

# Anadolu Efes BEER OPERATIONS

9M2010 Results Conference Call Presentation



**Alejandro Jimenez**  
EFES BEER GROUP PRESIDENT

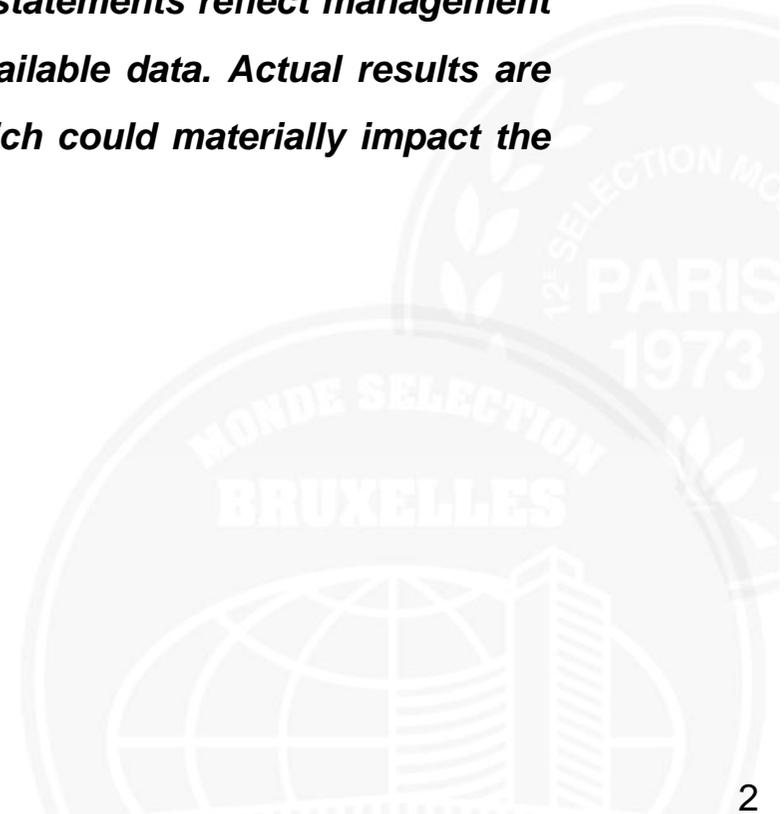
**Can Çaka**  
CFO

08.11.2010



## 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.*

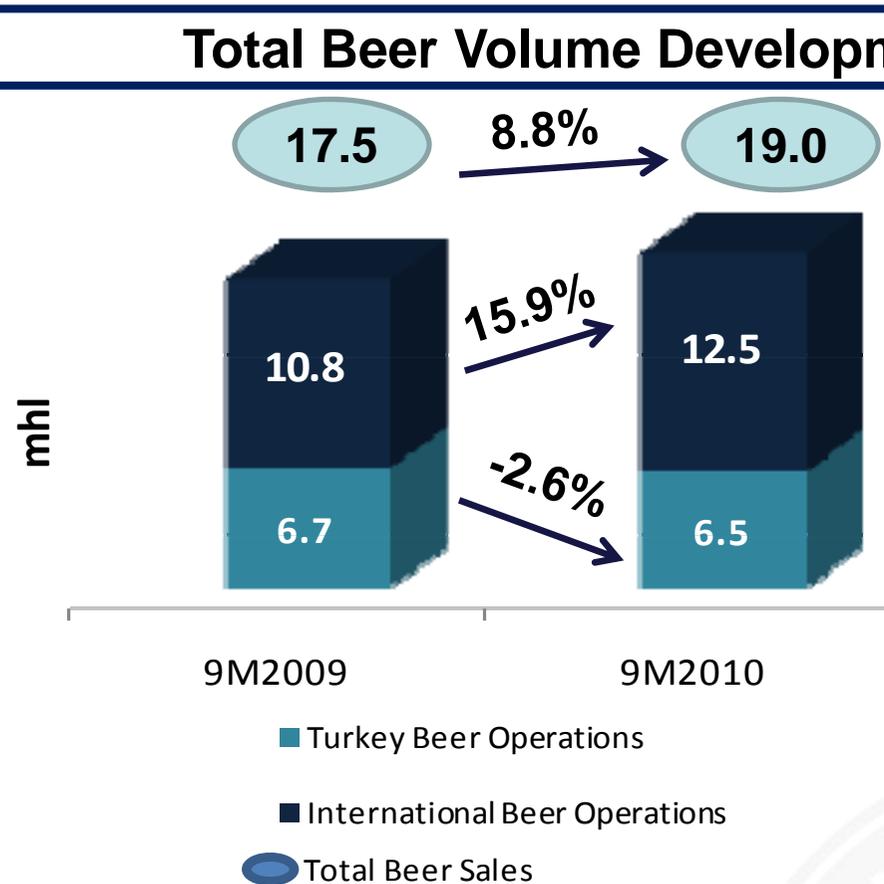




**General Overview & Operating Performance**

*by* **Alejandro Jimenez**

# Beer Sales Volume Development-9M2010



Total beer sales volume increased by 8.8% in 9M2010; 12.4% up in 3Q2010

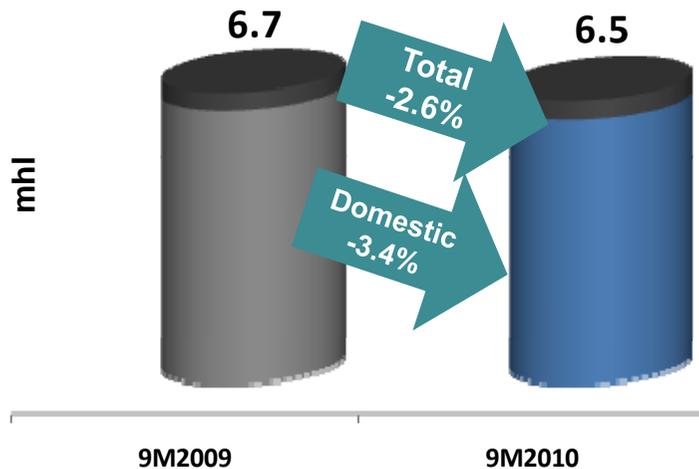
- ✓ Sales volume in Turkey beer operations declined by 2.6% in 9M2010; down by 2.4% in 3Q2010
