

# Anadolu Efes BEER OPERATIONS

1H2010 Results Conference Call Presentation



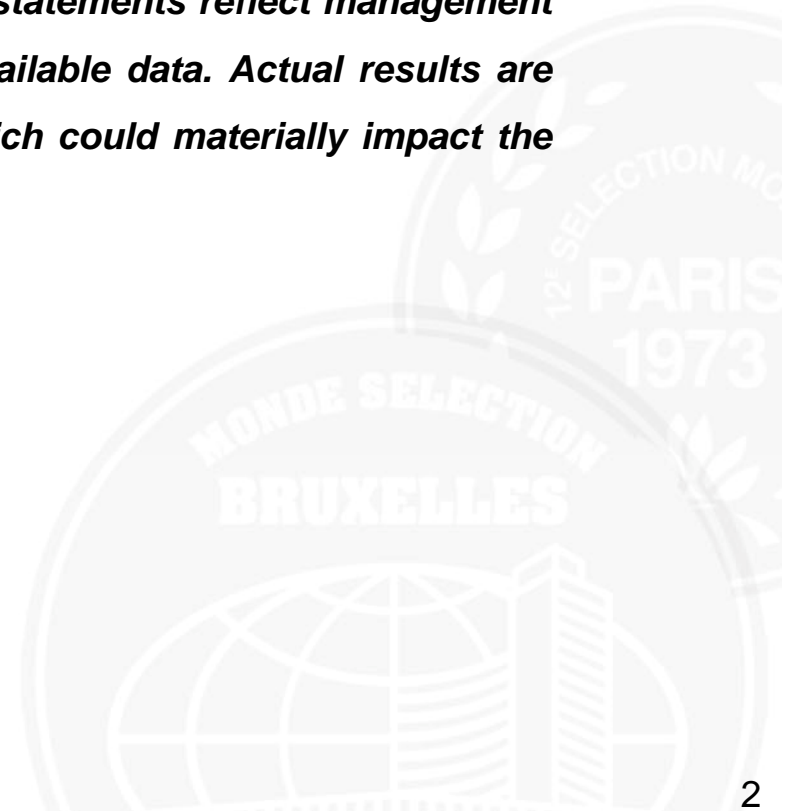
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26.08.2010



## 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.*



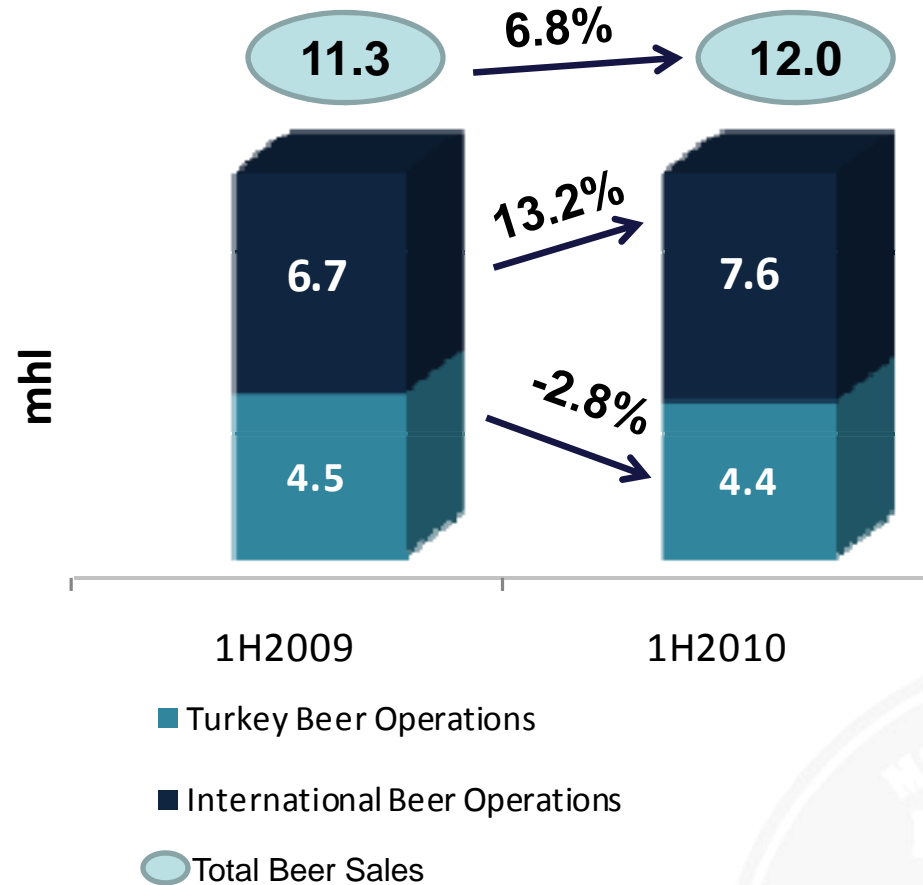


**General Overview & Operating Performance**



# Beer Sales Volume Development-1H2010

## Total Beer Volume Development



Total beer sales volume increased by 6.8% in 1H2010; up 9.6% in 2Q2010

✓ Sales volume in Turkey beer operations declined by 2.8% in 1H2010; up 1.0% in 2Q2010

