



ANADOLU EFES

FY2016 CONFERENCE CALL PRESENTATION

March 3, 2017

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.



LIVING THE VALUES!



PASSIONATE
& PROUD



PROFESSIONAL



ENTREPRENEURIAL



COLLABORATIVE



SUSTAINABLE

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GENERAL OVERVIEW & OPERATING ENVIRONMENT



Key Highlights on Consolidated Performance – FY2016

Volume up 4.5% in 4Q2016 vs. 4Q2015 and up 1.5% in FY2016 vs. FY2015

- ✓ Strong performance of soft drinks and international beer operations

Revenue up 10.8% in 4Q2016 and up 2.1% in FY2016 outperforming volume growth ;

- ✓ Higher volumes assisted by intense marketing activities
- ✓ Local currency price increases in all segments

EBITDA (BNRI) margin was 17.0%, in line with our guidance

- ✓ Business diversification enabled flat consolidated margins

Positive **FCF** of TL 1,030.4 million in FY2016 vs TL 637.8 million in FY2015

- ✓ Tight working capital management despite cycling a low base both in beer operations and soft drinks
- ✓ Lower capex

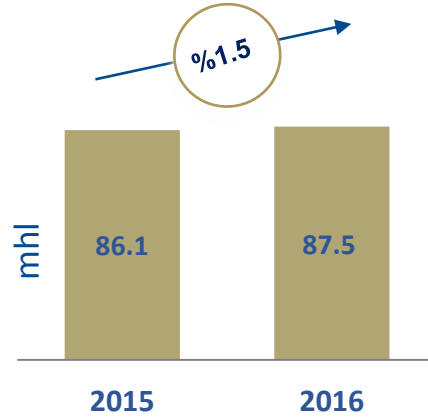
Bottomline was hit by non-cash FX losses;

- ✓ Net loss of TL 70.8 mn vs. a loss of TL 197.8 mn in FY2015

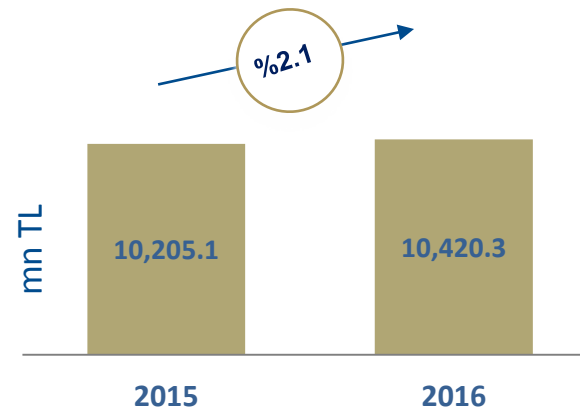
Consolidated **Net Debt to EBITDA (BNRI)** was 1.9x as of YE2016 vs 2.0x as of YE2015, despite 21% devaluation of TL vs \$

