



# ANADOLU EFES

INVESTOR PRESENTATION





**PASSIONATE  
& PROUD**

We are proud with our brands and our past. We approach to the challenges with positive perspective and saying "we can do it."



**PROFESSIONAL**

We cherish accuracy, transparency and professionalism.



**NIMBLE**

We foster a culture of proactivity, forward thinking, innovation & continuous improvement and act with agility in realizing our targets.



**COLLABORATIVE**

We have authority and responsibility. We work together to success.



**SUSTAINABLE**

We contribute to the community and environment positively.

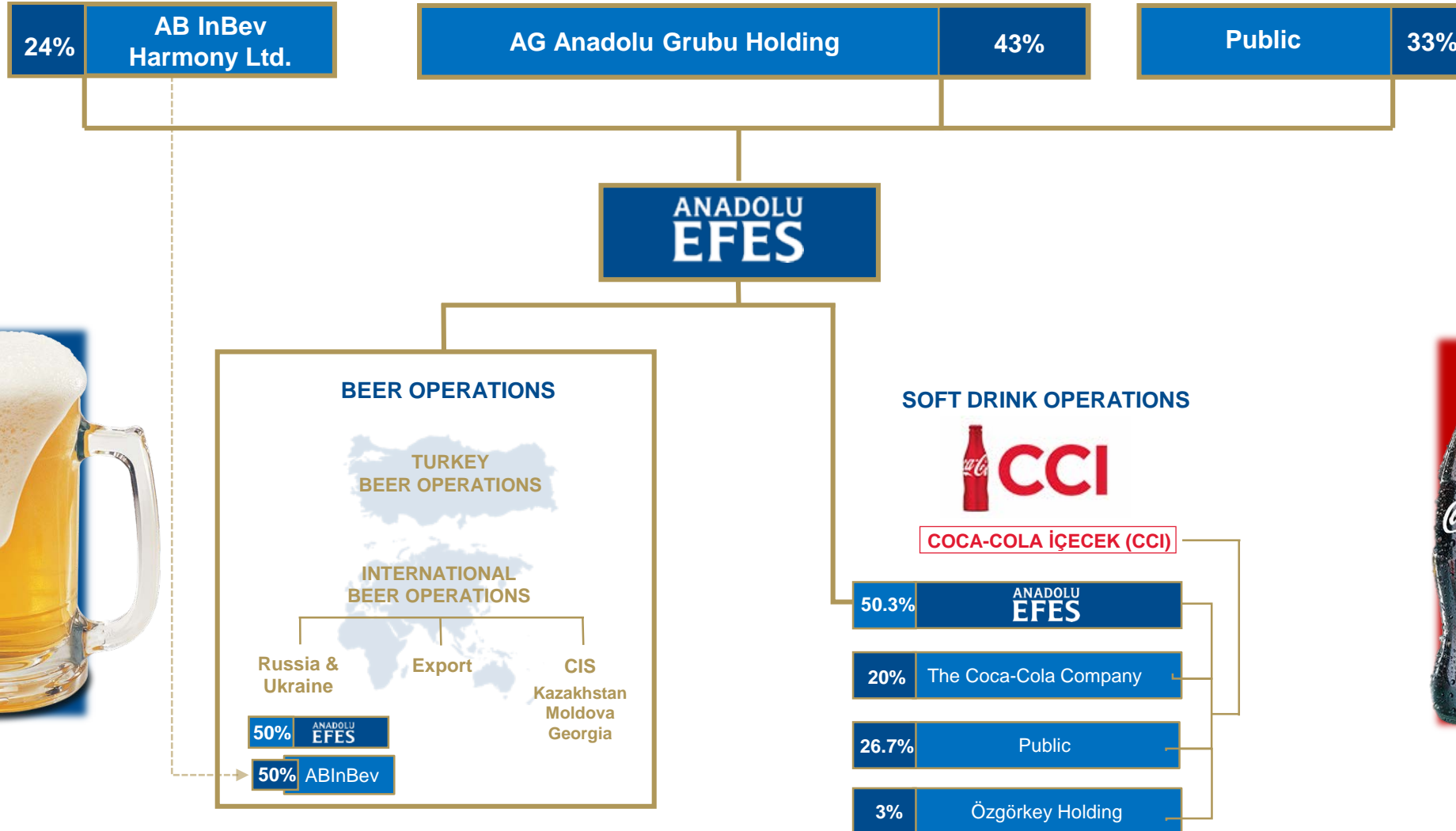
**OUR VISION**

Be the most admired beverage company in our markets.

**OUR MISSION**

Bring people together to share moments of life by enjoying our brands responsibly.

# Ownership Structure



# Anadolu Efes At a Glance



Serving more than **690 mn** people



16\* countries; 21 Breweries & 26 Bottling Plants

Europe's **5th** largest brewer

World's **15th** largest brewer

**6th** largest Coca-Cola bottler in the Cola system



Operating in markets with significant growth potential with a world class brand portfolio in beer & soft drinks



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



**9.1** billion litres sales volume

TL **12.9** billion sales revenue

TL **2.2** billion EBITDA



# 1H2018 Highlights

**THROUGHOUT THIS PRESENTATION 'PROFORMA' MEANS FIGURES INCLUDING ABI RUSSIA AND ABI UKRAINE STARTING FROM APRIL 1ST.**

- ✓ **Volume growth of 7.3% y-o-y, on a proforma basis**
  - International beer operations
  - Soft drink operations
- ✓ **Revenue up by 19.3% y-o-y, on a proforma basis**
  - Higher volumes
  - Price increases
  - Positive currency translation impact
- ✓ **EBITDA (BNRI) expanded by 27.2% on a proforma basis, with 99 bps margin improvement y-o-y, mostly attributable to**
  - International beer operations
  - Soft drink operations
- ✓ **Net loss of TL15.2 million, due to non-cash FX losses**
- ✓ **Consolidated net debt to EBITDA (BNRI) → 1.8x.**



