



**COCA-COLA İÇECEK A.Ş.
INTERIM REPORT**

as of September 30, 2018



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COMMENTS FROM THE CEO, BURAK BAŞARIR

"I am happy to report our fifth consecutive quarter of quality growth. Our year to date performance was the result of a successful third quarter and a solid high season performance which delivered a healthy top-line growth coupled with margin expansion. The strong momentum created in the first half is carried into the third quarter delivering net revenue growth ahead of volume and EBITDA growth ahead of net revenue growth. We continued to evolve our portfolio through driving IC packs and gaining market share in almost all our markets. As a result, we concluded the nine-month period with 8% volume, 27% net revenue and 43% EBITDA growth

. In Turkey, we achieved the highest-ever high season volume with continued growth in the Sparkling category. Our portfolio strategy and effective cost management enabled for continued quality growth. Our pricing strategy and successful market execution resulted in significant value share gains and further strengthened our position.

Our Pakistan and Middle East region continued to grow, albeit at a slower pace. Political unrest due to elections had some unfavorable impact on volume growth both in Pakistan and Iraq in the third quarter. Nevertheless, we continued to improve our distribution and commercial efficiencies in the region.

Central Asia operations maintained their strong momentum, with all markets posting volume growth. Quality top line growth and focused productivity initiatives delivered margin expansion and significant market share gains in the region.

Following a solid performance in the high season, we remain on track to deliver on our full-year guidance. We maintain our focus on mitigating the adverse impacts of FX headwinds on our business through effective pricing, disciplined cost management, and various hedging tools. Having closed our USD500 mn Eurobond on October 1st, we continue to execute our plans for a healthier balance sheet, effective working capital management and solid free cash flow generation."



ABOUT CCI

CCI is the sixth-largest bottler in the Coca-Cola System in terms of sales volume. CCI produces, distributes and sells sparkling and still beverages of The Coca-Cola Company (TCCC) across Turkey, Pakistan, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria and Tajikistan.

CCI employs close to 9,000 people and has a total of 26 plants, offering a wide range of beverages to a consumer base of 400 million people. In addition to sparkling beverages, the product portfolio includes juices, waters, sports and energy drinks, teas and iced teas.

CCI's shares are traded on Borsa Istanbul (BIST) under "CCOLA.IS", American depositary receipts (ADR) are traded over the counter in the United States under "COLAY", Eurobond is traded on Irish Stock Exchange under "CCOLAT" tickers.

SHAREHOLDING STRUCTURE

Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	40.12%
The Coca-Cola Export Corporation	20.09%
Efes Pazarlama ve Dağıtım Ticaret A.Ş.	10.14%
Özgörkey Holding A.Ş.	2.91%
Publicly-traded	26.74%
	100.00%

The Articles of Association of our Company do not stipulate any privileges for the exercise of voting rights.

DEVELOPMENTS DURING THE PERIOD

Corporate Governance Rating

On July 2, 2018, SAHA Corporate Governance and Credit Rating Services Inc. (SAHA), one of the companies which is certified by the Capital Markets Board of Turkey (CMB) on Corporate Governance Rating, has confirmed Corporate Governance Rating of Coca-Cola İçecek (CCI) at 9.45, out of a maximum of 10.00.

According to the Principles issued by the CMB, the Corporate Governance Rating is determined by taking the weighted average of four headings which are given below:

Main Sections	Weight	2018
Shareholders	%25	88.36
Public Disclosure & Transparency	%25	98.55
Stakeholders	%15	99.48
Board of Directors	%35	93.92
TOTAL	%100	94.52



CCI's revised corporate governance rating is determined taking into account its commitment to apply corporate governance principles, its willingness to manage this process dynamically and continuously, and finally the studies after the publication of the previous rating report.

A copy of the Rating Report is available on CCI's corporate web site at www.cci.com.tr

Termination of the GDR and ADR programmes

Coca-Cola İçecek A.Ş.'s (CCI) Board of Directors has decided to terminate the Regulation S and Rule 144A Global Depositary Receipt Program (GDR) and the Level I American Depositary Receipt (ADR) programme, trading OTC (over the counter) in the United States.

Further information is available on our website, www.cci.com.tr.

Fitch's Rating Decision After the Change in Sovereign Rating

On July 13, 2018 Fitch Ratings downgraded Coca-Cola İçecek A.Ş.'s (CCI) Long-Term Foreign Currency IDR and Senior Unsecured Long-Term rating to 'BBB-' from 'BBB', changing the outlook on the rating to "negative" from "stable". The Long-Term Local Currency IDR was affirmed at 'BBB' with a stable outlook.

The rating action was prompted by Fitch's recent decision to downgrade Turkey's Long-Term Foreign Currency IDR to 'BB' from 'BB+' on July 13, 2018.

Further information related to credit ratings is available on our website, www.cci.com.tr.

Fitch's Rating Decision

On August 13, 2018 Fitch Ratings has affirmed Coca-Cola İçecek A.Ş.'s (CCI) Long-Term Foreign Currency IDR and Senior Unsecured Long-Term rating at 'BBB-', with "negative" outlook. The Long-Term Local-Currency IDR was affirmed at 'BBB' with a stable outlook.

Based on Fitch's assessment, the affirmation reflects CCI's leading market position and the resilient nature of its soft drinks business, as well as improved cash flow generation over 2016-17, a large and growing portion of overseas operations and conservative cash management.

Further information related to credit ratings is available on our website, www.cci.com.tr.

Moody's Rating Decision

Moody's downgraded Coca-Cola İçecek A.Ş.'s (CCI) long-term rating to Ba2 from Ba1 on August 28, 2018. The outlook on the rating was changed to "negative". The rating action was prompted by Moody's recent decision to downgrade Turkey's government issuer rating to Ba3 from Ba2 on August 17, 2018.

Further information related to credit ratings is available on our website, www.cci.com.tr.



Meeting in Uzbekistan

On 19 September 2018, the Ministry of Finance of the Republic of Uzbekistan hosted a meeting with representatives of Coca-Cola İçecek (CCI), The Coca-Cola Company and the European Bank for Reconstruction and Development, to discuss cooperation opportunities and initiate preliminary discussions regarding potential investments in Coca-Cola Ichimligi Uzbekistan, Ltd (Coca-Cola Beverages Uzbekistan - "CCBU").

