



# FY2018 Earnings Presentation

March 8, 2019

# FY2018 Results – Operational Snapshot

## Beer

- **🎯 Closing of the deal in Russia&Ukraine**
- **🎯 #2 market position solidified; synergies already being captured ahead of plans**
- **🎯 Successful brand portfolio expansions in Turkey**

## Soft Drinks

- **🎯 Highest annual volume growth in Turkey in 7 years driven by strong sparkling momentum**
- **🎯 10th year of Pakistan operation; focus on efficiencies&core sparkling, Faisalabad plant inaugurated**

## Migros

- **🎯 Market share gains in both total and modern FMCG**
- **🎯 Conversion of Kipa, Uyum and Makro stores into Migros format completed as planned; operating in 81 cities**

## Automotive & Retail

- **🎯 Euro 93 mn exports by Isuzu; highest in the last 24 years**
- **🎯 Renewed brand face and product portfolio of Adel**

# FY2018 Results – Financial Snapshot\*

## ❑ Solid top-line performance

- ✓ Consolidated sales up by **24.3%** to TL **42.1 billion**
- ✓ Main contributors: Soft drinks, Beer and Migros operations

## ❑ Geographical diversification creating flexibility

- ✓ International revenues share in total sales up from 25% to **32%** in 2018

## ❑ Operational profitability outpacing top-line growth

- ✓ EBITDA up by **26.2%** to TL 4.8 billion, EBITDA margin improvement of **20 bps** to 11.3%
- ✓ Migros and soft drinks contributing to the operational profitability

## ❑ Net loss of TL 1.1 bn

- ✓ Non-cash FX losses and higher interest expenses in effect

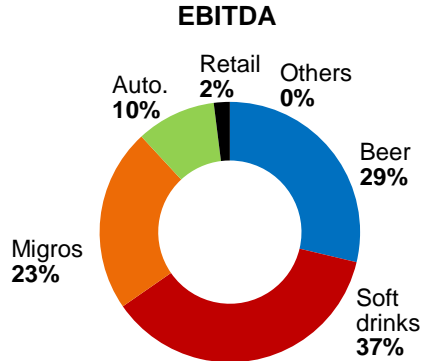
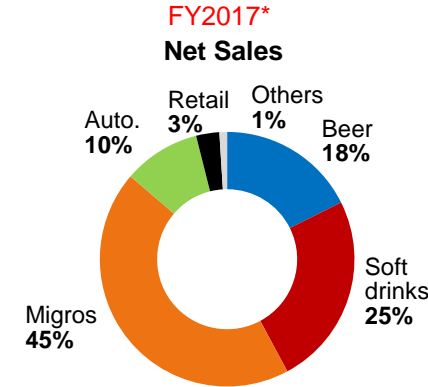
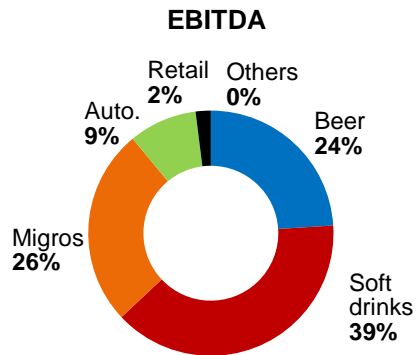
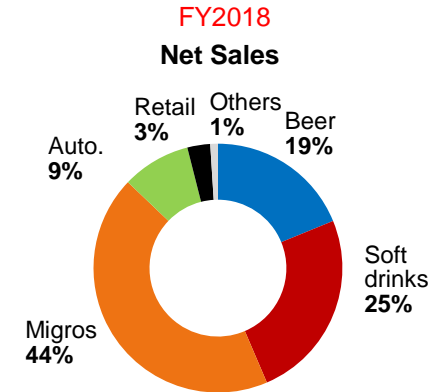
## ❑ Net debt/EBITDA down by 20 bps to **2.8x** as of 2018-end

- ✓ Continued focus on FCF generation across all segments



\* All numbers on this slide are on proforma basis, which include Migros as fully consolidated. For comparison purposes, 2017 figures also include ABI Russia and ABI Ukraine effect starting from April 1<sup>st</sup>. In this context, Holding proforma consolidated results of 4Q17 and 2017 include the aforementioned effect.

