

**ANADOLU EFES
BİRACILIK VE MALT SANAYİİ A.Ş.**

*Interim Operational Report
as of 31.03.2020*

1. Anadolu Efes in Brief:

Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (“Anadolu Efes”) carries out its business and operations across a broad region that includes Turkey, Russia, members of the Commonwealth of Independent States (CIS), and Central Asian and Middle Eastern countries. Anadolu Efes is a subsidiary of AG Anadolu Group Holding A.Ş., one of Turkey’s biggest conglomerates, and is responsible for the conduct of Anadolu Group’s operations in the beverages sector.

Anadolu Efes started out its business with two breweries that it opened in Turkey back in 1969. Shortly, the company became the leader of the domestic beer market. Anadolu Efes runs its international beer operations through Efes Breweries International NV (“EBI”), its 100% subsidiary based in Netherlands. Anadolu Efes is also the main shareholder (50.3%) of Coca- Cola İçecek A.Ş. (“CCI”), which runs Coca-Cola operations in Turkey and abroad.

Making about two-thirds of its net sales in international markets, Anadolu Efes is Europe’s 5th and the world’s 10th largest brewer by sales volume¹. The company serves a population of close to 700 million with beer and soft drinks brands in its portfolio. With 21 breweries, 5 malteries, 1 hops processing facility and 1 preform plant in 6 countries, and 26 bottling plants in 10 countries, including Turkey among others, Anadolu Efes is operating as one of the most important players in its region. The company ships its products to more than 70 countries.

2. Corporate Structure:

2.1 Capital Structure:

The composition of shareholders and their respective percentage of ownership can be summarized as follows:

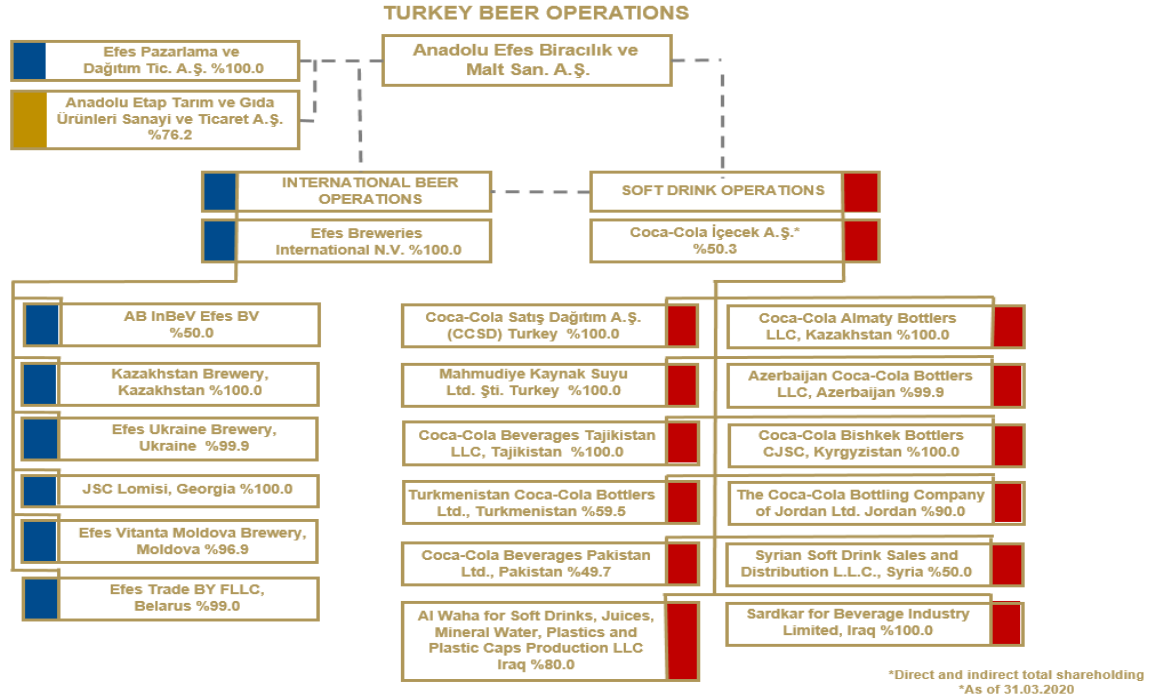
Anadolu Efes Biracılık ve Malt Sanayii A.Ş. Capital Structure (as of 31.03.2020);

	Share Amount (TL)	Share Ratio (%)
AG Anadolu Grubu Holding A.Ş.	254.891.157	43,05
AB InBev Harmony Ltd.	142.105.263	24,00
Publicly-traded and other	195.108.843	32,95
Total issued capital	592.105.263	100,00

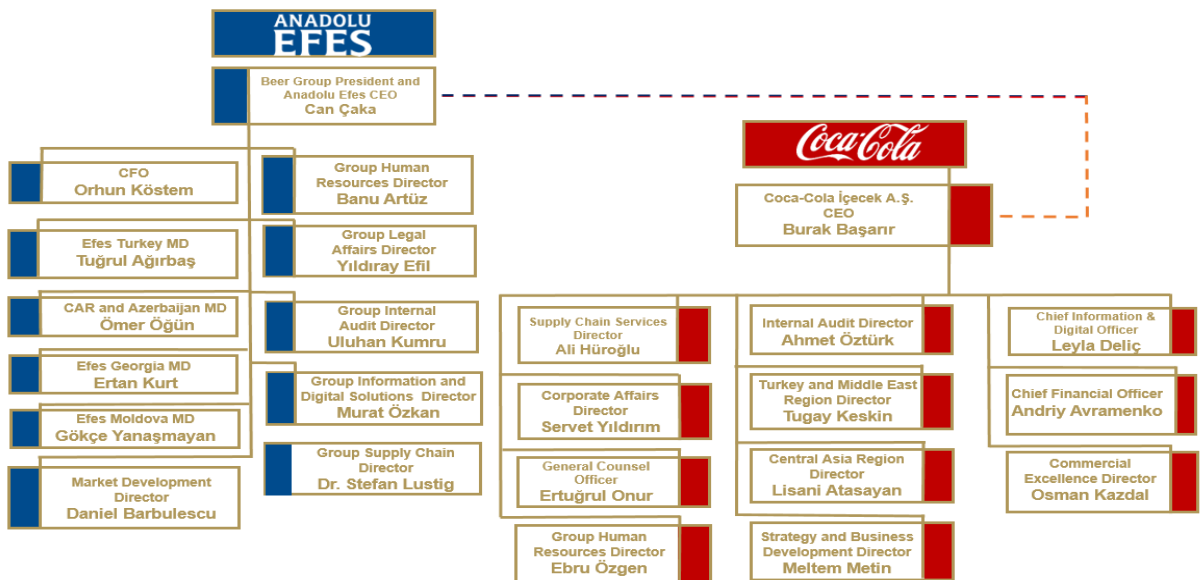
As of 31.03.2020, Anadolu Efes has registered capital ceiling of TL 900,000,000, issued capital of TL 592,105,263. Company’s capital is comprised of 592,105,263 shares each with a nominal value of 1 (one) TL. 142,105,263 of the shares are registered to and owned by AB InBev Harmony Limited, while 450,000,000 of the shares are bearer shares. Of Anadolu Efes’ capital stock, 43.05% is held by AG Anadolu Group Holding A.Ş. and 24% is held by AB InBev Harmony Ltd, while 33% is publicly owned. AG Anadolu Grubu Holding A.Ş. (AGHOL.IS) is a publicly held company trading on the Borsa Istanbul (BIST).