Consolidated Performance – FY2016

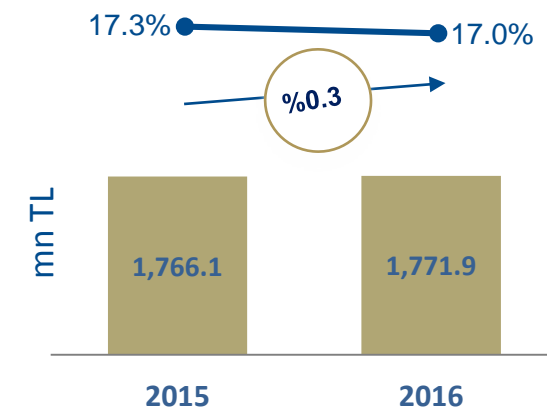
SALES VOLUME



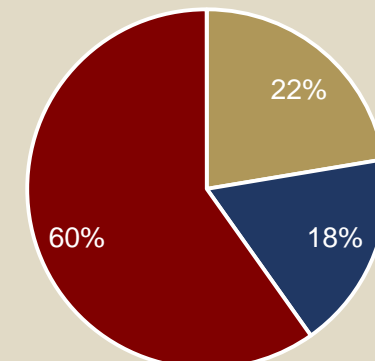
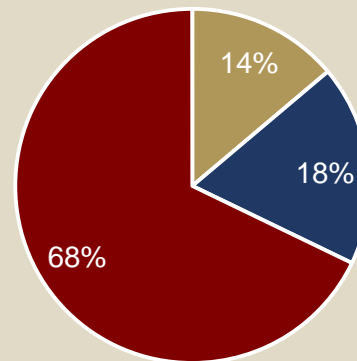
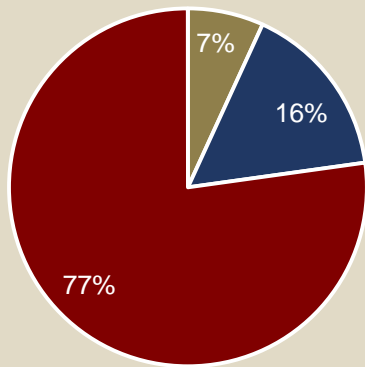
NET SALES REVENUE



EBITDA (BNRI) & EBITDA Margin



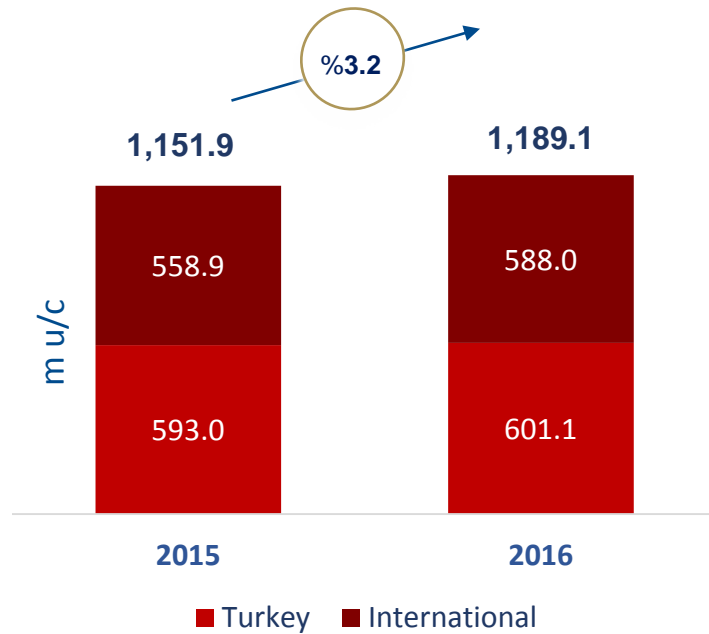
BREAKDOWN*



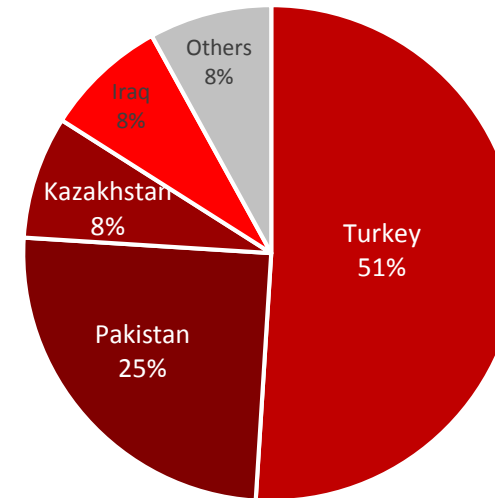
■ Turkey Beer ■ International Beer ■ Soft Drinks

