






# 1H2019 Earnings Presentation

August 20, 2019

# 1H2019 Results - Operational Snapshot

## Beer

-  Strong international beer performance
-  Head to head position for leadership in Russia & Ukraine
-  Started to reap the fruits of synergy created


---

## Soft Drinks

-  Highest ever sparkling cases in Turkey in 1H19
-  Robust performance for 11th consecutive quarter in Central Asia

---

## Migros

-  Market share gains in both total and modern FMCG
-  Space optimization continues in large stores; 20 completed since Kipa acq.

---

## Anadolu Isuzu

-  Increased focus on exports uplifts profitability

# 1H2019 Results - Financial Snapshot\*

## ❑ High-twenties growth in top-line

- ✓ Consolidated sales up by **27%** to TL **24.2 billion**
- ✓ Main contributors: Beer, Migros and Soft Drink operations

## ❑ Operational profitability even exceeded revenue growth by wide margin

- ✓ EBITDA surged by **43%** and reached TL **2.7 billion**, EBITDA margin improvement of **130 bps** to 11.1%
- ✓ Substantial contribution from Beer and Migros

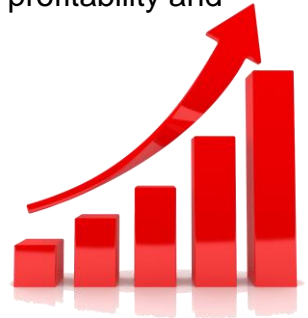
## ❑ Net loss decreased to TL 405 mn in 1H2019 vs. TL 701 mn of 1H2018

- ✓ Net loss of TL 37 mn in 2Q2019, down significantly y-o-y on the back of improving operational profitability and relatively more stable TL

## ❑ Net debt/EBITDA down by 20 bps to **2.5x** as of 1H2019 vs. 2018YE

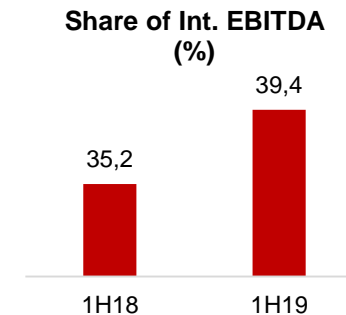
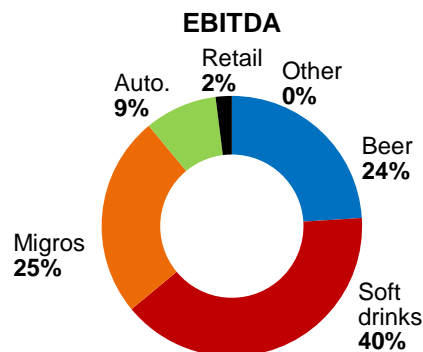
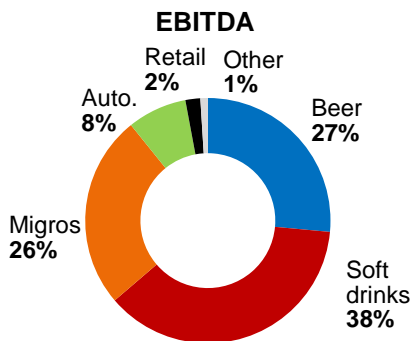
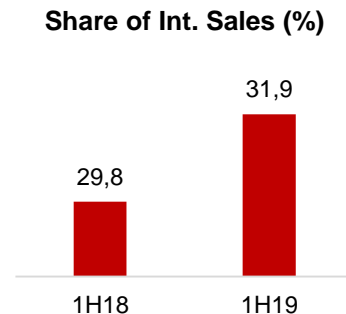
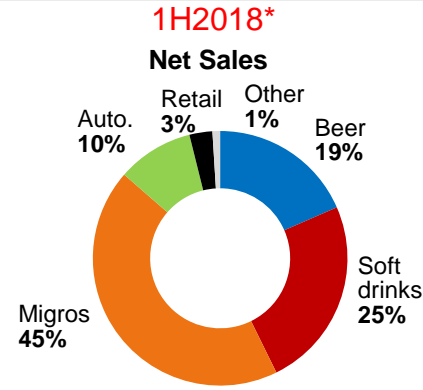
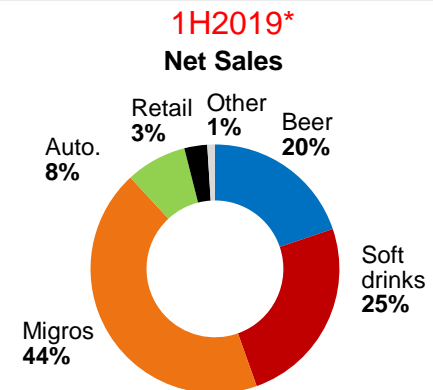
## ❑ Continued focus on FCF generation across the board