¹ The Barth Report 2018/2019

2.2 Main Subsidiaries (as of as of March 31, 2020):



2.3 Organizational Chart (as of March 31, 2020):



Mr. Tugay Keskin has been appointed as Chief Operating Officer of our Soft Drink Operations, effective as of April 1, 2020. He will continue to fulfill its responsibilities as the General Manager of Turkey, all country managing directors in the CCI region will report directly to him.

Mr. Lisani Atasay left the company as of April 1, 2020.

Mr. Osman Kazdal was appointed as Iraq General Manager as of April 1, 2020.

3. Developments in the period :

3.1 Announcement Regarding the Renewal Of D&O Liability Insurance (January 24, 2020)

In accordance with the article 4.2.8 of Corporate Governance Principles in Capital Markets Board's Corporate Governance Communiqué (II-17.1), the "Directors and Officers Liability Insurance" policy of our Company has been renewed with the insurance coverage limit of USD 25,000,000.

3.2 Announcement Regarding the Withdrawal of the Agreement between Moody's and Anadolu Efes (February 3, 2020)

The credit rating agreement between Anadolu Efes and Moody's Investor Services (Moody's) has been terminated, upon the request of Anadolu Efes.

In the context of its existing credit rating agreements, Anadolu Efes will continue to be rated by Standard & Poor's and Fitch Ratings.

3.3 Announcement Regarding the Dividend Distribution Proposal (February 27, 2020)

In its meeting held on February 27, 2020, our Board of Directors resolved to submit for the approval of the General Assembly a cash dividend proposal of gross 1.7740 TL (net 1.5079 TL) per each share with 1 TL nominal value amounting to a total of 1,050,394,736.56 TL realizing a 177.40% gross dividend distribution, calculated for the period January-December 2019 to be paid starting from May 28, 2020.²

² According to the restrictions and other related regulations became effective with the provisional Article 13 of Turkish Commercial Code due to the Law dated 17.04.2020 and numbered 7244, the dividend distribution proposal of our Board of Directors, dated 27.02.2020 was rejected at 2019 Ordinary General Assembly and it was decided not to distribute any dividends by our shareholders. The results of 2019 Ordinary General Assembly meeting are given under Section 5 of this report, General Assembly section.

3.4 Announcement Regarding the Negotiations on the Collective Labor Agreement (March 17, 2020)

Within the framework of the Collective Labor Agreement negotiations between our Company and Tek-Gıda İş Sendikası (Labour Union), there has not been an agreement on the negotiations and our Company has been notified on March 16, 2020 by the Labour Union that a strike decision was made at our facilities, which will be effective from March 30, 2020, if the agreement could not be reached.

3.5 Announcement Regarding the Negotiations on the Collective Labor Agreement (March 23, 2020)

In its meeting held on 23.03.2020, our Board of Directors resolved to select, upon the suggestion by the Audit Committee, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member of Deloitte Touche Tohmatsu Limited) to audit our Company's financial statements in 2020 and to submit the said selection for the approval of the General Assembly.

3.6 Announcement Regarding the Lockout Decision (March 23, 2020)

In response to the strike decision, as a part of the legal calendar of the ongoing Collective Labor Agreement negotiations, our Board of Directors decided to go on lockout at the meeting held on March 23, 2020.

3.7 Announcement Regarding the Collective Labor Agreement (March 25, 2020)

Anadolu Efes agreed with Tek-Gıda İş Labor Union on the terms of the collective labor agreement for the period September 1, 2019 - August 31, 2021. The main terms of the collective agreement are as follows;

Gross wages of the union member employees will be increased by gross 900 TL per person per month in the first year of the collective labor agreement plus 5 TL increase for each seniority year.

In the second year of the agreement, gross wages of the union member employees will be increased by the rate of increase in the Consumer Price Index announced by the State Statistical Institute +3% and by gross 120 TL per person per month.

4. Corporate Governance Compliance Report :

4.1 Investor Relations Department:

Investor Relations and Treasury Department, established within our Company's Finance Directorate, continued to conduct the relations with our shareholders in the first three months of 2020.

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Licences: CMB Capital Market Activities Advanced Level License and CMB Corporate Governance Rating Specialist License

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Company representatives attended 2 conferences in abroad that are intended to provide shareholders and investors with information about the company in the first three months of 2020. In the meantime, meetings took place with a total of 33 domestic and international institutional and private investors and shareholders, addressing the company's business results, performance, and other developments in the period.

The Corporate Governance Committee is responsible for monitoring the activities of the Investor Relations Unit of our company. Within this context, the Committee determines the standards for all announcements and main principles of investor relations, reviews these standards and principles and compliance with these every year, and gives necessary advices to the Board of Directors. The report that is prepared by the Investor Relations Unit regarding its activities and submitted to the Corporate Governance Committee at every meeting held by the Committee is also submitted to the Board of Directors by the Committee. In the first three months of 2020, 1 Committee meeting was held on 26.02.2020. Corporate Governance Committee met once more on 10.02.2020 in order to execute duties of the Nomination Committee.

