AG Anadolu Group Holding

9M20 Earnings Release, November 9, 2020

9M20 FINANCIAL PERFORMANCE*:

Net Sales:	EBITDA:	Net loss attr. to parent:
up by 18.9% to TL 46.1 bn	up by 13.6% to TL 6.2 bn	TL 219 mn

Consolidated (TL mn)	3Q19	3Q20	*Change*	9M19	9M20	*Change*
Net Sales	14.680	18.455	*25,7%*	38.738	46.051	*18,9%*
Gross Profit	4.798	5.965	*24,3%*	11.784	14.028	*19,0%*
EBIT	1.432	1.880	*31,3%*	2.367	3.150	*33,1%*
EBITDA	2.298	3.011	*31,0%*	5.447	6.189	*13,6%*
Net Income	242	259	*7,1%*	481	-219	*n.m.*
Net Income** (excl. Migros revaluation)	240	259	*8,0%*	-228	-219	*4,0%*

All figures and tables in this report include IFRS16 impact. For comparison purposes all figures in this report include Migros as fully consolidated for 12 months of 2019.

***** As Migros started to be fully consolidated, fair value appraisal works were completed as of December 31, 2019. Thus, September 2019 financial statements were revised. One-off impact on the net income is TL 709 mn, and excluding the one-off adjusted net profit stands at TL 228 mn for 9M19.***

MESSAGE FROM CEO MR. HURŞİT ZORLU

As we have stated along with our 1H20 results, our country and the world are going through some unprecedented times that we have never experienced anything similar before in the past. During this extraordinary period, our top priority is obviously to protect the health of our employees and stakeholders, meet the changing demand of our customers, and continue with uninterrupted production.

Following the rapid adaptation in the second quarter, the third quarter of the year despite the ongoing pandemic conditions has been a period of recovery as a result of the balanced performance of the regions in which we operate. We continue to work in a proactive manner in managing our balance sheet and risk and have benefited from these actions in this period.

Despite all these challenges, we have managed to grow our revenues and EBITDA by 18.9% and 13.6% YoY in 9M20 respectively thanks our balanced geographical and sectoral breakdown. On top of the strong sales performance of Migros throughout the year, the soft drinks and beer segments also began to positively contribute in the third quarter supporting the overall growth and profitability on the back of the softening measures regarding the pandemic and the increase in mobility. As such, in the third quarter, which is the most important quarter for us due to seasonality, we recorded 25.7% sales revenue and 31.0% EBITDA growth, mainly driven by the Soft Drinks and Beer operations.

With respect to performance on our core business lines, the beer segment with the easing of Covid-19 restrictions, recorded strong growth in Russia and has generated solid free cash flow. The soft drinks segment recorded volume growth in the third quarter and continued with its strong profitability performance. Migros, on the other hand, continued its investments in online channels, reduce debt levels, while sales performance remained strong in the third quarter

Despite unfavorable moves in TL since the beginning of the year and uncertainties with regards to Covid-19, we have managed to keep our leverage ratios under control on the back of strong operational performance as well as conservative and proactive balance sheet management, positive FCF, utilization of idle assets, efficient and disciplined working capital management.

Consequently, as of September end, despite the depreciation in TL during the quarter, our net debt to EBITDA dropped to 1.8x. Net Debt to EBITDA was 2.3x at 3Q19-end and 3.6x at 3Q18-end respectively. Focus on financing in local currency, active use of derivative instruments to in order to minimize the foreign currency risks on debt, lowering short FX positions, strong profitability and strong FCF have played a key role reducing leverage. These actions have also positively impacted bottom-line performance. Consequently 84% of our FX position of foreign currency holding only debt has been protected as of 9M20. These ratios at 18YE and 19YE were 16% and 53% respectively.

As Anadolu Group our key focus areas for the coming period are, deleveraging, positive FCF generation, operational profitability, efficiency and digitization. We will also carry out innovative and pioneering works and add value to every field that we operate.

