



ANADOLU EFES

FY2019

CONFERENCE CALL
PRESENTATION

28.02.2020

Forward-Looking Statements



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

GENERAL OVERVIEW & OPERATING ENVIRONMENT

Can aka

CEO & Beer Group President



2019 in a Nutshell



Strong topline growth & margin expansion



Robust Free Cash Flow generation with lowest ever Core Working Capital



Zero Based Spending – Optimizing cost and CAPEX



Winning with our brands and portfolio



Market leadership achieved in Russia & Ukraine
Market share gains in Moldova and Georgia



Organizational capability improvement across the Board



Anadolu Efes 4Q Financial Highlights

VOLUMES

4Q	FY2019
+2.4%	+1.9%

- Positive contribution to beer volumes from international beer
- Solid volume growth delivered in Turkey soft drink operations

REVENUE

4Q	FY2019
+17.5%	21.7%

- Price increases in all business units
- Higher volumes in international beer
- Favorable mix

EBITDA Margin

4Q	FY2019
16.2%	16.8%
(+261 bps)	(+122 bps)

- Driven by y-o-y higher margin in
- International Beer
 - Soft Drinks

Net Income

4Q	FY2019
TL188mn	TL1,034 mn

- Improvement in absolute operational profitability
- One-off gains such as the sale of Istanbul Brewery land in Turkey.

Free Cash Flow FY2019

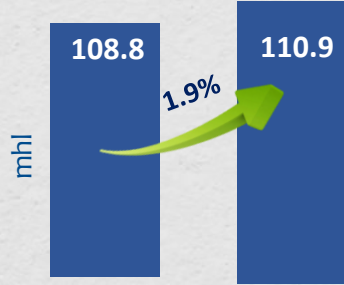
TL2,335 mn

- Higher operational profitability
- Improvement in working capital in all business lines
- Tight capex policy
- The sale of idle assets



EBITDA > Revenue > Volume

VOLUMES



Breakdown

Turkey Beer

International Beer

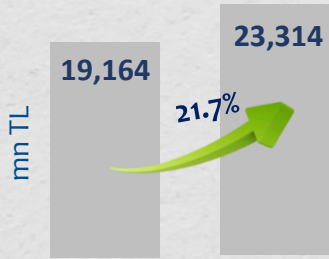
Soft Drinks

5%

28%

67%

REVENUE



Breakdown

Turkey Beer

International Beer

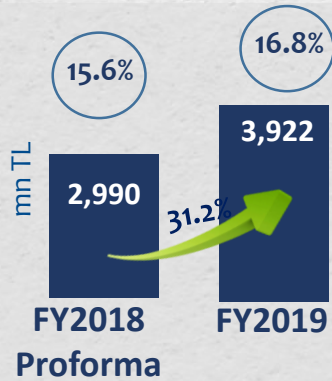
Soft Drinks

10%

38%

53%

Excluding IFRS 16 EBITDA (BNRI)



