

1H20 FINANCIAL PERFORMANCE*:

Net Sales:

up by 14.7% to TL 27.6 bn

EBITDA:

up by 0.9% to TL 3.2 bn

Net loss attr. to parent:

TL 478 mn

Consolidated (TL mn)	1H19	1H20	Change
Net Sales	24.058	27.596	14,7%
Gross Profit	6.986	8.063	15,4%
EBIT	935	1.269	35,7%
EBITDA	3.149	3.178	0,9%
Net Profit	239	-478	a.d.
Adjusted Net Profit**	-472	-478	-1,3%

**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, June 2019 financial statements were revised. One-off impact on the net income is TL 711 mn, and excluding the one-off adjusted net profit stands at TL 472 mn for 1H19.*

MESSAGE FROM CEO MR. HURŞİT ZORLU

As we have stated along with our 1Q20 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 which will likely last for some time, our top priority is obviously to protect the health of our employees and stakeholders and consequently overcome these challenging times as one big family.

We are taking a series of precautions in order to avoid interruption to our operations. We are also constantly in touch with our customers and suppliers and evaluating and taking actions as needed. 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 by 14.7% YoY in 1H20 thanks our balanced geographical and sectoral breakdown. Especially during 2Q20, with all the negatives of Covid-19, we have managed to protect our EBITDA and grew it by 0.9% YoY on the back of strong Migros sales, cost discipline and beer volume growth on int. markets.

With respect to performance on our core business lines, despite this very challenging period, beer segment both in Turkey and int. countries managed to record solid free cash flow. Soft Drinks despite lower volumes managed to improve margins. Migros on the other hand in this critical juncture continued with its investments in digitalization and served its customers in the fastest and best way possible through increasing online sales, continued with deleveraging and increased its top-line by 25% YoY in 1H20.

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 June end, despite the depreciation in TL during the quarter, our net debt to EBITDA stayed at 2.2x same as 19YE. Net Debt to EBITDA was 2.5x at 1Q20 end, 2.7x at 2Q19-end and 3.6x at 2Q18-end. Focus on financing in local currency, active use of derivative instruments to 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 74% of our FX position of foreign currency holding only debt has been protected as of 1H20. These ratios at 18YE and 19YE were 16% and 47% 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 keep on doing our duties in the best way, carry out innovative and pioneering works and add value to every field that we operate.

