






AG ANADOLU GROUP HOLDING

1H20 Earnings Presentation




August 14, 2020

1H20 Results - Operational Snapshot




Outlook

-  Focusing on protecting the health of employees and stakeholders
-  No disruption to production across businesses
-  Mitigate the COVID-19 impact to the highest extent





Beer

-  Volume growth on int. markets in 1H20 despite the negative impact of COVID-19
-  Focus on operational expenses to mitigate the negative impact of input cost pressures
-  Positive FCF generation both in Turkey as well as in international operations

Soft Drinks

-  Strong brand portfolio, a powerful network of global Coca-Cola system helps coping with challenging times
-  Strong focus on costs and margins improved YoY in 1H20 despite a very strong base and COVID-19
-  Positive FCF generation continued

Migros

-  Strong online shopping demand supporting solid top-line growth
-  Online service stores more than tripled in just one year
-  Nation-wide service coverage of online operations
-  Debt reduction continues at full pace

1H20 Results - Financial Snapshot*

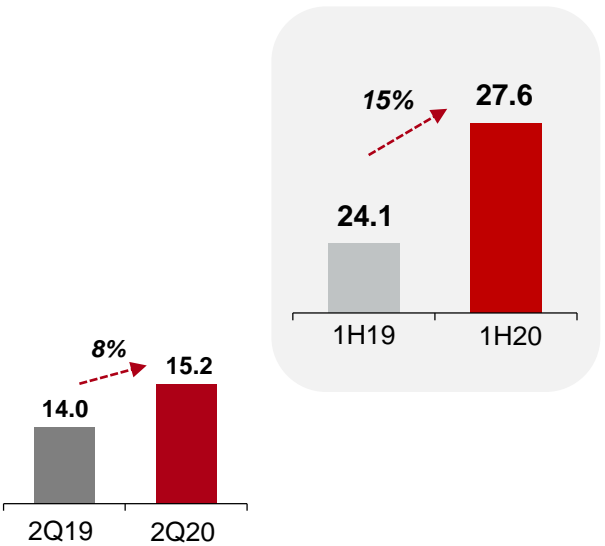
- **Solid top-line growth**
 - ✓ Consolidated sales up by **14.7%** to **TL 27.6 bn**
 - ✓ Main contributors: Migros and Auto operations
- **Operational profitability remain strong despite challenging environment**
 - ✓ EBITDA up by **0,9%** and reached **TL 3.2 bn**, EBITDA margin at **11.5%**
 - ✓ Substantial contribution from Soft Drinks, Migros and Auto segments
- **Net loss of TL 478 mn 1H20 vs. adjusted net loss of TL 472 mn of 1H19**
 - ✓ Adjusted net loss of TL 472 mn in 1H19 excludes one-off gains of TL 711 mn related to the consolidation scope change of Migros.
 - ✓ More stable bottom-line despite higher FX volatility thanks to focusing on TL financing, proactive use of derivatives
- **Net debt/EBITDA remained unchanged at 2.2x as of 1H20 vs. 2019YE despite FX appreciation**
 - ✓ Deleveraging is on track; net debt/EBITDA 3.6x in 1H18, 2.7x in 1H19 and 2.2 in 1H20
- **Positive FCF generation continued**



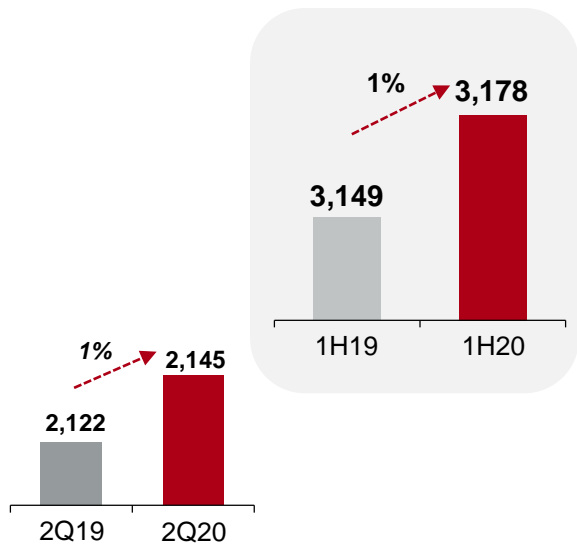
* All numbers for 2019 on this slide include Migros as fully consolidated starting from January 1st, 2019.