- ✓ Sales volume in Efes Breweries International (EBI) increased by 15.9% in 9M2010; 20.4% up in 3Q2010



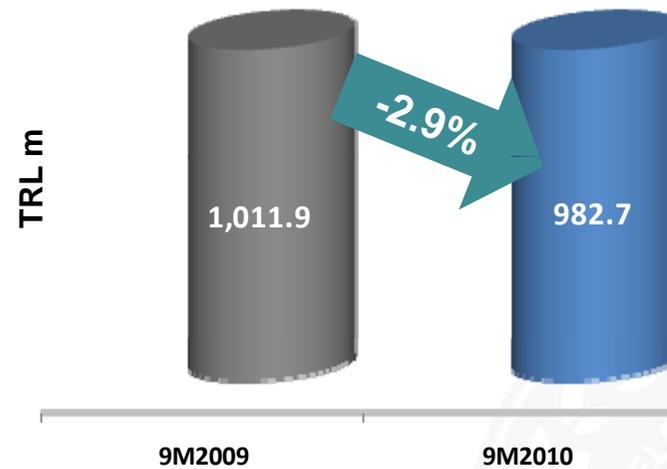
# TURKEY

## Third Quarter in Line with Expectations

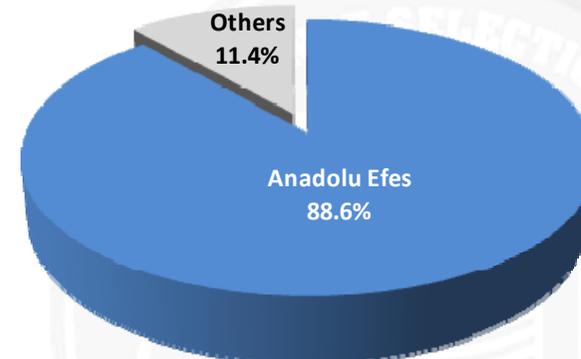
### Volume Development



### Sales Revenue Development



### Market Share by Volume-9M2010



Sales volume in Turkey beer operations declined by 2.4% in 3Q2010, due to;

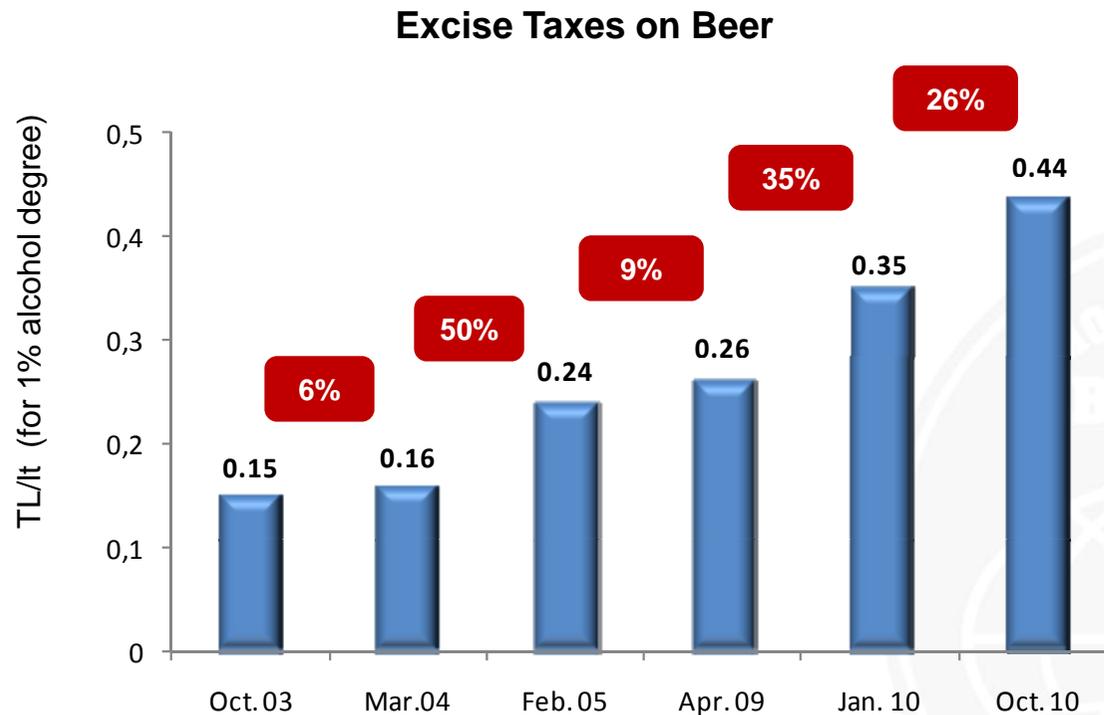
- ✓ Ramadan impact (moving 10 days earlier into August), although significantly higher exports mitigated Ramadan impact to some extent
- ✓ continued impact of higher than inflation price increase due to excise tax hike

