



ANADOLU EFES

FY2018 CONFERENCE CALL PRESENTATION

01.03.2019



Forward-Looking Statements



This presentation may contain certain forward-looking statements concerning our future performance and should be considered as good faith estimates made by the Company. These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.

GENERAL OVERVIEW & OPERATING ENVIRONMENT



Can aka

CEO & Beer Group President

2018 Snapshot



-  **Successful closing of the merger in Russia**
 - Strong #2 player with 28% market share**
 - Brand portfolio covering all segments in particular strong position in the premium and super premium segments**
 - Synergies already started to be extracted**
-  **Expanded and stronger brand portfolio in Turkey**
 - BUD & Varım in 2018**
 - Corona, Leffe, Hoegaarden in Jan 2019**
-  **In other international beer markets market share gains supported by core & premium brands further solidified leadership position**
-  **Strong Free Cash Flow Generation of over TL 1.0 billion**
-  **Moderate net financial leverage of 1.5x**

4Q2018 Highlights



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

Volume growth of 1.9%*

- Growth in both beer and soft drinks operations

Revenue up by 30.6%*

- Higher volumes
- Price increases
- Positive currency translation impact

EBITDA (BNRI) slightly down by 2.3%*

- In line with our guidance

Net profit of TL 147.9 million in 4Q2018 & TL 96.9 million in FY2018

- Non-cash FX losses
- y-o-y higher interest expense

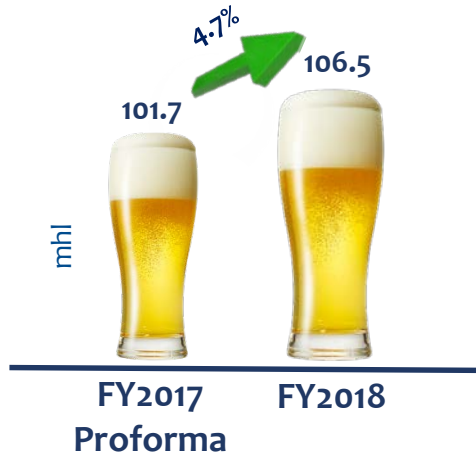
In FY2018,

- Consolidated net debt to EBITDA (BNRI) → 1.5x
- Free Cash Flow of over TL1.0 billion

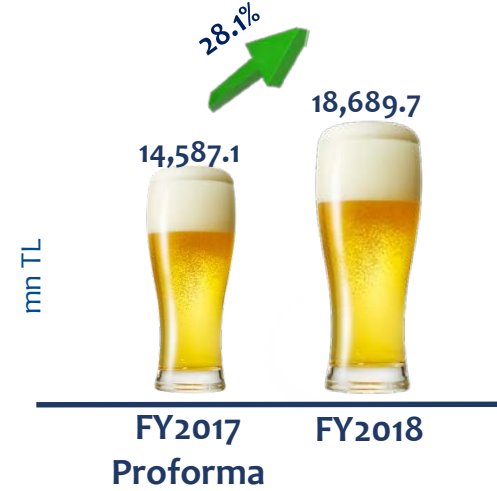
Consolidated results are in line with guidance...



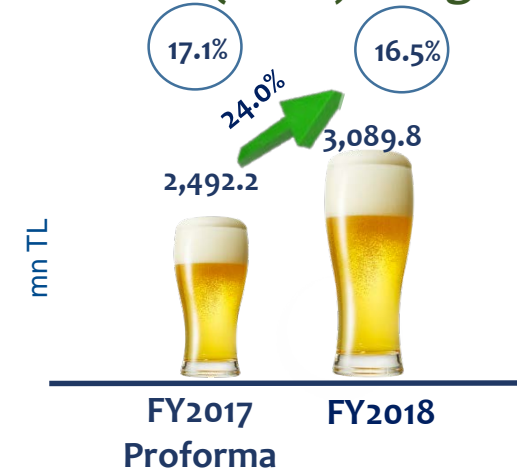
SALES VOLUME



NET SALES REVENUE



EBITDA (BNRI) & EBITDA (BNRI) Margin



Share of*

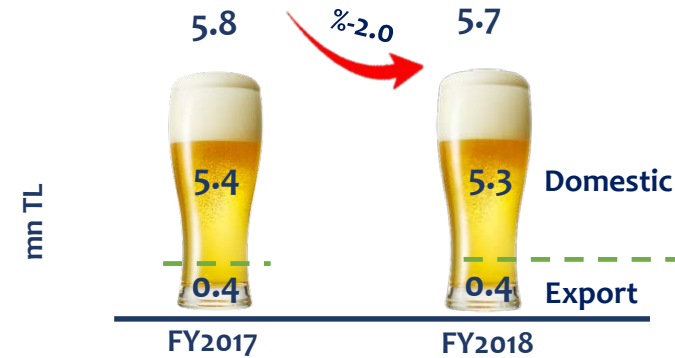
Turkey Beer	5%	10%	13%
International Beer	25%	33%	28%
Coca-Cola Icecek	70%	57%	60%

