

# Coca-Cola Icecek

## **Moderator:**

Ladies and gentlemen, thank you for standing by, and I would like to welcome you to Coca-Cola's Icecek conference call and webcast to present and discuss the full year 2025 financial operational results. We are here with the management team, and today's speakers are the CEO, Mr. Karim Yahi, and CFO, Mrs. Çiçek Uşaklıgil Özgüneş. Before I start, I would like to kindly remind you to review the disclaimer of the webcast presentation. After the call, there will be an opportunity to ask questions. I would now like to turn the call over to Mr. Burak Berki, the head of investor relations. Sir, the floor is yours.

## **Burak Berki:**

Good morning and good afternoon, ladies and gentlemen. Welcome to our FY2025 Results Webcast. As the operator said, I'm here with our CEO, Karim Yahi, and CFO, Çiçek Uşaklıgil. Today's remarks will be accompanied by a slide deck. We will then turn the call over to your questions.

Before we begin, please kindly be advised of our cautionary statement. The conference call may contain forward-looking management comments, including projections. These should be considered in conjunction with the cautionary language contained in our earnings release. A copy of our earnings release and financials are available on our website.

In addition, in accordance with the decree of the Capital Markets Board, our 2025 financials are reported using TAS29, financial reporting in hyperinflationary economies. The financial figures in this presentation and all comparative amounts for previous periods have been adjusted according to the changes in the general purchasing power of the Turkish Lira in accordance with TAS29 and are finally expressed in terms of the purchasing power of the Turkish Lira as of December 31, 2025.

However, certain items from our financials are also presented without inflation adjustment for information purposes. These unaudited figures are clearly identified as such.

Following the call, a full transcript will be made available as soon as possible on our website. Now, let me turn the call over to Mr. Karim.

## **Karim Yahi:**

Thank you, Burak. Good morning and good afternoon, everyone. Thank you for joining CCI's 2025 full-year results webcast.

2025 was a year marked by geopolitical tensions, natural disasters, and a complex macroeconomic backdrop. Despite these challenges, our disciplined execution anchored in long-term value creation enabled us to exceed volume growth expectations, deliver our EBIT guidance, and significantly expand free cash flow year on year. In this backdrop, we adopted a deliberately phased approach to balance growth and value creation throughout the year. In the first half, we prioritized volume and affordability to sustain consumer demand and protect momentum. In the second half, we progressively rebalanced toward value creation supported by right pricing and disciplined discount management. This balanced execution ultimately delivered a healthy combination of volume growth and value creation, fully aligned with the strategic priorities we set out at the beginning of the year.

We delivered strong, consolidated volume growth in 2025, with sales volumes increasing by 8% year on year to 1.6 billion unit cases (uc), supported by broad-based momentum across our international operations, led by Central Asia and Iraq. Growth was well-balanced across categories, with the sparkling segment growing by 9.2%, and the stills category significantly outperforming with 19.2% growth. While affordability pressures weighed on immediate consumption, leading to a 92 basis points decline in immediate consumption mix to 28.3%, the on-premise channel continued to strengthen, with its share increasing by 140 basis points to 31.2%.

Net Sales Revenue (NSR) increased by 3.9% year on year, surpassing 187 billion TL. Excluding the impact of inflation accounting, net sales revenue per unit case reached \$2.8, the highest level achieved over the last decade. In 2025, our consolidated growth margin expanded by 27 basis points year on year to 35.6%. Reflecting discipline, pricing, and cost management, EBIT margin came in at 13.4%, down 28 basis points year on year. Excluding the 211 million TL competition board fine in Türkiye recorded in November, the decline would have been limited to 16 basis points, with EBIT margin at 13.6%. Net income amounted to TL 14.1 billion, a 27.4% year on year decrease, mainly driven by the reversal of inflation accounting of approximately 870 million TL, lower monetary gains, and one-off tax accrual of around 1 billion TL in Uzbekistan. Despite these headwinds, free cash flow generation remained strong, supported by improved networking capital efficiency and disciplined capex investments, reaching 2.8 billion TL or 7.1 billion TL on a pre-inflation accounting basis.

Excluding TAS-29 adjustments, our 2025 results highlight our commitment to long-term value creation. Over the past five years, disciplined execution across various cycles of volatility has delivered sustained growth with 7% volume CAGR growth and 17% top-line revenue growth and 19% EBIT growth CAGR in USD terms.

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In 2025, consolidated sales volume increased by 8% year-on-year to 1.6 billion uc. International operations recorded a strong 13.5% year-on-year growth with broad-based momentum across markets and double-digit growth delivered by Central Asia, particularly Uzbekistan and Kazakhstan. In Türkiye, while total volume declined by 1%, volumes excluding water grew by 3.8%, reflecting the resilience of our core categories and our disciplined balance between affordability and value creation.

The sparkling category delivered a strong 9.2% year-on-year growth with Coca-Cola trademark closely tracking overall category performance. The stills category grew by a robust 19.2%, driven primarily by the strong 13.9% growth of Fusetea. Energy drinks also posted a solid performance, growing by 20.9% year-on-year. In contrast, the water category declined by 10.7%, reflecting our deliberate strategic decision to reduce exposure to lower value categories.

Our strategic focus on smaller packs, the on-premise channel, and no sugar products remains firmly intact and continues to be a key pillar of sustainable long-term value creation. Closely monitoring consumer trends, we are progressively reinforcing this focus through targeted initiatives aimed at improving mixed quality fully aligned with our long-term strategy.

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In 2025, Türkiye's sales volume saw a modest 1% year-on-year decline to 562 million uc, primarily driven by a deliberate choice to optimize our portfolio in the water category. Excluding water, Türkiye delivered solid 3.8% year-on-year volume growth, reflecting growth in higher value categories. Right pricing and effective discount management, supported by strong daily in-store execution, remain critical to both protecting margin and supporting volume growth.