57.1% of CCBU is owned by the Uzbekistan state Holding Company O'zbekoziqovqatxolding and 42.9% by The Coca-Cola Export Corporation.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Principles Compliance Report is updated once a year as a part of the annual report. Interim report includes only the essential changing parts.

Investor Relations Department

CCI has an Investor Relations Department reporting directly to the Chief Financial Officer (CFO) Michael Anthony Coombs and managing the relations of the company with its shareholders.

The individuals in charge of investor relations are as follows:

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Questions directed to the Investor Relations Department are answered in accordance with CCI Disclosure Policy. During 9M18, CCI management and the Investor Relations Department attended 12 investor conferences and roadshows and organized 40 conference calls and met with 405 investors/analysts in the meetings, held at its headquarters, investors' offices, investor conferences or teleconferences. A day after each quarterly financial statement is held webcast to discuss the announced results.

Structure and Composition of the Board of Directors

CCI has a Board of Directors consisting of 12 members, 4 of whom are independent. The Board Members, elected to the Board of Directors for 1 year at the Ordinary General Assembly Meeting which was held on April 13, 2018 to officiate until the Ordinary General Assembly Meeting is as follows:

Tuncay Özilhan	Chairman	(Non-executive)
Galya Fani Molinas	Vice Chairman	(Non-executive)
Talip Altuğ Aksoy	Member	(Non-executive)
Kamilhan Süleyman Yazıcı	Member	(Non-executive)
Kamil Ömer Bozer	Member	(Non-executive)
Mehmet Cem Kozlu	Member	(Non-executive)
Ahmet Boyacıoğlu	Member	(Non-executive)
Mehmet Hurşit Zorlu	Member	(Non-executive)
İzzet Karaca	Member	(Independent)
Ali Galip Yorgancıoğlu	Member	(Independent)
Uğur Bayar	Member	(Independent)
Tayfun Bayazıt	Member	(Independent)

In 9M18, there arose no situation which revoked the independence of independent members of the Board of Directors.

Working Principles of the Board of Directors

The rate of participation of Board Members in the meetings during the 9M18 has been 96% and Board Members aim attending every meeting and present an opinion. When there are dissenting opinions on reasonable and detailed grounds regarding the questions asked or different opinions expressed by Board Members, these are recorded in the meeting minutes.

Number, Structure and Independence of the Committees established under the Board

There are three committees active under CCI's Board of Directors: Audit Committee, Corporate Governance Committee and Risk Detection Committee. According to the Board of Directors resolution dated May 2, 2018, the members of the Committees are as below:



	Independent Member	Executive Member
Audit Committee İzzet Karaca - Chairman Tayfun Bayazıt – Member	Yes Yes	No No
Corporate Governance Committee Uğur Bayar – Chairman M. Hurşit Zorlu - Member Kamilhan Süleyman Yazıcı - Member R. Yılmaz Argüden - Member Yeşim Tohma - Member	Yes No No No No	No No No No Yes
Risk Detection Committee Ali Galip Yorgancıoğlu - Chairman Talip Altuğ Aksoy – Member Mehmet Cem Kozlu - Member	Yes No No	No No No

In the first nine months period the committees met at the following dates:

CORPORATE GOVERNANCE COMMITTEE

27.02.2018

19.06.2018

02.10.2018

RISK DETECTION COMMITTEE

27.02.2018

02.07.2018

02.10.2018

AUDIT COMMITTEE

22.02.2018

25.05.2018

27.09.2018

SUBSEQUENT EVENTS

Eurobond Repayment

Coca-Cola İçecek A.Ş.'s (CCI) bonds (ISIN: RegS XS0975576165 and 144A US191229AA18) issued to investors outside of Turkey on October 1, 2013 with a total nominal value of US\$500 million and the maturity of 5 years, have matured and the amount of interest and principal has been redeemed on October 1, 2018.

Change in Management

Effective December 31, 2018, Coca-Cola İçecek A.Ş.'s (CCI) Chief Financial Officer Michael Coombs will be leaving his position to take up a new opportunity in Japan. CCI's new CFO will be announced in due course.

Michael Coombs has made numerous valuable contributions to CCI over the past years and he leaves with our very best wishes for his continued success.



ADDITIONAL INFORMATION RELATED TO OPERATIONS

Information regarding privileged shares and voting rights

The Articles of Association of our Company do not stipulate any privileges for the exercise of voting rights.

CCI's Articles of Association do not restrict the transfer of Class C shares. However, there are certain stipulations for the transfer of Class A and Class B shares.

Class A and Class B shares have certain privileged rights with respect to management. CCI has a Board of Directors consisting of 12 members, 7 of whom are nominated by Class A shareholders and 1 of whom is nominated by Class B Shareholders. The remaining 4 Directors are independent.

Information on the acquisition of own shares

CCI did not acquire its own shares in 9M18.

Research and development activities

There are no any research and development activities and cost during the period from January 1, 2018 to September 30, 2018. Research and development activities are conducted by The Coca-Cola Company (TCCC), and CCI benefits from the transfer of TCCC's information and know-how.

Dividend Right

Dividend Policy was submitted to the information of General Assembly on April 15, 2014 and published both in the annual report and on the website.

Dividend Distribution Policy

Our Company carries out dividend distributions pursuant to the provisions of Turkish Commercial Code, Capital Markets Regulations, Tax Regulations and other relevant regulations as well as in accordance with the article on dividend distribution of our Company's Articles of Association. Our Company targets to distribute an amount not to be more than 50% of the distributable profit as cash and/or bonus shares each year. This dividend distribution policy is subject to the investment and other funding needs that may be required for the long term growth of the Company and any special cases that may arise due to the extraordinary developments in the economic conditions. The Board of Directors adopts a resolution on dividend distribution for each accounting period and submits it for the approval of the General Assembly. Dividend distribution commences on the date to be determined by the General Assembly which shall not be later than the end of the year during which the General Assembly Meeting is held. The Company may consider making advance dividend payment or paying out the dividends in equal or variable installments. Without prejudice to the investment plans and operational requirements, the Board of Directors may propose a dividend distribution at a rate to be higher than the upper limit determined subject to the approval of the General Assembly.

Share groups do not have any privileges with respect to dividends.



