



**ANADOLU  
EFES**

**2019  
INVESTOR  
PRESENTATION**

# Anadolu Efes At a Glance

**700** mn consumers



**21** Breweries\* & **26** Bottling Plants

**48.4** mhl brewing capacity



**1.5** bn u/c bottling capacity

Europe's **5<sup>th</sup>\* ,  
World's **10<sup>th</sup>\* largest brewer  
**7<sup>th</sup>** largest Coca-Cola bottler****



**111\*\*** mhl sales volume

**23.3\*\*** billion TL sales revenue

**4.1\*\*** billion TL EBITDA

**2.3\*\*** billion TL Free Cash Flow

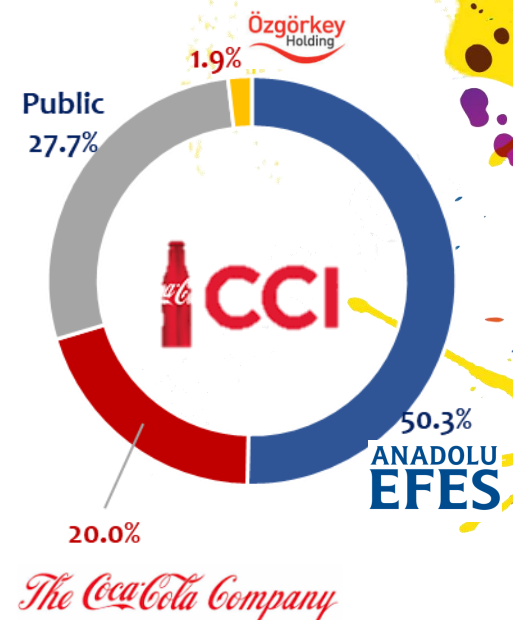




# Ownership Structure



- Turkey Beer Operations **EFES TÜRKİYE**
- International Beer Operations (EBI)
  - 50% Russia **ABInBev / EFES**
  - 100% Kazakhstan **EFES KAZAKHSTAN**
  - 96.9% Moldova **EFES MOLDOVA**
  - 100% Georgia **EFES GEORGIA**
  - 50% Ukraine **ABInBev / EFES**



# Investment Theme

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

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

**Strong brand portfolio** including some of the world's best known  
brands and strong regional brands

**Abundant potential** in demographics

**Proven track record** of expansion & growth in emerging markets

**Strategy, Execution and People** to accelerate quality growth

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

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



# Anadolu Efes Financial Highlights

VOLUMES

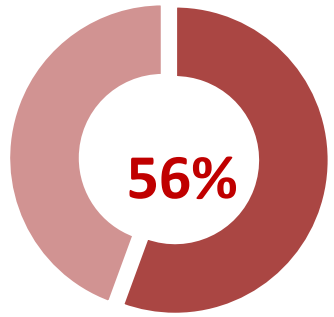
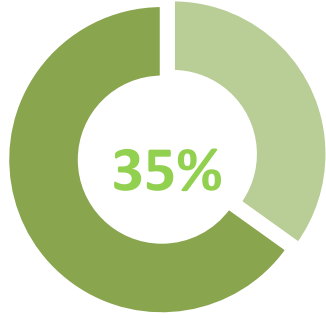
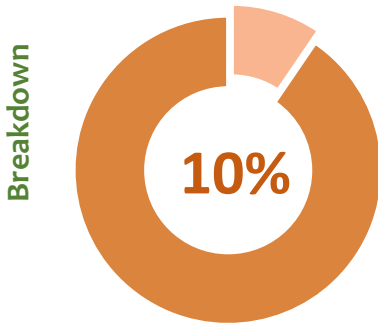
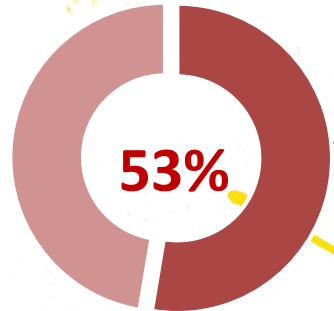
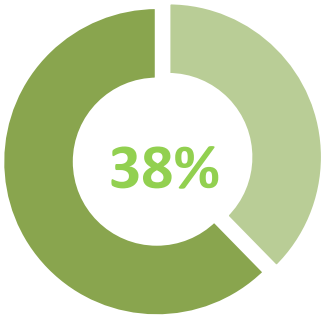
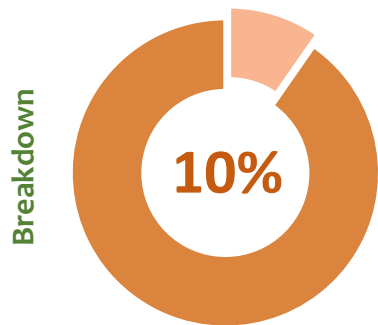
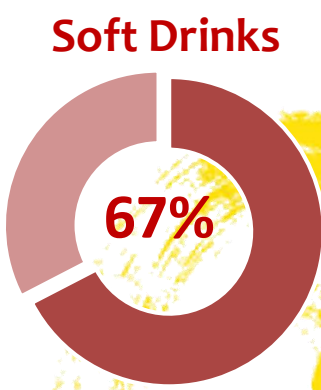
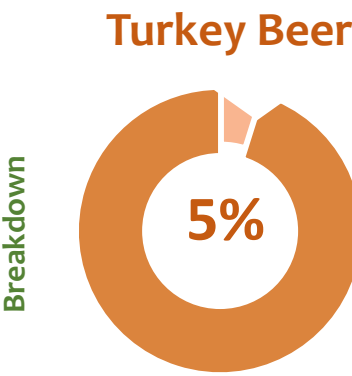
REVENUE

Excluding IFRS 16  
EBITDA (BNRI)

110.9 mhl  
up 1.9%

23.3 bn TL  
up 21.9%

3.9 bn TL  
up 31.2%  
margin 16.8%





# BEER OPERATIONS



# Beer Operations At a Glance



Since **1969**



**World's**  
**10<sup>th</sup>\*** largest player



**Europe's**  
**5<sup>th</sup>\*** largest player



**6** operating  
countries



**21** breweries



**Leader\*\***  
in all countries



**+8,800** employees



**100+** brands



**70+**  
export countries





# Strong Positions in all Operating Geography



**Turkey:**



- ✓ Leading brewer
- ✓ Per capita consumption of 11 liters<sup>1</sup>



**Kazakhstan:**



- ✓ Beer market size of 5.9 mhl<sup>1</sup>
- ✓ Per capita consumption of 32 liters<sup>1</sup>
- ✓ #1 player



**Russia:**



- ✓ World's 6<sup>th</sup> largest beer market
- ✓ Per capita consumption of 53 liters<sup>1</sup>
- ✓ #1 player



**Moldova:**



- ✓ Beer market size of 1.1 mhl<sup>1</sup>
- ✓ Per capita consumption of 30 liters<sup>1</sup>
- ✓ #1 player



