

**ANADOLU
EFES**



**RESULTS FOR
1Q2016**

EARNINGS RELEASE

May 4, 2016



ANADOLU EFES CONSOLIDATED HIGHLIGHTS

First Quarter Highlights

- Consolidated sales volume down 3.2% to 16.5mhl
- Consolidated net sales revenue flat at TL 1,933.2 million
- Consolidated EBITDA (BNRI) down 8.7% to TL 252.9 million
- Consolidated net income was TL 60.3 million vs. loss of TL 212.0 million in 1Q2015

Consolidated (million TL)	1Q2015	1Q2016	Change %
Volume (mhl)	17.1	16.5	-3.2%
Net Sales	1,931.0	1,933.2	0.1%
Gross Profit	788.8	732.0	-7.2%
EBIT (BNRI)	85.5	47.0	-45.0%
EBITDA (BNRI)	277.1	252.9	-8.7%
Net Income/(Loss)*	-212.0	60.3	128.4%
			Change (bps)
Gross Profit Margin	40.8%	37.9%	-298
EBIT (BNRI) Margin	4.4%	2.4%	-200
EBITDA (BNRI) Margin	14.3%	13.1%	-127
Net Income Margin*	-11.0%	3.1%	1,409

* Net income attributable to shareholders

Consolidated **sales volume** of Anadolu Efes was 16.5mhl in the challenging and seasonally small 1st quarter while consolidated revenues performed better than volumes contributed by both local currency price increases and positive mix impact.

Increases in our cost base, higher fixed costs due to lower volumes, as well as weaker local currencies against the same period of the previous year, resulted in lower **gross profit margin** at 37.9% in 1Q2016, as mentioned in our 2016 guidance. We managed to mitigate the decline in gross margin by continued expense and efficiency management and accordingly our **EBITDA (BNRI)** margin decline was limited to 127 bps.

Anadolu Efes reported **net profit** of TL60.3 million in 1Q2016. Thanks to stronger TL against USD as of 31 March 2016 compared to 2015-end, a net non-cash F/X gain of TL81.2 million was recorded in 1Q2016, leading to a significant improvement in the bottomline.

Although our beverage business tends to generate a negative free cash flow in the first quarters of the years given the seasonality, Anadolu Efes reported a negative free cash flow of TL 68.9 million in 1Q2016, which was less than half of the figure of the same period of last year, as a result of tight working capital management and lower capex requirements.

Consolidated **net debt to EBITDA (BNRI)** was 2.0x as of 1Q2016.

MANAGEMENT COMMENTS

"In the first quarter of 2016, we have recorded consolidated sales volume of 16.5 mhl and net sales revenue of TRY 1.9 billion, which was mostly in line with our guidance. 2016 started tougher than we expected. Although the first quarter is the smallest quarter of the year, it still hints the challenges ahead. Continued economic and political challenges in our operating geography negatively impacted the consumer sentiment. However, we benefited from our diversified structure and the growth in certain segments mostly compensated for softer results in others." commented **Mr. Robin Goetzsche, Anadolu Efes CEO and Efes Beer Group President**.

"We managed to deliver volumes in line with our expectations for total beer group as well as CCI, while outperformance of expectations in Russian and Kazakh beer operations balanced softer segments. I am particularly happy with the margin improvement in international beer operations, which is the result of continuous efficiency improvement and prudent expense management due to macro-economic challenges. Better than expected performance of international beer operations in the first quarter compensated the softer than expected performance in Turkey beer, therefore we are cautiously reiterating our full year guidance both for beer operations and for Anadolu Efes consolidated. The challenging operating environment helped us to gain agility and resilience; traits which we are fully committed to maintain by initiatives such as working capital management, revenue management, expense and efficiency improvement. Our short term priorities continue to be gaining market share profitably in Turkey, gaining market share in segments where we are under-indexed in Russia, focusing on premiumization, pricing strategies and maximization of FCF generation."

SUMMARY FINANCIALS

Consolidated (million TL)	1Q2015	1Q2016	Change %
Volume (mhl)	17.1	16.5	-3.2%
Net Sales	1,931.0	1,933.2	0.1%
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Change (bps)			
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EBITDA (BNRI) Margin	14.3%	13.1%	-127
Net Income Margin*	-11.0%	3.1%	1,409

* Net income attributable to shareholders

Beer Group (million TL)	1Q2015	1Q2016	Change %
Volume (mhl)	4.7	4.0	-15.7%
Net Sales	728.0	632.0	-13.2%
Gross Profit	379.1	315.4	-16.8%
EBIT (BNRI)	15.0	6.2	-59.0%
EBITDA (BNRI)	116.0	97.8	-15.7%
Net Income/(Loss)*	-164.4	47.6	129.0%
Change (bps)			
Gross Profit Margin	52.1%	49.9%	-216
EBIT (BNRI) Margin	2.1%	1.0%	-109
EBITDA (BNRI) Margin	15.9%	15.5%	-46
Net Income Margin*	-22.6%	7.5%	3,013