- ✓ Consolidated FCF of TL 1.3 bn in 1H2019



\* All numbers on this slide are on proforma basis, which include Migros as fully consolidated. For comparison purposes, 2018 figures also include ABI Russia and ABI Ukraine effect starting from January 1<sup>st</sup> and 1H2019 results exclude IFRS16 impact. In this context, proforma consolidated results include the aforementioned effects.

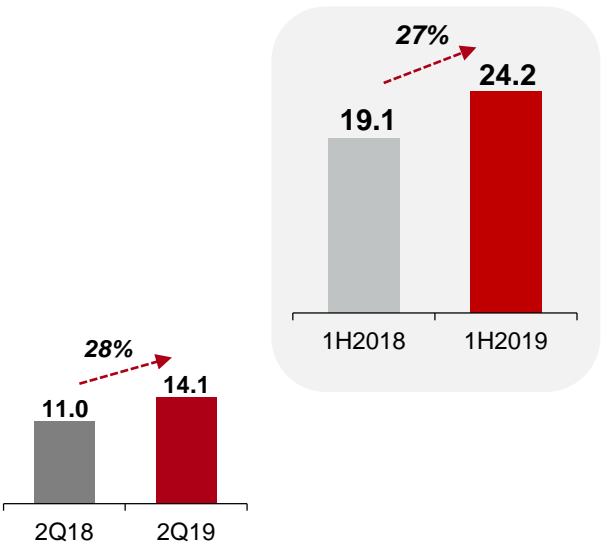
# Segmental Sales and EBITDA Breakdown



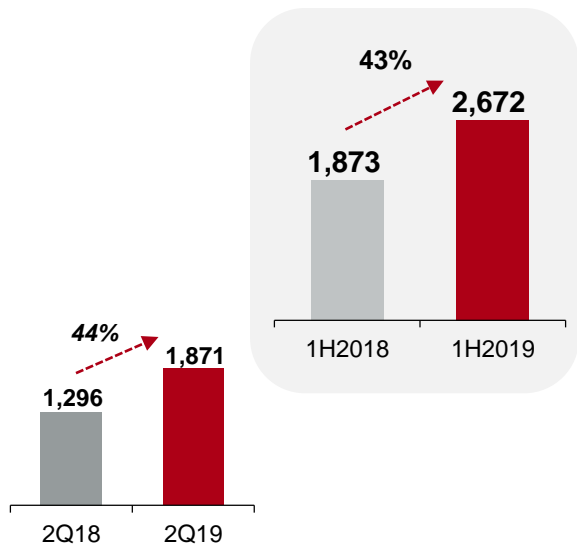
\* All numbers on this slide are on proforma basis, which include Migros as fully consolidated. For comparison purposes, 2018 figures also include ABI Russia and ABI Ukraine effect starting from January 1<sup>st</sup> and 1H2019 results exclude IFRS16 impact. In this context, proforma consolidated results include the aforementioned effects. Breakdowns are calculated based on 12M trailing data.