Breakdown

Turkey Beer

International Beer

Soft Drinks

10%

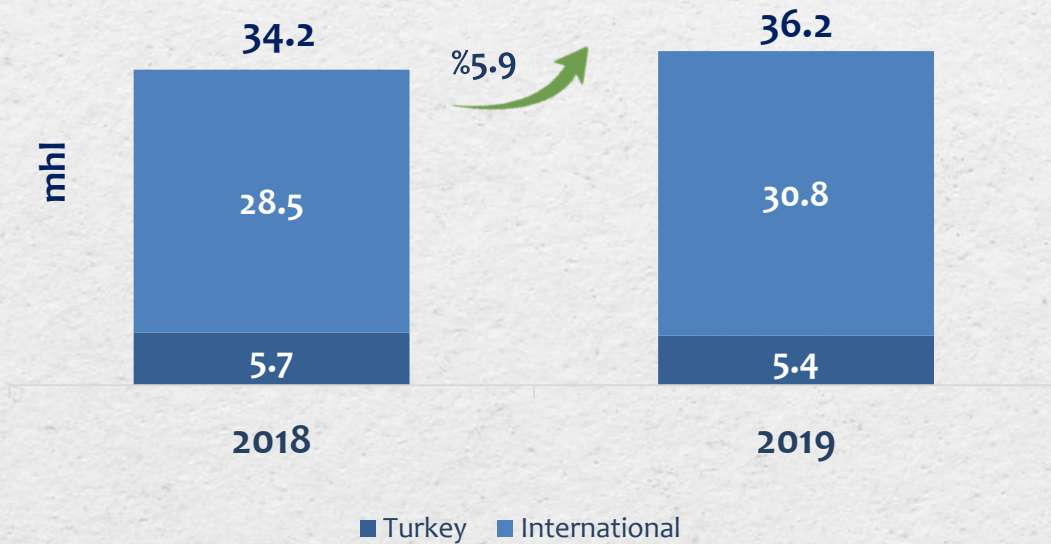
35%

56%

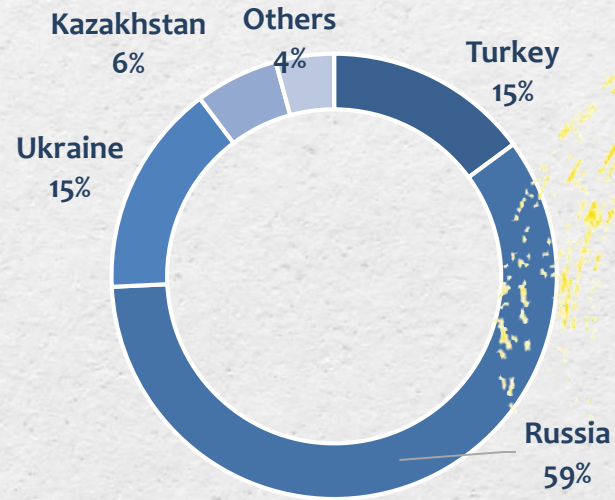


Beer Group

SALES VOLUME



VOLUME BREAKDOWN* BY COUNTRY



*Breakdown is on a combined basis

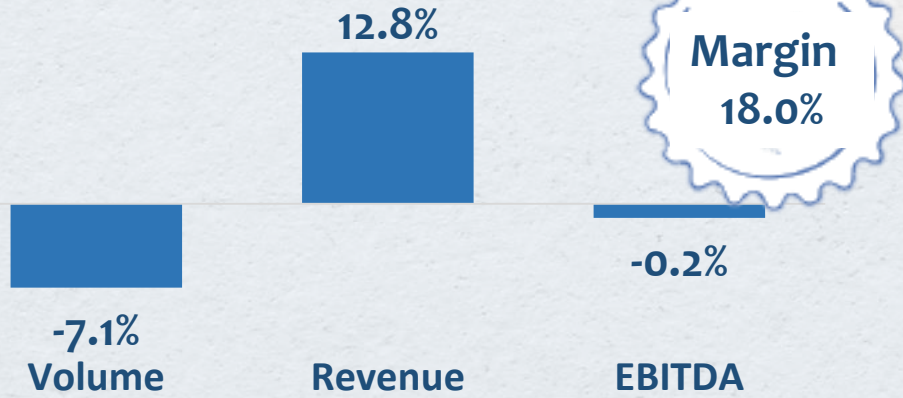
- ✓ Beer Group volume growth of 4.8% in 4Q2019
- ✓ Solid volume performance Russia and Ukraine in 4Q
- ✓ Market leadership maintained and achieved in every operation
- ✓ Revitalizing our core mainstream brands contributed to topline



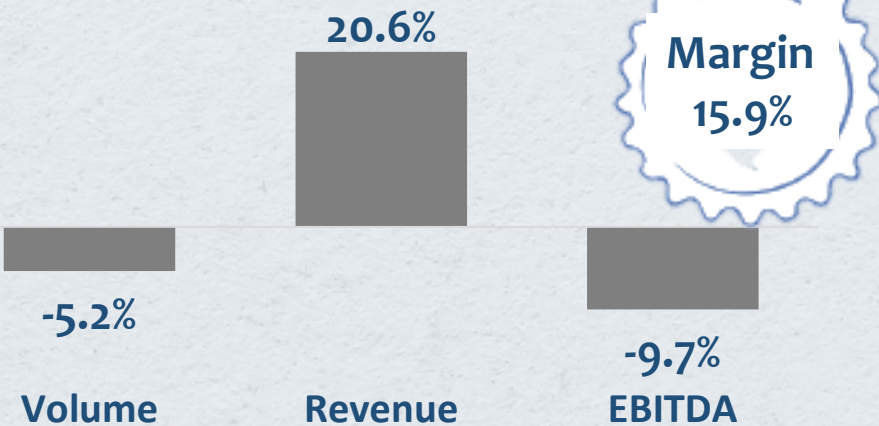
Beer market down mid-single digit in Turkey...

Turkey Beer

4Q2019

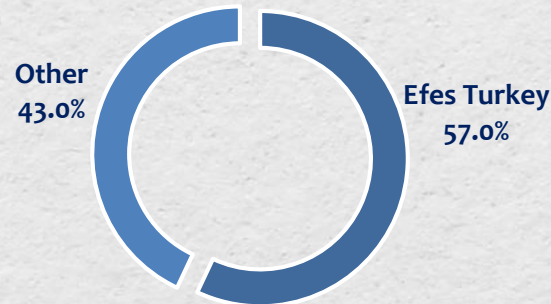


FY2019



- ✓ All FMCG sectors under pressure
 - ✓ Macro dynamics
 - ✓ Low consumer confidence
- ✓ Beer market down mid-single digit
 - ✓ Low affordability
- ✓ Premium category expansion
- ✓ Continued to invest in our brands
- ✓ Increased marketing activities

