

Coca-Cola Icecek

Moderator:

Ladies and gentlemen, thank you for standing by. I would like to welcome you to the Coca Cola Icecek conference call and live webcast to present and discuss the first quarter 2026 financial and operational results. We're here with the management team and today's speakers are the CEO, Mr. Karim Yahi and CFO, Ms. Çiçek Uşaklıgil Özgüneş . Before starting, I would like to kindly remind you to review the disclaimer on 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 , head of investor relations. Sir, the floor is yours. Please go ahead.

Burak Berki:

Good morning and good afternoon, ladies and gentlemen. Welcome to our first quarter 2026 results webcast. As the operator says, 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 2026 financials are reported using TAS 29, financial reporting in hyperinflationary economies. The financial figures in this presentation and all comparative amounts for the previous periods have been adjusted according to the changes in the general purchasing power of Turkish Lira in accordance with TAS 29, and are finally expressed in terms of purchasing power of the Turkish Lira as end of March 2026.

However, certain items from our financials are also presented without inflation adjustment for information purposes. These 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 our CEO, Karim Yahi.

Karim Yahi:

Thank you, Burak. Good morning and good afternoon, everyone. Thank you for joining CCI's first quarter 2026 results webcast.

We started the year with solid momentum, delivering balanced results across our diversified geography, despite continued macroeconomic and geopolitical volatility. In a continuously challenging context, we remained focused on what we can control, and that is our disciplined execution, which enabled us to deliver resilient and quality volume and value performance across both our Türkiye and international operations. Following the escalation of geopolitical tensions at the end of February, we have been closely monitoring the potential implications and proactively taking the necessary precautions to ensure the safety of our people, the security of our assets, and the continuity of our operations.

We achieved solid, consolidated volume growth in the first quarter of 2026, with sales volume increasing by 6.9% year on year to 414 million unit cases. Growth was broad-based, supported by resilient performance in Türkiye and strong performance across the majority of our key international operations, while Central Asia remains the primary growth engine, building on last year's strong momentum. In line with our mixed improvement strategy, the consolidated immediate consumption ratio improved by 105 basis points to 25.5% in the first quarter of 2026. Similarly, our on-premise channels continue to gain traction, with its share in total volume increasing by 123 basis points to 31.1%. We will continue to prioritize smaller value-acquitted packages to drive quality growth throughout the year. In the first quarter of 2026, net sales revenue increased by 10.7% to 52.4 billion Turkish lira, supported by improved mixed management and right pricing with timely execution, while growth margin significantly expanded by 592 basis points. Operating margin expansion was robust, with consolidated EBIT margin expanding by 529 basis points to 13.2%. This strong performance was primarily driven by the significant improvement in gross profit margin, supported by tight OPEX management. As a result, both domestic and international operations delivered margin expansion versus the prior year, with the uplift in Türkiye standing out as particularly strong.

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Volume growth was primarily driven by Central Asia, while Türkiye and Pakistan delivered resilient performance. The sparkling category, which delivered strong growth of 16.9% in the first quarter of last year, sustained its growth momentum with a 4.5% increase in the first quarter of 2026. Additionally, the stills category, including iced teas, energy drinks, and juices, delivered strong growth of 30.3%, primarily driven by Fusetea, whose sales surged by 47.4% year-on-year, boosting overall category performance. The water category experienced a 5.3% year-on-year increase, yet our long-term strategy to gradually reduce lower value-adding volume remains intact. Consolidated immediate consumption ratio increased by 105 basis points to 25.5% in the first quarter of 2026. From a channel perspective, the on-premise share of our volume increased by 123 basis points to 31.1%. In addition, reflecting our strategic focus, the quarter saw continued progress in expanding the share of no sugar products within the sparkling category, with its share rising by 75 basis points to 3.5%, in line with our commitment to offer consumers more choice and create sustainable long-term value.

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Türkiye's sales volume increased by 1.4% year-on-year to 130 million unit cases in the first quarter of 2026, cycling a strong base of 8.4% growth in the same period last year. This performance was achieved despite our deliberate choice to optimize sales in the water category, in line with our strategy to shift focus towards higher value categories. Excluding water, volume growth stood at 3.8% in the first quarter of 2026. The stills category delivered a strong performance, growing by 10.1% year-on-year in Türkiye. Within this segment, fuel steel recorded a robust growth of 21.5%, while the higher value added monster energy brand achieved a very strong yearly increase of 82.2%, further supporting the overall category performance.