# Segmental Sales and EBITDA Breakdown

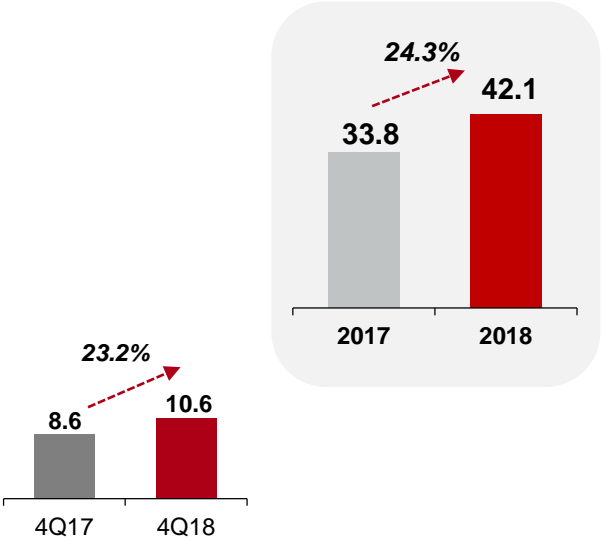


- Migros has the highest share in revenues at 44% followed by Soft Drinks segment share of 25% and Beer share of 19%.
- In EBITDA, Soft Drinks has the highest contribution by 39%. Migros and Beer constitute 24% and 26%, respectively.

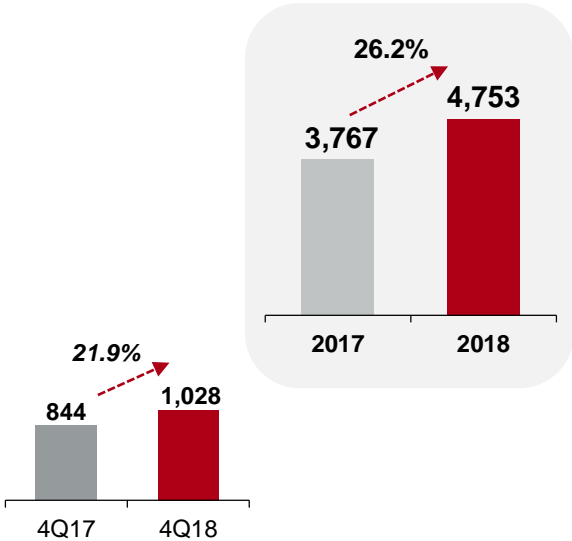
\*For comparison purposes, FY2017 figures also include ABI Russia and ABI Ukraine effect starting from April 1st

# Key Financial Indicators – 4Q18 & FY2018

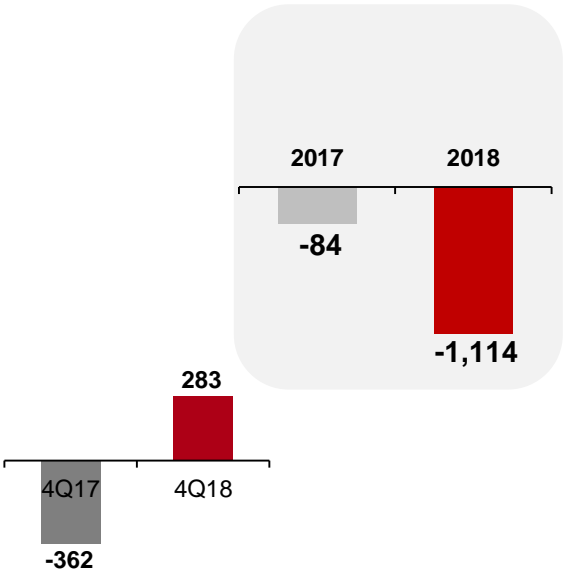
## Net Sales (TL bn)



