



ANADOLU EFES

FY2017 CONFERENCE CALL PRESENTATION

March 2, 2018

FORWARD-LOOKING STATEMENTS

This presentation may contain certain forward-looking statements concerning our future performance and should be considered as good faith estimates made by the Company. These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.



LIVING THE VALUES!



PASSIONATE
& PROUD



PROFESSIONAL



ENTREPRENEURIAL



COLLABORATIVE



SUSTAINABLE

**ANADOLU
EFES**

GENERAL OVERVIEW & OPERATING ENVIRONMENT



Gavin Hudson
CEO & Beer Group President

Highlights of 2017



Solid volume growth through strong performance of international beer operations and soft drinks

- ✓ up 3.8% in 4Q2017 y-o-y
- ✓ up 4.4% in FY2017



Efficient revenue management enabling revenue growth ahead of volume

- ✓ up 28.0% in 4Q2017 y-o-y, highest quarterly growth since 2012
- ✓ 24.2% in FY2017



Strong EBITDA growth year on year

- ✓ 476 bps margin expansion in 4Q by strong contribution of all segments
- ✓ 17.2% FY2017 EBITDA margin (vs 17.0% in 2016)



Another year of improved balance sheet health



All time high consolidated FCF performance



Significant reduction in Net Leverage Ratio

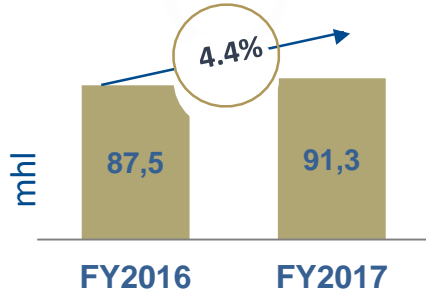


Delivered our Guidance at all levels

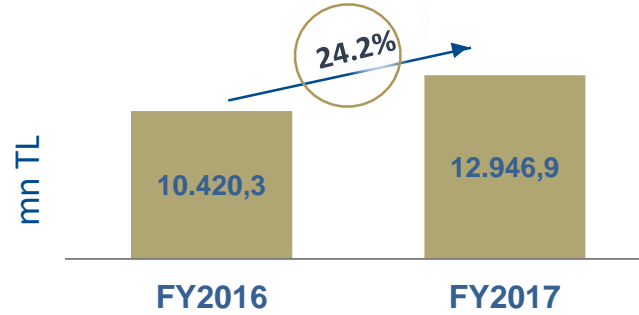


Consolidated Performance – FY2017

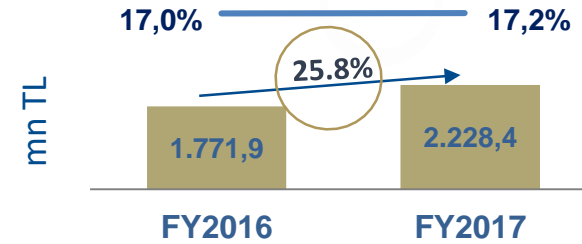
SALES VOLUME



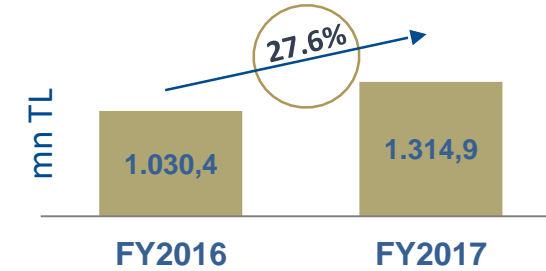
NET SALES REVENUE



EBITDA (BNRI) & EBITDA (BNRI) Margin

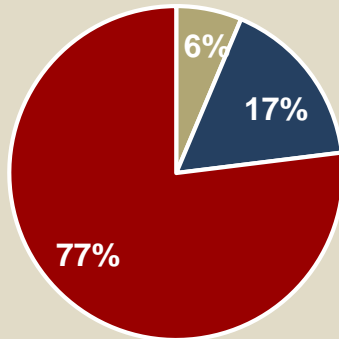


FREE CASH FLOW

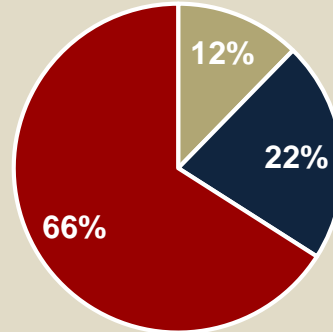


BREAKDOWN*

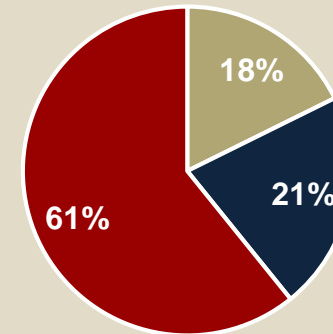
SALES VOLUME



NET SALES REVENUE



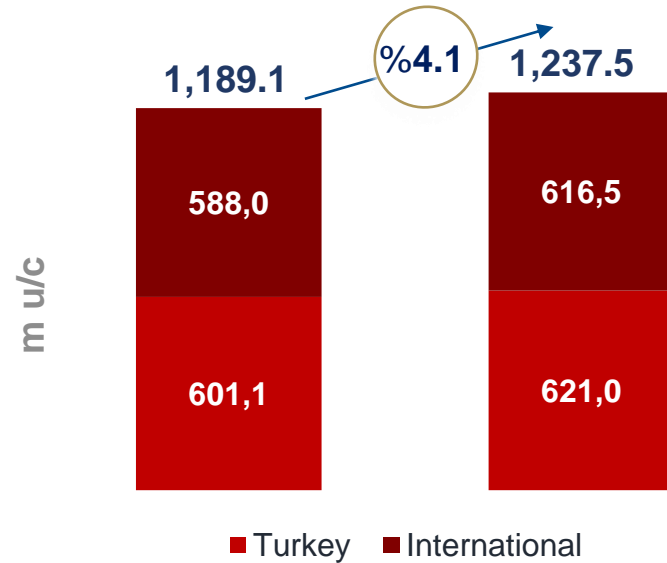
EBITDA (BNRI)



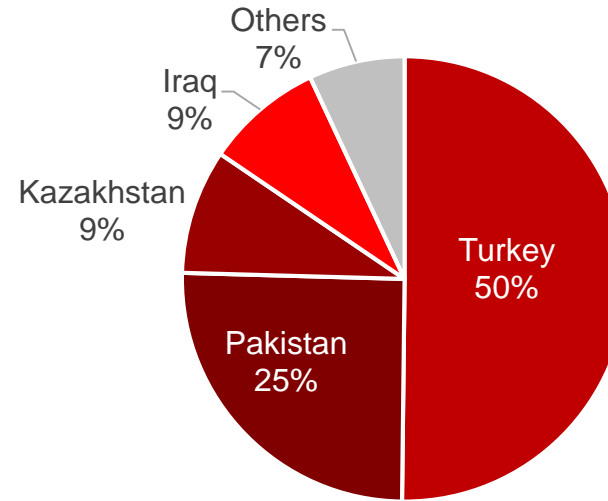
■ Turkey Beer ■ International Beer ■ Soft Drinks

