



AG ANADOLU GRUBU HOLDING

1H 2023 Earnings Presentation
will begin at

16:00 (Istanbul)
13:00 (London)
08:00 (New York)

August 11, 2023

AG ANADOLU GRUBU HOLDING

1H 2023 Earnings Presentation



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1H23 Results - Operational Snapshot - I

- **Despite many uncertainties; strong 1H23 financials on solid operational performance, diversified operations, strong market positioning, flexible and resilient business models, successful investments, and proactive balance sheet management**
- **Results exceeded expectations in 1H23 with upward guidance revisions on multiple segments. Holding consolidated parent company net profit exceeded TL 3.6 billion in 1H23.**
- **Deleveraging continues on balance sheet management, solid FCF, and asset sales.**
- **Consumer-oriented approach, price adjustments, strong channel product mix, disciplined opex supporting our operational performance**
- **All time high results on the Auto business on a successful turnaround and positive sector dynamics both in Turkey and int. markets**

1H23 Results - Operational Snapshot - II

Beer

- Despite a very challenging geography, results once again exceeded expectations, FY guidance revised higher
- 6th consecutive quarter with margin expansion on easing costs pressures, disciplined opex.
- Volumes better than expected driven mostly by Turkiye but also on recovery in volumes in Russia
- Net Debt to EBITDA (BNRI) significantly improved to 0.4x as of 2Q23 vs 1.2x at 2Q22 on solid FCF

Soft Drinks

- Strong top-line and margin performance thanks to the timely price adjustments, improving packaging mix, and prudent Opex management
- Some volume pressures in Turkiye and Pakistan due to economy, base impact, temperatures, price hikes, decline in consumption appetite
- Strong volume performance in Central Asia partially offsetting weakness elsewhere
- Despite weaker volumes, highest NSR/UC & EBIT/UC in USD terms of the last decade with a focus on real value generation.

Migros

- Strong top-line growth driven by competitive pricing strategy, increased customer traffic in online & physical stores and accelerating new store openings
- No hard currency exposure, Net cash position of TL 9.5 bn w/o IFRS 16 as of 1H23
- Solid Bottom-line performance on strong operational performance, balance sheet management, asset sales

Auto

- Impressive turnaround with positive sector dynamics both in Turkey and int. markets
- Net debt/EBITDA ratio of the segment down to 0.4x at 1H23 from 1.5x at 1H22.

1H 2023 Results - Financial Snapshot

➤ Solid top-line growth

- ✓ Consolidated sales up by **87.6%** to **TL 133.7 bn**
- ✓ Main contributors: Soft Drinks, Beer, Migros and Automotive segments

➤ Strong operational profitability despite challenging environment

- ✓ EBITDA increased by **88.5%** and reached **TL 19.2 bn**, EBITDA margin at **14.4%**

➤ Consolidated Net income of **TL 9.9 bn 1H23 vs. TL 3.7 bn of 1H22**

- ✓ Net income attributable to parent of TL 3.7 bn vs. TL 1.5 bn of 1H22
- ✓ *Adjusted net income attributable to parent of TL 3,362 mn in 1H23 vs. TL 761 mn in 1H22.
- ✓ Solid bottom-line on strong operational performance and successful balance sheet management.

➤ Strong positive FCF generation continued

- ✓ TL 8.1 bn FCF generated in 1H23 vs. TL 5.9 bn in 1H22 on strong operations, prudent capex, working capital discipline

➤ Net debt/EBITDA at **0.6x as of 1H23 on solid FCF, proactive balance sheet management and asset sales**

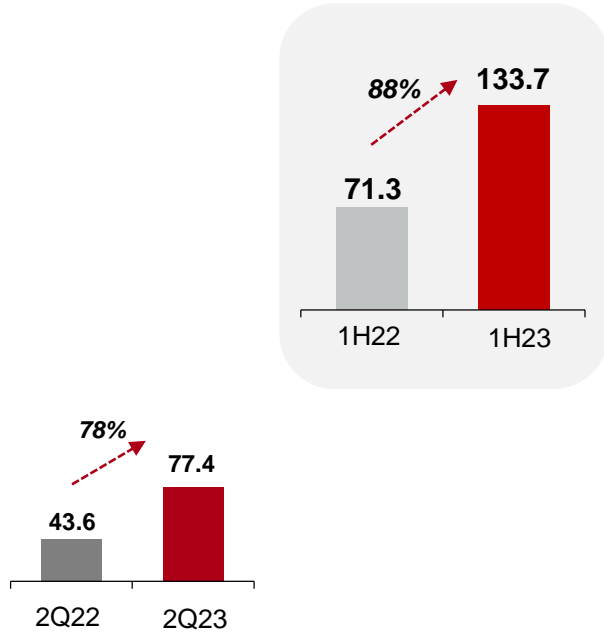
- ✓ Deleveraging on track; These ratios were 2.7x at 1H19, 2.1x at 1H20, 1.4x at 1H21 and 1.2x at 1H22.



