ÜLKER BİSKÜVİ
1Q 2019
EARNINGS RELEASE

Cenker UÇAN, CFO
İstanbul, 9 May 2019

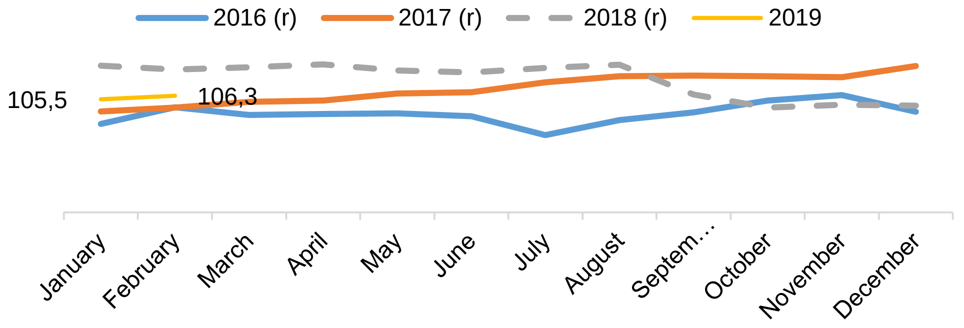
YILDIZ HOLDING

Agenda

- ***Turkey Macro Economic Overview***
- ***Market Growth***
- ***1Q 2019 Highlights and Consolidated Operational Performance***
- ***Domestic Operations***
- ***Export and International Operations***
- ***Balance Sheet Highlights***
- ***2019 Expectations***

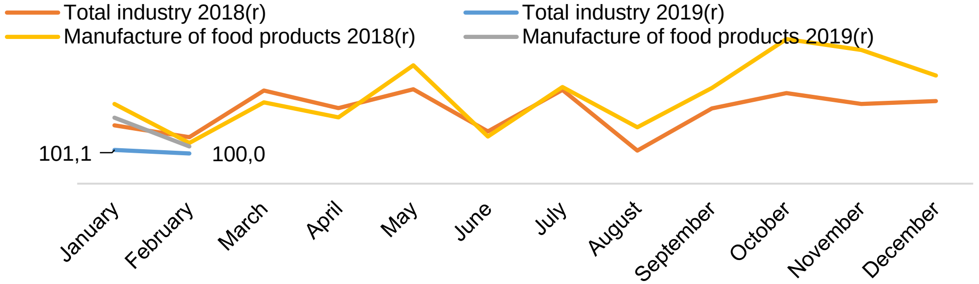
Turkey Macro Economic Overview

Retail Sales Volume Index



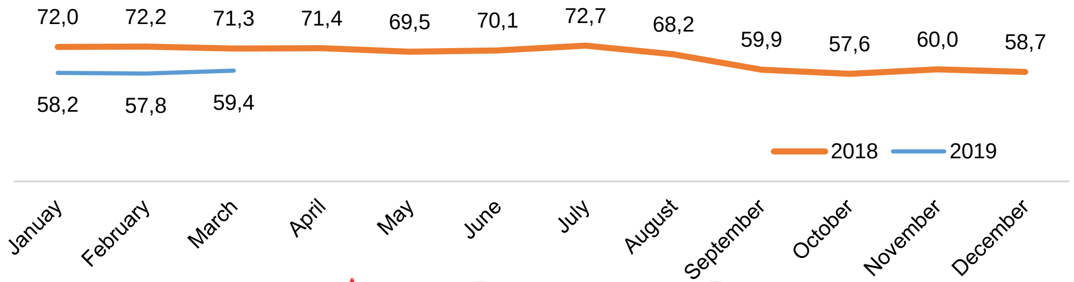
- Seasonal and calendar adjusted retail sales volume with constant prices increased by 1% in February 2019 compared with the previous month

Industrial Production



- As of February 2019 Industrial Production index realized as 100
- Adjusted Industrial production decreased by 5% and manufacture of food products decreased by 1% compared with same month previous year

Consumer Confidence Index

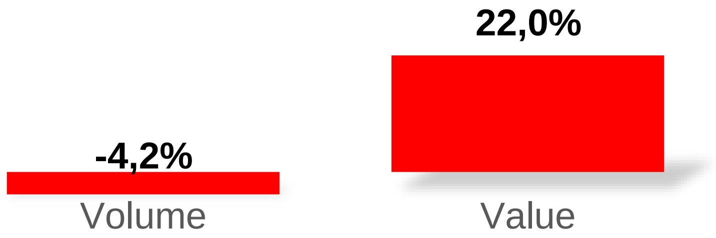


- Consumer confidence index in Turkey realized as 59,4 in March 2019. Compared to previous month increased by 3%.
- A rise in general index was realized in CPI on the previous month by 1,03%
- Food inflation realized as 29,77 % in March

Source : TUIK

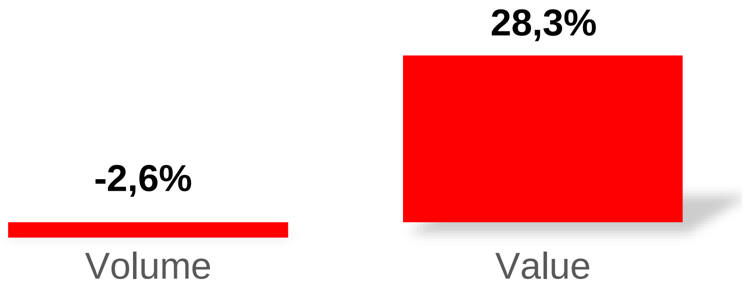
Market Growth

Total Confectionary



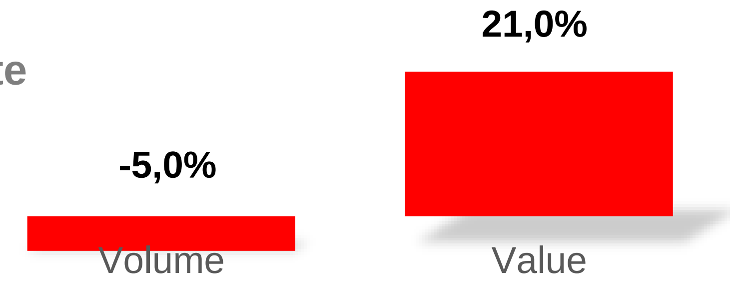
Total Confectionary market contracted by 4,2 % in volume and increased by 22% in value terms