5. Subsequent Events :

5.1 General Assembly:

The Annual Ordinary General Assembly of Anadolu Efes was held on April 28th, 2020 at 14:00 at the address "Dudullu OSB Mah., Deniz Feneri Sokak No:4 Ümraniye/İSTANBUL". The minutes of the meeting is available at company website at www.anadoluefes.com.

At the 2019 Annual Ordinary General Assembly Meeting of our Company;

- Annual Reports of the Board of Directors and the Independent Audit Company as well as the Consolidated Financial Statements for calendar year 2019 have been discussed and approved.

- The shareholders were informed regarding the donations made by the Company and on any income and benefits obtained by granting collaterals, pledges and mortgages in favor of third persons in 2019.
- To replace the released directors, the selection of TUNCAY ÖZİLHAN, KAMİLHAN SÜLEYMAN YAZICI, JASON WARNER, TUĞBAN İZZET AKSOY, RASİH ENGİN AKÇAKOCA, MEHMET CEM KOZLU, AHMET BOYACIOĞLU, UĞUR BAYAR (independent member), BARIŞ TAN (independent member), ŞEVKİ ACUNER (independent member) and İZZET KARACA (independent member) as Directors of the Board for one year term has been approved.
- The selection of the DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the external audit company for the audit of the financial statements and reports for the year 2020 was approved.
- As per the restrictions and other related regulations which became effective with the provisional Article 13 of Turkish Commercial Code due to the Law dated 17.04.2020 and numbered 7244, the dividend distribution proposal of our Board of Directors, dated 27.02.2020 has been rejected at 2019 Ordinary General Assembly and it has been decided not to distribute any dividends.

ANADOLU EFES

1Q2020 EARNINGS RELEASE

Istanbul, May 6, 2020

1Q2020 HIGHLIGHTS¹

- **Consolidated sales volume** increased by 3.7% to 20.5 mhl
- **Consolidated net sales revenue** grew 15.3% to TL 4,513.5 million
- **Consolidated EBITDA Before Non-Recurring Items (BNRI)** declined by 23.4% to TL 301.1 million

MANAGEMENT COMMENTS

“We are going through uniquely challenging times. We are focused to adapting ourselves to new ways of doing business so that we can execute our plans to minimize unprecedented risks. Starting from mid-March, the necessary restrictions imposed by governments such as social distancing, bans on public events, closure of on-trade sales points and countrywide curfew measures inevitably impacted our business and have been reflected to our first quarter results.” **commented Mr. Can Çaka, Anadolu Efes CEO and Beer Group President.**

We are committed to first ensure health and safety of our employees and stakeholders. All necessary measures have been taken according to the respective government instructions. In addition, we have been taking additional safety measures as per our internal pandemic plan. We have also increased our support for the communities we are in, in these difficult times. We have extended our support especially to food and beverage services professionals following the close of on-trade sales points as well as medical facilities, municipalities and others.

I am happy to say that until now there has been no disruption to production or market execution across our business. We have taken all the necessary measures in order to maintain our business continuity. We have extended our ongoing Zero Based Spending initiatives and immediately launched additional cost and spend optimization initiatives.

After a strong start to the year when Anadolu Efes volumes were growing 13% at the end of February, we started observing the initial impact of the crisis in all operations to varying degrees and the inevitable slow-down following the closure of on-trade sales points mid-March in particular in our Turkish businesses.

The negative impact on beer volume was the highest in Turkey driven by the relatively high share of on-trade. Russia and Ukraine continued to perform strongly ahead of last year with low shares of on-trade despite some slowdown through the end of the quarter. We continued our strong volume momentum in Q1 in Russia and Ukraine in line with our plans that continues to yield positive market share results despite a negative impact on profitability and free cash flow in this smallest quarter. Other international beer operations were either in line or above our expectations during the period.

However, we expect the highest impact of the crisis in Q2. Therefore, we are focused to mitigate the impact to the highest extent possible. We have also put in place additional measures to manage through the expected economic volatility as well as our recovery plans to get us up to speed.

I am sure that we will overcome these difficulties and can leverage the impact of the crisis to emerge stronger. We will remain cautious and vigilant as we embrace passion, agility, collaboration, accountability and fairness to manage through these difficult times.

¹ 1Q2019 financials are restated to exclude Doğadan as per the announcement made by Coca-Cola İçecek on April 1st, 2020; therefore, the percent changes are given on a proforma basis for Anadolu Efes and CCI throughout the earnings release.

SUMMARY FINANCIALS

Consolidated (TL mn)	1Q2019 Restated*	1Q2020	Change %
Volume (mhl)	19.8	20.5	3.7%
Net Sales	3,913.3	4,513.5	15.3%
Gross Profit	1,212.7	1,348.3	11.2%
EBIT (BNRI)	-47.0	-293.8	-525.6%
EBITDA (BNRI)	393.0	301.1	-23.4%
Net Income/(Loss)**	-176.8	-83.5	52.8%
			Change (bps)
Gross Profit Margin	31.0%	29.9%	-112
EBIT (BNRI) Margin	-1.2%	-6.5%	-531
EBITDA (BNRI) Margin	10.0%	6.7%	-337
Net Income Margin**	-4.5%	-1.8%	267
Beer Group (TL mn)	1Q2019	1Q2020	Change %
Volume (mhl)	6.7	7.0	3.6%
Net Sales	1,739.7	1,892.0	8.8%
Gross Profit	521.6	510.0	-2.2%
EBIT (BNRI)	-183.7	-468.2	-154.9%
EBITDA (BNRI)	72.6	-96.1	n.m.
Net Income/(Loss)**	-175.8	-144.2	18.0%
			Change (bps)
Gross Profit Margin	30.0%	27.0%	-303
EBIT (BNRI) Margin	-10.6%	-24.7%	-1,419
EBITDA (BNRI) Margin	4.2%	-5.1%	-925
Net Income Margin**	-10.1%	-7.6%	248
Turkey Beer (TL mn)	1Q2019	1Q2020	Change %
Volume (mhl)	0.9	0.7	-21.6%
Net Sales	373.6	311.9	-16.5%
Gross Profit	184.5	129.8	-29.7%
EBIT (BNRI)	-30.8	-116.6	-278.3%
EBITDA (BNRI)	23.2	-50.8	n.m.
			Change (bps)
Gross Profit Margin	49.4%	41.6%	-778
EBIT (BNRI) Margin	-8.2%	-37.4%	-2,913
EBITDA (BNRI) Margin	6.2%	-16.3%	-2,248
EBI (TL mn)	1Q2019	1Q2020	Change %
Volume (mhl)	5.8	6.2	7.7%
Net Sales	1,356.8	1,571.1	15.8%
Gross Profit	324.8	367.7	13.2%
EBIT (BNRI)	-144.8	-333.1	-130.1%
EBITDA (BNRI)	57.0	-27.4	n.m.
			Change (bps)
Gross Profit Margin	23.9%	23.4%	-54
EBIT (BNRI) Margin	-10.7%	-21.2%	-1,053
EBITDA (BNRI) Margin	4.2%	-1.7%	-595
CCI (TL mn)	1Q2019 Restated*	1Q2020	Change %
Volume (mn u/c)	229.8	238.5	3.8%
Net Sales	2,173.6	2,621.6	20.6%
Gross Profit	692.8	847.0	22.2%
EBIT	139.8	181.7	29.9%
EBITDA	320.4	397.1	23.9%
Net Income/(Loss)**	-2.6	127.0	n.m.
			Change (bps)
Gross Profit Margin	31.9%	32.3%	43
EBIT Margin	6.4%	6.9%	50
EBITDA Margin	14.7%	15.1%	41
Net Income Margin**	-0.1%	4.8%	496