**Ukraine:**



- ✓ Beer market size of 18.1 mhl<sup>1</sup>
- ✓ Per capita consumption of 41 liters<sup>1</sup>
- ✓ #1 player



**Georgia:**



- ✓ Beer market size of 1.2 mhl<sup>1</sup>
- ✓ Per capita consumption of 31 liters<sup>1</sup>
- ✓ #1 player





# Catalysts & Challenges



Low per capita consumption



Developing economies



Young populations



Westernization/Urbanization



Regulations



Taxation



Poor consumer confidence



# Beer Group Strategic Priorities



## PEOPLE

Nurturing our talents by establishing required tools & systems and providing great place to work



## BRANDS

Providing choice, great taste, quality and innovation



## OPERATIONAL EXCELLENCE

Building competitive advantage through lean and efficient process and organization



## FINANCIAL DISCIPLINE & VALUE CREATION

Achieve profitable growth and maximize free cash flow to generate above average return on our investments



## CUSTOMERS & CONSUMERS

Enhancing Customer Dealer engagement through better collaboration and innovative solutions



## STAKEHOLDERS

Building relationships and credibility with stakeholders

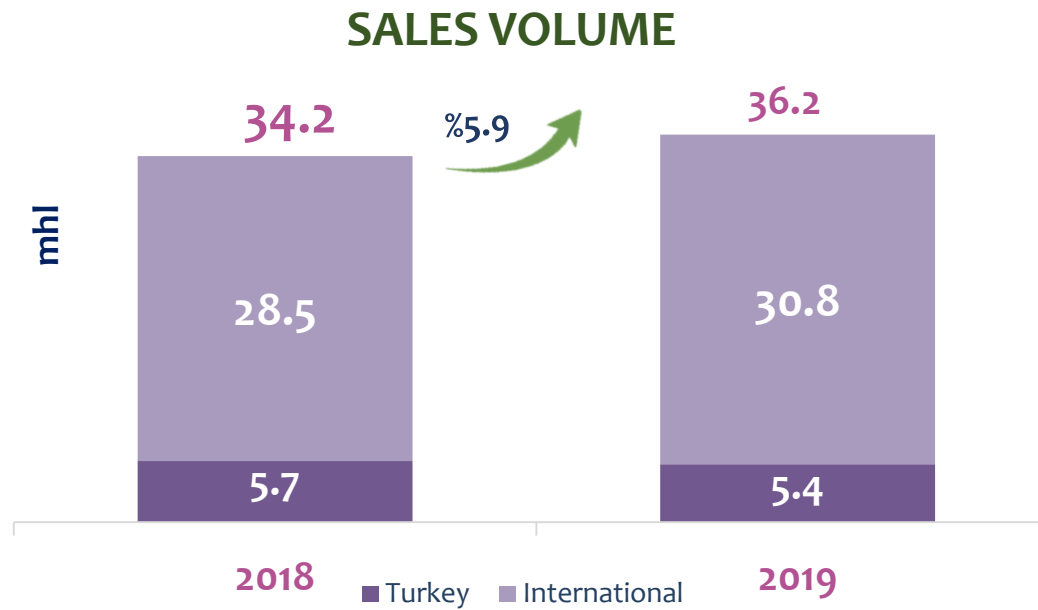


## EXPANSION & GROWTH

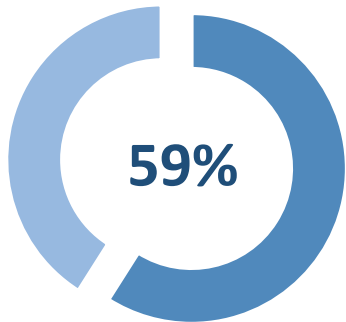
Expanding our business through enhancing brand portfolio, utilizing new channels and geographical expansion



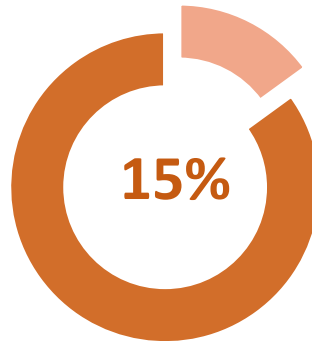
# Beer Group Volume Performance



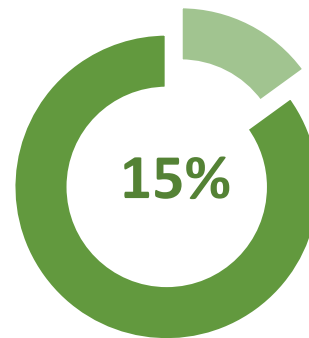
## RUSSIA



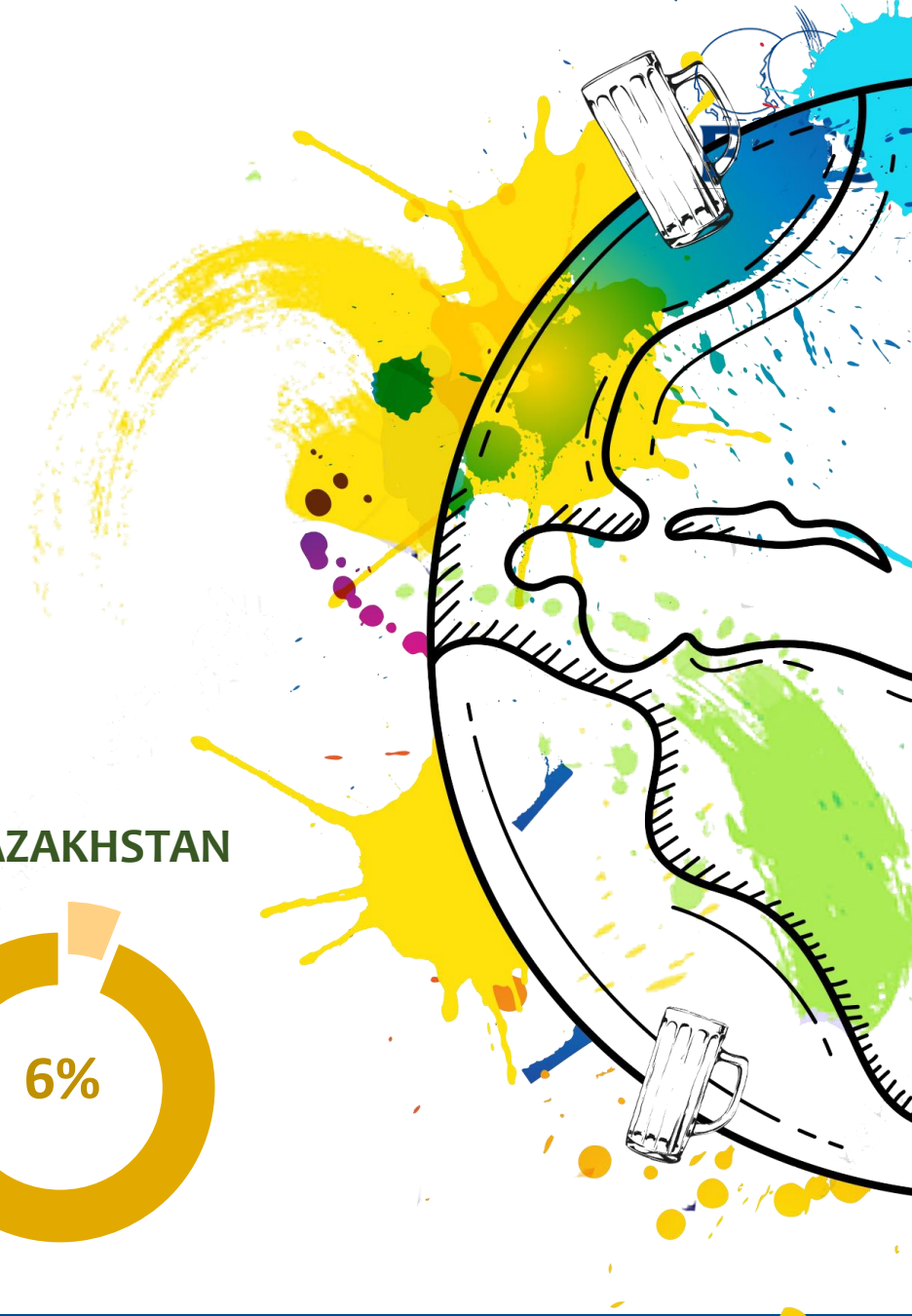
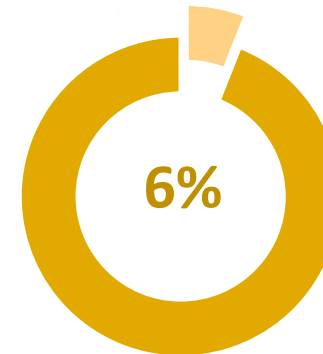
## TURKEY



