

ANADOLU EFES (BIST: AEFES. IS) 4Q2017 & FY2017 EARNINGS RELEASE

Istanbul, March 1, 2018

FY2017 HIGHLIGHTS

Consolidated sales volume up 4.4% to 91.3 mhl
 Consolidated net sales revenue up 24.2% to TL 12,946.9 million
 Consolidated EBITDA Before Non-Recurring Items (BNRI) up 25.8% to TL 2,228.4 million
 Consolidated Free Cash Flow was TL 1,314.9 million in FY2017 versus TL 1,030.4 million in FY2016

4Q2017 HIGHLIGHTS

Consolidated sales volume up 3.8% to 17.7 mhl
 Consolidated net sales revenue up 28.0% to TL 2,758.3 million
 Consolidated EBITDA (BNRI) up 86.6% to TL 418 million

AEFES Consolidated (TL mn)	4Q2016	4Q2017	% change	FY2016	FY2017	% change
Volume (mhl)	17.0	17.7	3.8%	87.5	91.3	4.4%
Net Sales	2,155.3	2,758.3	28.0%	10,420.3	12,946.9	24.2%
Gross Profit	779.7	1,089.3	39.7%	4,090.6	5,040.4	23.2%
EBIT (BNRI)	8.6	176.9	1965.0%	943.1	1,267.5	34.4%
EBITDA (BNRI)	224.0	418.0	86.6%	1,771.9	2,228.4	25.8%
Net Income/(Loss)*	-435.0	-194.4	55.3%	-70.8	149.4	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	36.2%	39.5%	332	39.3%	38.9%	-32
EBIT (BNRI) Margin	0.4%	6.4%	602	9.1%	9.8%	74
EBITDA (BNRI) Margin	10.4%	15.2%	476	17.0%	17.2%	21
Net Income Margin*	-20.2%	-7.0%	1314	-0.7%	1.2%	183

* Net income attributable to shareholders

Anadolu Efes' **consolidated sales volume** recorded 3.8% growth y-o-y in 4Q2017 led by the strong performances of beer operations and positive contribution of soft drinks. The biggest contributor to growth was international beer operations, which recorded 13.7% y-o-y growth in 4Q2017. Accordingly, Anadolu Efes' consolidated sales volume for the full year increased by 4.4% y-o-y to 91.3 mhl in line with our guidance of mid-single digit growth.

Consolidated net sales revenues increased by 28.0% y-o-y in the 4th quarter of the year, recording the highest quarterly revenue growth since 2012. Higher volumes and prices as well as the positive effect from currency translations were the main contributors to the strong growth. Full year consolidated net sales revenues reached TL 12,946.9 million with an increase of 24.2%, in line with our guidance. The highest contribution to revenue came from international beer operations, led by Russia.

Consolidated EBITDA (BNRI) was up by 86.6% to TL 418.0 million in the last quarter vs 4Q2016, with a strong margin expansion of 476 bps. The strong expansion in EBITDA margin was as a result of strong contribution of all business segments during the quarter. Full year EBITDA margin was flattish at 17.2% (vs 17.0% in 2016), in line with our guidance. Thanks to our diversified business structure, margin expansion of international beer operations and soft drinks operations balanced the relatively softer margins in Turkey beer operations.

Anadolu Efes recorded a net loss of TL 194.4 million in 4Q2017, due mainly to a TL 93.9 million loss from investing activities related to the provision for the impairment of assets associated with the Ukrainian beer operations as well as non-cash FX losses incurred from FX based long term borrowings. **Bottomline** was positive at TL 149.4 million in FY2017 vs a net loss of TL 70.8 million in FY2016 on the back of improved profitability as well as relatively lower, mostly non-cash FX losses.

Anadolu Efes posted an all-time high **Free Cash Flow** of TL 1,314.9 million in FY2017 despite cycling a then all-time high FCF of TL 1,030.4 million in FY2016 thanks to the balanced strong contributions of both beer and soft drink segments. Accordingly Anadolu Efes' **net financial indebtedness** over its EBITDA decreased to 1.4x from 1.9x in FY2016.

