

ANADOLU EFES (BIST: AEFES. IS) 2Q2017 & 1H2017 EARNINGS RELEASE

Istanbul, August 8, 2017

1H2017 HIGHLIGHTS

Consolidated sales volume up 4.4% to 44.6 mhl
 Consolidated net sales revenue up 23.1% to TL 6,182.2 million
 Consolidated EBITDA Before Non-Recurring Items (BNRI) up 11.1% to TL 984.4 million
 Consolidated Free Cash Flow was TL 129.8 million versus TL 49.4 million 1H2016

2Q2017 HIGHLIGHTS

Consolidated sales volume up 3.3% to 27.1 mhl
 Consolidated net sales revenue up 21.6% to TL 3,756.5 million
 Consolidated EBITDA (BNRI) up 8.9% to TL 689.2 million

AEFES Consolidated (TL mn)	2Q2016	2Q2017	% change	1H2016	1H2017	% change
Volume (mhl)	26.2	27.1	3.3%	42.7	44.6	4.4%
Net Sales	3,088.7	3,756.5	21.6%	5,022.0	6,182.2	23.1%
Gross Profit	1,304.6	1,484.5	13.8%	2,036.6	2,354.1	15.6%
EBIT (BNRI)	423.5	440.5	4.0%	470.5	500.8	6.4%
EBITDA (BNRI)	633.1	689.2	8.9%	886.0	984.4	11.1%
Net Income/(Loss)*	171.9	175.1	1.9%	232.2	90.2	-61.2%
			Change (bps)			Change (bps)
Gross Profit Margin	42.2%	39.5%	-272	40.6%	38.1%	-248
EBIT (BNRI) Margin	13.7%	11.7%	-199	9.4%	8.1%	-127
EBITDA (BNRI) Margin	20.5%	18.3%	-215	17.6%	15.9%	-172
Net Income Margin*	5.6%	4.7%	-90	4.6%	1.5%	-316

* Net income attributable to shareholders

Anadolu Efes reported another strong quarter in 2Q2017 by delivering 3.3% year-on-year volume growth with robust results in both international beer operations and soft drinks. Consolidated sales volume in the first half of the year reached 44.6 mhl with an increase of 4.4%, being in line with our guidance of low-to-mid single digit growth.

Consolidated net sales revenue increased by 21.6% y-o-y in 2Q2017, benefitting from higher volumes, price increases and positive translation effect of local currencies of international operations into TL. As a result, in the first half of the year, net sales revenue reached TL 6,182.2 million with a y-o-y growth rate of 23.1%

Consolidated EBITDA (BNRI) was reported as TL 689.2 million in 2Q2017, growing by 8.9% y-o-y. Soft drink margin was flat in the period, while beer group margin was under pressure with higher per liter fixed costs in Turkey due to lower volumes with increased S&M expenses before the relaunch of Efes brand and relatively higher raw material costs in international beer together with product and channel mix. As a result, EBITDA (BNRI) increased by 11.1% with 15.9% margin in 1H2017, down 172bps.

Consolidated net profit was recorded at TL 90.2 million in 1H2017 vs. TL 232.2 million a year ago as a result of TL 100.5 million mostly non-cash fx-loss in 1H2017, which was mostly non-cash fx-gain of TL 69.9 million the same period of last year.

Consolidated FCF improved to TL 129.8 million in 1H2017 from TL 49.4 million in 1H2016. Our consolidated net debt/EBITDA (BNRI) improved to 1.9x as of June 30, 2017 compared to 2.1x a year ago.