*Breakdowns are on a combined basis

Soft Drinks Volume Development

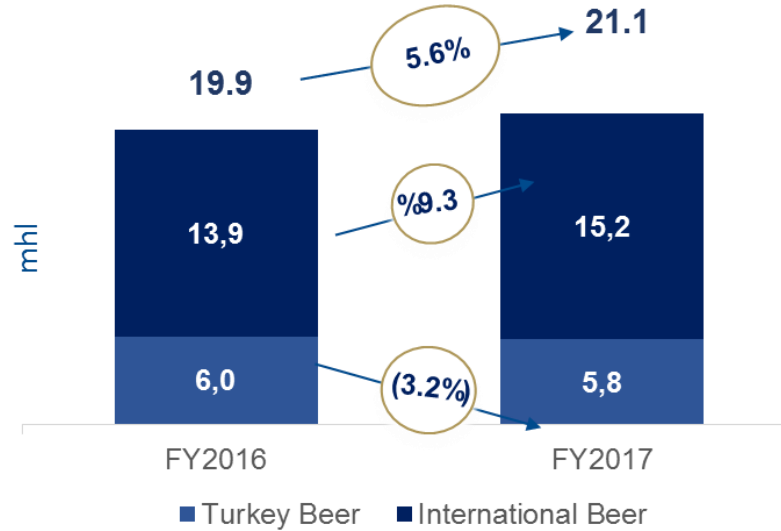


Volume Breakdown by Country*

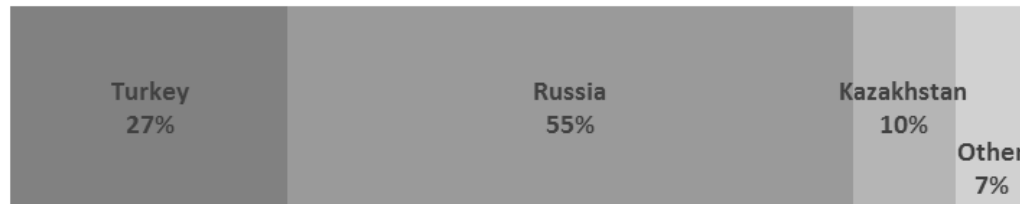


*Breakdown is on a combined basis

- ✓ **Consolidated sales volume** growth of 1.4% in 4Q and 4.1% in FY2017
 - ✓ Driven by growth in sparkling and still volume
 - ✓ Despite lower water sales volume
- ✓ **Turkey** delivered;
 - ✓ 1.9% volume growth in 4Q2017
 - ✓ 3.3% in FY2017, the highest growth of the past 5 years
- ✓ **International operations** delivered;
 - ✓ 0.8% volume growth in 4Q2017, driven mainly Central Asia and Iraq
 - ✓ 4.9% growth in FY2017 by strong performances of Kazakhstan, Pakistan, Azerbaijan and Iraq



Volume Breakdown by Country



*Breakdown is on a combined basis

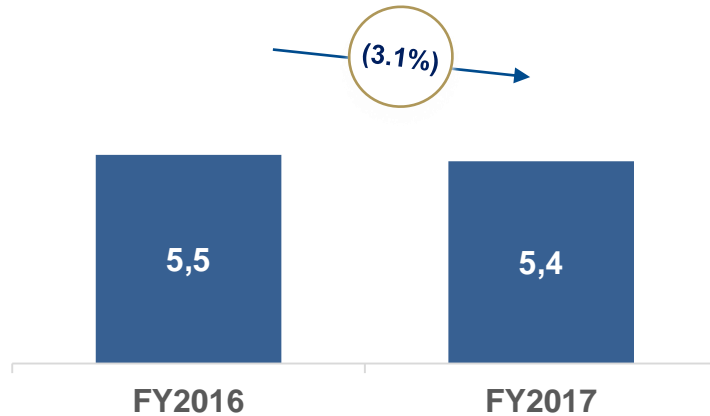


Total beer group sales volume up by 11% in 4Q2017 and 5.6% in FY2017

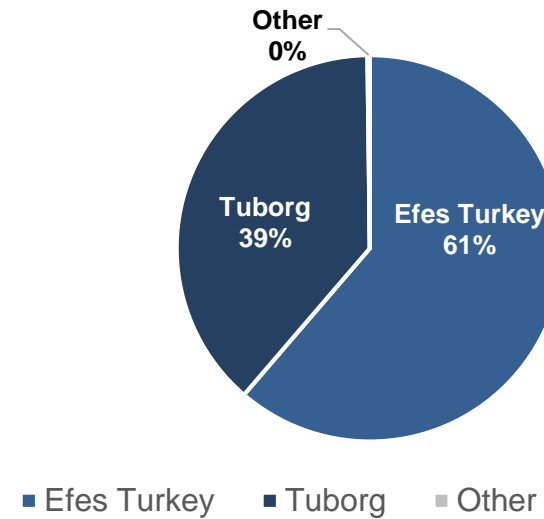
Strong growth in international beer mitigated relatively softer volumes in Turkey in FY2017

