

A row of condensation-covered bottles, including beer and Coca-Cola. The background is dark, and the bottles are the primary focus, with some in sharp focus and others blurred.

# ANADOLU EFES

INVESTOR PRESENTATION

Post 1H2017 Volume Announcement

# 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

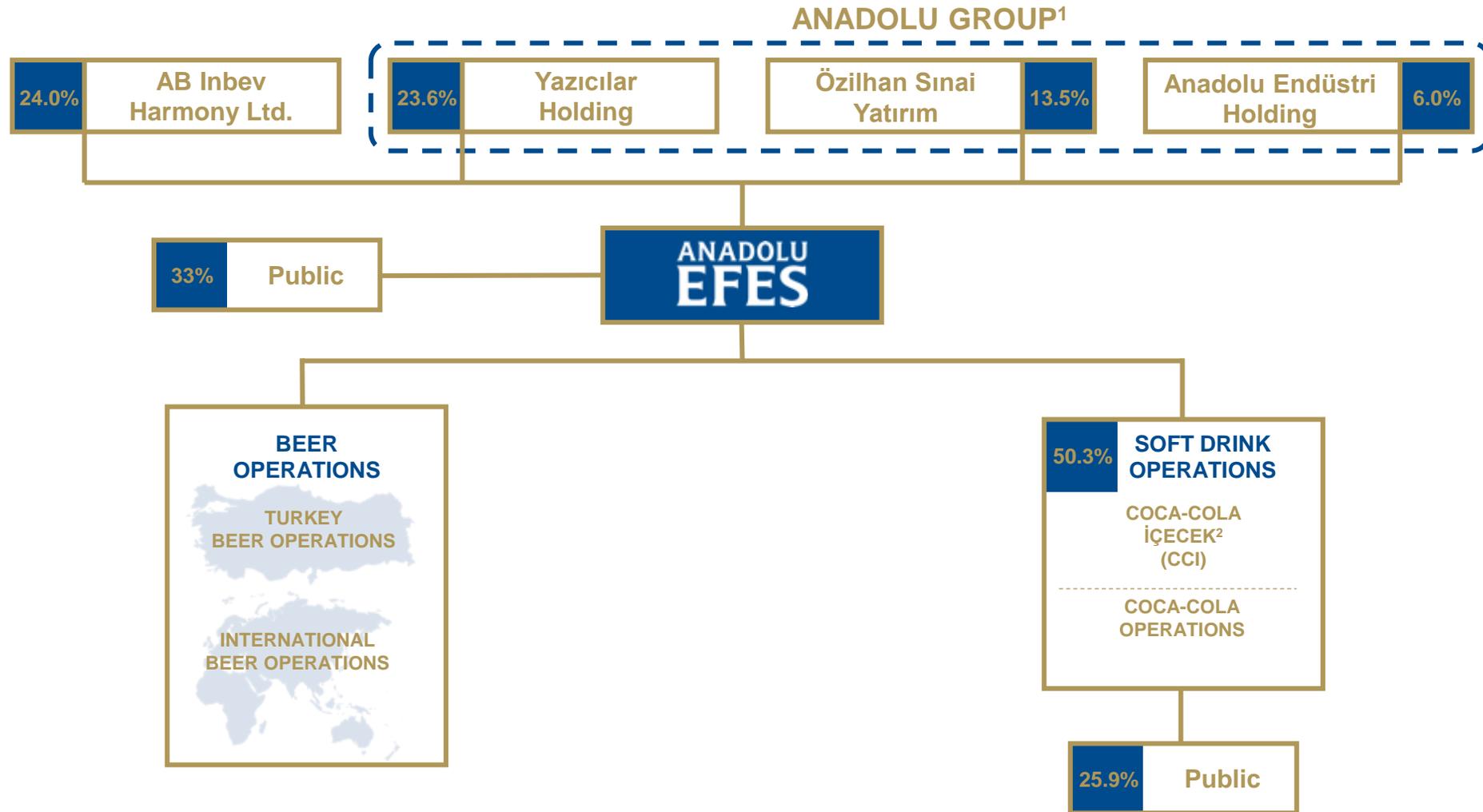


.....  
COLLABORATIVE



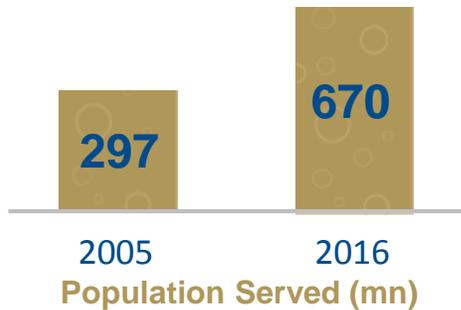
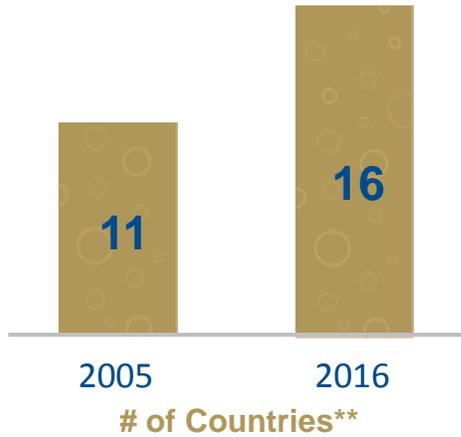
.....  
SUSTAINABLE

