

# Anadolu Efes BEER OPERATIONS

1Q2010 Results Conference Call Presentation



**Alejandro Jimenez**  
EFES BEER GROUP PRESIDENT

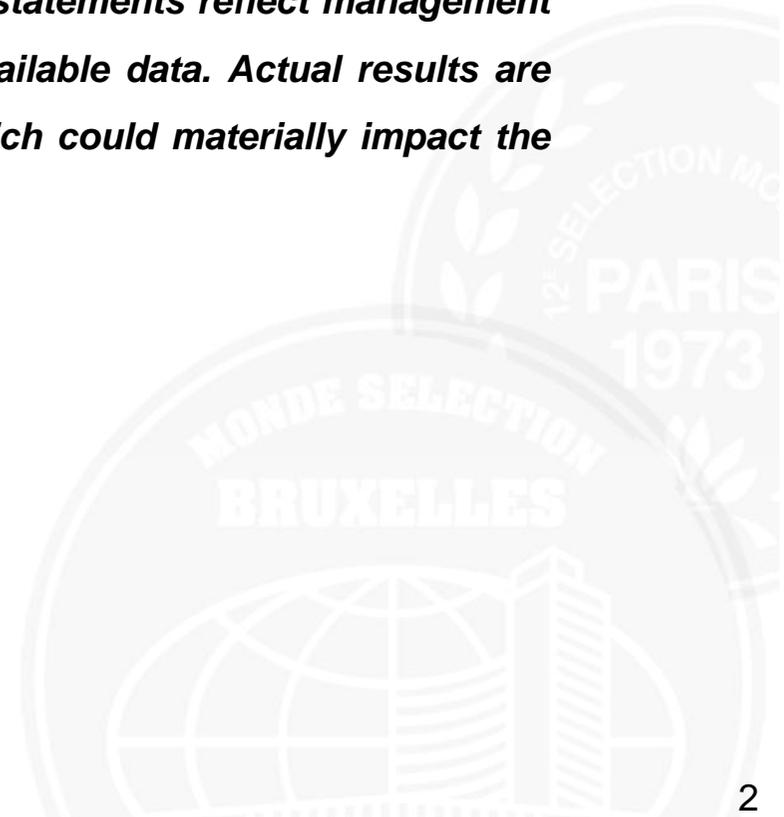
**Can Çaka**  
CFO

12.05.2010



## 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.*



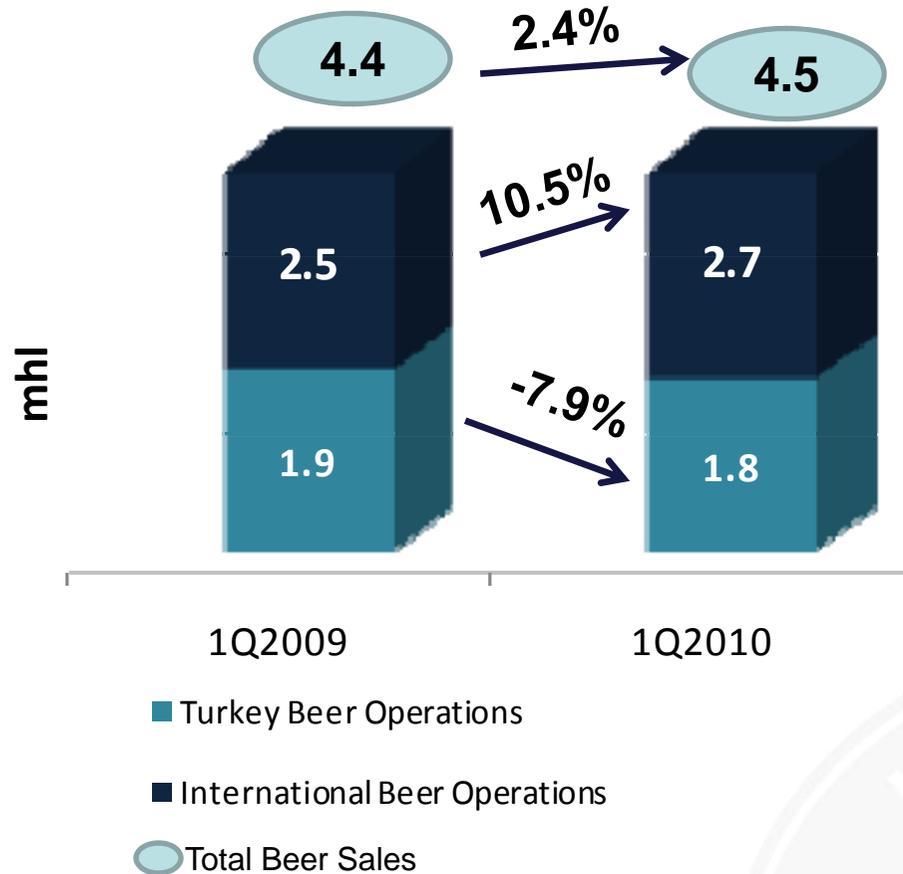


