

## Corporate Credit Rating

New  Update

**Sector:** FMCG

**Publishing Date:** July 30, 2021

**Senior Chief Analyst**

Orkun Inan

+90 212 352 56 73

[orkun.inan@jcrer.com.tr](mailto:orkun.inan@jcrer.com.tr)

**Assistant Analyst**

Muhammed Recep Durupınar

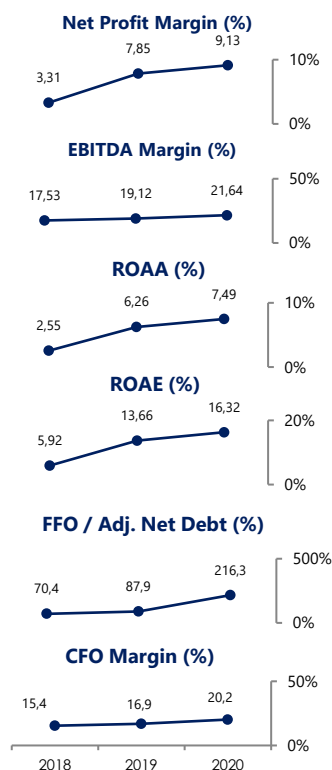
+90 212 352 56 73

[recep.durupinar@jcrer.com.tr](mailto:recep.durupinar@jcrer.com.tr)

### RATINGS

		Long Term	Short Term
National	Local Rating	AAA (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BBB	A-3
	Local Currency	BBB	A-3
	Outlook	FC Stable LC Stable	Stable Stable
Sovereign	Sponsor Support	1	-
	Stand-Alone	A	-
	Foreign	BB	-
	Local	BB	-
	Outlook	FC Stable LC Stable	- -

\*Assigned by JCR on May 31, 2021



## Coca-Cola İçecek A.Ş and Its Subsidiaries

JCR Eurasia Rating has evaluated the consolidated structure of “Coca-Cola İçecek A.Ş and Its Subsidiaries” in an investment grade category at national level and assigned the ratings as “AAA (Trk)” on the Long-Term National Scale and as “A-1+ (Trk)” on the Short-Term National Scale with “Stable” outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as “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 Özgörküy Holding A.Ş. (1.53%) as of 1Q2021. In addition, CCI's shares are listed in Borsa Istanbul (BIST) since 2006 with the ticker 'COLLA'. As of 1Q2021, 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 and selling and distributing of The Coca-Cola Company (TCCC) brands in 10 countries. The Group has 26 bottling facilities in Turkey, Jordan, Kazakhstan, 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 approximately 80% volume share. The Group derives approximately 85% of its EBITDA from operations in Turkey, Pakistan, Kazakhstan and Iraq.

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

#### Strengths

- Upward trend of EBITDA margin and profit margins,
- High equity level supported by internal equity generation,
- Robust financial position and cash buffer via strengthened FOCF generation easing liquidity structure,
- Predominantly liquid asset supporting qualified asset structure,
- Diversified income stream thanks to geographical prevalence,
- Being one of the market leaders,
- Long term agreement with TCCC and product portfolio consisting of highly recognized brands.

#### Constraints

- Revenue composition exposed to different country risk elements,
- Diversified currency revenues leading mismatch due to mainly USD based debt structure,
- Global mainly economic slowdown exacerbated by the covid19 pandemic also affecting commodity prices.

Considering the aforementioned points, the Group's Long-term National Rating has been assigned at ‘AAA (Trk)’. Taking into account internal equity generation capacity, EBITDA generation capacity, being market leader, and experienced and qualified organizational structure, as well as, Covid-19 pandemic and geopolitical risks-driven uncertainties; the Group's outlook for Long and Short-Term National ratings has been determined as “Stable”. An achievement of budget targets of the Group, debt ratio, profit margins and sustainability of domestic and international demands, regulations, as well as market conditions regarding the sector are the priority issues to be monitored in the following period.

The Sponsor Support notes and risk assessments carried out reflect the financial and nonfinancial standings and expected support of the shareholders of the Group. It has been assessed that main shareholder AG Anadolu Group has the willingness and financial strength to provide long term liquidity or equity support to the Group. Taking into consideration the main shareholder's role in the sector, investments and activities the Group's Sponsor Support grade has been determined as (1) on JCR Eurasia Rating's notation scale. This grade denotes the highest-level external support to the Group.

The Stand-Alone note is formed depending on the Group's effectiveness, corporate brand awareness, operational efficiency, equity structure, sales growth, profit margins converging to generating internal equity and sectoral experience. It is considered that CCI's management have reached the level of sufficient experience and facilities to manage its obligations even in case the shareholders do not provide any assistance. In this respect, the Stand Alone note of the Group has been assigned as ‘A’ in the JCR Eurasia Rating notation system.