SUMMARY FINANCIALS

Beer (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Sales Volume (mhl)	10,7	10,5	-2,6%	17,5	17,4	-0,2%
Net Sales	3.277	3.458	5,5%	5.016	5.350	6,6%
Gross Profit	1.408	1.452	3,2%	1.929	1.962	1,7%
EBITDA (BNRI)	560	678	21,2%	633	582	-7,9%
Net Income	378	264	-30,1%	202	120	-40,6%
Gross Profit Margin	43,0%	42,0%		38,5%	36,7%	
EBITDA Margin	17,1%	19,6%		12,6%	10,9%	
Net Income Margin	11,5%	7,6%		4,0%	2,2%	
Soft Drinks (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Sales Volume (mn unit case)	391	328	-16,1%	621	567	-8,7%
Net Sales	3.837	3.613	-5,8%	6.010	6.234	3,7%
Gross Profit	1.374	1.263	-8,0%	2.067	2.110	2,1%
EBITDA	819	817	-0,2%	1.139	1.214	6,6%
EBITDA (Exc. Other)	886	815	-8,0%	1.216	1.218	0,2%
Net Income	411	412	0,1%	409	539	31,8%
Gross Profit Margin	35,8%	35,0%		34,4%	33,8%	
EBITDA Margin	21,3%	22,6%		19,0%	19,5%	
Net Income Margin	10,7%	11,4%		6,8%	8,6%	
Migros (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Net Sales	5.808	6.980	20,2%	10.731	13.413	25,0%
Gross Profit	1.562	1.823	16,7%	2.918	3.544	21,5%
EBITDA	587	520	-11,3%	1.076	1.092	1,4%
Net Income	-151	-154	-2,6%	-381	-291	23,8%
Gross Profit Margin	26,9%	26,1%		27,2%	26,4%	
EBITDA Margin	10,1%	7,5%		10,0%	8,1%	
Net Income Margin	-2,6%	-2,2%		-3,6%	-2,2%	
Automotive (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Net Sales	829	996	20,2%	1.653	2.154	30,2%
Gross Profit	140	141	0,7%	279	310	11,0%
EBITDA	83	82	-1,6%	176	194	10,4%
Net Income	-55	14	n.m.	-167	-4	97,7%
Gross Profit Margin	16,9%	14,1%		16,9%	14,4%	
EBITDA Margin	10,1%	8,2%		10,6%	9,0%	
Net Income Margin	-6,6%	1,4%		-10,1%	-0,2%	
Energy and Industry (TL mn)*	2Q19	2Q20	Change	1H19	1H20	Change
Net Sales	489	300	-38,7%	1.067	813	-23,8%
Gross Profit	105	6	-94,5%	205	82	-59,7%
EBITDA	89	-5	n.m.	156	37	-76,0%
Net Income	-82	-89	-8,8%	-152	-266	-75,2%
Gross Profit Margin	21,5%	1,9%		19,2%	10,1%	
EBITDA Margin	18,2%	-1,6%		14,6%	4,6%	
Net Income Margin	-16,7%	-29,6%		-14,2%	-32,7%	
Other (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Net Sales	36	37	3,0%	72	74	3,1%
Gross Profit	26	29	14,2%	48	59	23,4%
EBITDA	11	4	-62,7%	16	9	-41,6%
Net Income	-144	-175	-21,9%	-285	-261	8,4%
Gross Profit Margin	71,7%	79,5%		66,7%	79,9%	
EBITDA Margin	31,8%	11,5%		22,1%	12,5%	
Net Income Margin	n.m.	n.m.		n.m.	n.m.	
Consolidated (TL mn)	2Q19**	2Q20	Change	1H19**	1H20	Change
Net Sales	14.023	15.153	8,1%	24.058	27.596	14,7%
Gross Profit	4.210	4.748	12,8%	6.986	8.063	15,4%
EBITDA	2.122	2.145	1,1%	3.149	3.178	0,9%
Net Income	640	-122	n.m.	239	-478	n.m.
Gross Profit Margin	30,0%	31,3%		29,0%	29,2%	
EBITDA Margin	15,1%	14,2%		13,1%	11,5%	
Net Income Margin	4,6%	-0,8%		1,0%	-1,7%	

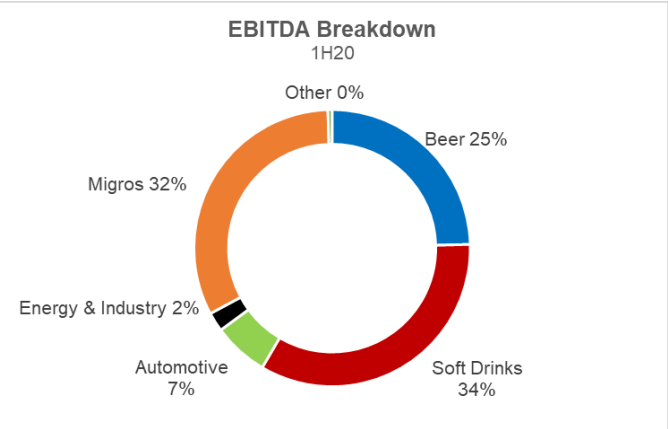
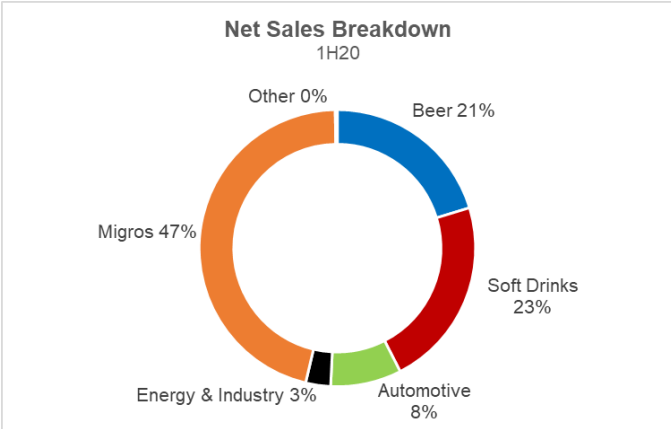
* Adel, McDonald's, Energy, Real Estate and our tourism company Efestur are included in Energy and Industry segment.

