

# AG ANADOLU GRUBU HOLDING

**1H 2022 Earnings Presentation**  
will begin at

**16:00 (Istanbul)**  
**14:00 (London)**  
**09:00 (New York)**

**August 16, 2022**

# AG ANADOLU GRUBU HOLDING

## 1H 2022 Earnings Presentation

August 16, 2022



# 1H 2022 Results - Operational Snapshot

## Overview

- 🎯 Successful operational performance across the Group supported by diversified country/sector breakdown
- 🎯 Increased mobility, recovery in HoReCA, positive channel product mix supporting our businesses
- 🎯 Cost pressures on commodity prices, higher energy expenses, weaker local currencies, inflationary pressures
- 🎯 Auto business transitioning to a more stable business for the group with lower leverage and dividend stream
- 🎯 Raising our beer, food retail and auto segments guidances higher on strong 1H performance
- 🎯 Inflation and exchange rates making an impact on operations and financials

## Beer

- 🎯 Despite a very challenging geography, strong first half in beer segment far exceeded expectations
- 🎯 Robust topline growth, healthy margins and strong free cash flow
- 🎯 Price adjustments, strong channel product mix, disciplined opex resulted with sharp improvement in margins
- 🎯 Beer segment margin guidance revised higher

## Soft Drinks

- 🎯 Solid volume and revenue growth momentum in both domestic and int. markets.
- 🎯 Continued improvement in the on-premise channel sales and positive channel product mix
- 🎯 Uzbekistan integration underway. Volumes growing near 30% in 2Q22.
- 🎯 Margins somewhat under pressure due to raw material inflation, energy costs, and weaker local currencies

## Migros

- 🎯 Strong top-line growth driven not only by inflation but also competitive pricing, recovery in large stores, new stores
- 🎯 No hard currency exposure, Net cash position of TL 1,9 bn w/o IFRS 16 as of 1H22
- 🎯 Bottom-line in black as strong operational performance and deleveraging pays off

# 1H 2022 Results - Financial Snapshot

## ➤ Solid top-line growth

- ✓ Consolidated sales up by **100.9%** to **TL 71.3 bn**
- ✓ Main contributors: Soft Drinks, Beer, Migros and Automotive segments

## ➤ Strong operational profitability despite challenging environment

- ✓ EBITDA increased by **127.5%** and reached **TL 10.2 bn**, EBITDA margin at **14.3%**

## ➤ Net income attributable to parent of TL 1,513 mn 1H22 vs. TL 882 mn of 1H21

- ✓ Adjusted net income attributable to parent of TL 761 mn in 1H22 vs. TL 295 mn in 1H21 (excludes the one off gains and losses related the sale of our real estate company AND Anadolu Gayrimenkul Yatırımları A.Ş. (TL 460 mn), Migros Macedonia operations 1Q21 (TL 128 mn) and impairment losses in our beer operations in 1H22 (TL 172 mn) and McDonalds's sales in 2Q22 (TL 923 mn))
- ✓ Despite weaker TL, Solid bottom-line thanks to focus on TL financing and strong operational performance

## ➤ Strong positive FCF generation continued

- ✓ TL 6.0 bn FCF generated in 1H22 vs. TL 2.4 bn in 1H21 on strong operations, prudent capex, working capital discipline

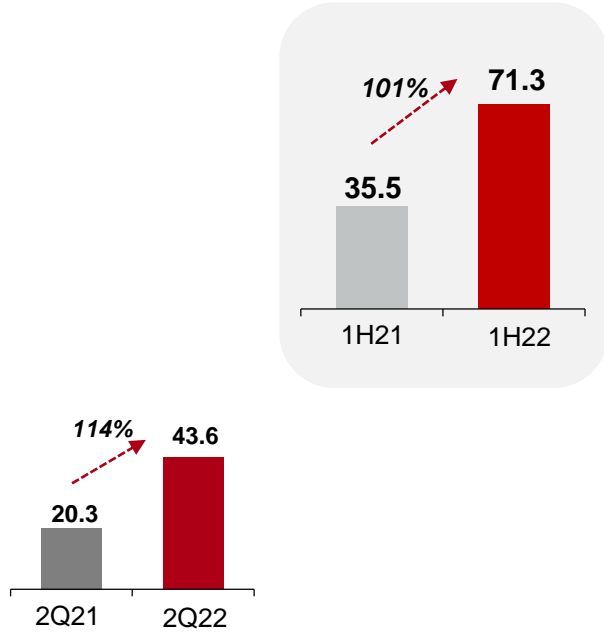
## ➤ Net debt/EBITDA at 1.2x as of 1H22 despite the Uzbekistan acquisition

- ✓ Deleveraging on track; These ratios were 3.6x at 2Q18, 2.7x at 2Q19, 2.1x at 2Q20 and 1.4x at 2Q21.

