ÜLKER BİSKÜVİ
3Q 2019
EARNINGS RELEASE

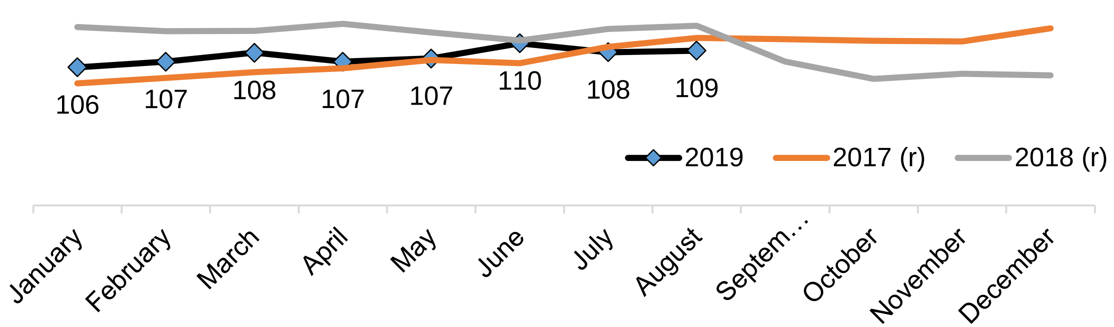
Cenker UÇAN, CFO
İstanbul, 6 November 2019

Agenda

- *Turkey Macro Economic Overview*
- *Market Growth*
- *3Q 2019 Highlights and Consolidated Operational Performance*
- *Domestic Operations*
- *Export and International Operations*
- *Balance Sheet Highlights*
- *Godiva Belgium*
- *2019 Expectations*

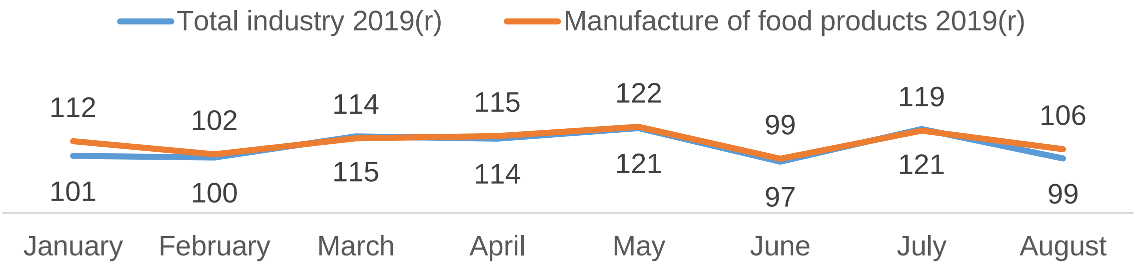
Turkey Macro Economic Overview

Retail Sales Volume Index



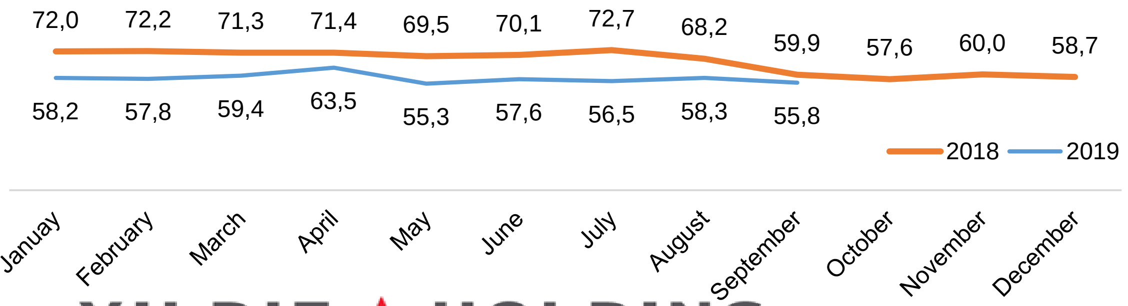
- Seasonal and calendar adjusted retail sales volume with constant prices increased by 0,3 % in August 2019 compared with the previous month