Information about the Company's capital and equity structure

Shareholders equity as of 30.09.2018 is TL 6.68 billion and the issued capital is TL 254.37 million. This is indicator for our strong equity structure.

Measures taken to improve the Company's financial structure

Our Company utilizes long term loans to finance its investments as well as medium and short term loans to finance its working capital requirements. For a sustainable, healthy financing structure, our main priorities are to diversify the funding sources, to achieve optimum maturity of the funding need, to mitigate the foreign exchange risk diversifying the currencies, to keep good relationships with the financial institutions while closely monitoring the market.

Labor movements, labor agreements, and benefits provided to laborers

Average number of personnel employed during the period from January 1, 2018 to September 30, 2018 is 8,436 (31 December 2017: 8,603).

Starting from workforce planning, all human resources processes such as recruitment, performance management, talent management, training and development, compensation and benefit management are based on ensuring, encouraging and rewarding continuous development and superior performance.

The remuneration policy which was prepared to identify the remuneration system and practices applicable to and the other rights and benefits to the board members and top management, is published on our web site.



SHAREHOLDERS' INFORMATION

Number of Shares: 25,437,078,200 (Nominal value of 100 shares is TL 1.)

IPO date: May 12, 2006

Free-float rate 26.74%

Share Performance in 9M18

Jan. 1 – Sep. 30, 2018	Minimum	Maximum	Average	Sep. 30, 2018
Share price (TL)	28.1	37.8	33.5	33.8
Market Cap. (USD million)	1,036	2,594	1,964	1,409

* Values in the table are shown at daily closing prices.

Independent Auditors:

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Credit Rating:

Fitch Rating, August 13, 2018	
Long Term IDR	'BBB-', Negative Outlook
Local Currency Long Term IDR	'BBB', Stable Outlook
Senior Unsecured Long Term Rating	'BBB-'
Moody's Rating, August 28, 2018	
Long Term Rating	'Ba2', Negative Outlook

Corporate Governance Rating:

Corporate Governance Rating of 94.52 out of 100 (SAHA Corporate Governance and Credit Rating Services Inc, July 1, 2018)

Contact:

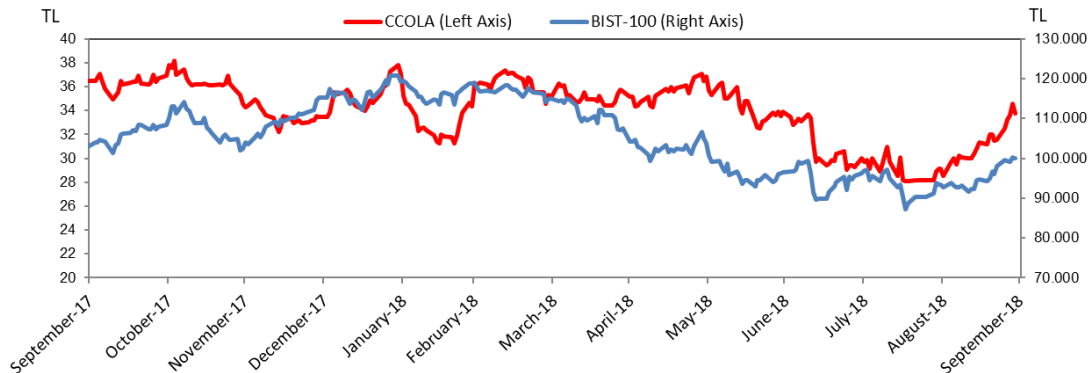
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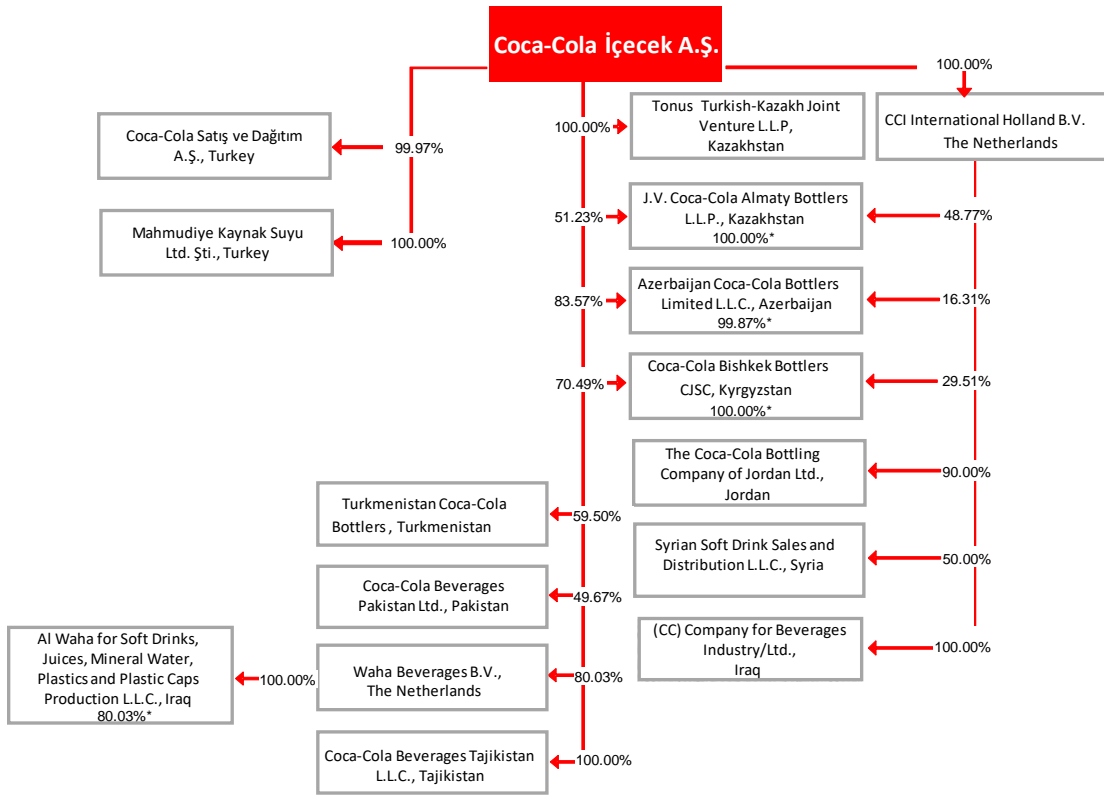
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Share Performance