# ANADOLU EFES - OWNERSHIP STRUCTURE



(1) Only the major subsidiaries of the Group are presented  
 (2) 20% held by TCCC (The Coca-Cola Export Cooperation) and 4% by Özgörkey Holding

# ANADOLU EFES AT A GLANCE\*



Serving more than **670 mn** people



16 countries; 14 Breweries & 24 Bottling Plants

- Europe's **6th** largest brewer
- World's **14th** largest brewer
- **5th** largest Coca-Cola bottler in the Cola system



World class brand portfolio in beer & soft drinks



Strategic partnerships with world giants – AB InBev & The Coca-Cola Company



Operating in markets with significant growth potential



Total consolidated sales volume of 8.7 bn lt in 2016



TL10.4 bn net sales revenue & TL 1.8 bn EBITDA in 2016

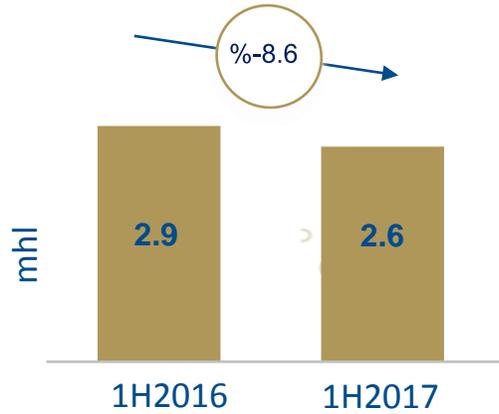


\* As of 2016

\*\* only includes countries where we have production or sales & distribution network

# VOLUME PERFORMANCE – 1H2017

TURKEY BEER



INTERNATIONAL BEER



SOFT DRINKS

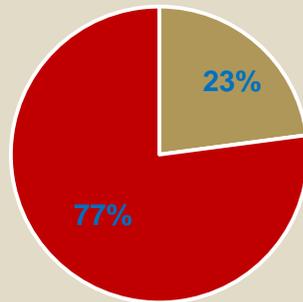


AEFES CONSOLIDATED



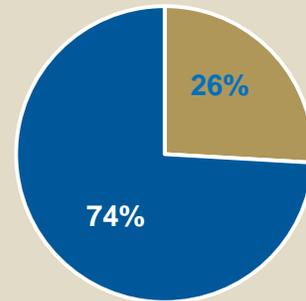
## BREAKDOWN\*

AEFES Consolidated



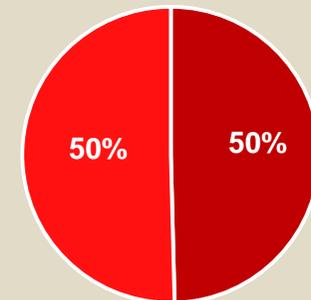
■ Beer ■ Soft drink

Beer Group



■ Turkey ■ International

Soft Drinks



■ Turkey ■ International

\*Breakdowns are on a combined basis

# Consolidated Performance – 1Q2017

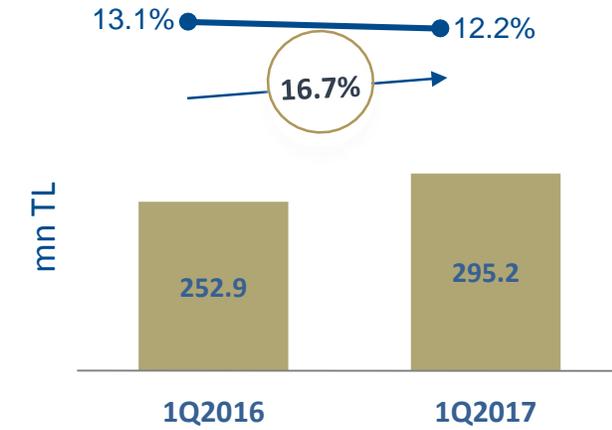
## SALES VOLUME



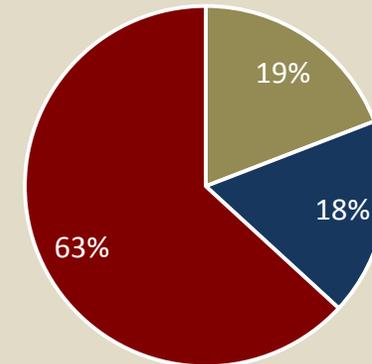
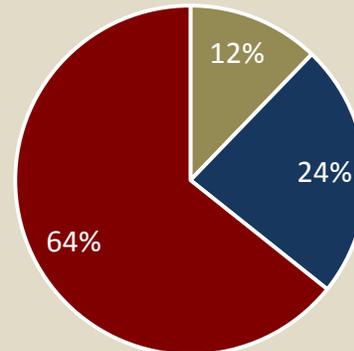
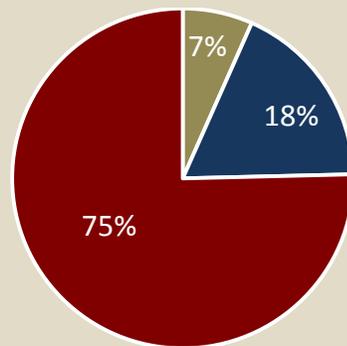
## NET SALES REVENUE



