ANADOLU EFES

2018 Annual Report

WE ARE GROWING ALL AROUND THE WORLD WITH STRONG STEPS

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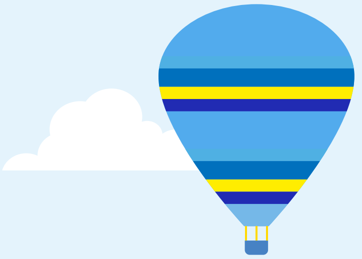
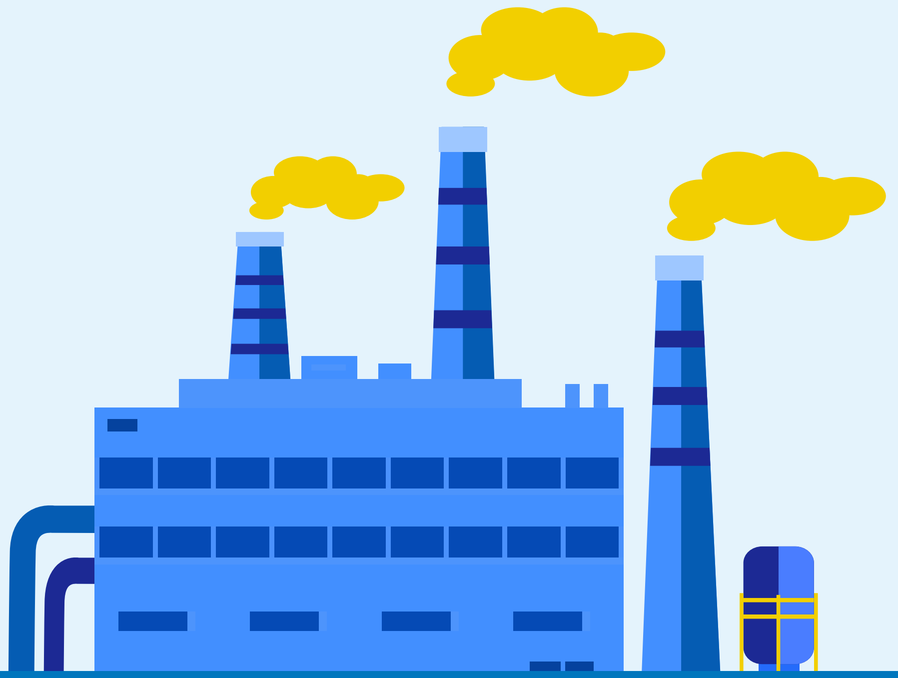




About Anadolu Efes

ANADOLU EFES IN BRIEF

Anadolu Efes; the visionary brand of Anadolu Group is growing by creating added value for Turkey.

Established in 1950 by Yazıcı and Özilhan families, the Anadolu Group carries its existence to the future in the light of its vision of becoming a "Star that connects Anatolia to the World and the World to Anatolia". The Group operates in 19 countries, with almost 80 companies, 66 manufacturing facilities and over 80 thousand employees. Group's sales revenue in 2018 was TL 42.4 million.

In line with its objectives of developing partnerships with the largest companies in the world and creating branded consumer products with its commitment to globalization and partnership culture as a regional player abroad, Anadolu Group creates added value for Turkey and continues its rapid and healthy growth.

Anadolu Group conducts its business in beverages, retail, agriculture, automotive, stationery, fast food, real estate, energy fields.

Within the framework of social responsibility concept; Anadolu Group continues, with a sensitive approach, to contribute to the society in the areas of education, health and sports through Anadolu Foundation, Anadolu Health Center and Anadolu Efes Sports Club.

Anadolu Efes started its journey in 1969 with two breweries established in İstanbul and İzmir. Becoming the market leader shortly, Anadolu Efes contributed to the development of the market by cultivating the beer culture in Turkey. As the largest brewer in Turkey, Anadolu Efes introduced many "firsts" to the consumers. The company took an important step by expanding abroad in 1990s. Regarding the international operations, Anadolu Efes took another important step aimed at commercial sustainability in the global market in 2012 and formed a strategic alliance with SABMiller Plc ("SABMiller"). In 2016, following the acquisition of SABMiller by Anheuser-Busch InBev ("AB InBev"), world's largest brewer, AB InBev became the holder of 24% stake in Anadolu Efes.

Anadolu Efes runs its international beer operations through Efes Breweries International NV ("EBI"), its 100% subsidiary based in Netherlands. Anadolu Efes is also the main shareholder of Coca-Cola İçecek A.Ş. ("CCI"), which runs Coca-Cola operations in Turkey and abroad.

Making about two-thirds of its net sales in international markets, Anadolu Efes is Europe's 6th and the world's 16th largest brewer by sales volume. The company serves a population of close to 700 million with beer and soft drinks brands in its portfolio. With 21 breweries, 5 malteries, 1 hops processing facility and 1 preform plant in 6 countries, and 26 bottling plants in 10 countries, including Turkey among others, Anadolu Efes is operating as one of the most important players in its region. The company ships its products to more than 70 countries.

The leader of its industry with its strong vision and a dynamic and modern structure, Anadolu Efes is supporting, with a pioneering and innovative approach, its corporate competency built up in the last 49 years since the foundation. Establishing economic and social sustainability by creating synergy and its knowledge, Anadolu Efes aims to bring its brands together with future generations.

With shipping its products to more than **70 COUNTRIES**, Anadolu Efes is world's **16TH LARGEST BREWER.**

*Global Data

CAPITAL AND SHAREHOLDER STRUCTURE

As one of the largest listed companies by market capitalization on Borsa İstanbul ("BIST"), Anadolu Efes' shares received above-average interest by the international institutional investors since the shares began trading in 2000. At the same time, in terms of foreign ownership in free float, Anadolu Efes has one of the highest shares.

Company's capital is comprised of 592,105,263 shares each with a nominal value of 1 (one) TRL. 142,105,263 of the shares are registered to and owned by AB InBev Harmony Limited, while 450,000,000 of the shares are bearer shares.

Thanks to the Level 1 American Depository Receipts ("ADR") program (AEBZY/Cusip No: 032523201), Anadolu Efes shares may be bought and sold by private investors as well as by international institutional investors in over-the-counter markets.

31 DECEMBER 2018	SHARE AMOUNT (TRL)	SHARE RATIO (%)
AG Anadolu Grubu Holding A.Ş.	254,891.157	43.05
AB InBev Harmony Ltd.	142,105.263	24.00
Publicly-traded and other	195,108.843	32.95
Total issued capital	592,105.263	100.00

1 JANUARY - 31 DECEMBER 2018	LOWEST	HIGHEST	AVERAGE	31.12.2017	31.12.2018	CHANGE (%)
Closing Price* (TRL)	17.84	28.14	23.25	23.81	20.60	-13.5%
Market Value (TRL Million)	10,563.2	16,660.70	13,767.6	14,097.4	12,197.4	-13,5%
BIST-100	87,143.2	120,845.3	102,076.9	115,333.0	91,270.5	-20.9%

*Adjusted

ANADOLU EFES SUBSIDIARIES

Anadolu Efes being one of the most important players in its region, operates with 21 breweries, 5 malteries, 1 hops processing facility and 1 preform plant in 6 countries, and with 26 bottling plants in 10 countries.

TURKEY BEER OPERATIONS
ANADOLU EFES BİRACILIK VE MALT SAN. A.Ş.

100.0%
Efes Pazarlama ve Dağıtım Tic. A.Ş.

39.7%
Anadolu Etap Penkon Gıda ve Tarım Ürünleri Sanayi ve Ticaret A.Ş., Turkey

INTERNATIONAL BEER OPERATIONS
100,0% Efes Breweries International N.V.

50.0%
AB InBev Efes B.V.

100.0%
JSC FE Efes Kazakhstan Brewery, Kazakhstan

99.9%
PJSC Efes Ukraine Brewery, Ukraine

100.0%
JSC Lomisi, Georgia

96.9%
Efes Vitanta Moldova Brewery S.A., Moldova

100.0%
Efes Trade BY FLLC, Belarus

SOFT DRINK OPERATIONS
50.3% Coca-Cola İçecek A.Ş.*

100.0%
Coca-Cola Satış Dağıtım A.Ş. (CCSD), Turkey

100.0%
Coca-Cola Beverages Tajikistan LLC, Tajikistan

100.0%
Coca-Cola Bishkek Bottlers CJSC, Kyrgzstan

50.0%
Syrian Soft Drink Sales and Distribution LLC, Syria

100.0%
Mahmudiye Kaynak Suyu Ltd. Şti., Turkey

99.9%
Azerbaijan Coca-Cola Bottlers LLC, Azerbaijan

49.7%
Coca-Cola Beverages Pakistan Ltd., Pakistan

80.0%
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics and Plastic Caps Production LLC, Iraq

100.0%
J.V. Coca-Cola Almaty Bottlers LLP, Kazakhstan

59.5%
Turkmenistan Coca-Cola Bottlers Ltd., Turkmenistan

90.0%
The Coca-Cola Bottling Company of Jordan Ltd., Jordan

100.0%
Sardkar for Beverage Industry Ltd, Iraq

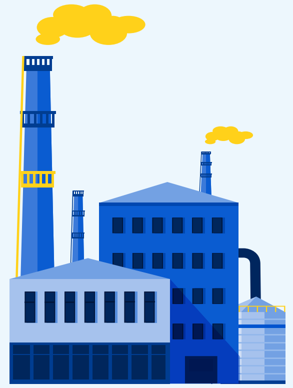
* Direct and indirect shareholding.

MILESTONES
BEER GROUP

1969

The first beer production started with two facilities under the brand name of “Efes Pilsen”.

1970
1980
1990



One hops processing facility, two malteries, and two new breweries were established.

1986

Efes Pazarlama was established to conduct sales, distribution, and marketing operations in Turkey.
The first canned beer of Turkey was produced.

1996

Started operations in the Kazakhstan beer market after the acquisition of Karagandi Brewery through privatization.

1998

Efes Breweries International N.V. was founded.
Acquired the assets and the “Marmara” brand of Toros Biracılık.

1999

Started production in Russia at the first modern brewery established in Moscow and launched the “Stary Melnik” brand.

2000

The group’s four publicly traded beer and malt companies merged under “Anadolu Efes”.

Started brewing “Miller Genuine Draft (MGD)”, under licence in Istanbul. Thus, premium segment in Turkish beer market was created.

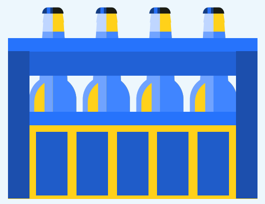
2002

Signed a license agreement with Interbrew for the production, marketing and distribution of “Beck’s” brand in Turkey.

Level-1 American Depositary Receipts (“ADRS”) of Anadolu Efes started trading.

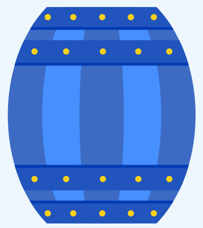
2003

Started operating in Moldovian beer market after the acquisition of Vitanta Intravest S.A. Brewery.



Started production in 2 new breweries in Russia and 1 new brewery in Kazakhstan.

2005



Introduced the first draft beer in a keg-shaped bottle in the world.

2006

Acquired Krasny Vostok Brewing Group, seventh largest brewer, in Russia.

2008

Started operations in the Georgian beer market after acquiring 100% of Lomisi ltd., the leading brewer in Georgia.

2010

Started licensed production of “Efes Pilsener” brand in Germany to be sold by Efes Deutschland GMBH, 100% subsidiary of Anadolu Efes.

2011

SABMiller and Anadolu Efes signed a strategic alliance agreement.

2012

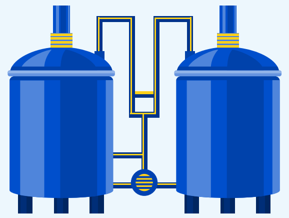
Anadolu Efes acquired SABMiller’s beer operations in Russia and Ukraine.

2016

AB InBev became the new shareholder of Anadolu Efes after acquiring SABMiller.

2017

Anadolu Efes and AB InBev signed a non-binding agreement for combining their Russian and Ukrainian beer operations.



2018

After the merger, AB InBev Efes B.V. started operating in Russia and Ukraine with its stronger presence.

MILESTONES
SOFT DRINK GROUP

1986

First ever production of sparkling beverages in pet bottles in Turkey.

1987

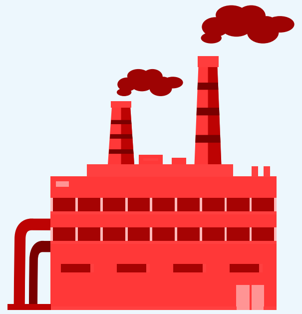
First ever production of sparkling beverages in aluminum cans in Turkey.

1993

Efes Sinai Yatirim Holding was founded to make bottling investments in the CIS region.

1995

Coca-Cola bottling operations commenced in Kazakhstan.



1996 1998

Bottling plants were established in Kyrgyzstan, Azerbaijan, and Turkmenistan.

Anadolu Group invested in 80% of Coca-Cola operations in Turkey following the acquisition of 33% of Coca-Cola Bottling and Marketing Companies' shares from The Coca-Cola Company.

2002

Coca-Cola Turkey bottling operation was restructured to become a production company, which is the owner of its sales and marketing company. New company's name was changed to Coca-Cola İçecek A.Ş. (CCI).

2005

Anadolu Efes reorganized all the soft drink operations under the roof of CCI.

Coca-Cola operations in Jordan was acquired.

2006

Started water production after the acquisition of Mahmudiye LTD., a producer of natural spring water
CCI shares began trading on BIST.

2008

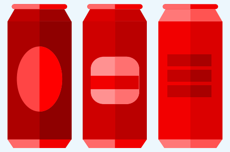
Started operations in Pakistan.

2012

Started operations in Southern Iraq market after an acquisition.

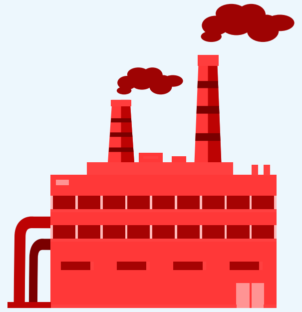
2015

Dushanbe (Tajikistan), Astana (Kazakhstan) and Multan (Pakistan) facilities started production.



2017

10th plant in Turkey started production in Isparta.



2018

Faisalabad plant in Pakistan started production.

OUR REGIONAL FOOTPRINT

[1]United Nations [2]AEFES estimate [3]Nielsen, January-December 2018 [4]Global Data [5]Other than the exports by Efes Beer Group to the whole world, Anadolu Efes has organizations (either directly owned or through the controlling companies) in Belarus and Azerbaijan that carry out and/or coordinate the marketing, sales and distribution of group products. [6]"Efes Pilsener" brand is being produced on a contract bases by Gilde Brauerei GmbH to be sold by Efes Deutschland Gmbh, a 100% subsidiary of Anadolu Efes established in Germany. [7]Ipsos Retail Audit (November-December, 2018) [8]Canadean (January-November, 2018) [9]Gamma Retail

21 Breweries in **6** Countries
26 Soft Drink Facilities in **10** Countries
Population of **690** Million

TURKEY
Population: 80,7 Million[1]
3 Breweries
8,0 mhl Brewing Capacity
2 Malteries
125 Thousand Ton Malt Production Capacity
1 Hops Processing Facility
Per Capita Beer Consumption: 11 Liters[2]
60% Market Share[3]
Market Leader[3]
10 Soft Drink Plants
65% Market Share[3]
Market Leader[3]

AZERBAIJAN[5]
Population: 9,8 Million[1]
1 Soft Drink Plant
74% Market Share[7]
Market Leader[7]

RUSSIA
Population: 144,0 Million[1]
11 Breweries
29,8 mhl Brewing Capacity
3 Malteries
229 Thousand Ton Malt Production Capacity
1 Preform Production Facility
Per Capita Beer Consumption: 57 Liters[4]
28% Market Share[3]
Market Position: Second[3]

BELARUS[5]
Population: 9,5 Million[1]
Per Capita Beer Consumption: 45 Liters[4]

GERMANY[6]
Population: 82,1 Million[1]

UKRAINE
Population: 44,2 Million[1]
3 Breweries
6,4 mhl Brewing Capacity
Per Capita Beer Consumption: 42 Liters[4]

MOLDOVA
Population: 4,1 Million[1]
1 Brewery
1,4 mhl Brewing Capacity
Per Capita Beer Consumption: 29 Litre[3]
63% Market Share[2]
Market Leader[2]

GEORGIA
Population: 3,9 Million[1]
1 Brewery
1,4 mhl Brewing Capacity
Per Capita Beer Consumption: 30 Litres[4]
46% Market Share[9]
Market Leader[9]

KAZAKHSTAN
Population: 18,2 Million[1]
2 Breweries
2,4 mhl Brewing Capacity
Per Capita Beer Consumption: 30 Litres[4]
51% Market Share[3]
Market Leader[3]
2 Soft Drink Plants
51% Market Share[3]
Market Leader[3]

TURKMENISTAN
Population: 5,8 Million[1]
1 Soft Drink Plant

TAJIKISTAN
Population: 8,9 Million[1]
1 Soft Drink Plant

JORDAN
Population: 9,7 Million[1]
1 Soft Drink Plant
24% Market Share[2]
Market Position: Second[8]

KYRGYZSTAN
Population: 6 Million[1]
1 Soft Drink Facility
%69 Market Share[7]
Market Leader[7]

SYRIA
Population: 18,3 Million[1]

IRAQ
Population: 38,3 Million[1]
3 Soft Drink Plants
43% Market Share[8]
Market Position: Second[8]

PAKISTAN
Population: 197,0 Million[1]
6 Soft Drink Facilities
42% Market Share[8]
Market Position: Second[8]

MAIN FINANCIAL AND OPERATIONAL INDICATORS

Anadolu Efes continued to generate strong **FREE CASH FLOW** in both beer and soft drinks operations in 2018, a year full of challenges.

INCOME STATEMENT ITEMS[1]	2017 PROFORMA	2018	CHANGE %
Beer Sales Volume (m hectolitres)[2]	31.5	31.8	1.2%
Soft Drink Sales Volume (m unit case)[3]	1,237.5	1,314.9	6.3%
Net Sales TRL (000)	14,587,073	18,689,686	28.1%
Net Sales Per litre TRL	1.43	1.75	22.4%
Profit from Operations TRL (000)	1,388,283	1,605,963	15.7%
Operating Profit Margin (%)	9.5%	8.6%	
Depreciation and Amortization TRL (000)	1,045,356	1,297,750	24.1%
Net Income[4] TRL (000)	195,678	96,882	-50.5%
Net Income[4] Margin (%)	1.3%	0.5%	
EBITDA[5] TRL (000)	2,473,069	2,998,769	21.3%
EBITDA[5] Per litre TRL	0.25	0.29	15.8%
EBITDA[5] Margin	17.0%	16.0%	
Free Cash Flow		1,053,677	

BALANCE SHEET ITEMS	2017	2018	% CHANGE
Cash, Cash Equivalents and Marketable Securities TRL (000)	5,498,210	4,791,215	-12.9%
Total Assets (000 TRL)	29,529,632	38,926,112	31.8%
Equity Attributable Equity Holders of the Parent TRL (000)	9,811,701	11,278,672	15.0%
Total Financial Debt (including lease obligations) TRL (000)	8,509,490	9,228,679	8.5%
Net Financial Debt / EQUITY	0.3X	0.4X	
Net Financial Debt / EBITDA (2017 Proforma)	1.5X	1.5X	
Capital Expenditure (Gross)[6] TRL (000)	836,631	1,610,169	92.5%
Number of Shares	592,105,263	592,105,263	
Earnings per Share[7] (2017 Proforma)	0.3305	0.1636	-50.5%
Average Number of Employees	14,188	17,560	23.8%

Note 1: As per the agreement signed for the management of Coca-Cola İçecek A.Ş. ("CCI") as of January 1, 2013 Anadolu Efes started to fully consolidate CCI whose financial results had been proportionally consolidated until December 31, 2012.
Note 2: 1 hectoliter = 100 liters.
Note 3: 1 unit case = 5,678 liters.
Note 4: Net income attributable to shareholders
Note 5: EBITDA: Earnings before interest, tax, depreciation, and amortization are calculated by adding or subtracting depreciation and other relevant non-cash items to or from profit from operations.
Note 6: Acquisitions excluded
Note 7: Earnings per share is calculated by dividing the net profit for the period attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

Beer Group

BEER GROUP
TURKEY BEER OPERATIONS
INTERNATIONAL BEER OPERATIONS

BEER GROUP

Anadolu Efes started its beer operations back in 1969 with the production of its first brand "Efes Pilsen" in two breweries and a production capacity of 300 thousand hectoliters. In just a short time Efes Pilsen became the first brand that comes to mind and is still the highly preferred brands by consumers with high quality and constant taste.

Leading the industry for almost half a century; years of experience, a dynamic corporate culture with an agile decision-making that enables taking appropriate measures in changing market conditions as well as keeping a close eye on consumers lie behind the success of Anadolu Efes.

The company expands its product range by listening to its customers and closely monitoring their wishes and preferences. A pioneer in execution in the sector, Anadolu Efes has a strong sales network across Turkey with its efficient marketing strategies. Anadolu Efes continously makes investments in order to increase its brand value.

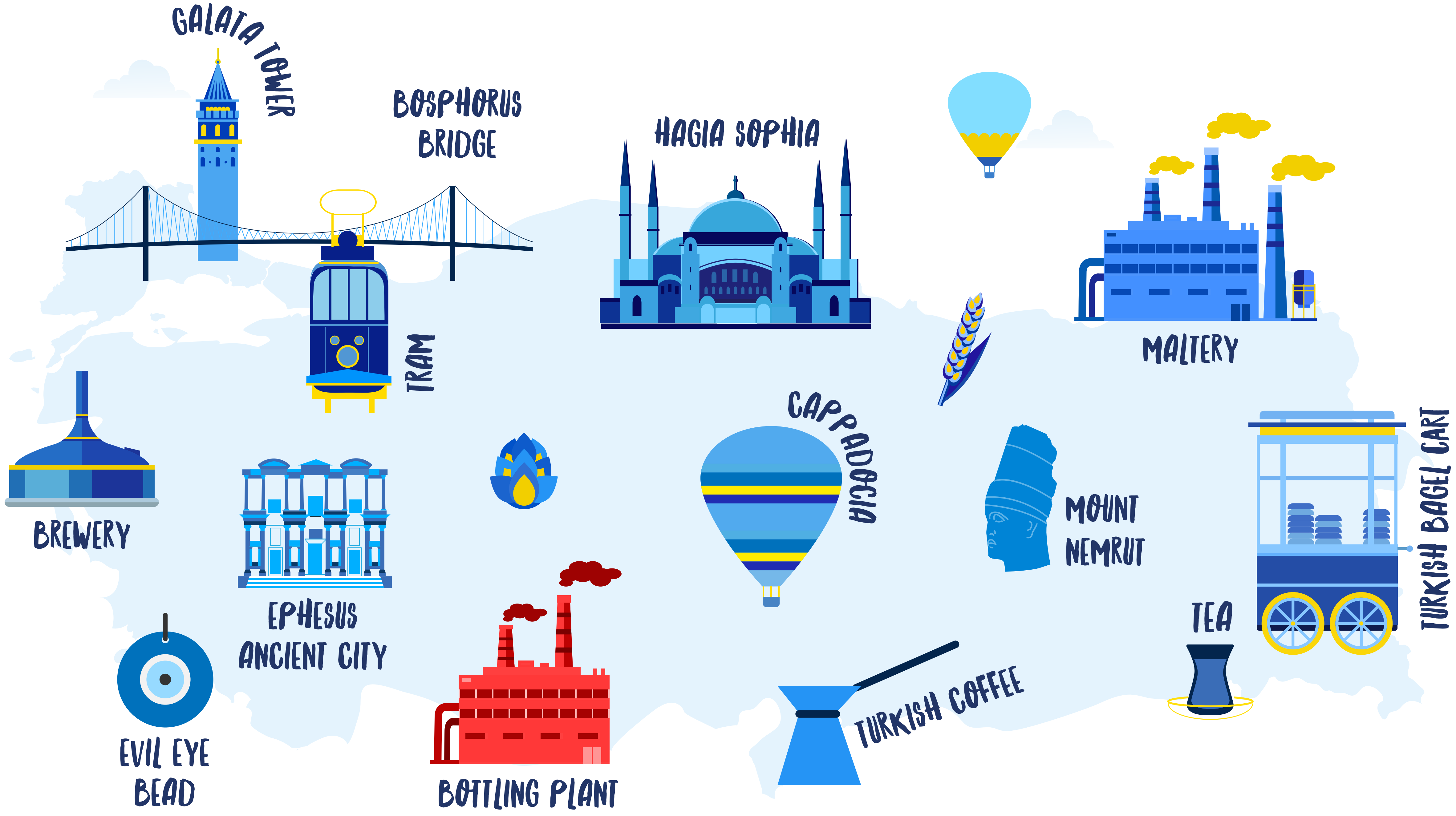
Anadolu Efes continues its operations as part of its strategy to become a regional power while further penetrating the Turkish market. Started its international beer operations with exports, Anadolu Efes commenced its first operations abroad in the late 1990s in Russia and Kazakhstan by prioritizing culturally and geographically close markets. Followed by beer operations in Moldova, Georgia and Ukraine, the number of countries in which the company runs beer operations went up to six.

Grew by using investment opportunities available in the markets it enters, Anadolu Efes continues its efforts to minimize the impact of the challenges by capitalizing on its competitive advantage and years of experience in these regions which possess a potential to grow. Behind the success of Anadolu Efes underlies its studies towards quickly offering products that fit for customer demands, an effective and extensive distribution network, a pricing policy supporting operational profitability, an effective customer communication targeting to raise brand awareness and an effort to seek a more flexible and efficient organizational structure.

Anadolu Efes has an annual production capacity of 49.4 million hectoliters of beer and 354 thousand tons of malt as of 2018 year-end. Running its operations by keeping entrepreneurship, foresight, motivation and its big potential for further development at the forefront, Anadolu Efes will continue its studies on maintaining its strong position by focusing on sustainability.

As of end of 2018, Anadolu Efes is one of the strongest players within its region with **49.4 MHL OF BEER** and **354 THOUSAND TONS OF MALT** production capacity.

TURKEY BEER OPERATIONS



Premium Brands

● Erdinger ● Miller Genuine Draft ● Duvel ● Grolsch
● Amsterdam Navigator ● Bud ● Corona ● Leffe ● Hoegaarden

Mainstream Brands

● Efes Pilsen ● Efes Pastörsüz ● Efes Light ● Efes Xtra
● Efes Fıçı ● Efes Malt ● Efes Özel Seri ● Bomonti Fabrika
● Bomonti Filtresiz ● Bomonti Red Ale ● Bomonti Black
● Kozel ● Beck's

Lower Mainstream Brands

● Varım

Economy Brands

● Marmara Gold ● Marmara 34

Operating with 3 breweries, 2 malteries and 1 hops processing facility in Turkey, Anadolu Efes is the largest brewer of the country. The company has an annual total production capacity of 8.0 mhl of beer and 125 thousand tons of malt in Turkey. In 2018, we estimate that the sales volume of Turkish beer market was around 9.7 mhl, per capita consumption was 11 litres.

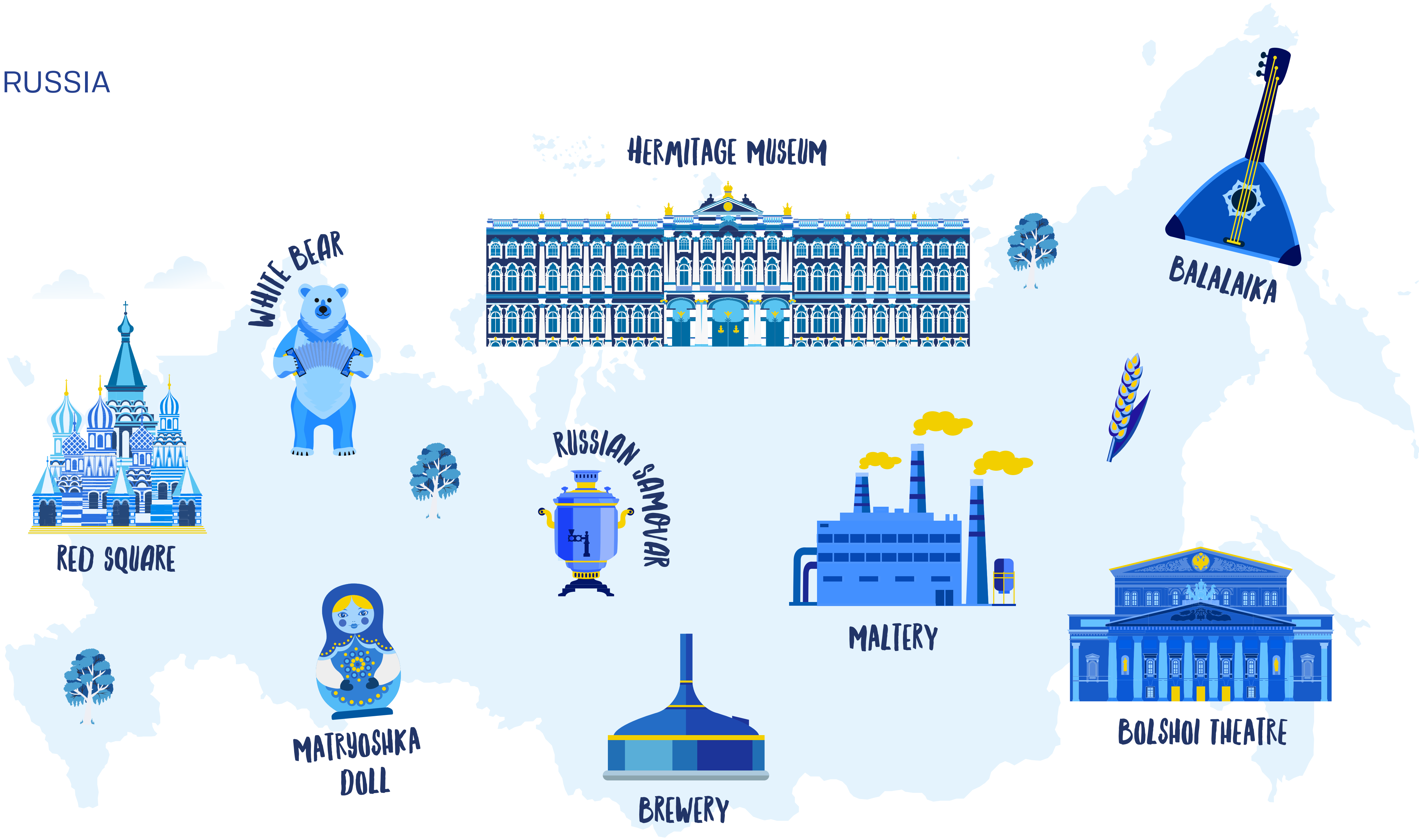
Higher number of tourist arrivals with favorable country mix as well as good weather conditions during summer led the beer market to grow mid-single digit in 2018 despite increasing prices and deterioration in consumer confidence holding back the market. Our market share remained stable since the second quarter of the year. As always, we continued to respond the ongoing competition by providing new alternatives to the consumers. The launches of our new brands "Bomonti Black", "Bomonti Fabrika", "BUD" and "Varım, were very welcomed by the consumers. The launches of BUD and Varım contributed significantly to our sales volumes in a very short period of time, which was in line with our strategy of premimumization and supporting affordability. Investments in our brands and our appreciation of quality has been once again recognized by international awards in 2018 as well. Our superior quality was awarded with 22 medals by Monde Selection and ITQI who are dedicated to select world's finest tastes and by German VLB Berlin Institute, one of the world's oldest and most credible academies.

INTERNATIONAL BEER OPERATIONS

Anadolu Efes conducts its international beer operations through EBI, a wholly owned subsidiary that was established in the Netherlands in 1998. Operating in Russia, Kazakhstan, Moldova, Georgia and Ukraine, EBI has 18 breweries with an annual total capacity of 41.4 mhl and four malteries with an annual total capacity of 229 thousand tons.

Anadolu Efes conducts its business in Russia, Kazakhstan, Moldova, Georgia and Ukraine with **18 BREWERIES** and **3 MALTERIES**.

RUSSIA



Super Premium Brands
• Becks • Belle-Vue • Boddingtons • Corona • Leffe

High Premium Brands
• Amberweiss • Amsterdam • Bavaria • Dao • Franziskaner • Hoegaarden • Miller • Pilsner Urquell • Redds • Spaten • Stella Artois • Tinkoff • Zwei Meister

Low Premium Brands
• Brahma • Bud • Essa • Grolsch • Klinskoe • Primorskiy Kraft • Staropramen • Velkopopovicky Kozel • Yantarnoe

Mainstream Brands
• 387 • Bavaria • Efes • John Copper • Lowenbrau • Sibirskaya Korona • Simbirskoe • Sokol • Stary Melnik • Sudoku • Tvyordiy Znak • Zolotaya Bochka

Lower Mainstream Brands
• Bavarskiy Zakon • Beliy Medved • Bremen • Chernigivske • Dushistii Khmel • El&Khmel • Khmelnaya Stolitsa • Klinskoe • Malz Weisen • Moya Kaluga • Pikur • Rifey • Rytsar Primorya • Tirolskiy Volk • Sherlok • Studenoe • Tri Bogatyrya • T • Tri Shurupa • Zhigulyovskoe

Economy Brands
• 54 • BagBier • Zhigulevskoe Bochkovoe • Gold Mine Beer • Guldinger Velvet • Khmel&Solod • Permskoye Gubernskoye • Tolstyak • Volzhanin • Volzhskaya Volniza • Zhigulyovskoe • Zolotaya Angara

Anadolu Efes started its Russian operations, the largest within beer segment in terms of sales volume, with the start of production in Moscow-Efes Brewery ("MEB") in 1999. The position in the Russian market was further solidified through the acquisition of Krasny Vostok Brewing Group, the then 7th largest player in the market back in 2006, which was followed by the acquisition of SABMiller's assets in Russia in 2012. After AB InBev became our new shareholder post its acquisition of SAB Miller, we sought to form a partnership with AB InBev in Russia and Ukraine in an effort to draw maximum benefit out of this partnership which was completed by signing off the binding agreements in the end of 1Q2018. Thus, operations in these countries are combined under one management. Following this milestone merger, we became a very strong #2 in Russian beer market, one of the world's largest.

Hosting the FIFA World Cup, good weather conditions in summer, the freeze of excise taxes and absence of new regulations resulted in an estimated growth of low-single digit in 2018 for the Russian beer market for the first time in the last 11 years.
Our sales volumes in Russia grew by low single digit in the first year of the merger as the large scale marketing campaign across the year which especially intensified during the FIFA World Cup brought a revival to the industry. We managed to secure our leadership in the Premium and Super Premium segments with more than 40% market share despite increased competition. We continued to be the strong #2 in the market as our unified market share was 28% in 2018 according to Nielsen. GlobalData estimates Russian beer market in 2018 at 82 mhl with a per capita consumption of 57 litres. Carrying out its operations with eleven breweries and three malteries in Russia, Anadolu Efes has an annual total production capacity of 29.8 mhl of beer and 229 thousand tons of malt.

KAZAKHSTAN

Super Premium Brands

● Miller Genuine Draft ● Grolsch ● Pilsner Urquell

Premium Brands

● Bavaria Holland ● Bavaria Malt ● Amsterdam Navigator ● Vel. Kozel Svetly ● Vel. Kozel Cherny ● Efes Pilsener ● Stary Melnik Iz Bochonka Mild ● Stary Melnik Iz Bochonka Lager ● 3 Nedeli Zhivoe ● Kaidzu

Mainstream Brands

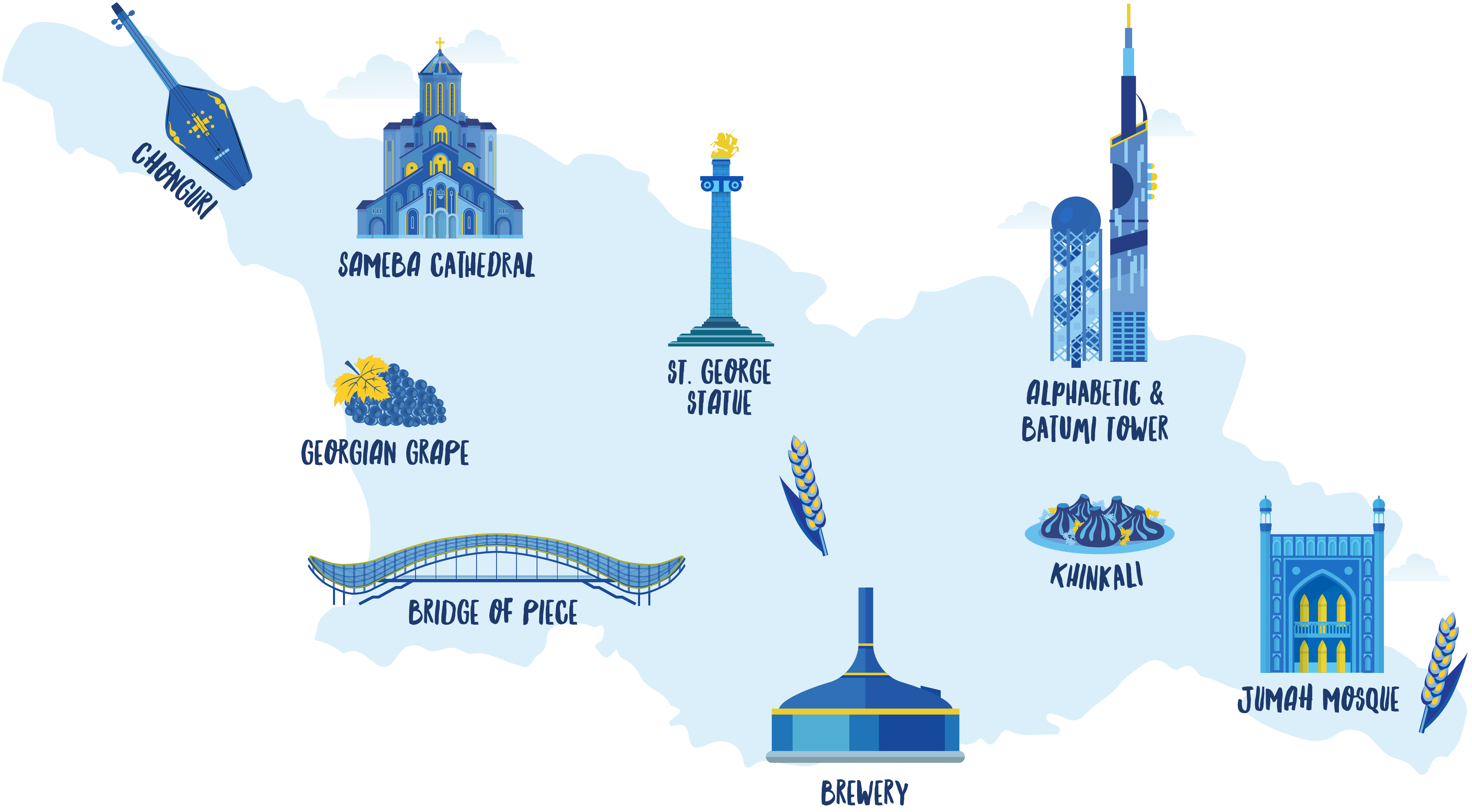
● Kruzhka Svezhego Lager ● Kruzhka Svezhego Mild ● Kruzhka Svezhego Beloe ● Bely Medved Lager ● Bely Medved Mild ● Bely Medved Osoboe ● Bely Medved V Rozliv ● Bely Medved Strong ● Karagandinskoe Lager ● Karagandinskoe Strong ● Zhigulevskoe Lager ● Zhigulevskoe Mild ● Slavna Pivnice

Economy Brands

● Schedriy Pivovar ● Bochkovoe ● Bremen ● 13 Region ● Pavlodarskaya Legenda

Following Russia and Ukraine, Kazakhstan is our largest international beer market where we maintained our undisputed leadership in 2018. Anadolu Efes entered the Kazakhstan market through the acquisition of a brewery in Karaganda in 1996 from privatization and continued its operations by opening a new brewery in Almaty in 2003. GlobalData estimates Kazakh beer market in 2018 at 5.5 mhl with a per capita consumption of 30 litres. Trends were closely monitored also in 2018 as certain brands were redesigned and relaunched for the consumers. Kruzhka Sveshego led the mainstream segment with a strong performance without compromising on quality and freshness. We continued to grow in the premium segment with V. Kozel and Miller brands. Alternative packaging for existing brands were introduced to the market and with the launch of Schedryi Pivovar in Economy Segment, a brand new product was offered to the consumers. Despite increased competition, Anadolu Efes maintained its strong position with 51% market share according to Nielsen as the beer market is estimated to be flattish in 2018.

GEORGIA



Premium Brands

● Efes Pilsener ● Miller

High Mainstream Brands

● Herrenhauser ● Herrenhauser Light ● Kaiser ● Kozel
● Oettinger ● Staropramen ● Old Irish

Mainstream Brands

● 3D ● Extra ● Karva ● Kasris ● Mtieli ● Natakhtari
● Natakhtari Light

Anadolu Efes commenced operations in Georgia by acquiring the leading brewer Lomisi in 2008. GlobalData estimates the Georgian beer market at 1.1 million hectoliters with a per capita consumption of 30 liters in 2018. Georgian beer market is estimated to have declined by low-to-mid single digit mainly because of unfavourable weather conditions during summer. Anadolu Efes maintained its leadership in the market in 2018. According to GAMMA figures, Anadolu Efes is the leader of Georgian beer market with 46% market share in 2018. In addition to the improvements in market executions, our Kasris brand was relaunched and PET packaging of Staropramen was offered to the consumers in 2018.

MOLDOVA

Super Premium Brands

• Grolsch • Bavaria • Miller Genuine draft • Pilsner Urquell

Premium Brands

• Radler • Staryi Melnik • Efes • Kozel • Vitanta

Upper Mainstream Brands

• Oettinger • Timisoreana • Jiguleovscoe Osoboe

Mainstream Brands

• Jiguleovscoe Bocikovoe • Chisinau

Economy Brands

• Belyi Medved • Camarad

Anadolu Efes has been in Moldova beer market since the acquisition of Vitanta Intravest S.A. brewery in Chisinau in 2003. As a result of the ongoing political uncertainty, demographic issues and unfavourable weather conditions in summer, Moldova beer market is estimated to be down by low single digit while Anadolu Efes performed parallel to the market with an increased market share in the second half of the year despite increased competition. Channel-based developments in the market were closely monitored while a significant growth is achieved in the premium segment thanks to the successful inovations in our Kozel, Miller and Bavaria brands. GlobalData estimates Moldova beer market at 1.0 mhl in 2018 with a per capita consumption of 29 litres where Anadolu Efes led the market with 63% market share.

UKRAINE

Ultra Premium Brands

● Bass ● Belle-Vue ● Corona ● Cubanisto ● Franziskaner Weissbier ● Goose Island ● Hoegaarden ● Khmelevus ● Leffe ● Miller ● Pauwel Kwak ● Pilsner Urquell ● St.Pauli Girl

High Premium Brands

● Amsterdam ● Chill ● Chisinau ● Efes ● Gambrinus ● Lowen Weisse ● Staropramen ● Stella Artois ● T ● Velkopopovicky Kozel

Low Premium Brands

● Bud ● Stary Melnik ● Taller ● Yantar

Mainstream Brands

● Becks ● Chernigivske

Low Mainstream Brands

● Lager ● Rogan ● Zhygulevskoe Razlivnoe

Economy Brands

● 387 Osobaya Varka ● BagBier ● Beliy Medved ● Dao ● Goldmine ● Klinskoe ● Negra Modelo ● Pikur ● Redds ● Sarmat ● Sibirskaya Korona ● Spaten ● Tinkoff ● Tolstyak ● Tripel Karmeliet ● Volzhanin ● Zhygulevskoe ● Zolotaya Bochka

Anadolu Efes became 50% shareholder of the second largest player in the Ukraine beer market in 2018 following the merger with AB InBev. AB InBev Efes is the undisputed leader of Premium and Super Premium segments with its wide product portfolio including both internationally and locally strong brands. 2018 was a positive year for our Ukrainian operation in which initiatives on revenue management as well as the improvement in brand mix contributed positively to our performance. GlobalData 2018 estimates Ukrainian beer market at 18.7 mhl with a per capita consumption of 42 litres. Anadolu Efes continues to believe in the potential of the Ukrainian beer market as before and remains confident in the new period following the merger with AB InBev that it will contribute increasingly more to the company's sales volumes and profitability in the years ahead.

Soft Drink Group

SOFT DRINKS GROUP

SOFT DRINKS GROUP
COCA-COLA İÇECEK

Sparkling Beverage Flavors and Types

● Coca-Cola ● Coca-Cola Şekersiz ● Coca-Cola Light ● Fanta
● Sprite ● Sprite Zero ● Sprite Light ● Schweppes ● Crystal Cola

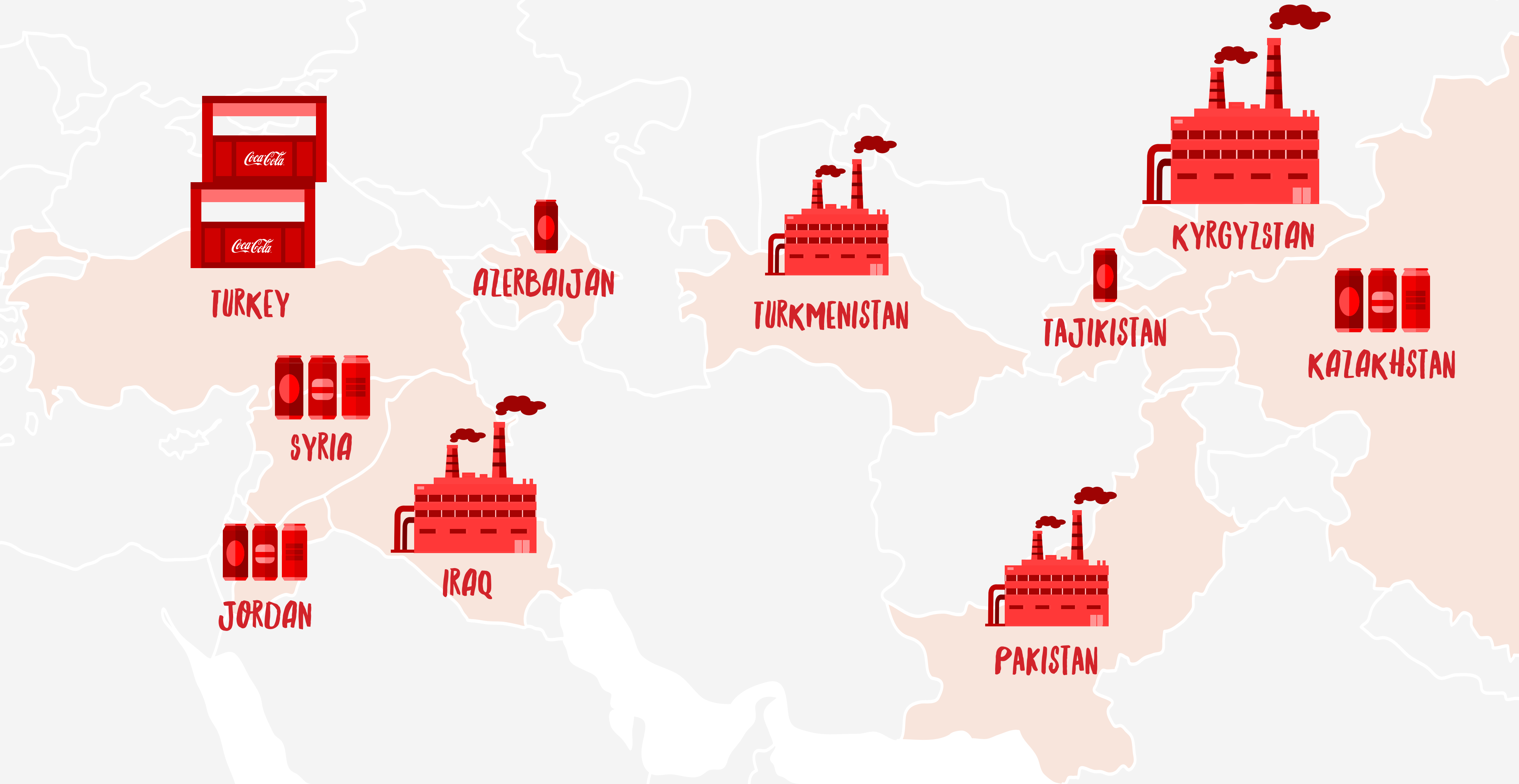
Still Beverage Flavors and Types

● Cappy ● Piko ● Minute Maid ● Zico ● Georgia ● Damla Su
● Damla Minera ● BonAqua ● Dasani ● Al Waha ● Arwa
● Doğadan ● Fuse Tea ● Gladiator ● Monster ● Powerade ● Burn

Efes Sınai Yatırım Holding A.Ş. ("Efes Sınai"), was set up in 1993 to undertake Coca-Cola bottling investments in international international markets and operations initially started in Kazakhstan, Kyrgystan, and Azerbaijan. Later in 2006, international soft drinks operations merged with Turkish bottling business Coca-Cola İçecek A.Ş. ("CCI"), of which initially 33% was acquired in 1996 in Turkey and joined by different bottling and marketing companies in subsequent years. The operations were reorganized to become the CCI today. Anadolu Efes runs soft drink operations in Turkey and abroad through CCI, a 50.3% subsidiary. Producing, marketing and selling the sparkling and still beverages within the brand portfolio of The Coca-Cola Company ("TCCC"), CCI is the sixth largest bottler in the Coca-Cola system by sales volume.