**General Overview & Operating Performance**

*by* **Alejandro Jimenez**

# Beer Sales Volume Development-1Q2010

## Total Beer Volume Development



Total beer sales volume increased by 2.4% in 1Q2010;

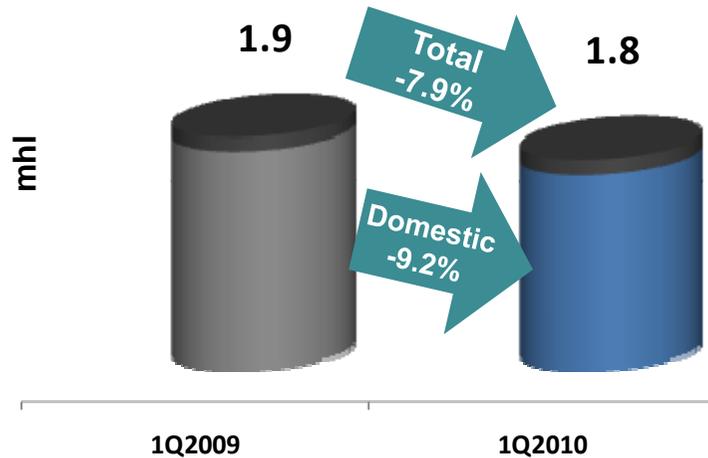
- ✓ Sales volume in Turkey beer operations declined by 7.9%
- ✓ Sales volume in Efes Breweries International (EBI) increased by 10.5%



