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Value Investor INSIGHT

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Second Glance

It wouldn't take long after even a cursory look to conclude that Turkish company Anadolu Efes might pose some challenges as an investment. Matthew Beddall makes the case that looking into it more closely could be time well spent.

It's likely that investors prioritizing simple, straightforward ideas wouldn't touch the shares of Anadolu Efes with a ten-foot pole. The company's ownership structure is convoluted, with various entities owning it and it owning various entities. Its accounting is challenging, owing to consolidations and to special rules for businesses operating in countries with hyperinflation. It operates in countries with (ahem) challenging economic and political environments, including home-base Türkiye – which accounts for roughly half of its total revenue – but also places like Russia, Iraq and Syria. Let's just say it's a fair candidate for the too-hard pile.

Therein lies opportunity, says Matthew Beddall of investment manager Havelock London. The crown jewel of the company's business is its 50% ownership in bottler Coca-Cola Içecek [Istanbul: CCOLA], which since it started out as the Turkish Coke franchisee in 2005 has added multiple contiguous markets to its purview. A testament to the strength of its business and its management, he says, is that Içecek through many challenging periods has compounded its revenues and EBITDA at 8% per year in U.S.-dollar terms over the past 20 years. Given that history and the record of other Coke bottlers around the world, he believes the growth runway in its still-developing markets with good demographics remains long.

More problematic is Anadolu Efes' other main business, selling beer. Brewing its own beers and distributing multiple brands of global partners, the company benefits from strong market shares and scale economies in Türkiye, Kazakhstan, Georgia, Moldova and other countries in the region, but its largest market by volume has been Russia, where it has operated a joint venture with beer giant Anheuser-Busch InBev. The Russian JV at the moment is beyond just challenged, operating under "temporary management" put in place by the Russian government. Beddall says he can make the case the company will realize a gain on what is now just a marked-down financial asset on its balance sheet – Turkish companies have fared better in such negotiations than Western firms, he says – but it's unnecessary to do so because the market is ascribing no value to it.

INVESTMENT SNAPSHOT

Anadolu Efes
(Istanbul: AEFES)

Business: Regional brewing company based in Türkiye whose other primary asset is a 50% stake in bottler Coca-Cola Içecek.

Share Information
(@7/30/26, Exchange Rate: $1 = 47.51 Turkish lira):

Price	**TRY 22.08**
52-Week Range	TRY 13.37 – TRY 23.28
Dividend Yield	0.6%
Market Cap	TRY 130.74 billion

Financials (TTM):

Revenue	TRY 248.24 billion
Operating Profit Margin	11.6%
Net Profit Margin	3.5%

Valuation Metrics
(@7/30/26):

	AEFES	S&P 500
P/E (TTM)	15.0	25.2
Forward P/E (Est.)	6.9	21.1

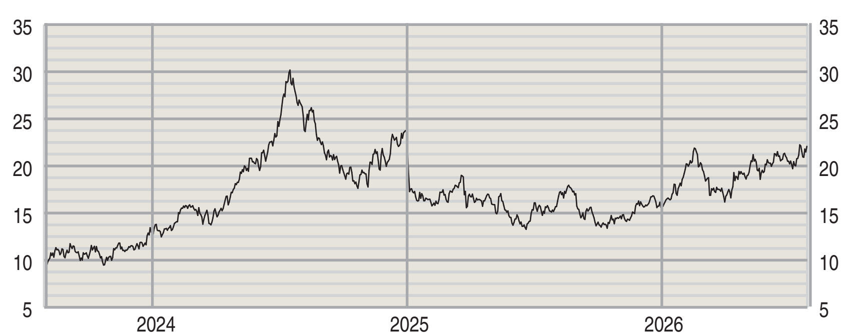
Largest Institutional Owners
(@3/31/26 or latest filing):

Company	% Owned
Anadolu Group	43.0%
Anheuser-Busch InBev	24.0%
IS Asset Mgmt	2.0%

Short Interest (as of 7/15/26):

Shares Short/Float	n/a

AEFES PRICE HISTORY



THE BOTTOM LINE

Due to some prominent challenges in its beer business, the market isn't recognizing the value in the company's Coca-Cola bottling asset, says Matthew Beddall. Assuming what he considers conservative multiples on each business, the shares would be 50% higher.

Sources: S&P Capital IQ, company reports, other publicly available information

Complications and all, what might the overall company's stock, now at around 22 Turkish lira, be worth? Translating reported results into U.S. dollars, Beddall says the market is ascribing only a 7.6x EV/EBITDA multiple to Anadolu Efes' share of Coca-Cola Içecek, and is paying less than 3x EV/EBITDA for its non-Russian brewery operations. Assuming what he considers still-conservative multiples of 8x and 5x, respectively, would result in a 50% higher share price. Sustainable above-average growth, and the share re-valuation that might accompany such growth, provide significant further upside from there. "We certainly understand why this doesn't trade where a Western peer would," he says. "But that doesn't mean the current valuation is correct either." VII

IMPORTANT INFORMATION

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