SUMMARY FINANCIALS

Beer (TL mn)	**3Q19**	**3Q20**	***Change***	**9M19**	**9M20**	***Change***
Sales Volume (mhl)	10,1	10,6	*4,4%*	27,6	28,0	*1,5%*
Net Sales	3.190	3.768	*18,1%*	8.206	9.117	*11,1%*
Gross Profit	1.419	1.624	*14,5%*	3.348	3.586	*7,1%*
EBITDA (BNRI)	543	682	*25,5%*	1.176	1.264	*7,5%*
Net Income	312	31	*-90,2%*	514	150	*-70,7%*
Gross Profit Margin	*44,5%*	*43,1%*		*40,8%*	*39,3%*	
EBITDA Margin	*17,0%*	*18,1%*		*14,3%*	*13,9%*	
Net Income Margin	*9,8%*	*0,8%*		*6,3%*	*1,6%*	
Soft Drinks (TL mn)	**3Q19**	**3Q20**	***Change***	**9M19**	**9M20**	***Change***
Sales Volume (mn unit case)	383	390	*1,8%*	1.004	957	*-4,7%*
Net Sales	3.848	4.973	*29,2%*	9.858	11.207	*13,7%*
Gross Profit	1.351	1.918	*42,0%*	3.417	4.028	*17,9%*
EBITDA	869	1.406	*61,8%*	2.008	2.620	*30,5%*
EBITDA (Exc. Other)	870	1.421	*63,3%*	2.086	2.639	*26,5%*
Net Income	556	857	*54,1%*	965	1.396	*44,6%*
Gross Profit Margin	*35,1%*	*38,6%*		*34,7%*	*35,9%*	
EBITDA Margin	*22,6%*	*28,3%*		*20,4%*	*23,4%*	
Net Income Margin	*14,4%*	*17,2%*		*9,8%*	*12,5%*	
Migros (TL mn)	**3Q19**	**3Q20**	***Change***	**9M19**	**9M20**	***Change***
Net Sales	6.464	7.695	*19,1%*	17.195	21.108	*22,8%*
Gross Profit	1.772	1.979	*11,7%*	4.690	5.523	*17,8%*
EBITDA	698	611	*-12,4%*	1.774	1.703	*-4,0%*
Net Income	179	9	*-95,0%*	-202	-282	*-39,1%*
Gross Profit Margin	*27,4%*	*25,7%*		*27,3%*	*26,2%*	
EBITDA Margin	*10,8%*	*7,9%*		*10,3%*	*8,1%*	
Net Income Margin	*2,8%*	*0,1%*		*-1,2%*	*-1,3%*	
Automotive (TL mn)	**3Q19**	**3Q20**	***Change***	**9M19**	**9M20**	***Change***
Net Sales	989	1.781	*80,1%*	2.642	3.934	*48,9%*
Gross Profit	159	320	*101,5%*	438	629	*43,8%*
EBITDA	103	239	*131,2%*	279	433	*55,1%*
Net Income	-69	217	*n.m.*	-236	214	*n.m.*
Gross Profit Margin	*16,0%*	*17,9%*		*16,6%*	*16,0%*	
EBITDA Margin	*10,4%*	*13,4%*		*10,6%*	*11,0%*	
Net Income Margin	*-7,0%*	*12,2%*		*-8,9%*	*5,4%*	
Energy and Industry* (TL mn)	**3Q19**	**3Q20**	***Change***	**9M19**	**9M20**	***Change***
Net Sales	463	522	*12,8%*	1.530	1.335	*-12,7%*
Gross Profit	110	93	*-15,5%*	315	176	*-44,2%*
EBITDA	92	61	*-33,9%*	248	98	*-60,3%*
Net Income	-34	-122	*-253,6%*	-186	-387	*-108,2%*
Gross Profit Margin	*23,8%*	*17,8%*		*20,6%*	*13,2%*	
EBITDA Margin	*19,9%*	*11,7%*		*16,2%*	*7,4%*	
Net Income Margin	*-7,4%*	*-23,3%*		*-12,2%*	*-29,0%*	
Other (TL mn)	**3Q19**	**3Q20**	***Change***	**9M19**	**9M20**	***Change***
Net Sales	34	44	*28,1%*	106	118	*11,1%*
Gross Profit	23	31	*37,6%*	71	91	*28,0%*
EBITDA	12	7	*-45,1%*	28	16	*-43,1%*
Net Income	3	-85	*n.m.*	-282	-346	*-22,6%*
Gross Profit Margin	*66,6%*	*71,6%*		*66,7%*	*76,8%*	
EBITDA Margin	*35,5%*	*15,2%*		*26,4%*	*13,5%*	
Net Income Margin	*22,8%*	*n.m.*		*n.m.*	*n.m.*	
Consolidated (TL mn)	**3Q19**	**3Q20**	***Change***	**9M19**	**9M20**	***Change***
Net Sales	14.680	18.455	*25,7%*	38.738	46.051	*18,9%*
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Net Income	242	259	*7,1%*	481	-219	*n.m.*
Net Income** (excl. Migros revaluation)	240	259	*8,0%*	-228	-219	*4,0%*
Gross Profit Margin	*32,7%*	*32,3%*		*30,4%*	*30,5%*	
EBITDA Margin	*15,7%*	*16,3%*		*14,1%*	*13,4%*	
Net Income Margin	*1,6%*	*1,4%*		*1,2%*	*-0,5%*	

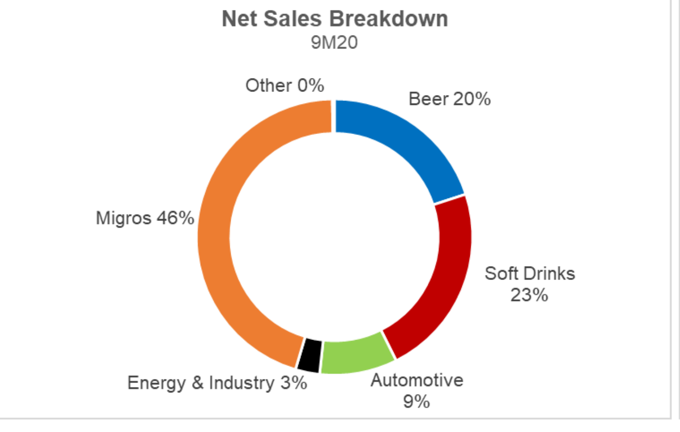
** Adel, McDonald's, Energy, Real Estate and our tourism company Efestur are included in Energy and Industry segment.*