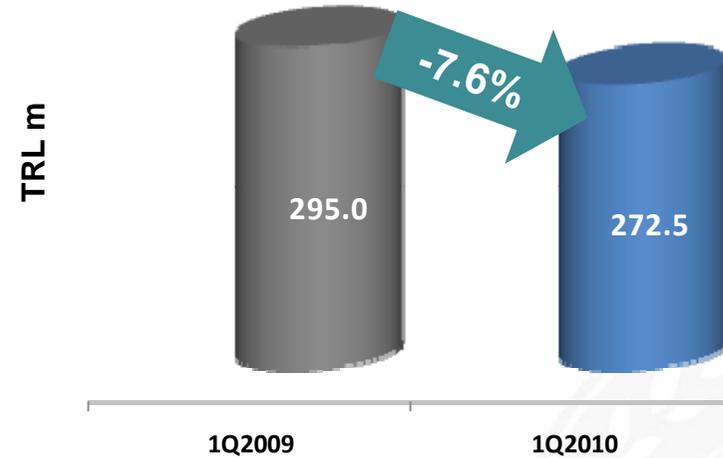
# TURKEY

## Challenging Quarter in the Turkish Market

### Volume Development



### Sales Revenue Development



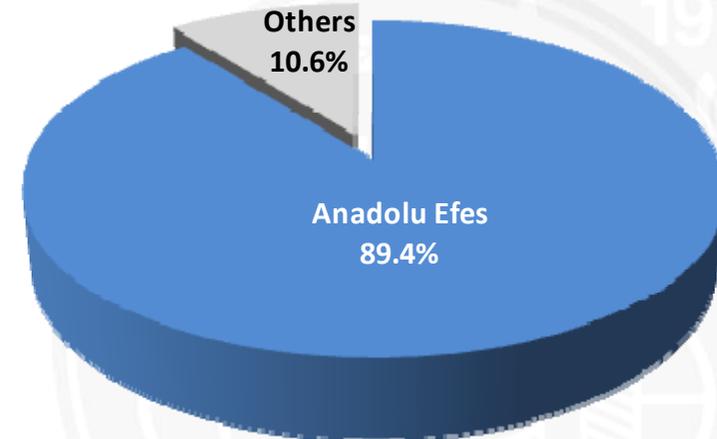
Sales volume in Turkey beer operations declined by 7.9%, due to:

- ✓ 14% increase in average sales prices by the beginning of 2010 to reflect 35% hike in excise taxes
- ✓ lower than beer price increases for other alcoholic beverages
- ✓ high base of last year
- ✓ smoking ban
- ✓ challenging economic environment

despite:

- ✓ double digit growth in export volumes

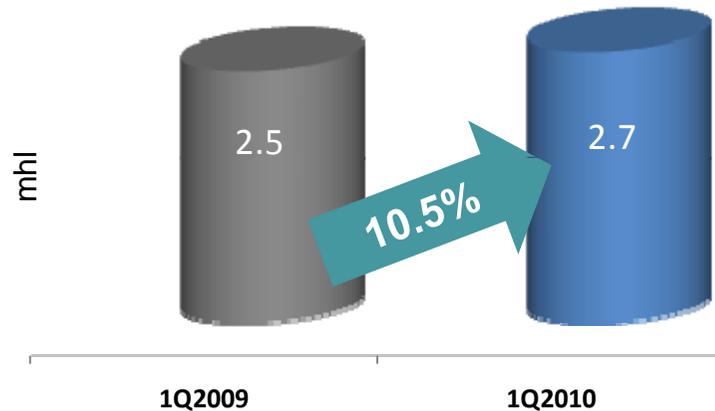
### Market Share by Volume



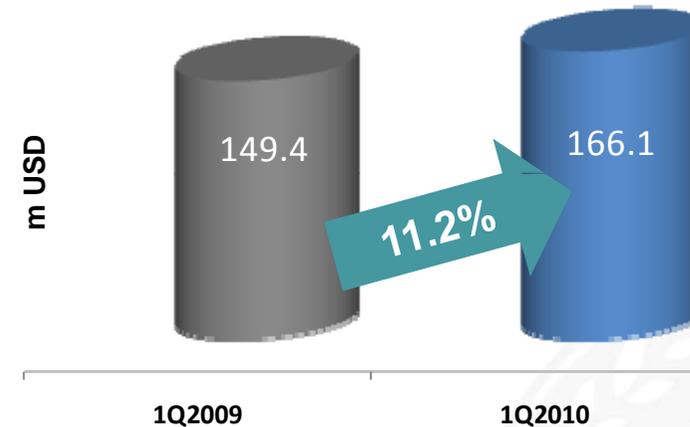
# EFES BREWERIES INTERNATIONAL

## Solidified position in Operating Markets

### Volume Development



### Sales Revenue Development



• Consolidated sales volume increased significantly by 10.5% in 1Q2010 compared to 1Q2009, **contributed by:**

- initiatives to increase availability of our products
- innovation to maximize the growth of strategic brands
- the low base of last year