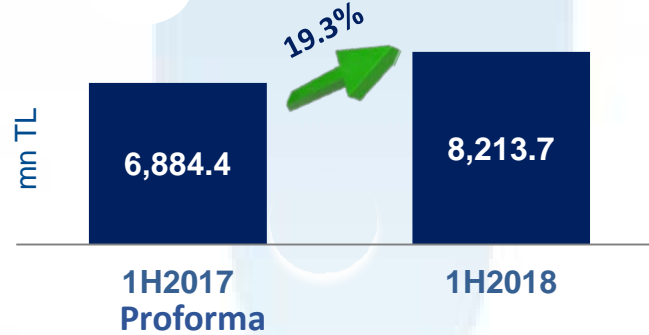
# Solid 1H2018 Consolidated Performance



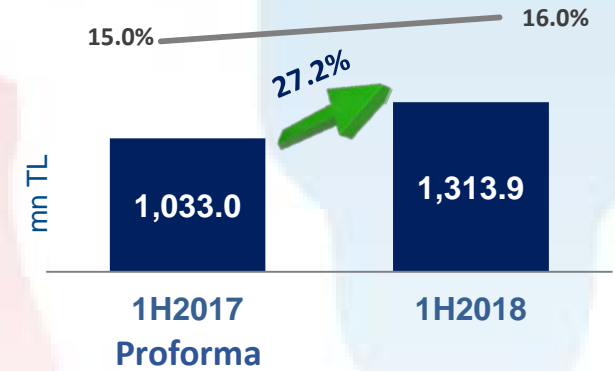
## SALES VOLUME



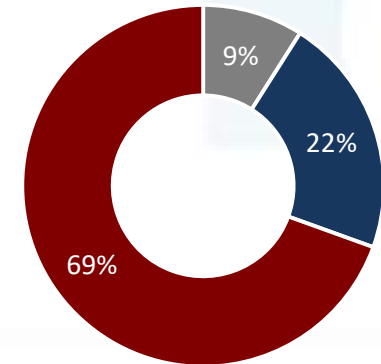
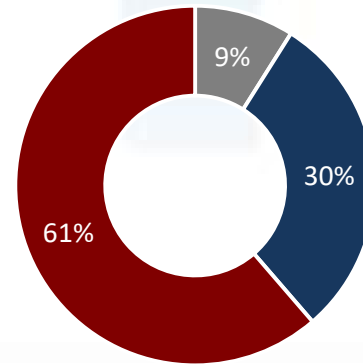
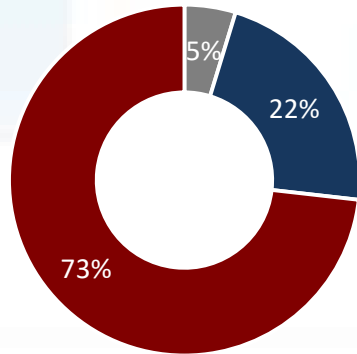
## NET SALES REVENUE