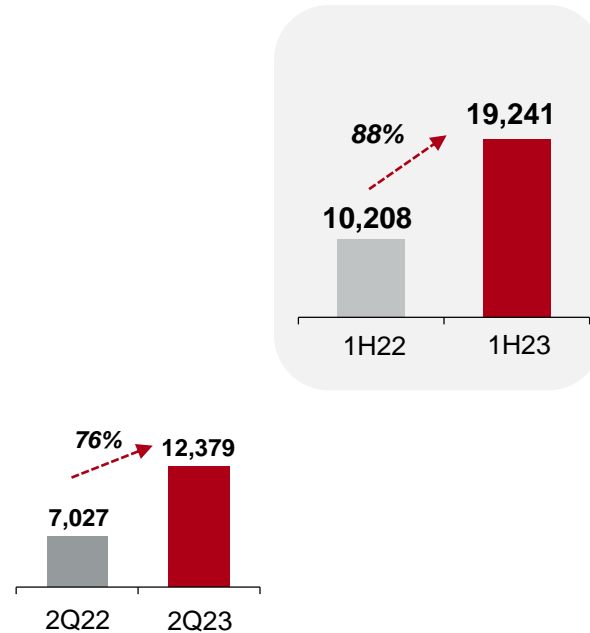
** Excl. Anadolu Etap consolidation change that affects the net profit of the parent company in 1H23 and the net effect of total income/expense resulting from beer operations impairment expense (TL 172 mn) and McDonald's sale income (TL 923 mn) in 1H22.)*

Key Financial Indicators – 2Q23 & 1H23

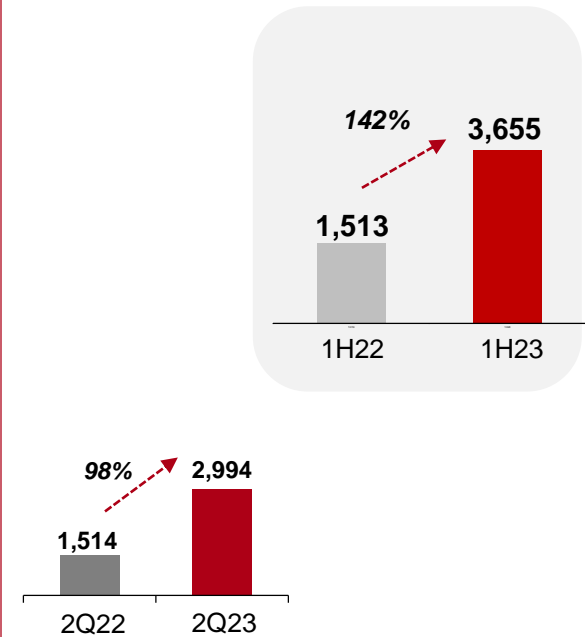
Net Sales (TL bn)



EBITDA (TL mn)



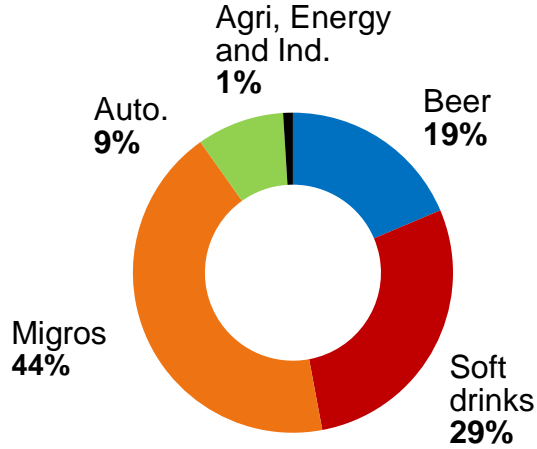
Net Income att. to parent* (TL mn)