## EBITDA (BNRI) & EBITDA (BNRI) Margin



## BREAKDOWN\*



■ Turkey Beer ■ International Beer ■ Soft Drinks

\*Breakdowns are on a combined basis

# 1Q2017 KEY HIGHLIGHTS

- ◉ **Volume up 6.0% in 1Q2017 vs. 1Q2016**
  - ✓ The highest quarterly volume growth since 2014
  - ✓ Benefiting from strong performance of international beer operations and soft drinks
- ◉ **Revenue up 25.5% in 1Q2017 y-o-y, outperforming volume growth**
  - ✓ Strong volume growth
  - ✓ Local currency price increases
  - ✓ Positive translation effect of local currencies of internati
- ◉ **EBITDA (BNRI) increased by 16.7% to TL 295.2 million**
- ◉ **Bottomline was negative due to FX losses;**
  - ✓ Net loss of TL 84.9 mn in 1Q2017 vs. a net income of TL 60.3 mn in 1Q2016
- ◉ **Consolidated Net Debt to EBITDA (BNRI) was 2.1x as of 1Q2017**

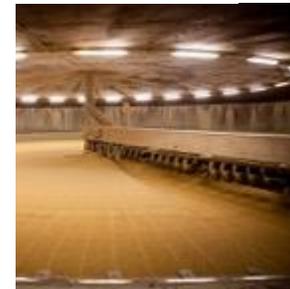


# STRONG COMPETITIVE ADVANTAGES

- **Balanced** Beer & Soft Drink Operations
- **Strategic Partnership** with AB InBev & TCCC
- **Expertise & Know-how** in driving cost efficiencies
- **Strong** regional player powered by proven local know-how



# SOLID CASH FLOW GENERATION



# 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



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EFES

# BEEER OPERATIONS



# BEER OPERATIONS

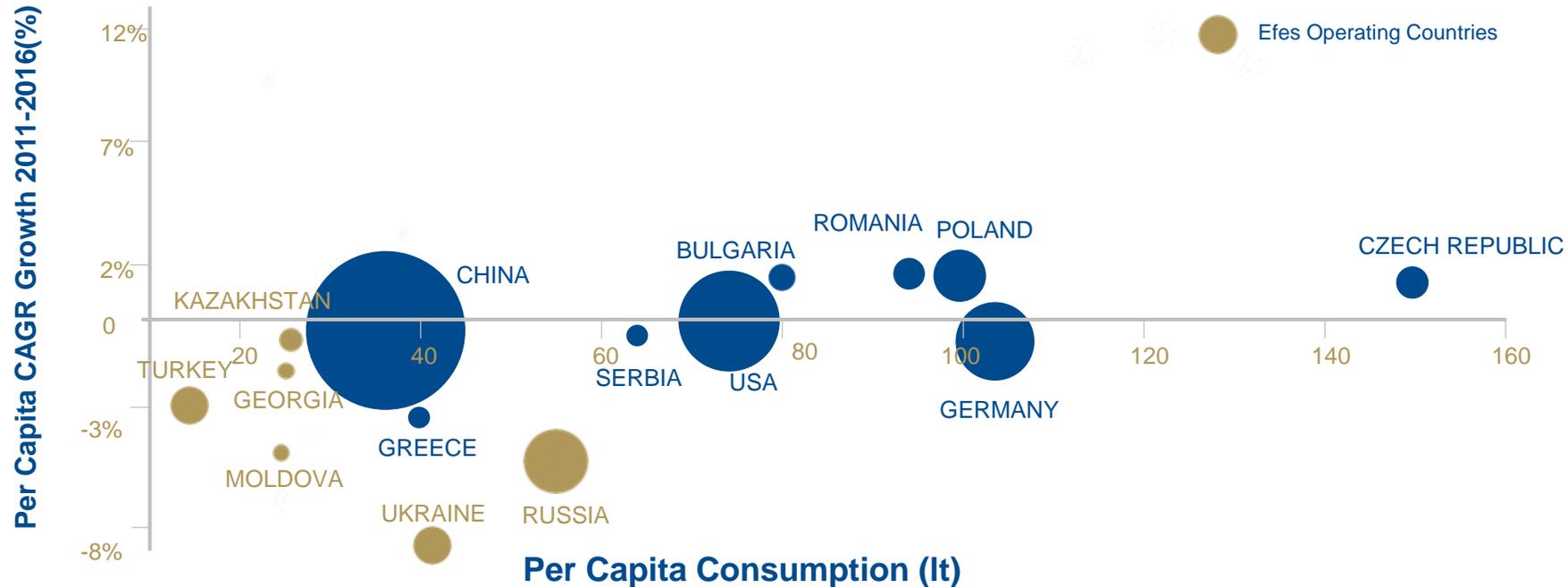


\* Volume share, Nielsen, 1Q2017  
\*\* Company estimates  
\*\*\* Gamma Retail Audit

