






# FY2019 Earnings Presentation




**March 5, 2020**

# 2019 Results - Operational Snapshot



## Beer

-  Robust international beer performance
  -  Market outperformed in Russia and Ukraine thru the year
  -  Synergies extracted ahead of targets
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## Soft Drinks

-  Another year of quality growth in Turkey through price and sales mix initiatives
  -  Sparkling category continued to grow with increasing share of “IC” packages
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## Migros

-  Increase footfall by continuous emphasis on product variety, competitive pricing and high service standards
  -  Growing network of online operations
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## Anadolu Isuzu

-  Increased focus on exports continued in 2019

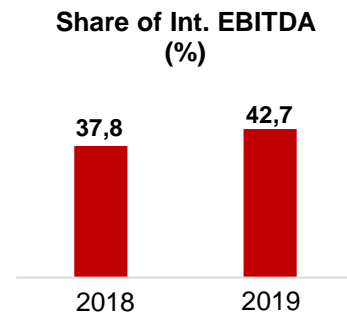
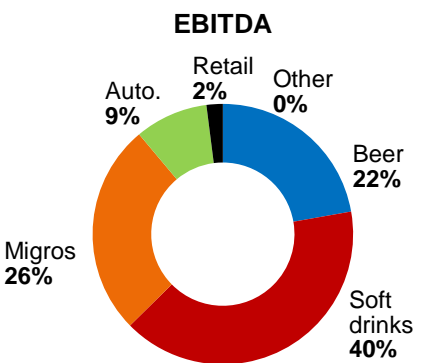
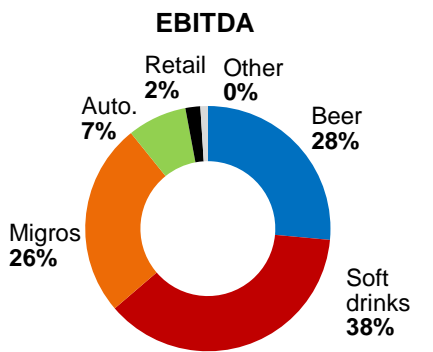
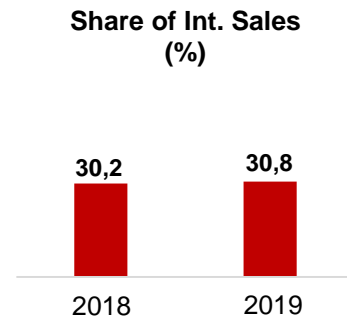
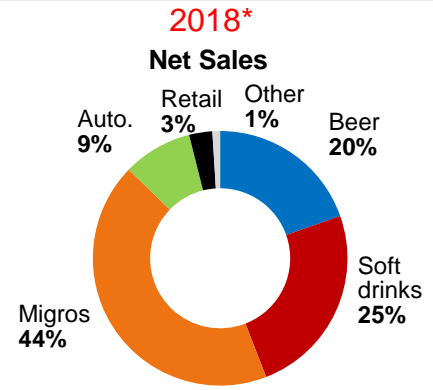
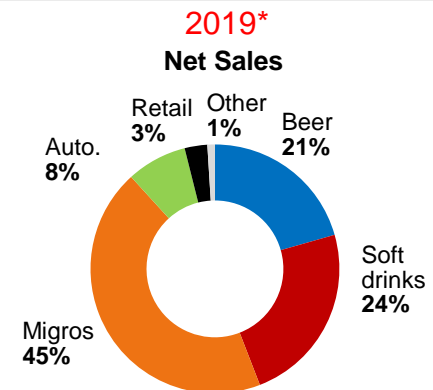
# 2019 Results - Financial Snapshot\*