SUMMARY FINANCIALS

Consolidated (TL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mhl)	17.0	17.7	3.8%	87.5	91.3	4.4%
Net Sales	2,155.3	2,758.3	28.0%	10,420.3	12,946.9	24.2%
Gross Profit	779.7	1,089.3	39.7%	4,090.6	5,040.4	23.2%
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EBITDA (BNRI) Margin	10.4%	15.2%	476	17.0%	17.2%	21
Net Income Margin*	-20.2%	-7.0%	1,314	-0.7%	1.2%	183
Beer Group (TL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mhl)	4.3	4.8	11.0%	19.9	21.1	5.6%
Net Sales	780.1	1,101.9	41.2%	3,370.1	4,425.9	31.3%
Gross Profit	368.9	544.7	47.7%	1,708.1	2,142.6	25.4%
EBIT (BNRI)	35.6	137.4	285.5%	317.9	407.8	28.3%
EBITDA (BNRI)	127.8	248.0	94.0%	679.1	849.7	25.1%
Net Income / (Loss)*	-252.5	-118.3	53.1%	-35.1	61.2	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	47.3%	49.4%	215	50.7%	48.4%	-227
EBIT (BNRI) Margin	4.6%	12.5%	790	9.4%	9.2%	-22
EBITDA (BNRI) Margin	16.4%	22.5%	612	20.1%	19.2%	-95
Net Income Margin*	-32.4%	-10.7%	2,162	-1.0%	1.4%	243
Turkey Beer (TL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mhl)	1.4	1.4	5.2%	6.0	5.8	-3.2%
Net Sales	330.5	442.0	33.7%	1,438.6	1,588.4	10.4%
Gross Profit	197.7	272.7	37.9%	853.5	940.5	10.2%
EBIT (BNRI)	51.7	86.4	67.2%	246.6	228.5	-7.3%
EBITDA (BNRI)	90.5	128.2	41.6%	408.3	401.1	-1.8%
Net Income / (Loss)*	-215.1	-40.6	81.1%	-129.0	-8.2	93.6%
			Change (bps)			Change (bps)
Gross Profit Margin	59.8%	61.7%	186	59.3%	59.2%	-12
EBIT (BNRI) Margin	15.6%	19.5%	391	17.1%	14.4%	-276
EBITDA (BNRI) Margin	27.4%	29.0%	162	28.4%	25.3%	-313
Net Income Margin*	-65.1%	-9.2%	5,589	-9.0%	-0.5%	845
EBI (TL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mhl)	2.9	3.3	13.7%	13.9	15.2	9.3%
Net Sales	443.9	653.3	47.2%	1,903.3	2,806.8	47.5%
Gross Profit	162.5	266.0	63.7%	831.2	1,177.7	41.7%
EBIT (BNRI)	8.4	60.6	621.3%	128.6	220.4	71.4%
EBITDA (BNRI)	61.4	128.6	109.4%	325.3	487.4	49.8%
Net Income / (Loss)*	-4.9	-54.6	-1002.4%	159.2	98.7	-38.0%
			Change (bps)			Change (bps)
Gross Profit Margin	36.6%	40.7%	412	43.7%	42.0%	-171
EBIT (BNRI) Margin	1.9%	9.3%	738	6.8%	7.9%	110
EBITDA (BNRI) Margin	13.8%	19.7%	585	17.1%	17.4%	27
Net Income Margin*	-1.1%	-8.4%	-724	8.4%	3.5%	-485
CCI (TL mn)	4Q2016	4Q2017	Change %	FY2016	FY2017	Change %
Volume (mn u/c)	224.0	227.1	1.4%	1,189.1	1,237.5	4.1%
Net Sales	1,375.2	1,656.5	20.5%	7,050.2	8,521.1	20.9%
Gross Profit	413.3	546.2	32.2%	2,392.5	2,901.3	21.3%
EBIT	-22.9	43.1	n.m.	640.7	874.0	36.4%
EBITDA	96.4	170.0	76.4%	1,092.9	1,378.7	26.2%
Net Income / (Loss)*	-360.1	-148.5	58.8%	-28.4	237.6	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	30.1%	33.0%	292	33.9%	34.0%	11
EBIT Margin	-1.7%	2.6%	427	9.1%	10.3%	117
EBITDA Margin	7.0%	10.3%	325	15.5%	16.2%	68
Net Income Margin*	-26.2%	-9.0%	1,722	-0.4%	2.8%	319

* Net income attributable to shareholders

MANAGEMENT COMMENTS

“I am happy to report that we delivered a strong set of results in the 4th quarter of 2017, with both beer and soft drink operations contributing to growth in sales volume, revenue and strong free cash flow generation. Solid growth in volumes, revenue management and efficient expense management translated into margin expansion across all operations. Anadolu Efes’ consolidated sales revenue reached TL 13 billion in 2017 and EBITDA increased over TL 2 billion. I am also particularly happy to inform that our Free Cash Flow was very strong at TL 1.3 billion “commented Mr. Gavin Hudson, Anadolu Efes CEO and Beer Group President.

On the beer side, 4th quarter volume growth was strong at 11% year on year, bringing the full year volume growth to 6% with sales volume exceeding 21 million hectoliters in 2017. Revenue growth was significantly ahead of that of volume as a result of price increases, favorable mix and positive translation impact. Beer Group EBITDA margin was slightly below last year’s, as guided before. We are especially happy with the solid FCF generation of the beer group. Despite cycling a very strong base of tight working capital in 2016, we were able to decrease our core working capital as a percentage of net sales revenue and together with our smartly planned low capex as well as improved profitability in absolute terms, we recorded over TL 500 million free cash flow in 2017. This strong performance enabled us to significantly reduce our financial leverage to 1.1x in Beer Group. On this basis, our Board of Directors resolved to recommend a dividend payment of TL 250 million for the approval of the General Assembly.

In Turkey, the strong performance of our brand portfolio continued in the 4th quarter of the year. We are seeing some positive signs after “Efes Pilsen” relaunch on July 3rd. Our commitment to bringing the freshest and the most natural beer with highest quality is receiving very positive feedback from our consumers. Our strong brand portfolio will continue to be at the heart of our strategy in 2018 as well.

In international markets we delivered strong growth across all our operating countries in the 4th quarter. Russia performed exceptionally well by recording double digit growth both in 4th quarter and full year. Our increased presence in modern trade channels as well as market share gains in premium and upper mainstream segments enabled strong outperformance of the market in 2017. We estimate the Russian beer market to be down by mid-single digits in 2017.