Key Financial Indicators* – 2Q20 & 1H20

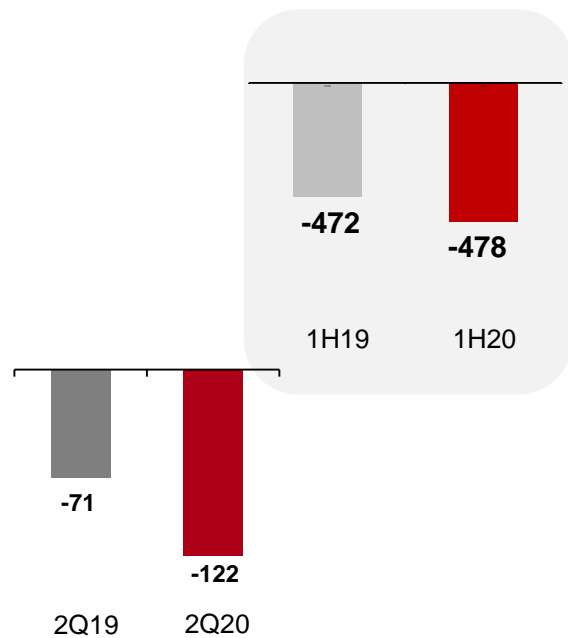
Net Sales (TL bn)



EBITDA (TL mn)



Net Income** (TL mn)

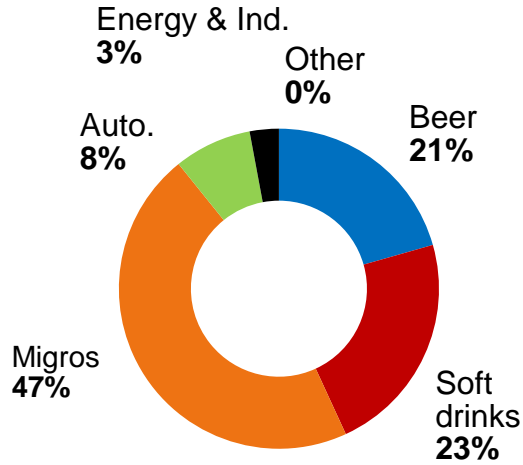


* 2019 results include Migros as fully consolidated

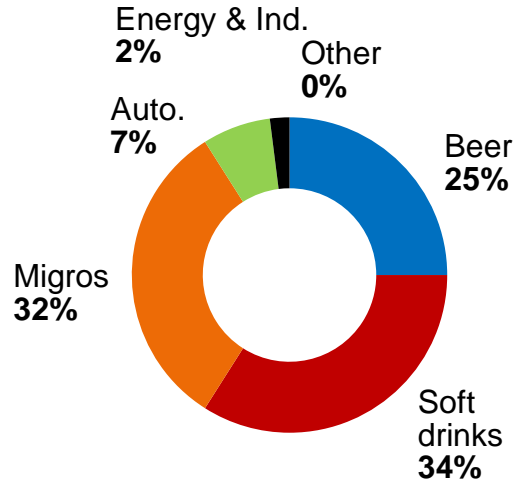
** Adjusted net loss of TL 472 mn in 1H19 excludes one-off gains of TL 711 mn related to the consolidation scope change of Migros

Segmental Sales and EBITDA Breakdown

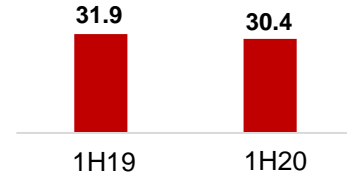
Net Sales



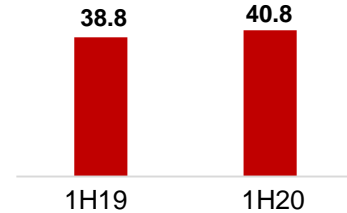
EBITDA



Share of Int. Sales (%)

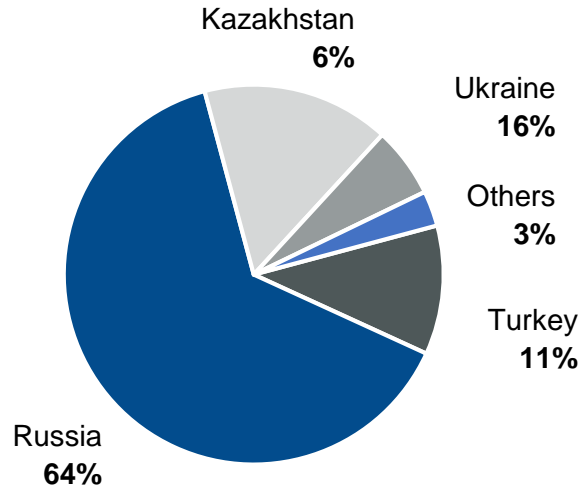


Share of Int. EBITDA (%)