\* The Nielsen Company has made a revision in its sample universe and started to cover 72 cities instead of 36 cities as of June 2010.



## Recent Developments: Another Excise Tax Increase

- Excise tax on beer increased further by 26%, from TRL 0.35/lt to TRL 0.44/lt for 1% alcohol degree, effective as of October 28, 2010
  - Required price increase of ca. 12% to fully cover the tax increase
- Simultaneously, we increased our average price by 17% on October 28, 2010, **MORE THAN COVERING THE TAX INCREASE**

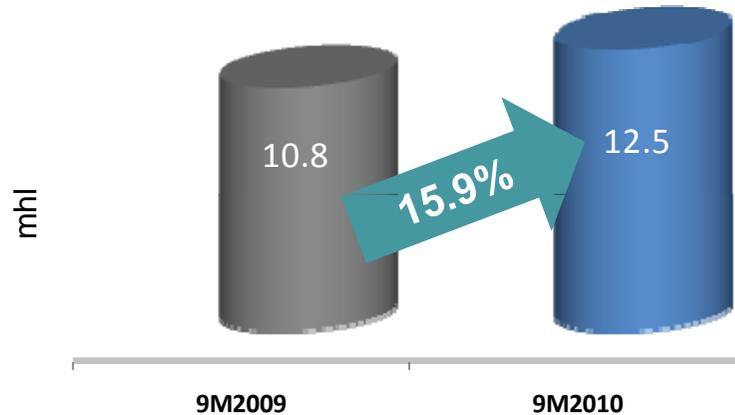




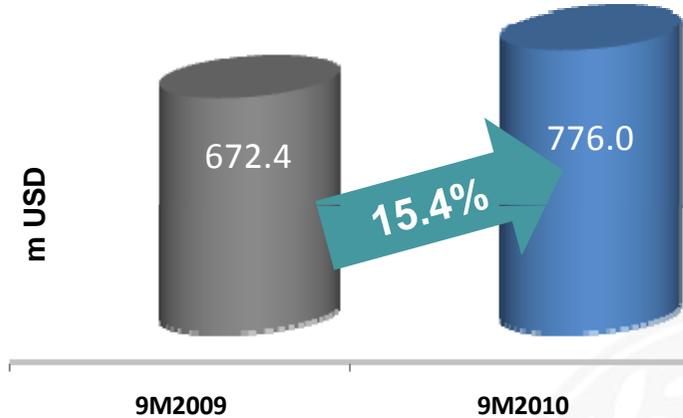
# EFES BREWERIES INTERNATIONAL

## Acceleration Continued in the Third Quarter

### Volume Development



### Sales Revenue Development



• Sales volume growth accelerated in each quarter during 2010; 10.5% in 1Q, 14.8% in 2Q and 20.4% in 3Q, leading to a cumulative volume increase of 15.9% in the nine months period of 2010, **contributed by**:

- Exceptionally hot weather in July and August
- Successful brand equity building
- Innovation
- Availability expansion
- Low base of last year

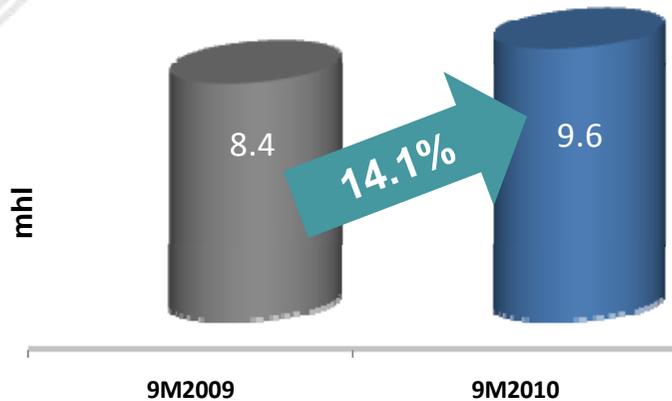
**despite** higher beer prices to reflect higher taxes and continued economic adversities

• Consolidated net sales revenue increased by 18.9% in 3Q2010 y-o-y, bringing the 9M2010 net sales revenue growth to 15.4% y-o-y, contributed by higher volumes and appreciation of local currencies, allowing EBI to maintain its net selling price per liter in USD terms almost flat during nine month period of 2010, despite the negative effect of phased reflection of tripled excise tax on beer in Russia.