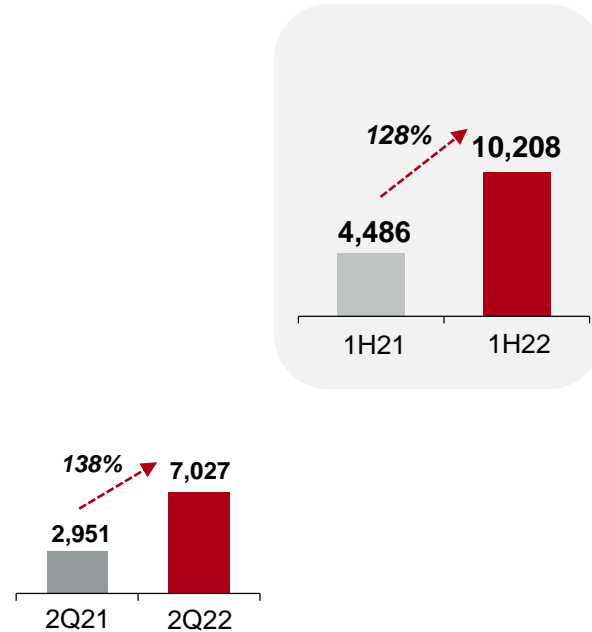


# Key Financial Indicators – 2Q22 & 1H22

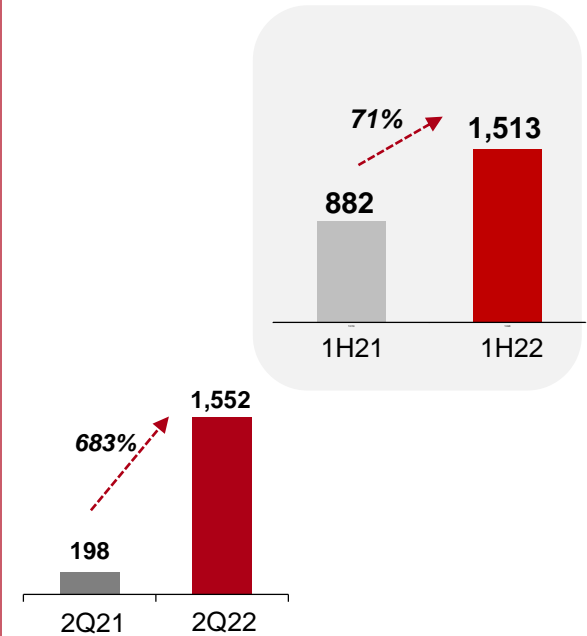
## Net Sales (TL bn)



## EBITDA (TL mn)



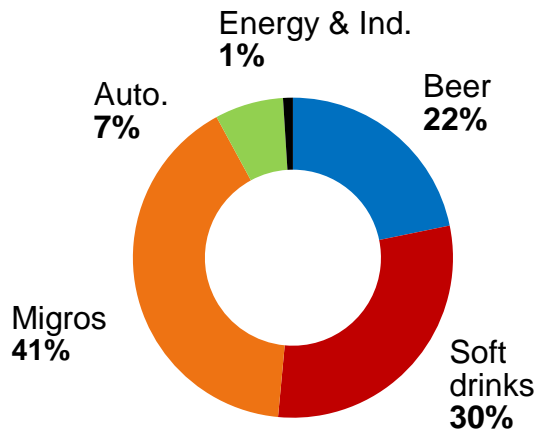
## Net Income att. to parent\* (TL mn)