Looking ahead, we expect to deliver mid-single digit volume growth in Anadolu Efes on a consolidated basis with positive contributions from all operations. We expect Anadolu Efes to deliver revenue growth ahead of volumes due to our price increases and strategy to improve mix. We target to improve our EBITDA margin while continuing to generate strong FCF is going to be a core focus area.

OPERATIONAL PERFORMANCE - BEER GROUP

TURKEY BEER OPERATIONS

Turkey Beer (TL mn)	4Q2016	4Q2017	% change	FY2016	FY2017	% change
Volume (mhl)	1.4	1.4	5.2%	6.0	5.8	-3.2%
Net Sales	330.5	442.0	33.7%	1,438.6	1,588.4	10.4%
Gross Profit	197.7	272.7	37.9%	853.5	940.5	10.2%
EBIT (BNRI)	51.7	86.4	67.2%	246.6	228.5	-7.3%
EBITDA (BNRI)	90.5	128.2	41.6%	408.3	401.1	-1.8%
Net Income/(Loss)*	-215.1	-40.6	81.1%	-129.0	-8.2	93.6%
	Change (bps)			Change (bps)		
Gross Profit Margin	59.8%	61.7%	186	59.3%	59.2%	-12
EBIT (BNRI) Margin	15.6%	19.5%	391	17.1%	14.4%	-276
EBITDA (BNRI) Margin	27.4%	29.0%	162	28.4%	25.3%	-313
Net Income Margin*	-65.1%	-9.2%	5,589	-9.0%	-0.5%	845

* Net income attributable to shareholders

Turkey beer **domestic volume** posted a strong 5.6% growth in 4Q2017 after the mild growth in the third quarter of the year. Thus, domestic Turkey beer volume came in at 5.4 mhl in FY2017, down by 3.1% vs. 2016 in line with our guidance of low single digit decline. **Total Turkey sales volume**, which include exports was 5.8 mhl in FY2017, down by 3.2% y-o-y.

Turkish beer market is estimated to be flat in FY2017.

Given the deterioration of consumer confidence at the beginning of the year and lower-than expected tourist arrivals lacking the favorable mix, beer volumes in Turkey remained under pressure during the year. High prices due to the excise tax increases put further pressure on affordability. Yet, the successful execution of the relaunch of “Efes Pilsen” brand was supportive of the growth seen in the last two quarters of 2017 despite the ongoing competition.

Driven by a solid mix improvement and price increases, Turkey beer operation’s **revenue per liter** grew by 27.1% in 4Q2017 vs the same quarter of previous year. Accordingly, full year revenues of Turkey beer operations increased to TL 1,588.4 million from TL 1,438.6 million in 2016 by growing 10.4% y-o-y.

Increased volumes in the quarter and more favorable exchange rate enabled us to control our cost base in the 4th quarter of the year despite higher barley prices and increase in packaging material costs. This, together with revenue per liter increase contributed to gross margin improvement of 186 bps in the quarter. Accordingly FY2017 **gross profit** increased to TL 940.5 million with a margin of 59.2%, flat to the previous year.

EBIT (BNRI) and **EBITDA (BNRI)** as a percentage of revenue improved by 391 bps and 162 bps respectively in 4Q2017 mainly due to the expansion in gross profit margin and optimization in OPEX. On a full year basis, Turkey beer operations recorded TL 401.1 million EBITDA (BNRI) with a margin of 25.3%. The decrease in margin is mostly attributable to costs related to re-launch of Efes brand as well as lower volumes.

Bottomline was negative at TL 8.2 million in FY2017, albeit at a lower amount compared to TL 129.0 million net loss recorded in FY2016. Devaluation in TL, which resulted in non-cash fx losses from hard currency borrowings was the main reason.

INTERNATIONAL BEER OPERATIONS

International Beer (TL mn)	4Q2016	4Q2017	% change	FY2016	FY2017	% change
Volume (mhl)	2.9	3.3	13.7%	13.9	15.2	9.3%
Net Sales	443.9	653.3	47.2%	1,903.3	2,806.8	47.5%
Gross Profit	162.5	266.0	63.7%	831.2	1,177.7	41.7%
EBIT (BNRI)	8.4	60.6	621.3%	128.6	220.4	71.4%
EBITDA (BNRI)	61.4	128.6	109.4%	325.3	487.4	49.8%
Net Income/(Loss)*	-4.9	-54.6	-1002.4%	159.2	98.7	-38.0%
			Change (bps)			Change (bps)
Gross Profit Margin	36.6%	40.7%	412	43.7%	42.0%	-171
EBIT (BNRI) Margin	1.9%	9.3%	738	6.8%	7.9%	110
EBITDA (BNRI) Margin	13.8%	19.7%	585	17.1%	17.4%	27
Net Income Margin*	-1.1%	-8.4%	-724	8.4%	3.5%	-485

* Net income attributable to shareholders

EBI's **consolidated sales volume** in 4Q2017 was strong at 3.3 mhl indicating a growth of 13.7% y-o-y as each EBI operating country contributed positively to the quarterly volumes. Mostly led by Russian beer operations, EBI's consolidated volume reached 15.2 mhl with a 9.3% growth in FY2017.