* Restatement represents classification of Doğan business as discontinued operations for 1Q2019

** Net income attributable to shareholders

OPERATIONAL PERFORMANCE – ANADOLU EFES CONSOLIDATED

AEFES Consolidated (TL mn)	1Q2019 Restated*	1Q2020	% change
Volume (mhl)	19.8	20.5	3.7%
Net Sales	3,913.3	4,513.5	15.3%
Gross Profit	1,212.7	1,348.3	11.2%
EBIT (BNRI)	-47.0	-293.8	-525.6%
EBITDA (BNRI)	393.0	301.1	-23.4%
Net Income/(Loss)**	-176.8	-83.5	52.8%
			Change (bps)
Gross Profit Margin	31.0%	29.9%	-112
EBIT (BNRI) Margin	-1.2%	-6.5%	-531
EBITDA (BNRI) Margin	10.0%	6.7%	-337
Net Income Margin**	-4.5%	-1.8%	267

* Restatement represents classification of Doğadan business as discontinued operations for 1Q2019

**Net income attributable to shareholders

Anadolu Efes' **consolidated sales volume** showed 3.7% year-on-year growth in the first quarter of the year. International beer and soft drinks operations contributed positively while Turkey Beer which had the highest impact of COVID-19 during 1Q, has declined. International beer operation's volume growth of 7.7% was attributable to all operations with the exception of Kazakhstan. Thus, consolidated volumes were recorded at 20.5 mhl.

Consolidated net sales revenue grew by 15.3% year-on-year in the period, as a result of higher average prices per hl and positive currency translation impact driven by the depreciation of TL in the period versus last year. Net sales revenues reached TL 4,513.5 million in 1Q2020.

Consolidated EBITDA (BNRI) decreased by 23.4% year-on-year and was TL301.1 million in 1Q2020. Consolidated EBITDA margin in 1Q2020 was 6.7% compared to 10.0% in 1Q2019. EBITDA margin decline was due to negative EBITDA at beer operations mainly driven by the impact of COVID as the first quarter is the smallest contributor to full year results. Soft drink operations' margins improved.

Anadolu Efes' **net loss** was TL 83.5 million in 1Q2020 compared to TL 176.8 million a year ago. Although the operational profitability in absolute terms was below last year, better performance at the bottom line compared to a year ago was attributable to lower net financial expenses as well as FX gains recorded as a result of repatriation of cash from international beer operations to Anadolu Efes.

Our business in both segments tends to generate a negative **free cash flow** in the first quarters of the years given the seasonality. Thus, Anadolu Efes recorded a negative free cash flow of TL 1,021.4 million in 1Q2020 vs a negative TL 146.9 million in 1Q2019. As a result, consolidated **Net Debt to EBITDA (BNRI)** was recorded at 1.5x as of March 31, 2020.

OPERATIONAL PERFORMANCE - BEER GROUP

TURKEY BEER OPERATIONS

Turkey Beer (TL mn)	1Q2019	1Q2020	% change
Volume (mhl)	0.9	0.7	-21.6%
Net Sales	373.6	311.9	-16.5%
Gross Profit	184.5	129.8	-29.7%
EBIT (BNRI)	-30.8	-116.6	-278.3%
EBITDA (BNRI)	23.2	-50.8	n.m.
			Change (bps)
Gross Profit Margin	49.4%	41.6%	-778
EBIT (BNRI) Margin	-8.2%	-37.4%	-2,913
EBITDA (BNRI) Margin	6.2%	-16.3%	-2,248

Turkey beer's operation's total **sales volume** was 0.7 mhl in 1Q2020, down by 21.6% compared to previous year. We had a good start to the year where both market and our sell-out volumes showed growth till mid-March when COVID-19 measures were taken in Turkey.

In line with plan, there has been no price increase at the beginning of the year in the absence of special consumption tax increase in Turkey. In addition, a lower share of on-trade which has relatively more favorable contribution to price per hectoliter resulted in net sales revenue per hectoliter increasing only by 6.5%. Thus, **net sales revenues** of Turkey beer decreased by 16.5% and realized at TL311.9 million in 1Q2020.

Accordingly, there has been a decline in gross profit in 1Q2020 as there was no price increase at the beginning of the year as well as due to lower volumes. The cost inflation is driven by the increase in the average hedge rate above last year's average hedge rate, as FX exposure in COGS is already hedged by more than 90%. In addition, there was also a negative mix effect due to lower sales of keg related to the ban on on-trade. Although per hl cost increase of some packaging materials was moderate as a result of the decline in commodity prices and the share of fixed costs in cost of goods sold was limited, Turkey beer operation's **gross profit** was TL 129.8 million in 1Q2020 down from TL 184.5 million in 1Q2019 while gross margin was recorded at 41.6% in 1Q2020.

The increase in operational expenses in 1Q2020 on a year-on-year basis was 11.4%. The rise in operational expenses were more or less in line with the inflation. The increase in marketing expenses compared to last year was mostly driven by the investments in our brands as well as expenses related to increased digital communication. As a result, in 1Q2020, EBITDA was negative TL 50.8 million with a margin of negative 16.3%.

