements and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance based on the information provided in the audited consolidated financial statements, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Koray Öztürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

KORAY ÖZTÜRK, SMMM
Partner

İstanbul, 12 March 2018

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION INTO ENGLISH
OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

Deloitte.

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Maslak No1 Plaza Eski Büyükdere Caddesi Maslak Mahallesi No:1
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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DİRECTORS OF ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the consolidated financial statements of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards (TAS).

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes") and its Subsidiary, Coca-Cola İçecek A.Ş. ("Coca-Cola"), has expanded its operations in the previous years with business combinations. As a result of the business combinations, the share of goodwill and intangible assets with indefinite useful life in total assets has reached to 41% in the consolidated financial statements. The Group management performs annual impairment testing of its cash generating units to which goodwill has been allocated and its intangible assets with indefinite useful lives in accordance with its accounting policies. The recoverable amount of cash generating units and intangible assets with indefinite useful lives is determined based on value in use. Recoverable amount is determined based on discounted projected cash flows by using key management estimates; such as, revenue increase, discount rate, long-term growth rate and inflation rate. Considering that impairment testing includes significant estimates and assumptions and the significance of these assets to the financial statements, the impairment testing of cash generating units and intangible assets with indefinite useful lives is determined as a key audit matter. The related disclosures including the accounting policies for impairment testing of goodwill and intangible assets with indefinite useful lives are disclosed in Notes 2,16 and 17.	The audit procedures applied including but not limited to the following are: » Review of the Group's budget processes in detail (basis of estimations) and review of basis and arithmetical accuracy of models that are used for the discounted projected cash flows. » Verification of accuracy of calculations derived from each estimation models and review of changes in estimations of performance increase, discount rate and working capital, approved Board of Directors estimated models, external information. » Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations. » Review whether the appropriateness of impairment disclosures and sensivity analysis of impairment results to potential changes in key assumptions are included in disclosures related to current valuation risks » Review the appropriateness of related disclosures regarding to Intangible Assets With Indefinite Useful Lives and Goodwill in Notes 16 and 17 in accordance with TAS

4) Other Matter

Another independent audit firm has audited the Group's consolidated financial statements for the year ended 31 December 2016. The predecessor-auditing firm expressed an unqualified opinion in the auditor's report dated 2 March 2017 on the financial statements as of 31 December 2016.

5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

» Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

» Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

» Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our

6) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (cont’d)

conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

» Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

» Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 1 March 2018.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 January-31 December 2017 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Koray Öztürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

KORAY ÖZTÜRK, SMMM
Partner

İstanbul,
1 March 2018

TABLE OF CONTENTS

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

		Audited	
	Notes	Current Period 31 December 2017	Previous Period 31 December 2016
ASSETS			
Cash and Cash Equivalents	6	**5,409,622**	2,745,264
Financial Investments	9	**88,588**	11,036
Trade Receivables	10	**1,530,645**	1,319,634
- Trade Receivables Due from Related Parties		**158,085**	131,499
- Trade Receivables Due from Third Parties		**1,372,560**	1,188,135
Other Receivables	11	**103,368**	99,093
- Other Receivables from Third Parties		**103,368**	99,093
Derivative Financial Assets	8	**152**	1,472
Inventories	12	**1,179,231**	1,030,992
Prepaid Expenses	13	**499,150**	425,477
Current Tax Assets	28	**115,653**	124,324
Other Current Assets	20	**271,572**	251,383
- Other Current Assets from Third Parties		**271,572**	251,383
Current Assets		**9,197,981**	6,008,675
Financial Investments	10	**767**	767
Trade Receivables		**1,212**	1,278
- Trade Receivables Due from Third Parties	11	**1,212**	1,278
Other Receivables		**22,338**	14,505
- Other Receivables Due from Third Parties	4	**22,338**	14,505
Investments in Subsidiaries, Joint Ventures and Associates	14	**46,309**	58,406
Investment Property	15	**101,894**	93,897
Property, Plant and Equipment		**7,485,235**	7,302,670
Intangible Assets	17	**12,244,141**	11,639,357
- Goodwill	16	**1,840,808**	1,675,218
- Other Intangible Assets	13	**10,403,333**	9,964,139
Prepaid Expenses	28	**235,835**	177,667
Deferred Tax Asset	20	**307,406**	274,330
Other Non-Current Assets		**47,787**	57,007
Non-Current Assets		**20,492,924**	19,619,884
TOTAL ASSETS		**29,690,905**	25,628,559

The accompanying notes form an integral part of these consolidated financial statements.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

		Audited	
	Notes	Current Period 31 December 2017	Previous Period 31 December 2016
LIABILITIES			
Current Borrowings	7	89,359	117,754
Current Portion of Non-Current Borrowings	7	2,956,119	383,116
Trade Payables	10	1,676,381	1,284,222
- Trade Payables to Related Parties		52,423	25,888
- Trade Payables to Third Parties		1,623,958	1,258,334
Employee Benefit Obligations	19	66,362	54,076
Other Payables	11	851,122	661,646
- Other Payables to Third Parties		851,122	661,646
Derivative Financial Liabilites	8	-	65
Deferred Income	13	33,169	33,453
Current Tax Liabilities	28	6,498	1,441
Current Provisions		115,429	129,641
- Current Provision for Employee Benefits	19	114,532	129,081
- Other Current Provisions		897	560
Other Current Liabilities	20	24,215	21,043
Current Liabilities		5,818,654	2,686,457
Long-term Borrowings	7	5,464,012	5,682,403
Trade Payables	10	35,180	26,425
- Trade Payables to Third Parties		35,180	26,425
Other Payables	11	347,171	301,549
- Other Payables to Third Parties		347,171	301,549
Deferred Income	13	1,331	544
Non-Current Provision	19	124,086	116,267
-Non- Current Provision for Employee Benefits		124,086	116,267
Deferred Tax Liabilities	28	1,908,091	1,831,472
Other Non-Current Liabilities	20	165,512	166,420
Non-Current Liabilities		8,045,383	8,125,080
Equity Attributable to Equity Holders of the Parent		9,972,973	9,262,501
Issued Capital	21	592,105	592,105
Inflation Adjustment on Capital	21	63,583	63,583
Share Premium (Discount)	21	3,042,134	3,137,684
Put Option Revaluation Fund Related with Non-controlling Interests	21	20,275	19,923
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		(24,467)	(20,249)
- Revaluation and Remeasurement Gain/ Loss	21	(24,467)	(20,249)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		2,551,826	1,841,842
- Currency Translation Differences	21	2,523,057	1,783,517
- Gains (Losses) on Hedge	21	28,769	58,325
Restricted Reserves Appropriated from Profits	21	317,921	303,414
Other Reserves	21	(235,742)	(235,742)
Prior Years' Profits or Losses	21	3,495,918	3,630,736
Current Period Profit or Losses		149,420	(70,795)
Non-Controlling Interests	4	5,853,895	5,554,521
Total Equity		15,826,868	14,817,022
TOTAL LIABILITIES		29,690,905	25,628,559

The accompanying notes form an integral part of these consolidated financial statements.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

		Audited	
	Notes	Current Period 1 January - 31 December2017	Previous Period 1 January - 31 December 2016
Revenue	5, 22	12,946,918	10,420,257
Cost of Sales	22	(7,906,500)	(6,329,642)
GROSS PROFIT (LOSS)		5,040,418	4,090,615
General Administrative Expenses	23	(955,534)	(841,227)
Sales, Distribution and Marketing Expenses	23	(2,915,856)	(2,393,763)
Other Income from Operating Activities	25	314,237	288,258
Other Expenses from Operating Activities	25	(231,316)	(203,943)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		1,251,949	939,940
Investment Activity Income	26	46,063	29,510
Investment Activity Expenses	26	(110,016)	(90,804)
Income/ (Loss) from Associates	4	(30,362)	(23,530)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		1,157,634	855,116
Finance Income	27	1,105,188	832,526
Finance Expenses	27	(1,779,421)	(1,634,678)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		483,401	52,964
Tax (Expense) Income, Continuing Operations		(177,512)	(93,019)
- Current Period Tax Income (Expense)	28	(157,578)	(84,927)
- Deferred Tax Income (Expense)	28	(19,934)	(8,092)
PROFIT / (LOSS)		305,889	(40,055)
Profit/(Loss) Attributable to			
- Non-Controlling Interest	4	156,469	30,740
- Owners of Parent		149,420	(70,795)
Earnings / (Loss) Per Share (Full TRL)	29	0.2524	(0.1196)

The accompanying notes form an integral part of these consolidated financial statements.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited Current Period 1 January - 31 December2017	Audited Previous Period 1 January - 31 December 2016
PROFIT/(LOSS)		305,889	(40,055)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		(3,378)	(7,988)
Gains (Losses) on Remeasurements of Defined Benefit Plans	19	(4,470)	(9,859)
Taxes Relating to Components of Other Comprehensive Income that will not be reclassified to profit or loss		1,092	1,871
- Deferred Tax Income (Expense)		1,092	1,871
Other Comprehensive Income that will be Reclassified to Profit or Loss		899,558	2,423,439
Currency Translation Differences		948,564	2,356,757
Other Comprehensive Income (Loss) on Cash Flow Hedge		(61,578)	83,359
Taxes Relating to Components of Other Comprehensive Income that will be reclassified to profit or loss		12,572	(16,677)
- Deferred Tax Income (Expense)		12,572	(16,677)
OTHER COMPREHENSIVE INCOME (LOSS)		896,180	2,415,451
TOTAL COMPREHENSIVE INCOME (LOSS)		1,202,069	2,375,396
Total Comprehensive Income Attributable to			
- Non-Controlling Interest		346,883	690,013
- Owners of Parents		855,186	1,685,383

The accompanying notes form an integral part of these consolidated financial statements.

Convenience Translation Into English
of Consolidated Financial Statements
Originally Issued In Turkish

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

		Issued Capital	Inflation Adjustment on Capital	Share Premium/ Discount	Put Option Revaluation Fund Related with Non-controlling Interests	Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss				Retained Earnings				
						Revaluation and Remeasurement Gain/ (Loss) (**)	Currency Translation Differences	Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Other Reserves	Prior Years' Profits or Losses	Current Period Net Profit or Loss	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total Equity
Previous Period (1 January – 31 Decemebr 2016)	**Beginning Balances**	**592,105**	**63,583**	**3,137,684**	**5,795**	**(15,128)**	**48,156**	**32,387**	**282,836**	**(235,742)**	**3,994,139**	**(197,759)**	**7,708,056**	**4,865,449**	**12,573,505**
	Transfers	-	-	-	-	-	-	-	14,507	-	(212,266)	197,759	-	-	-
	Total Comprehensive Income (Loss)	-	-	-	-	(5,121)	1,735,361	25,938	-	-	-	(70,795)	1,685,383	690,013	2,375,396
	Profit (Loss)	-	-	-	-	-	-	-	-	-	-	(70,795)	(70,795)	30,740	(40,055)
	Other Comprehensive Income (Loss)	-	-	-	-	(5,121)	1,735,361	25,938	-	-	-	-	1,756,178	659,273	2,415,451
	The effect of merger/divison/ liquidation(***)	-	-	-	-	-	-	-	6,071	-	(6,071)	-	-	-	-
	Dividends	-	-	-	-	-	-	-	-	-	(145,066)	-	(145,066)	(15,628)	(160,694)
	Increase (Decrease) from Other Changes (*)	-	-	-	14,128	-	-	-	-	-	-	-	14,128	14,687	28,815
	Ending Balances	**592,105**	**63,583**	**3,137,684**	**19,923**	**(20,249)**	**1,783,517**	**58,325**	**303,414**	**(235,742)**	**3,630,736**	**(70,795)**	**9,262,501**	**5,554,521**	**14,817,022**
Current Period (1 January – 31 December 2017)	**Beginning Balances**	**592,105**	**63,583**	**3,137,684**	**19,923**	**(20,249)**	**1,783,517**	**58,325**	**303,414**	**(235,742)**	**3,630,736**	**(70,795)**	**9,262,501**	**5,554,521**	**14,817,022**
	Transfers	-	-	(8,686)	-	-	-	-	14,507	-	(76,616)	70,795	-	-	-
	Total Comprehensive Income (Loss)	-	-	-	-	(4,218)	739,540	(29,556)	-	-	-	149,420	855,186	346,883	1,202,069
	Profit (Loss)	-	-	-	-	-	-	-	-	-	-	149,420	149,420	156,469	305,889
	Other Comprehensive Income (Loss)	-	-	-	-	(4,218)	739,540	(29,556)	-	-	-	-	705,766	190,414	896,180
	Dividends	-	-	(86,864)	-	-	-	-	-	-	(58,202)	-	(145,066)	(48,719)	(193,785)
	Increase (Decrease) from Other Changes (*)	-	-	-	352	-	-	-	-	-	-	-	352	1,210	1,562
	Ending Balances	592,105	**63,583**	3,042,134	20,275	(24,467)	2,523,057	28,769	317,921	(235,742)	3,495,918	149,420	9,972,973	5,853,895	15,826,868

