

# Turkish Consumer and Retail

## It's all about the top-down outlook – keeping positive sector view

Price Objective Change

### Upgraded POs suggest 24-30% upside potential

We update our models for the latest results and the TAS29 impact (inflation accounting). Our PO upgrades (*Exhibit 1*) reflect stronger-than-expected results and a higher terminal growth rate (10% vs 8% previously) as double-digit inflation will likely stay for longer. Our new POs imply 24-30% upside potential, and we reiterate our Buy ratings on BIM, CCI and Anadolu Efes. **(1)** We believe the rerating story will be key for the shares over the next 4-6 quarters as tighter economic policies bear fruit and normalise the broader risk profile. **(2)** The companies are navigating external headwinds well (3-18% real revenue growth in 2023), gaining share, and are well positioned to capitalise on further market formalisation (BIM) and structurally increasing per-capita consumption (CCI).

### BIM: nearly 5ppt share gain since 2019, and more to come

Near term, we see BIM benefitting from rising pressure on purchasing power (*Exhibit 4*) amid still high CPI. This bodes well for further grocery market formalisation (*Exhibits 9-10*) as consumers shift to cheaper organised players, and BIM's volume/LfL growth and share gains (*Exhibit 14*). New store rollout should also be on track with recent years: our white-space analysis (*Exhibit 12*) illustrates that pursuing the current expansion pace is feasible over the medium run.

### CCI: mid-single-digit volume growth, margin resilience

Easy 2023 comps, a likely strong tourism season in Türkiye (*Exhibit 8*), a possible macro recovery in Pakistan and consolidation of Bangladesh should support 5% volume growth in 2024E. Coupled with regular price adjustments and mix improvements (*Exhibit 26*), this suggests to us potential for double-digit real revenue growth this year. Margins should also hold up well as favourable hedges are in place (*Exhibit 24*).

### Efes: pending resolution in Russia, while Türkiye shines

Pending negotiations with Anheuser-Busch InBev regarding separation of a 50-50 JV in Russia continue to add uncertainty, though may unlock much value, we think. Meanwhile, we are encouraged by Efes's progress in Türkiye, which may pose upside risks to mid-term forecasts given significant scope to regain lost market share (*Exhibit 22*).

### 1ppt lower CoE = 7-8% impact on estimated equity value

Despite a 50-60% share price rally YTD, market data (*Exhibit 27*), which coincides with feedback from some investors we speak to, still suggests low positioning in Türkiye's equities by foreign investors, though a fair amount of interest as fundamentals are strong and clients see value in the market. Consistent disinflation (potentially from Q3E, *Exhibit 2*) would be key for sentiment to improve, we think. We estimate that each 1ppt decline in the cost of equity for the three companies (we apply 25-32% now) would imply a c.7-8% positive impact on our estimated fair equity values (*Exhibits 39-41*), all else equal.

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**Refer to important disclosures on page 18 to 21. Analyst Certification on page 16. Price Objective Basis/Risk on page 16.**

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### Exhibit 1: Our revised POs imply 24-30% upside potential

Summary of ratings and POs

|      | Rating | PO  |       | Δ   | Upside |
|------|--------|-----|-------|-----|--------|
|      |        | Old | New   |     |        |
| BIM  | Buy    | 400 | 610   | 53% | 24%    |
| CCI  | Buy    | 600 | 1,000 | 67% | 30%    |
| Efes | Buy    | 165 | 285   | 73% | 30%    |

Source: BofA Global Research estimates

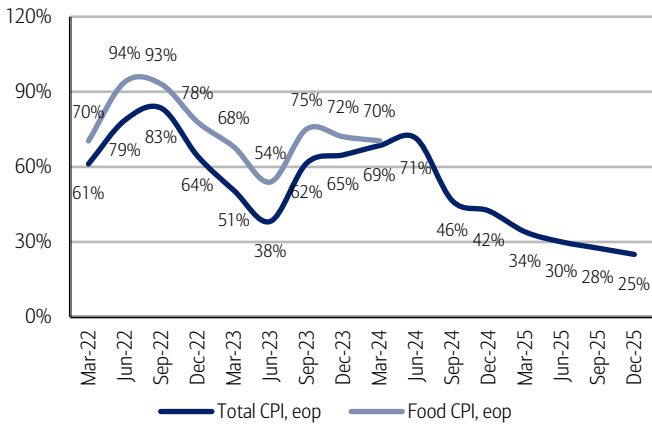
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See page 10 for further detail on our PO and estimate changes.

# Pending slowdown in CPI & consumption

## Exhibit 2: Our economists expect inflation to peak in 2Q24E and decelerate to 42% by end-2024E

BofA's CPI forecasts for Türkiye

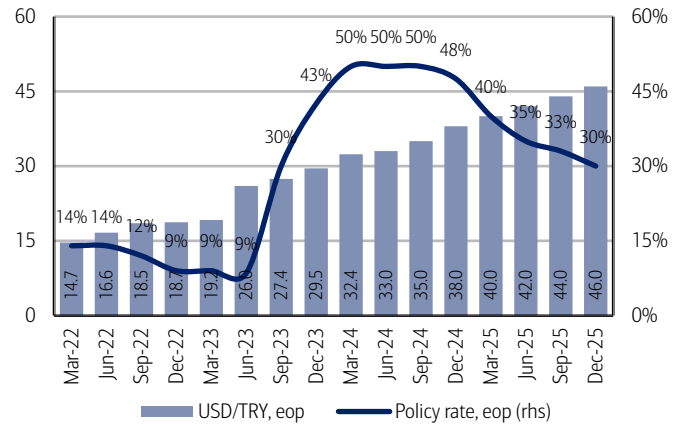


Source: TurkStat, BofA Global Research estimates

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## Exhibit 3: A slowdown in inflation may trigger the start of the interest rate cutting cycle in late 2024E, our economists think

BofA's USD/TRY rate and policy rate forecasts for Türkiye

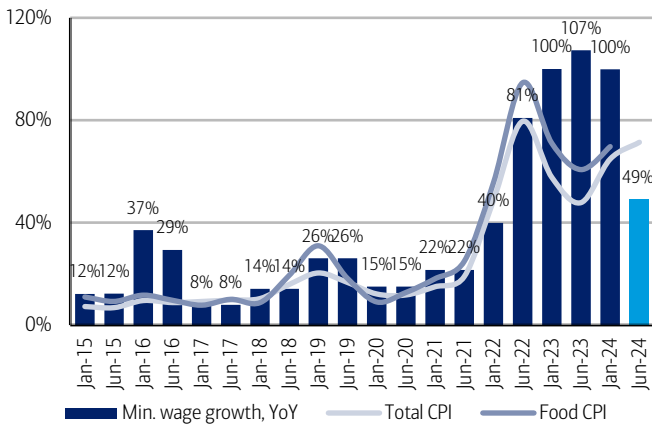


Source: Central Bank of Türkiye, BofA Global Research estimates

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## Exhibit 4: Generous minimum wage hikes in 2023-24 protected purchasing power, but CPI will outpace minimum wage growth in YoY terms from June (the base case is for no further hikes in 2024)

Growth in the minimum wage has been significantly outpacing inflation since early 2023

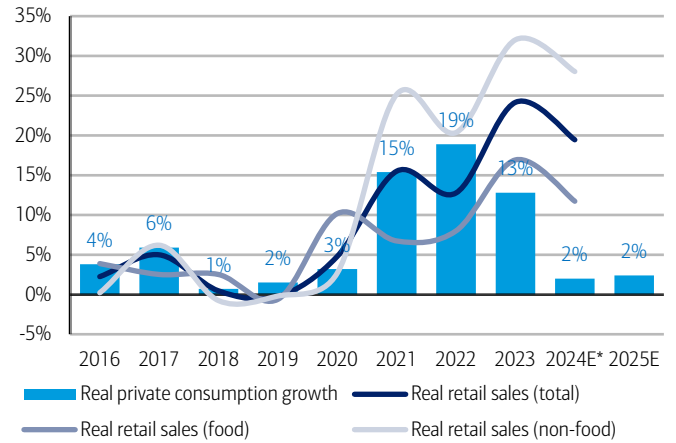


Source: TurkStat, BofA Global Research estimates

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## Exhibit 5: We saw robust real private consumption growth in 2021-23 (particularly in non-food); tight policies and more pressure on purchasing power may lead to some cooling from 2H24E

Real retail sales and private consumption growth



Source: TurkStat, BofA Global Research estimates

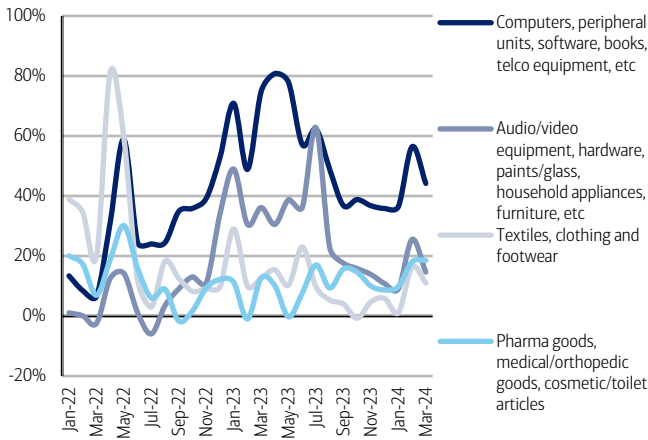
\* 1Q24 for retail sales

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**Exhibit 6: In non-food, computer and mobile equipment retail volumes have been growing the most since 2022**

Non-food retail volume growth by category, YoY (calendar adjusted)

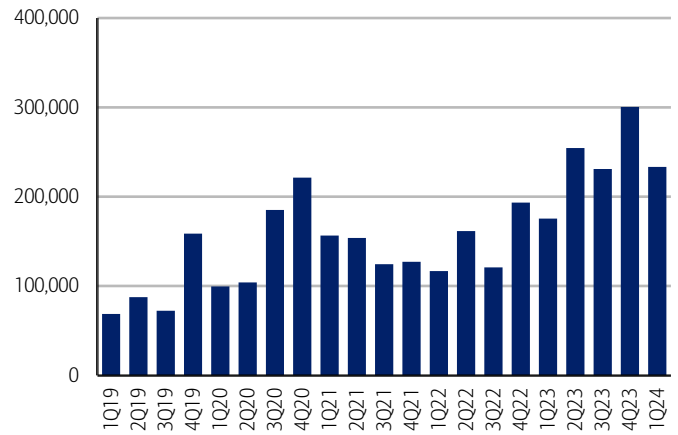


Source: TurkStat

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**Exhibit 7: Coupled with a major pick-up in car sales, this illustrates precautionary buying and/or consumers' intention to profit from re-sale amid robust inflation**

