Corporate Credit Rating

☐New ☒Update

Sector: Manufacturing of Alcoholic Beverages
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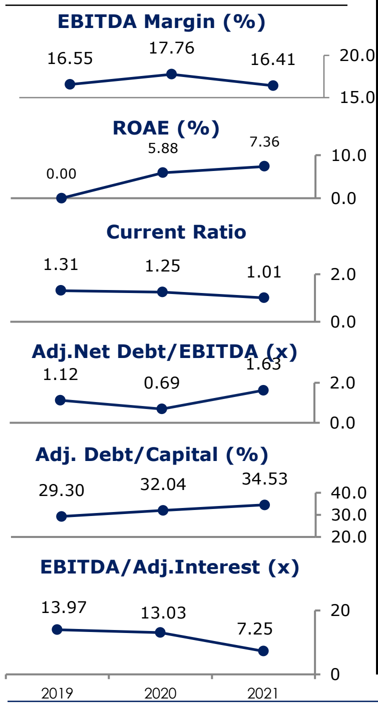
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB+	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

** Assigned by JCR on Aug 18, 2022*



Anadolu Efes Biracılık ve Malt Sanayi A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of **"Anadolu Efes Biracılık ve Malt Sanayi A.Ş"** and affirmed the Long-Term National Issuer Credit Rating as **'AAA (tr)'** and the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were revised from '**BBB-**' to '**BB+**', due to macroeconomic uncertainties in one of the Group's largest markets of Russia with **'Stable'** outlooks.

Anadolu Efes Biracılık ve Malt Sanayi A.Ş. (hereinafter "**the Group**" or "**Anadolu Efes**") was established with two breweries (Istanbul and Izmir) in 1969 for the beer operations. The Group has become a key player at short notice in the domestic beer market. The Group has totally 21 factories which includes 3 factories in Turkey, 11 in Russia, the rest of them in different countries. Anadolu Efes is operating as one of the most important players in its region with 21 breweries, 5 malteries, 1 hops processing facility and 1 preform plant in 6 countries, and 30 bottling plants in 11 countries, including Turkey among others.

The Group exports its products to more than 70 countries in line with more than two-thirds of its net sales in international markets. According to the Group's management figures, Anadolu Efes ranked 5th and 9th in Europe and the World in terms of the largest brewer by production volume, respectively. The Group has included beer and soft drinks brands to its product portfolio and operates in a wide geographic region together with its export markets shipping to worldwide.

As of 1H2022, the Group's shareholders are AG Anadolu Grubu Holding A.Ş. and AB InBev Harmony Limited with the shares of 43.05% and 24.0%, respectively. Anadolu Efes (AEFES) is traded in Borsa İstanbul with the 32.95% free float rate.

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
• Maintenance of low level of financial leverage indicators despite slight increase, • Predictable cash flow generation thanks to beer and soft-drink operations, • Maintaining of the robust profitability indicators, • Solid cash conversion cycle and liquidity ratios, • Diversification of geography across the world and widened product diversity providing income stream and competitive advantages, despite disruption in Ukraine operations since February 24th, • Being the market leader in all beer operations excluding Ukraine and in some soft-drink operations, • Strong partnership structure and high level of corporate governance strengthening market position.	• Despite being the market leader, slowdown in market share of beer operations and consumption of alcoholic beverages in Turkish market, • Diversified currency revenues leading mismatch due to USD based debt structure, • The geopolitical risks stemming from the Russia-Ukraine tension increasing commodity prices and particularly in logistics costs, leading pressure on the Group's operations.

Considering the aforementioned factors, the Group's the Long-Term National Rating has been affirmed at **'AAA (tr)'**. The Group's strong operational performance, widened income stream, valuable asset structure via its subsidiaries, manageable debt profile, sales growth rates and free cash flow generation along with ongoing macroeconomic uncertainties in the Group's one of the largest markets of Russia have been evaluated as important indicators for the ratings. The outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Group's debt and equity level, additional cash flows that will be generated by completed and ongoing investments, profitability indicators and expansion in export markets will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.