

AEFES

We participated in the AEFES teleconference to evaluate the company's Q4 2023 financial results, current operations, and future outlook. Anadolu Efes holds a leading position in the production and marketing of beer, malt, and soft drinks in both Turkey and international markets. The company stands out with its strong operational structure and high export rates, along with its notable ability to generate cash. The management expects to maintain a similar success in 2024 following a performance that exceeded expectations in 2023. The meeting highlighted the unexpectedly positive performance in the last quarter of 2023 and strong operational profitability.

Key takeaways of the meeting

Above-expectation performance in the last quarter of 2023... In the beer segment, the solid performance demonstrated since the beginning of the year has led to a significant increase in volume and exceeded expectations. At the heart of this success are the new product launches and effective brand strategies implemented in the mid-segment; these strategies have strengthened the company's position in the markets it operates in.

Strong operational profitability... Despite facing numerous challenges throughout the year, the company has achieved significant successes. Conditions such as natural disasters in Türkiye and Pakistan, contraction trends in some of the markets it operates in, and the necessity to implement aggressive pricing strategies due to a high inflationary environment have created significant pressure on the business. Nevertheless, the company has managed to strengthen its position in most markets and has achieved exceptional Free Cash Flow thanks to high turnover and strong operational profitability.

2024 outlook... The company shares optimistic forecasts for 2024, taking into account adjustments for inflation accounting. Additionally Coca-Cola Bangladesh Beverages Limited is expected to make a more significant contribution to the company's financial results in 2024.

Anadolu Efes Biracilik

Share Data

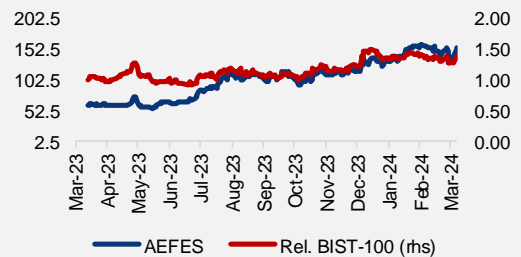
Ticker:	AEFES TI		
Share price (as of 22 March 2024)	154.50		
Share price (52 week range)	56.9 / 158.7		
Market cap. (TL mn - USD mn)	91480.3 - 2861.7		
# of shares outstanding (mn)	592.1		
Free Float	32%		

Avg. trading volume	1M	3M	12M
USD mn	14.0	12.9	13.1

Price performance	1M	3M	Y-t-D
TL	0%	15%	12%
USD	-3%	5%	3%
Rel. to BIST-100	2%	-5%	-8%

TL mn	2021	2022	2023
Revenues	39,284	155,060	159,877
EBITDA	6,447	25,328	27,045
Net Earnings	1,068	15,384	22,129
Net Debt	10,912	21,444	18,586

Valuation	2021	2022	2023
P/E	12.9x	17.3x	4.1x
P/BV	1.1x	1.0x	1.5x
EV/EBITDA	3.7x	3.8x	2.4x
EV/Sales	0.65x	0.65x	0.42x
Dividend Yield	8.1%	4.9%	2.5%



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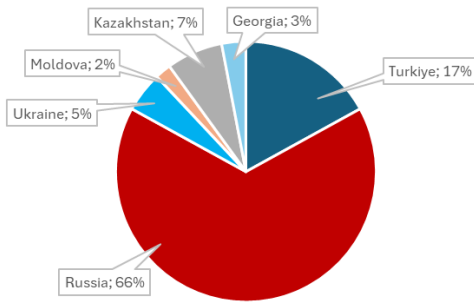
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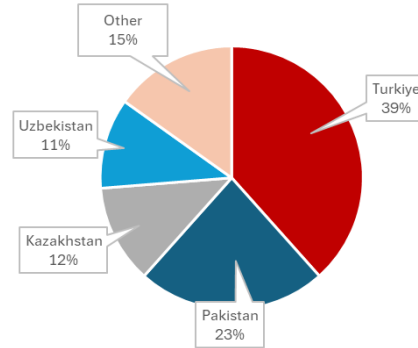
About Company

Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes), through its subsidiaries and affiliates, operates in the production and marketing of beer, malt, and soft drinks across a wide geography including Türkiye, Russia, the Commonwealth of Independent States, Central Asia, and the Middle East. The company plays an active role in both the beer and soft drink sectors with a total of 20,653 employees. Anadolu Efes, traded on the Borsa Istanbul (AEFES.IS), not only manages beer operations in Türkiye but is also the sole owner of EBI, which oversees its beer operations abroad, and the main shareholder of CCI, which conducts its soft drink operations in Türkiye and international markets.