Turkey beer **Free Cash Flow** was negative TL 279.2 million which was better than the expectation for 1Q2020. Despite the COVID-19 impact there is limited deviation from 1Q2019 driven by better working capital management especially in terms of receivable collection, as well as lower capital expenditures in absolute terms.

INTERNATIONAL BEER OPERATIONS

International Beer (TL mn)	1Q2019	1Q2020	% change
Volume (mhl)	5.8	6.2	7.7%
Net Sales	1,356.8	1,571.1	15.8%
Gross Profit	324.8	367.7	13.2%
EBIT (BNRI)	-144.8	-333.1	-130.1%
EBITDA (BNRI)	57.0	-27.4	n.m.
			Change (bps)
Gross Profit Margin	23.9%	23.4%	-54
EBIT (BNRI) Margin	-10.7%	-21.2%	-1,053
EBITDA (BNRI) Margin	4.2%	-1.7%	-595

International Beer Operation's **consolidated sales volume** grew by 7.7% year-on-year in 1Q2020 and reached 6.2 mhl. All operations contributed to the volume growth in the period except for Kazakhstan. Russian beer market was up by low-single digit. We continue to outperform the Russian beer market despite intense competition, yielding market share gains especially in the higher end of the price segments as well as mainstream. Ukraine beer market was flat in the period however our volumes outperformed the market by recording growth. Moldova and Georgia performed above expectations while Kazakhstan was inline.

Net sales revenue of international beer operations was up by 15.8% year-on-year in 1Q2020. Volume growth together with higher prices per hl driven by price increases in most of our operations and also the positive translation impact led to the rise in net sales revenue. Aggressive competition in particular in Russia and excise tax increase weighs on pricing and thus impacting the profitability in this smallest quarter. Net sales revenue was TL 1,571.1 million in 1Q2020.

International beer operation's **gross profit** grew by 13.2% to TL 367.7 million in 1Q2020. Gross profitability was adversely impacted by mix on the other hand benefitted from operating leverage. Together with moderate cost inflation versus previous year, gross margin was almost flat compared to 1Q2019, at 23.4%.

International beer operation's consolidated **EBITDA (BNRI)** was negative TL 27.4 million in 1Q2020 with EBITDA (BNRI) margin of -1.7%. Selling and transportation expenses were up in particular in Russia and Ukraine, as a result of higher volumes generated. Operational profitability was also impacted by calendarization of some operational expenses before high season as well as translation.

International beer operation's **Free Cash Flow** was negative TL 1,003.6 million in 1Q2020 versus TL233.1 million a year ago. The decline was mainly driven by lower operating profits and increase in working capital especially attributable to Russia. Working capital is impacted by payables performance that is driven by payment terms which is expected to normalize throughout the year.

OPERATIONAL PERFORMANCE - SOFT DRINK GROUP

MANAGEMENT COMMENTS

Burak Basarir, CEO of Coca-Cola Icecek, commented: "Following a solid start to the year in the first two months across the board, March marked by the Covid-19 outbreak having an unprecedented impact on economies and consumer behaviors. As CCI, we mobilized our resources immediately and started addressing this unprecedented challenge with the set of priorities we identified. We have clustered our strategies into five main pillars: protecting our people, ensuring continuity in serving our customers and consumers, fulfilling our responsibility to the community, maintaining product safety, and preserving our financial health. I am once again proud of the commitment, dedication, and hard work of our people to keep our business fully functioning and to limit the negative impact. Our thoughts are with those affected by Covid-19 and, in particular, with those on the frontline of this crisis. As a system, we are trying to contribute as much as we can to the societies we live in. We are in close collaboration with official authorities, supporting public service employees when needed. We have free product giveaways to keep communities hydrated across the board in our operating region. On top of it, we are making medical product donations in some countries. Our supply chain team formulated surface cleaning liquids, and we are currently producing and donating these to health ministries in Turkey and Kyrgyzstan. Additionally, The Coca-Cola Foundation has a global donation of USD 120 million, of which around USD 4 million is going to CCI countries.

Starting from mid-March, in almost all our countries, authorities took containment measures and restricted movement of people. This resulted in outlet closures, especially in the on-premise channel, profoundly affecting our business. The good news is that we keep all our plants operational, even in the countries which imposed curfews, by getting special permits being a beverage company. I also must emphasize the strength of our supply chain. We have not witnessed any significant shortage in raw materials and therefore managed to continue production non-stop. Similarly, our route to market continued to be highly effective, which enables us to ensure the continuation of supply to our consumers even at the peak of the pandemic. We have taken some extra measures to free up the supply chain to optimize management of inventory at our as well as dealers' level and to put the product on the shelves without interruption.

The impact of Covid-19 gradually increased through the course of the quarter, with the full implications becoming visible after mid-March. Therefore, with the solid two months at the start of the year, we managed to deliver 4% consolidated sales volume growth. Turkey operations sales volume was flat, while Central Asia grew by 14% and Pakistan by 7%. In Iraq, despite recording a 2% growth in sparkling, our quarterly volumes declined by 9% due to the decline in the water category. The total volume growth of international markets was 7% year on year. Our strong revenue growth initiatives and strict opex management enabled us to continue delivering consolidated revenue growth ahead of sales volume and EBITDA growth ahead of revenue, resulting in another quarter of quality growth. EBITDA margin expansion achieved through the strong operating performance of the international markets despite the termination of cash designation in 2020.

As CCI, we entered this challenging time with our strong brand portfolio, a powerful network of the global Coca-Cola system, and a solid balance sheet. Benefiting from our previous experiences and learning from the system bottlers' experiences, we have taken all necessary measures to manage our costs better, have liquidity buffers, and ensure fast adaptability to changes in the operating environment. We are trying to make sure that we are fully prepared for changes in consumer behavior, not just during the pandemic, but as it moves into recovery as well. We are confident that we're well-positioned to navigate through this challenge and emerge stronger. Nevertheless, the duration and severity of this situation are not yet clear. Therefore, we decided to withdraw our previous FY2020 guidance. Currently, we find it too early to give new guidance for the remainder of the year. We will share our expectations once we have more clarity on the path of the pandemic."