- **Low-twenties growth in top-line**
  - ✓ Consolidated sales up by **21.5%** to TL **51.7 bn**
  - ✓ Main contributors: Beer, Migros and Soft Drink operations
- **Operational profitability outpaced revenue growth by a wide margin**
  - ✓ EBITDA surged by **28.1%** and reached TL **6.0 bn**, EBITDA margin improvement of **60 bps** to 11.5%
  - ✓ Substantial contribution from Beer, Migros and Soft Drinks
- **Net income of TL 644 mn 2019 vs. net loss of TL 1.2 bn of 2018**
  - ✓ Bottom-line improved significantly which is attributable to improving operational profitability, relatively more stable TL and one-off gain of TL 862 mn recorded related to the consolidation scope change of Migros.
  - ✓ Excluding one-off gains net loss would have been TL 218 mn in 2019
- **Net debt/EBITDA down by 90 bps to 1.9x as of 2019 vs. 2018**
  - ✓ Deleveraging right on track
- **Comprehensive focus on FCF generation across the board**
  - ✓ Consolidated FCF of TL 3.5 bn in 2019



\* All numbers on this slide are on proforma basis, which include Migros as fully consolidated. For comparison purposes, 2018 figures also include ABI Russia and ABI Ukraine effect starting from January 1<sup>st</sup> and 2019 results exclude IFRS16 impact. In this context, proforma consolidated results include the aforementioned effects.

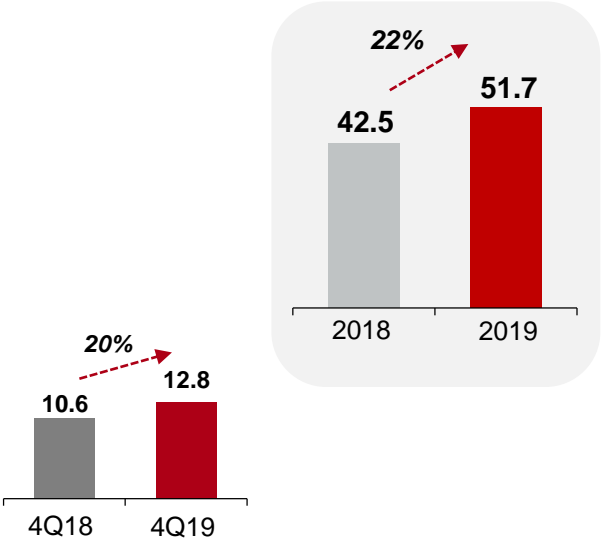
# Segmental Sales and EBITDA Breakdown



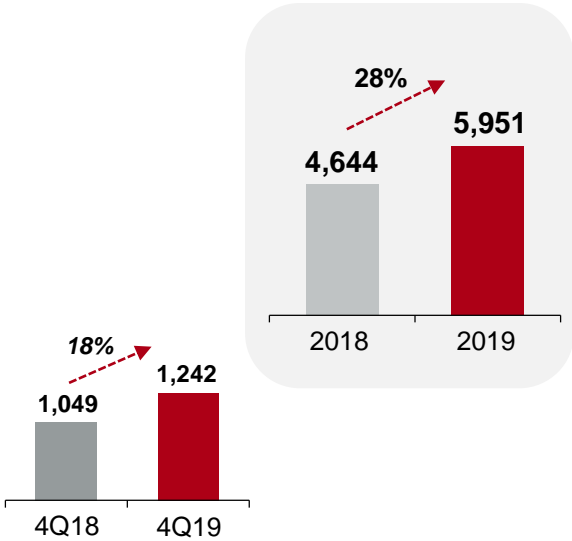
\* All numbers on this slide are on proforma basis, which include Migros as fully consolidated. For comparison purposes, 2018 figures also include ABI Russia and ABI Ukraine effect starting from January 1<sup>st</sup> and 2019 results exclude IFRS16 impact.

# Key Financial Indicators\* – 4Q19 & FY2019

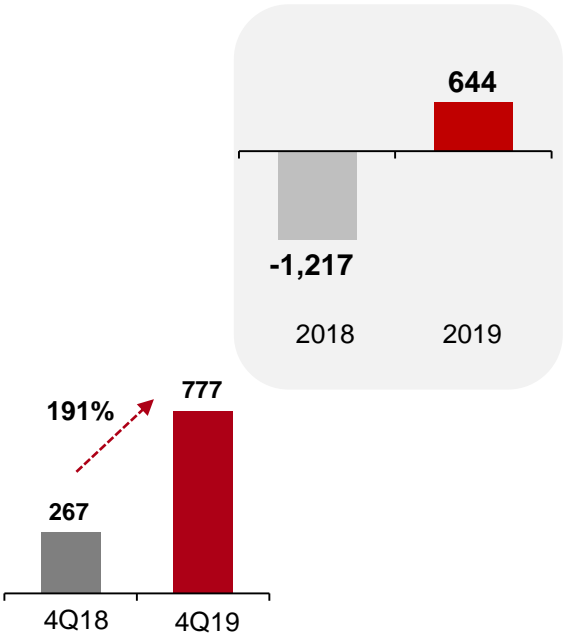
## Net Sales (TL bn)