Volume Breakdowns by Country for the Beer Group



Volume Breakdowns by Country for the Soft Drinks



Financial Analysis

Q4 2023 financial results... The company recorded its consolidated sales volume at a level close to the previous year, at 122.9 million hectoliters in 2023. During this period, the beer segment showed a growth of 5%, thanks to strong performance in both Türkiye and international operations. However, the soft drink segment exhibited weaker volume performance, especially due to challenges in Türkiye and Pakistan.

The company's consolidated net sales revenue increased by 3.1% to 159,9 bn TL due to price adjustments. Excluding the impact of TMS 29, the increase in revenue was determined to be 62.7%, with a currency-neutral growth of 39.4%, indicating a performance significantly above expectations.

EBITDA (operating profit before depreciation, amortization, and impairment costs) in 2023 increased by 5.7% to 28,6 bn TL, and the EBITDA margin reached 17.9%, showing an improvement of 45 basis points compared to the previous year. Excluding TMS 29, EBITDA increased by 75.4% to 30,6 bn TL, and the EBITDA margin reached 20.8%, demonstrating a performance above expectations.

Consolidated net profit rose by 43.8% to 22,1 bn TL, while excluding the impact of TMS 29, net profit was recorded at 7,8 bn TL.

Free Cash Flow showed a significant increase compared to the previous year, reaching 9,3 bn TL, with both beer and soft drink operations contributing to this increase. The Net Debt/EBITDA ratio was 0.7x as of December 31, 2023.