* Net income attributable to shareholders

Turkey Beer (million TL)	1Q2015	1Q2016	Change %
Volume (mhl)	1.5	1.2	-18.6%
Net Sales	339.8	283.4	-16.6%
Gross Profit	211.4	157.4	-25.6%
EBIT (BNRI)	72.7	23.4	-67.8%
EBITDA (BNRI)	109.5	65.7	-40.0%
Net Income/(Loss)*	-56.1	40.3	171.9%
Change (bps)			
Gross Profit Margin	62.2%	55.5%	-668
EBIT (BNRI) Margin	21.4%	8.3%	-1,313
EBITDA (BNRI) Margin	32.2%	23.2%	-903
Net Income Margin*	-16.5%	14.2%	3,072

* Net income attributable to shareholders

EBI (million USD)	1Q2015	1Q2016	Change %
Volume (mhl)	3.2	2.7	-14.4%
Net Sales	156.8	116.9	-25.4%
Gross Profit	67.5	52.7	-21.9%
EBIT (BNRI)	-16.8	-2.2	86.8%
EBITDA (BNRI)	8.9	14.3	61.7%
Net Income/(Loss)*	-36.0	7.4	120.4%
Change (bps)			
Gross Profit Margin	43.0%	45.1%	204
EBIT (BNRI) Margin	-10.7%	-1.9%	883
EBITDA (BNRI) Margin	5.7%	12.3%	661
Net Income Margin*	-23.0%	6.3%	2,929

* Net income attributable to shareholders

CCI (million TL)	1Q2015	1Q2016	Change %
Volume (m u/c)	218.4	221.8	1.5%
Net Sales	1,203.0	1,301.3	8.2%
Gross Profit	410.7	417.5	1.7%
EBIT	74.5	44.3	-40.5%
EBITDA	161.7	155.1	-4.1%
Net Income/(Loss)*	-90.7	29.4	132.4%
Change (bps)			
Gross Profit Margin	34.1%	32.1%	-205
EBIT Margin	6.2%	3.4%	-279
EBITDA Margin	13.4%	11.9%	-153
Net Income Margin*	-7.5%	2.3%	980

* Net income attributable to shareholders

Turkey:

Turkey Beer (million TL)	1Q2015	1Q2016	Change %
Volume (mhl)	1.5	1.2	-18.6%
Net Sales	339.8	283.4	-16.6%
Gross Profit	211.4	157.4	-25.6%
EBIT (BNRI)	72.7	23.4	-67.8%
EBITDA (BNRI)	109.5	65.7	-40.0%
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Net Income Margin*	-16.5%	14.2%	3,072

* Net income attributable to shareholders

In the first quarter of 2016, Turkey beer operations' **domestic sales volume** was 1.1mhl. The beer market was down in the first quarter of 2016 due to higher prices reflecting excise tax increase of 15% in January, negative consumer sentiment mainly caused by the unrest and lower tourism activity. Both the market's and our own performance were softer than expected in this seasonally small quarter. Including exports, **total sales volume** of Turkey beer operations was 1.2mhl in 1Q2016, down from 1.5mhl in 1Q2015.

In line with our core strategy of investing in our brands, we have made several new launches including Efes Pilsen Long Neck RB, Efes Xtra RB, Amsterdam Navigator Shot and 55cl Efes Pilsen Color Series in the first quarter of the year, prior to the peak season. Market investments also continued during the quarter.

Shelf prices increased at the beginning of the year to reflect the increase in excise tax and the rise in certain portions of the cost base, which led to higher **net sales revenue per liter** year on year. **Total net sales revenues** of Turkey beer operations was TL283.4 million in the first quarter of 2016.

Cost of sales per liter (excluding depreciation) increased by 17.9% in 1Q2016 vs 1Q2015 mainly because of higher fixed costs as well as higher F/X-based raw materials prices due to weaker TL. As a result, **gross profit** declined to TL157.4 million with a margin of 55.5%.

Operating expenses as a percentage of net sales revenue increased mainly due to higher fixed selling and G&A expenses associated with lower volumes. Accordingly, in the first quarter of 2016, **EBITDA (BNRI)** of Turkey beer operations was TL65.7 million compared to TL109.5 million in 1Q2015 with a margin of 23.2% vs 32.2%, respectively.

Positive impact of stronger TL vs USD and EUR in the first quarter of 2016 vs year-end 2015 resulted in a net F/X gain of TL30.2 million thus Turkey beer operation's **net profit** was reported as TL 40.3 million compared to a net loss of TL 56.1 million in 1Q2015.