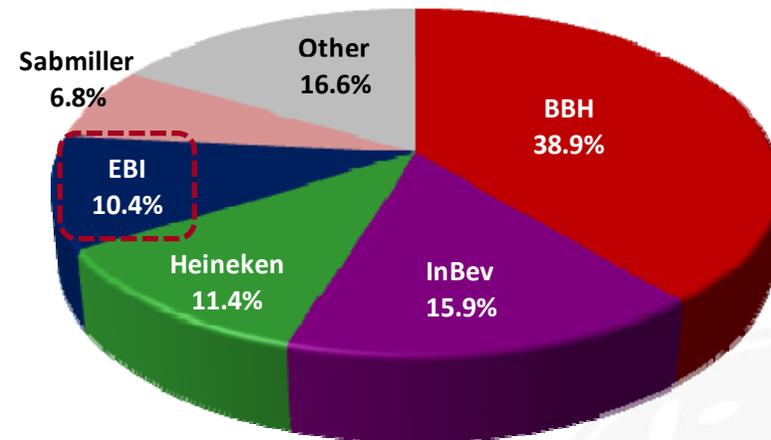


# Market Share Gains Continued in the RUSSIAN MARKET

## Volume Development



## Market Share by Volume – 9M2010



The Nielsen Company, Total National Urban,  
YTD September 2010

Numbers may not add up to 100 due to rounding.

- Beer market is estimated to have contracted by 7.0% in 9M2010, down 0.6% in 3Q2010<sup>1</sup>
- EBI's sales volume increased by 14.1% in 9M2010 y-o-y
- Market share improved further and reached 10.4% in 9M2010 from 9.5% in 9M2009 due to;
  - Continued outperformance of EBI's strategic brands in their respective segments
  - Superior performance of lower mainstream segment in which EBI has a strong presence
  - Successful initiatives to increase availability in the country
  - Well-planned pricing moves; 25% price increase on a cumulative compounded basis, fully covering excise tax increase

<sup>1</sup>The Nielsen Company, National Urban Retail Audit Report, September YTD 2010



EFES

## Exceptional Success of Strategic Brands Fueled by Innovation

***Newly introduced packages and brand extensions were welcomed by the consumers, contributing to our outperformance of the beer markets during 2010...***



- *In Russia, focus on strategic brands continued with new tastes and packages joining to Stry Melnik, Sokol, Bely Medved and Gold Mine portfolios*



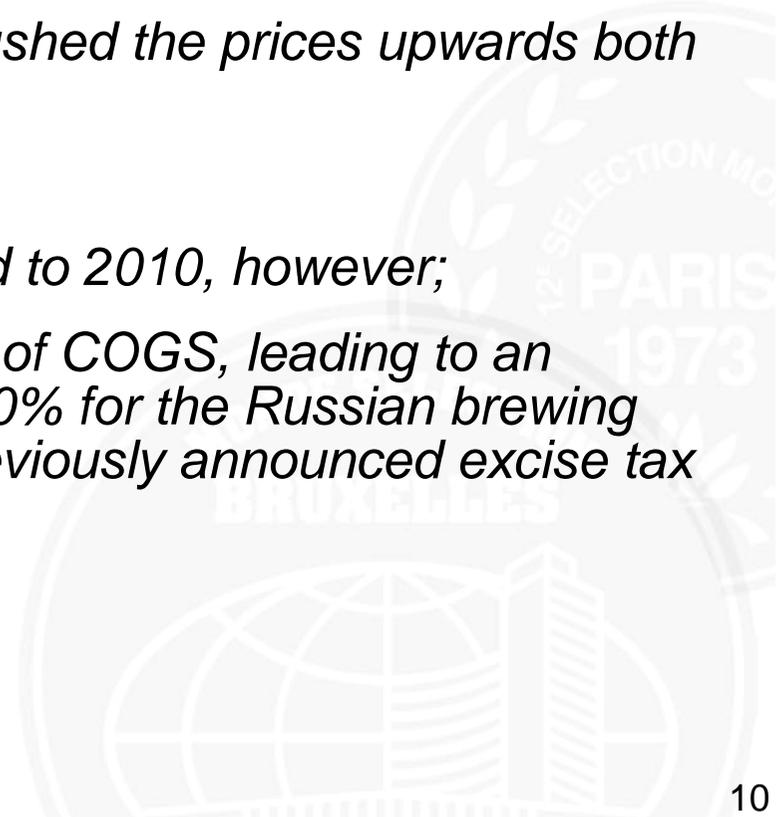
***Successful local campaigns work hand-in-hand with product innovations in all operations...***

***EBI realizes the importance of innovations in the sales volume performance, therefore will maintain its focus on an innovative product portfolio as one of its primary strategies behind our main strategic brands...***



## Recent Developments: Low Barley Crop & Higher Prices

- *Black Sea region and Russia in particular, has been experiencing the worst crop in the last century due to adverse weather conditions*
  - *80 % less malting barley is harvested compared to last year*
- *Poor harvest and export ban in Russia pushed the prices upwards both in Europe and in Russia*
- *Cost base will be higher in 2011 compared to 2010, however;*
  - *Malt & barley constitute less than 1/5 of COGS, leading to an estimated price increase of less than 10% for the Russian brewing industry to reflect malt inflation plus previously announced excise tax increase of 1 Ruble per liter in 2011*