*Breakdowns are on a combined basis

Soft Drinks Volume Development – FY2016



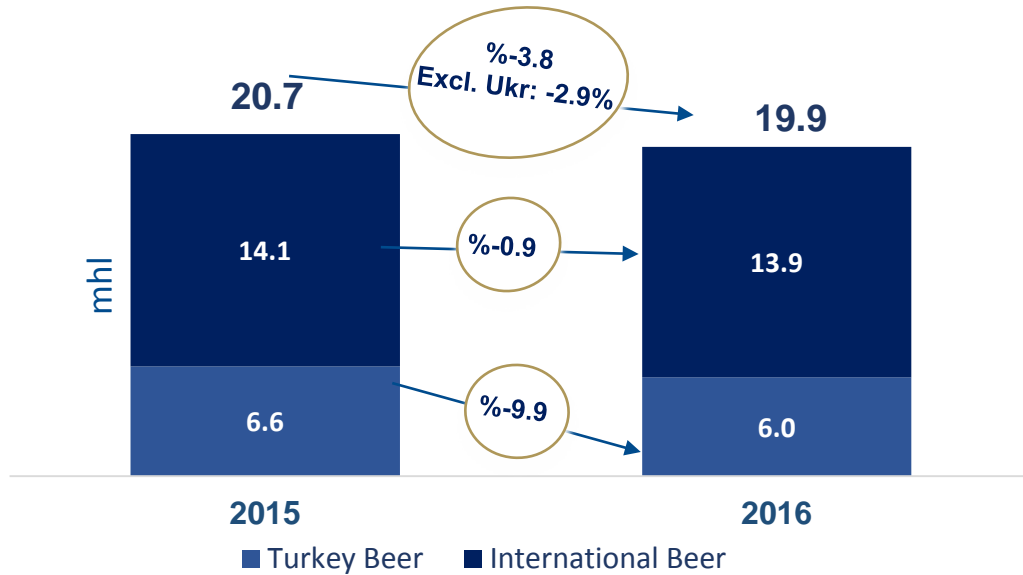
Volume Breakdown by Country*



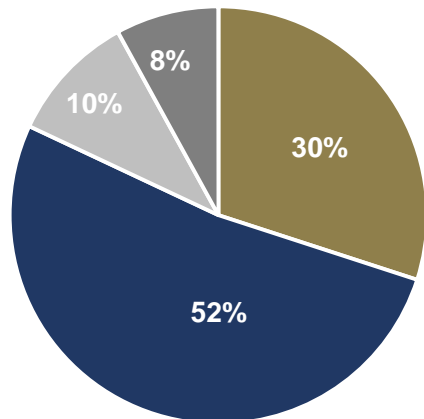
*Breakdown is on a combined basis

- ✓ Turkey delivered 1.4% volume growth in FY2016
- ✓ Sales volume of international operations posted 5.2% growth in FY2016.
 - Pakistan operations continued to post double digit volume growth (18.6% in FY2016)
 - Central Asia operations turned positive in the last quarter
 - Middle East volumes contracted by only 0.6% despite macro-economic and political challenges in South Iraq as well as ongoing security issues in North Iraq

Beer Volume Development – FY2016



Volume Breakdown by Country*



■ Turkey ■ Russia ■ Kazakhstan ■ Other

*Breakdown is on a combined basis

Total beer group sales volume at 19.9 mhl

Russian beer market performed above expectations on the back of;

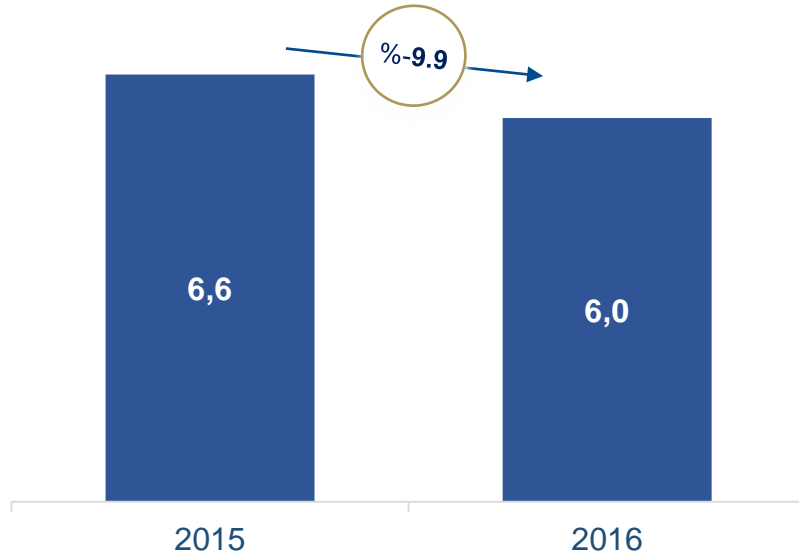
- ✓ Improving consumer sentiment with a recovering economy
- ✓ Postponement of PET regulations
- ✓ Favorable summer weather