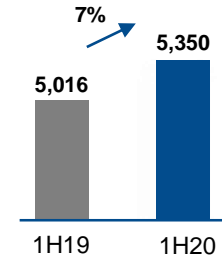
- Share of international revenues declined slightly to 30.4% mostly due to strong domestic Migros sales performance.
- Share of int. EBITDA increased from 38.8% in 1H19 to 40.8% on the back of strong performance on soft drinks and beer segments.

Volume Breakdown (1H20)

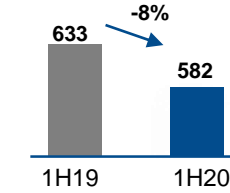


Beer Segment Performance

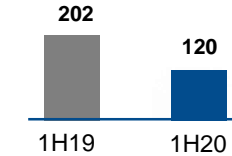
Net Sales (TL mn)



EBITDA (BNRI) (TL mn)

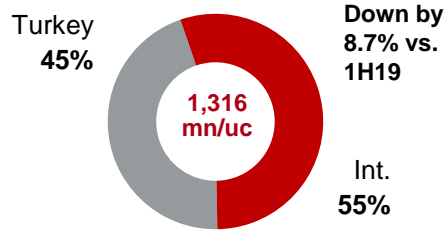


Net Income (TL mn)

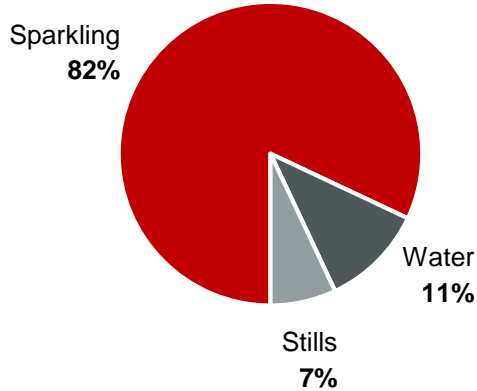


- Positive FCF generation of TL 244 mn in total, contributed both by Turkey and international operations
- Market share across all segments sustained or improved
- Total beer volume merely decreased by 0.2% YoY to 17.4 mhl in 1H20
- Volume growth on int. markets in 1H20 despite the negative impact of COVID-19
- Focus on operational expenses to mitigate the negative impact of input cost pressures

Soft Drinks Sales Volume (1H20)

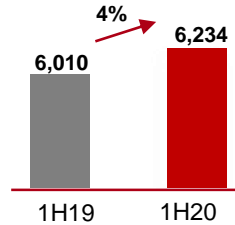


Category Breakdown (1H20)

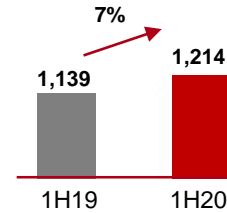


Soft Drinks Segment Performance

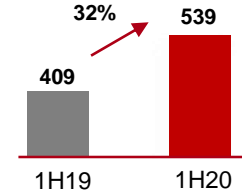
Net Sales (TL mn)



EBITDA (TL mn)

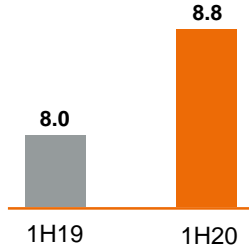


Net Income (TL mn)

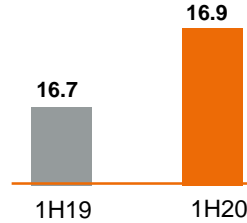


- Better sales performance in international markets, lower share of on trade sales
- Strong focus on costs and margins improved YoY in 1H20 despite a very strong base and COVID-19
- FCF was TL 585 million in 1H20, thanks to solid profitability, decreasing net working capital needs, and lower capital expenditure

Total FMCG Market Shares (%)

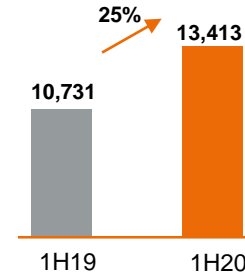


Modern FMCG Market Shares (%)