(*) Non-controlling interest share put option liability.
(**) Gains (Losses) on Remeasurements of Defined Benefit Plans.
(***) The effect of merger with Tarbes as disclosed in Note 3.
The accompanying notes form an integral part of these consolidated financial statements.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

		Audited	
	Notes	Current Period 31 December 2017	Previous Period 31 December 2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		2,190,025	1,876,185
Profit/ (Loss) for the period		305,889	(40,055)
Adjustments to Reconcile Profit (Loss)		1,979,376	1,866,235
Adjustments for Depreciation and Amortization Expense	5, 14, 15, 16, 24	931,979	790,670
Adjustments for Impairment Loss / (Reversal)	33	121,572	88,741
Adjustments for Provisions	33	45,176	49,895
Adjustments for Interest (Income) Expenses	33	124,747	130,468
Adjustments for Unrealised Foreign Exchange Losses (Gains)		585,743	706,046
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		-	4,247
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	4	30,362	23,530
Adjustments for Tax (Income) Expenses	28	177,512	93,019
Other Adjustments for Non-Cash Items		661	661
Adjustments for Losses (gains) on Disposal of Non-Current Assets		(19,428)	(21,329)
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations	26	(19,145)	-
Other Adjustments to Reconcile Profit (loss)		197	287
Changes in Working Capital		70,579	183,452
Adjustments for Decrease (Increase) in Accounts Receivables		(224,814)	(176,919)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(160,395)	(90,639)
Adjustments for Decrease (Increase) in Inventories		(160,664)	65,716
Adjustments for increase (decrease) in Trade Accounts Payable		401,444	263,695
Adjustments for increase (decrease) in Other Operating Payables		215,008	121,599
Cash Flows from (used in) Operations		2,355,844	2,009,632
Payments Related with Provisions for Employee Benefits		(49,219)	(41,047)
Income Taxes (Paid) Return		(116,600)	(92,400)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(788,653)	(732,898)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	4	(17,845)	(14,075)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		65,823	42,395
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	33	(836,631)	(761,147)
Cash Outflows Arising from Buyout of Additional Shares		-	(71)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		1,085,374	(473,808)
Proceeds from Borrowings		3,324,034	1,696,147
Repayments of Borrowings		(1,802,742)	(1,942,585)
Income (Loss) from Cash Flow Hedge		(60,249)	71,241
Dividends Paid	4, 21	(193,785)	(160,694)
Interest Paid		(239,553)	(206,066)
Interest Received		135,221	79,034
Other inflows (outflows) of cash		(77,552)	(10,885)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		2,486,746	669,479
Effect Of Currency Translation Differences On Cash and Cash Equivalents		172,436	182,490
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		2,659,182	851,969
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,740,003	1,888,034
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	5,399,185	2,740,003

The accompanying notes form an integral part of these consolidated financial statements.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

General
Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes, the Company) was established in İstanbul in 1966. Certain shares of Anadolu Efes are listed on the Borsa İstanbul (BIST).

The registered office of the Company is located at the address "Bahçelievler Mahallesi Şehit İbrahim Koparır Caddesi No: 4 Bahçelievler – İstanbul".

The Company, its subsidiaries and joint ventures will be referred to as the "Group". The average number of permanent personnel employed in the Group is 14,188 (December 31, 2016 – 15,724).

The condensed consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer, Onur Çevikel and Finance Director, Burhan Tanık were issued on March 1, 2018. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

Nature of Activities of the Group
The operations of the Group consist of production, bottling, selling and distribution of beer under a number of trademarks and also production, bottling, selling and distribution of sparkling and still beverages with The Coca- Cola Company trademark. The Group owns and operates fourteen breweries (three in Turkey, six in Russia and five in other countries), five malt production facilities (two in Turkey, three in Russia) and also ten facilities in Turkey, fifteen facilities in other countries for sparkling and still beverages production.

The Group also has joint control over Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap), which undertakes production and sales of fruit juice concentrates and purees and fresh fruit sales in Turkey and Syrian Soft Drink Sales & Dist. LLC (SSDSD), which undertakes distribution and sales of sparkling and still beverages in Syria

List of Shareholders
As of December 31, 2017 and December 31, 2016, the composition of shareholders and their respective percentage of ownership can be summarized as follows

	December 31, 2017		December 31, 2016	
	Amount	**%**	Amount	%
AG Anadolu Grubu Holding A.Ş [1]	**254,892**	**43.05**	-	-
Yazıcılar Holding A.Ş.	-	-	139,787	23.61
Özilhan Sınai Yatırım A.Ş.	-	-	79,813	13.48
Anadolu Endüstri Holding A.Ş. (AEH)	-	-	35,292	5.96
AB Inbev Harmony Ltd. [2]	**142,105**	**24.00**	142,105	24.00
Halka açık ve diğer	**195,108**	**32.95**	195,108	32.95
	592,105	**100.00**	592,105	100.00

The Company is controlled by AG Anadolu Grubu Holding A.Ş., the parent company.

(1) Yazıcılar Holding, Özilhan Sinai Yatırım and Anadolu Endüstri Holding has been merged under the name of AG Anadolu Grubu Holding A.Ş. The merger has been registered on December 27, 2017. Consequently, although there is no change in total share capital amount of Anadolu Efes, capital structure changed and the share of AG Anadolu Grubu Holding A.Ş in Anadolu Efes become 43,05% (Total shares of Yazıcılar Holding, Özilhan Sinai Yatırım and Anadolu Endüstri Holding were 43,05% before the merger as well).
(2) As of June 30, 2017, SABMiller Harmony Ltd. has changed its name to AB InBev Harmony Ltd..

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (CONTINUED)

List of Subsidiaries
The subsidiaries included in the consolidation and their effective shareholding rates at December 31, 2017 and December 31, 2016 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding and Voting Rights %	
				December 31, 2017	December 31, 2016
Efes Breweries International N.V. (EBI)	The Netherlands	Facilitating foreign investments in breweries	International Beer	**100.00**	100.00
JSC Moscow-Efes Brewery (Efes Moscow)	Russia	Production and marketing beer	International Beer	**100.00**	100.00
LLC Vostok Solod [1]	Russia	Production of malt	International Beer	**100.00**	100.00
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan)	Kazakhstan	Production and marketing of beer	International Beer	**100.00**	100.00
International Beers Trading LLP (IBT)	Kazakhstan	Marketing of beer	International Beer	**100.00**	100.00
Efes Vitanta Moldova Brewery S.A. (Efes Moldova)	Moldova	Production of beer and low alcoholic drinks	International Beer	**96.86**	96.86
Euro-Asien Brauerein Holding GmbH (Euro-Asien)	Germany	Investment company of EBI	International Beer	**100.00**	100.00
JSC Lomisi (Efes Georgia)	Georgia	Production, marketing and sales of beer and carbonated soft drinks	International Beer	**100.00**	100.00
PJSC Efes Ukraine (Efes Ukraine)	Ukraine	Production and marketing of beer	International Beer	**99.94**	99.94
Efes Trade BY FLLC (Efes Belarus)	Belarus	Market development	International Beer	**100.00**	100.00
LLC Efes Solod [1]	Russia	Production of malt	International Beer	**100.00**	100.00
Efes Holland Technical Management Consultancy B.V. (EHTMC)	The Netherlands	Leasing of intellectual property and similar products	International Beer	**100.00**	100.00
LLC Efes Ukraine	Ukraine	Selling and distribution of beer	International Beer	**100.00**	100.00
AB InBev Efes B.V. [5]	The Netherlands	Facilitating foreign investments in breweries	International Beer	**100.00**	-
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) [2]	Turkey	Marketing and distribution company of the Group	Turkey Beer	**100.00**	100.00
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Other	**99.99**	99.99
Anadolu Efes Technical and Management Consultancy N.V. (AETMC) [4]	The Netherlands Antilles	Providing technical assistance	Other	**-**	100.00
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	**100.00**	100.00
Coca-Cola İçecek A.Ş. (CCI) [3]	Turkey	Production of Coca-Cola products	Soft Drinks	**50.26**	50.26
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Soft Drinks	**50.25**	50.25
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye)	Turkey	Filling and selling of natural spring water	Soft Drinks	**50.26**	50.26
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC)	Kazakhstan	Production, distribution and selling of and distribution of Coca Cola products	Soft Drinks	**50.26**	50.26
Tonus Turkish-Kazakh Joint Venture LLP (Tonus)	Kazakhstan	Investment company of CCI	Soft Drinks	**50.26**	50.26
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC)	Azerbaijan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50.19**	50.19
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC)	Krygyzstan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50.26**	50.26
CCI International Holland B.V. (CCI Holland)	The Netherlands	Investment company of CCI	Soft Drinks	**50.26**	50.26
CC for Beverage Industry Limited (CCBL)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	**50.26**	50.26
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC)	Jordan	Production, distribution and selling of Coca Cola products	Soft Drinks	**45.23**	45.23
Coca-Cola Beverages Pakistan Ltd (CCBPL)	Pakistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**24.96**	24.96
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC)	Turkmenistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**29.90**	29.90
Waha Beverages B.V.	The Netherlands	Investment company of CCI	Soft Drinks	**40.22**	40.22
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	**40.22**	40.22
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tacikistan)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50.26**	50.26

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (CONTINUED)

				Effective Shareholding And Voting Rights %	
Joint Ventures	Country	Principal Activity	Segment	December 31, 2017	December 31, 2016
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap)	Turkey	Sales of fruit juice concentrates and purees and fresh fruit sales	Other	**33.33**	33.33
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syrian	Distribution and sales of Coca-Cola products	Soft Drinks	**25.13**	25.13

(1) Subsidiaries of Efes Moscow.
(2) The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa.
(3) Shares of CCİ are currently traded on BIST.
(4) AETMC has been liquidated in August 2017. Gain from liquidation of subsidiary has been presented under "Investment Activity Income" in consolidated interim income statement (Note 26).
(5) AB InBev has been established in Netherlands in August 2017.

Work Environments and Economic Conditions of Subsidiaries and Joint Ventures in Foreign Countries

Certain countries, in which consolidated subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. Accordingly, such markets do not possess well-developed business infrastructures and the Group's operations in such countries might carry risks, which are not typically associated with those in more developed markets. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors, could significantly affect the commercial activities of subsidiaries and joint ventures.

Deterioration in macroeconomic conditions in Ukraine, ongoing political instability, devaluation of Ukrainian Hryvnya and possibility of military operations in the region could have an adverse effect on the results of International Beer segment. Consequently, the deterioration in the Group's international beer market expectations for the medium term resulted in recognition of impairment on inventories, property, plant and equipment and intangible assets (Note 15, 16, 26).

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the Communiqué) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (TAS) issued by Public Oversight Accounting and Auditing Standards Authority (POAASA). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (TFRS) and its addendum and interpretations.

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the the consolidated financial statements of the Group have been prepared accordingly.

The Company and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

2.2 Functional and Reporting Currency
Functional and reporting currency of the Company and its subsidiaries, joint ventures located in Turkey is Turkish Lira.

Changes in Functional and Reporting Currency
In accordance with “IAS 21 The Effects of Changes in Foreign Exchange Rates”, the Group changed the functional currency of the foreign subsidiaries and joint venture of soft drink operations from US Dollars ("USD") to the foreign subsidiaries' and joint ventures' local currencies effective from January 1, 2017; by considering the multinational structure of foreign operations and realization of most of their operations and by assessing the currency of the primary economic environment of foreign operations, currency that influences sales prices for goods and services, currency in which receipts from operating activities are usually retained, currency that mainly influences costs and other expenses for providing goods and services,

Group has been applied the change in functional currency prospectively with effect from 1 January 2017, in accordance with the requirements of IFRS and the relevant Accounting Standards. All assets and liabilities are converted into the new functional currency using the exchange rate at the date of the change. Non-monetary assets and liabilities are accounted with their book values.

Functional Currency of Significant Subsidiaries Located in Foreign Countries

		Functional Currency	
Subsidiary / Joint Venture	**Local Currency**	**2017**	**2016**
EBI	Europian Currency (EURO)	**United States Dollar (USD)**	USD
Efes Moscow	Russian Ruble (RUR)	**RUR**	RUR
Efes Kazakhstan	Kazakh Tenge (KZT)	**KZT**	KZT
Efes Moldova	Moldovan Leu (MDL)	**MDL**	MDL
Efes Georgia	Georgian Lari (GEL)	**GEL**	GEL
Efes Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
EHTMC	EURO	**EURO**	EURO
Efes Germany	EURO	**EURO**	EURO
Almaty CC	Kazakh Tenge (KZT)	**KZT**	USD
Tonus	Kazakh Tenge (KZT)	**KZT**	USD
Azerbaijan CC	Azerbaijani Manat (AZN)	**AZN**	USD
Turkmenistan CC	Turkmenistan Manat (TMT)	**TMT**	USD
Bishkek CC	Kyrgyz Som (KGS)	**KGS**	USD
TCCBCJ	Jordan Dinar (JOD)	**JOD**	USD
CCBIL	Iraqi Dinar (IQD)	**IQD**	USD
SSDSD	Syrian Pound (SYP)	**SYP**	USD
CCBPL	Pakistan Rupee (PKR)	**PKR**	PKR
CCI Holland	EURO	**USD**	USD
Waha B.V.	EURO	**USD**	USD
Al Waha	Iraqi Dinar (IQD)	**IQD**	USD
Tacikistan CC	Tajikistani Somoni (TJS)	**TJS**	USD

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant Accounting Estimates and Decisions

Preparation of consolidated financial statements requires management to make estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, the disclosure of contingent assets and liabilities and the reported amounts of income and expenses during the financial period. The accounting assessments, estimates and assumptions are reviewed considering past experiences, other factors and reasonable expectations about future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

2.4 Changes in Accounting Policies

The consolidated financial statements of the Group for the period ended December 31, 2017 have been prepared in accordance with the accounting policies consistent with the accounting policies (excepting the effects of changes in foreign exchange rates issue mentioned in Note 2.2.) used in the preparation of annual consolidated financial statements for the year ended December 31, 2016.