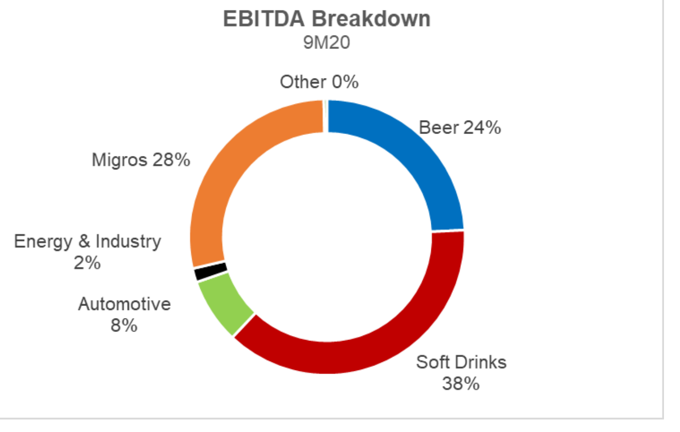
*** As Migros started to be fully consolidated, fair value appraisal works were completed as of December 31, 2019. Thus, September 2019 financial statements were revised. One-off impact on the net income is TL 709 mn, and excluding the one-off adjusted net loss stands at TL 228 mn for 9M19.*

CONSOLIDATED FINANCIAL PERFORMANCE

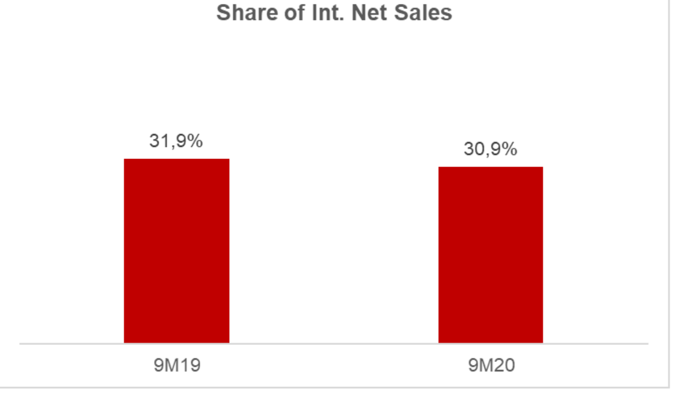
Consolidated (TL mn)	3Q19	3Q20	*Change*	9M19	9M20	*Change*
Net Sales	14.680	18.455	*25,7%*	38.738	46.051	*18,9%*
Gross Profit	4.798	5.965	*24,3%*	11.784	14.028	*19,0%*
EBITDA	2.298	3.011	*31,0%*	5.447	6.189	*13,6%*
Net Income	242	259	*7,1%*	481	-219	*n.m.*
Net Income (excl. Migros revaluation)	240	259	*8,0%*	-228	-219	*4,0%*
Gross Profit Margin	*32,7%*	*32,3%*		*30,4%*	*30,5%*	
EBITDA Margin	*15,7%*	*16,3%*		*14,1%*	*13,4%*	
Net Income Margin	*1,6%*	*1,4%*		*1,2%*	*-0,5%*	

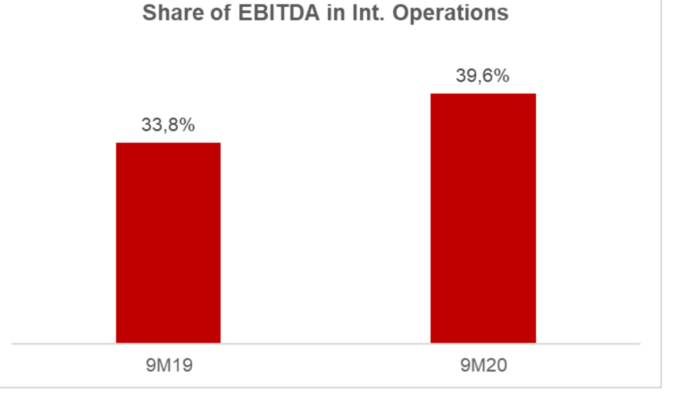
AG Anadolu Grubu Holding ("Anadolu Grubu")'s consolidated revenues increased by 18.9% YoY to reach TL 46.1 bn in 9M20. Within our main segments, Migros, Beer and Soft Drinks sales revenues increased by 22.8%, 11.1% and 13.7% YoY respectively. The auto segment also has seen revenues increase by 48.9% YoY on the back of fleet optimization and second hand auto sales in 9M20. Energy and Industrial segment's revenues on the other hand declined by 12.7% YoY in 9M20 while the "Other segment" which has a small share in our total revenue mix increased revenues by 11.1% YoY in 9M20.