Turkey Beer Operations

DOMESTIC SALES VOLUME



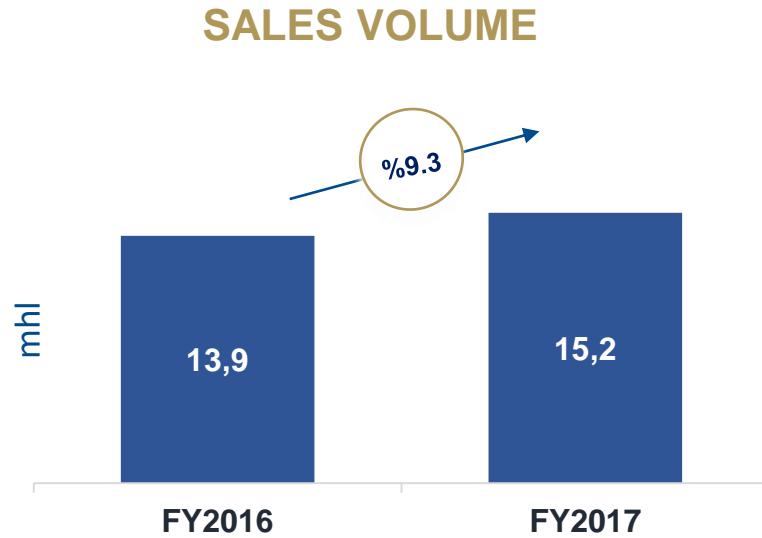
MARKET SHARE*



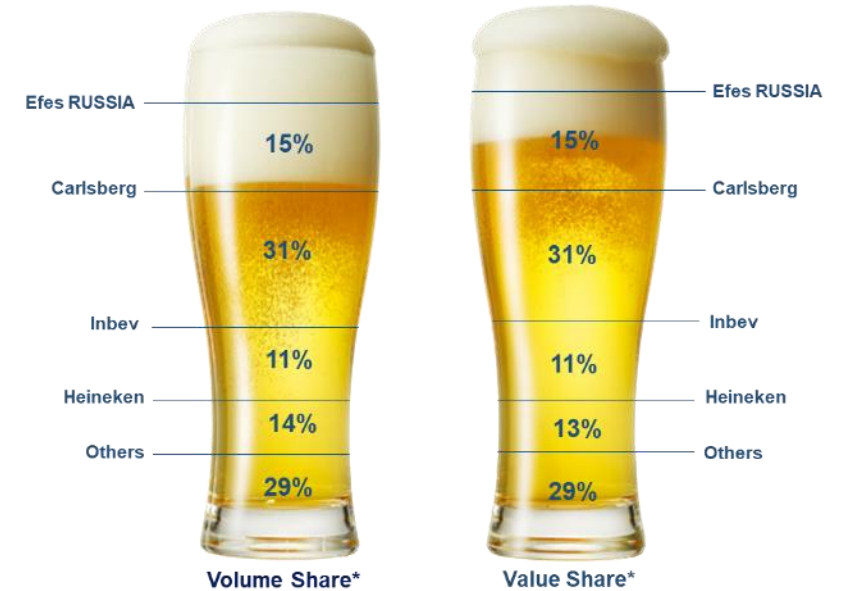
- ✓ Flat beer market in FY2017;
 - ✓ Pressure on affordability due to high prices and excise taxes
 - ✓ Unfavorable mix of tourism
- ✓ A strong growth in domestic volumes by 5.6% in 4Q2017 supported by ongoing effect of successful relaunch of Efes Pilsen
- ✓ Turkey domestic sales volume declined by 3.1% in FY2017, in line with our guidance



International Beer Operations



EFES RUSSIA MARKET SHARE*




- ✓ EBI volumes up by 13.7% in 4Q2017 with positive performance of all international operations;
- ✓ Efes Rus posted double digit growth despite cycling a very strong base of last year
 - ✓ 15% market share in FY2017 up from 13.9% in FY2016 supported by;
 - strong position in growing MT channel
 - growth in mainstream segment
 - appropriate participation in DIOT
- ✓ Russian beer market down low-mid single digits in FY2017 due to PET restrictions and cold, rainy weather

