Research Update:

Coca-Cola Icecek Outlook Revised To Positive; 'BB+' Ratings Affirmed

November 12, 2026

Rating Action Overview

- We expect Coca-Cola Icecek AS (CCI)'s credit metrics to continue to improve over 2026-2028, supported by strong international growth, cash flow management, low leverage, and lower funding costs than domestic peers', despite macroeconomic headwinds in Türkiye.
- We continue to view CCI as an insulated subsidiary of its majority shareholder, Anadolu Efes (AEFES), and we allow up to three notches of rating differential between the two companies.
- We are revising the outlook on CCI to positive while affirming our 'BB+' rating.
- The positive outlook indicates the potential for an upgrade if CCI's credit metrics improve further in 2027, with free operating cash flow (FOCF) to debt well above 25% and EBITDA interest coverage strengthening toward 6.0x.

Rating Action Rationale

We revised our outlook to positive because we expect CCI's credit metrics to continue to improve on the back of strong FOCF through 2028 and lower funding costs. This is mainly supported by robust growth in CCI's international operations, notably Central Asia. We do not expect major expansion projects in the next two years. Hence, we still forecast capital expenditure (capex) to sales to remain in the 7%-8% range despite some investments to support growth in key markets. Consequently, we forecast FOCF steadily increasing to about Turkish lira (TRY) 17 billion (about $338 million) in 2028 after applying international accounting standard 29 (IAS 29), from about TRY3 billion in 2025. We expect CCI's strong FOCF to more than offset the increase in gross debt due to the lira's devaluation against the U.S. dollar. Therefore, under our base case, net debt steadily declines from 2026, leading to leverage falling below 0.5x from 2027 and FOCF to debt, which already exceeds 20% in 2026, increasing beyond 40% from 2027. Our base case also considers the decrease in funding costs stemming from both our interest rate assumptions in Türkiye (see Türkiye, Oct. 19, 2026). In addition, we believe CCI's lira-denominated debt will continue to decrease, which we view as supportive, given the very high domestic interest rates. This in our view, along with strong top-line growth, will drive an increase of EBITDA interest coverage toward 6.0x or higher.

Primary Contact

Erik Leconte
Paris
33-1-44-20-73-82
erik.leconte
@spglobal.com

Secondary Contacts

Alexander Griaznov
Madrid
34-914-233-253
alexander.griaznov
@spglobal.com

Nikolay Popov
London
353-0-1-568-0607
nikolay.popov
@spglobal.com

Despite challenging market conditions in Türkiye, we expect the strong growth momentum in international operations to support the topline and margins. International revenue has increased 13% in 2026, with Pakistan and Uzbekistan being the main drivers. These operations remain highly profitable and support CCI's consolidated profitability, while performance in Türkiye suffers from weak purchasing power. The third quarter was particularly weak domestically, since net revenue in Türkiye was 14.5% lower year on year and the reported EBITDA margin declined to less than 10% (based on IAS29), reflecting both weakened consumer-purchasing power and increased cost of raw materials. We expect only gradual improvement in macroeconomic conditions in Turkiye 2027. Therefore, we anticipate the company's focus on higher-margin products, managing working capital, and targeted capex will be an important factor further supporting cash flow generation. Despite this, we expect consolidated profitability at a very solid 18.6% in 2026, with potential to improve with further expansion of the international operations.

The company's financial policy allows for an increase in reported net debt to EBITDA of up to 2x, but leverage ratios have been consistently lower. CCI has maintained an S&P Global Ratings-adjusted leverage ratio close to 1x for several years. Moreover, the company's EBITDA growth and FOCF generation will result in adjusted debt to EBITDA reducing to 0.5x or lower in 2026-2028. Though the company still aims to grow further, leverage would likely only increase substantially through acquisitions. Acquiring new territories would be at the sole discretion of TCCC (The Coca Cola Company). We believe further acquisitions are possible over time because we continue to see an ongoing global consolidation trend of Coca-Cola bottlers around a few anchor players, one of which is CCI. Still, the company's increased headroom might mean it could be able to accommodate such an acquisition without material weakening of its credit metrics. However, an upgrade would require more clarity regarding the company's precise long-term financial commitments. This is because leverage at the upper end of the stated financial policy range might not be fully commensurate with an investment-grade rating ('BBB-' or higher), in our view.