The Russian beer market is estimated to have declined by mid-single digits in 2017 due to the negative impact of the PET downsizing as well as unfavorable weather conditions during the high season. Our Russian operations recorded double digit volume growth in the quarter, despite cycling a very strong base of last year. Accordingly full year sales volume growth in Russia was also double digit, outperforming the market, as guided. The outperformance was driven by increased penetration in the modern trade channel, leadership in the premium segment and strengthened position in the mainstream segment.

Volume performance was also positive in other EBI markets with our execution efforts, also assisted by the improved macro environment in the operating geography. Continuous optimization of the brand portfolio supported by successful executions and efficient RTM continued to be the focus in 2017 as we maintained our leadership in these markets.

EBI's **consolidated net sales revenues** increased by 47.2% year on year to TL 653.3 million in 4Q2017 as a result of continued volume growth, price increases and the positive effect from currency translation driven by the better currency performances in major EBI countries in the quarter. Accordingly, EBI's consolidated net sales revenue was TL 2,806.8 million, up by 47.5% in FY2017 vs FY2016.

Gross profit increased by 63.7% to TL 266.0 million in 4Q2017 on a yearly basis. Cost of goods sold declined as a percentage of net sales in the last quarter leading to improvement in gross profit margin. Full year gross margin was recorded at 42.0%, down by 171 bps vs FY2016 as the gross margin expansion in 4Q2017 mitigated the impact of the product and channel mix and procurement prices putting pressure on profitability in the first nine months.

EBI's **consolidated EBIT (BNRI)** and **EBITDA (BNRI)** margins improved by 738 bps and 585 bps respectively in 4Q2017 on the back of higher volumes and tight opex management. In FY2017, EBI's consolidated EBITDA (BNRI) was TL 487.4 million, 49.8% higher vs the same period of previous year. EBITDA margin was flattish at 17.4%.

EBI recorded TL 98.7 million **net profit** in FY2017 vs TL 159.2 million in FY2016.

OPERATIONAL PERFORMANCE - SOFT DRINK GROUP

MANAGEMENT COMMENTS

Burak Basarir, Chief Executive Officer of Coca-Cola İçecek, commented: "We are pleased with our growth in 2017, with all of our regions contributing to the top-line acceleration. Through high-quality growth and efficiency measures, we registered the highest net revenue, EBIT and EBITDA growth of the past five years* and delivered on our 2017 guidance. Robust profitability reconfirmed the strength of our business model and resulted in record high free cash flow. Today we also announced a TL 200 million dividend proposal** for 2017, reflecting our commitment to return value to our shareholders.

In Turkey, volume grew by 3.3%, the highest increase in five years. Quality volume growth saw the Sparkling category turning positive after five years and a more significant share of immediate consumption (IC) volumes. Net revenue per case grew 8.1% in 2017, on the back of strong price-mix stemming from successful revenue growth initiatives.

Pakistan operations were able to build on the previous year's high base, and we are pleased to report a significant improvement in operating profitability through price increases and efficiency measures. In Iraq, volume growth turned positive in 2017, supported by strong Sparkling performance and improved market execution.

Central Asia regained its growth momentum as Kazakhstan and Azerbaijan, our largest markets in the region, both posted strong double-digit volume growth, driven by a recovering macroeconomic backdrop. Despite the challenging operating environment in Turkmenistan, Central Asia's overall performance was solid, with volume growth in all categories and improving operating profitability.

In 2017, we further strengthened our readiness for future growth opportunities with a very successful Eurobond issuance resulting in both a longer maturity and lower financing cost. In addition, we successfully completed a hedging transaction for USD 150 million through participating cross-currency swaps, in early 2018. With our disciplined financial approach, strong market positions and proven management team, we are on track to grow our business profitably and deliver our strategic objectives set out for 2025."

Coca-Cola İçecek (TL mn)	4Q2016	4Q2017	% change	FY2016	FY2017	% change
Volume (mn u/c)	224.0	227.1	1.4%	1,189.1	1,237.5	4.1%
Net Sales	1,375.2	1,656.5	20.5%	7,050.2	8,521.1	20.9%
Gross Profit	413.3	546.2	32.2%	2,392.5	2,901.3	21.3%
EBIT	-22.9	43.1	n.m.	640.7	874.0	36.4%
EBITDA	96.4	170.0	76.4%	1,092.9	1,378.7	26.2%
Net Income/(Loss)*	-360.1	-148.5	58.8%	-28.4	237.6	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	30.1%	33.0%	292	33.9%	34.0%	11
EBIT Margin	-1.7%	2.6%	427	9.1%	10.3%	117
EBITDA Margin	7.0%	10.3%	325	15.5%	16.2%	68
Net Income Margin*	-26.2%	-9.0%	1,722	-0.4%	2.8%	319

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In FY2017, consolidated sales volume increased by 4.1%, in line with our guidance. This was driven by solid performance of Sparkling (up 3.3%), Stills (up 8.5%) and non-ready-to-drink ("NRTD") Tea (up 20.9%), while Water volume declined by 3.2%. The share of Turkey operations within total sales volume was 50% in FY17 compared to 51% in FY2016. **In 4Q2017, consolidated sales volume** rose by 1.4%, driven by 3.0% Sparkling and 16.8% Stills growth, along with 4.0% lower Water and 7.7% lower NRTD tea volume.