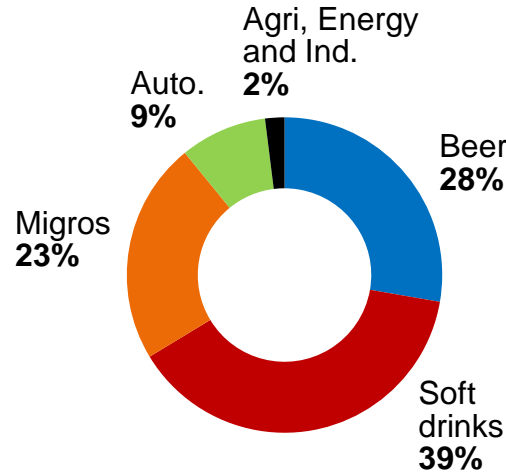
* Adjusted net profit attributable to parent of TL 3,362 mn in 1H23 vs. TL 761 mn in 1H22 excludes Anadolu Etap consolidation change that affects the net profit of the parent company in 1H23 and the net effect of total expenses resulting from beer operations impairment expense (TL 172 million) and McDonald's sale (TL 923mn) in 1H22.

Segmental Sales and EBITDA Breakdown

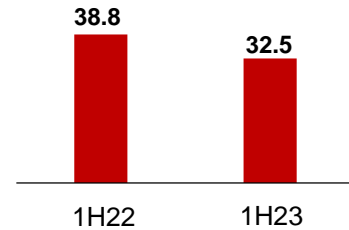
Net Sales



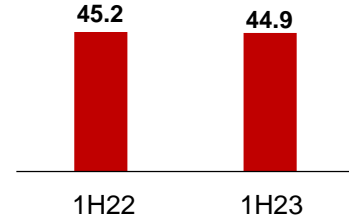
EBITDA



Share of Int. Sales (%)

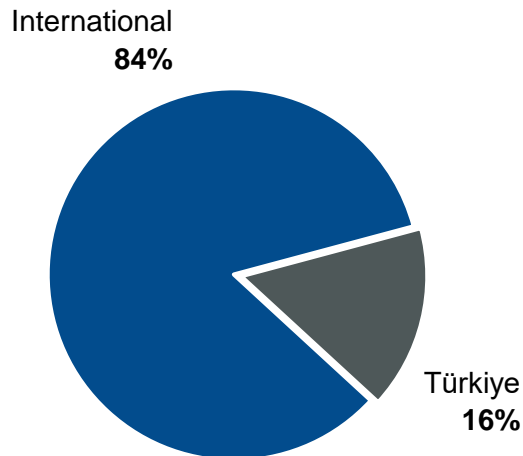


Share of Int. EBITDA (%)



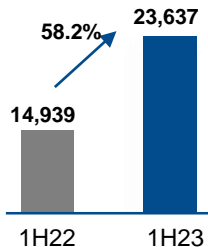
- Share of international revenues decreased to 32.5% in 1H23 due to strong performance of Migros and automotive operation.
- Share of int. EBITDA decreased slightly from 45.2% in 1H22 to 44.9% in 1H23, due to the better profitability of our int. beer and soft drinks operations.

Volume Breakdown (1H23)

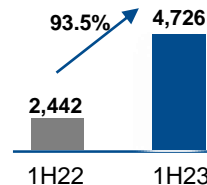


Beer Segment Performance

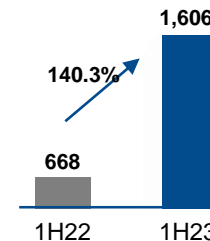
Net Sales (TL mn)



EBITDA (BNRI) (TL mn)

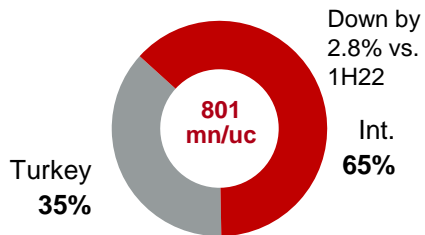


Net Income (TL mn)

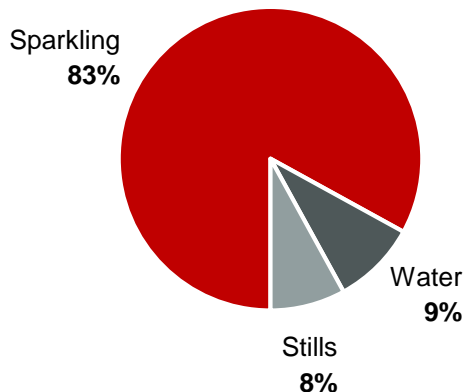


- 6th consecutive quarter with margin expansion with price adjustments, strong channel product mix, disciplined opex.
- Türkiye beer operations was the main source of volume growth on favorable pricing and tourism with also strong momentum in Kazakhstan and Georgia as well
- Recovery in Russian volumes with low-single digit decline in 2Q and volumes expected to gain further gain momentum in 2H23.
- Beer Group Net Debt to EBITDA (BNRI) significantly improved to 0.4x as of 2Q23 vs 1.2x at 2Q22 on solid FCF.
- Raising volume, revenue and EBITDA margin guidance for beer group following solid 1H23 performance.