## EBITDA (TL mn)

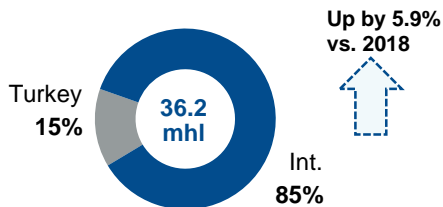


## Net Income (TL mn)

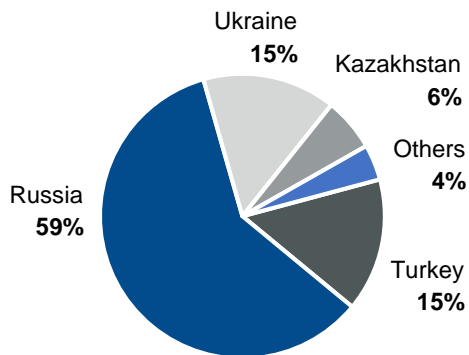


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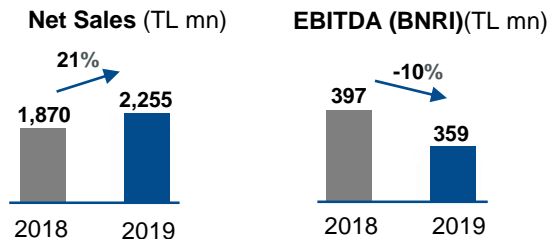
## Beer Sales Volume (2019)



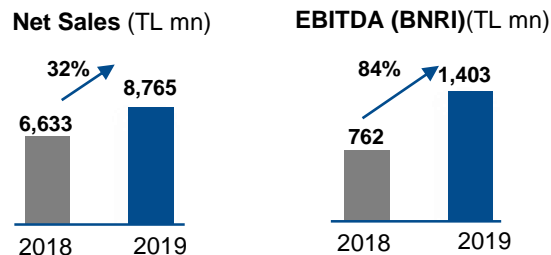
## Volume Breakdown (2019)



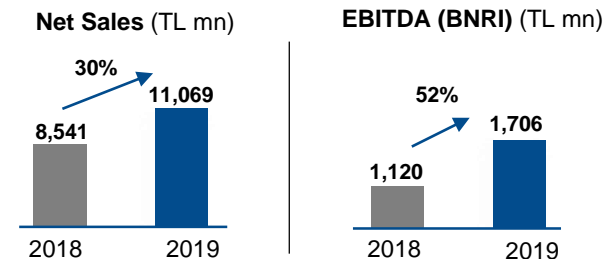
## Turkey Beer



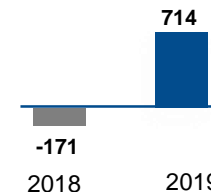
## International Beer



## Beer Segment Performance



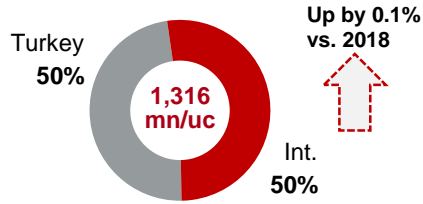
## Net Income (TL mn)



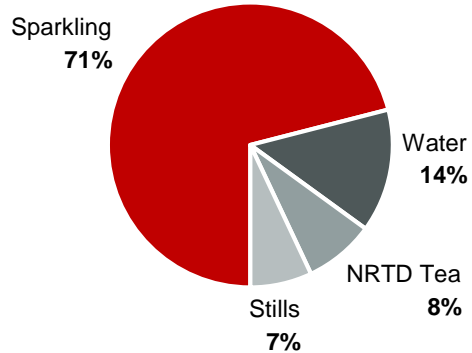
- Strong top-line growth & margin expansion
- Robust FCF generation with lowest ever Core Working Capital
- Market leadership achieved in Russia & Ukraine / Market share gains in Moldova and Georgia

