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Coca-Cola Icecek

Lower than expected financial results in 4Q24...

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Coca Cola Icecek reported a consolidated net loss of TRY 351mn in 4Q24, marking a steep 105.6% YoY decline and falling significantly short of both the RT market consensus estimate of TRY 2,206mn, and our forecast of TRY 2,844mn (4Q23: TRY 6,286mn net profit) per its financials with inflation accounting (TAS-29 effect). The sharp underperformance was primarily driven by a substantial decline in net monetary position gains (4Q23: TRY 5,990 mn, 4Q24: TRY 1,533mn), an 8.4% YoY contraction in net sales revenue, lower operational profitability due to elevated OpEx, and an increase in net FX costs (4Q23: TRY -1,782mn, 4Q24: TRY -2,027mn).

In 4Q24, CCI's consolidated sales volume expanded by 7.3% YoY to 271 million-unit cases (4Q23: 252 million-unit cases). Domestic sales volume surged 18.4% YoY to 104mn uc (4Q23: 88mn uc), benefiting from a low base effect stemming from geopolitical risks, elevated inflation, and stagnant minimum wages in the prior year. International operations delivered moderate growth of 1.4% YoY to 166mn uc, supported by strong contributions from Pakistan, Iraq, and Azerbaijan. On a consolidated basis, the share of IC packages increased to 32.4%, while the on-premise mix accounted for 21.6% in 4Q24.

CCI's consolidated net sales revenue contracted by 8.4% YoY to TRY 22,138mn, significantly lagging both the market consensus forecast of TRY 26,507mn, and our forecast of TRY 25,852mn. However, the company's consolidated GP margin improved by 0.9 pp YoY to 30.9% in 4Q24 (4Q23: 30.0%), supported by favorable raw material costs in Turkey, effective cost management, and a more pronounced decline in CoGs relative to sales revenue. CCI's EBITDA declined by 32.2% YoY to TRY 1,539mn (4Q23: TRY 2,271mn), significantly underperforming the RT market consensus estimate of TRY 3,501mn and our forecast of TRY 3,955mn. Consequently, the EBITDA margin contracted by 2.8 pp YoY to 7.0% in 4Q24, reflecting operating deleverage and heightened cost pressures.

As of 4Q24, CCI's net debt stood at USD 729mn, with a **Net Debt/EBITDA ratio** of 1.02x (2023: 0.82x). The company's FCF deteriorated from TRY 5.6bn in 2023 to TRY -2.2bn in 2024, primarily due to elevated CapEx related to greenfield and production line investments.

CCI's 2025 Expectations: CCI has incorporated its Bangladesh operations into its 2025 volume guidance, though it expects a limited impact on overall volume growth. The Company reaffirmed its strategic targets, forecasting mid-single-digit consolidated sales volume growth, low-to-mid-single-digit growth in Turkey, and mid-to-high-single-digit growth in international markets. Under TAS-29 inflation-adjusted reporting, CCI anticipates a flat EBITDA margin and mid-single-digit NSR/uc growth in 2025. Additionally, CCI plans to expand its production footprint by commissioning two new facilities in Iraq and Azerbaijan. Excluding TAS-29 effects, CCI expects low-twenties percentage growth in currency-neutral NSR/uc. However, inflationary pressures on costs and localized price adjustments aimed at maintaining affordability are likely to exert marginal pressure on the EBITDA margin.