International Operations:

EBI (million USD)	1Q2015	1Q2016	Change %
Volume (mhl)	3.2	2.7	-14.4%
Net Sales	156.8	116.9	-25.4%
Gross Profit	67.5	52.7	-21.9%
EBIT (BNRI)	-16.8	-2.2	86.8%
EBITDA (BNRI)	8.9	14.3	61.7%
Net Income/(Loss)*	-36.0	7.4	120.4%
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Gross Profit Margin	43.0%	45.1%	204
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EBI reported consolidated **sales volumes** of 2.7 mhl, indicating a 14.4% decline year-on-year. Despite continued economic and political challenges in our operating region and the continuation of excise tax increases in Russia, EBI's consolidated volume performance was better than expected, thanks mainly to Russia and Kazakhstan.

In Russia, we enjoyed a strong first quarter by holding our market share intact in 1Q2016 vs 4Q2015 where the market declined much less than expected. We continued to improve our mix with growth in the higher margin brands. The first quarter also saw us introduce a number of key brand extensions and launches, including Stariy Melnik Iz Bochonka Svetloe, which will ensure the continued growth of our key brands. We have started implementing new initiatives to become more competitive in certain segments, which will allow us to gain some market share without eroding value.

Local currency net sales revenue per liter increased in all operations, which, when combined with positive mix impact, resulted in a consolidated net sales revenue per lt growth of 15% on a constant currency basis. However, reported consolidated net sales revenue of EBI was down by 25.4% to USD116.9 million, reflecting weaker operating currencies vs USD.

Gross profit margin improved by 204 bps to 45.1% in 1Q2016. The effect of stock carry-over in 1Q2016, the increased share of higher margin products in mix, continued cost savings and hedging tools utilized contributed to this significant margin improvement despite the ongoing softness in local currencies, higher fixed costs and increased barley prices. All operations, excluding Ukraine for obvious reasons, reported gross margin expansion.

Significantly lower and more efficiently allocated operating expenses helped EBI to almost breakeven at the **EBIT(BNRI)** line with only USD2.2 million loss in 1Q2016 compared to a loss of USD 16.8 million in 1Q2015. Consequently, EBI's **EBITDA (BNRI)** increased 61.7% to USD 14.3 million in the quarter, indicating a more than doubled margin at 12.3% compared to 5.7% EBITDA (BNRI) margin in 1Q2015.

EBI reported **net profit** attributable to shareholders of USD 7.4 million in 1Q2016 vs USD 36.0 million loss last year. In addition to the improved operating performance, EBI benefited from stronger Russian Ruble and Georgian Lari against USD at 31 March 2016 compared to 2015-end, leading to a net F/X gain of USD11.4 million in 1Q2016.

MANAGEMENT COMMENTS

"I am pleased to report volume and revenue growth in our seasonally smallest quarter, where the geopolitical and macroeconomic challenges continued in the emerging markets and in our operating geography.

In the first three months of 2016, Turkey operations delivered low single-digit volume growth, while transaction numbers increased by 10%, outperforming unit case volume growth. Although consumer confidence was weaker during this period, successful consumer promotions and higher share of immediate consumption (IC) packages supported the revenue per unit case growth.

Pakistan operations posted double-digit volume growth in the first quarter and expanded its margins as a result of rationalized discounts although competitive pressure still exists. We continue to focus on portfolio and package innovations, increasing our availability in the outlets and improving our brand equity across all our sparkling portfolio.

In Central Asia, sharp consecutive devaluations towards the end of 2015 further deteriorated the economic activity going into the first quarter. We continue to adjust for the currency devaluations through gradual price increases and rationalizing our opex base to compensate for lower gross profitability.

In Iraq, the macroeconomic environment is getting increasingly challenging following the drop in oil prices. This has negatively affected private consumption which was reflected as a slight contraction in volumes on a consolidated basis in the first quarter. Meanwhile, the security situation in the North Iraq continues to limit our distribution in a sizeable region.

On the other hand, given the positive momentum in Turkey and Pakistan, our two largest markets, and better than expected macroeconomic environment in the Central Asia, we expect to deliver solid results for the rest of the year in parallel to our guidance. We will continue to focus on our commercial initiatives to drive volume and revenue, and efficiency programs to support our bottom line. We also expect to generate substantial free cash flow in 2016 given relatively lower CapEx spending and having completed major capacity investments. As always, we are committed to delivering sustainable and profitable growth for our shareholders."