Sum of segmental percentages may exceed 100% due to eliminations





Share of international revenues declined slightly to 30.9% in 9M20 mostly due to strong Migros and auto sales performance. On the other hand, share of int. EBITDA increased from 33.8% in 9M19 to 39.6% in 9M20 on the back of strong performance on soft drinks and beer segments on international countries.

Consolidated EBITDA increased slightly by 13.6% to TL 6.2 bn in 9M20. Soft Drinks, Beer and Auto Segments EBITDA increased by 30%, 8% and 55% respectively. Soft Drinks, Migros and Beer's share in total 12month trailing EBITDA were 38%, 28% and 24% respectively while auto, energy and industrial, other segments had a combined share of 10% in total EBITDA mix during this period.

The group recorded TL 219 mn net loss in 9M20. The procedures regarding full consolidation of Migros and determining the fair value of the business have been completed at 19YE. Accordingly 9M19 financial statements have been restated. The impact of the restatement of the 9M19 financial statements on net profit was TL 709 mn and thus without the restatement impact the net loss would have been TL 228mn in 9M19.

During the 9M20, TL depreciated 33% vs. the basket (EUR-USD) while deprecation of TL was less in 9M19 at 4% vs. the basket. Still the bottom-line showed improvement as the company benefited from timely use of derivative instruments and focus on financing with local currency.

We have generated TL 5 bn FCF on the back of strong operational performance, disciplined working capital management, prudent investment expenditures, idle asset sales and the positive impact of third quarters in which we generate the strongest FCF thanks to seasonality impact of Beer and Soft Drink segments.

Despite unfavorable moves in TL since the beginning of the year and uncertainties with regards to Covid-19, we have managed to keep our leverage ratios under control on the back of strong operational performance as well as conservative and proactive balance sheet management, positive FCF, utilization of idle assets, efficient and disciplined working capital management.

Focus on financing in local currency, active use of derivative instruments in order to minimize the foreign currency risks on debt and lowering short FX positions have played a key role reducing leverage particularly at the Holding and Migros. These actions have also positively impacted bottom-line performance. Consequently 84% of our FX position of foreign currency holding only debt has been protected as of 9M20. These ratios at 2018YE, 2019YE and 1H20 were 16%, 53% and 74% respectively.

Consolidated net debt to EBITDA declined to 1,8x at 3Q20-end from 2.2x at 2Q20-end. Net Debt to EBITDA was 2.3x at 3Q19-end and 3.6x at 3Q18-end. Despite unfavorable move in Turkish Lira, Migros net debt to EBITDA declined to 1.7x at 9M20 on the back of continuation of strong operational performance and proactive balance sheet management. Auto segment net debt to EBITDA also declined to 1.9x while soft drinks net debt to EBITDA declined to 0.5x 9M20. Beer segment net debt to EBITDA increased to 1.3x at 3Q20-end vs. 1.0x at 2019YE. Net debt to EBITDA at energy & industrial segments increased to 19.3x at 3Q20-end due to seasonality, weak operational performance and slight increase in debt levels.

As of 9M20 end, 27% of our consolidated debt is short term and 73% is long term whereas short term debt was 29% and long term comprised 71% of total debt as of 2019 year-end. Average duration of our debt is 24 months.

In line with the strategy of deleveraging the businesses through cash generation, strategic options are evaluated for the divestiture or further utilization our assets. As such we continue to await for the Competition Board’s approval in order to finalize the sale of McDonald’s.

Segmental Indebtedness (incl. IFRS16)

9M20 (TL mn)	Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA*
Beer	6.159	3.781	2.378	1,3
Soft Drinks	6.382	4.832	1.550	0,5
Migros	6.888	3.267	3.621	1,7
Automotive	1.497	396	1.101	1,9
Energy & Industry	2.591	179	2.412	19,3
Other (Inc. Holding)	3.013	426	2.587	n.m.
Holding-only	*3.013*	*370*	*2.643*	*n.m.*
Consolidated	26.462	12.882	13.580	1,8
Condolidated (mn Euro)	2.899	1.411	1.488	1,8
Consolidated (excl. IFRS16)	22.648	12.882	9.766	1,5

2019YE (TL mn)	Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	5.088	3.262	1.826	1,0
Soft Drinks	5.491	2.933	2.559	1,1
Migros	7.521	2.348	5.173	2,3
Automotive	1.991	488	1.503	3,5
Energy & Industry	2.145	75	2.070	7,5
Other (Inc. Holding)	2.482	238	2.244	n.m.
Holding-only	*2.482*	*200*	*2.282*	*n.m.*
Consolidated	24.640	9.344	15.296	2,2
Condolidated (mn Euro)	3.705	1.405	2.300	2,2
Consolidated (excl. IFRS16)	20.589	9.344	11.245	1,9