OUTPERFORM
TP: TRY 78.30

Previous: TRY 78.30

Upside: 46%

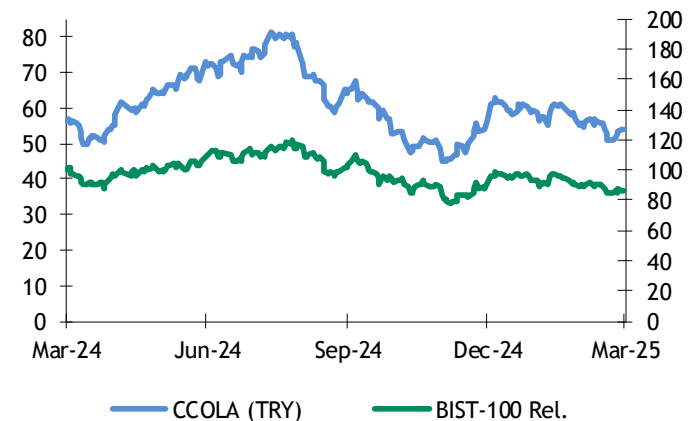
	TRY	US\$
Close	53,80	1,48
BIST 100	9.898	272
US\$/TRY (CB Bid Rate):	36,4011	
52 Week High:	81,59	2,47
52 Week Low:	45,12	1,32
Bloomberg/Reuters Ticker:	CCOLA.TI / CCOLA.IS	

Number of Shares (Mn):	2.798	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	150.537	4.135
Free Float Mcap :	37.634	1.034

	1 M	YOY	YTD
TRY Return (%):	-3,2	-4,2	-10,3
US\$ Return (%):	-4,6	-17,8	-13,2
BIST 100 Relative (%):	-3,2	-4,2	-10,3
Avg. Daily Vol. (TRY Mn):	420,9		
Avg. Daily Vol. (US\$ Mn):	12,5		

Beta	0,70
Volatility (Stock)	0,37
Volatility (BIST 100)	0,23

Shareholder Structure	%
Anadolu Efes Biracılık	40,12
The Coca Cola Company	20,09
Other	10,14
Free Float	29,65
Total	100,00



Coca-Cola İçecek has announced its decision to propose the distribution of a cash dividend of TRY 1.0722 gross (TRY 0.91137 net) per 100 shares with a nominal value of TRY 1 each from its 2024 net profit at the Company's General Assembly Meeting. Based on the closing price as of March 4, 2025, the proposed cash dividend per share corresponds to a gross dividend yield of 2%. The proposed ex-dividend date has been set for May 26, 2025.

Given the substantial earnings miss in 4Q24, we expect the results to have a negative impact on stock performance. Nonetheless, we reiterate our 12-month target price of TRY "78.30/shr" and maintain our "OUTPERFORM" recommendation. The current share price of TRY 53.80 has upside potential of 45.6% according to the target share price.

Figure 1: CCI's Consolidated Operations (4Q24)

TRY Million	12M23	12M24	YoY	4Q23	4Q24	YoY
Volume (million uc)	1.535	1.501	-2,2%	252	271	7,3%
Unit Price (TL/uc)	95,04	91,73	-3,5%	95,9	81,84	-14,7%
Revenues	145.884	137.683	-5,6%	24.174	22.138	-8,4%
Gross Profit	47.702	48.590	1,9%	7.252	6.851	-5,5%
Gross Profit Margin	32,7%	35,3%		30,0%	30,9%	
EBIT	20.546	18.366	-10,6%	996	80	-92,0%
EBIT Margin	14,1%	13,3%		4,1%	0,4%	
EBITDA	25.869	24.143	-6,7%	2.271	1.539	-32,2%
EBITDA Margin	17,7%	17,5%		9,4%	7,0%	
Net Profit	29.713	14.813	-50,1%	6.286	-351	-105,6%
Net Profit Margin	20,4%	10,8%		26,0%	N.M.	

Source: Coca Cola İçecek (CCI), Seker Invest Research, Finnet

Figure 2: CCI's Turkey Operations (4Q24)

TRY Million	12M23	12M24	YoY	4Q23	4Q24	YoY
Volume (million uc)	567	568	0,1%	88	104	18,4%
Unit Price (TRY/uc)	118,96	109,88	-7,6%	133,8	107,32	-19,8%
Revenues	67.450	62.391	-7,5%	11.776	11.183	-5,0%
Gross Profit	21.017	23.178	10,3%	3.649	2.997	-17,9%
Gross Profit Margin	31,2%	37,1%		31,0%	26,8%	
EBIT	4.597	4.711	2,5%	0	-953	N.M.
EBIT Margin	6,8%	7,6%		N.M.	N.M.	
EBITDA	7.281	7.555	3,8%	650	-237	N.M.
EBITDA Margin	10,8%	12,1%		5,5%	N.M.	
Net Profit	22.046	11.677	-47,0%	15.406	-237	N.M.
Net Profit Margin	32,7%	18,7%		130,8%	N.M.	