Biscuits



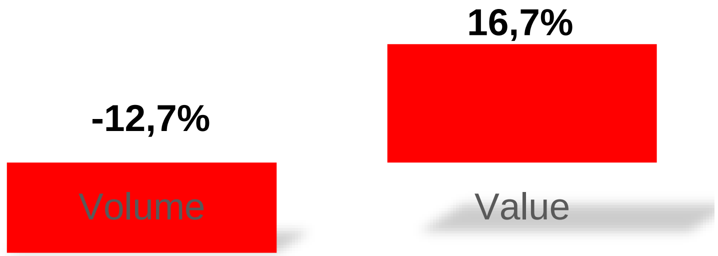
Total Biscuit market contracted by 2,6 % in volume and increased by 28,3% in value terms

Chocolate



Total Chocolate market contracted by 5 % in volume and increased by 21% in value terms

Cake



Total Cake market contracted by 12,7 % in volume and increased by 16,7% in value terms

Source : YTD 2019 Nielsen Data

1Q 2019 HIGHLIGHTS AND CONSOLIDATED OPERATIONAL PERFORMANCE

Over 70+ years of experience in Turkey

Production: 4 countries, 10 facilities

Total Capacity: 1.007K tons

Largest capacity in the region with strategically located plants

TR: Bisc.& Choc.& Cakes
4 in Istanbul, 1 in Karaman, 1 in Ankara total 6 Factories.
Total Capacity: 839k tons/year

Egypt
Hi-Food
Biscuits
Capacity: 44k tons/year

KSA
FMC&IBC
Bisc.& Choc.& Cakes
Capacity: 77k tons/year

UAE - Ul Mena

Kazakhstan
Hamle
Bisc.&Choc.&Cakes
Capacity: 47k tons/year

1Q 2019 Consolidated Performance Highlights

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Revenue **TL 1,9 BN** **Growth + 37,5 %**	**Gross Profit** **TL 538 M** **Growth + 41,2%**	**Gross Margin** **27,7 %** **improved by 60 bps**
EBITDA **TL 330 M** **Growth +46,8 %**	**EBITDA Margin** **17 %** **improved by 100 bps**	**Net Debt/EBITDA** **1,3x** **(2018: 1,6x)**

Strong start to the year, growth in all metrics

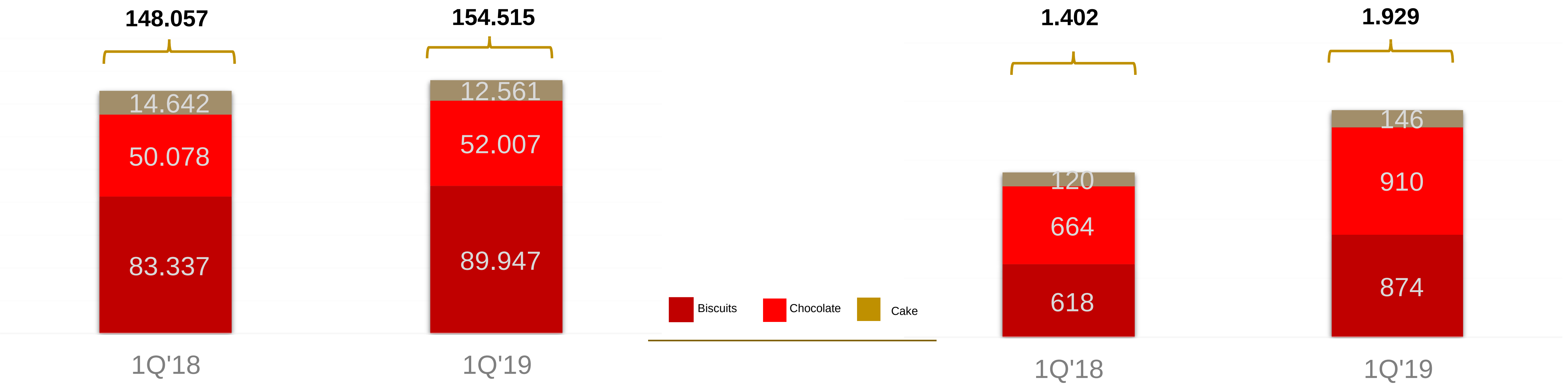
TL ('000)	1Q 2018	1Q 2019	%
Confectionary Volume (Ton)	*148.057*	*154.515*	*4,4%*
Revenue	*1.407.690*	*1.942.360*	38,0%
Confectionary Revenue	*1.402.505*	*1.928.940*	37,5%
Gross Profit	381.219	538.172	*41,2%*
Gross Profit Margin	27,1%	27,7%	
EBITDA	*224.998*	*330.208*	*46,8%*
EBITDA Margin	16,0%	17,0%	
Net Income *(Equity Shareholder of the parents)*	133.177	365.476	174,4%
Net Income %	*9,5%*	*18,8%*	

- Delivered another strong quarter in 1Q'19 and made an excellent start to the year
- Main drivers behind the strong performance
  - Volume, mix and pricing impact
  - positive impact of international acquisitions
  - effective cost and opex management

Solid sales growth in Q1

Confectionary Sales Volume (Tons)

Confectionary Sales Value (TLm)