Adoption of new and revised International Financial Reporting Standards
Standards, amendments and interpretations applicable as at 31 December 2017:

- Amendments to IAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- Amendments IAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruements measured at fair value.

- Annual improvements 2014–2016;

  – IFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. This amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.

Standards, amendments and interpretations effective after 1 January 2018:

- Amendment to IAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

- IFRIC 23 Uncertainty over Income Tax Treatments This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

Adoption of new and revised International Financial Reporting Standards (continued)

Standards, amendments and interpretations effective after 1 January 2018 (continued)

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances.

• Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

• IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

• IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

• IFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

Adoption of new and revised International Financial Reporting Standards (continued)

Standards, amendments and interpretations effective after 1 January 2018 (continued)

• Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

– give all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and

– give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard- IAS 39.

• Amendment to IAS 40, Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

• Annual improvements 2014–2016;

– IFRS 1,' First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.

– IAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

• IFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

• IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Changes in Accounting Policies
The accounting estimates of the Group are adopted to be the same as prior years and there is no material change from prior years' accounting policies.

2.6 Offsetting
Financial assets and liabilities are offset and the net amount are reported in the consolidated financial statements when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously.

2.7 Basis of Consolidation
The consolidated financial statements comprise the financial statements of the parent company, Anadolu Efes, its subsidiaries drawn up to the reporting date. The financial statements of the companies included in the consolidation have been prepared based on the accounting policies and presentation formats adopted by the Group in accordance with CMB Financial Reporting Standards.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated by using the full consolidation method; therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity. The equity and net income attributable to minority shareholders' interests of subsidiaries are shown separately in the consolidated balance sheet and consolidated income loss statement. The Company and The Coca Cola Export Corporation (TCCEC) which owns 20.09% shares of CCI, decided to change some of the provisions defined as the "important decisions" in the Association Agreement which is effective from January 1, 2013. As a result of this change, in accordance with the Shareholders' Agreement, TCCEC will have certain protective rights on major decisions. As a result, with effect from January 1, 2013, Anadolu Efes gained control over CCI and started to include CCI and its subsidiaries in consolidation scope.

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and its subsidiaries together with one or more other parties. The Group's interest in joint ventures is accounted with equity method starting from January 1, 2013 according to IFRS 11.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

The acquisition method of accounting is used for business combinations. Subsidiaries, joint ventures or investment in associates, acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a certain amount, has high liquidity with original maturities of 3 months or less. The deposits with the original maturities more than 3 months are classified to financial investments. The amounts paid under reverse repurchase agreements are included in the cash and cash equivalents.

2.9 Trade Receivables and Provisions for Doubtful Receivables

Trade receivables that are originated by the Group by the way of providing goods or services are generally collected in 5 to 90 day terms. Trade receivables are recognized and carried at discounted amount if they bear significant interest less an allowance for any uncollectible amounts. The provisions for doubtful receivables are set aside when there is objective evidence that a receivable cannot be collected and is charged as an expense in the consolidated financial statements. The provision is the difference between the carrying amount and the recoverable amount, being all cash flows, including amounts recoverable from guarantees and collaterals.

2.10 Related Parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions or be the associate of the Group. Related parties also include individuals who are principle owners, management and members of the Group's board of directors and their families. Amounts due from and due to related parties are carried at cost. Related party transactions are transfers of resources, services or obligations between related parties, regardless of whether a price is charged.

2.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2.12 Financial Investments

The Group has classified its financial assets as "available-for-sale" in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". Financial assets, intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale. These financial assets are included in non-current assets unless management has the intention of holding the investment for less than twelve months from the balance sheet date, or unless they will need to be sold to raise working capital, in which case they are included in current assets. Management determines the appropriate classification of its financial assets at the time of the purchase and re-evaluates such designation on a regular basis.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.12 Financial Investments (continued)

Investments classified as available-for-sale investments, that do not have a quoted market price on an active market and whose fair value cannot be reliably measured by alternative valuation methods, are measured at cost. The carrying amounts of such investments are reviewed at each balance sheet date for impairment.

All the acquisitions and disposals of the available for sale securities are recorded in the accounts at the date of obligation of the Group for purchasing or selling the asset.

2.13 Investment Properties
Investment properties consist of building and land improvements that are owned and not used by Group. They are hold on hand to earn rental income and capital appreciation. Investment properties are shown by deducting accumulated depreciation from the acquisition cost Investment properties (except land) are depreciated by using straight-line depreciation method.

2.14 Property, Plant and Equipment
Property, plant and equipment (PP&E) are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is computed by the straight-line method over the following estimated useful lives:

Buildings and land improvements	5-50 years
Machinery and equipment	2-20 years
Leasehold improvements	4-20 years
Furnitures and fixtures	3-15 years
Vehicles	3-10 years
Returnable bottles and cases	5-10 years
Other tangible assets	2-12 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. The increase is recognized in the consolidated income statement (Note 26).

The Group management accounts returnable bottles under property, plant and equipment. Deposit obligations relating to such returnable bottles are reflected in other payables. The Group carries the liabilities related to returnable packages of Turkey Beer

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.14 Property, Plant and Equipment (continued)

operation in the consolidated balance sheet, until the return of these packages from points of sales. The Group sells its products also in non-returnable bottles. For such sales, there is no deposit obligation of the Group.

Expenses for repair and maintenance of property, plant and equipment are normally charged to the income statement. They are, however, capitalized and depreciated through the estimated useful life of the property, plant and equipment in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

2.15 Other Intangible Assets
Intangible assets acquired separately from a business are capitalized at cost.

Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill, if the fair value can be measured reliably. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. Intangible assets with indefinite useful life formed in the financial statements in accordance with purchase method, are not subject to amortization and the carrying amounts of such intangibles are reviewed for impairment at least annually and whenever there is an indication of possible impairment.

a) Brands
The brands, which belong to International Beer Operations and which are acquired as part of a business combination, are carried at their fair value and brands are separately carried at cost in the financial statements. The Group expects that the brands will generate cash inflow indefinitely and therefore are not amortized.

b) Bottlers and Distribution Agreements
Bottlers and distribution agreements include

i) Bottlers and distribution agreements that are signed with the Coca Cola Company identified in the financial statements of the subsidiaries acquired through change in scope of consolidation in 2013.
ii) “Distribution Agreements” that are signed related with various brands identified in the fair value financial statements of the subsidiaries acquired by EBI in 2012.

Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. Bottlers and distribution agreements are tested for impairment annually.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.15 Other Intangible Assets (continued)

c) License Agreements

License and distribution agreements includes, the agreements that are signed related with various brands identified in the fair value financial statements of subsidiaries acquired in 2012 by EBI in the scope of consolidation. Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. License and distribution agreements are tested for impairment annually.

d) Rights

The rights acquired as part of a business combination is carried at their fair value and if they are acquired separately, then they are carried at cost in the financial statements. Rights in the consolidated financial statements comprise mainly water sources usage rights and are amortized on a straight-line basis over 9 to 40 years.

e) Software

The cost of acquisition of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized on a straight-line basis over 1 to 5 years.

2.16 Business Combinations and Goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.17 Trade Payables

Trade payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such financial liabilities are initially recognised at fair value and represented by the original invoice amount. After initial recognition, trade payables are measured at amortised cost using the effective interest rate method. The Group's trade payables are due within twelve months after the financial statement date, therefore classified under current liabilities.

2.18 Borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the obligations related with the borrowings are removed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

a) Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The initial direct costs attributable for the finance lease are added to the amount recognized as an asset. Capitalized leased assets are depreciated over the estimated useful life of the asset.

b) Operating Lease

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Group recognizes operating lease payments as an expense in the income statement on a straight-line basis over the lease term.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.19 Current Income Tax and Deferred Tax
The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and joint ventures of the Group operate.

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	2017	2016
The Netherlands	25%	25%
Russia	20%	20%
Kazakhstan	20%	20%
Moldova	12%	12%
Georgia	-	15%
Ukraine	18%	18%
Azerbaijan	20%	20%
Krygyzstan	10%	10%
Pakistan	31%	32%
Iraq	15%	15%
Jordan	14%	14%
Turkmenistan	8%	8%
Tajikistan	14%	14%

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent of the probability that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to net off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.20 Employee Benefits

a) Defined Benefit Plans
In accordance with existing social legislation in Turkey, the Group companies operating in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In the consolidated financial statements the Group has reflected a liability using the Projected Unit Credit Method and based on estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.

Also, CCBPL has gratuity fund provision as a defined benefit plan and calculated in accordance with TAS 19 "Employee Benefits" using actuarial works. Employee is eligible for gratuity after completing 3 years with the Company and can take his accrued gratuity amount at the time of separation from the Company or at retirement age. This provision is calculated by actuarial firm and the actuarial gain/loss accumulated on this provision is reflected to financial statements the gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected to other comprehensive income.

b) Defined Contribution Plans
The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are paid.

c) Long Term Incentive Plans
The Group provides a benefit to its employees over a certain seniority level under the name "long term incentive plan". Provision for long term incentive plan accrued in consolidated financial statements reflects the discounted value of the estimated total provision of possible future liabilities until the financial statement date.

2.21 Provisions, Contingent Assets and Liabilities

a) Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

b) Contingent Assets and Liabilities
Contingent liabilities are not recognized in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements, but disclosed when an inflow of economic benefits is probable.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.22 Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated income statement of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey and used by the Group's subsidiaries in Turkey as of respective year-ends are as follows:

Date	USD/TRL(full)	EURO/TRL(full)
December 31, 2017	**3,7719**	4,5155
December 31, 2016	**3,5192**	3,7099

The assets and liabilities of subsidiaries and joint ventures operating in foreign countries are translated at the rate of exchange ruling at the balance sheet date and the equity items are translated using the exchange rates at the date of the transaction. The income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences resulting from the deviation between the values of investment related to equity accounts of consolidated subsidiaries and joint ventures and the appreciation of foreign currencies against the Turkish Lira are accounted to equity as "currency translation differences". Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the acquiring company and are recorded at the exchange rate of balance sheet date. On disposal of a foreign entity, currency translation differences are recognized in the income statement as a component of the gain or loss on disposal.

2.23 Paid in Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

2.24 Dividends Payable

Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

2.25 Subsequent Events

The Group adjusts the amount recognized in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.26 Revenue

Revenue is recognized to the extent of probability that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are stated net of discounts and returns, value added and sales taxes. The following specific recognition criteria must also be met before revenue is recognized:

a) Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

b) Interest Income

Interest income is recognized as the interest accrues. Interest income is reflected under the "financial income" in the consolidated income statement.

c) Dividend Income

Dividend income is recognized when the right to collect the dividend is established.

2.27 Borrowing Costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized. Borrowing costs other than these are recorded as expensed at the date they are incurred.

2.28 Segment Reporting

The Group management monitors the operating results of its three business units separately for the purpose of making decisions about resource allocation and performance assessment. The three operating segments are Turkey Beer Operations (Turkey Beer), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks) .

Segment performance is evaluated based on profit from operations before depreciation, amortization and non-cash expenses (EBITDA). EBITDA has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business (Note 5).

2.29 Earnings per Share

Earnings per share in the consolidated income statements are calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from inflation adjustment to shareholders equity.

For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted with respect to free shares issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.30 Reporting of Cash Flows

In the consolidated statement of cash flows, cash flows are classified and reported according to their operating, investing and financing activities. Cash flows related with investing activities present the cash flows provided from and used in the Group's investing activities and cash flows related with financing activities present the proceeds and repayments of sources in the Group's financing activities.

2.31 Hedge Accounting

For the purpose of hedge accounting, hedges that have been part of the Group are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment that is attributable to a particular risk and could affect profit or loss (except for foreign currency risk)
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment that could affect profit or loss

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For fair value hedges, the change in the fair value of a hedging instrument is recognized in the statement of consolidated income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of consolidated income as part of financial income and expense.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of consolidated income as part of financial income and expense. Amounts recognized as other comprehensive income are transferred to the statement of consolidated income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast purchase occurs.

The Group has made aluminum swap and aluminum swap call option contracts in order to offset the possible losses that may arise from anticipated purchases of cans which are subject to aluminum price volatility and designates these aluminum swap transactions as hedging instruments for cash flow hedge relation against highly probable future outflows as the hedged item.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.31 Hedge Accounting (continued)

Other derivatives not designated for hedge accounting
Other derivatives not designated for hedge accounting are recognized initially at fair value; attributable transaction costs are recognized in statement of consolidated income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognized in the consolidated income statement as part of finance income and costs.