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



BREAKDOWN\*



\*Breakdowns are on a combined basis

■ Turkey Beer ■ International Beer ■ Soft Drinks

# Strong Competitive Advantages



**Diversified** business model including beer and soft drinks



**Strategic Partnership** with World's leading FMCG companies; AB InBev & TCCC



**Expertise & Know-how** in driving cost efficiencies



**Strong** regional player powered by proven local know-how

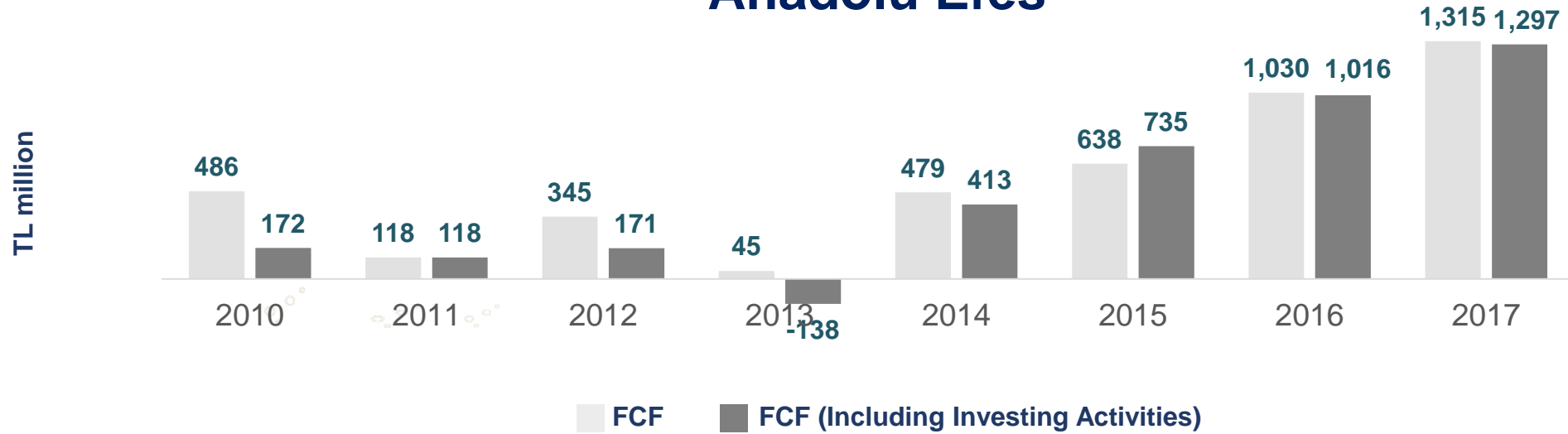


**Solid, consistent** financial performance and strong track record

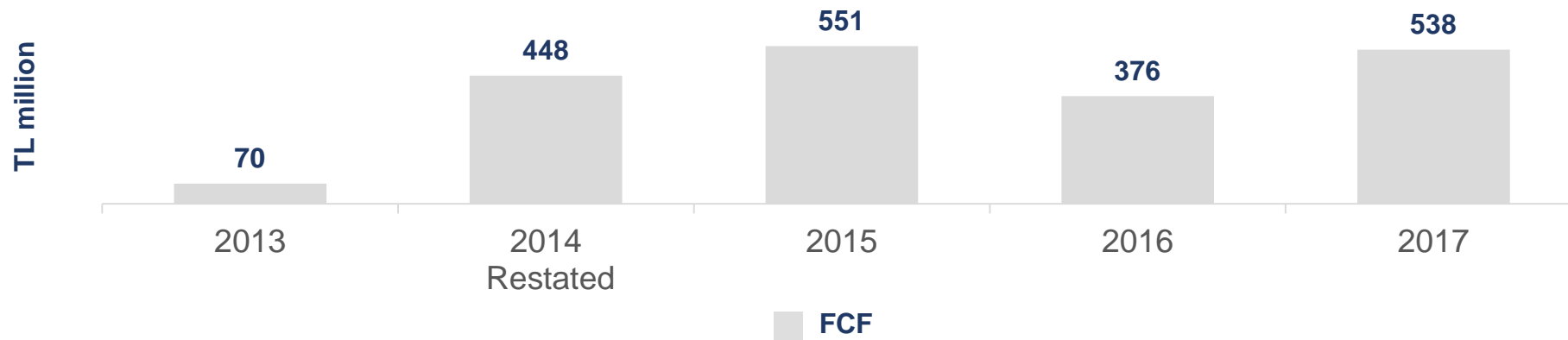
# Solid Cash Flow Generation



## Anadolu Efes



## Beer Group





# Long-term Key Priorities



Continue to generate value by margin improvement and FCF generation through our priorities



Capitalizing on our strong brand portfolios



Achieving optimal brand & SKU mix



Excelling in execution



Focusing on quality market share



Strong cash flow generation with special focus on optimizing WC



Accelerate revenue and margin growth



Winning at the point of sales



Sales force effectiveness

# BEER OPERATIONS



# BEER Group Strategy



## Brands

Provide choice and innovation to consumers:  
**Grow brand love**

## Execution

Excell in **customer collaboration availability and point of sale activation**

## Efficiency

Build competitive advantage through **lean and efficient operations**

## Relations

Focus on **employees, customers, regulators, community and environment**

# Efes Beer Group At a Glance



Since **1969**



**15th**  
Largest in the World



**5th**  
Largest in Europe



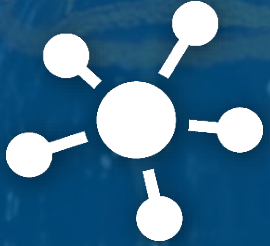
**1st**  
#1 in our markets  
Turkey, Kazakhstan  
Moldova, Georgia  
(Russia #2)