Tough market conditions in **Turkey beer market** continued due to;

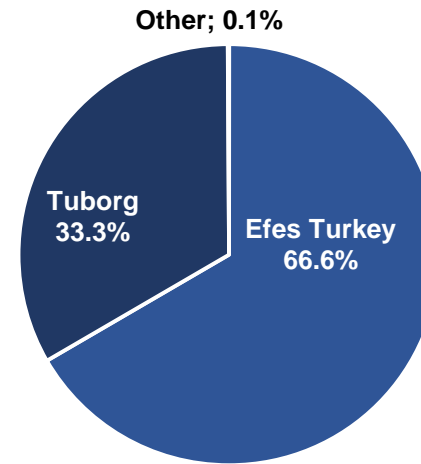
- ✓ Higher than inflation increase in excise on Jan & Dec 2016
- ✓ Political and macroeconomic challenges
- ✓ Lower consumer confidence

Turkey Beer Operations – FY2016

SALES VOLUME

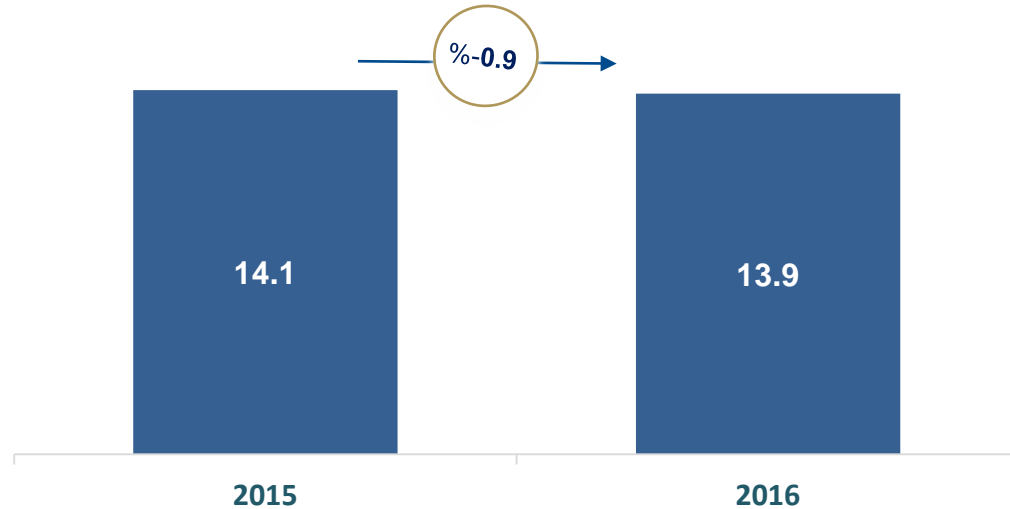


MARKET SHARE*



- ✓ Turkey beer market was down by low single digits in FY2016 vs FY2015
- ✓ The slowdown in the rate of decline continued in 4Q as a result of our strategy of;
 - Building brands by introducing new tastes
 - Addressing affordability
 - Sales force effectiveness

International Beer Operations – FY2016



- ✓ EBI volumes grew by 0.8% excluding Ukraine
 - ✓ Russian beer market was down by 2.2%* in FY2016 while Efes Rus recorded single digit growth as a result of 2 consecutive Q of double digit volume growth in Russia
 - ✓ 14.0%* market share in Russia in FY2016 up from 13.4% in FY2016
 - ✓ #2 player both in volume and value