Market share*

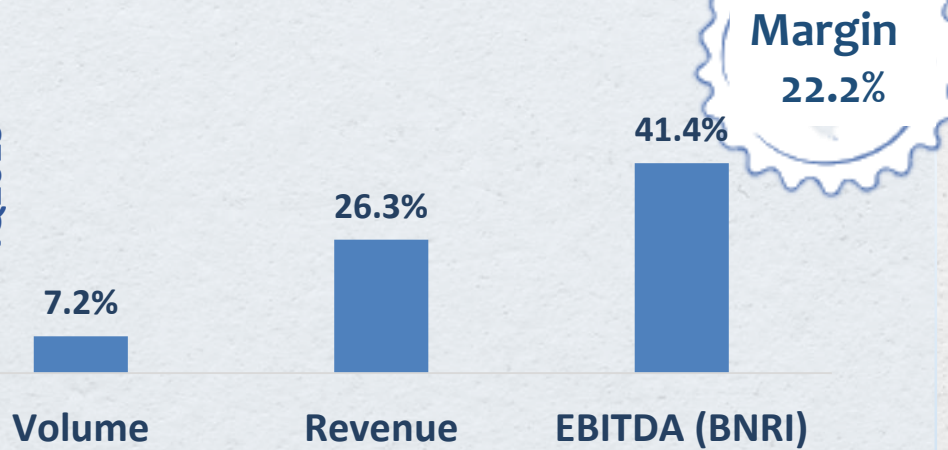


*Nielsen, average 2019

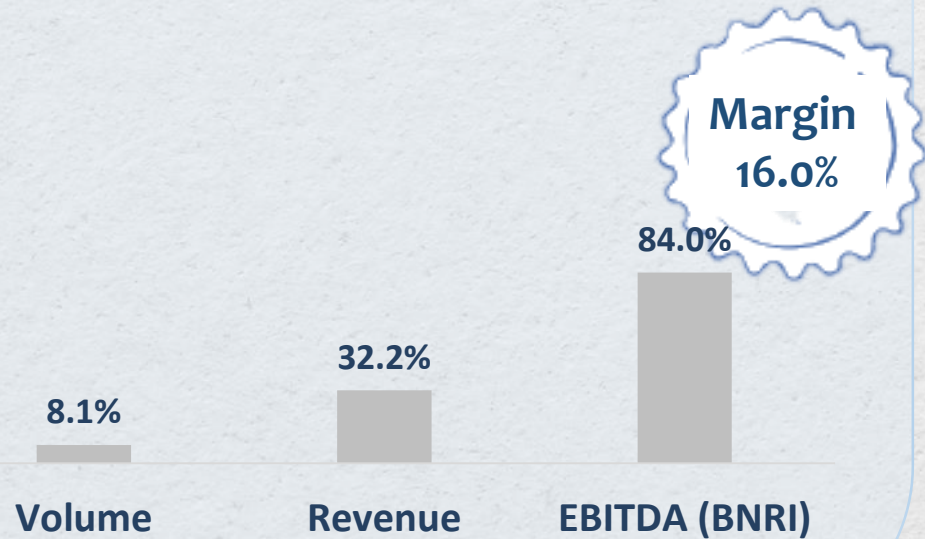
Market leadership in every international operation...

International Beer

4Q2019



FY2019



✓ Strong volume performance in all international markets

✓ Russian beer market was almost flat

- ✓ Our volumes grew by high single digit
- ✓ Successful integration & focus on net revenue growth
- ✓ Became market leader with ~28%* market share

✓ Ukraine beer market was almost flat

- ✓ Our volumes grew by low-double digits
- ✓ Efes brands were launched during the year
- ✓ Became market leader with ~32%* market share

✓ Kazakhstan beer market flat

- ✓ New launches & visibility activations
- ✓ Market leadership maintained

✓ Moldova & Georgia beer markets up by low-single digits

- ✓ New launches in core brands
- ✓ Market leadership maintained

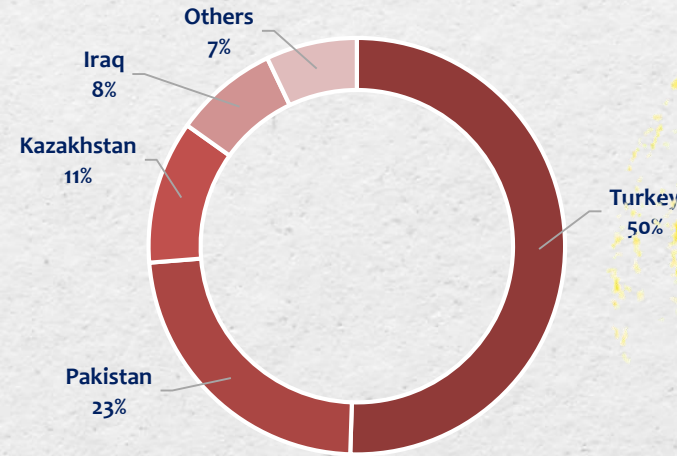
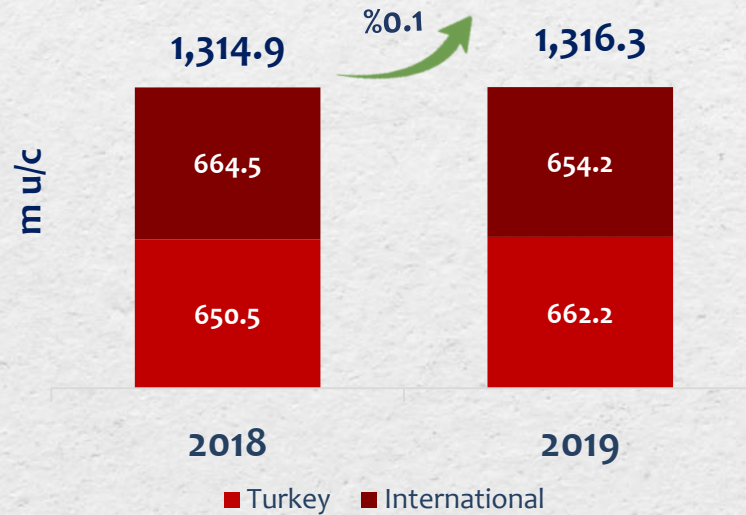


CIS & Turkey compensated lower volumes in Pakistan...