Soft Drinks Sales Volume (1H23)

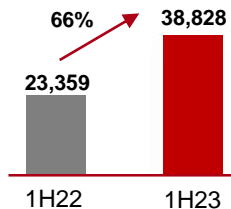


Category Breakdown (1H23)

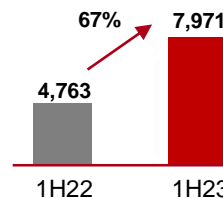


Soft Drinks Segment Performance

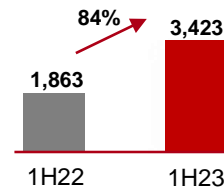
Net Sales (TL mn)



EBITDA (TL mn)

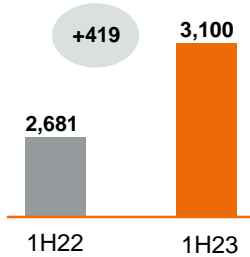


Net Income (TL mn)

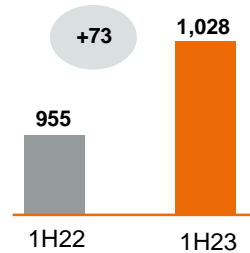


- Strong top-line and margin performance thanks to the timely price adjustments, improving package mix, and prudent Opex management
- Some volume pressures in Turkiye and Pakistan due to economy, base impact, temperatures, price hikes, decline in consumption appetite
- Strong volume performance in Central Asia partially offsetting weakness elsewhere
- Despite weaker volumes, highest NSR/UC & EBIT/UC in USD terms of the last decade with a focus on real value generation.
- No change in guidance as revenue and margin performance are offsetting somewhat weaker than expected volumes.

Number of Stores

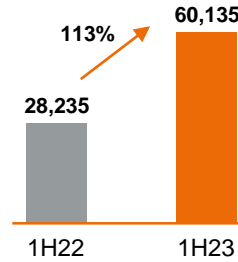


Online Service Stores

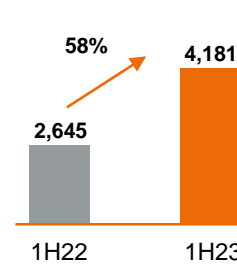


Migros Performance

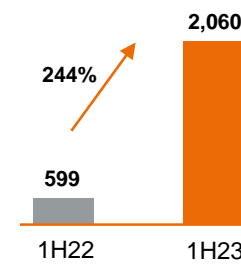
Net Sales (TL mn)



EBITDA (TL mn)

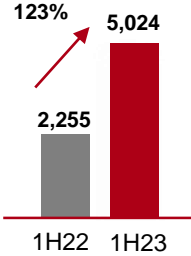


Net Income (TL mn)

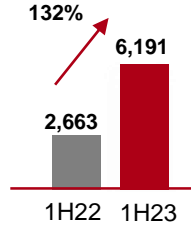


- Competitive pricing strategy, increased customer traffic in online & physical stores and accelerating new store openings were main drivers of sales growth
- Online share in total revenues at 16.7% in 1H23, up from 16.0% in 1H22.
- Accelerated store expansion; 419 new stores YoY, 9% increase in sales area
- Net cash to EBITDA at 1.6x at 1H23 vs. net cash to EBITDA of 0.6x at 1H22 without IFRS 16
- Net cash position of TL 9.5 bn w/o IFRS 16 as of 1H23
- No hard currency exposure
- Positive bottom-line performance with still a solid TL2.1 bn net income in 1H23, 1.8bn excluding the one off asset sale

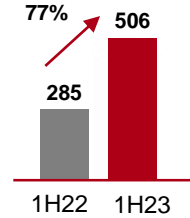
Anadolu Isuzu Net Sales (TL mn)



Çelik Motor Net Sales (TL mn)

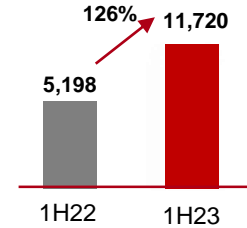


Anadolu Motor Net Sales (TL mn)