Türkiye delivered solid top-line growth in the first quarter of 2026, with reported net sales revenue increasing by 8.7% year-on-year to 20.4 billion Turkish lira, and net sales revenue per unit case rising by 7.2% to 157.6 Turkish lira. Excluding TAS 29, net sales revenue grew by 42.3% year-on-year, while net sales revenue per unit case reached 154.4 Turkish lira, up by a strong 40.3%. Gross profit, EBIT and EBITDA margins all improved sharply year-on-year, driven by right pricing, effective mix management, timely procurement, an actively managed cost base, and strong in-store execution, supporting both margin expansion and volume growth despite rising input costs.

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International operations recorded a 9.6% year-on-year volume increase in the first quarter of 2026, on top of a strong base of 16.1% growth in the same period last year. Growth was broad-based across all markets, with Central Asia continuing to be a key driver of strong volume expansion. Similar to Türkiye, the stills category delivered a very strong performance, growing by 56.4% versus the first quarter of 2025. This growth was primarily driven by Fusetea, which increased by 67.6%.

In international operations, net sales revenue increased by 12% year-on-year to 31.9 billion Turkish lira, while net sales revenue per unit case also grew by 2.2% in the first quarter of 2026. Gross profit margin increased by 59 basis points year-on-year to 33.7%, supported by solid volume growth across most major markets and continued cost discipline, despite a more subdued pricing environment.

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Pakistan volumes grew by 0.2% year-on-year to reach 101 million unit cases in the first quarter of 2026, following a high base of 17.2% growth in the same period last year. While the competitive environment remained challenging, share of local brands in the overall market showed signs of stabilization. The Ramadan period supported volumes during the quarter. That said, heightened geopolitical tensions in the nearby region and the sharp fuel price hikes for petrol and diesel driven by surging global oil pricing following the U.S.-Israel conflict with Iran are negatively impacting consumer sentiment and purchasing power, partly softening demand trends.

Kazakhstan sales volume increased by 11% year-on-year in the first quarter, reaching 63 million unit cases, driven by a strong innovation pipeline. All categories delivered solid growth, with the stills category standing out on the back of strong performance by Fusetea. While the sparking category grew by 5.1%, stills volumes surged by 34.9%, primarily driven by Fusetea, whose sales volume increased by 48.1% year-on-year. In addition, the can portfolio was expanded to support the ongoing focus on increasing the immediate consumption mix to 12.8%, improving versus prior year by 75 basis points.

Uzbekistan delivered an impressive 40.7% year-on-year volume growth in the first quarter of 2026, with total volumes reaching 49 million unit cases, supported by the continuation of favorable market conditions, a supportive macroeconomic backdrop, and strong competitive execution. Product innovations also contributed to our ability to outperform the industry. Overall, the strong momentum observed last year continued into the first quarter of 2026.

Iraq sales volumes declined by 1.8% year-on-year, to 30 million unit cases in the first quarter of 2026, after 11 consecutive quarters of solid growth. The contraction in volumes was mainly driven by two factors. One, civil, political, security, and economic stress caused by the spillover of the U.S.-Israel conflict with Iran. And two, the colder-than-usual weather conditions during the quarter.

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

Çiçek Uşaklıgil Özgünes:

Thank you, Karim. Hello, everyone, and thank you for joining us today.

We are off to a good start to the year, despite more than expected volatility and limited visibility. Net sales revenue reached 52.4 billion TL, up 10.7% year-on-year, while NSR per unit case increased by 3.6%. When we exclude the impact of inflation accounting, the underlying performance becomes much more pronounced. Net sales revenue grew by 44.9%, and NSR

per unit case was up by 35.6%, supported by improved mix management, disciplined discount management, and right pricing with timely execution. Equally importantly, the strong top-line performance translated into very strong EBIT growth, up over 80% with an EBIT margin expansion of 529 basis points to 13.2%. On a pre-inflation accounting basis, EBIT margin reached 15.2%, corresponding to a 466 basis points improvement year-on-year. This was primarily driven by a strong improvement in gross profit margin, supported by tight OPEX management. Both Türkiye and international operations delivered margin expansion, with Türkiye spending out more prominently in the quarter. This was assisted by the low base of last year as well. At the bottom line, net profit reached 5.2 billion TL, compared to 1.7 billion TL last year. This increase was mainly driven by improved operational profitability across both Türkiye and international operations, combined with lower net financial expenses, while monetary gains remained broadly stable year-on-year. We will cover this in more detail. Excluding the impact of inflation accounting, net profit came in at 3.7 billion TL versus 85 million TL in the same period last year, clearly reflecting the improvement in our underlying profitability.