SUMMARY FINANCIALS

Consolidated (TL mn)	2Q2016	2Q2017	Change %	1H2016	1H2017	Change %
Volume (mhl)	26.2	27.1	3.3%	42.7	44.6	4.4%
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Net Income Margin*	5.6%	4.7%	-90	4.6%	1.5%	-316
Beer Group (TL mn)	2Q2016	2Q2017	Change %	1H2016	1H2017	Change %
Volume (mhl)	5.7	5.9	2.7%	9.7	10.2	5.3%
Net Sales	959.7	1,197.2	24.7%	1,591.7	2,067.2	29.9%
Gross Profit	505.8	562.8	11.3%	821.2	953.3	16.1%
EBIT (BNRI)	122.2	74.1	-39.4%	128.3	68.9	-46.3%
EBITDA (BNRI)	211.1	192.4	-8.8%	308.8	293.9	-4.8%
Net Income/(Loss)*	113.6	85.5	-24.7%	161.2	45.5	-71.8%
	Change (bps)			Change (bps)		
Gross Profit Margin	52.7%	47.0%	-569	51.6%	46.1%	-548
EBIT (BNRI) Margin	12.7%	6.2%	-654	8.1%	3.3%	-473
EBITDA (BNRI) Margin	22.0%	16.1%	-592	19.4%	14.2%	-519
Net Income Margin*	11.8%	7.1%	-469	10.1%	2.2%	-793
Turkey Beer (TL mn)	2Q2016	2Q2017	Change %	1H2016	1H2017	Change %
Volume (mhl)	1.7	1.5	-12.2%	2.9	2.6	-8.6%
Net Sales	403.2	371.3	-7.9%	686.5	666.1	-3.0%
Gross Profit	243.5	207.2	-14.9%	400.8	367.3	-8.4%
EBIT (BNRI)	74.8	29.0	-61.3%	98.4	45.1	-54.2%
EBITDA (BNRI)	116.1	74.7	-35.6%	181.9	133.4	-26.7%
Net Income/(Loss)*	31.5	56.5	79.2%	71.9	-3.4	n.m.
	Change (bps)			Change (bps)		
Gross Profit Margin	60.4%	55.8%	-458	58.4%	55.1%	-325
EBIT (BNRI) Margin	18.6%	7.8%	-1,075	14.3%	6.8%	-756
EBITDA (BNRI) Margin	28.8%	20.1%	-867	26.5%	20.0%	-647
Net Income Margin*	7.8%	15.2%	739	10.5%	-0.5%	-1,098
EBI (TL mn)	2Q2016	2Q2017	Change %	1H2016	1H2017	Change %
Volume (mhl)	4.1	4.4	8.7%	6.8	7.6	11.1%
Net Sales	547.5	816.5	49.1%	891.4	1,386.9	55.6%
Gross Profit	256.4	348.8	36.1%	411.4	574.9	39.8%
EBIT (BNRI)	60.0	55.8	-6.9%	53.4	46.5	-12.9%
EBITDA (BNRI)	106.7	128.0	19.9%	148.9	182.2	22.4%
Net Income/(Loss)*	83.2	24.8	-70.2%	104.9	58.4	-44.3%
	Change (bps)			Change (bps)		
Gross Profit Margin	46.8%	42.7%	-411	46.1%	41.5%	-470
EBIT (BNRI) Margin	11.0%	6.8%	-412	6.0%	3.4%	-264
EBITDA (BNRI) Margin	19.5%	15.7%	-383	16.7%	13.1%	-357
Net Income Margin*	15.2%	3.0%	-1,217	11.8%	4.2%	-755
CCI (TL mn)	2Q2016	2Q2017	Change %	1H2016	1H2017	Change %
Volume (mn u/c)	360.1	372.6	3.5%	581.9	605.6	4.1%
Net Sales	2,129.0	2,559.3	20.2%	3,430.3	4,115.0	20.0%
Gross Profit	802.9	919.7	14.5%	1,220.4	1,401.1	14.8%
EBIT	305.0	370.0	21.3%	349.9	439.3	25.6%
EBITDA	421.9	496.8	17.8%	577.4	690.5	19.6%
Net Income/(Loss)*	148.1	231.3	56.2%	177.5	145.3	-18.2%
	Change (bps)			Change (bps)		
Gross Profit Margin	37.7%	35.9%	-178	35.6%	34.0%	-153
EBIT Margin	14.3%	14.5%	13	10.2%	10.7%	48
EBITDA Margin	19.8%	19.4%	-40	16.8%	16.8%	-5
Net Income Margin*	7.0%	9.0%	208	5.2%	3.5%	-164

* Net income attributable to shareholders

MANAGEMENT COMMENTS

“We increased our consolidated sales volumes by 4% to 44.6 mhl, our net sales revenues by 23% to TL 6.2 billion and our EBITDA (BNRI) by 11% to TL 1.0 billion in the first half of 2017 while generating positive FCF of TL 130 million. We are very happy to continue delivering strong results following a good start to 2017.” commented Mr. Gavin Hudson.

“Turkey beer operations continued to face the challenges from the first quarter in addition to unfavorable weather conditions and impact of Ramadan. Competition remains to be challenging in terms of volumes. Taking into account the impact of these challenges, we are revising our guidance for our own Turkey beer volumes from flattish to low-single-digit decline for the full year. On the other hand, we refreshed our strategy by welcoming the high season with the relaunch of our Efes brand together with appointing a new GM to Turkey beer operations. As you know, I intended to take over this role for a certain time period to get a better grasp of our largest beer businesses. Therefore, I would like to take this chance to say that I am very happy to have headed Turkey beer in this period which I consider a very valuable opportunity to get to know the business better. I believe our refreshed strategy will start paying off in the following periods.

On the Russian side, we outperformed the market in line with our guidance. Given the ongoing effects of PET regulation and cold weather conditions, we now expect the Russian beer market to be down by low single digits and therefore not flattish in 2017 while we will continue to outperform the market. Also, we continued to monitor the decline in the market very closely and strengthened our presence in the growing Modern Trade channel and in the relatively new DIOT segment without compromising our premiumization strategy. As before, the team successfully continued to monitor operating expenses by following a strict cost control.

Consequently, we now improve our expectation for our total beer volume growth from low-single-digit to mid-single-digit growth on the back of strong international beer performance supported by both Russian and other international beer markets. We believe the robust performance of international beer will more than offset the domestic volume performance. Thus, our guidance for Anadolu Efes consolidated volumes is revised upwards to mid-single-digit growth from low-to-mid single digit growth. We now expect our Beer Group EBITDA (BNRI) margin to be slightly lower, mostly due to mix impacts in international operations as well as lower operational profitability in Turkey due to volume pressures.”