Strong international volumes

BEER GROUP



TURKEY BEER



INTERNATIONAL BEER



- ✓ Total beer group sales volume up by 3.9% in 4Q2018 & up by 1.2% in FY2018 on a proforma basis

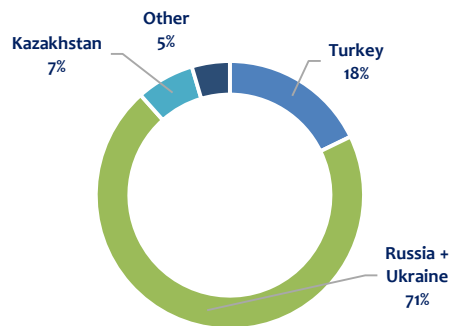
In 4Q,

- Russia was the highest contributor to volume growth
- Strong volume performance in other international markets

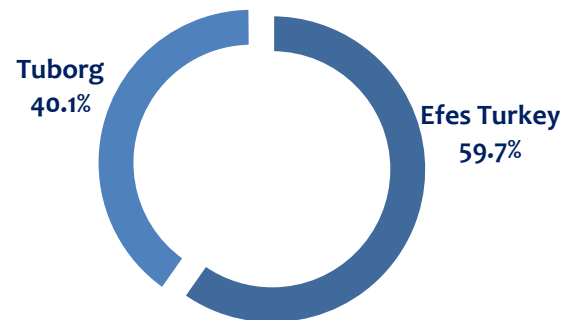
- ✓ Domestic volumes down by 4.2% in 4Q2018 & down by 2.0% in FY2018, y-o-y
- ✓ Total volumes down 2.6% in 4Q2018, y-o-y
 - Deterioration in consumer confidence
 - Intermediary price increase in October
- ✓ Focus on portfolio expansion

- ✓ EBI volumes up by 5.3% in 4Q2018 & up by 2.0% y-o-y on a proforma basis
 - Positive contribution from Russia, Kazakhstan and Moldova
- ✓ Low-single digit growth in Russian Beer market in FY2018
 - High single digit growth in volumes in 4Q2018, low single digit growth in FY2018, y-o-y on a proforma basis
- ✓ Ukraine better than expected, Kazakhstan outperformed the market