Soft Drinks

SALES VOLUME

VOLUME BREAKDOWN* BY COUNTRY



*Breakdown is on a combined basis

- ✓ **Consolidated sales volume** increased by 0.8% to 230 million UC, 2.4% growth in core business
- ✓ **Turkey volume** was up by 4.9% to 126 million UC; fueled by favourable weather conditions
 - ✓ The Sparkling category grew by 15.8%
 - ✓ Low/No calorie delivered 31.1% growth
- ✓ **International operations** volume decreased by 3.6%, reflecting lower volumes in Pakistan & continued production stoppage in Turkmenistan
 - ✓ Central Asia operations up 11.1%; double-digit growth in Kazakhstan, Azerbaijan and Tajikistan markets
 - ✓ Pakistan down 15.2%, Middle East down 3.2%, driven by the slowdown in Iraq



FINANCIAL OVERVIEW

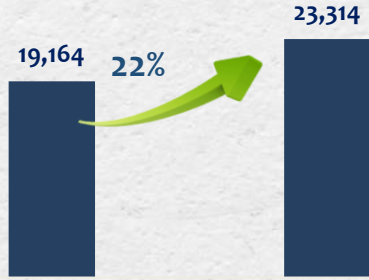
N. Orhun Köstem
Chief Financial Officer



EBITDA margin expanded, outperforming guidance...

Net Sales

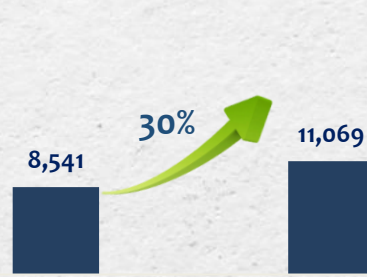
ANADOLU EFES



2018 Proforma 2019

Margin: 35.4% 37.7%

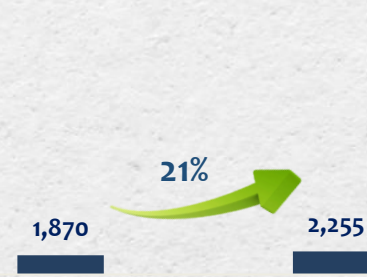
BEER GROUP



2018 Proforma 2019

Margin: 38.1% 41.4%

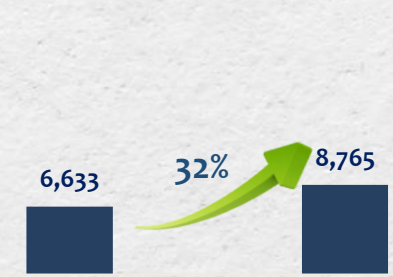
TURKEY BEER



2018 2019

Margin: 56.4% 54.2%

EBI



2018 Proforma 2019

Margin: 32.6% 37.7%

Gross Profit



2018 Proforma & Restated 2019

Margin: 15.6% 16.8%



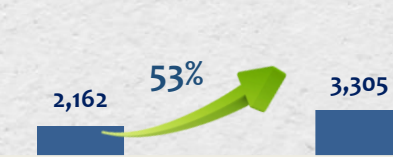
2018 Proforma & Restated 2019

Margin: 13.1% 15.4%



2018 Reclassed 2019

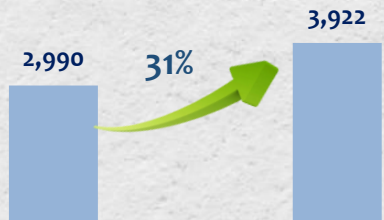
Margin: 21.3% 15.9%



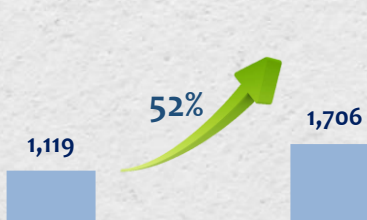
2018 Proforma & Restated 2019

Margin: 11.5% 16.0%

EBITDA (BNRI)