## UKRAINE



## KAZAKHSTAN

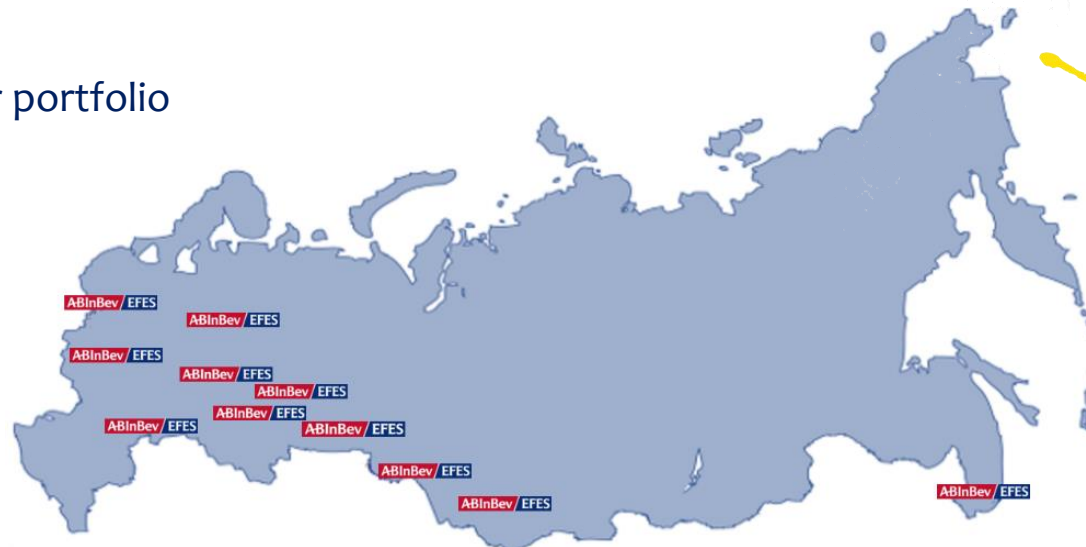


\*Breakdown is on a combined basis

EFES

# Russian Beer Operations

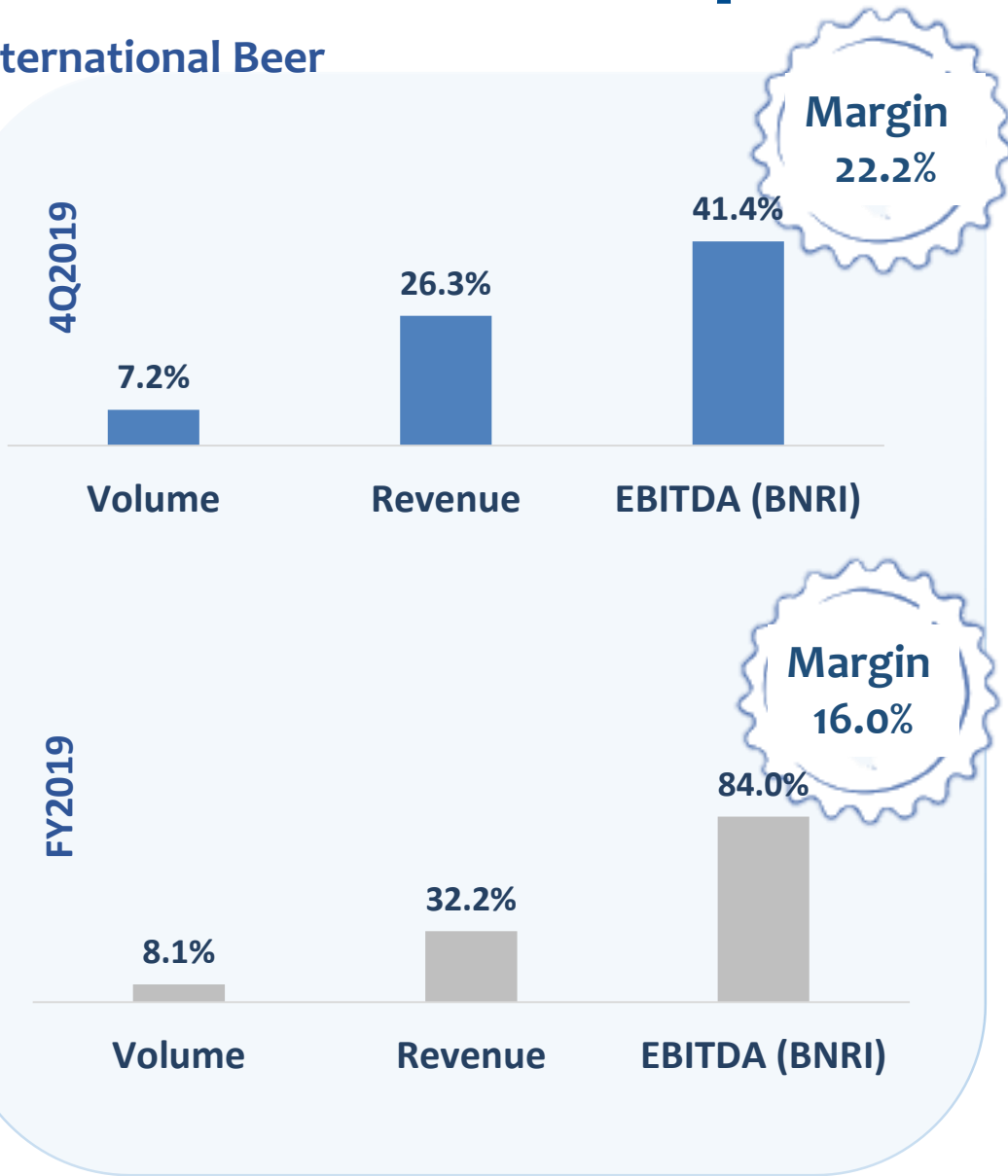
- ✓ World's 6th largest beer market\* with 77 mhl market size
- ✓ Per capita consumption of 53 liters\*
- ✓ 29.8 brewing capacity with CUR ~70%
- ✓ **ABInBev / EFES** is the market leader with ~28% market share
- ✓ Clear market leader in Super Premium & Premium segments with upside potential in the rest
- ✓ Cross brewing should enabling wider distribution of more SKUs
- ✓ Premiumization driving value growth
- ✓ World's best known beer brands in our portfolio