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

BEER GROUP STRATEGY

B BRANDS E XECUTION E FFICIENCY R ELATIONS

-  Provide choice and innovation to consumers:
Grow brand love
-  Excell in **customer collaboration**
availability and point of sale activation
-  Build competitive advantage through **lean and**
efficient operations
-  Focus on **employees, customers, regulators,**
community and environment



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FINANCIAL OVERVIEW



Onur Çevikel
Group CFO



Anadolu Efes Consolidated Performance – FY2017



	ANADOLU EFES CONSOLIDATED (TL mn)		
	FY2016	FY2017	Change (%)
Volume (mhl)	87.5	91.3	4.4%
Net Sales	10,420.3	12,946.9	24.2%
Gross Profit	4,090.6	5,040.4	23.2%
EBIT (BNRI)	943.1	1,267.5	34.4%
EBITDA (BNRI)	1,771.9	2,228.4	25.8%
Net Income*	(70.8)	149.4	n.m.
Margins			Change (bps)
Gross Profit	39.3%	38.9%	(32)
EBIT (BNRI)	9.1%	9.8%	74
EBITDA (BNRI)	17.0%	17.2%	21
Net Income*	(0.7%)	1.2%	183

*Net income attributable to shareholders

Beer Group Performance – FY2017

(TL mn)	TURKEY BEER		INTERNATIONAL BEER		BEER GROUP	
	FY2017	vs FY2016	FY2017	vs FY2016	FY2017	vs FY2016
Volume (mhl)	5.8	(3.2%)	15.2	9.3%	21.1	5.6%
Net Sales	1,588.4	10.4%	2,806.8	47.5%	4,425.9	31.3%
Gross Profit	940.5	10.2%	1,177.7	41.7%	2,142.6	25.4%
EBIT (BNRI)	228.5	(7.3%)	220.4	71.4%	407.8	28.3%
EBITDA (BNRI)	401.1	(1.8%)	487.4	49.8%	849.7	25.1%
Net Income*	(8.2)	(93.6%)	98.7	(38.0%)	61.2	n.m.
Margins	Change (bps)		Change (bps)		Change (bps)	
Gross Profit	59.2%	(12)	42.0%	(171)	48.4%	(227)
EBIT (BNRI)	14.4%	(276)	7.9%	110	9.2%	(22)
EBITDA (BNRI)	25.3%	(313)	17.4%	27	19.2%	(95)
Net Income*	(0.5%)	845	3.5%	(485)	1.4%	243