EFES RUSSIA MARKET SHARE*



*Nielsen Urban Russia, Cities 10000+, Off-Trade, YTD December 2016

B BRANDS E EXECUTION E EFFICIENCY R RELATIONS



Provide choice and innovation to consumers:
Grow brand love



Excell in **customer collaboration**
availability and point of sale activation



Build competitive advantage through **lean and**
efficient operations



Focus on **employees, customers, regulators,**
community and environment

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FINANCIAL OVERVIEW



Anadolu Efes Consolidated Performance – FY2016

ANADOLU EFES CONSOLIDATED (TL mn)

	FY2015	FY2016	Change (%)
Volume (mhl)	86.1	87.5	1.5%
Net Sales	10,205.1	10,420.3	2.1%
Gross Profit	4,186.7	4,090.6	-2.3%
EBIT (BNRI)	948.5	943.1	-0.6%
EBITDA (BNRI)	1,766.1	1,771.9	0.3%
Net Income**	-197.8	-70.8	64.2%
Margins	Change (bps)		
Gross Profit	41.0%	39.3%	-177
EBIT (BNRI)	9.3%	9.1%	-24
EBITDA (BNRI)	17.3%	17.0%	-30
Net Income**	-1.9%	-0.7%	126

*million unit case

**Net income attributable to shareholders

Beer Group Performance – FY2016

	TURKEY BEER (TL mn)		INTERNATIONAL BEER (USD mn)		BEER GROUP (TL mn)	
	FY2016	vs FY2015	FY2016	vs FY2015	FY2016	vs FY2015
Volume (mhl)	6.0	-9.9%	13.9	-0.9%	19.9	-3.8%
Net Sales	1,438.6	-3.1%	630.6	-13.0%	3370.1	-3.2%
Gross Profit	853.5	-6.0%	275.4	-20.3%	1708.1	-8.3%
EBIT (BNRI)	246.6	-15.4%	42.6	36.4%	317.9	-2.6%
EBITDA (BNRI)	408.3	-6.8%	107.8	-9.0%	679.1	-5.0%
Net Income**	-129.0	-162.9%	52.8	n.m.	-35.1	82.4%
Margins	Change (bps)		Change (bps)		Change (bps)	
Gross Profit	59.3%	-183	43.7%	-401	50.7%	-281
EBIT (BNRI)	17.1%	-249	6.8%	245	9.4%	6
EBITDA (BNRI)	28.4%	-111	17.1%	75	20.1%	-37
Net Income**	-9.0%	-566	8.4%	1,523	-1.0%	467

*million unit case

**Net income attributable to shareholders

Beer Free Cash Flow – FY2016

Beer Group Free Cash Flow (TL mn)	FY2015	FY2016
EBITDA	694.9	675.9
Change in Working Capital	162.9	-4.4
Income Taxes & Employee Benefits Paid	-81.2	-71.3
CAPEX, net	-251.9	-202.0
Net Financial Income /(Expense)	26.6	-21.9
FCF	551.3	376.3
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	-8.9	-14.1
FCF (after investing activities)	542.3	362.2

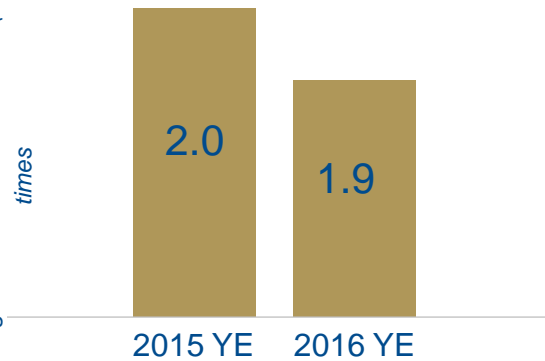
Despite cycling a high base of FCF generation as well as challenging operation environment, Beer Group FCF in 2016 was over TL 350 million in FY2016

BALANCE SHEET FLEXIBILITY

- 2016YE Net Leverage Ratios are within comfortable area

Anadolu Efes Consolidated

Net Leverage Ratio: Net Debt / EBITDA (BNRI)