AEFES' beer operations remain under pressure due to persisting tailwinds in Türkiye, but we have not yet seen any negative intervention toward CCI and value TCCC's voting rights in our assessment. We continue to view CCI as an insulated subsidiary of its 50.3% owner AEFES and allow up to three notches of rating differential between the two entities. The is primarily due to the presence of TCCC (A+/Stable/A-1) as a significant minority shareholder in CCI that grants exclusive licenses to its bottlers and maintains key voting rights in its well-defined bottling licensing agreements. In our view, the unique features in the articles of association, which clearly define the governance rules between the two parent companies, partly insulate CCI from its majority shareholder AEFES, but not fully. Supporting this statement is the recent track record. AEFES has not attempted to get extraordinary support from its stronger subsidiary, even as its own FOCF generation has been under pressure. CCI has not yet revised its policy of paying up to 50% of its net income as dividends, and the actual payment amount has been closer to 25%. We expect CCI's dividend distribution to increase, especially if it maintains such a strong balance sheet. Nevertheless, we expect dividends should remain reasonable, in our view, not resulting in a deterioration of credit quality.

We continue to rate CCI above our sovereign rating and transfer and convertibility (T&C) assessment on Türkiye on the back of its geographic diversification and large hard-currency-denominated cash balances. With the growth of its international operations, the company's exposure to Türkiye reduces further. We estimate that EBITDA from Türkiye is less than one-third of total reported EBITDA. CCI operates in countries with sovereign ratings that are both higher

and lower than those on Türkiye, which does not increase overall sovereign and country risks, while adding diversification. CCI continues to pursue prudent funding policies by maintaining large cash balances at all times, of about $831 million-equivalent as of Sept. 30, 2026, of which more than 44% is denominated in U.S. dollars and mostly in the Netherlands. Together with our projection of positive FOCF in 2026 and 2027, these comfortably cover expected working capital, capex, and interest expenses. The share of lira-denominated debt has continued to reduce and is now lower than 25%, reducing the impact of very high interest rates in Türkiye. Importantly, the company does not have significant foreign currency debt due in the next 24 months, with the most sizeable maturity being the $500 million senior unsecured notes maturing in January 2029. CCI therefore continues to pass our sovereign stress test comfortably, including T&C events, allowing us to rate it above the foreign currency long-term sovereign credit rating on Türkiye.

Outlook

The positive outlook reflects our view that CCI should continue its profitable growth in 2027-2028, building a balance-sheet buffer for potential acquisitions. We expect the company to continue focusing on generating cash flow, with FOCF to debt exceeding 25% in 2027. The expected reduction in borrowing costs in Türkiye should further support credit metrics. We therefore we anticipate improvement in EBITDA interest coverage to at least 6x, which would be commensurate with a 'BBB-' rating, in our view.

We could upgrade CCI if it performs in line with our expectations, while demonstrating commitment to conservative leverage, such as adjusted debt to EBITDA well below 1.5x on average. An upgrade would also require CCI to remain committed to its dividend policy and a continuous track record of no negative intervention from AEFES.

A positive rating action on CCI would also require the rating on AEFES to be at least 'BB-', given that we allow for up to three notches between the ratings on these two entities.

Downside scenario

We could revise the outlook to stable in the following scenarios:

- A material deviation from our base-case scenario, notably if the company's profitability declines further due to demand pressures, domestically and internationally.
- We no longer see a path for CCI to improve its credit metrics, notably FOCF to debt, toward levels we see commensurate with a higher rating, for example due to interest rates remaining very high
- CCI adopts a more aggressive financial policy stance, such as material debt-funded acquisitions in the ongoing challenging context or very high dividends that deviate from its financial policy.

Company Description

Headquartered in Istanbul, Turkiye, CCI is a soft drinks, juices, and water bottling company. It was founded in 2005 when AEFES' soft drinks business merged with the Coca-Cola bottler in Turkiye. AEFES is a Turkiye-based beer group with large operations in Central Asia.