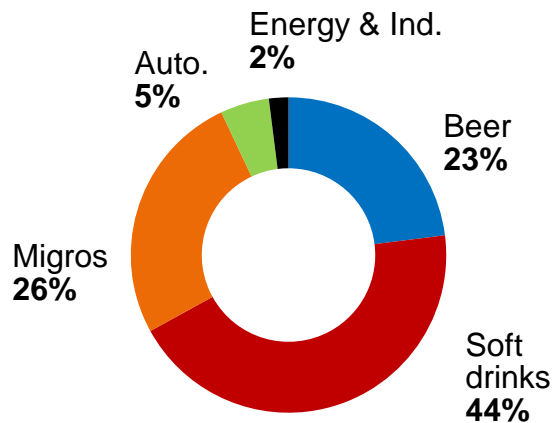
\* Adjusted net profit attributable to parent of TL 761 mn in 1H22 vs. TL 295 mn in 1H21 excludes one-off gains and losses related to the sale of subsidiaries AND Anadolu Gayrimenkul Yatırımları A.Ş. and Migros Macedonia operations in 1Q21, impairment losses in our beer operations in 1H22 and sale of McDonald's in 2Q22.

# Segmental Sales and EBITDA Breakdown

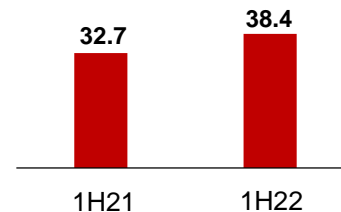
## Net Sales



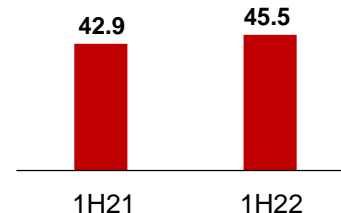
## EBITDA



## Share of Int. Sales (%)

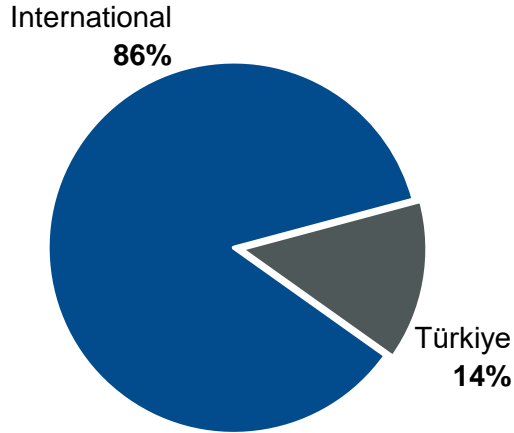


## Share of Int. EBITDA (%)



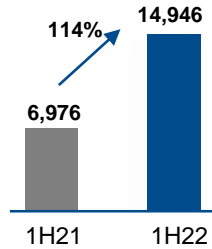
- Share of international revenues increased to 38.4% in 1H22 thanks particularly to strong performance of soft drinks' and beer international operations and FX moves.
- Share of int. EBITDA increased from 42.9% in 1H21 to 45.5% in 1H22, with a smaller increase due to the better profitability of our domestic operations.

## Volume Breakdown (1H22)

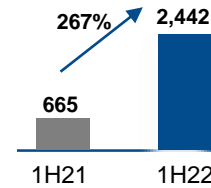


## Beer Segment Performance

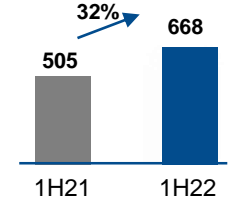
Net Sales (TL mn)



EBITDA (BNRI) (TL mn)

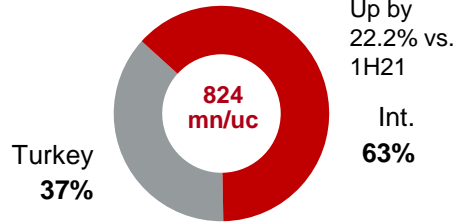


Net Income (TL mn)

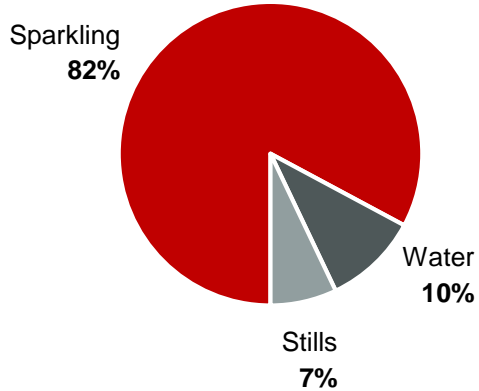


- Despite a very challenging geography, strong first half in beer segment far exceeded expectations
- Aiming to start production in one of our three factories closed in Ukraine.
- Price adjustments, strong channel product mix, disciplined opex resulted with sharp improvement in margins
- Beer EBITDA Margin guidance revised higher to flat to 100 bps expansion (decline around 100 bps before)
- Strong FCF in 1H22 on margins, working capital, savings but expected to normalize later in the year depending on currency movements and payables performance