CCI carries out its operations through 26 facilities and close to 8,500 employees in Turkey, Pakistan, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria and Tajikistan. The rich product portfolio of CCI, consisting of sparkling beverages and still beverages such as fruit juice, water, energy and sport drinks, iced tea and non-ready-to drink tea, reaches out to nearly 400 million consumers.

CCI's consolidated sales volume increased by 6.3% in 2018, while strong momentum in sparkling category in Turkey operation brought the highest annual volume growth since 2012. International sales volumes grew by 7.8% thanks mainly to the growth in Pakistan and Kazakhstan markets.



Chairman's Message & Management

LETTER FROM THE CHAIRMAN

Dear Stakeholders,

2018 was not an easy year for neither the world nor the Turkish economy. Trade wars between the U.S. and China, the U.S. Federal Reserve's interest rate hikes, increased borrowing costs and ongoing political uncertainties have negatively affected the global growth rates.

In the World Economic Outlook Database published in January 2019, the International Monetary Fund (IMF) downgraded its global growth forecasts for 2018 and 2019 due to the soaring risks, revising them down to 3.7 percent for 2018 and 3.5 percent for 2019. The IMF has also lowered its growth forecasts for Turkey and many other developing countries, predicting that Turkey's economy will grow 3.5 percent in 2018 and 0.4 percent in 2019.

Turkish economy made a moderate start to 2018 and gained a strong growth momentum of 7.2 percent in the first quarter. However, in the second quarter, the growth was affected by the developments in the global economy and slightly slowed down to 5.3 percent. The rapid depreciation of the Turkish lira, interest rates hikes and high inflation rates created uncertainty in financial markets in the second half. Despite these fluctuations, the Turkish economy grew by 1.6 percent in the third quarter of the year and thus grew by 4.5 percent in the first nine months.

For 2019, the main risks to the Turkish economy will again be the reflection of global developments, regional issues, high inflation and the current account deficit.

WE ARE DETERMINED TO MAINTAIN OUR FINANCIAL DISCIPLINE

As always, Anadolu Efes is committed to creating value and maintaining its financial discipline. And having this discipline matters even more in these difficult times. To continue to create long-term shareholder value, Anadolu Efes created a diversified and solid business model that will benefit from the growth potential of its operations, invest in its employees, put technology at the core of its operations, improve the revenue management with an increased weight of premium products, boost efficiency and manage its balance sheet firmly.

We are a large family and are committed to our work. In 2018, we sought ways to manage fluctuations by taking the necessary measures to **REDUCE** financial market-related **RISKS** both in Turkey and in the other countries we operate in.

We serve nearly 700 million consumers in highly dynamic and competitive geographies with macroeconomic, political and geopolitical challenges both in our beer and soft drink operations.

According to the United Nations' data, in the countries we operate, 48 percent of the population is below 24 years of age and annual average population growth is 2.4 percent. According to the IMF's data, these economies grew, on average, by 2 percent annually between 2010 and 2018, as their gross national product totaled $7,500 billion.

In 2018, we sought ways to manage fluctuations by taking the necessary measures to reduce financial market-related risks both in Turkey and in the other countries we operate. As profitability remained a priority for us, we continued to apply hedging initiatives for our operational foreign exchange exposures to soften the exchange rate impacts. We also took new initiatives to increase productivity and reduce costs. In 2018, we maintained our determination to create free cash flow both in our beer and soft drinks operations. Our strict financial discipline contributed to our strong liquidity, as we managed to overcome the fluctuations in Turkish markets that took place especially in summer.

TUNCAY ÖZİLHAN
Chairman

In 2018, the Turkish beer industry saw slowing demand due to consumer distrust. Additionally, the exchange rate fluctuations led to inflationary pressures, which resulted in rising special consumption taxes, and thus, rising beer prices.

EXPANDING OUR PORTFOLIO REMAINS OUR FOCUS

Nonetheless, we maintained our strategy of expanding our portfolio in 2018. We continued to come up with innovative ideas to attract the attention of consumers while enriching our portfolio with global and local brands in Turkey. At the end of June, we launched the world's leading beer brand, Budweiser. In July, "Varım" brand was introduced to the market as a new beer with low alcohol content. Our hard work in 2018 paid off and by January 1, 2019, we added Corona Extra, one of the world's top 10 beer brands, Leffe, the Belgian beer with a legacy of 800 years, and Hoegaarden, the well-known wheat beer, to our portfolio.

In addition, following the "Efes Pilsen" relaunch last year, freshness continued to be a key point for us and we recorded significant progress in this field throughout the year.

AB INBEV EFES B.V. WAS FOUNDED

We completed the merger process with AB InBev earlier than we expected, in the first quarter of 2018. Accordingly, we combined our operations in Russia and the operations of Anheuser Busch InBev SA/NV (AB InBev) in Russia and Ukraine under the management of AB InBev Efes B.V.

We consider this merger a milestone for Anadolu Efes and we are proud to be the second largest player in Russia, one of the world's largest beer markets. With this new structure, we will have a balanced and complementary brand portfolio that will be present in all important segments of the Russian beer market and be able to create cost and expense synergies.

We successfully carried out our international beer operations thanks to our strong performance in Russia, the country with the 12th largest economy worldwide, in Ukraine, that draws attention with its economic reforms and is expected to grow by 3.3 percent in 2018 and 3.5 percent in 2019 according to the World Bank's data, and in Kazakhstan, that grew its economy by 4.1 percent in 2018. The 2018 FIFA World Cup in Russia exceeded our expectations in terms of beer sales and consumption.

We are delighted to continue to achieve STRONG RESULTS in such a challenging year like 2018. We will maintain our liquidity ratio at high levels by making our operations SIMPLER and more EFFICIENT in order to tackle these challenges.

We continued to be the leader in other international markets. Thanks to our successful product portfolio and market execution in Kazakhstan, we outperformed the market despite the intense competition and reinforced our market leader position. Ukranian operation which was added to our business following our merger with AB InBev, performed well beyond expectations and grew in 2018. We also continued to be the second largest brewer in this market.

Our soft drinks operation volumes in Turkey peaked in 2018 and achieved their highest growth rate since 2012. Similarly, we observed a high single digit volume growth in our international operations. Thanks to our profitability and diversity-oriented portfolio strategy and efficient cost management in our soft drink operations, we maintained our high-quality growth. Thanks to our effective pricing strategy and successful execution, we have maintained our position as the market leader in many countries. Our growth continued in Pakistan, an important market with a population of over 200 million.

We conduct our soft drink operations in developing countries where gross domestic product and population growth increases rapidly with growth opportunities. In addition, our operating geography of 400 million people with lower average beverage consumption per capita than developed countries offers us distinct possibilities.

Today, one of the most important issues in terms of energy and economy is the change in oil prices and its impact on macroeconomic indicators. High oil prices lead to an income transfer from oil importing countries to oil exporting countries and thus aggravates the global income inequality. In this sense, the positive balancing effect of both operational and geographical diversity of our portfolio is well reflected on our finances. We clearly saw this in 2018. For example, our successful brewing operations in Russia, Kazakhstan and Ukraine balanced the challenges we faced in other markets.

We are delighted to continue to achieve strong results in such a challenging year like 2018. We will maintain our liquidity ratios at high levels by making our operations simpler and more efficient in order to tackle these challenges. Our debt structure with long maturities and large amount of cash held in foreign currencies protect us against the exchange rate fluctuations. In the coming period, our focus will remain on our tight working capital management and generating strong free cash flow.

Thanks to all these efforts, our total revenues increased on a pro forma basis by 28.1% to 18.7 billion Turkish lira. Consolidated EBITDA (BNRI) rose by 24% on a pro forma basis to 3.1 billion Turkish lira. 23% of the total sales revenue of our beer group came from domestic operations while the contribution of our international operations amounted to 77%. 44% of the total sales revenues of our soft drink group came from domestic operations and 56% from overseas operations. Thanks to our tight balance sheet management, effective capex policies and our profitability-oriented approach, we created consolidated, strong free cash flow of over 1 billion Turkish lira in 2018. Despite the fluctuations in the economy, we managed to keep our Net Debt-to-EBITDA ratio at 1.5 by the end of the year due to our strict financial discipline.

WE TAKE A FIRM STAND ON SUSTAINABILITY

Anadolu Efes exports its products to more than 70 countries and is the 16th largest brewer in the world. Today, we serve around 700 million people worldwide and are the sixth largest brewer in Europe. We also remained the sixth largest bottler in the global Coca-Cola system through our subsidiary, Coca-Cola İçecek. We owe these achievements to our sustainable business model,

which is sensitive to people and nature, supports socio-economic development and aims to create a positive impact for all our stakeholders. In 2018, we once again became one of the 50 companies listed in the BIST Sustainability Index.

In 2018, we conducted a stakeholder analysis and accelerated our sustainability efforts. We have updated the Anadolu Efes Positive Impact Plan, which forms the basis of our sustainability strategy in the light of global and sector trends. We transparently share with the public the positive impact we have made on the environment, society, our employees and the value chain. We will also continue our pioneer role in this field.

We view social investments as an integral part of our sustainable business model. We support local economies and appreciate the role of agriculture in a local economy, thus support the sustainable agriculture of barley and hop, our two main ingredients. Moreover, we believe in sustainable tourism and are excited to continue our "Tourism is the Future" project that was launched in 2007.
We also continue to contribute to social development in fields such as sports, cinema and theater.

We consider this merger as a milestone for Anadolu Efes and we are proud to be the SECOND largest PLAYER in Russia, one of the world's largest beer markets. With this new structure, we will have a BALANCED and COMPLEMENTARY brand portfolio that will be present in all important segments of the Russian beer market and be able to create cost and expense synergies.

STRONGER TOGETHER

We are a large family committed to our work. Our employees, dealers and distributors in all countries, our sales points and all our business partners are an important part of this family.

As Anadolu Efes, we operate in a dynamic geography full of opportunities. We're making a strong start to 2019 with changes in top management. As we celebrate our 50th anniversary this year, we will continue to be a leading power that contributes to the development of the Turkish economy. I would like to thank our employees for their dedication and our distinguished Board members, stakeholders, dealers and distributors, suppliers and business partners as we always feel their support in our achievements.

Sincerely,

Tuncay Özilhan
Chairman

BOARD OF DIRECTORS

İZZET KARACA
Independent Member

STUART MURRAY MACFARLANE
Member

ŞEVKİ ACUNER
Independent Member

TUNCAY ÖZİLHAN
Chairman

SALİH METİN ECEVİT
Member

KAMİL SÜLEYMAN YAZICI
Vice Chairman

MEHMET CEM KOZLU
Member

AHMET BOYACIOĞLU
Member

T. ALTUĞ AKSOY
Member

DR. YILMAZ ARGÜDEN
Strategist

R. ENGİN AKÇAKOCA
Advisor

PROF. DR. BARIŞ TAN
Independent Member

HURŞİT ZORLU
AG Anadolu Group Holding CEO

UĞUR BAYAR
Independent Member

BOARD OF DIRECTORS

TUNCAY ÖZİLHAN Chairman

Tuncay Özilhan was born in Kayseri on 1947. Mr. Özilhan studied in Saint-Joseph high school then graduated from the Faculty of Economics of İstanbul University. He has received his MBA degree from Long Island University in the United States. He has undertaken responsibilities such as General Director of Erciyas Brewery, Coordinator of the Beer Group and General Coordinator of the Anadolu Group. Mr. Özilhan acted as the CEO of the Anadolu Group from 1984 to February 2017. He is the Chairman of the Anadolu Group since May 2007. He has also been serving as Chairman of Anadolu Foundation as well as Group companies.

Mr. Özilhan served as TÜSİAD's (Turkish Industry and Business Association) Chairman from 2001 to 2003 and he is currently Chairman of its High Advisory Council. His other responsibilities include; Member of The Board and Chairman of the Turkish – Russian Business Council at the Foreign Economic Relations Board (DEİK), Honorary Consul for the Republic of Estonia and President of the Anadolu Efes Sports Club. Tuncay Özilhan holds Ministerial Medal by the Ministry Foreign Affairs of the Republic of Estonia and "The Order of the Rising Sun, Gold and Silver Star", constituting one of the most important orders awarded by Japanese government.

KAMİLHAN SÜLEYMAN YAZICI Vice Chairman

Kamilhan Süleyman Yazici holds a bachelor's degree in business administration from Emory University in USA, an MBA degree from AIBEC (American Institute of Business and Economics) in Russia and has completed the GMP program at Harvard Business School. Starting his career in Anadolu Group Finance Department in 2000, Mr. Yazici later worked in Anadolu Efes Russia Marketing Department between 2003-2005 and was appointed New Product Development Manager in 2005. Continuing his career in Russia as Logistic Systems Manager during 2006-2008, Mr. Yazici was appointed as Supply Chain Director in 2008 and as Development Director in 2010. Mr. Yazici assumed the role of Anadolu Efes Moldova Managing Director between 2011-2014 and was later appointed as Market Development Director in Anadolu Efes Headquarters, a position held until April 2017. Mr. Yazici currently serves as Board Member and Vice-Chairman in Anadolu Group companies.

STUART MURRAY MACFARLANE Member

Stuart Murray MacFarlane is AB InBev's Zone President Europe. Mr. MacFarlane received a Degree in Business Studies from Sheffield University in the UK and is also a qualified Chartered Management Accountant. He joined AB InBev in 1992 and since then held senior roles in Finance, Marketing, Sales, and was Managing Director for AB InBev's business in Ireland. Mr. MacFarlane was appointed President of AB InBev UK & Ireland in January 2008, and in January 2012, became AB InBev's Zone President Central & Eastern Europe. In January 2014 he was appointed as Zone President Europe to lead combined European Zone of AB InBev.

TALİP ALTUĞ AKSOY Member

T. Altuğ Aksoy received his bachelor's degree in economics from Oglethorpe University in USA. He began his career as Finance Assistant Specialist at Anadolu Group in 1995 and was appointed as a Finance Specialist in 1996. Mr. Aksoy worked as Human Resources and Treasury Specialist from 1998 to 2000. He served as Director of Sales and Marketing at Efes Invest from 2000 to 2003 and was appointed as the Director of Trade and Export at Efes Beer Group in January 2003. Continuing his career at the Group as the Director of Purchasing and Logistics from 2006, Mr. Aksoy was appointed Director of Supply Chain of Efes Beer Group in June 2008. In November 2011, he was appointed as Efes Turkey Managing Director and served in this position until January 2017. Mr. Aksoy still continues to serve as a Board Member in various Anadolu Group companies.

SALİH METİN ECEVİT Member

Born in 1946, Metin Ecevit graduated from Faculty of Political Sciences in 1967. He also received a master's degree in Economics from Syracuse University in 1976. From 1967 to 1980, he worked as a Government Auditor and served as Deputy General Manager of General Directorate of Revenues at the Ministry of Finance. Mr. Ecevit joined Anadolu Group in 1980 and worked in various roles, serving as General Manager, Executive Director, and Chairman of the Board of Directors in automotive companies of the Anadolu Group. He retired in 2006, while he was serving as the Automotive Group President, owing to the retirement age limit regulations of the Group. He served as Board Member and Chairman of the Association of Imported Car Distributors in Turkey from 1992 to 2004. He is a member of the Board of Directors of AG Anadolu Grubu Holding A.Ş. among other Anadolu Group companies and serves as the Chairman of the Board of Directors at Kamil Yazıcı Yönetim ve Danışmanlık A.Ş.

AHMET BOYACIOĞLU Member

Born in 1946, Ahmet Boyacıoğlu holds a bachelor's degree in Business Administration from the Middle East Technical University. Mr. Boyacıoğlu began his professional career with the Efes Beverage Group (Anadolu Efes) in 1973. He served in various positions from 1973 to 2005 including Bursa Region Sales Manager, Ege Biracılık ve Malt San. A.Ş. Sales Manager, Güney Biracılık ve Malt San. A.Ş. General Manager, Ege Biracılık ve Malt San. A.Ş. General Manager, Eastern Europe President, International Beer Operations Group President, and Strategy and Business Development Director. Mr. Boyacıoğlu was appointed as the President of the Efes Beer Group in May 2005 and retired on 1 February 2007. Currently, he sits on the Boards of Directors of some Anadolu Group companies.

MEHMET CEM KOZLU Member

Born in 1946, Dr. Cem Kozlu completed middle and high school at Robert College after which he received his bachelor's degree from Denison University, MBA from Stanford University and PhD from Boğaziçi University. Dr. Kozlu lectured International Marketing and Export Administration at Boğaziçi University from 1978 to 1981 and was a visiting Professor in the Department of Economics at Denison University in 1985. After holding executive positions in various domestic and international companies, Dr. Kozlu was appointed General Manager and Chairman of the Board of Directors of Turkish Airlines in 1988 and held these positions until 1991. He also served as the Chairman of the Association of European Airlines (AEA) in 1990. Cem Kozlu remained in public service as a Member of the Turkish Parliament from 1991 to 1995 and Chairman of the THY Board of Directors from 1997 to 2003. Dr. Kozlu has held different positions in The Coca-Cola Company since 1996. He assumed the posts of Turkey, Caucasia and Central Asian Republics Executive Director and the Vienna-based Central Europe, Eurasia and Middle East Group President, retiring in April 2006. Currently, he is the Chairman of the Board of Directors of Global Relations Forum. Cem Kozlu also serves as member of the Boards of Directors of İstanbul based Coca-Cola Satış ve Dağıtım A.Ş., AG Anadolu Grubu Holding A.Ş., Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., Pegasus Airlines, and DO & CO Aktiengesellschaft (Vienna), as a member of Koc University Maritime Council Forum and as member of the Boards of Trustees of Anadolu- Johns Hopkins Sağlık Merkezi (Anadolu- Johns Hopkins Health Center) and İstanbul Modern Sanatlar Vakfı (İstanbul Modern Arts Foundation).

UĞUR BAYAR Independent Member

Born in İstanbul in 1964, Uğur Bayar graduated from New York State University, Department of Mathematics & Statistics with a BSc. degree. Mr. Bayar started his career at Citibank Turkey in 1987 and served in various roles in the treasury department until he started public service in 1992. Mr. Bayar served as the Vice President in Public Partnership Administration between 1992-1997 and President at Prime Ministry Privitization between 1997-2002. During this time, he also assumed the Chairmanships of the Board at Erdemir and Petrol Ofisi, and the Board Memberships at Turkish Airlines and Turk Telekom. Until 2017, Mr. Bayar served as the country CEO and Head of Invesment Banking at Credit Suisse Turkey where he joined in 2004. At the same time, Mr. Bayar the Chairman of the Board at WWF Turkey (World Wildlife Foundation), and a Board Member at AG Anadolu Grubu Holding, Tekfen Teknoloji Yatırım ve Tic. A.Ş. and SAMUMED, a San-Diego based biotechnology company.

BOARD OF DIRECTORS

BARIŞ TAN Independent Member

Prof. Barış Tan is a Professor of Operations Management and Industrial Engineering and the Vice President for Academic Affairs and at Koç University, Istanbul, Turkey. He is the author of many publications including two edited books in the areas of design and control of production systems, supply chain management, analytical modelling, and business model innovation, and the recipient of Turkish Academy of Sciences Distinguished Young Scholar Award, TUBITAK fellowship, NATO Science Fellowship, the Rockefeller Foundation Residency Award at Bellagio Center, and best paper awards for his publications. Barış Tan received a BS degree in Electrical and Electronics Engineering from Boğazici University, and ME in Industrial and Systems Engineering, MSE in Manufacturing Systems, and PhD in Operations Research from the University of Florida. He has been working at Koç University since 1994 and previously served as the Dean of College of Administrative Sciences and Economics and the Director of the Graduate School of Business. He held visiting positions at Harvard University Division of Engineering and Applied Sciences, MIT Operations Research Center, MIT Laboratory for Manufacturing and Productivity, Cambridge Judge Business School, and University College London School of Management. Professor Tan is a member of the international advisory boards of EM Lyon and Nottingham Business School, the chairman of the ISM University of Management and Economics Senate, and a member of the European Foundation for Management Development EQUIS Awarding Body. He served on the boards of CEMS Global Alliance in Management Education, European Foundation for Management Development, Turkish Quality Association, and Turkish Operations Research Society.

ŞEVKİ ACUNER Independent Member

Following his graduation from Bosphorus University in 1976, Sevki Acuner continued his studies at Stockholms Universitet for a Graduate Diploma and at Montreal's Concordia University, where he obtained his MBA. Acuner started his banking career at Turkey's Central Bank and switched to commercial Banking after moving to Canada where he worked first for Bank of Montreal and subsequently at Royal Bank of Canada in various roles and countries such as Holland, Italy and United Kingdom. Acuner moved to European Bank for Reconstruction and Development (EBRD) in 1996 working in various positions. Acuner played a leading role in opening the EBRD in Turkey in 2009, and worked as its Deputy Director for Turkey until 2013. Since 2013, Acuner is EBRD's Director for Ukraine, based in Kiev. Acuner has represented EBRD in various Board positions in its equity investments across a number of countries. While based in London Acuner acted for many years as the President of the UK Turkish Bankers Association. In his role in Istanbul, Acuner led EBRD's growth in Turkey. In Ukraine, Acuner is one of the drivers of the country's economic transformation and is a leading figure in its world of finance and business. Among his various other responsibilities ,Acuner acts as the Chairman of Ukraine's corruption fighting Business Ombudsman Institution, as Chairman of the State Nomination Committee which is responsible for the appointment of CEO's and Board Directors for the country's State Owned Enterprises, and as Vice Chairman of the American Chamber of Commerce. At present Acuner is Chairman of the Board of Directors of the country's largest employer Railways Company UkrZaliznytsia with its 275 thousand workers, and Ukraine's national power transmission company, UkrEnergo.

İZZET KARACA Independent Member

Born in 1954, Mr. İzzet Karaca graduated from Boğaziçi University Industrial Engineering Department in 1977. Having started his professional career in 1977 at Koç Research and Development Centre, he held Industrial Engineer and IT Manager position until 1985. Between 1985-1988, Mr. Karaca worked as Systems and Organization Director at Ford Otosan. Since 1988, he held several positions at Unilever in Germany, Turkey and Baltic States including Internal Audit Group Manager, Logistics Manager, Commercial Director and Managing Director. In addition, between 2011- 2013, İzzet Karaca served as the Chairperson at YASED (International Investors Association). After serving as Executive Chairman at Unilever Turkey and Unilever NAMET RUB (North Africa, Middle East, Russia, Ukraine and Belarus) and being a member of the Unilever CEO Forum, Mr. Karaca has retired from his duties as of 31 December 2013. In 2015, he published his first book called "The New CEO is... You".

R. ENGİN AKÇAKOCA Advisor

Mr. R. Engin Akçakoca received his undergraduate degree from Middle East Technical University in Management and started his career in banking in 1974. He assumed Deputy General Manager position in Koç-Amerikan Bank during 1986 and 1991 and General Manager position in Koçbank A.Ş. during 1991 and 2000. He was appointed as the Chairman of the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund in 2001 responsible for a large-scale banking sector restructuring program held in Turkey. Mr. Akçakoca is working as a consultant since 2004.

DR. YILMAZ ARGÜDEN Strategist

Dr. Argüden is the Chairman of ARGE Consulting, a management consulting firm known for value creating strategies and institution building. He is also the Chairman of Rothschild investment bank in Türkiye. His career spans the private sector, public sector, multinational institutions, NGOs, and academia. Dr. Argüden served on the boards of more than 50 national and international corporations. He is an adjunct Professor of Business Strategy, an author of numerous books and a columnist focusing on business and strategy issues. He is a renowned governance expert and has been selected as a member of the Private Sector Advisory Group of the IFC's Global Corporate Governance Group; he is also the Vice-Chairman of the Governance Committee of the Business at OECD. He is the founder of the non-profit Argüden Governance Academy. As the elected Global Chair of Local Networks Advisory Group, he represented the National Networks on the Board of the UN Global Compact, the world's largest sustainability platform. He is an Eisenhower Fellow, a recipient of numerous leadership, distinguished citizenship and career awards. Dr. Argüden was selected by the World Economic Forum as a "Global Leader for Tomorrow" for his commitment to improving the state of the world.

STATEMENT OF INDEPENDENT STATUS

IN ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş;

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

- I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

- I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

- I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 1930,

- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries,

- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange,

- I am not registered nor declared on behalf of the corporate entity for which I will be elected as a Board Member and thus I shall carry out the duties imposed upon me due to my being a board member as an independent member.

UĞUR BAYAR

IN ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş;

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

- I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

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- I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

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- I am not registered nor declared on behalf of the corporate entity for which I will be elected as a Board Member and thus I shall carry out the duties imposed upon me due to my being a board member as an independent member.

PROF. DR. BARIŞ TAN

STATEMENT OF INDEPENDENT STATUS

IN ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş;

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İZZET KARACA

IN ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş;

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

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ŞEVKİ ACUNER

ORGANIZATION CHART

ANADOLU EFES

JOHN GAVIN HUDSON[1]
Beer Group President /
Anadolu Efes CEO

ONUR ÇEVİKEL[2]
Chief Financial Officer

TUĞRUL AĞIRBAŞ
Efes Turkey Managing Director

ÖMER ÖĞÜN
Central Asia & Azerbaijan
Managing Director

GÖKÇE YANAŞMAYAN
Efes Moldova Managing Director

CÜNEYT ARAT
Efes Georgia Managing Director

DANIEL BARBULESCU
Market Development Director

YILDIRAY EFİL
Legal Affairs Director

ULUHAN KUMRU
Internal Audit Director

BANU ARTÜZ
Human Resources Director

[1] Mr. John Gavin Hudson, Beer Group President and Chief Executive Officer (CEO) of Anadolu Efes has decided to leave the Company effective Dec 31st 2018. As of January 1st 2019, Mr. Can Çaka who has been working as Chief Financial Officer (CFO) of AG Anadolu Grubu Holding A.Ş., the holding company of Anadolu Efes, was appointed as the Beer Group President and Anadolu Efes CEO.
[2] Effective December 31st 2018, Mr. Onur Çevikel, left Anadolu Efes and appointed as the CFO of Anadolu Group, replacing Mr. Çaka. Mr. Onur Çevikel's role was taken over by Mr. N. Orhun Köstem, previous CFO and current Middle East and Pakistan Region Director of Coca-Cola İçecek A.Ş.

Coca-Cola

BURAK BAŞARIR
Coca-Cola İçecek A.Ş.
CEO

TUGAY KESKİN
Turkey General Manager

N.ORHUN KÖSTEM[3]
Region Director,
Middle East & Pakistan

MICHAEL COOMBS[4]
Chief Financial Officer

ALİ HÜROĞLU
Supply Chain Services Director

SERVET YILDIRIM
Corporate Affairs Director

AHMET ÖZTÜRK
Internal Audit Director

R. ERTUĞRUL ONUR
General Counsel

EBRU ÖZGEN
Human Resources Director

LEYLA DELİÇ
Chief Information Officer

LİSANİ ATASAYAN
Region Director, Central Asia

MELTEM METİN
Strategic Business
Development Director

OSMAN KAZDAL
Commercial Excellence Director

[3] Effective December 31st 2018, Mr. Onur Çevikel, left Anadolu Efes and appointed as the CFO of Anadolu Group. Mr. Onur Çevikel's role was taken over by Mr. N. Orhun Köstem, previous CFO and current Middle East and Pakistan Region Director of Coca-Cola İçecek A.Ş.
[4] Mr. Michael Coombs who has been working as the CFO of Coca-Cola İçecek left the company as of December 31 2018. His role was replaced by Mr. Andriy Avramenko as of January 1 2019.

SENIOR MANAGEMENT
BEER GROUP

JOHN GAVIN HUDSON[1]
Anadolu Efes CEO and Beer Group President

Mr. John Gavin Hudson joined Anadolu Efes as the Managing Director of Efes Russia after assuming Marketing, Sales, Distribution and various General Management roles within SABMiller both in South Africa and Latin America. Mr. Hudson is an accomplished business executive with over 24 years of experience with a very successful and proven track record of delivering results through disciplined processes, people management and an innovative approach to leading the organization. He obtained his MBA through the Open University, London in 2000. Appointed as Efes Russia Managing Director in January 2016, John Gavin Hudson has been appointed as the Anadolu Efes CEO and Beer Group President as of 01.01.2017 and also served as Efes Turkey Managing Director until August 2017. Mr. Hudson continues to serve as Anadolu Efes CEO and Beer Group President.

[1] Mr. John Gavin Hudson, Beer Group President and Chief Executive Officer (CEO) of Anadolu Efes has decided to leave the Company effective Dec 31st 2018. As of January 1st 2019, Mr. Can Çaka who has been working as Chief Financial Officer (CFO) of AG Anadolu Grubu Holding A.Ş., the holding company of Anadolu Efes, was appointed as the Beer Group President and Anadolu Efes CEO.

ONUR ÇEVİKEL[2]
Chief Financial Officer

Onur Çevikel received his degree in Business Administration from Istanbul University. Mr. Çevikel began his professional career with the Ermenegildo Zegna as budget and accounting specialist. Continuing his career at Efes Beer Group as a Finance Specialist in 1995, Mr. Çevikel held various positions from 1996 to 2011 including Finance Manager of Coca-Cola Kuban Bottlers, Finance Manager of Coca-Cola Rostov Bottlers, as well as Finance Manager, Finance Director and Operations Director of Efes Russia. Following the announcement of the strategic alliance with SABMiller Plc. in 2011, Mr. Çevikel was appointed as Integration Director leading the integration team coordinating the integration activities in Russia. Mr. Çevikel has been appointed as the Anadolu Efes Chief Financial Officer effective as of 1 January 2013.

[2] Effective December 31st 2018, Mr. Onur Çevikel, left Anadolu Efes and appointed as the CFO of Anadolu Group, replacing Mr. Çaka. Mr. Onur Çevikel's role was taken over by Mr. N. Orhun Köstem, previous CFO and current Middle East and Pakistan Region Director of Coca-Cola İçecek A.Ş.

DMITRY SHPAKOV
AB InBev Efes BV CEO

Born in 1973, Mr. Shpakov graduated from National Technical University in Ukraine in 1996 after which he received his MBA degree in International Management from INSEAD Business School. Started his career at AB InBev as Sales Representative in Kiev in 1998, he was appointed as Key Account Manager and afterwards as Distribution Manager in 2001, and became the Regional Sales Manager in 2002. In 2007, Mr. Shpakov was appointed as the National Sales Director in AB InBev Ukraine where AB InBev became #1 due to his work. After having served as the CEO of AB InBev Ukraine in 2014 and the CEO of BU East (Russia and Ukraine) in 2015, Mr. Shpakov was appointed as the CEO of AB InBev Efes BV in February 2018.

TUĞRUL AĞIRBAŞ
Efes Turkey Managing Director

Tuğrul Ağırbaş received his bachelor's degree in Business Administration from Istanbul University and joined Efes Beverage Group in 1990. From 1990 to 2001, Mr. Ağırbaş worked as Project Development Specialist, Marketing Specialist, Istanbul Region Sales Supervisor, New Product Development Supervisor, Group Product Manager, Sales Manager of Marmara Region and Marketing Manager of Miller. Mr. Ağırbaş was appointed as the Marketing Director of Efes Russia in 2001 and Managing Director of Efes Russia in June 2005. He assumed the post of Efes Turkey Managing Director on 1 January 2010. Mr. Ağırbaş was reappointed as Managing Director of Efes Russia on 1 November 2011. Between 2014-2017, Mr. Ağırbaş served as Anadolu Efes Eastern Europe and the CIS Group Managing Director, Head of Corporate Functions and Sales Organization Transformation Lead, respectively. As of 1 August 2017, Mr. Tuğrul Ağırbaş is appointed as Anadolu Efes Turkey Managing Director.

ÖMER ÖĞÜN
Central Asia & Azerbaijan Managing Director

Ömer Öğün holds a bachelor's degree from the Department of Geophysical Engineering at Yıldız Technical University. Mr. Öğün began his professional career at Anadolu Group as Service Representative at Çelik Motor in 1992, where he later worked as a Sales Supervisor. He served as Planning and Logistics Manager at Coca-Cola Russia (Rostov) Operations from 1998 to 1999 and Operations Manager at Efes Russia Rostov Brewery from 2000 to 2006. Mr. Öğün was appointed as Operations Director of Efes Russia in 2006. He served as Efes Kazakhstan Managing Director from May 2008 until March 2012, until he was appointed as Efes Ukraine Managing Director. As of 1 June 2015, Mr. Öğün has been appointed as Efes Kazakhstan Managing Director. He will also be carrying on his Efes Ukraine Managing Director role.

GÖKÇE YANAŞMAYAN
Efes Moldova Managing Director

Mr. Gökçe Yanaşmayan graduated from Dokuz Eylül University Department of Economics in 2000. He worked as an assistant auditor at Arthur Andersen from 2000 to 2002 and as senior auditor at Ernst & Young from 2002 to 2004. After starting his career at Anadolu Efes in 2004 as Efes Kazakhstan Reporting and Budgeting Manager, he worked as Finance and Administration Manager at EBI Holland Office from 2006 until 2010 and as Finance Director at Efes Kazakhstan from 2010 until 2012. Having worked as the Finance Director at Efes Ukraine from 2012, Mr. Yanaşmayan serves as Efes Moldova Managing Director since 1 December 2014.

SENIOR MANAGEMENT
BEER GROUP

CÜNEYT ARAT
Efes Georgia Managing Director

Having graduated from Boğaziçi University, Department of Business Administration, in 1992, Mr. Arat began his career as International Marketing Specialist at Bekoteknik A.Ş. After working at STFA Dış Tic. A.Ş. as International Marketing Coordinator, Mr. Arat continued his career at General Elektrik A.Ş. as Sales & Marketing Specialist between 1994-1996. Then he served, respectively, between 1996-2006 at Nestle Türkiye as Import & Export Manager, Distribution & Warehousing Manager, Logistic Manager, National Distribution Manager, at Nestle Azerbaijan as Business Development Manager and at Nestle Türkiye as Sales Operations Manager (Foodservices Division). Having served as Supply Chain Director at Kimberly-Clark Türkiye between 2006-2009, Mr. Arat joined our Group as Iraq General Manager at Coca-Cola İçecek A.Ş. in 2010. He served, respectively, as North and South Iraq General Manager, South Iraq General Manager and Middle East Regional Director at Coca-Cola İçecek A.Ş. until 2015. As of 1 May 2015, Mr. Arat has been appointed as Efes Georgia Managing Director.

DANIEL BARBULESCU
Market Development Director

Born in 1977, Mr. Daniel Barbulescu received his Master of Science degree in Agri-Business from Babeş-Bolyai University in 2001 after receiving his bachelor's degree in Food Products Economics from the same university in 2000. Having started his professional career in 2004 as a Brand Manager at Unilever South Central Europe (USCE), Mr. Barbulescu worked at Unilever Poland as Central Eastern Europe Brand Development Manager and as European Brand Development Manager between 2005-2008. Having served as Category Manager and Marketing Manager at USCE since 2007, Mr. Barbulescu joined our group as Marketing Director at Efes Moldova in May 2013. After serving as International Marketing and Sales Director at Anadolu Efes Market Development Directorate between January 2016 - April 2017, Mr.Daniel Barbulescu is appointed as Acting Market Development Director at Anadolu Efes Market Development Directorate in May 2017 and Market Development Director in October 2017.

YILDIRAY EFİL
Group Legal Affairs Director

Having graduated from Istanbul University Faculty of Law, Mr. Yıldıray Efil worked as Legal Advisor- Lawyer at Turkiye İş Bankası A.Ş. Headquarters from 2001 until 2005. Mr. Efil completed Kadir Has University Sports Law Program in 2006 and earned his master's degree (LL.M.) in Sports Law in 2011. Mr. Efil joined Anadolu Endustri Holding A.Ş. in 2005 as Legal Advisor-Lawyer and held the positions of Legal Affairs Manager and Assistant Legal Affairs Coordinator until 2013. Since April 2013, Mr. Efil has been serving as Anadolu Efes Group Legal Affairs Director. Besides, Mr. Efil has been assigned as Anadolu Efes Group Ethics Officer as of May 2015. Mr. Efil is a member of Istanbul Bar Association.

ULUHAN KUMRU
Group Internal Audit Director

Uluhan Kumru holds a bachelors degree from Hacettepe University Department of Business Administration (English) and an MBA degree from Middle East Technical University. He began his career as Management Trainee in T.C. Ziraat Bank and served as Project Finance Senior Associate until 2003. Between 2003 -2013, he served, respectively, as Senior Auditor at Akbank, Head of Internal Control at Aklease, Senior Internal Audit Manager at Starbucks Turkey, Internal Audit Manager at Sabiha Gökçen International Airport Investment Development & Operation Inc. and Group Companies. He joined our Group as Audit Manager at Anadolu Group Audit Presidency in 2013, served as Group Internal Audit Manager at Anadolu Efes between August 2015 and May 2016 and as Anadolu Group Audit Manager in charge of Beverage Group Companies between June 2016 and December 2017. As of January 1, 2018, Mr. Kumru was appointed as Group Internal Audit Director at Anadolu Efes. He is Certified Internal Auditor and Certified Public Accountant in Turkey and serves as board member at Institute of Internal Auditors of Turkey since 2014.

BANU ARTÜZ
Group Human Resources Director

Banu Artüz started her career at Procter & Gamble in Sales department. During her 16 years of Procter & Gamble career, she spent 8 years in Sales and Marketing Department with various assignments in Modern Trade, Distributor operations and Sales Marketing. During her Sales Marketing assignments, she worked in Feminine care and Oral care categories. After 8 years in Sales & Marketing roles, she decided to move to Human Resources. She built her HR career in different countries including Turkey, Kazakhstan and Eastern Europe (Russia, Ukraine etc.) markets and had different assignments as HR Business Partner, Compensation & Benefits, Employee Relations, Sales Capability Management. She relocated to Almaty, Kazakhstan and led Talent Management for Central Asian Republics between 2007-2009; and she moved to Moscow, Russia as Eastern Europe Talent Manager with the responsibility of Russia, Ukraine, Belarus and Central Asia Republics between 2010-2013. Banu Artüz, who has been working as Deputy Talent Manager Coordinator at Anadolu Group Holding since March 2014, is continuing her assignment as Anadolu Efes Group Human Resources Director as of April 1st, 2018.

SENIOR MANAGEMENT
SOFT DRINK GROUP

BURAK BAŞARIR
CEO

Başarır holds a BA in business administration and a minor in computer sciences from American River College. He studied management in California State University of Sacramento between 1990 and 1992 and received a B.S. degree in Business Administration from the Middle East Technical University in 1995. Başarır has more than 20 years of work experience and prior to joining CCI, he worked for Arthur Anderson as a Senior Auditor. He joined CCI in 1998 and assumed increasing managerial responsibilities in finance and commercial functions. He was named CFO in 2005 and played an integral role during CCI's IPO process, while effectively managing the financial integration of Efes Invest with CCI in 2006. He was honored as the Best CFO in Turkey by Thomson Reuters Extel in 2009. He led the largest operation of CCI in terms of volume and sales as the Turkey Region President between 2010 and 2013. Burak Başarır was appointed as CEO on 1 January 2014. He is a member of the Turkish Industry and Business Association (TUSIAD) and Turkey US Business Council (TAIK).

TUGAY KESKİN
Turkey General Manager

Tugay Keskin is a graduate of Ankara University Faculty of Political Science. Keskin joined CCI in 1993 and served in different positions in Turkey sales function until his appointment as Turkey Sales Director in 2007. He worked as Turkey Sales Director between 2007-2011 and Turkey Commercial Director between 2011–2014. Having served as CCI Commercial Excellence Director between 2014 and 2016, Keskin was appointed as Coca-Cola İçecek Turkey and Middle East Region Director as of 1 January 2019.

N. ORHUN KÖSTEM[1]
Region Director, Middle East and Pakistan

N. Orhun Köstem holds a BSc in Mechanical Engineering and an MBA from the Middle East Technical University, as well as an MA in Law and Economics from Bilgi University. Köstem joined Anadolu Group in 1994 and assumed different senior executive positions such as Corporate Finance and Investor Relations Director of Efes Beverage Group, Finance Director of Efes Breweries International, Corporate Finance Coordinator of the Anadolu Group and Coca-Cola İçecek Chief Financial Officer. In 2015, he was listed among "Turkey's Most Influential 50 CFOs" by Fortune Turkey Magazine. He was awarded as Turkey's Best CFO in the Investor Relations Awards organized by Thomson Reuters Extel in 2011 and 2013, while he was also honored with the CFO of the Year award by Management Events in 2014. Köstem is one of the three authors of the book "A Window to Capital Markets: The A to Z of Public Offering and Investor Relations" published in 2009. N. Orhun Köstem was appointed as CCI Middle East and Pakistan Region Director as of 1 January 2017.

[1] As of January 1 2019, Mr. Orhun Köstem was appointed as the CFO of Anadolu Efes.

MICHAEL COOMBS[1]
Chief Financial Officer

Michael Coombs holds a Bachelor's degree in commerce from the University of South Africa and an M.B.A. from the University of South Florida. Following a number of finance assignments within the Coca-Cola system in South Africa, the UK and France, in 1997 Michael moved to Istanbul, where he served as the CFO of CCI. He was appointed as the General Manager of TurkeCom in 2001, an eBusiness joint venture between The Coca-Cola Company and a number of Turkish conglomerates. Two years later, he moved back to the Turkish bottler to resume the position of CFO. From January 2005, he held the position of CFO for Coca-Cola Japan (CCJC). Between 2009 and 2013, he led two of Coca-Cola's bottling businesses in Japan as the president of Tone CCBC and Coca-Cola Central Japan. He was the Group CFO for Coca-Cola Eurasia and Africa Group between April and December 2016. Michael has broad Coca-Cola system experience in the key markets of South Africa, Britain, France, and Turkey and over the last eleven years, in Japan. Michael Coombs was appointed to the position of CFO as of 1 January 2017.

[1] Mr. Michael Coombs who has been working as the CFO of Coca-Cola İçecek left the company as of December 31 2018. His role was replaced by Mr. Andriy Avramenko as of January 1 2019.

ALİ HÜROĞLU
Supply Chain Services Director

Mr. Hüroğlu holds both Bachelor of Science and Master of Science degrees in Mechanical Engineering from Karadeniz Technical University. Prior to joining the Coca-Cola system, he worked for HEMA Gear manufacturing as a process engineer from 1983 to 1985 and for General Dynamics Forth Worth-Texas as a trainee from 1985 to 1986. He then returned to Turkey in 1986 and worked on an F-16 aircraft design and manufacturing project in Turkish Aerospace Industries in Ankara from until 1990. He joined the Coca-Cola system as the plant manager of the former Trabzon production facility under the responsibility of the Black Sea Sales Center in 1990. Following this, Mr. Hüroğlu worked on the construction of the Mersin production facility and was responsible for the South and Southeast Sales Center. In 1995, he was transferred to the operations department, assuming the position of operations manager of the Mersin plant in 1996, and later he was promoted to be the Ankara Plant and East Region Group Operation Manager. Ali Hüroğlu has been serving as CCI Group Supply Chain Services Director for Turkey and International Operations since 2001. Since 2008 he has been an Executive Committee member of the Coca-Cola Global Supply Chain Council. He is a member of the Association of Beverage Producers (MEDER). Mr. Hüroğlu has 37 years of professional experience.

SERVET YILDIRIM
Corporate Affairs Director

Servet Yıldırım has a bachelor's degree in Business Administration from the Middle East Technical University. He started his career at İşbank and worked in Economic Research and Treasury Departments. In 1989, Servet joined Reuters News Agency. During his tenure, he also assumed managerial roles and managed the Turkish branch. Moving to Turkey's most influential finance/business channel CNBC-e, Servet assumed News Director and Editor-in Chief roles at the channel over the course of seven years. In 2011, Servet assumed the position of Group President of Economics branch of Doğuş Media Group. At the same time, he continued to anchor various financial shows aired on CNBC-e. During his career in the media sector, Servet wrote several columns on finance and Turkish economy in newspapers like Yeni Binyıl, Sabah, Referans and Radikal. Before joining CCI, Servet was a columnist at one of Turkey's most selling newspaper Milliyet and commentator on NTV Para program on Turkey's leading news channel NTV. Servet Yıldırım has joined CCI as Group Corporate Affairs Director as of September 2018.

AHMET ÖZTÜRK
Internal Audit Director

He joined Anadolu Group in August 1995, having graduated from Bilkent University, with a major in Economics. He started his career as an Assistant Financial Control Specialist and continued to work in different roles and responsibilities in group companies, serving as CFO of Coca-Cola Turkmenistan, Coca-Cola Azerbaijan, Efes Ukraine and Efes Serbia between 1999 and 2007 respectively. Öztürk was appointed as the Internal Auditor of Efes Beer Group International operations in July 2007 and promoted to become the Internal Audit Director of Anadolu Efes in January 2011. Ahmet Öztürk was appointed as Coca-Cola İçecek Internal Audit Director as of 1 January 2018.

SENIOR MANAGEMENT
SOFT DRINK GROUP

R. ERTUĞRUL ONUR
General Counsel

Atty. R. Ertuğrul Onur graduated from Istanbul University's Law Faculty in 1988. Following the completion of his traineeship in the Konya Bar Association, he worked as a research assistant in the same Law Faculty. Mr. Onur served as Legal Counsel for Mobil Oil Türk A.Ş. and BP Petrolleri A.Ş. between 1995 and 2000. He also worked as BP Turkey Employee Representative, BP Oil Europe Works Council Member and BP Oil Europe Works Council Link Committee Member. Prior to joining the Coca-Cola system, he set up the legal department in Pfizer and served as Assistant General Manager and Legal Director. Mr. Onur implemented various compliance programs as the Compliance Liaison Officer in Pfizer Turkey. He has been serving as the General Counsel of CCI since 2007. He is also currently the Head of CCI Ethics and Compliance Committee. He established the CCI Compliance & Ethics Program and served as CCI Ethics and Compliance Officer between 2013 and 2016. Mr. Onur has 30 years of work experience and is a member of the Istanbul Bar Association. At the same time, he serves as a Member and Vice Chairman at Ethics and Reputation Society of Turkey, in which CCI is a corporate member.

EBRU ÖZGEN
Human Resources Director

Ebru Özgen has a bachelor's degree in Business Administration from the Middle East Technical University and an MBA in International Banking and Finance from the University of Birmingham. In 2009, she earned a master's degree on Law and Economics from Bilkent University. Özgen started her career in 1992 in Arthur Andersen. She joined CCI as Budget and Planning Supervisor in 1997, worked as Finance Manager between 1998-2000 and East Region Finance Manager between 2000-2005. Özgen was appointed as Turkey Budget Planning and Commercial Finance Manager in 2010 with increased management responsibilities. In 2013 she was promoted to become Turkey Finance Director, and as a member of CCI Turkey Leadership Team she was responsible for the coordination of finance operations that support strategic business targets. Ebru Özgen was appointed as the Group Human Resources Director for Coca-Cola İçecek A.Ş. as of 1 January 2017. Özgen is a CIM certified CPA and independent auditor, and has two children.

LEYLA DELİÇ
Chief Information Officer

Mrs. Deliç has a bachelor's degree of Electrical Engineering and master's degree of Computer Engineering in Southwestern University. Mrs. Deliç started her career in 1995 as Network Engineer at Time Trend Computers in United States and then served in different companies and countries. She worked as Chief Information Officer in Aras Holding between 2008-2010. Before joining CCI, she served in different positions in GE Healthcare, USA and she worked as CIO in GE Healthcare between 2016-2018. Leyla Deliç was appointed as Coca-Cola İçecek Chief Information Officer on July 2nd, 2018.

LİSANİ CENK ATASAYAN
Region Director, Central Asia

Lisani Atasayan graduated from Boğaziçi University with a major in Economics and later went on to study Business Administration and Computer Science majors at the University of Guelph, before obtaining an MBA degree from the University of Windsor in Canada. Atasayan began his career in Coca-Cola İçecek as a Financial Analyst in 1997, continuing as the Financial Analysis and Planning Manager between 1999 and 2004. He was appointed as the Finance Manager for Coca-Cola İçecek's Marmara Region in 2004 and later as the International Operations Finance Director with increasing management responsibilities in 2006. Between 2010 and 2013, he made important contributions to the growth of Coca-Cola İçecek in Azerbaijan where he served as the General Manager. Between 2014 and 2016 he served as Coca-Cola İçecek General Manager of Turkey operation. As of January 2017, Atasayan was appointed as CCI Central Asia Regional Director responsible for Kazakhstan, Kyrgyzstan, Azerbaijan, Turkmenistan and Tajikistan.

MELTEM METİN
Strategic Business Development Director

Meltem Metin, a graduate of Istanbul University with a major in Business Administration in English, started her career in Pamukbank as a management trainee. She transferred to Anadolu Group to work as a specialist in the Financial Control Directorate in 1995. She became a Financial Controller in Anadolu Endüstri Holding before being transferred to Efes Sınai Yatırım Holding in 1998, working first as a Financial Controller, then as the Regional Finance Manager. In May 2000, she was appointed as the Finance Manager of Efes Sınai's Kazakhstan operations (CCAB), and in 2005 she additionally assumed the role of Finance Manager for its Kyrgyzstan operations (CCBB). Subsequently she was appointed as the General Manager of CCAB in February 2002, and she was additionally appointed to the same position for CCBB in June 2005. With 19 years of professional experience, Metin has been serving as the Group Strategic Business Development Director in CCI since May 2009.