Consolidated:

CCI (million TL)	1Q2015	1Q2016	Change %
Volume (m u/c)	218.4	221.8	1.5%
Net Sales	1,203.0	1,301.3	8.2%
Gross Profit	410.7	417.5	1.7%
EBIT	74.5	44.3	-40.5%
EBITDA	161.7	155.1	-4.1%
Net Income/(Loss)*	-90.7	29.4	132.4%
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Gross Profit Margin	34.1%	32.1%	-205
EBIT Margin	6.2%	3.4%	-279
EBITDA Margin	13.4%	11.9%	-153
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Consolidated sales volume increased by 1.5% in 1Q2016 to 221.8 million u/c. The sparkling category's volume declined by 2.9% in 1Q2016, despite 2.0% category growth in international operations. Still category posted 17.3% volume growth in this period, which was mainly attributable to strong growth of water category in Turkey. In 1Q2016, sparkling category made up 66% of total CCI volume compared to 69% in 1Q2015.

Turkey sales volume increased by 1.1%, reaching 115.8 million u/c in 1Q2016. Unfavorable weather conditions in January and weak consumer landscape in February and March, impacted volume growth momentum negatively. On the other hand, total number of transactions continued to outperform volume figures, recording 9.5% growth. Sales volume of sparkling category declined by 10.0%, mainly due to lower volumes in future consumption (FC) packages while total number of transactions remained almost flat. Still beverages grew by 24.6% in 1Q2016, thanks to double digit volume growth, both in still and water categories. All the sub-categories within still beverages posted growth in 1Q2016, with ice tea and water delivering above 30% volume growth. Non-ready-to-drink (NRTD) tea category slightly contracted in the first quarter. Excluding tea, Turkey volume growth was 1.4% in 1Q2016.

International operations' volume was up by 2.0% to 105.9 million u/c in 1Q2016, cycling 4.8% growth in 1Q2015. While Pakistan posted strong double digit volume growth, continued weakness in Central Asia and slowdown in Iraq limited further volume growth in the quarter. In Pakistan, volume was up by 12.7% in 1Q2016, driven by successful marketing activities. Central Asia volume was down by 11.5% in 1Q2016. Across the Middle East, volume increased by 2.0% in the first quarter. Total Iraq volume was down by 1.6% and Jordan posted 32.3% volume growth in 1Q2016.

Consolidated net revenue increased by 8.2% to TL 1,301.3 million in 1Q2016. Net revenue per unit case rose by 6.5% to TL 5.87 in 1Q2016, mainly driven by Turkey operations and favorable translation impact of international operations. In **Turkey**, net revenue increased by 9.1% to TL 683.4 million in 1Q2016. Net revenue per unit case increased by 7.9% to TL 5.90 in 1Q2016, reflecting the favorable impact of higher share of IC packages and price increase on Coca-Cola 1 Lt pack in 1Q2016. In **international operations**, net revenue declined by 10.5% to USD 210.1 million in 1Q2016. Net revenue per unit case declined by 12.3% to USD 1.98 in 1Q2016, mostly due to lower USD average pricing in Central Asia.

Consolidated gross profit margin declined by 205 bps to 32.1% in 1Q2016, primarily reflecting the margin contraction in international operations. **Turkey operations'** gross margin remained almost flat in 1Q2016 as higher revenue per u/c compensated for the increase in the cost base which was mostly attributable to TL depreciation. Despite better gross profitability in Pakistan supported by effective discount management, substantial decline in Central Asia's gross profitability had an adverse impact on overall **international operations**, dragging gross margin down to 23.3% in 1Q2016 from 27.7% in 1Q2015.

Operating expenses of Turkey operations increased by 13.5% in 1Q2016, mainly driven by higher marketing expenses and **operating expenses of international operations** were lower in 1Q2016, compared to the previous year. **Consolidated EBITDA** margin contracted by 153 bps to 11.9% in 1Q2016.

CCI recorded a **net income** of TL 29.4 million in 1Q2016 vs. TL 90.7 million loss in 1Q2015, supported by lower net financial expenses. Net cash generated from operating activities turned positive in 1Q2016, mainly driven by improved net working capital compared to 1Q2015. Lower capacity investments compared to 1Q2015 also supported **free cash flow** in 1Q2016. Consolidated net debt as of March 31, 2016 was TL 2,396.2 million versus TL 2,371.6 million as of December 31, 2015. Additionally, **Net Debt/ EBITDA ratio** was at 2.29x at the end of 1Q2016.