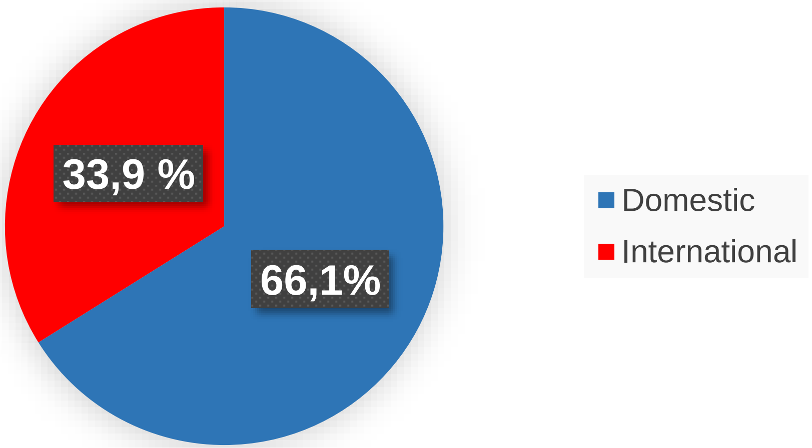


- Consolidated Confectionary volume increased by 4,4 %. The higher volume mainly resulted from jump in biscuit sales in Turkey and international markets
  - Biscuits volume increased by 7,9%
  - Chocolate volume increased by 3,9%
  - Cake volume was contracted by 14,2% driven by price adjustments

- Confectionary revenue increased by 37,5% supported by both domestic and international markets
  - Biscuits sales was up by 41,4%
  - Chocolate sales up by 37,0%
  - Cake sales was up by 20,7%

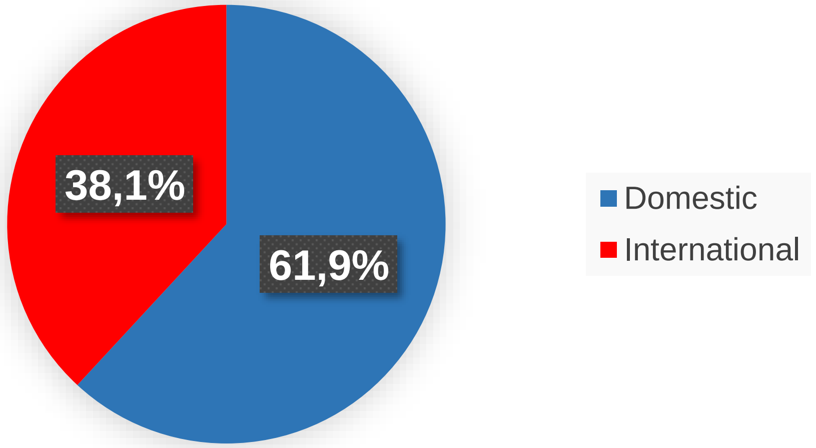
The shares of the international operations are increasing