# MARKETS WITH LOW PER CAPITA CONSUMPTION AND HIGH GROWTH POTENTIAL

Operating markets with growth potential characterized by

- ✓ low per capita consumption
- ✓ young populations
- ✓ developing economies
- ✓ westernization/urbanization



Source: Canadean Global Beer Trends 2016, Company Estimates  
 Note: Bubbles represent market size

# 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**

# TURKISH BEER MARKET

- ◉ Low per capita consumption of 11 liters\* offering a growth potential
- ◉ Growing population with 1.4% annual growth rate in 2016
  - ✓ 48% is below age 30
- ◉ Returnable market enabling higher operational profitability
  - ✓ Bottles & kegs amount to more than half of total beer market

## Low per capita consumption of 11 liters offering a growth potential

- ◉ **3** Breweries, **2** Malteries & **1** Hops Processing Facility
- ◉ **62%** market share\*
- ◉ **100%** brand awareness for “**Efes Pilsen**”
- ◉ Rich portfolio of local, imported & licensed brands covering all segments
- ◉ # 1 in consumer spending in Food & Beverage category – 8.8% in 2016\*\*
- ◉ **99%** penetration in Turkey\*\*
- ◉ **153** Dealers & **25** Distributors



# RUSSIAN BEER MARKET

- ◉ World's 5th largest beer market with total consumption of **~80 mhl**
- ◉ Expected compounded annual growth rate of **2%\*** between 2017-2021
- ◉ Dominated by multinational brewers
  - ✓ Top 4 accounting for **~ 72%** of the market
- ◉ Share of Modern Trade above **60%** - more than doubled in the last few years



## #2 player with;

- 6 Breweries – 21.7 mhl total brewing capacity
- 4 Malteries & 1 Preform Plant
- AEFES' largest beer market; 58% of total beer volumes from Russia in 1Q2017
- 15% overall market share\*
- #1 position in Premium category



\*volume share \*\*Nielsen Urban Russia, Cities 10000+, Off-Trade, YTD March 2017

# OTHER INTERNATIONAL BEER OPERATIONS

- ◉ Market leader in
  - ✓ Kazakhstan
  - ✓ Georgia
  - ✓ Moldova



# COMMITMENT TO ENVIRONMENT



## ENERGY AND EMISSIONS MANAGEMENT

**10%+10%**

Compared to 2008, we consumed **10% less energy** and generated **10% fewer emissions per unit product**. Between 2008-2013 the amount of energy we saved is equal to the **yearly consumption of 200.000 households**



## OPERATIONAL RELIABILITY

**22 Thousand Hours**

In 2013, we provided a total of more than **22.000 hours of occupational health and safety** training to our employees. We recycled **94.6%** of solid waste and by-products generated during the production of beer and malt



## WATER MANAGEMENT

**67 Thousand Households**

Compared to 2008, we consumed 19% less water in beer production and 24% less water in malt production. Between 2008-2013, the amount of water we saved is equal to the **yearly consumption of 67.000 households**



## PACKAGING MANAGEMENT

**178 Great Wall of China**

Compared to 2012, the weight of one-way packaging waste reclaimed is **increased by 22%**. Between 2008-2013, Preference of returnable bottles resulted in saving enough glass bottles to create a line stretching **178 times longer than Great Wall of China**.