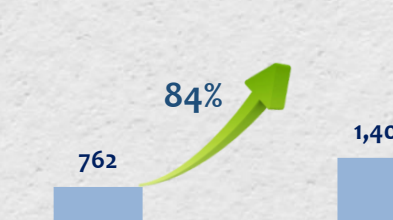
2018 Proforma & Restated 2019



2018 Proforma & Restated 2019



2018 Reclassed 2019



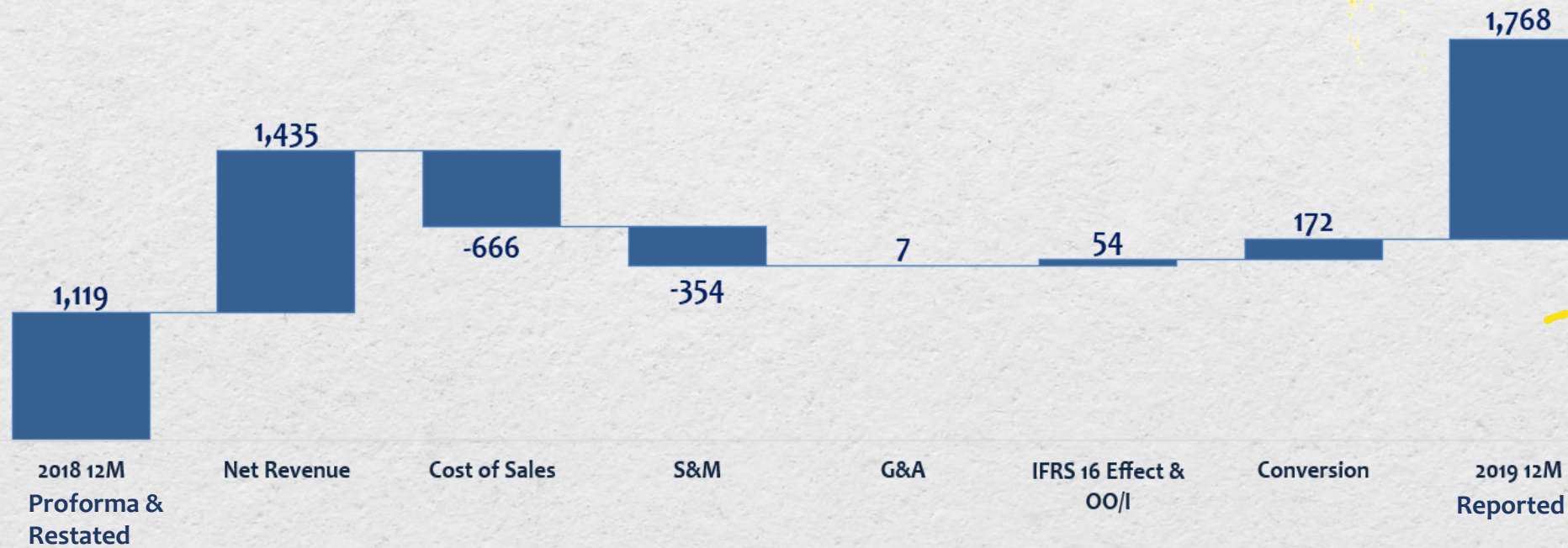
2018 Proforma & Restated 2019

*2018 Proforma figures assume realization of ABI Efes JV as of January 1st 2018 (instead of actual April 1st). Therefore proforma 2018 restated results include 9 months of operation of combined business. In addition to actual results, 2018 figures also include the incremental depreciation charge in 2019 which is a result of the revaluation of fixed assets following the merger in Russia & Ukraine as required by IFRS 3.

Pillars of Beer Group EBITDA Growth

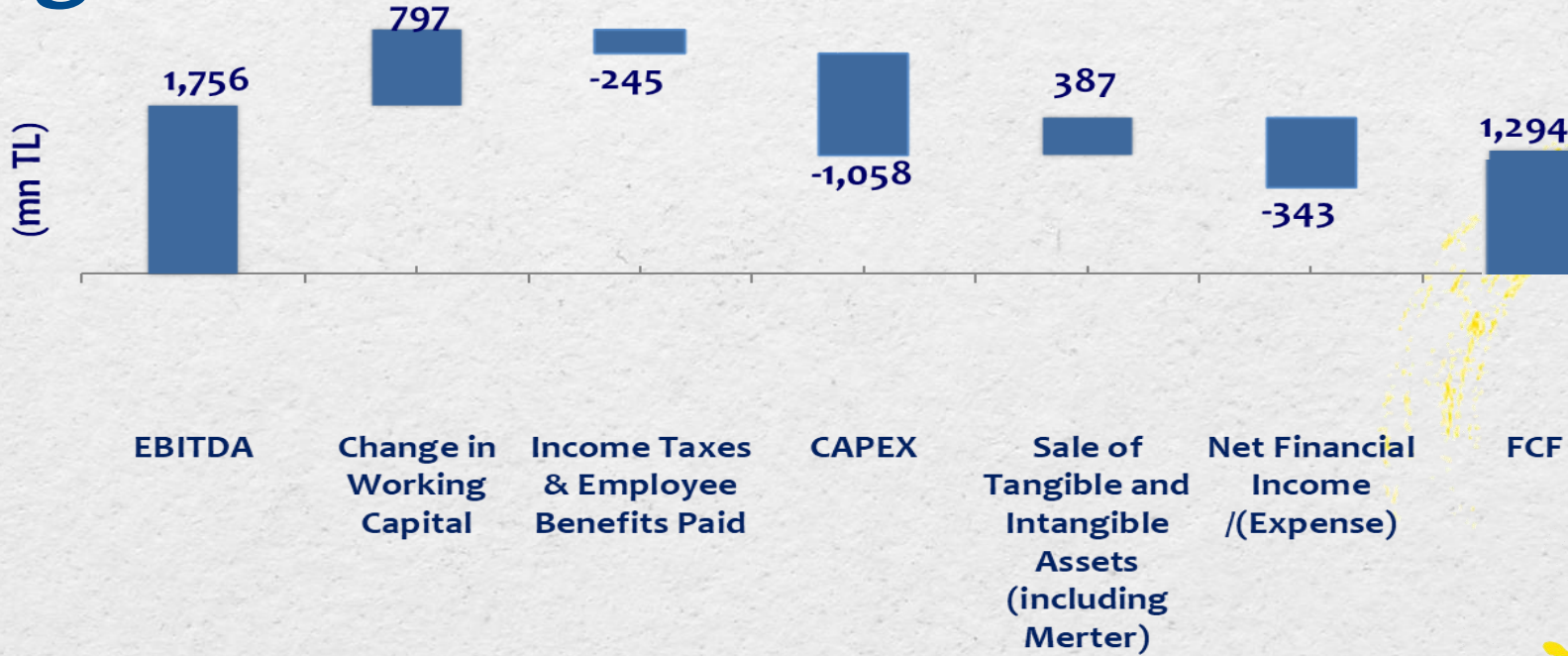
Year on year 36% EBITDA growth came as a result of;