~ **80** brands  
~ **300m** consumer



**9.700+**  
Employees



**80+**  
Export countries



**6**  
Operation countries

Turkey, Russia, Kazakhstan  
Moldova, Georgia, Ukraine



**21**  
Breweries

\*incl. Russia & Ukraine –  
to be optimized

# Beer Operations

- #1 Brewer



Turkey



- #2 Brewer



Russia



- #1 Brewer



Kazakhstan



- #1 Brewer



Moldova



- #1 Brewer



Georgia



- #2 Brewer



Ukraine





# Markets With Low Per Capita Consumption & High Growth Potential




Operating markets with growth potential characterized by

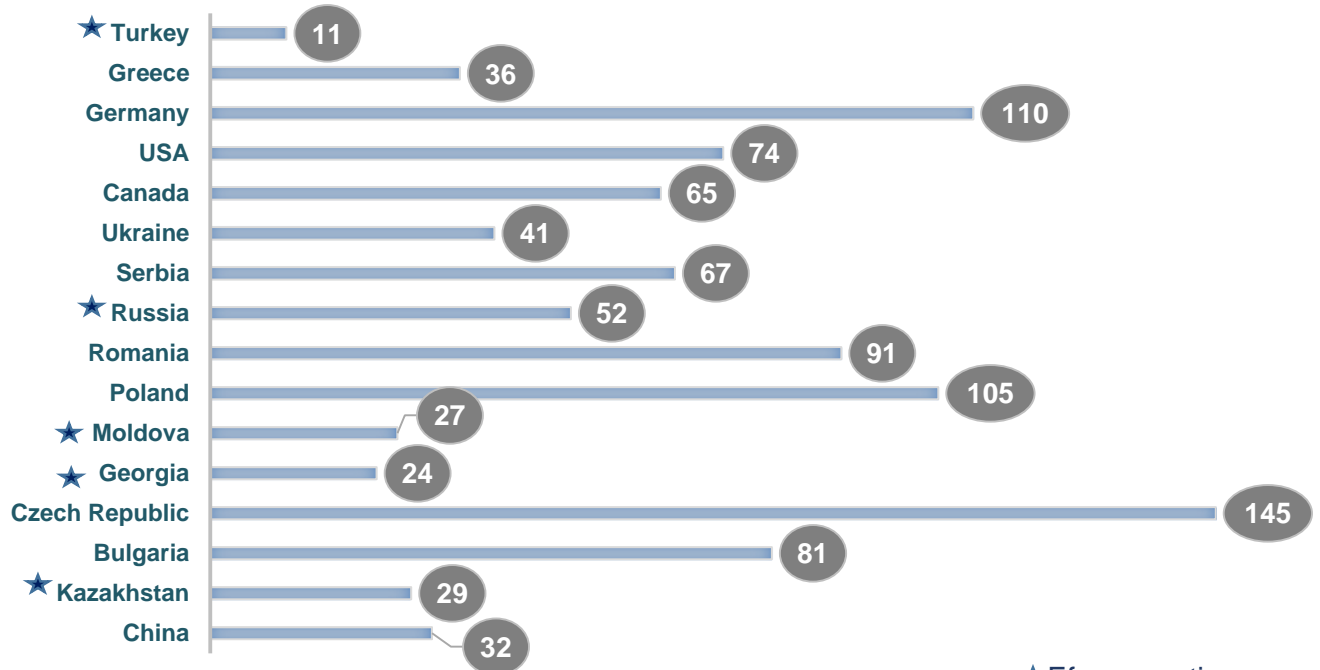
 Low per capita consumption

 Young populations

 Developing economies

 Westernization/urbanization

Per capita consumption (litre)



★Efes operations

# Turkish Beer Market & Efes Turkey



## ✓ Turkish Beer Market

- Low per capita consumption of 11 liters\* offering a growth potential
- Growing population with 1.2% annual growth rate in 2017
  - 47% is below age 30
- Returnable market enabling higher operational profitability
  - Bottles & kegs amount to more than half of total beer market

## ✓ Efes Turkey

- 3 Breweries & 2 Malteries & 1 Hops Processing Facility
- 60% market share\*\*
- 100% brand awareness for “Efes Pilsen”
- Rich portfolio of local, imported & licensed brands covering all segments
- #1 in consumer spending in Food & Beverage category – 7.0% in 2017\*\*
- 99% penetration in Turkey\*\*\*

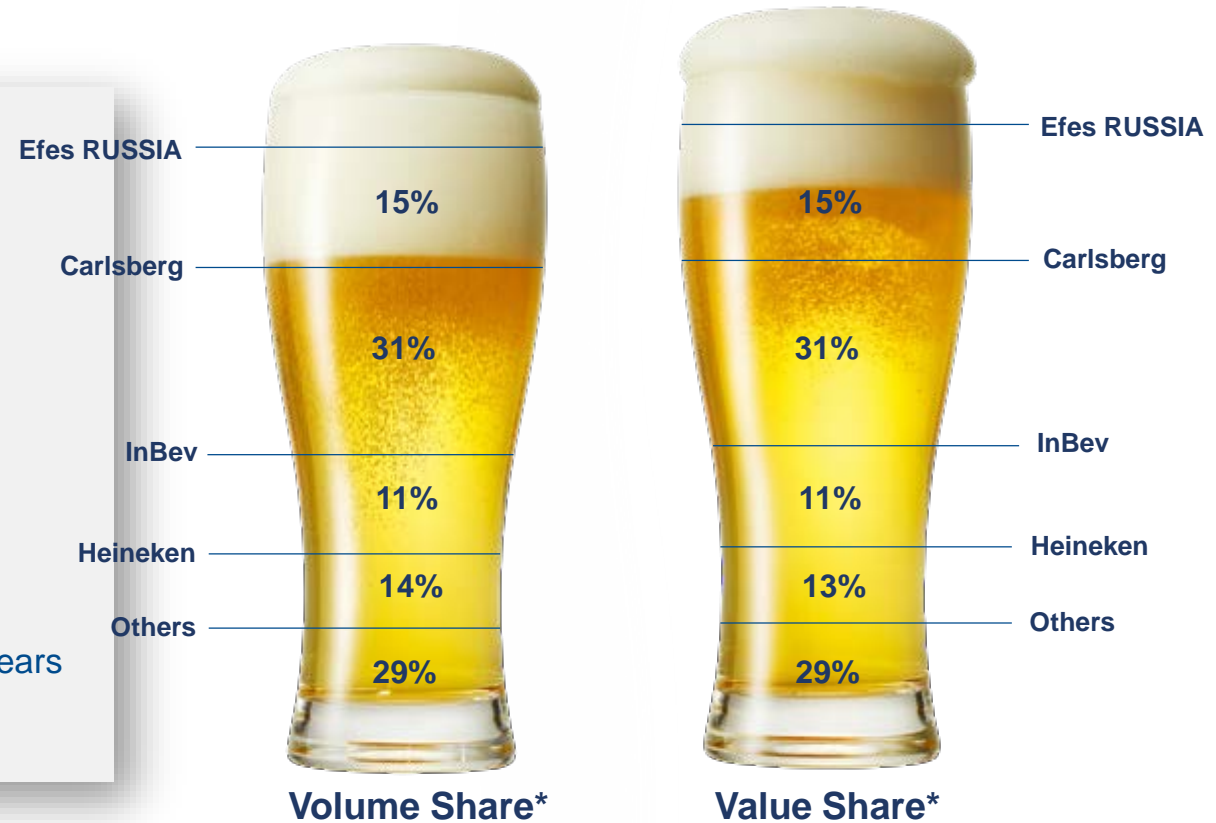


# Russian Beer Market



## ✓ Russian Beer Market

- World's 6th largest beer market with total consumption of **~80 mhl**
- Dominated by multinational brewers
  - Top 3\*\* accounting for ~ more than **70%** of the market
- Share of Modern Trade above **60%** - more than doubled in the last few years