OSMAN KAZDAL
Commercial Excellence Director

Kazdal holds a BA degree in Economics from Uludağ University and an MBA degree from Marmara University. He started his career in CCI in 1990. He assumed several senior leadership roles in the commercial function until 2010. He served as the General Manager of CCI Kazakhstan between 2010-2014 and as the Central Asia Regional Director responsible for CCI Kazakhstan, Kyrgyzstan, Azerbaijan, Turkmenistan and Tajikistan between 2014 and 2016. Osman Kazdal was appointed as the Commercial Excellence Director of Coca-Cola İçecek as of 1 January 2017. He is married and has three children.

2018 Performance

MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

BEER GROUP

SOFT DRINK GROUP

2019 OUTLOOK

MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

The company's consolidated financial statements have been drawn up in accordance with the provisions of the Capital Markets Board of Turkey (Sermaye Piyasası Kurulu - "SPK") Communiqué Serial: II-14.1 on Principles of Financial Reporting in the Capital Market published in the Official Gazette issue 28676 dated 13 June 2013, and has been based on the Turkish Accounting Standards ("TMS") enforced by the Public Oversight, Accounting and Auditing Standards Authority (Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu - "KGK") in accordance with Article 5 of the Communiqué. TMSs consist of Turkish Accounting Standards, Turkish Financial Reporting Standards (TFRS) and supplements and comments in relation thereto.

In addition to Anadolu Efes' independently-audited and TFRS-compliant financial statements for 2016 and 2015 that have been drawn up in accordance with the SPK legislation, we are also presenting the summaries of the results of our Turkish beer operations, our international beer operations, and our consolidated Coca-Cola operations, which together make up our consolidated financials, as additional information for the benefit of domestic and international individual and institutional investors.

The consolidated financial statements comprise the financial statements of the company (Anadolu Efes) and of its subsidiaries and joint ventures drawn up as at the same date. The purchase method of accounting is used for acquired businesses. Subsidiaries, joint ventures, and investments in associates acquired or disposed of during the year are included in the consolidated financial statements as of the date of acquisition or until the date of disposal, as appropriate.

A "subsidiary" is a company that is subject to Anadolu Efes' control. "Control" in this context means that Anadolu Efes is exposed to various consequences arising in such companies, that it is entitled to receive some of their earnings, and that it has the power to influence their management. Among Anadolu Efes' subsidiaries are EFPA (sales and distribution of beer products in Turkey), Efes Breweries International (EBI - International Beer Operations), CCI (domestic and international Coca-Cola operations), Cypex and Efes Deutschland.

A "joint venture" is a company in which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Anadolu Efes and one or more enterprising partners. Under the change introduced by TFRS 11, joint ventures were accounted for using the equity method starting from 1 January 2013.

STATEMENT OF GENERAL INFORMATION CONCERNING THE CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDING 31 DECEMBER 2018

In addition to our consolidated financial statements dated 31 December 2018 that have been drawn up in accordance with the accounting principles published by the Capital Markets Board ("SPK") and for the purpose of informing domestic and foreign investors, individuals, and organizations, we are providing the summarized consolidated operational results of the Turkish beer operations, the international beer operations, and the soft drinks operations which constitute our consolidated financial statements. Figures showing Anadolu Efes', Turkish Beer Operations' and EBI's consolidated operating profit before non-recurring items ("BNRI") are also separately reported.

2018 HIGHLIGHTS

Consolidated sales volume up 4.7% to 106.5 mhl on a proforma basis
Consolidated net sales revenue up 28.1% to TL 18,689.7 million on a proforma basis
Consolidated EBITDA Before Non-Recurring Items (BNRI) up 24.0% to TL 3,089.8 million on a proforma basis
Consolidated Free Cash Flow was TL 1,053.7 million in FY2018

4Q2018 HIGHLIGHTS

Consolidated sales volume up 1.9% to 21.2 mhl on a proforma basis
Consolidated net sales revenue up 30.6% to TL 4,325.6 million on a proforma basis
Consolidated EBITDA (BNRI) down 2.3% to TL 569.0 million on a proforma basis

	PROFORMA*		PROFORMA*	PROFORMA*		PROFORMA*
AEFES CONSOLIDATED (TL MN)	**4Q2017**	**4Q2018**	**% CHANGE**	**FY2017**	**FY2018**	**% CHANGE**
Volume (mhl)	20.8	21.2	%1.9	101.7	106.5	4.7%
Net Sales	3,312.9	4,325.6	%30.6	14,587.1	18,689.7	28.1%
Gross Profit	1,322.6	1,539.4	%16.4	5,599.7	6,985.1	24.7%
EBIT (BNRI)	336.8	175.0	%-48.1	1,407.4	1,697.0	20.6%
EBITDA (BNRI)	582.2	569.0	%-2.3	2,492.2	3,089.8	24.0%
Net Income/(Loss)**	-119.2	147.9	%224.1	195.7	96.9	-50.5%
			CHANGE (BPS)			**CHANGE (BPS)**
Gross Profit Margin	39.9%	35.6%	-433	38.4%	37.4%	-101
EBIT (BNRI) Margin	10.2%	4.0%	-612	9.6%	9.1%	-57
EBITDA (BNRI) Margin	17.6%	13.2%	-442	17.1%	16.5%	-55
Net Income Margin**	-3.6%	3.4%	702	1.3%	0.5%	-82

** In 2018, there has been a reallocation of certain "other income/expense" items within Beer Group without affecting consolidated profitability. Therefore 4Q2017 & FY2017 numbers are restated accordingly.*
*** Net income attributable to shareholders*

Anadolu Efes' consolidated sales volume has posted a growth of 1.9% on a proforma basis in 4Q2018, benefitting from the growth of both beer and soft drinks operations. The growth in the quarter was driven mainly by international beer operations. As a result, Anadolu Efes' consolidated sales volume in FY2018 reached 106.5 mhl with y-o-y increase of 4.7%, towards the upper end of our guidance of low-to-mid single digit growth.

Consolidated net sales revenue has reached TL 4,325.6 million in 4Q2018 with a y-o-y increase of 30.6% on a proforma basis, contributed by all business lines. Higher volumes in EBI and CCI, price increases made during the quarter and the positive currency translation impact led to a significant y-o-y increase in revenues in 4Q2018. Accordingly, in FY2018, net sales revenue increased to 18,689.7 million with a growth rate of 28.1% y-o-y.

Anadolu Efes' consolidated EBITDA (BNRI) declined by 2.3% on a proforma basis to TL 569.0 million in 4Q2018 with margin decline of 442 bps. The decline in EBITDA margin in the quarter was attributable to both business lines. In FY2018, consolidated EBITDA (BNRI) was TL 3,089.8 million with a margin of 16.5%, slightly below last year, being in line with our guidance.

Anadolu Efes reported net profit of TL 147.9 million in 4Q2018 vs net loss of TL 119.2 million. Anadolu Efes posted net profit of TL 96.9 million in FY2018 vs TL 195.7 million in FY2017, despite higher operational profitability in the period. Primarily non-cash FX losses which were mostly attributable to CCI as well as y-o-y higher net interest expenses led to the decline on the bottomline.

2018 has been another very strong year in terms of Free Cash Flow generation. Anadolu Efes generated Free Cash Flow of TL 1,053.7 million in FY2018, benefitting not only from higher operational profitability but also from the improvement in working capital mainly in international beer operations. Moderate capex spending as a percentage of net sales also contributed positively to FCF generation. On the other hand, Anadolu Efes' net debt to EBITDA stayed at 1.5x in FY2018, unchanged vs previous year despite 35% devaluation in TL vs basket in the period.

SUMMARY FINANCIALS

	PROFORMA*		PROFORMA*	PROFORMA*		PROFORMA*
CONSOLIDATED (TL MN)	**4Q2017**	**4Q2018**	**% CHANGE**	**FY2017**	**FY2018**	**% CHANGE**
Volume (mhl)	20.8	21.2	1.9%	101.7	106.5	4.7%
Net Sales	3,312.9	4,325.6	30.6%	14,587.1	18,689.7	28.1%
Gross Profit	1,322.6	1,539.4	16.4%	5,599.7	6,985.1	24.7%
EBIT (BNRI)	336.8	175.0	-48.1%	1,407.4	1,697.0	20.6%
EBITDA (BNRI)	582.2	569.0	-2.3%	2,492.2	3,089.8	24.0%
Net Income/(Loss)**	-119.2	147.9	224.1%	195.7	96.9	-50.5%
			CHANGE (BPS)			**CHANGE (BPS)**
Gross Profit Margin	39.9%	35.6%	-433	38.4%	37.4%	-101
EBIT (BNRI) Margin	10.2%	4.0%	-612	9.6%	9.1%	-57
EBITDA (BNRI) Margin	17.6%	13.2%	-442	17.1%	16.5%	-55
Net Income Margin**	-3.6%	3.4%	702	1.3%	0.5%	-82
BEER GROUP (TL MN)	**4Q2017**	**4Q2018**	**% CHANGE**	**FY2017**	**FY2018**	**% CHANGE**
Volume (mhl)	7.9	8.2	3.9%	31.5	31.8	1.2%
Net Sales	1,684.6	2,324.4	38.0%	6,195.0	8,066.7	30.2%
Gross Profit	806.2	967.7	20.0%	2,830.9	3,463.6	22.3%
EBIT (BNRI)	297.3	195.7	-34.2%	547.8	455.5	-16.8%
EBITDA (BNRI)	412.2	421.9	2.3%	1.113.5	1.219.3	9.5%
Net Income/(Loss)**	-43.1	85.9	299.4%	107.5	49.8	-53.7%
			CHANGE (BPS)			**CHANGE (BPS)**
Gross Profit Margin	47.9%	41.6%	-622	45.7%	42.9%	-276
EBIT (BNRI) Margin	17.6%	8.4%	-923	8.8%	5.6%	-320
EBITDA (BNRI) Margin	24.5%	18.1%	-632	18.0%	15.1%	-286
Net Income Margin**	-2.6%	3.7%	625	1.7%	0.6%	-112
TURKEY BEER (TL MN)	**4Q2017*** RESTATED**	**4Q2018**	**% CHANGE**	**FY2017*** RESTATED**	**2018**	**% CHANGE**
Volume (mhl)	1.4	1.4	-2.6%	5.8	5.7	-2.0%
Net Sales	442.0	526.5	19.1%	1.588.4	1.869.5	17.7%
Gross Profit	272.7	302.5	10.9%	940.5	1.053.9	12.0%
EBIT (BNRI)	84.3	57.7	-31.6%	218.4	199.8	-8.5%
EBITDA (BNRI)	126.1	107.3	-14.9%	391.0	396.5	1.4%
Net Income/(Loss)**	-42.7	466.3	1193.1%	-18.3	-600.7	3183.2%

			CHANGE (BPS)			CHANGE (BPS)
Gross Profit Margin	61.7%	57.4%	-424	59.2%	56.4%	-284
EBIT (BNRI) Margin	19.1%	11.0%	-812	13.8%	10.7%	-306
EBITDA (BNRI) Margin	28.5%	20.4%	-813	24.6%	21.2%	-341
Net Income Margin**	-9.7%	88.6%	9.822	-1.2%	-32.1%	-3.098
EBI (TL MN)	**4Q2017**	**4Q2018**	**% CHANGE**	**FY2017**	**FY2018**	**% CHANGE**
Volume (mhl)	6.4	6.8	5.3%	25.6	26.1	2.0%
Net Sales	1,236.1	1,788.4	44.7%	4,576.0	6,158.1	34.6%
Gross Profit	527.6	654.6	24.1%	1,866.0	2,368.9	27.0%
EBIT (BNRI)	220.5	161.9	-26.6%	360.3	299.1	-17.0%
EBITDA (BNRI)	292.8	337.3	15.2%	751.2	862.8	14.9%
Net Income/(Loss)**	20.7	8.9	-57.1%	144.9	5.7	-96.1%
			CHANGE (BPS)			**CHANGE (BPS)**
Gross Profit Margin	42.7%	36.6%	-608	40.8%	38.5%	-231
EBIT (BNRI) Margin	17.8%	9.1%	-879	7.9%	4.9%	-302
EBITDA (BNRI) Margin	23.7%	18.9%	-483	16.4%	14.0%	-240
Net Income Margin**	1.7%	0.5%	-118	3.2%	0.1%	-308
CCI (TL MN)	**4Q2017**	**4Q2018**	**% CHANGE**	**FY2017**	**FY2018**	**% CHANGE**
Volume (mn u/c)	227.1	228.5	0.6%	1,237.5	1,314.9	6.3%
Net Sales	1,628.3	2,001.4	22.9%	8,392.1	10,623.4	26.6%
Gross Profit	518.0	573.2	10.7%	2,772.3	3,526.8	27.2%
EBIT	43.1	-17.3	-140.1%	874.0	1,254.8	43.6%
EBITDA	170.0	147.1	-13.4%	1,378.7	1,870.6	35.7%
Net Income/(Loss)**	-148.5	148.2	199.8%	237.6	326.8	37.5%
			CHANGE (BPS)			**CHANGE (BPS)**
Gross Profit Margin	31.8%	28.6%	-317	33.0%	33.2%	16
EBIT Margin	2.6%	-0.9%	-351	10.4%	11.8%	140
EBITDA Margin	10.4%	7.4%	-309	16.4%	17.6%	118
Net Income Margin**	-9.1%	7.4%	1.653	2.8%	3.1%	24

** 2017 Proforma figures include ABI Russia and ABI Ukraine effect starting from April 1st.*
*** Net income attributable to shareholders*
**** In 2018, there has been a reallocation of certain "other income/expense" items within Beer Group without affecting consolidated profitability. Therefore 4Q2017 & FY2017 numbers are restated accordingly.*

Within the scope of IFRS 15 "Revenue from Costumer Contracts" standard, service fees received from customers which were previously recognized in sales and marketing expense are now recorded under sales discount account. In order to give consistent and like-for-like figures, FY2017 are restated as well.

In FY2017, in CCI, service fees received from customers amounting to 129 million TL are now classified as sales discounts rather than sales and marketing expenses. Likewise, in beer group, service fees received from customers amounting to 205 million TL in FY2017 on a proforma basis are now classified as sales discounts rather than sales and marketing expenses.

BEER GROUP

MR. CAN ÇAKA, ANADOLU EFES CEO AND BEER GROUP PRESIDENT COMMENTS

"We are pleased with our performance in 2018 a year packed with challenges and achievements. First of all, we successfully completed a milestone merger, in our largest operation, Russia. This merger with AB InBev, not only solidified our #2 position in Russian beer market, but also created high synergy opportunities, which we started to reap in the first year of the merger. The collaboration in Russia and Ukraine further strengthened our relationship with ABI, World's largest brewer and our shareholder.

In 2018, we recorded 5% consolidated volume growth while revenues significantly outperformed volumes by growing 28% y-o-y on a proforma basis. Main contributors to this robust increase were mainly international beer operations and CCI. Our consolidated EBITDA expanded by 24% reaching all-time high level of TL 3.1 billion with 16.5% margin. I am also very encouraged and happy with over TL 1.0 billion Free Cash Flow that we generated during the year which enabled us to keep our leverage ratios at comfortable level of 1.5x despite a significant devaluation of TL compared to 2017YE" commented Mr. Can Çaka, Anadolu Efes CEO and Beer Group President.

In Turkey Beer, the soft start to the year was mostly offset by the strong performance in 3rd quarter. Despite lower volumes in 4Q driven by a price increase in October to offset the sharp increase in cost inflation, we managed to meet our FY volume guidance. 2018 has been a very busy year in terms of brand portfolio expansion in Turkey. Launches of two new brands "Bud" and "Varım" went very well and contributed significantly to volume even in just 6 months. We are also very excited to include "Corona Extra", "Leffe" and "Hoegaarden" in our portfolio by the beginning of 2019. These launches are totally in line with our strategy of maintaining a strong portfolio, leading premiumization and ensuring affordability.

2018 performance in Russia has been quite pleasing. The large scale marketing campaign held during FIFA World Cup brought strong growth to "Bud". Other activities supported our strong position in the premium and super premium segment, where we have more than 40% share. In 2019, capturing synergies will be our top priority which will lead us to expand our margins. In other international operations, Ukraine and Kazakhstan outperformed our expectations while gaining market share. The performance in Moldova and Georgia were slightly behind expectations negatively affected by adverse weather conditions and competitive landscape.

Anadolu Efes has a long standing track record of meeting consumer demand by having a strong brand portfolio and excellence in execution. Furthermore, financial discipline is an indispensable part of our business model, which enable us to maintain our flexibility even in challenging times. In 2019, our concentration will continue to be on our people, brands and operational excellence while we will deliver on our financial targets. We will work to bring out the full potential of our Company and maintain its financial flexibility in the years to come."

** As of January 1 2019, Can Çaka was appointed as the Beer Group President and CEO of Anadolu Efes.*

TURKEY BEER OPERATIONS

TURKEY BEER (TL MN)	4Q2017 RESTATED**	4Q2018	% CHANGE	FY2017 RESTATED**	FY2018	% CHANGE
Volume (mhl)	1.4	1.4	%-2.6	5.8	5.7	%-2.0
Net Sales	442.0	526.5	%19.1	1,588.4	1,869.5	%17.7
Gross Profit	272.7	302.5	%10.9	940.5	1,053.9	%12.0
EBIT (BNRI)	84.3	57.7	%-31.6	218.4	199.8	%-8.5
EBITDA (BNRI)	126.1	107.3	%-14.9	391.0	396.5	%1.4
Net Income/(Loss)*	-42.7	466.3	%1193.1	-18.3	-600.7	%3183.2
			CHANGE (BPS)			CHANGE (BPS)
Gross Profit Margin	61.7%	57.4%	-424	59.2%	56.4%	-284
EBIT (BNRI) Margin	19.1%	11.0%	-812	13.8%	10.7%	-306
EBITDA (BNRI) Margin	28.5%	20.4%	-813	24.6%	21.2%	-341
Net Income Margin*	-9.7%	88.6%	9822	-1.2%	-32.1%	-3098

* Net income attributable to shareholders
** In 2018, there has been a reallocation of certain "other income/expense" items within Beer Group without affecting consolidated profitability. Therefore 4Q2017 & FY2017 numbers are restated accordingly.

Turkey domestic beer volume declined by 4.2% y-o-y in 4Q2018, cycling a strong growth of 5.6% in 4Q2017 and impacted further by deteriorating consumer confidence and pricing in 4Q. Double digit growth in export volumes in 4th quarter mitigated the decline in domestic operations. As a result total sales volume decline of Turkey was limited to 2.6%. In FY2018, Turkey domestic beer volume reached 5.3 mhl, indicating 2.0% decline compared to FY2017, in line with our guidance.

Turkish beer market is estimated to be up by mid-single digit year on year during 2018, and our market share has been stable since the second quarter of the year. Total Turkey sales volume including exports realized as 5.7 mhl in FY2018, also down 2.0% y-o-y. We started to see some slowdown in demand due to deterioration of consumer confidence in 4th quarter. The intermediary price increases taken by the industry in October also put pressure on market performance in 4Q. We benefitted from new launches and focusing on our strong portfolio.

Revenue per liter of Turkey beer operations increased by 22.3% in 4Q2018 driven by the price increases during the year including at the beginning of October, as well as favorable sales mix and premiumization. Thus, net sales revenue of Turkey beer operations was up by 19.1% in 4Q2018 compared to the same period of 2017, bringing up net sales revenues to TL 1,869.5 million in FY2018 with an y-o-y increase of 17.7%.

Turkey beer operation's gross profit increased by 10.9% to TL 302.5 million in 4Q2018 and by 12.0% to 1,053.9 million TL in FY2018. Gross profit remained under inflationary pressure in the quarter, driven, in particular by higher utility and packaging costs in addition to increased prices of FX-based raw materials. The impact of the latter was mitigated to a certain extent by our hedging intitatives. As a result, the gross profit margin was at 56.4% in FY2018 with the decline limited to 284 bps.

Turkey beer's EBITDA (BNRI) decreased by 14.9% to TL 107.3 million in 4Q2018 vs the same period of last year. Operating

expenses as a percentage of net sales increased in the last quarter as a result of low base of marketing and sales expenses in 4Q2017, as marketing expenses in 2017 were mostly concentrated in the 2nd and 3rd quarters due to the relaunch of "Efes Pilsen" brand. Lower volumes and gross margin in the quarter put further pressure on the profitability. In FY2018, EBITDA (BNRI) of Turkey beer increased by 1.4% to TL 396.5 million with a margin of 21.2%.

Turkey beer operation's net loss was TL 600.7 million in FY2018 due to non-cash FX losses on hard currency borrowings. (As a reminder, since we designated our USD500 million bond and EUR100 million loan as a hedging instrument for our investment in EBI and available cash, fx gains/losses incurred from these does not affect P&L on a consolidated basis, however we record these fx gains/losses on P&L on solo financials due to IFRS standards).

INTERNATIONAL BEER OPERATIONS

INTERNATIONAL BEER (TL MN)	PROFORMA* 4Q2017	4Q2018	% CHANGE	PROFORMA* FY2017	FY2018	% CHANGE
Volume (mhl)	6.4	6.8	5.3%	25.6	26.1	2.0%
Net Sales	1.236.1	1,788.4	44.7%	4.576.0	6,158.1	34.6%
Gross Profit	527.6	654.6	24.1%	1,866.0	2,368.9	27.0%
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EBITDA (BNRI)	292.8	337.3	15.2%	751.2	862.8	14.9%
Net Income/(Loss)**	20.7	8.9	-57.1%	144.9	5.7	-96.1%
			CHANGE (BPS)			CHANGE (BPA)
Gross Profit Margin	42.7%	36.6%	-608	40.8%	38.5%	-231
EBIT (BNRI) Margin	17.8%	9.1%	-879	7.9%	4.9%	-302
EBITDA (BNRI) Margin	23.7%	18.9%	-483	16.4%	14.0%	-240
Net Income Margin**	1.7%	0.5%	-118	3.2%	0.1%	-308

* 2017 Proforma figures include ABI Russia and ABI Ukraine effect starting from April 1st.
** Net income attributable to shareholders.

EBI's consolidated sales volume has increased by 5.3% y-o-y on a proforma basis in 4Q2018 reaching 6.8 mhl, with positive contribution of Russia, Kazakhstan and Moldova. Accordingly for full year 2018, EBI's sales volume was realized at 26.1 mhl, with an increase of 2.0% on a proforma basis.

World Cup as well as favorable weather conditions during summer period in Russia led to an estimated market growth of low-single digit in FY2018, slightly ahead of our expectation of flattish volumes. We have been able to leverage on our execution during the integration period in our Russian operation, while also enjoying the growth of the industry. As a result sales volume in Russia grew by high single digit in 4Q and by low single digit in FY2018 on a proforma basis. Our operations in Ukraine performed ahead of expectations and delivered growth on a full year basis. We maintain our strong number two position in this market. The market is estimated to be flattish in Kazakhstan. Our volume performance was ahead of the market driven by our successful brand portfolio and execution efforts despite intense competition. This resulted in market share gains, solidifying our leadership position in the market. In our other international beer operations, the markets were impacted negatively with unfavorable weather conditions especially during summer period.

EBI's net sales revenue increased by 44.7% to 1,788.4 million TL in 4Q2018 y-o-y on a proforma basis as a result of volume growth and price increases together with positive translation impact. Accordingly, FY2018 net revenues reached TL 6,158.1 million with a growth rate of 34.6%.

EBI's gross profit was up by 24.1% to TL 654.6 million in 4Q2018 y-o-y on a proforma basis. Gross profit margin was down to 36.6% in the last quarter of the year. The decline in margin was mainly driven by changing channel mix and higher packaging costs. In FY2018, gross profit was up by 27.0% to TL 2,368.9 million with margin of 38.5%.

EBI's consolidated EBITDA (BNRI) was TL 337.3 million in 4Q2018 and TL 862.8 million in FY2018 with respective EBITDA (BNRI) margins of 18.9% and 14.0%. EBI's margin performance throughout 2018 was impacted by gross margin as well as merger related expenses in Russia despite the fact that we have been able to deliver synergies higher than initially anticipated.

EBI reported net profit of TL 5.7 million in FY2018 vs TL 144.9 million in FY2017. The decline in net profit in the period vs last year was due to lower operational profitability as well as mostly non-cash FX losses derived from hard currency shareholder loans.

SOFT DRINK GROUP

BURAK BASARIR, CHIEF EXECUTIVE OFFICER OF COCA-COLA ICECEK COMMENTS

"I am pleased with the quality growth in 2018, once again delivering on our strategic growth equation with net revenue growth ahead of volume and EBITDA growth ahead of net revenue growth. We generated 77 million unit cases of additional sales volume, translating into solid topline growth along with margin expansion. Our successful portfolio strategy enabled us to drive IC packs and grow in almost all our markets.

In Turkey, we recorded the highest annual volume growth since 2012 with strong momentum in the Sparkling category. We achieved a healthy topline growth and margin expansion despite significant headwinds, such as special consumption tax, higher commodity prices, and FX volatility. Throughout 2018, successful brand innovations, increasing portfolio availability in growing channels and accelerated cooler investments supported our growth while our revenue growth management capabilities enabled us to deliver success in a challenging macroeconomic environment.

In Pakistan and the Middle East, operating environment was tough in the second half of the year with political uncertainty and macroeconomic challenges. Nevertheless, we managed to deliver 7.3% volume growth in Pakistan in a year of structural transformation. We outperformed the overall Sparkling market growth on the back of continuous improvement in market execution and the inauguration of our Faisalabad plant in April.

Central Asia operations maintained their strong momentum, with almost all markets posting double-digit volume growth. Successful market execution and effective marketing campaigns provided market share gains in key markets.

Having delivered on our full-year guidance with a solid performance, we remain focused on delivering quality growth with disciplined financial management. As we begin to execute our plans for 2019, we are confident in our execution to turn challenges into opportunities, achieve sustainable quality growth and create value for our stakeholders."

COCA-COLA İÇECEK (TL MN)	4Q2017	4Q2018	% CHANGE	FY2017	FY2018	% CHANGE
Volume (mn u/c)	227.1	228.5	0.6%	1,237.5	1,314.9	6.3%
Net Sales	1,628.3	2,001.4	22.9%	8,392.1	10,623.4	26.6%
Gross Profit	518.0	573.2	10.7%	2,772.3	3,526.8	27.2%
EBIT	43.1	-17.3	-140.1%	874.0	1,254.8	43.6%
EBITDA	170.0	147.1	-13.4%	1,378.7	1,870.6	35.7%
Net Income/(Loss)*	-148.5	148.2	199.8%	237.6	326.8	37.5%
			CHANGE(BPS)			CHANGE(BPS)
Gross Profit Margin	31.8%	28.6%	-317	33.0%	33.2%	16
EBIT Margin	2.6%	-0.9%	-351	10.4%	11.8%	140
EBITDA Margin	10.4%	7.4%	-309	16.4%	17.6%	118
Net Income Margin*	-9.1%	7.4%	1653	2.8%	3.1%	24

* Net income attributable to shareholders

In 4Q2018, consolidated sales volume increased by 0.6% to 228.5 million U/C, driven by Water (up 7.0%) and NRTD Tea (up 11.5%) while Sparkling and Stills categories contracted by 2.2% and 4.9%, respectively, mostly due to Turkey operation. In FY2018, consolidated sales volume increased by 6.3% to 1,314.9 million unit case (U/C), exceeding our guidance of 4%-6%. FY2018 growth represents 77 million U/C incremental volume which was driven by strong performance of Sparkling (up 6.8%), Stills (up 11.6%) and Water (up 6.0%) categories while non-ready-to-drink ('NRTD') Tea was down by 1.2%.

In 4Q2018, in Turkey volume remained almost flat at 120.1 million U/C, despite the decline in NARTD market, impacted by macroeconomic headwinds deteriorating consumer sentiment and price increases taken in September. The Sparkling category contracted by 6.9% while sugar free segment continued to grow. The Stills category volume declined by 10.4% in the quarter, while the Water category grew by 9.4%. NRTD Tea delivered 11.9% growth, supported by the low base in 4Q2017. In FY2018, volume increased by 4.8% to 650.5 million U/C, marking the highest annual growth since 2012. All categories except for the NRTD Tea posted growth in FY2018 while the Sparkling category grew by 5.7%, cycling 1.7% growth in FY2017. The share of immediate consumption ('IC') packages in the Sparkling category continued to increase in 2018, reaching to 23% from 22% in FY2017 while the number of transactions exceeded the volume growth. The Stills category grew by 5.8% with Ice Tea being the main contributor through accelerated investment and increased availability. The Water category volume was up by 7.6% in 2018 with double-digit growth in IC packages. The decline in NRTD Tea volume was primarily due to the price increases.

In 4Q2018, international operations delivered 1.5% growth, reaching 108.4 million U/C sales volume. Pakistan volume was up by 1.4% in 4Q2018, reflecting some slowdown due to price increases in early October as well as macroeconomic backdrop putting pressure on private consumption. Across the Middle East, volume declined by 5.3%. Sales volume in Iraq was down by 2.2%, as markets were closed for almost 10 days due to a religious occasion and security concerns, along with continued challenges due to political environment. Jordan contracted 21.9% mainly due to the weak macroeconomic environment. Central Asia registered 7.2% volume growth with more than 20% growth in Azerbaijan, Kyrgyzstan, and Tajikistan. During the quarter, Kazakhstan posted 6.7% growth, cycling 13.4% growth in 4Q2017. New year consumer promotions and successful consumer activations contributed to the Sparkling category growth in the Region. In FY2018, our international operations posted 7.8% volume growth, reaching 664.5 million U/C primarily driven by Pakistan and Kazakhstan operations.In Pakistan, volume increased by 7.3% in FY2018, cycling 3.5% growth in FY2017. The growth was supported by our focus on route-to-market, the inauguration of our Faisalabad plant before the high season and successful consumer activities. Across the Middle East, volume grew by 2.0%. Iraq posted 3.9% growth while high-single digit growth in the Sparkling category partially offset by the contraction in the Water category. Jordan sales volume contracted by 8.4% due to increases in the excise tax and weak macroeconomic backdrop putting pressure on overall consumer spending. Central Asia registered 12.7% growth, with all markets except for Turkmenistan delivering double-digit growth. Kazakhstan posted 14.1% growth, reaching the highest-ever sales volume, along with significant value share gains. Strong market execution and effective marketing campaigns coupled with improved macroeconomics supported by higher oil prices resulted in double-digit growth in all categories. Azerbaijan posted 29.7% growth, driven by more than 30% growth in the Sparkling category. Growth in Azerbaijan coming from all major categories which was the result of strong market execution and marketing investment. Turkmenistan on the other hand, recorded 34.9% volume contraction due to continued currency convertibility issues, causing interruptions in production.

In 4Q2018, consolidated net sales revenue rose by 22.9% while it was up by 5.2% on an FX-neutral basis. In Turkey, NSR was up by 12.9%, mainly led by price adjustments throughout the year. In our International operations, NSR grew by 32.3% while it was down by 1.8% on an FX-neutral basis. NSR per unit case decreased by 3.3%, on an FX-neutral basis, reflecting higher discounts in Pakistan. In FY2018, net sales revenue ("NSR") rose by 26.6%, mainly driven by Turkey operation and the positive FX conversion impact of International operations. On an FX-neutral2basis, consolidated NSR was up by 12.8%, mainly driven by volume growth, pricing and favorable sales mix. Turkey's better than expected NSR growth more than offset the lower than expected contribution of international operations; thus, resulting in a consolidated FX-neutral2NSR growth ahead of our guidance range of 10-12% for 2018. In Turkey, NSR was up by 18.7%, mainly led by price adjustments, better portfolio mix and strong volume growth in the Sparkling category. NSR per unit case grew by 13.3%, reflecting our focus on affordability and better sales mix driven by strong growth in Sparkling along with a higher share of IC packages. In our International operations, NSR grew by 33.6%, or 7.7% on an FX-neutral basis. NSR growth was mainly attributable to strong volume growth in Pakistan and Central Asia, while NSR per unit case was flat, on an FX-neutral basis.

In 4Q2018, gross margin declined by 317 bps to 28.6% due to Turkey and International operations. In Turkey, gross margin

declined by 84 bps to 33.7% which was mainly attributable to higher costs of packaging materials as the impact of cash designation was limited in the last quarter. In our International operations, gross margin declined by 457 bps to 24.7%. The favorable impact of lower sugar prices was offset by higher prices of PET resin, and devaluation of local currency and higher discounts in Pakistan. In FY2018, gross margin improved by 16 bps to 33.2% while raw material costs as a percentage of revenue was slightly down on a consolidated basis. Margin improvement was mainly attributable to Turkey operations while the margin of International operations remained almost flat. In Turkey, the increase in NSR per unit case, effective cost management through hedging, cash designation and product reformulations more than offset the adverse impact of higher raw material prices and FX headwinds. Gross margin expanded by 106 bps to 38.4%. In our International operations, gross margin declined by 10 bps to 29.1%. The favorable impact of lower sugar prices was offset by higher prices of packaging materials, especially PET resin.

In 4Q2018, EBIT margin decreased by 351 bps in the quarter, reflecting lower gross profitability while operating expenses as a percentage of revenue increased slightly compared to 4Q2017, on a consolidated basis. In Turkey, operating expenses as a percentage of revenue was higher driven by distribution, selling and marketing expenses which was partially offset by lower general and administrative expenses. International operations recorded higher operating expenses due to increase in distribution, selling, marketing and general and administrative expenses. In 4Q2018, EBITDA margin declined by 309 bps to 7.4% which was attributable to lower operating profitability both in Turkey and international operations. In FY2018, EBIT margin improved by 140 bps to 11.8%, mainly driven by our ongoing focus on opex management. Operating expenses as a percentage of revenue was 120 bps lower compared to 2017, on the back of increasing efficiency both in Turkey and International operations. In FY2018, EBITDA margin expanded by 118 bps to 17.6% in FY2018, reflecting better operating profitability both in Turkey and International operations. Turkey operation's EBITDA margin was up by 455 bps in FY2018, boosted by dividend income from subsidiaries. Excluding the impact of other income/(expense), Turkey's EBITDA margin was 166 bps higher compared to FY2017.

Net income was TL 327 million in FY2018 vs. TL 238 million in FY2017. Higher operating profitability, lower net FX exposure in the balance sheet and positive impact (TL 288 million) of net investment hedging, more than offset the adverse impact of higher net FX losses due to the depreciation of TRY against USD.Free cash flow remained almost flat TL730.0 million in FY2018, mainly driven by higher operating cash flow as well as positive FX translation impact. CapEx was TL 858 million in FY2018 compared to TL 499 million in FY2017, mainly driven by investments in cold drink equipment and FX translation impact. Net debt/EBITDA ratio was 1.4x in FY2018.

CONSOLIDATED FINANCIAL PERFORMANCE

EBITDA (TL MN)	FY2017 PROFORMA	FY2018
Profit/loss from Operations	1,388.3	1,606.0
Depreciation and amortization	1,045.4	1,297.8
Provision for retirement pay liability	22.8	36.7
Provision for vacation pay liability	1.8	11.7
Foreign exchange gain/loss from operating activities	10.6	39.5
Rediscount interest income/expense from operating activities	0.5	1.6
Other	3.7	5.6
EBITDA	**2,473.1**	**2,998.8**
EBITDA (BNRI*)	**2,492.2**	**3,089.8**

* Non-recurring items amounted to TRL 91.0 million in FY2018 and TRL 19.1 million in FY2017

FINANCIAL INCOME / (EXPENSE) BREAKDOWN (TL MN)	2017	2018
Interest income	141.3	296.0
Interest expense	-266.7	-555.8
Foreign exchange gain /(loss)	-524.1	-681.9
Other financial expenses (net)	-24.7	-46.6
Gain/(loss) on derivative transactions	0.0	29.7
Net Financial Income /(Expense)	-674.2	-958.6

ANADOLU EFES FREE CASH FLOW (TL MN)	2018
EBITDA	2,998.8
Change in Working Capital	106.7
Income Taxes & Employee Benefits Paid	-239.7
CAPEX, net	-1,504.2
Net Financial Income /(Expense)	-307.9
FCF	**1,053.7**
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	131.4
FCF (after investing activities)	**1,185.1**

AS OF FY2018	CONSOLIDATED GROSS DEBT	CASH & CASH EQUIVALENTS	NET CASH/(DEBT) POSITION
AEFES Consolidated (TL mn)	9,228.7	4,791.2	-4,437.5
Beer Group (TL mn)	4,285.2	2,480.3	-1,804.9
Turkey Beer (TL mn)	3,403.9	498.4	-2,905.5
EBI (TL mn)	877.0	1,971.2	1,094.2
CCI (TL mn)	4,943.5	2,310.9	-2,632.6

NET DEBT / EBITDA (BNRI)	FY2017 PROFORMA	2018
Anadolu Efes Consolidated	1,5	1,5
Beer Group	1,5	1,5

OUTLOOK

Our 2019 guidance reflects reported financials where 2018 numbers include 9-months ABI-Efes impact and 2019 expected numbers include 12-months. Reference to "proforma" means 12 month ABI-Efes impact in 2018.

Consolidated sales volume is expected to grow by low to mid-single digit (low to mid single digit on a proforma basis).

Total Beer volume is to grow by mid-single digit (flat on a proforma basis).

Turkey beer sales volume is expected to be flattish
Russian beer sales volume is estimated to grow by low single digit (perform in line with the market by declining slightly on a proforma basis)
International beer sales volume is expected to increase by mid to high single digit (flat on a proforma basis)

Consolidated Soft Drinks sales volume: 3%-5% growth

Turkey soft drinks: Flat volume
International soft drinks: 6%-8% growth

Consolidated Net Sales Revenue is expected to increase in all business lines while outperforming sales volumes.

Total Beer revenue is expected to grow by low forties, benefitting from both Turkey beer and EBI (low thirties on a proforma basis)

Turkey Beer Revenue is expected to grow by high twenties driven by price increases and sales mix together with favorable channel mix.

International Beer Revenue is estimated to increase by low forties (low thirties on a proforma basis)

Total Soft Drinks: 16%-18% growth on a consolidated basis (FX-neutral)

Consolidated EBITDA Margin: Slight improvement in margin

Total Beer EBITDA margin is expected to be flat to slight positive, primarily by the margin expansion in Russia (proforma margin expansion higher than reported).

Turkey Beer EBITDA margin is to decline slightly as a result of savings in OPEX despite higher procurement prices on a y-o-y basis which is to put pressure on gross profitability.

International Beer EBITDA margin is expected to improve. The expansion in margin is mainly attributable to the Russian operations, where we expect to capture synergies in line with our earlier guidance.

Total Soft Drinks: Slight improvement in margin on a consolidated basis

Capex: As a percentage of sales, high single digits on a consolidated basis

FCF: Continue to deliver strong FCF in both beer and soft drinks.

FORESEEABLE RISKS FOR 2019

Financial Markets Related: 2019 will continue to be a challenging year for Emerging Markets. Apart from specific country/region economic or political issues, concerns on global slowdown, trade tentions, tightening global financial conditions and general investor sentiment 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.

Geo-Political Environment Related: Some of Anadolu Efes' operating markets have been under geo-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.

2019 outlook reflects management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties including but not limited to macroeconomical, financial, geopolitical and political risks, which could materially impact the Company's actual performance.

ANADOLU EFES

Consolidated Income Statements For the Twelve-Month Period Ended 31.12.2017 and 31.12.2018 Prepared in accordance with IFRS as per CMB Regulations (TL mn)

	Reported 2017/12	Proforma 2017/12	2018/12
SALES VOLUME (MHL)	91.3	101.7	106.5
SALES REVENUE	12,732,4	14,587,1	18,689,7
Cost of Sales (-)	-7,906,5	-8,987,3	-11,704,6
GROSS PROFIT FROM OPERATIONS	4,825,9	5,599,7	6,985,1
Selling, Distribution and Marketing Expenses (-)	-2,701,3	-3,148,8	-3,944,5
General and Administrative Expensesz (-)	-955.3	-1,272,5	-1,580,8
Other Operating Income/Expense (net)	82.9	209.8	146.1
PROFIT FROM OPERATIONS (BNRI)*	1,267,5	1,407,4	1,697,0
Income/Expense Froö Investing Activities (net)	-64.0	-40.9	63.7
Income/ (Loss) from Associates	-30.4	-30.4	-81.1
OPERATING PROFIT BEFORE FINANCE INCOME/ (EXPENSE)	1,157,6	1,317,1	1,588,6
Financial Income/Expense (net)	-674.2	-741.4	-958.6
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	483.4	575.7	629.9
Continuing Operations Tax Income/ (Expense)			
-Current Period Tax Expense (-) / Income	-157.6	-154.3	-261.3
-Deferred Tax Expense (-) / Income	-19.9	-23.0	-53.6
INCOME/ (LOSS) FOR THE PERIOD	305.9	398.4	315.1
Attributable to:			
Non-Controlling Interest	156.5	202.7	218.2
EQUITY HOLDERS OF THE PARENT	149.4	195.7	96.9
EBITDA (BNRI)*	2,228,4	2,492,2	3,089,8

Non-recurring items amounted to TL 19.1 million in FY2017 and TL 91.0 million in FY2018
Note: EBITDA comprises of Profit from Operatiins, depreciation and other relevant non-cash items up to Profit From Operations.

ANADOLU EFES

Consolidated Balance Sheets as of 31.12.2017 and 31.12.2018 Prepared In Accordance with IFRS as per CMB Regulations (TL mn)

	2017/12	2018/12
Cash&Cash Equivalents	5,409.6	4,770.1
Financial Investments	88.6	21.2
Derivative Investments	0.2	0.0
Trade Receivables from Third Parties	1,372.6	2,183.8
from Related Parties	158.1	230.0
Other Receivables	103.4	102.0
Inventories	1,179.2	1,943.1
Other Current Assets	786.4	1,039.5
Total Current Assets	9,098.0	10,289.6
Other Receivables	22.3	52.9
Financial Investments	0.8	0.8
Investments in Associates	46.3	71.2
Property, Plant and Equipment (incl. inv properties)	7,587.1	10,163.1
Other Intangible Assets	10,242.1	11,062.0
Goodwill	1,840.8	5,897.5
Deferred Tax Assets	307.4	867,1
Other Non-Current Assets	348.8	522,0
Total Non-Current Assets	20,431.7	28,636.5
Total Assets	29,529.6	38,926.1
Current Portion of Long Term Borrowings	2,956.1	1,524.4
Short-term Borrowings	89.4	830.7
Derivative Instruments	0.0	29.8
Current Trade Payables to Third Parties	1,624.0	3,318.0
to Related Parties	52.4	282.6
Other Current Payables	852.1	1,472.4
Provision for Corporate Tax	6.5	17.1
Provisions	115.4	132.5
Other Liabilities	123.7	172.2
Total Current Liabilities	5,818.7	7,779.7
Long-term Borrowings	5,464.0	6,873.6
Non Current Trade Payables	35.2	44.2
Other Non Current Payables	347.2	391.4
Deferred Tax Liabilities	1,908.1	2,088.8
Other Non Current Liabilities	290.9	414.5
Total Non-Current Liabilities	8,045.4	9,812.4
Total Equity	15,665.6	21,334.0
Total Liabilities and Shareholders' Equity	29,529.6	38,926.1

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

BEER GROUP

Hightlighted Income Statement For the Twelve Month Period Ended 31.12.2017 and 31.12.2018 Prepared in accordance with IFRS as per CMB Regulations (TL mn)

	Reported 2017 / 12	Proforma 2017/12	2018 / 12
SALES VOLUME (MHL)	21.1	31.5	31.8
SALES REVENUE	4,340.3	6,195.0	8,066.7
GROSS PROFIT FROM OPERATIONS	2,057.1	2,830.9	3,463.6
PROFIT FROM OPERATIONS (BNRI)*	470.8	547.8	455.5
OPERATING PROFIT BEFORE FINANCE INCOME/ (EXPENSE)	337.4	496.9	468.0
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	102.5	194.7	198.1
INCOME/ (LOSS) FOR THE PERIOD	61.5	154.0	76.6
EQUITY HOLDERS OF THE PARENT	61.2	107.5	49.8
EBITDA (BNRI)*	849.7	1,113.5	1,219.3

** Non-recurring items amounted to TL 19.1 million in FY2017 and 91.0 million in FY2018.*
Note: EBITDA comprises of Profit from Operatiıns, depreciation and other relevant non-cash items up tı Profit From Operations.

BEER GROUP

Consolidated Balance Sheets as of 31.12.2017 and 31.12.2018 Prepares In Accordance with IFRS as per CMB Regulations (TL mn)

	2017/12	2018/12
Cash&Cash Equivalents	1,534.9	2,480.3
Financial Investments	71.4	0.0
Derivative Instruments	0,0	0,0
Trade Receivables	856.0	1,663.9
Other Receivables	63.1	70.9
Inventories	615.4	1,139.2
Other Currents Assets	252.5	400.1
Total Current Assets	3,393.3	5,754.4
Investments in Associates	643.8	668.7
Property, Plant and Equipment (inc. inv properties)	2,092.7	3,434.6
Other Intangible Assets	1,804.4	1,784.1
Goodwill	1,102.7	5,059.3
Other Non-Current Assets	500.6	1,127.2
Total Non-Current Assets	6,144.2	12,073.9
Total Assets	9,537.6	17,828.3
Current Portion of Long Term Borrowings	237.7	816.2
Short-term Borrowings	11.1	620.3
Current Trade Payables	721.4	2.307.6
Other Current Payables	618.5	1.184.2
Provisions	49.4	74.2
Other Liabilities	53.4	110.2
Total Current Liabilities	1,691.4	5,112.8
Long-term Borrowings	2,270.0	2,848.7
Other Non Current Payables	347.2	381.5
Deferred Tax Liability	305.1	347.4
Other Non Current Liabilities	101.0	134.0
Total Non-Current Liabilities	3,023.3	3,718.7
Total Equity	4,822.9	8,996.9
Total Liabilities and Shareholders' Equity	9,537.6	17,828.3

TURKEY BEER OPERATIONS

Highlighted Income Statement Items For Twelve-Month Period Ended 31.12.2017 and 31.12.2018 Prepared In Accordance with with IFRS as per CMB Regulations (TL mn)

	2017/12 Restated**	2018/12
SALES VOLUME (MHL)	5,8	5,7
NET SALES	1.588,4	1.869,5
GROSS PROFIT FROM OPERATIONS	940,5	1.053,9
PROFIT FROM OPERATIONS (BNRI)*	218,4	199,8
Income/Expense from Investing Activities (net)	9,6	180,6
Financial Income/Expense (net)	-262,9	-1.058,4
CONTINUING OPERATIONS PROFIT BEFORE TAX	-41,4	-678,0
Tax income/ (expense)	23,1	77,3
PROFIT FOR THE YEAR	-18,3	-600,7
EBITDA (BNRI)*	391,0	396,5

** Non-recurring items amounted to TL 6.6 million in FY2017*
*** In 2018, there has been a reallocation of certain "other income/expense" items within Beer Group without affecting consolidated profitability. There 4Q2017&FY2017 numbers are restated accordingly.*
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 31.12.2017 and 31.12.2018 Prepared In Accordance with with IFRS as per CMB Regulations (TL mn)

	Reported 2017/12	Proforma 2017/12	2018/12
SALES VOLUME (MHL)	15,2	25,6	26,1
NET SALES	2.721,3	4.576,0	6.158,1
GROSS PROFIT	1.092,1	1.866,0	2.368,9
PROFIT FROM OPERATIONS (BNRI)*	220,4	360,3	299,1
Income/Expense from Investing Activities (net)	-77,5	-54,4	-95,7
Financial Income/Expense (net)	27,9	-39,2	-71,9
(LOSS)/PROFIT BEFORE TAX	162,4	254,7	40,8
Tax Income/ (expense)	-63,4	-63,2	-8,3
(LOSS)/PROFIT AFTER TAX	99,0	191,5	32,5
Attributable to			
Minority Interest	0,3	46,6	26,9
Equity Holders of the Parent Company	98,7	144,9	5,7
EBITDA (BNRI)*	487,4	751,2	862,8

** Non-recurring items amounted to TL 12.0 million in 2017 and TL 90.i million in 2018.*
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 31.12.2017 and 31.12.2018 Prepared In Accordance with IFRS as per CMB Regulations (TL mn)

	2017/12	2018/12
SALES VOLUME (MN U/C)	1,237.5	1,314.9
NET SALES	8,392.1	10,623.4
COST OF SALES	-5,619.8	-7,096.6
GROSS PROFIT	2,772.3	3,526.8
Operating Expenses	-1,913.1	-2,311,1
Other Operating Income/(Expense) (net)	14.8	39.1
EBIT	874.0	1,254.8
Gain/(Loss) from Associates	-0.4	-0.9
Income/(Expenses) from Investing Activities, net	-13.4	-9.3
Financial Income/(Expense), net	-492.2	-688.8
INCOME BEFORE MINORITY INTEREST & TAX	421.0	555.8
Tax income/(expense)	-139.5	-195.6
INCOME BEFORE MINORITY INTEREST	281.5	360.2
Attributable to,		
Minority Interest	-43.9	-33.4
Net Income Attributable to Shareholders	237.6	326.8
EBITDA	1,378.7	1,870.6

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)

Consolidated Balance Sheets as of 31.12.2017 and 31.12.2018 Prepares In Accordance with IFRS as per CMB Regulations (TL mn)

	2017/12	2018/12
Cash and Cash Equivalents	3,874.7	2.289.7
Financial Investments	17.2	21.2
Derivative Instruments	0.2	0.0
Trade Receivables and due from related parties	675.2	750.2
Inventory (net)	563.8	804.0
Other Receivables	40.3	32.3
Other Current Assets	533.9	639.4
Total Current Assets	5.705,3	4,537.2
Property, Plant and Equipment	5,258.0	6,489.1
Intangible Assets (including goodwill)	2,226.5	2,688.9
Other Non-Current Assets	204.4	305.2
Total Non-current Assets	7,688.9	9,483.2
Total Assets	13,394.2	14,020.5
Short-term Borrowings	79.9	212.3
Current Portion of Long-term Borrowings	2,716.8	706.4
Trade Payables	955.6	1.294.4
Other Payables	232.4	288.1
Provision for Corporate Tax	4.8	10.9
Short Term Provisions	66.1	58.3
Employee Benefits Payable	39.6	34.7
Other Current Liabilities	32.4	63.6
Total Current Liabilities	4,127.6	2,668.6
Long-term Borrowings	3,194.0	4,024.8
Non-Current Trade Payables	35.2	47.0
Non-Current Provisions	72.3	82.5
Deffered Tax Liabilities	407.9	548.7
Other Non-Current Liabilities	117.6	198.0
Total Non-Current Liabilities	3,.827.0	4,901.1
Total Equity	5,439.6	6,450.7
Total Liabilities and Shareholders' Equity	13,394.2	14,020.5

Note 1: Figures fro CCI obtained from consolidated financial results prepared in accordance with IFRS as per CMB regulations.