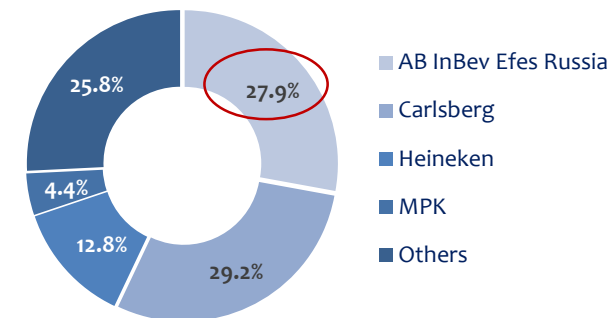
VOLUME BREAKDOWN* BY COUNTRY



MARKET SHARE**

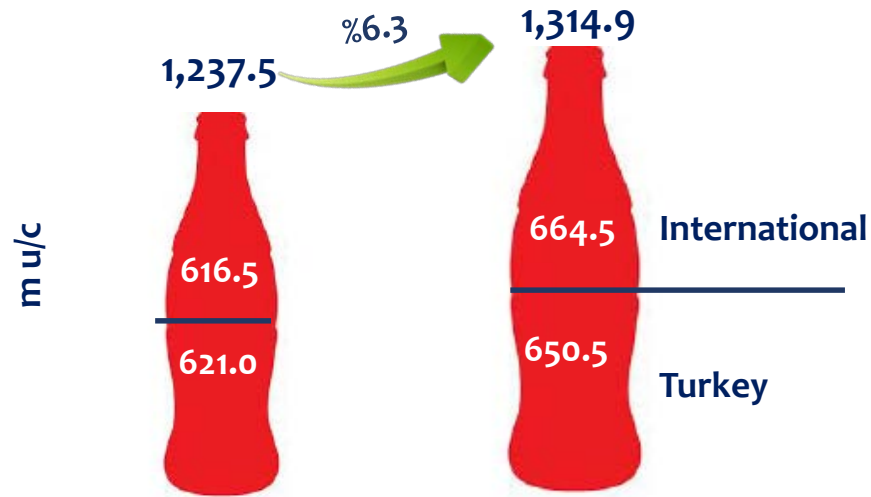


MARKET SHARE***

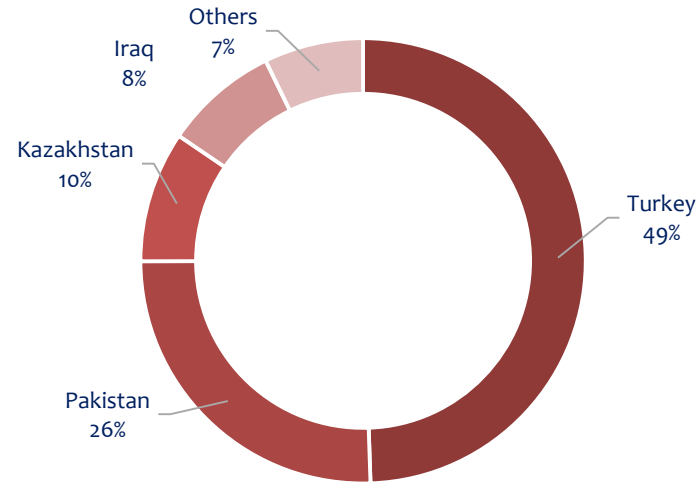


Another year with quality growth in soft drinks...

SALES VOLUME



VOLUME BREAKDOWN* BY COUNTRY



*Breakdown is on a combined basis

- ✓ **Consolidated sales volume** growth of
 - ✓ 0.6% in 4Q2018; growth driven by water and NRTD Tea
 - ✓ 6.3% in FY2018; driven by strong performance of Sparkling, Stills and Water
- ✓ **Turkey** volumes remained flat in 4Q; despite macroeconomic headwinds and price increases taken
 - ✓ Increased by 4.8% in FY2018; the highest annual growth since 2012.
- ✓ **International operations** delivered
 - ✓ 1.5% volume growth in 4Q2018; Pakistan up 1.4%, Middle East down 5.3%, Central Asia up 7.2%
 - ✓ 7.8% volume growth in FY2018; primarily driven by Pakistan and Kazakhstan operations



FINANCIAL OVERVIEW



N. Orhun Köstem
Chief Financial Officer

Robust performance in a transformational year...



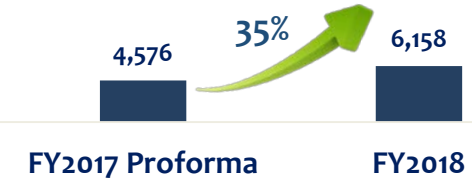
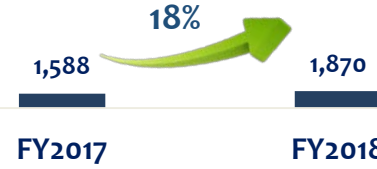
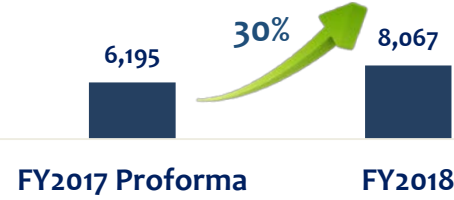
Net Sales

ANADOLU EFES

TOTAL BEER

TURKEY BEER

EBI



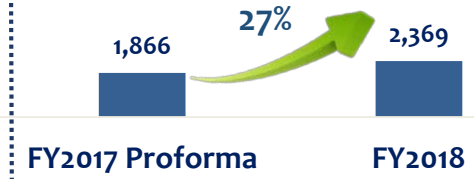
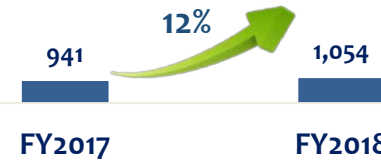
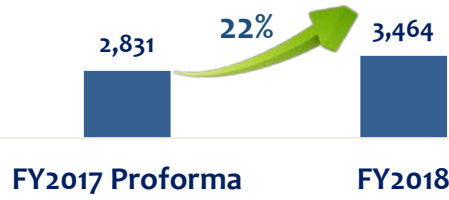
Margin: 38.4% 37.4%