** As Migros started to be fully consolidated, fair value appraisal works were completed as of December 31, 2019. Thus, June 2019 financial statements were revised. One-off impact on the net income is TL 711 mn, and excluding the one-off adjusted net profit stands at TL 472 mn for 1H19.

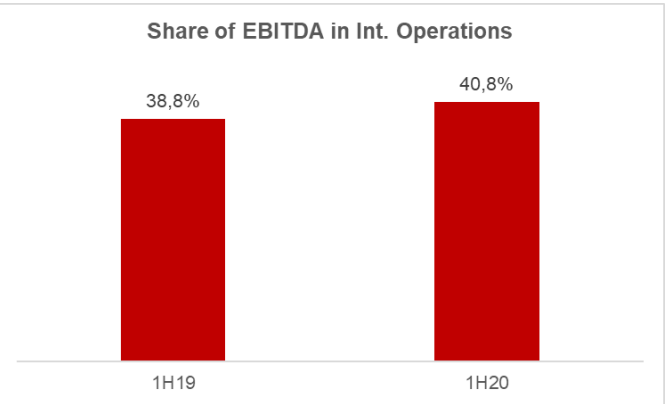
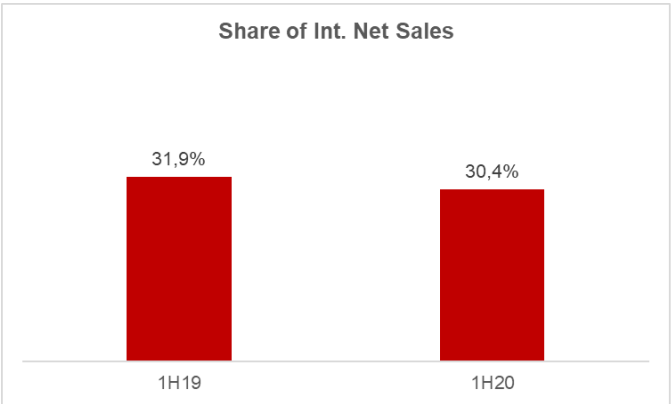
CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Net Sales	14.023	15.153	8,1%	24.058	27.596	14,7%
Gross Profit	4.210	4.748	12,8%	6.986	8.063	15,4%
EBITDA	2.122	2.145	1,1%	3.149	3.178	0,9%
Net Income	640	-122	n.m.	239	-478	n.m.
Gross Profit Margin	30,0%	31,3%		29,0%	29,2%	
EBITDA Margin	15,1%	14,2%		13,1%	11,5%	
Net Income Margin	4,6%	-0,8%		1,0%	-1,7%	

AG Anadolu Grubu Holding (“Anadolu Grubu”)’s consolidated revenues increased by 14.7% YoY to reach TL 27.6 bn in 1H20. Within our main segments, Migros, Beer and Soft Drinks sales revenues increased by 25.0%, 6.6% and 3.7% YoY respectively. The auto segment also has seen revenues increase by 30.2% YoY in 1H20. Energy and Industrial segment’s revenues on the other hand declined by 23.8% YoY in 1H20 while the “Other segment” which has a small share in our total revenue mix increased revenues by 3.1% YoY in 1H20.



Sum of segmental percentages may exceed 100% due to eliminations



Share of international revenues declined slightly to 30.4% in 1H20 mostly due to strong domestic Migros sales performance. On the other hand, share of int. EBITDA increased from 38.8% in 1H19 to 40.8% in 1H20 on the back of strong performance on soft drinks and beer segments.

Consolidated EBITDA increased slightly by 0.9% to TL 3.2 bn in 1H20. The strong performance in soft drinks and Migros was partially offset by the beer segment limiting the growth at the EBITDA level in 1H20. Soft Drinks, Migros and Beer’s share in total 12month trailing EBITDA were 34%, 32% and 25% respectively while auto, energy and industrial, other segments had a combined share of 9% in total EBITDA mix during this period.