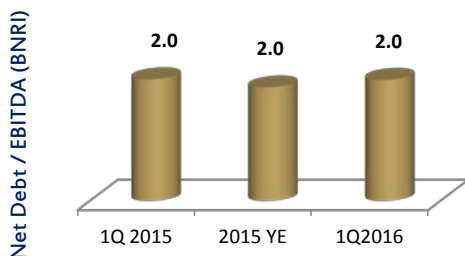
CONSOLIDATED FINANCIAL PERFORMANCE

EBITDA (million TL)	1Q2015	1Q2016
Profit/loss from Operations	80.6	45.5
Depreciation and amortization	169.9	188.4
Provision for retirement pay liability	4.0	4.5
Provision for vacation pay liability	6.6	7.5
Foreign exchange gain/loss from operating activities	9.5	4.4
Rediscount interest income/expense from operating activities	0.6	-0.2
Other	1.1	1.2
EBITDA	272.2	251.4
EBITDA (BNRI*)	277.1	252.9

* Non-recurring items amounted to TRL 4.9 million in 1Q2015 and TRL 1.5 million in 1Q2016

Anadolu Efes Consolidated - Financial Income / (Expense) Breakdown (million TL)	1Q2015	1Q2016
Interest income	23.6	19.5
Interest expense	-55.0	-52.2
Foreign exchange gain /(loss)	-355.1	81.2
Other financial expenses (net)	-3.9	-4.6
Fain/(loss) on derivative transactions	0.0	-9.3
Net Financial Income /(Expense)	-390.4	34.7

AEFES Free Cash Flow (million TL)	1Q2015	1Q2016
EBITDA	272.2	251.4
Change in Working Capital	-241.0	-82.0
Income Taxes & Employee Benefits Paid	-34.8	-27.5
CAPEX, net	-275.4	-203.3
Net Financial Income/(Expense)	122.5	-7.6
FCF	-156.5	-68.9
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	0.0	0.0
FCF (after investing activities)	-156.5	-68.9



million TL	Consolidated Gross Debt	Cash & Cash Equivalents	Net Cash/(Debt) Position
AEFES Consolidated	5,270.9	1,708.8	-3,562.1
Beer Group	2,009.3	843.4	-1,165.9
CCI	3,261.6	865.4	-2,396.2

TL252.9 million EBITDA (BNRI) in 1Q2016, down 8.7% y-o-y

EBITDA (BNRI) margin reported at 13.1% compared to 14.3% in 1Q2015.

Stronger local currencies as of 31 March 2016 compared to 2015-end produced non-cash F/X gains contributing to the bottomline

Tight working capital management and prudent capex policy continued during the quarter.

Net Debt/EBITDA (BNRI) was 2.0x on consolidated basis and 1.7x on beer group level.

Cash mostly held in hard currencies: 79% and 83% held in USD or Euro for Anadolu Efes and Beer Group, respectively.

Average maturity of the debt for; Beer Group is app. 5.2 years
Anadolu Efes is app. 3.7 years

OUTLOOK

ON A CONSOLIDATED BASIS

- We reiterate our guidance for Anadolu Efes' consolidated sales volumes as growth by low single digit.
- Consolidated sales revenue is expected to grow in mid-single digits, contributed by local currency price increases in all operations.
- There is no change in our EBITDA (BNRI) expectation of growth in absolute terms with flattish to slightly lower EBITDA (BNRI) margin.
- In the beer segment, optimized Capex policy will continue to be valid and Capex (excl. packaging)/net sales ratio will remain flat at mid-single digit levels. Consolidated Capex/net sales will be at high-single digits in 2016, lower versus 2015, mainly contributed by the decreased ratio in the soft drink segment.
- Consolidated free cash flow is expected to improve in 2016 with higher contribution expected from soft drinks. Beer Group is still expected to deliver solid free cash flow in 2016, yet lower compared to 2015 due to the cycling effects of a very strong base. With significantly less capex requirements, soft drink side is expected to generate a significant positive free cash flow in 2016 resulting in an increase in the consolidated free cash flow generation.

BEER OPERATIONS

- We maintain our guidance for total beer sales volumes at mid-single digit decline.
- Due to weaker than expected 1Q performance as well as more pessimistic outlook for the market due to the social unrest and the slowdown in tourism activity, we are cautious about our previously provided 2016 guidance for Turkey beer operations. As the first quarter may not be a sufficient indicator for the full year for the beer sector, we believe it would be wiser to re-evaluate our full year outlook at the end of the first half. Similarly, we are cautiously optimistic about our Russian operation's full year performance thanks to the better-than-expected performance in 1Q2016, the delay in PET ban and some recovery in consumer confidence. We still expect to outperform the Russian market by smart pricing and increasing our market share in segments where we are under-indexed
- The impact of weaker local currencies and softer volumes in international beer operations is expected to be mitigated by price increases and positive mix effect, leading to a lower decline in net sales revenues than that of volumes in total beer group. Revenues expected to perform better than sales volume in Turkey beer segment, while we expect to grow revenues in local currency basis in international beer operations excluding Ukraine.
- In addition to lower commodity prices this year, we will continue to utilize hedging tools to manage the impact of FX volatility in our hard currency based COGS and OPEX.
- We expect a decline in beer group gross profit margin mainly due to a combination of sharp increases in barley prices and a resumption of excise increase in Russia. This will be mitigated by continued focus on costs and OPEX savings and accordingly we expect beer group EBITDA margin to be only slightly lower compared to the previous year.
- Following a very strong base in 2015, we expect to continue delivering strong free cash flow albeit at a slower pace. We expect to continue deleveraging the balance sheet.