2.32 Use of Estimates
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in income statement in the periods in which they become known. The source of the estimates and assumptions which may cause to significant adjustments at assets and liabilities at following periods as of balance sheet date are as follows:

a) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered (Note 10).

b) During the assessment of the reserve for inventory allowance the following are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to the technical personnel view. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories (Note 12).

c) The Group performs impairment test for tangible assets, intangible assets with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2017, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is the higher of net selling price and value in use.

In these calculations, estimated free cash flows before tax from financial budgets and approved by Board of Directors are used. Approved free cash flows before tax are calculated for 5 – 10 years period by using expected growth rates. Estimated free cash flows before tax are discounted to expected present value for future cash flows. Key assumptions such as country specific market growth rates, gross domestic product (GDP) per capita and consumer price indices were derived from external sources. Main estimates such as raw material and good prices, working capital requirements and capital expenditures were based on the Group's key assumptions and historical operating data.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.32 Use of Estimates (continued)

The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors. Perpetuity growth rate used in impairment test in the operating units is between 1.90% - 3.50% (December 31, 2016 – 0.86% - 3.00%) and after tax discount rate is between 7.62% and 16.40% (December 31, 2016 – 7.76%- 17.50%).

d) The liability for the put option that has been measured by applying different valuation techniques and assumptions has been presented in "other non-current liabilities" in the consolidated balance sheet based on their remaining maturities (Note 20).

e) The discount rates related with retirement pay liability are actuarial assumptions determined with future salary increase and the employee's turnover rates (Note 19).

f) Deferred tax asset is only recorded if it is probable that a taxable income will be realized in the future. Under the circumstances that a taxable income will be realized in the future, deferred tax is calculated over the temporary differences by carrying forward the deferred tax asset in the previous years and the accumulated losses. As of December 31, 2016, the estimations made to indicate that the Group will incur taxable profits in the future periods were reasonable and deferred tax asset was recorded (Note 28).

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2017

None.

Transactions Related with 2016

Tarbes Merger Through Acquisition

Anadolu Efes and Tarbes Tarım Ürün. ve Bes. San. Tic. A.Ş. (Tarbes) have been merged with assets and liabilities fully transferred without increasing capital as of December 30, 2016. As a result of this merger, Tarbes does not exist as of 31 December 2016. Tarbes' principal activity was providing hops (major ingredient of beer) to the breweries of Group.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

a) Information about material non-controling interests in subsidiaries

The Company has control over CCI while it has 50,26% ownership interest in CCI. CCI is included in consolidation by using the full consolidation method and equity and net income attributable to non-controlling interests is recorded as “non-controlling interests” in statement of financial position and profit and loss statement.

Non-controlling interest reflected to profit and loss statement in the period is amounting to TRL 156,469 (December 31, 2016 – TRL 30,740), of which TRL 156,175 (December 31, 2016 – TRL 30,433) is related with net income of CCI attributable to non-controlling interests.

Non-controlling interest reflected to statement of financial position at the end of the period is amounting to TRL 5,853,895 (December 31, 2016 – TRL 5,554,521), of which TRL 5,563,230 (December 31, 2016 – TRL 5,550,646) is related with equity of CCI attributable to non-controlling interests.

In 2017, total dividend declared to non-controlling interests is amounting to TRL 48,719 as disclosed in the consolidated statement of changes in equity (December 31, 2016 – TRL 15,628). TRL 48,425 of this amount has been paid by CCI to non-controlling interests (December 31, 2016 – TRL 14,931).

The Group management has identified CCI as a separate operating segment. Summarized information on statement of financial position and profit and loss statement is given as “Soft Drinks” segment in Note 5 “Segment Information”.

Summarized statement of cash flows of CCI is given below:

	2017	2016
Net cash generated from operating activities	**1,228,643**	1,158,856
Net cash used in investing activities	**(491,564)**	(516,582)
Net cash generated from financing activities	**1,533,159**	(198,066)
Currency translation adjustment	**138,355**	19,687
Net increase / (decrease) in cash and cash equivalents	**2,408,593**	463,895

b) Investments in associates

	2017		2016	
	Ownership	**Amount**	Ownership	Amount
Anadolu Etap	**33.33%**	**46,309**	33.33%	58,406
SSDSD [1]	**25.13%**	**-**	25.13%	-
		46,309		58,406

(1) SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES (CONTINUED)

b) Investments in associates (continued)

Relating to investment in associates, total assets and liabilities and profit/ (loss) for the period of as of December 31, 2017 and 2016 are as follows:

	Anadolu Etap		SSDSD	
	2017	2016	**2017**	2016
Total Assets	**404,284**	289,221	**730**	713
Total Liabilities	**357,975**	230,815	**2,321**	1,621
Net Assets	**46,309**	58,406	**(1,591)**	(908)

	Anadolu Etap		SSDSD	
	2017	2016	**2017**	2016
Group's Share of Profit/(Loss) for the period	**(29,941)**	(22,354)	**(421)**	(1,176)

The movement of investments in associates for the years ended as of December 31, 2017 and 2016 are as follows:

	2017	2016
Balance at January 1	**58,406**	66,685
Income / Loss from associates	**(30,362)**	(23,530)
Other	**420**	1,176
Capital increase[2]	**17,845**	14,075
Balance at December 31	**46,309**	58,406

(2) Capital increase provided to Anadolu Etap.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 5. SEGMENT REPORTING

The management monitors the operating results of its three business units separately for the purpose of making decisions about the resource allocation and performance assessment. The three operating segments are Turkey Beer Operations (Turkey Beer), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks).

Segment performance is evaluated based on profit from operations before depreciation, amortization and non-cash expenses (EBITDA). EBITDA has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business.

The Group's segment reporting in accordance with IFRS 8 is disclosed as follows:

	Turkey Beer	International Beer	Soft Drinks	Other[1] and Eliminations	Total
January 1 – December 31, 2017					
Revenues	1,588,408	2,806,835	8,521,146	51,309	12,967,698
Inter-segment revenues	(19,942)	(733)	(105)	-	(20,780)
Total Revenues	**1,568,466**	**2,806,102**	**8,521,041**	**51,309**	**12,946,918**
EBITDA	**394,531**	**478,922**	**1,378,713**	**(39,290)**	**2,212,876**
Tax (Expense) Income	**23,131**	**(63,430)**	**(139,524)**	**2,311**	**(177,512)**
Profit / (loss) for the period	**(8,220)**	**98,972**	**281,498**	**(66,361)**	**305,889**
Capital expenditures	**194,970**	**141,777**	**499,289**	**21**	**836,057**
January 1 – December 31, 2016					
Revenues	1,438,601	1,903,337	7,050,245	44,541	10,436,724
Inter-segment revenues	(15,818)	(557)	(92)	-	(16,467)
Total Revenues	1,422,783	1,902,780	7,050,153	44,541	10,420,257
Tax (Expense) Income	26,170	(73,115)	(48,375)	2,301	(93,019)
EBITDA	408,336	322,197	1,092,858	(54,644)	1,768,747
Profit / (loss) for the period	(128,951)	159,534	22,391	(93,029)	(40,055)
Capital expenditures	148,861	99,035	517,063	(504)	764,455

	Turkey Beer	International Beer	Soft Drinks	Other[1] and Eliminations	Total
December 31, 2017					
Segment assets	8,343,367	6,653,629	13,394,158	1,299,751	29,690,905
Segment liabilities	3,470,119	1,262,884	7,954,567	1,176,467	13,864,037
Investment in associates	**-**	**-**	**-**	**46,309**	**46,309**
December 31, 2016					
Segment assets	8,109,768	6,011,748	10,455,956	1,051,087	25,628,559
Segment liabilities	3,051,428	1,260,322	5,459,000	1,040,787	10,811,537
Investment in associates	-	-	-	58,406	58,406

(1) Includes other subsidiaries and headquarter expenses included in the consolidation of the Group.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 5. SEGMENT REPORTING (CONTINUED)

Reconciliation of EBITDA to the consolidated Profit/Loss from continuing operations and its components as of December 31, 2017 and 2016 are as follows:

	2017	2016
EBITDA	2,212,876	1,768,747
Depreciation and amortization expenses	(931,979)	(790,670)
Provision for retirement pay liability	(22,812)	(20,070)
Provision for vacation pay liability	(2,784)	(9,908)
Foreign exchange gain/loss from operating activities	827	(3,903)
Rediscount income/expense from operating activities	(487)	(35)
Other	(3,692)	(4,221)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	1,251,949	939,940
Investment Activity Income	46,063	29,510
Investment Activity Expenses (-)	(110,016)	(90,804)
Income/(Loss) from Associates	(30,362)	(23,530)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	1,157,634	855,116
Finance Income	1,105,189	832,526
Finance Expenses	(1,779,421)	(1,634,678)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	483,402	52,964

NOTE 6. CASH AND CASH EQUIVALENTS

	2017	2016
Cash on hand	5,001	3,480
Bank accounts		
- Time deposits	4,825,990	2,133,510
- Demand deposits	499,305	599,788
Other	68,889	3,225
Cash and cash equivalents in cash flow statement	**5,399,185**	**2,740,003**
Interest income accrual	10,437	5,261
	5,409,622	2,745,264

As of December 31, 2017, annual interest rates of the TRL denominated time deposits vary between 12.50% and 15.50% (December 31, 2016 - 6.50% - 11.50%) and annual interest rates of the US Dollars (USD) and, Euro (EURO), denominated and other time deposits vary between 0.2% and 8.75% (December 31, 2016- annual interest rates of the US Dollars (USD) and, Euro (EURO) denominated and other time deposits vary between 0.1%-14.15%).

As of December 31, 2017, there is no cash deposit pledged as collateral by the Group (December 31, 2016-None).

As of December 31, 2017, “Other” item contains credit card receivables amounting to TRL 66,765 (December 31, 2016–TRL 110).

As of December 31, 2017, the Group has designated its bank deposits amounting to TRL 884,724, equivalent of thousand USD 215,230 and thousand EURO 15,855 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2016 -TRL 731,323, equivalent of thousand USD 182,243, thousand EURO 21,062, and thousand Russian Ruble (RUR) 204,035).

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 7. SHORT AND LONG TERM BORROWINGS

As of December 31, 2017, total borrowings consist of principal amounting to TRL 8,450,438 (December 31, 2016 – TRL 6,150,756) and interest expense accrual amounting to TRL 59,052 (December 31, 2016 – TRL 32,517). As of December 31, 2017 and December 31, 2016, total amount of borrowings and the effective interest rates are as follows:

	2017			2016		
Short-term borrowings	**Amount**	**Weighted average fixed rate**	**Weighted average floating rate**	Amount	Weighted average fixed rate	Weighted average floating rate
Current Borrowings						
TRL denominated borrowings	**1,111**	**-**	**TRLibor+2.50%**	61	-	-
Foreign currency denominated borrowings (USD)	**24,600**	**-**	**Libor + 1.00%**	-	-	-
Foreign currency denominated borrowings (EUR)	**9,988**	**3.05%**	**-**	8,570	3.00%	Euribor + 2.75%
Foreign currency denominated borrowings (Other)	**53,660**	**-**	**Kibor + 0.40%**	109,123	8.88%	Kibor + 0.44%
	89,359			117,754		
Current Portion of Non-Current Borrowings						
Foreign currency denominated borrowings (USD)	**2,309,785**	**4.53%**	**-**	103,035	4.22%	Libor + 2.00%
Foreign currency denominated borrowings (EURO)	**633,077**	**1.80%**	**Euribor + 1.22%**	273,640	-	Euribor + 1.59%
Foreign currency denominated borrowings (Other)	**11,665**	**6.00%**	**-**	6,441	6.00%	-
	2,954,527			383,116		
Financial Lease Payables	**1,592**			-		
Total	**3,045,478**			500,870		
Long-term						
Long-Term Borrowings						
Foreign currency denominated borrowings (USD)	**4,674,217**	**3.86%**	**-**	4,796,970	4.02%	Libor + 2.00%
Foreign currency denominated borrowings (EURO)	**770,392**	**1.80%**	**Euribor + 2.03%**	860,031	-	Euribor + 1.43%
Foreign currency denominated borrowings (Other)	**15,679**	**6.00%**	**-**	25,402	6.00%	-
	5,460,288			5,682,403		
Financial Lease Payables	**3,724**			-		
Total	**5,464,012**			5,682,403		
Grand Total	**8,509,490**			6,183,273		

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 7. SHORT AND LONG TERM BORROWINGS (CONTINUED)

Repayments of long-term borrowings are scheduled as follows:

	2017	2016
Between 1 -2 years	355,826	2,664,559
Between 2-3 years	577,838	308,217
Between 3-4 years	68,325	532,457
Between 4-5 years	1,956,081	-
5 years and more	2,505,942	2,177,170
	5,464,012	5,682,403

As of September 19, 2017, CCI completed the issue of nominal USD500 million 7 years fixed rate bonds, with the maturity date of 19 September 2024. Bonds have coupon payments every six months with coupon rate 4.215%.