Türkiye operations' NSR declined slightly by 0.1%, while NSR/uc increased by 0.9%, marking a steady improvement trend since the beginning of the year. Excluding TAS 29, NSR in Türkiye grew by 35.5% in 2025, with NSR/uc reaching 131.3 TL, representing a strong 36.9% year-on-year increase. Türkiye's gross margin decreased by 71 basis points to 40.4% in 2025. The pressure was largely front-loaded, driven by raw material phasing and softer net sales revenue growth early in the year. However, as guided, gross margin improved sequentially on a quarter-on-quarter basis throughout the remainder of the year, supported by strengthening net sales revenue momentum in the second half. Excluding the impact of inflation accounting, Türkiye's growth margin slightly declined to 0.4% in 2025 versus 41.1% in 2024.

On the profitability side, EBITDA margin, excluding other items, declined to 10.8% in 2025 from 12.8% in the prior year, while delivering sequential improvement in each quarter, supported by right pricing, cost normalization, and mix optimization initiatives.

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International operations delivered a strong 13.5% year-on-year volume growth in 2025, reaching 1.1 billion uc, with broad-based momentum led by Central Asia and Iraq, both posting robust double-digit growth. Despite ongoing geopolitical sensitivities impacting Jordan, Pakistan, and Bangladesh, these markets continued to deliver positive volume growth, supported by agile consumer-focused execution and localization initiatives.

In international operations, NSR increased by 7.5% year-on-year to 106.3 billion TL, while NSR/uc declined by 5.3%, mainly reflecting foreign exchange translation effects on the inflation accounting. Excluding the impact of TAS-29, NSR grew by 40.7% year-on-year, and net sales revenue per unit case improved by 24.0%. Importantly, strong volume growth was accompanied by improved profitability, with EBITDA margin expanding by 63 basis points and EBIT margin increasing by 72 basis points year-on-year in 2025, highlighting the strength of our execution and cost discipline across international markets.

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At a country level, Pakistan's economic environment showed further signs of stabilization. Inflation moderated to more normalized levels, supported by tighter monetary policy and an improving macroeconomic environment. Yet elevated energy prices, tax burdens, and ongoing affordability pressures continue to weigh on consumer sentiment. At the same time, the increasing competitiveness of local brands across key affordability segments continued to pressure category growth. Despite these challenges, Pakistan returned to volume growth in 2025, posting a 1.3% increase vs. last year, cycling a 14.2% decline, with volumes reaching 314 million uc.

Uzbekistan delivered an impressive 33.7% year-on-year volume growth in 2025, with total volumes reaching 220 million uc, driven by consistent strong performance across all quarters. This performance was underpinned by two key drivers, an improving macroeconomic backdrop marked by broad-based year-on-year improvements across major indicators and strong competitive execution, along with innovations that enabled us to outperform the industry.

Kazakhstan's sales volume increased by 15.5% year-on-year in 2025 and reached 215 million uc, driven by strong innovation. All categories delivered solid growth, with the stills category standing out on the back of strong performance by Fusetea. While the sparkling category grew by 11.7% stills volumes increased by 32.1%, driven primarily by Fusetea, with sales volumes surged by 41.3% year-on-year.

Iraq continued to deliver solid 12% year-on-year growth, with the total volume reaching 140 million uc in 2025, building on the strong base of 12.1% growth recorded in the previous year, and marking the third consecutive year of volume growth in the market.

Now, I will leave the floor to Çiçek for the financial review.

### **Çiçek Uşaklıgil Özgüneş:**

Thank you, Karim. Hi, everyone. Thank you for joining us today.

At the beginning of the year, we committed to disciplined growth in a volatile macro environment. We guided for balanced top-line expansion, slight EBIT margin pressure, and we emphasized our commitment to cash discipline. Our priority was clear; protect affordability, sustain volume growth, and gradually pivot toward value. That is broadly what we delivered. During the course of 2025, the macro backdrop remained challenging.

Türkiye saw margin pressure while international operations delivered strong expansion, the year was intentionally phased. In the first half, our priority was volume. We leaned into affordability to protect consumer demand, and in the second half, as visibility improved, we pivoted toward value. Pricing discipline strengthened, discounts normalized and mix improved. This balanced execution enabled us to end 2025 broadly in line with our initial expectations while sustaining healthy volume momentum.

Our net sales revenue increased by 3.9% year-on-year, reaching 187 billion TL. NSR/uc declined by 3.9% year-on-year during the period. This decline was primarily driven by international markets, while Türkiye delivered growth in NSR/uc supported by timely and right pricing actions in a favorable mix.

The decline in NSR/uc in international operations is due to inflation accounting technicality, as the average TL devaluation against USD in the quarter remained below the inflation indexation coefficient, resulting in a translation-driven contraction in consolidated NSR/uc. Otherwise, local currency NSR/uc increased in the majority of our international operations. Excluding the impact of inflation accounting, NSR and NSR/uc increased by 38% and 28% respectively.

Our year-long focus on affordability and pricing discipline, supported by disciplined discount management and effective mix management, was a key driver of our 2025 performance. Consolidated gross margin increased by 27 basis points to 35.6% in 2025. While international operations delivered a 70 basis points expansion, Türkiye experienced earlier pressure, followed by sequential improvement in the second half, in line with the guidance. Excluding inflation accounting, international gross margin reached 34.4%, supported by cost discipline and volume growth across almost all major markets.