\*Nielsen Urban Russia, Cities 10000+, Off-Trade, YTD December 2017

\*\*Efes and InBev are considered as one single entity



# Purpose of ABI-Efes Deal in Russia & Ukraine



-  Increase geographical diversification, in line with Anadolu Efes' strategy
-  Create a strong #2 player in Russia, the World's 6th largest beer market
-  Potential for further growth in Russia and Ukraine
-  Bring together a largely complementary strong brand portfolio
-  Opportunity to capture synergies from combined efficiencies in Russia and Ukraine
-  Opportunity to increase distribution of key Anadolu Efes brands on the strong AB InBev route to market platform in Ukraine
-  Enhance existing relationship between Anadolu Efes and AB InBev



# Synergies



Expected to generate USD 80-100 million cost synergies annually

- ✓ Full capture by the end of 2020



Main synergies to be derived from

- ✓ Procurement
- ✓ Production (cross-brewing)
- ✓ Route to Market
- ✓ G & A
- ✓ Zero Based Budgeting



# Other International Beer Operations

- ✓ Kazakhstan – Market leader with 49% share\*
- ✓ Georgia – Market leader with 49% share\*\*
- ✓ Moldova – Market leader with 61% share\*\*\*
- ✓ Ukraine – 2<sup>nd</sup> player with 31% share\*



# Commitment to Environment



## ENERGY AND EMISSIONS MANAGEMENT

**15%+14%**

Compared to 2008, we consumed **15% less energy** and generated **14% fewer emissions per unit product**.



## OPERATIONAL RELIABILITY

**50 Thousand Person Hours**

In 2016, we provided a total of more than **49.898 person hours of occupational health and safety training** to our employees.



## WATER MANAGEMENT

**36% Decrease in Total Water Consumption**

Compared to 2008, we consumed **23% less water in beer production** and **21% less water in malt production**



## PACKAGING MANAGEMENT

**98% Waste Recovery**

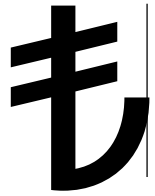
Compared to the previous year, in 2016, the returnable glass bottle rate increased to **15.1%** from **14.9%**, and aluminum cans to **21.8%** from **21.6%**. Steel keg and returnable glass bottle rate increased to **23.1%**.



# SOFT DRINK OPERATIONS



# Coca-Cola İçecek in a Nutshell



8.5 billion annual revenue

1.4 billion annual EBITDA



26 plants <sup>(1)</sup>, 124 production lines <sup>(1)</sup>



9 thousand employees



1.2 billion UC <sup>(2)</sup>  
sales volume



10 countries



28 billion annual servings to

400 million people

Annual production capacity of

1.5 billion UC



~800K sales points



# Coca-Cola İçecek – Opportunities



**400 MILLION**  
CONSUMERS

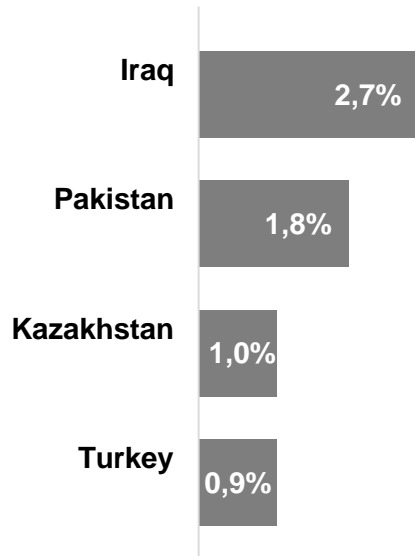


**20 MILLION**  
NEW CONSUMERS  
BY 2021

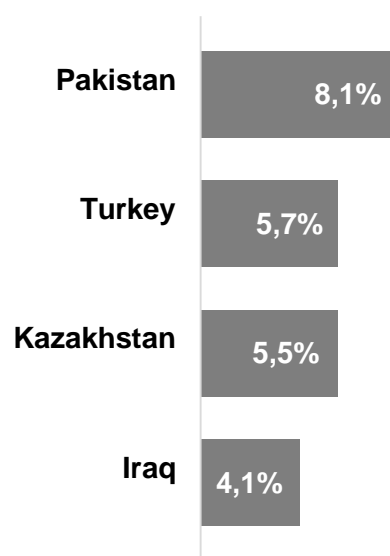
**53%** will consist of **urban middle class**

More than **60%** will be **below 30**

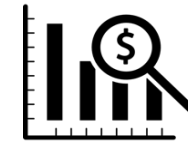
**Population Growth**  
(CAGR 2018-2021)



**GDP Growth\***  
(CAGR 2018-2021)



Population



GDP

Average CCI  
Growth  
(CAGR 2018-2021)

**1.7%**

**6.0%**

# Coca-Cola İçecek – Strategic Priorities



## Accelerating Growth

- Full Beverage Portfolio
- Revenue Growth Management
- Increase Frequency
- Grow Sparkling & Stills
- Regional Strategies



## Win at the Point of Sale

- Increase cooler penetration
- Increase outlet coverage
- Improve commercial capabilities
- Future proof RTM



## Exercise Financial Discipline

- Productivity Savings
- WC improvements
- Healthy FCF
- Optimum Leverage
- Effective FX management