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EFES

Coca-Cola®  
Içecek

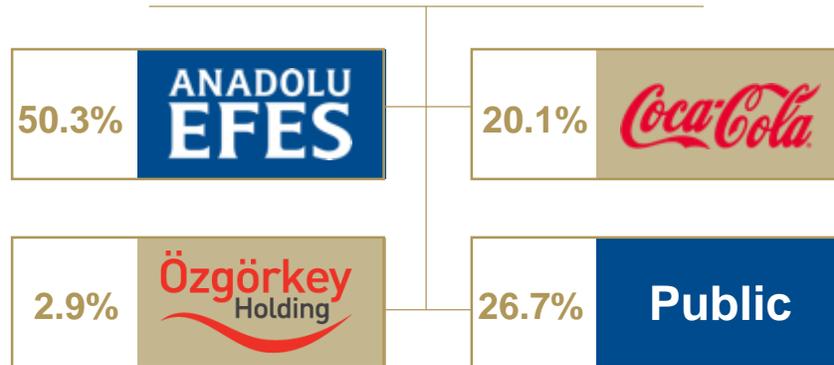


# CCI AT A GLANCE

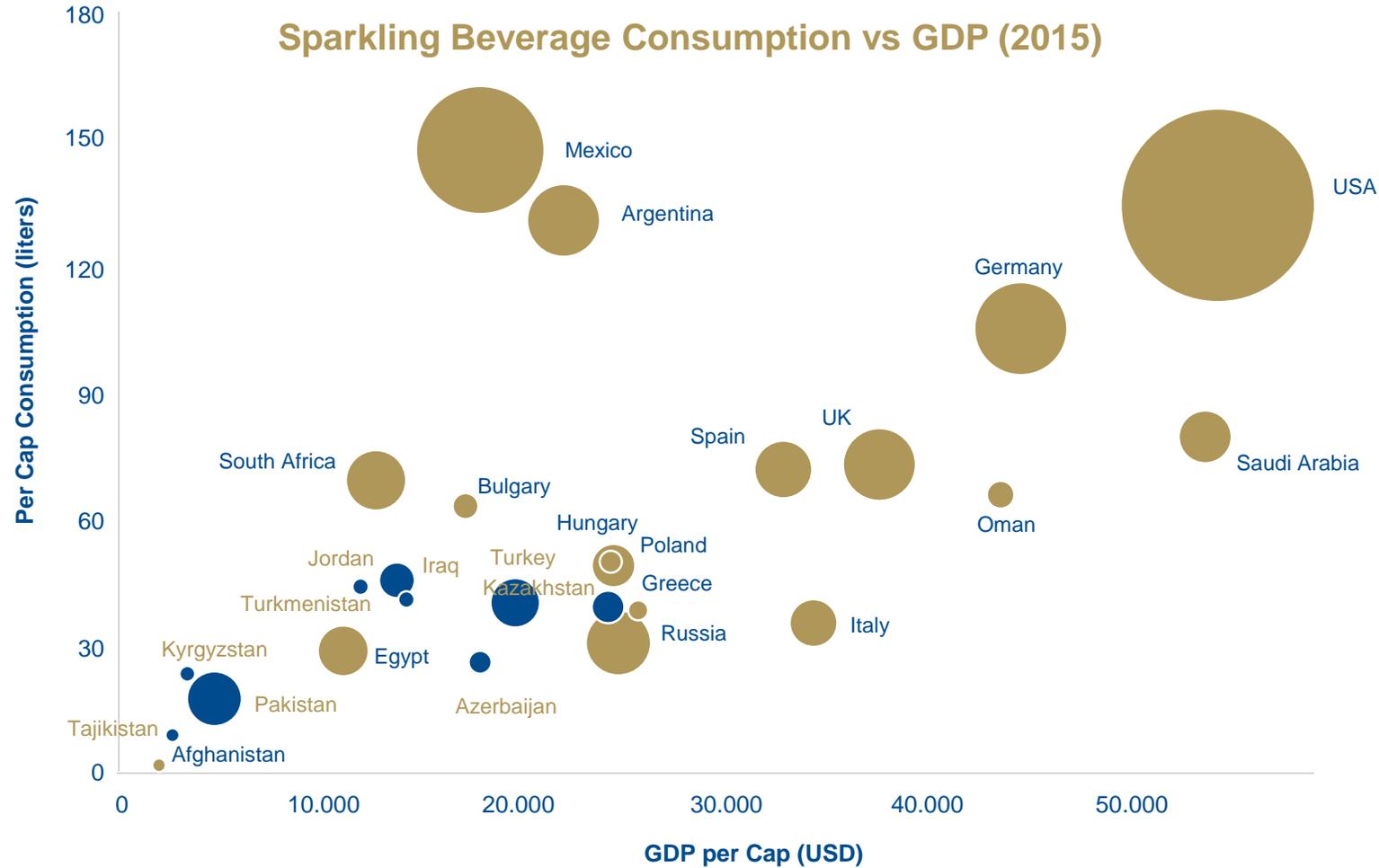
- **Market leader** in Turkey with 64% & Kazakhstan with 49% market share
- **#2 in** Pakistan with 37% market share & #2 in Iraq

- 24 Bottling Plants in 10 Countries
- 5th largest Coca-Cola bottler in Cola system
- Annual capacity of 1.4bn uc
- 1.2bn uc sales volume
- 26bn annual servings

*Coca-Cola İçecek*



# CCI AT A GLANCE



CCI territory  
Total population:  
380 million

Sources: IMF (GDP) and TCCC and CCI best estimates based on Nielsen and own market intelligence.  
Note: Bubbles represent market size

# SOFT DRINKS BUSINESS STRATEGIC PRIORITIES



**1** Accelerate **Revenue** and **Margin Growth**



**2** Grow **Sparkling** Category and Per Caps



**3** Selectively **Expand** Profitable **Still** Portfolio



**4** Continue to Build and Enhance Our **Reputation**



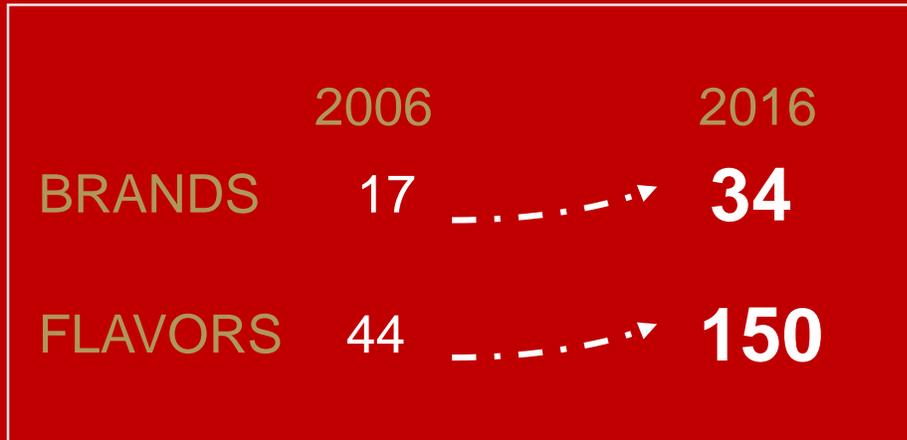
**5** Build a **World Class Organisation**