# Key Financial Indicators\* – 2Q19 & 1H2019

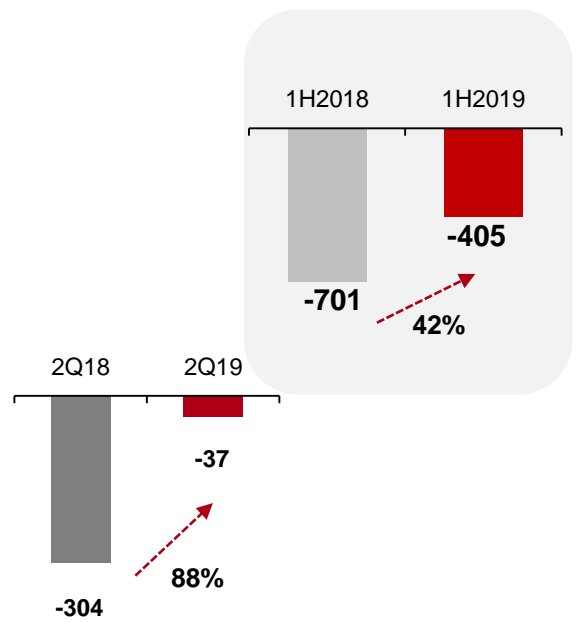
## Net Sales (TL bn)



## EBITDA (TL mn)

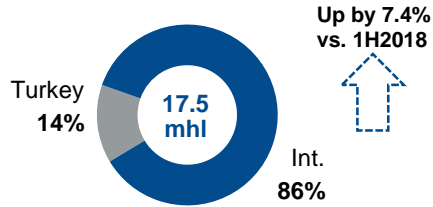


## Net Income (TL mn)

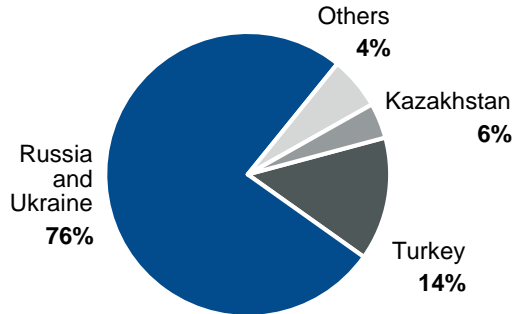


\* All numbers on this slide are on proforma basis, which include Migros as fully consolidated. For comparison purposes, 2018 figures also include ABI Russia and ABI Ukraine effect starting from January 1st and 1H2019 results exclude IFRS16 impact. In this context, proforma consolidated results include the aforementioned effects.

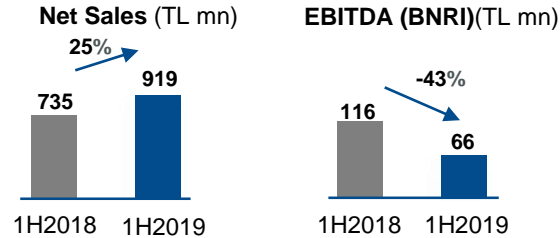
## Beer Sales Volume (1H2019)



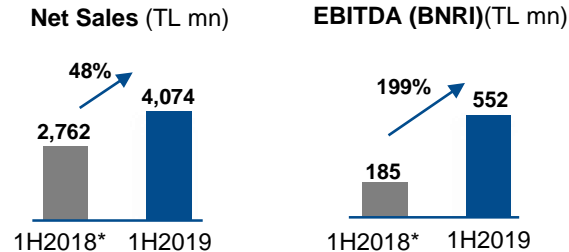
## Volume Breakdown (1H2019)



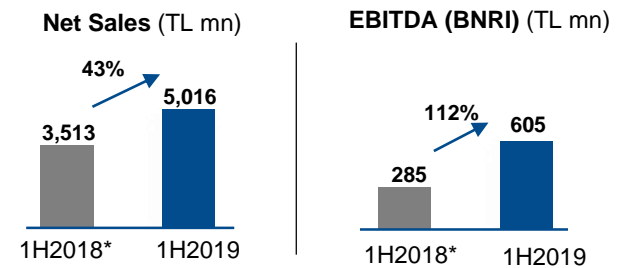
## Turkey Beer



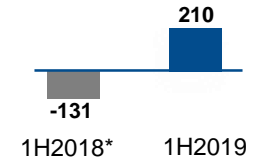
## International Beer



## Beer Segment Performance



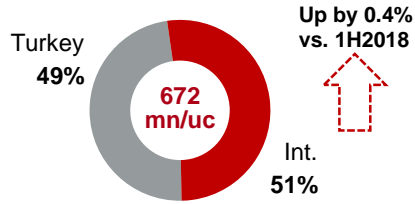
## Net Income (TL mn)