# FINANCIALS & OUTLOOK



# 1H2018 Financial Highlights



	TURKEY BEER (TL mn)		INTERNATIONAL BEER (TL mn)		BEER GROUP (TL mn)		CCI (TL mn)	
	1H2018	vs 1H2017	1H2018	Vs Proforma 1H2017	1H2018	vs Proforma 1H2017	1H2018	vs 1H2017
Volume (mhl)	2.5	-7.4%	11.5	0.7%	13.9	-0.8%	669.7	10.6%
Net Sales	734.9	10.3%	2.438,9	16.7%	3.190,1	15.2%	5.023,7	22.1%
Gross Profit	394.9	7.5%	1.019,1	14.9%	1.431,3	13.1%	1.771,0	26.4%
EBIT (BNRI)	25.8	-42.8%	78.8	115.6%	81.2	37.9%	661.1	50.5%
EBITDA (BNRI)	121.8	-8.7%	289.8	25.5%	389.6	13.8%	924.3	33.9%
Net Income**	-374.4	10953.5%	3.2	-92.5%	17.0	-42.9%	141.3	-2.8%
	<b>Change (bps)</b>		<b>Change (bps)</b>		<b>Change (bps)</b>		<b>Change (bps)</b>	
<b>Margins</b>								
Gross Profit	53.7%	-140	41.8%	-67	44.9%	-82	35.3%	120
EBIT (BNRI)	3.5%	-326	3.2%	148	2.5%	42	13.2%	249
EBITDA (BNRI)	16.6%	-345	11.9%	83	12.2%	-15	18.4%	162
Net Income**	-50.9%	-5.043	0.1%	-191	0.5%	-54	2.8%	-72

\* mn unit case

\*\* Net income attributable to shareholders

# Gross & Net Debt



## Anadolu Efes Consolidated

1H2017	1H2018	
6,372.1	10,768.9	TOTAL FINANCIAL DEBT (m TL)
2,727.0	6,032.8	TOTAL CASH & EQUIVALENTS (m TL)
3,645.1	4,736.1	NET DEBT (m TL)
1,039.4	1,038.5	NET DEBT (m USD)

## Beer Group

1H2017	1H2018	
2,587.3	4,040.3	TOTAL FINANCIAL DEBT (m TL)
1,278.2	2,286.8	TOTAL CASH & EQUIVALENTS (m TL)
1,309.1	1,753.6	NET DEBT (m TL)
373.3	384.5	NET DEBT (m USD)

## Turkey Beer

1H2017	1H2018	
2,302.0	3,239.2	TOTAL FINANCIAL DEBT (m TL)
247.9	385.3	TOTAL CASH & EQUIVALENTS (m TL)
2,054.1	2,854.0	NET DEBT (m TL)
585.7	625.8	NET DEBT (m USD)

## EBI

1H2017	1H2018	
276.4	789.4	TOTAL FINANCIAL DEBT (m TL)
1,025.6	1,894.3	TOTAL CASH & EQUIVALENTS (m TL)
(749.1)	(1,105.0)	NET DEBT (m TL)
(213.6)	(242.3)	NET DEBT (m USD)

# Balance Sheet Flexibility

Net Leverage Ratio: Net Debt / EBITDA (BNRI)