9M19 (TL mn)	Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	4.768	2.648	2.121	1,3
Soft Drinks	5.233	2.724	2.508	1,1
Migros	7.515	2.282	5.233	2,3
Automotive	2.217	119	2.097	5,3
Energy & Industry	2.237	128	2.109	6,8
Other (Inc. Holding)	1.963	258	1.705	n.m.
Holding-only	*1.963*	*220*	*1.743*	*n.m.*
Consolidated	23.818	8.160	15.658	2,3
Condolidated (mn Euro)	3.852	1.320	2.532	2,3
Consolidated (excl. IFRS16)	19.733	8.160	11.573	2,0

**Hedging instruments not included. In this context, including hedges consolidated net debt/EBITDA would have been 1.73x for 9M20.*

BEER SEGMENT

Beer (TL mn)	3Q19	3Q20	*Change*	9M19	9M20	*Change*
Sales Volume (mhl)	10,1	10,6	*4,4%*	27,6	28,0	*1,5%*
Net Sales	3.190	3.768	*18,1%*	8.206	9.117	*11,1%*
Gross Profit	1.419	1.624	*14,5%*	3.348	3.586	*7,1%*
EBITDA (BNRI)	543	682	*25,5%*	1.176	1.264	*7,5%*
Net Income	312	31	*-90,2%*	514	150	*-70,7%*
Gross Profit Margin	*44,5%*	*43,1%*		*40,8%*	*39,3%*	
EBITDA Margin	*17,0%*	*18,1%*		*14,3%*	*13,9%*	
Net Income Margin	*9,8%*	*0,8%*		*6,3%*	*1,6%*	

Beer segment total sales volume increased by 1.5% YoY to 28.0 mhl in 9M20. Sales volumes were 4.4% ahead of last year in 3Q20 offsetting the weakness in first half of 2020. In Turkish beer business, especially July and August volumes were ahead of expectations driven by increased mobility and easing restrictions. Although there has been a decline in on-trade sales YoY, this weakness was compensated by higher off-trade sales. Russian beer business continued its growth momentum as the overall beer market grew in this period. Ukrainian beer market was weak and our volume performance likewise was also weak as it was also impacted by competitive pressures. Therefore, international sales volume was up by 4.1% in 9M20 reaching 24.5 mhl. Consequently the share of international sales volume stood at 88% of total sales in 9M20.

Total beer sales revenues increased by 11.1% YoY in 9M20 reaching TL 9.1 bn. Turkey beer operation’s net sales revenues per hl was up by 17.4% YoY in 3Q20 benefitting from the price increases in this period. Beer sales volumes performance was also better than the first two quarters supported by the “+1” launch. Lower sales in on trade and hotel channels, where discounts are normally higher, also supported revenue per hl and top line growth. In domestic operations, revenues were up by 1.2% YoY in 9M20 to TL 1.7 bn. On the other hand, international sales increased by 13.7% YoY in 9M20 to TL 7.4 bn. International sales revenues reached 81% of total revenues in 9M20.

The gross margin of beer segment contracted by 150 bps declining to 39.3% in 9M20. In Turkey, COGS per hl in 3Q20 was lower than the first two quarters, yet in international operations, as a result of increases in COGS, gross profit growth was slightly below new sales revenue growth.

Beer segment completed 9M20 with a TL 1.3 bn EBITDA. In Turkey, operational expenses were up only by 3.7% in 3Q20 as a result of substantial measures taken to control expenses. Therefore, Turkey operations EBITDA increased by 20.6% YoY in 3Q20. International beer operation’s EBITDA margin expanded driven by savings in selling expenses as well as phasing of some marketing expenses. As a result, EBITDA of international operations was up by 11.8% y-o-y exceeding TL 1 bn in 9M20.

Beer segment completed 9M20 with a TL 150 mn net profit.

Domestic Beer operations generated TL 161 mn FCF and international Beer generated TL 527 mn FCF in 9M20

SOFT DRINKS

Soft Drinks (TL mn)	3Q19	3Q20	*Change*	9M19	9M20	*Change*
Sales Volume (mn unit case)	383	390	*1,8%*	1.004	957	*-4,7%*
Net Sales	3.848	4.973	*29,2%*	9.858	11.207	*13,7%*
Gross Profit	1.351	1.918	*42,0%*	3.417	4.028	*17,9%*
EBITDA	869	1.406	*61,8%*	2.008	2.620	*30,5%*
EBITDA (Exc. Other)	870	1.421	*63,3%*	2.086	2.639	*26,5%*
Net Income	556	857	*54,1%*	965	1.396	*44,6%*
Gross Profit Margin	*35,1%*	*38,6%*		*34,7%*	*35,9%*	
EBITDA Margin	*22,6%*	*28,3%*		*20,4%*	*23,4%*	
Net Income Margin	*14,4%*	*17,2%*		*9,8%*	*12,5%*	

Consolidated sales volume declined by 4.7% in 9M20 to reach 957 mn U.C. Third quarter has transitioned to a fast recovery period after the fast adaptation of the second quarter with balanced performance across our geography despite the continuation of the pandemic. 3Q20 consolidated sales volume increased by 1.8% to 390 mn U.C, bringing 9-months cumulative sales volume to 957 mn U.C. on the back of historically high monthly sales figures in July and August in which we recorded 3% and 12% volume growth year on year, respectively, Sparkling category, which accounted for 82% of total sales, had an outstanding performance in 3Q20 and grew by 9.0% on a yearly basis. Share of international sales volume was 55% of the overall volumes.