Revenue Breakdown 1Q 2018

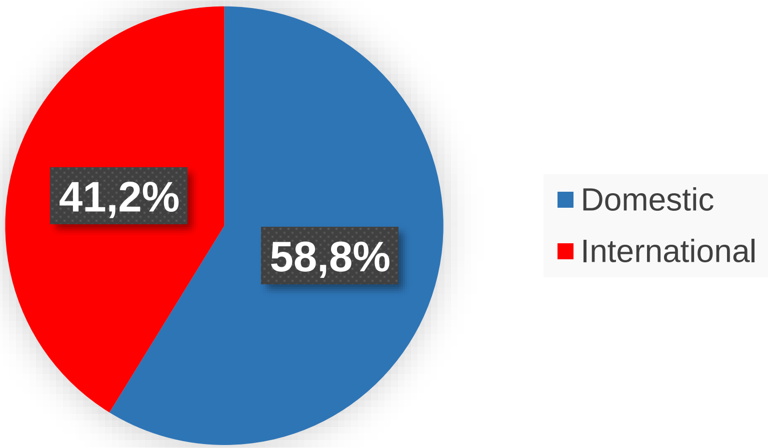


+ %4,2

Revenue Breakdown 1Q 2019

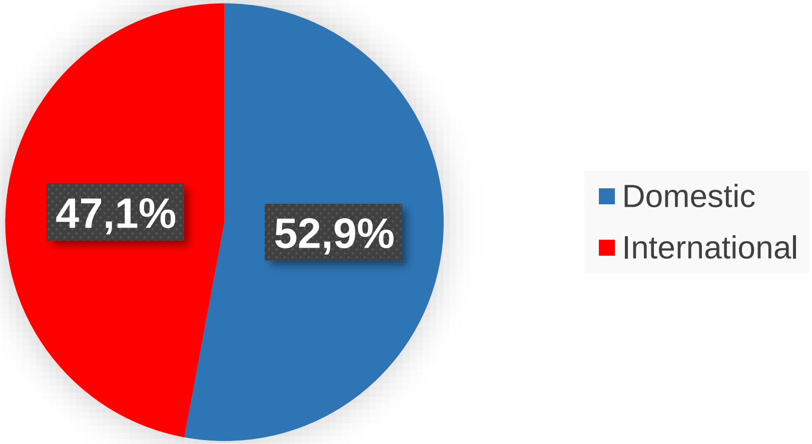


EBITDA Breakdown 1Q 2018



+ %5,9

EBITDA Breakdown 1Q 2019



DOMESTIC OPERATIONS

Turkey – Strong #1 in Total Confectionary with 37% Market Share

Biscuits – 40,6% Market Share

#1

1 in Petit Beurre

1 in Creamy Biscuits

1 in Special Biscuits

1 in Cracker

1 in Sandwich Biscuits

1 in Chocolate Biscuit

Chocolate – 41,9% Market Share

#1


4 out of Top 5 in Chocolate Covered

#1 in Solid Chocolate

Cake – 23,0% Market Share

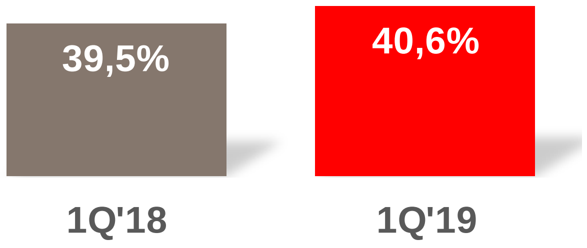
#2

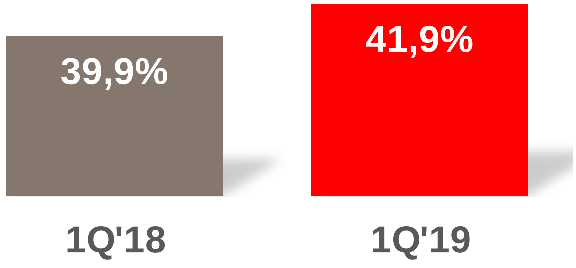
#1 in Family Cake

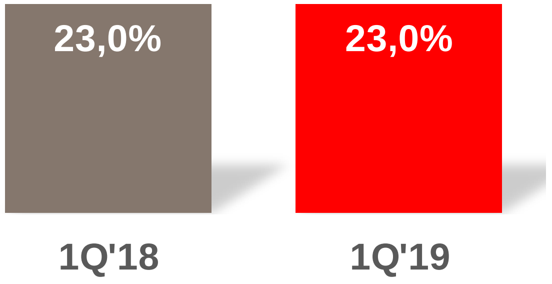
#2 in Portion Muffin Coated Cake

#2 in Wet Cake

Market Share Development in Value(*)







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(*) Source: Nielsen

Branded Sales Contribution of Synergy Products and New Launches

2018-2019 Synergy Products

2017 Synergy Products

1Q'19 New Product Launches

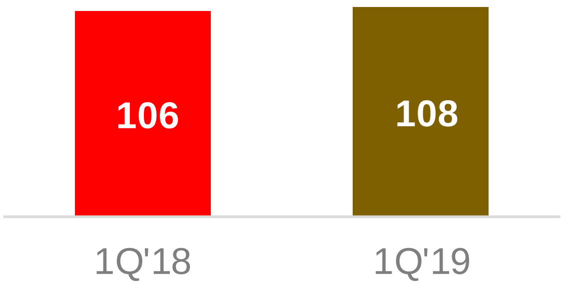
biscuits

cake

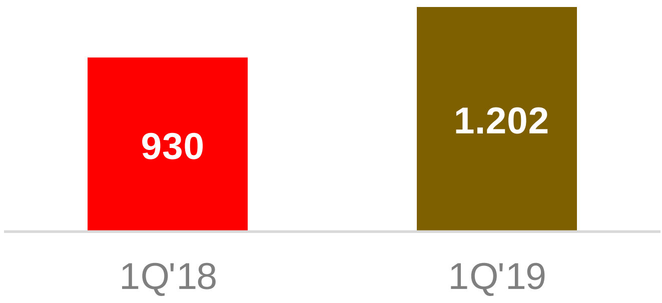
chocolate

Ülker set to continue outperforming within the confectionary market in Turkey

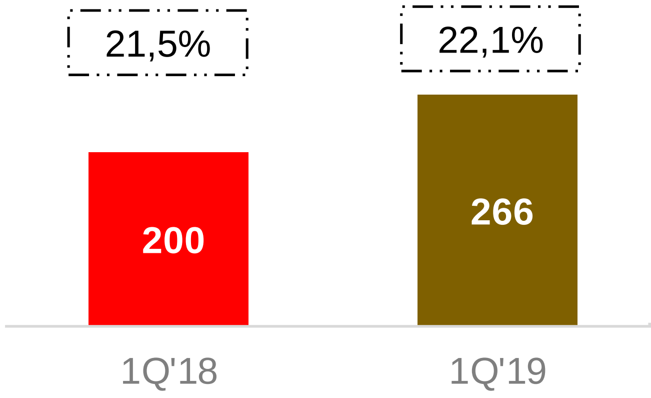
Sales Volume (x000 tons)



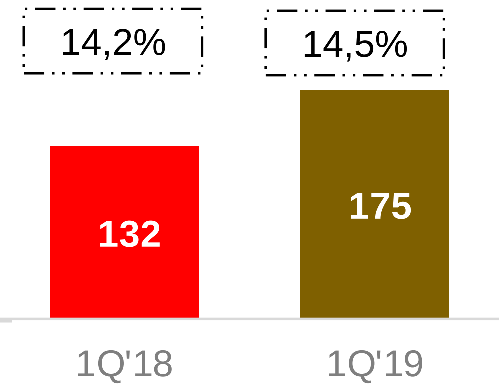
Net Sales (TLm)



Gross Profit (TLm)



EBITDA (TLm)



- Consolidated sales volume was up by 1,9% in 1Q19 attributable to:
  - New innovative product launches in biscuits category
  - Affective price campaigns in all portfolio

- Revenue up by 29,2% in total thanks to;
  - Effective support for new launches and price adjustments,
  - Portfolio optimizations,
  - Favorable category and mix impact

- Gross Profit was up by 32,6 % reflecting the
  - Effective price positioning in the market,
  - Continuous cost efficiency in supply chain projects

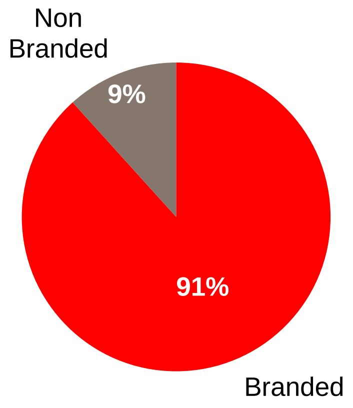
- EBITDA margin widened by 30 bps to 14,5% thanks to;
  - Effective pricing policy
  - Efficiencies gained from investments

All figures set out in the table above are related to products sold in Turkey

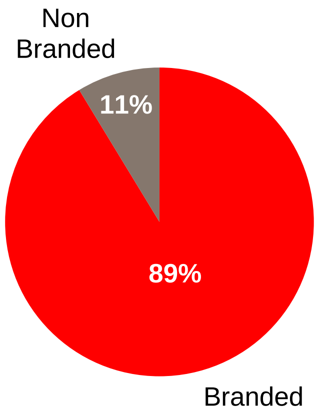
Strategy to Focus in Branded Confectionary Products