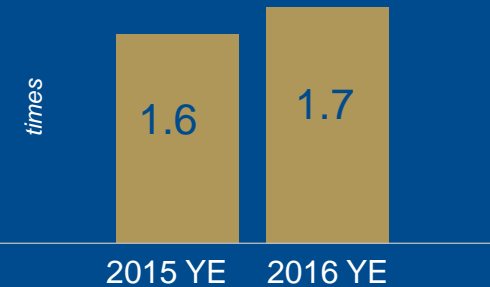


- 69% of cash is hold as hard currency
- 97% of debt is in hard currency

FY2015	FY2016
5,383	6,183
1,892	2,756
3,492	3,428
1,201	974

TOTAL FINANCIAL DEBT (m TL)
TOTAL CASH & EQUIVALENTS (m TL)
NET DEBT (m TL)
NET DEBT (m USD)

Beer Group



- 69% of cash is hold as hard currency
- 100% of debt is in hard currency

FY2015	FY2016
2,009	2,413
889	1,279
1,120	1,134
385	322

TOTAL FINANCIAL DEBT (m TL)
TOTAL CASH & EQUIVALENTS (m TL)
NET DEBT (m TL)
NET DEBT (m USD)

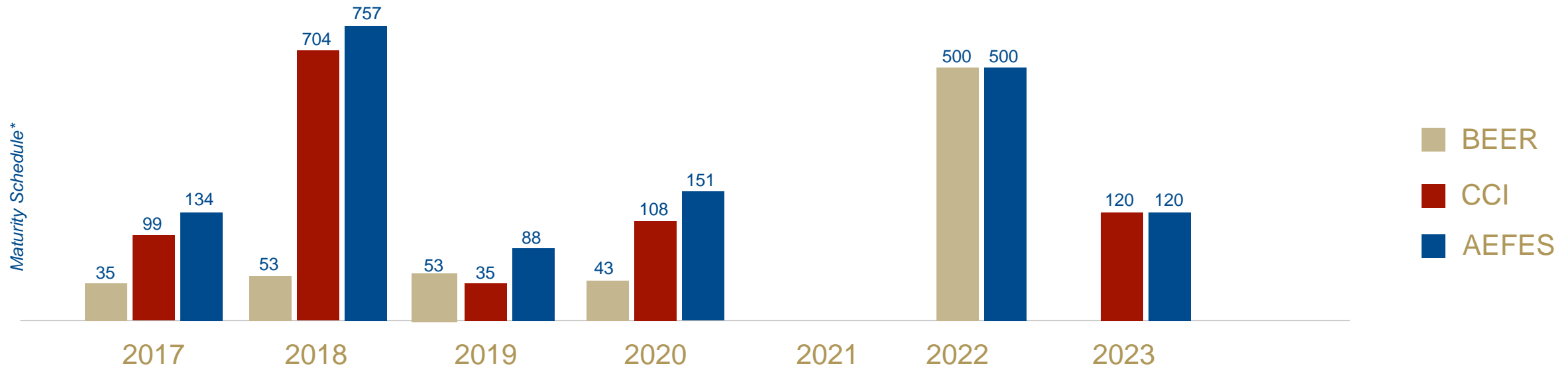
BORROWING MIX & LIQUIDITY PROFILE

- Easily manageable debt repayment schedule

- Average maturity of debt for

- ✓ Beer Group is app. 4.8 years and

- ✓ Anadolu Efes is app. 3.3 years



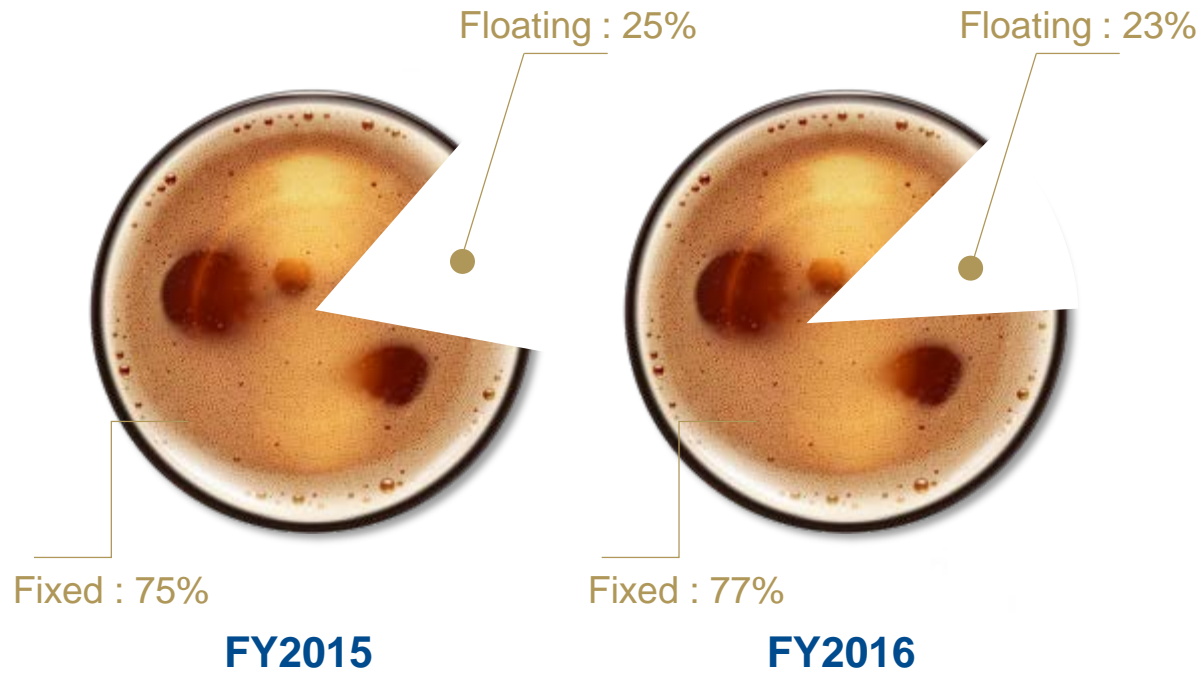
*Only amounts principal



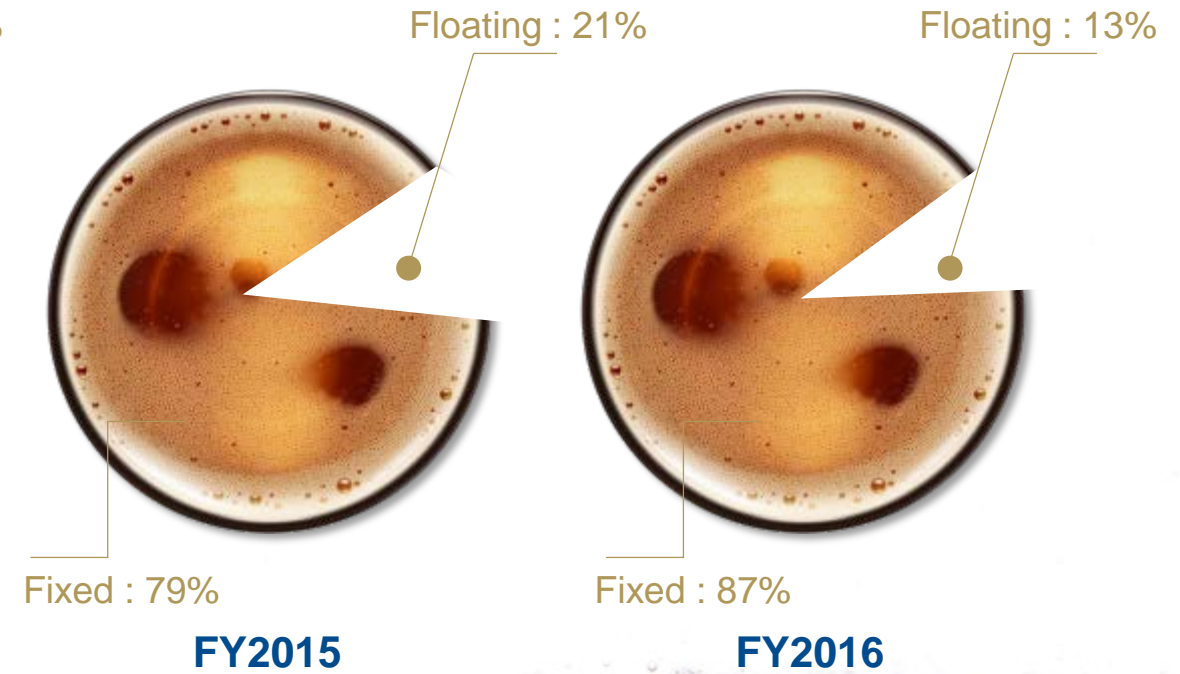
INTEREST BREAKDOWN

- Significant portion of debt is fixed, minimized interest rate risk

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BEER GROUP



Financial Income/(Expense) Breakdown – FY2016

Financial Income / (Expense) Breakdown	FY2015	FY2016
Interest income	81.6	81.1
Interest expense	-220.1	-211.6
Foreign exchange gain /(loss)	-842.2	-641.0
Other financial expenses (net)	-27.4	-26.5
Gain/(loss) on derivative transactions	-0.7	-4.2
Net Financial Income /(Expense)	-1,008.8	-802.2

*million unit case