Our consolidated EBIT margin declined modestly by 28 basis points year-on-year to 13.4% in 2025. Excluding the one-off competition board fine, EBIT margin would have decreased by only 16 basis points, broadly in line with our guidance for a slight margin pressure in 2025.

Since the last three years, we have been reducing the FX share in our total borrowing. This strategy implies higher borrowing costs in local currency terms, in exchange for lower foreign exchange loss risk. Nevertheless, the overall benefit is clearly visible at the net income level. Net income was 14.1 billion TL in 2025. The decrease in net income from 19.4 billion TL in 2024 was driven by three main factors. First, lower inflation levels led to a 47.6% year-on-year decline in monetary gains. Second, following the tax authority's decision not to apply inflation accounting in local statutory books in Türkiye, the inflation accounting impact recognized in the first nine months was fully reversed in the fourth quarter to the deferred tax life, resulting

in approximately 870 million TL negative impact. Third, tax audit in Uzbekistan led to an additional accrual of around 1 billion TL, while the litigation process is still ongoing. Excluding TAS29, net income reached 12.4 billion TL, representing a strong 32.2% year-on-year increase.

In short, we protected the top line when needed, strengthened profitability when possible, and delivered the results in line with our guidance and long-term strategic priorities.

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Let me also briefly talk about our per unit case metrics, which provide a clearer picture of the underlying dynamics.

On a consolidated basis, NSR/uc declined by 3.9% in 2025 year-on-year. This was largely driven by the conversion of international operations as fixed depreciation led to inflation indexation, as I mentioned earlier. Türkiye delivered a 1% increase in NSR/uc. Excluding the impact of inflation accounting, NSR/uc reached 110.6 TL in 2025, representing a strong 28% year-on-year increase. In USD terms, NSR/uc reached \$2.8 in 2025, the highest level recorded in the last 10 years. Supported by proactive contracting and timely hedging, COGS/uc declined by 4.3% year-on-year, ahead of revenue decline, leading into margin expansion. EBIT/uc shows the clearest evidence of our second half pivot. There was significant improvement in the metric in the second half, and this confirms that value restoration in the second half translated into per unit profitability recovery. In short, per unit economics remain fundamentally healthy, and once adjusted for inflation distortions, they show clear value expansion in the second half of the year.

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Let me also turn to our dynamic hedging framework, which remains a key pillar of our margin resilience. Our cost-based breakdown is simple, as we discussed many times before. 30% packaging, 30% concentrate, 20% sugar, and 20% overhead. Given this structure, disciplined commodity risk management is critical to having visibility and protecting per uc profitability. Our hedge policy is not opportunistic. It's more systematic, aiming to secure visibility, and this allows us to focus management attention on growth and on our core business and not volatility.

We have already built meaningful coverage for 2026 and beyond, with hedges in place for approximately 80% of our resin, 50% of our aluminum, and 80% of our sugar requirements. And we have also begun hedging for 2027 to have early visibility into next year's cost base as well. For now, we are comfortable with our existing hedge positions while continuing our disciplined approach to support cost efficiency and margin stability.

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Net income for the year was 14.1 billion TL versus 19.4 billion TL in 2024. As inflation levels were lower compared to the prior year, monetary gains declined by 47.6%, which limited net profit growth. Yet bottom line was supported by improved operating profit and tight financial expense management. In addition to lower monetary gains, net income was impacted by a set of non-operational one-off items. As I mentioned before, the tax authority's decision not to recognize inflation adjustments and the tax audit case in Uzbekistan. The share of hard currency denominated debt in our total portfolio was flattish compared to last year. However, some of the higher interest rate Turkish Lira borrowings were replaced with relatively lower cost local currency debt in our other markets, which does not create additional ethics open position. Also, the average borrowing rate in 2025 was lower than 2024. Therefore, in the net income bridge, we are seeing positive impact of financial expenses.

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Yes, my favorite. Let me turn to the cash generation because ultimately this is where our strategy really translates into shareholder value.

Reported free cash flow generation was strong in 2025, reached 2.8 billion TL, a significant turnaround from negative 2.9 billion TL in the prior years. This improvement was driven by three things. First, strong operating profitability. Second, much tighter networking capital discipline, which enables us to improve cash conversion and demonstrate that growth and cash generation are not mutually exclusive. And third, prudent capex spending. We continue to invest behind growth, but with clear prioritization and phasing.

Excluding TAS 29 inflation accounting, underlying strength becomes even clearer. Free cash flow increased to 7.1 billion TL in 2025 from 1.6 billion TL in 2024, with a free cash flow yield tripling year on year. And this was underpinned by the sharp improvement in NWC/ NSR ratio to 1.1% from 4% a year ago. This performance strengthened our balance sheet resilience and strategic flexibility.

Following the strong performance also, and in line with our capital allocation priorities and dividend distribution policy, our board of directors yesterday resolved to propose a cash dividend of 1.43 TL per share, subject, of course, to the approval of the general assembly.

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And financial discipline remains one of our core competitive advantages, especially in times of elevated volatility and limited visibility.

In 2025, this discipline enabled resilience and agility across the organization while maintaining a strong and flexible balance sheet to navigate uncertainty and support sustainable long-term value creation. At the end of 2025, our net debt remained at very comfortable levels and further strengthened, with net debt standing at only \$595 million. Our net debt to EBITDA ratio, which was already low, declined further to 0.8x from 1x in the prior year, reflecting an even more conservative leverage profile. This improvement was driven by strong free cash flow generation in 2025, supported by tighter working capital management, improved profitability, and lower interest costs, as explained before.