Sustainability

BEER GROUP
SOFT DRINK GROUP

SUSTAINABILITY BEER GROUP

Anadolu Efes has updated the Anadolu Efes Positive Impact Plan, which forms the basis of its sustainability strategy by conducting a materiality analysis with participation from its stakeholders. Anadolu Efes aims to consistently bolster the effect by creating a positive impact in four areas: the environment, community, people and the value chain.

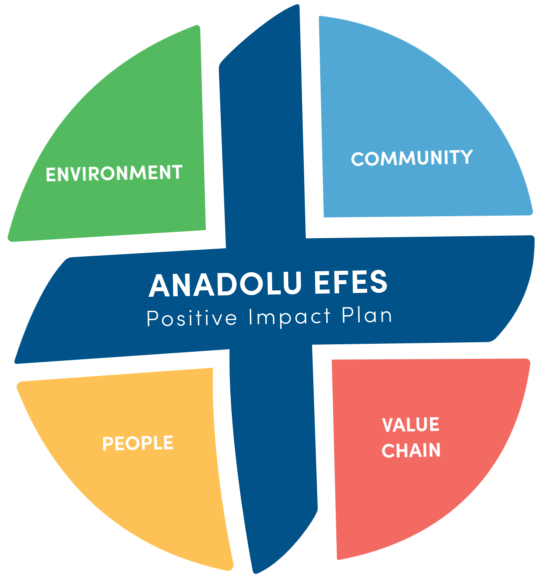
ANADOLU EFES POSITIVE IMPACT PLAN

We strive to contribute to socio-economic development with a focus on people and nature as part of the Positive Impact Plan, a plan that defines our sustainability strategy. This year, we have revamped the headings and structure of our positive impact strategy. We achieved this by conducting a materiality analysis with participation from our stakeholders. We aim to consistently bolster the effect by creating a positive impact in four areas: the environment, community , people and the value chain. With the help of our stakeholders, we are forging ahead to accomplish our goals in these areas.

We based our company priorities on the Anadolu Efes and sustainability strategy. Using online questionaires, we collected the company priorities of directors to include in our analysis. We considered financial, social, environmental risks and legislative regulations when identifying the priorities.

OUR MATERIAL ISSUES

- Environment: Water risks and management, climate change and energy, waste and packaging management;
- Community: Contribution to the local economy and social investments,
- People: Talent management and growth, occupational health and safety, employee engagement,
- Value Chain: Value chain management, supporting sustainable agriculture and farmers, sustainable sourcing, product quality and safety.



We believe it is important to develope international and multi-stakeholder collaboration and emphasize contributions to the Sustainable Development Goals as part of our impact area. We take part in global initiatives in material areas as a signatory of the UN Global Compact, the UNGC CEO Water Mandate, and the Women's Empowerment Principles.

SUSTAINABILITY MANAGEMENT

An effective and transparent management is key to delivering the Positive Impact Plan, or our sustainability vision. We are aware that the goals we set can be achieved through a system that encompasses all operations and employees. This year, we are increasing our efforts to complete our new structure. Under the leadership of our CEO, all country directors are responsible for sustainability efforts in their own countries. We have completed this year's materiality analysis, identifying material issues and revising the positive impact model with the contributions and support of our CEO. We intend to go forward with the Positive Impact Working Group, which we have created to monitor progress of our goals and performance. Meanwhile, we continue to monitor our sustainability performance and progress through our KPIs. KPIs are also used in our executives' individual performance assessments.

ENVIRONMENT

We are a brewer that sources its main raw materials from nature. As such, we consider environmental sustainability our responsibility to future generations and an essential element of long-term success. We have established climate change and energy management, water management, and waste and packaging management as material areas of the Positive Impact Plan. This is based on external trends and the opinions of our stakeholders.

Our Environment, Energy, Climate Change and Water policy governs the way we manage our environmental impact. We take the necessary measures by assessing environmental risks in accordance with our risk management system. We maintain operations in compliance with internationally accepted environment and energy management standards, such as ISO 50001 and ISO 14001. Additionally, in line with our sustainability goals, we monitor our environmental performance and regularly and transparently share it with our stakeholders.

We believe our employees greatly contribute towards improving our environmental performance and creating awareness. We provided 1,327 person/hour training to our employees in this reporting period. In the same period, we invested and spent over $2.3 million for the environment.

Climate Change and Energy Management

The impact of climate change poses a risk to many areas of our business, such as lower productivity in barley and hops farming, pressure on declining water sources, and increased risks on the physical assets caused by more frequent and severe weather events. We aim to reduce our greenhouse gas emissions by using energy sources more efficiently. This is part of our continued effort to fight climate change and its effects. In conjunction with our sustainability goals, we monitor our energy and greenhouse gas emissions performance according to international standards.

We conduct work in a wide variety of areas, including investment in low-emissions new technologies, initiatives that encourage a behavioral change in energy efficiency, investment in energy-efficient coolers, and optimization in the logistics network.

In 2017, we began reporting our climate change strategy, goals and performance in Turkey operations as part of the CDP Climate Program. We also had our greenhouse emissions data verified.

During the reporting period, we conducted energy efficiency improvements in all our facilities, which helped achieving significant energy savings and mitigating greenhouse gas emissions. The improvements in heating and cooling processes in Russia operations saved nearly 5.5 million kWh of energy consumption. Process improvement and automation investments

in Georgia facilities provided more than 1.3 million kWh of energy savings as well as over $75,000 in financial savings. We saved 320,000 kWh by transitioning into LED technology in the lighting systems in Kazakhstan and Moldova. We also attained nearly 1.8 million kWh of savings by transitioning into LED lighting technology, investing in the reuse of waste-heat, and automating processes in Turkey facilities.

Energy Efficiency in Coolers

We have coolers in sales and consumption points so as to present our products to customers in high quality and in ideal tasting conditions. We are conducting energy efficiency improvements in the coolers to reduce energy consumption, increase performance and minimize environmental impact. We save 0.5 kWh per cooler annually as a result of the transition investment into next generation models with electronic thermostats. The share of next generation coolers in the total rose to 35 percent.

Water Management

Effective water management is essential for the sustainability of our operations. Water makes up a significant portion of our products. It is intensely used in barley and hops agriculture as well as in every single stage from production processes to packaging.

We manage all our operations with a responsible attitude that secures water resources and the needs of future generations, and with an eye for constant improvement. Having including water management in the corporate risk management, we monitor our performance systematically with short and medium-term tangible goals.

We regularly assess water risks across our value chain, and take necessary measures. We encourage our people to develop innovative approaches to using water efficiently at workplace by monitoring our water usage as part of key performance indicators of the company as well as of individual KPIs of our executives.

We aspire to achieve stakeholder participation and develop collaborations locally and internationally in order to reinforce our water management efforts and create a positive impact. In 2014, we became the first Turkish company to sign the UNGC CEO Water Mandate initiative, which mobilizes business leaders to find sustainable solutions to water risks. In 2017, we continued to lead the Water Working Group of the Sustainable Development Association of Turkey.

In order to accomplish our commitment to produce more while consuming less water, we constantly invest in projects that improve operational water efficiency. Each country operation under Anadolu Efes contributes to reduction of water consumption per unit product by making progress on its own goals. We surpassed our goals with a 38% decrease in water consumption and nearly 41% drop in waste water discharge in 2017.

We saved nearly 200,000 m3 of water as a result of many water efficiency projects we carried our during the reporting period such as water reuse, insulation, eliminating leaks, reverse osmosis, recycling, and optimization of current lines.

The aim of our water management initiative is to minimize our environmental impact while discharging minimum amount of waste water by implementing practices that go beyond the legislation in the areas we operate.

Waste and Packaging Management

We recognize the importance of waste management for efficient use of our resources and effectively managing our environmental impact. We aim to create minimum level of waste across the value chain of our products. Our waste management initiatives comply with the legislation in the areas we operate and with our Environment Policy. And our efforts range from preventing waste creation at the source, to implementing innovative practices that improve resource efficiency in production, and increasing the use of recycled materials. As part of the waste and packaging management, our sustainability goals include constantly developing new methods to increase waste recovery rate and to use more efficient materials.

We manage waste systematically at all our facilities with the objective of minimizing the amount of waste sent to landfills. We take steps for recovery and recycling of all waste, ranging from all kinds of waste created during production to electronic waste created at the offices. During the reporting period, we recycled over 34 tons of waste by working with a new supplier for the green and brown color glass waste, which we weren't able to recycle at the Russia operations.

We assume responsibility to decrease the waste arising from our operations as well as the packaging waste created by our products. Innovative design, R&D and supplier collaborations play an essential role in packaging material optimization. We saved over $85,000 in the reporting period as a result of the efforts such as reducing packaging thickness, using less material in painting and printing processes through innovative approaches, and decreasing the waste created by optimizing the pallets used to transport products.

We prefer reusable and recyclable materials, and encourage our own supply chain to this end. As part of our efforts in compliance with the country regulations where we operate, Turkey operations rank first with 56.4 percent use of steel barrel and reusable glass. One-way packaging recycling rate soared to 80 percent in Turkey as a result of the efforts by the ÇEVKO Foundation, of which we are a founder.

Post-use recycling rates of our products; steel barrels 99%; plastic PE; 95%; glass bottles; 93%.

COMMUNITY

We align our social investment projects with the Sustainable Development Goals (SDG). This year, we maintained our efforts in Turkey by focusing on tourism, culture, arts and sports. In addition, we continued to develop projects that focus on people, the environment and agriculture in the countries where we operate.

Contributing to the Local Economy

We base our social sustainable approach to the local economy and society's social development. With our industry's power to create jobs, we boost local employment and support local production. We contribute to the local economy, from production to employment, with our positive impact approach in the six countries where we operate.

The Future is in Tourism

We aspire to create a tourism-driven local development model through the "The Future is in Tourism" project, an initiative launched in 2007 in conjunction with the Republic of Turkey Ministry of Culture and Tourism and the United Nations Development Program. We fund three tourism projects each year as part of the project. In addition, we boost the growth and development of tourism in Turkey through the projects for which we provide consulting, mentoring and communication support. To date, we have supported tourism projects in 13 cities with a mission of cultural development.

During the reporting period, we launched the following projects: the Four Seasons of Foça (Foça, Izmir), Birds Calling You (Buldan, Denizli), and A History Break: On the Lycian Way (Demre, Antalya).

Culture and Arts

Sosyo-kültürel gelişim için kültür-sanat aktivitelerine verilen destek büyük önem taşıyor. İş dünyasının toplumsal gelişimdeki rolünün bilinciyle, 1992'den beri tiyatroya, 1988'den beri de sinemaya kesintisiz destek veriyoruz.

Anadolu Efes Sports Club

Established in 1976, Anadolu Efes Sports Club stands as our greatest social investment in sports with countless accomplishments under its belt, including the European Cup. Anadolu Efes is the first team to every play in the Euroleague Final Four, proving the vital role that the businesses play in advancement of culture, arts and sports. We are very motivated to maintain our support for the Turkish sports and remain committed to fostering Turkish basketball.

PEOPLE

The focus of our business is people. This approach provides guidance to talent management, which makes the utmost contribution to our company's performance and success. Directed with the principles of transparency and integrity, our Human Resources Policy serves as the foundation of our relations with the employees and the values we embrace lead the way for constant improvement of the practices we offer to our employees.

In addition to the principles adopted at the company, we maintain our commitment to providing a fair, equal and safe work environment with respect to human rights as a signatory to the UN Global Compact and the Women's Empowerment Principles (WEPs). Our Human Resource processes never discriminate against employees based on religion, language, race or ethnic origin, as we pursue equal opportunity and offer equal opportunity for equal work.

Diversity

We recognize the business benefits of embracing differences, diversity and equal opportunity at the multi-national and -cultural Anadolu Efes. We support goals of achieving gender equality and reducing all forms of inequality, to which the business community can make a substantial contribution globally. Women account for 25 percent of our 5,305 employees from different countries. Ratio of our female executives rose to 38 percent in 2017, up from 29 percent in 2016. For the sake of diversity, we care for hiring executives from different cultures. Foreign nationals make up 8% of our executives.

Talent Management

We assess the potential of all employees through talent and succession programs, and build and update a talent succession map. We also devise leadership programs to internally fill the company vacancies and allow employees discover managerial competencies to fulfill their potential. Expanding the scope of employee growth opportunities is part of our objectives.

In 2017, we have provided an average of 11.3 hours of training per person. Training is crucial in explaining employees and creating awareness on the requirements of a healthy and safe workplace. In 2017, OHS training made up 49 percent of all training sessions.

For the sake of **DIVERSITY**, we care for hiring executives from different cultures. Foreign nationals make up **8%** of our executives.

VALUE CHAIN

We bring social and economic added value to business partners through practices on the value chain that includes producers, customers, suppliers, dealers and distributors. We develop partnerships and collaborations to solidify the value chain. Our priorities include responsible sourcing, supporting farmers and sustainable agriculture and offering customers high-quality and safe products.

Suppliers, Dealers and Distributors

We advocate growth of the suppliers, dealers and distributors we work with by guiding them in adopting to the Anadolu Efes working standards. Long-term partnerships with stakeholders enable us to progress together. In 2017, the value chain comprised of more than 6,200 suppliers and nearly 350 dealers and distributors..

The 2015 Code of Conduct for Suppliers set the standards on human rights, working conditions, and environmental and business ethics. We guide Anadolu Efes suppliers regarding the standards they are required to comply with. We regularly inspect the suppliers for compliance to the code of conduct.

We offer our products to more than 300 million people through an extensive dealer and distributor network. We hold training sessions to boost occupational development of the business partners at sales points. In 2017, we provided 97 percent of the dealers and distributors nearly two hours of training per person and 548 person/hours in total. Based on the business partners' needs in each country, we tailor professional development programs. Our 2017 curriculum covered diverse subjects such as Bushidoness, professional management skills, business and profitability, communication, finance, mental infrastructure.

We collaborate with the Boğaziçi University Lifelong Education Center (BÜYEM) in training our dealers and distributors. We create the two-year programs with BÜYEM and give completion certificates to successful participants. As part of the programs, we have provided training to 123 dealers on business and profitability, law, communication and finance.

Support for Sustainable Agriculture

Climate change, one of today's gravest global environmental issues, have a direct impact on agricultural operations. Barley and hops are key raw materials used in beer production sourced from farmers. We ensure sustainable agriculture and business continuity through the practices we implement as part of the fight against climate change. We support sustainable agricultural growth and farmers' welfare with an eye to create positive value for our stakeholders. We strive to expand sustainable agriculture practices with the Agricultural R&D Program and the Contract Farming Model.

R&D Program

We invest in R&D to ensure continuous supply of high-quality raw materials and develop drought-proof products against climate change. As part of the Agricultural R&D Program, we have developed and registered 15 barley and seven hops types.

We perform effective water management as registered malting barley and hops types allow reducing water and energy consumption, while helping the fight against climate change. We place emphasis on developing drought-proof varieties that need less water and energy with minimum environmental impact.

Contract Purchase Model

We practice the Contract Purchase Model to support agricultural producers' social, economic and environmental development. The model assures planned farming of the malting barley and hops types, which we have developed as part of the Agricultural R&D Program on the lands of about 3,500 farmers we work on a contract basis. We expect the farmers under contract to comply with production requirements for farming quality and safety with lesser environmental impact. In 2017, we provided 1,600 total hours of training to 200 farmers. We regularly inspect malting barley and hops producers as well as all other farmers contracted to produce seeds. The Ministry of Agriculture inspects seed producers.

We increase competitive edge of farmers and support development of regional agricultural activities by pursuing domestic production and purchasing of malting barley and hops. We aim to use domestic producers for all raw material purchases and export hops, a value added agricultural product. We sourced 72 percent of all our raw material needs from contracted farmers in 2017.

Product Safety and Responsible Marketing

As a company with a reach of millions of consumers in over 70 countries, we operate with a focus on product safety and responsible marketing. We ensure superior quality and safety in production while creating a positive impact for our stakeholders by ensuring responsible consumption in marketing processes. And we continuously strive to maximize customer satisfaction.

Safe and Quality Products

We are committed to offering world class products to consumers while achieving sustainability and consistency in product quality and flavor. In all operations in Turkey and abroad, we comply with the ISO 9001 Quality Management, the ISO 22000 Food Safety Management System, and the HACCP Food Safety Management System standards. We process the malting barley and hops we have developed ourselves by using state-of-the-art production technologies with a quality-excellence approach. We offer consumers superior quality and safe products by producing only at facilities with food safety certificate.

Responsible Marketing

Our product marketing is performed with a social responsibility approach. We have set forth responsible marketing principles by taking initiative in the industry, moving beyond legal and regulatory requirements. Anadolu Efes employees, dealers, distributors, and communication agencies are required to comply with our Marketing Communication Policy. The alcoholic beverage industry is strictly governed by the laws and vary from country to county in terms of marketing communication. We conduct marketing to inform consumers about the risks of irresponsible drinking and to encourage them for responsible use. We ensure that our products are sold only at legally allowed points of sale and that they are not sold to persons below the legal age of consumption.

Customer Experience

Giving product information helps enhance customer satisfaction. We provide product information through product labels, internet sites and consumer support hotlines in accordance with the laws and local legislation of the countries we operate in. We give consumers comprehensive information by offering more content on product label than required by the local legislation.

All stakeholders, particularly consumers, can send us feedback through the hotlines provided on product labels. We reply to all feedback received by the relevant Anadolu Efes departments through the hotlines.

**Sustainability informations are taken from Anadolu Efes 2017 Sustainability Report, 2018 information will be release in second half of the year 2019.*

SOFT DRINK GROUP

CREATING VALUE FOR SOCIETY

As a multinational beverage company operating in ten countries, we are aware of the impact that our activities have on the community and the environment and of our associated responsibility as well. In all of our operating countries, while going towards our vision of being the best company in the fast-moving consumer goods sector, we abide strictly by the principles of being a responsible corporate citizen, and we promote sustainability principles by incorporating them into all of our processes.

We manage our sustainability strategy taking into account our stakeholders' priorities and United Nations Sustainable Development Goals. The part of that strategy which is related to "Community" also informs CCI's approach to community development and its environmental footprint.

COMMUNITY DEVELOPMENT

A fundamental CCI objective is to be recognized as one of the most responsible of corporate citizens by all of its stakeholders. To this end we give importance to the wellbeing and quality of life of the communities in which we operate and we undertake a variety of projects to enhance both. In the area of community development, we prioritize voluntarism and issues involving the empowerment of young people and women.

Economic Impact

We contribute both directly and indirectly to the local economy in the countries where we conduct our operations. Our products are manufactured, distributed, and sold locally and, to the degree possible, our raw materials are obtained from local sources. Every Coca-Cola bottle creates added value in many different ways on its journey from plants to consumers. That's because a wide range of sectors such as agriculture, energy, manufacturing, logistics, transport, distribution, retailing, refrigeration, advertising, media, and packaging all play a role in the production of even a single Coca-Cola bottle. Our suppliers are an important part in the creation of this impact. Our local procurements policy supports the sustainable development of local economies and we in turn support our suppliers' sustainable growth through effective supplier development programs.

Our operations support employment throughout our value-creation chain. We recruit and hire locally, pay local taxes, procure products, services, and production necessities from local suppliers, and support communally-beneficial projects, all with the aim of helping to improve the wellbeing of local communities.

According to one independently-conducted economic study, CCI's production multiplier in Pakistan is five-fold. What that means is that for every rupee which it spends in Pakistan, CCI generates five rupees for the country's economy. According to the same study, CCI's tax multiplier in Pakistan is two-fold: in other words every rupee of tax which the company pays has the effect of creating two in revenue for Pakistan's treasury. In Turkey, every lira in value which Coca-Cola Turkey creates generates about ten liras in value for the country's economy. Besides creating added value on the order of TL 4.1 billion for the Turkish retailing industry, our operations provide income for 160 thousand farmers.

Employee Voluntarism

In our efforts to help create stronger societies, we support our employees' voluntary participation in socially beneficial activities. We cooperate with local and international NGOs and we encourage our employees to play an active role in them as volunteers. During 2017, a thousand CCI volunteer employees in seventeen of Turkey's provinces took part in twelve voluntary programs benefitting poor women, children, and families, the handicapped, refugee children, and the elderly. Through our Employee Contributions Fund, we doubled the donations which our employees made to socially beneficial associations and foundations.

Empowering Young People and Women

Empowering young people and women is a matter of priority concern for a company serving a country more than half of whose people are of a young age. Our efforts to contribute to the wellbeing of young people come together in two areas in particular: entrepreneurship and sport. Through our "3.2. 1. Move! " program we supported 152 physical education teachers at 131 state schools while more than 150 thousand young people took part in the program's sport and group activities in fifteen of Turkey's cities. Through the many different sport and development projects that it has undertaken across its region, CCI has reached nearly 700 thousand young people in all.

Similarly we are also aware of the critical importance that enhancing the entrepreneurial potential of women has for social development. We have been a signatory to the Women's Empowerment Principles (WEP) project since May 2015 and we continue to support women through many projects that our employees voluntarily take part in. Through training provided voluntarily by our employees, we also support our business partner Coca-Cola Turkey's "My Sister" project, which has so far reached more than two thousand people in nineteen of the country's provinces.

CCI Pakistan Provides Clean Drinking Water for more than 750 thousand People

The Paani Clean Water Project was launched in 2014 as a collaborative effort on the part of CCI Pakistan and the World Wildlife Fund (WWF) to increase people's access to clean drinking water. As of end-2017, twenty-four filtration plants supplying clean drinking water for free to local communities had been opened in such cities as Karachi, Rahim Yar Khan, and Lahore. Each filtration plant has the capacity to produce more than 2 thousand liters of clean drinking water an hour and serves more than 20 thousand people every day. The Paani Clean Water Project provides more than 750 thousand people with access to water. The project's plants not only help improve local communities' quality of life but also reduce the risk of the spread of water-borne diseases. The project's environmental impact study, which was conducted by WWF, identified a significant (10-15%) drop in the incidence of water-borne diseases among the communities benefitting from the project. In 2019 we plan to add four new plants to the Paani Clean Water Project's portfolio.

ENVIRONMENTAL FOOTPRINT

As a company with twenty-six plants and operations across a broad region, we are aware of the direct link between environmental sustainability and our business. For that reason, we are constantly looking for ways to use fewer resources while also producing more. Our environmental approach involves an in-depth focus on three primary areas: energy efficiency and climate protection, water management, and sustainable packaging.

In addition to these broad focus areas, we also monitor and manage our atmospheric emissions and the quality of the waste water that we discharge in accordance with applicable national regulations in each country as well as with The Coca-Cola Company's (TCCC) own standards.

We conduct all of our operations with a conscientious awareness of our environmental impact. In line with this, we are constantly mindful of local laws and regulations, international standards, and the specifications of Coca-Cola Operating Requirements (KORE). All twenty-six of our plants in the ten countries in which we have operations have been awarded ISO 14001 Environmental Management System certification. All of our plants, sales operations, and offices in Turkey are certified for compliance with the requirements of ISO 50001 Energy Management System and of ISO 14064-1 Greenhouse Gases standards.

Total waste-recycling rates are **96.0%** in Turkey, **91.90%** in Jordan, **90.0%** in Kazakhstan, **97.8%** in Azerbaijan, **94.4%** in Pakistan, and **97.7%** in Kyrgyzstan.

Key Performance Indicators

COUNTRY	YEAR	ENERGY USE (MJ/L)	GHG (GRCO$_2$-E/L)	WATER USE (L/L)	TOTAL WASTE RECOVERY (%)
TURKEY	2017	0.27*	40.43**	1.56*	96.00
	2020 TARGET	0.28	28.54	1.35	98
JORDAN	2017	0.25	38.78	1.44	91.90
	2020 TARGET	0.23	50.00	1.41	94
KAZAKHSTAN	2017	0.655***	58.62	1.59	90.00
	2020 TARGET	0.644	45.00	1.55	92
AZERBAIJAN	2017	0.38	55.66	1.73	97.80
	2020 TARGET	0.35	55.00	1.70	98
PAKISTAN	2017	0.38	40.47	1.93	94.44
	2020 TARGET	0.37	tbd	1.78	98.6
KYRGZSTAN	2017	0.44	54.20	1.65	97.70
	2020 TARGET	0.45	53.00	1.57	98.50

* Granted "limited assurance" status by independent auditors Ernst & Young.
** Confirmed by SGS.
*** Kazakhstan values indicate Total Energy Use.

Energy Efficiency and Climate Protection

As one of the world's most critical issues today, climate change poses serious risks for us all. Throughout its operations, CCI undertakes projects aimed at reducing its energy use and its greenhouse gas emissions. Through projects carried out in 2017, we conserved a total of about 31 million MJ of energy in plants located in six of our ten operational countries while also reducing our carbon emissions by 3,305 tons. Through our Energy Management Devices program we have saved about 468 million kWh of electricity and reduced our CO_2 emissions by 79 thousand tons, or the amount of atmospheric carbon dioxide gas absorbed by 6.6 million trees in a single year.

Water Management

There is a direct link between our business sustainability and water use sustainability. For this reason, minimizing our impact on water resources and ensuring that water is used efficiently in our operations are matters of the highest priority for us.

In order to increase overall water use efficiency in all CCI plants, every year we develop, invest in, and implement water conservation programs in line with our Operational Excellence Culture. We conserved about 331,785 m^3 of water in six of our ten operational countries in 2017.

In order to mitigate water-associated risks, we conduct a Resource Water Sensitivity Assessment in partnership with external water experts once every five years for each of our plants. The results of these assessments are taken into account in "Resource Water Protection Action Plans", whose performance is reviewed annually. The second round of our Resource Water Sensitivity Assessments was initiated in 2016 and will be completed for all CCI plants by 2020.

As CCI, we are committed to TCCC's globally-declared goal of recovering every drop of water that is used in operations and returning it to the ecosystem. In order to undertake and support projects aimed at meeting local water requirements in matters ranging from ensuring access to safe water on the one hand to protecting watersheds and using water efficiently on the other, TCCC works together with communities, governments, and third-party agencies and organizations. Through projects carried out in Turkey, we have restored 4.27 million liters of water to the ecosystem, an amount that corresponds to 150% of the water that we use in all of our operational processes in Turkey.

Sustainable Packaging

Packaging is an important aspect of our product quality not least because it ensures that our products reach customers and consumers safely. Our sustainable packaging efforts focus especially on conserving resources and on reducing their energy-use requirements. Through such efforts we not only contribute to the cyclical economy but also reduce the environmental impact of our packaging, which makes up one of the biggest components of our carbon footprint. Through our sustainable packaging program we have conserved 2,732.5 tons of PET raw material in six of our ten operational countries. In Turkey, we have introduced

PlantBottle technology, a recyclable PET plastic partially made from plants, and are using it in the 330 and 1,000 ml containers of our Damla-brand water products. We are already achieving high waste-recycling rates on the order of 96.0% in Turkey, 91.90% in Jordan, 90.0% in Kazakhstan, 97.8% in Azerbaijan, 94.4% in Pakistan, and 97.7% in Kyrgyzstan.

CCI's Tenth Sustainability Report Published

CCI's tenth sustainability report, which covers the January-December 2017 period, was published in September 2018. This report was prepared in compliance with the "Basic" option of the GRI Sustainability Reporting Principles. Providing information about the performance results of CCI's sustainability practices in Turkey, Jordan, Azerbaijan, Kazakhstan, Pakistan, and Kyrgyzstan, the report's independent auditors granted it "Limited Assurance" status. The report is also the first progress report providing information about CCI's compliance with UN Global Compact and UN Women's Empowerment Principles.

This report was also the silver winner in the LACP Inspire Awards and received a 97/100 score on the basis of the criteria of "First Impression", "Overall Narrative", "Overall Visual Design", "Creativity" and "Message Clarity".

TURKEY

CCI Turkey Plant Energy Efficiency Investments Attract Attention

In the 2017 Global Sustainability performance results announced by TCCC, CCI was cited for its energy efficiency investments at its Köyceğiz and Sapanca plants and for its water efficiency investments at its Elazığ plant. In the league tables of more than nine hundred bottling and manufacturing plants that make up the Coca-Cola System, Köyceğiz, Elazığ, and Sapanca ranked 6th, 8th, and 10th respectively. CCI continues to attract widespread attention for its superior energy efficiency performance as well as for its efforts both to support Coca-Cola's global commitments and to reduce its environmental footprint.

CCI Turkey Introduces "Zero-Waste" Manufacturing

Focusing on projects to create sustainable value for the environment, CCI continues to be a model for all of Turkey. In keeping with its "Zero Solid Waste" vision, our company is constantly reducing the amounts of waste that it generates while also improving its recycling performance as well.

Zero-waste" manufacturing processes have been introduced at CCI's Ankara and Çorlu plants. In May, our Ankara plant was visited and inspected by Professor Mustafa Öztürk, a Ministry of Environment and Urbanization undersecretary. The scope of zero-waste manufacturing is to be expanded to encompass all CCI plants in Turkey.

IRAQ

CCI's Iraq Erbil Plant Carries Out Two Sustainability Projects

In 2018 CCI's Iraq Erbil plant undertook two major projects to improve use of water and energy in its production processes. The first of these projects is focused on recovering water that is used in washing. The second is a "behavioral energy efficiency" project that is designed to increase energy-efficiency awareness among employees.

KYRGYZSTAN

CCI Kyrgyzstan Plants more than Two Hundred Trees

Over the last two years, CCI Kyrgyzstan has helped to plant more than two hundred trees. During the project, about a hundred CCI employees and their kids took part in tree-planting activities in April. The Central Asia Corporate Social Responsibility Committee cited CCI for its proactive efforts on behalf of "greening" the urban landscape and creating environmental value.

CCI Kyrgyzstan Receives Kyrgyz Republic Ministry of Economy Award

In September, the Kyrgyz Republic Ministry of Economy awarded CCI Kyrgyzstan a certificate honoring its active participation in efforts to contribute to the country's national economy. Along with the citation, the company also received a letter of appreciation stressing the importance of the economic role that it plays at the countrywide level.

KAZAKHSTAN

CCI Kazakhstan Receives Prestigious "PARYZ" State Award

In December, CCI Kazakhstan became the recipient of Kazakhstan's prestigious "PARYZ" award, the country's highest state-bestowed honor. This award is especially important because it is the only one that is handed out personally by Kazakhstan President Nursultan Nazarbayev to commercial enterprises. CCI Kazakhstan received this award not just for its business activities but also in recognition of its overall contributions to the country's sustainable development.

CCI Kazakhstan's "Football Infrastructure Tournament"

Since 2006, CCI Kazakhstan has been organizing an annual "Football Infrastructure Tournament" for schoolchildren in the 14-15 age group. Some 80% of the country's schools take part in this tournament every year. Known locally as the "Coca-Cola Bylgary Dop " ("Grassroots Football") tournament, the current round began in September 2018 and will continue until March 2019 with the involvement of more than 400 thousand children from about 6 thousand schools.

CCI Kazakhstan Extends the 3.2.1.Move! Project to the Whole Country

Having launched the 3.2.1.Move! project to support the country's young entrepreneurs in their efforts to deal with specific social and ecological issues, CCI Kazakhstan further expanded the scope of the project in 2017. Young people in the 18-29 age group were granted a second round of CCI Kazakhstan support to undertake socially-meaningful projects that they come up with. All of the project's semifinalists take part in business development training that focuses on such matters as business planning, online sales, marketing and public relations strategies, financial literacy, and presentation skills.

Those with projects deemed to be the best are also provided with financing in order to realize them. Project implementation processes are being coordinated by the Eurasian Fund.

In 2017, 72 applications were received from would-be participants all over Kazakhstan. From among these, ten projects made it to the semifinals, with the top three projects being successfully carried out. The second round of 3.2.1.Move! got under way in February 2018. This program attracted 80 applications and ten semifinalists took part in and completed the business development program, after which their projects were evaluated by NGO, government, and media representatives. The top two projects were successfully carried out.

For the third round of 3.2.1.Move! CCI Kazakhstan worked with the Kazakhstan Ministry of Education in order to expand the scope of the program to embrace all of the country's universities. Consultation centers were opened on two campuses of Alma University in the cities of Almaty and Astana. A great environment festival was organized in Almaty in November. During this festival, more than two hundred guest environment-related startups took part in the exhibition and had a chance to hear the success stories of previous rounds' winners. The winners of the third 3.2.1.Move! program will be announced at the finals, which are due to take place in March 2019.

PAKISTAN

The Paani Clean Water Project was launched in 2014 as a collaborative effort on the part of CCI Pakistan and the World Wildlife Fund (WWF) to increase people's access to clean drinking water. As of end-2017, twenty-four filtration plants supplying clean drinking water for free to local communities had been opened in such cities as Karachi, Rahim Yar Khan, and Lahore. Each filtration plant has the capacity to produce more than 2 thousand liters of clean drinking water an hour and serves more than 20 thousand people every day. The Paani Clean Water Project provides more than 750 thousand people with access to water. The project's plants not only help improve local communities' quality of life but also reduce the risk of the spread of water-borne diseases. The project's environmental impact study, which was conducted by WWF, identified a significant (10-15%) drop in the incidence of water-borne diseases among the communities benefitting from the project. In 2019 we plan to add four new plants to the Paani Clean Water Project's portfolio.

JORDAN

CCI Jordan Celebrates International Women's Day by Supporting Local Women

CCI Jordan celebrated International Women's Day (IWD) this year at Khayrat Souf, a cafe run by a group of women who opened to combat unemployment among women and to create a community of strong female leaders. CCI Jordan representatives visiting the cafe listened to the success stories of female entrepreneurs and also celebrated those successes with gifts.

CCI Jordan Support for Madaba UNESCO Celebrations

As part of its commitment to support local communities in Madaba, a city about 40 kms southwest of Jordan's capital Amman , CCI Jordan was a sponsor for the December celebrations attended by Prime Minister Hani Mulki to mark the inclusion of Madaba in the UNESCO Creative Cities Network in the "Crafts and Folk Art" category on account of ancient local traditions of mosaic art. Madaba's mayor thanked CCI Jordan for its ongoing contributions to Madaba's development by providing jobs and supporting events of this kind.

CCI carried out different projects in **TURKEY, IRAQ, KYRGZSTAN, PAKISTAN, JORDAN, KAZAKHSTAN, TAJIKISTAN** and **TURKMENISTAN** during the year.

TURKMENISTAN

CCI Turkmenistan Takes Part in UNDP Interactive Dialogues

In October, CCI Turkmenistan took part in interactive dialogue activities organized by the United Nations Development Programme (UNDEP) on the occasion of World Cities Day. During its participation, company representatives noted CCI Turkmenistan's contributions to the country's environment, recycling, and energy and water conservation efforts based on figures taken from CCI's 2017 sustainability report.

CCI Turkmenistan's Football Infrastructure Tournament

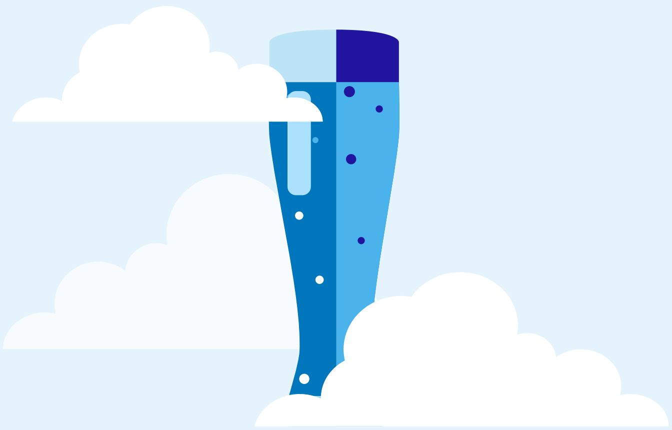
The 2018 Turkmenistan Football Infrastructure Tournament, which is also known as the "Coca-Cola Schools Cup ", was held on 23 April to 11 May in Aşgabat. About 12 thousand young people in the 12-14 age group from 140 schools in Aşgabat took part in the tournament, which was organized jointly by CCI Turkmenistan, the Turkmenistan Football Federation, the Turkmenistan Sports Committee, and the Ministry of Education.

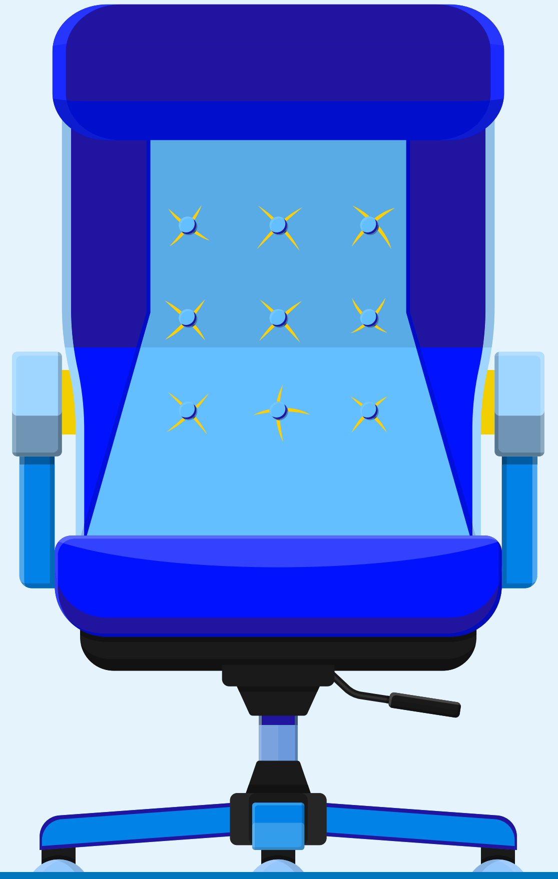
TAJIKISTAN

CCI Tajikistan Supports Hearing Impaired Association Football Tournament

In line with our commitment to create value for people in the countries where we have operations, we are cooperating with Tajikistan's Hearing Impaired Association and sponsoring its events.

One of these activities was a football tournament in which twenty members of the association took part and which we sponsored through our BonAqua brand.





Corporate Governance

CODE OF BUSINESS CONDUCT AND ETHICS
INVESTOR AND SHAREHOLDER RELATIONS
CREDIT RATINGS
CORPORATE GOVERNANCE COMPLIACE REPORT

CODE OF BUSINESS CONDUCT AND ETHICS

Code of Business Conduct and Ethics which was developed to serve the interests of the stakeholders in a RIGHT AND CONVENIENT way, is binding for all Anadolu Efes employees including management

Anadolu Efes complies with all applicable laws and legal regulations in the countries where it operates. In addition, company policies, strategies and business processes are devised carefully in accordance with internationally accepted norms and the company ensures that its employees comply with the same.

Having embraced the corporate governance notion and core values of the Anadolu Group, of which it is a member, Anadolu Efes has developed structures and principles that will optimally serve to the interests of its shareholders and all of its stakeholders, and has produced a detailed "Code of Business Conduct and Ethics" ("the Code").

The set of rules captured in this document, which is also made public on the corporate website, is based on the Corporate Governance Principles introduced for publicly-held joint stock companies by the Capital Markets Board of Turkey (CMB), other applicable CMB legislation, and the ethical values and corporate culture of Anadolu Efes.

This Code of Business Conduct and Ethics (the "Code") is applicable for all Company operations and binding for all Anadolu Efes employees including Board members. In addition, distributors, suppliers, and other business partners are all expected to comply with the Code.

ANADOLU EFES CODE OF BUSINESS CONDUCT AND ETHICS

Human Rights, Discrimination and Harassment

In its operations, Anadolu Efes respects internationally recognized human rights, related International Labour Organization (ILO) articles, UN Universal Declaration of Human Rights.

Environmental Responsibility

Placing environmental sustainability at the core of its business, Anadolu Efes continues to be committed to reduce its impact on the environment. As a signatory to UN Global Compact and CEO Water Mandate, Anadolu Efes has undertaken to abide by the core elements of the Mandate.

Responsible Marketing

Producing and selling its products in a geography where they are enjoyed by millions of consumers, Anadolu Efes complies not just with laws and regulations, but also adheres to the general principles of fair competition and good business practice.

Occupational Health and Safety

Anadolu Efes implements an effective health and safety management system to provide a safe, healthy and incident-free workplace for all employees, contractors and visitors.

Responsible Drinking

Anadolu Efes supports moderate and responsible consumption of alcoholic beverages with due observance of the applicable legislation.

Business and Financial Records

All business and financial records, accounts and financial statements of Anadolu Efes are kept accurately and in reasonable detail. These records duly represent the company's operations,

and ensure that the company timely meets its legal and regulatory obligations.

Company Assets

Company assets and resources are used in an efficient, careful and professional manner and for their intended business purpose only.

Social Media

In line with the corporate culture of Anadolu Efes; employees must not share on their personal accounts on social media/ networks any confidential or strategic information including but not limited to trade secrets of the company, or any negative content that might damage the company's reputation.

Confidential Information

Unauthorized disclosure of confidential information, strategic plans and/or information, which is not generally available to the public, is strictly prohibited.

Insider Trading

At Anadolu Efes, which is a publicly traded company, all employees are prohibited from engaging in insider trading or from using or disclosing confidential information of the company to derive any financial or commercial benefits.

Conflicts of Interest

Anadolu Efes has taken all necessary measures to prevent personal interests and relationships within the company from creating an obstacle against the ability to take the decisions that will produce the optimum results to the company's benefit, and to preclude conflicts of interest.

Anti-Bribery and Anti-Corruption

Anadolu Efes has a zero tolerance policy towards bribery and corruption. This attitude extends to all businesses and transactions in all countries in which it operates.

Gifts, Entertainment and Hospitality

Anadolu Efes considers offering or receiving gifts, entertainment or hospitality as customary courtesies designed to build goodwill among business partners. However, the company urges avoidance of such behaviors if they tend to give rise to the perception that the same is unfairly influencing a business relationship.

Political Contributions

Anadolu Efes does not make any donations to politicians or political parties, nor does it allow company assets to be used for political activities.

Relations with Business Partners

Anadolu Efes expects that its suppliers and business partners will take no action contrary to the business principles it has established and that they will comply with the company guidelines with respect to society, environment and ethics.

Competition Compliance

Having adopted and internalized fair competition, Anadolu Efes abides by all applicable competition laws in the countries of operation.

For further details, please visit:
www.anadoluefes.com

INVESTOR AND SHAREHOLDER RELATIONS

DISCLOSURE POLICY

Anadolu Efes treats all shareholders and other stakeholders equally, adhering to the principles of accuracy, impartiality, consistency and timeliness. The fundamental principle is to make the disclosures in a timely, accurate, complete, clear and analyzable manner, easily available to all at low-cost and in a fashion considering the Company's own rights and responsibilities, as well. The Disclosure Policy formulated in this context is available on the corporate website.

Shareholders' and other stakeholders' requests for information and meetings are dealt within the frame of the Disclosure Policy and no additional information is divulged beyond which has already been publicly disclosed.

Shareholders' and/or investors' requests for information about undisclosed topics are dealt within the same manner. All shareholders and investors are simultaneously informed by means of special case announcements and/or press releases.

INVESTOR RELATIONS

Anadolu Efes maintains active and transparent communication with all stakeholders–including, but not limited to, domestic and international shareholders, stakeholders, investors, and capital market institutions. The company's investor relations are conducted by the Investor Relations and Treasury Department, which operates under the Finance Directorate. The Investor Relations and Treasury Department takes on an active role in the protection of shareholder rights and in the facilitation of their exercise.

During 2018, a total of 303 meetings took place with domestic and international institutional and private investors and shareholders, addressing the company's business results, performance, and other developments in the reporting period.

Anadolu Efes regularly takes part in domestic and international investor conferences and other meetings that are intended to provide shareholders and investors with information about the company. Company representatives attended 10 conferences in Turkey and abroad and one roadshow was organized during 2018.

Anadolu Efes' operating results, performance and other developments during the reporting period, along with all sorts of information and announcements that are of a nature to affect the exercise of shareholding rights are made available to shareholders in an up-to-date manner on the corporate website. This corporate website www.anadoluefes.com serves as a bilingual communication channel provided in Turkish and English languages as required by the CMB's Corporate Governance Principles.

Public disclosures made by the company and a copy each of the presentations used in domestic and overseas meetings are available on the corporate website. Also accessible on the website are the quarterly financial results and notes thereto, and the annual reports published in both Turkish and English languages.

Various communication tools are also used for public disclosure purposes in addition to conventional information distribution channels. Accordingly, public disclosures made by the company are sent by electronic mail directly to those stakeholders who make a specific request and convey their contact information via the website or other means.

CREDIT RATINGS

International credit rating agencies closely watch Anadolu Efes' financial and operational performance.

Invesment grade rating assigned by Standard & Poor's ("S&P") in 2012 was successfully maintained in 2018 at BBB- with a Stable outlook. In its report on September 5, 2018, S&P put emphasis on Anadolu Efes' diversified beverage portfolio between beer and soft drinks with stronger market position in Russian beer market and strong position in profitable Turkish market and also underlines positive growth prospects coming from soft drink markets. S&P also considered Company's prudent funding and financial policies as well as hedge coverage as supportive during volatile foreign-exchange movements.

Following its decision on March 7, 2018 to downgrade Turkey's government rating to Ba2 from Ba1, Moody's has assessed the ratings of Turkish corporates and downgraded Anadolu Efes' credit rating by one notch from Baa3 to Ba1. In its report, Moody's stated that it recognizes Anadolu Efes' investment grade financial profile and market leadership position, however high dependence on Turkish operations for revenue and cash flow generation has driven the rating decision. Moody's then revised Turkey's Sovereign rating to Ba3 from Ba2, and conducted a review on Anadolu Efes' credit ratings which was downgraded by one notch from Ba1 to Ba2 with a negative outlook. In its report on August 29, 2018, Moody's emphasized again Anadolu Efes' healthy balance sheet, strong liquidity position and robust business profile as well as leadership position in the Turkish market, the material cash flow contribution from improving Russian operations, supported by the substantial equity value driving from CCI, however stated that high dependence on Turkish operations for revenue and cash flow generation has led to such rating decision.

CREDIT RATING AGENCY	LATEST REVIEW	RATING TYPE	CREDIT RATING	OUTLOOK
Moody's	28.08.2018	Long-term Issuer Rating	Ba2	Negative
Standard And Poors	5.09.2018 (Affirmation)	Long-term Corporate Credit Rating	BBB- (Investment grade)	Stable

ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş. CORPORATE GOVERNANCE COMPLIANCE REPORT

Adopting the corporate governance understanding as an indispensable component in its activities, Anadolu Efes works within the framework of all existing regulations and the "Corporate Governance Principles", which are prepared by CMB, and adopts these principles as an important part of its management understanding. Furthermore, our Company aims to develop structures and principles that are appropriate for the conduct of our business which will serve best for the benefit of our shareholders and other stakeholders.

As a result of the studies conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA - Corporate Governance and Credit Rating Services Inc.), Anadolu Efes received a Corporate Governance Rating of 81.0 and qualified for listing in the BIST Corporate Governance Index in 2008. In the subsequent years, SAHA's studies indicated a steady increase in the Corporate Governance Rating of Anadolu Efes and the Corporate Governance Rating of our company was finally recorded as 95.8 as of 18.05.2018.

The rating mentioned above was determined by attaching specific weights to the rating under four sub-categories. In this context, below is the distribution of the Corporate Governance Rating according to main categories.

MAIN SECTIONS	WEIGHT	NOTE
Shareholders	25%	95.3
Public Disclosure & Transparency	25%	98.5
Stakeholders	15%	99.5
Board of Directors	35%	92.8
Total	100%	95.8

The Corporate Governance Rating Reports, which have been published by SAHA, are available on the Company's website, www.anadoluefes.com.

SECTION I. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE DISCLOSURE

The Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (DFSF) prepared in accordance with the resolution of the Capital Markets Board dated 10.01.2019 and numbered 2/49 can be accessed in the Corporate Governance section of the Company's summary page. https://www.kap.org.tr/en/sirket-bilgileri/ozet/858-anadolu-efes-biracilik-ve-malt-sanayii-a-s

Anadolu Efes conducts all of its operations within the framework of all existing regulations and the "Corporate Governance Principles", which are prepared by CMB. The Corporate Governance Compliance Report includes information regarding the application of each item of the Corporate Governance Principles by our company, as well as if there are principles which were not applied, the reasons for not applying these principles, the conflicts of interest arising from not applying these principles and whether there is a plan to change the company's management applications in the framework of the principles.