## Soft Drinks Sales Volume (1H22)

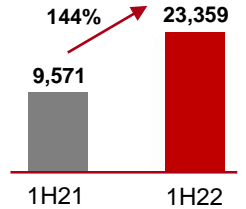


## Category Breakdown (1H22)

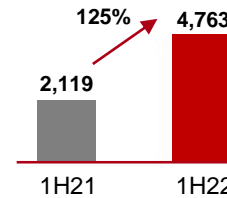


## Soft Drinks Segment Performance

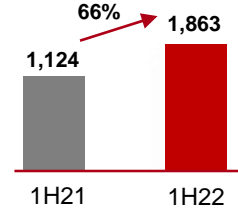
### Net Sales (TL mn)



### EBITDA (TL mn)



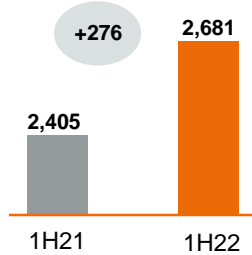
### Net Income (TL mn)



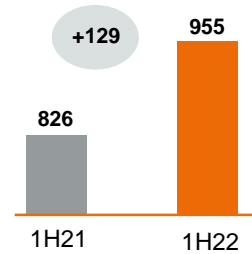
- Double digit volume increase, strong revenue and EBITDA growth in both domestic and int. operations
- Continued improvement in the on-premise channel, positive channel product mix, and increasing share of IC packages (Turkey IC share at 31.1% up by 606 bps in 2Q22)
- Uzbekistan integration underway. Volumes growing near 30% in 2Q22.
- Despite price adjustments, hedges, and improvement in package mix, margins somewhat under pressure due to persistent raw material inflation, significantly higher energy costs, and weaker local currencies



## Number of Stores

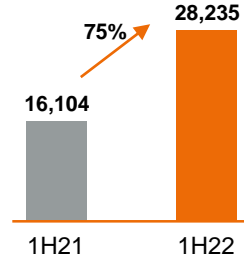


## Online Service Stores

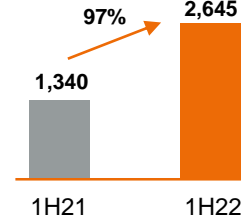


## Migros Performance

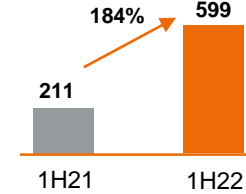
### Net Sales (TL mn)



### EBITDA (TL mn)

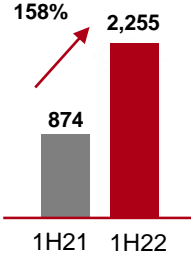


### Net Income (TL mn)

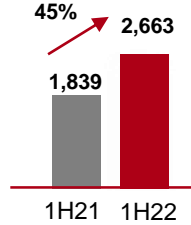


- Solid top-line growth in 1H22 driven not only by inflation, on-line business, store expansion but also competitive pricing, strong recovery of large stores located at malls and succesful performance of new stores
- Online share in total revenues at 16.0%, strong base impact of 1H21, online sales to accelerate in 2H 2022
- Accelerated store expansion; 276 new stores YoY, 7% increase in sales area
- Net debt to EBITDA down to 0.4x in 1H22 vs. 1.3x in 1H21 with IFRS 16
- Net cash position of TL 1,9 bn w/o IFRS 16 as of 1H22 YE
- No hard currency exposure
- Positive bottom-line performance

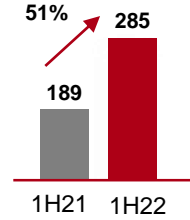
Anadolu Isuzu Net Sales (TL mn)



Çelik Motor Net Sales (TL mn)