Margin: 45.7% 42.9%

Margin: 59.2% 56.4%

Margin: 40.8% 38.5%

Gross Profit



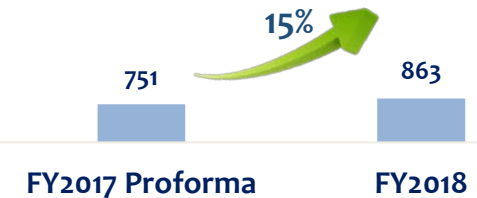
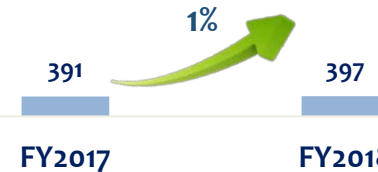
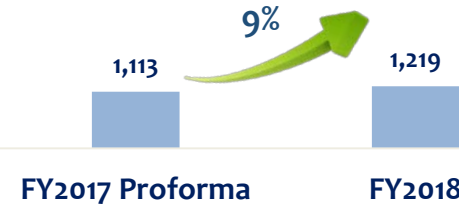
Margin: 17.1% 16.5%

Margin: 18.0% 15.1%

Margin: 24.6% 21.2%

Margin: 16.4% 14.0%

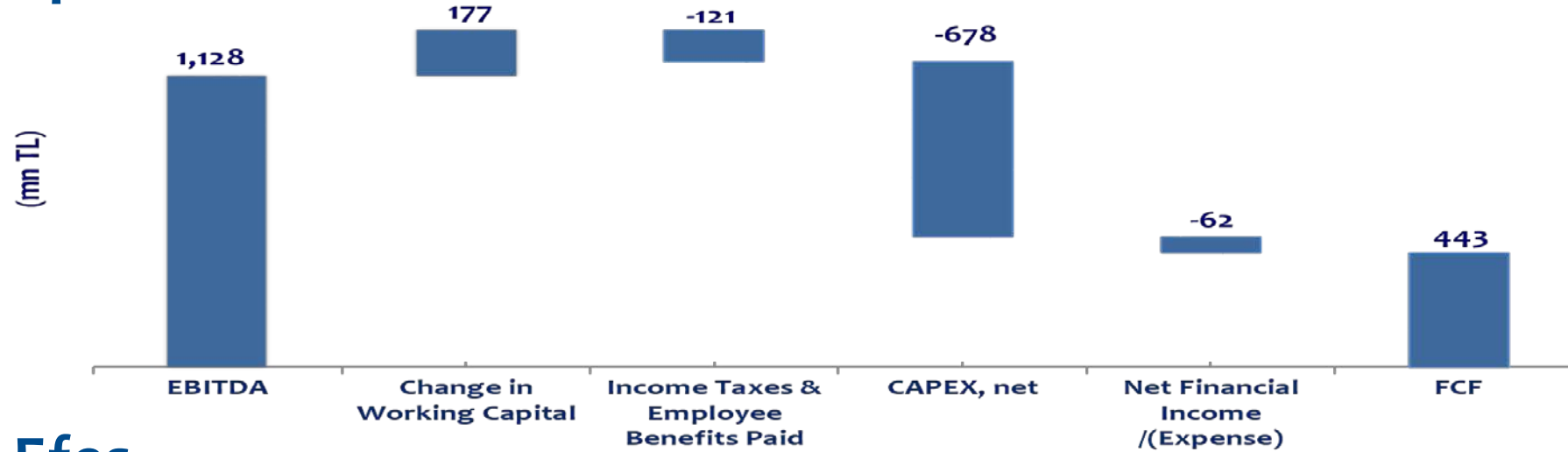
EBITDA (BNRI)