CCI has subsequently evolved from a single-country operator through acquisitions to a presence across 12 countries, operating 36 production plants and three fruit processing plants, employing more than 10,000 staff and reaching a consumer base of approximately 600 million people. CCI is

the sixth largest Coca-Cola bottler globally. Coca-Cola Europacific Partners, Coca-Cola Femsa, and Coca-Cola HBC AG are the three largest in the system. The company also has exclusive distribution, production, and marketing rights for Coca-Cola products (through exclusive licensing agreements with TCCC) across Turkiye, Central Asia, Pakistan, and Bangladesh (the latest acquisition, completed on Feb. 20, 2024).

As of fiscal year ended Dec. 31, 2025, the company reported total revenue of about TRY187.2 billion (about $4.43 billion at average U.S. dollar to Turkish lira exchange rates) after TRY138 billion in 2024. For 2025, CCI's S&P Global Ratings-adjusted EBITDA totaled about TRY32.9 billion (roughly $780 million) after about TRY24.7 billion in 2024 following the implementation of TAS 29 "Financial Reporting in Hyperinflationary Economies Standard."

Excluding TAS29, according to company disclosures, CCI's top four markets by the end of 2025 were Turkiye (35% of total volume, 41% of revenue, and 28% of company-reported EBITDA), Pakistan (19% of volume), Uzbekistan (14% of volume), Kazakhstan (13% of volume), and Iraq (9% of volume). In terms of product category, sparkling beverages accounted for about 81% of volumes, followed by water and still water of 9% and 10% respectively.

CCI is listed on the Istanbul Stock Exchange, with 50.26% of the shares owned by AEFES, 20.1% by TCCC, the largest soft drink maker, and about 29.6% in free float.

Our Base-Case Scenario

Assumptions

- Turkiye real GDP growth of 3.0% in 2026 (compared with 3.6% in 2025) and 3.7% in 2027, with average consumer price inflation (CPI) of 30.9% in 2026 and 21.7% in 2027, after 34.9% in 2025.
- Pakistan real GDP growth of 3.6% in 2026 and 3.5% in 2027, with CPI of 6.5% in both years.
- Kazakhstan real GDP growth of 3.4% in 2026 and 3.3% in 2027, with CPI of 6.5% in 2026 and 5.5% in 2027.
- Overall revenue growth of up to 35% in 2026 and 18%-19% in 2027, mostly driven by price increases in line with inflation and volume growth in international markets. Volume increasing by about 8% in 2026, with zero growth in Turkiye and 12% in international markets. For 2027, volume growth of 6.9%, with 0.5% volume growth in Turkiye and 10% in international markets.
- S&P Global Ratings-adjusted EBITDA margins improving by about 100 basis points in 2026 to 18.5%-19.0%, with the expected margin expansion from higher volumes to be tempered by the associated increase in variable costs and rising commodity prices. Margins are broadly flat in 2027.
- Annual working capital outflows of TRY3.8 billion in 2026 and TRY2.8 billion in 2027, reflecting revenue growth trajectory, growing volume, new production capacities coming online, and more disciplined working capital management.
- Capex to sales of about 7.5% in 2026 and in 2027.
- Total dividend distribution of about TRY4.2 billion in 2026 and progressively increasing in 2027 in line with the company's intention to improve absolute distribution levels.
- No share buybacks or committed mergers and acquisitions because we believe the company will focus on organic growth initiatives.

- S&P Global Ratings-adjusted net debt of TRY35.1 billion in 2026 (compared with TRY31.3 billion in 2025) and TRY24.4 billion in 2027.