## EBITDA (TL mn)

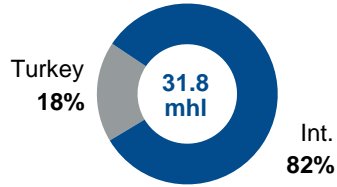


## Net Income (TL mn)

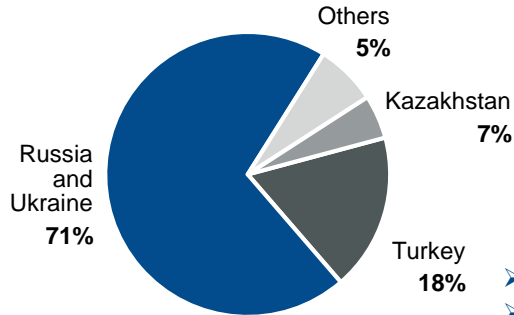


\* All numbers on this slide are on proforma basis, which include Migros as fully consolidated. For comparison purposes, 2017 figures also include ABI Russia and ABI Ukraine effect starting from April 1st. In this context, Holding proforma consolidated results of 4Q17 and 2017 include the aforementioned effect.

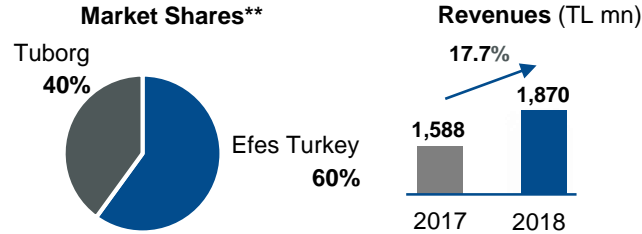
## Beer Sales Volume (FY2018)



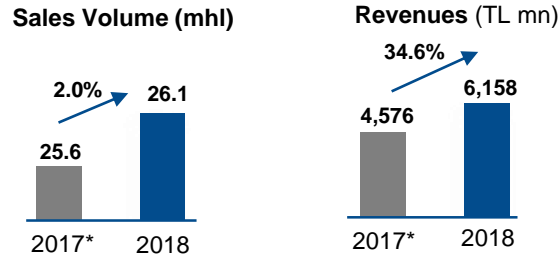
## Volume Breakdown by Country (FY2018)



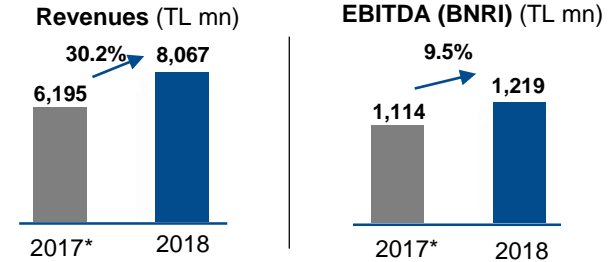
## Turkey Beer



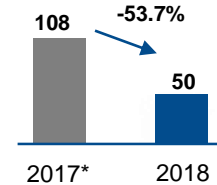
## International Beer



## Beer Segment Performance



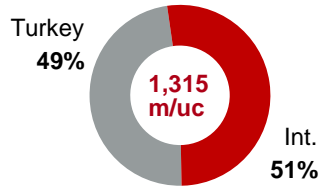
## Net Income (TL mn)



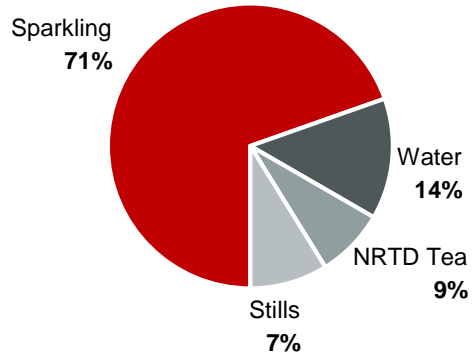
- Successful closing of the merger in Russia; **strong #2** player with **28% market share**.
- In other international markets **market share gains** supported by core & premium brands further solidified leadership position
- Expanded and **stronger brand portfolio** in Turkey; BUD, Varim, Corona, Leffe, Hoegaarden
- Moderate net financial **leverage of 1.5x**

\*2017 Proforma figures include ABI Russia and ABI Ukraine effect starting from April 1<sup>st</sup>  
 \*\*Average 2018 Nielsen