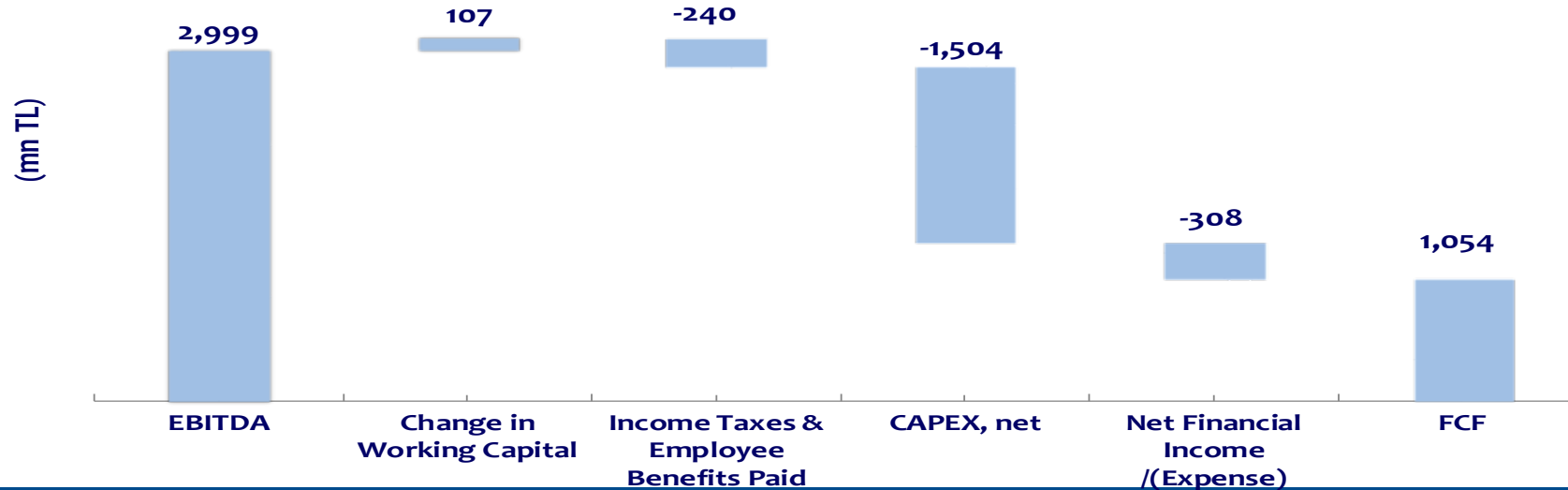
Continued to generate strong Free Cash Flow...



Beer Group



Anadolu Efes



Input costs & FX exposures are tightly monitored...

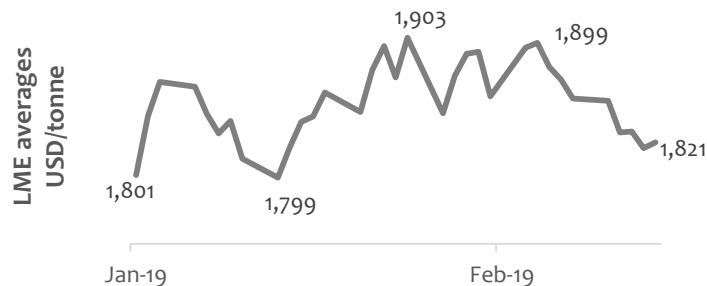


Hedged positions for 2019*

70%**

100%

LME Aluminium Prices



Turkey's 2019 local barley procurement is completed

- Cash flow hedge via designation
- ~ 90%* of FX exposure in COGS&OPEX hedged in Turkey for 2019
- ~ 100% hedged in Russia & Ukraine
- Derivative contracts to hedge commodities

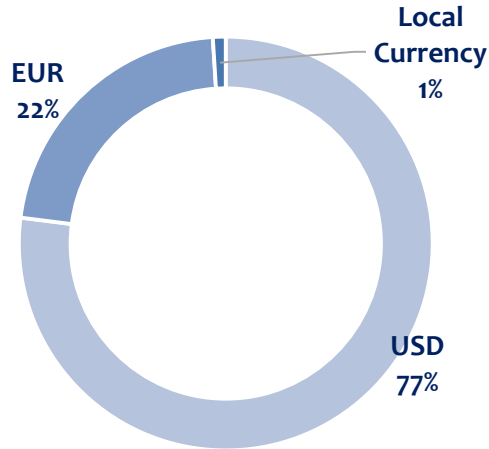
*As of February
** Excluding Russia&Ukraine

Balance Sheet FX Exposure Mitigated...

Hedged majority of outstanding debt via various instruments; both at Anadolu Efes & Beer Group level