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Let me now zoom in on our per-unit case metrics, as they offer a clearer picture of the underlying performance. On a per-unit case basis, we continue to see strong revenue expansion, with NSR per-unit case increasing 3.6% year-on-year in the first quarter. Türkiye led the performance with a 7.2% increase, while international operations delivered a positive 2.2% growth. This was driven by disciplined pricing, a stronger contribution from immediate consumption and on-premise channels, supported by disciplined discount management. Excluding the impact of inflation accounting, NSR per-unit case reached 125.5 TL, up 35.6%, highlighting the strength of the underlying revenue generation. Favorable raw material inventory supported cost base, and we saw 5.2% lower COGS per-unit case in the first quarter. As we move forward in the year, this quarterly impact will be phased out. Without inflation accounting, the COGS per-unit case increase was 25%, much lower than that of NSR per-unit case. EBIT per-unit case accordingly increased by 72.5% to 16.7 TL, indicating a clear value expansion. Excluding inflation accounting, EBIT per-unit case grew by 95.4%, underscoring the strength of our underlying profitability.

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Let me now touch on our dynamic hedging approach, which has become even more critical in the current environment. Today, we have strong visibility on our cost base. Through our proactive contracting, hedging, and pre-buy strategies, we have secured a high level of coverage in key inputs, particularly in sugar, aluminum, and resin. This gives us a much clearer forward view on our COGS evaluation. However, I should also be clear. This does not mean that we are immune, especially in petrochemical-linked inputs, where suppliers, one way or another, are dependent or indirectly linked on imports from the Gulf region. We began to see upward pressure on prices. We believe this to be manageable because we have our RGM capabilities, various supply chain initiatives like packaging innovations, efficiency improvements, yield optimizations, route optimizations, et cetera, to mitigate the rising prices. In addition, we are also a part of the cross-enterprise procurement group of the Coca-Cola system, and we have a large portion of already secured inventory. All these give us confidence of how to mitigate the increase in prices of the raw materials. So our focus is not to eliminate volatility, but to navigate it as good as we can. And I can confidently say that we benefit from a broad and resilient supplier base across our key inputs, anchored by our local sourcing capabilities as well, because uninterrupted supply is also one of the key priorities. So executing with local agility, sustainability of supply is the main thing. Our well-established RGM framework and hedging practices enable us to manage the price volatility, as I mentioned.

In markets where financial hedging is available, namely Iraq, Jordan, and Bangladesh, we have effectively secured nearly all of our 2026 sugar requirements through hedging. In our other markets, contracted prices give us near full coverage for the year. We have locked in 68% of our 2026 aluminum needs and 84% of our resin requirements, providing important visibility in an environment where supplier behavior has become increasingly dynamic, and underlying pricing benchmarks have gradually shifted from levels seen at the start of the year. As I said, resin and aluminum are among the raw materials most sensitive to rising geopolitical tensions in our region. However, we are carefully capitalizing on attractive pricing windows through disciplined procurement and hedging, supporting long-term cost efficiency and margin stability.

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Let me also talk about items below operating profit to net income, because this is where the whole story comes together. Net profit increased significantly, reaching 5.2 billion Turkish lira in first quarter, up more than 200% year-on-year. This represents an improvement of 3.6 billion Turkish lira. Monetary gains were broadly flat year-on-year, as the balance sheet composition and inflation dynamics remained broadly consistent, making this a non-driver of the year-on-year variance. The increase in net income was primarily driven by stronger operational profitability across both Türkiye and international operations, coupled with a notable decline in net financial expenses. The decline in net financial expenses reflects the strength of our free cash flow generation, allowing us to operate with lower funding needs, combined with a more efficient cash deployment across the operations. In addition, the interest rate environment in Türkiye, while it is still elevated, has eased compared to the exceptionally high levels observed in the first quarter of last year.

So the key takeaway is it's not just the growth, but the composition of the growth is also solid. This is the result of our disciplined capital allocation, optimizing our capital structure by placing debt where the cost of funding is most efficient, without, of course, increasing our FX exposure. This contributed to a reduction in total interest expenses. Excluding the inflation accounting, net profit rose to 3.7 billion Turkish lira from 85 million Turkish lira in the prior period.