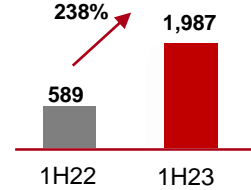


Automotive Segment Performance

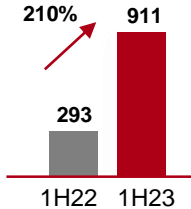
Net Sales (TL mn)



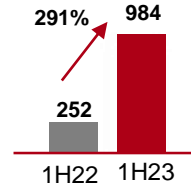
EBITDA (TL mn)



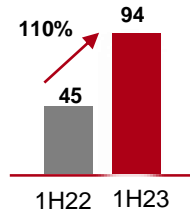
Anadolu Isuzu EBITDA (TL mn)



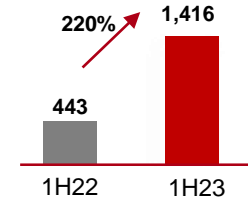
Çelik Motor EBITDA (TL mn)



Anadolu Motor EBITDA (TL mn)

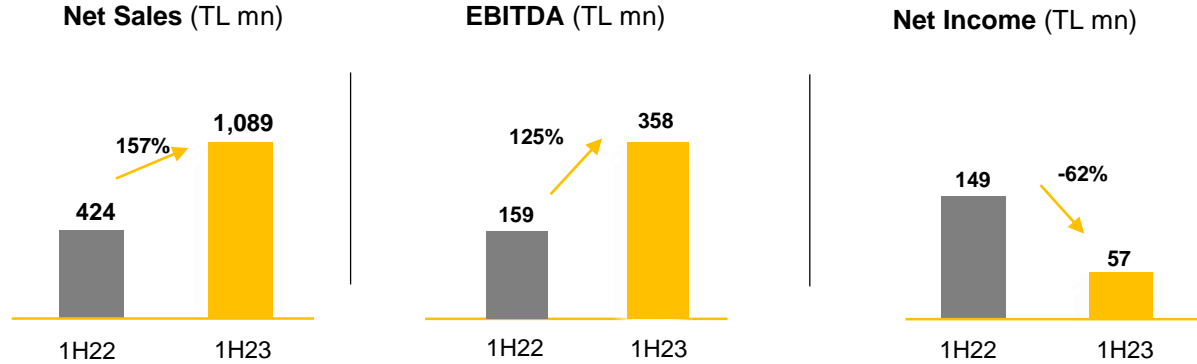


Net Income (TL mn)



- Strong revenue, EBITDA, bottom-line performance on positive sector dynamics in both domestic and int. markets.
- Solid Anadolu Isuzu results across the board with strong top-line growth and margins. Guidance Revised Higher.
- Çelik Motor benefiting from solid domestic auto demand and pricing.
- Net debt/EBITDA ratio of the segment down to 0.4x at 1H23 from 1.5x at 1H22.

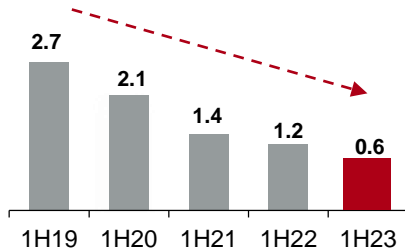
Agriculture, Energy and Industry Segment Performance



- Segment constituents: Anadolu Etap Tarım, Adel and Energy
- Adel both top-line and margins on a recovery with better pricing, cost efficiencies strong orders from organized channels. Guidance sharply revised higher.
- Solid and consistent results at GUE
- Anadolu Etap Tarım consolidated with the segment in 2Q23. No change in Anadolu Grubu Holding's ownership share in Anadolu Etap Tarım, thus no impact on the consolidated Anadolu Grubu net profit besides the one-off re-valuation gain and tax expenses in 2Q23.

Financial Priorities I: Deleveraging on track

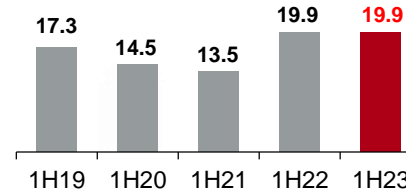
Consolidated
Net Debt / EBITDA (x)



➤ Significant improvement in indebtedness ratios thanks to;

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

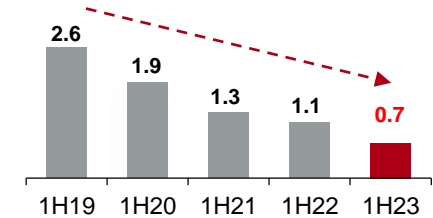
Consolidated
Net Debt* (TL bn)