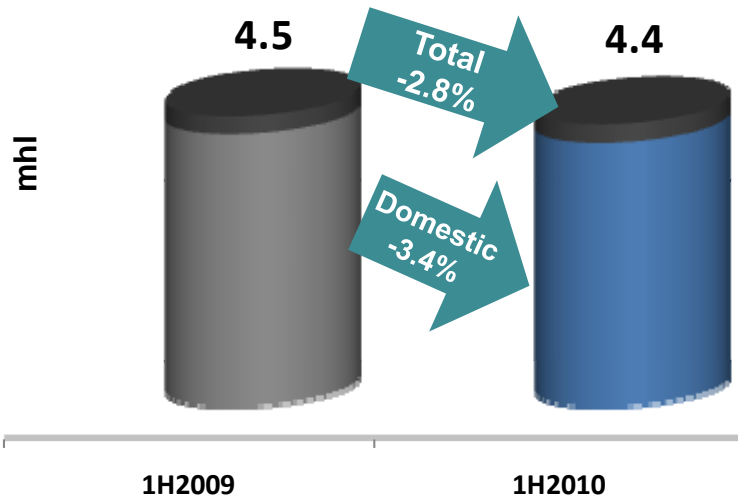
✓ Sales volume in Efes Breweries International (EBI) increased by 13.2% in 1H2010; up 14.8% in 2Q2010



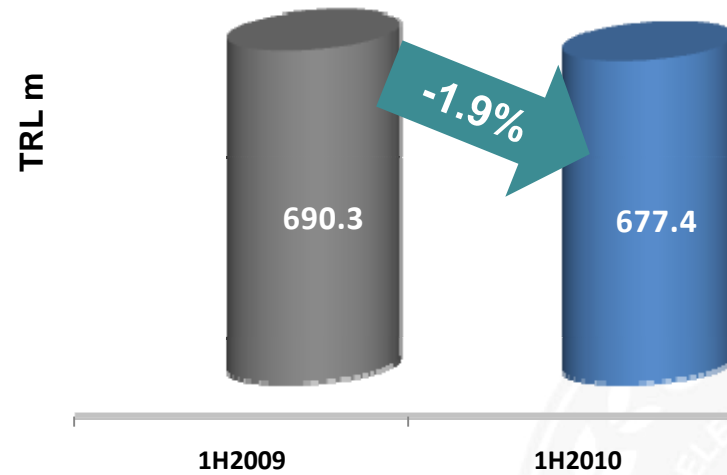
# TURKEY

## Sales Volume Growth in the Second Quarter

### Volume Development



### Sales Revenue Development



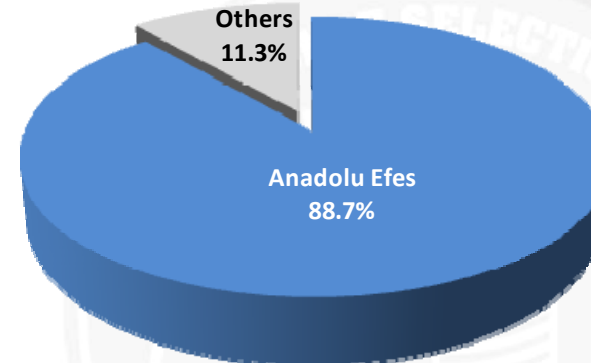
Sales volume in Turkey beer operations increased by 1.0% in 2Q2010 on top of a 7.9% decline in 1Q2010, **contributed by**;

- ✓ slight economic recovery
- ✓ lower impact of smoking ban in 2Q compared to 1Q

#### **despite**;

- ✓ continued impact of higher prices due to excise tax increase
  - 14% increase in average sales prices by the beginning of 2010 to reflect 35% hike in excise taxes
  - lower than beer price increases for other alcoholic beverages
- ✓ unfavorable weather conditions in June