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Free cash flow generation came in at 462 million Turkish lira in first quarter, a strong improvement compared to minus 10.5 billion Turkish lira in the same period of last year, despite the typically negative seasonality of the first quarter. This performance was primarily driven by improved operating profitability and a more efficient net working capital to sales ratio versus the prior year. Additionally, some phasing in CAPEX spending provided a temporary uplift in the quarter, which we expect to normalize over the full year. Excluding inflation accounting, free cash flow stood at 427 million Turkish lira. So while this is a very strong start, given the seasonality, it is important to put in context that we expect CAPEX to normalize, and the continuation of the work may even put additional pressure on net working capital, as ensuring an uninterrupted continuity of our operations may require us to carry higher inventory levels than usual. That said, we remain focused on mitigating this through discipline use of our broader working capital levers.

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We have always placed strong emphasis on financial discipline, which continues to stand out as one of our key competitive strengths, particularly in periods like today, where geopolitical tensions are elevated and visibility remains limited. Our balance sheet is one of the main drivers of our resilience. As of end of first quarter, our net debt remained at very comfortable levels and further strengthened, with net debt standing at only 589 million dollars and a net debt to EBITDA ratio improving to 0.7 times, from 0.8 times at the end of 2025. We further

reduced our leverage, supported by strong operational profitability and positive free cash flow generation, as I discussed before. As of end of first quarter, our consolidated financial debt remains well diversified. Compared to 2022, share of USD and Euro denominated, hard currency denominated, debt has declined meaningfully from 87% to 64%, reflecting our deliberate strategy to diversify our funding mix. While our overall FX position has remained broadly stable year on year, we have continued to optimize our borrowing structure by increasing exposure to lower interest rate markets, as I discussed before. This strategic shift has supported the reduction in total interest expenses. Importantly, our diversification strategy goes beyond Turkish Lira, expanding into key operating currencies such as Uzbek Son, Pakistani Rupee, Kazakhstani Tenge, and Azerbaijani Manat, further strengthening the natural hedge within our balance sheet. We continue to maintain a disciplined FX position. We hedge where appropriate, we match currencies where possible, and we limit structural FX short position on the balance sheet. We currently have a short FX position after net investment hedge at \$30 million, and before net investment hedge of only \$334 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 dividends from international operations and use this to serve our FX liabilities. Therefore, we see it as a good benchmark of FX short position tolerance. The majority of our scheduled debt payments in 2026 that you see on the chart consists of local currency loans or the short term portion of long term liabilities. Therefore, we do not anticipate any refinancing risk in this context.

So now back to Karim for his closing remarks, please, Karim.

Karim Yahi:

Thank you, Çiçek. As communicated before, by the end of the second quarter, I will step down from my role as CCI CEO and hand over the responsibility to Ahmet Kürşad Ertin, our current Chief Operating Officer. Ahmet and I have worked closely together for many years and have complete confidence in his ability to lead the company forward. He brings deep knowledge of our business, our markets, and our people together with a strong strategic vision and execution discipline. This leadership transition reflects continuity and ensures we remain fully focused on creating lasting value, anchored in our long term priorities and supported by our strong execution across our markets.

I'm grateful to our teams across all our markets for their commitment and engagement, as well as to our customers, suppliers, and all our stakeholders for their partnership over the past three years. I would also like to thank our board, shareholders, and investors for their trust, guidance, and support.

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

Moderator:

Thank you. So we'll now move to the question and answer section. If you'd like to ask a question, please press star two on your phone and wait to be prompted. If you're dialing by the web, you can type your question in the box provided or request to ask a voice question. I'll just give a moment or two for the questions to come in. OK, we have our first voice question coming from Ece Mandacı from AK Yatirim. Please go ahead. Your line is now open.

Ece Mandacı:

Hello. Congratulations on the strong results and strong free cash flow generation for the first quarter.

And Karim, I would also like to thank you for your leadership and partnership until this time and wish you success in your future.

I have a question first about the free cash flow generation for the rest of the year. You have already mentioned that CAPEX sales ratio will normalize as aligned with your guidance. And you might need more inventory during the year, depending on the war. So for the year end of 2026, would it be still fair to assume further improvement in your net debt over EBITDA or financial leverage ratio? Because you will also have a season with other quarters ahead. Could that be possible?