SUBSIDIARIES



* Direct and indirect

FIFTH CONSECUTIVE QUARTER OF MARGIN EXPANSION

3Q18 Highlights

- Sales volume up by 2.9%
- Net sales revenue up by 35.1%
- FX-neutral NSR up by 10.7%
- Gross margin up by 30 bps to 35.0%
- EBIT margin up by 220 bps to 16.4%
- EBITDA margin up by 270 bps to 21.5%
- Net income was TL 37 mn in 3Q18
- Net debt decreased by USD51 mn compared to year-end 2017

Follow tomorrow's live event

3Q18 Results Webcast; 16:00 Istanbul /
13:00 London / 08:00 New York

[Click here to access webcast](#)



Key P&L Numbers and Margins

Consolidated (million TL)	3Q17	3Q18	Change %	9M17	9M18	Change %
Volume (million uc)	405	417	2.9%	1,010	1,086	7.5%
Net Sales	2,750	3,715	35.1%	6,865	8,739	27.3%
Gross Profit	954	1,299	36.2%	2,355	3,070	30.4%
EBIT	392	611	56.0%	831	1,272	53.1%
EBIT (Exc. other)	396	627	58.3%	823	1,250	51.9%
EBITDA	518	799	54.2%	1,209	1,723	42.6%
EBITDA (Exc. other)	519	798	53.8%	1,204	1,705	41.7%
Profit / (Loss) Before Tax	311	177	(43.1%)	582	434	(25.4%)
Net Income/(Loss)	241	37	(84.5%)	386	179	(53.8%)
Gross Profit Margin	34.7%	35.0%		34.3%	35.1%	
EBIT Margin	14.2%	16.4%		12.1%	14.6%	
EBIT Margin (Exc. other)	14.4%	16.9%		12.0%	14.3%	
EBITDA Margin	18.8%	21.5%		17.6%	19.7%	
EBITDA Margin (Exc. other)	18.9%	21.5%		17.5%	19.5%	
Net Income / (Loss) Margin	8.8%	1.0%		5.6%	2.0%	
Turkey (million TL)	3Q17	3Q18	Change %	9M17	9M18	Change %
Volume (million uc)	200	199	(0.5%)	501	530	5.9%
Net Sales	1,333	1,530	14.7%	3,220	3,873	20.3%
Gross Profit	507	622	22.5%	1,254	1,569	25.1%
EBIT	184	429	132.9%	492	898	82.4%
EBIT (Exc. other)	164	253	54.7%	350	514	46.8%
EBITDA	225	490	117.3%	617	1,034	67.5%
EBITDA (Exc. other)	205	301	46.9%	476	658	38.3%
Net Income/(Loss)	137	(323)	(336.7%)	371	(304)	(181.8%)
Gross Profit Margin	38.0%	40.6%		39.0%	40.5%	
EBIT Margin	13.8%	28.1%		15.3%	23.2%	
EBIT Margin (Exc. other)	12.3%	16.6%		10.9%	13.3%	
EBITDA Margin	16.9%	32.0%		19.2%	26.7%	
EBITDA Margin (Exc. other)	15.4%	19.7%		14.8%	17.0%	
Net Income / (Loss) Margin	10.2%	(21.1%)		11.5%	(7.8%)	
International (million TL)	3Q17	3Q18	Change %	9M17	9M18	Change %
Volume (million uc)	205	217	6.3%	510	556	9.1%
Net Sales	1,417	2,185	54.3%	3,646	4,866	33.4%
Gross Profit	447	677	51.6%	1,101	1,501	36.4%
EBIT	220	355	60.9%	453	706	55.8%
EBIT (Exc. other)	221	355	60.8%	441	692	57.0%
EBITDA	307	487	58.7%	706	1,028	45.5%
EBITDA (Exc. other)	302	479	58.3%	696	1,004	44.2%
Net Income/(Loss)	121	226	87.0%	141	391	177.3%
Gross Profit Margin	31.5%	31.0%		30.2%	30.8%	
EBIT Margin	15.6%	16.2%		12.4%	14.5%	
EBIT Margin (Exc. other)	15.6%	16.2%		12.1%	14.2%	
EBITDA Margin	21.7%	22.3%		19.4%	21.1%	
EBITDA Margin (Exc. other)	21.4%	21.9%		19.1%	20.6%	
Net Income / (Loss) Margin	8.5%	10.3%		3.9%	8.0%	

Operational Overview

3Q18 Sales Volume

Consolidated:

Consolidated sales volume increased by 2.9% in 3Q18, reaching 417 million UC. The volume growth was led by international operations with Central Asia making the highest contribution with an incremental 9 million UC.

On a category basis, Sparkling, Stills and Water registered growth while non-ready-to-drink ("NRTD") Tea volume was down. Excluding NRTD Tea, sales volume was up by 4.1%. Sales mix in the quarter was favorable, with an increasing share of relatively more profitable categories and 4.4% growth in Coca-Cola trademark brands.

The share of Turkey operations within total sales volume was 48% in 3Q18 compared to 49% in 3Q17.

	Growth (YoY)		Breakdown*	
	3Q17	3Q18	3Q17	3Q18
Sparkling	4.1%	4.3%	73%	74%
Stills (excluding water)	18.9%	8.6%	7%	7%
Water	3.4%	1.4%	15%	15%
Tea (NRTD)	19.4%	(15.9%)	6%	5%
Total	5.6%	2.9%	100%	100%

*Numbers may not add up to 100% due to rounding

Turkey:

Turkey sales volumes remained broadly flat in 3Q18 with all categories except for non-ready-to-drink ("NRTD") Tea registering volume growth. Excluding NRTD Tea, volume was up by 1.5% with a favorable sales mix. Increasing cooler investments, effective management of trade promotions and our effective pricing strategy were the main drivers of growth as we achieved the highest-ever high season* volume in Turkey. A higher number of tourist arrivals and favorable weather conditions also contributed to the growth in 3Q18 despite being partially offset by the lower number of trading days** and some deterioration in consumer sentiment in September.