Coca-Cola İçecek (TL mn)	1Q2019 Restated*	1Q2020	% change
Volume (mn u/c)	229.8	238.5	3.8%
Net Sales	2,173.6	2,621.6	20.6%
Gross Profit	692.8	847.0	22.2%
EBIT	139.8	181.7	29.9%
EBITDA	320.4	397.1	23.9%
Net Income/(Loss)**	-2.6	127.0	n.m.
			Change (bps)
Gross Profit Margin	31.9%	32.3%	43
EBIT Margin	6.4%	6.9%	50
EBITDA Margin	14.7%	15.1%	41
Net Income Margin**	-0.1%	4.8%	496

* Restatement represents classification of Doğadan business as discontinued operations for 1Q2019

**Net income attributable to shareholders

For the full text of Coca-Cola İçecek's 1Q2020 Earnings Release, please refer to the link below:
www.cci.com.tr/en/investor-relations/financial-information/financial-results

OUTLOOK

COVID-19 which has become a global pandemic, continues to affect all geographies in which we operate. As we shared in our divisional operating results, COVID-19 has been impacting our results especially since mid-March and its effect is expected to continue in the second quarter as well.

Looking at the possible consequences of the crisis, we work on various scenarios to ensure proactive management for any probable outcome.

We currently run a process where we review and adjust our businesses to the impact of COVID-19 on an ongoing basis by taking into consideration its impact on country economies, the effectiveness of the measures taken by the governments, effect on other sectors that interact with ours such as tourism as well as the timing of gradual transition to normalization. Based on the current outlook for these factors, for the Beer Group we expect volumes to decline by low-double digits on annual basis.

Since the beginning of the crisis, we have suspended all uncommitted OPEX and CAPEX. Year-on-year increase in cost of goods sold and operational expenses are expected to be very moderate, not only attributable to measures taken for the crisis but also to our extended Zero Based Spending program since the beginning of the year especially in our Turkish beer operations. Therefore, despite the fact that there is significant decline in our EBITDA margin in 1Q2020 compared to previous year, it is mostly driven by our ongoing momentum as we exit 2019 and seasonality of our business, and does not represent the expected full year impact on EBITDA margin contraction. As a result of savings and freezes implemented, capital expenditures will be lower than last year on absolute basis where capex to sales ratio is not to exceed previous year's level despite an expected topline decline.

All in all, there are measures taken to support our P&L and free cash flow generation as we manage through the pandemic as well as the potential economic volatility thereafter.

Considering the uncertainties related with the duration of the pandemic, impact on economy as well as household income and consumer spend under these difficult circumstances, it would not be realistic to maintain our 2020 expectations which we shared previously. Second quarter results will be critical for us to give a more concrete and detailed guidance going forward.

**2020 outlook reflects management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties including but not limited to macro-economic, financial, geopolitical and political risks, which could materially impact the Company's actual performance.*

ANADOLU EFES CONSOLIDATED FINANCIAL PERFORMANCE

EBITDA (TL mn)	1Q2019 Restated	1Q2020
Profit/loss from Operations	-48.0	-294.5
Depreciation and amortization	450.3	462.4
Provision for retirement pay liability	8.5	11.5
Provision for vacation pay liability	17.4	15.2
Foreign exchange gain/loss from operating activities	-37.8	103.8
Rediscount interest income/expense from operating activities	0.1	-0.2
Other	1.4	2.2
EBITDA	392.0	300.4
EBITDA (BNRI*)	393.0	301.1

* Non-recurring items amounted to TRL 1.0 million in 1Q2019 and TRL 0.7 million in 1Q2020

Financial Income / (Expense) Breakdown (TL mn)	1Q2019	1Q2020
Interest income	68.0	60.4
Interest expense	-151.9	-169.1
Foreign exchange gain /(loss)	-75.7	35.8
Other financial expenses (net)	-18.3	-8.9
Gain/(loss) on derivative transactions	-28.0	-82.9
Net Financial Income /(Expense)	-205.9	-164.7

Free Cash Flow (TL mn)	1Q2019	1Q2020
EBITDA	392.0	300.4
Change in Working Capital	-87.6	-851.9
Income Taxes & Employee Benefits Paid	-65.9	-95.7
Payments of Lease Liabilities	-15.4	-46.8
CAPEX, net	-304.6	-322.2
Net Financial Income /(Expense)	-65.4	-5.2
FCF	-146.9	-1,021.4
Other investing activities (Acquisitions, Disposals, Minority Buy-Out and Share Capital Increases)	0.0	-126.4
FCF (after investing activities)	-146.9	-1,147.8

	Consolidated Gross Debt	Cash & Cash Equivalents	Net Cash/(Debt) Position
AEFES Consolidated (TL mn)	11,607.2	5,791.1	-5,816.0
Beer Group (TL mn)	5,879.6	2,745.8	-3,133.8
Turkey Beer (TL mn)	4,452.1	1,408.2	-3,043.9
EBI (TL mn)	1,427.4	1,322.2	-105.2
CCI (TL mn)	5,757.0	3,045.3	-2,711.7
Net Debt / EBITDA (BNRI)	1Q2019 Restated	1Q2020	
Anadolu Efes Consolidated	1.7	1.5	
Beer Group	1.9	2.0	

PLEASE CLICK TO ACCESS ALL TABLES IN EXCEL FORMAT

ANADOLU EFES

Consolidated Income Statements For the Three-Months Period Ended 31.03.2019 and 31.03.2020

Prepared in accordance with IFRS as per CMB Regulations

(TL mn)

	Restated 2019/03	2020/03
SALES VOLUME (mhl)	19.8	20.5
SALES REVENUE	3,913.3	4,513.5
Cost of Sales (-)	-2,700.6	-3,165.3
GROSS PROFIT FROM OPERATIONS	1,212.7	1,348.3
Selling, Distribution and Marketing Expenses (-)	-924.6	-1,098.9
General and Administrative Expenses (-)	-372.0	-453.0
Other Operating Income /Expense (net)	35.9	-90.8
EBIT (BNRI)*	-47.0	-293.8
Income /Expense From Investing Activities (net)	-11.3	285.5
Income / (Loss) from Associates	-18.5	-55.4
OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)	-77.8	-64.4
Financial Income / Expense (net)	-205.9	-164.7
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	-283.8	-229.0
Continuing Operations Tax Income/(Expense)		
- Current Period Tax Expense (-) / Income	-81.3	-134.5
- Deferred Tax Expense (-) / Income	28.0	102.0
Income/(loss) after tax for the year from disc. operations	0.7	-2.4
INCOME/(LOSS) FOR THE PERIOD	-336.4	-263.9
Attributable to:		
Non-Controlling Interest	-159.6	-180.4
EQUITY HOLDERS OF THE PARENT	-176.8	-83.5
EBITDA (BNRI)*	393.0	301.1

*Non-recurring items amounted to TL1.0 million in 1Q2019 and TL 0.7 million in 1Q2020.