**Financial Overview**

*by* **Can aka**



# TURKEY

## Operational Snapshot-9M2010 Performance

	9M2009	9M2010	Growth (%)
Total Sales Volume (mhl)	6,7	6,5	(2,6%)
Net Sales (million TRL)	1.011,9	982,7	(2,9%)
Gross Profit (million TRL)	678,1	677,0	(0,2%)
Gross Profit margin (%)	67,0%	68,9%	188 bps
EBITDA (million TRL)	428,5	404,2	(5,7%)
EBITDA margin (%)	42,4%	41,1%	(122 bps)

✓ In line with lower sales volumes, **Net Sales** declined by 5.0% in 3Q2010 vs. 3Q2009, bringing 9M2010 net sales revenue to TRL 982.7 million, down 2.9% y-o-y

✓ Contributed by 14% average price increase, effective as of the same date with the 35% rise in excise tax on January 1, 2010, net sales price per liter maintained at TRL 1.5 in 9M2010 vs 9M2009

✓ **Gross Profit Margin** improved by 220 bps in 3Q2010 y-o-y, elevating the cumulative margin gain to 188 bps in 9M2010 due to;

- lower input prices in 2010

✓ **EBITDA Margin** improved by 83 bps to 41.3% in 3Q2010 vs. 3Q2009, **despite** higher operating expenses, leading to an EBITDA of TRL 404.2 million in 9M2010 with a margin of 41.1% compared to 42.4% in 9M2009



# TURKEY BEER OPERATIONS

## Positive Free Cash Flow Generation

(million TRL)		9M2009	9M2010
<b>Operating Profit</b>		<b>372,8</b>	<b>341,9</b>
	Depreciation & Amortization	51,3	55,8
	Other non-cash items	4,4	6,5
<b>EBITDA</b>		<b>428,5</b>	<b>404,2</b>
	<i>Change in Inventory</i>	<i>(2,9)</i>	<i>(12,3)</i>
	<i>Change in Trade Receivables</i>	<i>(85,4)</i>	<i>(90,8)</i>
	<i>Change in Trade Payables</i>	<i>1,1</i>	<i>(9,1)</i>
	<i>Change in Other Assets/Liabilities</i>	<i>24,7</i>	<i>50,8</i>
<b>Change in Working Capital</b>		<b>(62,5)</b>	<b>(61,4)</b>
<b>Income Taxes &amp; Employee Benefits Paid</b>		<b>(73,0)</b>	<b>(65,3)</b>
<b>CAPEX, net</b>		<b>(86,1)</b>	<b>(70,7)</b>
<b>Minority Buy-Out and Other Investing Activities</b>		<b>(23,5)</b>	<b>(303,0)</b>
<b>Net Financial Income (Including interest)</b>		<b>11,7</b>	<b>10,1</b>
<b>FCF</b>		<b>195,1</b>	<b>(86,0)</b>
<b>FCF excluding minority buy-out and other investing activities</b>		<b>218,6</b>	<b>217,0</b>



# EFES BREWERIES INTERNATIONAL

## Operational Snapshot-9M2010 Performance

	9M2009	9M2010	Growth (%)
Total Sales Volume (mhl)	10,8	12,5	15,9%
Net Sales (million USD)	672,4	776,0	15,4%
Gross Profit (million USD)	317,9	378,1	18,9%
Gross Profit margin (%)	47,3%	48,7%	145 bps
EBITDA (million USD)	146,3	174,5	19,3%
EBITDA margin (%)	21,8%	22,5%	73 bps

✓ Aided by appreciation of local currencies and price increases, EBI maintained its net selling price per liter in USD terms almost flat during 9M2010 despite phased reflection of tripled excise tax on beer in Russia. As a result, consolidated **net sales** revenues rose by 15.4%, in line with volume growth

✓ Economies of scale and lower input prices have let EBI to reach a 145 bps improvement in **gross margin** in 9M2010

✓ This improvement is achieved despite the negative effect of increased excise taxes which reflected into sales prices with a lag and negative mix effect

✓ Due to the additional costs related with broadening presence in operating markets day-by-day and higher transportation tariffs, **operating expenses** to net sales ratio increased slightly, leading to a 95 bps higher **operating profit margin** of 13.0% in 9M2010 compared to 9M2009.