Industrial Production



- As of August 2019 Industrial Production index realized as 99,3
- Manufacture of food products decreased by 2% compared with same month previous year

Consumer Confidence Index

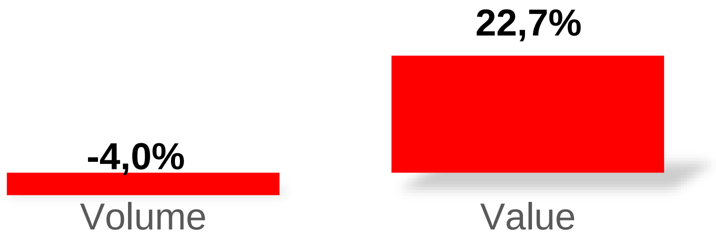


- Consumer confidence index in Turkey realized as 55,8 in September 2019. Compared to previous month contracted by 4%.
- A rise in general index was realized in CPI on the previous month by 0.99% in September 2019
- Food inflation realized as 9,52 % in September

Source : TUIK

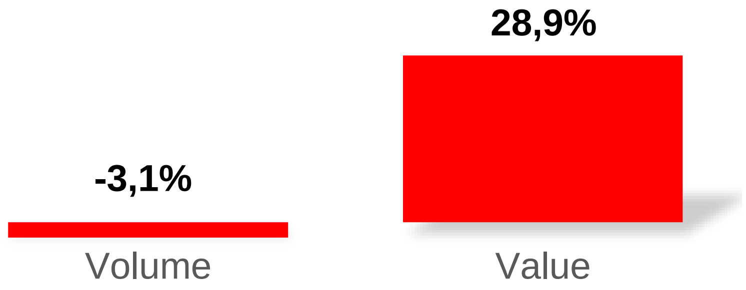
Market Growth

Total Confectionary



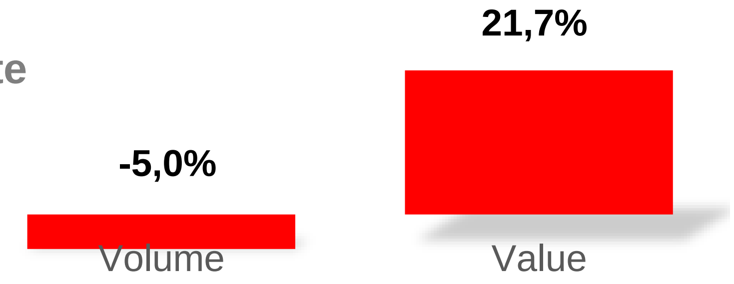
Due to the downsizing activities total confectionary market decreased by 4% in volume terms. In value terms, confectionary market increased by 22,7%

Biscuits



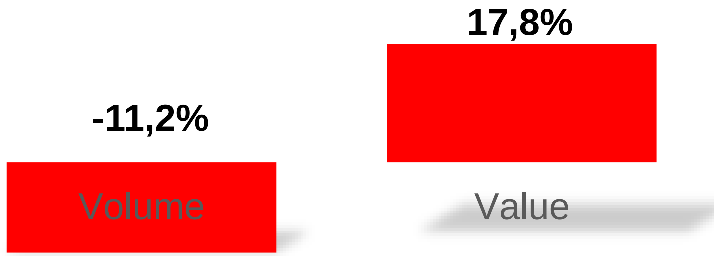
Total Biscuit market was down by 3,1 % in volume and increased by 28,9% in value terms

Chocolate



Total Chocolate market contracted by 5,0 % in volume and increased by 21,7% in value terms

Cake



Total Cake market shrank by 11,2 % in volume and increased by 17,8% in value terms