Our Company has complied with the Corporate Governance Principles issued by CMB except for the below-mentioned provisions that were voluntary, in the period of 01.01.2018-31.12.2018. There are no conflicts of interest arising from the below-mentioned provisions that are not implemented.

- Although in the previous years, more than one woman member was present in our Board of Directors, currently, there are no women Board members. It is recommended by the Corporate Governance Committee to the Board of Directors to include women members in the Board in the coming years and our efforts continue within this regard.

- In accordance with the Article 4.6.5 of Corporate Governance Principles, the remunerations and all other benefits provided to Board members and managers having administrative responsibilities are made public through our annual report. The remuneration of the independent Board members is included and it is also stated that the other members of the Board are not getting paid. As in previous years, the total amount of salaries paid to executives with administrative responsibility has been included and no breakdown has been given on a person basis.

UĞUR BAYAR
Corporate Governance Committee Chairman

KAMİLHAN SÜLEYMAN YAZICI
Corporate Governance Committee Member

STUART MURRAY MACFARLANE
Corporate Governance Committee Member

YILMAZ ARGÜDEN
Corporate Governance Committee Member

ÇİÇEK UŞAKLIGİL ÖZGÜNEŞ
Corporate Governance Committee Member

SECTION II - SHAREHOLDERS

2.1 Investor Relations Unit

Our company has adopted the principle of treating each shareholder equally, and the Investor Relations and Treasury Department, established within our Company's Finance Directorate, continued to conduct the relations with our shareholders.

The individuals in charge of Investor Relations in our Company's Investor Relations Unit in 2018, are provided below. Çiçek Uşaklıgil Özgüneş, Investor Relations and Treasury Director, is working full-time and directly reporting to Onur Çevikel, CFO. Investor Relations Manager R. Aslı Demirel and Investor Relations and Treasury Supervisor Özgün Ökten are working full-time and reporting to Çiçek Uşaklıgil Özgüneş. Additionally, Çiçek Uşaklıgil Özgüneş is working as the member of the Corporate Governance Committee.

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Licenses: CMB Capital Market Activities Advanced Level License and CMB Corporate Governance Rating Specialist License

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*Effective January 1, 2019, N. Orhun Köstem is appointed in place of Onur Çevikel. E-mail: orhun.kostem@anadoluefes.com

Investor Relations Unit plays an essential role in accordance with the protection of shareholders rights and making usage of these rights easier particularly the rights to obtain information and the rights to examine.

In accordance with the Disclosure Policy of our company, information regarding operations and performance of our company as well as other events are shared, through meetings with shareholders, investors, research specialists of intermediary institutions and other stakeholders. In addition, any type of information and explanation that may affect the exercise of the shareholders' rights are uploaded and updated on a regular basis on our website for the usage of the shareholders.

During 2018, meetings were conducted with a total of 303 investors including local and international institutional and individual investors, shareholders, and analysts concerning issues related to the company's business results, performance, and other developments during the reporting period. Anadolu Efes also participates in conferences in Turkey and abroad and other meetings to provide shareholders and investors information about the company. In this context, in 2018, company representatives took part in ten conferences in Turkey and abroad.

The Corporate Governance Committee is responsible for monitoring the activities of the Investor Relations Unit of our company. Within this context, the Committee determines the standards for all announcements and main principles of investor relations, reviews these standards and principles and compliance with these every year, and gives necessary advices to the Board of Directors. The report that is prepared by the Investor Relations Unit regarding its activities and submitted to the Corporate Governance Committee at every meeting held by the Committee is also submitted to the Board of Directors by the Committee. In 2018, eight Committee meetings were held, whose dates are provided in Attachment-1.

Details regarding the activities performed by this department in 2018 can be found in our Company's 2018 Annual Report.

2.2. Exercise of the Information Rights by Shareholders

Information requests of shareholders are evaluated in accordance with our company's Disclosure Policy. Additionally, as mentioned above, any type of information and announcement which may affect the exercise of the shareholders' rights are put and updated on a regular basis on our website and through our IR application for the usage of the shareholders. Our Disclosure Policy dictates equal treatment of all our shareholders and investors, and provides that accurate disclosure with similar content reach to everyone at the same time.

While shareholder's right to get and examine information given by laws, is not abolished or limited by the articles of association or the decision of any bodies of the company; every mechanism has been set up in order to ensure that shareholders use this right fully.

The Company's articles of association do not include an article that obstructs special audit and the management avoids any action that makes special audit process difficult. Our company acts in accordance with the relevant articles of Turkish Commercial Law regarding the right to ask for a special audit. In 2018, there has not been any request by shareholders for the assignment of a special auditor.

2.3. General Assembly Meetings

The General Assembly meetings of our company are held in accordance with the principles of the Corporate Governance Principles' "General Assembly" section.

In its meeting dated 23.03.2018, our Board of Directors resolved to hold the Annual Ordinary General Assembly Meeting regarding the Company's 2017 calendar year operations on 16.04.2018 Thursday at 14:00 at the address "Dudullu OSB, Deniz Feneri Sk. No:4 Ümraniye 34776 Istanbul" and this resolution was announced to public the same day through Public Disclosure Platform.

For the year 2017, the balance sheet and income statement, Annual Report of the Board of Directors and the Corporate Governance Compliance report as its attachment, dividend distribution proposal of the Board of Directors, Independent External Audit Report and an information document regarding the agenda were made ready for the evaluation of our shareholders at our headquarters and our website at www.anadoluefes.com, 21 days earlier than the date of the General Assembly. Also the proxy documents that were required for participation via proxy to the General Assembly were made available at our website in order to ease the participation to the meeting.

On the website of our company, in addition to the announcement of the General Assembly, disclosures and statements that are mandatory to be made according to the regulations, as well as all matters required to be announced according to Corporate Governance Principles, were disclosed to shareholders. Namely;

- Total number of shares which reflect the current shareholding structure of the company and the voting rights of shares were announced on our website on the date of announcement of the General Assembly meeting.

- The General Assembly information document regarding the items on the agenda prepared for the Ordinary General Assembly Meeting which included information about the candidates, who were nominated for the independent Board memberships in line with Corporate Governance Principles. The candidates for the independent board memberships submitted written statements to the Nomination Committee, at the time that they were proposed as candidates, regarding their independence within the framework of the law, Articles of Association and the Corporate Governance Principles.

- While preparing the agenda of the General Assembly, every proposal has been given in a separate heading and these headings were made clear in a way that would not cause different interpretations. Strict attention has been paid not to use expressions such as "other", "various (miscellaneous)" on the agenda. The information given before the general assembly has been given together with a reference to the related articles of the agenda.

- While preparing the agenda of the Ordinary General Assembly Meeting, there has not been any written requests, which the shareholders delivered to the Investor Relations Unit in writing to be included on the agenda. Likewise, shareholders, CMB or other government institutions, which are related to the company, have not delivered any written agenda item requests to be added to the agenda.

- In order to increase the attendance of the shareholders to the General Assembly, it is aimed to hold the meetings without causing any inequalities between shareholders and enable shareholders to attend these meetings with a minimum cost. In this context, the 2017 Ordinary General Assembly Meeting was held on 16.04.2018 in İstanbul where the headquarters of the company is registered, also in accordance with the articles of association.

• The Chairman of the meeting has obtained the required information and has done the necessary preparations in order to conduct the General Assembly as per the Turkish Commercial Code, related laws and legislations.

• The chairman of the Ordinary General Assembly has taken specific care in conveying the information about the subjects on the agenda objectively and in a detailed, clear and unbiased way. The shareholders have been given opportunities under equal conditions in explaining their considerations and questions. The chairman of the General Assembly has made sure that the questions asked by the shareholders and the questions which were not considered as trade secret have been answered directly in the General Assembly meeting. During the Ordinary General Assembly Meeting, there has not been any question irrelevant to the topics on the agenda or extensive such that they cannot be answered immediately. Questions asked during the General Assembly meeting and responses to these were recorded in the meeting minutes.

• In accordance with the Corporate Governance Principle article 1.3.7., there has not been any transaction in which persons who have privilege to access company information, had done on their behalf within the company's field of activity.

• The board of directors and other related persons, the ones who have responsibility in preparing the financial reports, and auditors have been present in the General Assembly meeting in order to provide the necessary information and answer the questions about the important subjects on the agenda in particular.

• Although there is no such article on our articles of association, the General Assembly meetings of our company are open to public including the stakeholders and the media without having the right to speak. In the Ordinary General Assembly Meeting held in 16.04.2018, there were no attendances by any stakeholders or the media apart from Company representatives that are mentioned in the previous provision.

• There has not been any transaction that required the approval of the majority of the independent Board members for the Board of Directors to take a decision, and where the decision was left to be resolved by the General Assembly because this condition was not met.

• Shareholders who have a management control, members of the Board of Directors, managers with administrative responsibility and their spouses, relatives by blood or marriage up to second degree have not conducted a significant transaction with the company or subsidiaries thereof which may cause a conflict of interest, or/and conduct a transaction on behalf of themselves or a third party which is in the field of activity of the company or subsidiaries thereof, or become an unlimited shareholder to a corporation which operates in the same field of activity with the company or subsidiaries thereof. There were also no transactions conducted by persons who have the opportunity to access information of the company in a privileged way, on their behalf within the scope of the company's field of activity.

The 2017 Annual Ordinary General Assembly Meeting of our Company was held on 16.04.2018 with the participation of a total of 539,734,201.549 shares (91%) out of 592,105,263 shares constituting the capital amounting to TRL 592,105,263.00 of the Company.

Meeting minutes and List of Attendees were announced to public at the same day with the General Assembly through the Public Disclosure Platform. The General Assembly meeting minutes and Lists of Attendees are also available for the information of our shareholders at our website.

The following decisions were taken at the 2017 Ordinary General Assembly Meeting of our company:

• The Annual Report of the Board of Directors and reports of Board of Auditors and the Independent External Audit Company, as well as the financial statements for the calendar year 2017, were discussed and approved.

• The information was given to shareholders on the amounts and beneficiaries of donations and grants made by the Company in 2017; on any suretyship and guarantees granted or pledges including mortgages instituted by the Company in favor of third parties and related income and benefits.

TUNCAY ÖZİLHAN, KAMİLHAN SÜLEYMAN YAZICI, STUART MURRAY MACFARLANE, TALİP ALTUĞ AKSOY, SALİH METİN ECEVİT, MEHMET CEM KOZLU, AHMET BOYACIOĞLU, UĞUR BAYAR (Independent member), BARIŞ TAN (Independent member), ŞEVKİ ACUNER (Independent member) and İZZET KARACA (Independent member) were appointed in lieu of the released Directors of the Board for one year term.

• The selection of the DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the external audit company for 2018 fiscal year was approved.

• It was decided to distribute cash dividend of gross 0.4224 TL (net 0.35904 TL) per each share with 1 TL nominal value realizing a 42.24% gross dividend distribution, calculated for the period January-December 2018. The total proposed cash dividend of 250,105,263.09 TL will be distributed to 592,105,263 shares representing the paid-in capital of Anadolu Efes as of December 31, 2017 starting from May 29, 2018.

2.4. Voting Rights and Minority Rights

While our company avoids practices that make the use of voting rights difficult, the mechanisms have been set in order to enable every shareholder, including the cross-border ones, to use their voting rights in a proper and simple way. In this context, according to the Article 26 of the articles of association of the company regarding "Participation to General Assembly via Electronic Means", shareholders having the right to attend the General Assembly can attend the meeting electronically in accordance with article 1527 of Turkish Commercial Law. In accordance with this article of articles of association, at the 2017 Ordinary General Assembly meeting, shareholders and their representatives were able to use their rights as mentioned in the regulation.

While utmost care is given to the use of minority rights, our articles of association regulates the usage of all minority rights in accordance with regulations. While, Corporate Governance Principles enables provision of minority rights to shareholders with less than 1/20 share in capital in the articles of association; articles of association of our company does not include any article broadening the extent of minority rights compared to Law.

There are no privileged shares among the shares representing the paid-in capital of our Company. There is no cross shareholding relationship with the majority shareholders of our Company.

As there is no cross-ownership associated within our Company, therefore there occurred no voting in the General Assemblies of such companies.

2.5. Dividend Right

There is no privilege granted to shareholders regarding the distribution of dividends. Within the framework of compliance with Corporate Governance Principles, our Dividend Policy has been resolved to be handled as a written policy starting from 2005.

In line with our Dividend Distribution Policy, our Board of Directors resolved, in its meeting held on 01.03.2018, to submit a cash dividend proposal of gross 0.4224 TL (net 0. 35904 TL) per each share with 1 TL nominal value, realizing a 42.24% gross dividend distribution, calculated for the period January-December 2017, which amounts to a total proposed cash dividend of 250,105,263.09TL to be paid starting from May 29, 2018, for the approval of the General Assembly and this resolution was announced to public the same day through Public Disclosure Platform. The said resolution was approved in the Annual General Assembly Meeting held on 16.04.2018.

While dividend policy of our company is available on our website and annual report, detailed explanations and tables regarding the distribution of profit for the year 2018 are also provided in our Company's 2018 Annual Report.

2.6. Transfer of Shares

There are no provisions contained in the Company's Articles of Association restricting the transfer of shares, or provisions causing the transfer of shares difficult.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

Acting in compliance with the principles regarding Public Disclosure and Transparency of Corporate Governance Principles, our Disclosure Policy regulates such matters; information which will be disclosed apart from the ones pointed out in the legislation, how frequently and in what ways these information's shall be disclosed, how frequently the board and the managers shall meet with the media, how frequently meetings shall be arranged to inform the public, which method shall be followed in answering the questions to the company, etc.

The information which will be disclosed to the public should be helpful in decision making process of the persons and institutions and should be prepared on time, accurately, completely, comprehensibly, interpretably, and accessible with low costs with ease at "Public Disclosure Platform" (www.kap.org.tr), on our company's website and through our IR application for public use. Besides, Central Registry Agency's "e-GOVERNANCE: Corporate Governance and Investor Relations Portal" is used directly and effectively to give information to the shareholders.

During the year, 15 special case announcements were made in accordance with CMB regulations. All of the public disclosures were made on time and released on our website simultaneously.

While the Investor Relations and Treasury Directorate working within the Finance Directorate is responsible for pursuing the Corporate Disclosure Policy in co-ordination with the Corporate Governance Committee, the details of individuals in charge are presented under the section "Investor Relations Unit".

While announcing its year-end financial results, our company regularly discloses its expectations for the following year along with assumptions and the data on which these assumptions are based, through an information document available to public. During the year, in the case where estimates and the base for these expectations are not realized or it is understood that they are not going to be realized, the updated expectations are shared with public with the required explanation.

The Disclosure Policy is available at our Company website.

3.1. Corporate Website and Its Content

Our corporate website is at www.anadoluefes.com. In order for international investors to use it, in addition to Turkish, our website is prepared also in English. In public disclosure, our website is used actively and the information given on the website is updated on a regular basis. The information on our website is the same and consistent with the announcements which are done in accordance with the relevant regulation and it does not include conflicting or missing information. The letterhead of our company includes our website address. In our website, all information required as per Article no 2.1 in Section 2 of Corporate Governance Principles is available.

Announcements of financial statements, except for material events and footnotes which are mandatory to be disclosed to public in accordance with capital markets regulations, are simultaneously being disclosed at Public Disclosure Platform in English as well as in Turkish.

3.2. Annual Report

The annual report of our company is prepared in detail in a way that the public may access to the full and accurate information about the operations of our company, and includes information which is required by legislation and Article no 2.2 in Section 2 of the Corporate Governance Principles as well as the requirements specified in other Corporate Governance Principles.

SECTION IV - STAKEHOLDERS

4.1. Informing the Stakeholder

Stakeholders are persons, associations or interest groups such as employees, creditors, customers, suppliers, trade unions, several non-governmental organizations who are related to the matters on achieving the company's targets or that are related to the company's activities. Our company protects stakeholders' rights in transactions or activities conducted for the company which are set by the regulations or through the mutual contracts signed. If the rights of the stakeholders are not protected by regulations or with the mutual contracts, our company spends maximum effort to protect the rights of the stakeholders as much as possible in line with company means and within bona fide rules. Our Company acts in accordance with the Corporate Governance Principles regarding its relations with its stakeholders, and has established all necessary mechanisms. In the case of conflicts of interest that rise among the stakeholders or when a stakeholder is involved in more than one interest group; a balanced policy, as far as possible shall be followed with regard to protection of the vested rights and each right is aimed to be protected independently.

Anadolu Efes' Indemnity Policy as required by the non-mandatory Article no 3.1.2 of Corporate Governance Principles was approved by the Board on 19.03.2015, as provided below, and immediately came into effect and also disclosed at company website.

Indemnity Policy: In Our Company, provisions of the Labour Law numbered 4857 are applied regarding severance and notice payments. If there are amendments related to Labour Law numbered 4857, provisions of the relevant law that will come into force will be applied.

Within this context,

Regarding the claims for severance pay; provisions of the Labour Law numbered 4857 and Article 14 of the former Labour Law numbered 1475 (in accordance with the Temporary Article 6 of the Labour Law numbered 4857) are applied. However, if there is a collective bargaining agreement in force at the workplace, provisions of this collective bargaining agreement are to be implemented within the context.

Regarding notice period, collective job seeking permission is granted only if the employee presents a written request at the date of dismissal notice.
Creating timely and applicable solutions to problems related to the employees and other stakeholders, in order to maintain the satisfaction of all the stakeholders, is one of the key policies of the Company. Our employees, suppliers, customers and consumers are informed on matters related to them in different ways.

The Efes Communication Line that is currently active (444 EFES / 444 33 37) serves 6 days of the week excluding Sundays between 09:00-18:00. The incoming calls are immediately replied and are resolved within specific time periods by the pre-determined responsibles of relevant departments.

Information exchange with customers and suppliers is ensured by periodic dealer meetings as well as site meetings held by individuals in charge in relevant locations. Furthermore, customers and suppliers are capable of transmitting their problems to our Company via the dealer meetings and through oral or verbal applications submitted to the Company's management.

Meetings are held with our suppliers so as to improve the quality of the current materials as well as on other sectoral developments and pilot activities are conducted with respect to the co-produced projects.

Through the wide data information network established with its customers, the Company can exchange information on a real-time basis.

Our company conducts training programs to enhance the development of the employees. These development programs include class education, e-learning, on the job training and knowledge sharing. For this purpose, in-house developed systems using internet platforms are also used.

The necessary mechanisms are formed by the Corporate Governance Committee in order for the stakeholders to communicate with the "Corporate Governance Committee" or the "Audit Committee" about Company's practices which are contrary to the legislation and unethical. On the other hand, according to its own charter, the Audit Committee is responsible for monitoring whether a system regarding compliance to the Company's code of business conduct and ethical rules is established by the management. Additionally, the Audit Committee reviews whether the management monitors Company's compliance to code of business conduct and code of ethics, makes fraud risk assessments and gives code of business conduct and fraud and code of ethics trainings to Company employees.

Stakeholders are sufficiently informed about afore-mentioned Company policies, procedures etc. regarding the protection of their rights, via several channels including emails, corporate website etc.

4.2. Participation of the Stakeholders in Management

Models supporting the participation of the stakeholders, primarily company's employees, to the management are developed in a manner not to hinder the activities of the corporation. Relevant actions are summarized below:

Employees are capable of transmitting their value adding suggestions to the management via our Bi-Fikir system, which is the Anadolu Group Innovation Portal. In addition, "Human Resources Request & Suggestion Line" that facilitates submission of requisitions and improvement requirements regarding the services provided by our Human Resources function is used effectively by our employees.

Periodically, a study for Measuring Employee Loyalty is conducted and employees can also transmit their requests and suggestions for improvement regarding the company they are involved in via this way.

In order to manage the relationships with our employees, as well as to manage the corporate information flow, we launched a web-based intranet system in 2009. As of 2013, our Human Resources Portal has been launched and our employees can obtain many human resources services via this portal which is an extensive self-service application.

As per our main system requirements, indicators designated under strategic planning process are reviewed through meetings held.

With the Efes Communication Line, complaints or claims from our customers, suppliers or consumers are replied and remedied within prescribed periods by designated officers in charge at relevant units and all incoming requests are stored in electronic media, allowing the monitoring and reporting of progress in customer satisfaction. In addition, the performance of our suppliers in terms of quality, price and delivery are monitored on our computer systems where they are scored and benchmarked on periodic basis.

In production processes, utmost care is given to quality standards and the quality of our products is under the guaranty of our company.

New product developments are steered by Customer-Consumer research results and product improvement and development work is conducted in accordance with the demand from the market with product, package and technology investments.

Within the context of trade secret, confidentiality of the information about the customers and the suppliers is taken care of as per Personal Data Protection Law and related legislations. Regarding the important decisions that give rise to an outcome for the stakeholders, the opinion of the stakeholders is taken.

4.3. Human Resources Policy

Our company's human resources policy and practices in this area are in line with all of the principles of Section 3 Article no 3.3 of Corporate Governance Principles.

Our human resources mission is to develop human resources strategies and coordinate the application of human resources systems in our operations in line with our company's vision and mission and strategies in order to support our strategic growth and profitability strategies through increasing productivity of our employees, as well as establishing a qualified, motivated, loyal workforce. In line with our human resources mission our key strategy is to build up a satisfied, highly motivated and well-educated workforce that works as a team and continually develops, operates on knowledge and focuses on Company targets. Our human resources strategy is also disclosed publicly in our website.

The Human Resources Strategy of our company is designed in line with our vision and mission in order to support our strategic business plan and implemented under the following headings:

(1) Increasing organizational efficiency
(2) Centralized Strategy, Local Policy Development
(3) Right Person for the Right Position,
(4) Maintaining a Dynamic & Proactive Structure,
(5) An Unreplicated Human Capital that Creates Competitive Advantage.

Our Company gives great importance on training at all stages and at all levels in order to prepare our employees to the future. We "INVEST IN PEOPLE" through established systems where we present this importance in a transparent way. In this context, in order to develop leaders, to form a common management language and to strengthen our culture that supports continuous learning, corporate development practices have been in action since 2010.

In addition, through "Efes Akademi", an e-learning platform over the internet, it is aimed to improve the personal and occupational knowledge and skills of our employees. Via this platform, we are able to reach mass of employees in a short time period with the trainings which are designed interactively. The attendance is tracked on the system and exams are held in order to measure knowledge as well.

At the same time, employee-specific special development programs are created through various evaluation processes. Within the context of talent management processes, backup plans ensure the continuity of the success of our company.

"Efes Quality Circle" project, whereby our employees voluntarily solve the problems in their respective work areas, enable a better environment for communication, creativity and innovation while contributing to our employees' personal development and hence increasing their motivation. Parallel to generating monetary benefits and improving business, "Efes Quality Circle" activities also provide abstract benefits like development of responsibility, proving oneself, innovation and creative thinking, as well as job satisfaction. At the same time, Efes employees can contribute to the innovation culture of Anadolu Group as well as themselves by entering their ideas of change, improvement and development into «Bi-Fikir», the innovation portal of Anadolu Group.

It is essential to implement fastidiously any resolution rendered by our Board of Directors in the pertinent field of activity. Monitoring of such applications is conducted within the framework of the designated Critical Performance Criteria focused not only on the operating performance but also on profitability. The annual performance targets we have designated for our employees in line with the relevant criteria allow not only the qualitative measurement but also the indicator-based quantitative assessment of our management policies. There is no share purchase plan designed for employees.

One of our Group's commitments towards its employees in the course of every relationship, which is part of our working principles and followed strictly without any concession, is not to make any discrimination in terms of race, skin color, age, nationality, gender and religious beliefs. We take pride in different aspects and cultural diversification of our employees and consider such diversification a valuable tool for advancement towards a common objective.

In every Human Resources practice spanning from the initial recruitment to the training, compensation, career and financial means granted, equal opportunity is provided to all employees. No complaints, in particular on discrimination, have been raised by any of our employees within the period.

The new Anadolu Efes Code of Business Conduct and Ethics ("the Code") has been put into effect in 2015. The purpose of the Code is to guide the behavior of Anadolu Efes' employees and to explain the legal and ethical rules required to be followed. All our employees are provided the opportunity to communicate, on a confidential basis, their concerns regarding the breaches to Anadolu Efes Business Conduct via a line managed by an independent company. The said topics are examined by our Ethics Committee and actions are taken.

We are committed to respect and protect the rights granted to our employees by law and regulations.

Relations with blue-collar workers are regulated according to the collective bargaining agreement, and in the context of the

agreement, 4 head representatives and 11 union representatives work in our 3 breweries and 1 hops processing facility in Turkey. These representatives are responsible for communicating the requests, complaints and problems of our blue-collar workers to the senior management, following up the results of these, representing the employees in platforms such as Occupational Safety Board and Disciplinary Board and protecting their legal rights within the Collective Bargaining Agreement and the Legal framework. In addition, for both our blue-collar and white-collar workers, there is a Business Partnership organization deployed in our headquarters within our human resources structure and 9 regional human resources supervisors in total are affiliated to this organization. As a requirement of their job description, the afore-mentioned business partners and human resources supervisors are responsible for evaluating the requests, complaints and problems conveyed by employees and following up the results of the processes regarding these requests, complaints and problems, in coordination with the senior management.

In addition, representatives have been designated to conduct the relations with employees. For white-collar workers, a "Health and Security Worker Representative" has been selected to represent the workers on issues of occupational health and security. The duties and authorities of such representative that is selected by the workers at the workplace, as per Occupational Health and Safety Statute, are as follows:

One or more workers act as the "Health and Security Worker Representative" and participate in studies for health and security in the workplace, monitor the studies, request for measures and precautions, give suggestions and represent workers in similar matters particularly on health and security.

For blue-collar workers, a "Trade Union Representative at the workplace" is present as set forth in the collective bargaining agreements.

The trade union representatives fulfill the following delegated tasks to ensure occupational peace, maintain and safeguard the balance between the worker and the employer:

a) Ensuring the cooperation and occupational peace between the worker and the employer at the workplace,

b) Examining the demands and complaints of workers, persuading the worker in withdrawing its unreasonable demand or complaint, reflecting any demand or complaint that it will find reasonable in his sole discretion to the employer (the representative may not be penalized for his/her discretion in this process.)

c) Striving to settle amicably, conflicts or disputes to arise between the worker and employer,

d) Seeking remedies for problems that may arise in connection with implementing these contractual provisions and if necessary, conveying the matter to the employer after consulting with workers.

e) Striving to prevent, to the extent of his/her authority, any illegalized attempt or behavior, refraining from getting involved in such attempts or behaviors,

f) Regulating the relationship of workers that are trade union members with the trade union,

g) Ensuring the uninterrupted execution of the contract,

h) Transmitting any matter that he/she could not settle at the workplace to his/her affiliated branch/department in writing,

i) Fulfilling all other liabilities imposed by the legislation.

While safe working environment and conditions are provided to the employees, General Occupational Health and Safety trainings, which require the participation of all employees, are organized by our company periodically.

Job descriptions of all employees of the company can be reached through the corporate portal. Performance evaluation is carried out through an online system, and evaluation and compensation criteria as well as expectations are shared with the employees in the system starting from the beginning of the year.

4.4. Ethical Rules and Social Responsibility

Ethical rules are highly respected within our Company and these merits have been exercised for years within the corporate culture of Anadolu Group, our parent company, and our all operations are performed within this context. Anadolu Efes Code of Business Conduct and Ethics, which form our ethical values, are disclosed publicly in our website, whereas the minimum ethical rules with respect to environment, discrimination, child employees and union rights have been included to public in our annual report and website.

The necessary mechanisms to monitor the compliance with Anadolu Efes Code of Business Conduct and Ethics Principles have been formed. In this context, details for the Code of Business Conduct and Ethics Communication Channels to be used by those who have any concern or become aware of any Code violation are made available at company website. These communication channels are operated by an independent company, and they are available 7/24 and it is possible to communicate a violation confidentially or anonymously.

Detailed explanations regarding the activities of our Company within the framework of social responsibility can be found in our Company's 2018 Annual Report.

SECTION V– BOARD OF DIRECTORS

5.1. Structure and Composition of the Board of Directors

Our Board which consists of at least 7, at most 13 members according to articles of association, currently is composed of one Chairman, one Vice Chairman and nine members, totaling to eleven members.

Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice Chairman
Stuart Murray MacFarlane	Member
Talip Altuğ Aksoy	Member
Salih Metin Ecevit	Member
Mehmet Cem Kozlu	Member
Ahmet Boyacıoğlu	Member
Uğur Bayar	Independent Member
Barış Tan	Independent Member
Şevki Acuner	Independent Member
İzzet Karaca	Independent Member

The curriculum vitae of the Board members which also include their responsibilities outside of our Company are provided both in 2018 Annual Report and the website of our Company. There are no rules established by our Company regarding the Board Members taking responsibilities outside of Our Company, however, the requirements of the Corporate Governance Principles are applied on this issue. In this respect, the positions held by the Board Members outside Anadolu Group as at 31.12.2018 are provided in the table below:

Board Member	Current Positions Held Outside the Company*
İzzet Karaca	Board Member - Sütaş, Enfaş, Tarfaş
Mehmet Cem Kozlu	Chairman - Evyap Asia (Singapore); Board Member - Pegasus Airlines, DO & CO Aktiengesellschaft (Vienna), Global Relations Forum; Advisory Board Member - İstanbul Turizm ve Otelcilik A.Ş.
Barış Tan	Koç University - Vice President for Academic Affairs and Professor
Uğur Bayar	Board Member - Tekfen Teknoloji Yatırım ve Tic. A.Ş., SAMUMED Biyoteknoloji Chairman - WWF Turkey
Şevki Acuner	Chairman - Ukraine Business Ombudsman Council Vice Chairman - American Chamber of Commerce

** Both the Board Members that are listed in the table above and some of the other Board Members hold seats at the boards of various Anadolu Group companies.*

According to the articles of association, the Board elects among the members every year a Chairman and at least one Deputy Chairman to represent the Chairman at his absence. The chairman is responsible for managing the Board meetings, ensuring that negotiations are held in order and the discussions during the meetings are recorded. While authorization of the Chairman of the Board, Board members and company executives are defined in the articles of association, no one in the company is given an unlimited decision making power.

According to the Corporate Governance Principles, our Board of Directors is required to be composed of at least four independent members. Similarly according to relevant regulations, in the case where a separate Nomination Committee cannot be established due to the Board structuring, the Corporate Governance Committee can fulfill the responsibilities of this committee. In this respect, the Corporate Governance Committee assessed the candidate proposals to become an independent member, including the ones proposed by the board and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria and submitted this assessment as a report dated 8.02.2018 to the Board. The candidates for the independent board membership submitted their written statements to the Nomination Committee at the time they were proposed as candidates, that they are independent within the framework of the law, articles of association and the principles.

The written statement by all independent Board members declaring their independent status in the context of the principles in the regulatory framework, articles of association and the communiqué is as follows:

I hereby declare and state that;

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

- I was not a shareholder of (%5 and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

- I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

- I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193;

- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange

- I am not registered nor declared on behalf of the corporate entity for which I will be elected as a Board Member

and thus I shall carry out the duties imposed upon me due to my being a board member as an independent member.

In accordance with the report of the Nomination Committee, the Board's decision to appoint Barış Tan, Uğur Bayar, Şevki Acuner and İzzet Karaca as independent Board members, was sent to CMB for opinion on 15.02.2018. CMB informed our Company that it delivers no negative opinion on independent membership of these candidates, via its written statement dated 22.03.2018.

Therefore, the precise independent Board membership candidates list and information about the candidates was disclosed to public through an information document released with the announcement of the General Assembly. Assignment of candidates whose curriculum vitae were submitted in the information document, was approved at the General Assembly dated 16.04.2018 and came into force.

Individuals who were elected as Independent Board Members were neither registered nor declared on behalf of a corporate identity.

In 2018, there arose no situation which revoked the independence of independent members of the Board of Directors.

There are currently no executive members in the Board of Directors. According to our articles of association, the office terms of Board members are up to three years, and it is possible for these members to be re-elected.

While our Company is insured against damages that may be caused due to the faults of the members of the Board of Directors during the execution of their duties, the total annual responsibility limit of the relevant insurance is inline with the amount stated in Corporate Governance Principles.

Although in the previous years, more than one woman member was present in our Board of Directors, currently, there are no women Board members. It is recommended by the Corporate Governance Committee to the Board of Directors to include women members in the Board in the coming years and our efforts continue within this regard.

While the Independent Board members, Mr. Uğur Bayar, Mr. Şevki Acuner, Mr. Barış Tan and Mr. İzzet Karaca each being paid a total of TL 110,000 annually, no payment is done to the other members of the Board.

5.2. WORKING PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of our company executes its activities transparently, accountably, fairly and responsibly in accordance with the requirements set by the Corporate Governance Principles.

The Board has a leading role to protect the efficient communication and to eradicate and find solutions for disagreements between the company and the shareholders. For this purpose the Board conducts its roles with a close cooperation with the Corporate Governance Committee and Investor Relations Unit.

In accordance with Article no 4.4.1 of Corporate Governance Principles, the Board gathers as often so that it performs its duties effectively. The gathering procedures and frequency of Board meetings, meeting and resolution quorum, process of asserting objections and the validity of Board resolutions are explicitly laid down in our Company's Articles of Association. In this context, the Board holds its ordinary meetings five-six times a year and the Board members also convene upon any extraordinary situation and negotiate and render resolutions on critical agenda issues. In accordance with our Articles of Association, majority of the members of the Board of Directors participates to the Board meetings and board decisions are taken with the vote of the majority of the total members of the Board.

The average rate of participation of Board Members in these four meetings during the year 2018 has been 92% and Board members aim attending every meeting and present an opinion. When there are dissenting opinions on reasonable and detailed grounds regarding the questions asked or different opinions expressed by Board members, these are recorded in the meeting minutes.

The agenda of Board meetings comprises of the agenda issues designated in the previous Board meeting for further negotiation in the next meeting along with the issues designated by the related Group President. However, before the meeting, a Board member may propose the Chairman of the Board to make a change in the agenda. The opinion of a member, who did not attend the meeting but submitted his opinion to the Board in written format, is also submitted for other member's review.

Dates of the Board meetings are determined at the beginning of the year and accordingly the Board members are notified of the meeting dates. Furthermore Board members are also notified by means of a formal memorandum and report at least one week prior to any meeting. A secretariat is established for the meetings and all questions raised during the meetings and all issues negotiated are recorded into meeting minutes.

Each member in the Board has one voting right and Board Members do not have the right of weighted vote and/or power of veto. Board meetings are held in accordance with Article no 4.4.6 of Corporate Governance Principles.

Meeting minutes that have the nature of trade secrets are not disclosed to the public. However all of the critical matters resolved are announced through public disclosures.

The Board resolutions related to the related party transactions of our Company are taken with the majority vote of the independent members; in accordance with the Corporate Governance Principles.

There were no transactions that are in the scope of the significant transactions as described in Article 1.3.9 of Corporate Governance Principles, in 2018.

5.3. NUMBER, STRUCTURE AND INDEPENDENCE OF THE COMMITTEES ESTABLISHED UNDER THE BOARD

According to Article no 4.5.1 of Corporate Governance Principles, in order the board to perform its duties properly, an Audit Committee, a Corporate Governance Committee, a Nomination Committee, an Early Determination of Risk Committee and a Remuneration Committee should be established, however, in case a separate Nomination Committee, Early Determination of Risk Committee and Remuneration Committee cannot be established due to the structure of Board, Corporate Governance Committee may fulfill the responsibilities of these committees. In this context, in addition to the Audit Committee and Corporate Governance Committee that were already present in our company, Committee for Early Detection of Risks was established according to the Board resolution dated 07.06.2012. Responsibilities of committees that are not present within Board of Directors are fulfilled by the Corporate Governance Committee according to Corporate Governance Principles.

According to Article no 4.5.2 of Corporate Governance Principles, the scope of duties, the working principles and the members of the committees' are identified and disclosed to the public by the Board. In this context, in line with the Principles, Charters regarding functions and working principles of Committees were approved on 29.06.2012 and disclosed to public on our company website at www.anadoluefes.com. Charters of the Audit Committee and Corporate Governance Committee that were updated in accordance with the revised Corporate Governance Principles were approved on 06.03.2014 and were made available to public at our corporate website. There arose no necessity to revise the Charter of the Committee for Early Detection of Risks.

Apart from this, Article no 4.5.3 of Corporate Governance Principles requires all members of the Audit Committee and the chairman of other committees to be selected from independent Board members. In this context, selection of chairman and members to Committees was done through Board resolution dated 16.05.2017 for one year, was in line with this Corporate Governance Principle. Likewise, in line with the Principles, the chief executive/general manager does not have a role in any of the committees.

Members of the committees* constituted within the Board are as follows:

	Independent/ Not Independent	Executive/ Non-executive
Audit Committee		
İzzet Karaca - Chairman	Independent	Non-executive
Şevki Acuner - Member	Independent	Non-executive
Corporate Governance Committee		
Uğur Bayar - Chairman	Independent	Non-executive
Kamilhan Süleyman Yazıcı – Member	Not Independent	Non-executive
Stuart Murray Macfarlane – Member	Not Independent	Non-executive
Yılmaz Argüden- Member	Not Independent	Non-executive
Çiçek Uşaklıgil - Member	Not Independent	Executive
Committee for Early Detection of Risks		
Barış Tan - Chairman	Independent	Non-executive
Talip Altuğ Aksoy – Member	Not Independent	Non-executive
Cem Kozlu – Member	Not Independent	Non-executive
Maria Rocha Barros - Member	Not Independent	Non-executive

*Following the Annual Ordinary General Assembly Meeting held on 16.04.2018, the appointment of relevant members to the committees listed above were made as per the Board Resolution dated and announced to the public on 07.05.2018 .

Evaluation of the Board of Directors regarding the working principles and efficiency of Committees constituted within the Board is presented as attachment to Corporate Governance Compliance Report (Attachment 1).

5.4. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The aim of risk management and internal control mechanism is the protection of the value of the assets of the company, operational efficiency and pursuing sustainability. Intended for this aim, risk management and internal control mechanisms have been established within the Company and fundamental principles with respect thereto are being announced via our annual report and website.

Identification of all the existing and potential risks for the Company, development of practices for obtaining competitive advantage and sustainability by taking appropriate actions against the identified risks and monitoring of such practices constitute the basic starting point of the risk management system.

The Committee for Early Detection of Risks is established within the Company for early detection of risks that might endanger the existence, development and perpetuation of the Company and to implement measures required against the risks determined as well as the management of risks. The Committee for Early Detection of Risks convenes as often as deemed necessary for the effectiveness of the work, at least two times per annum and regularly briefs the Board of Directors of the Company about its meeting resolutions, important sightings and recommendations. Thus, the Corporate Risk Management work is led and monitored by the top management.

Corporate Risk Management system enables managers at all levels to determine current as well as potential risks and opportunities to be encountered while achieving Company targets, evaluate their likely impacts based on the Company's risk-taking profile, as well as plan and implement necessary actions. The risks and action plans are integrated into strategic business plans to make the necessary resource allocations.

Helped by the Corporate Risk Management software, which was initiated in all of our domestic and international operations, risk management system was made prevalent in whole company. Thus, participation to risk evaluation is achieved at every level. The outcomes are used in supporting business continuity studies as well as operational and strategic decisions.

Existing or potential risks for our Company are defined below:

Financial risk; assets /liabilities risk, credibility, equity/ debt ratio, exchange rate risk and other factors that can affect the Company's financial status.

Strategic Risk; risk factors such as shareholders, investor relations, mergers and acquisitions that may affect the sustainable growth of the Company, corporate governance structure, company and brand value.

Operational risk; risks that may affect every part of the business from the suppliers to the customers, and so the processes including business continuity, compliance, reputation, occupational health and safety.

Environmental risk; risk factors such as fire, earthquake, etc. that can affect the Company's business continuity and safety.

Performance and risk indicators are used as early warning systems in order to trace risks and take necessary precautions on time. The SAP ERP system that is integrated to all procedures in the Company is an efficient technological decision support system that is used for this purpose.

SAP ERP supplies operational results in real time that eliminates the human error and makes early detection of risks possible and improves the efficiency of the internal control system. Softwares and technologies particularly used by sales teams in the field are constantly improved to make sure that teams can access correct information immediately for making quick and right decisions by which customer satisfaction and competitive advantage are aimed at. With the use of high level internal communication technologies, we aim to handle and solve the problems in a short time period.

Emergency situation management systems are established against potential natural risks while investments in backup systems are made to prevent systems from being affected and losing any data in case of an emergency situation. Additionally, all our facilities are insured in order to minimize the environmental risks.

Additionally, environmental factors and extraordinary situations are monitored on an immediate basis and investigations are made to take necessary measures to minimize risk.

Investments in line with annual budgets and business plans allow us to use the state-of-the-art technology in our facilities and the most up to date technology prevailing in the global brewing industry is utilized.

Training programs about leadership, management skills and competency improvement are made available to all employees. These programs are increasing employee engagement while having positive effects on business management and results.

Within the finance function, the actual results are compared to the budgeted figures on a regular basis and any deviations are analyzed.

The "Guarantee - Risk Management System" devoted to tracking customer risks has been put into service. Accordingly, purchasing limits applicable to our customers have been established and our systems are designed to prevent any product shipments in excess of prescribed limits.

Current systems and processes are strengthened through projects and studies regarding cyber attack, information security and personal data protection.

Internal Control Mechanism can be defined as all practices aimed to eliminate circumstances that may affect reaching the goals of the Company negatively and/or reduce their effects and possibility and disclose any non-compliances. Standard definitions, policies and procedures, job descriptions and delegation structures regarding business processes constitute the basis of internal control system. In this context, holistic internal control systems including preventive reformative and fixative ones have been established by the management, in order for the company to carry out Company's business effectively and efficiently.

Through internal control systems established within the company, it is aimed to ensure safety of assets, provide effectiveness and efficiency of operations, trustworthiness of the financial reporting system, compliance with regulations, and assurance regarding these issues. The relevant internal control systems are also intended to protect the assets, reputation, sustainability and profitability of the company. An internal audit function has been established within the Company. This function is organized comprising of both the headquarters and our subsidiaries, and conducts process audits investigating the efficiency of the general control environment, corporate governance and risk management structures of our company, in accordance with International Internal Audit Standards for Professional Practice and the related laws and regulations, also benefitting from the auditors of AG Anadolu Grubu Holding A.S, who are specialized in their areas in addition to internal sources. The internal audit

unit is functionally reporting to the Audit Committee, and internal audit reports are regularly submitted to the Company's and AG Anadolu Group Hollding's senior management and the actions are systematically monitored. The execution of the accounting system of the Company, the disclosure of financial information to the public, the external audit of the Company and supervision of the functioning and efficiency of the internal control system are mainly carried out by the Audit Committee established by the Board of Directors of the Company. While carrying out the relevant function, the Audit Committee utilizes the findings of the Independent Audit, and Certified Councillorship, Internal Audit Directorate, Audit Presidency of AG Anadolu Grubu Holding A.Ş and Risk Management Coordinatorship of Anadolu Group. Internal Audit and risk management units work in coordination to form risk oriented audit plans.

The authorities and responsibilities are defined in writing in the internal control mechanism of the Company. Within this framework, the rules governing the fulfillment of tasks by functions in their respective business areas and the holders of such responsibilities are explicitly defined. The internal control mechanism is equipped with the following features:

- Purposes and principles of activities are explicitly defined.
- Possible conflict of interests taken into account in the allocation of entrant and confirmative responsibilities
- The current and potential risks of the Company are defined and constantly being monitored.
- Regular reporting is made to executives.

Issues to be approved as per chart of authorities are provided to executives electronically accompanied with detailed remarks and viewed, scrutinized and approved by several executives within pre-determined limits.

5.5. STRATEGIC OBJECTIVES OF THE COMPANY

While the authorization and responsibilities of the Board members are clearly listed in our articles of association, the duties and responsibilities that are carried out by Board members de facto include:

- Setting the vision and mission of the company,
- Setting the strategic targets of the company,
- Determining the human and financial resource needs of the company,
- Auditing the performance of the management,
- Approving the budget and working plans of the company,
- Checking whether the company reaches its targets, examine results of operations,
- Ensure that the operations of the company are in line with regulations, articles of association, internal rules and policies,
- Examine Corporate Governance Principles of the company and improve missing points,
- Form the committees of the Board and ensure their operability.

While The Board manages and represents the company and is particularly loyal to company's long-term interests by keeping the risk, growth and return balance of the company at the optimum level through taking strategic decisions and with rationalistic and prudent risk, it is responsible for the company to reach its preset and publicly disclosed operational and financial performance targets. In this context, related Directorships make annual budgets and business plans every year and submit them to the Board. As a result, the operating results which are held in accordance with the plans throughout the year are continuously compared with the budget that was approved by the Board of Directors and the reasons of the deviations are analyzed.

5.6. FINANCIAL BENEFITS

In accordance with the decision taken on Annual Ordinary General Assembly, our company does not make any payment to Board members except for the independent Board members. On the Ordinary General Assembly dated 27.04.2017, it was decided to make an annual net payment of TL 110,000 on a monthly basis, to each independent Board member aiming to secure their independency. In accordance with the Article 4.6.5 of Corporate Governance Principles, the remunerations and all other benefits provided to Board members and managers having administrative responsibility are made public through our annual report. However, the declaration is not made separately for each member, but a cumulative number is given for all board members and managers having administrative responsibility.

The company has not lend any money, given any loan, extended the maturity of the loans or credits, improved the conditions of the loans, given any loan under the name of an individual loan through third parties or given guarantee such as bail to a Board member or to the managers having administrative responsibility.

According to Article no 4.6.2 of Corporate Governance Principles, the remuneration principles of the Board members and managers having administrative responsibility should be in written form and the shareholders should be enabled to give their opinion after submitting these written remuneration principles to their reviews with a separate article in the General Assembly. Our remuneration policy prepared in this context is also made available to public at our company website www.anadoluefes.com.

While there is no Nomination Committee established within the Board of Directors, in line with the Corporate Governance Principles, responsibilities of this committee are fulfilled by the Corporate Governance Committee.

ATTACHMENT 1

EVALUATION OF THE BOARD OF DIRECTORS REGARDING THE WORKING PRINCIPLES AND EFFICIENCY OF THE COMMITTEES FORMED WITHIN THE BOARD

After the selection of Chairman and members made in accordance with Corporate Governance Principles, with the Board resolution dated 7.05.2018, it has been decided to;

Appoint Board Member Mr. İzzet Karaca as the Chairman of the Audit Committee; Mr. Şevki Acuner as a member of the Audit Committee,

Appoint Board Member Mr. Uğur Bayar as the Chairman of the Corporate Governance Committee, and Board Members Kamilhan Süleyman Yazıcı; Stuart Murray Macfarlane, Yılmaz Argüden and Çiçek Uşaklıgil Özgüneş as members of the Corporate Governance Committee,

Appoint Board Member Mr. Barış Tan as the Chairman of the Early Detection of Risk Committee and Mr.Altuğ Aksoy, Mr. Cem Kozlu and Mrs. Maria Rocha Barros as the member of the Early Detection of Risk Committee.

Charters regarding functions and working principles of the three afore-mentioned Committees were approved on 29.06.2012 and disclosed to public on our company website at www.anadoluefes.com. Charters of the Audit Committee and Corporate Governance Committee that were updated in accordance with the revised Corporate Governance Principles were approved on 06.03.2014 and were made available to public at our corporate website. There arose no necessity to revise the Charter of the Committee for Early Detection of Risks.

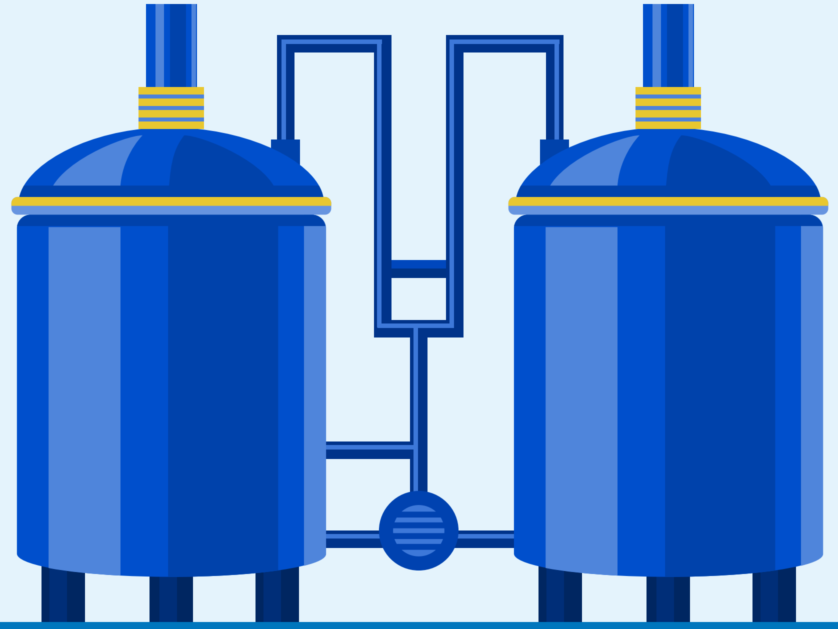
In 2018, all committees constituted within the Board of Directors have performed their functions as required in Corporate Governance Principles and their own Charters, and performed efficiently.