OPERATIONAL PERFORMANCE - BEER GROUP

TURKEY BEER OPERATIONS

Turkey Beer (TL mn)	2Q2016	2Q2017	% change	1H2016	1H2017	% change
Volume (mhl)	1.7	1.5	-12.2%	2.9	2.6	-8.6%
Net Sales	403.2	371.3	-7.9%	686.5	666.1	-3.0%
Gross Profit	243.5	207.2	-14.9%	400.8	367.3	-8.4%
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EBITDA (BNRI)	116.1	74.7	-35.6%	181.9	133.4	-26.7%
Net Income/(Loss)*	31.5	56.5	79.2%	71.9	-3.4	n.m.
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Gross Profit Margin	60.4%	55.8%	-458	58.4%	55.1%	-325
EBIT (BNRI) Margin	18.6%	7.8%	-1,075	14.3%	6.8%	-756
EBITDA (BNRI) Margin	28.8%	20.1%	-867	26.5%	20.0%	-647
Net Income Margin*	7.8%	15.2%	739	10.5%	-0.5%	-1,098

* Net income attributable to shareholders

Turkey beer domestic volume was realized at 1.4 mhl in 2Q2017 and 2.4 mhl in 1H2017. Factors which impacted the beer market negatively in the first quarter of the year reflected into 2nd quarter as well. Apart from these factors, unfavorable weather conditions and Ramadan fully overlapping the 2nd quarter unavoidably impacted the volumes. Competitive environment continued to be a challenge for the volumes in the period as well.

Exports out of Turkey was up by 1.1% in the first half of the year. Accordingly, total sales volume of Turkey beer operations was reported at 1.5 mhl in 2Q2017 and 2.6 mhl in 1H2017.

High season was welcomed with the relaunch of Efes, which will be the main pillar to drive our portfolio strategy for the rest of the year. As before, brands will be the core of our focus, while we will continue optimizing our route-to-market capability and excelling in execution.

Net sales revenue per liter increased by 4.9% y-o-y in 2Q2017, on the back of the price increase following Dec-2016 excise tax increase. As a result, net sales revenue was down by 7.9% y-o-y to TL 371.3 million in 2Q2017. In the first half of the year, topline reached TL 666.1 million, down 3.0% y-o-y, where the decline in net sales revenue was lower than the decline in volumes.

Higher costs and F/X-based raw materials with y-o-y weaker TL, as well as mix impact and the increase in per unit fixed costs caused by lower volumes led cost of sales per liter to rise by 17.0% in 2Q2017 vs 2Q2016. Thus, gross profit declined by 14.9% y-o-y to TL 207.2 million in 2Q2017. In 1H2017, gross profit was down 8.4% to TL 367.3 million with a margin of 55.1%.

Operating expenses increased by 10.1% in 2Q2017 vs 2Q2016 due to marketing and selling expenses related to the relaunch of Efes brand before the peak season and higher fixed selling expenses due to lower volumes. As a result, EBITDA (BNRI) declined by 35.6% y-o-y to TL 74.7 million in 2Q2017 and by 26.7% to TL 133.4 million in 1H2017. Accordingly, EBITDA (BNRI) margin came down to 20.0% in 1H2017 from 26.5% in 1H2016.

Bottom line was almost at breakeven in 1H2017 versus a net profit of TL 71.9 million in 1H2016. Bottom line was affected by TL 24.4 million FX losses in the period vs TL 1.7 million TL FX gain in 1H2016, as a result of devaluation of TL against EUR in the first half compared to 2016 year-end.

INTERNATIONAL BEER OPERATIONS

International Beer (TL mn)	2Q2016	2Q2017	% change	1H2016	1H2017	% change
Volume (mhl)	4.1	4.4	8.7%	6.8	7.6	11.1%
Net Sales	547.5	816.5	49.1%	891.4	1,386.9	55.6%
Gross Profit	256.4	348.8	36.1%	411.4	574.9	39.8%
EBIT (BNRI)	60.0	55.8	-6.9%	53.4	46.5	-12.9%
EBITDA (BNRI)	106.7	128.0	19.9%	148.9	182.2	22.4%
Net Income/ (Loss)*	83.2	24.8	-70.2%	104.9	58.4	-44.3%
			Change (bps)			Change (bps)
Gross Profit Margin	46.8%	42.7%	-411	46.1%	41.5%	-470
EBIT (BNRI) Margin	11.0%	6.8%	-412	6.0%	3.4%	-264
EBITDA (BNRI) Margin	19.5%	15.7%	-383	16.7%	13.1%	-357
Net Income Margin*	15.2%	3.0%	-1,217	11.8%	4.2%	-755

* Net income attributable to shareholders

EBI's consolidated sales volume grew by another 8.7% in 2Q2017 following a strong start to the year. Accordingly, international beer operations continued outperforming expectations by recording 11.1% growth in the first half of 2017 especially on the back of strong Russian beer volumes.