Source : YTD 2019 Nielsen Data

3Q 2019 HIGHLIGHTS AND CONSOLIDATED OPERATIONAL PERFORMANCE

ÜLKER

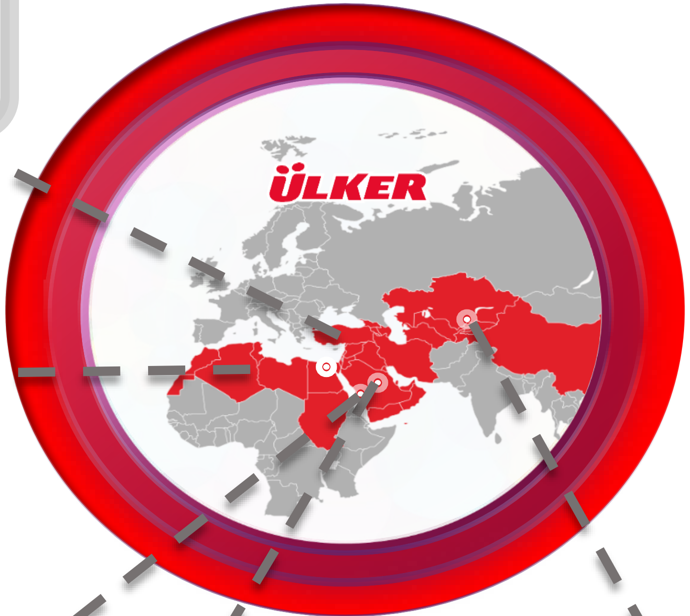
Over 70+ years of experience in Turkey

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

9M 2019 Consolidated Performance Highlights

Revenue

TL 5,7 BN

Growth + 36,0 %

Gross Profit

TL 1.546 M

Growth + 41,3%

Gross Margin

27,3 %
improved
by 100 bps

EBITDA

TL 963 M

Growth +45,8 %

EBITDA Margin

17,0 %
improved
by 110 bps

Net Debt/EBITDA

1,37x

(2018: 1,64x)

Free Cash Flow

9M'19 :199 MTL

(9M'18:-239 MTL)

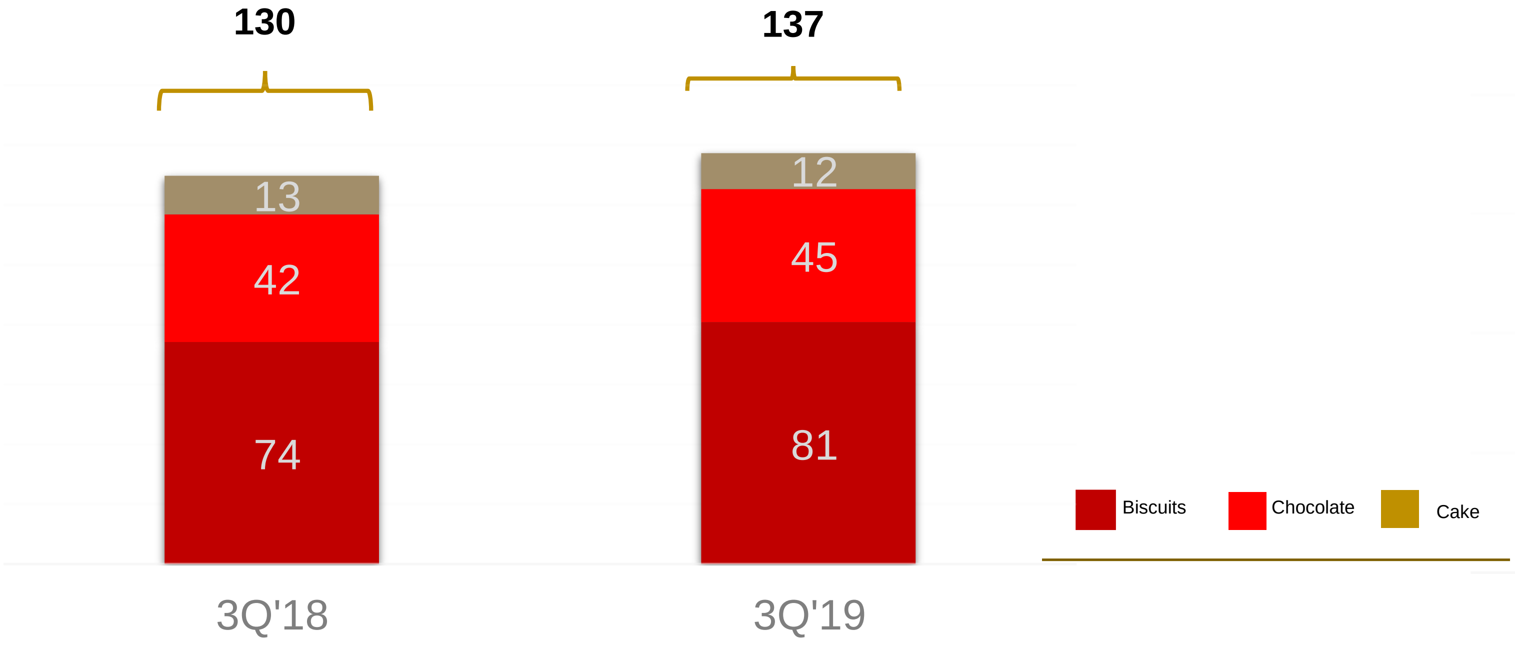
Almost reached FY18 revenue and surpassed the FY18 EBITDA as of September ‘19