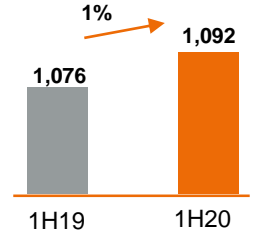


Migros Performance

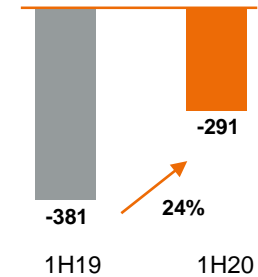
Net Sales (TL mn)



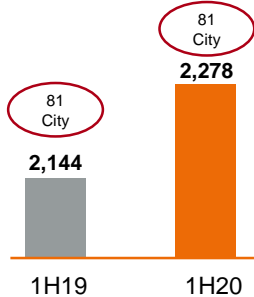
EBITDA (TL mn)



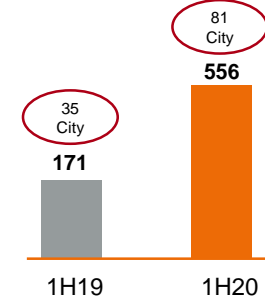
Net Income (TL mn)



Number of Stores

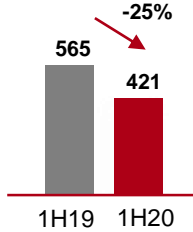


Online Service Stores

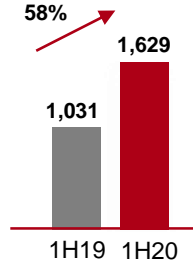


- Strong growth in 2Q20 despite lockdowns in May & high base of 2Q19
- Exceptional growth in online business
- # of online business customers increased by 2.5x
- Strong FCF generation

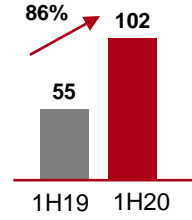
Anadolu Isuzu Net Sales (TL mn)



Çelik Motor Net Sales (TL mn)

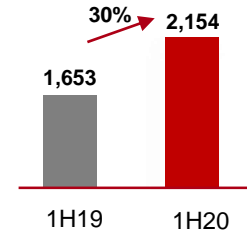


Anadolu Motor Net Sales (TL mn)

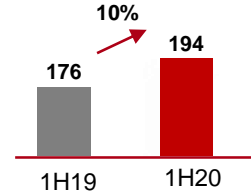


Automotive Segment Performance

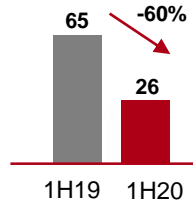
Net Sales (TL mn)



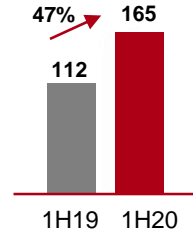
EBITDA (TL mn)



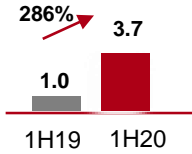
Anadolu Isuzu EBITDA (TL mn)



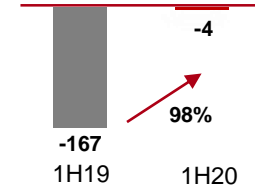
Çelik Motor EBITDA (TL mn)



Anadolu Motor EBITDA (TL mn)

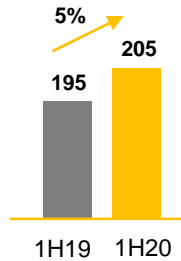


Net Income (TL mn)

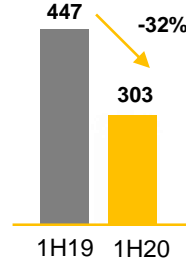


- Anadolu Isuzu export sales were under pressure due to Covid-19
- Second hand car sales, consignment sale and KIA sales boosted the top-line for Çelik Motor
- Çelik Motor fleet optimization; fleet size at ~5.5K as of 1H20

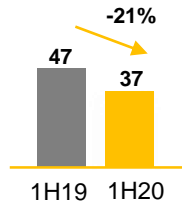
Adel Net Sales (TL mn)



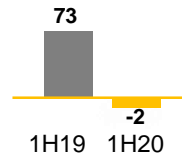
McDonald's Net Sales (TL mn)



Adel EBITDA (TL mn)