And secondly, could you please provide the breakdown of your packaging? I assume that it mostly includes the resident or pet ratio. And it has a high pet ratio compared to other peers you have. And could you also provide the revenue breakdown of Central Asia now? And do you still expect a further increase in revenue contribution of Central Asia? And could that also contribute to further margin improvement during the year? These are my questions. Thank you very much.

Çiçek Uşaklıgil Özgüneş:

Thank you Ece. Let me take the first two and then Karim will take the third question on Central Asia. Regarding free cash flow generation and year end net debt to EBITDA target, to be on the safe side, I wouldn't bet on a further improvement in net debt to EBITDA ratio because it's always at a high health level. And if there is any improvement, it will most probably come from higher profitability. So increase of EBITDA in absolute terms. And for the CAPEX, as I mentioned, normally, seasonally, we start spending the CAPEX on the first and second quarter ahead of the season. This year for things that require investment or spending ahead of the season, we still continue to do that. But some of the payments were postponed, some of them deliberately, some of them just, you know, due to the ordinary course of business. Deliberately because when the war started, we wanted to be extra careful. And we revisited our CAPEX, approved CAPEX for this year. And until we have further clarity on relatively nice to have CAPEX, we put a hold on to them. But this doesn't mean we will not spend it because, as you have seen from the results, our operations are still growing. The war is bringing some uncertainty and some pressure on cost of sales. But top line is still growing, which requires further investment. So CAPEX, as we guided before, will continue to be in the high single-digit territory as a percentage of net sales. And if there is no further net working capital deterioration, which we hope will not be. But as I said, because of the ongoing war and higher inventory levels may be required, this may be the case. We are still betting on a strong free cash flow generation, maybe not as strong as last year as a percentage of net sales revenue because of the heavier CAPEX. But still solid to make sure that our leverage stays at a healthy level. So this is all I can say on free cash flow.

And on the packaging breakdown, you can see some breakdown on the slide, but let me give some more clarity. So as you know, concentrate accounts for around one third and sugar contributes around 20 percent. Specifically PET, resin and preform accounts for around 10 to 11% of our total cost base. And other packaging materials, so this is mostly, you know, auxiliary items. Some glass bottles and aluminum cans, they all together account for 16, 17%. And labor would account for like 5, 6% and transportation within cost of sales is less than one percent. And there's obviously some depreciation amortization in it. And the rest is overheads and some utilities. So I hope this breakdown helps for you.

Ece Mandaci Baysal:

10, 11% percent was which cost item?

Çiçek Uşaklıgil Özgüneş:

Resin, PET resin.

Ece Mandaci Baysal:

Aluminum?

Çiçek Uşaklıgil Özgüneş:

Aluminum is less than 5%, I would say. Because all the other packaging materials like shrink, closures, glass bottles and aluminum, they all account for 16, 17%. So, aluminum packaging only is around 5 %.

Ece Mandaci Baysal:

Thank you. Okay, thank you.

Karim Yahi:

Yes, and Ece, regarding your third question, first, thank you for your kind words and your encouragement.

Regarding the impact of Central Asia, as you noted in the first quarter, Kazakhstan was growing 11% volume and Uzbekistan 40% volume. So before I answer your question, I would like to remind everyone that Kazakhstan is our highest per capita market and Uzbekistan is one of our lowest per capita markets. Why does it matter? It's because, as usual, in the highest per capita markets, we have higher margin than the average of CCI. And in the lowest per capita market, we have lower margin than the average. Now, having said that, the weighted average of the entirety of Central Asia is above the average of CCI margin. Now, in previous calls, you may remember that we have been always very intentional on accelerating growth to leverage the diversity of our markets. What I mean by that is in previous calls, you may remember last year in the first quarter, we delivered a good performance on margin, for example, because we were accelerating growth in Central Asia. And we were investing intentionally in Türkiye to regain volume. Now, this is, what we call country mix management. And that is one of the strong tools that we have in our hands to make sure that at the end of the day, whatever happens, you know, we deliver on the commitment we have. So for the full year, for instance, here, we want to deliver, the mid single digit volume growth for CCI total. And we want to deliver flat margin. So call it 16% EBIT margin for the full year. And that will come, again, by us being extremely active in managing the country mix to make sure that we absorb shocks when they exist and take opportunities where we find them. And certainly country mix and accelerating Central Asia growth is going to contribute positively to our margin for the full year.