TL ('000)	3Q 2018	3Q 2019	%	9M 2018	9M 2019	%
Confectionary Volume (Ton)	*129.686*	*137.496*	*6,0%*	*408.040*	*424.426*	*4,0%*
Revenue	*1.437.674*	*1.893.109*	31,7%	*4.157.633*	*5.655.967*	36,0%
Gross Profit	385.077	498.163	*29,4%*	1.093.561	1.545.501	*41,3%*
Gross Profit Margin	26,8%	26,3%		26,3%	27,3%	
EBITDA	*235.364*	*314.569*	*33,7%*	*660.680*	*963.347*	*45,8%*
EBITDA Margin	16,4%	16,6%		15,9%	17,0%	
Net Income *(Equity holders of the parent)*	220.839	253.514	14,8%	572.062	740.723	29,5%
Net Income %	*15,4%*	*13,4%*		*13,8%*	*13,1%*	

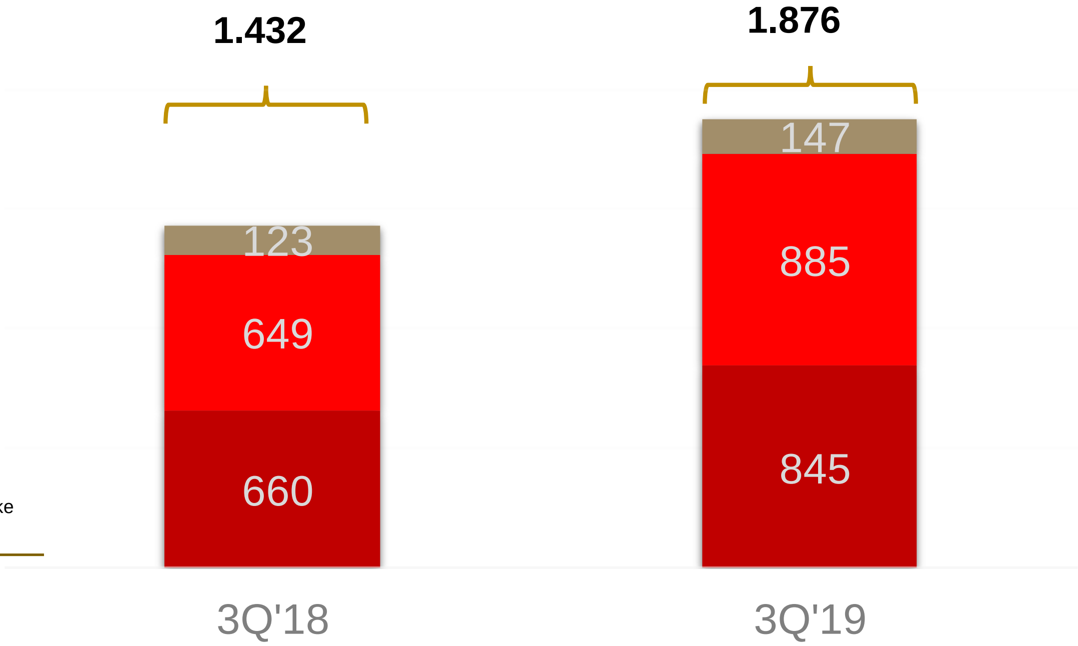
- Strong organic growth continued in 3Q’19 in all regions
- Main drivers behind the strong performance
  - Effective sizing and pricing initiatives
  - Volume, mix and pricing impact
  - Positive impact of exports and international acquisitions
  - Continued cost discipline and opex management