Passenger car sales, number of vehicles

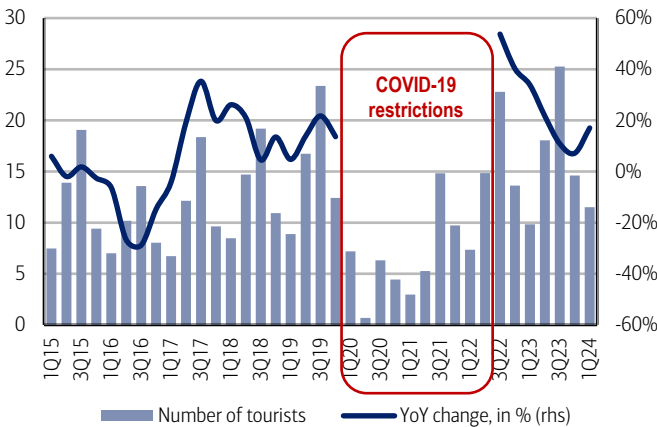


Source: OSD

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**Exhibit 8: The number of tourist arrivals grew 17% YoY in Q1, suggesting a strong summer season; this may support underlying demand to some extent in the near term**

Quarterly tourist arrivals to Türkiye, million people



Source: TurkStat

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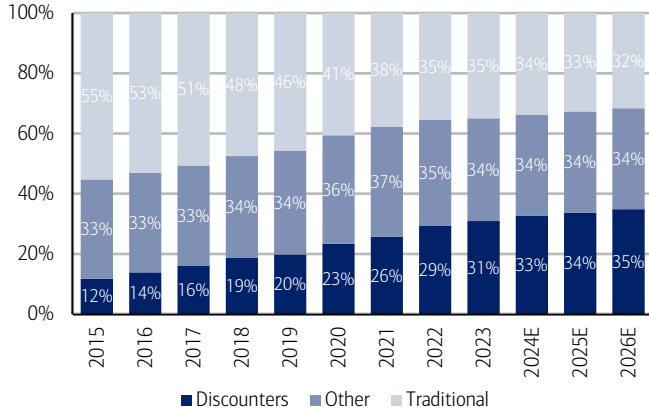


# But our covered names are in a good spot

## BIM: conquering the structurally attractive market

**Exhibit 9: In 2019-23, discounters' market share grew by 11ppt as people rationalised spending, and we believe they are well placed for further gains amid rising pressures on purchasing power**

Breakdown of Türkiye's food retail market by channel (value terms)



Source: Euromonitor

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**Exhibit 10: Discounters strongly outperformed in 2020-23; Euromonitor expects the channel to deliver superior 38% and 8% respective value and volume CAGRs in 2023-26**

Food retail value and volume CAGRs by channel

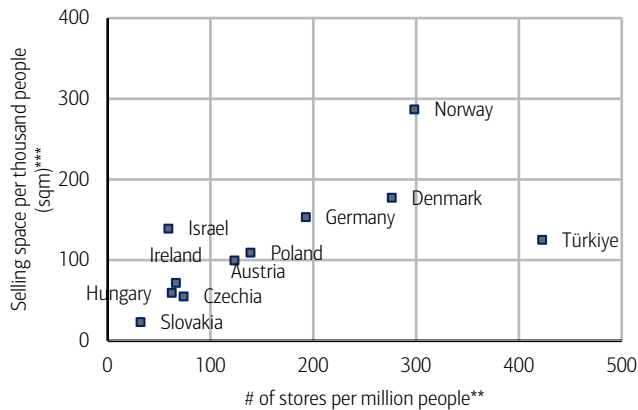
|                     | 2020-23    | 2023-26    |
|---------------------|------------|------------|
| <b>Value terms</b>  |            |            |
| Discounters         | 67%        | 38%        |
| C-stores            | 66%        | 35%        |
| Supermarkets        | 48%        | 32%        |
| Hypermarkets        | 53%        | 31%        |
| Small specialists   | 45%        | 29%        |
| <b>Total market</b> | <b>52%</b> | <b>33%</b> |
| <b>Volume terms</b> |            |            |
| Discounters         | 15%        | 8%         |
| C-stores            | 14%        | 5%         |
| Supermarkets        | 1%         | 3%         |
| Hypermarkets        | 5%         | 2%         |
| Small specialists   | 8%         | 2%         |
| <b>Total market</b> | <b>5%</b>  | <b>4%</b>  |

Source: Euromonitor

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**Exhibit 11: Although there are over 36k discounters in Türkiye, we see room for incremental square metres; per capita space penetration in Türkiye is still 18%, 29% and 56% below Germany, Denmark and Norway**

Discounters' penetration by country\*, 2023



Source: Euromonitor

\* We selected countries, where discounters' value share in food retailing exceeds 20%

\*\* As of 2023, the total number of discounters stood at 36,040 in Türkiye, 16,256 in Germany, 5,374 in Poland, 1,639 in Denmark and 1,637 in Norway

\*\*\* As of 2023, the average discounter selling space stood at 296sqm in Türkiye, 796sqm in Germany, 786sqm in Poland, 642sqm in Denmark and 962sqm in Norway

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**Exhibit 12: Applying discounters' current penetration in Germany, we calculate room for 8,000+ new stores in Türkiye, Denmark's rate implies potential for 15,000+; this suggests opportunities for further store rollout for BIM**

White-space scenario analysis for Türkiye's discounter segment

| <b>Türkiye, 2023</b>                                   |              |               |               |
|--|--------------|---------------|---------------|
| Number of discounters                                  | 36,040       |               |               |
| Discounter selling space, thousand sqm                 | 10,670       |               |               |
| Average store size, sqm                                | 296          |               |               |
| Population, million                                    | 85.3         |               |               |
| Selling space per thousand people, sqm                 | 125          |               |               |
| <b>White-space analysis</b>                            |              |               |               |
| Assumed penetration, sqm per thousand people           | 153          | 177           | 287           |
| Reference country                                      | Germany      | Denmark       | Norway        |
| Implied incremental selling space in Türkiye, k sqm    | 2,405        | 4,456         | 13,795        |
| <b>Implied incremental number of stores in Türkiye</b> | <b>8,124</b> | <b>15,052</b> | <b>46,596</b> |

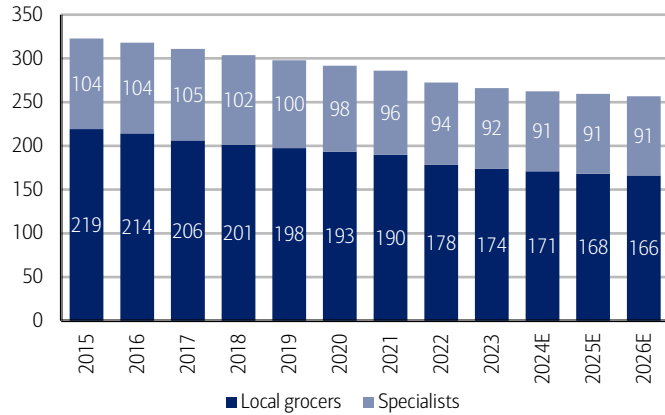
Source: Euromonitor, BofA Global Research estimates

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**Exhibit 13: In 2023, Türkiye had c.266k small local grocers and specialists; as the market formalises, these may continue to free up good locations for the organised players**

Number of small local grocers and food/drinks/tobacco specialists in Türkiye, thousand



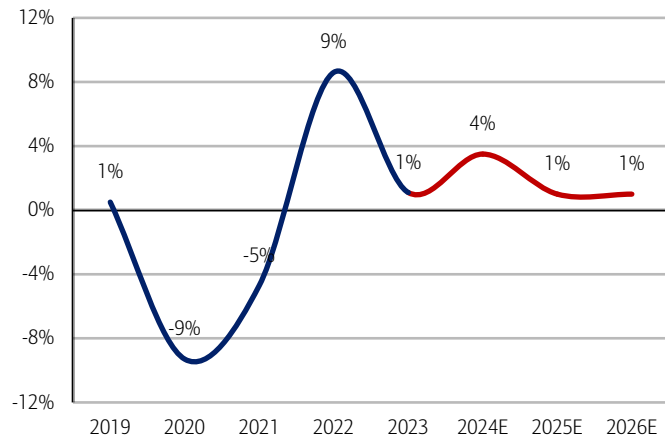
Source: Euromonitor

Small local grocers had an average store size of 27sqm last year, food/drinks/tobacco specialists - 39sqm

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**Exhibit 15: Despite extraordinary events (ie, the COVID-19 pandemic and the 2023 earthquake), BIM has been consistently showing low-single-digit traffic gains**

BIM's LfL traffic dynamics



Source: Company data, BofA Global Research estimates

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**Exhibit 14: BIM gained 4.9ppt of Türkiye's food retail market over the past five years, followed by A101 with 4.4ppt; we attribute this to BIM's robust brand equity, store refurbishments and consistent work on the assortment**

Food retail market share dynamics by company

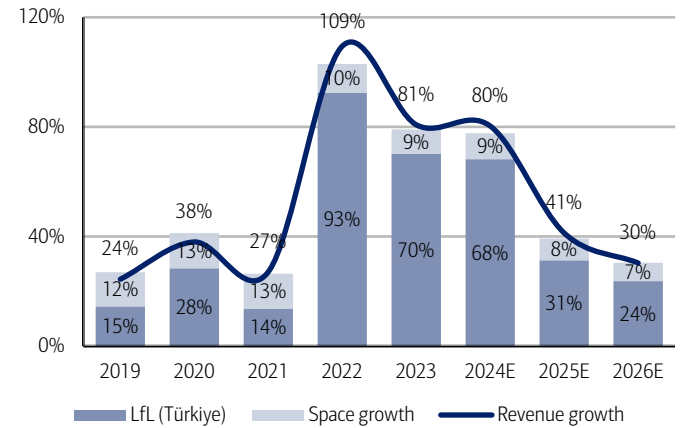
|                 | 2019 | 2020  | 2021  | 2022  | 2023  | 2019-23 Δ |
|-----------------|------|-------|-------|-------|-------|-----------|
| BIM, including: | 9.6% | 10.7% | 11.6% | 13.8% | 14.5% | 4.9ppt    |
| BIM             | 9.4% | 10.4% | 11.3% | 13.5% | 14.1% | 4.7ppt    |
| File            | 0.2% | 0.3%  | 0.3%  | 0.3%  | 0.4%  | 0.2ppt    |
| A101            | 6.1% | 8.3%  | 9.1%  | 10.1% | 10.5% | 4.4ppt    |
| Migros          | 5.6% | 5.3%  | 5.4%  | 6.8%  | 7.4%  | 1.8ppt    |
| Sok             | 4.4% | 4.8%  | 5.6%  | 6.4%  | 6.7%  | 2.3ppt    |
| Carrefour SA    | 1.6% | 1.6%  | 1.6%  | 1.8%  | 2.0%  | 0.4ppt    |

