

ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş. Material Event Disclosure (General)

Summary Info

FY2018 Volume Announcement

Material Event Disclosure General

Related Companies []

Related Funds []

Material Event Disclosure General	
Update Notification Flag	Hayır (No)
Correction Notification Flag	Hayır (No)
Date Of The Previous Notification About The Same Subject	-
Postponed Notification Flag	Hayır (No)
Announcement Content	
Explanations	

Anadolu Efes Consolidated

Anadolu Efes' **consolidated** sales volume has posted a growth of 1.9% on a proforma basis in 4Q2018, benefitting from the growth of both beer and soft drinks operations. The growth in the quarter was driven mainly by international beer operations. As a result, Anadolu Efes' consolidated sales volume in FY2018 reached 106.5 mhl with y-o-y increase of 4.7%, in line with our guidance of low-to-mid single digit growth.

Beer Group

In 4Q2018, **beer group** sales volume has increased by 3.9% on a proforma basis, reaching 8.2 mhl. The highest contributor to this growth was Russia, where other international markets also have shown strong volume performances in the quarter. In full year 2018, total beer volume was recorded as 31.8 mhl with a proforma increase of 1.2%, significantly beating our full year guidance of low-single digit decline.

Turkey Beer

Turkey domestic beer volume declined by 4.2% y-o-y in 4Q2018, cycling a strong growth of 5.6% in 4Q2017. Double digit growth in export volumes in 4th quarter mitigated the decline in domestic operations and as a result total sales volume decline of Turkey was limited to 2.6%.

In FY2018 **Turkey** domestic beer volume reached 5.3 mhl, indicating 2.0% decline compared to FY2017, in line with our guidance. In the same period Turkish beer market is estimated to be up by low-to-mid-single digit year on year, whereas our market share has been stable since the second quarter of the year.

Total **Turkey** sales volume including exports realized as 5.7 mhl in FY2018, also down 2.0% y-o-y.

We started to see some slowdown in demand due to deterioration of consumer confidence in 4th quarter. The intermediary price increases taken by the industry in October also put pressure on market performance in 4Q. We continued to focus and benefit from our portfolio expansion strategy.

In line with our strategy of having a well-diversified brand portfolio meeting consumer demands at all occasions, we have added "**Corona Extra**", one of the World's top 10 beer brands, "**Leffe**", an almost 8 century old Belgium brand as well as "**Hoegaarden**", world famous wheat beer to our brand portfolio starting from January 1st 2019.

International Beer

EBI's consolidated sales volume has increased by 5.3% y-o-y on a proforma basis in 4Q2018 reaching 6.8 mhl, with positive contribution of good volume performances of Russia, Kazakhstan and Moldova. Accordingly for full year 2018, EBI's sales volume was realized at 26.1 mhl, with an increase of 2.0% on a proforma basis.

World Cup as well as favorable weather conditions during summer period in Russia led to an estimated market growth of low-single digit in FY2018, slightly ahead of our expectation of flat volumes. We have been able to leverage on our execution during the integration period in our Russian operation, while also enjoying the recovery in the industry. As a result sales volume in Russia grew by high single digit in 4Q and by low single digit in FY2018 on a proforma basis.

Our operations in Ukraine performed ahead of expectations and delivered growth on a full year basis. We maintain our strong number two position in this market.

The market is estimated to be flattish in Kazakhstan. Our volume performance was ahead of the market driven by our successful brand portfolio and execution efforts despite intense competition. Performance ahead of the market resulted in market share gains, solidifying our leadership position in the market.

In our other **international** beer operations, the markets were impacted negatively with unfavorable weather conditions especially during summer period.

Soft Drink Group

In 4Q18, **consolidated** sales volume increased by 0.6% to 228.5 million u/c, driven by Water (up 7.0%) and NRTD Tea (up 11.5%) while Sparkling and Stills categories contracted by 2.2% and 4.9%, respectively, mostly due to Turkey operation.

In FY18, **consolidated** sales volume increased by 6.3% to 1,314.9 million u/c, exceeding the guidance of 4%-6%. FY18 growth represents 77 million u/c incremental volume which was driven by strong performance of Sparkling (up 6.8%), Stills (up 11.6%) and Water (up 6.0%) categories while non-ready-to-drink ('NRTD') Tea was down by 1.2%.