The group recorded TL 478 mn net loss in 1H20. The procedures regarding full consolidation of Migros and determining the fair value of the business have been completed at 19YE. Accordingly 1H19 financial statements have been restated. The impact of the restatement of the 1H19 financial statements on net profit was TL 711 mn and thus without the restatement impact the net loss would have been TL 472mn in 1H19.

During the 1H19, TL depreciated 15% vs. the basket (EUR-USD) while depreciation of TL was less in 1H20 at 9% vs. the basket. Still the bottom-line was mostly flat in 1H20 as the company benefited from timely use of derivative instruments and focus on financing with local currency.

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 74% of our FX position of foreign currency holding only debt has been protected as of 1H20. These ratios at 2018YE and 2019YE were 16% and 47% respectively.

Consolidated net debt to EBITDA declined from 2.5x at 1Q20-end to 2.2x at 2Q20-end same level of 2.2x at 2019YE. Net Debt to EBITDA was 2.7x at 2Q19-end and 3.6x at 2Q18-end. Despite unfavorable move in Turkish Lira, Migros net debt to EBITDA declined to 1.9x at 1H20 on the back of continuation of strong operational performance and proactive balance sheet management. Auto segment net debt to EBITDA also declined to 3.0x while soft drinks net debt to EBITDA stayed flat in 1H20 vs. the end of 2019. Beer segment net debt to EBITDA increased to 1.2x at 2Q20-end vs. 1.0x at 2019YE. Net debt to EBITDA at energy & industrial segments increased to 14.5x at 2Q20-end due to seasonality, weak operational performance and slight increase in debt levels.

As of 1H20 end, 37% of our consolidated debt is short term and 63% is long term whereas short term debt was 32% and long term comprised 68% of total debt as of 2019 year-end. Average duration of our debt is 25 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)

1H20 (TL mn)	Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA*
Beer	5.675	3.661	2.014	1,2
Soft Drinks	5.832	3.305	2.526	1,1
Migros	7.315	2.991	4.324	1,9
Automotive	1.752	391	1.361	3,0
Energy & Industry	2.382	125	2.257	14,5
Other (Inc. Holding)	3.280	553	2.727	n.m.
<i>Holding-only</i>	<i>3.241</i>	<i>505</i>	<i>2.735</i>	<i>n.m.</i>
Consolidated	26.163	11.027	15.136	2,2
Consolidated (mn Euro)	3.394	1.431	1.964	2,2
Consolidated (excl. IFRS16)	22.123	11.027	11.096	1,9

*Hedging instruments not included. In this context, including hedges consolidated net debt/EBITDA would have been 2.15x

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.
<i>Holding-only</i>	<i>2.482</i>	<i>200</i>	<i>2.282</i>	<i>n.m.</i>
Consolidated	24.640	9.344	15.296	2,2
Consolidated (mn Euro)	3.705	1.405	2.300	2,2
Consolidated (excl. IFRS16)	20.589	9.344	11.245	1,9

1H19 (TL mn)	Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	4.968	2.865	2.103	1,5
Soft Drinks	5.255	1.932	3.323	1,6
Migros	7.932	2.154	5.777	2,7
Automotive	2.650	279	2.371	5,6
Energy & Industry	2.243	101	2.142	7,8
Other (Inc. Holding)	2.105	427	1.678	n.m.
<i>Holding-only</i>	<i>2.105</i>	<i>387</i>	<i>1.717</i>	<i>n.m.</i>
Consolidated	25.039	7.758	17.281	2,7
Consolidated (mn Euro)	3.822	1.184	2.638	2,7
Consolidated (excl. IFRS16)	21.102	7.758	13.344	2,5

BEER SEGMENT

Beer (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Sales Volume (mhl)	10,7	10,5	-2,6%	17,5	17,4	-0,2%
Net Sales	3.277	3.458	5,5%	5.016	5.350	6,6%
Gross Profit	1.408	1.452	3,2%	1.929	1.962	1,7%
EBITDA (BNRI)	560	678	21,2%	633	582	-7,9%
Net Income	378	264	-30,1%	202	120	-40,6%
Gross Profit Margin	43,0%	42,0%		38,5%	36,7%	
EBITDA Margin	17,1%	19,6%		12,6%	10,9%	
Net Income Margin	11,5%	7,6%		4,0%	2,2%	