*Coca-Cola İçecek*

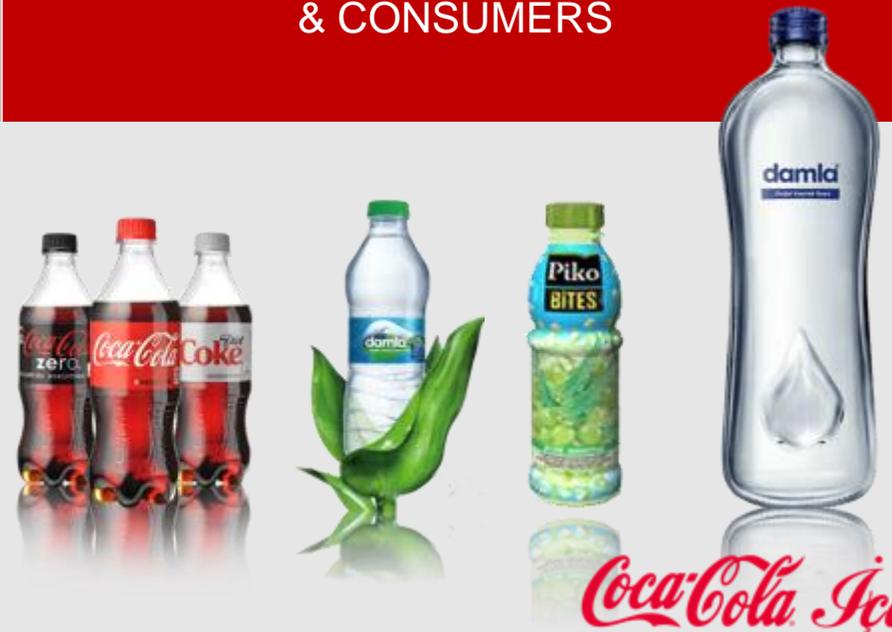
# STRONG BRAND PORTFOLIO

## BRAND & FLAVOR EXPANSION



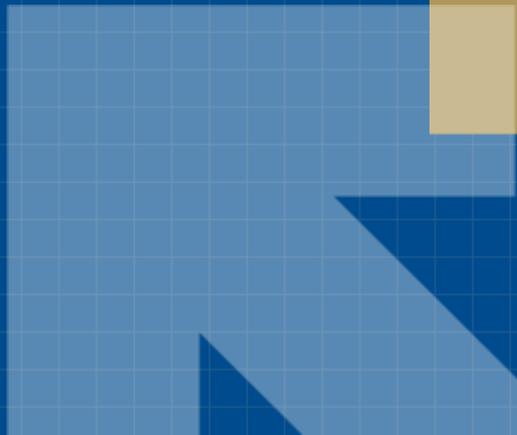
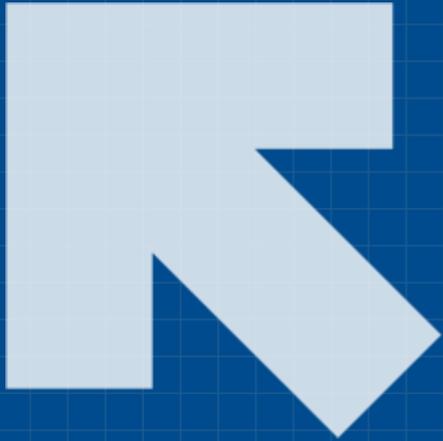
## PACKAGE INNOVATION

DIFFERENTIATED  
PACKAGE SEGMENTATION  
ACROSS CHANNELS, CUSTOMERS  
& CONSUMERS



Coca-Cola Icecek

# FINANCIALS AND OUTLOOK



# FINANCIAL HIGHLIGHTS

	TURKEY BEER (TL mn)		INTERNATIONAL BEER (TL mn)		CCI (TL mn)	
	1Q2017	vs 1Q2016	1Q2017	vs 1Q2016	1Q2017	vs 1Q2016
Volume (mhl)	1.2	-3.6%	3.2	14.8%	233.0*	5.1%
Net Sales	294.8	4.0%	570.3	65.9%	1,555.7	19.5%
Gross Profit	160.1	1.7%	226.1	45.9%	481.4	15.3%
EBIT (BNRI)	16.1	-31.4%	-9.3	-41.7%	69.3	54.6%
EBITDA (BNRI)	58.7	-10.7%	54.3	28.6%	193.6	24.5%
Net Income**	-59.9	n.m.	33.6	55.4%	-86.0	n.m.
<b>Margins</b>		<b>Change (bps)</b>		<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit	54.3%	-124	39.6%	-543	30.9%	-114
EBIT (BNRI)	5.5%	-282	-1.6%	28	4.5%	101
EBITDA (BNRI)	19.9%	-328	9.5%	-275	12.4%	49
Net Income**	-20.3%	-3,453	5.9%	-40	-5.5%	-779