### Market Share by Volume-1H2010



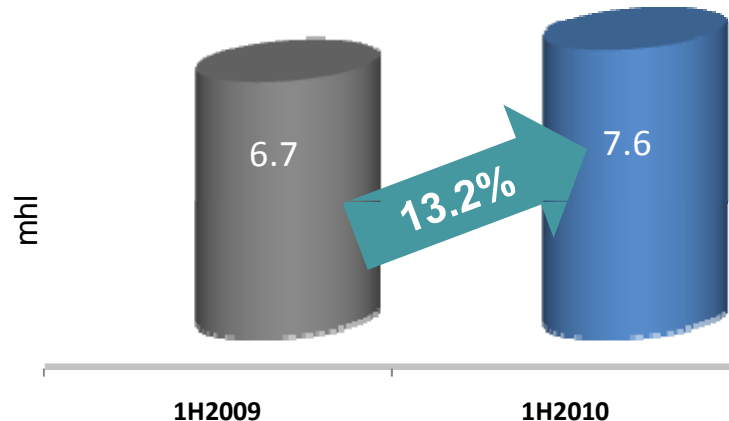
\* The Nielsen Company has made a revision in its sample universe and started to cover 72 cities instead of 36 cities as of June 2010.

The Nielsen Company, YTD June 2010

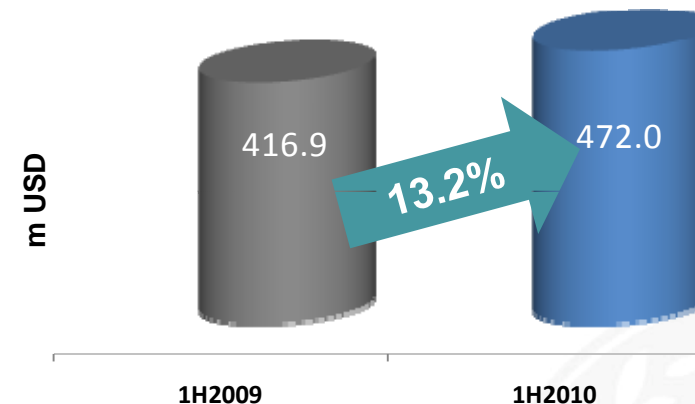
# EFES BREWERIES INTERNATIONAL

## Accelerated Growth in the Second Quarter

### Volume Development



### Sales Revenue Development



EBI reported accelerated volume growth in all operations leading to a 14.8% rise in consolidated sales volume in 2Q2010 y-o-y, contributed by;

- strong brand innovation
- continuous initiatives to increase availability
- successful practices in marketing
- low base of last year

**despite;**

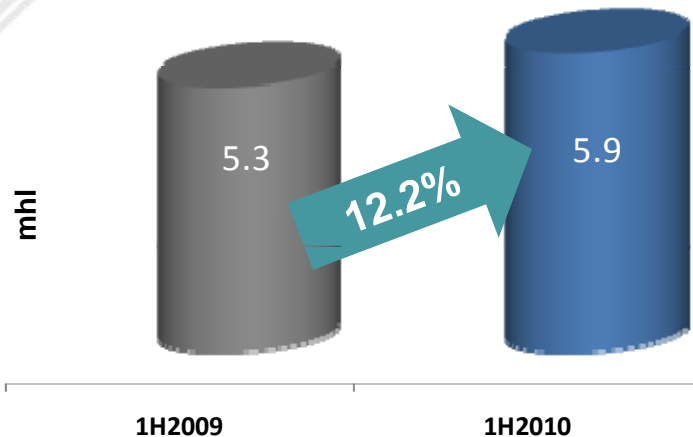
- higher beer prices to reflect higher taxes
- unfavorable economic conditions

• Consolidated net sales revenue increased by 14.4% in 2Q2010 y-o-y, bringing the first half net sales revenue growth to 13.2% y-o-y, **contributed** by substantially higher volumes and well-planned price increases as well as stronger Ruble versus USD, **despite** the negative effect of significant excise tax hike in Russia.



# Market Share Gains Continued in the RUSSIAN MARKET

## Volume Development

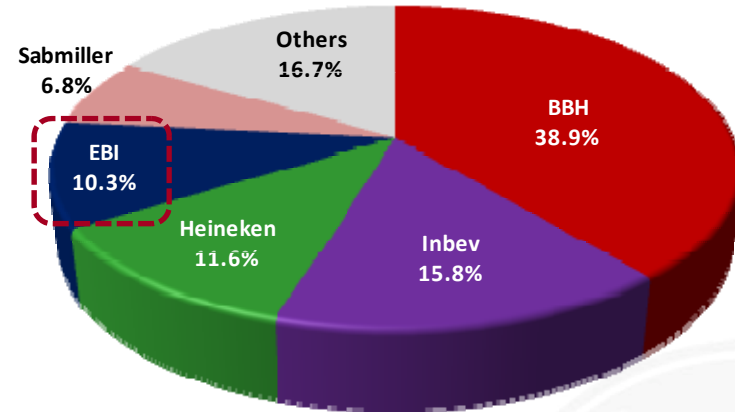


- Beer market is estimated to have contracted by 10.7% in 1H2010, down 9.4% in 2Q2010<sup>1</sup>
- EBI's sales volume increased significantly by 12.2% in 1H2010 y-o-y
  - market share improved further and reached 10.3% in 1H2010 from 9.3% in 1H2009
- Despite significant excise tax hike, net sales revenue per liter in USD terms remained flat **by the help of** ;
  - well planned price increases
  - stronger Ruble vs USD