# Market leadership in every international operation...

## International Beer



✓ Strong volume performance in all international markets

✓ Russian beer market was almost flat

✓ Our volumes grew by high single digit

✓ Successful integration & focus on net revenue growth

✓ Ukraine beer market was almost flat

✓ Our volumes grew by low-double digits

✓ Efes brands were launched during the year

✓ Became market leader with ~32%\* market share

✓ Kazakhstan beer market flat

✓ New launches & visibility activations

✓ Market leadership maintained

✓ Moldova & Georgia beer markets up by low-single digits

✓ New launches in core brands

✓ Market leadership maintained



# Turkey Beer Operations

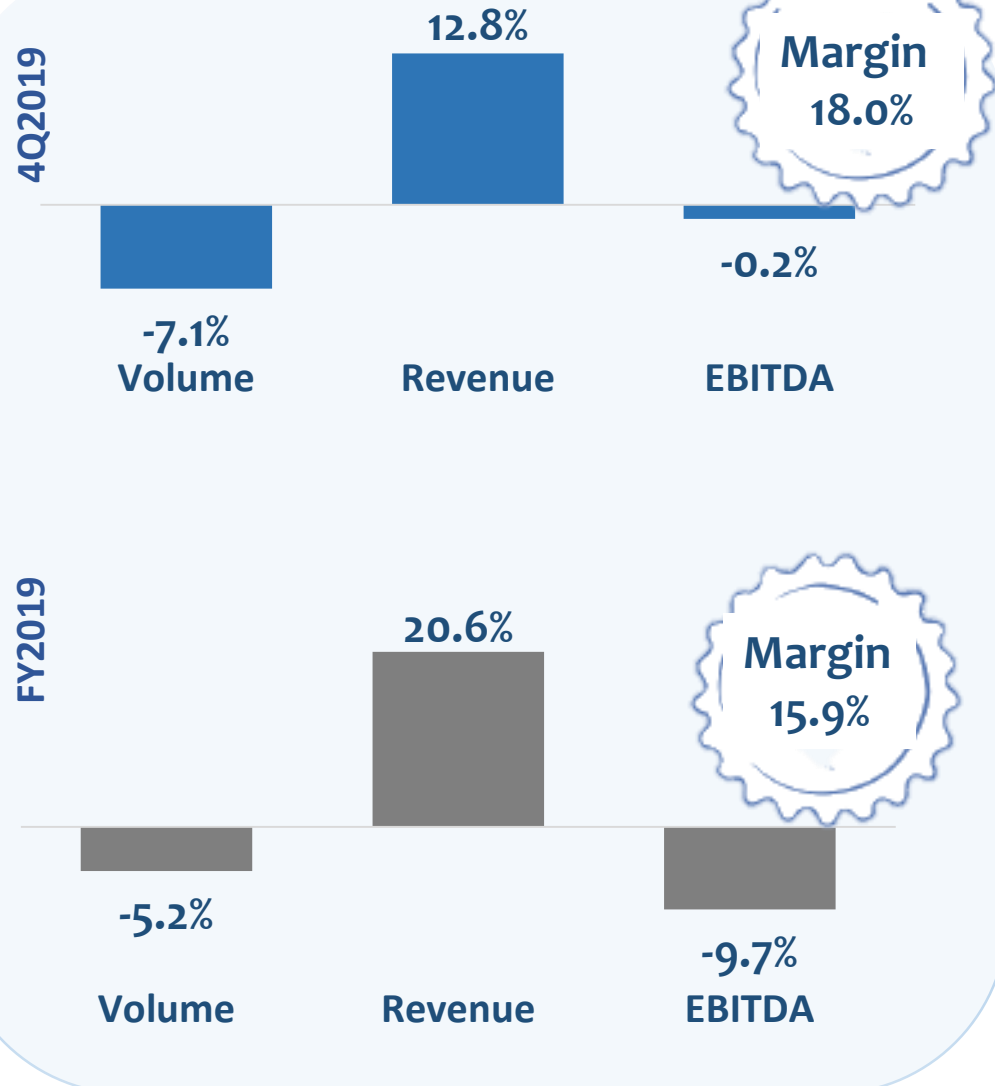
- ✓ Low per capita consumption of 11 liters\* offering a growth potential
- ✓ Growing population with 1.4% annual growth rate in 2019
- ✓ Leading brewer\*\* in the market
- ✓ 3 Breweries with 7.0 mhl capacity
- ✓ 2 Malteries & 1 Hops Processing Facility enabling vertical integration for key raw materials
- ✓ 100% brand awareness for “Efes Pilsen”
- ✓ Rich portfolio of local, imported & licensed brands covering all segments
- ✓ #1 in consumer spending in Food & Beverage category
- ✓ 99% penetration in alcohol selling stores in Turkey\*\*





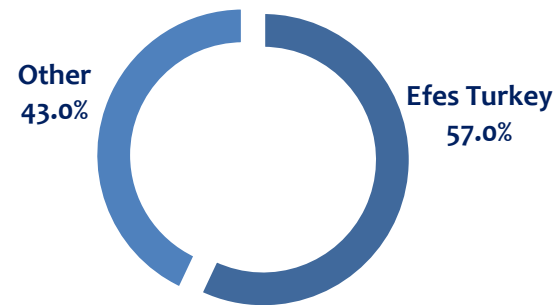
# Beer market down mid-single digit in Turkey...