The contraction in total beer volumes was at limited 0.2% at 17,4 mhl in 1H20 as strong performance on international sales volume mostly offset the sharp volume contraction in Turkey. Despite COVID-19 impact which had significant pressure on volumes across all operations, international beer volumes were flat in the period primarily driven by mid-single digit volume growth in Russian beer operations. Accordingly international sales volume increased by 3.0% in 1H20 reaching 15,5 mhl. Domestic sales volume in 2Q20, just like the previous quarter, continued to contract due to higher share of on-trade sales which put further pressure on sales amid Covid-19 restrictions. Consequently the share of international sales volume reached 89% of total sales in 1H20.

Total beer sales revenues increased by 6.6% YoY in 1H20 to reach TL 5.4 bn. In domestic operations, concentrated revenue growth efforts resulted in net sales revenue of Turkey beer declining only by 1.9% compared to 2Q19, yielding much better performance compared to 1Q20 despite a similar volume decline. In Russia and Ukraine, pricing has been better than the first quarter despite ongoing aggressive competition. Additionally, topline was also supported by positive translation impact. International sales revenues reached 84% of total revenues in 1H20.

The gross margin on beer segment contracted by 180 bps declining to 36.7% in 1H20. In Turkey, YoY decrease in gross profit ahead of net revenue decline is attributable to increase in per hl cost as well as higher FX average rates. On international beer, gross margin contraction was smoother than domestic operations. Accordingly, gross profit margin of international deteriorated to 34.4% in 1H20 vs. 35,3% in 1H19.

Beer segment completed 1H20 with a TL 582 mn EBITDA. In Turkey, despite double digit inflation, operating expenses were down by 11.7% on year-on-year basis as a result of the substantial cost control measures taken. As a result domestic EBITDA increased by 50% YoY in 1H20. The decline in operating expenses is mostly attributable to the savings in selling and transportation expenses. On international beer, EBITDA margin improved by 208 bps on the back of savings in operational expenses.

As a result Beer segment completed 1H20 with a TL 120 mn net profit vs. TL 202 mn net profit in 1H19.

Domestic Beer operations generated TL 65 mn FCF in 1H20. The improvement in working capital which was driven by the superior performance in receivable collection and also savings in capex contributed to strong cash generation. International Beer generated TL179mn FCF on strong operational performance as well as lower capex.

SOFT DRINKS

Soft Drinks (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Sales Volume (mn unit case)	391	328	-16,1%	621	567	-8,7%
Net Sales	3.837	3.613	-5,8%	6.010	6.234	3,7%
Gross Profit	1.374	1.263	-8,0%	2.067	2.110	2,1%
EBITDA	819	817	-0,2%	1.139	1.214	6,6%
EBITDA (Exc. Other)	886	815	-8,0%	1.216	1.218	0,2%
Net Income	411	412	0,1%	409	539	31,8%
<i>Gross Profit Margin</i>	35,8%	35,0%		34,4%	33,8%	
<i>EBITDA Margin</i>	21,3%	22,6%		19,0%	19,5%	
<i>Net Income Margin</i>	10,7%	11,4%		6,8%	8,6%	

Consolidated sales volume declined by 8.7% in 1H20 to reach 567 mn UC. Volume contraction has decelerated throughout during 2Q with April volumes down by 27% while June sales was down by 10%. The sparkling category which makes up 86% of sales volumes declined by 10.0% in 2Q10 outperforming the overall volume contraction. Coca Cola branded products also continued to outperform the overall sparkling products with a moderate 6.5% volume contraction in 2Q20 after a 7.5% growth in 1Q20. As such the share of international sales volume was 55% of the overall volumes.

Net sales revenues rose by 3.7% YoY in 1H20 to reach TL 6.2 bn. Sales revenues declined by 5.8% in 2Q20 due to volume contraction in 2Q20. Domestic revenues declined by 13.5% in 2Q20 due to a high share of on trade sales. International revenues on the other hand grew by 0.3% in 2Q20 thanks to lower share of on trade sales and successful marketing strategies. The share of international revenues reached 55% of overall revenues.