In 2018, in compliance with the way required for the efficiency of their functions, their Charters and annual meeting schedules;

- Audit Committee met six times on 28.02.2018, 01.03.2018, 30.05.2018, 25.07.2018, 26.09.2018, 5.12.2018,
- Corporate Governance Committee met seven times on, 28.02.2018, 01.03.2018, 30.05.2018, 25.07.2018, 10.08.2018, 26.09.2018 and 5.12.2018,
- Corporate Governance Committee met once on 8.02.2018 in order to execute duties of the Nomination Committee,
- Early Detection of Risk Committee met five times on 28.02.2018, 30.05.2018, 25.07.2018, 26.09.2018 and 5.12.2018

and submitted reports to the Board, consisting of information on their work and results of the meetings held during the year. According to this,

- Audit Committee that is responsible for taking all necessary measures in order to ensure that internal and external auditing are carried out adequately and transparently, as well as efficient performance of internal control system; has submitted all of its suggestions on areas it is responsible for including its opinion and suggestions on the internal audit and internal control system.
- Corporate Governance Committee, that has been established to follow company's compliance to Corporate Governance Principles, develop improvement processes in this area and submit suggestions to the Board, has determined whether or not the Corporate Governance Principles were applied in the company, if not what is the reason, and also determined the conflict of interests occurred due to not complying with these principles totally and gave the Board advices that will improve the corporate governance practices; and monitored the works of the Investor Relations Unit.
- Early Detection of Risk Committee, that has worked on early determination of risks that will endanger the existence, development and sustainability of the company, has worked on the application of due precautions regarding the determined risks and has worked for the aim to manage the risks, scrutinized the systems of risk management of the company in accordance with Corporate Governance Principles and Charter of the Committee for Early Detection of Risks. The Committee also submitted risk assessment reports to the Board of Directors every two months in compliance with the Article 378 of the Turkish Commercial Code numbered 6102.



Financial Statements

OTHER INFORMATION RELATED TO OPERATIONS
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OTHER INFORMATION RELATED TO OPERATIONS

1. ANADOLU EFES BIRACILIK VE MALT SANAYII A.Ş. TRADE REGISTRATION

Trade name:
Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

Formation date:
26.06.2000

Registration number:
91324

Address of record:
Bahçelievler Mahallesi Şehit İbrahim Koparır Caddesi No: 4
Bahçelievler- İstanbul/Türkiye

Number of issued shares and registered share capital:
592,105,263 shares each with a par value of TRL 1.00 (one Turkish lira). On this basis the company's issued share capital amounts to TRL 592,105,263.

2. CHANGES IN THE ARTICLES OF ASSOCIATION DURING THE REPORTING PERIOD:

No changes were made in the Articles of Association during the reporting period.

3. CAPITAL STRUCTURE

As of 31 December 2018, the company's registered share capital ceiling was TRL 900,000,000 and its issued capital was TRL 592,105,263,00. During the reporting period there was no change in the company's capital structure.

4. PRODUCTION AND SALES

The production amounts of beer, soft drinks and malt, as well as the domestic, international and consolidated net sales revenues for 2018, are given in the tables below.

A. Production Volume

		2018	2017	CHANGE (%)
DOMESTIC BEER	BEER (MHL)	5.79	5.65	2.5
	MALT (TON)	101,109	84,739	19.32
INTERNATIONAL BEER	BEER (MHL) (PROFORMA)	27.73	27.5	0.9
	MALT (TON)	174.5	194.5	11.5
TOTAL SOFT DRINKS	SOFT DRINKS (MILLION UNIT CASES)	1.191	1.124	6.0

B. Net Sales

2018	TURKEY BEER	INTERNATIONAL BEER	SOFT DRINKS	OTHER[1] AND ELIMINATIONS	TOTAL
SALES	1,869,509	6,158,091	10,623,385	65,065	18,716,050
INTERSEGMENT SALES	(24,892)	(1,094)	(378)	-	(26,364)
SALES REVENUES	1,844,617	6,156,997	10,623,007	65,065	18,689,686

2017	TURKEY BEER	INTERNATIONAL BEER	SOFT DRINKS	OTHER[1] AND ELIMINATIONS	TOTAL
SALES	1,588,408	2,721,279	8,392,143	51,309	12,753,139
INTERSEGMENT SALES	(19,942)	(733)	(105)	-	(20,780)
SALES REVENUES	1,568,466	2,720,546	8,392,038	51,309	12,732,359

(1) Includes other subsidiaries included in the consolidation of Anadolu Efes and headquarters expenses.

5. EXPORTS

	AMOUNT (MHL)			CIF AMOUNT (USD)		
	2018	2017	CHANGE (%)	2018	2017	CHANGE (%)
EXPORTS	0.43	0.43	0.0	28.85	31.0	-6.82

6. CAPACITY AND CAPACITY UTILIZATION RATES

	CAPACITY	CAPACITY UTILIZATION RATE IN 2018 (%)*
DOMESTIC BEER (MHL)	8.0	73%
INTERNATIONAL BEER (MHL)	41.4	67%
TOTAL	49.4	68%
MALT (DOMESTIC) (TON)	125,000	81%
MALT (INTERNATIONAL) (TON)	228,860	85%
SOFT DRINKS (MILLION UNIT CASES)**	1,552	76%

*Capacity Utilization Rate=Production Amount/Average Capacity
** Annual production capacity calculations are based on the formula provided by The Coca-Cola Company to all bottlers of Coca-Cola products. Calculations are made according to high season capacity utilization rates. Capacity is defined as the product obtained by multiplying the hourly unit case output of a plant at targeted utilization. Because package mix and sales may change from year to year, production capacity calculations for one year may not be directly comparable to such calculations for other years even if the numbers of production lines are the same.

7. INVESTMENT POLICY AND INVESTMENT EXPENDITURES

Anadolu Efes is a company which pursues sustainable growth, takes risks that are quantifiable and manageable, and adroitly shepherds its investments. Continuously undertaking investments in order to maintain both its organic and its inorganic growth and to expand the market and foster a beer-appreciative culture in the countries in which it operates, the company also invests without letup in order to keep pace with rising demand. Anadolu Efes carries out its international beer investments through EBI, a wholly-owned subsidiary based in Holland, while its soft drinks investments in the Turkish and international markets are carried out by CCI, in which it is the majority shareholder. CCI is an independent company whose operations are completely separate from the Anadolu Efes' beer operations. CCI provides for its own investment and working capital needs from its own cash flow and/or by borrowing and it makes no demands of Anadolu Efes on this account.

All of Anadolu Efes' investments and all investments related to all beer operations taking place under Anadolu Efes' responsibility are undertaken in line with Board of Directors-approved annual budgets and investment decisions as specified in business plans. Investments in beer operations are conducted as spelled out in the company's Investment Management Guide ("Guide"), whose aims are to ensure the appropriateness of investment decisions and to achieve standardization and consistency in investment activities. Every investment is carried out so as to be compatible with that specific operation's strategic business plan. Our most important priority is to make certain that only the most profitable and essential investments are undertaken in all beer operations. As a general principle, investment decisions must be based on the specific financial projections as spelled out in detail in the Guide and they must be documented in detail as also specified in the Guide.

The investment expenditures made by Anadolu Efes in recent years consist mainly of investments undertaken in three areas: investments related to the company's growth strategy; a variety of technical investments, which include those undertaken to make improvements and to comply with the requirements of laws and regulations in existing plants; marketing-related investments, such as investments in coolers aimed at increasing the cold-availability of products.

Total investment-related cash flows amounted to TRL 1,372.8 million in 2018 as compared with TRL 788.7 million in 2017.

The cash flow regarding investments was amounting TL 1.372.8 million in 2018. TL 1,504.2 million was related to the purchase of tangible and intangible for the growth of beer and soft drink operations. TL 105.1 million was related to the capital increases in joint ventures, TL 13.8 million was related to the cash and cash equivalents in purchased companies, TL 179.9 million was cash inflows regarding the undertakings as a results of business combinations and TL 42.9 million was reflecting the capital increases in non-controlling shares.

The company's TRL 788.7 million investment-related cash flow in 2017 consisted essentially of TRL 770,8 million paid for acquisitions of tangible and intangible non-current assets concerned with its soft drinks and beer operations. Of the remainder, TRL 17,8 million reflects share capital increases undertaken in jointly-managed partnerships and ventures and TRL 0,1 million reflects the minority buyout.

8. INVESTMENT INCENTIVES

Anadolu Efes takes advantage of various "investment incentives" that are provided under Turkish laws and regulations whose intent is to encourage investment in designated regions of the country. Anadolu Efes also benefits from incentives under the Ministry of Economy's "Turquality" project, specifically under the headings of "International Branding of Turkish-Made Products" and "Entrenching the 'Made In Turkey' Logo".

9. INFORMATION RELATED TO EMPLOYEES

The average number of employees for the years ended on 31.12.2018 and 31.12.2017 are as follows (numbers represent the employees of the companies that are being consolidated):

2017: 14,188
2018: 17,560

Our Company agreed with Tek Gıda İş Labor Union on the terms of the collective bargaining agreement for the period 1 September 2017 – 31 August 2019; the agreement is currently pending signature.

The main terms of the collective agreement are as follows;

Gross wages of the union member employees will be increased by 525 TRL per person per month in the first year of the collective bargaining agreement,

In the second year of the agreement, gross wages of the union member employees will be increased by the rate of increase in the consumer price index announced by the state statistical institute plus by 135 TRL per month.

10. DONATIONS AND ASSISTANCE; SOCIAL RESPONSIBILITY PROJECT-RELATED OUTLAYS; BENEFITS PROVIDED TO COMPANY DIRECTORS AND SENIOR MANAGERS

In 2018, Anadolu Efes paid out a total of TRL 3.0 million as charitable donations.

The consolidated value of Anadolu Efes' expenditures related to social responsibility projects was TRL 4.1 million.

Information about benefits consisting of salaries, bonuses, shares of profits, and similar forms of remuneration paid to members of the Company's Board of Directors and of its senior management is presented in the footnotes to the financial statements. The total value of all benefits provided to these persons as allowances (including travel, accommodation and representation allowances), as access to company-owned properties, as cash facilities, and as insurance and other guarantees was TRL 810 thousand in 2018.

11. R&D

Anadolu Efes has been carrying out R&D work on barley, one of the most important inputs used in brewing, since 1982. The company has developed 15 barley cultivars, all of which are registered in its own name. This R&D work has resulted in such benefits as diversifying and improving plant breeds, increasing crop productivity by 30%, and improving product quality.

12. ORGANIZATION STRUCTURE

Tuğrul Ağırbaş
Efes Turkey Managing Director

Tuğrul Ağırbaş received his bachelor's degree in Business Administration from Istanbul University and joined Efes Beverage Group in 1990. From 1990 to 2001, Mr. Ağırbaş worked as Project Development Specialist, Marketing Specialist, Istanbul Region Sales Supervisor, New Product Development Supervisor, Group Product Manager, Sales Manager of Marmara Region and Marketing Manager of Miller. Mr. Ağırbaş was appointed as the Marketing Director of Efes Russia in 2001 and Managing Director of Efes Russia in June 2005. He assumed the post of Efes Turkey Managing Director on 1 January 2010. Mr. Ağırbaş was reappointed as Managing Director of Efes Russia on 1 November 2011. Between 2014-2017, Mr. Ağırbaş served as Anadolu Efes Eastern Europe and the CIS Group Managing Director, Head of Corporate Functions and Sales Organization Transformation Lead, respectively. As of 1 August 2017, Mr. Tuğrul Ağırbaş is appointed as Anadolu Efes Turkey Managing Director.

Onur Altürk
Anadolu Efes Turkey Sales Director

Onur Altürk received his graduate degree in 1998 from the Department of Urban and Regional Planning in the Faculty of Architecture at the Middle East Technical University and started his career at telecom companies such as Turkcell and Avea. In late 2005, he moved to Fritolay PepsiCo, where he served in various positions including Trade Marketing Specialist, Channel Development Director, Trade Marketing and HORECA Director, Sales Development and Competence Director, Sales Development and Merchandizing Director, Sales Planning Director, Regional Sales Directors, Sales Operation, Sales Development and Competence Director, Sales Strategy and Sales Audit Senior Director before working as Traditional Channel Sales Director at the same company in 2015-2018. Onur Altürk joined Anadolu Efes Turkey in March 2018 and continues to work as Anadolu Efes Turkey Sales Director.

Serim Yıldırım
Anadolu Efes Turkey Marketing Director

Serim Yıldırım graduated from the Department of Sociology at Boğaziçi University in 1995 and started her professional career in 1996 at Evyap. Serim Yıldırım joined Anadolu Efes Turkey in 1997 where she worked as Research Director until 1998 and then as Marmara Product Manager, Efes Pilsen Marketing Manager, Efes Beer Group Marketing Director. She worked as Strategy and Planning Director at British American Tobacco in 2008-2012, Marketing Director in 2012-2013, and Dunhill EEMEA Brand Director at BAT London in 2013-2016. After working as Marketing Director at Pozitif Entertainment in 2016-2017, she returned back to Anadolu Efes Turkey as Project Management Consultant in April 2018. Serim Yıldırım has been working as Anadolu Efes Turkey Marketing Director since September 2018.

Mustafa Oğuzcan Bülbül
Corporate Affairs & Competition Compliance Director

Oğuzcan Bülbül graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 2001 and completed his master's degree in International Energy Policy and Management from the Faculty of International Relations and Public Administration at Columbia University in the USA. He is currently continuing his PhD studies at Hacettepe University, Faculty of Business Finance Department. Bülbül worked as an expert in Competition Authority between 2001 and 2010; mainly in the areas of approval of mergers and acquisitions in the energy, chemical and pharmaceutical industries, appraisal of applications for exemption and exemption, carrying out preliminary investigations and investigations, sector research and privatization of companies subject to privatization. In 2010, he left his position in the Competition Authority and started his career in Anadolu Efes as Competition Compliance Manager. Since 2017, he has been serving as Corporate Affairs and Competition Compliance Director, responsible for the Legal Affairs, Corporate Communications, Public Affairs and Competition Compliance Directorate.

Kerem İşeri
Anadolu Efes Turkey Chief Financial Officer

Kerem İşeri graduated from Public Administration/Economics Department (in French) of the Faculty of Political and Administrative Sciences at Marmara University in 1996 and completed his MBA in 2000 at the Weatherhead School of Management, Case Western Reserve University, USA. He started his career at Arthur Andersen Tax and Consultancy Firm where he worked as Senior Assistant in 1996-1998. He then worked as Analyst at the Corporate Finance department at Garanti Yatırım A.Ş. in 2000-2001; Assistant to CFO at the Finance Department at IDAŞ in 2001-2002; Planning and Control Assistant Maanger at Tansaş in 2002-2004; Financial Business Controller at Carrefour in 2004-2007; CFO at Caffe Nero in 2007-2011; and CFO at Doluca in 2011-2018. İşeri has been working as Anadolu Efes Turkey Chief Financial Officer at Anadolu Efes Turkey where he joined in November 2018.

Gani Küçükkömürcü
Anadolu Efes Turkey Technical Director

Gani Küçükkömürcü graduated from the Department of Chemical Engineering at the Middle East Technical University in 1993, and completed his master's degree in Brewing and Distilling at Heriot-Watt University in Scotland. He worked at Bossa T.A.Ş. as an Operation Engineer from 1993 to 1996 and began his career in Anadolu Efes as Production Engineer at Güney Bira in 1996. He worked as Beer Production Supervisor (1998-2003), Operations Manager at Lüleburgaz Plant (2003-2005), Technical Manager at İstanbul Plant (2005-2006), Country Technical Manager of Efes Kazakhstan (2006-2009) and Technical Director of Efes Turkey (2009-2012). Mr. Küçükkömürcü has served as Supply Chain Director between 2012-2017. Since 1 January 2018, Küçükkömürcü has been working as Technical Director at the Efes Turkey Technical Directorate.

Salih Emre Kavukcuoğlu
Anadolu Efes Turkey Human Resources Director

After graduating from Business Administration (English) at İstanbul University in 2000, Salih Emre Kavukcuoğlu then completed the Finance Management Certificate Program at the Istanbul University's Business Economics Institute. In 2000, he started his professional career as HR Assistant Specialist at Anadolu Endüstri Holding A.Ş. before serving as Human Resources Specialist, Human Resource Chief, Human Resources Manager, Wage Systems Manager, Efes Kazakhstan Human Resources Director. He has been serving as Anadolu Efes Turkey Human Resources Director since August 2018.

Işık Yasin Yazan
Anadolu Efes Turkey Logistics and Planning Director

Işık Yasin Yazan graduated from the Department of Business Adinistration - English at Marmara University in 2001. He worked at DHL Express between 2003 to 2005 as Treasury expert. He began his professional career in Anadolu Group as Deputy Audit Specialist at Anadolu Industry Holding in 2005 and Financial Controller in 2006. He joined Anadolu Efes in Efes Breweries International N.V. Istanbul Liaison Office as an Internal Audit Specialist 2007 – 2008, Internal Audit Supervisor; Financial Controller at Efes Kazakhstan 2008 – 2009; Plant Manager at Efes Kazakhstan 2009 – 2011; Purchasing Manager at Efes Russia 2011 – 2012; Supply Chain Integration Manager at Efes Russia 2012 – 2013; Country Purchasing Manager at Efes Russia 2013 – 2015; Planning and Logistics Manager at Efes Russia in 2015 – 2016; Efes Russia, Director of Planning and Logistics 2016 – 2017. Mr. Yazan has been serving as Logistics and Planning Director of Anadolu Efes Turkey as of January 01 2018.

13. ISSUES RELATED TO GROUP COMPANIES

Instances in which the company increased or reduced any direct or indirect stakes it owns in the capital of any associate, subsidiary, or joint venture during the reporting period are summarized below:

EFFECTIVE RATES	31.12.2018	31.12.2017	REASON FOR CHANGE
ANADOLU ETAP PENKON GIDA VE TARIM ÜRÜNLERI SAN. VE TİC. A.Ş.	%39,7	%33,33	Capital increase in June 2018 and November 2018.
EFES VITANTA MOLDOVA BREWERY S.A.	%96,87	%96,86	EBI, a wholly-owned subsidiary of Anadolu Efes, has gained share from minorities and its shareholding ratio increased to 96.87%.
AB INBEV EFES B.V. (AB INBEV EFES)	%50	%100	Beer operations of EBI and AB InBev in Russia and Ukraine, merged under AB InBev Efes BV as of March 29, 2018 where both companies have 50% -50% ownership.
JSC MOSCOW-EFES BREWERY	%50	%100	Ownership ratio became 50%, after the merger.
JSC SUN INBEV	%50	%0	Newly established entity, ownership ratio is 50% as a result of the merger.
PJSC SUN INBEV UKRAINE	%49,3	%0	Newly established entity, ownership ratio is 49.3% as a result of the merger.
LLC VOSTOK SOLOD	%50	%100	Ownership ratio became 50%, after the merger.
LLC EFES SOLOD	%50	%100	Ownership ratio became 50%, after the merger.
LLC INBEV TRADE	%50	%0	Newly established entity, ownership ratio is 50% as a result of the merger.
EURO-ASIEN BRAUEREIN HOLDING GMBH	%50	%100	Ownership ratio became 50%, after the merger.
BEVMAR GMBH	%50	%0	Newly established entity, ownership ratio is 50% as a result of the merger.

14. OTHER ISSUES

The company acquired none of its own shares during the reporting period.

The company did not undergo any special audits during the reporting period. The company did undergo normal audits by public authorities as required by the laws and regulations to which it is subject.

As of the reporting date (31 December 2018), the company was not a respondent in any suit whose outcome would be capable of significantly affecting either the company's financial position or the conduct of its business.

As of the reporting date, no administrative or judicial action had been initiated against the company or any member of its Board on account of any violation of the requirements of law.

As of the reporting date, none of the members of the company's Board of Directors had demanded the issuance of any report as provided for under Article 199/4 of the Turkish Commercial Code.

The company's financial position is solid. There is no risk of its having insufficient capital or of its becoming insolvent.

None of the persons from the company's management has been engaged in business, on their own behalf or on behalf of someone else, that is in competition with the company, in accordance with the permission given by the general assembly.

In the Affiliate Report approved by the Board of Directors of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. concerning the company's dealings with members of its own corporate group it is stated that the company was involved in no dealings that were directed by a controlling shareholder or by any entity belonging to a controlling shareholder or by any other controlling entity and there were no dealings that were undertaken solely for the benefit of a controlling shareholder or any entity belonging to a controlling shareholder; that there were no measures that were either taken or refrained from solely for the benefit of a controlling shareholder or of any entity belonging to a controlling shareholder; that all the dealings in which the company was involved during 2018 with any controlling shareholder or with any entity belonging to a controlling shareholder were conducted on an arm's-length basis and the company was, to the best of our knowledge, adequately and appropriately compensated for each and every such transaction that it entered into at the time the transaction occurred; that there were no measures that were either taken or refrained from that would have benefited a controlling shareholder of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. or any entity belonging to a controlling shareholder while also causing the company to suffer a loss and that, for this reason, there were no transactions or measures whose consequences need to be compensated for.

Information about; I) the conflicts of interest between the Company and the corporations providing the Company with services such as investment consultancy and rating services, and II) the measures taken by the company to prevent such conflicts of interest: No conflicts of interest have been observed during the period.

Regarding the procurement of services such as investment consultancy and rating services, our Company complies with all legal provisions including the CMB legislation, and pays utmost attention to prevent any situation that could lead to a conflict of interest in this respect.

2018 DIVIDEND DISTRIBUTION TABLE (TRL)

1. Paid-In / Issued Capital		592,105,263.00
2. Total Legal Reserves (According to Lgeal Records)		342,931,215.11
	BASED ON CMB REGULATIONS	**BASED ON LEGAL RECORDS**
3. Current Period Profit	411,707,349.22	-644,150,939.98
4. Taxes Payable (-)	314,825,154.22	0.00
5. Net Current Period Profit (=)	**96,882,195.00**	**-644,150,939.98**
6. Losses in Previous Years		521,023,332.09
7. Primary Legal Reserve (-)	0.00	0.00
8. Net Distributable Current Period Profit	**96,882,195.00**	**-1,165,174,272.07**
9. Donations Made During the Year (+)	2,988,685.86	
10. Donation-Added Net Distributable Current Period Profit on which First Dividend Is Calculated	99,870,880.86	
11. First Dividend to Shareholders		
12. Dividend Distributed to Owners of Privileged Shares		
13. Other Dividend Distributed		
14. Dividend to Owners of Redeemed Shares	753,433.37	
15. Second Dividend to Shareholders		
16. Secondary Legal Reserves	30,007,894.73	
17. Statutory Reserves		
18. Special Reserves		
19. Extraordinary Reserves	66,120,866.90	
20. Other Distributable Resources	300,078,947.29	300,078,947.29

ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş 2018 DIVIDEND RATES

	DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT (TRL) / NET DISTRIBUTABLE CURRENT PERIOD PROFIT	DIVIDEND TO BE PAID FOR SHARE WITH PAR VALUE OF 1 TRL	
SHARE GROUP	**CASH (TRL)**	**STOCK (TRL)**		**NET (TRL)**	**(%)**
NET	255,067,105.20	-	-	0.43078	43.07800

STATEMENT OF RESPONSIBILITY

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL CORPORATE GOVERNANCE INFORMATION FORM, CORPORATE GOVERNANCE COMPLIANCE REPORT AND ANNUAL REPORT

RESOLUTION DATE: 28 February 2019 – 11 March 2019
RESOLUTION NUMBER : 2019 – 433 / 435

DECLARATION OF RESPONSIBILITY PURSUANT TO ARTICLE 9 OF THE SECOND SECTION OF THE CAPITAL MARKETS BOARD COMMUNIQUE ON PRINCIPLES PERTAINING TO FINANCIAL REPORTING IN CAPITAL MARKETS

Appended to this resolution are our financial statements corporate governance information form, corporate governance compliance report and annual report for January-December 2018, which have been approved by our company's Board of Directors and Audit Committee, which have been prepared in compliance with Capital Markets Board ("SPK") Communique II-14.1 on principles pertaining to financial reporting in capital markets and with Turkish Accounting/Financial Reporting Standards ("TMS"/"TFRS") and in an SPK-compatible format, and which have been independently audited.

We hereby declare:

a) We have examined the consolidated financial statements corporate governance information form, corporate governance compliance report and annual report dated 31 December 2018;

b) That, to the best of our knowledge within the framework of our duties and responsibilities at our company, neither the consolidated financial statements nor the corporate governance information form, corporate governance compliance report and annual report contain any assertion that is untrue insofar as matters of material importance are concerned or any omission that would lead to the conclusion that such assertions were misleading as of the date on which they were made;

c) That, to the best of our knowledge within the framework of our duties and responsibilities at the company, these consolidated financial statements prepared in accordance with current financial reporting standards honestly reflect the realities of our company's assets, liabilities, financial standing, and profits & losses, and the annual report honestly reflects our company's business and performance and honestly reflects our company's financial standing along with any material risks and uncertainties that confront it.
beyan ederiz.

Sincerely,

İZZET KARACA
Chairman of the Audit Committee

ŞEVKİ ACUNER
Member of the Audit Committee

NUSRET ORHUN KÖSTEM
Group CFO

KEREM İŞERİ
CFO

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

TO THE GENERAL ASSEMBLY OF ANADOLU EFES BIRACILIK VE MALT SANAYII A.Ş.

1) Opinion

As we have audited the full set consolidated financial statements of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 1 January 2018–31 December 2018, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 1 January 2018 – 31 December 2018 in our Auditor's Report dated 28 February 2019.

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c) The annual report also includes the matters stated below:

- The significant events occurred in the Group's activities subsequent to the financial year ends,
- The Group's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Koray Öztürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
MEMBER OF DELOITTE TOUCHE TOHMATSU LIMITED

KORAY ÖZTÜRK, SMMM
Partner

Istanbul, 11 March 2019

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

ANADOLU EFES BİRACILIK VE
MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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Deloitte.

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Anadolu Efes Biracılık ve Malt Sanayii A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the consolidated financial statements of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes") and its subsidiary, Coca-Cola İçecek A.Ş. ("Coca-Cola"), has expanded their operations with business combinations. As a result of the business combinations, the share of goodwill and intangible assets in total assets has reached to 44% in the consolidated financial statements. The Group management performs annual impairment testing of its cash generating units to which goodwill has been allocated and its intangible assets with indefinite useful lives in accordance with its accounting policies. The recoverable amount of cash generating units and intangible assets with indefinite useful lives is determined based on value in use. Recoverable amount is determined based on discounted projected cash flows by using key management estimates; such as, revenue increase, discount rate, long-term growth rate and inflation rate. Considering that impairment testing includes significant estimates and assumptions and the significance of these assets on the consolidated financial statements, the impairment testing of cash generating units and intangible assets with indefinite useful lives is determined as a key audit matter. The related disclosures including the accounting policies for impairment testing of goodwill and intangible assets with indefinite useful lives are disclosed in Notes 2 and 16.	The audit procedures applied including but not limited to the following are: • Evaluating whether cash generating units are correctly identified by the Group management • In order to evaluate budget processes of the Group in detail, in particular, questioning whether the estimations for liter and prices are reasonable and verifying board of directors approval for budgeted cash flowsı • Evaluating basis and arithmetical accuracy of discounted cash flow models via involving the experts • Comparison of initial estimates with realized results to assess the accuracy of historical estimations, • Evaluating the reasonableness of estimated EBITDA performance, capex, changes in working capital assumptions, discount and terminal growth rates assumptions • Evaluating sensitivity analysis of impairment tests for the potential changes in key assumptions • Evaluating the appropriateness of related disclosures regarding to Intangible Assets with Indefinite Useful Lives and Goodwill in Notes 16 in accordance with TFRS.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

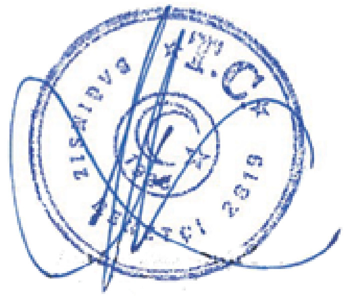
In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 28 February 2019.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2018 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Koray Öztürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
MEMBER OF DELOITTE TOUCHE TOHMATSU LIMITED



KORAY ÖZTÜRK, SMMM
Partner

Istanbul, 28 February 2019

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ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited Current Period 31 December 2018	Restated (Note 2) Previous Period 31 December 2017
ASSETS			
Cash and Cash Equivalents	6	**4,770,052**	5,409,622
Financial Investments	9	**21,163**	88,588
Trade Receivables	10	**2,413,804**	1,530,645
- Trade Receivables Due from Related Parties	30	*230,018*	*158,085*
- Trade Receivables Due from Third Parties		*2,183,786*	*1,372,560*
Other Receivables	11	**102,028**	103,368
- Other Receivables from Related Parties	30	*28,377*	-
- Other Receivables from Third Parties		*73,651*	*103,368*
Derivative Financial Assets	8	**-**	152
Inventories	12	**1,943,100**	1,179,231
Prepaid Expenses	13	**496,865**	399,150
Current Tax Assets	28	**168,428**	115,653
Other Current Assets	20	**374,161**	271,572
- Other Current Assets from Third Parties		*374,161*	*271,572*
Current Assets		**10,289,601**	9,097,981
Financial Investments		**792**	767
Trade Receivables	10	**1,437**	1,212
- Trade Receivables Due from Third Parties		*1,437*	*1,212*
Other Receivables	11	**52,866**	22,338
- Other Receivables from Third Parties		*52,866*	*22,338*
Derivative Financial Assets	8	**47,010**	-
Investments in Subsidiaries, Joint Ventures and Associates	4	**71,195**	46,309
Investment Property	14	**113,362**	101,894
Property, Plant and Equipment	15	**10,049,742**	7,485,235
Intangible Assets		**16,959,421**	12,082,868
- Goodwill	16	*5,897,466*	*1,840,808*
- Other Intangible Assets	16	*11,061,955*	*10,242,060*
Prepaid Expenses	13	**407,495**	335,835
Deferred Tax Asset	28	**867,100**	307,406
Other Non-Current Assets	20	**66,091**	47,787
Non-Current Assets		**28,636,511**	20,431,651
TOTAL ASSETS		**38,926,112**	29,529,632

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited Current Period 31 December 2018	Restated (Note 2) Previous Period 31 December 2017
LIABILITIES			
Current Borrowings	7	**830,699**	89,359
- Current Borrowings from Related Parties	30	***328,327***	-
- Current Borrowings from Third Parties		***502,372***	89,359
Current Portion of Non-Current Borrowings	7	**1,524,416**	2,956,119
- Current Portion of Non-Current Borrowings from Related Parties	30	***196,784***	-
- Current Portion of Non-Current Borrowings from Third Parties		***1,327,632***	2,956,119
Trade Payables	10	**3,600,610**	1,676,381
- Trade Payables to Related Parties	30	***282,578***	52,423
- Trade Payables to Third Parties		***3,318,032***	1,623,958
Employee Benefit Obligations	18	**77,035**	66,362
Other Payables	11	**1,472,436**	851,122
- Other Payables to Third Parties		***1,472,436***	*851,122*
Derivative Financial Liabilities	8	**29,832**	-
Deferred Income	13	**58,592**	33,169
Current Tax Liabilities		**17,051**	6,498
Current Provisions	19	**132,469**	115,429
- Current Provisions for Employee Benefits		***113,218***	114,532
- Other Current Provisions		***19,251***	897
Other Current Liabilities	20	**36,525**	24,215
Current Liabilities		**7,779,665**	5,818,654
Long-Term Borrowings	7	**6,873,565**	5,464,012
Trade Payables	10	**44,207**	35,180
- Trade Payables to Third Parties		***44,207***	*35,180*
Other Payables	11	**391,376**	347,171
- Other Payables to Third Parties		***391,376***	*347,171*
Deferred Income	13	**975**	1,331
Non-Current Provision		**143,175**	124,086
- Non-Current Provision for Employee Benefits	19	**143,175**	124,086
Deferred Tax Liabilities	28	**2,088,835**	1,908,091
Other Non-Current Liabilities	20	**270,308**	165,512
Non-Current Liabilities		**9,812,441**	8,045,383
Equity Attributable to Equity Holders of the Parent	21	**11,278,672**	9,811,700
Issued Capital		**592,105**	592,105
Inflation Adjustment on Capital		**63,583**	63,583
Share Premium (Discount)		**2,765,214**	3,042,134
Put Option Revaluation Fund Related with Non-controlling Interests		**6,773**	20,275
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		**(23,464)**	(24,467)
-Revaluation and Remeasurement Gain/Loss		***(23,464)***	*(24,467)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		**3,438,316**	2,390,553
- Currency Translation Differences		***4,113,182***	*2,361,784*
- Gains (Losses) on Hedge		***(674,866)***	*28,769*
Restricted Reserves Appropriated from Profits	21	**342,931**	317,921
Prior Years' Profits or Losses		**3,996,332**	3,260,176
Current Period Net Profit or Losses		**96,882**	149,420
Non-Controlling Interests	4	**10,055,334**	5,853,895
Total Equity		**21,334,006**	15,665,595
TOTAL LIABILITIES		**38,926,112**	29,529,632

The accompanying notes form an integral part of these consolidated financial statements.

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited Current Period 31 December 2018	Restated (Note 2) Previous Period 31 December 2017
Revenue	5, 22	**18,689,686**	12,732,359
Cost of Sales	22	**(11,704,576)**	(7,906,500)
GROSS PROFIT (LOSS)		**6,985,110**	4,825,859
General Administrative Expenses	23	**(1,580,767)**	(955,534)
Sales, Distribution and Marketing Expenses	23	**(3,944,482)**	(2,701,297)
Other Income from Operating Activities	25	**554,348**	314,237
Other Expenses from Operating Activities	25	**(408,249)**	(231,316)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**1,605,960**	1,251,949
Investment Activity Income	26	**231,251**	46,063
Investment Activity Expenses	26	**(167,571)**	(110,016)
Income/ (Loss) from Associates	4	**(81,065)**	(30,362)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**1,588,575**	1,157,634
Finance Income	27	**3,093,380**	1,105,188
Finance Expenses	27	**(4,052,020)**	(1,779,421)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**629,935**	483,401
Tax (Expense) Income, Continuing Operations		**(314,825)**	(177,512)
- Current Period Tax Income (Expense)	*28*	***(261,271)***	*(157,578)*
- Deferred Tax Income (Expense)	*28*	***(53,554)***	*(19,934)*
PROFIT/(LOSS)		**315,110**	305,889
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*4*	***218,228***	*156,469*
- Owners of Parent		***96,882***	*149,420*
Earnings / (Loss) Per Share (Full TRL)	29	**0.1636**	0.2524

The accompanying notes form an integral part of these consolidated financial statements..

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited Current Period 31 December 2018	Restated (Note 2) Previous Period 31 December 2017
PROFIT/(LOSS)		**315.110**	305.889
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		**1,277**	(3,378)
Gains (Losses) on Remeasurements of Defined Benefit Plans	19	**1,603**	(4,470)
Taxes Relating to Components of Other Comprehensive Income that will not be reclassified to profit or loss		**(326)**	1,092
- Deferred Tax Income (Expense)		***(326)***	*1,092*
Other Comprehensive Income that will be Reclassified to Profit or Loss		**2,058,576**	896,416
Currency Translation Differences		**2,850,318**	945,422
Other Comprehensive Income (Loss) on Cash Flow Hedge		**216,312**	(61,578)
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations	31	**(1,229,608)**	-
Taxes Relating to Components of Other Comprehensive Income that will be reclassified to profit or loss		**221,554**	12,572
- Deferred Tax Income (Expense)		***221,554***	*12,572*
OTHER COMPREHENSIVE INCOME (LOSS)		**2,059,853**	893,038
TOTAL COMPREHENSIVE INCOME (LOSS)		**2,374,963**	1,198,927
Total Comprehensive Income Attributable to			
- Non-Controlling Interest		***1,229,315***	*346,883*
-Owners of Parents		***1,145,648***	*852,044*

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ANADOLU EFES BIRACILIK VE MALT SANAYII ANONIM ŞIRKETI
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

							Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss				Retained Earnings				
		Notes	Issued Capital	Inflation Adjustment on Capital	Share Premium/ Discount	Put Option Revaluation Fund Related with Non-controlling Interests	Revaluation and Remeasurement Gain/ (Loss) (**)	Currency Translation Differences	Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Other Reserves	Prior Years' Profits or Losses	Current Period Net Profit or Loss	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total Equity
Restated (Not 2) Previous period (1 January – 31 December 2017)	**Beginning Balances**		592,105	63,583	3,137,684	19,923	(20,249)	1,783,517	58,325	303,414	(235,742)	3,630,736	(70,795)	9,262,501	5,554,521	14,817,022
	Other Adjusments	2	-	-	-	-	-	(158,131)	-	-	235,742	(235,742)	-	(158,131)	-	(158,131)
	Restated Balances		592,105	63,583	3,137,684	19,923	(20,249)	1,625,386	58,325	303,414	-	3,394,994	(70,795)	9,104,370	5,554,521	14,658,891
	Transfers		-	-	(8,686)	-	-	-	-	14,507	-	(76,616)	70,795	-	-	-
	Total Comprehensive Income (Loss)		-	-	-	-	(4,218)	736,398	(29,556)	-	-	-	149,420	852,044	346,883	1,198,927
	Profit (Loss)		-	-	-	-	-	-	-	-	-	-	*149,420*	*149,420*	*156,469*	*305,889*
	Other Comprehensive Income (Loss)		-	-	-	-	*(4,218)*	*736,398*	*(29,556)*	-	-	-	-	*702,624*	*190,414*	*893,038*
	Dividends		-	-	(86,864)	-	-	-	-	-	-	(58,202)	-	(145,066)	(48,719)	(193,785)
	Increase (Decrease) from Other Changes (*)		-	-	-	352	-	-	-	-	-	-	-	352	1,210	1,562
	Ending Balances		592,105	63,583	3,042,134	20,275	(24,467)	2,361,784	28,769	317,921	-	3,260,176	149,420	9,811,700	5,853,895	15,665,595
Current Period (1 January – 31 December 2018)	**Beginning Balances**		**592,105**	**63,583**	**3,042,134**	**20,275**	**(24,467)**	**2,361,784**	**28,769**	**317,921**	**-**	**3,260,176**	**149,420**	**9,811,700**	**5,853,895**	**15,665,595**
	Transfers		-	-	(25,010)	-	-	-	-	25,010	-	149,420	(149,420)	-	-	-
	Total Comprehensive Income (Loss)		-	-	-	-	**1,003**	**1,751,398**	**(703,635)**	-	-	-	**96,882**	**1,145,648**	**1,229,315**	**2,374,963**
	Profit (Loss)		-	-	-	-	-	-	-	-	-	-	**96,882**	**96,882**	**218,228**	**315,110**
	Other Comprehensive Income (Loss)		-	-	-	-	**1,003**	**1,751,398**	**(703,635)**	-	-	-	-	**1,048,766**	**1,011,087**	**2,059,853**
	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	**42,890**	**42,890**
	Increase (Decrease) through Changes in Ownership Interests in Subsidiaries that do not result in loss of control	**3**	-	-	-	-	-	-	-	-	-	**586,736**		**586,736**	**(823,202)**	**(236,466)**
	Dividends	**21**	-	-	**(251,910)**	-	-	-	-	-	-	-	-	**(251,910)**	**(130,654)**	**(382,564)**
	Acquisition or Disposal of a Subsidiary	**3**	-	-	-	-	-	-	-	-	-	-	-	-	**3,903,478**	**3,903,478**
	Increase (Decrease) from Other Changes (*)		-	-	-	**(13,502)**	-	-	-	-	-	-	-	**(13,502)**	**(20,388)**	**(33,890)**
	Ending Balances		**592,105**	**63,583**	**2,765,214**	**6,773**	**(23,464)**	**4,113,182**	**(674,866)**	**342,931**	**-**	**3,996,332**	**96,882**	**11,278,672**	**10,055,334**	**21,334,006**

(*) Non-controlling interest share put option liability.

(**) Gains (Losses) on Remeasurements of Defined Benefit Plans.

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

		Audited	
	Notes	Current Period 31 December 2018	Previous Period 31 December 2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**2,818,246**	2,190,025
Profit/ (Loss) for the period		**315,110**	305,889
Adjustments to Reconcile Profit (Loss)		**2,636,156**	1,979,376
Adjustments for Depreciation and Amortization Expense	5, 14, 15, 16, 24	**1,297,749**	931,979
Adjustments for Impairment Loss / (Reversal)	33	**156,292**	121,572
Adjustments for Provisions	33	**72,146**	45,176
Adjustments for Interest (Income) Expenses	33	**259,787**	125,408
Adjustments for Unrealised Foreign Exchange Losses (Gains)		**636,094**	585,743
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		**16,347**	-
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	4	**81,065**	30,362
Adjustments for Tax (Income) Expenses	28	**314,825**	177,512
Adjustments for Losses (gains) on Disposal of Non-Current Assets	26	**(41,803)**	(19,428)
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations	26	**-**	(19,145)
Transfer of currency translation differences previously accounted as other comprehensive income		**(169,937)**	-
Other Adjustments to Reconcile Profit (loss)		**13,591**	197
Changes in Working Capital		**106,688**	70,579
Adjustments for Decrease (Increase) in Accounts Receivables		**(651,258)**	(224,814)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		**(280,983)**	(160,395)
Adjustments for Decrease (Increase) in Inventories		**(486,418)**	(160,664)
Adjustments for increase (decrease) in Trade Accounts Payable		**982,444**	401,444
Adjustments for increase (decrease) in Other Operating Payables		**542,903**	215,008
Cash Flows from (used in) Operations		**3,057,954**	2,355,844
Payments Related with Provisions for Employee Benefits	19	**(52,701)**	(49,219)
Income Taxes (Paid) Return		**(187,007)**	(116,600)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(1,372,787)**	(788,653)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	4	**(105,069)**	(17,845)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets	14,15,16	**105,946**	65,823
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	33	**(1,610,169)**	(836,631)
Other inflows (outflows) of cash		**236,505**	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(4,115,991)**	1,085,374
Proceeds from Borrowings	7	**1,491,673**	3,324,034
Repayments of Borrowings	7	**(4,807,590)**	(1,802,742)
Income (Loss) from Cash Flow Hedge		**(224,588)**	(60,249)
Dividends Paid		**(382,564)**	(193,785)
Interest Paid	7	**(552,684)**	(239,553)
Interest Received		**292,337**	135,221
Other inflows (outflows) of cash		**67,425**	(77,552)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		**(2,670,532)**	2,486,746
Effect Of Currency Translation On Cash and Cash Equivalents		**1,109,150**	159,150
Effect Of Currency Translation Differences On Cash and Cash Equivalents		**918,556**	13,286
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(642,826)**	2,659,182
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**5,399,185**	2,740,003
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**4,756,359**	5,399,185

The accompanying notes form an integral part of these consolidated financial statements.

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

General

Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes, the Company) was established in İstanbul in 1966. Certain shares of Anadolu Efes are listed on the Borsa İstanbul (BIST).

The registered office of the Company is located at the address "Bahçelievler Mahallesi Şehit İbrahim Koparır Caddesi No: 4 Bahçelievler – İstanbul".

The Company, its subsidiaries and joint ventures will be referred to as the "Group". The average number of permanent personnel employed in the Group is 17.560 (December 31, 2017 – 14.188).

The consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer, Nusret Orhun Köstem and Finance Director, Kerem İşeri were issued on February 28, 2019. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

Nature of Activities of the Group

The operations of the Group consist of production, bottling, selling and distribution of beer under a number of trademarks and also production, bottling, distribution and selling of sparkling and still beverages with The Coca- Cola Company (TCCC) trademark.

After the business combination, explained in Note 3, the Group owns and operates twenty one breweries; three in Turkey, eleven in Russia and seven in other countries (December 31, 2017 - fourteen breweries; three in Turkey, six in Russia and and five in other countries). The Group makes production of malt in two locations in Turkey and three locations in Russia (December 31, 2017 – production of malt in two locations in Turkey and one location in Russia).

The Group has ten facilities in Turkey, sixteen facilities in other countries for sparkling and still beverages production (December 31, 2017 - ten facilities in Turkey, fifteen facilities in other countries).

The Group also has joint control over Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap), which undertakes production and sales of fruit juice concentrates, purees and fresh fruit sales in Turkey and Syrian Soft Drink Sales & Dist. LLC (SSDSD), which undertakes distribution and sales of sparkling and still beverages in Syria.

List of Shareholders

As of December 31, 2018 and December 31, 2017, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	December 31, 2018		December 31, 2017	
	Amount	**%**	Amount	%
AG Anadolu Grubu Holding A.Ş.	**254,892**	**43.05**	254,892	43.05
AB Inbev Harmony Ltd.	**142,105**	**24.00**	142,105	24.00
Publicly traded and other	**195,108**	**32.95**	195,108	32.95
	592,105	**100.00**	592,105	100.00

The Company is controlled by AG Anadolu Grubu Holding A.Ş., the parent company.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (CONTINUED)

List of Subsidiaries and Joint Ventures

The subsidiaries included in the consolidation and their effective shareholding rates at December 31, 2018 and December 31, 2017 are as follows:

				Effective Shareholding And Voting Rights %	
Subsidiary	**Country**	**Principal Activity**	**Segment**	**31 Aralık 2018**	31 Aralık 2017
Efes Breweries International N.V. (EBI)	The Netherlands	Managing foreign investments in breweries	International Beer	**100.00**	100.00
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan)	Kazakhstan	Production and marketing of beer	International Beer	**100.00**	100.00
International Beers Trading LLP (IBT)	Kazakhstan	Marketing of beer	International Beer	**100.00**	100.00
Efes Vitanta Moldova Brewery S.A. (Efes Moldova)	Moldova	Production and marketing of beer and low alcoholic drinks	International Beer	**96.87**	96.86
JSC Lomisi (Efes Georgia)	Georgia	Production and sales of beer and carbonated soft drinks	International Beer	**100.00**	100.00
PJSC Efes Ukraine (Efes Ukraine)	Ukraine	Production and marketing of beer	International Beer	**99.94**	99.94
LLC Efes Ukraine	Ukraine	Selling and distribution of beer	International Beer	**100.00**	100.00
Efes Trade BY FLLC (Efes Belarus)	Belarus	Market development	International Beer	**100.00**	100.00
Efes Holland Technical Management Consultancy B.V. (EHTMC)	The Netherlands	Leasing of intellectual property and similar products	International Beer	**100.00**	100.00
AB InBev Efes B.V. (AB InBev Efes) (1)	The Netherlands	Investment company	International Beer	**50.00**	100.00
JSC Moscow-Efes Brewery (Efes Moscow) (2)	Russia	Production and marketing of beer	International Beer	**50.00**	100.00
JSC Sun InBev(2)	Russia	Production and marketing of beer	International Beer	**50.00**	-
PJSC Sun InBev Ukraine (2)	Ukraine	Production and marketing of beer	International Beer	**49.30**	-
LLC Vostok Solod (3)	Russia	Production of malt	International Beer	**50.00**	100.00
LLC Efes Solod(3)	Russia	Production of malt	International Beer	**50.00**	100.00
LLC Inbev Trade(4)	Russia	Production of malt	International Beer	**50.00**	-
Euro-Asien Brauerein Holding GmbH (Euro-Asien)(2)	Germany	Investment company	International Beer	**50.00**	100.00
Bevmar GmbH(2)	Germany	Investment company	International Beer	**50.00**	-
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (5)	Turkey	Marketing and distribution company of the Group in Turkey	Turkey Beer	**100.00**	100.00
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Other	**99.99**	99.99
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	**100.00**	100.00
Coca-Cola İçecek A.Ş. (CCI)(6)	Turkey	Production of Coca-Cola products	Soft Drinks	**50.26**	50.26
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Soft Drinks	**50.25**	50.25
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye)	Turkey	Filling and selling of natural spring water	Soft Drinks	**50.26**	50.26
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC)	Kazakhstan	Production, distribution and selling of and distribution of Coca-Cola products	Soft Drinks	**50.26**	50.26
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC)	Azerbaijan	Production, distribution and selling of Coca-Cola products	Soft Drinks	**50.19**	50.19
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC)	Krygyzstan	Production, distribution and selling of Coca-Cola products	Soft Drinks	**50.26**	50.26
CCI International Holland B.V. (CCI Holland)	The Netherlands	Investment company of CCI	Soft Drinks	**50.26**	50.26
Tonus Turkish-Kazakh Joint Venture LLP (Tonus)	Kazakhstan	Investment company of CCI	Soft Drinks	**50.26**	50.26
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC)	Jordan	Production, distribution and selling of Coca-Cola products	Soft Drinks	**45.23**	45.23
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC)	Turkmenistan	Production, distribution and selling of Coca-Cola products	Soft Drinks	**29.90**	29.90
Sardkar for Beverage Industry Ltd. (Sardkar)(7)	Iraq	Production, distribution and selling of Coca-Cola products	Soft Drinks	**50.26**	50.26
Waha Beverages B.V.	The Netherlands	Investment company of CCI	Soft Drinks	**40.22**	40.22
Coca-Cola Beverages Tajikistan LLC (Coca-Cola Tacikistan)	Tajikistan	Production, distribution and selling of Coca-Cola products	Soft Drinks	**50.26**	50.26
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha)	Iraq	Production, distribution and selling of Coca-Cola products	Soft Drinks	**40.22**	40.22
Coca-Cola Beverages Pakistan Ltd (CCBPL)	Pakistan	Production, distribution and selling of Coca-Cola products	Soft Drinks	**24.96**	24.96

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (CONTINUED)

				Effective Shareholding And Voting Rights %	
Joint Ventures	**Country**	**Principal Activity**	**Segment**	**December 31, 2018**	December 31, 2017
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap) (8)	Turkey	Production and sales of fruit juice concentrates and sales of purees and fresh fruit sales	Other	**39.70**	33.33
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	Soft Drinks	**25.13**	25.13

(1) As explained in Note 3, on March 29, 2018 EBI's all beer operations in Russia, whose 100% shares are owned by Anadolu Efes and AB InBev's all beer operations in Russia and Ukraine, has been merged under AB InBev Efes BV (AB InBev Efes) as %50-%50 ownership of Anadolu Efes and AB InBev. As a result of this process, the Group's AB Inbev Efes B.V. its share in the company has been 50%.
(2) Subsidiaries that AB Inbev Efes B.V. directly participates in after the business combination explained in Note 3.
(3) Subsidiaries of Efes Moscow.
(4) Subsidiary of JSC Sun InBev.
(5) The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa.
(6) Shares of CCI are currently traded on BIST.
(7) As October 2018 the name of Company for Beverage Industry Ltd. has been changed as Sardkar for Beverage Industry Ltd.
(8) Capital increase was made in Anadolu Etap in June and November 2018. As a result of this transaction, the Group's shareholding and voting rights in Anadolu Etap increased from 33,33% to 39,70%.