Source: Euromonitor

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**Exhibit 16: We expect BIM to deliver c.80% revenue growth in 2024E (excluding inflationary accounting)**

BIM's LfL and revenue growth dynamics (pre-TAS29)



Source: Company data, BofA Global Research estimates

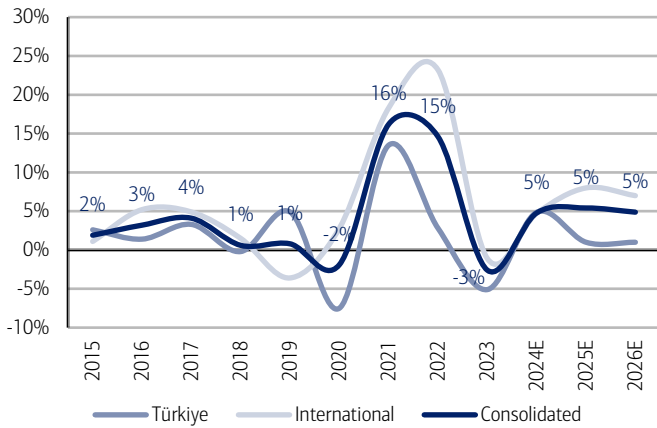
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## CCI and Efes: resilient volumes and share gains despite a challenging backdrop

**Exhibit 17: CCI delivered what we deem resilient volume dynamics despite the pandemic, macro issues in Pakistan and the earthquake in Türkiye; we model 5% consolidated volume growth in 2024-26E**

CCI's volume dynamics

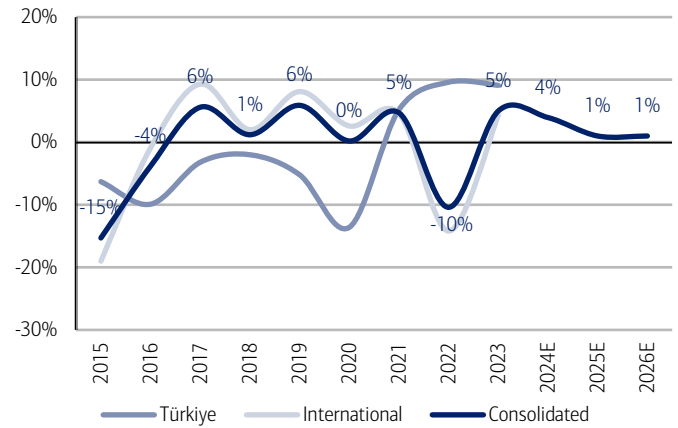


Source: Company data, BofA Global Research estimates

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**Exhibit 18: After cycling the effect of the Russia/Ukraine conflict in 2023, we expect Efes to deliver low-/mid-single-digit beer volume growth in 2024-26E; we note strong momentum in Türkiye**

Efes's beer volume dynamics



Source: Company data, BofA Global Research estimates

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**Exhibit 19: The outlook for carbonated soft drinks volume growth is positive: Euromonitor forecasts a c.6% CAGR in 2023-26 for CCI's markets vs c.8% in 2020-23**

Carbonates volume CAGRs by country

|                | 2020-23   | 2023-26   |
|----------------|-----------|-----------|
| Azerbaijan     | 11%       | 5%        |
| Bangladesh     | 3%        | 9%        |
| Kazakhstan     | 9%        | 5%        |
| Kyrgyzstan     | 11%       | 7%        |
| Pakistan       | 5%        | 3%        |
| Tajikistan     | 13%       | 9%        |
| Turkmenistan   | 9%        | 6%        |
| Uzbekistan     | 24%       | 10%       |
| Iraq           | 0%        | -1%       |
| Jordan         | 1%        | 4%        |
| Türkiye        | 6%        | 6%        |
| <b>Average</b> | <b>8%</b> | <b>6%</b> |

Source: Euromonitor

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**Exhibit 20: Euromonitor forecasts a low-/mid-single-digit beer volume CAGR for Efes's key markets; the Russian beer market has stabilised and may see a c.2% volume CAGR by 2026**

Beer volume CAGRs by country

|                | 2020-23   | 2023-26   |
|----------------|-----------|-----------|
| Kazakhstan     | -2%       | -1%       |
| Georgia        | 6%        | 4%        |
| Moldova        | -3%       | 0%        |
| Russia         | 1%        | 2%        |
| Ukraine        | -7%       | 3%        |
| Türkiye        | 8%        | 3%        |
| <b>Average</b> | <b>1%</b> | <b>2%</b> |

Source: Euromonitor

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**Exhibit 21: Euromonitor data shows that CCI has consistently gained share and/or maintained its leadership in the core markets**

CCI's retail value share in carbonates by country

|            | 2019 | 2020 | 2021 | 2022 | 2023 | 2019-23 Δ | 2023 rank |
|------------|------|------|------|------|------|-----------|-----------|
| Azerbaijan | 73%  | 76%  | 77%  | 75%  | 75%  | 1.6ppt    | #1        |
| Kazakhstan | 50%  | 50%  | 50%  | 53%  | 56%  | 5.2ppt    | #1        |
| Pakistan   | 46%  | 46%  | 47%  | 49%  | 50%  | 4.1ppt    | #1        |
| Uzbekistan | 50%  | 47%  | 48%  | 51%  | 50%  | 0.0ppt    | #1        |
| Iraq       | 41%  | 46%  | 46%  | 45%  | 44%  | 3.5ppt    | #2        |
| Jordan     | 16%  | 18%  | 19%  | 19%  | 19%  | 2.7ppt    | #2        |
| Türkiye    | 72%  | 72%  | 72%  | 71%  | 67%  | -4.3ppt   | #1        |

Source: Euromonitor

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**Exhibit 22: According to Euromonitor, Efes gained a nearly 2ppt share of the Russian beer market in value terms in 2019-23; its market share in Türkiye has stabilised at c.48%**

Efes's value share in beer by country

|            | 2019 | 2020 | 2021 | 2022 | 2023 | 2019-23 Δ | 2023 rank |
|------------|------|------|------|------|------|-----------|-----------|
| Kazakhstan | 31%  | 28%  | 28%  | 28%  | 29%  | -2.6ppt   | #2        |
| Georgia    | 27%  | 28%  | 27%  | 27%  | 27%  | -0.2ppt   | #1        |
| Russia*    | 27%  | 28%  | 29%  | 28%  | 28%  | 1.7ppt    | #1        |
| Türkiye    | 48%  | 48%  | 48%  | 48%  | 48%  | -0.1ppt   | #1        |

Source: Euromonitor

\* Anheuser-Busch InBev and Efes combined

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**Exhibit 23: Brent and aluminium prices have started to recover recently – up 10-13% YoY in USD in May**

YoY change in average monthly commodity prices (in USD terms)

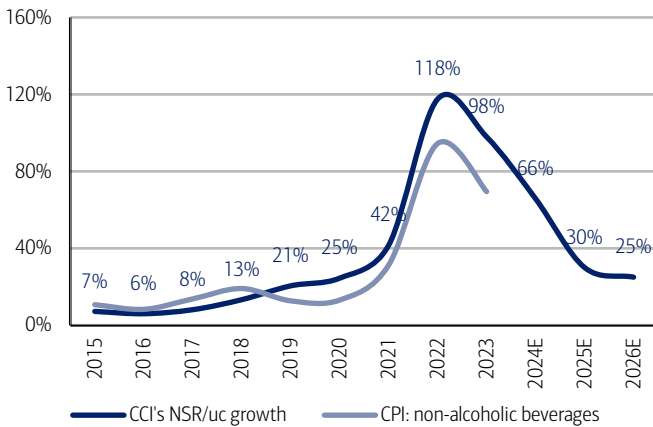


Source: Bloomberg

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**Exhibit 25: We estimate that CCI's net sales revenue per unit case in Türkiye has been growing ahead of category CPI since 2019, suggesting good flexibility to manage cost inflation**

Dynamics of CCI's net sales revenue per unit case and non-alcoholic drinks inflation in Türkiye



Source: Company data, Eurostat, BofA Global Research estimates

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**Exhibit 24: However, CCI and Efes used a correction in 2H23 to lock in attractive levels for 2024-25**

CCI's and Efes's hedged position as of 1Q24

|                               | 2024 | 2025 |
|-------------------------------|------|------|
| <b>CCI's hedged position</b>  |      |      |
| Sugar*                        | 94%  | 7%   |
| Aluminium                     | 76%  | 40%  |
| Resin                         | 89%  | -    |
| <b>Efes's hedged position</b> |      |      |
| Aluminium                     | 74%  | na   |
| FX exposure in Russia         | 100% | na   |
| FX exposure in Türkiye        | 94%  | na   |

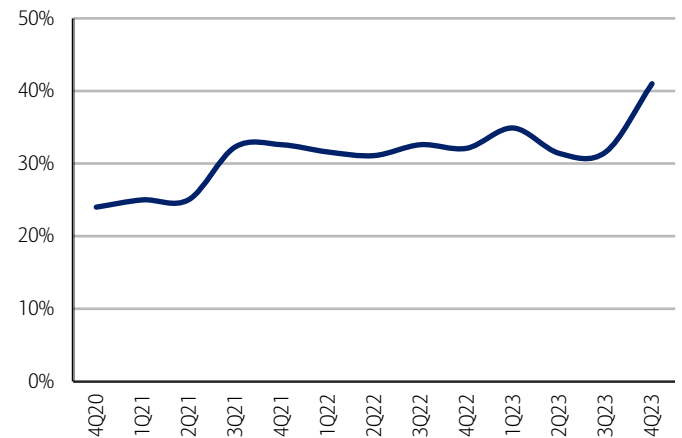
Source: Company data

\* 100% in markets where financial hedging is available

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**Exhibit 26: Besides price increases, consistent mix improvements contributed to this; immediate consumption servings generate c.2x higher revenue per unit case and c.1.5x higher gross margin vs bigger packages**