In **Turkey**, in 4Q18, volume remained almost flat at 120.1 million u/c, despite the decline in NARTD market, impacted by macroeconomic headwinds deteriorating consumer sentiment and price increases taken in September. The Sparkling category contracted by 6.9% while sugar free segment continued to grow. The Stills category volume declined by 10.4% in the quarter, while the Water category grew by 9.4%. NRTD Tea delivered 11.9% growth, supported by the low base in 4Q17.

In FY18, volume increased by 4.8% in **Turkey** to 650.5 million u/c, marking the highest annual growth since 2012. All categories except for the NRTD Tea posted growth in FY18 while the Sparkling category grew by 5.7%, cycling 1.7% growth in FY17. The share of immediate consumption ('IC') packages in the Sparkling category continued to increase in 2018, reaching to 23% from 22% in FY17. The number of transactions exceeded the volume growth with 11% increase.

Throughout 2018, accelerated cooler investments, strong brand innovations such as Coca-Cola No Sugar and Fanta-C, and increased full portfolio availability supported the Sparkling volume. Sugar free segment was up by 26%, reflecting the focus on 'Coca-Cola No Sugar' while the share of sugar free in Sparkling volume increased by 1 pp to c.7%. The Stills category grew by 5.8% with Ice Tea being the main contributor through accelerated investment and increased availability. The Water category volume was up by 7.6% in 2018 with double-digit growth in IC packages. The decline in NRTD Tea volume was primarily due to the price increases.

In 4Q18, **international** soft drink operations delivered 1.5% growth, reaching 108.4 million u/c sales volume.

Pakistan volume was up by 1.4% in 4Q18, reflecting some slowdown due to price increases in early October as well as macroeconomic backdrop putting pressure on private consumption. Across the Middle East, volume declined by 5.3%. Sales volume in Iraq was down by 2.2%, as markets were closed for almost 10 days due to a religious occasion and security concerns, along with continued challenges due to political environment. Jordan contracted 21.9% mainly due to the weak macroeconomic environment. Central Asia registered 7.2% volume growth with more than 20% growth in Azerbaijan, Kyrgyzstan, and Tajikistan. During the quarter, Kazakhstan posted 6.7% growth, cycling 13.4% growth in 4Q17. New year consumer promotions and successful consumer activations contributed to the Sparkling category growth in the Region.

In FY18, **international** soft drink operations posted 7.8% volume growth, reaching 664.5 million u/c primarily driven by Pakistan and Kazakhstan operations. In Pakistan, volume increased by 7.3% in FY18, cycling 3.5% growth in FY17. The growth was supported by the focus on route-to-market, the inauguration of Faisalabad plant before the high season and successful consumer activities. The Sparkling category recorded a 6.7% growth in 2018. Improved market execution led to outperformance of the overall market growth. Coca-Cola trademark posted mid-single digit growth while Sprite grew by low-teens on the back of the three-brand strategy. The launch of Dasani brand also contributed to volume with c.35% growth in the Water category.

Across the Middle East, volume grew by 2.0%. Iraq posted 3.9% growth while high-single digit growth in the Sparkling category partially offset by the contraction in the Water category. Jordan sales volume contracted by 8.4% due to increases in the excise tax and weak macroeconomic backdrop putting pressure on overall consumer spending.

Central Asia registered 12.7% growth, with all markets except for Turkmenistan delivering double-digit growth. Kazakhstan posted 14.1% growth, reaching the highest-ever sales volume, along with significant value share gains. Strong market execution and effective marketing campaigns coupled with improved macroeconomics supported by higher oil prices resulted in double-digit growth in all categories. Azerbaijan posted 29.7% growth, driven by more than 30% growth in the Sparkling category, reaching highest volume ever. Growth in Azerbaijan coming from all categories which was the result of strong market execution and marketing investment. Turkmenistan on the other hand, recorded 34.9% volume contraction due to continued currency convertibility issues, causing interruptions in production.

We proclaim that our above disclosure is in conformity with the principles set down in "Material Events Communiqué" of Capital Markets Board, and it fully reflects all information coming to our knowledge on the subject matter thereof, and it is in conformity with our books, records and documents, and all reasonable efforts have been shown by our Company in order to obtain all information fully and accurately about the subject matter thereof, and we're personally liable for the disclosures.