leading EBI to record 11.5% rise in net sales revenues in USD terms in 1H2010 y-o-y

<sup>1</sup>The Nielsen Company, National Urban Retail Audit Report, June YTD 2010

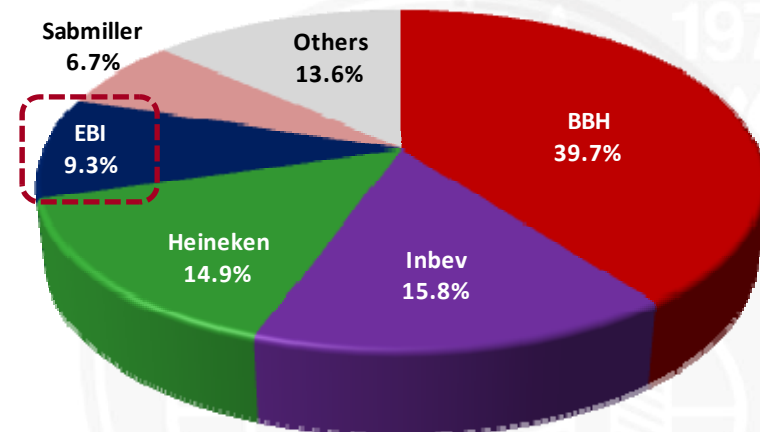
## Market Share by Volume – 1H2010



Numbers may not add up to 100 due to rounding.

The Nielsen Company, Total National Urban, YTD June 2010

## Market Share by Volume – 1H2009



Numbers may not add up to 100 due to rounding.

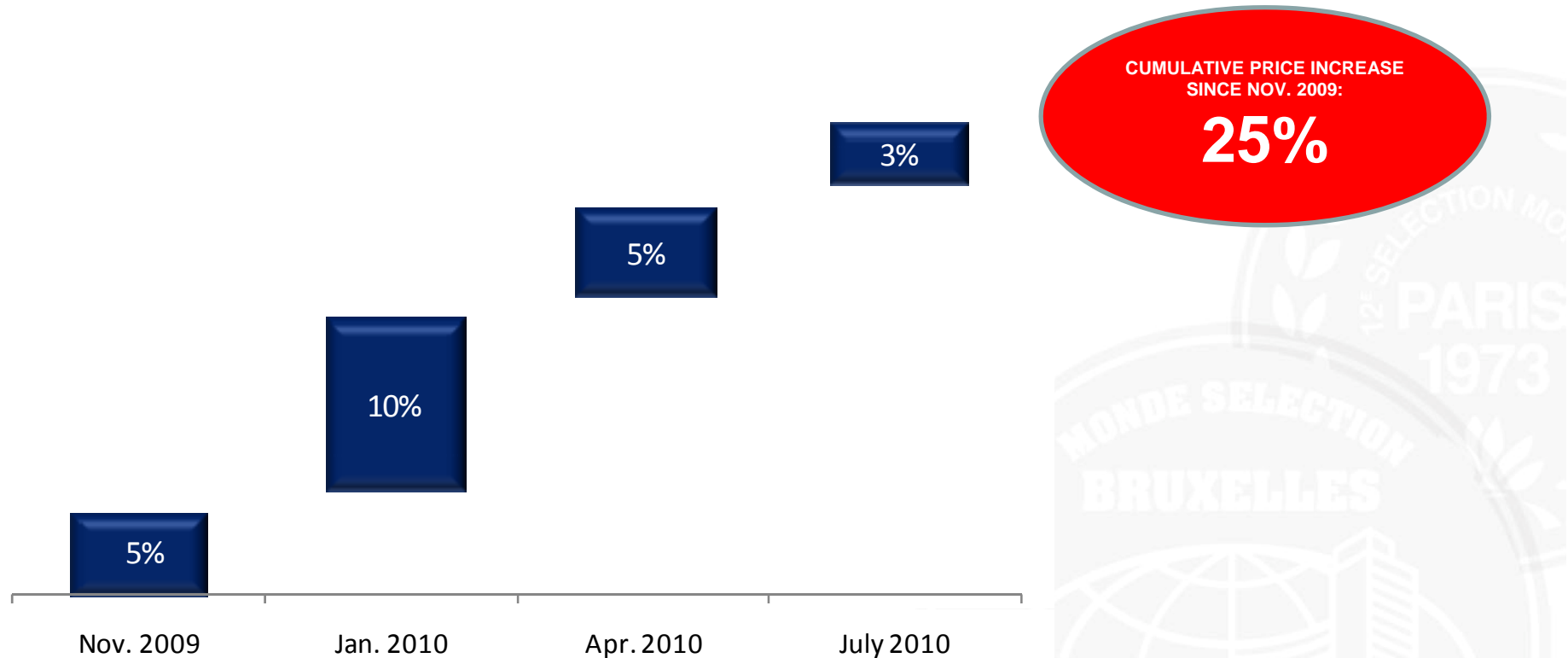
The Nielsen Company, Total National Urban, YTD June 2009