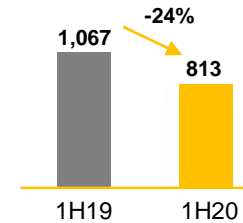
McDonald's EBITDA (TL mn)



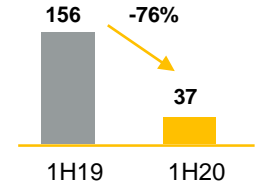
- New segment: Adel, McDonalds, Energy, Real Estate and Efestur
- Segment profitability remained under pressure due to Covid-19, restrictions mainly related to QSR business
- Paravani HEPP generated TL 51 mn revenues in 1H20. 100% of the electricity produced at Paravani HEPP sold to Georgia
- Operational performance of this segment to normalize driven by easing Covid-19 restrictions for the restaurant business

Energy & Industry Segment Performance

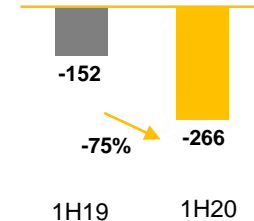
Net Sales (TL mn)



EBITDA (TL mn)



Net Income (TL mn)



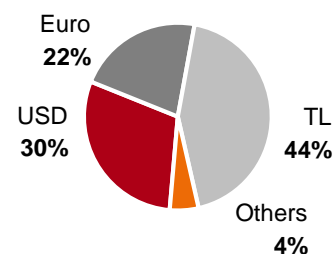
Financial Priorities: Deleveraging on track

As of 1H20 (TL mn)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA*
Beer	5,675	3,661	2,014	1.2
Soft Drinks	5,832	3,305	2,526	1.1
Migros	7,315	2,991	4,324	1.9
Automotive	1,752	391	1,361	3.0
Energy & Industry	2,382	125	2,257	14.5
Other (incl. Holding)	3,280	553	2,727	n.m.
<i>Holding-only</i>	3,241	505	2,735	n.m.
Consolidated	26,163	11,027	15,136	2.2
Consolidated (€ mn)	3,394	1,431	1,964	2.2
Consolidated (excl. IFRS16)	22,123	11,027	11,096	1.9

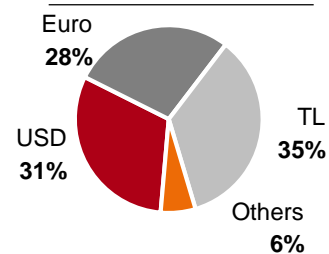
As of 1H19 (TL mn)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	4,968	2,865	2,103	1.5
Soft Drinks	5,255	1,932	3,323	1.6
Migros	7,932	2,154	5,777	2.7
Automotive	2,650	279	2,371	5.6
Energy & Industry	2,243	101	2,142	7.8
Other (incl. Holding)	2,105	427	1,678	n.m.
<i>Holding-only</i>	2,105	387	1,717	n.m.
Consolidated	25,039	7,758	17,281	2.7
Consolidated (€ mn)	3,822	1,184	2,638	2.7
Consolidated (excl. IFRS16)	21,102	7,758	13,344	2.5

*Including IFRS16, excl. hedging instruments

Breakdown of Gross Debt* (1H20)

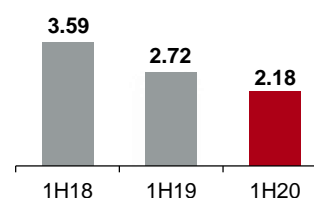


Breakdown of Gross Debt (2019)



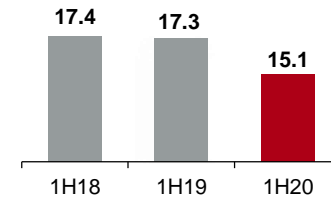
Consolidated

Net Debt / EBITDA (x)



Consolidated






Net Debt (TL bn)



- Significant improvement in indebtedness ratios due to;
- Operational performance,
 - Balance sheet management, risk mitigation tools

- The share of FX debt at the Holding-only level after the derivatives and cash at hand ;
- 2018YE 83%,
 - 2019YE 41%
 - 1H20 20%

2020 Financial Priorities remain unchanged

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

Closing Remarks

- ✓ **Respectable sales growth**
- ✓ **Strong operational performance with focus on costs**
- ✓ **Operational & Financial priorities defined and disciplined**
- ✓ **Strong FCF generation with tight B/S management**
- ✓ **Manage 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.