Share of immediate consumption packages in Türkiye's volumes



Source: Company data

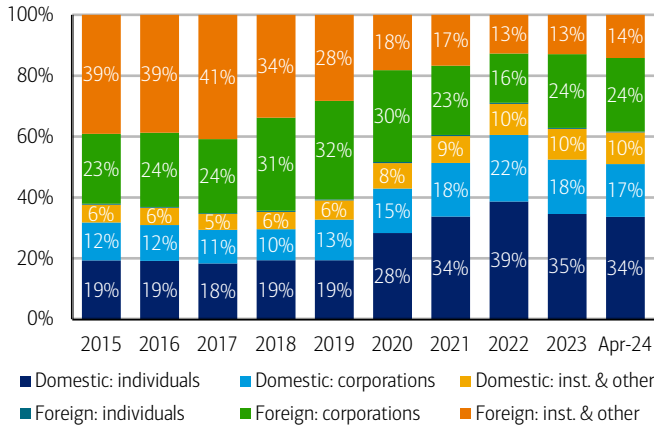
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# Türkiye equities update: foreign ownership inching up

**Exhibit 27: In 2023, the share of foreign ownership was down to 13% from 28% in 2019; it is inching up in 2024 (14% by April)**

Ownership of Türkiye's equities by value, end of period



Source: Türkiye Capital Markets Association

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**Exhibit 28: 4.4m new retail investors entered the market from 2022 to April 2024**

Number of equity investors in Türkiye (thousand), end of period

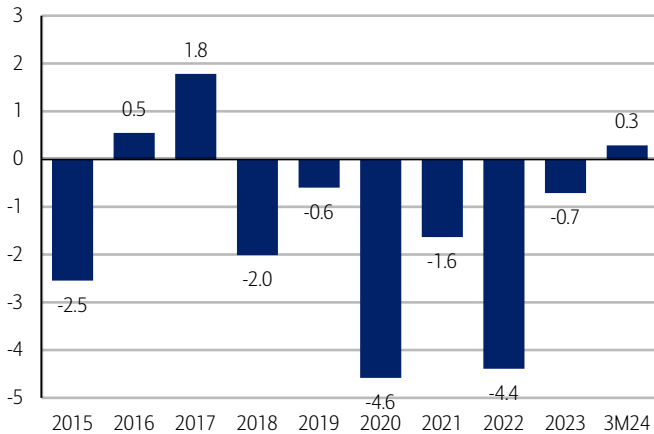
|                           | 2019           | 2020           | 2021           | 2022           | 2023           | Apr-24         |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Domestic investors</b> | <b>1,193.7</b> | <b>1,976.9</b> | <b>2,341.9</b> | <b>3,766.4</b> | <b>7,615.0</b> | <b>8,167.9</b> |
| Individuals               | 1,188.1        | 1,970.4        | 2,333.6        | 3,757.3        | 7,604.4        | 8,157.1        |
| Corporations              | 4.9            | 5.7            | 7.4            | 8.0            | 9.3            | 9.4            |
| Institutional             | 0.7            | 0.8            | 0.9            | 1.1            | 1.3            | 1.4            |
| <b>Foreign investors</b>  | <b>9.7</b>     | <b>12.0</b>    | <b>13.2</b>    | <b>17.1</b>    | <b>29.0</b>    | <b>31.0</b>    |
| Individuals               | 6.6            | 9.2            | 10.7           | 14.8           | 26.6           | 28.6           |
| Corporations              | 1.4            | 1.3            | 1.2            | 1.1            | 1.1            | 1.1            |
| Institutional             | 1.7            | 1.5            | 1.3            | 1.2            | 1.3            | 1.3            |
| <b>Total</b>              | <b>1,203.4</b> | <b>1,988.9</b> | <b>2,355.1</b> | <b>3,783.5</b> | <b>7,644.0</b> | <b>8,198.9</b> |

Source: Türkiye Capital Markets Association

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**Exhibit 29: Net foreign investments are turning positive in 2024**

Net foreign investments in Türkiye's equities, US\$bn

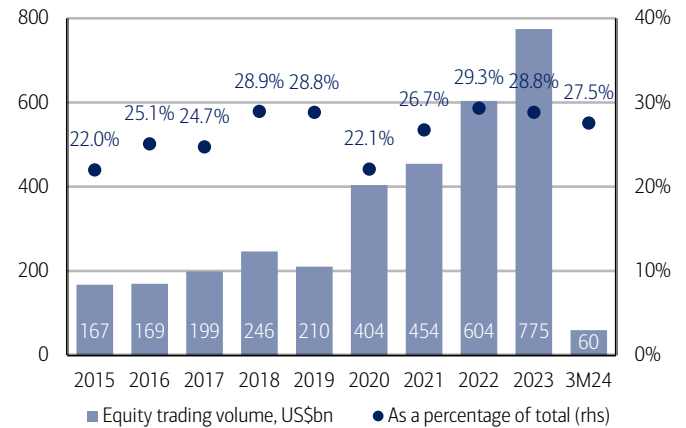


Source: Türkiye Capital Markets Association

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**Exhibit 30: Foreign investors accounted for 28% of equity value traded in Türkiye in 3M24**

Traded value by foreign investors in Türkiye's equities, US\$bn



Source: Türkiye Capital Markets Association

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# Impact of TAS29 implementation

**Exhibit 31: The standard had a positive impact on revenue and a negative c.2-4ppt impact on the companies' gross and EBITDA margins in 2023; monetary gains boosted the net income margins though**

Impact of TAS29 implementation on the companies' 2023 results

|                   | BIM     |           |            | Efes (Beer) |           |            | CCI     |           |            |
|-------------------|---------|-----------|------------|-------------|-----------|------------|---------|-----------|------------|
|                   | TAS29   | Pre-TAS29 | Difference | TAS29       | Pre-TAS29 | Difference | TAS29   | Pre-TAS29 | Difference |
| Revenue           | 328,442 | 267,036   | 23%        | 58,004      | 55,501    | 5%         | 101,042 | 91,016    | 11%        |
| Gross margin      | 15.7%   | 19.4%     | -3.7ppt    | 44.9%       | 47.1%     | -2.2ppt    | 32.7%   | 35.5%     | -2.8ppt    |
| EBIT margin       | -       | -         | -          | 9.7%        | 13.8%     | -          | 14.1%   | 17.7%     | -          |
| EBITDA margin     | 4.2%    | 7.9%      | -3.7ppt    | 18.4%       | 21.1%     | -2.7ppt    | 17.9%   | 20.8%     | -2.9ppt    |
| Net income margin | 4.7%    | 4.6%      | 0.1ppt     | 21.2%       | 6.7%      | 14.5ppt    | 20.4%   | 9.1%      | 11.3ppt    |

Source: Company data, BofA Global Research estimates

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**Exhibit 32: Without inflation accounting, the companies delivered robust double-digit revenue growth last year**

The companies' 2023 growth rates before TAS29 implementation

|              | BIM | Efes (Beer) | CCI |
|--------------|-----|-------------|-----|
| Revenue      | 81% | 50%         | 70% |
| Gross profit | 93% | 68%         | 86% |
| EBIT         | -   | 55%         | 94% |
| EBITDA       | 77% | 60%         | 85% |
| Net income   | 51% | 135%        | 92% |

Source: Company data, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 33: BIM and CCI delivered 18% and 8% respective inflation-adjusted revenue growth in 2023**

The companies' 2023 growth rates after TAS29 implementation

|              | BIM  | Efes (Beer) | CCI |
|--------------|------|-------------|-----|
| Revenue      | 18%  | -6%         | 8%  |
| Gross profit | 23%  | 4%          | 16% |
| EBIT         | -32% | -12%        | 18% |
| EBITDA       | 1%   | -4%         | 12% |
| Net income   | -7%  | 35%         | 48% |

Source: Company data, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 34: The companies' 2024 guidance suggest another year of robust underlying revenue growth and margin resilience**

The companies' 2024 outlook before TAS29 implementation

|                | BIM  |               | Efes (Beer) |                | CCI   |                |
|----------------|------|---------------|-------------|----------------|-------|----------------|
|                | 2023 | 2024 guidance | 2023        | 2024 guidance  | 2023  | 2024 guidance  |
| Volume growth  | -    | -             | 5%          | Slight growth  | -2.6% | MSD growth     |
| Revenue growth | 81%  | 70-80%        | 50%         | Low-20% in cFX | 70%   | Low-40% in cFX |
| EBITDA margin  | 7.9% | 7.5-8.0%      | 21.1%       | -200bp YoY     | 20.8% | -              |
| EBIT margin    | -    | -             | -           | -              | 17.7% | Flat YoY       |

Source: Company data, BofA Global Research estimates

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## Reflecting TAS27 and raising POs

We adjust our models for the actual results, recent developments, the companies' 2024 outlook, and TAS29 implementation. The latter is behind our lower gross and EBIT(DA) margin forecasts (due mainly to revaluation of inventory and fixed assets, as well as other adjustments) and offset by substantial monetary gains below the operating profit line (we use the latest reported numbers as the basis for our assumptions). The following exhibits summarise the changes.

### Exhibit 35: We lower our 2024-25E gross and EBITDA margins for BIM by c.3ppt

Change in estimates for BIM, TRYmn

|                      | 2023A   | 2024E   | 2025E   |
|----------------------|---------|---------|---------|
| New revenue          | 328,442 | 481,504 | 680,234 |
| Change vs old, in %  | 22%     | 3%      | 4%      |
| New gross profit     | 51,683  | 75,364  | 106,464 |
| Change vs old, in %  | 2%      | -12%    | -11%    |
| New EBITDA           | 13,751  | 20,294  | 29,849  |
| Change vs old, in %  | -35%    | -42%    | -40%    |
| New total net income | 15,445  | 26,375  | 40,003  |
| Change vs old, in %  | 24%     | 21%     | 27%     |
| New gross margin     | 15.7%   | 15.7%   | 15.7%   |
| Change vs old        | -3.2ppt | -2.7ppt | -2.7ppt |
| New EBITDA margin    | 4.2%    | 4.2%    | 4.4%    |
| Change vs old        | -3.7ppt | -3.3ppt | -3.2ppt |
| New NI margin        | 4.7%    | 5.5%    | 5.9%    |
| Change vs old        | 0.1ppt  | 0.8ppt  | 1.1ppt  |

Source: Company data, BofA Global Research estimates

BofA GLOBAL RESEARCH

### Exhibit 36: We lower our 2024-25E gross and EBITDA margins for CCI by c.2-4ppt

Change in estimates for CCI, TRYmn

|                      | 2023A   | 2024E   | 2025E   |
|----------------------|---------|---------|---------|
| New revenue          | 101,042 | 160,283 | 226,294 |
| Change vs old, in %  | 12%     | 4%      | 6%      |
| New gross profit     | 33,040  | 52,816  | 74,969  |
| Change vs old, in %  | 4%      | -3%     | -1%     |
| New EBITDA           | 18,127  | 27,342  | 39,712  |
| Change vs old, in %  | -5%     | -15%    | -13%    |
| New total net income | 21,161  | 16,879  | 27,596  |
| Change vs old, in %  | 131%    | 9%      | 7%      |
| New gross margin     | 32.7%   | 33.0%   | 33.1%   |
| Change vs old        | -2.5ppt | -2.4ppt | -2.2ppt |
| New EBITDA margin    | 17.9%   | 17.1%   | 17.5%   |
| Change vs old        | -3.1ppt | -3.9ppt | -3.8ppt |
| New NI margin        | 20.9%   | 10.5%   | 12.2%   |
| Change vs old        | 10.8ppt | 0.5ppt  | 0.1ppt  |