The Russian beer market is estimated to be down by low-to-mid single digits in the first half of the year. In addition to the ongoing effects of PET regulation and downsizing, weak consumer sentiment in Russia and colder-than-normal weather conditions also put pressure on the beer market volumes. However, we managed to outperform the market by continued focus on brands and execution, rapidly adapting to the changes in regulations, increasing our presence in the growing modern trade channel and growing our share in DIOT segment. The competition was also intense in the period.

Volume performances in other EBI countries were better than planned however beer markets in these countries were under pressure in the period. We managed to secure our leadership position in all countries excluding Ukraine.

EBI's net sales revenue grew by 49.1% to TL 816.5 million in 2Q2017, benefitting from strong volume growth in the period, price increases and positive translation effect of local currencies of EBI countries into TL. Accordingly, net sales revenue reached TL 1,386.9 million in 1H2017 with an increase of 55.6% y-o-y.

Gross profit was reported as TL 348.8 million in 2Q2017 versus TL 256.4 million in 2Q2016. Relatively higher procurement prices, lagged impact of devaluations in CIS countries and product and channel mix have led the gross profit to grow less than revenue growth. Thus, gross margin was realized at 41.5% in 1H2017, with a decline of 470 bps y-o-y.

EBI's EBITDA (BNRI) increased by 19.9% in 2Q2017 y-o-y to TL 128.0 million. EBITDA (BNRI) in the first half of the year rose by 22.4% y-o-y to TL 182.2 million, with an EBITDA (BNRI) margin of 13.1%, declining by 357 bps y-o-y. The y-o-y decline in EBITDA (BNRI) margin is less than the decline in gross margin, thanks to sustained OPEX management and also higher volumes in the period.

EBI's net profit was recorded TL 58.4 million in 1H2017 vs TL 104.9 million in 1H2016. Strong local currencies against TL led to FX gain of TL 18.2 million in the first half of the year which was TL 74.4 million a year ago.

OPERATIONAL PERFORMANCE - SOFT DRINK GROUP

MANAGEMENT COMMENTS

Burak Basarir, Chief Executive Officer of Coca-Cola İcecek, commented: "I am pleased to report solid results for the first half of 2017.

In Turkey, our pricing strategy and successful commercial execution supported our overall profitability. We continued to progress in reshaping our portfolio towards a more favourable mix with a higher share of immediate consumption packages and accelerated growth in high margin subcategories.

In our International operations, Pakistan benefited from a supportive macroeconomic environment while cycling a very high base. We continue to focus on effective discount management and disciplined productivity initiatives to drive sustainable growth. Iraq posted volume growth despite challenging macroeconomic and security conditions.

Central Asia performed better than our plans despite challenges in Turkmenistan. Improving market execution and effective consumer promotions contributed to robust performance in the region.

The first half performance reconfirms the strength of our business model and allows us to maintain our full year guidance. We are committed to delivering profitable growth with strong free cash flow for the remainder of the year. We were recently accorded the highest credit rating among all Turkish companies which will further support us as we expand across our geographies."

Coca-Cola İcecek (TL mn)	2Q2016	2Q2017	% change	1H2016	1H2017	% change
Volume (mn u/c)	360.1	372.6	3.5%	581.9	605.6	4.1%
Net Sales	2,129.0	2,559.3	20.2%	3,430.3	4,115.0	20.0%
Gross Profit	802.9	919.7	14.5%	1,220.4	1,401.1	14.8%
EBIT	305.0	370.0	21.3%	349.9	439.3	25.6%
EBITDA	421.9	496.8	17.8%	577.4	690.5	19.6%
Net Income/(Loss)*	148.1	231.3	56.2%	177.5	145.3	-18.2%
			Change (bps)			Change (bps)
Gross Profit Margin	37.7%	35.9%	-178	35.6%	34.0%	-153
EBIT Margin	14.3%	14.5%	13	10.2%	10.7%	48
EBITDA Margin	19.8%	19.4%	-40	16.8%	16.8%	-5
Net Income Margin*	7.0%	9.0%	208	5.2%	3.5%	-164

* Net income attributable to shareholders

Volumes increased by 3.5% in 2Q2017. The share of Turkey within the total remained flat at 49%, compared to 2Q2016.

Sparkling growth was almost flat, as growth in International operations offset the contraction in Turkey. The Stills category (excluding Water) was up by 5.5%, supported by solid growth in International operations. Water was down by 4.7%, reflecting lower volumes in Turkey. In 1H2017, Sparkling made up 70% of total volume compared to 71% in 1H2016.