Net sales revenues rose by 13.7% YoY in 9M20 to reach TL 11.2 bn. The growth was driven by higher volumes together with local currency NSR per unit case growth in the majority of our operations, as well as positive currency translation impact. Both Turkey and international operations contributed positively to the top-line growth. The share of international revenues stood at 54% of overall revenues.

Gross margin increased by 120 bps to 35.9% in 9M20. The strong expansion in gross margin was mainly attributable to higher NSR per unit case and cost efficiencies despite the negative packaging mix. In Turkey, gross margin slightly increased by 26 bps to 42.8% in 3Q20. Higher NSR per unit case, limited or no increase in certain raw material prices and cost efficiencies offset the unfavorable package mix. In International operations, gross margin increased by 665 bps to 35.2% in 3Q20 with the support of revenue growth management initiatives and savings in certain raw material costs at the majority of our countries.

EBITDA margin was up by 300 bps to 23.4% in 9M20, reflecting a higher margin in international operations. Operating profitability and quality growth continued in the third quarter. Turkey operation's EBITDA margin - excluding the impact of other income/(expense) - increased by 649 bps to 27.9% despite the termination of the cash designation accounting, while International operation's EBITDA margin - excluding the impact of other income/(expense) - increased by 533 bps to 28.1% with a balanced improvement in both Turkey and International operations. Share of EBITDA for International operations stands at 59%.

Net income of the segment was TL 1.4 bn in 9M20 vs. TL 965 mn in 9M19, reflecting stronger operating profitability.

Free cash flow was TL 1.9 bn in 9M20 vs TL 895 million in the same period of the previous year. Besides solid profitability and lower capital expenditure in line with our prudent spending approach during the pandemic, the exceptionally tight working capital management also resulted in the solid free cash flow generation.

MİGROS

Migros (TL mn)	3Q19	3Q20	*Change*	9M19	9M20	*Change*
Net Sales	6.464	7.695	*19,1%*	17.195	21.108	*22,8%*
Gross Profit	1.772	1.979	*11,7%*	4.690	5.523	*17,8%*
EBITDA	698	611	*-12,4%*	1.774	1.703	*-4,0%*
Net Income	179	9	*-95,0%*	-202	-282	*-39,1%*
Gross Profit Margin	*27,4%*	*25,7%*		*27,3%*	*26,2%*	
EBITDA Margin	*10,8%*	*7,9%*		*10,3%*	*8,1%*	
Net Income Margin	*2,8%*	*0,1%*		*-1,2%*	*-1,3%*	

Net sales revenues of Migros increased by 22.8% YoY in 9M20 to reach TL 21.1 bn. In the first nine months of the year, increasing demand, higher basket size and increasing coverage of online operations supported the growth at the top-line level. Additionally, Migros continued to improve its online operations for a better customer experience.

Online sales in the third quarter remained strong despite the easing of Covid-19 restrictions. Migros is now better equipped to meet a potential sudden increase in demand on the back of higher capacity and wider of coverage of its internet sales. The service coverage of online operations stands at 81 cities with 550 stores. The company opened 144 new stores in 9M20, and 11 new stores in October 2020 increasing total number of stores to 2,303 stores as of October-end.

Gross profit increased by 17.8% YoY in 9M20 to reach TL 5.5 bn, implying a gross profit margin of 26.2%. Migros also generated TL 1.7 bn EBITDA in 9M20 with an EBITDA margin of 8.1%. Additional costs related to Covid-19, lower sales performance as well as rental income from shopping centers negatively impacted margins and limited EBITDAR (Earnings Before Interest Taxes Deprecation Rent Payments) increase to 4% in 9M20.

In line with the plan implemented by the management for deleveraging, Migros' net debt/EBITDA ratio improved 60 bps compared to 2019YE and declined to 1.7x as of September-end. Net debt declined by TL 1.5 bn from 2019YE to TL 3.6 bn as end of 9M20. As the company continues to lower debt, the share of FX denominated debt within overall debt also continues to decline. As such Migros' Euro debt declined from Euro 611 mn at 2018YE to Euro 135 mn as of 9M20-end.

Despite a sharper move in EUR and USD vs. TL in 9M20 in comparison to 9M19 the negative impact on bottom-line was contained to certain extent thanks to focus on financing in local currency and lowering of FX debt. Still the bottom was in red at TL 282 mn in 9M20 due to lower margins, higher financial expenses and impact of IFRS16.