SOFT DRINK OPERATIONS

- Following the first quarter of 2016, CCI maintains its guidance which implies low single digit volume growth in Turkey, low-mid single digit volume growth in international operations and consequently low-mid single digit volume growth on a consolidated basis, in 2016. CCI expects net sales revenue growth to be ahead of volume growth while it expects flat EBITDA margin, compared to 2015.
- Nevertheless, CCI remains cautious given the prevailing macroeconomic and geopolitical risks in our geography. Despite some recovery in oil prices, the adverse impacts of currency devaluations continue to depress consumer sentiment across Central Asia while economic growth is expected to be subdued. Increasing concerns about emerging markets and higher-than-expected slowdown in China may also hurt regional exports and weaken the economic backdrop in Central Asia further.
- In Iraq, macroeconomic risks became more apparent while possibility of currency devaluation still exists as commodity prices are expected to show little improvement. Coupled with geopolitical issues, deteriorating economic environment may have an adverse impact on Iraq operations, as well.
- On the other hand, CCI is cautiously optimistic about its flagship markets, Turkey and Pakistan. CCI expects the transition towards IC packages to continue in Turkey, supporting profitability of the business throughout the year, while weak consumer sentiment and lower tourism activity may create some downside risk. In Pakistan, CCI foresees a more balanced volume and profitability growth.

FORESEEABLE RISKS FOR 2016

■ **Financial Markets Related:** 2016 will be a challenging year for Emerging Markets. Apart from specific country/region economic or political issues, lower global growth and weak commodity prices would 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 Three-Month Period Ended 31.03.2015 and 31.03.2016
Prepared in accordance with IFRS as per CMB Regulations
(million TL)

	2015/03	2016/03
SALES VOLUME (million hectoliters)	17.1	16.5
SALES	1,931.0	1,933.2
Cost of Sales (-)	-1,142.3	-1,201.2
GROSS PROFIT FROM OPERATIONS	788.8	732.0
Selling, Distribution and Marketing Expenses (-)	-486.9	-495.7
General and Administrative Expenses (-)	-202.2	-189.3
Other Operating Income	48.5	45.3
Other Operating Expense (-)	-67.6	-46.8
PROFIT FROM OPERATIONS (BNRI)*	85.5	47.0
Income From Investing Activities	1.5	4.4
Expenses From Investing Activities (-)	-0.9	-2.4
Income / (Loss) from Associates	-4.9	-3.4
OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)	76.3	44.0
Financial Income / Expense (net)	-390.4	34.7
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	-314.0	78.7
Continuing Operations Tax Income/(Expense)		
- Current Period Tax Expense (-) / Income	-15.8	-23.8
- Deferred Tax Expense (-) / Income	47.1	-5.4
INCOME/(LOSS) FOR THE PERIOD	-282.8	49.5
Attributable to:		
Non-Controlling Interest	-70.8	-10.8
Equity Holders of the Parent	-212.0	60.3
EBITDA (BNRI)*	277.1	252.9

*Non-recurring items amounted to TL 4.9 million in 1Q2015 and TL 1.5 million in 1Q2016

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

ANADOLU EFES
Consolidated Balance Sheets as of 31.12.2015 and 31.03.2016
Prepared In Accordance with IFRS as per CMB Regulations
(million TL)

	2015/12	2016/03
Cash & Cash Equivalents	1,891.5	1,700.1
Financial Investments	0.2	8.7
Derivative Instruments	0.3	0.0
Trade Receivables from Third Parties	1,033.4	1,276.6
from Related Parties	106.1	105.5
Other Receivables	57.6	56.8
Inventories	1,102.9	1,095.8
Other Current Assets	750.7	809.2
Total Current Assets	4,942.5	5,052.7
Other Receivables	21.0	16.5
Financial Investments	0.8	0.8
Investments in Associates	66.7	63.6
Property, Plant and Equipment (incl. inv properties)	6,388.2	6,344.1
Other Intangible Assets	8,841.0	8,803.8
Goodwill	1,334.7	1,347.9
Deferred Tax Assets	228.9	233.0
Other Non-Current Assets	220.2	239.6
Total Non-Current Assets	17,101.5	17,049.3
Total Assets	22,044.1	22,102.0
	2015/12	2016/03
Current portion of long term borrowings	478.8	525.6
Short-term Borrowings	265.8	216.7
Derivative Instruments	11.3	5.7
Current Trade Payables to Third Parties	1,000.0	1,199.2
to Related Parties	22.3	79.7
Other Current Payables	646.8	611.1
Provision for Corporate Tax	8.2	3.8
Provisions	92.0	86.0
Other Liabilities	100.0	97.7
Total Current Liabilities	2,625.2	2,825.6
Long-term Borrowings	4,638.6	4,528.5
Non Current Trade Payables	21.3	21.1
Other Non Current Payables	264.6	268.6
Deferred Tax Liability	1,679.0	1,681.5
Other Non Current Liabilities	241.9	257.8
Total Non-Current Liabilities	6,845.4	6,757.5
Total Equity	12,573.5	12,518.8
Total Liabilities and Shareholders' Equity	22,044.1	22,102.0

