

## Coca Cola İçecek

We are raising our target price for Coca-Cola İçecek <CCOLA TI> from TL 672.00 per share to TL 985.00, in line with strong performance and growth targets. Our 12-month target price indicates a potential return of 36%, and we maintain our BUY recommendation. The main catalysts for our valuation are: i) the positive impact of market gains on sales volumes, and ii) the continuation of high operational profitability. For the 2024T period, our estimates for CCOLA show a 7.6x EV/EBITDA and 9.6x P/E ratios, and for the 2025T period, it trades at 5.4x EV/EBITDA and 6.8x P/E ratios.

**The positive impact of market gains on sales volumes.** In 2023, CCOLA faced a series of challenges due to natural disasters, economic hardships, and political uncertainties in key markets like Turkey and Pakistan. While the market difficulties and the contraction in purchasing power pressured sales volumes, strong growth achieved in Central Asia and Iraq provided compensation. CCI exceeded \$4 bn in consolidated revenues for the first time in 2023, while maintaining operational efficiency throughout the year with strategies to increase packaging diversity and expand its low/no sugar product range. Inflation effects were managed through smart pricing and strategic sourcing methods, while new products were launched.

**The continuation of high operational profitability.** Volume growth, along with effective cost management, continues to enhance operational profitability and support margins. In particular, consolidated EBITDA (Earnings Before Interest and Taxes) increased by 26%, achieving a margin expansion of 201 basis points. Despite external economic pressures and volume challenges, the company has been able to manage its operations and costs effectively and maintain its profitability margins.

**We are revising our expectations for 2024.** Following the Q4 2023 financial results, the company expects mid-single-digit volume-based sales growth in 2024, low currency-neutral net sales revenue growth of around 40%, and an EBITDA margin parallel to 2023. We estimate that in 2024, net sales will increase by 52% annually to reach 153,5 bn TL, with an EBITDA of 27.5 bn TL at an 18% margin, parallel to 2023. During our valuation period, we forecast an average EBITDA margin of 19.5% and a compound annual growth rate of 21.5% in net sales.

**Risks:** Domestically, the risk that the expected disinflation process fails to achieve the anticipated level and represses purchasing power again, leading to a contraction in demand both at home and abroad.

### CCOLA

Buy

Target Price TL 985  
Return potential 33%

#### Share Data

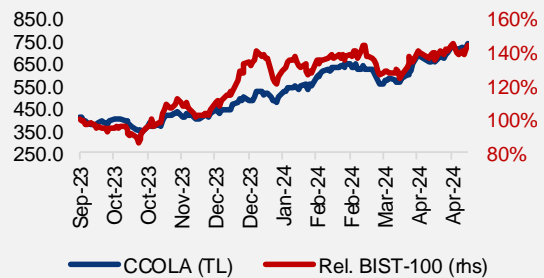
Ticker:	CCOLA TI
Share price (as of 09.05.2024)	738.50
Share price (52 week range)	343.7 / 738.5
Market cap. (TL mn - USD mn)	187,853 - 5,838
# of shares (mn) & free float	254.4 - 25%
Foreign Ownership Rate	84.39%
Market	BIST STAR
Industry	Food, Beverage & Tobacco

Avg. trading volume	1M	3M	12M
USD mn	9.5	14.2	10.7

Price performance	1M	3M	Y-t-D
TL	8%	21%	41%
USD	7%	15%	29%
Rel. to BIST-100	3%	6%	2%

Forecasts (TL mn)	2023	2024E	2025E
Revenues	101,042	153,481	207,872
EBITDA	17,918	27,477	38,392
Net Earnings	20,580	19,553	27,431

Valuation	2023	2024E	2025E
P/E	9.1x	9.6x	6.8x
P/BV	4.8x	3.2x	2.4x
EV/EBITDA	11.6x	7.6x	5.4x
EV/Sales	2.0x	1.3x	0.9x
Dividend Yield	1%	5%	5%