AUTOMOTIVE SEGMENT

Automotive (TL mn)	3Q19	3Q20	*Change*	9M19	9M20	*Change*
Net Sales	989	1.781	*80,1%*	2.642	3.934	*48,9%*
Gross Profit	159	320	*101,5%*	438	629	*43,8%*
EBITDA	103	239	*131,2%*	279	433	*55,1%*
Net Income	-69	217	*n.m.*	-236	214	*n.m.*
Gross Profit Margin	*16,0%*	*17,9%*		*16,6%*	*16,0%*	
EBITDA Margin	*10,4%*	*13,4%*		*10,6%*	*11,0%*	
Net Income Margin	*-7,0%*	*12,2%*		*-8,9%*	*5,4%*	

Automotive segment posted TL 3.9 bn net sales revenues in 9M20, up by 48.9% YoY. Main reason for the rise in the automotive segment revenue growth is higher consignment sales, second hand sales and KIA sales.
As a result, Celik Motor recorded TL 3 bn revenues up by 76% YoY. For Anadolu Isuzu, international sales declined in 9M20 due to sharp drop in export markets. Thus, Anadolu Isuzu's revenues declined by 15% YoY in 9M20.

According to 9M20, Çelik Motor constituted 78% of automotive sales revenues, remaining shares were 18% of Anadolu Isuzu and 4% of Anadolu Motor.

Gross profit margin of the segment in 9M20 declined by 60 bps compared to the same period of last year to reach 16.0% in 9M20.

Despite 77% yearly increase in the gross profit of Çelik Motor in the first nine months of the year, this did not reflect to gross profit margin due to higher consignment sales. As such Gross margin of Çelik Motor increased by only 10 bps to 15.0% in 9M20. Anadolu Isuzu's gross margin also declined by 50bps to 19.0% in 9M20 with drop in sales.

EBITDA of the auto segment increased to TL 433 mn in 9M20 vs. TL 279 mn in 9M19, with EBITDA margin improving by 40 bps in 9M20. With lower sales revenues, Anadolu Isuzu's EBITDA margin contracted from 10.0% in 9M19 to 5.0% in 9M20 while Çelik Motor's EBITDA margin increased from 11.4% in 9M19 to 12.5% in 9M20.

Despite unfavorable moves in FX, Net debt/EBITDA ratio of the segment declined to 1.9x at 9M20-end vs. 3.5x at 2019YE on the back of solid EBITDA generation and lower debt. Çelik Motor's net debt declined from TL 946 mn at 2019YE to TL 532 mn at September 2020 end. Automotive segment companies will continue their operations with efficient and prudent financial management principles.

On the other hand, Çelik Motor continued to optimize its fleet size and generated around TL 627 mn funds in 9M20. The total fleet size of the company stands at 3,500 as of 9M20-end.

The auto segment in the coming period will focus on sales and distribution of KIA branded vehicles, online auto sales at ikinciyeni.com and daily auto rental operations (MOOV).

ENERGY & INDUSTRY SEGMENT

Energy and Industry (TL mn)	**3Q19**	**3Q20**	***Change***	**9M19**	**9M20**	***Change***
Net Sales	463	522	*12,8%*	1.530	1.335	*-12,7%*
Gross Profit	110	93	*-15,5%*	315	176	*-44,2%*
EBITDA	92	61	*-33,9%*	248	98	*-60,3%*
Net Income	-34	-122	*-253,6%*	-186	-387	*-108,2%*
Gross Profit Margin	*23,8%*	*17,8%*		*20,6%*	*13,2%*	
EBITDA Margin	*19,9%*	*11,7%*		*16,2%*	*7,4%*	
Net Income Margin	*-7,4%*	*-23,3%*		*-12,2%*	*-29,0%*	

Adel, McDonald's, Energy, Real Estate and our tourism company Efestur are included in Energy and Industry segment.

Energy and Industry segment reported TL 1.3 bn net sales revenues in 9M20, down by 12.7% YoY. McDonald's revenues declined by 26% YoY in 9M20 due to Covid-19 related restrictions while real estate revenues dropped by 10%. Adel revenues increased by 18% in 9M20. Easing Covid-19 restrictions for the restaurant business and promotions and government incentives that have supported housing demand in 2H20 resulted with a recovery in this segment and revenues grew by 12.8% in 3Q20.

McDonald's holds 41% share in total sales of the segment, followed by 26% share of Real Estate, Adel 26% and 5% share of GUE. Additionally, while net debt of real estate companies constitute 39% of the segment's net debt, GUE's net debt is 34% of segment's total net debt.

The electricity produced at Paravani HEPP is sold in Turkey and Georgia in accordance with the weather conditions. Accordingly, 100% of the electricity produced at Paravani HEPP was sold to Georgia in 9M20.

Gross margin of the segment was down to 13.2% in 9M20. EBITDA was registered at TL 98 million, with a decrease of 60% YoY, mainly due to lower operational profitability of McDonald's and real estate business.

Net debt/EBITDA ratio of the retail segment increased to 19.3x as of 3Q20-end vs. 7.5x as of 2019YE due primarily to weaker EBITDA performance at McDonalds' and Real Estate business.