Source: Coca Cola İçecek (CCI), Seker Invest Research, Finnet

Figure 3: CCI's Int'l Operations (4Q24)

TRY Million	12M23	12M24	YoY	4Q23	4Q24	YoY
Volume (million uc)	968	934	-3,6%	164	166	1,4%
Unit Price (TL/uc)	81,13	80,87	-0,3%	75,8	65,94	-13,0%
Revenues	78.537	75.498	-3,9%	12.435	10.965	-11,8%
Gross Profit	26.773	25.417	-5,1%	3.631	3.692	1,7%
Gross Profit Margin	34,1%	33,7%		29,2%	33,7%	
EBIT	14.916	12.482	-16,3%	781	776	-0,7%
EBIT Margin	19,0%	16,5%		6,3%	7,1%	
EBITDA	17.870	15.741	-11,9%	1.459	1.536	5,2%
EBITDA Margin	22,8%	20,8%		11,7%	14,0%	
Net Profit	18.012	8.217	-54,4%	227	273	20,1%
Net Profit Margin	22,9%	10,9%		1,8%	2,5%	

Source: Coca Cola Icecek (CCI), Seker Invest Research, Finnet

Figure 4: Key Financials

mn TRY	12M2023	12M2024
Current Assets	69.669	60.757
Cash and Cash Equivalents	31.409	23.254
Investments in Securities	543	96
Trade Receivables	12.726	12.929
Other Receivables	174	590
Derivative Financial Instruments	204	37
Inventories	18.744	15.381
Prepaid Expenses	2.695	3.672
Tax Related Current Assets	917	1.977
Other Current Assets	2.258	2.820
Non-Current Assets	89.376	87.570
Other Receivables	195	184
Property, Plant and Equipment	50.871	54.256
Goodwill	6.706	5.517
Intangible Assets	27.865	24.190
Right of Use Asset	783	719
Prepaid Expenses	1.757	1.644
Deferred Tax Asset	838	1.061
Derivative Financial Instruments	48	0
Other Non-Current Assets	311	0
Total Assets	159.045	148.327
Current Liabilities	59.929	52.988
Short-term Borrowings	12.320	15.151
Current Portion of Long-term Borrowings	13.760	6.254
Trade Payables	26.849	25.618
Payables Related to Employee Benefits	522	510
Other Payables	3.600	3.443
Derivative Financial Instruments	402	3
Deferred Income	297	421
Provision for Corporate Tax	590	548
Current Provisions	1.395	821
Other Current Liabilities	194	218
Non-Current Liabilities	34.211	33.686
Long-term Borrowings	26.727	27.114
Financial lease payables	670	625
Trade Payables	7	4
Provision for Employee Benefits	1.057	886
Deferred Tax Liability	5.681	5.058
Derivative Financial Instruments	4	0
Deferred Income	64	0
Equity of the Parent	56.722	53.704
Minority Interest	8.184	7.949
Total Liabilities	159.045	148.327

Source: Coca-Cola Icecek (CCI), Seker Invest Research, Finnet, Audit Reports

Figure 5: Historical Recommendations and Target Prices



Date	Rec	Target Price (TRY)
1-Aug-23	Outperform (OP)	35,97
8-Aug-23	Outperform (OP)	39,83
1-Nov-23	Outperform (OP)	47,30
16-Jan-24	Outperform (OP)	61,82
14-Mar-24	Outperform (OP)	73,64
23-May-24	Outperform (OP)	90,73
20-Aug-24	Outperform (OP)	90,73
5-Nov-24	Outperform (OP)	76,60
7-Jan-25	Outperform (OP)	78,30
5-Mar-25	Outperform (OP)	78,30

Basis for 12m equity ratings

Outperform:	The total return is expected to exceed the return of the BIST 100 by more than 10%.
Underperform:	The total return is expected to fall below the return of the BIST 100 by more than 10%.
Market Perform:	The total return is expected to be in line with the return of the BIST 100.

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