On this slide, 2018 Proforma figures include ABI Russia and ABI Ukraine effect starting from January 1st. 2018 figures also include the incremental depreciation charge in 2019 which is a result of the revaluation of fixed assets following the merger in Russia & Ukraine as required by IFRS 3. 2019 results exclude IFRS16 impact

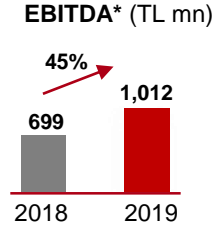
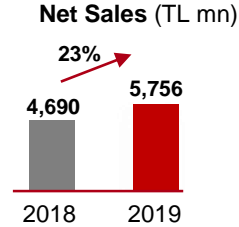
## Soft Drinks Sales Volume (2019)



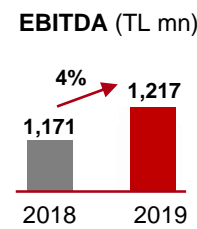
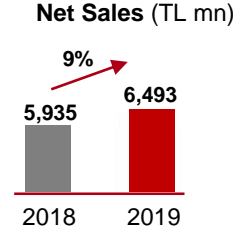
## Volume Breakdown (2019)



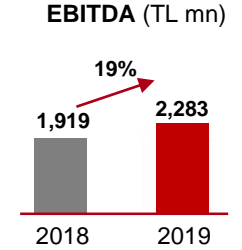
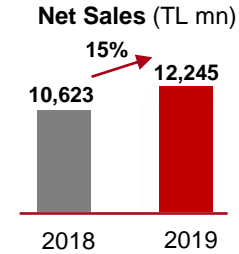
## Turkey Operations



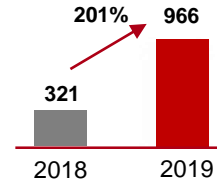
## International Operations



## Soft Drinks Segment Performance



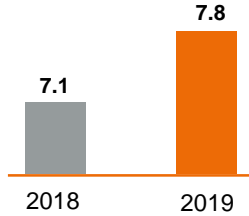
### Net Income (TL mn)



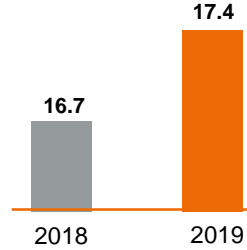
- Core business volume growth of 1%
- Over TL 1 bn FCF generation
- EBITDA growth of 19% outpaced revenue growth

\*Excluding other income/expense

## Total FMCG Market Shares (%)

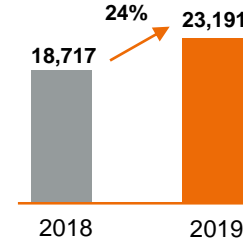


## Modern FMCG Market Shares (%)

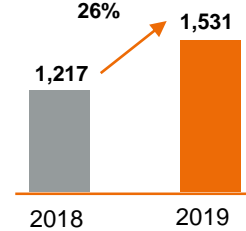


## Migros Performance\*

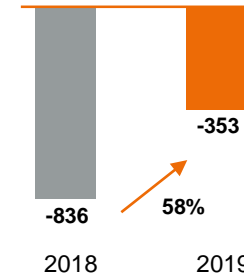
### Net Sales (TL mn)



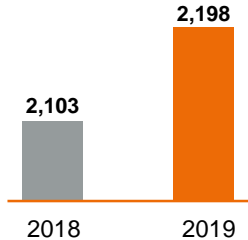
### EBITDA (TL mn)



### Net Income (TL mn)



## Number of Stores

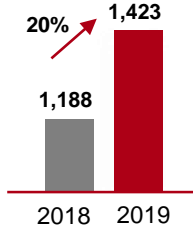


- 70 bps market share gain in both modern & total FMCG market
- 137 new stores in 2019 (32 new stores in 2 months of 2020)
- Deleveraging continues; asset divestitures reached TL 526 mn in 2019
- Net debt/EBITDA decreased to 1.3x in 2019YE from 2.3x in 2018YE