*2013 growth based on 2012 proforma figures as announced in FY13 Earnings Release

**FY17 dividend is subject to the approval of the General Assembly of Shareholder

In FY2017, Turkey operations delivered volume growth of 3.3%, registering the highest growth of the past 5 years. This was mainly driven by Sparkling (up 1.7%), Stills (up 4.1%) and NRTD tea (up 20.7%). Water contracted by 6.8% in FY17, in line with our strategy to improve category profitability. Initiatives to drive revenue through quality volume growth resulted in positive Sparkling growth for the first time in 5 years. The share of immediate consumption ("IC") packages in the Sparkling category increased to 22% from 20% in FY2016, with the number of transactions growing by 9%, outpacing volume growth. **In 4Q2017**, volume growth in **Turkey** was 1.9%. The Sparkling category registered 5.7% growth with an accelerated growth of 23.5% in IC packages. The share of IC packages in the Sparkling category increased by 3.7% points year-on-year to 25.7%. The Stills category posted 13.2% growth in the quarter, mainly driven by double-digit growth both in Juice and Ice Tea. Meanwhile, Water contracted by 0.7% with packaging mix evolving in favor of IC packages. NRTD Tea declined by 7.9%, mainly due to the high base of 4Q2016.

In FY2017, international operations delivered 4.9% volume growth, primarily driven by growth in Kazakhstan, Pakistan, Azerbaijan and Iraq. In Pakistan, volume rose by 3.5%. This was mainly due to the focus on profitable volume growth and price increases in early 2017 for the first time in 3 years, which slowed down overall volume growth. Across the Middle East, volume grew by 5.5%, with Iraq posting 5.5% growth, mainly driven by Sparkling. Jordan recorded 5.0% growth for the year. Central Asia registered 7.0% growth, mainly due to strong performance in Kazakhstan and Azerbaijan. Kazakhstan posted 17.5% volume growth, representing a record high volume in the aftermath of the economic slowdown. Strong market execution, successful consumer activities and higher oil prices supporting the economy led to double-digit growth in all categories in Kazakhstan. Azerbaijan, CCI's second largest market in the region, posted 27.2% volume growth, mainly driven by strong growth in the Sparkling category. Turkmenistan registered 45.8% volume contraction due to a worsened macroeconomic backdrop which resulted in limitations on currency convertibility, causing interruptions to operations. **In 4Q2017, international operations** delivered 0.8% volume growth. In Pakistan, volume decreased by 3.7% in 4Q2017, cycling 13.1% growth in 4Q2016, mainly due to the slowdown impact of price increases, coupled with unfavorable weather conditions and macro uncertainties impacting consumer sentiment. Across the Middle East, volume grew by 3.7%. Iraq posted 4.9% growth driven by the Sparkling category. Jordan recorded a 2.6% contraction, reflecting the weak macroeconomic environment and slowdown in overall consumer spending. Central Asia registered 5.3% volume growth with all markets, except for Turkmenistan, posting double-digit volume growth. During the quarter, Kazakhstan posted 13.4% volume growth, cycling 14.3% growth in 4Q16 and Azerbaijan posted 34.7% volume growth.

In FY2017, consolidated net sales revenue ("NSR") increased by 20.9%, mainly driven by double-digit revenue growth in Turkey operations and positive FX conversion impact of International operations. On an FX-neutral basis, consolidated NSR was up by 9.8%, on the back of increasing volume, strong pricing and positive sales mix. **In Turkey, NSR** was up by 11.7%, mainly driven by pricing, successful promotion management and improving packaging mix. NSR per unit case maintained its momentum throughout the year, recording 8.1% growth as the revenue growth initiatives continued to deliver solid results. In the **international operations**, NSR increased by 30.4% or 7.8% on an FX-neutral basis. Strong volume growth in Central Asia and NSR per unit case growth in Pakistan were the main drivers of top-line in 2017, while NSR per unit case was up by 2.8%, on an FX-neutral basis. **In 4Q2017, consolidated NSR** increased by 20.5%, while it was up by 13.1% on an FX-neutral basis. **In Turkey**, NSR was up by 19.4%, mainly driven by pricing and improving packaging mix. NSR per unit case accelerated to 17.2% in the last quarter of the year, reflecting higher share of IC packages, favorable sales mix and continued focus on more profitable packages. In **international operations**, NSR increased by 21.4%, or 7.1% on an FX-neutral basis. NSR per unit case increased by 20.5%, or 6.3% on an FX-neutral basis, which was mainly supported by higher NSR per case in Pakistan.

In FY2017, consolidated gross margin improved by 11 bps to 34.0% with raw material costs as a percentage of revenue remaining almost flat on a consolidated basis. **In Turkey**, stronger NSR per unit case more than offset higher packaging costs and paved the way for margin expansion. Turkey's gross margin improved by 101 bps to 38.4% in FY2017. In **international operations**, gross margin remained almost flat at 30.2% as margin expansion in Pakistan and Kazakhstan compensated for lower margins in Turkmenistan and Iraq.