*Net income attributable to shareholders

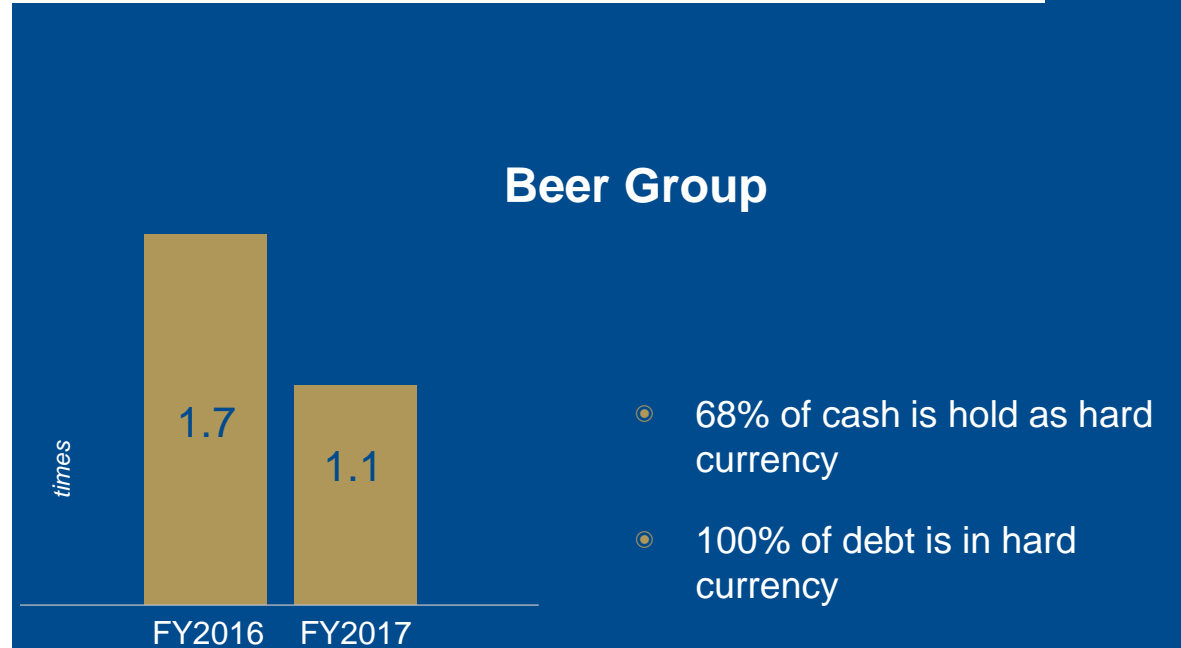
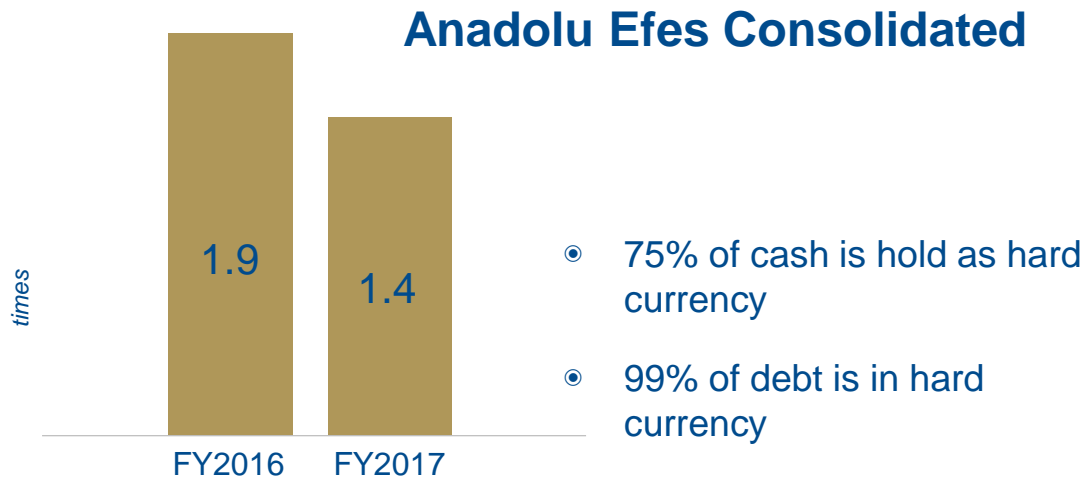
Beer Group Free Cash Flow – FY2017

Beer Group Free Cash Flow (TL mn)	FY2016	FY2017
EBITDA	675.9	834.2
Change in Working Capital	(4.4)	84.6
Income Taxes & Employee Benefits Paid	(71.3)	(68.9)
CAPEX, net	(202.0)	(285.4)
Net Financial Income /(Expense)	(21.9)	(25.9)
FCF	376.3	538.5
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	(14.1)	(17.8)
FCF (after investing activities)	362.1	520.7

BALANCE SHEET FLEXIBILITY

- Significant FCF generation enabled substantial decrease in net indebtedness
- FY2017 Net Leverage Ratios are within comfortable area

Net Leverage Ratio: Net Debt / EBITDA (BNRI)