- ✓ Higher volumes in international operations
- ✓ Revenue growth outperforming volume growth
- ✓ Extraction of synergies
- ✓ Positive conversion effect

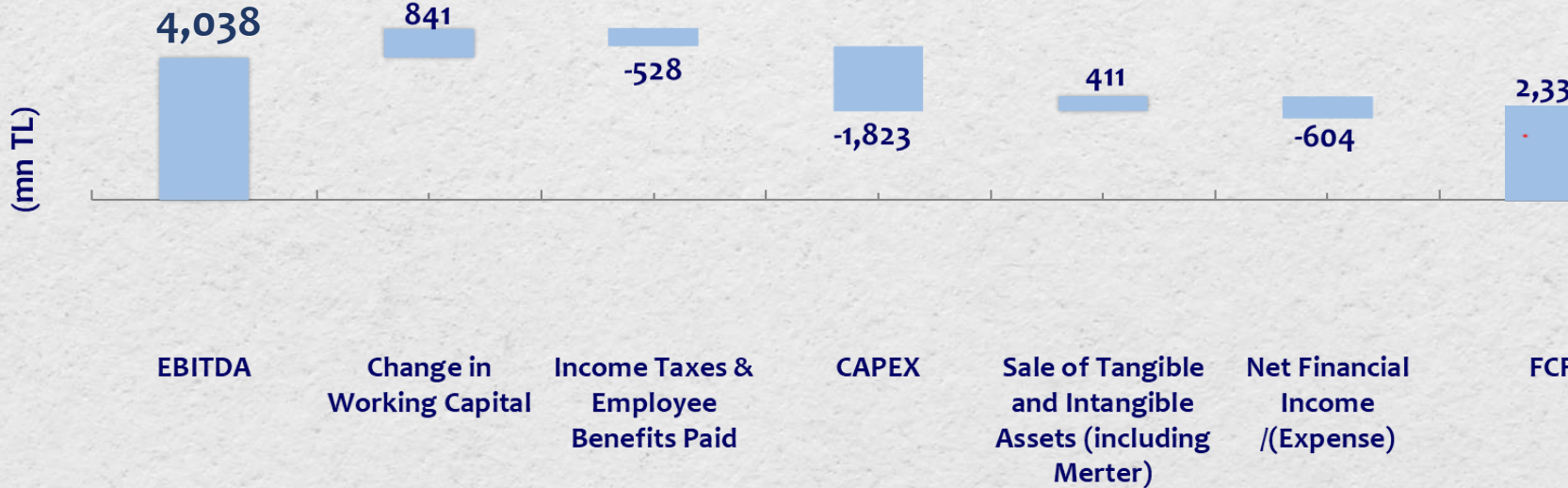


Strong Cash Generation

Beer Group



Anadolu Efes



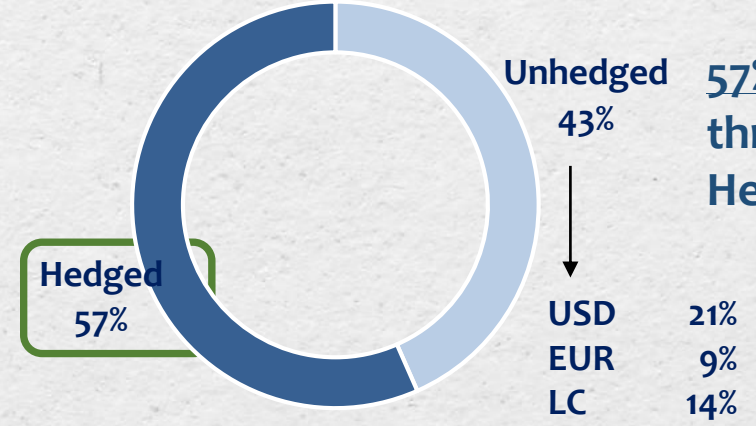
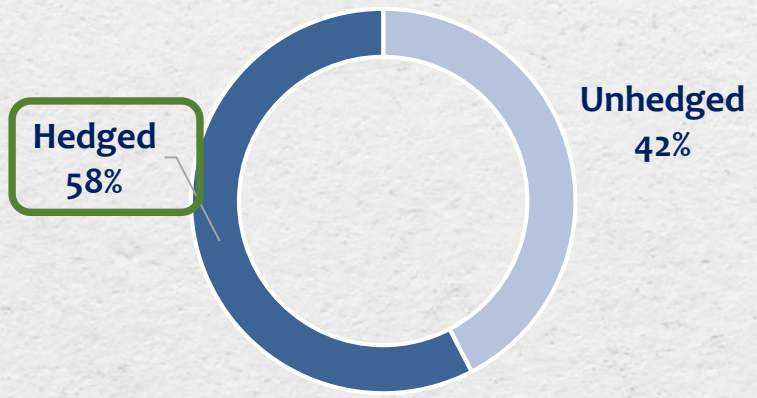
Balance Sheet FX Exposure Mitigated...