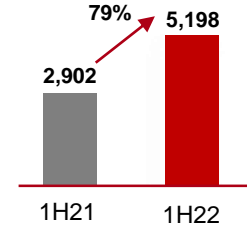


Anadolu Motor Net Sales (TL mn)

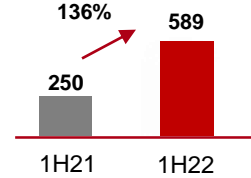


Automotive Segment Performance

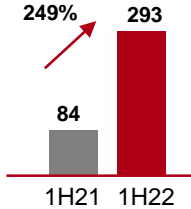
Net Sales (TL mn)



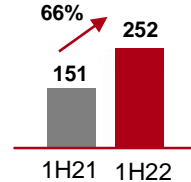
EBITDA (TL mn)



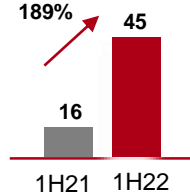
Anadolu Isuzu EBITDA (TL mn)



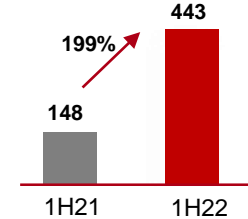
Çelik Motor EBITDA (TL mn)



Anadolu Motor EBITDA (TL mn)

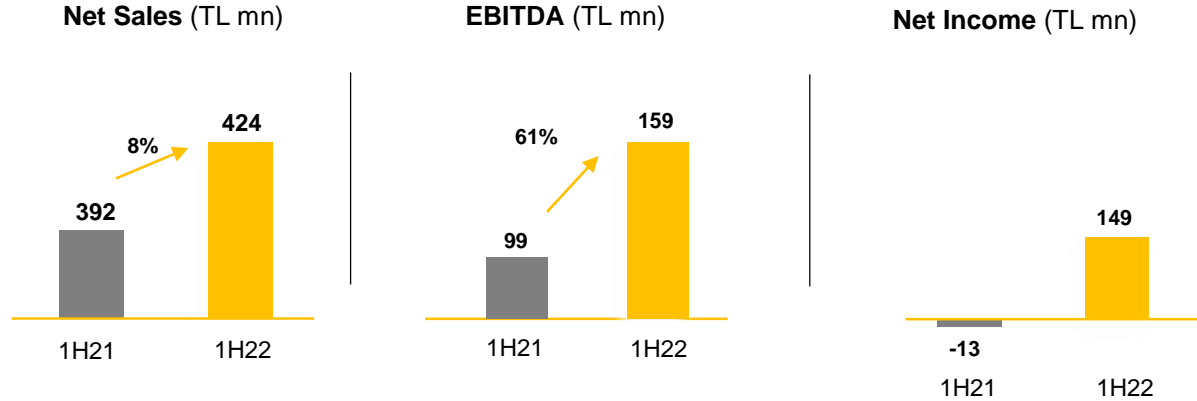


Net Income (TL mn)



- Improving revenue, EBITDA, bottom-line performance as the share of car rental business in total sales declined and debt has been reduced
- Solid Anadolu Isuzu results across the board with strong top-line growth, margins and bottom-line
- Çelik Motor and Anadolu Motor also contributing to strong performance.

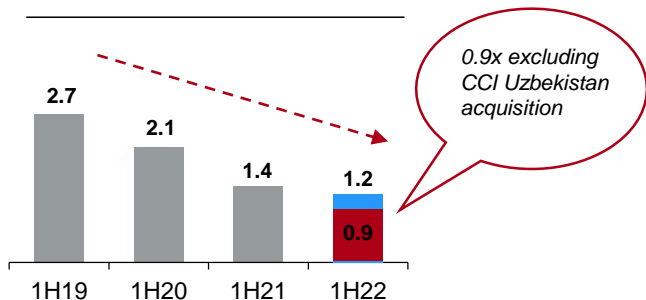
## Energy & Industry Segment Performance



- Segment constituents: Adel and Energy
- Completed the sale Anadolu Restaurant, which operates the franchise management of McDonald's restaurants, for USD 54.5 mn.
- Solid results at GUE
- Adel both top-line and margins on a recovery as schools re-opened with face-to-face classes