✓ **EBITDA** increased by 19.3%, indicating a 73 bps margin improvement to 22.5% in 9M2010

# EFES BREWERIES INTERNATIONAL

## Positive Free Cash Flow Generation

(million USD)	9M2009	9M2010
<b>Operating Profit</b>	<b>80,7</b>	<b>100,6</b>
Depreciation & Amortization	61,0	73,5
Other non-cash items	4,6	0,4
<b>EBITDA</b>	<b>146,3</b>	<b>174,5</b>
<i>Change in Inventory</i>	<i>47,0</i>	<i>14,2</i>
<i>Change in Trade Receivables</i>	<i>13,9</i>	<i>(2,2)</i>
<i>Change in Trade Payables</i>	<i>46,0</i>	<i>60,8</i>
<i>Change in Other Assets/ Liabilities</i>	<i>11,8</i>	<i>0,2</i>
<b>Change in Working Capital</b>	<b>118,7</b>	<b>73,0</b>
<b>Income Taxes Paid</b>	<b>(5,2)</b>	<b>(4,4)</b>
<b>CAPEX</b>	<b>(79,3)</b>	<b>(74,0)</b>
<b>Share Capital Increase in Subsidiaries by Minority Shareholders</b>	<b>-</b>	<b>17,5</b>
<b>Acquisition of Subsidiary, and Acquisition of Minority Shares</b>	<b>(31,8)</b>	<b>(11,2)</b>
<b>Net Financial Expense (Including interest)</b>	<b>(37,7)</b>	<b>(12,1)</b>
<b>FCF</b>	<b>111,1</b>	<b>163,4</b>
<b>FCF excluding capital increase in subsidiaries by minority shareholders</b>	<b>142,9</b>	<b>157,0</b>



# Net Financial Debt & Financing

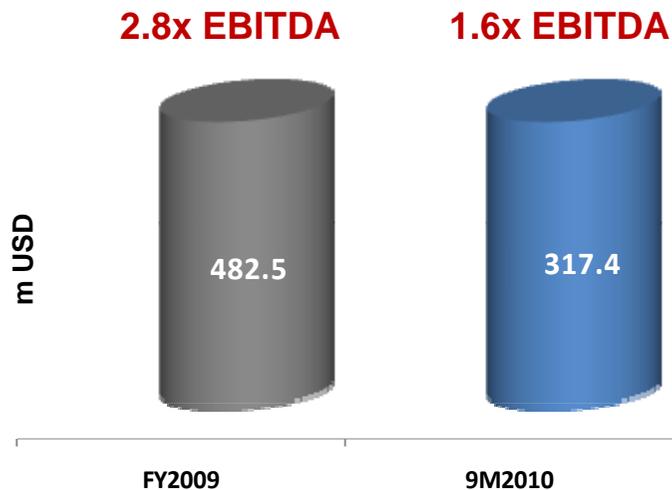
## Turkey Beer Operations

- Cash & cash equivalents at 706.8 million TRL - Net cash position of 43.8 million TRL

## Efes Breweries International

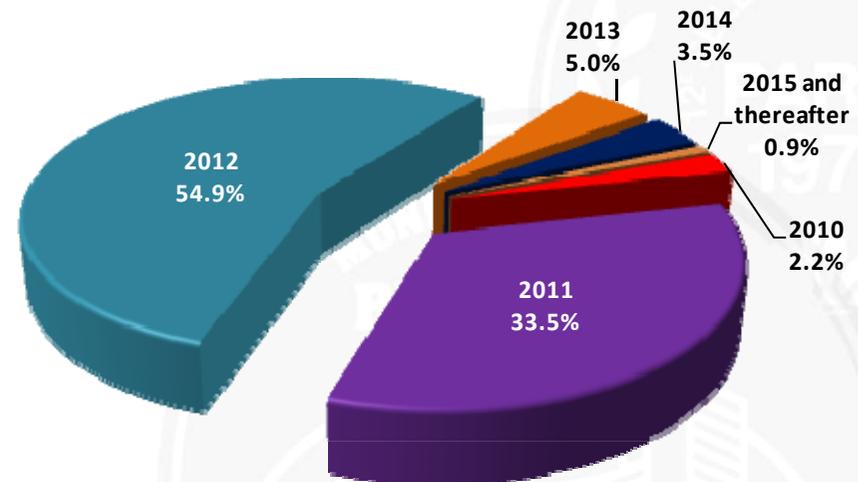
- Consolidated gross debt at US\$ 575.2 million
- Cash & cash equivalents at US\$ 257.8 million - Net debt position at US\$ 317.4 million

### EBI-Net Financial Debt\*



\*excluding put options

### EBI-Maturity Breakdown



Numbers may not add up to 100 due to rounding.