Sparkling volume grew by 1.0%, driven by both future consumption ("FC") and immediate consumption ("IC") packages, while the latter continued to grow at a faster pace. The share of IC packages in the Sparkling category increased by 0.2 percentage points compared to 3Q17. The Low/No Calorie segment maintained its strong momentum with 'Coca-Cola No Sugar' delivering almost 20% growth. The Flavored Sparkling segment also outperformed the overall category, supported by effective consumer communication and increasing penetration of the Sprite brand.

*June-July-August **72 Trading days in 3Q18 vs. 74 trading days in 3Q17

Our portfolio initiatives continued to deliver solid results with volume and value share gains as the Sparkling category recorded the highest ever 3Q volume share since 2014.

The Stills category grew by 0.9%, while Ice Tea reached the highest-ever value share in 3Q18. Juice volume increased by 1.5%, underpinned by Cappy Pulpy focus.

The Water category delivered 3.5% volume growth driven by more profitable IC packages while the share of IC packages in the category increased by 2 percentage points year-on-year.

NRTD Tea volume was down by 15.9%, mainly due to price increases implemented to improve the profitability of the category.

International:

International operations delivered 6.3% volume growth in 3Q18, driven by 10.0% growth in Coca-Cola trademark.

- In Pakistan, volume increased by 5.0% in 3Q18. Political unrest related to elections in July had some adverse impact on overall private consumption. Nevertheless, successful implementation of our three-brand strategy, better market execution and expanding our outlet base allowed us to achieve above-industry growth in the Sparkling category year-to-date. Besides mid-single-digit growth in Coca-Cola trademark, Sprite delivered high-single digit growth, supported by effective marketing activities and the launch of Sprite Lemon Mint.
- Across the Middle East, volume was down by 3.3%. Sales volume in Iraq decreased by 1.0%, mainly attributable to political unrest during and in the aftermath of elections in July. The operating environment in the country remained challenging with security concerns and closing of some roads during religious holidays. Nevertheless, a focus on the core Sparkling category paved the way for more than 10% growth in Coca-Cola trademark and supported profitability. Jordan recorded a 15.5% contraction, reflecting the weak macroeconomic environment, higher taxes compared to last year and an overall decline in consumer spending.
- Central Asia was the primary driver of international operations in 3Q18 with 15.5% volume growth. Almost all of our markets delivered double-digit volume growth driven by successful market execution, accelerated cooler investments and favorable weather conditions.

Kazakhstan delivered 13.9% growth, with significant volume and value share gains. The Sparkling category posted c.10% volume growth, also benefiting from Fanta Citrus and Sprite Cucumber launches.

Ice Tea registered more than 40% growth, while Juice volume grew double-digits, reaching the highest value share since 2014. Azerbaijan recorded 24.6% growth, driven by successful promotions and consumer activities, coupled with cooler placement. Turkmenistan registered 10.8% growth, while currency conversion issues remain.

Financial Overview

In 3Q18,

- **Net sales revenue ("NSR")** rose by 35.1%, mainly driven by Turkey and the positive FX conversion impact of International operations. On an FX-neutral ⁽¹⁾ basis, consolidated NSR was up by 10.7%, mainly driven by positive sales mix and pricing in Turkey.

In Turkey, NSR was up by 14.7%, as our portfolio and pricing strategy continued to deliver solid results. Successful management of sales mix and effective pricing to address affordability contributed to topline growth in the quarter. NSR per unit case grew by 15.3%.

In our International operations, NSR grew by 54.3%, or 6.8% on an FX-neutral basis. Strong volume growth in Central Asia and favorable sales mix were the main drivers of revenue growth, while NSR per unit case increased by 0.5%, on an FX-neutral basis.

	Net Sales Revenue (TL m)			NSR per UC (TL)		
	3Q17	3Q18	YoY Change	3Q17	3Q18	YoY Change
Turkey	1,333	1,530	14.7%	6.66	7.68	15.3%
International	1,417	2,185	54.3%	6.93	10.05	45.1%
International (FX Neutral)	1,417	1,514	6.8%	6.93	6.96	0.5%
Consolidated	2,750	3,715	35.1%	6.79	8.92	31.2%
Consolidated (FX Neutral)	2,750	3,043	10.7%	6.79	7.30	7.5%

(1) FX-Neutral: Using constant FX rates when converting country P&L's to TL.

- **Gross margin** improved by 30 bps to 35.0% while raw material costs as a percentage of revenue was slightly down on a consolidated basis. Margin improvement was attributable to Turkey operations while gross margin of International operations was slightly lower compared to last year.

In Turkey, the increase in NSR per unit case, effective cost management through hedging, cash designation and product reformulations more than offset the adverse impact of higher raw material prices and FX headwinds. Gross margin expanded by 260 bps to 40.6%.

In our International operations, gross margin declined by 50 bps to 31.0% while the favorable impact of lower sugar prices was offset by higher PET resin prices to a large extent.

- **EBIT margin** improved by 220 bps to 16.4%, mainly driven by gross margin expansion in Turkey and our ongoing focus on opex management. Comparable operating expenses as a percentage of revenue was 200 bps lower compared to 3Q17. Both Turkey and International operations delivered margin expansion with the latter being fully driven by increasing efficiency.
- **EBITDA margin** expanded by 270 bps to 21.5% in 3Q18, reflecting better operating profitability both in Turkey and International operations. Turkey operation registered an EBITDA margin of 32.0% in 3Q18 vs. 16.9% in 3Q17, boosted by dividend income from subsidiaries. Excluding the impact of other income, Turkey's EBITDA margin was still 430 bps higher compared to 3Q17.
- **Net financial expense** was realized as TL 434 mn in 3Q18 compared to TL 76 mn in 3Q17. The increase was mainly attributable to FX losses while 'Other financial FX gain', which is mainly composed of gains from Net Investment Hedging*, partially offsetting the adverse impacts of TL depreciation.