## Turkey Beer



- ✓ All FMCG sectors under pressure
  - ✓ Macro dynamics
  - ✓ Low consumer confidence
- ✓ Beer market down mid-single digit
  - ✓ Low affordability
- ✓ Premium category expansion
- ✓ Continued to invest in our brands
- ✓ Increased marketing activities

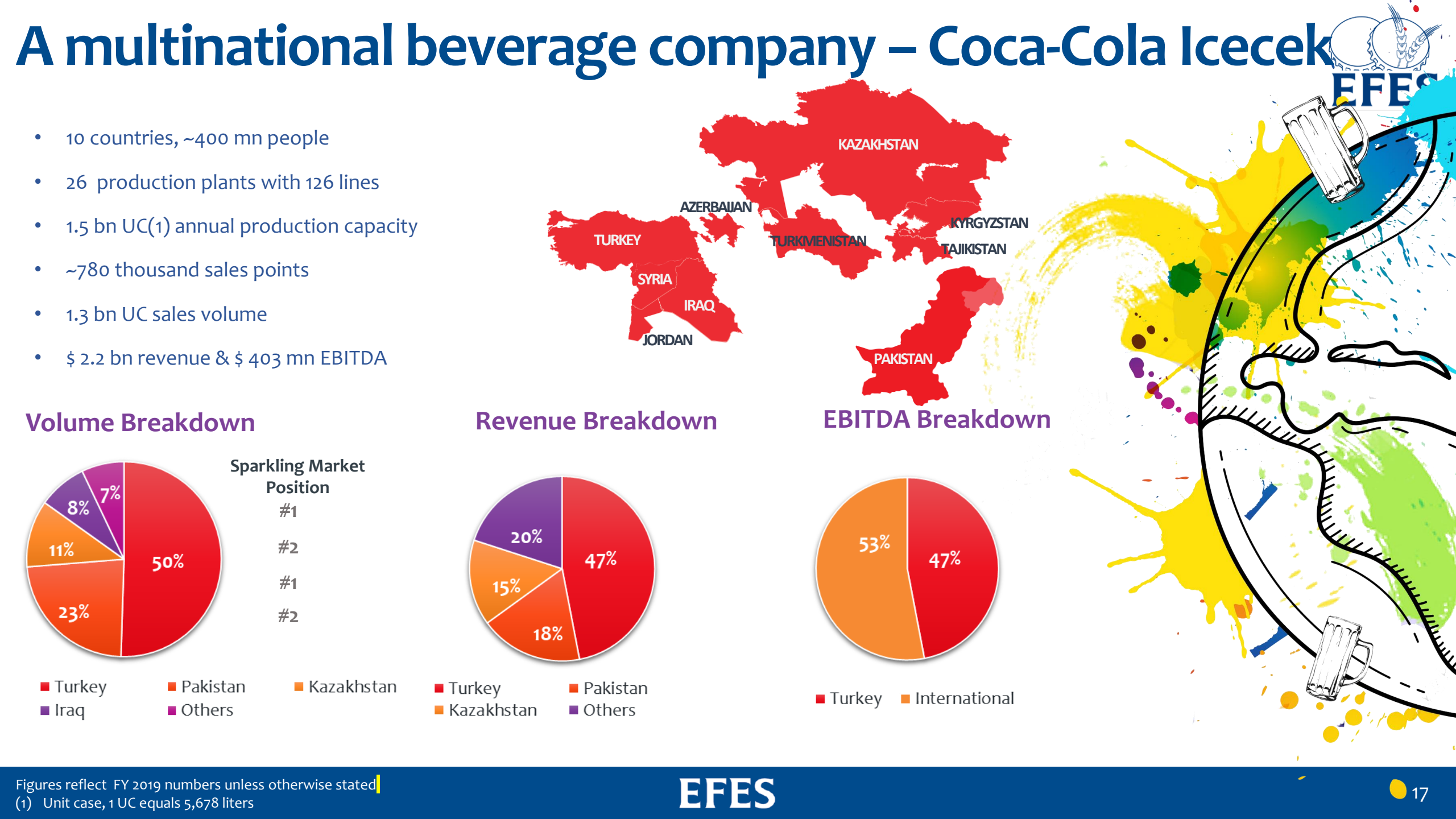
## Market share\*



# SOFT DRINK OPERATIONS









# Successful track record of growth, with the right focus and excellence in execution

## VOLUME



11%

CAGR 2005-2019

## REVENUE



18%

CAGR 2005-2019

## EBITDA



19%

CAGR 2005-2019

Single country in  
2005...

Expanding into Central Asia and North  
Iraq in 2006-2007...

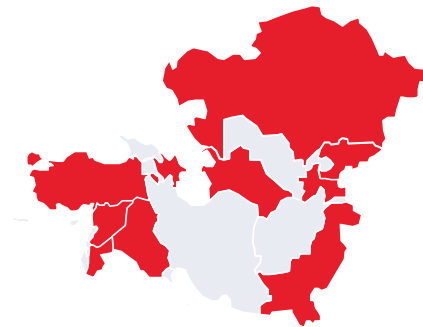
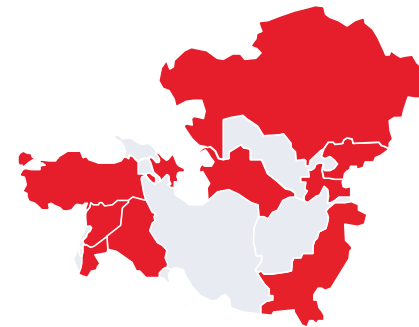
JV in Pakistan in  
2008...

South Iraq in  
2012...

A regional bottler today...