**despite:**

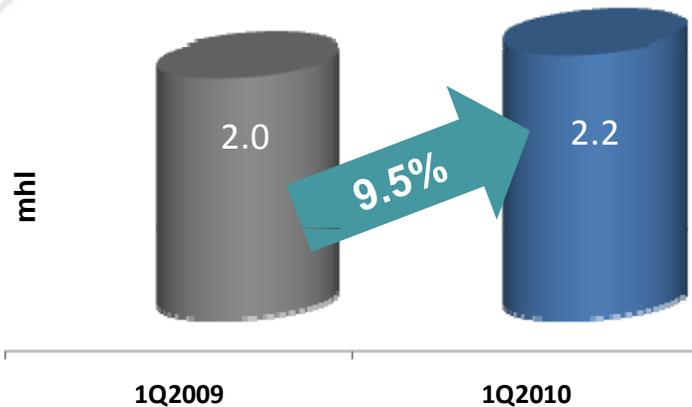
- higher beer prices to reflect higher taxes
- unfavorable economic conditions

• Consolidated net sales revenue increased by 11.2% in 1Q2010, **as a result of** higher volumes and price increases and **supported by** the appreciation of local currencies versus USD and revenue management initiatives, **despite** the negative effect of excise tax increases.

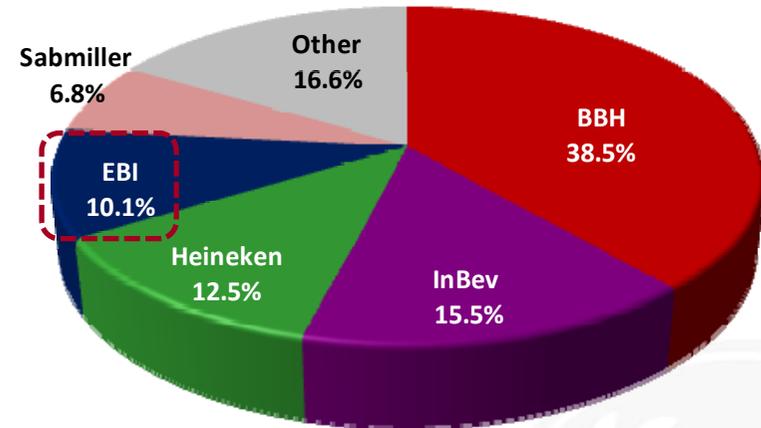


# Continued to Outperform the RUSSIAN MARKET

## Volume Development



## Market Share by Volume – 1Q2010

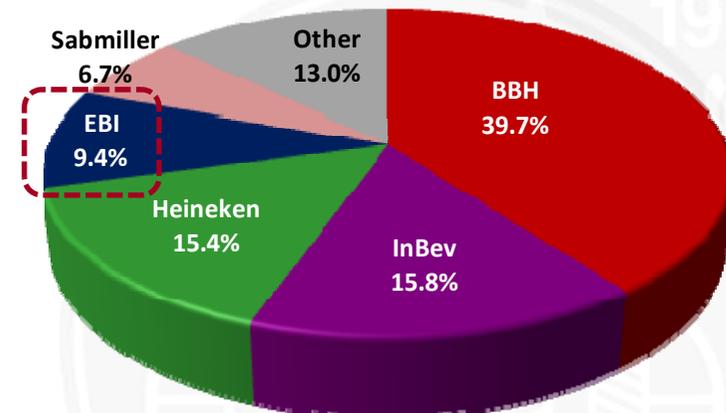


Numbers may not add up to 100 due to rounding.

The Nielsen Company, Total National Urban, YTD March 2010

- Beer market is estimated to have contracted by ca.12% in 1Q2010<sup>1</sup>
- EBI's sales volume increased significantly by 9.5% in 1Q2010
  - market share improved further and reached 10.1% in 1Q2010 from 9.4% in 1Q2009
- Net sales revenue in USD terms increased by 9.4%, **contributed by:**
  - price increases
  - appreciation of Ruble against USD in 1Q2010 vs. 1Q2009
- **despite:**
  - significant excise tax increase, which is not fully reflected to consumers yet

## Market Share by Volume – 1Q2009



Numbers may not add up to 100 due to rounding.