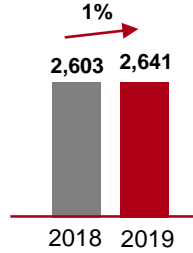
\*2019 results exclude IFRS16 impact



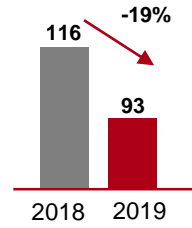
Anadolu Isuzu Net Sales (TL mn)



Çelik Motor Net Sales (TL mn)

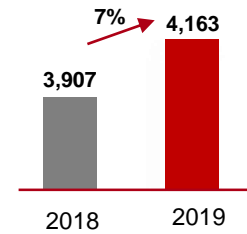


Anadolu Motor Net Sales (TL mn)

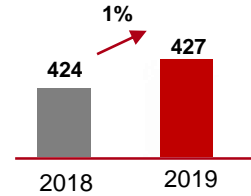


Automotive Segment Performance

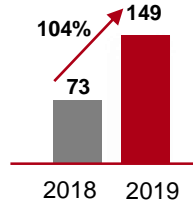
Net Sales (TL mn)



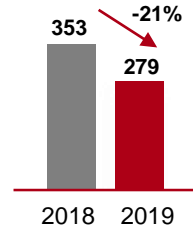
EBITDA (TL mn)



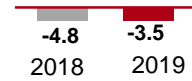
Anadolu Isuzu EBITDA (TL mn)



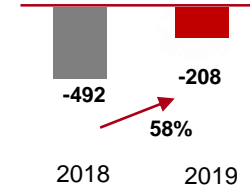
Çelik Motor EBITDA (TL mn)



Anadolu Motor EBITDA (TL mn)

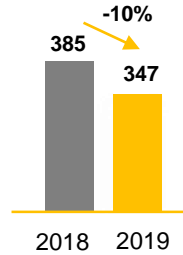


Net Income (TL mn)

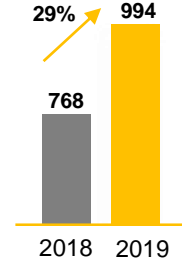


- Anadolu Isuzu EBITDA surged by 104% y-o-y, thanks to increased focus on exports
- Çelik Motor fleet optimization; fleet size at ~9K in 2019
- Deleveraging in progress; net debt/EBITDA at 3.1x

Adel Net Sales (TL mn)

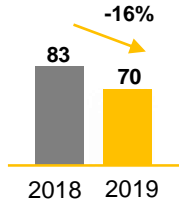


McDonald's Net Sales (TL mn)

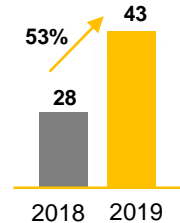


- 17% revenue growth mainly supported by QSR business
- Operational profitability rose in QSR

Adel EBITDA (TL mn)

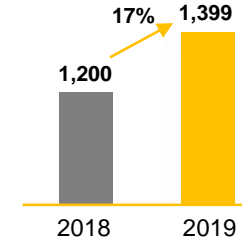


McDonald's EBITDA (TL mn)

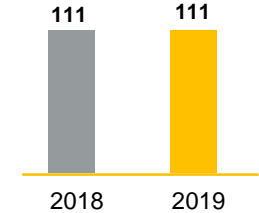


Retail Segment Performance

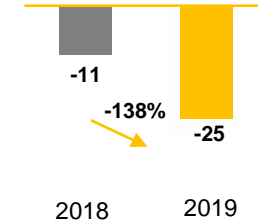
Net Sales (TL mn)



EBITDA (TL mn)