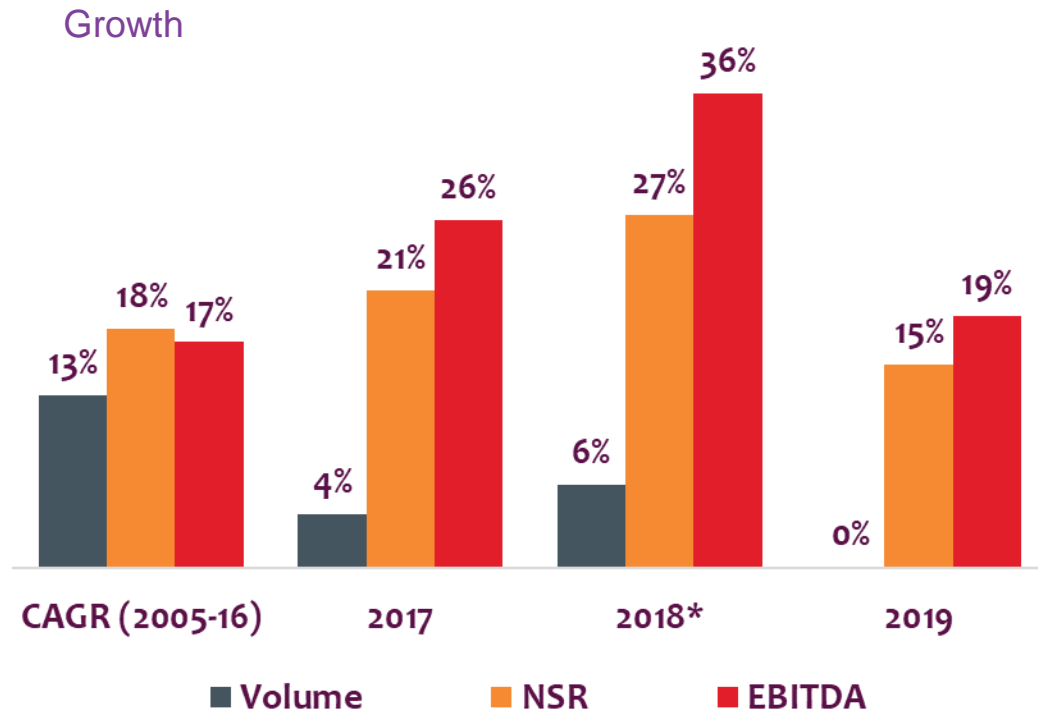
318 mn UC



1,316 mn UC

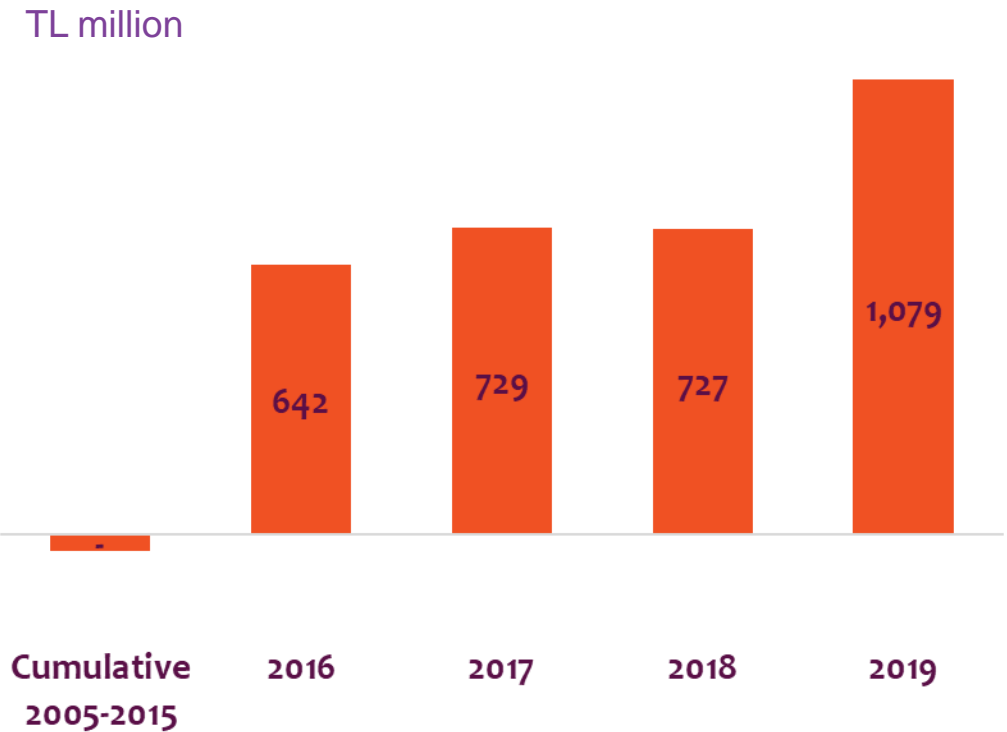
# Rising performance...

## Maintaining Quality Growth



2019: Continuation of quality growth algorithm

## Solid Free Cash Flow



2019: Highest free cash flow

# Strategic priorities in core business to create value

## Accelerate Growth



- Full-beverage portfolio
- Revenue Growth Management (RGM)
- Expand Sparkling & Stills
- Increase frequency
- Regional strategies

## Win at the Point of Sale



- Increase outlet coverage
- Increase cooler penetration
- Right Execution Daily
- E-commerce
- Future-proof RTM

## Exercise Financial Discipline



- Productivity savings
- Working capital improvements
- Healthy FCF
- Optimum leverage
- Effective FX management

## Win with People



- Integrated Talent Strategy
- Leadership Development
- High Performing Team
- Transformation to “OnePeople”

ONE CCI





# CCI – Consolidated Volume Highlights



## 2019 Year-on-Year Growth

UC Volume Growth yoy

Cycling  
6.3% in  
2018

0.1%

Volume

0.6%

Core Business

2.7%

Transactions

Volume (mn UC)

1,316

2018: 1,315

Core Business Volume (mn UC)

1,207

2018: 1,200

Turkey Volume (mn UC)

662

2018: 650

Turkey Core Business Volume (mn UC)

554

2018: 536

International Volume (mn UC)

654

2018: 664

# Stronger Sparkling & Still Category

Share in total volume (2019)



Growth yoy



12M: 0.3%

## SPARKLING

- Cycling 6.8% growth in 12M2018
- Growth in all markets except Pakistan, Jordan & Turkmenistan
- New listings in on-premise and discounter channels



12M: 5.1%

## STILLS

- Cycling 11.6% growth in 12M18
- Ice Tea growth in all markets
- Double digit growth in juice in Central Asia



12M: 0.1%

## WATER

- Cycling 6.0% growth in 12M18
- Strong momentum in onpremise channel in TR resulting in value accreation for water segment



12M: 4.9%

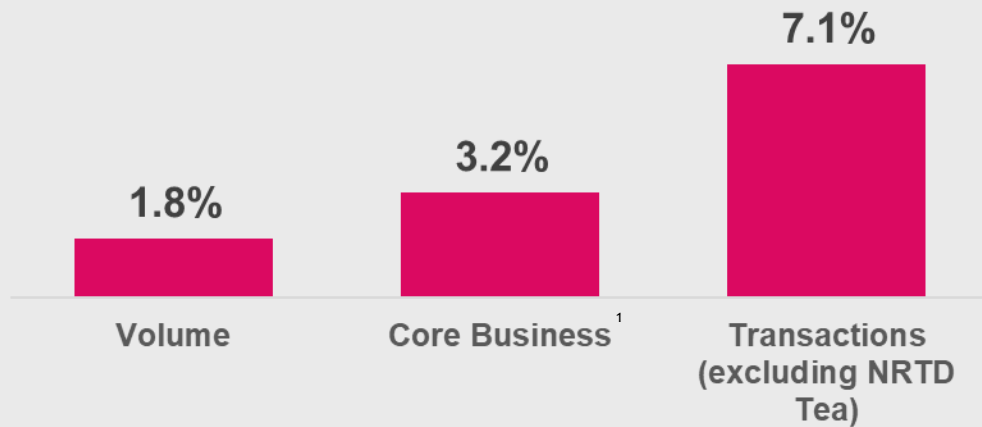
## NRTD TEA

- Cycling -1.2% decline in 12M18
- Despite volume decline, price increases resulted in positive revenue growth for tea business