As of December 31st, 2025, 57% of our consolidated financial debt is in USD and 5% in Euro, and the remaining is in either TL or other local currencies. While our lower FX exposure has naturally led to higher interest expenses, as I explained before, the overall cost of funding, including devaluation impact, has improved meaningfully over the past three years. Moreover, our diversification strategy extends beyond Turkish Lira to include Uzbek Som, Pakistani Rupee, Kazakhstani Tenge, and Azerbaijani Manat. This is also what I explained in the Net Income Bridge when I was talking about the improvement in financial expenses.

We have a short FX position after net investment hedge at \$38 million and before net investment hedge of \$373 million. We consistently monitor our short position by benchmarking it against our international EBITDA, ensuring it remains within prudent and manageable levels. The reason is that we repatriate hard currency revenues from international operations and use this to serve our FX liabilities. The majority of our scheduled debt payments in 2026 consist of local currency loans or short-term portions of long-term facilities. We do not anticipate any refinancing risk in this context.

Before handing over to Karim, I would like to make one remark around the escalated tension in Middle East. Unfortunately, volatility in our geography is not an exception. It is the norm. Over the years, this organization, CCI, was built assuming macro, currency, and geopolitical

fluctuations will be the part of the operating environment. Because of that, we focus relentlessly on what we can control.

Our priority is to keep our resilience strong and balance sheet strength is a critical part of that equation. Liquidity headroom, disciplined leverage, prudent hedging, and cash focus are not reactive measures. They are structural choices we have to make over time. If you ask what would be the impact of the conflict to CCI's financials, I would say that it is still too early to quantify the exact impact. Oil, USD, and inflation dynamics will determine the magnitude. But one point is important.

The impact is asymmetric for our countries, and our footprint is designed exactly for such asymmetry. We operate across both energy importing and commodity exporting markets. Higher oil prices create pressure in Türkiye and Pakistan, while potentially expanding fiscal capacity and purchasing power in Kazakhstan, Azerbaijan, and Iraq. A stronger USD challenges some currencies, while simultaneously supporting commodity-linked economies within our portfolio. This geographic diversification provides natural hedging across cycles.

Apart from countries' dynamics, we also have a good coverage on our commodity exposures for 2026, as I showed before, and very low leverage that makes us comfortable that we wouldn't create a refinancing risk.

Now I will hand the floor back to Karim, who will walk you through our outlook for 2026.

Thank you.

**Karim Yahi:**

Thank you, Çiçek.

Looking ahead to 2026, we expect the operating context to remain broadly as volatile as in 2025. Our focus will continue to be on disciplined daily execution, right pricing to keep our products affordable across our markets, and quality mix management to support margin.

Today's events in the Middle East show that volatility in our geography remains high. As of today, our people are safe and our assets are secure, and we do not see any disruption in our operation. Going forward, should the conflict continue, we'll closely monitor local consumer sentiment as well as macroeconomic disruptions, and we will leverage our country portfolio to mitigate risks. Our focus will continue to be the safety of our people and assets and the continuation of our operation.

Regarding volumes, we plan for low to mid-single-digit growth in Türkiye, high single-digit growth across our international operations, and mid-single-digit growth on a consolidated basis in 2026.

For revenue, we expect NSR/uc to deliver flat to mid-single-digit growth under inflation accounting. Excluding the impact of inflation accounting, we expect low to mid-teens, FX-neutral growth in NSR/uc to grow with the local currency revenue increases that balance cost inflation while preserving price affordability to support volume growth.

On the profitability side, we plan to maintain our EBIT margin flat in 2026 through disciplined execution and a continued focus on right pricing, affordability, and quality-mix management with the same expectation under both inflation accounting and non-inflation-adjusted metrics. Last but not least, we will continue to invest in our business ahead of demand with our

Capex/Sales ratio remaining at high single-digit levels, supporting our long-term value creation agenda while preserving capital allocation discipline.

Now, you may have seen an update also in our announcement yesterday. After three incredible years at CCI, I have decided to step down from my role as CEO to relocate back to the United States. And as indicated in yesterday's release, our business is strong, and I'm proud of what we have achieved together with our teams.

As of July 1st, Ahmet Kürşad Ertin, currently Chief Operating Officer of CCI, will take over as CEO. Ahmet's appointment is yet another testimony to the quality of our leaders. With his more than 25 years of experience at CCI, Ahmet will undoubtedly take CCI into the next chapter of growth and value creation.

Now, we will be happy to answer your questions. Dear Closir agent, over to you, please.

**Moderator:**

Thank you very much for the presentation. We'll now be moving to the Q&A part of the call. If you are dialed in via the telephone, please press star 2 on your keypad. That's star 2 on your keypad. If you are dialed in via the web, you may also ask a voice or a text question. Thank you very much. Our first question comes from Ms. Hanzade Kılıçkiran from J.P. Morgan. Please go ahead, ma'am. Your line is open.

**Hanzade Kılıçkiran:**

Thank you. Before I jump in, Karim, thank you very much for your insights and also transparency on these calls and also in our meetings. All the best in your next chapter.

I have two questions. The first one is regarding our margin guidance. For 2026, I presume you may not be including, but I just want to be sure whether the guidance includes any regional risk or if it's a clean margin guidance? If it is not including any regional risk, what is driving this cautious stance given sequential improvements that you have observed in Türkiye in the second half of the year? Because I was expecting, I thought that you may have some room to improve the margins.

And second, in Pakistan, are you still seeing process affecting the US branded products? And what was your market share in 2023? And where is it now? And at what threshold would the conflict trigger heightened alerts for you? And do you see any risk in Iraq? Thank you.

**Karim Yahi:**

Hanzade, thank you. Thank you for your kind words of encouragement.