Source: Company data, BofA Global Research estimates

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### Exhibit 37: We lower our 2024-25E gross and EBITDA margins for Efes by c.3-5ppt

Change in estimates for Efes, TRYmn

|                      | 2023A   | 2024E   | 2025E   |
|----------------------|---------|---------|---------|
| New revenue          | 159,877 | 250,694 | 347,936 |
| Change vs old, in %  | 8%      | 2%      | 3%      |
| New gross profit     | 59,000  | 91,189  | 127,066 |
| Change vs old, in %  | 1%      | -6%     | -5%     |
| New EBITDA           | 28,573  | 38,407  | 54,585  |
| Change vs old, in %  | -7%     | -23%    | -21%    |
| New total net income | 33,542  | 25,903  | 37,629  |
| Change vs old, in %  | 118%    | 23%     | 8%      |
| New gross margin     | 36.9%   | 36.4%   | 36.5%   |
| Change vs old        | -2.6ppt | -3.3ppt | -3.2ppt |
| New EBITDA margin    | 17.9%   | 15.3%   | 15.7%   |
| Change vs old        | -2.8ppt | -4.9ppt | -4.8ppt |
| New NI margin        | 21.0%   | 10.3%   | 10.8%   |
| Change vs old        | 10.5ppt | 1.7ppt  | 0.5ppt  |

Source: Company data, BofA Global Research estimates

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In our DCF valuation models, we also raise our terminal growth rate from 8% to 10% as double-digit inflation will likely stay for longer (in 2003-19, Türkiye's total and food CPI averaged c.10%). We also mark to market the betas for CCI and Efes slightly. Coupled with our estimate changes (including higher D&A charges post inflationary adjustments, which had a c.20-25% positive impact on our valuation) and a timing factor, this drives 53-73% PO upgrades for the three companies.

### Exhibit 38: We increase our WACCs for CCI and Efes as we mark to market betas

Summary of WACC and PO changes

|      | TGR   | RfR   | ERP  | Beta | New WACC | Old WACC | New PO | Old PO | PO chg. |
|------|-------|-------|------|------|----------|----------|--------|--------|---------|
| BIM  | 10.0% | 21.0% | 5.5% | 0.8  | 25.4%    | 25.4%    | 610    | 400    | 53%     |
| CCI  | 10.0% | 21.0% | 6.5% | 0.7  | 25.1%    | 24.8%    | 1,000  | 600    | 67%     |
| Efes | 10.0% | 21.0% | 9.5% | 1.1  | 30.1%    | 29.1%    | 285    | 165    | 73%     |

Source: BofA Global Research estimates

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The following exhibits show the sensitivity of our estimated equity values to the terminal growth and cost of equity assumptions. Each 1ppt change in the cost of equity would have a c.7-8% positive impact on valuation, all else equal.



**Exhibit 39: Each 1ppt decline in the cost of equity would have a 7% positive impact on BIM's estimated equity fair value**

Sensitivity of BIM's estimated equity fair value to the cost of equity and terminal growth assumptions

|                      |     | Cost of equity |       |       |       |       |
|----------------------|-----|----------------|-------|-------|-------|-------|
|                      |     | 23.4%          | 24.4% | 25.4% | 26.4% | 27.4% |
| Terminal growth rate | 8%  | 9%             | 2%    | -5%   | -10%  | -15%  |
|                      | 9%  | 12%            | 4%    | -3%   | -9%   | -14%  |
|                      | 10% | 16%            | 7%    | 0%    | -6%   | -12%  |
|                      | 11% | 20%            | 11%   | 3%    | -4%   | -10%  |
|                      | 12% | 25%            | 15%   | 6%    | -1%   | -8%   |

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 40: Each 1ppt decline in the cost of equity would have an 8% positive impact on CCI's estimated equity fair value**

Sensitivity of CCI's estimated equity fair value to the cost of equity and terminal growth assumptions

|                      |     | Cost of equity |       |       |       |       |
|----------------------|-----|----------------|-------|-------|-------|-------|
|                      |     | 23.8%          | 24.8% | 25.8% | 26.8% | 27.8% |
| Terminal growth rate | 8%  | 9%             | 1%    | -6%   | -12%  | -18%  |
|                      | 9%  | 13%            | 4%    | -3%   | -10%  | -16%  |
|                      | 10% | 17%            | 8%    | 0%    | -7%   | -13%  |
|                      | 11% | 22%            | 12%   | 4%    | -4%   | -11%  |
|                      | 12% | 29%            | 17%   | 8%    | -1%   | -8%   |

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 41: Each 1ppt decline in the cost of equity would have an 8% positive impact on Efes's estimated equity fair value**

Sensitivity of Efes's estimated equity fair value to the cost of equity and terminal growth assumptions

|                      |     | Cost of equity |       |       |       |       |
|----------------------|-----|----------------|-------|-------|-------|-------|
|                      |     | 29.7%          | 30.7% | 31.7% | 32.7% | 33.7% |
| Terminal growth rate | 8%  | 11%            | 3%    | -5%   | -12%  | -18%  |
|                      | 9%  | 14%            | 5%    | -3%   | -10%  | -17%  |
|                      | 10% | 18%            | 8%    | 0%    | -8%   | -15%  |
|                      | 11% | 21%            | 12%   | 3%    | -5%   | -12%  |
|                      | 12% | 26%            | 15%   | 6%    | -2%   | -10%  |

Source: BofA Global Research estimates

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**Exhibit 42: BIM trades at a c.30% discount to its 10Y average on a forward P/E multiple**

BIM's consensus forward-looking P/E multiple



Source: Eikon

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**Exhibit 43: CCI trades at a c.30% discount to its 10Y average on a forward P/E multiple**

CCI's consensus forward-looking P/E multiple



Source: Eikon

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**Exhibit 44: Efes trades at a c.40% discount to its 10Y average on a forward P/E multiple**

Efes's consensus forward-looking P/E multiple

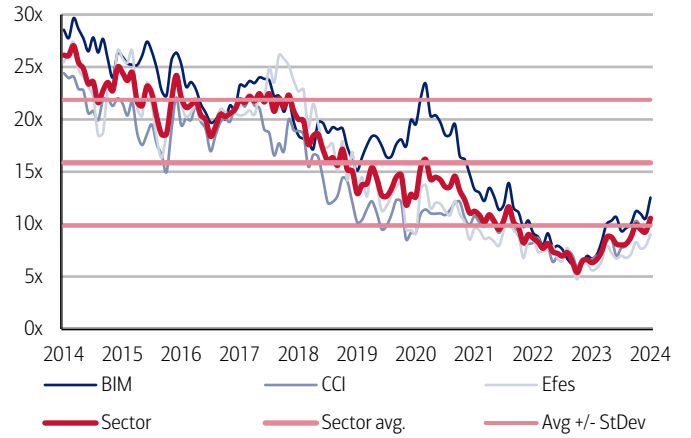


Source: Eikon

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**Exhibit 45: The sector trades at a c.30% discount to its 10Y average on a forward P/E multiple**

The Türkiye Consumer sector's consensus forward-looking P/E multiple



Source: Eikon

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# iQprofile<sup>SM</sup> BIM Birlesik Magazalar

| Key Income Statement Data (Dec)          | 2022A   | 2023A    | 2024E    | 2025E    | 2026E    |
|--|---------|----------|----------|----------|----------|
| <b>(TRY Millions)</b>                    |         |          |          |          |          |
| Sales                                    | 147,716 | 328,442  | 481,504  | 680,234  | 886,598  |
| EBITDA Adjusted                          | 11,867  | 13,751   | 20,294   | 29,849   | 40,656   |
| Depreciation & Amortization              | (2,593) | (10,392) | (12,349) | (14,871) | (17,857) |
| EBIT Adjusted                            | 9,274   | 3,359    | 7,945    | 14,978   | 22,799   |
| Net Interest & Other Income              | (717)   | 18,085   | 26,258   | 36,999   | 47,993   |
| Tax Expense / Benefit                    | (640)   | (6,599)  | (8,792)  | (13,334) | (18,141) |
| Net Income (Adjusted)                    | 8,157   | 15,441   | 26,375   | 40,003   | 54,424   |
| Average Fully Diluted Shares Outstanding | 598     | 598      | 598      | 598      | 598      |

## Key Cash Flow Statement Data

|  |                |                 |                 |                 |                 |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| Net Income (Reported)                    | 8,161          | 15,450          | 26,375          | 40,003          | 54,424          |
| Depreciation & Amortization              | 2,593          | 10,392          | 12,349          | 14,871          | 17,857          |
| Change in Working Capital                | (336)          | 1,166           | 7,731           | 3,799           | 3,588           |
| Deferred Taxation Charge                 | 0              | 0               | 0               | 0               | 0               |
| Other CFO                                | (2,495)        | (11,549)        | (23,071)        | (32,732)        | (42,955)        |
| <b>Cash Flow from Operations</b>         | <b>7,922</b>   | <b>15,459</b>   | <b>23,384</b>   | <b>25,941</b>   | <b>32,913</b>   |
| Capital Expenditure                      | (4,669)        | (10,515)        | (14,445)        | (17,006)        | (17,732)        |
| (Acquisition) / Disposal of Investments  | NA             | NA              | NA              | NA              | NA              |
| Other CFI                                | (526)          | (1,126)         | 0               | 0               | 0               |
| <b>Cash Flow from Investing</b>          | <b>(5,195)</b> | <b>(11,641)</b> | <b>(14,445)</b> | <b>(17,006)</b> | <b>(17,732)</b> |
| Share Issue / (Repurchase)               | (72.3)         | (164)           | 0               | 0               | 0               |
| Cost of Dividends Paid                   | (1,832)        | (3,491)         | (6,072)         | (7,912)         | (12,001)        |
| Increase (decrease) debt                 | 3,769          | 10,427          | 6,413           | 12,571          | 14,189          |
| Other CFF                                | (3,870)        | (10,427)        | (6,413)         | (12,571)        | (14,189)        |
| <b>Cash Flow from Financing</b>          | <b>(2,006)</b> | <b>(3,655)</b>  | <b>(6,072)</b>  | <b>(7,912)</b>  | <b>(12,001)</b> |
| <b>Total Cash Flow (CFO + CFI + CFF)</b> | <b>721</b>     | <b>164</b>      | <b>2,867</b>    | <b>1,023</b>    | <b>3,180</b>    |
| FX and other changes to cash             | 485            | 2,630           | 0               | 0               | 0               |
| Change in Cash                           | 1,205          | 2,794           | 2,867           | 1,023           | 3,180           |
| Change in Net Debt                       | 2,563          | 7,633           | 3,546           | 11,549          | 11,009          |
| Net Debt                                 | 7,717          | 15,350          | 18,895          | 30,444          | 41,453          |