Continue to grow both in volume and value terms

Confectionary Sales Volume (KTons)



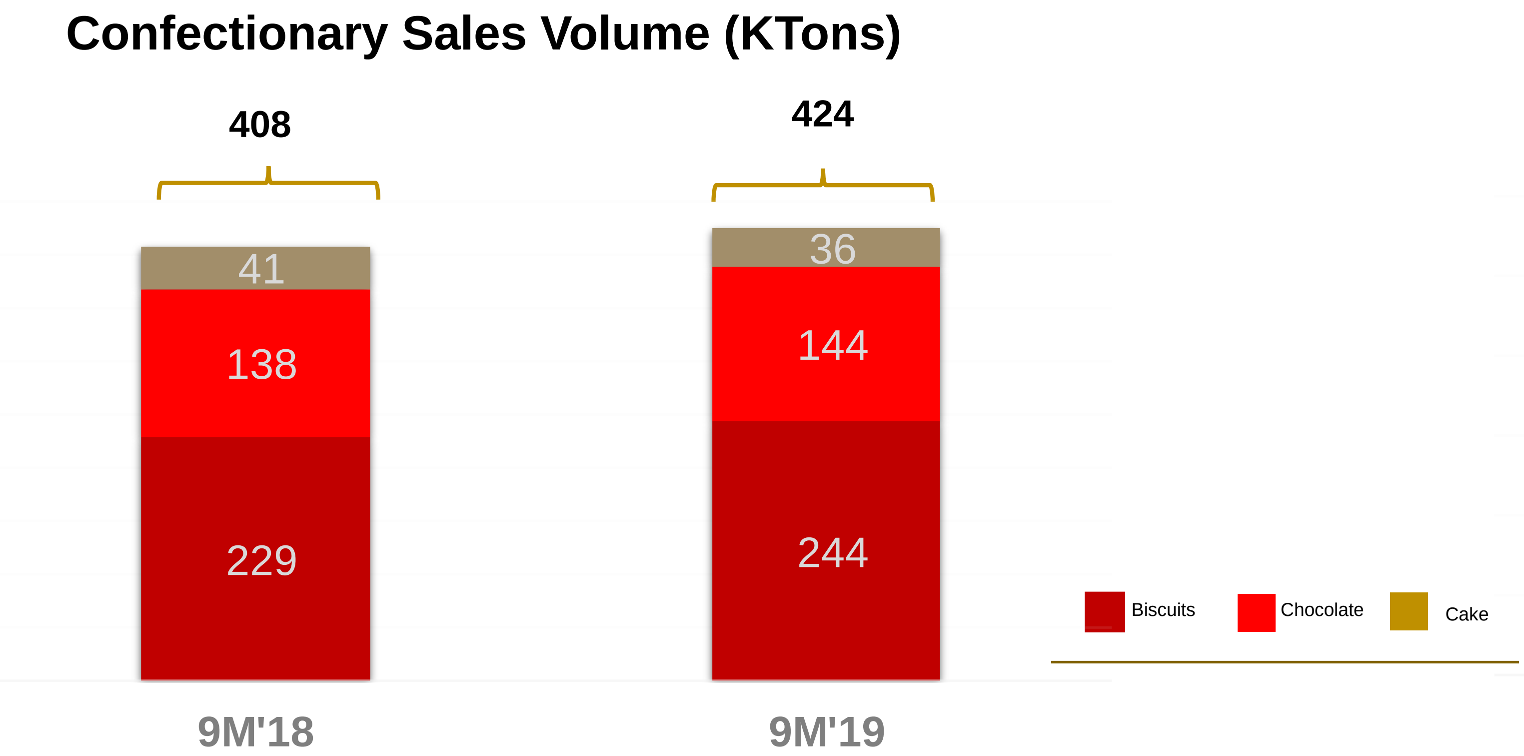
Confectionary Sales Value (TLm)