Turkey delivered 2.9% volume growth, led by strong Ice Tea and NRTD Tea. The Sparkling category declined by 5.0%, offsetting the 7.1% growth in 1Q2017, which was mainly driven by future consumption (FC) packages ahead of the price increases at the end of March. Coupled with lower volumes in future consumption packages, higher number of rainy days and lower than average temperatures in 2Q2017, Sparkling volume in 1H2017 slightly contracted by 0.8%. On the other hand, our commercial initiatives to drive revenue are delivering results. The launch of 330 ml sleek cans in 1Q2017 supported immediate consumption (IC) volume growth of 10.8%. Despite the contraction in Sparkling volume, transactions grew by 3%, driven by IC packages. Stills category volume increased by 2.8%, led by 18.7% growth in Ice Tea, while Water and Juice categories contracted. IC packages outperformed FC packages in the Water category, in line with our strategy to focus on more profitable packages. Despite the contraction in the overall Juice category in 2Q2017, higher margin products within this category posted double digit growth, in line with our focus on increasing category profitability. In 1H2017, Stills contracted by 5.1%, reflecting lower Water and Juice volumes. The non-ready-to-drink

(NRTD) Tea category posted 52.3% volume growth. This high growth was mainly due to a new listing in one of our largest customers.

International operations delivered 4.1% volume growth, with Pakistan and Central Asia the main contributors to the growth. Following 9.4% growth in 1Q17, Pakistan grew by 3.7% in 2Q2017, cycling 28.1% in 2Q2016. A supportive macroeconomic environment, coupled with successful consumer activities, contributed to overall volume growth of 5.6% in 1H2017. Focusing on discount management and disciplined productivity initiatives, we continue to target sustainable top line growth in this key market. In the midst of challenging macroeconomic and security conditions, Iraq posted 2.2% growth in 2Q2017, supported by successful promotions and new flavours in the Sparkling category, as well as improved execution and penetration.

Central Asia continued its recovery, posting 6.0% growth, fueled by effective consumer promotions, strengthened market execution and the rollout of the One Brand Strategy. Our leadership ratio increased in all our markets in the region. Kazakhstan and Azerbaijan, our largest markets, both registered double digit growth. Kazakhstan delivered 16.6% volume growth, supported by continuing economic recovery and a stronger currency. The launch of 1.75 lt packs in flavoured Sparklings continued to support double digit growth in the category. Water also contributed with more than 40% growth, led by successful marketing campaigns. In Azerbaijan, volume grew by 21.8%, cycling the low base of 2Q2016. All categories posted solid growth on the back of successful promotions and improving macroeconomics. Turkmenistan continued to underperform due to ongoing macroeconomic challenges, registering a 42.3% volume contraction. We have taken various counter-measures to secure raw materials and in April we launched an affordable Pet 300 entry pack.

Consolidated net sales revenue increased by 20.2% in 2Q2017, reflecting positive pricing and volume impact as well as the positive FX conversion impact of International operations. On an FX-neutral basis, consolidated NSR growth was 7.2% in 2Q2017. In Turkey, NSR grew by 7.0%, mainly driven by positive packaging mix, price increases and successful promotion management in the Sparkling category. NSR per unit case accelerated by 4.0% in 2Q2017, following 1.4% in 1Q2017. In our international operations, NSR increased by 34.4%, implying 7.4% growth on an FX-neutral basis. Volume and positive pricing in Central Asia and Pakistan helped topline growth in international operations with NSR per unit case increasing by 3.2%, on an FX-neutral basis.

Gross margin contracted by 178 bps to 35.9%. Increasing share of International operations from 46% in 2Q2016 to 49% in 2Q2017, had a dilutive impact given relatively lower gross margin in this segment. Cost per unit case increased by 19.5% in 2Q2017 (5.9% on an FX-neutral basis) in international operations due to higher raw material prices. In 2Q2017, international operations also cycled a high base of gross margin in 2016, mainly stemming from Pakistan. EBIT margin improved by 13 bps to 14.5%, on the back of lower operating expenses in Turkey. Turkey's EBIT margin showed improvement partly due to the phasing of marketing expenses. On the other hand, EBIT margin contracted in International operations, mainly due to lower gross profitability. EBITDA margin declined by 40 bps to 19.4% in 2Q2017, despite the expansion in EBIT, due to lower non-cash expenses in the quarter. EBITDA margin remained flat at 16.8% in 1H2017. Net income increased 56% to TL 231.3 m, due to lower FX losses on the back of appreciation of the TL against the USD and higher operating profitability in 2Q2017.

Net income increased 56% to TL 231.3 million, due to lower FX losses on the back of appreciation of the TL against the USD and higher operating profitability in 2Q2017.

Free cash flow increased to TL 126.4 million in 1H17, 20.3% more than 1H2016, stemming from higher cash from operating activities and lower capital expenditures. Of the total capital expenditure of TL 257.7 million, 43% was related to Turkey while 57% related to International.

As of 30 June 2017, consolidated net debt was USD 666.1 million, bringing the Net Debt/EBITDA ratio to 1.94x.