So on your three questions, number one on margin guidance, let's go back to 2025 for a second. 2025 was a year where there was no margin in the first half with a lot of volume growth. And then the other way around, strong volume growth and strong margin in the second half. So, this year we planned to be a little bit more stable. Why? Because last year, if you go back to last year's calls, we were talking a lot about the cycling that we had versus 2024 this time, where we had a very high cost base and high discount environment to support volume growth. So, this year, fortunately, we're not planning for that much swings within the year. We will just be impacted by the natural seasonality of our business, where Q1 and Q4 are always traditionally lower in margins. And Q3 and Q4 have a higher margin and the weighted average goes to the full year, 16% EBIT margin. But on the margin guidance, what you can expect this year is again a more normalized margin profile, quarter on quarter versus what we had last year, for instance.

Regarding your specific question about regional risk, if you are alluding to what we're seeing right now, we are tracking the situation very closely. But right now, we do not have a specific regional risk moving forward in 2026. What we had in 2025, we consider that we will still have in 2026. Or in other words, if you consider 2025 was risky, then consider that 2026 is going to be risky. But because of that same context, we actually are guiding for the same margin. But we do not have an increased risk profile for 2026 in our plans.

On your second question regarding Pakistan market share, 2023 versus today, we track market share for sure, but we track something more important that is leadership ratio. The leadership ratio is our share versus the second one in the market. In Pakistan, we are always around 1.1x. Consistently, I don't have the 2023 numbers in front of me, but consistently, we are around 1.1x. But the new phenomenon in Pakistan is the top two are the same and we are still 1.1x. But then there is a new development with regional players and regional brands that have played on two fronts. One, affordability. And second, a lot of exploitation or sensitivities towards the conflict in the Middle East from last year.

Number three, your third question about Iraq. What we see right now in Iraq, we're tracking the situation hourly. And again, as I said, fortunately, our people are safe and our assets are secure. We have different levels of security protocols, obviously, in our operations. And we're taking the highest level of caution now. Regarding the business side of the equation, as we were expecting a conflict in the Middle East to start at some stage, we did not know when, but we were expecting it to start. We actually built inventory ahead of time for raw material, for key ingredients, as well as for finished product. So as of now, Hanzade we do not see a risk in our operation in Iraq and in others. But should the situation change, escalate, etc., we will obviously quickly take action to mitigate risks. But as of now, we don't see a risk right now.

**Hanzade Kılıçkiran:**

Thank you very much Karim, and so in Pakistan, you highlighted that leadership ratio is same, but the regional players are gaining some market share, I think, in the past few years. Do you think that they can gain more market share or, it is now a stabilized market? So in Pakistan, you have highlighted that leadership ratio is same stable. But I think comparison with the main competitor and the local brands have been gaining some market share. So do you think that this market share gained by local brands are now at a peak level? And it is a bit more stabilized market in terms of competition if you exclude the regional conflict?

**Karim Yahi:**

So Hanzade yes. I think you understood the situation. We believe that they have stabilized. As a matter of fact I cannot tell you that it is one player or two players. It is a lot of players that together in an aggregated fashion constitute 10% of the market approximately. And we believe that they have stabilized. We see a silver lining, to be very honest with you, that the regional areas that are pretty much on top for us in Pakistan right now, have the potential for beverage consumption. And now as the leader in the market, it is our duty to go, grow there and capture the opportunity. So we actually see a silver lining that communities are thirsty and now it's our job now to go and offer them quality beverages.

**Hanzade Kılıçkiran:**

Okay, thank you very much.

**Karim Yahi:**

Thank you.

**Moderator:**

Okay, thank you very much. The next question comes from Eren Erciř from Yapı Kredi Yatırım. Please go ahead, sir. Your line is open.

**Eren Erciř:**

Hello, thank you for the presentation and congratulations for the results. My first question is related to the impact of geopolitical tensions. Çiçek hanım already touched on this to some extent during the presentation, but could you elaborate a bit more on whether tensions involving Iran could pose a risk for the business, particularly in terms of potential shifts in consumer behavior in Türkiye?

And my second question regarding your pricing activities, could you elaborate a bit more on your pricing activities both in Türkiye and international markets? And on the year-on-year margin development in the quarter, especially how much of the margin improvement was driven by price hikes or product mix? Thank you.

**Karim Yahi:**

Thank you for the question. So, I'm going to start on the first one regarding the impact of geopolitics and I will turn it over to Çiçek to complement. CCI is made of a diversified portfolio of countries. And as Çiçek explained very well earlier, some countries are oil exporters, some countries are oil importers, some countries are commodity exporters, some countries are commodity importers. Why does it matter? It's because all our countries do not react in the same fashion when the oil price goes up and or when the USD appreciates. So, what it means for us is that the current conflict in the Middle East right now is not going to impact us in a linear fashion. It also means that the geography offers us opportunities because some countries will naturally benefit, as Çiçek explained, there will be economic growth, there will be fiscal surplus, and therefore there will be private consumption expenditures. And some countries will actually need to manage their current account deficit better and will see a rise in inflation and that will be an impact on the overall dynamics of the market. So, all this to say that the best we can tell you right now regarding the impact of geopolitics on our business is a mixed impact and we are monitoring the situation very closely. And whenever we see that our finances, our operations will be impacted, we will take the corrective measures that we will need to take in order to protect our performance. With that, I'm going to turn it over to Çiçek to complement.