## Soft Drinks Sales Volume (2018)

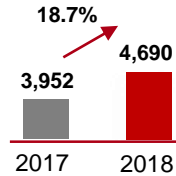


## Volume Breakdown by Category (2018)

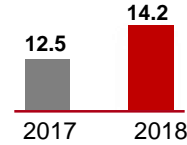


## Turkey Soft Drink Operations

### Revenues (TL mn)

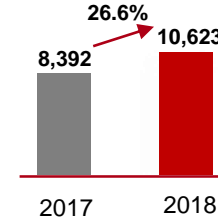


### EBITDA Margin (%)

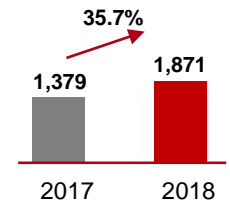


## Soft Drinks Segment Performance

### Revenues (TL mn)

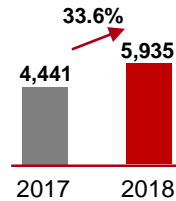


### EBITDA (TL mn)

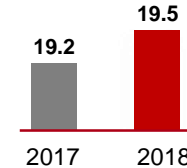


## Int. Soft Drink Operations

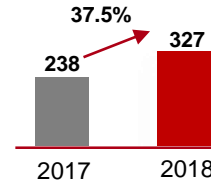
### Revenues (TL mn)



### EBITDA Margin (%)

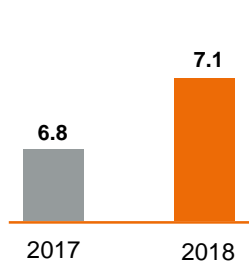


### Net Income (TL mn)

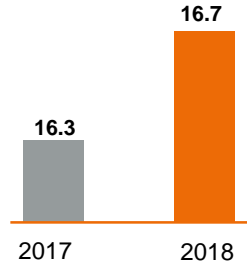


- **Highest volume growth in 7 years** driven by strong sparkling momentum
- Sustained growth in Pakistan with a **focus on efficiency**
- **Focus on reducing** FX exposure
- Increase in the net income driven by **EBITDA growth**

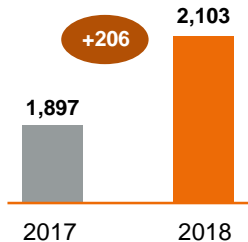
## Total FMCG Market Shares (%)



## Modern FMCG Market Shares (%)



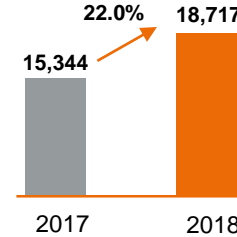
## Number of Stores (%)



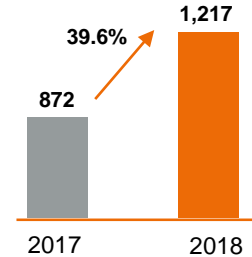
- Conversion of Kipa, Uyum and Makro stores into Migros format completed
- **Market share gains** in total FMCG and modern FMCG
- **238** new store openings in 2018
- Merger synergies and new store acquisitions leading to **significant improvement in gross profitability**
- Deleveraging with accelerated pace; asset divestitures worth of TL 388 mn since YE2017

## Migros Performance

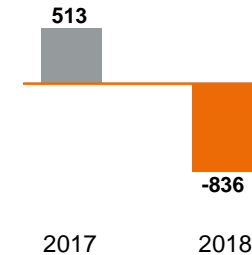
### Revenues (TL mn)



### EBITDA (TL mn)

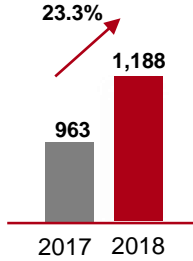


### Net Income (TL mn)

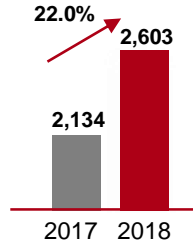




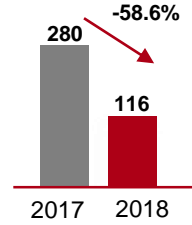
Asuzu Revenues (TL mn)



Çelik Motor Revenues (TL mn)