CONSOLIDATED FINANCIAL PERFORMANCE

EBITDA (TL mn)	1H2016	1H2017
Profit/loss from Operations	468.1	494.6
Depreciation and amortization	383.9	463.1
Provision for retirement pay liability	9.1	11.0
Provision for vacation pay liability	12.4	11.5
Foreign exchange gain/loss from operating activities	7.3	-5.0
Rediscount interest income/expense from operating activities	0.8	1.3
Other	2.1	1.7
EBITDA	883.7	978.2
EBITDA (BNRI*)	886.0	984.4

* Non-recurring items amounted to TRL 2.4 million in 1H2016 and TRL 6.2 million in 1H2017

Financial Income / (Expense) Breakdown (TL mn)	1H2016	1H2017
Interest income	35.7	49.3
Interest expense	-101.5	-121.4
Foreign exchange gain / (loss)	69.9	-100.5
Other financial expenses (net)	-9.0	-11.6
Gain/ (loss) on derivative transactions	-14.0	0.0
Net Financial Income / (Expense)	-18.8	-184.2

Anadolu Efes Free Cash Flow (TL mn)	1H2016	1H2017
EBITDA	883.7	978.2
Change in Working Capital	-331.6	-317.7
Income Taxes & Employee Benefits Paid	-43.7	-35.1
CAPEX, net	-376.4	-416.7
Net Financial Income / (Expense)	-68.5	-61.1
FCF	63.5	147.6
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	-14.1	-17.8
FCF (after investing activities)	49.4	129.8

	Consolidated Gross Debt	Cash & Cash Equivalents	Net Cash/(Debt) Position
AEFES Consolidated (TL mn)	6,372.1	2,727.0	-3,645.1
Beer Group (TL mn)	2,587.3	1,278.2	-1,309.1
Turkey Beer (TL mn)	2,302.0	247.9	-2,054.1
EBI (USD mn)	78.8	292.4	213.6
CCI (TL mn)	3,784.8	1,448.7	-2,336.1

	1H2016	1H2017
Net Debt/ EBITDA (BNRI)		
Anadolu Efes Consolidated	2.1	1.9
Beer Group	2.1	2.0

OUTLOOK

Sales Volume:

Mid-single digits growth **on a consolidated basis** (*previously: low-to-mid single digit growth*)

Total Beer: Mid-single digit growth (*previously: low single digit growth*)

Turkish beer market: Flattish

Turkey own beer: Down low-single digit (*previously: flattish*)

Russian beer market: Down low-single digit (*previously: flattish*)

Russian own beer: Outperformance of 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**

Slightly lower margin for **beer group** (*previously: flattish*)

Flat to slight improvement in EBITDA margin for **soft drinks**

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 2017

Financial Markets Related: 2017 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 the our cost of sales relates to raw and packaging materials and many of these raw materials are commodities, or are priced based on commodities 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 Six-Month Period Ended 30.06.2016 and 30.06.2017		
Prepared in accordance with IFRS as per CMB Regulations		
(TL mn)		
	2016/06	2017/06
SALES VOLUME (mhl)	42.7	44.6
SALES REVENUE	5,022.0	6,182.2
Cost of Sales (-)	-2,985.4	-3,828.1
GROSS PROFIT FROM OPERATIONS	2,036.6	2,354.1
Selling, Distribution and Marketing Expenses (-)	-1,157.8	-1,390.8
General and Administrative Expenses (-)	-405.8	-478.0
Other Operating Income	82.8	143.5
Other Operating Expense (-)	-87.7	-134.1
PROFIT FROM OPERATIONS (BNRI)*	470.5	500.8
Income From Investing Activities	14.2	7.9
Expenses From Investing Activities (-)	-9.7	-9.0
Income / (Loss) from Associates	-6.8	-10.4
OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)	465.9	483.1
Financial Income / Expense (net)	-18.8	-184.2
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	447.0	298.8
Continuing Operations Tax Income/(Expense)		
- Current Period Tax Expense (-) / Income	-75.7	-91.6
- Deferred Tax Expense (-) / Income	-20.2	-16.7
INCOME/(LOSS) FOR THE PERIOD	351.1	190.5
Attributable to:		
Non-Controlling Interest	118.9	100.4
EQUITY HOLDERS OF THE PARENT	232.2	90.2
EBITDA (BNRI)*	886.0	984.4

*Non-recurring items amounted to TL 2.4 million in 1H2016 and TL 6.2 million in 1H2017

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

ANADOLU EFES
Consolidated Balance Sheets as of 31.12.2016 and 30.06.2017
Prepared In Accordance with IFRS as per CMB Regulations
(TL mn)

	2016/12	2017/06
Cash & Cash Equivalents	2,745.3	2,727.0
Financial Investments	11.0	0.0
Derivative Instruments	1.5	2.8
Trade Receivables from Third Parties	1,188.1	2,029.8
from Related Parties	131.5	163.1
Other Receivables	99.1	79.8
Inventories	1,031.0	1,331.5
Other Current Assets	801.2	835.2
Total Current Assets	6,008.7	7,169.0
Other Receivables	14.5	14.6
Financial Investments	0.8	0.8
Investments in Associates	58.4	65.9
Property, Plant and Equipment (incl. inv properties)	7,396.6	7,445.0
Other Intangible Assets	9,964.1	9,988.8
Goodwill	1,675.2	1,698.8
Deferred Tax Assets	274.3	287.0
Other Non-Current Assets	236.0	271.5
Total Non-Current Assets	19,619.9	19,772.5
Total Assets	25,628.6	26,941.5
	2016/12	2017/06
Current portion of long term borrowings	383.1	1,106.8
Short-term Borrowings	117.8	206.3
Derivative Instruments	0.1	0.0
Current Trade Payables to Third Parties	1,258.3	1,914.9
to Related Parties	25.9	41.0
Other Current Payables	661.6	956.9
Provision for Corporate Tax	1.4	15.4
Provisions	129.6	129.1
Other Liabilities	108.6	113.2
Total Current Liabilities	2,686.5	4,483.6
Long-term Borrowings	5,682.4	5,059.0
Non Current Trade Payables	26.4	27.1
Other Non Current Payables	301.5	326.0
Deferred Tax Liability	1,831.5	1,857.8
Other Non Current Liabilities	283.2	287.1
Total Non-Current Liabilities	8,125.1	7,557.0
Total Equity	14,817.0	14,900.9
Total Liabilities and Shareholders' Equity	25,628.6	26,941.5