*incl. IFRS16

- 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

Consolidated
Net Debt (Euro bn)

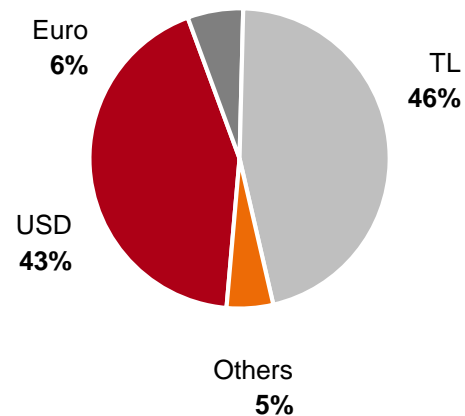


Financial Priorities II: Deleveraging on track

1H23 (TL mn)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA*
Beer	21,201	17,453	3,747	0.4
Soft Drinks	31,903	18,474	13,429	1.0
Migros	9,017	12,380	-3,363	-0.4
Automotive	4,136	3,016	1,120	0.4
Agriculture, Energy and Industry	3,499	675	2,823	4.9
Other (incl. Holding)	5,032	2,931	2,102	n.m.
<i>Holding-only</i>	5,031	2,715	2,316	n.m.
Consolidated	74,799	54,929	19,870	0.6
Consolidated (€ mn)	2,637	1,937	701	0.6






1H22 (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	967	1,318	1.5
Energy and Industry	2,312	295	2,017	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

Breakdown of Gross Debt* (1H23)



*Including IFRS16, excl. hedging instruments

2023 Financial Priorities

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

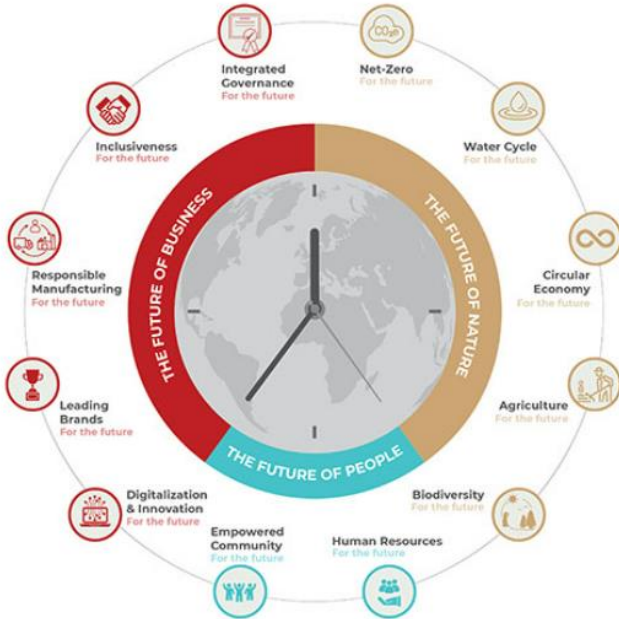
Closing Remarks

- ✓ **Proactively managing our businesses through the inflationary headwinds, FX volatilities and uncertainties in the region**
- ✓ **Results continue to exceeded our expectations and raising guidances on multiple segments in 1H23**
- ✓ **Strong operational performance with focus on costs and profitability**
- ✓ **Solid FCF generation, utilization of idle assets and deleveraging with tight B/S management**
- ✓ **Managing risks proactively**
- ✓ **Supporting our communities post Earthquake: financial contributions, in-kind contributions, employee involvement and volunteerism and product donations.**

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 to focus on FCF and deleveraging despite increase in capex**
- ✓ **Focus on growth opportunities**

Act today for a better future



Goals

THE FUTURE OF NATURE

By 2030, reducing greenhouse gas emissions in scope 1 and 2 by **50%** compared to 2020, working with the vision of becoming a **net-zero** company by 2050

THE FUTURE OF BUSINESS

To be traceable in **50%** of operations by 2030 and **100%*** by 2050
*Limited to private label products for Migros.

THE FUTURE OF PEOPLE

Aim to increase the rate of women executives **35%** by 2030 and **50%** by 2050

As Anadolu Group, we gathered our environmental, social and governance activities under our sustainability strategy, which we call **“From Anadolu to the Future”**.

We implement our strategy in twelve focus areas in three pillars:
The Future of Nature, **The Future Of Business** and **The Future of People**.

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



Q&A

Thank you...

Disclaimer Statement:

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