Financial Income / (Expense) (TL million)	3Q17	3Q18	9M17	9M18
Interest income	19	57	44	155
Interest expense (-)	(42)	(124)	(134)	(314)
Other financial FX gain / (loss)	66	885	51	1,427
Realized FX gain / (loss) - Borrowings	0	(320)	(14)	(364)
Unrealized FX gain / (loss) - Borrowings	(118)	(932)	(184)	(1,732)
Financial Income / (Expense) Net	(76)	(434)	(238)	(828)

- **Non-controlling interest (minority interest)** increased by 30.9% in 3Q18, due to FX conversion impact.
- **Effective tax rate** in 9M18 was 40% compared to 23% in 9M17. The effective tax rate may vary quarterly, depending on the different tax rates, the mix of taxable profits by country, non-deductible expenses, tax incentives and other one-off items.
- **Net income** was TL 37 million in 3Q18 vs. TL 241 million in 3Q17. Despite better operating profitability and positive impact (TL 314 mn) of net investment hedging, higher net FX losses due to 24% depreciation of TRY against USD resulted in lower net income.
- **Free cash flow** increased by 32% to TL 888 mn as of September end, mainly driven by higher operating cash flow and positive FX translation impact.
- **CapEx** was TL 618 million in 9M18 compared to TL 381 million in the same period of 2017, mainly driven by investments in cold drink equipment and FX translation impact. Of the total capital expenditure, 34% was related to Turkey while 66% was related to International operations.

* As of April 1, 2018, the Group designated USD 281 million of its USD 500 million USD denominated bond as a hedging instrument to hedge its foreign currency risk arising from the translation of net assets of its subsidiaries CCI Holland and Waha B.V., located in the Netherlands. Accordingly, gains and losses on the hedging instrument arising from changes in foreign currency valuation relating to the effective portion of the hedge are accounted under Equity in "Gains/(Losses) on Hedge" and under "Other Comprehensive Income/(Loss) Related with Hedges of Net Investment in Foreign Operations" in Other Comprehensive Income Statement.

- **Consolidated debt** was down by 10% to USD 1,422 million, compared to year-end 2017, reflecting repayment of USD 100 million US private placement in May 2018.

Financial Leverage Ratios	9M17	2017	9M18	9M18*
Net Debt / EBITDA	1.48	1.52	1.60	1.60
Debt Ratio (Total Fin. Debt / Total Assets)	42%	45%	43%	33%
Fin. Debt-to-Equity Ratio	105%	110%	110%	71%

*Excluding the refinanced Eurobond

- As of 30 September 2018, excluding the refinanced Eurobond, 75% of our consolidated financial debt was in USD, 22% in EUR and the remaining 3% in other currencies. Including the USD 150 million hedging transaction in January 2018, 59% of our consolidated financial debt is in USD, 22% in EUR and the remaining 19% is in local currency.
- The average duration of the consolidated debt portfolio was 2.8 years (4.3 years excluding 2018 USD 500 m Eurobond) and the maturity profile was as follows:

Maturity Date	2018	2019	2020	2021	2022	2023	2024
% of total debt	38%	9%	8%	1%	1%	10%	33%

- The Eurobond issued to investors outside of Turkey on October 1, 2013 with a total nominal value of USD 500 million and maturity of 5 years, matured and the amount of interest and principal was redeemed on October 1, 2018.
- Consolidated cash was down by 11% to USD 918 million, compared to year-end 2017.

Managing FX exposure

- October 2017: c.92% cash designation at USD/TL3.55 for raw material related FX exposure in 2018
- January 2018: USD 150 million cross-currency swap for 7 years
- April 2018: USD 281 million of net investment hedging
- April 2018: c.90% cash designation at USD/TL3.95 for raw material related FX exposure in 2019

Accounting Principles

The consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting in Capital Markets. In accordance with article 5 of the CMB Accounting Standards, companies should apply Turkish Accounting Standards / Turkish Financial Reporting Standards (“TAS” / “TFRS”) and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

As of September 30, 2018, the list of CCI’s subsidiaries and joint ventures are as follows:

Subsidiaries and Joint Ventures	Country	Consolidation Method
Coca-Cola Satış ve Dağıtım A.Ş.	Turkey	Full Consolidation
Mahmudiye Kaynak Suyu Limited Şirketi	Turkey	Full Consolidation
J.V. Coca-Cola Almaty Bottlers LLP	Kazakhstan	Full Consolidation
Azerbaijan Coca-Cola Bottlers LLC	Azerbaijan	Full Consolidation
Coca-Cola Bishkek Bottlers Closed J. S. Co.	Kyrgyzstan	Full Consolidation
CCI International Holland B.V.	Holland	Full Consolidation
Tonus Turkish-Kazakh Joint Venture LLP	Kazakhstan	Full Consolidation
The Coca-Cola Bottling Company of Jordan Ltd.	Jordan	Full Consolidation
Turkmenistan Coca-Cola Bottlers	Turkmenistan	Full Consolidation
(CC) Company for Beverage Industry/Ltd.	Iraq	Full Consolidation
Waha Beverages B.V.	Holland	Full Consolidation
Coca-Cola Beverages Tajikistan LLC	Tajikistan	Full Consolidation
Al Waha for Soft Drinks, Juices, Min.Water, Plastics and Plastic Caps Prod. LLC	Iraq	Full Consolidation
Coca-Cola Beverages Pakistan Ltd.	Pakistan	Full Consolidation
Syrian Soft Drink Sales and Distribution LLC	Syria	Equity Method

EBITDA Reconciliation

The Company’s “Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)” definition and calculation is defined as; “Profit/(loss) from operations” plus relevant non-cash expenses including depreciation and amortization, provision for employee benefits like retirement and vacation pay (provision for management bonus not included) and other non-cash expenses like negative goodwill and value increase due to change in scope of consolidation. As of September 30, 2017, and 2018, reconciliation of EBITDA to profit / (loss) from operations is explained in the following table:

EBITDA (TL million)	3Q17	3Q18	9M17	9M18
Profit / (loss) from operations	392	611	831	1,272
Depreciation and amortization	121	166	368	438
Provision for employee benefits	1	5	13	17
Foreign exchange gain / (loss) under other operating income / (expense)	4	17	(3)	(4)
EBITDA	518	799	1,209	1,723

Functional and Presentation Currency

The majority of the consolidated foreign subsidiaries and joint venture are regarded as foreign operations since they are financially, economically and organizationally autonomous. In accordance with "IAS 21 The Effects of Changes in Foreign Exchange Rates", there has been a change in the functional currency of the foreign subsidiaries and joint venture from US Dollars ("USD") to the foreign subsidiaries' and joint ventures' local currencies effective from January 1, 2017. This was done considering the multinational structure of foreign operations and realization of most of their operations, by assessing the currency of the primary economic environment of foreign operations, the currency that influences sales prices for goods and services, the currency in which receipts from operating activities are usually retained and the currency that mainly influences costs and other expenses for providing goods and services. The group has applied the change in functional currency prospectively, in accordance with the requirements of IFRS and the relevant Accounting Standards. All assets and liabilities are converted into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost.