The Nielsen Company, Total National Urban, YTD March 2009

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



## Regulatory Developments in Russia

- As part of the Russian Government's measures against abuse of alcohol usage, per capita alcohol consumption is aimed to be lowered

In this context, major actions taken up to date are;

- Excise tax on beer increased from RUB 3/lt to RUB 9/lt as of January 1, 2010
  - Market impact will depend on various factors such as
    - How much of the excise increase will be reflected on prices during the year - PARTIALLY REFLECTED BY INDUSTRY PLAYERS UNTIL NOW
    - Macroeconomic environment
  - Brewing industry will suffer from lower sales volumes and profitabilities
  - We already passed most of the effect of excise tax hike
- Minimum price for vodka set at RUB 89 per half a lt as of January 1, 2010
- Many proposals in Duma, some of which may effect beer producers
  - Manageable but painful restrictions on sales hours of beer, outdoor consumption, ban of beer sales in kiosks etc.- **NO OFFICIAL ANNOUNCEMENT YET**



## Enriched Brand Portfolios with Different Tastes and Packages



*In 1Q2010, EBI continued to focus on innovation to maximize growth of its strategic brands as well as to benefit from niche opportunities in the operating markets. ...*



- *Line extensions mainly for mainstream brands and new bottles for lower mainstream brands, Gold Mine and Green, in Russia*



- *Line extensions in other operations*

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





**Financial Overview**

*by* **Can aka**



# TURKEY

## Operational Snapshot-1Q2010 Performance

	1Q2009	1Q2010	Growth (%)
Total Sales Volume (mhl)	1,9	1,8	(7,9%)
Net Sales (million TRL)	295,0	272,5	(7,6%)
Gross Profit (million TRL)	198,4	187,1	(5,7%)
Gross Profit margin (%)	67,2%	68,7%	142 bps
EBITDA (million TRL)	134,2	104,0	(22,5%)
EBITDA margin (%)	45,5%	38,2%	(731 bps)

✓ **Net Sales** declined by 7.6% mainly due to the lower volumes, despite an average price increase of 14% to reflect excise tax increase

✓ **Gross Profit Margin** improved by 142 bps due to;

- lower commodity prices
- Stronger TRL despite;
- higher fixed costs per liter due to lower volumes
- higher wages and energy prices

✓ **EBITDA Margin** declined by 731 bps, attributable to higher operating expenses mainly due to low base of 1Q2009 (Marketing, Selling and Distribution Expenses was 9.1% lower in 1Q2009 vs. 1Q2008, while it was up 9.0% in FY2009 over FY2008) as well as shift of certain sales and marketing expenses to 1Q. However, we believe that this will phase out through prospective quarters and we maintain our full year guidance with slight EBITDA margin decline.



# TURKEY BEER OPERATIONS

## Strong Free Cash Flow Generation

(million TRL)		1Q2009	1Q2010
<b>Operating Profit</b>		<b>115,6</b>	<b>82,4</b>
	Depreciation & Amortization	16,7	18,2
	Other non-cash items	1,9	3,4
<b>EBITDA</b>		<b>134,2</b>	<b>104,0</b>
	<i>Change in Inventory</i>	4,6	2,5
	<i>Change in Trade Receivables</i>	(56,7)	(70,9)
	<i>Change in Trade Payables</i>	2,6	0,1
	<i>Change in Other Assets/ Liabilities</i>	3,8	33,2
<b>Change in Working Capital</b>		<b>(45,8)</b>	<b>(35,0)</b>
<b>Income Taxes &amp; Employee Benefits Paid</b>		<b>(10,1)</b>	<b>(15,3)</b>
<b>CAPEX, net</b>		<b>(20,8)</b>	<b>(21,9)</b>
<b>Minority Buy-Out and Other Investing Activities</b>		-	<b>(296,2)</b>
<b>Net Financial Income (Including interest)</b>		<b>10,8</b>	<b>6,3</b>
<b>FCF</b>		<b>68,3</b>	<b>(258,2)</b>
<b>FCF excluding minority buy-out and other investing activities</b>		<b>68,3</b>	<b>38,1</b>