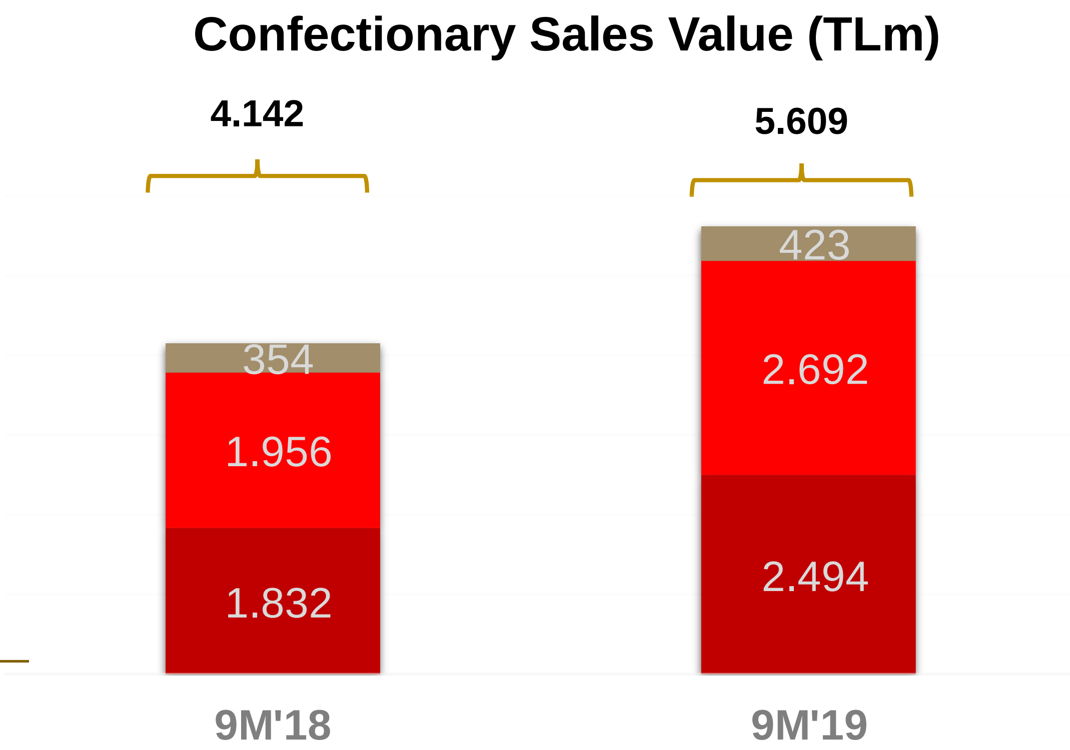


- Total confectionary volume increased by 6%. Volume increase mainly resulted from the change in the portfolio mix and positive contribution of Eid and back to school period
  - Biscuits volume up by 8,6% thanks to the positive contribution of exports and international operations
  - Chocolate volume increased by 5,3% thanks to increase in gifting/sharing category in Eid session
  - Cake volume was contracted by 6,6% driven by price adjustments

- Total confectionary revenue increased by 31%. Revenues supported by Eid sessions in gifting/sharing category, increasing exports and positive contribution of international operations
  - Biscuits sales was up by 27,9%
  - Chocolate sales up by 36,3%
  - Cake sales was up by 19,4%