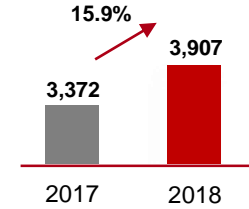


Anadolu Motor Revenues (TL mn)

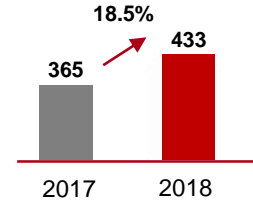


Automotive Segment Performance

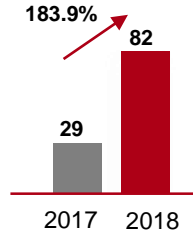
Revenues (TL mn)



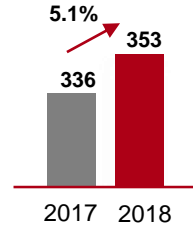
EBITDA (TL mn)



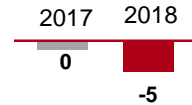
Asuzu EBITDA (TL mn)



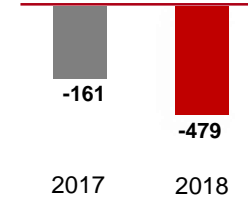
Çelik Motor EBITDA (TL mn)



Anadolu Motor EBITDA (TL mn)

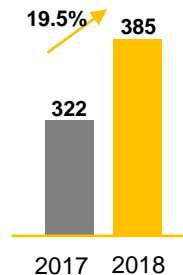


Net Income (TL mn)

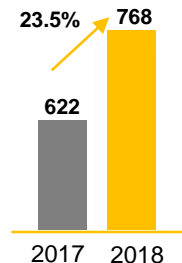


- Asuzu sales up by 23% y-o-y in 2018, boosted by **export revenues**
- Çelik Motor **fleet optimization** ongoing; fleet size decreased from 32K in 2017 to 21K in 2018
- Deleveraging in progress; net debt/EBITDA at 6.5x

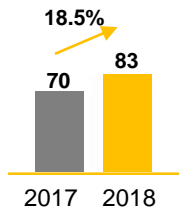
Adel Revenues (TL mn)



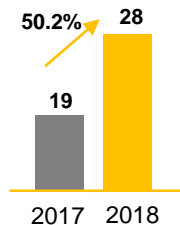
McDonald's Revenues (TL mn)



Adel EBITDA (TL mn)



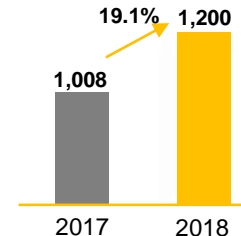
McDonald's EBITDA (TL mn)



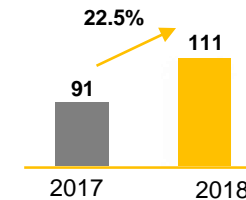
- **Strong topline growth in QSR business**; while number of restaurants flat at 255.
- Retail segment EBITDA growth supported by increased operational profitability in QSR
- **100% TL denominated borrowings**; bottomline effected negatively by the uprise in financial expenses

Retail Segment Performance

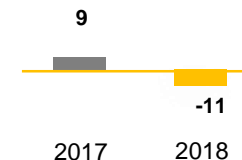
Revenues (TL mn)



EBITDA (TL mn)



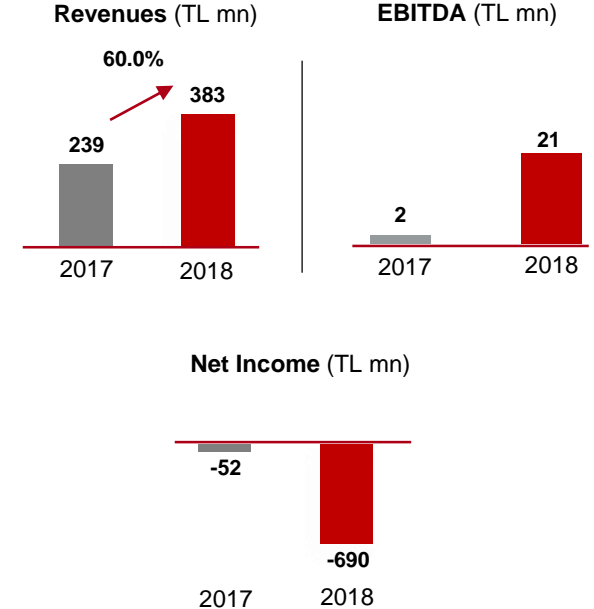
Net Income (TL mn)