Tables

Balance Sheet	2018	2019	2020	2021	2022	2023	Income statement	2011	2017	2018	2019	2020	2021	2022	2023
Cash	4,791	6,195	8,564	10,334	40,580	41,648	Revenues	10,420	12,732	18,690	23,077	26,743	39,284	155,060	159,877
Accounts receivables	2,414	2,727	2,745	5,117	12,990	15,381	Gross profit	4,091	4,826	6,732	8,756	9,943	14,142	53,556	59,000
Inventory	1,943	2,257	2,709	5,903	23,546	24,878	Operating expenses	3,235	3,657	5,515	6,679	7,267	10,094	36,839	39,526
Other current assets	1,220	1,504	1,705	3,310	8,711	8,222	Operating profit	856	1,169	1,217	2,077	2,676	4,048	16,716	19,474
Current assets	10,368	12,684	15,723	24,664	85,826	90,128	EBITDA	1,646	2,101	2,714	3,820	4,749	6,447	25,328	27,045
Financial investments	72	63	1	1	453	11	Other income, net	23	19	199	857	357	805	8	561
Net fixed assets	10,753	12,007	12,592	21,297	56,948	57,615	Financial income, net	-802	-674	-959	-852	-717	-508	12,652	21,561
Intangible assets	14,344	16,303	17,168	30,162	101,263	93,455	Earnings before taxes	53	483	376	1,958	2,067	3,803	29,822	41,453
Other non-current assets	4,159	4,842	5,078	9,389	23,754	24,016	Tax expense	93	178	277	652	610	1,436	6,818	7,911
Non-current assets	29,328	33,214	34,839	60,849	182,418	175,098	Net earnings - Parent	-71	149	-12	1,031	819	1,068	15,384	22,129
Total assets	39,696	45,898	50,561	85,513	268,245	265,226	Cashflow statement								
Short-term financial loans	2,407	2,297	2,984	6,475	19,674	23,868	EBITDA	2,101	2,714	3,820	4,749	6,447	25,328	27,045	
Accounts payables	3,601	5,298	6,196	12,634	33,009	33,059	Taxes on EBIT	429	897	692	790	1,528	3,822	3,717	
Other short-term payables	2,068	2,102	3,361	5,412	16,576	21,570	Capital expenditures	771	1,504	1,412	1,389	2,725	8,322	10,223	
Current liabilities	8,075	9,697	12,542	24,521	69,259	78,497	Chg. in NWC	-918	-918	-819	-1,488	-1,318	-622	-1,810	
Long-term financial loans	7,137	8,253	9,180	14,772	42,350	36,365	Free cashflows to firm	1,819	1,231	2,536	4,058	3,513	13,806	14,917	
Other long-term payables	3,161	3,568	3,824	6,887	21,910	20,485	Growth & margins								
Non-current liabilities	10,298	11,821	13,005	21,659	64,260	56,850	Revenues		22%	47%	23%	16%	47%	295%	3%
Shareholders' equity	21,322	24,380	25,015	39,332	134,725	129,878	EBITDA		28%	29%	41%	24%	36%	293%	7%
Parent company	11,369	13,177	12,806	18,715	64,533	64,558	Net earnings		-311%	-108%	-8925%	-21%	30%	1340%	44%
Minorities	9,953	11,203	12,209	20,617	70,193	65,320	Gross margin		37.9%	36.0%	37.9%	37.2%	36.0%	34.5%	36.9%
Total liabilities & equity	39,696	45,898	50,561	85,513	268,245	265,226	Operating margin		9.2%	6.5%	9.0%	10.0%	10.3%	10.8%	12.2%
Net debt	4,753	4,355	3,601	10,912	21,444	18,586	EBITDA margin		16.5%	14.5%	16.6%	17.8%	16.4%	16.3%	16.9%
Net working capital	-92	-911	-2,399	-3,717	-4,338	-6,148	Net margin		1.2%	-0.1%	4.5%	3.1%	2.7%	9.9%	13.8%
Net working capital (Operatin	756	-313	-743	-1,614	3,527	7,199	Free cashflow margin		1.2%	-0.1%	4.5%	3.1%	2.7%	9.9%	13.8%
Invested Capital	25,005	27,398	27,361	47,742	153,873	144,921	Per share (TL)								
Ratios							EPS		0.25	-0.02	1.74	1.38	1.80	25.98	37.37
Profitability							BVPS		26.46	36.01	41.18	42.25	66.43	227.54	219.35
ROE	-0.1%	4.5%	3.3%	3.3%	17.7%	16.7%	DPS		0.25	0.42	0.51	1.77	1.93	1.85	2.13
Net margin	-0.1%	4.5%	3.1%	2.7%	9.9%	13.8%	Valuation								
Asset turnover	0.5x	0.5x	0.6x	0.6x	0.9x	0.6x	P/E		612.2x	n.m.	88.7x	12.5x	12.9x	17.3x	4.1x
Leverage	1.9x	1.9x	2.0x	2.1x	2.0x	2.0x	P/BV		1.41x	1.27x	1.01x	0.99x	1.05x	1.04x	1.49x
ROA	0.0%	2.4%	1.7%	1.6%	8.7%	8.3%	EV/EBITDA		9.2x	8.2x	5.8x	4.5x	3.7x	3.8x	2.4x
ROIC	4.5%	6.3%	7.8%	8.6%	13.3%	10.4%	EV/Sales		1.39x	1.31x	0.87x	0.73x	0.65x	0.65x	0.42x
Leverage							Dividend Yield		1.1%	1.8%	2.4%	8.4%	8.1%	4.9%	2.5%
Financial debt/Total assets	24%	23%	24%	25%	23%	23%	Free cashflow yield		13.7%	8.9%	20.6%	32.5%	24.8%	61.8%	29.9%
Net debt/Equity	0.22	0.18	0.14	0.28	0.16	0.14									
Net debt/EBITDA	1.75	1.14	0.76	1.69	0.85	0.69									

Source: Bloomberg, Tacirler Investment

* All figures are stated in millions of TL unless otherwise stated.

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