**Net income attributable to shareholders

Anadolu Efes Consolidated Free Cash Flow – FY2016

Anadolu Efes Free Cash Flow (TL mn)	FY2015	FY2016
EBITDA	1,746.5	1,768.7
Change in Working Capital	152.2	172.5
Income Taxes & Employee Benefits Paid	-157.5	-133.4
CAPEX, net	-1,058.2	-707.8
Net Financial Income /(Expense)	-45.2	-69.6
FCF	637.8	1,030.4
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	96.9	-14.1
FCF (after investing activities)	734.7	1,016.3

All time high FCF of over TL 1 billion through strong contribution from both business lines.

FINANCIAL PRIORITIES

- Sustain consolidated cash flows through;
 - ✓ focus on working capital optimization
 - ✓ optimized capex policy
 - ✓ sticking to tight balance sheet management
- Deleveraging
- Efficiency improvements via savings
- Managing impact of F/X volatility on operations
- Commitment to Investment Grade Ratings



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CLOSING REMARKS



LONG TERM KEY PRIORITIES

Continue to generate value by margin improvement and FCF generation through our priorities

Beer



- Capitalizing on our strong brand portfolios
- Achieving optimal brand & SKU mix
- Excelling in execution
- Focusing on quality market share
- Strong cash flow generation with special focus on optimizing working capital

Soft Drink



- Accelerate revenue and margin growth
- Winning at the point of sales