Despite the negatives such a negative product mix, volume contraction and higher unit costs, the decline in gross margin was muted thanks to price increases, lower input costs and efficiencies. As such gross margin declined by 50 bps to 33.9%. In Turkey operations, gross margin declined by 570 bps to 38.1%. The decline is mainly attributable to the termination of cash designation, which had 488 bps positive impact in 2Q19. Higher selling prices also partially mitigated the negative impact of negative product mix and higher input costs. In International operations, gross margin increased by 410 bps to 30.7% thanks to certain lower raw material costs, efficiencies and focus on packaging mix in 1H20.

EBITDA margin was up by 60 bps to 19.5% in 1H20, reflecting a higher margin in international operations. Turkey operations' EBITDA margin – excluding the impact of other income/(expense) decreased by 603 bps to 18.4% in 2Q20, 488 bps of which was attributable to the termination of cash designation. On the other hand, EBITDA margin in 2Q20 excluding the impact of other income(expense) of international operations increased by 338 bps, reflecting strong operating profitability. Share of EBITDA for International operations stands at 64%.

Net income of the segment was TL 539 mn in 1H20 vs. TL 409 mn in 1H19.

Soft Drinks segment generated TL 585 mn FCF on the back of focus on working capital, cautious capex and improvement in margins.

Migros (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Net Sales	5.808	6.980	20,2%	10.731	13.413	25,0%
Gross Profit	1.562	1.823	16,7%	2.918	3.544	21,5%
EBITDA	587	520	-11,3%	1.076	1.092	1,4%
Net Income	-151	-154	-2,6%	-381	-291	23,8%
Gross Profit Margin	26,9%	26,1%		27,2%	26,4%	
EBITDA Margin	10,1%	7,5%		10,0%	8,1%	
Net Income Margin	-2,6%	-2,2%		-3,6%	-2,2%	

Net sales revenues of Migros increased by 25.0% YoY in 1H20 and reached TL 13.4 bn. In the first half 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.

Despite lifting of Covid-19 restrictions, online sales in the second quarter remained strong. 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 Sanal Market online operations has expanded to 81 cities from 60 while the number of stores serving online business has tripled over the last year. The company opened 110 new stores in 1H20, and 10 new stores in July 2020 increasing total number of stores to 2,284 stores as of July-end.

Gross profit increased by 21.5% YoY in 1H20, implying a gross profit margin of 26.4% to reach TL 3,5bn. Migros also increased EBITDA by 1.4% in 1H20 to TL 1.1bn with an EBITDA margin of 8.1%. Additional costs related to Covid-19, lower sales performance at shopping centers and lower rental income from the shopping centers negatively impacted margins in 1H20.

In line with the plan implemented by the management for deleveraging, Migros' net debt/EBITDA ratio improved 40 bps compared to 2019YE and declined to 1.9x as of June-end. Net debt has declined by TL 850 mn from 2019YE to 1H20-end with net debt declining to TL 4.3 bn. 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 185 mn as of 1H20-end. The company plans to bring Euro debt lower than 150 mn Euros by 2020YE.

Despite a sharper move in EUR and USD vs. TL in 1H20 in comparison to 1H19 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 291 mn in 1H20 due to lower margins, higher financial expenses and impact of IFRS16.

AUTOMOTIVE SEGMENT

Automotive (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Net Sales	829	996	20,2%	1.653	2.154	30,2%
Gross Profit	140	141	0,7%	279	310	11,0%
EBITDA	83	82	-1,6%	176	194	10,4%
Net Income	-55	14	n.m.	-167	-4	97,7%
Gross Profit Margin	16,9%	14,1%		16,9%	14,4%	
EBITDA Margin	10,1%	8,2%		10,6%	9,0%	
Net Income Margin	-6,6%	1,4%		-10,1%	-0,2%	

Automotive segment posted TL 2.2 bn net sales revenues in 1H20, up by 30.2% YoY. Main reason for the rise in the automotive segment revenue growth is higher consignment sales, second hand sales and KIA sales which resulted with a 58% growth in Celik Motor sales revenues. For Anadolu Isuzu, international sales declined in 1H20 due to sharp drop in export markets. Thus, Anadolu Isuzu's revenues declined by 25% YoY in 1H20.