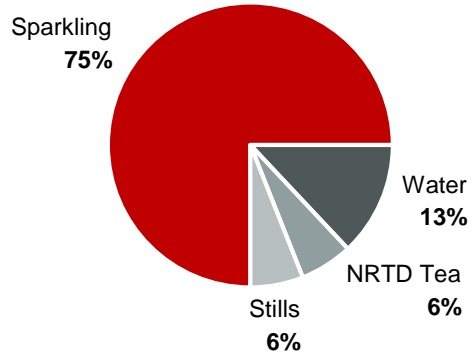
- International beer operations continue to perform strongly in 2Q2019.
- Head to head position in Russia and market leadership in Ukraine maintained
- Better volume performance in 2Q despite higher prices and weak consumer sentiment

*On this slide, 2018 Proforma figures include ABI Russia and ABI Ukraine effect starting from January 1st. 1H2018 figures also include the incremental depreciation charge in 1H2019 which is a result of the revaluation of fixed assets following the merger in Russia & Ukraine as required by IFRS 3. 1H2019 results exclude IFRS16 impact*

## Soft Drinks Sales Volume (1H2019)

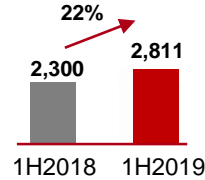


## Volume Breakdown (2Q2019)

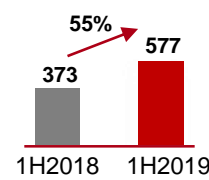


## Turkey Operations

### Net Sales (TL mn)

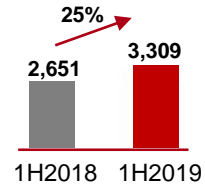


### EBITDA\* (TL mn)

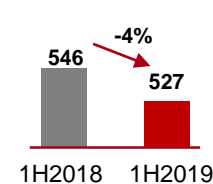


## International Operations

### Net Sales (TL mn)

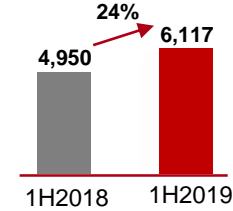


### EBITDA (TL mn)

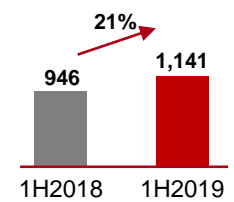


## Soft Drinks Segment Performance

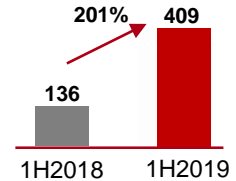
### Net Sales (TL mn)



### EBITDA (TL mn)



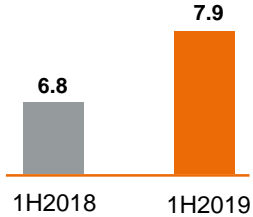
### Net Income (TL mn)



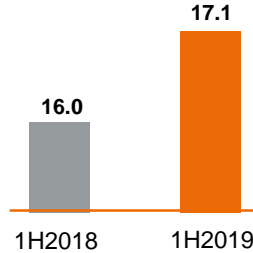
- Quality growth resumed in 2Q19
- Robust revenue growth, coupled with disciplined cost management to maintain EBITDA margin
- Double digit revenue and EBITDA growth in the first half of the year

\*Excluding other income/expense

## Total FMCG Market Shares (%)

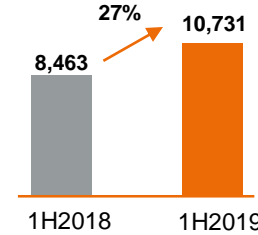


## Modern FMCG Market Shares (%)

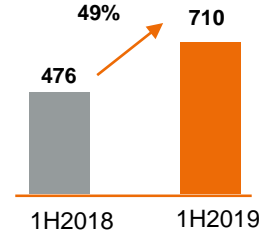


## Migros Performance\*

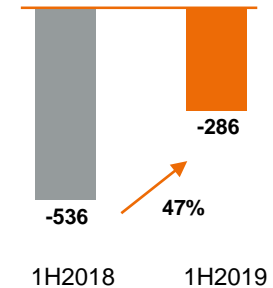
### Net Sales (TL mn)