Note: EBITDA comprises of Profit from Operations, depreciation and other relevant non-cash items up to Profit From Operations.

ANADOLU EFES

Consolidated Balance Sheets as of 31.12.2019 and 31.03.2020

Prepared In Accordance with IFRS as per CMB Regulations

(TL mn)

	2019/12	2020/3
Cash & Cash Equivalents	5,814.7	5,080.7
Financial Investments	380.3	710.4
Derivative Instruments	3.5	277.7
Trade Receivables from Third Parties	2,436.4	2,602.5
from Related Parties	290.8	310.2
Other Receivables	165.7	181.3
Inventories	2,257.4	2,512.9
Other Current Assets	1,335.2	1,434.1
TOTAL CURRENT ASSETS	12,684.0	13,109.9
Other Receivables	1.6	1.5
Financial Investments	0.8	0.8
Investments in Associates	62.0	134.7
Property, Plant and Equipment (incl. inv properties)	12,151.7	11,759.7
Other Intangible Assets	16,302.8	15,321.1
Goodwill	3,221.4	2,780.4
Deferred Tax Assets	694.5	791.7
Non current derivative financial instruments (asset)	0.0	0.0
Other Non-Current Assets	837.7	845.1
TOTAL NON-CURRENT ASSETS	33,272.5	31,635.0
TOTAL ASSETS	45,956.5	44,744.9
	2019/12	2020/3
Current portion of long term borrowings	1,408.6	947.0
Short-term Borrowings	757.3	1,888.6
Current portion of term lease obligations (IFRS 16)	130.7	120.6
Derivative Instruments	13.4	27.7
Current Trade Payables to Third Parties	4,807.4	4,500.8
to Related Parties	486.3	719.9
Other Current Payables	1,423.1	1,351.7
Provision for Corporate Tax	29.7	41.1
Provisions	174.1	180.5
Other Liabilities	338.9	276.1
TOTAL CURRENT LIABILITIES	9,569.5	10,054.0
Long-term Borrowings	7,938.0	8,365.0
Long term lease obligations (IFRS 16)	315.5	286.0
Non Current Trade Payables	71.9	61.7
Other Non Current Payables	412.4	401.6
Deferred Tax Liability	3,073.3	2,986.0
Other Non Current Liabilities	402.3	429.4
TOTAL NON-CURRENT LIABILITIES	12,213.4	12,529.7
TOTAL EQUITY	24,173.6	22,161.2
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	45,956.5	44,744.9

Note 1: "Financial Investments" in Current Assets includes the time deposits with a original maturity more than three months.

BEER GROUP

Consolidated Income Statements For the Three-Months Period Ended 31.03.2019 and 31.03.2020
Prepared in accordance with IFRS as per CMB Regulations
(TL mn)

	2019/03	2020/03
Sales Volume (mhl)	6.7	7.0
Sales Revenue	1,739.7	1,892.0
Cost of Sales (-)	-1,218.2	-1,382.0
Gross Profit From Operations	521.6	510.0
EBIT (BNRI)*	-183.7	-468.2
Operating Profit Before Finance Income/(Expense)	-214.9	-233.5
Profit Before Tax From Continuing Operations	-303.9	-378.1
Income/(Loss) For The Period	-290.7	-352.5
Equity Holders Of The Parent	-175.8	-144.2
EBITDA (BNRI)*	72.6	-96.1

*Non-recurring items amounted to TL 1.0 million in 1Q2019 and TL 0.7 million in 1Q2020.

Note: EBITDA comprises of Profit from Operations, depreciation and other relevant non-cash items up to Profit From Operations

BEER GROUP

Consolidated Balance Sheets as of 31.12.2019 and 31.03.2020
Prepared In Accordance with IFRS as per CMB Regulations
(TL mn)

	2019/12	2020/3
Cash & Cash Equivalents	2,991.9	2,471.9
Financial Investments	270.3	273.9
Derivative Instruments	0.7	265.2
Trade Receivables	1,818.0	1,682.7
Other Receivables	138.6	152.2
Inventories	1,386.0	1,368.6
Other Current Assets	614.0	707.9
TOTAL CURRENT ASSETS	7,219.5	6,922.3
Trade Receivables	1.6	1.5
Financial Investments	0.8	0.8
Investments in Associates	659.5	732.2
Property, Plant and Equipment (incl. inv properties)	5,025.1	4,488.7
Other Intangible Assets	6,325.9	5,533.9
Goodwill	2,358.8	1,913.4
Deferred Tax Assets	583.3	625.2
Other Non-Current Assets	361.4	365.4
TOTAL NON-CURRENT ASSETS	15,316.5	13,661.0
TOTAL ASSETS	22,536.0	20,583.3
Current portion of long term borrowings	412.3	273.0
Short-term Borrowings	311.9	1,140.2
Current portion of term lease obligations (IFRS 16)	89.8	76.0
Current Trade Payables	3,812.9	3,288.0
Other Current Payables	1,049.6	842.3
Provision for Corporate Tax	9.5	10.0
Provisions	115.6	111.3
Other Liabilities	242.6	182.7
TOTAL CURRENT LIABILITIES	6,044.2	5,923.3
Long-term Borrowings	4,112.8	4,256.2
Long term lease obligations (IFRS 16)	161.3	134.3
Other Non Current Payables	412.4	401.6
Deferred Tax Liability	1,223.3	1,126.7
Other Non Current Liabilities	80.4	80.0
TOTAL NON-CURRENT LIABILITIES	5,990.2	5,998.7
TOTAL EQUITY	10,501.7	8,661.3
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	22,536.0	20,583.3

SOFT DRINK OPERATIONS (CCI)

Consolidated Income Statements For the Three-Months Period Ended 31.03.2019 and 31.03.2020

Prepared in accordance with IFRS as per CMB Regulations

(TL mn)