# EFES BREWERIES INTERNATIONAL

## Operational Snapshot-1Q2010 Performance

	1Q2009	1Q2010	Growth (%)
Total Sales Volume (mhl)	2,5	2,7	10,5%
Net Sales (million USD)	149,4	166,1	11,2%
Gross Profit (million USD)	65,2	72,7	11,5%
Gross Profit margin (%)	43,7%	43,8%	13 bps
EBITDA (million USD)	24,1	25,6	6,3%
EBITDA margin (%)	16,1%	15,4%	(71 bps)

✓ **Net Sales** increase above the volume growth as a result of higher volumes and price increases and supported by the appreciation of local currencies versus USD and revenue management initiatives, despite the negative effect of excise tax increases.

✓ **Gross margin** increased slightly by 13 bps, mainly due to lower commodity prices and continued cost saving initiatives despite the negative effect of tax hike in Russia

✓ **EBITDA Margin** declined by 71 bps, due to higher operating expenses mainly attributable to the increased transportation costs in line with higher sales volume, further contributed by inflation and local currency appreciation in 1Q2010



# EFES BREWERIES INTERNATIONAL

## Positive Free Cash Flow Generation

(million USD)

	1Q2009	1Q2010
Operating Profit	4,2	(0,8)
Depreciation & Amortization	19,8	24,7
Other non-cash items	0,1	1,6
<b>EBITDA</b>	<b>24,1</b>	<b>25,6</b>
<i>Change in Inventory</i>	28,0	(6,0)
<i>Change in Trade Receivables</i>	18,7	(1,9)
<i>Change in Trade Payables</i>	11,2	36,6
<i>Change in Other Assets/ Liabilities</i>	10,3	(5,4)
<b>Change in Working Capital</b>	<b>68,2</b>	<b>23,3</b>
<b>Income Taxes Paid</b>	<b>(0,9)</b>	<b>(0,3)</b>
<b>CAPEX</b>	<b>(28,0)</b>	<b>(20,5)</b>
<b>Capital Increase in Subsidiaries by Minority Shareholders</b>	<b>-</b>	<b>17,5</b>
<b>Net Financial Expense (Including interest)</b>	<b>(37,6)</b>	<b>(1,5)</b>
<b>FCF</b>	<b>25,7</b>	<b>44,2</b>
<b>FCF excluding capital increase in subsidiaries by minority shareholders</b>	<b>25,7</b>	<b>26,6</b>



# Net Financial Debt & Financing

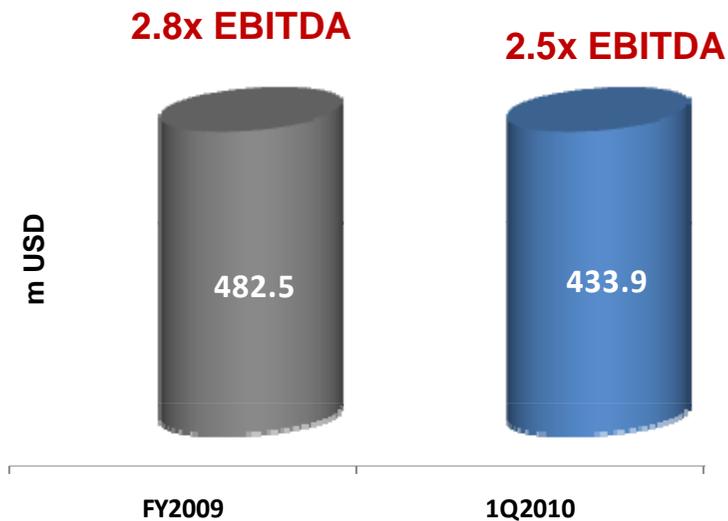
## Turkey Beer Operations

- Cash & cash equivalents at 320.4 million TRL - Net cash position of 26.3 million TRL