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

December 2018

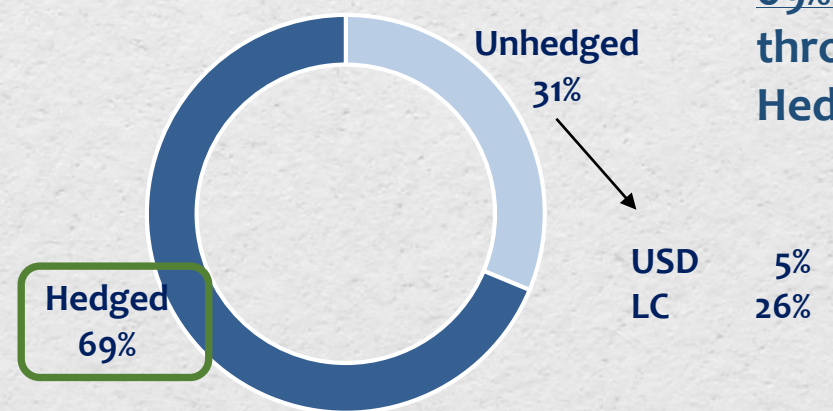
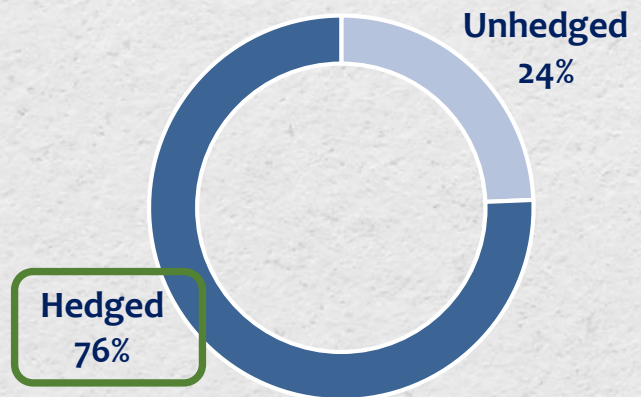
December 2019

Anadolu Efes



57% of our debt is hedged through Net Investment Hedge and CCS as of 4Q2019

Beer Group

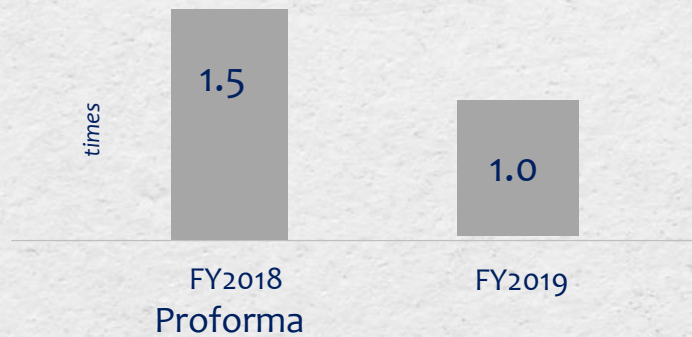


69% of our debt is hedged through Net Investment Hedge as of 4Q2019

Balance Sheet Discipline Maintained...

Net Debt / EBITDA (BNRI)¹

Anadolu Efes Consolidated

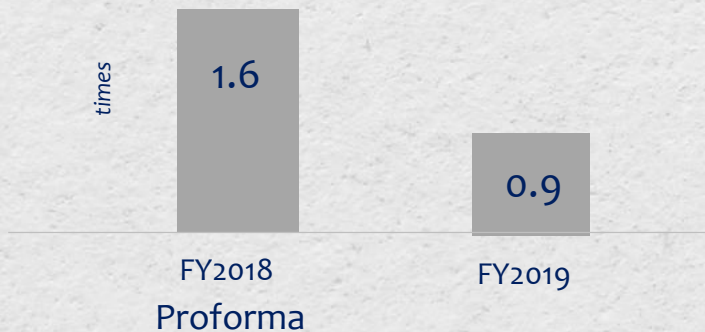


-61% of cash is hold as hard currency

-80% of debt is in hard currency
(57% of our debt is hedged through
Net Investment Hedge and CCS)