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 Six-Month Period Ended 30.06.2016 and 30.06.2017
Prepared in accordance with IFRS as per CMB Regulations
(TL mn)

	2016/06	2017/06
SALES VOLUME (mhl)	9.7	10.2
SALES REVENUE	1,591.7	2,067.2
GROSS PROFIT FROM OPERATIONS	821.2	953.3
PROFIT FROM OPERATIONS (BNRI)*	128.3	68.9
OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)	146.2	82.9
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	204.3	60.2
INCOME/(LOSS) FOR THE PERIOD	161.3	45.5
EQUITY HOLDERS OF THE PARENT	161.2	45.5
EBITDA (BNRI)*	308.8	293.9

*Non-recurring items amounted to TL 2.4 million in 1H2016 and TL 6.2 million in 1H2017
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 30.06.2017
Prepared In Accordance with IFRS as per CMB Regulations
(TL mn)

	2016/12	2017/06
Cash & Cash Equivalents	1,279.2	1,278.2
Derivative Instruments	0.3	0.7
Trade Receivables	715.7	1,090.9
Other Receivables	57.7	30.5
Inventories	509.7	593.9
Other Current Assets	313.6	367.5
Total Current Assets	2,876.3	3,361.7
Investments in Associates	655.9	663.4
Property, Plant and Equipment (incl. inv properties)	2,063.6	2,102.4
Other Intangible Assets	1,781.4	1,816.0
Goodwill	985.3	1,011.3
Other Non-Current Assets	354.6	375.5
Total Non-Current Assets	5,840.8	5,968.6
Total Assets	8,717.1	9,330.3
Current portion of long term borrowings	126.8	336.4
Short-term Borrowings	8.6	148.7
Current Trade Payables	511.1	710.1
Other Current Payables	449.8	687.2
Provisions	47.3	46.9
Other Liabilities	45.4	46.0
Total Current Liabilities	1,189.0	1,975.4
Long-term Borrowings	2,277.7	2,102.1
Other Non Current Payables	301.5	326.0
Deferred Tax Liability	279.5	283.9
Other Non Current Liabilities	106.9	101.9
Total Non-Current Liabilities	2,965.7	2,813.9
Total Equity	4,562.4	4,541.0
Total Liabilities and Shareholders' Equity	8,717.1	9,330.3

TURKEY BEER OPERATIONS		
Highlighted Income Statement Items For Six-Month Period Ended 30.06.2016 and 30.06.2017		
Prepared In Accordance with IFRS as per CMB Regulations		
(TL mn)		
	2016/06	2017/06
SALES VOLUME (mhl)	2.9	2.6
NET SALES	686.5	666.1
GROSS PROFIT FROM OPERATIONS	400.8	367.3
PROFIT FROM OPERATIONS (BNRI)*	98.4	45.1
Income / Expense from Investing Activities (net)	1.2	4.2
Financial Income / Expense (net)	-19.6	-50.7
CONTINUING OPERATIONS PROFIT BEFORE TAX	80.0	-6.2
Tax income /(expense)	-8.1	2.8
PROFIT FOR THE YEAR	71.9	-3.4
EBITDA (BNRI)*	181.9	133.4

* Non-recurring items amounted to TL 4.8 million in 1H2017

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 Six-Month Period Ended 30.06.2016 and 30.06.2017		
Prepared In Accordance with IFRS as per CMB Regulations		
(TL mn)		
	2016/06	2017/06
SALES VOLUME (mhl)	6.8	7.6
NET SALES	891.4	1,386.9
GROSS PROFIT	411.4	574.9
PROFIT FROM OPERATIONS (BNRI)*	53.4	46.5
Income / Expense from Investing Activities	10.4	2.2
Financial Income / Expense (net)	77.9	27.9
(LOSS)/PROFIT BEFORE TAX	139.4	75.6
Tax income /(expense)	-34.4	-17.1
(LOSS)/PROFIT AFTER TAX	105.0	58.5
Attributable to		
Minority Interest	0.1	0.1
Equity Holders of the Parent Company	104.9	58.4
EBITDA (BNRI)*	148.9	182.2

*Non-recurring items amounted to TL 2.4 million in 1H2016 and TL 1.1 million in 1H2017.