## Key Balance Sheet Data

|                                       |               |                |                |                |                |
|---------------------------------------|---------------|----------------|----------------|----------------|----------------|
| Property, Plant & Equipment           | 22,541        | 49,639         | 57,688         | 67,085         | 75,860         |
| Goodwill                              | 13.4          | 22.1           | 22.1           | 22.1           | 22.1           |
| Other Intangibles                     | 51.6          | 160            | 222            | 282            | 339            |
| Other Non-Current Assets              | 13,984        | 43,852         | 47,098         | 56,508         | 67,460         |
| Trade Receivables                     | 7,074         | 16,125         | 23,254         | 32,627         | 41,480         |
| Cash & Equivalents                    | 4,194         | 6,988          | 9,855          | 10,878         | 14,058         |
| Other Current Assets                  | 16,827        | 31,346         | 49,767         | 68,207         | 85,624         |
| <b>Total Assets</b>                   | <b>64,684</b> | <b>148,133</b> | <b>187,906</b> | <b>235,610</b> | <b>284,843</b> |
| Long-Term Debt                        | 9,460         | 17,679         | 22,754         | 32,704         | 43,934         |
| Other Non-Current Liabilities         | 1,005         | 6,638          | 6,638          | 6,638          | 6,638          |
| Short-Term Debt                       | 2,450         | 4,659          | 5,996          | 8,618          | 11,577         |
| Other Current Liabilities             | 26,360        | 49,415         | 82,696         | 114,308        | 144,166        |
| <b>Total Liabilities</b>              | <b>39,275</b> | <b>78,391</b>  | <b>118,085</b> | <b>162,268</b> | <b>206,315</b> |
| <b>Total Equity</b>                   | <b>25,409</b> | <b>69,742</b>  | <b>69,821</b>  | <b>73,342</b>  | <b>78,528</b>  |
| <b>Total Equity &amp; Liabilities</b> | <b>64,684</b> | <b>148,133</b> | <b>187,906</b> | <b>235,610</b> | <b>284,843</b> |

## Business Performance\*

|                            |       |       |       |       |        |
|----------------------------|-------|-------|-------|-------|--------|
| Return On Capital Employed | 31.2% | 3.84% | 5.97% | 10.0% | 13.2%  |
| Return On Equity           | 49.1% | 32.5% | 37.8% | 55.9% | 71.7%  |
| Operating Margin           | 6.44% | 1.21% | 1.85% | 2.40% | 2.77%  |
| Free Cash Flow (MM)        | 3,253 | 4,945 | 8,939 | 8,935 | 15,181 |

## Quality of Earnings\*

|                         |       |       |       |       |       |
|-------------------------|-------|-------|-------|-------|-------|
| Cash Realization Ratio  | 0.97x | 1.00x | 0.89x | 0.65x | 0.60x |
| Asset Replacement Ratio | 1.80x | 1.01x | 1.17x | 1.14x | 0.99x |
| Tax Rate                | 7.27% | 29.9% | 25.0% | 25.0% | 25.0% |
| Net Debt/Equity         | 30.4% | 22.0% | 27.1% | 41.5% | 52.8% |
| Interest Cover          | 6.97x | 1.21x | 2.83x | 3.76x | 4.23x |

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 17.

# iQprofile<sup>SM</sup> Coca-Cola Icecek

| Key Income Statement Data (Dec)          | 2022A   | 2023A   | 2024E   | 2025E    | 2026E    |
|--|---------|---------|---------|----------|----------|
| <b>(TRY Millions)</b>                    |         |         |         |          |          |
| Sales                                    | 53,530  | 101,042 | 160,283 | 226,294  | 288,182  |
| EBITDA Adjusted                          | 10,097  | 18,127  | 27,342  | 39,712   | 51,002   |
| Depreciation & Amortization              | (1,822) | (3,687) | (5,725) | (8,033)  | (9,961)  |
| EBIT Adjusted                            | 8,275   | 14,440  | 21,617  | 31,679   | 41,041   |
| Net Interest & Other Income              | (1,103) | 11,481  | 3,487   | 8,064    | 14,367   |
| Tax Expense / Benefit                    | (2,262) | (4,796) | (7,948) | (11,827) | (16,526) |
| Net Income (Adjusted)                    | 4,331   | 20,580  | 16,176  | 26,216   | 36,634   |
| Average Fully Diluted Shares Outstanding | 254     | 254     | 254     | 254      | 254      |

| Key Cash Flow Statement Data             | 2022A          | 2023A           | 2024E           | 2025E           | 2026E           |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| Net Income (Reported)                    | 4,951          | 21,741          | 17,581          | 28,976          | 40,490          |
| Depreciation & Amortization              | 1,822          | 3,687           | 5,725           | 8,033           | 9,961           |
| Change in Working Capital                | (1,349)        | (3,676)         | 1,942           | (1,376)         | (1,373)         |
| Deferred Taxation Charge                 | 0              | 0               | 0               | 0               | 0               |
| Other CFO                                | 1,446          | (9,210)         | (5,478)         | (9,444)         | (16,296)        |
| <b>Cash Flow from Operations</b>         | <b>6,870</b>   | <b>12,543</b>   | <b>19,770</b>   | <b>26,189</b>   | <b>32,782</b>   |
| Capital Expenditure                      | (3,065)        | (5,630)         | (9,571)         | (12,946)        | (15,127)        |
| (Acquisition) / Disposal of Investments  | 0              | (5,863)         | (814)           | 0               | 0               |
| Other CFI                                | (680)          | 56.6            | (173)           | 0               | 0               |
| <b>Cash Flow from Investing</b>          | <b>(3,745)</b> | <b>(11,437)</b> | <b>(10,559)</b> | <b>(12,946)</b> | <b>(15,127)</b> |
| Share Issue / (Repurchase)               | NA             | NA              | NA              | NA              | NA              |
| Cost of Dividends Paid                   | (629)          | (1,100)         | (2,001)         | (3,376)         | (5,519)         |
| Increase (decrease) debt                 | 11,453         | 16,000          | 7,779           | 2,647           | 604             |
| Other CFF                                | (7,015)        | (16,192)        | (13,621)        | (6,279)         | (3,159)         |
| <b>Cash Flow from Financing</b>          | <b>3,810</b>   | <b>(1,293)</b>  | <b>(7,843)</b>  | <b>(7,008)</b>  | <b>(8,074)</b>  |
| <b>Total Cash Flow (CFO + CFI + CFF)</b> | <b>6,934</b>   | <b>(187)</b>    | <b>1,368</b>    | <b>6,236</b>    | <b>9,580</b>    |
| FX and other changes to cash             | 2,933          | 7,932           | 4,527           | 766             | 236             |
| Change in Cash                           | 9,867          | 7,746           | 5,895           | 7,001           | 9,816           |
| Change in Net Debt                       | 1,586          | 8,254           | 1,884           | (4,354)         | (9,212)         |
| Net Debt                                 | 6,835          | 15,089          | 16,973          | 12,619          | 3,407           |

| Key Balance Sheet Data                | 2022A         | 2023A          | 2024E          | 2025E          | 2026E          |
|---------------------------------------|---------------|----------------|----------------|----------------|----------------|
| Property, Plant & Equipment           | 16,433        | 35,235         | 46,820         | 51,733         | 56,899         |
| Goodwill                              | 2,924         | 4,645          | 5,417          | 5,417          | 5,417          |
| Other Intangibles                     | 9,912         | 19,300         | 21,508         | 21,508         | 21,508         |
| Other Non-Current Assets              | 1,358         | 2,724          | 2,987          | 2,987          | 2,987          |
| Trade Receivables                     | 3,716         | 8,814          | 12,188         | 16,571         | 20,683         |
| Cash & Equivalents                    | 14,009        | 21,755         | 27,649         | 34,651         | 44,467         |
| Other Current Assets                  | 10,365        | 17,685         | 24,170         | 30,184         | 35,663         |
| <b>Total Assets</b>                   | <b>58,717</b> | <b>110,158</b> | <b>140,739</b> | <b>163,050</b> | <b>187,624</b> |
| Long-Term Debt                        | 15,056        | 18,976         | 22,284         | 23,606         | 23,908         |
| Other Non-Current Liabilities         | 3,640         | 4,719          | 5,243          | 5,243          | 5,243          |
| Short-Term Debt                       | 5,788         | 17,867         | 22,338         | 23,663         | 23,966         |
| Other Current Liabilities             | 11,437        | 23,641         | 35,601         | 44,622         | 52,840         |
| <b>Total Liabilities</b>              | <b>35,921</b> | <b>65,203</b>  | <b>85,466</b>  | <b>97,134</b>  | <b>105,956</b> |
| <b>Total Equity</b>                   | <b>22,796</b> | <b>44,955</b>  | <b>55,273</b>  | <b>65,916</b>  | <b>81,667</b>  |
| <b>Total Equity &amp; Liabilities</b> | <b>58,717</b> | <b>110,158</b> | <b>140,739</b> | <b>163,050</b> | <b>187,624</b> |

| Business Performance*      | 2022A | 2023A | 2024E  | 2025E  | 2026E  |
|----------------------------|-------|-------|--------|--------|--------|
| Return On Capital Employed | 19.9% | 25.8% | 17.5%  | 21.0%  | 23.6%  |
| Return On Equity           | 26.1% | 69.2% | 37.1%  | 49.9%  | 57.2%  |
| Operating Margin           | 15.0% | 14.3% | 13.3%  | 13.9%  | 14.1%  |
| Free Cash Flow (MM)        | 3,561 | 6,413 | 10,098 | 13,244 | 17,655 |

| Quality of Earnings*    | 2022A | 2023A | 2024E | 2025E | 2026E |
|-------------------------|-------|-------|-------|-------|-------|
| Cash Realization Ratio  | 1.59x | 0.61x | 1.22x | 1.00x | 0.89x |
| Asset Replacement Ratio | 1.68x | 1.53x | 1.67x | 1.61x | 1.52x |
| Tax Rate                | 32.8% | 18.5% | 32.0% | 30.0% | 30.0% |
| Net Debt/Equity         | 30.0% | 33.6% | 30.7% | 19.1% | 4.17% |
| Interest Cover          | 2.08x | 1.32x | 2.14x | 4.30x | 9.06x |

\* For full definitions of *iQmethod*<sup>SM</sup> measures, see page 17.