\* mn u/c

\*\*Net income attributable to shareholders

# GROSS & NET DEBT

## Anadolu Efes Consolidated

1Q2016	1Q2017	
5,271	6,425	TOTAL FINANCIAL DEBT (m TL)
1,709	2,683	TOTAL CASH & EQUIVALENTS (m TL)
3,562	3,742	NET DEBT (m TL)
1,257	1,028	NET DEBT (m USD)

## Turkey Beer

1Q2016	1Q2017	
1,750	2,234	TOTAL FINANCIAL DEBT (m TL)
323	369	TOTAL CASH & EQUIVALENTS (m TL)
1,427	1,865	NET DEBT (m TL)
504	513	NET DEBT (m USD)

## Beer Group

1Q2016	1Q2017	
2,009	2,524	TOTAL FINANCIAL DEBT (m TL)
843	1,296	TOTAL CASH & EQUIVALENTS (m TL)
1,166	1,228	NET DEBT (m TL)
411	337	NET DEBT (m USD)

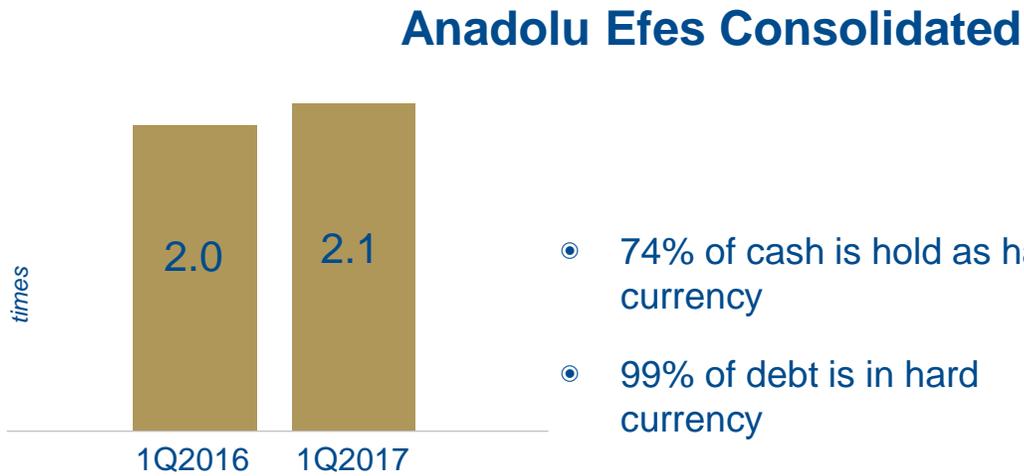
## EBI

1Q2016	1Q2017	
252	281	TOTAL FINANCIAL DEBT (m TL)
486	922	TOTAL CASH & EQUIVALENTS (m TL)
-234	-641	NET DEBT (m TL)
-83	-176	NET DEBT (m USD)

# BALANCE SHEET FLEXIBILITY

- 1Q2017 Net Leverage Ratios are within comfortable area

Net Leverage Ratio: Net Debt / EBITDA (BNRI)