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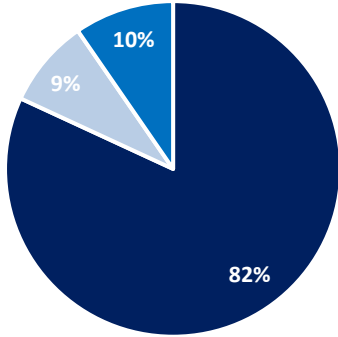
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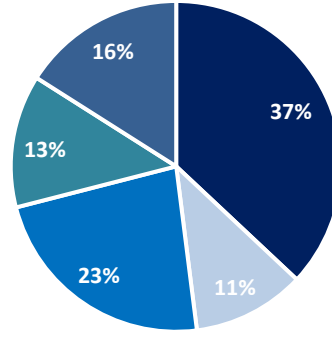
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### Coca Cola İçecek Product and Geographic Distribution Charts

4Q23

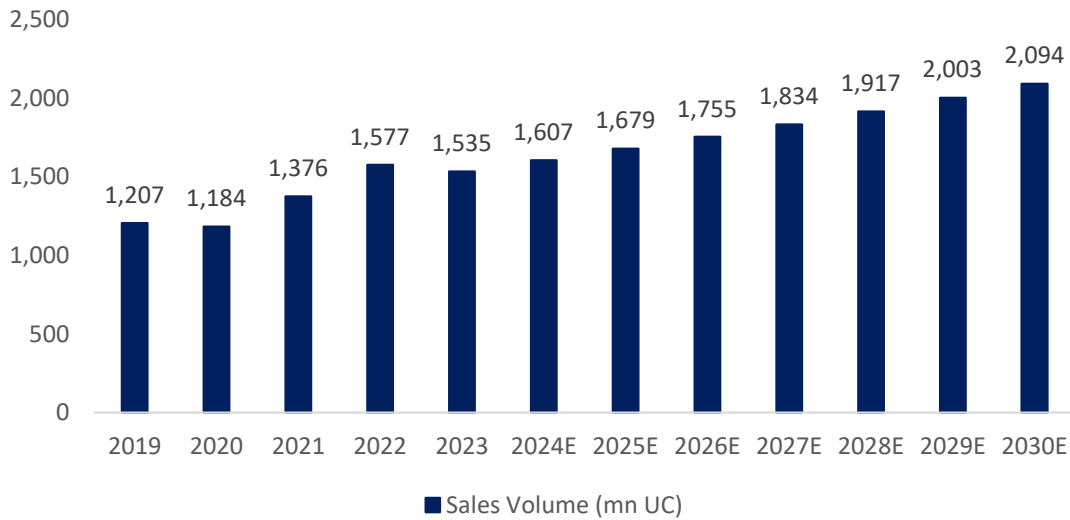


4Q23



■ Sparkling Beverages ■ Non-Sparkling Beverages ■ Water ■ Türkiye ■ Uzbekistan ■ Pakistan ■ Kazakhstan ■ Other