## Reflection of Excise Tax Hike into Prices in Russia

- EBI passed excise tax hike fully into prices, upon a 3% price increase in early July
- Cumulative compounded average price increase since November 2009 reached to 25%

### EBI's Price Increases\* in Russia



\*weighted average price increases



## Continued Focus on Strategic Brands Synergized With Different Tastes and Packages

*In the first half of 2010, continued focus on strategic brands through brand equity building, line extensions and packaging innovation have let EBI to significantly outperform the operating markets. ...*

- *Line extensions and new packages for strategic brands both in lower and upper mainstream segments in Russia in addition to a new brand launch:*

- *Dolce Iris, a light beer with Chardonnay flavor (May 2010)*

- *Line extensions and launch of new packages in other operations in addition to launch of new positioning and packaging of Karagandinskoe in Kazakhstan*

- *Product innovations supported by successful local campaigns in all operations*

***EBI gives utmost importance to further develop and strengthen its brand portfolio through innovations as we believe it is the most valuable asset of our company.***





**Financial Overview**



# TURKEY

## Operational Snapshot-1H2010 Performance

	1H2009	1H2010	Growth (%)
Total Sales Volume (mhl)	4,5	4,4	(2,8%)
Net Sales (million TRL)	690,3	677,4	(1,9%)
Gross Profit (million TRL)	466,4	469,3	0,6%
Gross Profit margin (%)	67,6%	69,3%	172 bps
EBITDA (million TRL)	298,3	278,0	(6,8%)
EBITDA margin (%)	43,2%	41,0%	(217 bps)

✓ **Net Sales** increased by 2.4% in 2Q2010 y-o-y, bringing 1H2010 net sales revenue to TRL 677.4 million, down 1.9%

✓ a simultaneously introduced average price increase of 14% with the 35% rise in excise tax as of January 1, 2010 helped Anadolu Efes to keep its net per liter sales price intact in 2010

✓ **Gross Profit Margin** improved by 190 bps in 2Q2010 y-o-y, bringing 1H2010 margin gain to 172 bps y-o-y due to:

- lower commodity prices in 2010
- reduced fixed costs per liter contributed by higher sales volumes in 2Q

✓ **EBITDA Margin** increased by 146 bps to 43.0% in 2Q2010 y-o-y, due to improved operating profitability despite a slight increase in the ratio of operating expenses to net sales revenue

✓ EBITDA margin deterioration of only 217 bps in 1H2010 versus 731 in 1Q2010, on a y-o-y basis



# TURKEY BEER OPERATIONS

## Positive Free Cash Flow Generation

(million TRL)		1H2009	1H2010
<b>Operating Profit</b>		<b>260,7</b>	<b>235,2</b>
	Depreciation & Amortization	33,9	37,0
	Other non-cash items	3,7	5,8
<b>EBITDA</b>		<b>298,3</b>	<b>278,0</b>
	<i>Change in Inventory</i>	9,1	3,2
	<i>Change in Trade Receivables</i>	(184,8)	(208,2)
	<i>Change in Trade Payables</i>	42,1	20,8
	<i>Change in Other Assets/Liabilities</i>	85,6	114,2
<b>Change in Working Capital</b>		<b>(47,9)</b>	<b>(70,0)</b>
<b>Income Taxes &amp; Employee Benefits Paid</b>		<b>(42,1)</b>	<b>(34,0)</b>
<b>CAPEX, net</b>		<b>(68,4)</b>	<b>(50,1)</b>
<b>Minority Buy-Out and Other Investing Activities</b>		<b>2,1</b>	<b>(303,0)</b>
<b>Net Financial Income (Including interest)</b>		<b>11,6</b>	<b>8,9</b>
<b>FCF</b>		<b>153,5</b>	<b>(170,2)</b>
<b>FCF excluding minority buy-out and other investing activities</b>		<b>151,4</b>	<b>132,8</b>