OTHER

Other (TL mn)	3Q19	3Q20	*Change*	9M19	9M20	*Change*
Net Sales	34	44	*28,1%*	106	118	*11,1%*
Gross Profit	23	31	*37,6%*	71	91	*28,0%*
EBITDA	12	7	*-45,1%*	28	16	*-43,1%*
Net Income	3	-85	*n.m.*	-282	-346	*-22,6%*
Gross Profit Margin	*66,6%*	*71,6%*		*66,7%*	*76,8%*	
EBITDA Margin	*35,5%*	*15,2%*		*26,4%*	*13,5%*	
Net Income Margin	*22,8%*	*n.m.*		*n.m.*	*n.m.*	

Holding, Insurance and other small scale businesses are consolidated under the other segment. Net sales revenues of the other segment increased by 11.1% to TL 118 mn. EBITDA came at TL 16 mn in 9M20.

Despite sharper FX appreciation at 33% in 9M20, bottom-line contraction was limited, thanks to the focus on risk management and measures taken accordingly.

SUMMARY SEGMENTAL FINANCIAL RESULTS - 9M20*

TL mn	Net Sales	*Yearly Change*	Gross Profit	*Yearly Change*	EBITDA	*Yearly Change*	Net Profit	*Yearly Change*
Beer	9.117	*11%*	3.586	*7%*	1.264	*8%*	150	*-71%*
Soft Drinks	11.207	*14%*	4.028	*18%*	2.620	*30%*	1.396	*45%*
Migros	21.108	*23%*	5.523	*18%*	1.703	*-4%*	-282	*-39%*
Automotive	3.934	*49%*	629	*44%*	433	*55%*	214	*n.m.*
Energy and Industry	1.335	*-13%*	176	*-44%*	98	*-60%*	-387	*-108%*
Other	118	*11%*	91	*28%*	16	*-43%*	-346	*-23%*
Consolidated	46.051	*19%*	14.028	*19%*	6.189	*14%*	-219	*4%*

**Yearly changes are calculated as Migros fully consolidated in 9M19*

SUMMARY BALANCE SHEET

TL million	30.09.2020	31.12.2019
Cash and equivalents	12.637	8.928
Trade receivables	4.408	3.316
Inventories	6.539	5.698
Prepaid expenses	848	762
Other current assets	2.145	1.776
Non-current Assets or Disposal Groups Classified as Held for Sale	128	0
Current Assets	**26.705**	**20.480**
Investments accounted through equity method	3	74
Investment properties	182	324
Tangible assets	17.311	16.544
Right of use assets	3.376	3.694
Intangible assets	24.888	23.723
-Goodwill	*6.968*	*6.934*
-Other intangible assets	*17.920*	*16.789*
Other non-current assets	2.619	2.293
Non-Current Assets	**48.379**	**46.652**
Total Assets	**75.084**	**67.132**
Short term borrowings	4.408	3.335
Short term poriton of long term borrowings	2.775	3.802
- Bank Loans	2.351	3.271
- Lease Liabilities	424	531
Trade payables	14.123	11.478
Deferred income	364	265
Other current liabilities	4.429	2.581
Current Liabilities	**26.099**	**21.461**
Long term borrowings	19.280	17.503
- Bank Loans	15.890	13.983
- Lease Liabilities	3.390	3.520
Deferred tax liability	3.374	3.187
Other non-current liabilities	1.341	1.247
Non-Current Liabilities	**23.995**	**21.937**
Total Liabilities	**50.094**	**43.398**
Equity	**24.990**	**23.734**
Non-controlling interests	19.046	17.655
Equity of the parent	5.944	6.079
Total Liabilities & Equity	**75.084**	**67.132**

SUMMARY INCOME STATEMENT

TL million	30.09.2020	30.09.2019
Revenues	46.051	32.280
Cost of sales (-)	(32.022)	(22.322)
Gross Profit	**14.029**	**9.958**
Operating expenses (-)	(10.160)	(7.373)
Other operations income/(expense)	(456)	(312)
Gain/(Loss) from investments accounted through equity method	(263)	(290)
Operating Income/(Loss) (EBIT)	**3.150**	**1.983**
Income /(expense) from investment operations	459	1.699
Financial income/(expense)	(2.372)	(1.795)
Income/(Loss) Before Tax from Continuing Operations	**1.237**	**1.887**
Tax income/(expense)	(583)	(342)
Net Income/(Loss) from Continuing Operations	**654**	**1.545**
Net Income/(Loss) from Discontinued Operations	**(4)**	**4**
Net Income/(Loss)	**650**	**1.549**
Net Income/(Loss)		
Non-controlling interests	869	1.068
Equity holders of the parent	(219)	481

INVESTOR RELATIONS CONTACTS

Please visit our website at https://www.anadolugrubu.com.tr/en for financial reports and further information regarding Anadolu Group Holding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document may contain certain forward-looking statements concerning for 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.