Branded & Non-Branded Volume Breakdown

1Q’18

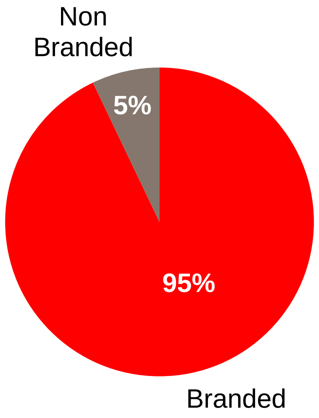


1Q’19

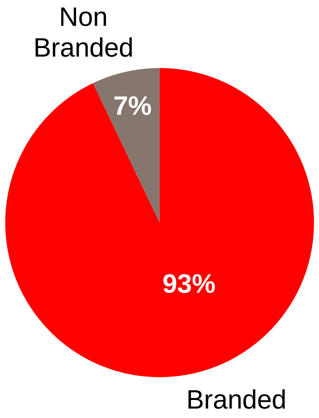


Branded & Non-Branded Revenue Breakdown

1Q’18



1Q’19



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EXPORT AND INTERNATIONAL OPERATIONS

Well Positioned for Future Growth…

- ✓ Ability to act as local producer and regional production hubs as well
- ✓ Ability to build higher scale in primary markets
- ✓ Access higher growth in confectionary adjacencies in biscuit category
- ✓ Potential to add new business capabilities in core categories
- ✓ Enhance capacity usage

Saudi Arabia – stronger and stronger with higher market share – position # 1

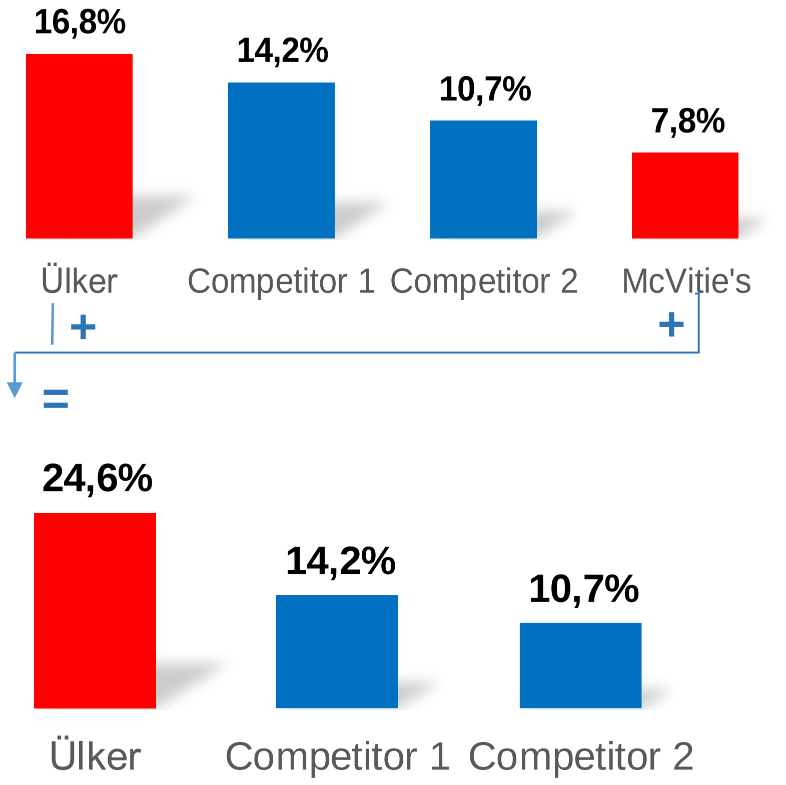
FMC Financial Review

	1Q'18	1Q'19	Change
Sales Volume (tons)	12.483	13.761	10,2%
Net Sales(SAR x000)	168.807	200.588	18,8%
EBITDA(SAR x000)	28.441	37.552	32,0%
EBITDA Margin	16,8%	18,7%	

- Strengthen our position in the market by increasing our market share
- Increasing our market share in a shrinking market
- High awareness levels with Ülker and McVitie's brands
- Availability in almost all the segments of the biscuit category
- Flexibility of sourcing; Ülker manufacturing ability (2 factories in KSA)
- Positive contribution of McVitie's and Rana continued

#1

Biscuits Market Share



Saudi Arabia – IBC Operations

Efficiency in all lines proves that the strategy of the acquisition is on right track

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IBC Financial Review

	1Q'18	1Q'19	Change
Sales Volume (tons)	4.093	4.091	-0,1%
Net Sales(SAR x000)	49.822	49.541	-0,6%
EBITDA(SAR x000)	12.055	13.647	13,2%
EBITDA Margin	24,2%	27,5%	

Purpose of Acquisition & Operations in a nut shell

- Ülker acquired 100% of IBC (1 Factory in Riyad)
- Purpose was to consolidate FMC and IBC's operations,
  - Decrease cost to serve,
  - Create synergies from procurement, production and distribution,
  - Enlarge the presence in modern channel and increase the visibility in shelf space
- Benefit from IBC's strong sales in domestic market
- Multi-production : Ülker & McVitie's & Rana

