

Corporate Credit Rating

New Update

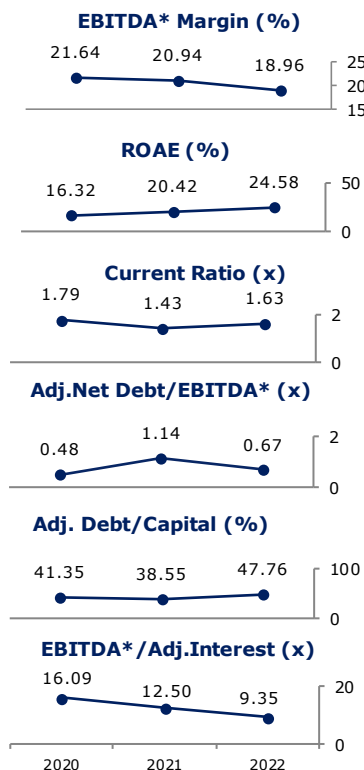
Sector: Beverages Industry
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR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

* Assigned by JCR on Aug 18, 2022



*Based on calculations of JCR.

COCA-COLA İÇECEK ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Coca-Cola İçecek Anonim Şirketi" in the investment grade category and affirmed the Long-Term National Issuer Credit Rating at '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 affirmed at 'BBB/Stable'.

Coca-Cola İçecek A.Ş. (hereinafter referred to as "CCI" or "the Group") was established in 1988 in Türkiye and its roots go back to 1964. Its shareholders are Anadolu Efes Biraçılık ve Malt Sanayi A.Ş. (40.12%), The Coca-Cola Export Corporation (20.09%), Efes Pazarlama ve Dağıtım Ticaret A.Ş. (10.14%) and Özgörküy Holding A.Ş. (1.40%) as of 1Q2023. In addition, CCI's shares have been listed in Borsa Istanbul (BIST) since 2006 with the ticker 'CCOLA'. As of 1Q2023, 28.25% of CCI's shares are publicly traded. The main shareholder of Anadolu Efes and Efes Pazarlama which are the shareholders of the Group is AG Anadolu Group. AG Anadolu Group is indirectly the main shareholder of CCI.

The Group is bottling, selling and distributing of the Coca-Cola Company (TCCC) branded products in 11 countries. The Group has 30 bottling facilities in Türkiye, Jordan, Kazakhstan, Uzbekistan, Azerbaijan, Pakistan, Kyrgyzstan, Tajikistan, Turkmenistan and Iraq. CCI provides services with TCCC brands in the industry. The Group is the market leader in most of the countries in which it operates. The sparkling category has the largest share among the products of the Group with over 80% volume share. The Group derives approximately over 80% of its EBITDA from operations in Türkiye, Pakistan, Kazakhstan and Uzbekistan. In addition, the Uzbekistan operations that the Group acquired in 3Q2021 are expected to receive a large share from the Group's EBITDA in the mid-term.

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

Strengths

- Robust increase in sales volume and maintaining EBITDA generation capacity,
- Despite the contraction in equity to total assets ratio, high equity level supported by internal equity generation,
- Sustainability in adjusted net debt to EBITDA multiplier thanks to the improvement in EBITDA generation despite the increase in financial debt in FYE2022,
- Long-term financial debt structure and ability to access international resources,
- Solid cash flow metrics easing liquidity management and cash buffer,
- Diversified income stream thanks to rich and diversified product portfolio and geographical prevalence,
- Clear corporate governance policies, prudent financial management and proactive risk policy through commodity hedges,
- Being the market leaders in many countries where it operates,
- Long term agreement with TCCC and product portfolio consisting of highly recognized brands.

Constraints

- Mainly USD based debt structure and increase in financing expenses pressuring bottom line results,
- Increase in operational expenses squeezing operational efficiency despite its improvement,
- Slightly decline in profitability indicators due to CPI-PPI pressure in FY2022,
- Revenue composition exposed to different country risk elements,
- Global recession and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been affirmed at 'AAA (tr)'. Taking into account internal equity generation capacity, EBITDA generation capacity, being market leader, and experienced and qualified organizational structure, as well as, Russia-Ukraine crisis and geopolitical risks-driven uncertainties; have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Group's level of debt ratio, profit margins, cash flows to coverage debt payments and sustainability of demand in the market 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 also be monitored.