## Efes Breweries International

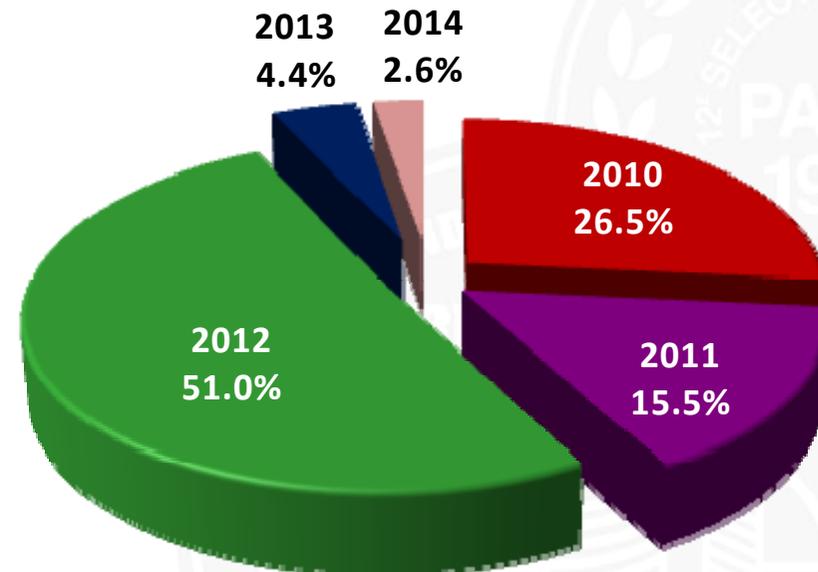
- Consolidated gross debt at US\$ 615.0 million
- Cash & cash equivalents at US\$ 181.1 million - Net debt position at US\$ 433.9 million

### EBI-Net Financial Debt\*



\*excluding put options

### EBI-Maturity Breakdown





**CLOSING REMARKS**

*by* **Alejandro Jimenez**



### **Turkey beer operations**

- In 1Q2010, domestic sales volumes in Turkey declined, in line with our expectations
- EBITDA margin declined from exceptionally high 1Q2009, contributed by shift in sales and marketing initiatives to 1Q

***However, these negative effects will phase out through prospective quarters and we maintain our full year guidance with low single digit decline in volumes in Turkey beer operations and slight EBITDA margin decline.***

### **International beer operations**

- Sales volume increased significantly in 1Q, outperforming market estimates

***Although current trajectory of EBI's 1Q2010 performance was significantly better than the one on which our full year guidance is based on, we believe it would be more appropriate to revise the outlook after seeing the 1H performance, although we believe our strategic initiatives will continue to provide us momentum going forward.***



**? QUESTIONS PLEASE ?**

The logo features the word "EFES" in a bold, white, serif font with a blue outline and a drop shadow. It is centered within a golden, three-dimensional ribbon that forms an oval shape. The ribbon has a red inner edge and a white outer edge, giving it a metallic, flowing appearance. The background is a vibrant blue with a pattern of small, light blue water droplets and abstract, curved lines that suggest a dynamic, liquid environment.

**EFES**

**APPENDIX**

**TURKEY BEER OPERATIONS**  
**Consolidated Income Statements For the Three Months Period Ended 31.03.2010 and 31.03.2009**  
**Prepared In Accordance with IFRS as per CMB Regulations**  
(million TRYL)

	2009/3	2010/3
<b>Sales Volume (million hectolitres)</b>	<b>1,9</b>	<b>1,8</b>
<b>SALES</b>	<b>295,0</b>	<b>272,5</b>
<b>GROSS PROFIT FROM OPERATIONS</b>	<b>198,4</b>	<b>187,1</b>
<b>PROFIT FROM OPERATIONS</b>	<b>115,6</b>	<b>82,4</b>
Financial Income / Expense	1,9	6,5
<b>CONTINUING OPERATIONS PROFIT BEFORE TAX</b>	<b>117,5</b>	<b>88,9</b>
Provision for Taxes	(23,1)	(15,8)
<b>PROFIT FOR THE YEAR</b>	<b>94,4</b>	<b>73,2</b>
<b>EBITDA</b>	<b>134,2</b>	<b>104,0</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 31.03.2010 and 31.12.2009**  
**Prepared In Accordance with IFRS as per CMB Regulations**  
(million TRYL)