# iQprofile<sup>SM</sup> Anadolu Efes

| Key Income Statement Data (Dec)          | 2022A   | 2023A   | 2024E    | 2025E    | 2026E    |
|--|---------|---------|----------|----------|----------|
| <b>(TRY Millions)</b>                    |         |         |          |          |          |
| Sales                                    | 90,504  | 159,877 | 250,694  | 347,936  | 430,237  |
| EBITDA Adjusted                          | 17,418  | 28,573  | 38,407   | 54,585   | 69,222   |
| Depreciation & Amortization              | (4,105) | (7,571) | (11,128) | (15,036) | (18,564) |
| EBIT Adjusted                            | 13,313  | 21,002  | 27,279   | 39,548   | 50,658   |
| Net Interest & Other Income              | (3,295) | 21,888  | 8,934    | 14,268   | 22,269   |
| Tax Expense / Benefit                    | (3,298) | (7,911) | (9,883)  | (16,127) | (21,860) |
| Net Income (Adjusted)                    | 3,429   | 22,129  | 15,595   | 22,578   | 30,604   |
| Average Fully Diluted Shares Outstanding | 592     | 592     | 592      | 592      | 592      |

## Key Cash Flow Statement Data

|  |                |                 |                 |                 |                 |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| Net Income (Reported)                    | 8,654          | 44,955          | 36,210          | 52,681          | 71,410          |
| Depreciation & Amortization              | 4,105          | 7,571           | 11,128          | 15,036          | 18,564          |
| Change in Working Capital                | (2,478)        | (2,948)         | (744)           | (2,675)         | (2,203)         |
| Deferred Taxation Charge                 | 0              | 0               | 0               | 0               | 0               |
| Other CFO                                | 2,490          | (27,246)        | (20,049)        | (29,319)        | (42,672)        |
| <b>Cash Flow from Operations</b>         | <b>12,770</b>  | <b>22,332</b>   | <b>26,545</b>   | <b>35,722</b>   | <b>45,099</b>   |
| Capital Expenditure                      | (5,341)        | (10,601)        | (13,559)        | (17,746)        | (20,727)        |
| (Acquisition) / Disposal of Investments  | (244)          | 139             | (814)           | 0               | 0               |
| Other CFI                                | (83.8)         | (436)           | 650             | 0               | 0               |
| <b>Cash Flow from Investing</b>          | <b>(5,670)</b> | <b>(10,898)</b> | <b>(13,723)</b> | <b>(17,746)</b> | <b>(20,727)</b> |
| Share Issue / (Repurchase)               | 0              | 0               | 0               | 0               | 0               |
| Cost of Dividends Paid                   | (1,450)        | (2,244)         | (1,393)         | (3,119)         | (4,516)         |
| Increase (decrease) debt                 | 16,326         | 20,856          | 15,933          | 5,236           | 1,221           |
| Other CFF                                | (11,102)       | (23,484)        | (21,193)        | (10,683)        | (4,795)         |
| <b>Cash Flow from Financing</b>          | <b>3,774</b>   | <b>(4,873)</b>  | <b>(6,652)</b>  | <b>(8,565)</b>  | <b>(8,090)</b>  |
| <b>Total Cash Flow (CFO + CFI + CFF)</b> | <b>10,875</b>  | <b>6,561</b>    | <b>6,170</b>    | <b>9,411</b>    | <b>16,282</b>   |
| FX and other changes to cash             | 2,732          | 10,844          | 10,065          | 4,074           | 1,250           |
| Change in Cash                           | 13,607         | 17,405          | 16,235          | 13,486          | 17,533          |
| Change in Net Debt                       | 2,719          | 3,451           | (302)           | (8,249)         | (16,312)        |
| Net Debt                                 | 13,705         | 17,156          | 16,854          | 8,605           | (7,707)         |

## Key Balance Sheet Data

|                                       |                |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Property, Plant & Equipment           | 28,329         | 57,615         | 69,403         | 72,112         | 74,275         |
| Goodwill                              | 9,164          | 12,580         | 13,852         | 13,852         | 13,852         |
| Other Intangibles                     | 39,713         | 93,455         | 104,583        | 104,583        | 104,583        |
| Other Non-Current Assets              | 4,606          | 11,447         | 13,838         | 13,838         | 13,838         |
| Trade Receivables                     | 7,883          | 15,381         | 25,336         | 33,461         | 39,891         |
| Cash & Equivalents                    | 23,867         | 41,272         | 57,507         | 70,993         | 88,525         |
| Other Current Assets                  | 19,795         | 33,475         | 48,360         | 59,260         | 67,715         |
| <b>Total Assets</b>                   | <b>133,358</b> | <b>265,226</b> | <b>332,879</b> | <b>368,098</b> | <b>402,681</b> |
| Long-Term Debt                        | 25,702         | 36,280         | 43,724         | 46,803         | 47,521         |
| Other Non-Current Liabilities         | 9,042          | 20,571         | 22,806         | 22,806         | 22,806         |
| Short-Term Debt                       | 11,870         | 22,148         | 30,638         | 32,795         | 33,298         |
| Other Current Liabilities             | 30,161         | 56,349         | 82,163         | 98,512         | 111,196        |
| <b>Total Liabilities</b>              | <b>76,776</b>  | <b>135,348</b> | <b>179,330</b> | <b>200,915</b> | <b>214,820</b> |
| <b>Total Equity</b>                   | <b>56,582</b>  | <b>129,878</b> | <b>153,549</b> | <b>167,183</b> | <b>187,861</b> |
| <b>Total Equity &amp; Liabilities</b> | <b>133,358</b> | <b>265,226</b> | <b>332,879</b> | <b>368,098</b> | <b>402,681</b> |

## Business Performance\*

|                            |       |        |        |        |        |
|----------------------------|-------|--------|--------|--------|--------|
| Return On Capital Employed | 13.7% | 16.9%  | 11.9%  | 12.4%  | 13.7%  |
| Return On Equity           | 15.5% | 49.1%  | 22.9%  | 31.9%  | 43.6%  |
| Operating Margin           | 14.0% | 12.2%  | 10.7%  | 11.3%  | 11.8%  |
| Free Cash Flow (MM)        | 7,429 | 11,731 | 12,987 | 17,977 | 24,372 |

## Quality of Earnings\*

|                         |       |       |       |       |        |
|-------------------------|-------|-------|-------|-------|--------|
| Cash Realization Ratio  | 3.72x | 1.01x | 1.70x | 1.58x | 1.47x  |
| Asset Replacement Ratio | 1.30x | 1.40x | 1.22x | 1.18x | 1.12x  |
| Tax Rate                | 35.3% | 19.1% | 27.6% | 30.0% | 30.0%  |
| Net Debt/Equity         | 24.2% | 13.2% | 11.0% | 5.15% | -4.10% |
| Interest Cover          | 1.76x | 1.25x | 1.52x | 2.99x | 6.40x  |

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 17.



## Price objective basis & risk

### Anadolu Efes (AEBMF)

To value Efes, we use a DCF approach, which yields a price objective of TRY285/share. We believe this captures the effects of: (1) moderating investment needs, (2) operating and margin dynamics, and (3) a cash generation profile. We use a terminal growth rate of 10%, cash flow projections to 2032E and WACC of 30.1%. Our resulting implied 2024E P/E multiple is c.7x.

Downside risks to our PO:

- Turkish beer and soft drinks operations: the macro environment, weather conditions, the ability to raise prices, input cost inflation, rivalry, tourist flows and regulatory changes
- Russia/CIS: a pending JV restructuring with ABI, weakness in beer sales created by a challenging consumer environment, FX volatility, intense competition and potential for further regulatory changes
- Continued uncertainty around Türkiye Macro/FX

### BIM Birlesik Magazalar (BMBRF)

To value BIM, we use a DCF approach, which yields a price objective of TRY610/share. We believe this captures the effects of: (1) its asset-light expansion strategy, (2) stable/improving operating performance and margin, and (3) a FCF generation profile in the medium and long run. We use a terminal growth rate of 10%, cash flow projections to 2032E and WACC of 25.4%. Our resulting implied 2024E P/E multiple is c.14x.

Downside risks to our PO:

- Continued uncertainty around Türkiye Macro/FX
- Stronger competitive pressures
- As a result of tighter rivalry, BIM's traffic, volumes and pricing strategy could adversely change, putting pressure on its returns
- A material slowdown in food inflation
- Strong political/macro shocks across BIM's international markets

### Coca-Cola Icecek (COLZF)

To value CCI, we use a DCF approach, which gives us a price objective of TRY1,000/share. We believe this captures the effects of: (1) stable capital intensity and progress with working capital optimisation, (2) volume and operating margin dynamics, and (3) its robust cash generation. We use a terminal growth rate of 10%, cash flow projections to 2032E and WACC of 25.1%. Our resulting implied 2024E P/E multiple is c.15x.

Downside risks to our PO:

- Continued uncertainty around Türkiye Macro/FX and deterioration across CCI's other key international markets
- Unfavourable weather conditions
- Sharp currency devaluations
- Weaker pricing power
- Intense rivalry with PepsiCo and/or existing/new bottlers

## Analyst Certification

I, Ilya Ogorodnikov, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.