Key metrics

Coca-Cola Icecek AS--Forecast summary

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. TRY)	2022a	2023a	2024a	2025a	2026e	2027f	2028f
Revenue	53,530	101,042	137,683	187,185	250,000-253,000	297,000-300,000	343,000-346,000
EBITDA	9,852	18,186	24,672	32,881	47,000-48,000	55,000-56,000	64,500-65,500
Funds from operations (FFO)	6,803	11,491	11,708	16,749	30,000-31,000	36,000-38,000	45,000-47,000
Capital expenditure (capex)	3,309	6,129	12,479	13,869	18,500-19,500	22,000-23,000	25,500-26,500
Free operating cash flow (FOCF)	2,476	3,895	(2,118)	2,989	7,400-7,600	11,600-11,900	16,500-17,500
Dividends	629	1,100	2,475	3,530	4,100-4,200	6,000-7,000	7,500-8,500
Debt	7,995	15,759	29,640	31,296	35,000-35,500	24,000-24,500	19,500-20,000
Adjusted ratios							
Debt/EBITDA (x)	0.8	0.9	1.2	1.0	0.7	0.4	0.3
FFO/debt (%)	85.1	72.9	39.5	53.5	84.0-86.5	>100	>100
EBITDA interest coverage (x)	5.8	3.9	2.5	2.6	4.3-4.6	5.3-5.6	>7.0
FOCF/debt (%)	31.0	24.7	(7.1)	9.6	21.0-21.5	47.0-49.0	>50.0
EBITDA margin (%)	18.4	18.0	17.9	17.6	18.5-19.0	18.5-19.0	18.5-19.0

Liquidity

We assess CCI's liquidity as adequate. We project the company's sources will likely cover its uses by more than 1.2x in the next 12-24 months and that its sources would cover uses even if forecast EBITDA declines more than 15% over the next 12 months.

CCI has a prudent leverage, funding, and hedging policy overall, despite most of its debt being in U.S. dollars. It holds large cash balances with a sizeable proportion in hard currency, mostly U.S. dollars. We believe CCI has sound relationships with local and international banks, which is partly offset by it being an infrequent issuer on the debt capital markets. CCI does not have any committed credit lines, a standard market practice in Turkiye.

Principal liquidity sources	Principal liquidity uses
Principal liquidity sources for the 12 months started Sept. 30, 2026, include:	Principal liquidity uses for the same period include:

- Available cash balances and liquid financial assets of TRY40.6 billion; and
- Forecast cash funds from operations of TRY35 billion for the next 12 months.
- About TRY18 billion of debt due within one year, with 75% of this is in local currency and mostly bonds;
- Estimated working capital outflows of TRY3 billion-TRY4 billion;
- Estimated maintenance capex of TRY11 billion annually; and
- No committed acquisitions or share buybacks.

Covenants

CCI has two maintenance financial covenants linked to its loans outstanding from the International Finance Corp.:

- Maximum net debt to EBITDA of 3.25x.
- Minimum net interest coverage of 3.25x.

These ratios are tested semiannually on a rolling-12-month basis. The company maintains ample headroom under both covenants.

Issue Ratings--Subordination Risk Analysis

Capital structure

The debt in CCI's capital structure, excluding leases, comprises its $500 million senior unsecured notes due January 2029, foreign and local currency loans and local bonds in Turkiye, and local bank facilities in international markets' subsidiaries. The senior notes, foreign and local currency loans, and local currency bonds in Turkiye were issued by the parent of the group, Coca-Cola Icecek A.S., and rank pari passu.

Analytical conclusions

We affirmed our 'BB+' long-term rating on the senior unsecured notes, in line with the long-term issuer credit rating on CCI, reflecting limited subordination risk in the capital structure. Local bank debt outside Turkiye represents significantly less than 50% of total debt outstanding.

Rating Component Scores	
Component	
Foreign currency issuer credit rating	BB+/Positive/--
Local currency issuer credit rating	BB+/Positive/--
Business risk	Fair
Country risk	High risk
Industry risk	Low risk
Competitive position	Fair
Financial risk	Modest
Cash flow/leverage	Modest
Anchor	bbb-
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Neutral
Comparable rating analysis	Negative
Stand-alone credit profile	bb+

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Türkiye, Oct. 19, 2026
- Coca-Cola Icecek A.S. 'BB+' Ratings Affirmed On Forecasted Credit Metric Improvement; Outlook Revised To Stable, Oct. 15, 2025
- Anadolu Efes Biracilik ve Malt Sanayii AS Downgraded To 'BB' On Weak Cash Flow Generation In Turkiye; Outlook Negative, Oct. 15, 2025

Ratings List

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Coca-Cola Icecek AS		
Issuer Credit Rating	BB+/Positive/--	BB+/Stable/--
Ratings Affirmed		
Coca-Cola Icecek AS		
Senior Unsecured	BB+	

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