# Financial Priorities I: Deleveraging on track

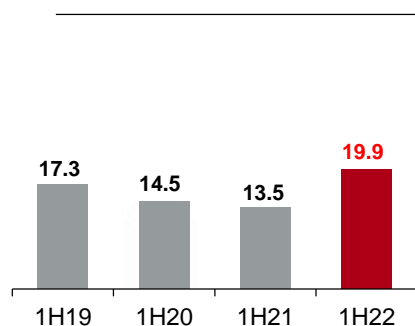
**Consolidated**  
**Net Debt / EBITDA (x)**



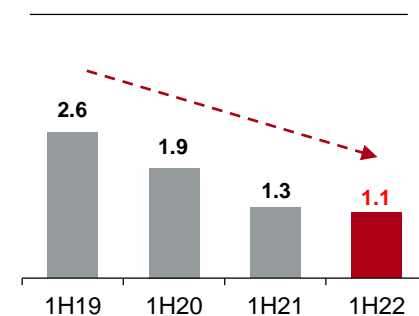
➤ Significant improvement in indebtedness ratios thanks to;

- Operational performance,
- FCF generation
- Balance sheet management, risk mitigation tools
- Idle asset sales

**Consolidated**  
**Net Debt\* (TL bn)**



**Consolidated**  
**Net Debt (Euro bn)**



- Despite sharply weaker TL, significant decline in indebtedness of the Holding during the last couple of years
- No FX debt at the Holding-only level

\*incl. IFRS16

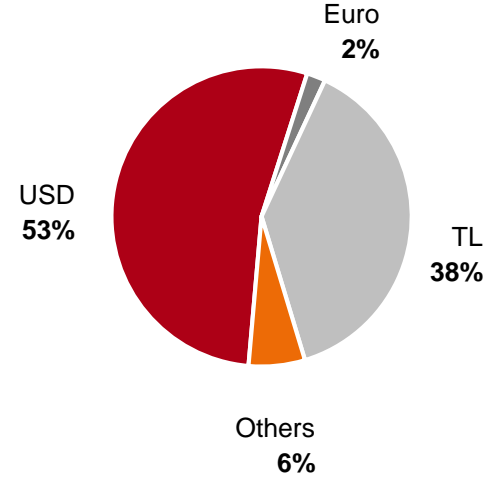
# Financial Priorities II: Deleveraging on track

1H2022 (TL mn)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA*
Beer	16,104	11,172	4,932	1.2
Soft Drinks	18,621	11,065	7,556	1.0
Migros	6,571	4,803	1,768	0.4
Automotive	2,285	958	1,327	1.5
Energy & Industry	2,312	305	2,007	7.4
Other (incl. Holding)	3,150	822	2,328	n.m.
<i>Holding-only</i>	3,150	725	2,425	n.m.
Consolidated	48,981	29,124	19,856	1.2
Consolidated (€ mn)	2,815	1,674	1,141	1.2






1H2021 (TL mn)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA*
Beer	11,119	7,337	3,782	1.9
Soft Drinks	6,481	4,870	1,611	0.4
Migros	5,791	2,468	3,323	1.3
Automotive	1,222	507	716	1.1
Energy & Industry	1,908	148	1,760	6.6
Other (incl. Holding)	3,495	1,135	2,360	n.m.
<i>Holding-only</i>	3,468	1,078	2,391	n.m.
Consolidated	29,956	16,465	13,491	1.4
Consolidated (€ mn)	2,896	1,595	1,301	1.4

\*Including IFRS16, excl. hedging instruments

Breakdown of Gross Debt\*  
(1H22)



# 2022 Financial Priorities

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

# Closing Remarks

- ✓ **Proactively managing our businesses through the inflationary headwinds**
- ✓ **Closely monitoring the recent developments in Russia and Ukraine**
- ✓ **Respectable sales growth**
- ✓ **Strong operational performance with focus on costs and profitability**
- ✓ **Operational & Financial priorities defined and disciplined**
- ✓ **Strong FCF generation with tight B/S management**
- ✓ **Manage risks proactively**

# Key Focus Areas Going Forward

- ✓ **Continue with our Consumer-centric approach in our businesses**
- ✓ **Focus on Sustainability and Digitalization**
- ✓ **Being Innovative and Pioneer in all areas**
- ✓ **Continue generating FCF**
- ✓ **Focus on growth opportunities**
- ✓ **Continue to focus on sustainability programs**



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



## Q&A

## Thank you...

### Disclaimer Statement:

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