

# COCA-COLA İÇECEK A.Ş. Material Event Disclosure (General)

## Summary

2020 Volume Announcement

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### Solid Performance In An Unprecedented Year

#### 4Q20 Key Highlights

- Consolidated sales volume up by **11.7%** y/y
- International sales volume up by **15.8%** y/y
- Turkey sales volume up by **7.3%** y/y
- The sparkling category's sales volume grew by **20.2%**
- Outstanding performance of Coca-Cola<sup>TM</sup>, up by **24.8%**

#### Consolidated Sales Volume

CCI proved its agility and adaptability in 2020, quickly responding to the unprecedented challenges and effectively adapting to the new operating environment.

Following a strong start to the year, our operating geography faced the impact of the COVID-19 pandemic starting from the second half of March. As soon as the pandemic began, we responded very quickly, prioritizing our people, communities, and business continuity. We optimized the SKU portfolio, and responded quickly to capture new occasions and trends, leveraging our brands' strength. We proactively managed the changing channel mix and supported our retail

trade customers utilizing our digital infrastructure and execution capabilities. These measures enabled us to contain the pandemic's negative impact and move to rapid recovery and sustainable quality growth.

**4Q20** showed strong volume growth of 11.7% y/y on a consolidated basis with all countries' positive contributions except for Tajikistan. Turkey's sales volume grew by 7.3%, while consolidated international operations grew by 15.8% y/y. Our sparkling business continued to outperform, growing by 20.2% y/y. The sparkling category's growth came on the back of 24.8% growth of brand Coca-Cola<sup>TM</sup> and double-digit growth achieved in Fanta and Sprite brands. The sparkling category grew by double digits in both Turkey and International markets. The stills category recovered significantly compared to previous quarters, recording a limited decline of 1.1% y/y cycling a solid 14.5% growth of the last year. The 23.2% contraction in the water category is driven by our value focus, prioritizing small packs and premium extensions vs. large packs with lower profits.

**In FY20**, consolidated sales volume declined by 1.9% to 1,184 million unit cases ("U.C."). International operations' sales volume grew by 2.8%, delivering a more resilient performance during the year. The lower exposure to the on-premise channel and a higher share of the strong sparkling category were the main reasons for international operations' strong performance. Also, strong execution brought us sparkling category leadership in our largest international market, Pakistan. Sales volume in Turkey was down 7.5% y/y.

Demonstrating its importance in our consumers' lives even at the time of such pandemic, the sales volume of brand Coca-Cola<sup>TM</sup> increased by 7.7% y/y in FY20 with growth in all our countries without exception. Accordingly, the sparkling category recorded a 3.9% growth in FY20. On the other hand, the stills category contracted by 10.8% y/y in FY20 while cycling a 5.1% growth in the previous year. As a result of our value focus, the water category volume declined by 27.4% y/y in FY20.

Volume (mn UC)	2019	2020	2020/2019	4Q19	4Q20	4Q20/4Q19
Consolidated	1,207	1,184	-1.9%	203	227	11.7%
Turkey	554	512	-7.5%	99	106	7.3%
International	654	672	2.8%	104	121	15.8%

## Turkey

Turkey operations recovered significantly compared to previous quarters while growing volume by 7.3% in 4Q20 y/y. Activation of at-home occasions through strong collaboration with other FMCG companies, primarily focusing on multipacks, played an important role in growing volume. Our newly launched digital sales tools and well-managed consumer promotions through new digital platforms also supported our strong performance. Our innovations in

sparkling and stills categories and good weather were other positive factors, offsetting the negative impact of re-closure of the on-premise channel at the end of November.

Cycling 3.2% growth a year ago, Turkey's total sales volume contracted by 7.5% in FY20 y/y to 512 million UC.

The sparkling category had an outstanding performance in 4Q20 and grew by 18.1% y/y despite cycling a robust growth of 15.8% a year ago. Coca-Cola<sup>TM</sup>'s remarkable volume growth of 24.3% in 4Q20 was the main driver of the sparkling category growth, while Fanta and Schweppes were other contributors. The userbase of Coca-Cola<sup>TM</sup> stayed at the high season level in Q4 due to increased consumer communication, promotion, and in-store activation support. While cycling a strong growth of 3.8% a year ago, the sparkling category remained flat in FY20 on the back of the last two quarters' good performance.