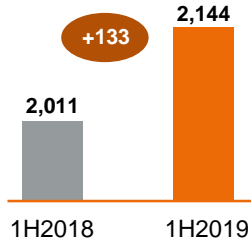
### EBITDA (TL mn)



### Net Income (TL mn)



## Number of Stores

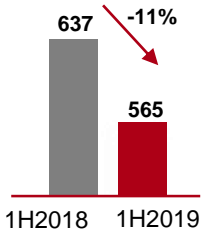


- Market share gains both in total FMCG and modern FMCG
- 68 new store openings in 1H2019
- Space optimization continues in large stores
- Deleveraging with accelerated pace; asset divestitures reached TL 482 mn ( TL 271 mn in 2019)
- Net debt/EBITDA decreased to 1.9x in 1H2019 from 2.3x in 2018YE

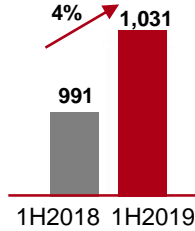
\*1H2019 results exclude IFRS16 impact



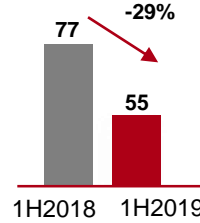
**Anadolu Isuzu Net Sales (TL mn)**



**Çelik Motor Net Sales (TL mn)**

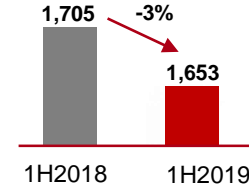


**Anadolu Motor Net Sales (TL mn)**

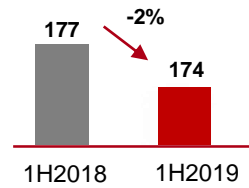


**Automotive Segment Performance**

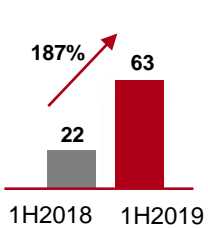
**Net Sales (TL mn)**



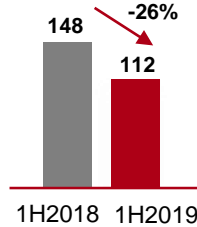
**EBITDA (TL mn)**



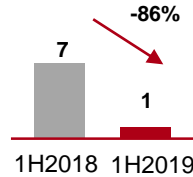
**Anadolu Isuzu EBITDA (TL mn)**



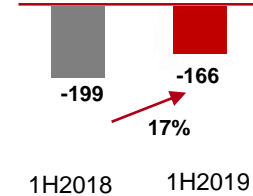
**Çelik Motor EBITDA (TL mn)**



**Anadolu Motor EBITDA (TL mn)**

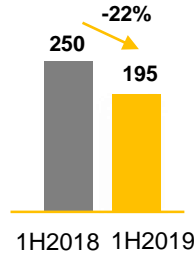


**Net Income (TL mn)**

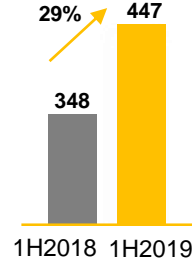


- Anadolu Isuzu EBITDA surged by 187% y-o-y, thanks to increased focus on exports
- Çelik Motor fleet optimization ongoing; fleet size at 15K in 1H2019
- Deleveraging in progress; net debt/EBITDA at 5.2x

**Adel Net Sales (TL mn)**



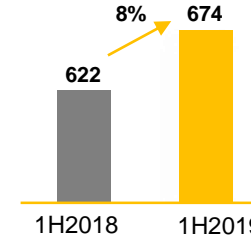
**McDonald's Net Sales (TL mn)**



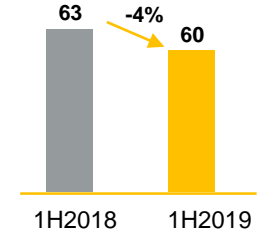
- Topline growth in QSR business supported net sales of the segment
- Increased operational profitability in QSR