# Others

- **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; 65% of pre-sales of AND Pastel has been completed as of 2018-end.
- Leasing works continue at AND Kozyatağı, which has a total leasable area of 31.5K sqm and has an occupancy rate of around 70% for the time being.
- **Paravani HEPP** generated TL 76 mn revenues in 2018, up by 40.2%. 72% of the electricity produced at Paravani HEPP sold to Georgia and 28% sold to Turkey in 2018
- **Aslancık HEPP** (consolidated via equity pick up method) generated turnover of TL 114 million in 2018 vs. TL 83 million recorded in 2017
- **Migros**, booked under “other gains from investments accounted through equity” in the other segment regard of equity consolidation method; to be fully consolidated starting from the second quarter of 2019

## Others Segment Performance



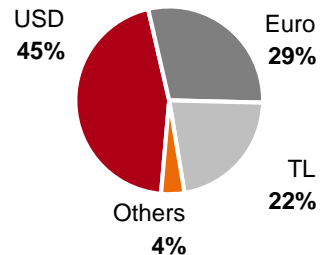
# Financial Priorities

As of 2018-end (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
Automotive	3,066	241	2,825	6.5
Retail	349	106	243	2.2
Other (Holding incl.)	3,010	185	2,825	n.m.
<i>Holding only</i>	1,645	110	1,535	n.m.
<b>Consolidated</b>	<b>15,654</b>	<b>5,323</b>	<b>10,330</b>	<b>2.9</b>
Migros	4,570	1,769	2,801	2.3
<b>Proforma Consolidated</b>	<b>20,224</b>	<b>7,092</b>	<b>13,131</b>	<b>2.8</b>
Proforma Consolidated (Euro mn)	3,341	1,172	2,169	2.8

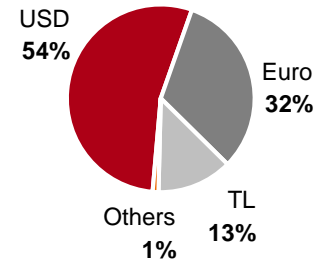
As of 2017-end (TL mn)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/ EBITDA
Beer	2,519	1,606	913	1.5*
Soft Drinks	5,991	3,892	2,099	1.5
Automotive	3,214	190	3,025	8.3
Retail	213	55	158	1.7
Other (Holding incl.)	2,176	165	2,011	n.m.
<i>Holding only</i>	1,143	74	1,069	n.m.
<b>Consolidated</b>	<b>14,113</b>	<b>5,908</b>	<b>8,204</b>	<b>3.1</b>
Migros	3,912	1,628	2,284	2.6
<b>Proforma Consolidated</b>	<b>18,025</b>	<b>7,536</b>	<b>10,489</b>	<b>3.0</b>
Proforma Consolidated (Euro mn)	3,992	1,669	2,323	3.0

\*2017 Net debt/EBITDA ratio was calculated including ABI Russia and ABI Ukraine effect starting from April 1st.

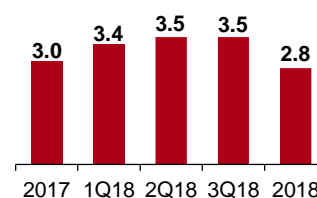
Breakdown of Net Debt (2018)



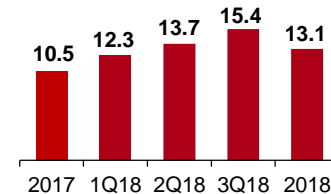
Breakdown of Net Debt (2017)



Consolidated Net Debt / EBITDA (x)



Consolidated Net Debt (TL bn)



All numbers in above charts are on proforma basis, which include Migros as fully consolidated.