According to 1H20, Çelik Motor constituted 76% of automotive sales revenues, remaining shares were 19% of Anadolu Isuzu and 5% of Anadolu Motor.

Gross profit margin of the segment in 1H20 declined by 250 bps compared to the same period of last year to reach 14.4% in 1H20.

Despite 39% yearly increase in the gross profit of Çelik Motor in the first six months of the year, this did not reflect to gross profit margin due to higher consignment sales. Gross margin of Çelik Motor contracted by 170 bps to 13.1% in 1H20. Anadolu Isuzu's gross margin also declined by 200bps to 18.0% in 1H20 with drop in sales.

EBITDA of the auto segment increased to TL 194 mn in 1H20 vs. TL 176 mn in 1H19, yet EBITDA margin deteriorated with an EBITDA margin contraction of 160 bps in 1H20. With lower sales revenues, Anadolu Isuzu's EBITDA margin contracted from 11.0% in 1H19 to 6.0% in 1H20 while Çelik Motor's EBITDA margin declined from 11% in 1H19 to 10% in 1H20.

Despite unfavorable moves in FX, Net debt/EBITDA ratio of the segment declined to 3.0x at 1H20-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 690 mn at June 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 351 mn funds in 1H20. The total fleet size of the company stands at 5,400 as of 1H20-end.

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

ENERGY & INDUSTRY SEGMENT

Energy and Industry (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Net Sales	489	300	-38,7%	1.067	813	-23,8%
Gross Profit	105	6	-94,5%	205	82	-59,7%
EBITDA	89	-5	n.m.	156	37	-76,0%
Net Income	-82	-89	-8,8%	-152	-266	-75,2%
Gross Profit Margin	21,5%	1,9%		19,2%	10,1%	
EBITDA Margin	18,2%	-1,6%		14,6%	4,6%	
Net Income Margin	-16,7%	-29,6%		-14,2%	-32,7%	

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

Energy and Industry segment reported TL 813 mn net sales revenues in 1H20, down by 23.8% YoY. McDonald's revenues declined by 32% YoY in 1H20 due to Covid-19 related restrictions while real estate revenues dropped by 29%. The deliveries of Kartal residential project decreased in 1H20 vs. 1H19 which led to a contraction at the top-line. Adel revenues increased by 5% in 1H20 as the company continued to follow a cautious shipping policy due to the economic uncertainties in 2020.

McDonald's holds 37% share in total sales of the segment, followed by 30% share of Real Estate, Adel 25% and 6% share of GUE.

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 1H20.

Gross margin of the segment was down to 10.1% in 1H20. EBITDA was registered at TL 37 million, with a decrease of 76% YoY, mainly due to lower operational profitability of McDonald's and real estate business.

Net debt/EBITDA ratio of the retail segment increased to 14.5x as of 2Q20-end vs. 7.5x as of 2019YE due primarily to weaker EBITDA performance at McDonalds' and Real Estate business. We expect a normalization in the overall operational performance driven by easing Covid-19 restrictions for the restaurant business and promotions and government incentives that have supported housing demand in 2H20.

OTHER

Other (TL mn)	2Q19	2Q20	Change	1H19	1H20	Change
Net Sales	36	37	3,0%	72	74	3,1%
Gross Profit	26	29	14,2%	48	59	23,4%
EBITDA	11	4	-62,7%	16	9	-41,6%
Net Income	-144	-175	-21,9%	-285	-261	8,4%
Gross Profit Margin	71,7%	79,5%		66,7%	79,9%	
EBITDA Margin	31,8%	11,5%		22,1%	12,5%	
Net Income Margin	n.m.	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 merely increased by 3.1% to TL 74 mn. EBITDA came at TL 9 mn in 1H20.

Despite sharper FX appreciation in 1H20, bottom-line improved, thanks to the focus on risk management and measures taken accordingly.