Functional and presentation currency of the Company is Turkish Lira (TL).

Functional Currencies of the Subsidiaries and Joint Ventures

	December 31, 2017		September 30, 2018	
	Local Currency	Functional Currency	Local Currency	Functional Currency
CCSD	Turkish Lira	Turkish Lira	Turkish Lira	Turkish Lira
Mahmudiye	Turkish Lira	Turkish Lira	Turkish Lira	Turkish Lira
Almaty CC	Kazakh Tenge	Kazakh Tenge	Kazakh Tenge	Kazakh Tenge
Tonus	Kazakh Tenge	Kazakh Tenge	Kazakh Tenge	Kazakh Tenge
Azerbaijan CC	Manat	Manat	Manat	Manat
Turkmenistan CC	Turkmen Manat	Turkmen Manat	Turkmen Manat	Turkmen Manat
Bishkek CC	Som	Som	Som	Som
TCCBCJ	Jordanian Dinar	Jordanian Dinar	Jordanian Dinar	Jordanian Dinar
CCBIL	Iraq Dinar	Iraq Dinar	Iraq Dinar	Iraq Dinar
SSDSD	Syrian Pound	Syrian Pound	Syrian Pound	Syrian Pound
CCBPL	Pakistan Rupee	Pakistan Rupee	Pakistan Rupee	Pakistan Rupee
CCI Holland	Euro	U.S. Dollars	Euro	U.S. Dollars
Waha B.V.	Euro	U.S. Dollars	Euro	U.S. Dollars
Al Waha	Iraq Dinar	Iraq Dinar	Iraq Dinar	Iraq Dinar
Tajikistan CC	Somoni	Somoni	Somoni	Somoni

Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated income statement of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey used by the Group's subsidiaries in Turkey. USD amounts presented in the balance sheet are translated into TL with the official TL exchange rate for purchases of USD on September 30, 2018, USD 1,00 (full) = TL 5,9902 (December 31, 2017; USD 1,00 (full) = TL 3,7719). Furthermore, USD amounts in the income statement have been translated into TL, at the average TL exchange rate for purchases of USD for the period ended September 30, 2018 is USD 1,00 (full) = TL 4,6020 (September 30, 2017; USD 1,00 (full) = TL 3,5936).

Exchange Rates	2017	3Q17	3Q18	9M17	9M18
Average USD/TL	3.6445	3.5700	5.6535	3.5936	4.6020
End of Period USD/TL	3.7719	3.5521	5.9902	3.5521	5.9902

The assets and liabilities of subsidiaries and joint ventures operating in foreign countries are translated at the rate of exchange ruling at the balance sheet date and the income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

2018 Guidance

- **Volume growth:**
 - 2%-4% in Turkey
 - 8%-10% in international operations
 - 4%-6% on a consolidated basis
- **Net revenue growth:**
 - 8%-10% in Turkey
 - 12%-14% in international operations (FX-neutral)
 - 10%-12% on a consolidated basis (FX-neutral)
- **EBITDA Margin:**
 - Flat in Turkey
 - Slight improvement in international operations
 - Slight improvement on a consolidated basis
- **Capex/Sales:** 7%-8% (on a comparable basis)
- **Net debt/ EBITDA:** Lower than 1.5x (on an FX-neutral and organic basis)

The business outlook of the Company is subject to the risks which are stated in the annual report and financial reports.

CCI Consolidated Income Statement

(TL million)	Unaudited					
	1 January - 30 September			1 July - 30 September		
	2017	2018	Change (%)	2017	2018	Change (%)
Sales Volume (UC millions)	1,010	1,086	7.5%	405	417	2.9%
Revenue	6,865	8,739	27.3%	2,750	3,715	35.1%
Cost of Sales	(4,510)	(5,668)	25.7%	(1,796)	(2,416)	34.5%
Gross Profit from Operations	2,355	3,070	30.4%	954	1,299	36.2%
Distribution, Selling and Marketing Expenses	(1,255)	(1,502)	19.6%	(464)	(560)	20.8%
General and Administrative Expenses	(277)	(319)	15.0%	(94)	(112)	19.1%
Other Operating Income	107	136	26.7%	14	58	320.9%
Other Operating Expense	(99)	(114)	14.5%	(18)	(74)	308.4%
Profit/(Loss) from Operations	831	1,272	53.1%	392	611	56.0%
Gain/(Loss) From Investing Activities	(11)	(10)	(9.5%)	(5)	0	(104.2%)
Gain/(Loss) from Associates	(0)	(0)	n.m.	(0)	(0)	n.m.
Profit/(Loss) Before Financial Income/(Expense)	820	1,262	53.9%	387	611	58.0%
Financial Income	225	1,690	650.0%	103	887	760.3%
Financial Expenses	(463)	(2,518)	443.9%	(179)	(1,321)	637.4%
Profit/(Loss) Before Tax	582	434	(25.4%)	311	177	(43.1%)
Deferred Tax Income/(Expense)	(27)	27	n.m.	8	(0)	(100.5%)
Current Period Tax Expense	(104)	(200)	91.5%	(44)	(96)	116.1%
Net Income/(Loss) Before Minority	451	262	(41.9%)	274	81	(70.4%)
Minority Interest	(65)	(83)	29.1%	(34)	(44)	30.9%
Net Income/(Loss) After Minority	386	179	(53.8%)	241	37	(84.5%)
EBITDA	1,209	1,723	42.6%	518	799	54.2%