-89% of debt has fixed interest

Beer Group

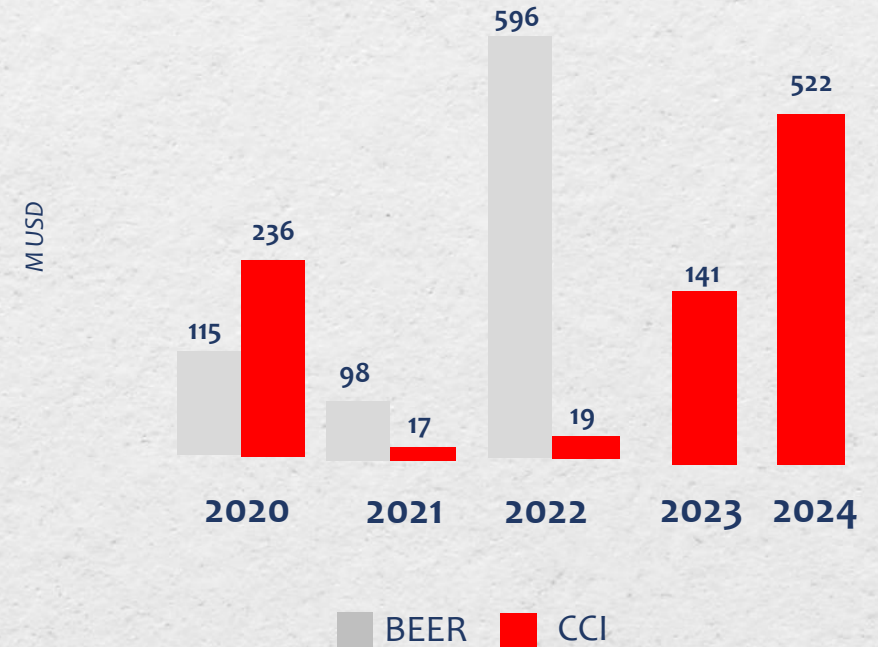


-63% of cash is hold as hard currency

-74% of debt is in hard currency
(69% of our debt is hedged through
Net Investment Hedge)

-100% of debt has fixed interest

Maturity Schedule²



Weighted average maturity of debt for

Beer Group is 2.3 years and

Anadolu Efes is 2.8 years

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

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

²Figures represent principal amounts

2020 Financial Priorities



CASH MANAGEMENT

- Funding plan for 2020 is on track



DEBT MANAGEMENT

- Manage leverage ratios and maturity schedule



RISK MANAGEMENT

- Manage FX & Commodity Exposure
- Working capital solutions



EXPENSE MANAGEMENT

- Zero Based Spending



PRODUCTIVITY & FCF

- Focus on Balance Sheet Health
- Free Cash Flow Improvement



2020 PRIORITIES & OUTLOOK

Can aka

CEO & Beer Group President



2020 Priorities



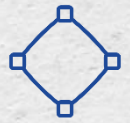
Win with Core Brands



Value Growth through Portfolio Play & Premiumization



Lead in Quality in Every Touch Point



Improve Corporate Wisdom



Improve People & Organizational Capability



Explore Opportunities in Growing Segments



Leverage Financial Discipline to Drive Strong Free Cash Flow Generation



Detailed 2020 Guidance

SALES VOLUME

Consolidated	grow by low-to-mid-single digit
Total Beer	grow by low-to-mid single digit
Turkey Beer	to be flat
Russia	to grow by low-to-mid single digit while outperforming the market. The competitive environment became tougher within the last year and we expect this trend to continue.
International Beer	to grow by low-to-mid single digit with the positive contribution of all international operations
Soft Drinks	3-4% growth
Turkey Soft Drinks	flattish
International Soft Drinks	mid-single digit growth

NET SALES REVENUE

Consolidated	grow by low-teens on FX-Neutral basis, supported by all business lines
Total Beer	grow by low-teens on FX-Neutral basis, benefitting from both Turkey and international beer
Turkey Beer	grow by high-teens attributable to favorable product mix and price increases
International Beer	increase by low-teens on FX-Neutral basis, driven by higher volume growth, price increases and portfolio mix
Soft Drinks	15-18% growth on a consolidated basis (FX-neutral)

EBITDA MARGIN

Consolidated	flat
Total Beer	to be flat or to slightly improve
Turkey Beer	flat to slightly decline due to the lack of price increase at the beginning of the year where the impact of cost inflation to be covered with a lag
International Beer	improve which is predominantly attributable to the margin improvement in Russia and Ukraine where we will benefit from scale and portfolio
Soft Drinks	Circa 100 bps improvement without the impact of cash designation and slight decline on a reported basis

FCF Continue to deliver strong FCF in both beer and soft drinks, yet lower compared to 2019 due to the cycling effects of a very strong base.

CAPEX as a percentage of sales high single digits on a consolidated basis



Q&A SESSION



Can aka

CEO & Beer Group President

N. Orhun Kstem

Chief Financial Officer

FX Rates

		FY2018	FY2019	Δ%
USD/TL	AVG	4.83	5.67	17.4%
	PE	5.26	5.94	12.9%
EUR/TL	AVG	5.68	6.35	11.8%
	PE	6.03	6.65	10.3%
TL/RUB	AVG	12.98	11.41	-12.1%
	PE	13.21	10.42	-21.1%
TL/KZT	AVG	71.41	67.51	-5.5%
	PE	73.03	64.17	-12.1%
TL/UAH	AVG	5.63	4.56	-19.1%
	PE	5.26	3.99	-24.2%
TL/MDL	AVG	3.48	3.10	-10.9%
	PE	3.26	2.90	-11.1%
TL/GEL	AVG	0.52	0.50	-5.3%
	PE	0.51	0.48	-5.1%