**Retail Segment Performance**

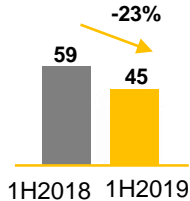
**Net Sales (TL mn)**



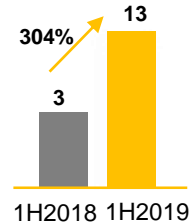
**EBITDA (TL mn)**



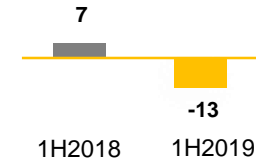
**Adel EBITDA (TL mn)**



**McDonald's EBITDA (TL mn)**

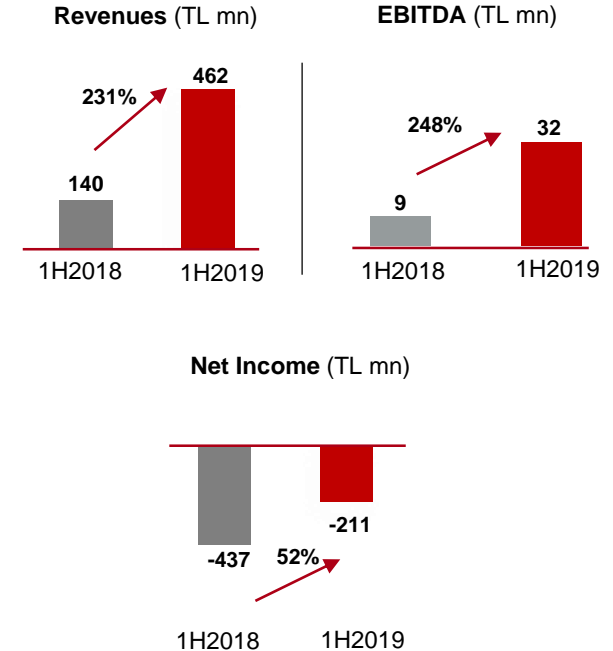


**Net Income (TL mn)**



- **Holding, energy and real estate companies** are consolidated under other segment.
- Revenues boosted by real estate operations; deliveries of the **AND Pastel** residential project that commenced in the third quarter; almost 70% of sales of AND Pastel has been completed as of 1H2019-end.
- Leasing works continue at AND Kozyatağı, which has a total leasable area of 31.5K sqm.
- **Paravani HEPP** generated TL 48 mn revenues in 1H2019, up by 26%. Over 60% of the electricity produced at Paravani HEPP sold to Georgia.
- **Aslancık HEPP** (consolidated via equity pick up method) generated turnover of TL 94 million in 1H2019

## Other Segment Performance

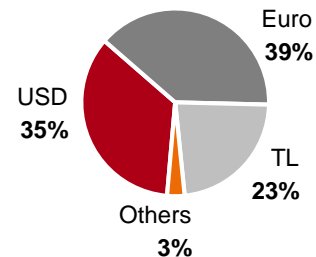


# Financial Priorities

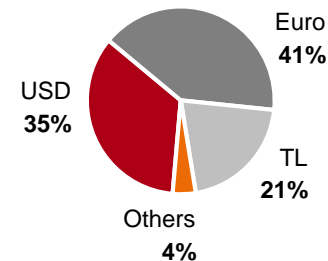
As of 1H19 (TL mn)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	4,715	2,865	1,850	1.3
Soft Drinks	5,079	1,932	3,147	1.5
Migros	4,895	2,154	2,740	1.9
Automotive	2,437	279	2,158	5.2
Retail	390	63	327	3.0
Other (incl. Holding)	3,552	430	3,122	n.m.
<i>Holding-only</i>	2,050	387	1,663	n.m.
Proforma Consolidated	21,102	7,758	13,344	2.5
Proforma Consolidated (Euro mn)	3,216	1,182	2,033	2.5

As of 2018YE (TL mn)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA*
Beer	4,285	2,480	1,805	1.5
Soft Drinks	4,943	2,311	2,633	1.4
Migros	4,570	1,769	2,801	2.3
Automotive	2,809	241	2,567	6.1
Retail	334	106	228	2.1
Other (incl. Holding)	3,008	185	2,823	n.m.
<i>Holding-only</i>	1,645	110	1,535	n.m.
Proforma Consolidated	19,945	7,092	12,853	2.7
Proforma Consolidated (Euro mn)	3,295	1,172	2,123	2.7