Turkey Income Statement

(TL million)	Unaudited					
	1 January - 30 September			1 July - 30 September		
	2017	2018	Change (%)	2017	2018	Change (%)
Sales Volume (UC millions)	501	530	5.9%	200	199	(0.5%)
Revenue	3,220	3,873	20.3%	1,333	1,530	14.7%
Cost of Sales	(1,965)	(2,305)	17.3%	(826)	(908)	9.9%
Gross Profit from Operations	1,254	1,569	25.1%	507	622	22.5%
Distribution, Selling and Marketing Expenses	(748)	(877)	17.3%	(287)	(310)	7.9%
General and Administrative Expenses	(157)	(178)	13.4%	(56)	(58)	3.7%
Other Operating Income	175	447	155.5%	26	223	770.2%
Other Operating Expense	(33)	(63)	92.6%	(5)	(48)	821.2%
Profit/(Loss) from Operations	492	898	82.4%	184	429	132.9%
Gain/(Loss) From Investing Activities	1	1	n.m.	1	(1)	n.m.
Profit/(Loss) Before Financial Income / (Expense)	493	899	82.2%	185	429	131.8%
Financial Income	204	1,671	n.m.	103	884	n.m.
Financial Expenses	(298)	(2,948)	n.m.	(145)	(1,672)	n.m.
Profit/(Loss) Before Tax	399	(379)	(194.9%)	143	(359)	(351.5%)
Deferred Tax Income/(Expense)	7	35	372.0%	16	(0)	(102.2%)
Current Period Tax Expense	(35)	41	(214.6%)	(22)	36	(264.0%)
Net Income/(Loss)	371	(304)	(181.8%)	137	(323)	(336.7%)
EBITDA	617	1,034	67.5%	225	490	117.3%

International Income Statement

Unaudited

	1 January - 30 September			1 July - 30 September		
(TL million)	2017	2018	Change (%)	2017	2018	Change (%)
Sales Volume (UC millions)	510	556	9.1%	205	217	6.3%
Revenue	3,646	4,866	33.4%	1,417	2,185	54.3%
Cost of Sales	(2,545)	(3,365)	32.2%	(970)	(1,508)	55.5%
Gross Profit from Operations	1,101	1,501	36.4%	447	677	51.6%
Distribution, Selling and Marketing Expenses	(507)	(624)	23.1%	(177)	(251)	41.8%
General and Administrative Expenses	(153)	(185)	21.0%	(49)	(72)	45.5%
Other Operating Income	79	64	(18.2%)	13	26	101.1%
Other Operating Expense	(66)	(50)	(24.3%)	(13)	(26)	99.9%
Profit/ (Loss) from Operations	453	706	55.8%	220	355	60.9%
Gain/(Loss) From Investing Activities	(12)	(11)	(9.7%)	(6)	1	(114.3%)
Gain/ (Loss) from Associates	(0)	(0)	n.m.	(0)	(0)	n.m.
Profit/(Loss) Before Financial Income/(Expense)	441	695	57.6%	215	355	65.4%
Financial Income	44	44	1.6%	7	12	71.5%
Financial Expenses	(187)	(169)	(10.0%)	(41)	(61)	47.6%
Profit/(Loss) Before Tax	297	570	92.0%	181	307	69.7%
Deferred Tax Income/(Expense)	(34)	(7)	(79.7%)	(8)	0	(104.5%)
Current Period Tax Expense	(56)	(95)	69.6%	(21)	(41)	98.7%
Net Income/(Loss) Before Minority	207	468	126.6%	152	266	74.6%
Minority Interest	(65)	(77)	17.3%	(32)	(40)	27.4%
Net Income/(Loss) After Minority	141	391	177.3%	121	226	87.0%
EBITDA	706	1,028	45.5%	307	487	58.7%

CCI Consolidated Balance Sheet

(TL million)	Audited 31 December 2017	Unaudited 30 September 2018
Current Assets	5,705	8,631
Cash and Cash Equivalents	3,875	5,497
Investments in Securities	17	3
Derivative Financial Instruments	0	1
Trade Receivables	567	1,162
Due from related parties	108	212
Other Receivables	40	34
Inventories	564	1,000
Prepaid Expenses	174	258
Tax Related Current Assets	110	186
Other Current Assets	249	278
Non-Current Assets	7,689	11,136
Derivative Financial Instruments	0	199
Other Receivables	13	48
Property, Plant and Equipment	5,258	7,431
Intangible Assets	1,507	2,230
Goodwill	719	1,010
Prepaid Expenses	192	199
Deferred Tax Asset	0	20
Total Assets	13,394	19,767
Current Liabilities	4,128	6,492
Short-term Borrowings	78	131
Current Portion of Long-term Borrowings	2,717	3,848
Financial lease payables	2	2
Trade Payables	711	1,400
Due to Related Parties	245	375
Payables Related to Employee Benefits	40	38
Other Payables	232	440
Provision for Corporate Tax	5	95
Provision for Employee Benefits	66	113
Other Current Liabilities	32	49
Non-Current Liabilities	3,827	5,508
Financial lease payables	4	4
Long-term Borrowings	3,190	4,541
Trade Payables & Due to Related Parties	35	53
Provision for Employee Benefits	72	87
Deferred Tax Liability	408	636
Other Non-Current Liabilities	118	187
Equity of the Parent	4,736	6,683
Minority Interest	704	1,083
Total Liabilities	13,394	19,767

CCI Consolidated Cash Flow

(TL million)	Unaudited Period-End	
	30 September 2017	30 September 2018
Cash Flow from Operating Activities		
IBT Adjusted for Non-cash items	1,269	1,773
Interest Paid	(101)	(276)
Interest Received	44	155
Change in Tax Assets and Liabilities	(36)	17
Employee Termination Benefits, Vacation Pay, Management Bonus payments	(41)	(12)
Operating Cash Flow	1,135	1,658
Change in Operating Assets & Liabilities	(82)	(152)
Net Cash Provided by Operating Activities	1,052	1,506
Purchase of Property, Plant & Equipment	(381)	(618)
Free Cash Flow	672	888
Other Net Cash Provided by/(Used in) Investing Activities	(12)	24
Change in ST & LT Loans	1,623	(492)
Dividends paid (including non-controlling interest)	(65)	(226)
Cash Flow Hedge Reserve	(65)	223
Finance Lease Payables	0	1
Net Cash Provided by/(Used in) Financing Activities	1,492	(495)
Currency Translation on Cash & Cash Equivalents	49	1,108
Currency Translation on Intercompany Borrowings	2	319
Currency Translation Differences	(24)	(222)
Net Change in Cash & Cash Equivalents	2,178	1,623
Cash & Cash Equivalents at the beginning of the period	1,466	3,875
Cash & Cash Equivalents at the end of the period	3,644	5,497