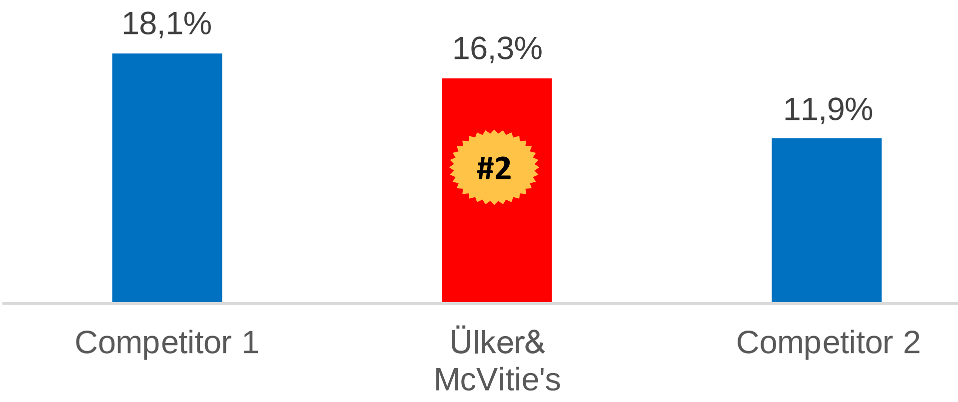
IBC Product Portfolio

Egypt – Target #1 in Biscuits, #2 in Cake & Top 5 in Chocolate

HI-FOOD & ULKER EGYPT Financial Review

	1Q'18	1Q'19	Change
Sales Volume (tons)	8.273	9.199	11,2%
Net Sales(EGPx000)	298.072	346.650	16,3%
EBITDA(EGPx000)	45.128	52.432	16,2%
EBITDA Margin	15,1%	15,1%	

Biscuits Market Share



- Solidifying the #2 position while closing the GAP with #1 player - Fastest growing among the top players.
- Volume improvement of 11,2% with successful Ülker and McVitie’s launches
- Excellent sales performance in domestic sales supported the topline
- Successful revival of McVitie’s in Egypt via portion packs launch and 360 activation and successful price positioning of Ulker and McVitie’s supported EBITDA
- Continuous operational efficiencies and better procurment of raw materials supported the results

UI MENA Operations
To become # 1 or strong # 2 in all MENA

UI MENA Financial Review

	1Q'18	1Q'19	Change
Sales Volume (tons)	2.646	3.031	14,6%
Net Sales(AED x000)	37.549	42.366	12,8%
EBITDA(AED x000)	11.846	13.324	12,5%
EBITDA Margin	31,5%	31,4%	

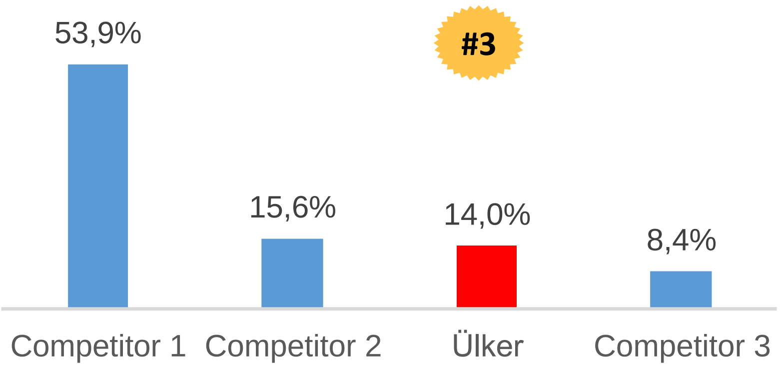
- Ülker acquired UI MENA which owns **Amir Global** (the owner of McVitie's distribution / production rights in MENA and Saudi Arabia along with sales company in Egypt)
- Sales operations in Egypt (Ülker Egypt- consolidated in Egypt side)
- Some of the main markets: Saudi Arabia, UAE, Lebanon, Qatar, Kuwait, Jordan, Egypt
- Improve market position of Ülker in MENA countries to be number 1 or number 2
- Decrease cost to serve in the region

Kazakhstan-A bridge from East to West and our gate to Asia

HAMLE Financial Review

	1Q'18	1Q'19	Change
Sales Volume (tons)	2.926	3.490	19,3%
Net Sales(KZTx000000)	2.517	3.439	36,6%
EBITDA(KZTx000000)	258	379	46,9%
EBITDA Margin	10,3%	11,0%	

Chocolate Market Share



- Positive contribution of the locally produced Star brands Biskrem,Halley & McVities contunied.
- Strong growth of Kazakhstan domestic sales
- Hamle started to source Azerbeijan market. The production has been switched from Turkey to Hamle
- Local productıon of McVities continued to make a positive contribution.

International Operations
Making the Right Choices and Investing for Growth

Egypt

#2 **Biscuits – 16,3% Market Share**



1 in Filled Biskrem and Tamr
1 in Digestive with McVities’


2 in Plain
(Teabiscuits and Finger biscuits)

Saudi Arabia

#1 **Biscuits – 24,6% Market Share**

1 in Plain

1 in Digestive

1 in Filled

#1 in Coated

4 in Sandwich

2 in Wafer

3 in Wafer

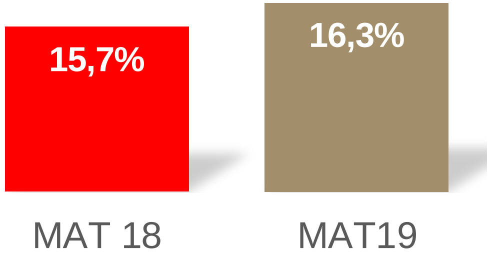
Kazakhstan

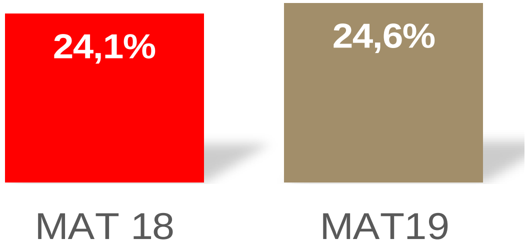
#3 **Chocolate– 14,0% Market Share**

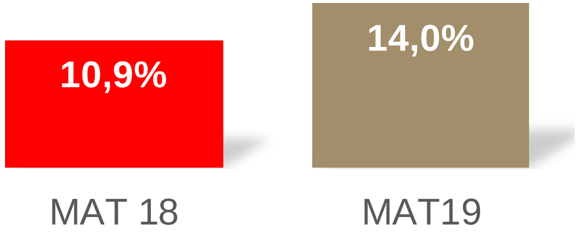
1 in Biscuits with filling

2 in countline

Market Share Development, Value Based







(*) Source: MAT (Moving Annual Total) Nielsen Data

1Q'19 New Launches & Synergy Products

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EGYPT

KAZAKHSTAN

SAUDI ARABIA

SYNERGY PRODUCTS

Positive contribution from exports and international operations continued in 1Q'19