The movement of borrowings as of December 31, 2017 and 2016 is as follows:

	2017	2016
Balance at January 1	6,183,273	5,383,216
Proceeds from Borrowings	3,324,034	1,696,147
Repayments of Borrowings	(1,802,742)	(1,942,585)
Interest Expense	266,023	211,610
Interest Paid	(239,553)	(206,066)
Foreign exchange loss	722,081	777,086
Borrowing Costs	661	661
Currency Translation Differences	55,713	263,204
Balance at December 31	8,509,490	6,183,273

Lessee - Finance Lease

As of December 31, 2017 and 2016, the net book values of the property plant and equipment obtained by finance lease are respectively TRL 1,106 and TRL 1,375.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 8. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2017, CCI has 2 aluminum swap transactions with a total nominal amount of TRL427 (December 31, 2016 – TRL 12,379) for 72 tones. The total of these aluminum swap contracts are designated as hedging instruments in cash flow hedges related to forecasted cash flow for the highly probable purchases of can exposed to commodity price risk.

As of December 31, 2017, CCI has 4 option transactions in which CCI acquired the right to purchase 216 tonnes of aluminum at USD 1,650 per tonne to hedge its financial risk arising from the cash flows 2018 can purchases (December 31, 2016 - 4 option transactions for the right to purchase 6,300 tonnes of aluminum at USD 1,650 per tonne).

As of December 31, 2017 the Group has no forward contracts (December 31, 2016 – 1 forward purchase contract with nominal amount of TRL 17,596).

The effective portion of change is in fair value of commodity swap agreements designated as hedging instruments in cash flow hedges is recognized in the consolidated statement of comprehensive income.

	2017		2016	
	Nominal Value	Fair Value Asset / (Liability)	Nominal Value	Fair Value Asset / (Liability)
Commodity swap contracts	427	152	12,379	1,058
Forward contracts	-	-	17,596	349
	427	152	29,975	1,407

NOT 9. FINANCIAL INVESTMENTS

As of December 31, 2017, the time deposits with maturity more than three months is TRL 88,588. (December 31, 2016 – TRL 11,036)

As of December 31, 2017 time deposits with maturities over 3 months made for 31 and 300 days period, are denominated in USD and KZT and interest rates are 1.00% and 9.50% respectively (December 31, 2016 – USD and KZT, 206 and 262 days, 2.00%- 10.00%).

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOT 10. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

	2017	2016
Short term trade receivables from third parties	1,382,946	1,182,438
Long term trade receivables from third parties	1,212	1,278
Trade receivables from related parties (Note 30)	158,085	131,499
Notes and cheques receivables	44,556	48,125
Provision for doubtful receivables (-)	(54,942)	(42,428)
	1,531,857	1,320,912

The movement of provision for doubtful receivables as of December 31, 2017 and 2016 is as follows:

	2017	2016
Balance at January 1	42,428	36,819
Current year provision	16,640	6,897
Provisions no longer required	(4,067)	(4,971)
Write-offs from doubtful receivables	(1,358)	(640)
Currency translation differences	1,299	4,323
Balance at December 31	54,942	42,428

b) Trade Payables

	2017	2016
Short term trade payables from third parties	1,623,958	1,258,334
Long term trade payables from third parties	35,180	26,425
Trade payables to related parties (Note 30)	52,423	25,888
	1,711,561	1,310,647

NOTE 11. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	2017	2016
Receivables from tax office	21,280	20,390
Due from personnel	13,253	15,376
Deposits and guarantees given	9,680	6,507
Other	59,155	56,820
	103,368	99,093

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 11. OTHER RECEIVABLES AND PAYABLES (CONTINUED)

b) Other Non-Current Receivables

	2017	2016
Deposits and guarantees given	19,419	11,010
Other	2,919	3,495
	22,338	14,505

c) Other Current Payables

	2017	2016
Taxes other than income taxes	643,139	481,372
Deposits and guarantees taken	202,198	175,848
Other	5,785	4,426
	851,122	661,646

d) Other Non-Current Payables

As of December 31, 2017, other non-current payables consists of deposits and guarantees taken amounting to TRL 347,171 (December 31, 2016 – TRL 301,549).

NOTE 12. INVENTORIES

	2017	2016
Finished and trade goods	440,633	330,230
Raw materials	370,430	356,663
Packaging materials	112,478	101,216
Work-in-process	101,096	90,197
Supplies	92,157	77,475
Bottles and cases	59,223	61,789
Other	33,391	32,480
Reserve for obsolescence (-)	(30,177)	(19,058)
	1,179,231	1,030,992

The movement of reserve for obsolescence as of December 31, 2017 and 2016 is as follows:

	2017	2016
Balance at January 1	19,058	15,421
Current year provision	16,494	7,938
Provisions no longer required	(2,663)	(3,746)
Inventories written-off	(3,239)	(3,086)
Currency translation differences	527	2,531
Balance at December 31	30,177	19,058

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 13. PREPAID EXPENSES AND DEFERRED INCOME

a) Short Term Prepaid Expenses

	2017	2016
Prepayments	402,164	343,512
Advances given to suppliers	96,986	81,965
	499,150	425,477

b) Long Term Prepaid Expenses

	2017	2016
Prepayments	181,524	159,748
Advances given to suppliers	54,311	17,919
	235,835	177,667

c) Short Term Deferred Income

	2017	2016
Advances taken	32,700	32,385
Deferred income	469	1,068
	33,169	33,453

d) Long Term Deferred Income

	2017	2016
Deferred income	1,331	544
	1,331	544

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOT 14. INVESTMENT PROPERTIES

For the years ended December 31, 2017 and 2016, movement on investment properties are as follows:

Cost	2016	Additions	Disposals	Currency translation differences	Transfers	2017
Land	19,235	-	(178)	2,466	-	21,523
Buildings	146,055	-	(1,268)	18,747	-	163,534
Construction in progress	1,101	-	-	141	-	1,242
	166,391	**-**	**(1,446)**	**21,354**	**-**	**186,299**
Accumulated depreciation(-)						
Land	-	-	-	-	-	-
Buildings	72,494	3,517	(1,054)	9,448	-	84,405
Construction in progress	-	-	-	-	-	-
	72,494	**3,517**	**(1,054)**	**9,448**	**-**	**84,405**
Net book value	**93,897**					**101,894**

Cost	2015	Additions	Disposals	Currency translation differences	Transfers	2016
Land	13,451	-	(300)	6,038	46	19,235
Buildings	111,742	-	(12,721)	47,080	(46)	146,055
Construction in progress	758	-	-	343	-	1,101
	125,951	**-**	**(13,021)**	**53,461**	**-**	**166,391**
Accumulated depreciation(-)						
Land	-	-	-	-	-	-
Buildings	53,653	2,707	(6,997)	23,131	-	72,494
Construction in progress	-	-	-	-	-	-
	53,653	**2,707**	**(6,997)**	**23,131**	**-**	**72,494**
Net book value	**72,298**					**93,897**

As of December 31, 2017, there is no mortgage on investments properties (December 31, 2016 – None)

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2017 movement on property, plant and equipment are as follows:

Cost	2016	Additions (**)	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers (*)	2017
Land and land improvements	625,476	11,814	(3,691)	21,892	-	5,726	**661,217**
Buildings	2,381,937	16,107	(1,497)	150,580	-	65,227	**2,612,354**
Machinery and equipment	6,117,529	127,427	(186,166)	416,498	-	206,498	**6,681,786**
Vehicles	184,242	8,401	(32,591)	15,268	-	2,341	**177,661**
Other tangibles	2,982,850	374,737	(217,740)	88,353	-	72,372	**3,300,572**
Leasehold improvements	22,045	3,336	-	6,119	-	-	**31,500**
Construction in progress	224,217	266,236	(38)	17,775	-	(353,230)	**154,960**
	12,538,296	**808,058**	**(441,723)**	**716,485**	**-**	**(1,066)**	**13,620,050**
Accumulated depreciation and impairment (-)							
Land and land improvements	79,225	8,825	(3,283)	6,451	-	-	**91,218**
Buildings	510,148	80,863	(28)	35,286	20,303	-	**646,572**
Machinery and equipment	2,853,133	367,105	(180,139)	228,676	38,885	-	**3,307,660**
Vehicles	90,287	23,890	(28,910)	9,328	442	-	**95,037**
Other tangibles	1,684,501	415,527	(203,103)	56,624	13,196	-	**1,966,745**
Leasehold improvements	18,332	4,798	-	1,732	-	-	**24,862**
Construction in progress	-	-	-	-	2,721	-	**2,721**
	5,235,626	**901,008**	**(415,463)**	**338,097**	**75,547**	**-**	**6,134,815**
Net book value	**7,302,670**						**7,485,235**

As of December 31, 2017, there is no borrowing cost capitalized on construction in progress (December 31, 2016 –None).

As of December 31, 2017, there is a pledge on property, plant and equipment of TRL104.421 (December 31, 2016 - TRL 102,122) for loans of CCI. This amount is disclosed in Commitments and Contigencies note under guarantees, pledges and mortgages (GPMs) table (Note 18).

(*) There are transfers to other intangible assets amounting to TRL 1,066 in 2017. (December 31, 2016 – there are transfers amounting to TRL 1,538 to other intangible assets)

(**) As at December 31, 2017 depreciation amounting to TRL 1,923 is related to inventories (2016 – TRL 639) (Note 24)

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the year ended December 31, 2016 movement on property, plant and equipment are as follows:

Cost	2015	Additions	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers	2017
Land and land improvements	509,681	9,503	(79)	67,964	-	38,407	**625,476**
Buildings	1,837,018	22,404	(753)	386,795	-	136,473	**2,381,937**
Machinery and equipment	4,960,019	142,314	(138,883)	1,050,500	-	103,579	**6,117,529**
Vehicles	155,494	9,283	(26,017)	41,262	-	4,220	**184,242**
Other tangibles	2,493,449	308,689	(156,901)	288,604	-	49,009	**2,982,850**
Leasehold improvements	31,852	126	(6,732)	418	-	(3,619)	**22,045**
Construction in progress	291,724	232,704	(256)	29,652	-	(329,607)	**224,217**
	10,279,237	**725,023**	**(329,621)**	**1,865,195**	**-**	**(1,538)**	**12,538,296**
Accumulated depreciation and impairment (-)							
Land and land improvements	58,695	7,928	(53)	12,655	-	-	**79,225**
Buildings	378,734	62,652	(220)	68,982	-	-	**510,148**
Machinery and equipment	2,166,163	297,229	(130,154)	504,498	15,397	-	**2,853,133**
Vehicles	65,430	22,171	(22,135)	24,797	24	-	**90,287**
Other tangibles	1,279,292	372,736	(149,191)	168,777	12,887	-	**1,684,501**
Leasehold improvements	15,015	4,948	(2,049)	418	-	-	**18,332**
	3,963,329	**767,664**	**(303,802)**	**780,127**	**28,308**	**-**	**5,235,626**
Net book value	**6,315,908**						**7,302,670**

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 16. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2017 movements of intangible assets are as follows:

Cost	2016	Additions	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers	2017
Bottling contracts	8,127,529	-	-	251,268	-	-	**8,378,797**
Licence agreements	1,199,235	-	-	152,647	-	-	**1,351,882**
Brands	537,669	-	-	49,754	-	-	**587,423**
Rights	43,174	3,066	(49)	115	-	1,066	**47,372**
Other intangible assets	165,211	24,933	(826)	13,678	-	-	**202,996**
	10,072,818	**27,999**	**(875)**	**467,462**	**-**	**1,066**	**10,568,470**
Accumulated amortization and impairment (-)							
Bottling contracts	-	-	-	-	-	-	**-**
Licence agreements	-	-	-	-	19,169	-	**19,169**
Brands	-	-	-	-	-	-	**-**
Rights	33,087	6,159	(2)	71	-	-	**39,315**
Other intangible assets	75,592	23,218	(338)	7,736	445		**106,653**
	108,679	**29,377**	**(340)**	**7,807**	**19,614**	**-**	**165,137**
Net book value	**9,964,139**						**10,403,333**

For the year ended December 31, 2016 movements of intangible assets are as follows:

Cost	2015	Additions	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers	2016
Bottling contracts	7,519,395	-	-	608,134	-	-	**8,127,529**
Licence agreements	829,202	-	-	370,033	-	-	**1,199,235**
Brands	426,642	-	-	111,027	-	-	**537,669**
Rights	41,307	890	-	30	-	947	**43,174**
Other intangible assets	96,809	38,542	(343)	29,612	-	591	**165,211**
	8,913,355	**39,432**	**(343)**	**1,118,836**	**-**	**1,538**	**10,072,818**
Accumulated amortization and impairment (-)							
Bottling contracts	-	-	-	-	-	-	**-**
Licence agreements	-	-	-	-	-	-	**-**
Brands	-	-	-	-	-	-	**-**
Rights	27,010	6,087	-	(10)	-	-	**33,087**
Other intangible assets	45,296	14,851	(199)	15,380	264	-	**75,592**
	72,306	**20,938**	**(199)**	**15,370**	**264**	**-**	**108,679**
Net book value	**8,841,049**						**9,964,139**

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 17. GOODWILL

For the years ended December 31, 2017 and 2016, movements of the goodwill during the period are as follows:

	2017	2016
At January 1	1,675,218	1,334,738
Impairment (Note 26)	-	(54,051)
Currency translation differences	165,590	394,531
At December 31	1,840,808	1,675,218

Due to ongoing uncertainties regarding the political and regulatory environment in South Iraq and by closely monitoring to minimize the probable effects of such changes, Group Management decided to book impairment loss for the goodwill amounting to USD17,9 million equivalent to TRL 54,051 in accordance with IFRS 3 “Business Combinations”.