- Sales force effectiveness



2017 GUIDANCE

Sales Volume:

Low-to-mid single digit growth on a consolidated basis

- **Total Beer:** low single digit growth
- **Turkey beer:** flattish vs a flattish market
- **Russian beer:** outperformance of flattish beer market

Consolidated Soft Drinks: mid-single digit growth

- **Turkey soft drinks:** low-single digit growth
- **International soft drinks:** high-single digit growth

Revenue:

Outperform sales volume in **all business lines**

EBITDA Margin:

Flattish **on a consolidated basis**

- Flattish EBITDA (BNRI) margin for **beer group** despite the growing share of structurally lower margin international beer business
- Flat to slight improvement in EBITDA margin **for soft drinks**

Capex: As a percentage of net sales at high single digits **on a consolidated basis**

FCF: Positive FCF in **both beer and soft drinks**



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Q&A SESSION



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APPENDIX



FX RATES

		FY2015	FY2016	Δ%
USD/TL	AVG	2.72	3.02	11.0%
	PE	2.91	3.52	21.0%
EUR/TL	AVG	3.02	3.34	10.6%
	PE	3.18	3.71	16.8%
USD/RUB	AVG	60.96	67.03	10.0%
	PE	72.88	60.66	-16.8%
USD/KZT	AVG	221.73	342.16	54.3%
	PE	339.47	333.73	-1.7%
USD/UAH	AVG	21.81	25.59	17.3%
	PE	24.00	27.19	13.3%
USD/MDL	AVG	18.82	19.92	5.9%
	PE	19.66	19.98	1.6%
USD/GEL	AVG	2.27	2.37	4.3%
	PE	2.39	2.65	10.5%