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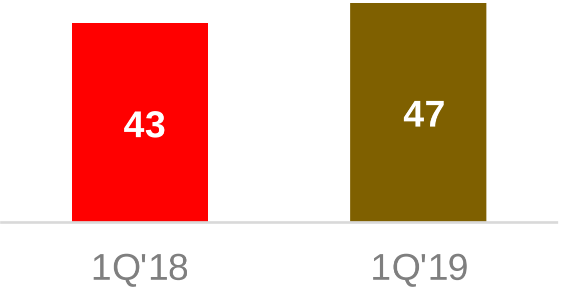
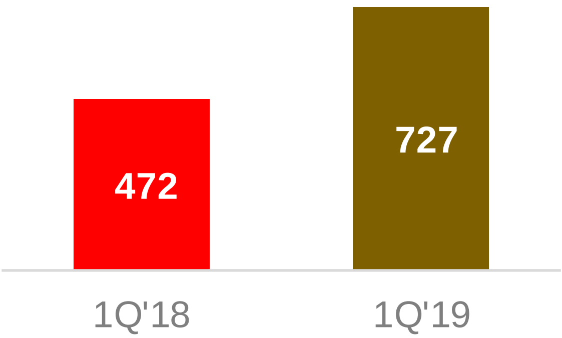
Sales Volume (x000 tons)



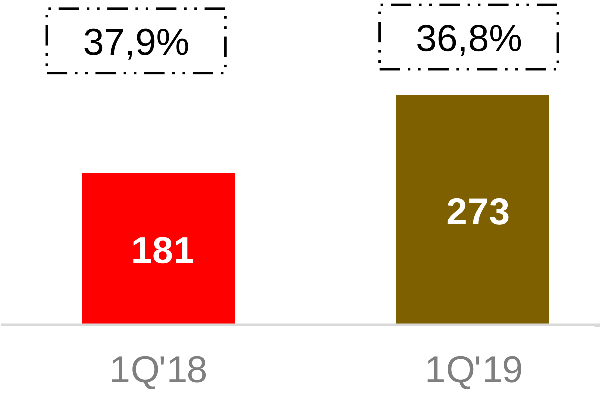
- Total confectionary volume was up by 10,5%
- Higher volume mainly resulted from positive contribution of synergy products and strong sales in all categories

Net Sales (TLm)



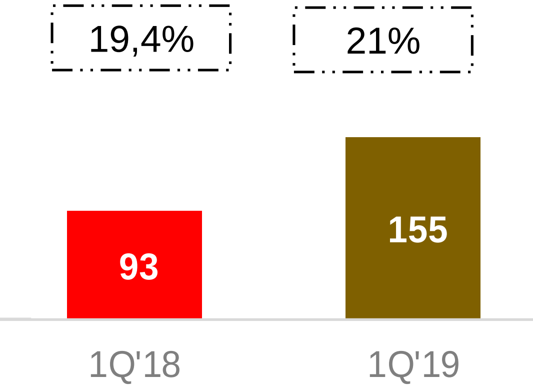
- Branded revenue up by 57,7 % and overall confectionary revenue up by 53,9% thanks to;
  - Price adjustments and currency impact
  - Favorable category and mix impact
  - Favorable price positioning of McVitie's products

Gross Profit (TLm)



- Gross Profit increased by 50,7 % reflecting the
  - Increase in sales & new launches
  - Efforts in productivity
  - Synergies supported with Ul Mena & IBC acquisition

EBITDA (TLm)



- EBITDA in 1Q'19 realized at 155 mn TL, increasing by 67,6% versus 1Q'18.
- EBITDA margin reached to 21%.

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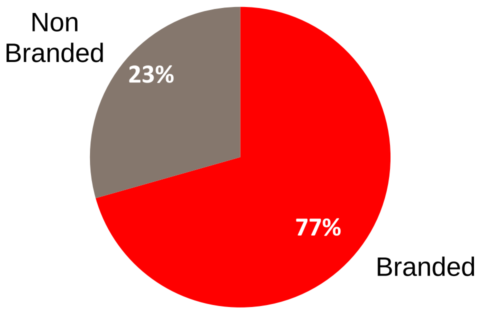
All figures set out in the table above are related to products sold in overseas operations

Strategy to Focus on Branded Confectionary Products

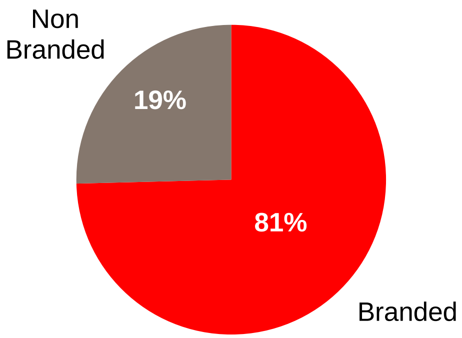
✓ We focused on branded product sales and continue to enjoy significant contribution improvement at the operational front in line with our strategy.