**Çiçek Uřaklıgil Özgüneř:**

What I can add is that, it will all depend on how long it will last, how expensive it will become. So, it is very difficult to estimate what the consumer reaction will be. So, anything we say on this will be speculation and we certainly don't want to do that. What we can control right now is our short-term FX liabilities, which is almost negligible for 2026 in terms of debt payments. As I mentioned, the majority of our debt payments in 2026 are in local currency. So, we do not see any refinancing risk or a realized fixed loss because of this. Second, we are holding enough hard currency cash in our international operations and that provides us a certain advantage as well. And third, as I showed you, our commodity hedges, especially resin, will be the most likely to be impacted from this volatility due to oil linkage. For resin, we have 80% coverage. For the remaining as well. For sugar, we have 80% coverage. For aluminum, we have 50% coverage. And as Karim explained, we have built enough inventory to continue running our operations smoothly. And right now, we do not see any business interruption in

terms of transportation, logistics, anything like that, thank God. So, anything beyond this will be pure speculation, so we cannot comment on it. If the tension does not escalate further, maybe the impact will be even negligible.

**Karim Yahi:**

Thank you, Çiçek and then you had a second question regarding price strategies. So, our plan regarding pricing is always balanced. We always look more at revenue management instead of pricing management because revenue management has not only pricing, it has also mix management, it has SKU rationalization, it has discount management. Within mixed management, we have product management, product mix, channel mix, pack mix. So, all this to say that our pricing strategy is more about the revenue strategy because at the end of the day, what matters is to create revenue to absorb cost in order to create margin. Pricing is one component, but not the only component. Now, double-clicking on pricing, every operation locally looks at the pricing in two ways. One is if you need to price, always price right behind food and beverage inflation in order to be competitive in the store, and always price to be affordable versus disposable income. So, the big picture again is that we want NSR/uc to be always higher than COGS/uc and OPEX/uc consolidated so that the margin is protected. So, that is our approach on pricing. And your third question, I think, was more about how do you measure the improvement coming from pricing versus coming from mix in margins. So, overall, I would say again, going back to the earlier comment, it's not about pricing, it's about NSR/uc. And I'm going to give you some metrics. When you sell more immediate consumption versus future consumption, you have a 1.5x higher gross profit per uc for a small pack, immediate consumption vs. future consumption. So, that's an important metric for us. For us, that's how we look at the improvement on mix with immediate consumption as a good proxy for what's happening between channel and packs. But overall, the improvement in margin coming from how much comes from revenue realization and how much comes from pricing and mix, we don't really look at it that way. I want to be very clear about that. Again, we look at NSR/uc and that's the total, right? And it has to go above COGS/uc plus OPEX/uc so that the unit metrics, the unit economics work and the margin is protected. Thank you.

**Moderator:**

Thank you very much. Our next question comes from Ece Mandacı Ak Invest. Please go ahead. Your line is open.

**Ece Mandacı:**

Hi. Thank you for the presentation. Dear Karim, thank you for your support in the last three years and I wish you all the best ahead.

And regarding the presentation, I got a couple of questions, some follow-up questions as well. So in the last couple of years, we have seen a change in the composition of your international sales while Pakistan was declining in terms of volumes and capacity. We have seen increase in Central Asia in Uzbekistan and Kazakhstan and currently they're operating at almost full capacity. And I understand that you're investing in those regions via introducing new lines and new capacities. So, would it be fair to assume that this strategy will continue for the next couple of years as well? Maybe we will also see the support of the oil pricing as well, particularly in Kazakhstan and Azerbaijan going forward. So, would it be fair to assume a smaller level of growth in Pakistan as in 2025 for 2026 given the concerns you have mentioned and probably better growth metrics, continued growth metrics for Uzbekistan and Kazakhstan? Would it be fair to assume like that? And with that, in years, international margins also grew with the

support of higher portion of Central Asia revenues. So the higher margin levels, will it be sustainable for these regions and will it continue to support your consolidated margins for 2026 as well? And also, I have a follow-up regarding your cost base. You have hedged 50% of your aluminum costs, but we are seeing an increase recently in the spot aluminum pricing. So compared to the spot levels, how much lower is your pricing in aluminum compared to spot levels? So since you have hedged half of the aluminum and most of sugar and resin, would it be possible to say that first-half margins, still we can see some year-over-year improvements, but maybe we could see some normalization in the second half and end the year with a flattish EBIT margin. Would it be fair to assume like that? Thank you.

**Karim Yah:**

Thank you, Ece, for your kind words.

First, I'm going to cover question one and two, and I will ask Çiçek, our CFO, to cover question three and four. So one and two, last couple of years, change of our geographical mix in international operations. Yes, you are correct. Yes, in the past few years, you have seen our international operations, really you have seen two things happening, less dependency upon Pakistan and more dependency upon Central Asia. Or in other words, yes, Central Asia growing way faster than Pakistan. Now, you may recall that Central Asia in the past few years has been, from a macroeconomic standpoint, relatively stable. When on the other side, Pakistan has, unfortunately, experienced one of its worst economic crises, with highest historical inflation, etc. Now, right now what we see, and that's also part of our guidance, is that Pakistan, it has stabilized. I know that right now there is tension in Pakistan. Nevertheless, when you look at the trending information, the trending data, we can all acknowledge that the IMF-driven program, although it is painful in the short term, is actually really going to help Pakistan stabilize economically. And then that is what we hope for as well, but that is also how we see the market restart growing. So all this to say that Pakistan has, if you draw a line, has gone down in terms of economy, category, and our business. It has gone down over the past three years and has restarted growing at 2025. So that was a plus 1% growth in 2025, which for us meant that our affordability focus without pricing, et cetera, has really worked to stabilize the volume. And now we are planning to grow volume again in Pakistan. So on the other side, Central Asia, clearly years of very high growth. Uzbekistan, 33% growth is remarkable. But it's going to stabilize, so clearly. Now, all this to say that the international operation is continuing, is going to continue growing in the future, and that's why you see the guidance for 2026 has a higher growth. The guidance shows that we're planning for a higher growth in international operation versus Türkiye. Again, supporting the fact that, yes, we have growth in international operation plan for 2026. But again, it is going to be based on a relative stabilization in Central Asia. And at the same time, a higher growth than prior year in Pakistan. And we think that that is how we're going to continue growing in the future. So that is on the international volume side. What comes with it is naturally how the margin profile is evolving. In Pakistan, because we are mostly focused on affordability, we do not have the same margin expectations as in Central Asia, that is a higher per capita region. I mean, the big markets, if you look at Kazakhstan, for example, it has the highest per capita in our territory. And as a result, the NSR/uc is higher, and as a result, the margin is higher. So all this to say that Central Asia is going to continue with a relatively higher margin than Pakistan, and as a result is going to continue contributing to the international margin. So what you see right now as margins is, yes, relatively high. Don't expect it to grow too much in Central Asia, right? But expect that international margin will basically stay where it is right now, but the composition of it will be with a little bit more coming from Pakistan, not too much, and a stabilization coming from Central Asia. So hopefully I explained this in a comprehensible way, otherwise just follow up with questions. Also one point to have in mind is regarding our capacity in Central Asia, we're not at capacity in Central Asia. That's why we continue investing. We're growing fast, but we invested even faster. That's why we have invested in Uzbekistan, in Kazakhstan, in Azerbaijan, and we have new lines also coming into smaller countries. But overall, we're not