Note 1: "Financial Investments" in Current Assets includes the time deposits with a original maturity more than three months.

TURKEY BEER OPERATIONS
Highlighted Income Statement Items For the Three-Month Period Ended 31.03.2015 and 31.03.2016
Prepared In Accordance with IFRS as per CMB Regulations
(million TL)

	2015/03	2016/03
SALES VOLUME (million hectoliters)	1.5	1.2
SALES	339.8	283.4
GROSS PROFIT FROM OPERATIONS	211.4	157.4
PROFIT FROM OPERATIONS	72.7	23.4
Income / Expense from Investing Activities (net)	0.4	0.2
Financial Income / Expense (net)	-151.3	20.7
CONTINUING OPERATIONS PROFIT BEFORE TAX	-78.2	44.3
Tax income / (expense)	22.2	-4.0
PROFIT FOR THE YEAR	-56.1	40.3
EBITDA	109.5	65.7

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 31.12.2015 and 31.03.2016
Prepared In Accordance with IFRS as per CMB Regulations
(million TL)

	2015/12	2016/03
Cash, Cash Equivalents and Investment in Securities	363.9	323.3
Trade Receivables from third parties	411.2	478.2
From Related Parties	86.8	85.2
Inventories	247.2	145.8
Other Current Assets	285.2	320.7
Total Current Assets	1,394.3	1,353.2
Investments in Associates	5,878.4	5,878.4
Property, Plant and Equipment	488.3	510.0
Other Non-Current Assets	195.7	207.1
Total Non-Current Assets	6,562.4	6,595.4
Total Assets	7,956.7	7,948.6
Trade Payables to Third Parties	88.6	104.3
To Related Parties	5.6	56.5
Other current payables	397.7	306.0
Current portion of long term borrowings	167.9	181.1
Other Liabilities	33.5	26.0
Total Current Liabilities	693.2	674.0
Long-term Borrowings	1,603.6	1,568.8
Other non current payables	264.5	268.6
Other Liabilities	76.7	91.0
Total Non-Current Liabilities	1,944.8	1,928.5
Shareholders' Equity	5,318.6	5,346.2
Total Liabilities and Shareholders' Equity	7,956.7	7,948.6

Note: Anadolu Efes subsidiaries, excluding brewing and malt production subsidiaries in Turkey and EFPA -the marketing and distribution company of the Group- and Tarbes - hops production company of the Group-, are stated on cost basis in order to provide more comprehensive presentation.

INTERNATIONAL BEER OPERATIONS (EBI)
Highlighted Income Statement Items For the Three-Month Period Ended 31.03.2015 and 31.03.2016
Prepared In Accordance with IFRS as per CMB Regulations
(million USD)

	2015/03	2016/03
<i>Volume (million hectoliters)</i>	3.2	2.7
NET SALES	156.8	116.9
GROSS PROFIT	67.5	52.7
PROFIT FROM OPERATIONS (BNRI)*	-16.8	-2.2
Income / Expense from Investing Activities	0.2	0.9
Financial Income / Expense (net)	-21.7	11.8
(LOSS)/PROFIT BEFORE TAX	-40.3	10.0
Tax income /(expense)	4.2	-2.7
(LOSS)/PROFIT AFTER TAX	-36.1	7.3
Attributable to		
Minority Interest	0.0	0.0
Equity Holders of the Parent Company	-36.0	7.4
EBITDA (BNRI)*	8.9	14.3

*Non-recurring items amounted to USD 2.0 million in 1Q2015 and USD 0.5 million in 1Q2016.

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.