In 4Q2017, gross margin expanded by 292 bps to 33.0%, with both Turkey and International operations delivering margin expansion. **In Turkey**, growth in cost per unit case lagged behind growth

in NSR per case, leading to 274 bps expansion in gross margin. **International** gross margin improved by 307 bps as higher NSR per case compensated for higher costs in sugar and packaging materials. **In FY2017, EBIT margin** improved by 117 bps to 10.3%, primarily driven by Turkey operations. This was due to 11 bps decrease in cost of sales, 32 bps decrease in G&A expenses and 73 bps decrease in SD&M expenses as a percentage of revenue. Operating expenses as a percentage of revenue declined both in Turkey and in international operations. **EBIT margin** turned positive **in 4Q2017** with significant margin expansion both in Turkey and International operations. **EBITDA margin** expanded by 68 bps to 16.2% **in FY2017**, reflecting better operating profitability in Turkey and lower OpEx/Sales. **EBITDA margin** improved by 325 bps to 10.3% **in 4Q2017**, reflecting solid operating profitability, both in Turkey and International operations. **Net income** was TL 237.6 million **in FY2017** vs. TL 28.4 million loss* in FY2016 mainly due to higher operating profit and lower net financial expense. **Net loss** decreased by 58.8% **in 4Q2017**, due to higher operating profit and lower net financial expense.

Free cash flow increased to TL 729 million in FY2017, up by 13.7% compared to FY2016, mostly attributable to higher cash from operating activities and lower capital expenditure.

Net Debt/EBITDA** ratio improved to 1.5x in FY2017 from 2.1x in FY2016.

* The number also includes impairment of South Iraq goodwill of TL 54 mn, reflected on financial tables as of 31 December 2016

** Excluding the refinanced USD 500 m Eurobond

CONSOLIDATED FINANCIAL PERFORMANCE

EBITDA (TL mn)	FY2016	FY2017
Profit/loss from Operations	939.9	1,251.9
Depreciation and amortization	790.7	932.0
Provision for retirement pay liability	20.1	22.8
Provision for vacation pay liability	9.8	2.8
Foreign exchange gain/loss from operating activities	3.9	-0.8
Rediscount interest income/expense from operating activities	0.0	0.5
Other	4.3	3.7
EBITDA	1,768.7	2,212.9
EBITDA (BNRI*)	1,771.9	2,228.4

* Non-recurring items amounted to TRL 3.2 million in FY2016 and TRL 15.6 million in FY2017

Financial Income / (Expense) Breakdown (TL mn)	FY2016	FY2017
Interest income	81.1	141.3
Interest expense	-211.6	-266.0
Foreign exchange gain / (loss)	-641.0	-524.1
Other financial expenses (net)	-26.5	-25.4
Gain/(loss) on derivative transactions	-4.2	0.0
Net Financial Income / (Expense)	-802.2	-674.2

Anadolu Efes Free Cash Flow (TL mn)	FY2016	FY2017
EBITDA	1,768.7	2,212.9
Change in Working Capital	172.5	70.6
Income Taxes & Employee Benefits Paid	-133.4	-165.8
CAPEX, net	-707.8	-770.8
Net Financial Income / (Expense)	-69.6	-31.9
FCF	1,030.4	1,314.9
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	-14.1	-17.8
FCF (after investing activities)	1,016.3	1,297.0

As of FY2017	Consolidated Gross Debt	Cash & Cash Equivalents	Net Cash/(Debt) Position
AEFES Consolidated (TL mn)	8,509.5	5,498.2	-3,011.3
Beer Group (TL mn)	2,518.8	1,606.3	-912.5
Turkey Beer (TL mn)	2,346.2	387.5	-1,958.7
EBI (USD mn)	43.1	321.5	278.4
CCI (TL mn)	5,990.7	3,891.9	-2,098.8

Net Debt/ EBITDA (BNRI)	FY2016	FY2017
Anadolu Efes Consolidated	1.9	1.4
Beer Group	1.7	1.1

OUTLOOK

The guidance below refers to the expected organic results of Anadolu Efes in 2018 and does not include any guidance considering the new operating structure in Russia & Ukraine. As announced earlier, we are working towards finalizing the deal with ABI. Once the deal closes, we will be able to share more information on the new operating structure.

Sales Volume:

Mid-single digits growth **on a consolidated basis**

Total Beer: Flattish to low single digit growth

Turkish beer market: Flattish-to-low single digit growth

Turkey own beer: In line with market

Russian beer market: Flattish

Russian own beer: In line with market

Consolidated Soft Drinks: 4%-6% growth

Turkey soft drinks: 2%-4% growth

International soft drinks: 8%-10% growth

Revenue:

Outperform sales volume **in all business lines**

EBITDA Margin:

Slightly higher **on a consolidated basis** mainly due to improved margins in **beer operations**

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 2018

Financial Markets Related: 2018 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 our cost of sales relates to raw and packaging materials and many of these raw materials are commodities, or are priced based on commodity 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 Twelve-Month Period Ended 31.12.2016 and 31.12.2017
Prepared in accordance with IFRS as per CMB Regulations
(TL mn)