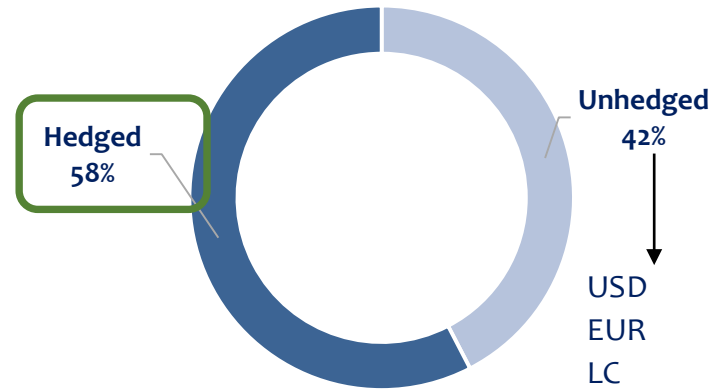
Anadolu Efes

December 2017



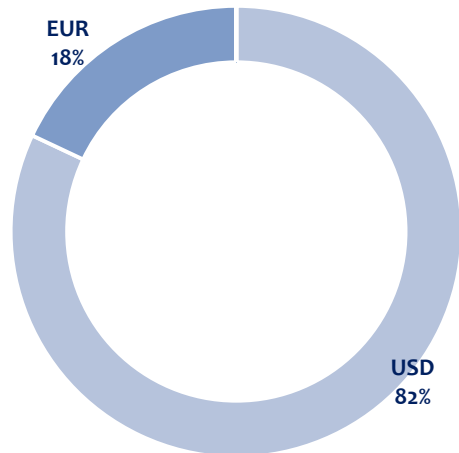
No hedge

December 2018

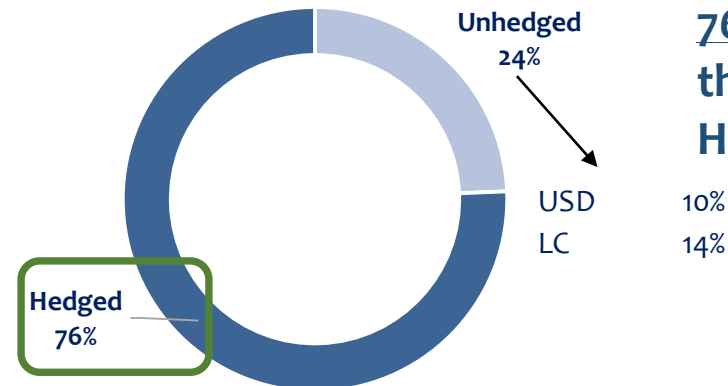


58% of our debt is hedged through Net Investment Hedge and CCS as of FY2018

Beer Group



No hedge



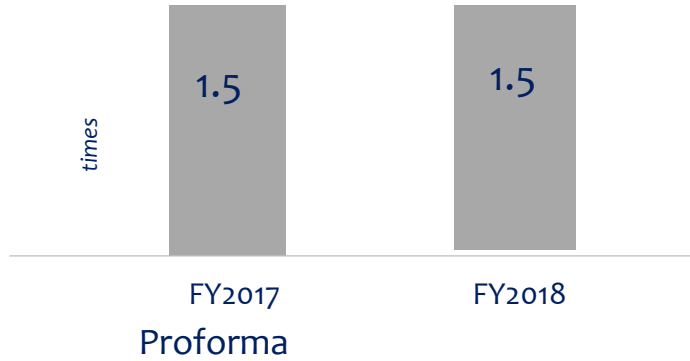
76% of our debt is hedged through Net Investment Hedge as of FY2018

Leverage ratios at healthy levels despite currency devaluations.



Net Debt / EBITDA (BNRI)

Anadolu Efes Consolidated

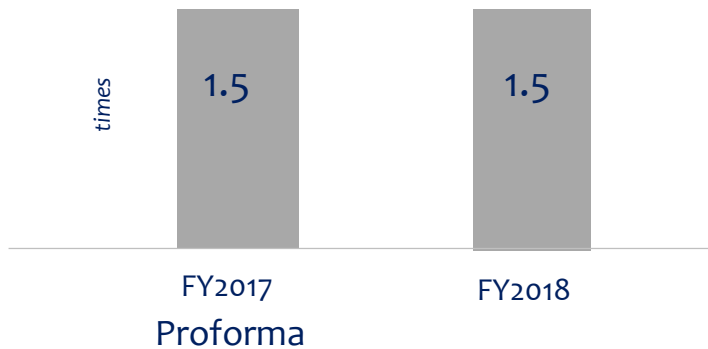


-62% of cash is hold as hard currency

-85% of debt is in hard currency
(58% of our debt is hedged through Net Investment Hedge and CCS)