Ece Mandaci:

Thank you.

Moderator:

Okay, thank you. Thank you very much. We are now moving to the next voice question from Hanzade Kılıçkiran from JP Morgan. Please go ahead. Your line is now open.

Hanzade Kılıçkiran:

Thank you, Karim. Thank you for the presentation.

I have a few follow up questions on the cost and also Pakistan. Which markets may be impacted the most from potential aluminum shortage and could any shift in packaging from can to PET or glass cause a margin pressure? The second one is that, I mean, how flexible are you in pricing at the moment in your operating markets? I mean, I really appreciate if you can run over country by country. And the third one is that you also see cost risk on rating despite high hedging. And on Pakistan, since March, how do you see consumption shifting? Have you started to observe a downturn or is it still running kind of flat? Thank you.

Karim Yahi:

So I'm glad to thank you for the question. I will talk about the pricing. And I will let Çiçek cover the cost side.

First, let me start by your third question about Pakistan consumption overall. So look, remember that at the end of 2025, we were growing like 1% in Pakistan. There was a form of stabilization in the country because inflation went down to 4%, if I remember correctly, end of 2025. And we started growing again. So that was a solid end to the year 2025, despite all the headwinds that Pakistan went through with floods, with war, et cetera. Now, we started 2026 very excited. And then the volatility in the Middle East started again, end of February. And the country of Pakistan was impacted by, a mix of security issues at the border as well as energy price and cost hikes. Now, it doesn't take away the fundamentals of the market. There is still good opportunity for us. It is, at the end of the day, one of the smallest per capita markets that we have. So we are continuing to focus on growing the business, on increasing household. And that's why our focus on Pakistan remains being affordable. So that's one. Regarding pricing, opportunities to take price, you're not going to be surprised by what I'm going to speak about. I'm going to speak again about revenue management. And I will invite you to look at the first quarter in the following way. In revenue, in dollar terms, we increased Q1 revenue in dollars by approximately 20%. And that came from 6.9% on volume. Therefore, the remaining, so 13% approximately, on price mix. Now, price mix for us, as we have disclosed it, is actually mostly mix because we haven't taken price in the first quarter in our geographies. We price smartly because we took price in December, not to take price in the first quarter. It means actually that in the first quarter, yes, we benefited from pricing that we took in December. But the first quarter price mix impact of 13% here that I'm quoting is really an expression of mix. And it's mixed on three fronts. One is we launched new sparkling flavors. And in all our markets, actually, the contribution of sparkling flavors has increased. Fusetea also has increased disproportionately. And what that is, these products have actually a higher margin than the average, therefore contributing positively. So that's on product mix. On pack mix, immediate consumption share has increased by one percentage point to 25.5% total CCI. So, again, contributing positively because, again, remember that immediate consumption margin is 1.5 times future consumption margin. So small packs is 1.5 times the margin of the big packs. And the third component is channel mix. You have seen that the on-premise channel, we have increased our share of on-premise channel in the total volume by, again, another percentage point versus prior. And, again, that is a very strong contributor to margin overall.

So if you think about it, the first quarter was actually not dependent on pricing too much. So it was really an expression of really mix management in addition to country mix. As I shared earlier with Ece. So that's why we do have revenue power in the remaining of the year. And we'll continue to have revenue power because, again, we will continue to focus on price mix. Within price mix, we will continue to focus disproportionately on pack mix, on product mix, on channel mix, on discounts optimization. And, of course, if we need to take price, we will take price. We're not shy about it. But, again, when we take price as usual, we always look at what's happening in the market, what is the level of affordability, what do consumers go through on a daily basis, and we want to be always in line also with what competition does. So that's why to summarize again, and it should not surprise you, we always pride ourselves in talking about revenue power. And, again, we will continue to leverage all the toolbox, all the tools that we have in our hands to make sure that the revenue per unit case grows above the cost of goods sold per unit case so that margin can be either increased or maintained.