**CLOSING REMARKS**

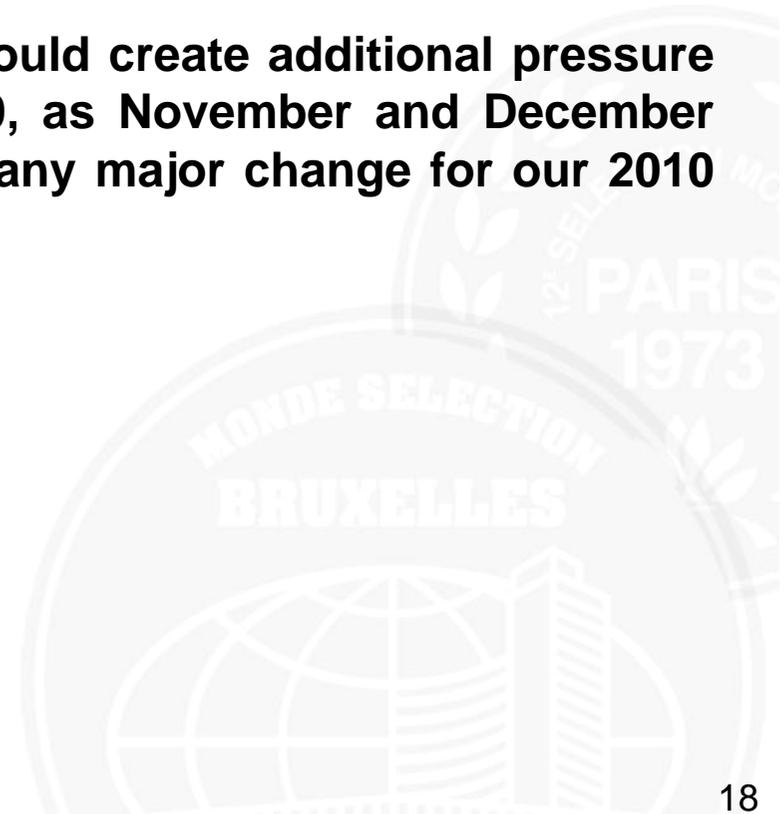
*by* **Alejandro Jimenez**



# FY2010 OUTLOOK

## TURKEY BEER OPERATIONS

- We more than covered the most recent excise tax hike of 26% effective as of October 28, 2010 through a simultaneously introduced average price increase of 17%
- Despite the current excise tax increase would create additional pressure on volumes in the remaining part of 2010, as November and December contribute a small portion, we do not see any major change for our 2010 guidance for the time being

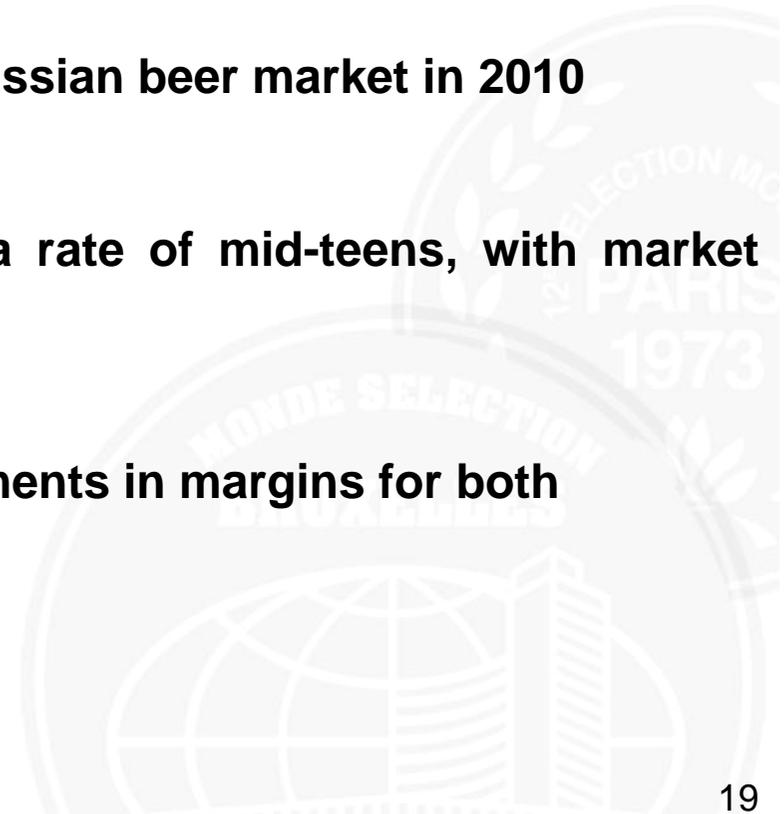




# FY2010 OUTLOOK

## INTERNATIONAL BEER OPERATIONS

- We are fine tuning our previous volume and profitability outlooks for FY2010 as third quarter was beyond expectations
- We now expect 5%-7% volume decline in the Russian beer market in 2010
- EBI's consolidated sales volume to grow at a rate of mid-teens, with market share gains in all operating markets
- Gross profit and EBITDA growth, with improvements in margins for both





**? QUESTIONS PLEASE ?**

The logo for EFES, featuring the word "EFES" in a bold, white, serif font with a blue outline. The text is centered within a golden, three-dimensional ribbon that forms an oval shape. The ribbon has a red inner edge and a gold outer edge, giving it a metallic appearance. The background is a vibrant blue with a subtle pattern of water droplets and a faint, stylized image of a water bottle.

**EFES**

**APPENDIX**

### TURKEY BEER OPERATIONS

Highlighted Income Statement Items For the Nine Months Period Ended 30.09.2010 and 30.09.2009  
Prepared In Accordance with IFRS as per CMB Regulations  
(million TRY)

	2009/9	2010/9
Sales Volume (million hectolitres)	6,7	6,5
<b>SALES</b>	<b>1.011,9</b>	<b>982,7</b>
<b>GROSS PROFIT FROM OPERATIONS</b>	<b>678,1</b>	<b>677,0</b>
<b>PROFIT FROM OPERATIONS</b>	<b>372,8</b>	<b>341,9</b>
Financial Income / Expense	13,2	17,8
<b>CONTINUING OPERATIONS PROFIT BEFORE TAX</b>	<b>385,9</b>	<b>359,7</b>
Provision for Taxes	(72,3)	(64,9)
<b>PROFIT FOR THE YEAR</b>	<b>313,7</b>	<b>294,8</b>
<b>EBITDA</b>	<b>428,5</b>	<b>404,2</b>

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.