SUMMARY SEGMENTAL FINANCIAL RESULTS -1H20*

TL mn	Net Sales	Yearly Change	Gross Profit	Yearly Change	EBITDA	Yearly Change	Net Profit	Yearly Change
Beer	5.350	7%	1.962	2%	582	-8%	120	-41%
Soft Drinks	6.234	4%	2.110	2%	1.214	7%	539	32%
Migros	13.413	25%	3.544	21%	1.092	1%	-291	24%
Automotive	2.154	30%	310	11%	194	10%	-4	98%
Energy and Industry	813	-24%	82	-60%	37	-76%	-266	-75%
Other	74	3%	59	23%	9	-42%	-261	8%
Consolidated	27.596	15%	8.063	15%	3.178	1%	-478	n.m.

*Yearly changes are calculated as Migros fully consolidated in 1H19

SUMMARY BALANCE SHEET

TL million	30.06.2020	31.12.2019
Cash and equivalents	10.683	8.928
Trade receivables	4.633	3.316
Inventories	6.480	5.698
Prepaid expenses	728	762
Other current assets	1.779	1.776
Non-current Assets or Disposal Groups Classified as Held for Sale	0	0
Current Assets	24.303	20.480
Investments accounted through equity method	129	74
Investment properties	321	324
Tangible assets	16.649	16.544
Right of use assets	3.597	3.694
Intangible assets	24.322	23.723
-Goodwill	6.950	6.934
-Other intangible assets	17.372	16.789
Other non-current assets	2.540	2.293
Non-Current Assets	47.558	46.652
Total Assets	71.861	67.132
Short term borrowings	5.524	3.335
Short term poriton of long term borrowings	3.250	3.802
- Bank Loans	2.761	3.271
- Lease Liabilities	489	531
Trade payables	13.054	11.478
Deferred income	250	265
Other current liabilities	4.226	2.581
Liabilities Included in Disposal Groups Classified as Held for Sale	0	0
Current Liabilities	26.304	21.461
Long term borrowings	17.389	17.503
- Bank Loans	13.838	13.983
- Lease Liabilities	3.551	3.520
Deferred tax liability	3.274	3.187
Other non-current liabilities	1.255	1.247
Non-Current Liabilities	21.918	21.937
Total Liabilities	48.222	43.398

SUMMARY INCOME STATEMENT

TL million		
	30.06.2020	30.06.2019
Revenues	27.596	17.600
Cost of sales (-)	(19.532)	(12.439)
Gross Profit	8.064	5.161
Operating expenses (-)	(6.466)	(4.147)
Other operations income/(expense)	(242)	(198)
Gain/(Loss) from investments accounted through equity method	(86)	(263)
Operating Income/(Loss) (EBIT)	1.270	553
Income /(expense) from investment operations	339	1.398
Financial income/(expense)	(1.731)	(1.267)
Income/(Loss) Before Tax from Continuing Operations	(122)	684
Tax income/(expense)	(252)	(105)
Net Income/(Loss) from Continuing Operations	(374)	579
Net Income/(Loss) from Discontinued Operations	(5)	2
Net Income/(Loss)	(379)	581
Net Income/(Loss)		
Non-controlling interests	99	342
Equity holders of the parent	(478)	239

SUMMARY FINANCIALS – UNLISTED COMPANIES (Incl. IFRS16)

TL mn	Net Sales		EBITDA		Net Profit		Net Debt	
	1H19	1H20	1H19	1H20	1H19	1H20	2019	1H20
McDonalds	447	303	73	-2	-23	-89	344	342
Anadolu Motor	55	102	1	4	-22	-22	35	85
Efestur	35	15	1	-1	1	-1	1	-1
Real Estate*	343	244	8	-27	-79	-129	906	911
GUE	48	51	32	42	-41	-34	637	714
Aslancık Elektrik	94	103	45	58	-26	-32	410	438
Çelik Motor	1.031	1.629	112	165	-132	49	946	690

*Includes entire real estate operations

INVESTOR RELATIONS CONTACTS

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

Mehmet Çolakoğlu, CFA

Investor Relations Director

Tel: +90 216 5788672

E-mail: mehmet.colakoglu@anadolugrubu.com.tr

Burak Berki

Investor Relations Manager

Tel: +90 216 5788647

E-mail: burak.berki@anadolugrubu.com.tr

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.