- 74% of cash is hold as hard currency
- 99% of debt is in hard currency



- 70% of cash is hold as hard currency
- 100% of debt is in hard currency

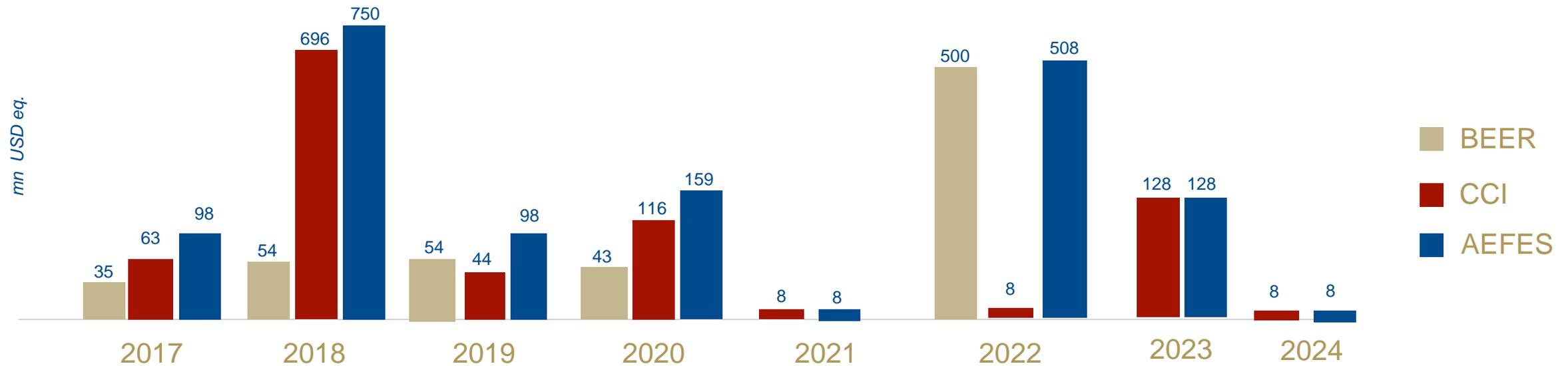
# BORROWING MIX & LIQUIDITY PROFILE

- Easily manageable debt repayment schedule\*

- Average maturity of debt for

- ✓ Beer Group is app. 4.6 years and

- ✓ Anadolu Efes is app. 3.1 years



\*Only principal amounts

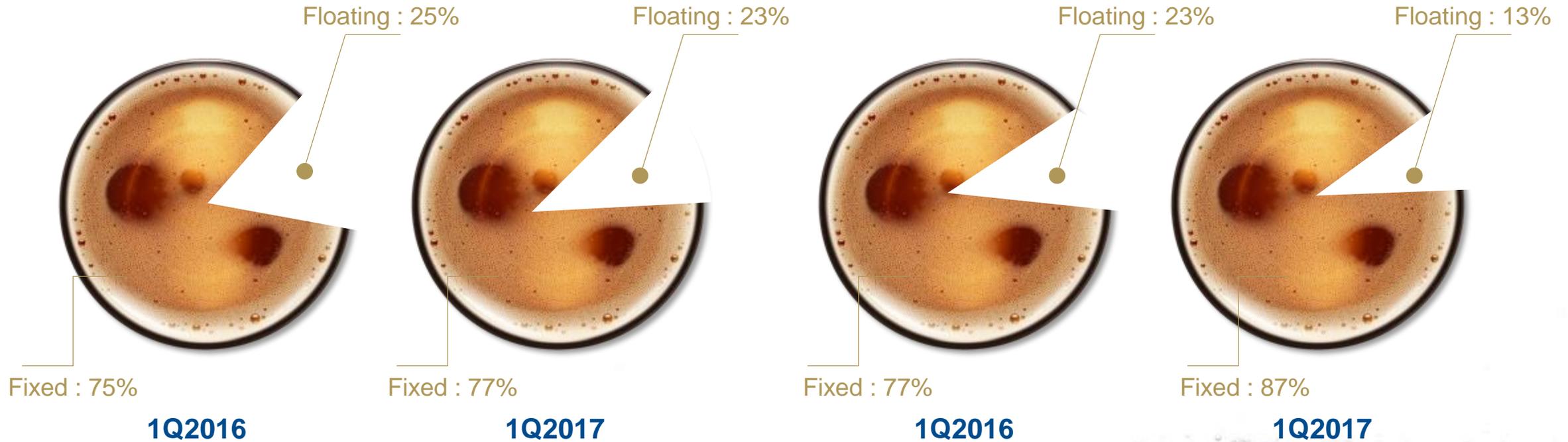


# INTEREST BREAKDOWN

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

## ANADOLU EFES

## BEER GROUP



# 2017 GUIDANCE

Since first quarter is relatively a small quarter, we cautiously reiterate our guidance for Anadolu Efes.

## Sales Volume:

Low-to-mid single digit growth on a consolidated basis

- **Total Beer:** low single digit growth
- **Turkey beer:** flattish vs a flattish market
- **Russian beer:** outperformance of flattish beer market

Consolidated Soft Drinks: mid-single digit growth

- **Turkey soft drinks:** low-single digit growth
- **International soft drinks:** high-single digit growth

## Revenue:

Outperform sales volume **in all business lines**

## EBITDA Margin:

Flattish **on a consolidated basis**

- Flattish EBITDA (BNRI) margin for **beer group** despite the growing share of structurally lower margin international beer business
- Flat to 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**

# 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



# FINANCIAL HIGHLIGHTS – FY2016

	TURKEY BEER (TL mn)		INTERNATIONAL BEER (USD mn)		CCI (TL mn)	
	FY2016	vs FY2015	FY2016	vs FY2015	FY2016	vs FY2015
Volume (mhl)	6.0	-9.9%	13.9	-0.9%	1,189.1**	3.2%
Net Sales	1,438.6	-3.1%	630.6	-13.0%	7,050.2	4.9%
Gross Profit	853.5	-6.0%	275.4	-20.3%	2,392.5	2.5%
EBIT (BNRI)	246.6	-15.4%	42.6	36.4%	640.7	0.2%
EBITDA (BNRI)	408.3	-6.8%	107.8	-9.0%	1,092.9	3.9%
Net Income*	-129.0	-162.9%	52.8	n.m.	-28.4	a.d.
<b>Margins</b>		<b>Change (bps)</b>		<b>Change (bps)</b>		<b>Change (bps)</b>
Gross Profit	59.3%	-183	43.7%	-401	33.9%	-78
EBIT (BNRI)	17.1%	-249	6.8%	245	9.1%	-42
EBITDA (BNRI)	28.4%	-111	17.1%	75	15.5%	-14
Net Income*	-9.0%	-566	8.4%	1,523	-0.4%	-215

\*Net income attributable to shareholders

\*\* mn unit case