The stills category improved significantly in 4Q20 compared to the previous quarter and grew by 1.4% y/y despite cycling 12.9% growth. The main drivers were iced tea with 5.1% y/y volume growth and the recovery in a juice segment compared to earlier quarters. Due to softer performance in the second and third quarters, the stills category contracted by 13.3% y/y in FY20. The water category was down by 22.8% y/y in 4Q20, bringing the yearly decline to 28.3%. The contraction in the water category mainly stemmed from our value-based approach prioritizing profitable packs.

Our efforts to increase the share of immediate consumption packages in all categories mitigated the negative effect arising from the closure of the on-premise channel to some extent; therefore, IC share in FY20 decreased to 25% from 33% in FY19.

## International

International operations maintained its positive trend with growth in each month throughout the last quarter of the year. Consolidated sales volume of international operations increased by 15.8% y/y in 4Q20 with all countries contributing to growth except for Tajikistan, where adverse weather and macro-economic factors played a role in contraction.

In FY20, the consolidated sales volume of international operations grew by 2.8% y/y to 672 million UC, led by a remarkable 6.5% y/y growth of the sparkling category.

Pakistan operations continued to deliver substantial recovery during 4Q20. Sales volume was up by 32.1% y/y in 4Q20, bringing yearly growth to 5.2% in FY20. This growth was built on strategic consistency and operational excellence. CCI continued its focus on at-home consumption by successfully executing consumer promotions, focused regional plans, and consistently improving execution. In FY20, the sparkling category grew by 5.4% y/y, supported by 11.4% y/y growth in Coca-Cola<sup>TM</sup>. While in 4Q20, the sparkling category grew by 32.9% y/y with double-digit growth across Coca-Cola<sup>TM</sup>, Sprite & Fanta. The water category recovered significantly in 4Q20, growing 20.1%, bringing full-year growth to 6.2%. CCI Pakistan consistently outperformed the market and achieved FY20 sparkling share leadership in 4Q20. While Coca-Cola<sup>TM</sup> continues to be the leader in Colas, Sprite also performed well.

In the Middle East, sales volume in 4Q20 increased by 4.9%, with growth in both Iraq and Jordan operations. In Iraq, total sales volume grew by 1.6% y/y in 4Q20, supported by the sparkling category's double digits growth. Coca-Cola<sup>TM</sup> continued to be the most resilient, growing by 7.2% y/y in the same period. In FY20, despite the solid growth of 6.9% in the sparkling category, a 37.4% contraction in the water category resulted in a 4.1% total volume decline in Iraq. Jordan operations continued its excellent performance in 4Q20 and recorded a total growth of 24.7% in 4Q20 and 16.0% in FY20, primarily driven by sparkling growth.

In Central Asia, sales volume increased by 6.2% y/y in 4Q20, bringing the full-year growth to 1.8% in FY20 despite cycling 9.0% growth a year ago. The sparkling category grew by 7.3% y/y in FY20 with all countries in the region, contributing to growth without exception despite cycling 7.9% growth a year ago.

In Kazakhstan, 4Q20 sales volume grew by 1.6%, cycling 16.2% growth in 4Q19. FY20 sales volume grew 0.4% y/y despite cycling strong growth of 13.9% a year ago. Coca-Cola<sup>TM</sup> and Schweppes led the 5.9% growth in the sparkling category in FY20. The stills category contracted by 7.9% y/y in FY20. Cycling 27.5% growth in FY19, the water category declined by 26.0% y/y in FY2020.

In Azerbaijan, the total sales volume in 4Q20 increased by 3.0%. Cycling 20.5% growth in FY19, total sales volume in Azerbaijan decreased by 1.2% y/y. As in all countries, the sparkling category was the most resilient in Azerbaijan in FY20, growing 5.9% driven by the strong performance of Coca-Cola<sup>TM</sup>. Cycling 27.1% and 1.2% respective growth a year ago, the stills and the water category declined by 1.8% and 29.4% y/y, respectively.

Turkmenistan operations positively contributed to total volume, having started limited production in the third quarter. Without Turkmenistan, the volume growth of our international operations in FY20 would have been 2.4%.

## **2021 Sales Volume Guidance**

We expect to deliver sales volume growth in the range of 4% to 6% on a consolidated basis leveraging the vast potential of our markets and our strong, balanced portfolio while cycling the 2020 base. The growth in Turkey operations is expected to be low single digits, while the growth expectation for international operations is high single digits.

We proclaim that our above disclosure is in conformity with the principles set down in “Material Events Communiqué” of Capital Markets Board, and it fully reflects all information coming to our knowledge on the subject matter thereof, and it is in conformity with our books, records and documents, and all reasonable efforts have been shown by our Company in order to obtain all information fully and accurately about the subject matter thereof, and we’re personally liable for the disclosures.