at capacity yet, and that is what excites us because we see a lot of potential there. Now I'm going to turn it over to Çiçek for the cost base and the H1, H2 margin profile for 2026.

**Çiçek Uşaklıgil Özgünes:**

Okay. First of all, starting with aluminum. As you're right, the current prices are higher, but we did our hedges early last year for 2026. Therefore, the hedge rate of that 50% is \$400, \$500 below the current spot rate. So we are enjoying some benefit from it, but now the rest 50% is, of course, exposed to the spot market, and we do not think that right now the prices are justified in terms of underlying supply and demand dynamics. Therefore, we are not hedging any further, but we are looking at the market. The thing is that aluminum is not a very big portion of our cost base anyway. In Türkiye and Iraq, can is an important package, but in the rest of the market, it's primarily resin is the main package, or returnable bottles in the case of Uzbekistan and Pakistan, they are also growing, but can is not a huge package for international markets. Therefore, the cost of the share of aluminum is rather limited. But that answers your, I think, question on aluminum. For the first half and second half, as Karim mentioned, this year we are aiming for a more balanced phasing throughout the year. We don't want to have as much volatility as last year. But having said that, of course, because of the first quarter's base was lower, first half's base was lower, and second half's base was higher, we will see some base effects, but we don't expect the deviation to be as severe as last year.

**Ece Mandacı:**

Thank you very much.

**Moderator:**

Thank you. Thank you very much. We'll be now moving to a text question. This is from Mr. Tore Fangmann from Bank of America. There are three questions. Going into 2026, will you continue to concentrate on value growth with selective promotional activity, and if so, why does this not translate to a higher EBITDA margin year on year? Second question, to some extent probably answered, how significant does the current Iran situation impact boycotts, et cetera? And together with that, could you please describe your current trading and demand? And the third question from Tore is, can you quantify the expected impact from the water exit on 2026 volume and margin?

**Karim Yahi:**

Thank you, Tore. Question number one, going into 2026, we will not concentrate on value growth. We will continue to work on sustainable value creation, and that is, as usual, creating volume growth and being affordable in the geographies where we need to be affordable, and working on the mix management so that we can create margin and recruit the next generation of consumers with the small packs and diversify the portfolio with the product mix. And going to the different channels so that we are present everywhere. So, again, I'm hesitant to qualify the year of 2026 as a value year or a volume year. No, at CCI, we believe that sustainable value creation comes from both. As history has shown, at CCI, we have always been balanced. We want to create volume growth, and we want to create value growth, and we want to do it in a sustainable fashion.

### **Çiçek Uşaklıgil Özgüneş:**

And I would like to add that a flat EBIT margin guidance should not be interpreted as a shift away from our profitability discipline. We will continue to work on NSR growth. Even a stable margin translates into meaningful absolute EBIT expansion. Please don't ignore this. And strong cash generation ultimately supports shareholder value creation. So, what it reflects is our decision to keep investing ahead of demand, whether in capacity, route to market, or other capabilities, in markets where we see demand developing and long-term returns, does not mean that we are shifting away from value focus. So, value focus is always there, whether it's in the form of creating more demand or sustainable more demand or creating higher cash returns, is interchangeable. So, it's a long-term strategy rather than a short-term focus.

### **Karim Yahi:**

Then, Tore, on your second question, how significant does the current Iran situation impact us? I think we discussed it earlier, but again, just to repeat, we have priorities at CCI, and our people are safe, our assets are secure, and our operations are not disrupted right now. So, should things change, we will obviously work on all the levers we have in our hands to make sure that we create the performance that we need to create. And on your third question, can you quantify the expected impact from the water exit? I just want to re-qualify, we're not exiting water, not at all. Absolutely not at all. We believe in the beverage for life strategy. We believe in offering choice to consumers. Water has a significant role to play in the portfolio that we offer for hydration. Nevertheless, because we want to create sustainable value, we want to focus on the segments of water where there is value creation. It means that we are intentionally not pushing and not going after the large water volume packs that naturally have less margin per liter or per unit case or margin. So, we are absolutely not exiting water. I want to make that clear. We are just balancing the value and the volume of water in our port.

### **Moderator:**

Okay, thank you very much. Our final question today will be from Selim Tülü, Individual Investor. Please go ahead. Your line is open.

### **Selim Tülü:**

All right. Hello. This is Selim from Istanbul Technical University. As a student, I am grateful for the opportunity to ask this question.