# Financial Priorities

---

 **Profitability&efficiency improvements**

 **Tight B/S management**

 **Proactive risk management**

 **FCF generation**

 **Develeraging**

# Closing Remarks

---

In **2018**; we were able;



Grow our revenues by 24.3%

Grow our EBITDA over topline growth, at 26.2%

Proactively manage risks

In **2019**, we are going to;



Focus on strong operational performance coupled with profitable growth

Concentrate on FCF generation

Continue managing risks proactively

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



Q&A

Thank you...

## Disclaimer Statement:

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 Anadolu Grubu Holding.



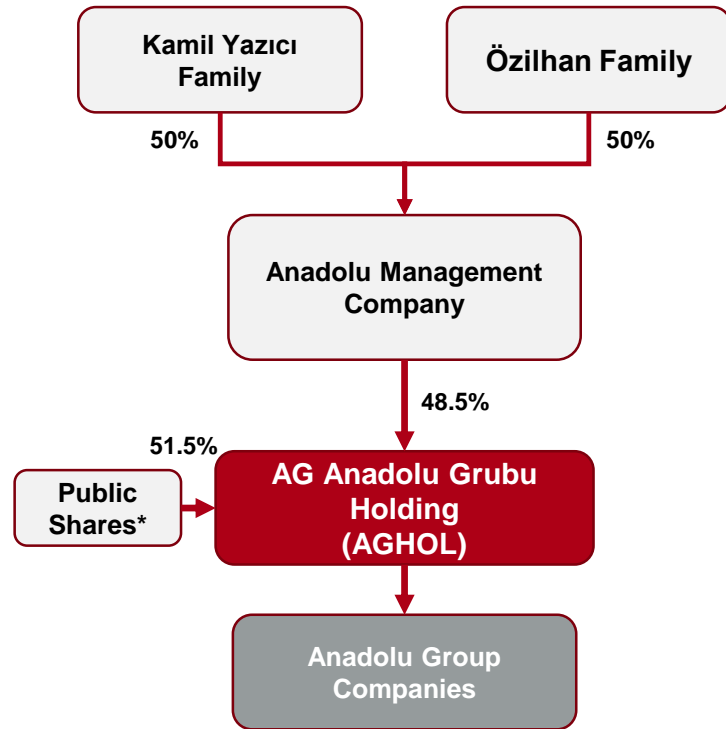
- I. Segmental Financial Data
- II. Shareholder Structure and Consolidation Methods



# Segmental Financial Data

TL million	Beer	Soft Drinks	Automotive	Retail	Other	Consolidated	Migros	Proforma Consolidated
<b>Net Sales</b>	8.067	10.623	3.907	1.200	381	23.981	18.717	42.070
<i>y-o-y</i>	30%	27%	16%	19%	59%	26%	22%	24%
<b>Gross Profit</b>	3.464	3.527	695	248	148	7.943	5.249	13.146
<i>y-o-y</i>	22%	27%	24%	14%	27%	25%	29%	26%
<b>Operating Profit</b>	284	1.254	299	65	-433	1.455	441	2.249
<i>y-o-y</i>	-43%	44%	14%	14%	-413%	-20%	46%	18%
<b>EBITDA</b>	1.128	1.871	433	111	20	3.562	1.217	4.753
<i>y-o-y</i>	3%	36%	18%	23%	<i>n.m.</i>	22%	40%	26%
<b>PBT</b>	198	556	-479	-4	-694	-549	-1.047	-1.125
<i>y-o-y</i>	2%	32%	103%	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>Net Income</b>	50	327	-479	-11	-690	-1.114	-836	-1.114
<i>y-o-y</i>	-54%	38%	197%	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>Net Debt</b>	1.805	2.633	2.825	243	2.825	10.330	2.801	13.131
<i>y-o-y</i>	98%	25%	-7%	54%	40%	26%	23%	25%
<i>Gross Margin</i>	42,9%	33,2%	17,8%	20,7%	38,8%	33,1%	28,0%	31,2%
<i>EBITDA Margin</i>	14,0%	17,6%	11,1%	9,3%	5,2%	14,9%	6,5%	11,3%
<i>Net Margin</i>	0,6%	3,1%	-12,3%	-0,9%	-181,1%	-4,6%	-4,5%	-2,6%

# 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	Equity*
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

\*Migros will be fully consolidated latest by June 2019.

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