# EFES BREWERIES INTERNATIONAL

## Operational Snapshot-1H2010 Performance

	1H2009	1H2010	Growth (%)
Total Sales Volume (mhl)	6,7	7,6	13,2%
Net Sales (million USD)	416,9	472,0	13,2%
Gross Profit (million USD)	195,5	224,2	14,7%
Gross Profit margin (%)	46,9%	47,5%	61 bps
EBITDA (million USD)	83,6	91,1	9,0%
EBITDA margin (%)	20,1%	19,3%	(75 bps)

✓Despite the negative effect of excise tax hikes, **Net Sales** increase stayed in line with volume growth in 1H2010 by the contribution of higher volumes and price increases, as well as stronger Ruble versus USD

✓Despite the phased reflection of higher excise taxes into prices and negative mix effect in Russia, price increases, lower commodity prices and successful cost saving initiatives have let to a 61 bps increase in **Gross Margin** in 1H2010

✓In 2Q2010, accelerated volume growth and an another price increase by the beginning of April in Russia have let to a 81 bps improvement in gross margin in 2Q2010 y-o-y

✓Operating loss of USD 0.8 million in 1Q2010 turned into an **operating profit** of USD 41.0 million in 2Q2010, leading to a USD 40.2 million operating profit in 1H2010

✓**EBITDA Margin** declined by 75 bps, due to higher operating expenses mainly attributable to the higher sales volumes and higher transportation costs as well as increased penetration



# EFES BREWERIES INTERNATIONAL

## Positive Free Cash Flow Generation

(million USD)		1H2009	1H2010
<b>Operating Profit</b>		<b>41,2</b>	<b>40,2</b>
	Depreciation & Amortization	40,8	48,7
	Other non-cash items	1,7	2,2
<b>EBITDA</b>		<b>83,6</b>	<b>91,1</b>
	<i>Change in Inventory</i>	30,7	12,5
	<i>Change in Trade Receivables</i>	2,8	(21,5)
	<i>Change in Trade Payables</i>	63,5	69,6
	<i>Change in Other Assets/ Liabilities</i>	11,9	(4,0)
<b>Change in Working Capital</b>		<b>108,9</b>	<b>56,7</b>
<b>Income Taxes Paid</b>		<b>(2,5)</b>	<b>(1,8)</b>
<b>CAPEX</b>		<b>(60,9)</b>	<b>(47,7)</b>
<b>Capital Increase in Subsidiaries by Minority Shareholders</b>		<b>(1,5)</b>	<b>17,5</b>
<b>Net Financial Expense (Including interest)</b>		<b>(31,5)</b>	<b>(10,9)</b>
<b>FCF</b>		<b>96,1</b>	<b>104,9</b>
<b>FCF excluding capital increase in subsidiaries by minority shareholders</b>		<b>97,6</b>	<b>87,4</b>



# Net Financial Debt & Financing

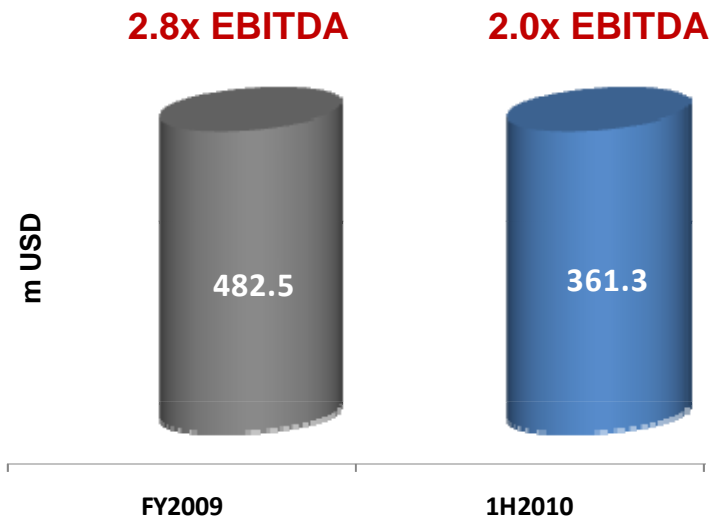
## Turkey Beer Operations

- Cash & cash equivalents at 315.3 million TRL - Net debt position of 42.6 million TRL