	2016/12	2017/12
SALES VOLUME (mhl)	87.5	91.3
SALES REVENUE	10,420.3	12,946.9
Cost of Sales (-)	-6,329.6	-7,906.5
GROSS PROFIT FROM OPERATIONS	4,090.6	5,040.4
Selling, Distribution and Marketing Expenses (-)	-2,393.8	-2,915.9
General and Administrative Expenses (-)	-841.2	-955.5
Other Operating Income /Expense (net)	84.3	82.9
PROFIT FROM OPERATIONS (BNRI)*	943.1	1,267.5
Income /Expense From Investing Activities (net)	-61.3	-64.0
Income / (Loss) from Associates	-23.5	-30.4
OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)	855.1	1,157.6
Financial Income / Expense (net)	-802.2	-674.2
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	53.0	483.4
Continuing Operations Tax Income/(Expense)		
- Current Period Tax Expense (-) / Income	-84.9	-157.6
- Deferred Tax Expense (-) / Income	-8.1	-19.9
INCOME/(LOSS) FOR THE PERIOD	-40.1	305.9
Attributable to:		
Non-Controlling Interest	30.7	156.5
EQUITY HOLDERS OF THE PARENT	-70.8	149.4
EBITDA (BNRI)*	1,771.9	2,228.4

*Non-recurring items amounted to TL 3.2 million in FY2016 and TL 15.6 million in FY2017

Note: 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 31.12.2016 and 31.12.2017
Prepared In Accordance with IFRS as per CMB Regulations
(TL mn)

	2016/12	2017/12
Cash & Cash Equivalents	2,745.3	5,409.6
Financial Investments	11.0	88.6
Derivative Instruments	1.5	0.2
Trade Receivables from Third Parties	1,188.1	1,372.6
from Related Parties	131.5	158.1
Other Receivables	99.1	103.4
Inventories	1,031.0	1,179.2
Other Current Assets	801.2	886.4
Total Current Assets	6,008.7	9,198.0
Other Receivables	14.5	22.3
Financial Investments	0.8	0.8
Investments in Associates	58.4	46.3
Property, Plant and Equipment (incl. inv properties)	7,396.6	7,587.1
Other Intangible Assets	9,964.1	10,403.3
Goodwill	1,675.2	1,840.8
Deferred Tax Assets	274.3	307.4
Other Non-Current Assets	236.0	284.8
Total Non-Current Assets	19,619.9	20,492.9
Total Assets	25,628.6	29,690.9
	2016/12	2017/12
Current portion of long term borrowings	383.1	2,956.1
Short-term Borrowings	117.8	89.4
Derivative Instruments	0.1	0.0
Current Trade Payables to Third Parties	1,258.3	1,624.0
to Related Parties	25.9	52.4
Other Current Payables	661.6	851.1
Provision for Corporate Tax	1.4	6.5
Provisions	129.6	115.4
Other Liabilities	108.6	123.7
Total Current Liabilities	2,686.5	5,818.7
Long-term Borrowings	5,682.4	5,464.0
Non Current Trade Payables	26.4	35.2
Other Non Current Payables	301.5	347.2
Deferred Tax Liability	1,831.5	1,908.1
Other Non Current Liabilities	283.2	290.9
Total Non-Current Liabilities	8,125.1	8,045.4
Total Equity	14,817.0	15,826.9
Total Liabilities and Shareholders' Equity	25,628.6	29,690.9

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 Twelve-Month Period Ended 31.12.2016 and
31.12.2017

Prepared in accordance with IFRS as per CMB Regulations

(TL mn)

	2016/12	2017/12
SALES VOLUME (mhl)	19.9	21.1
SALES REVENUE	3,370.1	4,425.9
GROSS PROFIT FROM OPERATIONS	1,708.1	2,142.6
PROFIT FROM OPERATIONS (BNRI)*	317.9	407.8
OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)	325.3	337.4
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	13.0	102.5
INCOME/(LOSS) FOR THE PERIOD	-34.8	61.5
EQUITY HOLDERS OF THE PARENT	-35.1	61.2
EBITDA (BNRI)*	679.1	849.7

*Non-recurring items amounted to TL 3.2 million in FY2016 and TL 15.6 million in FY2017

Note: 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 31.12.2017

Prepared In Accordance with IFRS as per CMB Regulations

(TL mn)

	2016/12	2017/12
Cash & Cash Equivalents	1,279.2	1,534.9
Financial Investments	0.0	71.4
Derivative Instruments	0.3	0.0
Trade Receivables	715.7	856.0
Other Receivables	57.7	63.1
Inventories	509.7	615.4
Other Current Assets	313.6	352.5
Total Current Assets	2,876.3	3,493.3
Investments in Associates	655.9	643.8
Property, Plant and Equipment (incl. inv properties)	2,063.6	2,092.7
Other Intangible Assets	1,781.4	1,965.7
Goodwill	985.3	1,102.7
Other Non-Current Assets	354.6	400.6
Total Non-Current Assets	5,840.8	6,205.5
Total Assets	8,717.1	9,698.8
Current portion of long term borrowings	126.8	237.7
Short-term Borrowings	8.6	11.1
Current Trade Payables	511.1	721.4
Other Current Payables	449.8	618.5
Provisions	47.3	49.4
Other Liabilities	45.4	53.4
Total Current Liabilities	1,189.0	1,691.4
Long-term Borrowings	2,277.7	2,270.0
Other Non Current Payables	301.5	347.2
Deferred Tax Liability	279.5	305.1
Other Non Current Liabilities	106.9	101.0
Total Non-Current Liabilities	2,965.8	3,023.3
Total Equity	4,562.4	4,984.1
Total Liabilities and Shareholders' Equity	8,717.1	9,698.8

TURKEY BEER OPERATIONS

Highlighted Income Statement Items For Twelve-Month Period Ended 31.12.2016 and 31.12.2017
Prepared In Accordance with IFRS as per CMB Regulations
(TL mn)