## Anadolu Efes Consolidated



81% of cash is hold as hard currency



85% of debt is in hard currency



82% of debt has fixed interest

## Beer Group



71% of cash is hold as hard currency



80% of debt is in hard currency



81% of debt has fixed interest

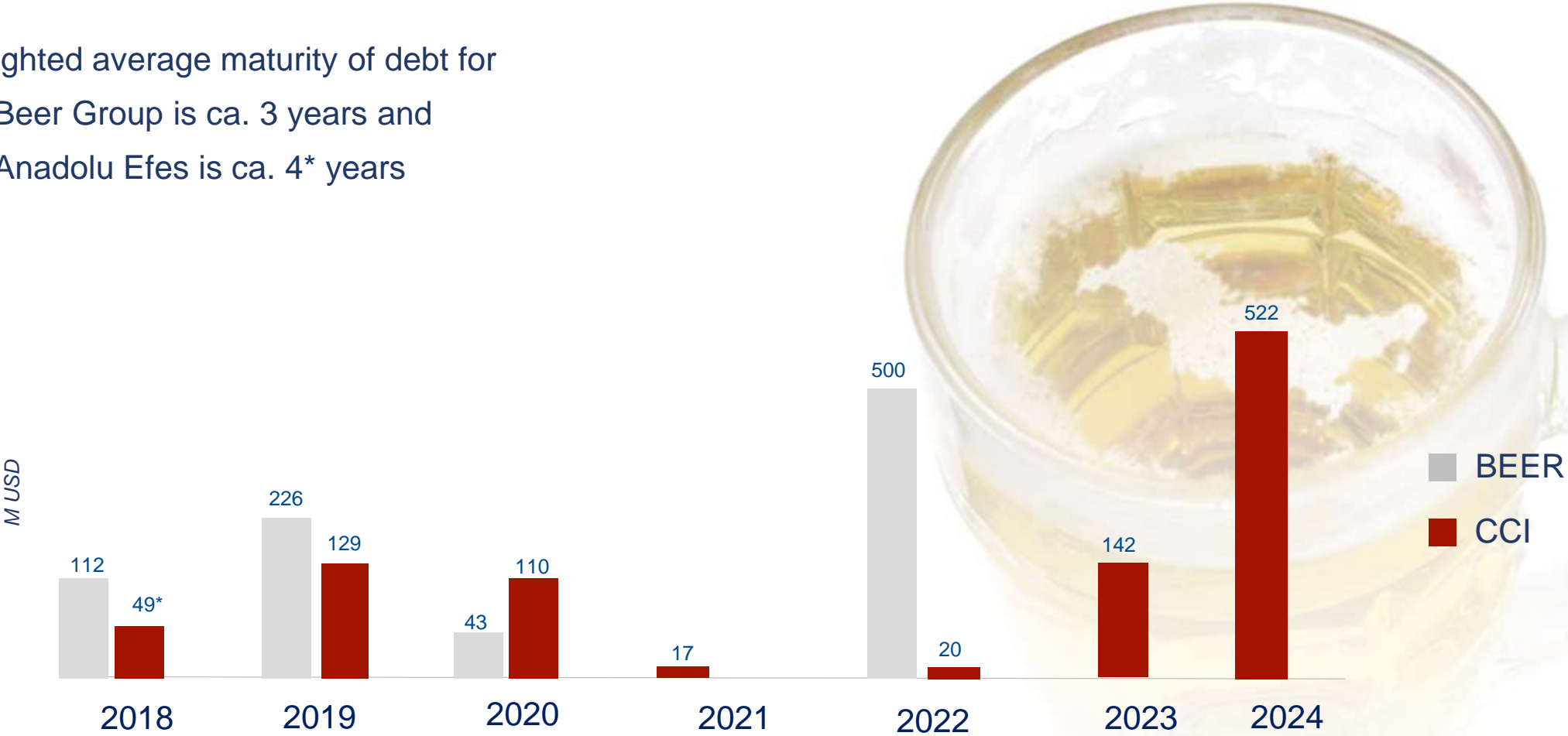
# Strong Liquidity Profile



Easily manageable debt repayment schedule



Weighted average maturity of debt for Beer Group is ca. 3 years and Anadolu Efes is ca. 4\* years



Figures represent principal amounts  
\* Excluding CCI's early refinance of USD 500 mn Eurobond

# Actively Managing Headwinds...



## **Hedging** short term FX exposures

80% coverage in Turkey for 2H2018

Already hedged 30% of Turkey exposure for 2019

High coverages in Russia, Kazakhstan and Moldova



## **Forward contracts** to hedge commodities



## **Net Investment Hedge**

Since Jan 1, 2018 → USD 500 million

Since April 1, 2018 → EUR 100 million



## **No hard currency debt repayment for Beer Group in the next 12 months**

These represent beer group hedging activities. CCI also implements similar measures



# 2018 Guidance




Following the completion of the merger in Russia, we are revising our 2018 guidance, which previously reflected the stand alone Efes business. As previously disclosed, starting from April 1st 2018, the combined business in Russia along with ABI's Ukraine business is consolidated under a single entity, AB InBev Efes BV, which in turn is being fully consolidated under EBI.

Our 2018 guidance reflects proforma financials as if both businesses were operating together with Anadolu Efes' Russian operations starting **from April 1st 2017 and 2018**. Below, we provide 2017 proforma financials which is the base for our 2018 full year guidance.

2017 Proforma (9-month ABI Impact)	Beer Group	Anadolu Efes
Sales Volume (mhl)	31.5	101.7
Net Sales Revenue (m TL)	6,362.9	14,883.9
EBITDA BNRI (m TL)	1,067.8	2,446.5
EBITDA BNRI Margin (%)	16.8%	16.4%

## Sales Volume:

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

 **Total Beer:** Low-single digit decline on a proforma basis

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


**Turkey own beer:** Low-single digit decline

 **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**

 **Total Beer:** Mid to high teens growth on a proforma basis, solid local currency revenue growth for **EBI** & low-teens growth for **Turkey Beer**

 **Soft Drinks:** 10%-12% on a consolidated basis (FX-neutral)


## EBITDA :

 Low teens growth in EBITDA with a slight decline in margin **on a consolidated basis**

 Mid-to-high single digit growth in EBITDA with margin decline **for beer group**

 Slight improvement in EBITDA margin **for soft drinks**

## Capex:

 As a percentage of net sales at high single digits **on a consolidated basis**

## FCF:

 Positive FCF in **both beer and soft drinks**

# Financial Priorities



**Efficiency improvements via savings**



**Managing impact of F/X volatility on operations**



**Grow consolidated cash flows through;**

- Focus on WC optimization
- Optimized capex policy
- Sticking to tight BS management



**Deleveraging with commitment to Credit Ratings**



# APPENDIX



# FY2017 Financial Highlights



	TURKEY BEER (TL mn)		INTERNATIONAL BEER (TL mn)		BEER GROUP (TL mn)		CCI (TL mn)	
	FY2017	vs FY2016	FY2017	vs FY2016	FY2017	vs FY2016	FY2017	vs FY2016
Volume (mhl)	5.8	-3.2%	15.2	9.3%	21.1	5.6%	1,237.5**	4.1%
Net Sales	1,588.4	10.4%	2,806.8	47.5%	4,425.9	31.3%	8,521.1	20.9%
Gross Profit	940.5	10.2%	1,177.7	41.7%	2,142.6	25.4%	2,901.3	21.3%
EBIT (BNRI)	228.5	-7.3%	220.4	71.4%	407.8	28.3%	874.0	36.4%
EBITDA (BNRI)	401.1	-1.8%	487.4	49.8%	849.7	25.1%	1,378.7	26.2%
Net Income**	-8.2	93.6%	98.7	38.0%	61.2	n.m.	237.6	n.m.
<b>Margins</b>	<b>Change (bps)</b>		<b>Change (bps)</b>		<b>Change (bps)</b>		<b>Change (bps)</b>	
Gross Profit	59.2%	-12	42.0%	-171	48.4%	-142	34.0%	11
EBIT (BNRI)	14.4%	-276	7.9%	110	9.2%	-419	10.3%	117
EBITDA (BNRI)	25.3%	-313	17.4%	27	19.2%	-387	16.2%	68
Net Income**	-0.5%	845	3.5%	-485	1.4%	-451	2.8%	319