-78% of debt has fixed interest

Beer Group

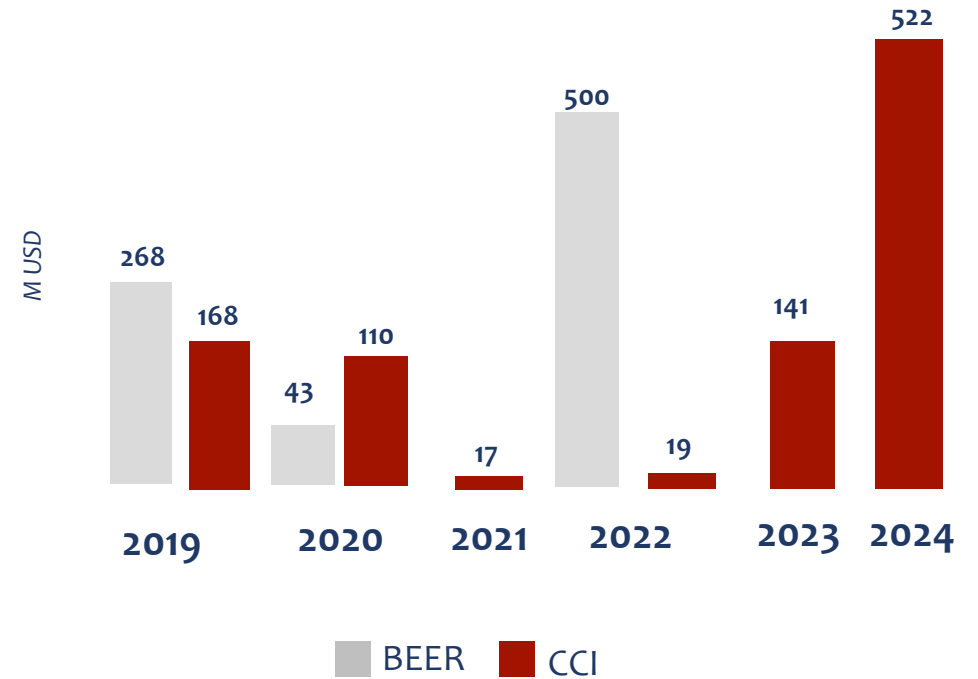


-69% of cash is hold as hard currency

-86% of debt is in hard currency
(76% of our debt is hedged through Net Investment Hedge)

-81% of debt has fixed interest

Maturity Schedule



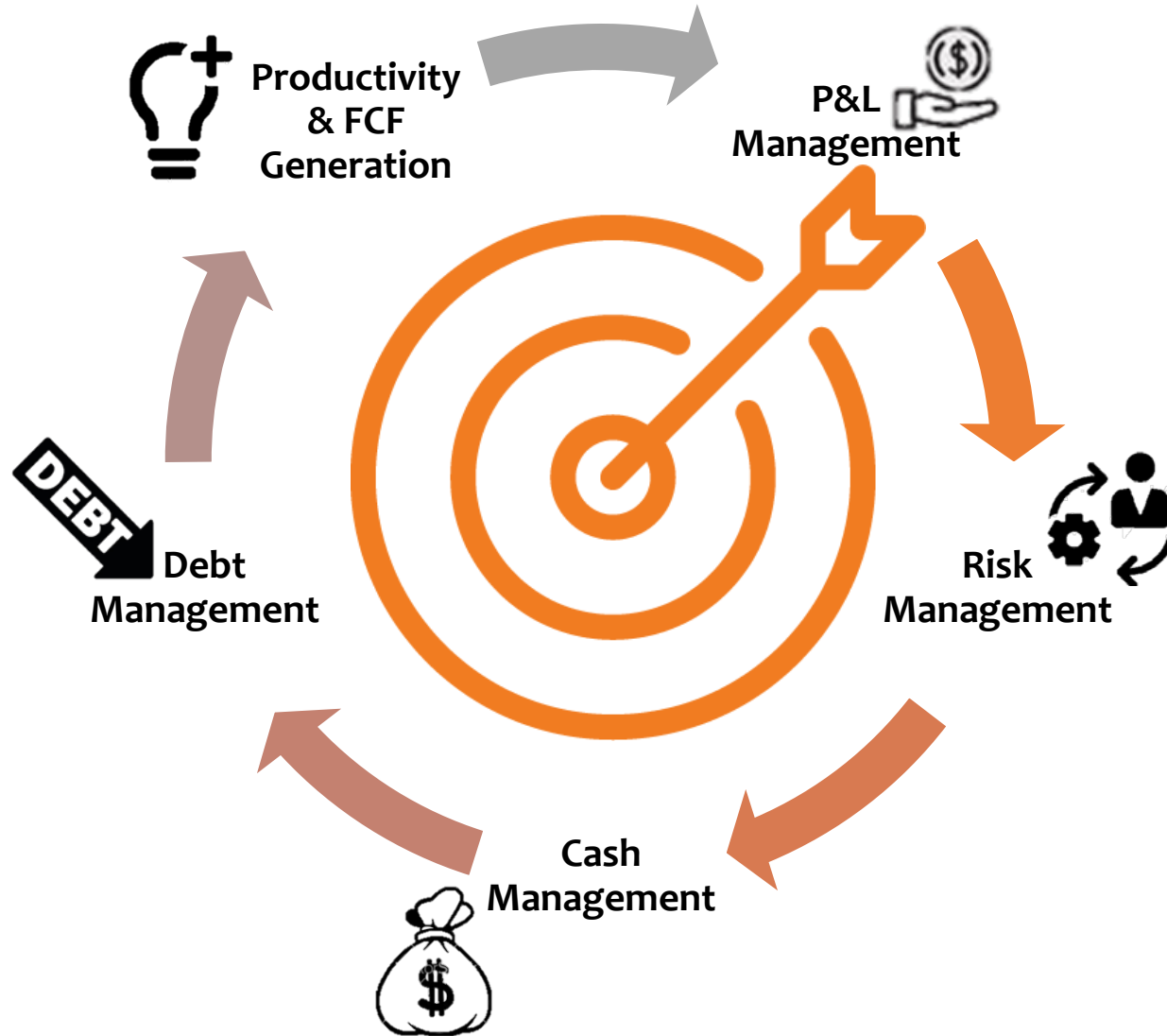
Easily manageable debt repayment schedule