	2016/12	2017/12
SALES VOLUME (mhl)	6.0	5.8
NET SALES	1,438.6	1,588.4
GROSS PROFIT FROM OPERATIONS	853.5	940.5
PROFIT FROM OPERATIONS (BNRI)*	246.6	228.5
Income / Expense from Investing Activities (net)	2.7	9.6
Financial Income / Expense (net)	-404.4	-262.9
CONTINUING OPERATIONS PROFIT BEFORE TAX	-155.1	-31.3
Tax income / (expense)	26.2	23.1
PROFIT FOR THE YEAR	-128.9	-8.2
EBITDA (BNRI)*	408.3	401.1

* Non-recurring items amounted to TL 6.6 million in FY2017

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 Twelve-Month Period Ended 31.12.2016 and 31.12.2017
Prepared In Accordance with IFRS as per CMB Regulations
(TL mn)

	2016/12	2017/12
SALES VOLUME (mhl)	13.9	15.2
NET SALES	1,903.3	2,806.8
GROSS PROFIT	831.2	1,177.7
PROFIT FROM OPERATIONS (BNRI)*	128.6	220.4
Income / Expense from Investing Activities (net)	15.3	-77.5
Financial Income / Expense (net)	91.9	27.9
(LOSS)/PROFIT BEFORE TAX	232.6	162.4
Tax income / (expense)	-73.1	-63.4
(LOSS)/PROFIT AFTER TAX	159.5	99.0
Attributable to		
Minority Interest	0.3	0.3
Equity Holders of the Parent Company	159.2	98.7
EBITDA (BNRI)*	325.3	487.4

*Non-recurring items amounted to TL 3.2 million in FY2016 and TL 8.4 million in FY2017.

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 Twelve-Month Period Ended
31.12.2016 and 31.12.2017
Prepared In Accordance with IFRS as per CMB Regulations
(TL mn)

	2016/12	2017/12
SALES VOLUME (mn u/c)	1,189.1	1,237.5
NET SALES	7,050.2	8,521.1
COST OF SALES	-4,657.8	-5,619.8
GROSS PROFIT	2,392.5	2,901.3
Operating Expenses	-1,763.5	-2,042.1
Other Operating Income / (Expense) (net)	11.8	14.8
EBIT	640.7	874.0
Gain / (Loss) from Associates	-1.2	-0.4
Income / (Expense) from Investing Activities, net	-79.0	-13.4
Financial Income / (Expense), net	-489.8	-439.2
INCOME BEFORE MINORITY INTEREST & TAX	70.8	421.0
Tax income / (expense)	-48.4	-139.5
INCOME BEFORE MINORITY INTEREST	22.4	281.5
Attributable to,		
Minority Interest	50.8	43.9
Net Income attributable to Shareholders	-28.4	237.6
EBITDA	1,092.9	1,378.7

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 31.12.2017
Prepared In Accordance with IFRS as per CMB Regulations
(TL mn)

	2016/12	2017/12
Cash and Cash Equivalents	1,466.1	3,874.7
Financial Investments	11.0	17.2
Derivative Instruments	1.1	0.2
Trade Receivables and due from related parties	604.3	675.2
Inventory (net)	521.3	563.8
Other Receivables	41.4	40.3
Other Current Assets	487.6	533.9
Total Current Assets	3,132.8	5,705.3
Property, Plant and Equipment	5,084.8	5,258.0
Intangible Assets (including goodwill)	2,077.7	2,226.5
Other Non- Current Assets	160.6	204.4
Total Non-current Assets	7,323.1	7,688.9
Total Assets	10,456.0	13,394.2
Short-term Borrowings	109.2	79.9
Current Portion of Long-term Borrowings	256.3	2,716.8
Trade Payables	773.5	955.6
Other Payables	211.7	232.4
Provision for Corporate Tax	0.0	4.8
Short Term Provisions	82.3	66.1
Employee Benefits Payable	31.5	39.6
Other Current Liabilities	33.1	32.4
Total Current Liabilities	1,497.6	4,127.6
Long-term Borrowings	3,404.7	3,194.0
Non -Current Trade Payables	26.4	35.2
Non Current Provisions	65.2	72.3
Deffered Tax Liabilities	353.9	407.9
Other Non- Current Liabilities	111.2	117.6
Total Non-Current Liabilities	3,961.4	3,827.0
Total Equity	4,997.0	5,439.6
Total Liabilities and Shareholders' Equity	10,456.0	13,394.2

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 14,188, 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 31.12.2016 and 31.12.2017 as well as the balance sheets as of 31.12.2016 and 31.12.2017. Figures in FY2016 and FY2017 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' FY2017 RESULTS PRESENTATION & WEBCAST

Anadolu Efes - Beer Operations' FY2017 Results Presentation will be held on Friday 2nd of March 2018 at 16:30 (Istanbul) 13:30 (London) 8:30 (New York).

Audio Conference:

UK Dial-in: +44 207 194 37 59/ 0 800 376 61 83

USA Dial-in: 844 286 0643

TR Dial-in: +90 212 375 51 27

Russia Dial-in: +7 495 646 93 15

Confirmation Code: 63516545#

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

Webcast:

<http://edge.media-server.com/m/p/6ovdh9vq>

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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