### YoY Consolidated Sales Volume



## Valuation

(TL mln)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>Revenues</b>	<b>153,481</b>	<b>207,872</b>	<b>273,276</b>	<b>348,313</b>	<b>435,536</b>	<b>535,631</b>	<b>648,311</b>	<b>778,371</b>	<b>925,743</b>	<b>1,065,190</b>
Growth%	51.9%	35.4%	31.5%	27.5%	25.0%	23.0%	21.0%	20.1%	18.9%	15.1%
<b>EBITDA</b>	<b>27,477</b>	<b>38,392</b>	<b>51,672</b>	<b>68,189</b>	<b>85,856</b>	<b>105,970</b>	<b>129,242</b>	<b>156,601</b>	<b>186,922</b>	<b>216,928</b>
Growth%	53.4%	39.7%	34.6%	32.0%	25.9%	23.4%	22.0%	21.2%	19.4%	16.1%
<i>EBITDA Margin</i>	17.9%	18.5%	18.9%	19.6%	19.7%	19.8%	19.9%	20.1%	20.2%	20.4%
Taxes paid on EBIT	-3,500	-4,874	-6,838	-9,263	-11,820	-14,722	-17,811	-21,374	-25,592	-29,584
CAPEX	-7,934	-10,745	-13,307	-15,915	-18,594	-21,261	-23,788	-26,225	-28,413	-29,498
Change in Net Working Capital	-845	-995	-957	-989	-1,147	-1,444	-1,517	-1,695	-1,744	-1,738
<b>Free cash flow from operations</b>	<b>16,888</b>	<b>23,768</b>	<b>32,484</b>	<b>44,000</b>	<b>56,589</b>	<b>71,432</b>	<b>89,160</b>	<b>110,696</b>	<b>134,661</b>	<b>159,585</b>
FCFF Margin	11.0%	11.4%	11.9%	12.6%	13.0%	13.3%	13.8%	14.2%	14.5%	15.0%
WACC	23%	24%	24%	25%	25%	25%	25%	26%	26%	26%
<b>DFC</b>	<b>13,692</b>	<b>15,517</b>	<b>16,950</b>	<b>18,247</b>	<b>18,576</b>	<b>18,518</b>	<b>18,235</b>	<b>17,879</b>	<b>17,168</b>	<b>16,074</b>
Terminal growth rate	5%									
Terminal Value	742,626									
<b>PV of Terminal Value</b>	<b>94,677</b>									
PV of FCFF	170,857									
<b>Enterprise Value</b>	<b>265,534</b>									
Latest Net Debt	14,909									
<b>Equity Value</b>	<b>250,625</b>									
# of shares outstanding (mn)	254									
<b>Fair Value per share (12-mth fwd)</b>	<b>985.00</b>									
Current share price	738.50									
<b>Upside / (Downside)</b>	<b>33%</b>									

## Sensitivity Analysis

		Risk Free Rate				
		19.00%	20.00%	23.00%	26.00%	27.00%
<b>Terminal Growth Rate</b>	<b>4.00%</b>	1,308.00	1,207.00	965.00	789.00	740.00
	<b>4.50%</b>	1,327.00	1,223.00	975.00	795.00	746.00
	<b>5.00%</b>	1,347.00	1,240.00	986.00	802.00	752.00
	<b>5.50%</b>	1,368.00	1,258.00	997.00	809.00	758.00
	<b>6.00%</b>	1,391.00	1,277.00	1,008.00	816.00	764.00