As of December 31, 2017 and 2016, operating segment distributions of goodwill are presented below:

	Turkey Beer	International Beer	Soft Drinks	Other	Total
2017	50,099	1,052,624	738,085	-	1,840,808
2016	50,099	935,229	689,890	-	1,675,218

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 18. COMMITMENTS AND CONTINGENCIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Full Consolidation
As of December 31, 2017 and 2016 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

	2017							
	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Original Currency Thousand Other
A. GPMs given on behalf of the Company's legal personality	448,184	330,488	338	1,391	3,275	40,952	2,667,000	13,281
B. GPMs given in favor of subsidiaries included in full consolidation[1]	664,158	-	49,498	96,165	-	-	468,836	27,202
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	12,609	12,609	-	-	-	-	-	-
i. GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. GPMs given in favor of group companies not in the scope of B and C above [2]	12,609	12,609	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	**1,124,951**	**343,097**	**49,836**	**97,556**	**3,275**	**40,952**	**3,135,836**	**40,483**
Ratio of other GPMs over the Company's equity (%)	**0.1**							

	2016							
	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Original Currency Thousand Other
A. GPMs given on behalf of the Company's legal personality	550,970	429,549	356	1,339	5,996	31,814	2,667,385	21,006
B. GPMs given in favor of subsidiaries included in full consolidation[1]	710,635	-	69,651	106,264	-	-	1,177,704	31,673
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	11,469	11,469	-	-	-	-	-	-
i. GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. GPMs given in favor of group companies not in the scope of B and C above [2]	11,469	11,469	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	**1,273,074**	**441,018**	**70,007**	**107,603**	**5,996**	**31,814**	**3,845,089**	**52,679**
Ratio of other GPMs over the Company's equity (%)	**0.1**							

(1) Consists of the GPMs given in favor of subsidiaries included in consolidation for their borrowings. These financial liabilities are included in short-term and long-term borrowings in the interim condensed consolidated financial statements.
(2) Includes the GPMs given in favor of Anadolu Etap which is the Group's investment accounted by using equity method.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 18. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Murabaha

CCBPL has signed murabaha facility agreements with Standard Chartered Bank and Habib Bank Limited (Banks). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2017, CCBPL has USD 22,4 million sugar purchase commitment from the Banks until the end of December 2018.

Operational Lease

As of December 31, 2017, the Group's contingent liability, for the following years resulting from the non- cancellable operational lease agreements is amounting to TRL 50,917 (December 31, 2016 – TRL 40,133).

Tax and Other Legal Matters

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve as a result of the transformation from command to market oriented economy managed by the government. The various legislation and regulations are not always clearly written and the interpretation related with the implementation of these regulations is subject to the opinions of the local, regional and national tax authorities, the Central Bank and Ministry of Finance. Tax declarations, together with other legal compliance areas (as examples, customs and currency control) are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts may create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

NOTE 19. EMPLOYEE BENEFITS

a) Employee Benefits Obligations

As of December 31, 2017 and 2016, employee benefits obligations are as follows:

	2017	2016
Social security and withholding tax liabilities	**45,856**	41,109
Payables to personnel	**20,506**	12,967
	66,362	54,076

b) Short Term Provision for Employee Benefits

As of December 31, 2017 and 2016, short term provision for employee benefits are as follows:

	2017	2016
Management bonus accrual	**52,489**	58,527
Other short-term employee benefits	**38,087**	40,021
Provision for vacation pay liability	**23,956**	30,533
	114,532	129,081

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 19. EMPLOYEE BENEFITS (CONTINUED)

b) Short Term Provision for Employee Benefits (continued)

As of December 31, 2017 and 2016, the movement of provision for vacation pay liability is as below:

	2017	2016
Balance at January 1	30,533	25,904
Payments and used vacations	(10,776)	(9,552)
Current year provision	2,784	9,908
Currency translation differences	1,415	4,273
	23,956	30,533

As of December 31, 2017 and 2016, the movement of management bonus accruals is as below:

	2017	2016
Balance at January 1	58,527	44,509
Payments	(108,111)	(84,753)
Current year provision	97,914	85,745
Currency translation differences	4,159	13,026
	52,489	58,527

c) Long Term Provision for Employee Benefits

	2017	2016
Employment termination benefits	114,125	106,935
Long term incentive plans	9,961	9,332
	124,086	116,267

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 19. EMPLOYEE BENEFITS (CONTINUED)

c) Long Term Provision for Employee Benefits (continued)

In accordance with existing social legislation, the Group's companies incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay. The retirement pay liability as at December 31, 2017 is subject to a ceiling of full TRL 4,732 (December 31, 2016 – full TRL 4,297) (Retirement pay liability ceiling has been increased to full TRL 5,002 as of January 1, 2018). In the consolidated financial statements as of December 31, 2017 and 2016, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. Accordingly, net discount rates determined by considering expected payment dates are in a range between 2.95% and 4.55% (December 31, 2016 – 3.35% – 4.30%).

Movement of provision for employment termination benefits represented in the consolidated financial statements is as follows:

	2017	2016
Balance at January 1	106,935	91,345
Payments	(18,947)	(13,410)
Interest cost	4,618	4,275
Current year provision	18,194	15,795
Actuarial loss	3,325	8,930
	114,125	106,935

Movement of provision for long-term incentive plan represented in the consolidated financial statements is as follows:

	2017	2016
Balance at January 1	9,332	7,757
Payments	(19,496)	(18,085)
Interest cost	831	703
Current year provision	18,749	19,214
Actuarial loss	543	423
Currency translation differences	2	(680)
	9,961	9,332

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employment termination benefits, amounting to TRL 4,470 was reflected to other comprehensive income (December 31, 2016 – TRL 9,859)

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 20. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	2017	2016
Value Added Tax (VAT) deductible or to be transferred	258,553	239,553
Other	13,019	11,830
	271,572	251,383

b) Other Non-Current Assets

	2017	2016
Deferred VAT and other taxes	47,767	56,948
Other	20	59
	47,787	57,007

c) Other Current Liabilities

	2017	2016
Put option liability	8,902	8,305
Other	15,313	12,738
	24,215	21,043

d) Other Non-Current Liabilities

	2017	2016
Put option liability	117,572	111,151
Deferred VAT and other taxes	47,940	55,269
	165,512	166,420

The obligation of TRL 8,902 results from the buying option carried, for the purchase of 12.5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2,360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TRL amount is reflected under other current liabilities. The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the of share purchase.

According to the put option signed with European Refreshments (ER), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2017 and 2021, ER has an option to sell (and CCI will have an obligation to buy) its remaining 19.97% participatory shares in Waha B.V.. This obligation is recorded as put option liability in the Company's consolidated financial statements. Based on the contract, fair value of the put option liability is calculated using discounted cash flow method as TRL 117,572 and the amount is recorded under "other non-current liabilities" account (December 31, 2016 - TRL 111,150).

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 21. EQUITY

a) Issued Capital and Adjustments to Share Capital and Equity Investments

	2017	2016
Common shares 1 full TRL per value		
Authorized capital	**900,000**	900,000
Issued capital	**592,105**	592,105

The composition of shareholders and their respective percentage of ownership as of December 31, 2017 and 2016 are given at Note 1 – Group's Organization and Nature of Activities.

As of December 31, 2017 and 2016, there is no privileged share representing the capital. According to the articles of association, foundation shares that do not represent the share capital receives 2% of the profit that remains after 10% of the paid in capital is deducted from the distributable profit for the period.

b) Restricted Reserves Allocated from Net Profit, Revaluation Fund and Accumulated Profits

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory net income at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's issued capital (inflation-restated issued capital in accordance with the communiqués and announcements of CMB). The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's issued capital (inflation-restated capital in accordance with CMB). The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves cannot be used.

Quoted companies distribute dividend according to the Communiqué No: II-19.1 which is effective from 1 February 2014 of the CMB.

Companies distribute dividend within the framework of the profit distribution policies determined by the general assemblies and in accordance with the related legislation by the decision of the general assembly. Within the scope of the communiqué, a minimum distribution ratio has not been determined. Companies pay dividends as specified in articles of incorporation or in profit distribution policies.

Inflation adjustment to shareholders' equity and carrying amount of extraordinary reserves can only be netted-off against prior years' losses and used as an internal source for capital increase. However, when inflation adjustment to shareholders' equity is used for cash dividend distribution, it is subject to income tax.

Statutory resources attributable to dividend distribution are TRL2,946,296 as of December 31, 2017.

The Group distributed dividend in 2017, related with the year ended as of December 31, 2016, for a gross amount of full TRL0,245 per share, amounting to a total of TRL145,066 (The Group distributed dividend in 2016, related with the year ended as of December 31, 2015, for a gross amount of full TRL0.25 per share, amounting to a total of TRL145,066).

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 21. EQUITY (CONTINUED)

b) Restricted Reserves Allocated from Net Profit, Revaluation Fund and Accumulated Profits (continued)

For December 31, 2017 and 2016, nominal amounts, equity restatement differences and restated value of equity are as follows:

2017	Nominal Amount	Equity Restatement Differences	Restated Amount
Issued capital	592,105	63,583	655,688
Legal reserves	317,921	74,729	392,650
Extraordinary reserves	877	25,831	26,708
	910,903	164,143	1,075,046
Share Premium (Discount)			3,042,134
Put Option Revaluation Fund Related with Non-controlling Interests			20,275
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss			(24,467)
- Gains (Losses) on Remeasurements of Defined Benefit Plans			(24,467)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss			2,551,826
- Currency Translation Differences			2,523,057
- Gains (Losses) on Hedge			28,769
Other Reserves			(235,742)
Prior Years' Profits or Losses (Including net income)			3,543,901
Equity attributable to equity holders of the parent			**9,972,973**

2016	Nominal Amount	Equity Restatement Differences	Restated Amount
Issued capital	592,105	63,583	655,688
Legal reserves	303,414	74,729	378,143
Extraordinary reserves	64,900	25,831	90,731
	960,419	164,143	1,124,562
Share Premium (Discount)			3,137,684
Put Option Revaluation Fund Related with Non-controlling Interests			19,923
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss			(20,249)
- Gains (Losses) on Remeasurements of Defined Benefit Plans			(20,249)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss			1,841,842
- Currency Translation Differences			1,783,517
- Gains (Losses) on Hedge			58,325
Other Reserves			(235,742)
Prior Years' Profits or Losses (Including net income)			3,394,481
Equity attributable to equity holders of the parent			**9,262,501**

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 22. SALES AND COST OF SALES

Revenues	2017	2016
Domestic revenues	5,504,720	4,940,392
Foreign revenues	7,442,198	5,479,865
Total sales, net	12,946,918	10,420,257
Cost of Sales		
Current year purchases and net change in inventory	6,562,053	5,197,055
Depreciation and amortization expense on PP&E and intangible assets	522,934	430,782
Personnel expenses	348,703	295,865
Utility expenses	225,450	189,472
Provision for retirement pay liability	7,818	6,172
Other expenses	239,542	210,296
Total cost of sales	7,906,500	6,329,642
Gross Operating Profit	5,040,418	4,090,615

NOTE 23. OPERATING EXPENSES

a) General and Administrative Expenses

	2017	2016
Personnel expenses	437,118	395,870
Service rendered from outside	180,066	143,220
Depreciation and amortization expense on PP&E and intangible assets	67,957	56,414
Rent expense	50,150	46,022
Taxation (other than on income) expenses	24,052	27,101
Utilities and communication expenses	17,745	16,658
Repair and maintenance expenses	14,261	12,412
Insurance expenses	13,849	21,075
Provision for retirement pay liability	9,996	10,077
Provision for unused vacation	608	4,197
Other expenses	139,732	108,181
	955,534	841,227

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 23. OPERATING EXPENSES (CONTINUED)

b) Selling, Distribution and Marketing Expenses

	2017	2016
Advertising, selling and marketing expenses	1,061,344	868,460
Transportation and distribution expenses	671,488	474,633
Personnel expenses	568,201	512,469
Depreciation and amortization expense on PP&E and intangible assets	325,039	284,369
Rent expenses	47,778	40,773
Repair and maintenance expenses	37,013	33,637
Utilities and communication expenses	32,279	28,586
Provision for retirement pay liability	4,982	3,817
Other expenses	167,732	147,019
	2,915,856	2,393,763