	2019/3*	2020/3
SALES VOLUME (UC millions)	229.8	238.5
SALES REVENUE	2,173.6	2,621.6
Cost of Sales (-)	-1,480.8	-1,774.6
GROSS PROFIT FROM OPERATIONS	692.8	847.0
Selling, Distribution and Marketing Expenses (-)	-422.4	-494.8
General and Administrative Expenses (-)	-114.3	-148.4
Other Operating Income /Expense (net)	-16.3	-22.1
EBIT	139.8	181.7
Income /Expense From Investing Activities (net)	0.5	-3.7
Income / (Loss) from Associates	-0.1	-1.6
OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)	140.2	176.4
Financial Income	122.6	285.6
Financial Expenses	-239.5	-305.7
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	23.3	156.3
-Deferred Tax Income/(Expense)	2.6	69.4
-Current Period Tax Expense	-69.9	-128.8
INCOME/(LOSS) FOR THE PERIOD	-44.0	96.8
Non-Controlling Interest	40.6	32.6
Income/(loss) after tax for the year from disc. operations	0.7	-2.4
EQUITY HOLDERS OF THE PARENT	-2.6	127.0
EBITDA	320.4	397.1

SOFT DRINK OPERATIONS (CCI)

Consolidated Balance Sheets as of 31.12.2019 and 31.03.2020

Prepared In Accordance with IFRS as per CMB Regulations

(TL mn)

	Restated* 2019/12	2020/3
Cash and Cash Equivalents	2,822.8	2,608.8
Investments in Securities	110.0	436.5
Derivative Financial Instruments	2.8	12.5
Trade Receivables	699.8	988.2
Due from related parties	209.8	242.3
Other Receivables	27.1	29.3
Inventories	871.6	1,144.4
Prepaid Expenses	231.0	244.8
Tax Related Current Assets	207.5	194.6
Other Current Assets	282.7	286.8
TOTAL CURRENT ASSETS	5,464.9	6,188.3
Other Non-Current Asset	0.0	0.0
Other Receivables	38.5	39.6
Right of Use Asset	194.4	192.8
Property, Plant and Equipment	6899.2	7045.3
Intangible Assets	2174.4	2196.3
Goodwill	843.8	848.3
Prepaid Expenses	243.4	247.3
Deferred Tax Asset	101.1	159.6
TOTAL NON-CURRENT ASSETS	10,494.8	10,729.3
TOTAL ASSETS	15,959.8	16,917.5
	Restated* 2019/12	2020/3
Short-term Borrowings	445.4	748.4
Current Portion of Long-term Borrowings	996.3	674.0
Financial lease payables	51.5	55.2
Trade Payables	1,044.1	1,301.7
Due to Related Parties	437.1	631.3
Payables Related to Employee Benefits	44.5	41.8
Other Payables	373.3	509.3
Provision for Corporate Tax	20.2	31.2
Provision for Employee Benefits	58.5	69.2
Other Current Liabilities	65.1	79.5
TOTAL CURRENT LIABILITIES	3,536.1	4,141.7
Financial lease payables	173.1	170.5
Long-term Borrowings	3,825.2	4,108.8
Trade Payables & Due to Related Parties	66.2	61.7
Provision for Employee Benefits	118.4	119.7
Deferred Tax Liability	662.2	676.1
Other Non-Current Liabilities	209.2	229.7
Equity of the Parent	6,515.0	6,542.6
Minority Interest	854.3	866.6
TOTAL NON-CURRENT LIABILITIES	5,054.3	5,366.6
TOTAL EQUITY	7,369.4	7,409.3
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	15,959.8	16,917.5

* Details about the restatement were explained in the footnote 2 of the financial statements.

ABOUT ANADOLU EFES

Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes), together with its subsidiaries and affiliates produces and markets beer, malt and soft drinks across a geography including Turkey, Russia, the CIS countries, Central Asia and the Middle East with total employees of 16,639, including both beer & soft drink operations. Anadolu Efes, listed at Borsa İstanbul (AEFES.IS), is an operational entity under which the Turkey beer operations are managed, as well as a holding entity which is the 100% shareholder of EBI that manages international beer operations, and is the largest shareholder of CCI, that manages the soft drink business in Turkey and international markets.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

ACCOUNTING PRINCIPLES

The consolidated financial statements of Anadolu Efes are prepared in accordance with International Financial Reporting Standards ("IFRS") as per regulations of the Capital Markets Board of Turkey ("CMB").

The attached financial statements in this announcement comprise the income statements for the period ended 31.03.2019 and 31.03.2020 as well as the balance sheets as of 31.12.2019 and 31.03.2020. Figures in 1Q2019 and 1Q2020 are presented in the reporting currencies of each business division.

Anadolu Efes and its subsidiaries in which Anadolu Efes holds the majority stake; including Efes Pazarlama (marketing, sales & distribution of beer products in Turkey) and EBI (international beer operations), are fully consolidated in the financials. According to the Shareholder's Agreement regarding the governance of CCI, in which Anadolu Efes holds 50.3% stake, Anadolu Efes also fully consolidates CCI.

BEER OPERATIONS' 1Q2020 RESULTS PRESENTATION & WEBCAST

Anadolu Efes - Beer Operations' 1Q2020 Results Presentation will be held on Thursday 7th of May 2020 at 16:30 (Istanbul) 14:30 (London) 09:30 (New York).

The meeting will be held via Teams Live Event.

We kindly recommend you to test your access to the link below prior to the call.

Webcast:

https://teams.microsoft.com/l/meetup-join/19%3ameeting_YzM0ZjBiZDYtNWZmOC00YTklLWlyOTMtMWU4MzkxOTU4NGFm%40thread.v2/0?context=%7b%22Tid%22%3a%22e763b98e-4b7c-41f7-9105-0ab753568526%22%2c%22Oid%22%3a%226720caf5-2ff6-46d9-ad33-9c8d4edf1339%22%2c%22IsBroadcastMeeting%22%3a%22true%7d%22%7d

Audio connection will not be available; however, you are more than welcomed to join the call with your mobiles phones via the link above.

Replay: The replay link will be available in our website.

A copy of the presentation will be available prior to the conference call from our website at www.anadoluefes.com.

ENQUIRIES

For financial reports and further information regarding Anadolu Efes, please visit our website at <http://www.anadoluefes.com/> or you may contact;

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