

Corporate Credit Rating

☐ New ☒ Update

Sector: FMCG

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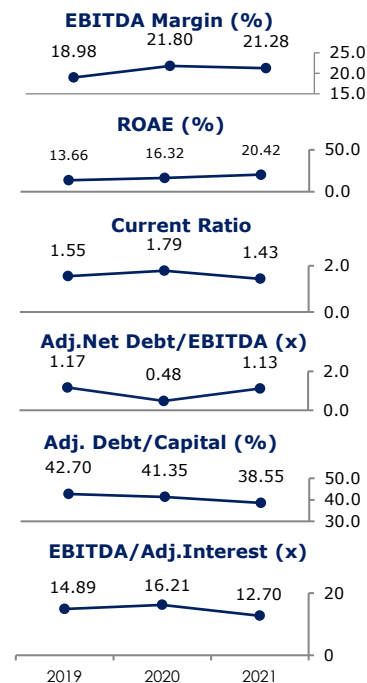
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB	J2
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BBB	J2
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	Stable
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021



Coca-Cola İçecek A.Ş.

JCR Eurasia Rating has evaluated the "Coca-Cola İçecek A.Ş." in the highest 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 Turkey and its roots go back to 1964. Its shareholders are Anadolu Efes Biracılık ve Malt Sanayi A.Ş. (40.12%), The Coca-Cola Export Corporation (20.09%), Efes Pazarlama ve Dağıtım Ticaret A.Ş. (10.14%) and Özgörk Holding A.Ş. (1.53%) as of 1Q2022. In addition, CCI's shares are listed in Borsa İstanbul (BIST) since 2006 with the ticker 'CCOLA'. As of 1Q2022, 28.12% 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 Turkey, Jordan, Kazakhstan, Uzbekistan, Azerbaijan, Pakistan, Kyrgyzstan, Tajikistan, Turkmenistan and Iraq. CCI provides services with TCCC brands in 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 Turkey, Pakistan, Kazakhstan and Iraq. In addition, the Uzbekistan operations that the Group acquired in the 4Q2021 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

- Maintaining strong EBITDA generation and profitability margins,
- High equity level supported by internal equity generation,
- Robust financial position despite increasing financial debt in FYE2021,
- Positive cash flow metrics and long-term financial debt structure easing liquidity management and cash buffer,
- Diversified income stream thanks to 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

- Diversified currency revenues leading mismatch due to mainly USD based debt structure,
- Revenue composition exposed to different country risk elements,
- Existing uncertainty due to Russia-Ukraine war affecting commodity prices and investment plans in the world.

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 be monitored as well.