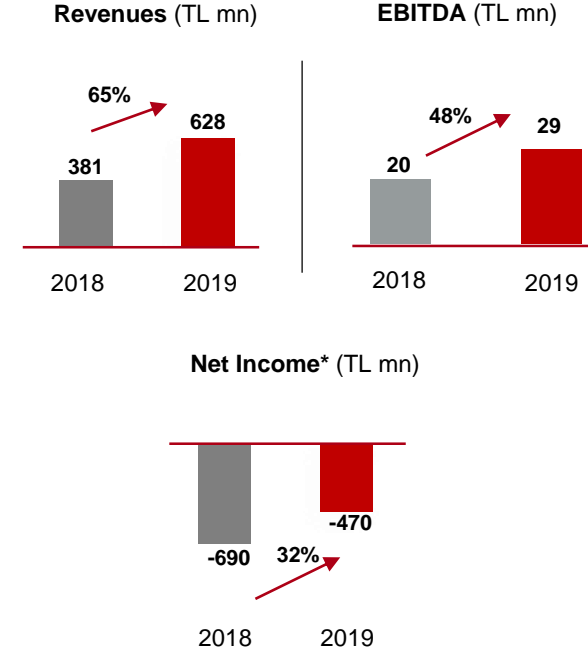
Net Income (TL mn)



# Other

- **Holding, energy and real estate companies** are consolidated under other segment.
- Revenues rose by real estate operations; deliveries of the **AND Pastel** residential project; 72% of sales of AND Pastel has been completed as of 2019-end.
- Leasing works continue at AND Kozyatağı, which has a total leasable area of 31.5K sqm.
- **Paravani HEPP** generated TL 80 mn revenues in 2019. 77% of the electricity produced at Paravani HEPP sold to Georgia.
- **Aslancık HEPP** (consolidated via equity pick up method) generated turnover of TL 140 million in 2019

## Other Segment Performance



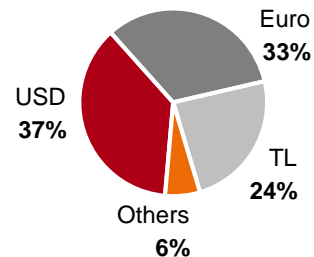
\*As Migros is started to be fully consolidated, net income impact for the first 4 months has been excluded from net income of other segment

# Financial Priorities: Deleveraging right on track

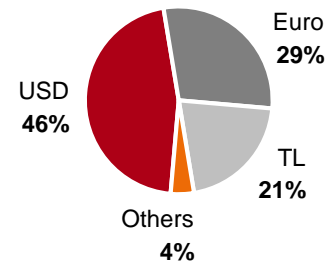
As of 2019YE (TL mn)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	4,837	3,262	1,575	0.9
Soft Drinks	5,267	2,933	2,334	1.0
Migros	4,403	2,348	2,055	1.3
Automotive	1,807	488	1,319	3.1
Retail	261	53	208	1.9
Other (incl. Holding)	4,014	260	3,754	n.m.
<i>Holding-only</i>	2,431	200	2,232	n.m.
Proforma Consolidated	20,589	9,344	11,245	1.9
Proforma Consolidated (Euro mn)	3,096	1,405	1,691	1.9

As of 2018YE (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
Migros	4,570	1,769	2,801	2.3
Automotive	2,809	241	2,567	5.9
Retail	334	106	228	2.1
Other (incl. Holding)	3,008	185	2,823	n.m.
<i>Holding-only</i>	1,645	110	1,535	n.m.
Proforma Consolidated	19,945	7,092	12,853	2.8
Proforma Consolidated (Euro mn)	3,295	1,172	2,123	2.8

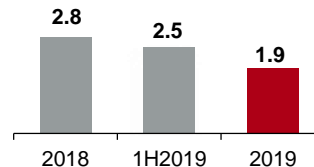
Breakdown of Gross Debt\*\* (2019)



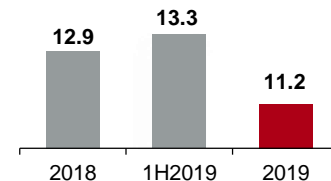
Breakdown of Gross Debt (2018)



Consolidated Net Debt / EBITDA (x)



Consolidated Net Debt (TL bn)








\*2018 Net debt/EBITDA ratio was calculated including ABI Russia and ABI Ukraine effect starting from January 1st, 2018.

\*\*Excluding hedging instruments

# 2020 Financial Priorities

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

# Closing Remarks

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- ✓ **Robust sales and EBITDA growth achieved**
- ✓ **Strong operational performance coupled with profitable growth**
- ✓ **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...

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