Çiçek Uşaklıgil Özgünes:

And let me cover the cost side. Your question on aluminum shortage, although we do not see or we are not pushing a shortage, thank God for now, a direct answer to your question, the most exposed market would be Iraq. The share of aluminum cans relatively higher in Iraq, and that's the market, actually, that is most impacted physically as well from the ongoing tension in the region. But having said that, as I mentioned when I was covering the hedge slide, being a part of Cross-Enterprise Procurement Group, which is the system, Coca-Cola system, bottlers come together and, this is the procurement group of the system, of the main bottlers, which enables us to, have an upper hand with the suppliers in terms of securing supply, most importantly, and, of course, when it comes to getting the best prices from them as well. I really liked your reports today, your coverage on where you mentioned, you know, the unhedged local producers and how CCI has an upper hand from that perspective. This is also true for continuation of supply because, as I said, being a part of the Cross-Enterprise Procurement Group, having the diversified supplier base and working with the same supplier for many years puts us to an advantage in terms of having access to the available supply in terms of shortage. So, we are not witnessing any shortage at the moment, but as a direct answer to your question, if there was, the most exposed market would have been Iraq. I couldn't understand your hedge question, so if you could repeat it.

Hanzade Kılıçkiran:

It's about resin price, because you hedge like 84% in resin. But are you worried about the oil fluctuation to recall some increase in your contract prices in the second half of the year despite the high levels of hedge?

Çiçek Uşaklıgil Özgünes:

Yes, we are seeing a very dynamic supplier environment when it comes to resin because even if the resin supplier is local, some of the raw materials that they need to import are dependent on Gulf routes and some resin is being imported from China. Therefore, we have seen some revisiting of certain prices. Therefore, as I said, the pricing benchmark has gradually shifted from the level seen at the start of the year. But, you know, compared to the beginning of the year, we are looking at, obviously, higher resin prices for the rest of the year, but the most important thing here is that we have secured supply and we have visibility on our cost base. That is important. And, yes, although we will see a hit from resin, some savings from sugar and also some further supply chain initiatives, as I mentioned, like some efficiency

improvements, some packaging innovations to reduce our total resin needs, et cetera, will offset or mitigate some hits we are seeing from resin.

Hanzade Kılıçkiran:

All right. Thank you very much, Çiçek and Karim.

Karim Yahi:

Thank you, Hanzade.

Moderator:

Okay. Thank you. Thank you very much. Our next voice question comes from Maxim Nekrasov from Citi. Please go ahead, Maxim. Your line is now open.

Maxim Nekrasov:

Yes. Good afternoon, Karim, Çiçek. Thank you so much for the presentation.

The first one, I just wanted to follow up on Hanzade's questions about Pakistan, right? So I wonder if you can maybe split the growth there between January and February, the trends you saw then, and March, because we see reports of, like, very high fuel costs and some kind of measures to reduce the fuel consumption. And maybe what kind of trends are you observing, you have seen in April? And also, the question about the guidance, basically, as you guide for flat margin for the full year, and we saw a very strong improvement in the first quarter. Does it mean that we should see margins somewhat closer to what was seen last year in the remaining quarters? And generally, when you think about the guidance, obviously, you haven't changed it, but where, like, you see room for maybe upside or downside risks at the moment? Thank you.

Karim Yahi:

Thank you, Maxim.

Pakistan, a few things happened, you know, first, I'll go back in history, you know, Q1 of 2025, you know, was actually a strong growth quarter. So, you know, there is a cycling effect, and that's why you see that, you know, in Q1 of 2026, we grew, we're flat, you know, 0.2%, so that's one. Second, yes, the geopolitical tension impacted the country, you know, starting March, right? And the rising fuel cost, also. Having said that, you know, the month of March and onward after that, you know, was a little bit of a mixed bag, because on one side, we had the hike on fuel cost and energy cost. On the other side, you know, Ramadan moved fully from last year's, part of Ramadan was in Q2, everything moved to Q1, right? So, last year, it was, everything in Q2, so there is a bit of shift there, so again, impacting the comparability. But overall, what we see in Pakistan is that, you know, Pakistan is a gift that keeps on giving? So, we are bullish on growth, we have enough capacity, as I mentioned in many calls, and we are going to continue growing in Pakistan. So, to answer your question, what do we see right now? You know, despite, again, you know, despite, you know, energy, you know, and fuel, you know, cost hikes right now and tension in the region, we actually see, you know, Pakistan growing in line with our expectations. Which is, again, for us, very comforting, because it shows that the actions that we took last year and the previous year to really focus on affordability are paying back. Right? On the back of again a relatively lower inflation environment, so in the single digit lower inflation, it's an environment. So, that's on Pakistan. Regarding guidance, flat EBIT margins, so I take you back in history, you know, why did we say flat EBIT margin? One, it's off a strong margin, I would like to remind everybody that in the