## Efes Breweries International

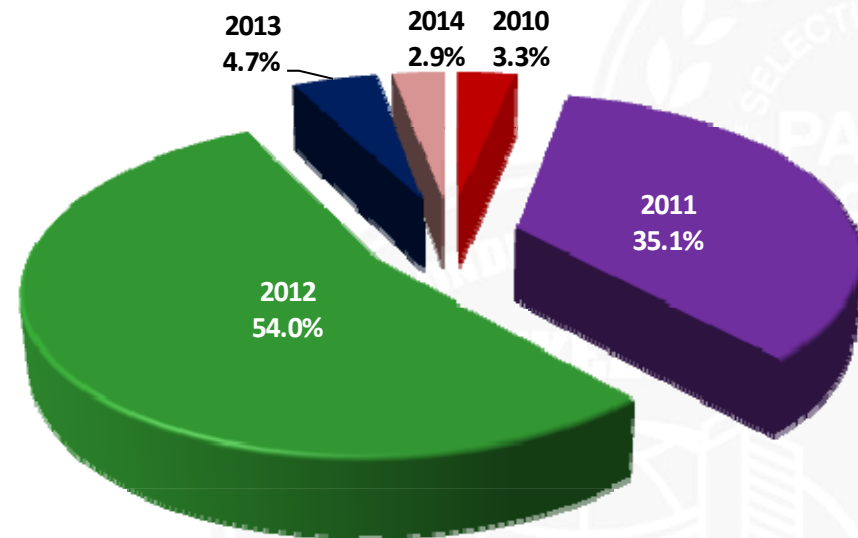
- Consolidated gross debt at US\$ 555.1 million
- Cash & cash equivalents at US\$ 193.7 million - Net debt position at US\$ 361.3 million

### EBI-Net Financial Debt\*



\*excluding put options

### EBI-Maturity Breakdown



The logo for EFES, featuring the letters 'EFES' in a bold, white, serif font with a blue outline. The text is centered within a golden, three-dimensional oval frame that has a red inner border and a white shadow effect. The background is a vibrant blue with a subtle pattern of water droplets and abstract, curved lines.

**EFES**

**CLOSING REMARKS**





# FY2010 OUTLOOK

## TURKEY BEER OPERATIONS

- We maintain our guidance of low single digit decline in sales volume in Turkey
  - The combined negative effect of 14% average price increase to pass the effect of 35% excise taxes hike on January 1, 2010, smoking-ban and high base effect in 1Q2010 already started to phase out as indicated by a rise in domestic beer volumes in 2Q2010 y-o-y
  - Softer decline in total Turkey Beer sales volume in FY2010 by the contribution of higher export sales
- Slight improvement in gross profit margin on the back of lower commodity prices,
- Slight contraction in EBITDA margin due to higher operating expenses as a percentage of net sales revenue contributed by:
  - lower volumes
  - lack of price increase to cover CPI negatively impacting operating expenses to net sales ratio



# FY2010 OUTLOOK

## INTERNATIONAL BEER OPERATIONS

- We are revising our previous volume and profitability outlooks upwards for FY2010 as the first half of the year was better than the one on which our full year guidance was based on
- 8-10% volume contraction for the Russian beer market overall mainly due to substantially higher beer prices to reflect the significant excise tax increase
- EBI's sales volume to grow at a rate of high single digits, contributed by ;
  - Strong brand equity
  - Innovation
  - Good execution
  - Increasing availability
- Slightly lower net sales revenue growth compared to sales volume growth due to ;
  - Phased approach for the price increases to cover the negative impact of significant excise tax increase
  - Unfavorable mix effect in the Russian beer operationsdespite ;
  - Stronger Ruble vs USD
  - Local currency price increases in all countries of operation
- Gross profit and EBITDA growth in absolute terms, with flattish margins for both



**? QUESTIONS PLEASE ?**

The logo features the word "EFES" in a bold, white, serif font with a blue outline and a drop shadow. It is centered within a golden, three-dimensional ribbon that forms an oval shape. The ribbon has a red inner edge and a white outer edge, giving it a metallic, flowing appearance. The background is a vibrant blue with a pattern of small, light blue water droplets and abstract, curved lines that suggest a dynamic, liquid environment.

**EFES**

**APPENDIX**

### TURKEY BEER OPERATIONS

Highlighted Income Statement Items For the Six Months Period Ended 30.06.2010 and 30.06.2009

Prepared In Accordance with IFRS as per CMB Regulations

(million TRY)

	2009/6	2010/6
Sales Volume (million hectolitres)	4,5	4,4
<b>SALES</b>		
<b>GROSS PROFIT FROM OPERATIONS</b>	<b>690,3</b>	<b>677,4</b>
<b>PROFIT FROM OPERATIONS</b>	<b>466,4</b>	<b>469,3</b>
Financial Income / Expense	260,7	235,2
	10,2	3,8
<b>CONTINUING OPERATIONS PROFIT BEFORE TAX</b>	<b>270,8</b>	<b>239,0</b>
Provision for Taxes	(51,6)	(44,1)
<b>PROFIT FOR THE YEAR</b>	<b>219,3</b>	<b>194,9</b>
<b>EBITDA</b>	<b>298,3</b>	<b>278,0</b>

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.