# Turkey: delivering ahead of expectations

## 2019 Year-on-Year Growth

UC Volume Growth



<sup>1</sup>Core business will relate to CCI's business excluding non-ready-to-drink ('NRTD') Tea distribution

## Highlights



Favorable sales mix with a higher IC share in Sparkling → +2 pp yoy increase in 2019



6% increase in Low/No Sugar in 2019



31.1% growth in Low/No Sugar in 4Q19



On-premise channel supported volume growth throughout 2019



Continued media investments and successful market execution



Sparkling market share of 66%\*

\* Nielsen Dec 19

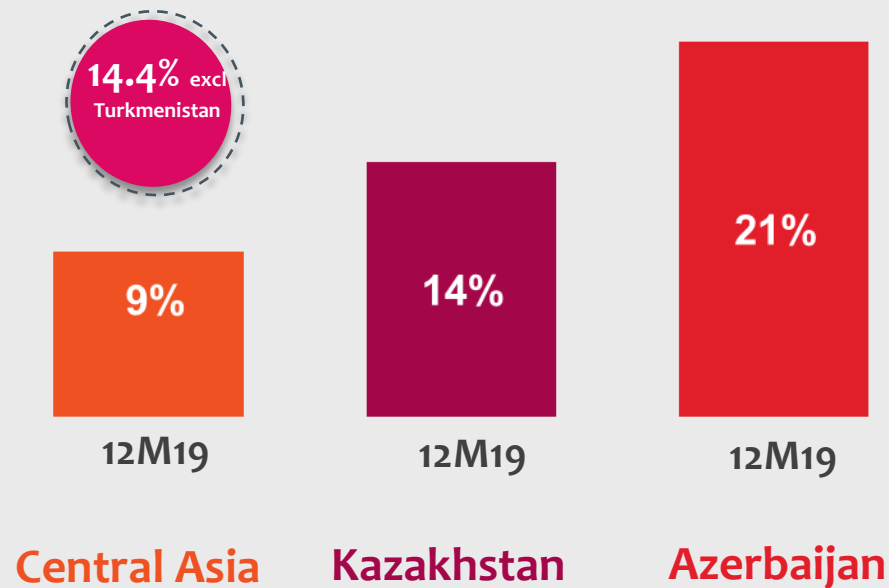




# Central Asia: outstanding performance

## Kazakhstan & Azerbaijan

UC Volume Growth yoy



## Highlights

- Double digit growth in all markets except Turkmenistan
- Strong consumer activations and successful market execution in Kazakhstan
- Share gains in all categories in Kazakhstan
- 34% growth in Trademark Coca-Cola in Azerbaijan
- Sparkling market shares improved in the region

Kazakhstan<sup>1</sup> ↑ 51%

Azerbaijan<sup>2</sup> ↑ 86%

Kyrgyzstan<sup>3</sup> ↑ 70%

<sup>1</sup> Nielsen Dec 19

<sup>2</sup> Canadean Sep 19

<sup>3</sup> Ipsos Oct 19

# Pakistan and Middle East: challenging macro conditions



## Pakistan & Iraq

UC Volume Growth yoy

12M19

-8%

Pakistan

1%

12M19

Iraq

## Highlights

- Weak macroeconomic condition & tough competitive environment impacting growth
- Trademark Coca-Cola outperformed its segment in Pakistan
- Continued share gains in sparkling in Pakistan
- Strong Sparkling category in Iraq with 4% growth in FY19 and <sup>TM</sup> Coca-Cola growth at 6%

# FINANCIAL OVERVIEW



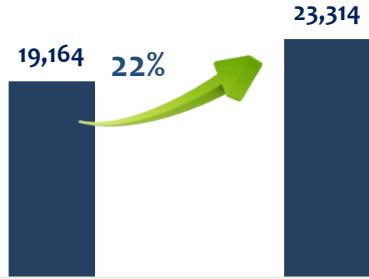


# EBITDA margin expanded, outperforming guidance...



Net Sales

## ANADOLU EFES



2018 Proforma 2019

Margin: 35.4% 37.7%

## BEER GROUP



2018 Proforma 2019

Margin: 38.1% 41.4%

## TURKEY BEER



2018 2019

Margin: 56.4% 54.2%

## EBI



2018 Proforma 2019

Margin: 32.6% 37.7%

Gross Profit



2018 Proforma & Restated 2019

Margin: 15.6% 16.8%



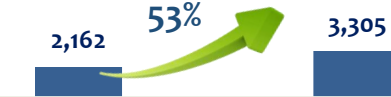
2018 Proforma & Restated 2019

Margin: 13.1% 15.4%



2018 Reclassed 2019

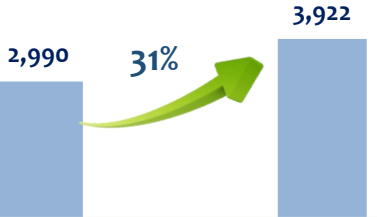
Margin: 21.3% 15.9%



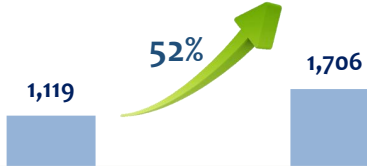
2018 Proforma & Restated 2019

Margin: 11.5% 16.0%

EBITDA (BNRI)



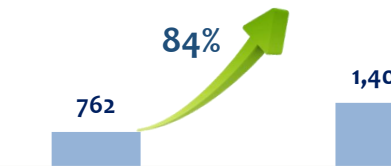
2018 Proforma & Restated 2019



2018 Proforma & Restated 2019



2018 Reclassed 2019



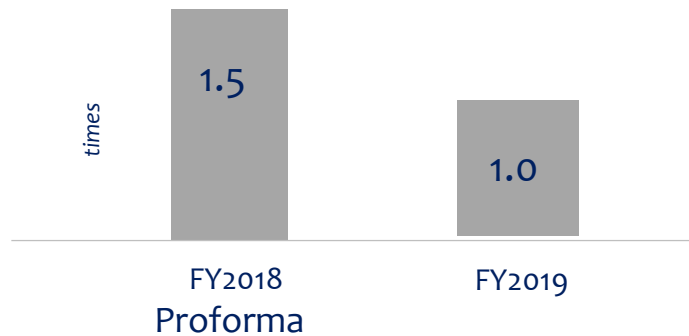
2018 Proforma & Restated 2019

\*2018 Proforma figures assume realization of ABI Efes JV as of January 1st 2018 (instead of actual April 1st). Therefore proforma 2018 restated results include 9 months of operation of combined business. In addition to actual results, 2018 figures also include the incremental depreciation charge in 2019 which is a result of the revaluation of fixed assets following the merger in Russia & Ukraine as required by IFRS 3.