NOTE 24. EXPENSES BY NATURE

a) Depreciation and Amortization Expenses

	2017	2016
Cost of sales	(522,934)	(430,782)
Marketing, selling and distribution expenses	(325,039)	(284,369)
General and administration expenses	(67,957)	(56,414)
Other operating expenses	(16,049)	(19,105)
Inventories	(1,923)	(639)
	(933,902)	(791,309)

b) Personnel Expenses

	2017	2016
Marketing, selling and distribution expenses	(568,201)	(512,469)
General and administration expenses	(437,118)	(395,870)
Cost of sales	(348,703)	(295,865)
	(1,354,022)	(1,204,204)

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 25. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	2017	2016
Foreign exchange gains arising from operating activities	131,605	122,744
Income from scrap and other materials	32,263	26,442
Rent income	14,175	8,324
Reversal of provision for inventory obsolescence	4,083	3,746
Reversal of provision for doubtful receivables	4,067	4,971
Rediscount income	2,874	1,179
Insurance compensation income	2,532	7,131
Other income	122,638	113,721
	314,237	288,258

b) Other Operating Expenses

	2017	2016
Foreign exchange losses arising from operating activities	(130,778)	(126,647)
Provision for doubtful receivables	(16,640)	(6,897)
Depreciation and amortization expense on PPE & intangible assets	(16,049)	(19,104)
Provision for inventory obsolescence	(10,946)	(7,938)
Donations	(4,201)	(3,663)
Rediscount expense	(3,361)	(1,214)
Other expenses	(49,341)	(38,480)
	(231,316)	(203,943)

NOTE 26. INVESTMENT ACTIVITY INCOME / EXPENSE

a) Investment activity income

	2017	2016
Gain on sale of fixed assets	26,918	29,057
Gain from liquidation of subsidiaries (Note 1)	19,145	-
Reversal of impairment on property, plant and equipment (Note 15)	-	453
	46,063	29,510

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 26. INVESTMENT ACTIVITY INCOME / EXPENSE (CONTINUED)

b) Investment activity expense

	2017	2016
Provision for impairment on tangible assets (Note 15)	(75,547)	(28,761)
Provision for impairment on intangible assets (Note 16)	(19,614)	(264)
Loss on sale of fixed assets	(7,490)	(7,585)
Loss on sale of intangible assets	(535)	(143)
Impairment on goodwill (Note 17)	-	(54,051)
Other	(6,830)	-
	(110,016)	(90,804)

NOTE 27. FINANCE INCOME / EXPENSE

a) Finance Income

	2017	2016
Foreign exchange gain	963,657	727,294
Interest income	141,276	81,142
Gain on derivative transactions	255	24,090
	1,105,188	832,526

b) Finance Expense

	2017	2016
Foreign exchange loss	(1,487,771)	(1,368,249)
Interest expense	(266,023)	(211,610)
Loss on derivative transactions	(255)	(28,337)
Borrowing costs	(661)	(661)
Other financial expenses	(24,711)	(25,821)
	(1,779,421)	(1,634,678)

NOTE 28. TAX ASSETS AND LIABILITIES

The corporation tax rate for the fiscal year is 20% in Turkey (31 December 2016 - 20%). Corporate tax returns are required to be filed until the twenty fifth of the fourth month following the fiscal year end and paid in full until the end of the same month. The tax legislation provides for a provisional tax of 20% (31 December 2016 – 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 28. TAX ASSETS AND LIABILITIES (CONTINUED)

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Law Regarding Amendments of Certain Taxes and Laws and Other Acts", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

According to the Turkish Tax Law, corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

The main components of tax income and expenses as of December 31, 2017 and 2016 are as follows:

	2017	2016
Current period tax expense	(157,578)	(84,927)
Deferred tax income / (expense), net	(19,934)	(8,092)
	(177,512)	(93,019)

	2017	2016
Prepaid corporate tax	115,653	124,324
Provision for corporate tax	6,498	1,441

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 28. TAX ASSETS AND LIABILITIES (CONTINUED)

As of December 31, 2017 and 2016, the reconciliation of theoretical income tax calculated with the tax rates used in the countries that the Company operates in and total income tax is as follows:

	2017	2016
Consolidated profit before tax	483,401	52,964
Effect of associate income net off tax	30,362	23,530
Taxable profit	513,763	76,494
Enacted tax rate	20%	20%
Tax calculated at the parent company tax rate	(102,753)	(15,299)
Tax effect of non-deductible expenses	(7,473)	(13,832)
Tax effect of goodwill impairment	-	(10,810)
Tax effect of income excluded from tax bases	162	84
Effect of different tax rates	(17,618)	(970)
Deffered tax effect of translation on non-monetary items	(15,246)	(7,497)
Impact of tax base increase regarding law no 6736 [1]	-	(21,276)
Other	(34,584)	(23,419)
	(177,512)	(93,019)

(1) Includes amounts paid as a result of the increase in the amount of the tax base and and offsetted from carry forward tax losses in accordance with the "Law on Restructuring of Certain Receivables" numbered 6736.

As of December 31, 2017 and December 31, 2016 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	2017	2016
Deferred tax assets	307,406	274,330
Deferred tax liabilities	(1,908,091)	(1,831,472)
	(1,600,685)	(1,557,142)

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 28. TAX ASSETS AND LIABILITIES (CONTINUED)

As of December 31, 2017 and 2016 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	Asset		Liability		Net	
	2017	2016	**2017**	2016	**2017**	2016
PP&E and intangible assets	**-**	-	**(2,168,862)**	(2,081,235)	**(2,168,862)**	(2,081,235)
Inventories	**4,097**	15,652	**-**	-	**4,097**	15,652
Carry forward losses	**479,717**	449,684	**-**	-	**479,717**	449,684
Retirement pay liability and other employee benefits	**25,788**	22,094	**-**	-	**25,788**	22,094
Receivables and payables	**28,873**	31,073	**-**	-	**28,873**	31,073
Unused investment discounts	**39,199**	24,649	**-**	-	**39,199**	24,649
Derivative financial instruments	**-**	-	**(9,497)**	(19,059)	**(9,497)**	(19,059)
	577,674	543,152	**(2,178,359)**	(2,100,294)	**(1,600,685)**	(1,557,142)

As of December 31, 2017 and 2016, the movement of deferred tax liability is as follows:

	2017	2016
Balance at January 1	**(1,557,142)**	(1,450,134)
Recorded to the consolidated income statement	**(23,004)**	(8,092)
Recognized in other comprehensive income	**14,340**	(14,806)
Unused provisions	**3,070**	-
Currency translation adjustment	**(37,949)**	(84,110)
Balance at December 31	**(1,600,685)**	(1,557,142)

As a result of the Group management's assessment that sufficient taxable income will be generated and such carried losses will be utilized until 2022, deferred tax asset amounting to TRL479,717 has been recognized. Carried forward tax losses of CCBPL and Efes Moscow, according to local tax regulations can be carried forward with an indefinite life.

As of December 31, 2017, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TRL 205,441 (December 31, 2016, TRL 132,802) with a total tax advantage of TRL 39,199 (December 31, 2016, TRL 24,648). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL 2,119 (December 31, 2016, TRL 1,943).

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 29. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Weighted average number of shares represents the number of shares as a result of capital increase and adjusted number of shares at the beginning period multiplied with the time-weighting factor. Time weighting factor is calculated by dividing the number of days that the shares are available by the total number of days of the period.

Following table illustrates the net income and share figures used in earnings per share calculation:

	2017	2016
Net Income / (loss)	149,420	(70,795)
Weighted average number of shares	592,105,000	592,105,263
Earnings/ (losses) per share (full TRL)	0,2524	(0,1196)

NOTE 30. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Trade Receivable from Related Parties

	2017	2016
Migros Ticaret A.Ş. and its subsidiaries (Migros) [2]	153,135	130,907
Other	4,950	592
	158,085	131,499

Trade Payable to Related Parties

	2017	2016
AB InBev Group Companies [3, 4]	32,484	14,995
Oyex Handels GmbH [2]	8,285	6,409
Anadolu Bilişim Hizmetleri A.Ş. [2, 6]	5,393	1,405
Çelik Motor Ticaret A.Ş.[2]	3,572	1,078
Other	2,689	2,001
	52,423	25,888

The Group has short term deferred revenue related to AEH as amounting to TRL465. (December 31, 2016 – short term deferred revenue: TRL1,055; long term deferred revenue: TRL474)

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 30. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

b) Transactions with Related Parties

Finance Income / (Expense), Net

Group has no interest income/expense from related parties in 2017. (2016 -Alternatifbank[5]: Interest income TRL7,886).

Purchases of Goods, Services and Donations

	Nature of transaction	2017	2016
Anadolu Efes Spor Kulübü	Service	**50,540**	62,520
Oyex Handels GmbH [2]	Purchase of Materials and Fixed Assets	**38,750**	32,597
AG Anadolu Grubu Holding A.Ş. [1]	Consultancy Service	**34,426**	29,219
Çelik Motor Ticaret A.Ş. [2]	Vehicle Leasing	**29,401**	26,389
Efestur Turizm İşletmeleri A.Ş. [2]	Travel and Accommodation	**15,842**	8,463
Ab InBev Group Companies [3,4]	Service and Purchase of Trade Goods	**13,063**	46,407
Anadolu Bilişim Hizmetleri A.Ş. [2,6]	Information Service	**9,012**	7,675
Other		**8,211**	7,001
		199,245	220,271

Revenue and Other Income / (Expenses), Net

	Nature of transaction	2017	2016
Migros [2]	Sales Income	**447,661**	407,994
Ab InBev Group Companies [3,4]	Other Income	**1,106**	2,571
Other	Other Income	**1,046**	507
		449,813	411,072

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB InBev Harmony Ltd. (a shareholder)
(4) In October 2016, AB InBev (Anhauser Busch InBev) become ultimate parent of AB InBev Harmony Ltd (which holds 24% shares of Anadolu Efes) after the merger of AB InBev and SABMiller.
(5) Alternatifbank is not defined as related party as of 31 December 2017 as a result of sale of Alternatifbank's shares to third parties by Yazıcılar Holding and AEH (it was related party between 1 January- 19 December 2016).
(6) The Group's long term financial asset.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 30. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

b) Transactions with Related Parties (continued)

Director's remuneration
As of December 31, 2017 and 2016, total benefits to Anadolu Efes Board of Directors are TRL369 and TRL320, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors as of December 31, 2017 and 2016 are as follows:

	2017	2016
Short-term employee benefits	36,847	39,709
Termination benefits	428	549
Post-employment benefits	-	-
Other long term benefits	4,597	5,550
Share-based payments	-	-
	41,872	45,808

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise bank borrowings, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. Besides, The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments can be identified as foreign currency risk, credit risk, interest rate risk, price risk and liquidity risk. The Group management reviews and agrees policies for managing each of these risks. The Group also monitors the market price risk arising from all financial instruments.

a) Interest Rate Risk
The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments.

The Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap (IRS) agreement. Total outstanding amount of IRS agreements was USD43 million as of December 31, 2017 (December 31, 2016 – USD43 million).

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

a) Interest Rate Risk (continued)

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

The Group's financial instruments sensitive to interest rate risk is as follows:

	2017	2016
Financial instruments with fixed interest rate		
Financial assets		
Financial assets at fair value through profit or loss	4,925,015	2,149,807
Financial liabilities	7,252,674	4,778,115
Financial instruments with floating interest rate		
Financial liabilities	1,256,816	1,405,158

At December 31, 2017, if interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit before tax and minority interest for the period ended March 31, 2018 which is the following reporting period, would be:

	2017	2016
Change in USD denominated borrowing interest rate	26	402
Change in EURO denominated borrowing interest rate	2,518	2,823
Change in Other denominated borrowing interest rate	74	145
Total	2,618	3,370

b) Foreign Currency Risk

Foreign currency risk generally arises from the EURO and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases of goods and services or borrowings of the Group in currencies other than the functional currency. The Group manages short term foreign currency risk by balancing foreign currency denominated assets and liabilities. The Group designates certain part of its bank deposits for the future raw material purchases, operational expense and interest related payments (Note 6) Group's foreign currency liability consists of mainly long term liabilities. Accordingly, in the short term foreign currency risk that may arise from fluctuation of foreign currencies are relatively limited.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of December 31, 2017 and 2016 are presented below:

Foreign Currency Position Table

	2017					
	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	68,959	14,480	54,616	2,839	12,821	1,522
2a. Monetary Financial Assets (Cash and cash equivalents included)	3,548,104	906,864	3,420,602	25,310	114,287	13,215
2b. Non- monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	38,117	180	679	7,618	34,399	3,039
4. Current Assets	**3,655,180**	**921,524**	**3,475,897**	**35,767**	**161,507**	**17,776**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	5,320	291	1,098	935	4,222	-
8. Non-Current Assets	**5,320**	**291**	**1,098**	**935**	**4,222**	**-**
9. Total Assets	**3,660,500**	**921,815**	**3,476,995**	**36,702**	**165,729**	**17,776**
10. Trade Payables and Due to Related Parties	(281,890)	(40,717)	(153,580)	(24,719)	(111,619)	(16,691)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(2,967,047)	(618,778)	(2,333,969)	(140,202)	(633,078)	-
12a. Monetary Other Liabilities	(840)	-	(0)	(186)	(840)	-
12b. Non-monetary Other Liabilities	(12,323)	(3,267)	(12,323)	-	-	-
13. Current Liabilities	**(3,262,100)**	**(662,762)**	**(2,499,872)**	**(165,107)**	**(745,537)**	**(16,691)**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	(5,282,419)	(1,196,221)	(4,512,025)	(170,611)	(770,394)	-
16a. Monetary Other Liabilities	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	(117,572)	(31,170)	(117,572)	-	-	-
17. Non-Current Liabilities	**(5,399,991)**	**(1,227,391)**	**(4,629,597)**	**(170,611)**	**(770,394)**	**-**
18. Total Liabilities	**(8,662,091)**	**(1,890,153)**	**(7,129,469)**	**(335,718)**	**(1,515,931)**	**(16,691)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position	**-**	**-**	**-**	**-**	**-**	**-**
19a. Total Hedged Assets	**-**	**-**	**-**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position	**(5,001,591)**	**(968,338)**	**(3,652,474)**	**(299,016)**	**(1,350,202)**	**1,085**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position	**(4,915,133)**	**(934,372)**	**(3,524,356)**	**(307,569)**	**(1,388,823)**	**(1,954)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**-**	**-**	**-**	**-**	**-**	**-**
23. Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Foreign Currency Risk (continued)

Foreign Currency Position Table

2016

	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	99,558	6,557	23,076	874	3,243	73,239
2a. Monetary Financial Assets (Cash and cash equivalents included)	1,607,111	369,157	1,299,139	38,513	142,879	165,093
2b. Non- monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	53,574	494	1,740	101	375	51,459
4. Current Assets	**1,760,243**	**376,208**	**1,323,955**	**39,488**	**146,497**	**289,791**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	12,256	-	-	3,202	11,879	377
8. Non-Current Assets	**12,256**	**-**	**-**	**3,202**	**11,879**	**377**
9. Total Assets	**1,772,499**	**376,208**	**1,323,955**	**42,690**	**158,376**	**290,168**
10. Trade Payables and Due to Related Parties	(245,046)	(24,062)	(84,680)	(20,878)	(77,455)	(82,911)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(373,939)	(26,670)	(93,857)	(73,760)	(273,642)	(6,440)
12a. Monetary Other Liabilities	(39,542)	(1,079)	(3,797)	(131)	(486)	(35,259)
12b. Non-monetary Other Liabilities	(8,305)	(2,360)	(8,305)	-	-	-
13. Current Liabilities	**(666,832)**	**(54,171)**	**(190,639)**	**(94,769)**	**(351,583)**	**(124,610)**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	(4,963,730)	(1,158,870)	(4,078,295)	(231,821)	(860,033)	(25,402)
16a. Monetary Other Liabilities	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	(111,151)	(31,584)	(111,151)	-	-	-
17. Non-Current Liabilities	**(5,074,881)**	**(1,190,454)**	**(4,189,446)**	**(231,821)**	**(860,033)**	**(25,402)**
18. Total Liabilities	**(5,741,713)**	**(1,244,625)**	**(4,380,085)**	**(326,590)**	**(1,211,616)**	**(150,012)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position	**17,596**	**5,000**	**17,596**	**-**	**-**	**-**
19a. Total Hedged Assets	**17,596**	**5,000**	**17,596**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position	**(3,951,618)**	**(863,417)**	**(3,038,534)**	**(283,900)**	**(1,053,240)**	**140,156**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position	**(3,915,588)**	**(834,967)**	**(2,938,414)**	**(287,203)**	**(1,065,494)**	**88,320**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**349**	**99**	**349**	**-**	**-**	**-**
23. Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Foreign Currency Risk (continued)

As of December 31, 2016, USD164 million was netted on foreign currency position table and sensitivity. As of December 31, 2017, there was no netting in the foreign currency position and foreign exchange sensitivity analysis table along with the reflection of the functional currency change (Note 2.2).

The information regarding the export and import figures realized as of December 31, 2017 and 2016 is as follows:

	2017	2016
Total Export	220,134	178,064
Total Import	1,872,381	1,421,424

The following table demonstrates the sensitivity analysis of foreign currency as of December 31, 2017 and 2016:

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2017 (*)		December 31,2016 (*)	
	Income / (Loss)			
	Increase of the foreign currency	Decrease of the foreign currency	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in USD by 10%:				
USD denominated net asset / (liability)	(352,436)	352,436	(293,841)	293,841
USD denominated hedging instruments (-)	-	-	1,760	(1,760)
Net effect in USD	(352,436)	352,436	(292,081)	292,081
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	(138,882)	138,882	(106,549)	106,549
EURO denominated hedging instruments (-)	-	-	-	-
Net effect in EURO	(138,882)	138,882	(106,549)	106,549
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	(195)	195	8,832	(8,832)
Other foreign currency hedging instruments (-)	-	-	-	-
Net effect in other foreign currency	(195)	195	8,832	(8,832)
TOTAL	(491,513)	491,513	(389,798)	389,798

(*) Monetary assets and liabilities eliminated in scope of consolidation are not included.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

c) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions. The Group also reduces the risk by preferring long-term debt.

2017 Contractual maturities	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
Financial liabilities	8,509,490	9,610,634	370,078	2,907,242	3,656,446	2,676,868
Trade payable and due to related parties	1,711,561	1,711,561	1,664,576	11,805	35,180	-
Liability for put option	126,474	126,474	-	8,902	117,572	-
Employee Benefit Obligations	66,362	66,362	66,362	-	-	-
Total	10,413,887	11,515,031	2,101,016	2,927,949	3,809,198	2,676,868

2016 Contractual maturities	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
Financial liabilities	6,183,273	6,970,238	62,239	627,363	3,998,706	2,281,930
Trade payable and due to related parties	1,310,647	1,310,647	1,222,671	61,551	26,425	-
Liability for put option	119,456	119,456	-	8,305	111,151	-
Employee Benefit Obligations	54,076	54,076	54,076	-	-	-
Total	7,667,452	8,454,417	1,338,986	697,219	4,136,282	2,281,930

d) Price Risk

This is a combination of currency, interest and market risks which the Group manages through natural hedges that arise from offsetting the same currency receivables and payables, interest bearing assets and liabilities. Market risk is closely monitored by the management using the available market information and appropriate valuation methods.

e) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by limiting transactions with specific counterparties and assessing the creditworthiness of the counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

e) Credit Risk (continued)

The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group keeps guarantees for a part of its receivables by means of DDS (Direct Debit System). The Group also obtains guarantees from the customers when appropriate and keep considerable portion of the receivables under guarantee.

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of December 31, 2017 and 2016 are disclosed as below:

	Receivables					
	Trade Receivables		Other Receivables			
Current Year	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits	Derivative Instruments
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	158,085	1,373,772	-	125,706	5,424,320	152
- Maximum credit risk secured by guarantees	63,086	964,899	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	154,622	1,281,143	-	125,706	5,424,320	152
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	3,463	97,400	-	-	-	-
- Under guarantee	-	48,363	-	-	-	-
D. Net carrying amount of financial assets impaired	-	(4,771)	-	-	-	-
- past due (gross carrying value)	-	50,171	-	-	-	-
- impaired (-)	-	(54,942)	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	(4,771)	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Current Year	Trade Receivables	Other Receivables	Deposits	Derivative Instruments
Past due between 1-30 days	63,069	-	-	-
Past due between 1-3 months	24,189	-	-	-
Past due between 3-12 months	3,546	-	-	-
Past due for more than 1 year	6,596	-	-	-

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

e) Credit Risk (continued)

	Receivables					
	Trade Receivables		Other Receivables			
Prior Year	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits	Derivative Instruments
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	131,499	1,189,413	-	113,598	2,749,595	1,472
- Maximum credit risk secured by guarantees	59,215	900,590	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	131,499	1,113,783	-	113,598	2,749,595	1,472
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	-	75,036	-	-	-	-
- Under guarantee	-	20,336	-	-	-	-
D. Net carrying amount of financial assets impaired	-	594	-	-	-	-
- past due (gross carrying value)	-	43,022	-	-	-	-
- impaired (-)	-	(42,428)	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	594	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Prior Year	Trade Receivables	Other Receivables	Deposits	Derivative Instruments
Past due between 1-30 days	47,544	-	-	-
Past due between 1-3 months	15,626	-	-	-
Past due between 3-12 months	5,236	-	-	-
Past due for more than 1 year	6,630	-	-	-

f) Capital Risk Management

The Group's policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group periodically measures Net Debt to EBITDA ratio to maintain capital risk management. Net Debt is calculated by deducting cash and cash equivalents from total borrowings.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 32. FINANCIAL INSTRUMENTS

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The optimum fair value of a financial instrument is the quoted market value, if any.

The financial assets and liabilities which are denominated in foreign currencies are evaluated by the foreign exchange rates prevailing on the date of balance sheet which approximate to market rates. The following methods and assumptions were used to estimate the fair value of each class of financial instrument of the Group for which it is practicable to estimate a fair value:

a) Financial Assets

The fair values of certain financial assets carried at cost in the consolidated financial statements, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

b) Financial Liabilities

Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows

Level 1: Market price valuation techniques for the determined financial instruments traded in markets
Level 2: Other valuation techniques including direct or indirect observable inputs
Level 3: Valuation techniques not containing observable market inputs.

Current Year	Level 1	Level 2	Level 3
Financial assets at fair value			
Derivative financial assets (Note 8)	-	152	-
Financial liabilities at fair value			
Interest rate swap (Note 8)	-	-	-
Options (Note 20)	-	117,572	-

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017
(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 32. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy table (continued)

Prior Year	Level 1	Level 2	Level 3
Financial assets at fair value			
Derivative financial assets (Note 8)	-	1,472	-
Financial liabilities at fair value			
Interest rate swap (Note 8)	-	65	-
Put options (Note 20)	-	111,151	-

Derivative Instruments, Risk Management Objectives and Policies
Derivative instruments and hedging transactions are explained in Note 6 and Note 8.

NOTE 33. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	2017	2016
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 26)	75,547	28,308
Adjustments for impairment loss (reversal of impairment) of receivables (Note 10)	12,573	1,926
Adjustments for impairment loss (reversal of impairment) of inventories (Note 12)	13,831	4,192
Adjustments for impairment loss (reversal of impairment) of goodwill and intangible assets (Note 26)	19,621	54,315
	121,572	88,741

b) Adjustments for (Reversal of) Provisions Related with Employee Benefits

	2017	2016
Provision for vacation pay liability (Note 19)	2,784	9,908
Provision for retirement pay liability (Note 19)	22,812	20,070
Provision for seniority bonus (Note 19)	19,580	19,917
	45,176	49,895

c) Adjustments for Interest (Income) Expenses

	2017	2016
Adjustments for interest income (Note 27)	(141,276)	(81,142)
Adjustments for interest expenses (Note 27)	266,023	211,610
	124,747	130,468

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency – Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 33. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS (CONTINUED)

d) Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets

	2017	2016
Cash outflows arising from purchase of property, plant and equipment	(808,632)	(721,715)
Cash outflows arising from purchase of intangible assets	(27,999)	(39,432)
	(836,631)	(761,147)

NOTE 34. EVENTS AFTER REPORTING PERIOD

a. CCI, engaged in cross currency swap transactions for USD 150 million, in order to hedge its FX risk, as of January 16, 2018.

b. The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261. The 20% corporate tax rate, will be applied as 22% for entities' corporate income belonging to the taxation periods of 2018, 2019 and 2020 as amended in the provisional clause of article 10 of the Law (To financial years, which start within the related year for entities appointed a special accounting period.). The rate will be applied in the first temporary tax period in 2018.

GLOSSARY

ABBREVIATIONS

1 hectoliter	100 liters
1 unit case	5,678 liters
BNRI	Before non-recurring items
BIST	Borsa İstanbul
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
HOD	A rigid container with a 20-liter capacity
CMB	Capital Markets Board
TCCC	The Coca-Cola Company
IFRS	International Financial Reporting Standards
n.m.	not meaningful

TERMS

Coca-Cola system	TCCC and all of its international bottling partners
Sparkling beverage	Non-alcoholic beverages produced in a variety of flavors and containing different flavoring additives. The sparkling beverage category does not include plain waters, flavored waters, fruit juices, fruit-flavored beverages, sports drinks, teas, or coffees.
Still beverage	All non-sparkling and non-alcoholic beverages such as plain waters, flavored waters, fruit juices, fruit-flavored beverages, sports drinks, teas, and coffees.
Bottler	Any company that obtains concentrates, various beverages, and/or syrups from TCCC readies them for consumption as non-alcoholic beverages, and markets and distributes them to customers.
Bottler agreement	Any contract between TCCC and a bottler that governs the parties' respective production, packaging, distribution, and selling rights and obligations with respect to TCCC products within a designated territory.
Concentrate	Any product which TCCC makes or has made for it and which TCCC sells to bottlers so that they may produce non-alcoholic beverages by adding water and/or flavorings to it.
Customer	Any store, retail point of sale, restaurant, chain store, or other form of business enterprise that sells our products to its own customers.
PET (polyethylene terephthalate)	Type of a polyester (polyethylene terephthalate) used in the manufacture of beverage bottles

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