bottling business, 16% EBIT margin is, best in the world, you know? So, now, that's the way we formalize, that's the way we extend the guidance, the environment in 2026, when we formed the guidance, you know, we said that the environment in 2026 is going to remain volatile. But we did not know what volatility would look like. But, you know, based on our experience, in our world, there is always a combination of geopolitical tension and inflationary pressure. So, taking the learnings from the past, that's how we have formed our guidance. We said, look, 2026 is going to be volatile, therefore, in that volatile context, you know, having a flat EBIT margin of a 16% EBIT margin is actually a very strong commitment. And that's why for us, the guidance is not conservative, and in the upcoming quarters, the job to be done for us is to stabilize margins, right? Last year, you have seen some ups and downs, because, you know, we intentionally increased discount in the first quarter in Türkiye, for example we wanted to regain volume, and we managed with favorability in Central Asia. Now, this year, we would like to stabilize margins, right? And that's why, as Çiçek said, we have visibility on the cost, right? Even if it's volatile, we have visibility on the cost through either proactive procurement, a mix of hedging, and just being very disciplined. And then we would like to stabilize the margin in the upcoming quarters to avoid the ups and downs that we have gone through in the prior years. So, I hope this helps, but that's how we are looking at the courses ahead.

Maxim Nekrasov:

Very helpful. Thank you so much, Karim. And I think last quarter, I said the same, but yeah, thank you for your work in the company, and good luck in your new chapter.

Karim Yahi:

Thank you, Maxim, I appreciate that.

Moderator:

Okay. Thank you. Thank you very much. Our next question is a text question from Nuri Toker from NEV Partners. Can you give some update on market situation in Pakistan? Are you still considering regional M&A opportunity actively?

Karim Yahi:

Nuri, thank you for your question.

So, on the first one, I'm not going to repeat what I said earlier, right? You know, I think, you know, I spent some time, you know, explaining what's happening in Pakistan. And more importantly, the true CCI spirit, what we are doing about it. Again, focus on affordability, focus on growing the business, focus on creating household penetration, focus on increasing basically our footprint in the market. So, number two, considering regional M&A opportunities, look, you know, CCI is acquisitive and is a good acquirer. And we are famous for that. You know, look at our track record after acquiring Uzbekistan, after acquiring Pakistan. Now, we are in the process of continuing to integrate Bangladesh, right? But this does not mean that we are not interested in acquisition. You know, as our debt over EBITDA ratio is relatively low, and as our shareholders are always supportive we are always interested in M&A opportunities. Now, right now, we're not looking, we're not working on anything, but we will update you if this changes.

Moderator:

Okay. Thank you. Thank you very much. So, just a reminder for the participants. If you are connected to the phone and you would like to ask a voice question, please press star two on your phone keypad and wait for your name to be prompted. Our web participants can also request to ask a voice question or send their question as a text. I see we have a follow-up question from Ece Mandacı. Please go ahead. Your line is now open.

Ece Mandacı:

Hello again. I have a follow-up question about the pricing. You have already mentioned that you increased prices for December. I assume that was for future consumption packs in Türkiye and in, I think, maybe Kazakhstan. And was there a recent price adjustment in Türkiye or other regions as of April? Could you please provide an update on price adjustments before the season, before the high season? Thank you.

Karim Yahi:

Sure. Thank you for the question. Look, in December, we increased price. And that was, yes, as you noted, mostly on future consumption. You got it right. And again, strategically, we always do that because we want to stay away from the start of the year. And in this case, also from the Ramadan activations. And then, yes, recently, if you have seen the market, yes, we have increased price recently on immediate consumption in April. And it's already in the market. Yes.

Moderator:

Okay. Thank you. Thank you. So, maybe just one more reminder. If you are connected via the phone and you would like to ask a voice question, please press star two on your phone keypad and wait for your name to be prompted. If you are connected via the web, you can also request to ask a voice question or send your question as a text. I'll just give a moment or so for any additional questions to come in. We are seeing no further questions at this point in time. I'm going to pass the line back to the management team for their closing remarks.

Karim Yahi:

Thank you, everyone, for today's discussions, comments, and your interest. It has been an honor to work with everyone here. I'm looking forward to crossing paths again with you. I leave you in the safe hands of the team here and of Ahmet for the future. Thank you again. Bye-bye now.

Burak Berki:

Thank you.