### TURKEY BEER OPERATIONS

Highlighted Balance Sheet Items as of 30.09.2010 and 31.12.2009

Prepared In Accordance with IFRS as per CMB Regulations  
(million TRY)

	2009/12	2010/9
Cash, Cash equivalents and Investment in Securities	440,6	706,8
Trade Receivables	214,1	310,2
Inventories	105,5	117,8
Other Assets	21,5	25,2
<b>Total Current Assets</b>	<b>790,6</b>	<b>1.163,6</b>
Investments	1.281,5	1.586,0
Property, Plant and Equipment	360,4	376,5
Other Assets	21,5	41,4
<b>Total Non-Current Assets</b>	<b>1.673,3</b>	<b>2.017,0</b>
<b>Total Assets</b>	<b>2.463,9</b>	<b>3.180,6</b>
Trade Payables	47,4	43,7
Other Liabilities	139,7	193,5
Short-term Borrowings	147,6	590,4
<b>Total Current Liabilities</b>	<b>342,4</b>	<b>829,8</b>
Long-term Borrowings	0,0	72,6
Other Liabilities	160,0	190,4
<b>Total Non-Current Liabilities</b>	<b>160,0</b>	<b>263,0</b>
<b>Shareholders' Equity</b>	<b>1.961,5</b>	<b>2.087,8</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2.463,9</b>	<b>3.180,6</b>

Note: Anadolu Efes subsidiaries, excluding brewing and malt production subsidiaries in Turkey, are stated on cost basis in order to provide more comprehensive presentation.

<b>INTERNATIONAL BEER OPERATIONS (EBI)</b>			
<b>Highlighted Consolidated Income Statement Items For the Nine Months Period Ended 30.09.2010 and 30.09.2009</b>			
<b>Prepared In Accordance with IFRS</b>			
<b>(million USD)</b>			
	<b>2009/9</b>	<b>2010/9</b>	
<b>Volume (million hectoliters)</b>	<b>10,8</b>	<b>12,5</b>	
<b>NET SALES</b>	<b>672,4</b>	<b>776,0</b>	
<b>GROSS PROFIT</b>	<b>317,9</b>	<b>378,1</b>	
<b>PROFIT FROM OPERATIONS</b>	<b>80,7</b>	<b>100,6</b>	
Financial Income / (Expense)	(56,3)	(10,6)	
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>19,6</b>	<b>86,6</b>	
Income Tax	(7,6)	(17,6)	
<b>(LOSS)/PROFIT AFTER TAX</b>	<b>12,0</b>	<b>69,1</b>	
Attributable to			
Minority Interest	(1,1)	8,0	
Equity Holders of the Parent Company	13,2	61,0	
<b>EBITDA</b>	<b>146,3</b>	<b>174,5</b>	

Note 1: EBITDA here means earnings before interest (financial income/(expense) — net), tax, share of net loss of associates, depreciation and amortisation, minus minority interest, and as applicable, minus gain on holding activities, plus loss/(gain) on sale of PPE disposals, provisions, reserves and impairment.

Note 2: Figures for EBI are obtained from consolidated financial statements prepared in accordance with IFRS.

<b>INTERNATIONAL BEER OPERATIONS (EBI)</b>			
<b>Highlighted Consolidated Balance Sheet Items as of 30.09.2010 and 31.12.2009</b>			
<b>Prepared In Accordance with IFRS</b>			
<b>(million USD)</b>			
	<b>2009/12</b>	<b>2010/9</b>	
Cash and Cash Equivalents and Investments in Securities	219,1	257,8	
Trade Receivables	56,9	63,7	
Inventories	126,6	115,4	
Other Current Assets	29,3	29,7	
<b>Total Current Assets</b>	<b>432,5</b>	<b>466,9</b>	
Property, Plant and Equipment	676,4	687,6	
Intangible Assets (including goodwill)	456,1	450,1	
Investments in Associates	30,1	23,0	
Other Non-Current Assets	28,8	23,6	
<b>Total Non-Current Assets</b>	<b>1.194,5</b>	<b>1.184,3</b>	
<b>Total Assets</b>	<b>1.626,9</b>	<b>1.651,2</b>	
Trade and Other Payables	154,2	300,0	
Short-term Borrowings (including current portion of long-term debt and lease obligations)	228,0	203,0	
<b>Total Current Liabilities</b>	<b>382,2</b>	<b>502,9</b>	
Long-term Borrowings (including lease obligations)	473,7	372,2	
Other Non-Current Liabilities	67,9	11,4	
<b>Total Non-Current Liabilities</b>	<b>541,6</b>	<b>383,6</b>	
<b>Total Equity</b>	<b>703,2</b>	<b>764,7</b>	
<b>Total Liabilities and Shareholders' Equity</b>	<b>1.626,9</b>	<b>1.651,2</b>	

Note 1: Figures for EBI are obtained from consolidated financial statements prepared in accordance with IFRS.