Weighted average maturity of debt for

Beer Group is ca. 3* years and

Anadolu Efes is ca. 4* years

Financial priorities are on track...



CLOSING REMARKS



Can aka

CEO & Beer Group President

2019 Guidance



- Cautious volume outlook on sales volumes
- Efficient revenue management to offset volume pressures resulting in solid growth in all business lines
- Slight improvement in both Beer & Soft Drink EBITDA margins to result in slight improvement in AEFES consolidated EBITDA margin
- Strong FCF to continue



Q&A SESSION



Can aka

CEO & Beer Group President

N. Orhun Kstem

Chief Financial Officer

APPENDIX



Detailed 2019 Guidance



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.



	REPORTED	PROFORMA
SALES VOLUME		
Consolidated Total Beer	low to mid-single digit growth	low to mid single digit growth
Turkey Beer	mid single digit growth	flat
Russia	Flattish	
International Beer	low single digit growth	declining slightly in line with market
Soft Drinks	mid to high single digit increase	flat
Turkey Soft Drinks	3-5% growth	
International Soft Drinks	flat	
	6-8%	
NET SALES REVENUE		
Consolidated Total Beer	outperform sales volume	
Turkey Beer	low forties growth	low thirties
International Beer	high twenties growth	
Soft Drinks	low forties growth	low thirties
	16-18% growth on a consolidated basis (FX neutral)	
EBITDA MARGIN		
Consolidated Total Beer	slight improvement	
Turkey Beer	flat-slight positive	higher than reported
International Beer	decline slightly	
Soft Drinks	improve	
	slight improvement	
FCF		
	continue to deliver strong FCF in both beer and soft drinks	
CAPEX		
	As a percentage of sales high single digits on a consolidated basis	

Gross & Net Debt



Anadolu Efes Consolidated

FY2017	FY2018	
8,509.5	9,228.7	TOTAL FINANCIAL DEBT (m TL)
5,498.2	4,791.2	TOTAL CASH & EQUIVALENTS (m TL)
3,011.3	4,437.5	NET DEBT (m TL)
798.3	843.5	NET DEBT (m USD)

Beer Group

FY2017	FY2018	
2,518.8	4,285.2	TOTAL FINANCIAL DEBT (m TL)
1,606.3	2,480.3	TOTAL CASH & EQUIVALENTS (m TL)
912.5	1,804.9	NET DEBT (m TL)
241.9	343.1	NET DEBT (m USD)

Turkey Beer

FY2017	FY2018	
2,346.2	3,403.9	TOTAL FINANCIAL DEBT (m TL)
387.5	498.4	TOTAL CASH & EQUIVALENTS (m TL)
1,958.7	2,905.5	NET DEBT (m TL)
519.3	552.3	NET DEBT (m USD)

EBI

FY2017	FY2018	
162.6	877.0	TOTAL FINANCIAL DEBT (m TL)
1,212.7	1,971.2	TOTAL CASH & EQUIVALENTS (m TL)
(1,050.0)	(1,094.2)	NET DEBT (m TL)
(278.4)	(208.0)	NET DEBT (m USD)

FX Rates



		FY2017	FY2018	Δ%
USD/TL	AVG	3.64	4.83	32.5%
	PE	3.77	5.26	39.5%
EUR/TL	AVG	4.12	5.68	38.0%
	PE	4.52	6.03	33.5%
TL/RUB	AVG	16.01	12.98	-18.9%
	PE	15.27	13.21	-13.5%
TL/KZT	AVG	89.47	71.41	-20.2%
	PE	88.11	73.03	-17.1%
TL/UAH	AVG	7.30	5.63	-22.8%
	PE	7.44	5.26	-29.3%
TL/MDL	AVG	5.07	3.48	-31.4%
	PE	4.53	3.26	-28.1%
TL/GEL	AVG	0.69	0.52	-23.8%
	PE	0.69	0.51	-26.0%