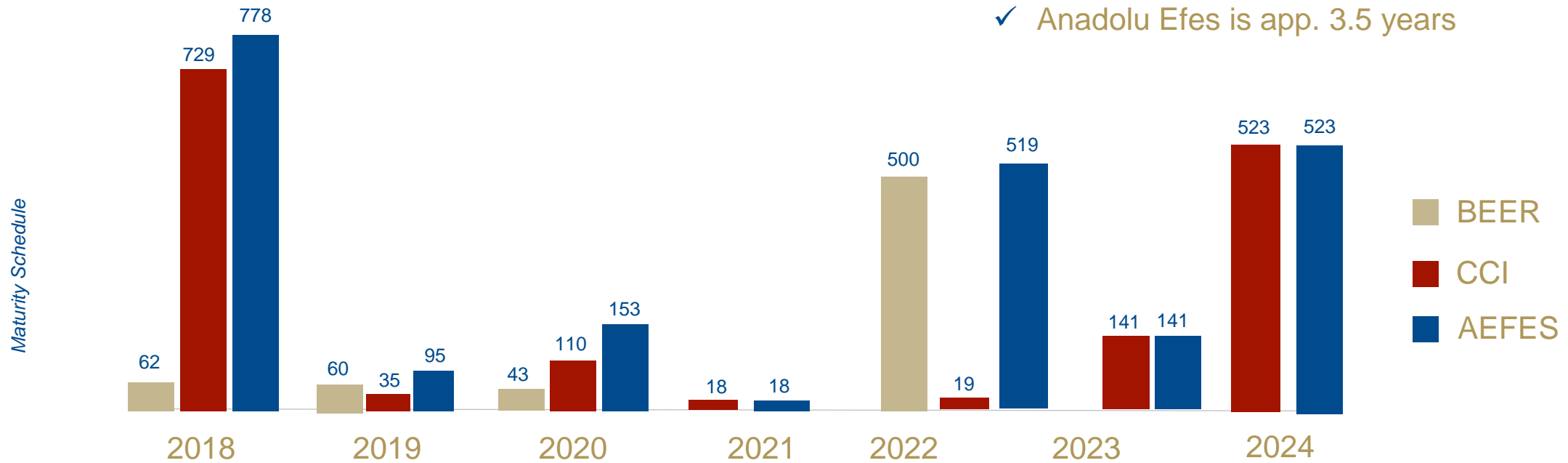
BORROWING MIX & LIQUIDITY PROFILE

- Easily manageable debt repayment schedule

- Weighted average maturity of debt for

- ✓ Beer Group is app. 4.0 years and

- ✓ Anadolu Efes is app. 3.5 years



*Figures represent principal amounts

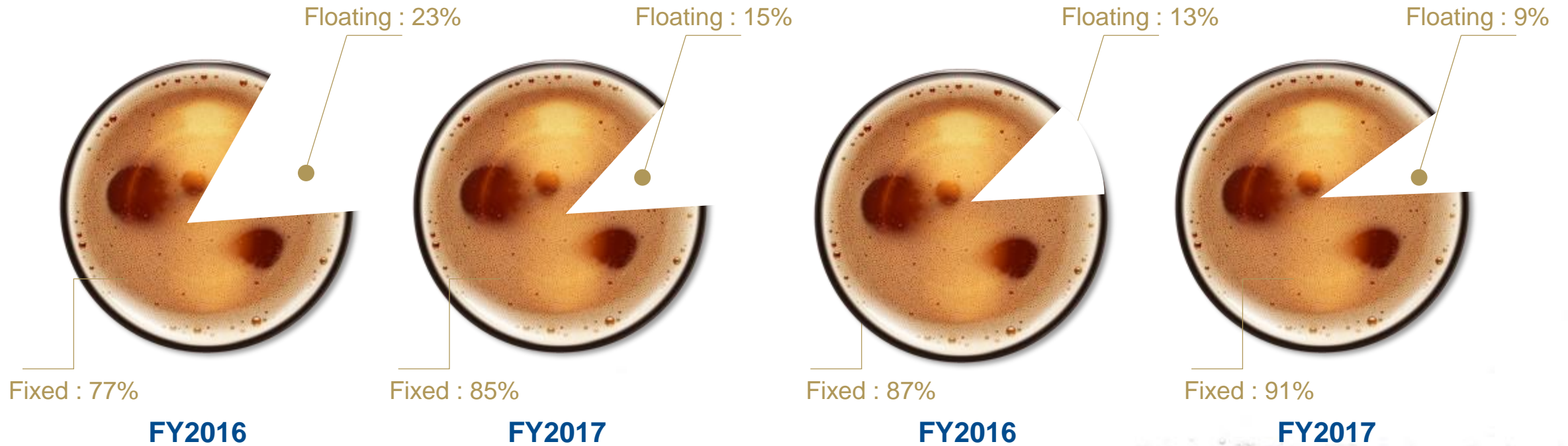


INTEREST BREAKDOWN

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

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AEFES Consolidated Financial Income/(Expense) – FY2017