I want to focus on structural threat posed by local brands and private labels. In hyperinflationary periods, we often see consumer trial of cheaper local alternatives. Beyond your standard revenue growth management tactics, how is CCI managing the risk of the local players becoming a permanent part of the consumer's basket? Especially, are you seeing a significant gap in your share of throats within the traditional channel? And what is your specific counter-effect strategy to prevent these local brands from dominating the lower-income consumer segments? Thank you.

### **Karim Yahi:**

Thank you for the question. Look, we welcome competition everywhere we operate. Why? Because we believe that competition makes us better and ultimately creates an environment where consumers can enjoy more choices. Within this context, we always respect local

brands, and we actually learn from local brands as well. Our objective as leaders in every country where we operate as leaders, our job is to grow the category, grow the industry. And that's why for us, again, as I said, we welcome competition, and we have tools in our hands also to make sure that we continue winning and we continue doing the right things and offering choices to consumers and partnering with customers. We always welcome competition in every market where we operate.

**Moderator:**

Thank you very much. Our next question is from Mr. Maxim Nekrasov from Citi. Please go ahead. The line is open.

**Maxim Nekrasov:**

Yes, good afternoon. Thank you for the presentation. Just to follow up on many questions about the margins, I just want to understand that do you see basically 16% EBIT margin as something that is sustainable in the medium term, and you wouldn't see necessarily upside to those levels, so that's your kind of target margin? And the second question on the capital allocation, and considering the balance sheet is very strong, what are the key priorities, and whether you would potentially consider any M&A if it's on your list or continue with an organic expansion, or maybe if you consider high dividend? Thank you.

**Karim Yahi:**

Thank you for the question, Maxim. I will start and I will ask our CFO, Çiçek, to complement. Regarding margins, 16% EBIT margin, I'm going to go back to maybe an earlier comment that was made about is our 16% EBIT margin for 2026 too low? I think that Çiçek has explained very well that at the end of the day, the 16% EBIT margin combined with volume growth and NSR growth, multiplication of both creates a good bottom line, and then on the other side, improvement on net working capital, and therefore free cash flow ultimately translates into good economic value creation for shareholders and investors. But that's how we look at the business, so that's why to answer your question about is 16%, I think that 16% is a good level of margin. It's a very solid level of margin. Even if you benchmark our margin versus other global peers that work in our industry, you will actually notice that we are really at the top end in terms of comparison. But again, what matters to us is creating sustainable value for our shareholders and our investors, and that means that we look at the P&L not only with higher margin, but we want 16% margin as a guidance. That's our plan for 2026, and we want the volume and the revenue that will make sure that the multiplication translates into higher absolute numbers and that the good cash management that the Treasury team does is then ultimately then ending up with a good economic profit and enterprise value growth. So that is how we look at the business. Within this, I'm going to let Çiçek cover the capital allocation side.

**Çiçek Uşaklıgil Özgüneş:**

Hi, Maxim. On capital allocation side, actually our priorities are very stable, not changing. We will keep investing, as we said, on the organic growth in capacities, new lines, new plants, et cetera. That is already taking up like currently as we guided high single-digit percentage of our net sales revenue for this year as well, and we have a clear commitment to deliver positive free cash flow generation. Therefore, paying a higher dividend was not discussed. We have a stable dividend policy of paying up to 50% of our distributable profits, and our dividend yield has always been around somewhere between 1.5% and 2.5% levels. This year, again, with

capital discipline, we declared a similar dividend. Going forward, yes, if there is no inorganic acquisition target and if our free cash flow improves, the leveraging and dividends are interchangeable for us. So, depending on the cash outflow expectations, we can increase dividends. But right now, this is what the Board of Directors resolved to do. We are more focused on our organic and inorganic growth opportunities with a stable and predictable dividend policy. In terms of margins, I would also like to make a comment. Yes, as Karim said, 16% is a comfortable margin. It is already a good level in the bottling industry. What we are also aiming is more on the long-term focus is our return on invested capital (ROIC), not necessarily the short-term focus of EBIT margin, but also we want to make sure that the value we generate in comparison to all the investments that we make are actually creating value for our investors, shareholders, and employees, everyone. Therefore, having a ROIC target is a more realistic thing for us. We want to improve our ROIC, not necessarily by improving our margins. Let me put it this way.

**Maxim Nekrasov:**

That's very clear. Thank you. And on the M&A question and inorganic opportunities, is it still on the table? And what kind of opportunities you might be looking, if any?

**Çiçek Uşaklıgil Özgüneş:**

It's always on the table. We want to make sure this fits within our operating geography, not necessarily adjacent territories, but that would make sense in our operating footprint. And also, our number one criteria is similar fundamental dynamics like low per capita consumption because that is where our strength is. We know how to create demand, increase household penetration frequency. We are not a developed market buster. Therefore, our core strength is our execution capabilities and creating demand by growing the industry. Therefore, we are continuously discussing with The Coca-Cola Company, of course, for new markets that could be value-adding for us. If there is anything on the pipeline, you would hear, of course, but it's never off the table. But there is nothing imminent, I can say.

**Maxim Nekrasov:**

Understood. Thank you so much. Thank you, Karim, for your work and good luck in your new chapter.

**Karim Yahi:**

Thank you, Maxim.

**Moderator:**

Thank you very much. Looks like there are no further questions at this point. I'll pass the line back to the management team for the concluding remarks.

**Karim Yahi:**

Well, thank you very much for today. It was a pleasure to be with you again.

Thank you for your belief in CCI. As you see, we have delivered very strong 2025 results, and we are excited about 2026. So, we hope to see you soon.

Thank you again!