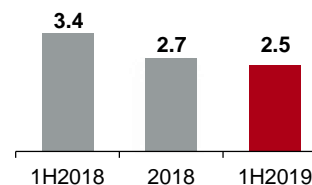
Breakdown of Gross Debt\*\* (1H2019)



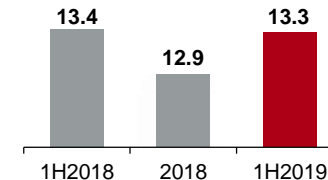
Breakdown of Gross Debt (2018YE)



Consolidated Net Debt / EBITDA (x)



Consolidated Net Debt (TL bn)



\*2018 Net debt/EBITDA ratio was calculated including ABI Russia and ABI Ukraine effect starting from January 1<sup>st</sup>, 2018.

\*\*Excluding hedging instruments

# Financial Priorities

---

- **Profitability & Efficiency improvements**
- **Tight B/S management**
- **Proactive risk management**
- **FCF generation**
- **Deleveraging**

# Closing Remarks

---

- ✓ **Strong sales revenue growth achieved**
- ✓ **Strong operational performance coupled with profitable growth**
- ✓ **Operational & Financial priorities defined and disciplined**
- ✓ **Strong FCF generation with tight B/S management**
- ✓ **Managing risks proactively**

# The star that links Anatolia to the world and the world to Anatolia



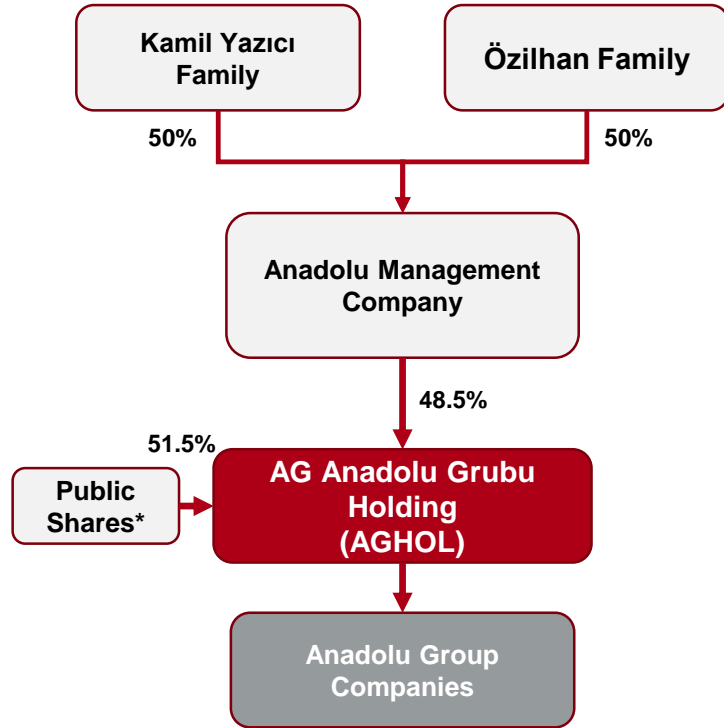
Q&A

Thank you...

## Disclaimer Statement:

AG Anadolu Grubu Holding has prepared this document for the sole purpose of providing information which may include forward looking projections and statements about the Company. All opinions and estimates contained in this document constitute Company's judgement as of the date of this document and are subject to change without notice. The company does not accept any liability whatsoever for any direct or consequential loss arising from any use of this document or contents. This document cannot be copied, disclosed or distributed to any person other than the person to whom the document and/or information delivered or sent by AG Anadolu Grubu Holding.

# Appendix - Shareholder Structure and Consolidation Methods



\* 14.2% of public shares is free float and is presented based on non-family held public shares.

	Stake held by AGHOL (%)	Consolidation method
Anadolu Efes	43.05	Full
Migros	50.00	Full
Anadolu Isuzu	55.40	Full
Adel Kalemcilik	56.89	Full
Çelik Motor	100.0	Full
Anadolu Restoran	100.0	Full
Anadolu Motor	100.0	Full
Efestur	100.0	Full
Aslancık HEPP	33.33	Equity
Anadolu Kafkasya*	75.68	Full
Real Estate Companies	100.00	Full

\*Anadolu Kafkasya holds 90% of our energy company GUE and 100% of other project company