INTERNATIONAL BEER OPERATIONS (EBI)
Highlighted Consolidated Balance Sheet Items as of 31.12.2015 and 31.03.2016
Prepared In Accordance with IFRS
(million USD)

	2015/12	2016/03
Cash and Cash Equivalents	168.9	171.5
Trade Receivables from Third Parties	62.0	86.9
from Related Parties	0.2	0.1
Inventories	80.8	98.1
Other Current Assets	15.0	13.6
Total Current Assets	326.9	370.1
Property, Plant and Equipment (incl. inv properties)	440.8	447.4
Intangible Assets (including goodwill)	663.6	704.9
Other Non-Current Assets	58.5	62.7
Total Non-Current Assets	1,162.9	1,215.0
Total Assets	1,489.8	1,585.1
Trade Payables, Due to Related Parties and Other Payables	169.5	196.7
Short-term Borrowings (including current portion of long-term debt and lease obligations)	2.2	10.6
Total Current Liabilities	171.7	207.3
Long-term Borrowings (including lease obligations)	77.1	78.3
Trade Payables	0.0	0.0
Other Non-Current Liabilities	66.3	71.3
Total Non-Current Liabilities	143.4	149.6
Total Equity	1,174.7	1,228.2
Total Liabilities and Shareholders' Equity	1,489.8	1,585.1

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

The functional currency of International Beer Operations (EBI) is USD. In order to present the relevant numbers in terms of TL in 31.03.2015 and 31.03.2016 consolidated financial statements, balance sheet items were converted using the period-end exchange rate and income statement items were converted using the three month average exchange rates for both periods.

SOFT DRINK OPERATIONS (CCI)
Highlighted Income Statement Items For the Three-Month Period Ended 31.03.2015 and 31.03.2016
Prepared In Accordance with IFRS as per CMB Regulations
(million TL)

	2015/03	2016/03
Sales Volume(million Unit Case)	218.4	221.8
Sales (net)	1,203.0	1,301.3
Cost of Sales	-792.4	-883.8
GROSS PROFIT	410.7	417.5
Operating Expenses	-334.4	-372.8
Other Operating Income / (Expense) (net)	-1.7	-0.3
EBIT	74.5	44.3
Gain / (Loss) from Associates	-0.3	-0.3
Income / (Expense) from Investing Activities	0.6	-0.5
Financial Income / (Expense), net	-186.7	-20.2
INCOME BEFORE MINORITY INTEREST & TAX	-111.9	23.3
Tax income / (expense)	-2.4	-18.2
INCOME BEFORE MINORITY INTEREST	-114.3	5.1
Attributable to,		
Minority Interest	-23.6	-24.3
Net Income attributable to Shareholders	-90.7	29.4
EBITDA	161.7	155.1

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 31.12.2015 and 31.03.2016
Prepared In Accordance with IFRS as per CMB Regulations
(million TL)

	2015/12	2016/03
Cash and Cash Equivalents	1,002.2	856.7
Financial Investments	0.2	8.7
Derivative Instruments	0.3	0.0
Trade Receivables and due from related parties	557.9	674.1
Inventory (net)	620.8	671.9
Other Receivables	34.0	35.1
Other Current Assets	442.9	468.7
Total Current Assets	2,658.3	2,715.2
Property, Plant and Equipment	4,366.7	4,319.7
Intangible Assets (including goodwill)	1,760.8	1,714.7
Other Non- Current Assets	160.0	159.6
Total Non-current Assets	6,287.5	6,193.9
Total Assets	8,945.8	8,909.1
Short-term Borrowings	252.8	181.0
Current Portion of Long-term Borrowings	310.2	342.7
Trade Payables and due to related parties	673.5	826.5
Other Payables	173.9	192.6
Provision for Corporate Tax	0.5	0.4
Short Term Provisions	47.8	56.3
Employee Benefits Payable	21.9	19.6
Other Current Liabilities	41.4	39.5
Total Current Liabilities	1,522.0	1,658.6
Long-term Borrowings	2,810.9	2,737.9
Non -Current Trade Payables and due to related parties	21.3	21.1
Non Current Provisions	52.4	54.0
Deferred Tax Liabilities	281.8	278.8
Other Non- Current Liabilities	115.8	112.8
Total Non-Current Liabilities	3,282.3	3,204.6
Total Equity	4,141.5	4,045.9
Total Liabilities and Shareholders' Equity	8,945.8	8,909.1

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 15,878, 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 31.03.2016 and 31.03.2015 as well as the balance sheets as of 31.03.2016 and 31.12.2015. Figures in 1Q2016 and 1Q2015 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), Tarbes (hops production 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' 1Q2016 RESULTS PRESENTATION & WEBCAST

Anadolu Efes - Beer Operations' 1Q2016 Results Presentation will be held on Thursday 5th of May 2016 at 16:30 (Istanbul) 14:30 (London) 9:30 (New York).

Audio Conference:

UK Dial-in: +44 2030432440 USA Dial-in: +1 8778874163

TR Dial-in: +90 212 705 2920 & +90 212 375 5125

Confirmation Code: 98022319#

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

Webcast:

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

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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