Work Environments and Economic Conditions of Subsidiaries and Joint Ventures in Foreign Countries

Certain countries, in which consolidated subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. Accordingly, such markets do not possess well-developed business infrastructures and the Group's operations in such countries might carry risks, which are not typically associated with those in more developed markets. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors, could significantly affect the commercial activities of subsidiaries and joint ventures.

Deterioration in macroeconomic conditions in Ukraine, ongoing political instability, devaluation of Ukrainian Hryvnya and possibility of military operations in the region have been assessed by Group management and consequently, the deterioration in the Group's international beer market expectations for the medium term resulted in recognition of impairment on inventories, property, plant and equipment and intangible assets in 31 December 2017 consolidated financials.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Consolidated Financial Statements

Statement of Compliance to TFRS

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the Communiqué) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (TAS) issued by Public Oversight Accounting and Auditing Standards Authority (POAASA). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (TFRS) and its addendum and interpretations.

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the the consolidated financial statements of the Group have been prepared accordingly.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Preparation and Presentation of Consolidated Financial Statements (continued)

Statement of Compliance to TFRS (continued)

The Company and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

2.2 Functional and Reporting Currency

Functional and reporting currency of the Company and its subsidiaries, joint ventures located in Turkey is Turkish Lira.

Functional Currency of Significant Subsidiaries Located in Foreign Countries

		Functional Currency	
Subsidiary / Joint Venture	**Local Currency**	**2018**	2017
EBI	Europian Currency (EURO)	**USD**	USD
Efes Moscow	Russian Ruble (RUR)	**RUR**	RUR
JSC Sun InBev	Russian Ruble (RUR)	**RUR**	RUR
PJSC Sun InBev Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
AB InBev Efes B.V.	Europian Currency (EURO)	**USD**	USD
Efes Kazakhstan	Kazakh Tenge (KZT)	**KZT**	KZT
Efes Moldova	Moldovan Leu (MDL)	**MDL**	MDL
Efes Georgia	Georgian Lari (GEL)	**GEL**	GEL
Efes Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
EHTMC	EURO	**EURO**	EURO
Efes Germany	EURO	**EURO**	EURO
Almaty CC	Kazakh Tenge (KZT)	**KZT**	KZT
Tonus	Kazakh Tenge (KZT)	**KZT**	KZT
Azerbaijan CC	Azerbaijani Manat (AZN)	**AZN**	AZN
Turkmenistan CC	Turkmenistan Manat (TMT)	**TMT**	TMT
Bishkek CC	Kyrgyz Som (KGS)	**KGS**	KGS
TCCBCJ	Jordan Dinar (JOD)	**JOD**	JOD
Sardkar	Iraqi Dinar (IQD)	**IQD**	IQD
SSDSD	Syrian Pound (SYP)	**SYP**	SYP
CCBPL	Pakistan Rupee (PKR)	**PKR**	PKR
CCI Holland	EURO	**USD**	USD
Waha B.V.	EURO	**USD**	USD
Al Waha	Iraqi Dinar (IQD)	**IQD**	IQD
Tacikistan CC	Tajikistani Somoni (TJS)	**TJS**	TJS

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant Accounting Estimates and Decisions

Preparation of consolidated financial statements requires management to make estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, the disclosure of contingent assets and liabilities and the reported amounts of income and expenses during the financial period. The accounting assessments, estimates and assumptions are reviewed considering past experiences, other factors and reasonable expectations about future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

2.4 Changes in Accounting Policies

The consolidated financial statements of the Group for the period ended December 31, 2018 have been prepared in accordance with the accounting policies (except for the subject mentioned in Note 2.33) consistent with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2017.

Adoption of new and revised Turkish Financial Reporting Standards

Standards, amendments and interpretations applicable as at 31 December 2018:

- TFRS 9, 'Financial Instruments';

TFRS 9, Financial instruments; effective from annual periods beginning on to after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Group has carried out valuation studies to determine the cumulative effect of the first transition and concluded that no changes should be made to the consolidated financial statements.

- TFRS 9 "Financial Instruments" Standard: Classification and Measurement

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

"Financial assets measured at amortised cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortised cost comprise "cash and cash equivalents" and "trade receivables". Financial assets carried at amortised cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortised cost are accounted for under the consolidated statement of income.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

Adoption of new and revised Turkish Financial Reporting Standards (continued)

Standards, amendments and interpretations applicable as at 31 December 2018 (continued):

- TFRS 9 "Financial Instruments" Standard: Classification and Measurement (continued)

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income. Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

Financial assets	Classification under TAS 39	Classification under TFRS 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Due from related parties	Loans and receivables	Amortised cost
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss

Financial assets	Classification under TAS 39	Classification under TFRS 9
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost

Impairment

"Expected credit loss model" defined in TFRS 9 "Financial Instruments" superseded the "incurred credit loss model" in TAS 39 "Financial Instruments: Recognition and Measurement" which was effective prior to 1 January 2018. Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument. The calculation of expected credit loss is performed based on the past experiences and future expectations of the Group.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

Adoption of new and revised Turkish Financial Reporting Standards (continued)

Standards, amendments and interpretations applicable as at 31 December 2018 (continued):

- Transition to TFRS 15 Revenue from Contracts with Customers

TFRS 15, Revenue from Contracts with Customers; effective from annual periods beginning on or after 1 January 2018 and this standard replaces the guidance in TAS 18. The retrospective impact of transition on the consolidated financial statements of the Group explained under Comparative Information and Restatements on Prior Period Financial Statements (Note 2.33).

- TFRS 15 Revenue from Contracts with Customers

The Group recognizes revenue in accordance with the new revenue standard which is effective from 1 January 2018, based five-step model set out below:

- Identifying contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

The Group assesses the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).

A customer receives a discount for purchasing a bundle of goods or services if the sum of the stand-alone selling prices of those promised goods or services in the contract exceeds the promised consideration in a contract. Except when the Group has observable evidence that the entire discount relates to only one or more, but not all, performance obligations in a contract, the Group allocates a discount proportionately to all performance obligations in the contract.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. When (or as) a performance obligation is satisfied, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation. An asset is transferred when (or as) the customer obtains control of that asset.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

Adoption of new and revised Turkish Financial Reporting Standards (continued)

Standards, amendments and interpretations applicable as at 31 December 2018 (continued):

- TFRS 15 Revenue from Contracts with Customers (continued):

The Group considers indicators of the transfer of control, which include, the following:

- The Group has a present right to payment for the asset
- The customer has legal title to the asset
- The Group has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

Product Sales

The Group generally produces, sells and distributes beer under a number of trademarks and also production, bottling, selling and distribution of sparkling and still beverages. Revenue is recognized when the control of products is transferred to the customer. There is no significant effect of the new revenue standard on the Group's revenue, profit of losses.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

- Amendments to TFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. There isn't any material impact expected on the financial position or performance of the Group related to this amendment.

- IFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. There isn't any material impact expected on the financial position or performance of the Group related to this interpretation.

- Amendment to TAS 40, 'Investment property' relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

Adoption of new and revised Turkish Financial Reporting Standards (continued)

Standards, amendments and interpretations applicable as at 31 December 2018 (continued):

- Amendments to TFRS 4, 'Insurance contracts' regarding the implementation of TFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

Companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard IAS 39.

Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

- TFRS 1, 'First time adoption of TFRS', regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19 and TFRS 10,
- TAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.
- Short-term exclusions are abolished for the first time adoption of TFRS 10 standards.

Standards, amendment and interpretations that are issued but not effective as at 31 December 2018

- Amendment to TFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39. There isn't any material impact expected on the financial position or performance of the Group related to this amendment.

- Amendment to TAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9. There isn't any material impact expected on the financial position or performance of the Group related to this standard.

- Amendments to TAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

Adoption of new and revised Turkish Financial Reporting Standards (continued)

Standards, amendments and interpretations applicable as at 31 December 2018 (continued):

- **TFRS 16, 'Leases'**; effective from annual periods beginning on or after 1 January 2019. Earlier application permitted if TFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance TAS 17 and eliminates the distinction of operational lease and finance lease. Therefore, under TAS 17, operational lease that are previously off balance sheet item and finance lease are combined under a single accounting model. The IASB developed an exception for short-term leases (with a lease period of 12 months or less) and for leases of low value assets. Lessor accounting remains similar to current practice.

- Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lessee shall recognise the lease liability over the present value of the unpaid portion of lease payments and right-of-use asset. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.,

- Group has started the adaption studies related with the standart which will be effective from annual periods beginning on or after 1 January 2019.

- IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is assessing the impact of this interpretation on the financial position.

- TFRS 17, 'Insurance contracts; effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- TFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- TFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- TAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- TAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

Adoption of new and revised Turkish Financial Reporting Standards (continued)

Standards, amendments and interpretations applicable as at 31 December 2018 (continued):

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements',and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:
i) use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
ii) clarify the explanation of the definition of material; and
iii) incorporate some of the guidance in IAS 1 about immaterial information.

TFRS 3 Business Combinations and TFRS 11 Joint Arrangements - The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

The Group is in the process of assessing the impact of the amendments on financial position and performance of the Group.

2.5 Changes in Accounting Policies

The accounting estimates of the Group are adopted to be the same as prior years and there is no material change from prior years' accounting policies.

2.6 Offsetting

Financial assets and liabilities are offset and the net amount are reported in the consolidated financial statements when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously.

2.7 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the parent company, Anadolu Efes, its subsidiaries drawn up to the reporting date. The financial statements of the companies included in the consolidation have been prepared based on the accounting policies and presentation formats adopted by the Group in accordance with CMB Financial Reporting Standards.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated by using the full consolidation method; therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity. The equity and net income attributable to minority shareholders' interests of subsidiaries are shown separately in the consolidated balance sheet and consolidated income loss statement.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Basis of Consolidation (continued)

The Company and The Coca-Cola Export Corporation (TCCEC) which owns 20,09% shares of CCI, decided to change some of the provisions defined as the "important decisions" in the Association Agreement which is effective from January 1, 2013. As a result of this change, in accordance with the Shareholders' Agreement, TCCEC will have certain protective rights on major decisions. As a result, with effect from January 1, 2013, Anadolu Efes gained control over CCI and started to include CCI and its subsidiaries in consolidation scope.

A joint venture agreement was signed between EBI and AB Inbev Efes BV with a 50% stake in Anheuser Busch InBev SA/NV (AB InBev). The issue has detailed explaination in Note 3. As a result of this partnership agreement has gained control over JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH. In addition to that EBI's control over Efes Moscow ve Euro-Asien is continuing. Therefore since March 29, 2018 EBI, has started to consolidate companies of JSC Sun InBev, PJSC Sun InBev Ukraine ve Bevmar GmbH. As of March 29, 2018, Efes Moscow and Euro-Asien companies, which were previously consolidated with a 100% direct final ratio, continued to be consolidated with a 50% direct ownership to EBI.

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and its subsidiaries together with one or more other parties. The Group's interest in joint ventures is accounted with equity method starting from January 1, 2013 according to TFRS 11.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

The acquisition method of accounting is used for business combinations. Subsidiaries, joint ventures or investment in associates, acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a certain amount, has high liquidity with original maturities of 3 months or less. In accordance with TAS 7, bank deposits with a maturity of more than 3 months as of the acquisition date are reclassified to short term financial investments. However, Group recognises bank deposits with a maturity more than 3 months, which are considered to be highly liquid and do not include interest loss and penalty if compromised before maturity, to cash and cash equivalents. The deposits with the original maturities more than 3 months are classified to financial investments. The amounts paid under reverse repurchase agreements are included in the cash and cash equivalents.

2.9 Trade Receivables and Provisions for Doubtful Receivables

Trade receivables that are originated by the Group by the way of providing goods or services are generally collected in 5 to 65 day terms. Trade receivables are recognized and carried at discounted amount if they include significant interest less an allowance for any uncollectible amounts. Allowance for doubtful receivables is recognized by using the expected credit loss defined in TFRS 9. Expected credit losses are calculated based on Group's future estimates and experience over the past years.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.10 Related Parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions or be the associate of the Group. Related parties also include individuals who are principle owners, management and members of the Group's board of directors and their families. Amounts due from and due to related parties are carried at cost. Related party transactions are transfers of resources, services or obligations between related parties, regardless of whether a price is charged.

2.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2.12 Financial Investments

According to TFRS 9, all investments in equity instruments are to be measured at fair value. However, in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

2.13 Investment Properties

Investment properties consist of building and land improvements that are owned and not used by Group. They are hold on hand to earn rental income and capital appreciation. Investment properties are shown by deducting accumulated depreciation from the acquisition cost investment properties (except land) are depreciated by using straight-line depreciation method.

2.14 Property, Plant and Equipment

Property, plant and equipment (PP&E) are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is computed by the straight-line method over the following estimated useful lives:

Buildings and land improvements	5-50 years
Machinery and equipment	2-20 years
Leasehold improvements	4-20 years
Furnitures and fixtures	3-15 years
Vehicles	3-10 years
Retumable bottles and cases	5-10 years
Other tangible assets	2-12 years

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.14 Property, Plant and Equipment (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. The increase is recognized in the consolidated income statement (Note 26).

The Group management accounts returnable bottles under property, plant and equipment. Deposit obligations relating to such returnable bottles are reflected in other payables. The Group carries the liabilities related to returnable packages of Turkey Beer operation in the consolidated balance sheet, until the return of these packages from points of sales. The Group sells its products also in non-returnable bottles. For such sales, there is no deposit obligation of the Group.

Expenses for repair and maintenance of property, plant and equipment are normally charged to the income statement. They are, however, capitalized and depreciated through the estimated useful life of the property, plant and equipment in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

2.15 Other Intangible Assets

Intangible assets acquired separately from a business are capitalized at cost.

Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill, if the fair value can be measured reliably. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. Intangible assets with indefinite useful life formed in the financial statements in accordance with purchase method, are not subject to amortization and the carrying amounts of such intangibles are reviewed for impairment at least annually and whenever there is an indication of possible impairment

a) Brands

The brands, which belong to International Beer Operations and which are acquired as part of a business combination, are carried at their fair value and brands are separately carried at cost in the financial statements. The Group expects that the brands will generate cash inflow indefinitely and therefore are not amortized. Brands are tested for impairment annually.

b) Bottlers and Distribution Agreements

Bottlers and distribution agreements include;

i. Bottlers and distribution agreements that are signed with the Coca-Cola Company identified in the financial statements of the subsidiaries acquired through change in scope of consolidation in 2013.
ii. "Distribution Agreements" that are signed related with various brands identified in the fair value financial statements of the subsidiaries acquired by EBI in 2012.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.15 Other Intangible Assets (continued)

b) Bottlers and Distribution Agreements (continued)

Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. Bottlers and distribution agreements are tested for impairment annually.

c) License Agreements

License and distribution agreements includes, the agreements that are signed related with various brands identified in the fair value financial statements of subsidiaries acquired in 2012 by EBI in the scope of consolidation. Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. License and distribution agreements are tested for impairment annually.

d) Rights

The rights acquired as part of a business combination is carried at their fair value and if they are acquired separately, then they are carried at cost in the financial statements. Rights in the consolidated financial statements comprise mainly water sources usage rights and are amortized on a straight-line basis over 9 to 40 years.

e) Software

The cost of acquisition of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized on a straight-line basis over 1 to 5 years.

2.16 Business Combinations and Goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.16 Business Combinations and Goodwill (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.17 Trade Payables

Trade payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such financial liabilities are initially recognised at fair value and represented by the original invoice amount. After initial recognition, trade payables are measured at amortised cost using the effective interest rate method. The Group's trade payables are due within twelve months after the financial statement date, therefore classified under current liabilities.

2.18 Borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the obligations related with the borrowings are removed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

a) Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The initial direct costs attributable for the finance lease are added to the amount recognized as an asset. Capitalized leased assets are depreciated over the estimated useful life of the asset.

b) Operating Lease

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Group recognizes operating lease payments as an expense in the income statement on a straight-line basis over the lease term.

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NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.19 Current Income Tax and Deferred Tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and joint ventures of the Group operate.

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	2018	2017
The Netherlands	25%	25%
Russia	20%	20%
Kazakhstan	20%	20%
Moldova	12%	12%
Georgia	-	-
Ukraine	18%	18%
Azerbaijan	20%	20%
Krygyzstan	10%	10%
Pakistan	31%	31%
Iraq	15%	15%
Jordan	14%	14%
Turkmenistan	8%	8%
Tajikistan	14%	14%

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent of the probability that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to net off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority.

2.20 Employee Benefits

a) Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Group companies operating in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In the consolidated financial statements the Group has reflected a

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.20 Employee Benefits (continued)

a) Defined Benefit Plans (continued)

liability using the Projected Unit Credit Method and based on estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.

Also, CCBPL has gratuity fund provision as a defined benefit plan and calculated in accordance with TAS 19 "Employee Benefits" using actuarial works. Employee is eligible for gratuity after completing 3 years with the Company and can take his accrued gratuity amount at the time of separation from the Company or at retirement age. This provision is calculated by actuarial firm and the actuarial gain/loss accumulated on this provision is reflected to financial statements the gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected as other comprehensive income to equity.

b) Defined Contribution Plans

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are paid.

c) Long Term Incentive Plans

The Group provides a benefit to its employees over a certain seniority level under the name "long term incentive plan". Provision for long term incentive plan accrued in consolidated financial statements reflects the discounted value of the estimated total provision of possible future liabilities until the financial statement date.

2.21 Provisions, Contingent Assets and Liabilities

a) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

b) Contingent Assets and Liabilities

Contingent liabilities are not recognized in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements, but disclosed when an inflow of economic benefits is probable.

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NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.22 Foreign Currency Translations (continued)

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated income statement of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey and used by the Group's subsidiaries in Turkey as of respective year-ends are as follows:

Date	USD/TL(full)	EURO/TL(full)
December 31, 2018	5.2609	6.0280
December 31, 2017	3.7719	4.5155

The assets and liabilities of subsidiaries and joint ventures operating in foreign countries are translated at the rate of exchange ruling at the balance sheet date and the equity items are translated using the exchange rates at the date of the transaction. The income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences resulting from the deviation between the values of investment related to equity accounts of consolidated subsidiaries and joint ventures and the appreciation of foreign currencies against the Turkish Lira are accounted to equity as "currency translation differences". Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the acquiring company and are recorded at the exchange rate of balance sheet date. On disposal of a foreign entity, currency translation differences are recognized in the income statement as a component of the gain or loss on disposal.

2.23 Paid in Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

2.24 Dividends Payable

Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

2.25 Subsequent Events

The Group adjusts the amount recognized in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.26 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer:

a) Sale of Goods

Revenue is generated from beer and soft drinks sales to domestic and foreign dealers and customers and by-product sales. Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it's probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods shipped or services given without value added tax less sales returns and sales discounts.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.26 Revenue (continued)

a) Sale of Goods (continued)

Revenue recognition:

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:
- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled

Group recognized revenue from its customers only when all of the following criteria are met:
- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can identify each party's rights regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance,
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Sale of goods: Revenue from the sale of goods is recognized when all the following conditions are satisfied:
- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

b) Interest Income

Interest income is recognized as the interest accrues. Interest income is reflected under the "financial income" in the consolidated income statement.

c) Dividend Income

Dividend income is recognized when the right to collect the dividend is established.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.27 Borrowing Costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized. Borrowing costs other than these are recoded as expensed at the date they are incurred.

2.28 Segment Reporting

The Group management monitors the operating results of its three business units separately for the purpose of making decisions about resource allocation and performance assessment. The three operating segments are Turkey Beer Operations (Turkey Beer), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks).

Segment performance is evaluated based on profit from operations before depreciation, amortization and non-cash expenses (EBITDA). EBITDA has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business (Note 5).

2.29 Earnings per Share

Earnings per share in the consolidated income statements are calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from inflation adjustment to shareholders equity.

For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted with respect to free shares issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

2.30 Reporting of Cash Flows

In the consolidated statement of cash flows, cash flows are classified and reported according to their operating, investing and financing activities. Cash flows related with investing activities present the cash flows provided from and used in the Group's investing activities and cash flows related with financing activities present the proceeds and repayments of sources in the Group's financing activities.

2.31 Hedge Accounting

For the purpose of hedge accounting, hedges that have been part of the Group are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment that is attributable to a particular risk and could affect profit or loss (except for foreign currency risk)
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment that could affect profit or loss

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NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.31 Hedge Accounting (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For fair value hedges, the change in the fair value of a hedging instrument is recognized in the statement of consolidated income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of consolidated income as part of financial income and expense.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of consolidated income as part of financial income and expense. Amounts recognized as other comprehensive income are transferred to the statement of consolidated income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast purchase occurs.

Foreign Currency Hedge of Net Investments in Foreign Operations

Group that is determined to be effective on the gain or loss arising from the hedging instrument related to the net investments in foreign subsidiaries operating in foreign countries is recognized directly in equity and the ineffective portion is recognized in the statement of profit or loss. In the case of disposal of a foreign subsidiary, the amount recognized in equity for the hedging instrument is recognized in profit or loss.

Other derivatives not designated for hedge accounting

Other derivatives not designated for hedge accounting are recognized initially at fair value; attributable transaction costs are recognized in statement of consolidated income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognized in the consolidated income statement as part of finance income and costs.

2.32 Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in income statement in the periods in which they become known. The source of the estimates and assumptions which may cause to significant adjustments at assets and liabilities at following periods as of balance sheet date are as follows:

a) Allowance for doubtful receivables is recognized by using the expected credit loss defined in TFRS 9. Expected credit losses are calculated based on Group's future estimates and experience over the past years. (Note 10)

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.32 Use of Estimates (continued)

b) During the assessment of the reserve for inventory allowance the following are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to the technical personnel view. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories (Note 12).

c) The Group performs impairment test for tangible assets, intangible assets with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2018, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is the higher of net selling price and value in use. In these calculations, estimated free cash flows before tax from financial budgets and approved by Board of Directors are used. Approved free cash flows before tax are calculated for 5 – 10 years period by using expected growth rates. Estimated free cash flows before tax are discounted to expected present value for future cash flows. Key assumptions such as country specific market growth rates, gross domestic product (GDP) per capita and consumer price indices were derived from external sources

Main estimates such as raw material and good prices, working capital requirements and capital expenditures were based on the Group's key assumptions and historical operating data.

The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors. Perpetuity growth rate used in impairment test in the operating units is between 4,70% - 13,00% (December 31, 2017 – 1,90% - 3,50%) and after tax discount rate is between 10,80% and 25,90% (December 31, 2017 – 7,62%- 16,40%).

In 2018, impairment amounting to 103.894TRL has been recognized for trademarks with indefinite useful lives acquired as a part of a business combination (Note 16).

d) The liability for the put option that has been measured by applying different valuation techniques and assumptions has been presented in "other non-current liabilities" in the consolidated balance sheet based on their remaining maturities (Note 20).

e) The discount rates related with retirement pay liability are actuarial assumptions determined with future salary increase and the employee's turnover rates (Note 19).

f) Deferred tax asset is only recorded if it is probable that a taxable income will be realized in the future. Under the circumstances that a taxable income will be realized in the future, deferred tax is calculated over the temporary differences by carrying forward the deferred tax asset in the previous years and the accumulated losses. As of December 31, 2018, the estimations made to indicate that the Group will incur taxable profits in the future periods were reasonable and deferred tax asset was recorded (Note 28).

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NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.33 Comparative Information and Restatement of Prior Period Financial Statements

In order to allow the determination of the financial position and performance trends, the Group's financial statements are prepared in comparison with the previous period. The Group has performed reclassifications in the consolidated income statement for the year ended December 31, 2018, in order to conform to the presentation of financial statements for the year ended December 31, 2017. Such reclassifications are as follows:

a) Within the scope of TFRS 15 "Revenue from Costumer Contracts" standard, marketing activity participation fees are classified to sales discount due to the fact that related expenses are realized by the customer which was previously recognized in sales and marketing expense. In this context, so as to being consistent with current period presentation as of December 31, 2017, the amount of 129.003 TRL marketing activity participation fee is classified from sales and marketing expenses to sales discount.

b) Within the scope of TFRS 15 "Revenue from Costumer Contracts" standard, services rendered from customers are classified to sales discount due to the fact that related expenses are realized by the customer which was previously recognized in sales and marketing expense. In this context, so as to being consistent with current period presentation as of December 31, 2017, the amount of 85.556 TL service fees, received from customer are restated to sales discount from sales and marketing expense by classification.

c) The functional currency of brands which belongs to International Beer Operation and obtained as the part of business combinations is changed as to be functional currency of related cash generating unit. As a result of the change in accounting estimate, in consolidated statement of financial position brand values which recognized in "Other Intangible Asset" and "Foreign Currency Translation Differences" amounts has changed as of December 31, 2017. The effect of mentioned change is reflected to the consolidated statement of financial position, statement of changes in equity and other intangible assets movement table. The amendment did not have any effect on the consolidated income statement. The changes in "Other Intangible Asset" and "Foreign Currency Translation Diffrences" is equal to TRL158.130 as of December 31, 2016 and TRL111.271 as of December 31, 2017.

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2018

On March 29, 2018 after the required approvals from the legal authorities related with the alliance with Anheuser Busch InBev SA / NV (AB InBev), EBI's all beer operations in Russia, whose 100% shares are owned by Anadolu Efes and AB InBev's all beer operations in Russia and Ukraine, has been merged under AB InBev Efes BV (AB InBev Efes) with %50-%50 ownership of Anadolu Efes and AB InBev. After this business combination, Anadolu Efes's Russian business and AB InBev's Russian and Ukrainian businesses started to operate together.

In August 2017, AB InBev Efes B.V. has been established in Netherlands by EBI with 100% ownership in order to facilitate the business combination. Thereafter, AB InBev has made an in kind capital contribution to AB InBev Efes with JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH entities' 100,00%, 98,34% and 100,00% shares respectively on March 29, 2018. At the same time, EBI has made an in kind capital contribution to AB InBev Efes with 100% shares of Efes Moscow and Euro-Asien on March 29, 2018. Moreover, AB InBev and EBI have made cash capital increase in AB InBev Efes with a total amount of thousand USD 500. After the cash and in kind capital contributions made by AB InBev and EBI, their ownership in AB InBev Efes become 50%-50%.

NOTE 3. BUSINESS COMBINATIONS (CONTINUED)

Transactions Related with 2018 (continued)

As a result of this merger, ABI InBev Efes's direct effective shareholding and voting rights have been 100,00%, 98,34% and 100,00% on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH respectively (Group's share 50,00%, 49,17% and 50,00%). In accordance with the clauses of the shareholders agreement between EBI and AB InBev, EBI has acquired the control on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH. Accordingly; JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH have been consolidated in consolidated financial statements of the Group for the period ended December 31, 2018.

Additionally, as a result of this merger ABI InBev Efes's direct effective shareholding and voting rights have been 100% in Efes Moscow and Euro-Asien. Accordingly, Group's share in these subsidiaries have been changed to 50,00% with retained control (Before this merger, the effective shareholding and voting rights were 100% for these two companies). In accordance with TFRS 10, as a result of the change in effective shareholding rates in Efes Moscow and Euro-Asien with retained control, TRL586.736 amount has been booked as "Retained Earnings" under equity attributable to equity holders of the parent in consolidated financial statements.

Based upon the valuation report, the value of the assets that AB InBev has contributed in kind in AB InBev Efes as capital has been booked as thousand USD1.049.170 in the financial statements of AB InBev Efes (equivalent of TRL4.143.067). Additionally, AB InBev has made a cash capital contribution to AB InBev Efes amounting to thousand USD250 as mentioned above (equivalent of TRL987).

Based upon the valuation report, the value of the assets that EBI has contributed in kind in AB InBev Efes as capital has been booked as thousand USD1.049.990 in the financial statements of AB InBev Efes (equivalent of TRL4.146.305). Additionally, EBI has made a cash capital contribution to AB InBev Efes amounting to thousand USD250 as mentioned above (equivalent of TRL987).

After this merger, 50% of JSC Sun InBev's shareholder loan amounting to TRL595.553 is taken over by the EBI. 50% of Efes Russia's the shareholder loan amounting to TRL327.097 is taken over by Brandbev S.A.R.L which is an ABI InBev Group company.

In June 2018, AB Inbev made a cash payment of USD39,4 million to EBI regarding to the commitments determined within the scope of this business combination (equivalent TRL179.856).

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies according to TFRS 3 "Business Combinations" is in progress. TFRS 3 "Business Combinations" permits fair value appraisal works to be completed in one year period. The Group has accounted the acquisition based on the carrying values of identifiable assets, liabilities and contingent liabilities on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH's financial statements at the acquisition date in accordance with TFRS 3 "Business Combinations". The difference between the total consideration of business combination and Group's share in the carrying value of acquiree's identifiable assets, liabilities and contingent liabilities amounting to TRL3.511.284. Provisional goodwill arising from acquisition is temporarily recorded as goodwill in the consolidated financial statements as of 31 December 2018.

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NOTE 3. BUSINESS COMBINATIONS (CONTINUED)

Transactions Related with 2018 (continued)

The carrying value of the net assets of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH derived from the financial statements as of the acquisition date are as follows:

	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevmar GmbH)	JSC Sun InBev	PJSC Sun InBev Ukraine	Bevmar GmbH
Cash and Cash Equivalents (Note 27)	**13,759**	11,774	1,985	-
Trade and Other Receivables	**231,333**	203,884	27,449	-
Due from Related Parties	**26,259**	24,183	4,703	277,237
Inventories	**286,496**	232,342	54,154	-
Other Current Assets	**48,660**	25,439	23,222	-
Tangible Assets	**908,270**	635,092	273,178	-
Intangible Assets	**68,380**	66,200	2,180	-
Other Non - Current Assets	**281**	252	29	-
Deferred Tax Assets	**338,416**	286,932	51,484	-
Financial Liabilities to Related Parties	**(596,047)**	(873,201)	-	-
Financial Liabilities to Third Parties	**(120,293)**	-	(119,938)	(355)
Trade payables	**(748,718)**	(560,950)	(187,768)	-
Due to Related Parties	**(194,070)**	(129,307)	(67,230)	(244)
Other Liabilities	**(184,569)**	(123,948)	(60,621)	-
Carrying Value of Net Assets Acquired	78,157	**(201,308)**	**2,827**	**276,638**
As result of merger, AB InBev Efes's shareholding rights on companies		100.00%	98.34%	100.00%
Group's share in Net Assets	78,110	**(201,308)**	**2,781**	**276,638**

Total consideration	**4,143,067**
Shareholder loans transferred, net	**(134,228)**
Cash inflows due to commitments determined within the scope of the business combination (Note 33)	**(179,856)**
Impaired assets due to a business combination	**(239,589)**
Group's share in Net Assets	**(78,110)**
Provisional goodwill arising from acquisition (Note 16)	**3,511,284**

Transactions Related with 2017

None.

NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

a) Information about material non-controlling interests in subsidiaries

The Company has control over CCI while it has 50.26% ownership interest in CCI. CCI is included in consolidation by using the full consolidation method and equity and net income attributable to non-controlling interests is recorded as "non-controlling interests" in statement of financial position and profit and loss statement.

Non-controlling interest reflected to profit and loss statement in the period is amounting to TRL218.228 (December 31, 2017 – TRL156.469), of which TRL33.604 (December 31, 2017 – TRL156.175) is related with net income of CCI attributable to non-controlling interests.

Non-controlling interest reflected to statement of financial position at the end of the period is amounting to TRL10.055.334 (December 31, 2017 – TRL5.853.895), of which TRL5.301.385 (December 31, 2017 – TRL5.563.230) is related with equity of CCI attributable to non-controlling interests.

In 2018, total dividend declared to non-controlling interests is amounting to TRL130.654 as disclosed in the consolidated statement of changes in equity (December 31, 2017 – TRL48.719). TRL129.678 of this amount has been paid by CCI to non-controlling interests (December 31, 2017 – TRL48.425).

The Group management has identified CCI as a separate operating segment. Summarized information on statement of financial position and profit and loss statement is given as "Soft Drinks" segment in Note 5 "Segment Information".

Summarized statement of cash flows of CCI is given below:

	2018	2017
Net cash generated from operating activities	1,587,711	1,228,643
Net cash used in investing activities	(830,278)	(491,564)
Net cash generated from financing activities	(3,517,202)	1,533,159
Currency translation adjustment	1,174,801	138,355
Net increase / (decrease) in cash and cash equivalents	(1,584,968)	2,408,593

b) Investments in associates

	2018		2017	
	Ownership	Amount	Ownership	Amount
Anadolu Etap [1]	39.70%	71,195	33.33%	46,309
SSDSD [2]	25.13%	-	25.13%	-
		71,195		46,309

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NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES (CONTINUED)

b) Investments in associates (continued)

Relating to investment in associates, total assets and liabilities and profit/ (loss) for the period of as of December 31, 2018 and 2017 are as follows:

	Anadolu Etap		SSDSD	
	2018	2017	2018	2017
Total Assets	492,543	404,284	614	730
Total Liabilities	421,348	357,975	3,794	2,321
Net Assets	71,195	46,309	(3,180)	(1,591)

	Anadolu Etap		SSDSD	
	2018	2017	2018	2017
Group's Share of Profit/(Loss) for the period	(80,183)	(29,941)	(882)	(421)

The movement of investments in associates for the years ended as of December 31, 2018 and 2017 are as follows:

	2018	2017
Balance at January 1	46,309	58,406
Income / Loss from associates	(81,065)	(30,362)
Other	882	420
Capital increase(3)	105,069	17,845
Balance at December 31	71,195	46,309

(1) Following the capital increase of Anadolu Etap, the participation rate increased to 39,70%
(2) SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.
(3) Capital increase provided to Anadolu Etap.

NOTE 5. SEGMENT REPORTING

The management monitors the operating results of its three business units separately for the purpose of making decisions about the resource allocation and performance assessment. The three operating segments are Turkey Beer Operations (Turkey Beer), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks).

Segment performance is evaluated based on profit from operations before depreciation, amortization and non-cash expenses (EBITDA). EBITDA has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business.

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NOTE 5. SEGMENT REPORTING (CONTINUED)

The Group's segment reporting in accordance with TFRS 8 is disclosed as follows:

	Turkey Beer	International Beer	Soft Drinks	Other(1) and Eliminations	Total
January 1 – December 31, 2018					
Revenues	**1,869,509**	**6,158,091**	**10,623,385**	**65,065**	**18,716,050**
Inter-segment revenues	**(24,892)**	**(1,094)**	**(378)**	**-**	**(26,364)**
Total Revenues	**1,844,617**	**6,156,997**	**10,623,007**	**65,065**	**18,689,686**
EBITDA	**396,541**	**772,121**	**1,870,545**	**(40,436)**	**2,998,771**
Financial Income / (Expense)	**(1,058,439)**	**(71,925)**	**(688,827)**	**860,551**	**(958,640)**
Tax (Expense) Income	**77,343**	**(8,268)**	**(195,611)**	**(188,289)**	**(314,825)**
Profit / (loss) for the period	**(600,686)**	**32,536**	**360,161**	**523,099**	**315,110**
Capital expenditures (Note 15, 16)	**235,285**	**523,531**	**857,646**	**(977)**	**1,615,485**
January 1 – December 31, 2017					
Revenues	1,588,408	2,721,279	8,392,143	51,309	12,753,139
Inter-segment revenues	(19,942)	(733)	(105)	-	(20,780)
Total Revenues	1,568,466	2,720,546	8,392,038	51,309	12,732,359
EBITDA	384,449	478,922	1,378,718	(29,213)	2,212,876
Financial Income / (Expense)	(262,946)	27,924	(439,184)	(27)	(674,233)
Tax (Expense) Income	23,131	(63,430)	(139,524)	2,311	(177,512)
Profit / (loss) for the period	(18,302)	98,972	281,498	(56,279)	305,889
Capital expenditures (Note 15, 16)	194,970	141,777	499,289	21	836,057

	Turkey Beer	International Beer	Soft Drinks	Other(1) and Eliminations	Total
December 31, 2018					
Segment assets	**8,343,367**	**6,653,629**	**13,394,158**	**1,299,751**	**29,690,905**
Segment liabilities	**3,470,119**	**1,262,884**	**7,954,567**	**1,176,467**	**13,864,037**
Investment in associates	**-**	**-**	**-**	**46,309**	**46,309**
December 31, 2017					
Segment assets	8,343,367	6,492,356	13,394,158	1,299,751	29,529,632
Segment liabilities	3,470,119	1,262,884	7,954,567	1,176,467	13,864,037
Investment in associates	-	-	-	46,309	46,309

(1) Includes other subsidiaries included in the consolidation of the Group, investments in subsidiaries and headquarter income and expenses.

NOTE 5. SEGMENT REPORTING (CONTINUED)

Reconciliation of EBITDA to the consolidated Profit/Loss from Continuing Operations and its components as of December 31, 2018 and 2017 are as follows:

	2018	2017
EBITDA	**2,998,771**	2,212,876
Depreciation and amortization expenses	**(1,297,749)**	(931,979)
Provision for retirement pay liability	**(36,675)**	(22,812)
Provision for vacation pay liability	**(11,732)**	(2,784)
Foreign exchange gain/loss from operating activities	**(39,502)**	827
Rediscount income/expense from operating activities	**(1,556)**	(487)
Other	**(5,597)**	(3,692)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**1,605,960**	1,251,949
Investment Activity Income	**231,251**	46,063
Investment Activity Expenses (-)	**(167,571)**	(110,016)
Income/(Loss) from Associates	**(81,065)**	(30,362)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**1,588,575**	1,157,634
Finance Income	**3,093,380**	1,105,188
Finance Expenses	**(4,052,020)**	(1,779,421)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**629,935**	483,401

NOTE 6. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
Cash on hand	**2,428**	5,001
Bank accounts		
- Time deposits	**3,922,273**	4,825,990
- Demand deposits	**659,532**	499,305
Other	**172,126**	68,889
Cash and cash equivalents in cash flow statement	**4,756,359**	5,399,185
Interest income accrual	**13,693**	10,437
	4,770,052	5,409,622

As of December 31, 2018, annual interest rates of the TRL denominated time deposits vary between 21.10% and 24.50% and have maturity between 1- 51 days (December 31, 2017 - 12.50% - 15.50%; maturity between 1-26 days). Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0.2% and 18.00% and have maturity between 2-303 days (December 31, 2017– annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency time deposits vary between 0.2% - 8.75%; maturity between 2-83 days).

As of December 31, 2018, there is no cash deposit pledged as collateral by the Group (December 31, 2017 – None).

As of December 31, 2018, other item contains credit card receivables amounting to TRL163,539 (December 31, 2017 – TRL66,765).

As of December 31, 2018, the Group has designated its bank deposits amounting to TRL1,100,668, equivalent of thousand USD195,145 and thousand EURO12,281 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2017 – TRL884,724, equivalent of thousand USD215,230, thousand EURO15,855).

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NOTE 7. SHORT AND LONG TERM BORROWINGS

As of December 31, 2018, total borrowings consist of principal (finance lease obligations included) amounting to 9,157,004 (December 31, 2017– TRL8,450,438) and interest expense accrual amounting to TRL71,676 (December 31, 2017 – TRL59,052). As of December 31, 2018 and December 31, 2017, total amount of borrowings and the effective interest rates are as follows:

	December 31, 2018			December 31, 2017		
	Amount	**Weighted average fixed rate**	**Weighted average floating rate**	Amount	Weighted average fixed rate	Weighted average floating rate
Short-term Borrowings						
TRL denominated borrowings	169,367	26.27%	-	1,111	-	TRLibor+2.50%
Foreign currency denominated borrowings (USD)	288	3.00%	-	24,600	-	Libor + 1.00%
Foreign currency denominated borrowings (EURO)	4,278	3.55%	-	9,988	3.0%	-
Foreign currency denominated borrowings (Other)	656,766	20.71%	Kibor + 0.46% + Mosprime 2.56%	53,660	-	Kibor + 0.40%
	830,699			89,359		
Short-term portion of long term borrowings						
TRL denominated borrowings	16,285	11.74%	-	2,309,785	4.53%	-
Foreign currency denominated borrowings (USD)	438,168	4.42%	Libor + 2.33%	633,077	1.80%	Euribor + 1.22%
Foreign currency denominated borrowings (EURO)	1,054,095	1.56%	Euribor + 1.32%	11,665	6.00%	-
Foreign currency denominated borrowings (Other)	14,058	6.00%	-			
	1,522,606			2,954,527		
Financial leasing borrowings (Other Foreign Currency)	1,810			1,592		
Total	2,355,115			3,045,478		
Long-term Borrowings						
TRL denominated borrowings	570,000	11.74%	-	4,674,217	3.86%	
Foreign currency denominated borrowings (USD)	5,161,948	3.82%	-	770,392	1.80%	-
Foreign currency denominated borrowings (EURO)	564,261	-	Euribor + 2.21%	15,679	6.00%	Euribor + 2.03%
Foreign currency denominated borrowings (Other)	575,032	6.00%	-	5,460,288		-
	6,871,241					
				3,724		
Financial leasing borrowings (Other Foreign Currency)	2,324					
				5,464,012		
Total	6,873,565					
				8,509,490		
Grand Total	9,228,680			8,509,490		

NOTE 7. SHORT AND LONG TERM BORROWINGS (CONTINUED)

Repayments of long-term borrowings are scheduled as follows:

	December 31, 2018	December 31, 2017
Between 1 -2 years	800,442	355,826
Between 2-3 years	85,475	577,838
Between 3-4 years	2,722,912	68,325
Between 4-5 years	740,095	1,956,081
5 years and more	2,524,641	2,505,942
	6,873,565	5,464,012

The movement of borrowings as of December 31, 2018 and 2017 is as follows:

	2018	2017
Balance at January 1	8,509,490	6,183,273
Addition through business combination	418,554	-
Shareholder loans transferred as a result of business combination	163,549	-
Proceeds from Borrowings	1,491,673	3,324,034
Repayments of Borrowings	(4,807,590)	(1,802,742)
Interest and Borrowing Expense (Note 27)	559,828	266,684
Interest Paid	(552,684)	(239,553)
Foreign exchange gain/loss	3,208,996	722,081
Currency Translation Differences	236,864	55,713
Balance at December 31	9,228,680	8,509,490

As of December 31, 2018, net interest on cross currency swap contracts is TRL44,990 (December 31, 2017 – None).

NOTE 8. DERIVATIVE INSTRUMENTS

As of December 31, 2018, CCI has 4 aluminum swap transactions with a total nominal amount of TRL153,639 (December 31, 2017– TRL427) for 14,234 tones. The total of these aluminium swap contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk.

As of December 31, 2018, CCI does not have any option contracts as hedging instruments in cash flow hedges related to forecasted cash flows, for the probability purchases of production material exposed to commodity price risk. (December 31, 2017 - 2 option transactions for the right to purchase 216 tonnes of aluminum at USD1.650 per tonne).

As of December 31, 2018, CCI has a cross currency swap contract with a total amount of USD 150 million (nominal amount: 219,135 TRL) signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term (December 31,2017- None).

NOTE 8. DERIVATIVE INSTRUMENTS (CONTINUED)

As of December 31, 2018, the Company has 21 aluminum swap transactions with a total nominal amount of TRL18.676 (December 31, 2017– None) for 1.771 tonnes. The total of these aluminium swap contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk.

As of December 31, 2018, Turkey Beer has foreign currency forward transactions with a nominal amount of TRL100.942 amounting to USD 2 million and EUR 15 million (December 31, 2017 – None).

Efes Breweries International NV has a cross currency swap agreement in order to hedge foreign currency risk arising from Russian Ruble receivables arising from shareholder loans which was taken over following the business combination mentioned in Note 3 amounting to TRL361.501.

Efes Breweries International NV has executed an interest rate swap agreement on 8 June 2015 in order to mitigate interest rate risk of loan amounting to TRL226.219 (equivalent of 43 million USD) with maturity of 6 June of 2020 and variable interest rate.

The effective portion of change is in fair value of derivative instruments designated as hedging instruments in cash flow hedges is recognized in the consolidated statement of comprehensive income.

	December 31, 2018		December 31, 2017	
	Nominal Value	Fair Value Asset / (Liability)	Nominal Value	Fair Value Asset / (Liability)
Cross currency swaps	361,501	44,263	-	-
Interest rate swaps	226,219	2,747	-	-
Commodity swap contracts	172,295	(13,485)	427	152
Currency forwards	100,942	(16,347)	-	-
	860,957	17,178	427	152

NOTE 9. FINANCIAL INVESTMENTS

	December 31, 2018	December 31, 2017
Time deposits with maturity more than three months	21,163	88,588

As of December 31, 2018 time deposits with maturities over 3 months made for 31 and 361 days period, are denominated in USD and KZT and interest rates are 1.00%- 4.50% and 11.00% respectively (December 31,2017 – USD 1.00% and KZT 8.00%- 9.50%; remaining maturities between 31-171 days).

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NOT 10. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

	December 31, 2018	December 31, 2017
Short term trade receivables from third parties	2,238,449	1,382,946
Long term trade receivables from third parties	1,437	1,212
Trade receivables from related parties (Note 30)	230,018	158,085
Notes and cheques receivables	48,220	44,556
Provision for doubtful receivables (-)	(102,883)	(54,942)
	2,415,241	1,531,857

The movement of provision for doubtful receivables as of December 31, 2018 and 2017 is as follows:

	2018	2017
Balance at January 1	54,942	42,428
Current year provision	22,313	16,640
Provisions no longer required	(3,636)	(4,067)
Addition through business combination	26,429	-
Write-offs from doubtful receivables	(6,579)	(1,358)
Currency translation differences	9,414	1,299
Balance at December 31	102,883	54,942

b) Trade Payables

	December 31, 2018	December 31, 2017
Short term trade payables from third parties	3,318,032	1,623,958
Long term trade payables from third parties	44,207	35,180
Trade payables to related parties (Note 30)	282,578	52,423
	3,644,817	1,711,561

NOTE 11. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	December 31, 2018	December 31, 2017
Other receivables from related parties (Not 30)	28,377	-
Receivables from tax office	14,174	21,280
Due from personnel	13,977	13,253
Deposits and guarantees given	5,347	9,680
Other	40,153	59,155
	102,028	103,368

NOTE 11. OTHER RECEIVABLES AND PAYABLES (CONTINUED)

b) Other Non-Current Receivables

	December 31, 2018	December 31, 2017
Deposits and guarantees given	47,381	19,419
Other	5,485	2,919
	52,866	22,338

c) Other Current Payables

	December 31, 2018	December 31, 2017
Taxes other than income taxes	1,116,980	643,139
Deposits and guarantees taken	260,668	202,198
Other	94,788	5,785
	1,472,436	851,122

d) Other Non-Current Payables

As of December 31, 2018, other non-current payables consists of deposits and guarantees taken amounting to TRL391.376 (December 31, 2017 – TRL347.171).

NOTE 12. INVENTORIES

	December 31, 2018	December 31, 2017
Finished and trade goods	661,927	440,633
Raw materials	757,783	370,430
Work-in-process	154,193	101,096
Packaging materials	153,221	112,478
Supplies	131,345	92,157
Bottles and cases	86,030	59,223
Other	46,175	33,391
Reserve for obsolescence (-)	(47,574)	(30,177)
	1,943,100	1,179,231

The movement of reserve for obsolescence as of December 31, 2018 and 2017 is as follows:

	2018	2017
Balance at January 1	30,177	19,058
Current year provision	26,772	16,494
Addition through business combination	16,950	-
Provisions no longer required	(20,648)	(2,663)
Inventories written-off	(5,350)	(3,239)
Currency translation differences	(327)	527
Balance at December 31	47,574	30,177

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NOTE 13. PREPAID EXPENSES AND DEFERRED INCOME

a) Short Term Prepaid Expenses

	December 31, 2018	December 31, 2017
Prepaid sales expenses	335,762	267,306
Prepaid insurance expenses	12,574	12,953
Prepaid rent expenses	7,054	6,516
Prepaid other expenses	23,172	15,389
Advances given to suppliers	118,303	96,986
	496,865	399,150

b) Long Term Prepaid Expenses

	December 31, 2018	December 31, 2017
Prepaid sales expenses	354,740	244,500
Prepaid insurance expenses	36,900	31,201
Prepaid other expenses	1,103	5,823
Advances given to suppliers	14,752	54,311
	407,495	335,835

c) Short Term Deferred Income

	December 31, 2018	December 31, 2017
Advances taken	58,444	32,700
Deferred income	148	469
	58,592	33,169

d) Long Term Deferred Income

	December 31, 2018	December 31, 2017
Deferred income	975	1,331
	975	1,331

NOT 14. INVESTMENT PROPERTIES

For the years ended December 31, 2018 and 2017, movement on investment properties are as follows:

Cost	2017	Additions	Disposals	Currency translation differences	Transfers	2018
Land	21,523	-	-	3,367	-	24,890
Buildings	163,534	-	(213)	25,587	(24)	188,884
Construction in progress	1,242	-	-	194	-	1,436
	186,299	**-**	**(213)**	**29,148**	**(24)**	**215,210**
Accumulated depreciation(-)						
Buildings	84,405	4,330	(19)	13,132	-	101,848
	84,405	**4,330**	**(19)**	**13,132**	**-**	**101,848**
Net book value	**101,894**					**113,362**

Cost	2016	Additions	Disposals	Currency translation differences	Transfers	2017
Land	19,235	-	(178)	2,466	-	21,523
Buildings	146,055	-	(1,268)	18,747	-	163,534
Construction in progress	1,101	-	-	141	-	1,242
	166,391	**-**	**(1,446)**	**21,354**	**-**	**186,299**
Accumulated depreciation(-)						
Buildings	72,494	3,517	(1,054)	9,448	-	84,405
	72,494	**3,517**	**(1,054)**	**9,448**	**-**	**84,405**
Net book value	**93,897**					101,894

As of December 31, 2018, there is no mortgage on investments properties (December 31, 2017 –None).