\* mn unit case

\*\* Net income attributable to shareholders

# 12-Month Proforma Financials



- ✓ Valuation is made based on DCF of future projected cash flows by independent investment banks
- ✓ Certain working capital & net debt adjustments at closing

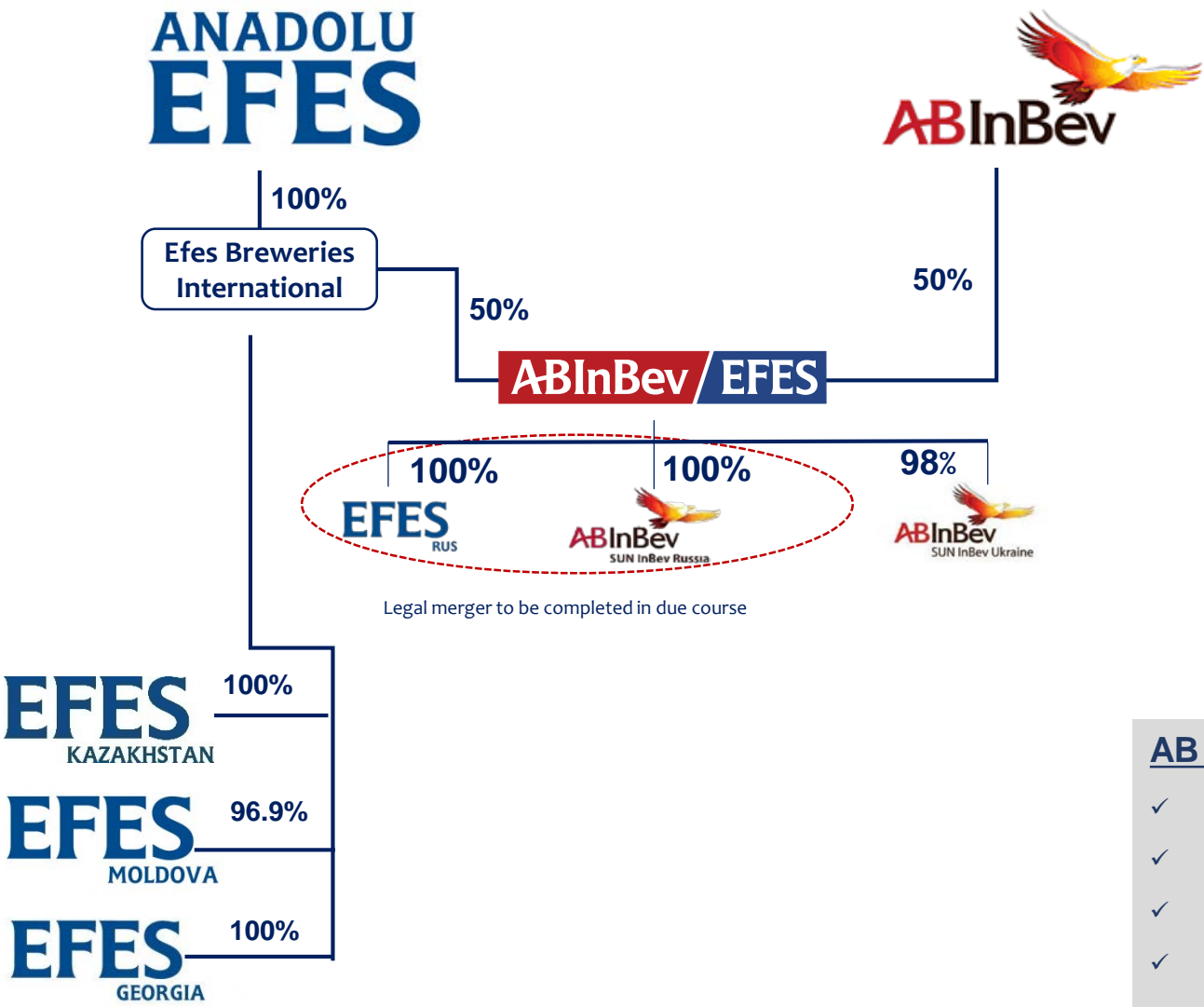
2016	Beer Group Reported	Beer Group Proforma
Sales Volume (mhl)	19.9	33.6
Net Sales Revenue (m TL)	3,370.1	5,136.6
EBITDA BNRI (m TL)	679.1	888.5
EBITDA BNRI Margin (%)	20.1%	17.3%

2017	Beer Group Reported	Beer Group Proforma
Sales Volume (mhl)	21.1	33.9
Net Sales Revenue (m TL)	4,425.9	6,810.6
EBITDA BNRI (m TL)	849.2	1,062.5
EBITDA BNRI Margin (%)	19.2%	15.6%

Beer group proforma figures are provided for 2016 & 2017, which include the results of AB InBev's Russian and Ukrainian beer businesses in full as if both businesses were operating together with Anadolu Efes' Russian operations starting from **January 1st 2016 and 2017**.

The revenue and EBITDA calculations of ABI operations are reclassified as per Efes accounts and certain expenses are adjusted according to the terms of the new company and may therefore be different than as reported by ABI.

# Corporate Structure



- AB INBEV EFES BV:**
- ✓ Equal board representation
  - ✓ Chairman of the Board appointed by Anadolu Efes
  - ✓ CEO & CFO appointed by BoD
  - ✓ Governance rights enables AEFES to fully consolidate

\*indirectly through subsidiaries

THANK YOU