Confectionary Branded & Non-Branded Volume Breakdown

1Q'18

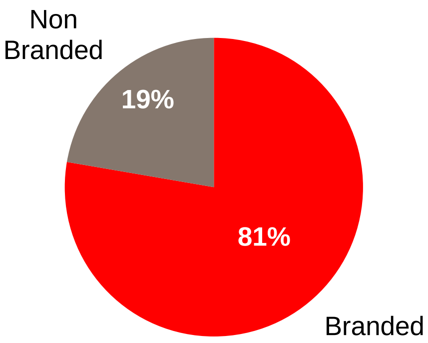


1Q'19

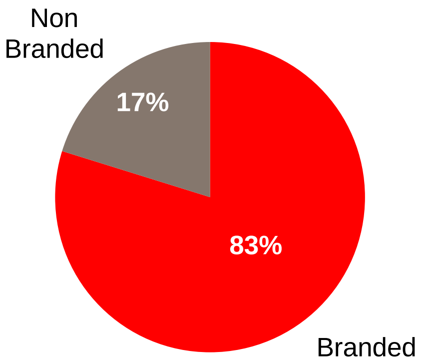


Confectionary Branded & Non-Branded Revenue Breakdown

1Q'18



1Q'19



BALANCE SHEET HIGHLIGHTS

Net Working Capital & Net Debt Position

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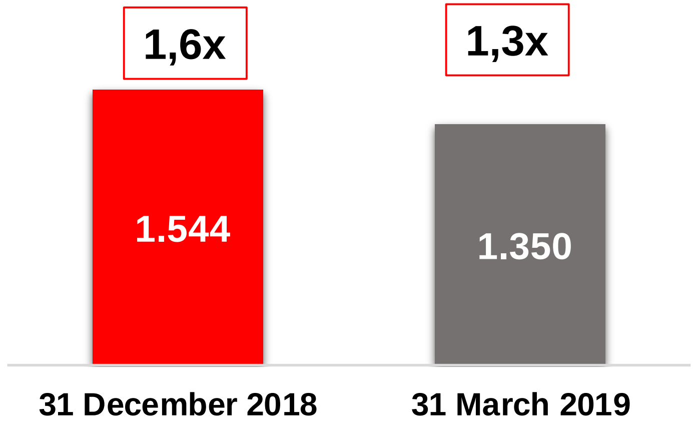
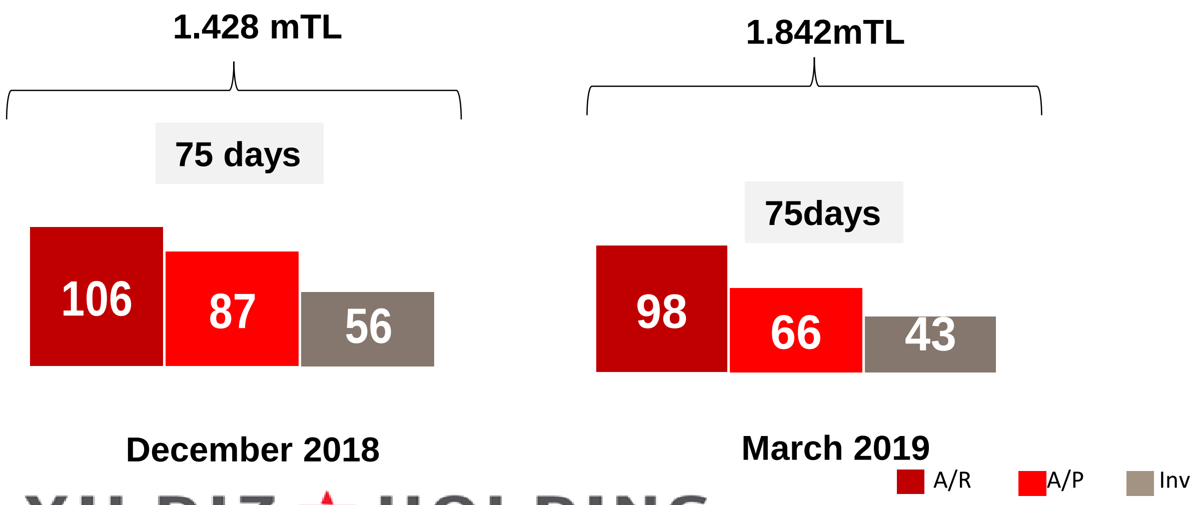
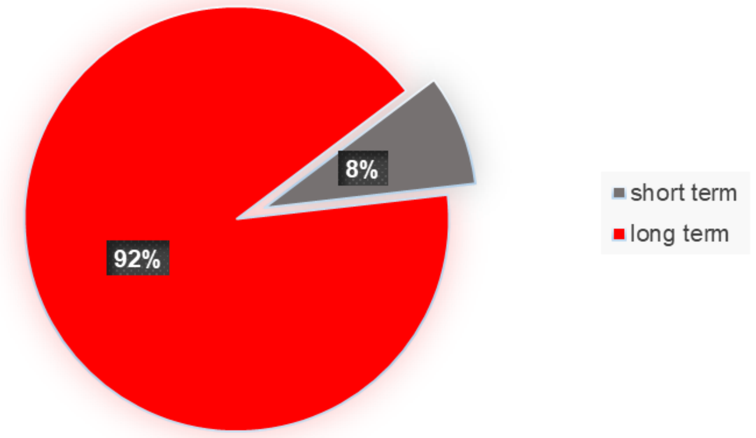
Net Debt (TLm) – Net Debt/EBITDA (x)



Average Working Capital Days & Net Working Capital



Maturity Breakdown as of March 2019



- Net debt as of March 2019 : 1.350 TLm
- Net debt to EBITDA improved to 1,3x
- 92% of our debt structure is through long term loans

Net FX Position

Ülker has no short position in terms of hard currencies

(Million TL/$/€/£)	TL Equivalent	USD	EURO	GBP
Cash Equivalents & Monetary Assets	4.388	766	12	0
Trade Receivables	302	40	12	1
Total Assets	**4.690**	**806**	**23**	**1**
Financial Liabilities	392	14	50	-
Trade Payables	187	25	7	0
Other Current Liabilities	3	0	0	-
Current Liabilities	**581**	**39**	**56**	**0**
Financial Liabilities	4.824	239	551	-
Non Current Liabilities	**4.824**	**239**	**551**	**-**
Total Liabilities	**5.405**	**278**	**607**	**0**
Net Position	**(716)**	**528**	**(584)**	**1**
Derivative Transactions	842	116	30	-
Net Position after derivative transactions	**127**	**644**	**(554)**	**1**

The table was prepared based on the combination of fx position of Group entities.

2019 Expectations

2019 Guidance	
Net Sales	~ 7.4 TL bn
EBITDA Margin	16%

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

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