## Projected Financials

Balance Sheet (TLmn)	2021	2022	2023	2024E	2025E	Income statement	2021	2022	2023	2024E	2025E
Cash	4,142	23,083	21,755	40,378	55,517	<b>Revenues</b>	<b>21,930</b>	<b>93,190</b>	<b>101,042</b>	<b>153,481</b>	<b>207,872</b>
Accounts receivables	1,870	6,123	8,814	10,255	12,629	Gross profit	7,717	28,479	33,040	50,571	68,534
Inventory	2,501	11,193	12,983	13,626	15,881	Operating expenses	-4,225	-16,439	-18,809	-28,783	-38,190
Financial investments	74	1,253	376	550	605	Operating profit	3,492	12,040	14,230	21,789	30,344
Fixed assets	19,430	53,684	54,535	57,258	63,838	<b>EBITDA</b>	<b>4,593</b>	<b>16,024</b>	<b>17,918</b>	<b>27,477</b>	<b>38,392</b>
Other non-current assets	5,246	11,924	11,696	14,216	14,216	Other income, net	-59	-566	245	88	231
<b>Total assets</b>	<b>33,262</b>	<b>107,259</b>	<b>110,158</b>	<b>136,284</b>	<b>162,686</b>	Financial income, net	225	7,077	11,525	3,785	4,365
Short-term financial loans	1,368	9,538	18,063	22,165	23,495	Earnings before taxes	3,572	19,003	25,956	25,572	34,932
Accounts payables	3,957	13,650	18,596	21,525	27,149	Tax expense	-1,151	-4,616	-4,796	-5,713	-7,072
Long-term financial loans	8,023	24,808	18,976	23,398	24,568	<b>Net earnings</b>	<b>2,271</b>	<b>13,877</b>	<b>20,580</b>	<b>19,553</b>	<b>27,431</b>
Other long-term payables	6,859	18,467	15,236	10,356	10,460	<b>Cashflow statement</b>					
<b>Non-current liabilities</b>	<b>20,207</b>	<b>66,462</b>	<b>70,871</b>	<b>77,444</b>	<b>85,671</b>	EBITDA	<b>4,593</b>	<b>16,024</b>	<b>17,918</b>	<b>27,477</b>	<b>38,392</b>
<b>Shareholders' equity</b>	<b>13,055</b>	<b>40,797</b>	<b>39,287</b>	<b>58,840</b>	<b>77,015</b>	Taxes on EBIT	-768	-2,945	-3,466	-3,500	-4,874
Paid in Capital	254	254	254	254	254	Capital expenditures	-1,080	-5,224	-5,905	-7,934	-10,745
Other Equity	12,801	40,543	39,032	58,585	76,761	Chg. in NWC	118	3,251	-465	-845	-995
<b>Total liabilities &amp; equity</b>	<b>33,262</b>	<b>107,259</b>	<b>110,158</b>	<b>136,284</b>	<b>162,686</b>	<b>Free cashflows to firm</b>	<b>2,627</b>	<b>4,603</b>	<b>9,011</b>	<b>16,888</b>	<b>23,768</b>
Net debt	5,249	11,262	15,285	5,185	-7,454	<b>Growth &amp; margins</b>					
Net working capital	414	3,665	3,201	2,356	1,361	Revenues	52%	325%	8%	52%	35%
						EBITDA	47%	249%	12%	53%	40%
						Net earnings	84%	511%	48%	-5%	40%
						Gross margin	35.2%	30.6%	32.7%	32.9%	33.0%
						Operating margin	15.9%	12.9%	14.1%	14.2%	14.6%
						EBITDA margin	20.9%	17.2%	17.7%	17.9%	18.5%
						Net margin	10.4%	14.9%	20.4%	12.7%	13.2%
						Free cashflow margin	12.0%	4.9%	8.9%	11.0%	11.4%
						<b>Valuation</b>					
						P/E	82.7x	13.5x	9.1x	9.6x	6.8x
						P/BV	14.4x	4.6x	4.8x	3.2x	2.4x
						EV/EBITDA	45.3x	13.0x	11.6x	7.6x	5.4x
						EV/Sales	8.8x	2.1x	2.0x	1.3x	0.9x
						Dividend Yield	0.4%	0.7%	0.6%	5.2%	4.9%
						Free cashflow yield	1.4%	2.5%	4.8%	9.0%	12.7%

Source: Company Data, Tacirler Investment

\* All figures are stated in millions of TL unless otherwise stated.