Financial Income / (Expense) Breakdown	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)

AEFES Consolidated Free Cash Flow – FY2017

Anadolu Efes Free Cash Flow (TL 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

Returning Value to Shareholders

- Due to significant FCF generation, BoD resolved to propose a dividend payment of 250 m TL*, resulting in 2% dividend yield
- Record high dividend received from CCI protects strong cash balances

* Subject to the approval of General Assembly

FINANCIAL PRIORITIES

- Sustain consolidated cash flows through;
 - ✓ focus on working capital optimization
 - ✓ optimized capex policy
 - ✓ sticking to tight balance sheet management
- Deleveraging
- Efficiency improvements via savings
- Managing impact of F/X volatility on operations
- Commitment to Investment Grade Ratings



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CLOSING REMARKS



Gavin Hudson
CEO & Beer Group President

LONG TERM KEY PRIORITIES

Continue to generate value by margin improvement and FCF generation through our priorities

Beer



- Capitalizing on our strong brand portfolios
- Achieving optimal brand & SKU mix
- Excelling in execution
- Focusing on quality market share
- Strong cash flow generation with special focus on optimizing working capital

Soft Drink



- Accelerate revenue and margin growth
- Winning at the point of sales
- Sales force effectiveness



2018 GUIDANCE

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**

- Margin improvement **for beer group**
- Slight improvement in EBITDA margin **for soft drinks**

Capex: As a percentage of net sales at high single digits **on a consolidated basis**

FCF: Positive FCF in **both beer and soft drinks**

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Q&A SESSION



Gavin Hudson, CEO & Beer Group President
Onur Çevikel, Group CFO



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APPENDIX



GROSS & NET DEBT

Anadolu Efes Consolidated

FY2016	FY2017	
6,183.3	8,509.5	TOTAL FINANCIAL DEBT (m TL)
2,756.3	5,498.2	TOTAL CASH & EQUIVALENTS (m TL)
3,427.0	3,011.3	NET DEBT (m TL)
973.8	798.3	NET DEBT (m USD)

Turkey Beer

FY2016	FY2017	
2,137.1	2,346.2	TOTAL FINANCIAL DEBT (m TL)
384.1	387.5	TOTAL CASH & EQUIVALENTS (m TL)
1,753.0	1,958.7	NET DEBT (m TL)
498.1	519.3	NET DEBT (m USD)

Beer Group

FY2016	FY2017	
2,413.1	2,518.8	TOTAL FINANCIAL DEBT (m TL)
1,279.2	1,606.3	TOTAL CASH & EQUIVALENTS (m TL)
1,134.0	912.5	NET DEBT (m TL)
322.2	241.9	NET DEBT (m USD)

EBI

FY2016	FY2017	
267.5	162.6	TOTAL FINANCIAL DEBT (m TL)
857.1	1,212.7	TOTAL CASH & EQUIVALENTS (m TL)
(589.7)	(1,050.0)	NET DEBT (m TL)
(167.6)	(278.4)	NET DEBT (m USD)

FX RATES

		FY2016	FY2017	Δ%
USD/TL	AVG	3.02	3.64	20.8%
	PE	3.52	3.77	7.2%
EUR/TL	AVG	3.34	4.12	23.3%
	PE	3.71	4.52	21.7%
USD/RUB	AVG	67.03	58.35	-13.0%
	PE	60.66	57.60	-5.0%
USD/KZT	AVG	342.16	326.08	-4.7%
	PE	333.73	332.33	-0.4%
USD/UAH	AVG	25.59	26.59	3.9%
	PE	27.19	28.07	3.2%
USD/MDL	AVG	19.92	18.49	-7.2%
	PE	19.98	17.10	-14.4%
USD/GEL	AVG	2.37	2.51	6.0%
	PE	2.65	2.59	-2.1%