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NOTE 15. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2018 movement on property, plant and equipment are as follows:

Cost	2017	Additions	Disposals	Addition through Subsidiary (Note 3)	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers (*)	2018
Land and land improvements	661,217	863	(6,262)	1,435	78,480	-	4,675	740,408
Buildings	2,612,354	6,972	(11,891)	234,872	588,579	-	30,973	3,461,859
Machinery and equipment	6,681,786	111,286	(171,618)	358,545	1,391,299	-	184,089	8,555,387
Vehicles	177,661	18,434	(37,143)	-	55,064	-	3,912	217,928
Other tangibles	3,300,572	522,844	(352,386)	228,904	502,667	-	167,329	4,369,930
Leasehold improvements	31,500	440	(423)	379	281	-	454	32,631
Construction in progress	154,960	904,205	(221)	84,135	(237,364)	-	(400,169)	505,546
	13,620,050	**1,565,044**	**(579,944)**	**908,270**	**2,379,006**	**-**	**(8,737)**	**17,883,689**

Accumulated depreciation and impairment (-)	2017	Additions	Disposals	Addition through Subsidiary (Note 3)	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers (*)	2018
Land and land improvements	91,218	10,547	(248)	-	11,572	-	-	113,089
Buildings	646,572	128,346	(1,930)	-	99,617	-	(200)	872,405
Machinery and equipment	3,307,660	511,372	(160,550)	-	570,884	9,836	164	4,239,366
Vehicles	95,037	25,196	(28,128)	-	33,975	-	-	126,080
Other tangibles	1,966,745	574,702	(324,774)	-	218,722	17,761	36	2,453,192
Leasehold improvements	24,862	2,418	(423)	-	237	-	-	27,094
Construction in progress	2,721	-	-	-	-	-	-	2,721
	6,134,815	**1,252,581**	**(516,053)**	**-**	**935,007**	**27,597**	**-**	**7,833,947**
Net book value	**7,485,235**							**10,049,742**

(*) There are transfers to other intangible assets amounting to TRL8.737 in 2018. (Note 14, 16) (December 31, 2017 – there are transfers amounting to TRL1.066 to other intangible assets).

(**) Distribution of depreciation expense is disclosed in Note 24.

As of December 31, 2018, there is a pledge on property, plant and equipment of TRL119.686 (December 31, 2017 - TRL104.421) for loans of CCI. This amount is disclosed in Commitments and Contigencies note under guarantees, pledges and mortgages (GPMs) table (Note 17).

Finance Lease

As of December 31, 2018 net book value of the property plant and equipment obtained by finance lease is TRL936 (December 31, 2017, TRL1,106).

NOTE 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the year ended December 31, 2017 movement on property, plant and equipment are as follows:

Cost	2016	Additions	Disposals	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers (*)	2017
Land and land improvements	625,476	11,814	(3,691)	21,892	-	5,726	**661,217**
Buildings	2,381,937	16,107	(1,497)	150,580	-	65,227	**2,612,354**
Machinery and equipment	6,117,529	127,427	(186,166)	416,498	-	206,498	**6,681,786**
Vehicles	184,242	8,401	(32,591)	15,268	-	2,341	**177,661**
Other tangibles	2,982,850	374,737	(217,740)	88,353	-	72,372	**3,300,572**
Leasehold improvements	22,045	3,336	-	6,119	-	-	**31,500**
Construction in progress	224,217	266,236	(38)	17,775	-	(353,230)	**154,960**
	12,538,296	**808,058**	**(441,723)**	**716,485**	**-**	**(1,066)**	**13,620,050**

Accumulated depreciation and impairment (-)	2016	Additions (**)	Disposals	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers (*)	2017
Land and land improvements	79,225	8,825	(3,283)	6,451	-	-	**91,218**
Buildings	510,148	80,863	(28)	35,286	20,303	-	**646,572**
Machinery and equipment	2,853,133	367,105	(180,139)	228,676	38,885	-	**3,307,660**
Vehicles	90,287	23,890	(28,910)	9,328	442	-	**95,037**
Other tangibles	1,684,501	415,527	(203,103)	56,624	13,196	-	**1,966,745**
Leasehold improvements	18,332	4,798	-	1,732	-	-	**24,862**
Construction in progress	-	-	-	-	2,721	-	**2,721**
	5,235,626	**901,008**	**(415,463)**	**338,097**	**75,547**	**-**	**6,134,815**
Net book value	**7,302,670**						**7,485,235**

(*) There are transfers to other intangible assets amounting to TRL8.737 in 2018. (December 31, 2017 – there are transfers amounting to TRL1.066 to other intangible assets).
(**) Distribution of depreciation expense is disclosed in Note 24.

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NOTE 16. OTHER INTANGIBLE ASSETS

a) Intangible Assets

For the year ended December 31, 2018 movements of intangible assets are as follows

Cost	2017	Additions	Disposals	Addition through Subsidiary (Note 3)	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers	2018
Bottling contracts	8,378,797	-	-	-	847,875	-	-	**9,226,672**
Licence agreements	1,351,882	-	-	-	183,060	-	-	**1,534,942**
Brands (*)	426,150	-	-	54,411	84,352	-	-	**564,913**
Rights	47,372	2,853	-	4,638	894	-	2,203	**57,960**
Other intangible assets	202,996	47,588	(2,555)	9,331	30,450	-	6,558	**294,368**
	10,407,197	**50,441**	**(2,555)**	**68,380**	**1,146,631**	**-**	**8,761**	**11,678,855**

Accumulated amortization and impairment (-)	2017	Additions	Disposals	Addition through Subsidiary (Note 3)	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers	2018
Bottling contracts	-	-	-	-	-	-	-	**-**
Licence agreements	19,169	-	-	-	-	289,233	-	**308,402**
Brands	-	-	-	-	8,459	103,894	-	**112,353**
Rights	39,315	8,059	-	-	103	-	-	**47,477**
Other intangible assets	106,653	29,434	(2,497)	-	15,078	-	-	**148,668**
	165,137	**37,493**	**(2,497)**	**-**	**23,640**	**393,127**	**-**	**616,900**
Net book value	**10,242,060**							**11,061,955**

(*) As a result of the restatement explained in Note 2.33, TRL111.273 has been corrected retrospectively.

NOTE 16. OTHER INTANGIBLE ASSETS (CONTINUED)

a) Intangible Assets (continued)

For the year ended December 31, 2017 movements of intangible assets are as follows:

Cost	2016	Additions	Disposals	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers	2017
Bottling contracts	8,127,529	-	-	251,268	-	-	**8,378,797**
Licence agreements	1,199,235	-	-	152,647	-	-	**1,351,882**
Brands (*)	379,539	-	-	46,612	-	-	**426,150**
Rights	43,174	3,066	(49)	115	-	1,066	**47,372**
Other intangible assets	165,211	24,933	(826)	13,678	-	-	**202,996**
	9,914,688	**27,999**	**(875)**	**464,320**	**-**	**1,066**	**10,407,197**

Accumulated amortization and impairment (-)	2016	Additions	Disposals	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers	2017
Bottling contracts	-	-	-	-	-	-	**-**
Licence agreements	-	-	-	-	19,169	-	**19,169**
Brands	-	-	-	-	-	-	**-**
Rights	33,087	6,159	(2)	71	-	-	**39,315**
Other intangible assets	75,592	23,218	(338)	7,736	445		**106,653**
	108,679	29,377	(340)	7,807	19,614	-	**165,137**
Net book value	**9,806,009**						**10,242,060**

(*) As a result of the restatement explained in Note 2.33, TRL111,273 has been corrected retrospectively.

b) Goodwill

For the years ended December 31, 2018 and 2017, movements of the goodwill during the period are as follows:

	2018	2017
At January 1	**1,840,808**	1,675,218
Impairment (Note 26)	**3,511,284**	-
Currency translation differences	**545,374**	165,590
At December 31	**5,897,466**	1,840,808

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NOTE 16. OTHER INTANGIBLE ASSETS (CONTINUED)

b) Goodwill (continued)

As of December 31, 2018 and 2017, operating segment distributions of goodwill are presented below:

	Turkey Beer	International Beer	Soft Drinks	Other	Total
2018	**50,099**	**5,009,226**	**838,141**	**-**	**5,897,466**
2017	50,099	1,052,624	738,085	-	1,840,808

NOTE 17. COMMITMENTS AND CONTINGENCIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

As of December 31, 2018 and December 31, 2017 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

	December 31, 2018							
	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	371,687	240,500	181	398	27	42,879	2,667,000	18,524
B. GPMs given in favor of subsidiaries included in full consolidation (1)	842,611	-	43,000	85,121	-	-	2,222,331	18,987
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	14,559	14,559	-	-	-	-	-	-
i. GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. GPMs given in favor of group companies not in the scope of B and C above (2)	14,559	14,559	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	1,228,857	255,059	43,181	85,519	27	42,879	4,889,331	37,511
Ratio of other GPMs over the Company's equity (%)	0.1							

(1) Consists of the GPMs given in favor of subsidiaries included in full consolidation for their borrowings. These financial liabilities are included in short-term and long-term borrowings in consolidated financial statements.
(2) Includes the GPMs given in favor of Anadolu Etap which is the Group's investment accounted by using equity method.

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NOTE 17. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation (continued)

As of December 31, 2018 and December 31, 2017 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

	December 31, 2017							
	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	448,184	330,488	338	1,391	3,275	40,952	2,667,000	13,281
B. GPMs given in favor of subsidiaries included in full consolidation (1)	664,158	-	49,498	96,165	-	-	468,836	27,202
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	12,609	12,609	-	-	-	-	-	-
i. GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. GPMs given in favor of group companies not in the scope of B and C above(2)	12,609	12,609	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	1,124,951	343,097	49,836	97,556	3,275	40,952	3,135,836	40,483
Ratio of other GPMs over the Company's equity (%)	0.1							

(1) Consists of the GPMs given in favor of subsidiaries included in full consolidation for their borrowings. These financial liabilities are included in short-term and long-term borrowings in consolidated statements.

(2) Includes the GPMs given in favor of Anadolu Etap which is the Group's investment accounted by using equity method.

Murabaha

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank ("Banks"). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar and resin purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2018, CCBPL has USD 4.5 million sugar purchase commitment to the Banks until the end of April 2019 and has USD 25,3 million sugar purchase commitment to the Banks until the end of December 2019 and has USD 17 million resin purchase commitment to the Banks until the end of November 2019.

Operational Lease

As of December 31, 2018 and 2017 the Group's contingent liability for the following years resulting from the non-cancellable operational lease agreements are as follows;

	31 December 2018	31 December 2017
Less than 1 year	14,393	10,903
Between 1- 5 years	59,161	72,495
More than 5 years	34,632	32,482
Total	**108,186**	115,880

NOTE 17. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Tax and Legal Matters

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve as a result of the transformation from command to market oriented economy managed by the government. The various legislation and regulations are not always clearly written and the interpretation related with the implementation of these regulations is subject to the opinions of the local, regional and national tax authorities, the Central Bank and Ministry of Finance.
Tax declarations, together with other legal compliance areas (as examples, customs and currency control) are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts may create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

Litigations against the Group

As of December 2018, according to the legal opinion taken by the administration in response to the lawsuit filed against Efes Moscow, in the event of loss the estimated compensation will be million TRL34,062. In the opinion given by the legal counsel of the Group, it is stated that there is no probability of losing the cases and so no provision has been made in the financial statements.

CCI and subsidiaries in Turkey are involved on an ongoing basis in litigation arising in the ordinary course of business as of December 31, 2018 with an amount of TRL8,714 (December 31, 2017 - TRL10,968). As of December 31, 2018, no court decision has been granted yet.

As of December 31, 2018, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR1.472 million, equivalent to USD10.6 million (December 31, 2017 - PKR1.472 million, equivalent to USD 13.3 million).

Group management does not expect any adverse consequences related with these litigations that would materially affect Group's operation results or financial status.

NOTE 18. EMPLOYEE BENEFITS OBLIGATIONS

As of December 31, 2018 and 2017, employee benefits obligations are as follows:

	2018	2017
Social security and withholding tax liabilities	**43,175**	45,856
Payables to personnel	**33,860**	20,506
	77,035	66,362

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NOTE 19. CURRENT AND NON-CURRENT PROVISIONS

a) Short Term Provision for Employee Benefits

As of December 31, 2018 and 2017, short term provision for employee benefits are as follows:

	2018	2017
Management bonus accrual	41,728	52,489
Other short-term employee benefits	34,848	38,087
Provision for vacation pay liability	36,642	23,956
	113,218	114,532

As of December 31, 2018 and 2017, the movement of provision for vacation pay liability is as below:

	2018	2017
Balance at January 1	23,956	30,533
Payments and used vacations	(12,020)	(10,776)
Addition through business combination	8,948	-
Current year provision	11,732	2,784
Currency translation differences	4,026	1,415
	36,642	23,956

As of December 31, 2018 and 2017, the movement of management bonus accruals is as below

	2018	2017
Balance at January 1	52,489	58,527
Payments	(123,363)	(108,111)
Addition through business combination	23,227	-
Current year provision	78,033	97,914
Currency translation differences	11,342	4,159
	41,728	52,489

b) Long Term Provision for Employee Benefits

	2018	2017
Employment termination benefits	132,887	114,125
Long term incentive plans	10,288	9,961
	143,175	124,086

NOTE 19. CURRENT AND NON-CURRENT PROVISIONS (CONTINUED)

b) Long Term Provision for Employee Benefits (continued)

In accordance with existing social legislation, the Group's companies incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay. The retirement pay liability as at December 31, 2018 is subject to a ceiling of full TRL5.434 (December 31, 2017 – full TRL4.732) (Retirement pay liability ceiling has been increased to full TRL6.018 as of January 1, 2019). In the consolidated financial statements as of December 31, 2018 and 2017, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. Accordingly, net discount rates determined by considering expected payment dates are in a range between 4.22% and 4.46% (December 31, 2017 – 2.95% – 4.55%).

Movement of provision for employment termination benefits represented in the consolidated financial statements is as follows:

	2018	2017
Balance at January 1	114,125	106,935
Payments	(17,269)	(18,947)
Interest cost	1,965	4,618
Current year provision	34,710	18,194
Actuarial loss	(928)	3,325
Currency Translation Difference	284	-
	132,887	114,125

Movement of provision for long-term incentive plan represented in the consolidated financial statements is as follows:

	2018	2017
Balance at January 1	9,961	9,332
Payments	(23,412)	(19,496)
Interest cost	334	831
Current year provision	23,405	18,749
Actuarial loss	-	543
Currency translation differences	-	2
	10,288	9,961

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employment termination benefits, amounting to TRL1,603 was reflected to other comprehensive income (December 31, 2017 – TRL4,470).

NOTE 19. CURRENT AND NON-CURRENT PROVISIONS (CONTINUED)

c) Other Current Provision

Movement of provisions for lawsuits and penalties represented in the consolidated financial statements is as follows:

	2018	2017
Balance at January 1	897	560
Current year provision	16,290	465
Addition through business combination	2,084	-
Payment	(137)	(266)
Currency translation differences	117	138
Balance at December 31	19,251	897

NOTE 20. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	2018	2017
Value Added Tax (VAT) deductible or to be transferred	334,541	258,553
Other	39,620	13,019
	374,161	271,572

b) Other Non-Current Assets

	31 Aralık 2018	31 Aralık 2017
Deferred VAT and other taxes	65,338	47,767
Other	753	20
	66,091	47,787

c) Other Current Liabilities

	31 Aralık 2018	31 Aralık 2017
Put option liability	12,416	8,902
Other	24,109	15,313
	36,525	24,215

The obligation of TRL 12.416 results from the buying option carried, for the purchase of 12.5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TL amount is reflected under other current liabilities. The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the of share purchase.

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NOTE 20. OTHER ASSETS AND LIABILITIES

d) Other Non-Current Liabilities

	2018	2017
Put option liability	198,020	117,572
Deferred VAT and other taxes	63,933	46,477
Other	8,355	1,463
	270,308	165,512

According to the put option signed with European Refreshments (ER), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2017 and 2021, ER has an option to sell (and CCI will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V.. This obligation is recorded as put option liability in the Company's consolidated financial statements. Based on the contract, fair value of the put option liability is calculated using discounted cash flow method as TRL 198.020 and the amount is recorded under "other non-current liabilities" account (December 31, 2017 - TRL 117.572).

NOTE 21. EQUITY, RESERVES AND OTHER EQUITY ITEMS

a) Issued Capital and Adjustments to Share Capital and Equity Investments

	2018	2017
Common shares 1 full TRL per value		
Authorized capital	900,000	900,000
Issued capital	592,105	592,105

The composition of shareholders and their respective percentage of ownership as of December 31, 2018 and 2017 are given at Note 1 – Group's Organization and Nature of Activities.

As of December 31, 2018 and 2017, there is no privileged share representing the capital. According to the articles of association, foundation shares that do not represent the share capital receives 2% of the profit that remains after 10% of the paid in capital is deducted from the distributable profit for the period.

b) Restricted Reserves Allocated from Net Profit, Revaluation Fund and Accumulated Profits

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory net income at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's issued capital (inflation-restated issued capital in accordance with the communiqués and announcements of CMB). The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's issued capital (inflation-restated capital in accordance with CMB). The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves cannot be used.

Quoted companies distribute dividend according to the Communiqué No: II-19.1 which is effective from 1 February 2014 of the CMB.

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NOTE 21. EQUITY, RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

b) Restricted Reserves Allocated from Net Profit, Revaluation Fund and Accumulated Profits (continued)

Companies distribute dividend within the framework of the profit distribution policies determined by the general assemblies and in accordance with the related legislation by the decision of the general assembly. Within the scope of the communiqué, a minimum distribution ratio has not been determined. Companies pay dividends as specified in articles of incorporation or in profit distribution policies.

Inflation adjustment to shareholders' equity and carrying amount of extraordinary reserves can only be netted-off against prior years' losses and used as an internal source for capital increase. However, when inflation adjustment to shareholders' equity is used for cash dividend distribution, it is subject to income tax.

Statutory resources attributable to dividend distribution are TRL2,812.095 as of December 31, 2018.

The Group distributed dividend in 2018, related with the year ended as of December 31, 2017, for a gross amount of full TRL0,245 per share, amounting to a total of TRL251,910 (The Group distributed dividend in 2017, related with the year ended as of December 31, 2016, for a gross amount of full TRL0,25 per share, amounting to a total of TRL145,066).

	31 December 2018			31 December 2017		
	Nominal Amount	Inflation Adjustment on Capital	Restated	Nominal Amount	Inflation Adjustment on Capital	Restated
Issued capital	592,105	63,583	655,688	592,105	63,583	655,688
Legal reserves	342,931	74,729	417,660	317,921	74,729	392,650
Extraordinary reserves	877	25,831	26,708	877	25,831	26,708

NOTE 22. SALES AND COST OF SALES

Group recognizes revenue when the control of products is transferred to the customer, compatible with revenue information under segment reporting according to TFRS 8 (Note 5).

Revenues	2018	2017
Domestic revenues	6.421.776	5.349.438
Foreign revenues	12,267,910	7,382,921
Total sales, net	18,689,686	12,732,359

Cost of Sales		
Current year purchases and net change in inventory	(9,716,333)	(6,562,053)
Depreciation and amortization expense on PP&E and intangible assets	(761,022)	(522,934)
Personnel expenses	(521,618)	(348,703)
Utility expenses	(389,302)	(225,450)
Provision for retirement pay liability	(9,181)	(7,818)
Other expenses	(307,120)	(239,542)
Total cost of sales	(11,704,576)	(7,906,500)
Gross Operating Profit	6,985,110	4,825,859

NOTE 23. OPERATING EXPENSES

a) General and Administrative Expenses

	2018	2017
Personnel expenses	610,282	437,118
Service rendered from outside	427,987	180,066
Depreciation and amortization expense on PP&E and intangible assets	92,794	67,957
Rent expense	82,072	50,150
Taxation (other than on income) expenses	76,743	24,052
Utilities and communication expenses	33,600	17,745
Provision for retirement pay liability	20,843	9,996
Insurance expenses	14,586	13,849
Repair and maintenance expenses	11,263	14,261
Provision for unused vacation	5,075	608
Other expenses	205,522	139,732
	1,580,767	955,534

b) Selling, Distribution and Marketing Expenses

	2018	2017
Advertising, selling and marketing expenses	1,185,310	846,785
Transportation and distribution expenses	1,197,371	671,488
Personnel expenses	732,588	568,201
Depreciation and amortization expense on PP&E and intangible assets	436,980	325,039
Rent expenses	62,734	47,778
Repair and maintenance expenses	49,872	37,013
Utilities and communication expenses	41,761	32,279
Provision for retirement pay liability	6,595	4,982
Other expenses	231,271	167,732
	3,944,482	2,701,297

NOTE 24. EXPENSES BY NATURE

a) Depreciation and Amortization Expenses

	2018	2017
Cost of sales	761,022	522,934
Marketing, selling and distribution expenses	436,980	325,039
General and administration expenses	92,794	67,957
Other operating expenses	6,953	16,049
Inventories	(3,345)	1,923
	1,294,404	933,902

b) Personnel Expenses

	2018	2017
Marketing, selling and distribution expenses	732,588	568,201
General and administration expenses	610,282	437,118
Cost of sales	521,618	348,703
	1,864,488	1,354,022

NOTE 25. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	2018	2017
Foreign exchange gains arising from operating activities	215,908	131,605
Income from scrap and other materials	51,187	32,263
Rent income	23,839	14,175
Reversal of provision for inventory obsolescence	20,648	4,083
Reversal of provision for doubtful receivables	3,636	4,067
Rediscount income	4,037	2,874
Insurance compensation income	2,610	2,532
Other income	232,483	122,638
	554,348	314,237

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NOTE 25. INVESTMENT ACTIVITY INCOME / EXPENSE (CONTINUED)

b) Other Operating Expenses

	2018	2017
Foreign exchange losses arising from operating activities	(255,410)	(130,778)
Provision for inventory obsolescence	(26,772)	(10,946)
Provision for doubtful receivables	(22,313)	(16,640)
Depreciation and amortization expense on PPE & intangible assets	(6,953)	(16,049)
Rediscount expense	(5,593)	(3,361)
Donations	(2,989)	(4,201)
Other expenses	(88,219)	(49,341)
	(408,249)	(231,316)

NOTE 26. INVESTMENT ACTIVITY INCOME / EXPENSE

a) Investment activity income

	2018	2017
Transfer of currency translation differences previously accounted as other comprehensive income	169,937	-
Gain on sale of fixed assets	61,314	26,918
Gain from liquidation of subsidiaries	-	19,145
	231,251	46,063

b) Investment activity expense

	2018	2017
Provision for impairment on intangible assets (Note 16)	(103,894)	(19,614)
Provision for impairment on tangible assets (Note 15)	(27,597)	(75,547)
Loss on sale of fixed assets	(19,511)	(7,490)
Cost of relocating property, plant and equipment	(15,706)	-
Loss on sale of intangible assets	(57)	(535)
Other	(805)	(6,830)
	(167,571)	(110,016)

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 27. FINANCE INCOME / EXPENSE

a) Finance Income

	2018	2017
Foreign exchange gain	2,750,561	963,657
Interest income	296,027	141,276
Gain on derivative transactions	46,792	255
	3,093,380	1,105,188

b) Finance Expense

	2018	2017
Foreign exchange loss	(3,432,468)	(1,487,771)
Interest and borrowing expense	(555,814)	(266,684)
Loss on derivative transactions	(17,090)	(255)
Other financial expenses	(46,648)	(24,711)
	(4,052,020)	(1,779,421)

NOTE 28. TAX ASSETS AND LIABILITIES

The corporation tax rate for the fiscal year is 22% in Turkey (31 December 2017 - 20%). Corporate tax returns are required to be filed until the twenty fifth of the fourth month following the fiscal year end and paid in full until the end of the same month. The tax legislation provides for a provisional tax of 22% (2017 – 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017,"Bazı Vergi Kanunları İle Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

According to the Turkish Tax Law, corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

NOTE 28. TAX ASSETS AND LIABILITIES (CONTINUED)

The main components of tax assets and liabilites as of December 31, 2018 and 2017 are as follows:

	2018	2017
Prepaid corporate tax	168,428	115,653
Provision for corporate tax	17,051	6,498

The main components of tax income and expenses as of December 31, 2018 and 2017 are as follows:

	2018	2017
Current period tax expense	(261,271)	(157,578)
Deferred tax income / (expense), net	(53,554)	(19,934)
	(314,825)	(177,512)

As of December 31, 2018 and 2017, the reconciliation of theoretical income tax calculated with the tax rates used in the countries that the Company operates in and total income tax is as follows:

	2018	2017
Consolidated profit before tax	629,935	483,401
Effect of associate income net off tax	81,065	30,362
Consolidated profit before tax (excluding effect of associate income net off tax)	711,000	513,763
Enacted tax rate	22%	20%
Tax calculated at the parent company tax rate	(156,420)	(102,753)
Tax effect of non-deductible expenses	(10,181)	(7,473)
Tax effect of income excluded from tax bases	13,100	162
Effect of different tax rates	6,238	(17,618)
Deffered tax effect of translation on non-monetary items	(37,846)	(15,246)
Cancellation of tax losses	(7,351)	-
Impact of tax base increase regarding law no 7143 (1)	(53,083)	-
Effect of deferred tax asset on non-recognized income	(12,459)	-
Other	(56,823)	(34,584)
	(314,825)	(177,512)

(1) Includes amounts paid as a result of the increase in the amount of the tax base and and offsetted from carry forward tax losses in accordance with the "Law on Restructuring of Certain Receivables" numbered 7143.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 28. TAX ASSETS AND LIABILITIES (CONTINUED)

As of December 31, 2018 and December 31, 2017 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	31 December 2018	31 December 2017
Deferred tax assets	867,100	307,406
Deferred tax liabilities	(2,088,835)	(1,908,091)
	(1,221,735)	(1,600,685)

As of December 31, 2018 and 2017 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	Asset		Liability		Net	
	2018	2017	2018	2017	2018	2017
PP&E and intangible assets	-	-	(2,356,206)	(2,168,862)	(2,356,206)	(2,168,862)
Inventories	18,413	4,097	-	-	18,413	4,097
Carry forward losses	827,189	479,717	-	-	827,189	479,717
Retirement pay liability and other employee benefits	42,346	25,788	-	-	42,346	25,788
Other provisions and accruals	195,498	28,873	-	-	195,498	28,873
Unused investment discounts	41,209	39,199	-	-	41,209	39,199
Derivative financial instruments	9,816	-	-	(9,497)	9,816	(9,497)
	1,134,471	577,674	(2,356,206)	(2,178,359)	(1,221,735)	(1,600,685)

As of December 31, 2018 and 2017, the movement of deferred tax liability is as follows:

	2018	2017
Balance at January 1	(1,600,685)	(1,557,142)
Recorded to the consolidated income statement	(46,203)	(23,004)
Recognized in other comprehensive income	263,702	14,340
Addition through business combination	338,436	-
Unused provisions	(7,351)	3,070
Currency translation adjustment	(169,634)	(37,949)
Balance at December 31	(1,221,735)	(1,600,685)

As a result of the Group management's assessment that sufficient taxable income will be generated and such carried losses will be utilized until 2023, deferred tax asset amounting to TRL835,995 has been recognized. Carried forward tax losses of Efes Moscow, JSC Sun InBev, PJSC Sun InBev Ukraine and Coca-Cola Beverages Pakistan Limited according to local tax regulations can be carried forward with an indefinite life.

NOTE 28. TAX ASSETS AND LIABILITIES (CONTINUED)

As of December 31, 2018, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TL 205.441 (December 31, 2017, TRL 205.441) with a total tax advantage of TRL 41.209 (December 31, 2017, TRL 39.198). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL 2.119 (December 31, 2017, TRL 2.119).

NOTE 29. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Weighted average number of shares represents the number of shares as a result of capital increase and adjusted number of shares at the beginning period multiplied with the time-weighting factor. Time weighting factor is calculated by dividing the number of days that the shares are available by the total number of days of the period.

Following table illustrates the net income and share figures used in earnings per share calculation:

	2018	2017
Net Income / (loss)	96,882	149,420
Weighted average number of shares	592,105,000	592,105,000
Earnings/ (losses) per share (full TRL)	0.1636	0.2524

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial statement date and the date of approval of these financial statements.

NOTE 30. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Borrowings from Related Parties

The Group has a loan amounting of USD37.405 (current portion of non-current borrowings) and RUR4.335.581 (current borrowing) total of TRL525.111 from Brandbev SARL, which is a related party of AB Inbev Harmony Ltd. USD borrowings has a floating interest rate of Libor + 3.20% and RUR borrowings has interest rate of Mosprime+2.56% (31 December 2017- None).

Due from Related Parties

	December 31, 2018	December 31, 2017
Migros Group Companies [2]	177,459	153,135
AB InBev Group Companies [3]	69,440	157
Other	11,496	4,793
	258,395	158,085

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 30. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Due to Related Parties

	December 31, 2018	December 31, 2017
AB InBev Group Companies (3)	259,479	32,484
Oyex Handels GmbH (2)	14,496	8,285
Çelik Motor Ticaret A.Ş. (2)	5,120	3,572
Efes Turizm İşletmeleri A.Ş. (2)	790	1,911
Anadolu Bilişim Hizmetleri A.Ş. (2) (4)	1,300	5,393
AND Anadolu Gayrimenkul Yatırımları A.Ş. (2)	151	149
Other	1,242	629
	282,578	52,423

The Group has TRL147 and TRL376 short term and long term deferred revenue related to AG Anadolu Grubu Holding A.Ş (1), respectively. (December 31, 2017 – short term deferred revenue TRL465, there is no long term deferred revenue).

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)
(4) The Group's long term financial asset.

b) Transactions with Related Parties

Purchases of Goods, Services and Donations

	Nature of transaction	2018	2017
Ab InBev Group Companies (3)	Service and Purchase of Trade Goods	189,539	13,063
Anadolu Efes Spor Kulübü	Service	63,250	50,540
Oyex Handels GmbH (2)	Purchase of Materials and Fixed Assets	58,669	38,750
AG Anadolu Grubu Holding A.Ş. (1)	Consultancy Service	38,495	34,426
Çelik Motor Ticaret A.Ş. (2)	Vehicle Leasing	37,942	29,401
Efestur Turizm İşletmeleri A.Ş. (2)	Travel and Accommodation	10,948	15,842
Anadolu Bilişim Hizmetleri A.Ş. (2)	Information Service	2,561	9,012
Other		14,199	8,211
		415,603	199,245

Financial Expense

	Nature of transaction	2018	2017
Brandbev SARL (3)	Interest Expense	34,568	-
		34,568	-

NOTE 30. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

b) Transactions with Related Parties (continued)

Revenue and Other Income / (Expenses), Net

	Nature of transaction	2018	2017
Migros (2)	Sales Income	594,580	447,661
Ab Inbev Group Companies (3)	Other Income	40,451	1,106
Other	Other Income	3,140	1,046
		638,171	449,813

Director's remuneration

As of December 31, 2018 and 2017, total benefits to Anadolu Efes Board of Directors are TRL424 and TRL369, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors as of December 31, 2018 and 2017 are as follows:

	2018	2017
Short-term employee benefits	43,810	36,847
Post-employment benefits	-	-
Other long term benefits	5,509	4,597
Termination benefits	291	428
Share-based payments	-	-
	49,610	41,872

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)
(4) The Group's long term financial asset.

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments.

The Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap (IRS) agreement. Total outstanding amount of IRS agreements was USD43 million as of December 31, 2018 (December 31, 2017 – USD43 million).

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

The Group's financial instruments sensitive to interest rate risk is as follows:

	2018	2017
Financial instruments with fixed interest rate		
Financial assets		
Financial assets at fair value through profit or loss	3,957,127	4,925,015
Financial liabilities	(7,519,472)	(7,252,674)
Financial instruments with floating interest rate		
Financial liabilities	(1,709,208)	(1,256,816)

At December 31, 2018, if interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit before tax and minority interest for the period ended March 31, 2018 which is the following reporting period, would be:

	2018	2017
Change in EURO denominated borrowing interest rate	2,275	2,518
Change in USD denominated borrowing interest rate	634	26
Change in Other denominated borrowing interest rate	1,543	74
Total	4,452	2,618

b) Foreign Currency Risk

Foreign currency risk generally arises from the EURO and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases of goods and services or borrowings of the Group in currencies other than the functional currency. The Group manages short term foreign currency risk by balancing foreign currency denominated assets and liabilities. The Group designates certain part of its bank deposits for the future raw material purchases, operational expense and interest related payments Note 6 Group's foreign currency liability consists of mainly long term liabilities. Accordingly, in the short term foreign currency risk that may arise from fluctuation of foreign currencies are relatively limited.

Efes Breweries International NV has a cross currency swap agreement in order to hedge foreign currency risk arising from Russian Ruble receivables arising from shareholder loans which was taken over following the business combination mentioned in Note 3 amounting to TRL361,501.

As of December 31, 2018, CCI has a cross currency swap contract with a total amount of USD 150 million (nominal amount: 219.135 TRL) signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term (December 31,2017- None) (Note 8).

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of December 31, 2018 and 2017 are presented below:

Foreign Currency Position Table

2018						
	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	115,657	12,148	63,912	8,079	48,701	3,044
2a. Monetary Financial Assets (Cash and cash equivalents included)	1,720,097	289,529	1,523,181	19,394	116,907	80,009
2b. Non- monetary Financial Assets	10,362	-	-	1,719	10,362	-
3. Other Current Assets and Receivables	22,265	365	1,918	3,375	20,343	4
4. Current Assets (1+2+3)	**1,868,381**	**302,042**	**1,589,011**	**32,567**	**196,313**	**83,057**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3,438	6	31	564	3,400	8
8. Non-Current Assets (5+6+7)	**3,438**	**6**	**31**	**564**	**3,400**	**8**
9. Total Assets (4+8)	**1,871,820**	**302,048**	**1,589,042**	**33,131**	**199,713**	**83,065**
10.Trade Payables and Due to Related Parties	(908,912)	(110,335)	(580,464)	(50,453)	(304,131)	(24,317)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(1,498,428)	(84,459)	(444,330)	(174,867)	(1,054,098)	-
12a. Monetary Other Liabilities	(4,794)	(199)	(1,045)	(622)	(3,749)	-
12b. Non-monetary Other Liabilities	(12,416)	(2,360)	(12,416)	-	-	-
13. Current Liabilities (10+11+12)	**(2,424,550)**	**(197,353)**	**(1,038,255)**	**(225,942)**	**(1,361,978)**	**(24,317)**
14. Trade Payables and Due to Related Parties	(5,338)	-	-	(885)	(5,335)	(3)
15. Long-Term Borrowings	(6,398,523)	(1,108,985)	(5,834,260)	(93,607)	(564,263)	-
16 a. Monetary Other Liabilities	(2)	-	(2)	-	-	-
16 b. Non-monetary Other Liabilities	(198,022)	(37,640)	(198,022)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(6,601,885)**	**(1,146,625)**	**(6,032,284)**	**(94,492)**	**(569,598)**	**(3)**
18. Total Liabilities (13+17)	**(9,026,435)**	**(1,343,978)**	**(7,070,539)**	**(320,434)**	**(1,931,576)**	**(24,320)**
19. Off Statement of Financial Position Derivative Items' Net Asset/ (Liability) Position (19a+19b)	**4,713,031**	**781,279**	**4,110,231**	**100,000**	**602,800**	**-**
19a. Total Hedged Assets (*)	**4,713,031**	**781,279**	**4,110,231**	**100,000**	**602,800**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**(2,441,584)**	**(260,651)**	**(1,371,266)**	**(187,302)**	**(1,129,063)**	**58,745**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(6,980,243)**	**(1,002,301)**	**(5,273,008)**	**(292,961)**	**(1,765,968)**	**58,733**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**-**	**-**	**-**	**-**	**-**	**-**
23. Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

(*) In order to hedge foreign exchange risk arising from the translation of net investments in the subsidiaries operating in the Netherlands to Turkish Lira, the USD denominated bonds and the borrowings denominated in EURO have been designated as hedges of net investment risk.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Foreign Currency Risk (continued)

Foreign Currency Position Table

2017

	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	68,959	14,480	54,616	2,839	12,821	1,522
2a. Monetary Financial Assets (Cash and cash equivalents included)	3,548,104	906,864	3,420,602	25,310	114,287	13,215
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	38,117	180	679	7,618	34,399	3,039
4. Current Assets (1+2+3)	**3,655,180**	**921,524**	**3,475,897**	**35,767**	**161,507**	**17,776**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	5,320	291	1,098	935	4,222	-
8. Non-Current Assets (5+6+7)	**5,320**	**291**	**1,098**	**935**	**4,222**	**-**
9. Total Assets (4+8)	**3,660,500**	**921,815**	**3,476,995**	**36,702**	**165,729**	**17,776**
10.Trade Payables and Due to Related Parties	(281,890)	(40,717)	(153,580)	(24,719)	(111,619)	(16,691)
11.Short-term Borrowings and Current Portion of Long- term Borrowings	(2,967,047)	(618,778)	(2,333,969)	(140,202)	(633,078)	-
12a. Monetary Other Liabilities	(840)	-	-	(186)	(840)	-
12b. Non-monetary Other Liabilities	(12,323)	(3,267)	(12,323)	-	-	-
13. Current Liabilities (10+11+12)	(3,262,100)	(662,762)	(2,499,872)	(165,107)	(745,537)	(16,691)
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	(5,282,419)	(1,196,221)	(4,512,025)	(170,611)	(770,394)	-
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(117,572)	(31,170)	(117,572)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(5,399,991)**	**(1,227,391)**	**(4,629,597)**	**(170,611)**	**(770,394)**	**-**
18. Total Liabilities (13+17)	**(8,662,091)**	**(1,890,153)**	**(7,129,469)**	**(335,718)**	**(1,515,931)**	**(16,691)**
19. Off Statement of Financial Position Derivative Items' Net Asset/ (Liability) Position (19a+19b)	**-**	**-**	**-**	**-**	**-**	**-**
19a. Total Hedged Assets (*)	**-**	**-**	**-**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**(5,001,591)**	**(968,338)**	**(3,652,474)**	**(299,016)**	**(1,350,202)**	**1,085**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(4,915,133)**	**(934,372)**	**(3,524,356)**	**(307,569)**	**(1,388,823)**	**(1,954)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**-**	**-**	**-**	**-**	**-**	**-**
23. Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

(*) In order to hedge foreign exchange risk arising from the translation of net investments in the subsidiaries operating in the Netherlands to Turkish Lira, the USD denominated bonds and the borrowings denominated in EURO have been designated as hedges of net investment risk.

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of December 31, 2018 and 2017 is as follows:

	2018	2017
Total Export	**567,491**	220,134
Total Import	**3,376,887**	1,872,381

The following table demonstrates the sensitivity analysis of foreign currency as of December 31, 2018 and 2017:

Foreign Currency Position Sensitivity Analysis

	December 31, 2018(*)		December 31,2017(*)	
	Income / (Loss)			
	Increase of the foreign currency	**Decrease of the foreign currency**	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in USD by 10%:				
USD denominated net asset / (liability)	**(527,301)**	**527,301**	(352,436)	352,436
USD denominated hedging instruments (-)	**411,023**	**(411,023)**	-	-
Net effect in USD	**(116,278)**	**116,278**	(352,436)	352,436
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	**(176,597)**	**176,597**	(138,882)	138,882
EURO denominated hedging instruments (-)	**60,280**	**(60,280)**	-	-
Net effect in EURO	**(116,317)**	**116,317**	(138,882)	138,882
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	**5,873**	**(5,873)**	(195)	195
Other foreign currency hedging instruments (-)	**-**	**-**	-	-
Net effect in other foreign currency	**5,873**	**(5,873)**	(195)	195
TOTAL	**(226,722)**	**226,722**	(491,513)	491,513

(*) Monetary assets and liabilities eliminated in scope of consolidation are not included.

c) Foreign Currency Hedge of Net Investments in Foreign Operations

The Group designated denominated bond issued amounting to USD500 million as of January 1, 2018 and EURO100 million as of April 1, 2018 as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments in breweries).

As of April 1, 2018, CCI designated USD 281 million out of USD denominated bond issued amounting to USD500 million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, CCI Holland and Waha B.V.

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

c) Foreign Currency Hedge of Net Investments in Foreign Operations (continued)

The effective part of the change in the value of the bonds and loans designated as hedging of net investments amounting to TRL1.229.608 (TRL959.094 - including deferred tax effect) is recognized as " Gains (Losses) on Hedge" under Equity and to "Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations" under Other Comprehensive Income (31 December 2017 - None).

d) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions. The Group also reduces the risk by preferring long-term debt.

The analysis of non-derivative financial liabilities as at 31 December 2018 and 2017 in the statement of financial position is as follows:

2018 Contractual maturities	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
Financial liabilities	9,228,680	10,595,777	985,518	1,654,440	5,284,259	2,671,560
Trade payable and due to related parties	3,644,817	3,644,817	3,076,564	554,930	6,203	7,120
Liability for put option	210,436	210,436	-	12,416	198,020	-
Employee Benefit Obligations	77,035	77,035	77,035	-	-	-
Total	13,160,968	14,528,065	4,139,117	2,221,786	5,488,482	2,678,680

2017 Contractual maturities	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
Financial liabilities	8,509,490	9,610,634	370,078	2,907,242	3,656,446	2,676,868
Trade payable and due to related parties	1,711,561	1,711,561	1,664,576	11,805	35,180	-
Liability for put option	126,474	126,474	-	8,902	117,572	-
Employee Benefit Obligations	66,362	66,362	66,362	-	-	-
Total	10,413,887	11,515,031	2,101,016	2,927,949	3,809,198	2,676,868

e) Price Risk

This is a combination of currency, interest and market risks which the Group manages through natural hedges that arise from offsetting the same currency receivables and payables, interest bearing assets and liabilities. Market risk is closely monitored by the management using the available market information and appropriate valuation methods.

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NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

f) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by limiting transactions with specific counterparties and assessing the creditworthiness of the counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group keeps guarantees for a part of its receivables by means of DDS (Direct Debit System). The Group also obtains guarantees from the customers when appropriate and keep considerable portion of the receivables under guarantee.

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of December 31, 2018 and 2017 are disclosed as below:

	Receivables					
	Trade Receivables		Other Receivables			
Current Year	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits	Derivative Instruments
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	230,018	2,185,223	28,377	126,517	4,616,661	47,010
- Maximum credit risk secured by guarantees	66,023	1,302,984	-	-	-	-
	-	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	225,296	2,062,259	28,377	115,335	4,616,661	47,010
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	4,722	121,056	-	11,182	-	-
- Under guarantee	-	19,488	-	-	-	-
D. Net carrying amount of financial assets impaired	-	1,908	-	-	-	-
- past due (gross carrying value)	-	104,792	-	-	-	-
- impaired (-)	-	(102,884)	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	1,908	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Current Year	Trade Receivables	Other Receivables	Deposits	Derivative Instruments
Past due between 1-30 days	70,193	-	-	-
Past due between 1-3 months	34,100	-	-	-
Past due between 3-12 months	6,776	-	-	-
Past due for more than 1 year	9,987	-	-	-

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

f) Credit Risk (continued)

	Receivables					
	Trade Receivables		Other Receivables			
Prior Year	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits	Derivative Instruments
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	158,085	1,373,772	-	125,706	5,424,320	152
- Maximum credit risk secured by guarantees	63,086	964,899	-	-	-	-
	-	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	154,622	1,281,143	-	125,706	5,424,320	152
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	3,463	97,400	-	-	-	-
- Under guarantee	-	48,363	-	-	-	-
D. Net carrying amount of financial assets impaired	-	(4,771)	-	-	-	-
- past due (gross carrying value)	-	50,171	-	-	-	-
- impaired (-)	-	(54,942)	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	(4,771)	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Prior Year	Trade Receivables	Other Receivables	Deposits	Derivative Instruments
Past due between 1-30 days	63,069	-	-	-
Past due between 1-3 months	24,189	-	-	-
Past due between 3-12 months	3,546	-	-	-
Past due for more than 1 year	6,596	-	-	-

g) Capital Risk Management

The Group's policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group periodically measures Net Debt to EBITDA ratio to maintain capital risk management. Net Debt is calculated by deducting cash and cash equivalents from total borrowing.

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NOTE 32. FINANCIAL INSTRUMENTS

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The optimum fair value of a financial instrument is the quoted market value, if any.

The financial assets and liabilities which are denominated in foreign currencies are evaluated by the foreign exchange rates prevailing on the date of balance sheet which approximate to market rates. The following methods and assumptions were used to estimate the fair value of each class of financial instrument of the Group for which it is practicable to estimate a fair value:

a) Financial Assets

The fair values of certain financial assets carried at cost in the consolidated financial statements, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

b) Financial Liabilities

Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows

Level 1: Market price valuation techniques for the determined financial instruments traded in markets
Level 2: Other valuation techniques including direct or indirect observable inputs
Level 3: Valuation techniques not containing observable market inputs.

Current Year	Level 1	Level 2	Level 3
Financial assets at fair value	-	-	-
Derivative financial assets (Note 8)	-	17,178	-
Financial liabilities at fair value	-	-	-
Interest rate swap (Note 8)	-	-	-
Put options (Note 20)	12,416	-	198,020

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NOTE 32. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy table (continued)

Prior Year	Level 1	Level 2	Level 3
Financial assets at fair value			
Derivative financial assets (Note 8)	-	152	-
Financial liabilities at fair value			
Interest rate swap (Note 8)	-	-	-
Put options (Note 20)	8.902	-	117.572

Derivative Instruments, Risk Management Objectives and Policies

Derivative instruments and hedging transactions are explained in Note 6 and Note 8.

NOTE 33. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	2018	2017
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 15)	27,597	75,547
Adjustments for impairment loss (reversal of impairment) of receivables (Note 10, 25)	18,677	12,573
Adjustments for impairment loss (reversal of impairment) of inventories (Note 12, 25)	6,124	13,831
Adjustments for impairment loss (reversal of impairment) of intangible assets (Note 16)	103,894	19,621
	156,292	121,572

b) Adjustments for (Reversal of) Provisions Related with Employee Benefits

	2018	2017
Provision for vacation pay liability (Note 19)	11,732	2,784
Provision for retirement pay liability (Note 19)	36,675	22,812
Provision for seniority bonus (Note 19)	23,739	19,580
	72,146	45,176

c) Adjustments for Interest (Income) Expenses

	2018	2017
Adjustments for interest income (Note 27)	(296,027)	(141,276)
Adjustments for interest expenses (Note 27)	555,814	266,023
	259,787	124,747

NOTE 33. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS (CONTINUED)

d) Cash Flows From (used in) Investing Activities

	2018	2017
Cash and cash equivalents in acquired companies (Note 3)	13.759	-
Cash inflows due to commitments determined within the scope of the business combination (Note 3)	179,856	-
Capital increases made by non-controlling shareholders	42,890	-
	236,505	-

NOTE 34. EVENTS AFTER REPORTING PERIOD

None.

ABBREVIATIONS

1 Hectoliter	100 Liters
1 Unit Case	5,678 Liters
BNRI	Before non-recurring items
BIST	Borsa İstanbul
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
HOD	A rigid container with a 20-liter capacity
CMB	Capital Markets Board
TCCC	The Coca-Cola Company
IFRS	International Financial Reporting Standards
n.m.	not meaningful

TERMS

Coca-Cola System	TCCC and all of its international bottling partners
Sparkling Beverage	Non-alcoholic beverages produced in a variety of flavors and containing different flavoring additives. The sparkling beverage category does not include plain waters, flavored waters, fruit juices, fruit-flavored beverages, sports drinks, teas, or coffees.
Still Beverage	All non-sparkling and non-alcoholic beverages such as plain waters, flavored waters, fruit juices, fruit-flavored beverages, sports drinks, teas, and coffees.
Bottler	Any company that obtains concentrates, various beverages, and/or syrups from TCCC readies them for consumption as non-alcoholic beverages, and markets and distributes them to customers.
Bottler Agreement	Any contract between TCCC and a bottler that governs the parties' respective production, packaging, distribution, and selling rights and obligations with respect to TCCC products within a designated territory.
Concentrate	Any product which TCCC makes or has made for it and which TCCC sells to bottlers so that they may produce non-alcoholic beverages by adding water and/or flavorings to it.
Customer	Any store, retail point of sale, restaurant, chain store, or other form of business enterprise that sells our products to its own customers.
PET (polyethylene terephthalate)	Type of a polyester (polyethylene terephthalate) used in the manufacture of beverage bottles

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