## Investment Centers

## Headquarter

Nispetiye Cad. B-3 Blok Kat: 9 Akmerkez Etiler - İSTANBUL  
0 212 355 46 46

<b>Adana</b>	Cemal Paşa Mah. Gazipaşa Bul. Cemal Uğurlu Apt. Kat: 1 D: 4	(0 322) 457 77 55
<b>Akatlar İrtibat Bürosu</b>	Akat Mahallesi Meydan Caddesi B Blok No: 16 D: 8 (Eski No D: 10) Beşiktaş	(0 212) 355 46 46
<b>Ankara</b>	Remzi Oğuz Arık Mah. Tunalı Hilmi Cad. Yaprak Apt. No: 94 Kat: 2 D: 9 Kavaklıdere Çankaya	(0 312) 435 18 36
<b>Ankara - Çukurambar İrtibat Bürosu</b>	Kızılırmak Mah.Ufuk Üniversitesi Cad. Next Level Loft Ofis No: 4/65 Kat: 24 Söğütözü Çankaya	(0 312) 909 87 70
<b>Antalya</b>	Şirinyalı Mah. İsmet Gökşen Cad. Özden Apt. No:82/6 Muratpaşa	(0 242) 248 45 20
<b>Bakırköy</b>	İstanbul Cad. Bakırköy İş Merkezi No: 6 Kat: 4 D: 14 Bakırköy	(0 212) 570 52 59
<b>Bodrum İrtibat Bürosu</b>	Konacık Mahallesi, Atatürk Bulvarı, Arbor-Abdullah Ünal Çabuk İş Merkezi No: 285/1-A6 Bodrum	(0 212) 355 46 46
<b>Bursa</b>	Konak Mah. Barış (120) Sokak , Ofis Artı Binası, Dış kapı No:3 Daire:33 Nilüfer-BURSA	(0 224) 225 64 10
<b>Çankaya İrtibat Bürosu</b>	Çankaya Mahallesi Cinnah Caddesi Cinnah Apartmanı No: 55 D: 7-8 Çankaya / ANKARA	(0 212) 355 46 46
<b>Denizli</b>	Urban İş Merkezi 2. Ticari Yol Daire 26 Kat: 6 Bayramyeri	(0 258) 265 87 85
<b>Erenköy</b>	Bağdat Cad. Çubukçu Apt. No: 333 Kat: 2 D: 4 Kadıköy	(0 216) 348 82 82
<b>Gaziantep</b>	İncilipinar Mah. Gazimuhtarpaşa Bul. Kepkepzade Park İş Merkezi B Blok No: 18 Kat: 1 D: 5	(0 342) 232 35 35
<b>Girne</b>	Ziya Rızıkı Cad. Şehit Necati Gürkaya Sok. Kat: 1 D: 1 Girne - KKTC	(0 392) 815 14 55-0533 889 15 51
<b>İzmir</b>	Kültür Mahallesi, Cumhuriyet Bulvarı No:137 Cumhuriyet Apt. K:5 D:12 Konak – İzmir	(0 232) 445 01 61
<b>İzmir Karşıyaka Şube</b>	Yalı Mahallesi Ahmet Kemal Baysak Bulvarı No:42 D:11	(0 232) 241 19 24
<b>İzmir İrtibat Bürosu</b>	Şehit Nevres Bulvarı Eczacıbaşı Apartmanı No: 7 Kat: 2 Daire: 5 Pasaport Alsancak - Konak	(0 232) 241 24 50
<b>İzmit</b>	Hürriyet Cad. Kaya İşhanı No: 39/5 İzmit	(0 262) 323 11 33
<b>İzmit İrtibat Bürosu</b>	Ömerağa Mah. Alemdar Cad. İ. Kolaylı Apt. No: 8 Kat: 2 İzmit	(0 262) 260 01 01
<b>Karadeniz Ereğli</b>	Bağlık Mahallesi Karanfil Sokak No:16 İç Kapı No:8 Karadeniz Ereğli – Zonguldak	(0 372) 316 40 50
<b>Kartal</b>	Üsküdar Cad. Cevat Kayacan Apt. No: 26 Kat: 4 D: 8 Kartal	(0 216) 306 22 71-306 22 06
<b>Kayseri</b>	Hunat Mah. Nuh Mehmet Baldöktü Sok. Gürcüoğlu Plaza No: 5 K: 3 D: 11 Melikgazi	(0 352) 221 08 68-222 82 51
<b>Marmaris İrtibat Bürosu</b>	Kemeraltı Mah. Orgeneral Mustafa Muğlalı Cad. Güven Apt. No: 22 D: 2 Marmaris	(0 252) 321 08 00
<b>Merkez Şube</b>	Akat Mahallesi Meydan Caddesi B Blok No: 16 D: 7 (Eski No D: 9) Beşiktaş	(0 212) 355 46 46
<b>Mersin</b>	İnönü Mah. 1401 Sok. No:32 Pozcu Evo Kat:2 No:10-11 Yenişehir Mersin	(0 324) 238 11 89
<b>Trabzon İrtibat Bürosu</b>	Kemerkaya Mahallesi Halkevi Cad. Mandıralı İş Merkezi No: 4 Daire: 4 Ortahisar	(0 462) 432 24 50

# Important Disclosures

## Rating Methodology

Stock ratings are based on the absolute return potential of the stock, which is defined as the percentage change in target price from the current share price. All recommendations and target prices are set with a 12-month horizon. Target prices are set by using one or more of the following methodologies: DCF, Net Asset Valuation, sum of the parts model and multiple comparison.

## Rating Definition

**Buy:** The stock is expected to generate a return of more than 30% in TL terms.

**Hold:** The stock is expected to generate a return of less than 15% in TL terms.

**Sell:** The stock is expected to generate a negative return within the forecast horizon.

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