	2009/12	2010/3
Cash, Cash equivalents and investment in securities	440,6	320,4
Trade Receivables	214,1	284,7
Inventories	105,5	103,0
Other Assets	21,5	24,9
<b>Total Current Assets</b>	<b>790,6</b>	<b>742,2</b>
Investments	1.281,5	1.579,5
Property, Plant and Equipment	360,4	364,5
Other Assets	21,5	26,1
<b>Total Non-Current Assets</b>	<b>1.673,3</b>	<b>1.981,2</b>
<b>Total Assets</b>	<b>2.463,9</b>	<b>2.723,5</b>
Trade Payables	47,4	52,0
Other Liabilities	139,7	181,3
Short-term Borrowings	147,6	142,0
<b>Total Current Liabilities</b>	<b>342,4</b>	<b>378,5</b>
Long-term Borrowings	-	152,2
Other Liabilities	160,0	164,5
<b>Total Non-Current Liabilities</b>	<b>160,0</b>	<b>316,7</b>
<b>Shareholders' Equity</b>	<b>1.961,5</b>	<b>2.028,3</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2.463,9</b>	<b>2.723,5</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.

**INTERNATIONAL BEER OPERATIONS (EBI)**  
**Consolidated Income Statements For the Three Months Period Ended 31.03.2010 and 31.03.2009**  
**Prepared In Accordance with IFRS**  
(million USD)

	2009/3	2010/3
<b>Volume (million hectoliters)</b>	<b>2,5</b>	<b>2,7</b>
<b>NET SALES</b>	<b>149,4</b>	<b>166,1</b>
<b>GROSS PROFIT</b>	<b>65,2</b>	<b>72,7</b>
<b>PROFIT FROM OPERATIONS</b>	<b>4,2</b>	<b>(0,8)</b>
Financial Income / (Expense)	(93,2)	8,3
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>(91,4)</b>	<b>5,6</b>
Income Tax	12,3	(2,0)
<b>(LOSS)/PROFIT AFTER TAX</b>	<b>(79,0)</b>	<b>3,6</b>
Attributable to		
Minority Interest	(5,2)	0,5
Equity Holders of the Parent Company	(73,8)	3,1
<b>EBITDA</b>	<b>24,1</b>	<b>25,6</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.

**INTERNATIONAL BEER OPERATIONS (EBI)**

**Highlighted Balance Sheet Items as of 31.03.2010 and 31.12.2009**

**Prepared In Accordance with IFRS**  
(million USD)

	2009/12	2010/3
Cash and Cash Equivalents and Investments in Securities	219,1	181,1
Trade Receivables	56,9	58,6
Inventories	126,6	132,4
Other Current Assets	29,3	33,8
<b>Total Current Assets</b>	<b>432,5</b>	<b>406,6</b>
Property, Plant and Equipment	676,4	686,9
Intangible Assets (including goodwill)	456,1	465,2
Investments in Associates	30,1	26,4
Other Non-Current Assets	28,8	29,3
<b>Total Non-Current Assets</b>	<b>1.194,5</b>	<b>1.210,9</b>
<b>Total Assets</b>	<b>1.626,9</b>	<b>1.617,5</b>
Trade and Other Payables	154,2	192,1
Short-term Borrowings (including current portion of long-term debt and lease obligations)	228,0	163,3
<b>Total Current Liabilities</b>	<b>382,2</b>	<b>355,4</b>
Long-term Borrowings (including lease obligations)	473,7	451,7
Other Non-Current Liabilities	67,9	86,6
<b>Total Non-Current Liabilities</b>	<b>541,6</b>	<b>538,3</b>
<b>Total Equity</b>	<b>703,2</b>	<b>723,8</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1.626,9</b>	<b>1.617,5</b>

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