# Balance Sheet Discipline Maintained...

## Net Debt / EBITDA (BNRI)<sup>1</sup>

### Anadolu Efes Consolidated

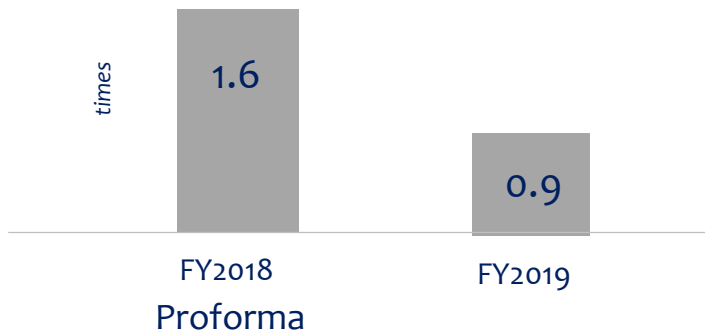


-61% of cash is hold as hard currency

-80% of debt is in hard currency  
(57% of our debt is hedged through  
Net Investment Hedge and CCS)

-89% of debt has fixed interest

### Beer Group

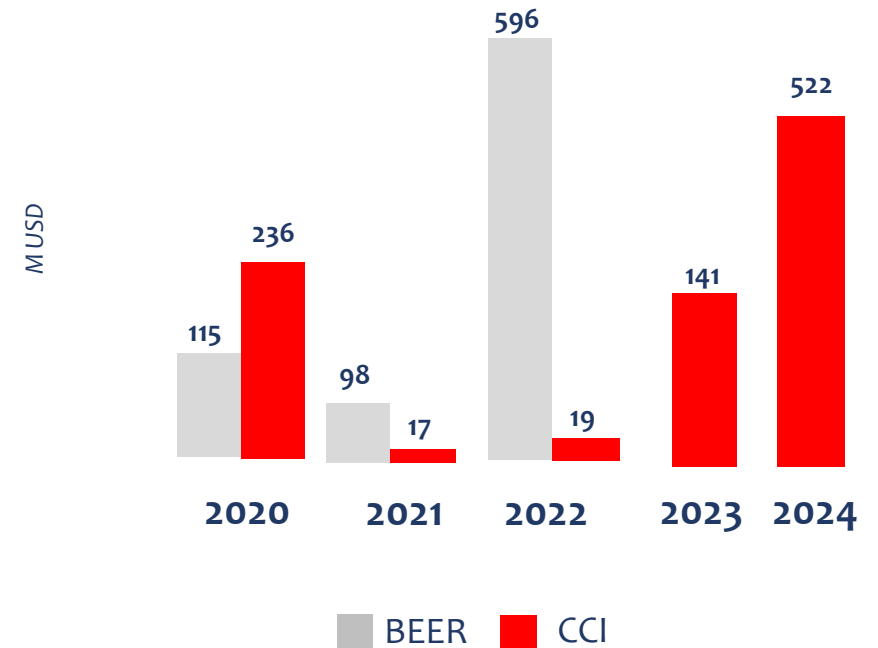


-63% of cash is hold as hard currency

-74% of debt is in hard currency  
(69% of our debt is hedged through  
Net Investment Hedge)

-100% of debt has fixed interest

## Maturity Schedule<sup>2</sup>



Weighted average maturity of debt for

Beer Group is 2.3 years and

Anadolu Efes is 2.8 years

For the purposes of Net Debt to EBITDA calculation, EBITDA(BNRI) excluding IFRS 16 impact was used.

<sup>1</sup>Trailing 12 month EBITDAs include ABI Russia and ABI Ukraine effect for the whole 12 month period.

<sup>2</sup>Figures represent principal amounts

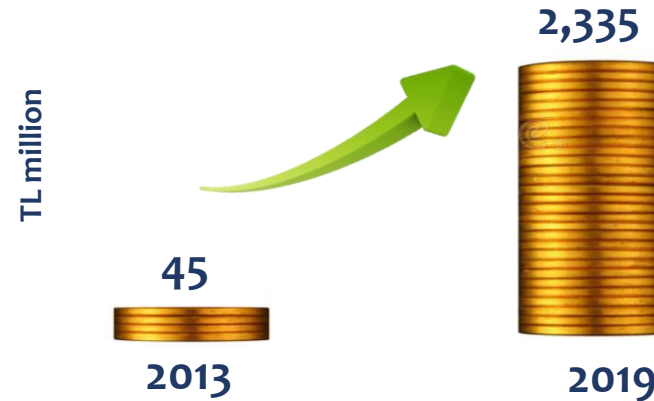
# Solid Cash Flow Generation

- ✓ Topline growth & margin expansion
- ✓ Prudent Capex Spending
- ✓ Tight Working Capital Management

## Beer Group FCF



## Anadolu Efes FCF





# 2020 Financial Priorities



## CASH MANAGEMENT

- Funding plan for 2020 is on track



## DEBT MANAGEMENT

- Manage leverage ratios and maturity schedule



## RISK MANAGEMENT

- Manage FX & Commodity Exposure
- Working capital solutions



## EXPENSE MANAGEMENT

- Zero Based Spending



## PRODUCTIVITY & FCF

- Focus on Balance Sheet Health
- Free Cash Flow Improvement



# 2020 OUTLOOK





# Detailed 2020 Guidance

## SALES VOLUME

Consolidated	grow by low-to-mid-single digit
Total Beer	grow by low-to-mid single digit
Turkey Beer	to be flat
Russia	to grow by low-to-mid single digit while outperforming the market. The competitive environment became tougher within the last year and we expect this trend to continue.
International Beer	to grow by low-to-mid single digit with the positive contribution of all international operations
Soft Drinks	3-4% growth
Turkey Soft Drinks	flattish
International Soft Drinks	mid-single digit growth

## NET SALES REVENUE

Consolidated	grow by low-teens on FX-Neutral basis, supported by all business lines
Total Beer	grow by low-teens on FX-Neutral basis, benefitting from both Turkey and international beer
Turkey Beer	grow by high-teens attributable to favorable product mix and price increases
International Beer	increase by low-teens on FX-Neutral basis, driven by higher volume growth, price increases and portfolio mix
Soft Drinks	15-18% growth on a consolidated basis (FX-neutral)

## EBITDA MARGIN

Consolidated	flat
Total Beer	to be flat or to slightly improve
Turkey Beer	flat to slightly decline due to the lack of price increase at the beginning of the year where the impact of cost inflation to be covered with a lag
International Beer	improve which is predominantly attributable to the margin improvement in Russia and Ukraine where we will benefit from scale and portfolio
Soft Drinks	Circa 100 bps improvement without the impact of cash designation and slight decline on a reported basis

FCF	Continue to deliver strong FCF in both beer and soft drinks, yet lower compared to 2019 due to the cycling effects of a very strong base.
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CAPEX	as a percentage of sales high single digits on a consolidated basis
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**THANK YOU**