### TURKEY BEER OPERATIONS

Highlighted Balance Sheet Items as of 30.06.2010 and 31.12.2009

Prepared In Accordance with IFRS as per CMB Regulations

(million TRY)

	2009/12	2010/6
Cash, Cash equivalents and Investment in Securities	440,6	315,3
Trade Receivables	214,1	427,0
Inventories	105,5	102,3
Other Assets	21,5	27,0
<b>Total Current Assets</b>	<b>790,6</b>	<b>876,0</b>
Investments	1281,5	1584,3
Property, Plant and Equipment	360,4	374,3
Other Assets	21,5	35,5
<b>Total Non-Current Assets</b>	<b>1673,3</b>	<b>2007,2</b>
<b>Total Assets</b>	<b>2463,9</b>	<b>2883,2</b>
Trade Payables	47,4	72,9
Other Liabilities	139,7	269,1
Short-term Borrowings	147,6	279,1
<b>Total Current Liabilities</b>	<b>342,4</b>	<b>624,2</b>
Long-term Borrowings	0,0	78,7
Other Liabilities	160,0	184,4
<b>Total Non-Current Liabilities</b>	<b>160,0</b>	<b>263,1</b>
<b>Shareholders' Equity</b>	<b>1961,5</b>	<b>1995,8</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2463,9</b>	<b>2883,2</b>

Note: Anadolu Efes subsidiaries, excluding brewing and malt production subsidiaries in Turkey, are stated on cost basis in order to provide more comprehensive presentation.

**INTERNATIONAL BEER OPERATIONS (EBI)**  
**Highlighted Consolidated Income Statement Items For the Six Months Period Ended 30.06.2010 and 30.06.2009**  
**Prepared In Accordance with IFRS**  
(million USD)

	2009/6	2010/6
<b>Volume (million hectoliters)</b>	6,7	7,6
<b>NET SALES</b>	416,9	472,0
<b>GROSS PROFIT</b>	195,5	224,2
<b>PROFIT FROM OPERATIONS</b>	41,2	40,2
Financial Income / (Expense)	(61,6)	(1,1)
<b>(LOSS)/PROFIT BEFORE TAX</b>	(24,4)	36,5
Income Tax	0,3	(6,8)
<b>(LOSS)/PROFIT AFTER TAX</b>	(24,2)	29,7
Attributable to		
Minority Interest	(2,8)	4,3
Equity Holders of the Parent Company	(21,4)	25,4
<b>EBITDA</b>	<b>83,6</b>	<b>91,1</b>

Note 1: EBITDA here means earnings before interest (financial income/(expense) — net), tax, share of net loss of associates, depreciation and amortisation, minus minority interest, and as applicable, minus gain on holding activities, plus loss/(gain) on sale of PPE disposals, provisions, reserves and impairment.

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

**INTERNATIONAL BEER OPERATIONS (EBI)**

**Highlighted Consolidated Balance Sheet Items as of 30.06.2010 and 31.12.2009**

**Prepared In Accordance with IFRS**  
(million USD)

	2009/12	2010/6
Cash and Cash Equivalents and Investments in Securities	219,1	193,7
Trade Receivables	56,9	78,0
Inventories	126,6	114,9
Other Current Assets	29,3	33,0
<b>Total Current Assets</b>	<b>432,5</b>	<b>420,0</b>
Property, Plant and Equipment	676,4	657,0
Intangible Assets (including goodwill)	456,1	438,9
Investments in Associates	30,1	21,9
Other Non-Current Assets	28,8	30,1
<b>Total Non-Current Assets</b>	<b>1.194,5</b>	<b>1.150,9</b>
<b>Total Assets</b>	<b>1.626,9</b>	<b>1.570,9</b>
Trade and Other Payables	154,2	229,5
Short-term Borrowings (including current portion of long-term debt and lease obligations)	228,0	109,8
<b>Total Current Liabilities</b>	<b>382,2</b>	<b>339,3</b>
Long-term Borrowings (including lease obligations)	473,7	445,3
Other Non-Current Liabilities	67,9	86,5
<b>Total Non-Current Liabilities</b>	<b>541,6</b>	<b>531,7</b>
<b>Total Equity</b>	<b>703,2</b>	<b>699,9</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1.626,9</b>	<b>1.570,9</b>

Note 1: Figures for EBI are obtained from consolidated financial statements prepared in accordance with IFRS.