## EEMEA - Consumer &amp; Healthcare Coverage Cluster

| Investment rating   | Company                     | BofA Ticker | Bloomberg symbol | Analyst          |
|---------------------|-----------------------------|-------------|------------------|------------------|
| <b>BUY</b>          |                             |             |                  |                  |
|                     | Aldar Properties            | XALDF       | ALDAR UH         | Ilya Ogorodnikov |
|                     | AIDawaa Medical Services Co | XMRTF       | ALDAWAA AB       | Duaa AIFadda     |
|                     | Almarai                     | XALRF       | ALMARAI AB       | Duaa AIFadda     |
|                     | Anadolu Efes                | AEBMF       | AEFES TI         | Ilya Ogorodnikov |
|                     | BIM Birlesik Magazalar      | BMBRF       | BIMAS TI         | Ilya Ogorodnikov |
|                     | Coca-Cola Icecek            | COLZF       | COLLA TI         | Ilya Ogorodnikov |
|                     | Dino                        | DNOPF       | DNP PW           | Ilya Ogorodnikov |
|                     | Dubai Taxi Company          | XTCQF       | DTC UH           | Ilya Ogorodnikov |
|                     | Emaar Development           | XLZWF       | EMAARDEV UH      | Ilya Ogorodnikov |
|                     | Emaar Properties            | XMARF       | EMAAR UH         | Ilya Ogorodnikov |
|                     | Jeronimo Martins            | JRONF       | JMT PL           | Ilya Ogorodnikov |
|                     | Jeronimo Martins            | JRONY       | JRONY US         | Ilya Ogorodnikov |
|                     | Jumbo                       | JUMSF       | BELA GA          | Ilya Ogorodnikov |
|                     | Pepco Group                 | XXODF       | PCO PW           | Ilya Ogorodnikov |
|                     | Savola Group                | XSAVF       | SAVOLA AB        | Duaa AIFadda     |
|                     | Spinneys                    | XSHPF       | SPINNEYS DB      | Duaa AIFadda     |
|                     | United Electronics Co.      | XYDUF       | EXTRA AB         | Duaa AIFadda     |
| <b>NEUTRAL</b>      |                             |             |                  |                  |
|                     | ADNOC Distribution          | XLPQF       | ADNOCDIS UH      | Duaa AIFadda     |
|                     | Jarir Marketing             | XJRIF       | JARIR AB         | Duaa AIFadda     |
|                     | Leejam Sports               | XWEVF       | LEEJAM AB        | Duaa AIFadda     |
|                     | Nahdi Medical Co.           | XMKQF       | NAHDI AB         | Duaa AIFadda     |
| <b>UNDERPERFORM</b> |                             |             |                  |                  |
|                     | Al Othaim                   | XWPJF       | AOTHAIM AB       | Duaa AIFadda     |
|                     | Americana Restaurants       | XNRCF       | AMERICAN AB      | Ilya Ogorodnikov |
|                     | Americana Restaurants       | XARIF       | AMR UH           | Ilya Ogorodnikov |
|                     | BinDawood                   | XBJFF       | BINDAWOO AB      | Duaa AIFadda     |
|                     | LPP SA                      | LPGDF       | LPP PW           | Ilya Ogorodnikov |

iQmethod<sup>SM</sup> Measures Definitions**Business Performance**

Return On Capital Employed

**Numerator**

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

**Denominator**Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill  
Amortization  
Shareholders' Equity  
Sales  
N/A  
N/A

Return On Equity

Net Income

Operating Margin

Operating Profit

Earnings Growth

Expected 5 Year CAGR From Latest Actual

Free Cash Flow

Cash Flow From Operations – Total Capex

**Quality of Earnings**

Cash Realization Ratio

Cash Flow From Operations

Asset Replacement Ratio

Capex

Tax Rate

Tax Charge

Net Debt-To-Equity Ratio

Net Debt = Total Debt – Cash &amp; Equivalents

Interest Cover

EBIT

**Denominator**Net Income  
Depreciation  
Pre-Tax Income  
Total Equity  
Interest Expense**Valuation Toolkit**

Price / Earnings Ratio

Current Share Price

Price / Book Value

Current Share Price

Dividend Yield

Annualised Declared Cash Dividend

Free Cash Flow Yield

Cash Flow From Operations – Total Capex

Enterprise Value / Sales

EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities

**Denominator**Diluted Earnings Per Share (Basis As Specified)  
Shareholders' Equity / Current Basic Shares  
Current Share Price  
Market Cap = Current Share Price × Current Basic Shares  
Sales

EV / EBITDA

Enterprise Value

Basic EBIT + Depreciation + Amortization

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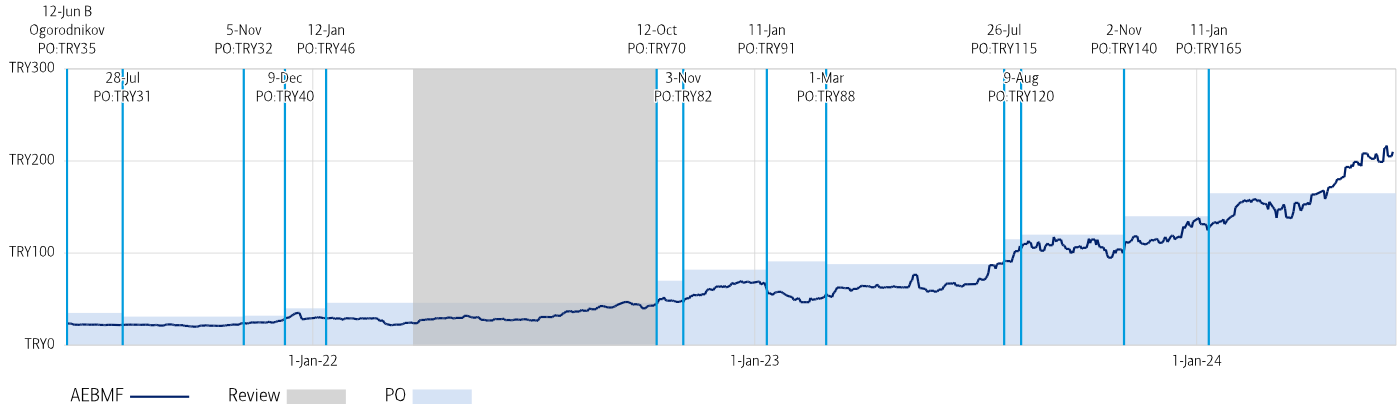
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# Disclosures

## Important Disclosures

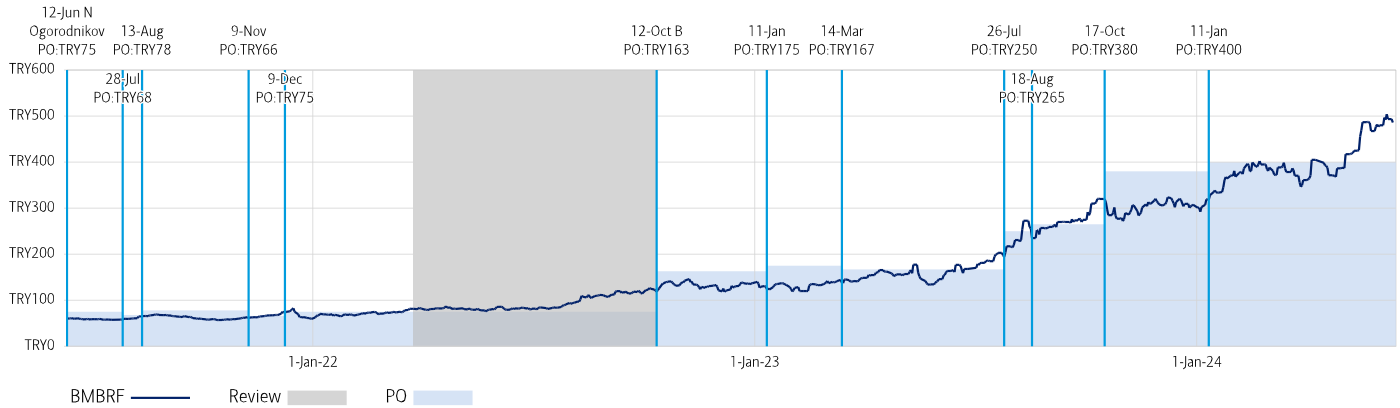
### Anadolu Efes (AEBMF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

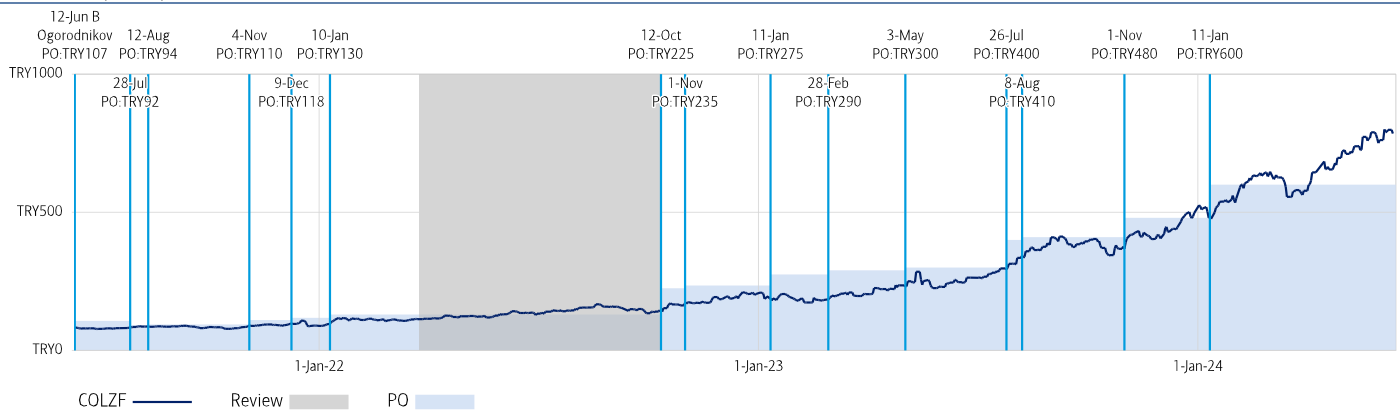
### BIM (BMBRF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Coca-Cola Icecek (COLZF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.



**Equity Investment Rating Distribution: Beverages - Alcoholic Group (as of 31 Mar 2024)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships <sup>R1</sup> | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy               | 20    | 55.56%  | Buy                                      | 14    | 70.00%  |
| Hold              | 8     | 22.22%  | Hold                                     | 5     | 62.50%  |
| Sell              | 8     | 22.22%  | Sell                                     | 2     | 25.00%  |

**Equity Investment Rating Distribution: Beverages - Soft Drinks Group (as of 31 Mar 2024)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships <sup>R1</sup> | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy               | 10    | 66.67%  | Buy                                      | 6     | 60.00%  |
| Hold              | 2     | 13.33%  | Hold                                     | 1     | 50.00%  |
| Sell              | 3     | 20.00%  | Sell                                     | 1     | 33.33%  |

**Equity Investment Rating Distribution: Retailing Group (as of 31 Mar 2024)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships <sup>R1</sup> | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy               | 86    | 56.21%  | Buy                                      | 35    | 40.70%  |
| Hold              | 29    | 18.95%  | Hold                                     | 14    | 48.28%  |
| Sell              | 38    | 24.84%  | Sell                                     | 17    | 44.74%  |

**Equity Investment Rating Distribution: Global Group (as of 31 Mar 2024)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships <sup>R1</sup> | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy               | 1848  | 53.43%  | Buy                                      | 1067  | 57.74%  |
| Hold              | 810   | 23.42%  | Hold                                     | 468   | 57.78%  |
| Sell              | 801   | 23.16%  | Sell                                     | 370   | 46.19%  |

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster <sup>R2</sup> |
|-------------------|---|--|
| Buy               | ≥ 10%   | ≤ 70%  |
| Neutral           | ≥ 0%  | ≤ 30%  |
| Underperform      | N/A   | ≥ 20%  |

<sup>R2</sup>Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

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