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 Six-Month Period Ended 30.06.2016 and 30.06.2017
Prepared In Accordance with IFRS as per CMB Regulations
(TL mn)

	2016/06	2017/06
SALES VOLUME (mn u/c)	581.9	605.6
NET SALES	3,430.3	4,115.0
COST OF SALES	-2,210.0	-2,713.9
GROSS PROFIT	1,220.4	1,401.1
Operating Expenses	-865.0	-974.2
Other Operating Income / (Expense) (net)	-5.5	12.4
EBIT	349.9	439.3
Gain / (Loss) from Associates	-0.4	-0.1
Income / (Expense) from Investing Activities, net	-6.9	-6.0
Financial Income / (Expense), net	-76.9	-161.5
INCOME BEFORE MINORITY INTEREST & TAX	265.7	271.6
Tax income/(expense)	-54.5	-95.2
INCOME BEFORE MINORITY INTEREST	211.2	176.4
Attributable to,		
Minority Interest	33.6	31.1
Net Income attributable to Shareholders	177.5	145.3
EBITDA	577.4	690.5

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 30.06.2017
Prepared In Accordance with IFRS as per CMB Regulations
(TL mn)

	2016/12	2017/06
Cash and Cash Equivalents	1,466.1	1,448.7
Financial Investments	11.0	0.0
Derivative Instruments	1.1	2.1
Trade Receivables and due from related parties	604.3	1,102.2
Inventory (net)	521.3	737.6
Other Receivables	41.4	49.3
Other Current Assets	487.6	467.8
Total Current Assets	3,132.8	3,807.7
Property, Plant and Equipment	5,084.8	5,102.4
Intangible Assets (including goodwill)	2,077.7	2,072.9
Other Non-Current Assets	160.6	187.9
Total Non-current Assets	7,323.1	7,363.2
Total Assets	10,456.0	11,170.9
Short-term Borrowings	109.2	57.5
Current Portion of Long-term Borrowings	256.3	770.4
Trade Payables and due to related parties	773.5	1,246.0
Other Payables	211.7	269.5
Provision for Corporate Tax	0.0	14.6
Short Term Provisions	82.3	82.2
Employee Benefits Payable	31.5	23.3
Other Current Liabilities	33.1	44.6
Total Current Liabilities	1,497.6	2,508.2
Long-term Borrowings	3,404.7	2,956.9
Non-Current Trade Payables and due to related parties	0.7	0.5
Non-Current Provisions	65.2	74.6
Deferred Tax Liabilities	353.9	377.4
Other Non-Current Liabilities	136.9	137.3
Total Non-Current Liabilities	3,961.4	3,546.7
Total Equity	4,997.0	5,116.0
Total Liabilities and Shareholders' Equity	10,456.0	11,170.9

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

ABOUT ANADOLU EFES

Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes), together with its subsidiaries and affiliates produces and markets beer, malt and soft drinks across a geography including Turkey, Russia, the CIS countries, Central Asia and the Middle East with total employees of 14,255, including both beer & soft drink operations. Anadolu Efes, listed at Borsa İstanbul (AEFES.IS), is an operational entity under which the Turkey beer operations are managed, as well as a holding entity which is the 100% shareholder of EBI, that manages international beer operations, and is the largest shareholder of CCI, that manages the soft drink business in Turkey and international markets.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document 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.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Anadolu Efes are prepared in accordance with International Financial Reporting Standards ("IFRS") as per regulations of the Capital Markets Board of Turkey ("CMB").

The attached financial statements in this announcement comprise the income statements for the period ended 30.06.2016 and 30.06.2017 as well as the balance sheets as of 31.12.2016 and 30.06.2017. Figures in 1H2017 and 1H2016 are presented in the reporting currencies of each business division.

Anadolu Efes and its subsidiaries in which Anadolu Efes holds the majority stake; including Efes Pazarlama (marketing, sales & distribution of beer products in Turkey) and EBI (international beer operations), are fully consolidated in the financials. According to the Shareholder's Agreement regarding the governance of CCI, in which Anadolu Efes holds 50.3% stake, Anadolu Efes also fully consolidates CCI.

BEER OPERATIONS' 1H2017 RESULTS PRESENTATION & WEBCAST

Anadolu Efes - Beer Operations' 1H2017 Results Presentation will be held on Wednesday 9th of August 2017 at 16:30 (Istanbul) 14:30 (London) 9:30 (New York).

Audio Conference:

UK Dial-in: +44 20 3043 2440 /08082381774

USA Dial-in: +1877 887 4163

TR Dial-in: +90 212 705 2920

Russia Dial-in: +7 495 221 6523

Confirmation Code: 22975673#

(Participants will have to quote the above code when dialing into the conference)

Webcast:

<http://edge.media-server.com/m/p/862duoag>

Replay: On demand webcast will be available on the above link for 12 months

A copy of the presentation will be available prior to the conference call from our website at www.anadoluefes.com.

ENQUIRIES

For financial reports and further information regarding Anadolu Efes, please visit our website at <http://www.anadoluefes.com/> or you may contact;

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