Solid momentum in 9M’19



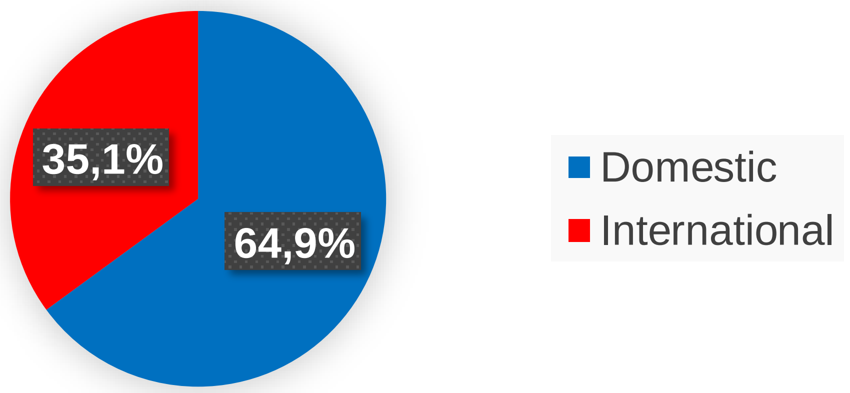


- Total confectionary volume increased by 4,0 %. The higher volume mainly resulted from higher sales in biscuit and choclate category and positive contribution of giftig/sharing category in Eid session
  - Biscuits volume increased by 6,5%
  - Chocolate volume increased by 4,4%
  - Cake volume was contracted by 11,3% driven by price adjustments

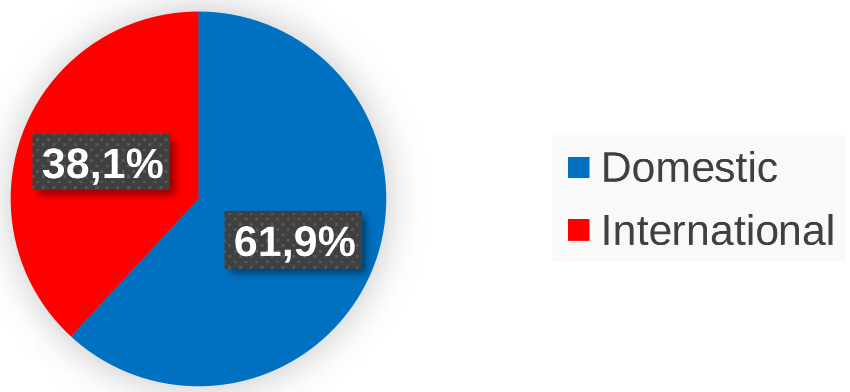
- Total confectionary revenue increased by 35,4% which was primarily driven by strong performance in all categories without any exception
  - Biscuits sales was up by 36,1%
  - Chocolate sales up by 37,6%
  - Cake sales was up by 19,3%

The shares of the international operations are increasing

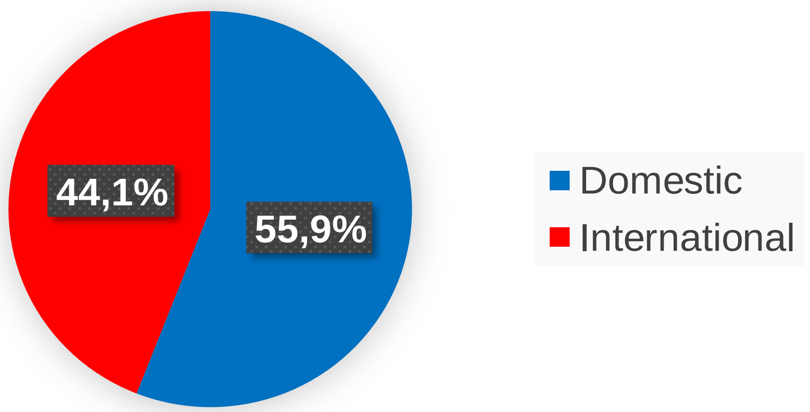
Revenue Breakdown 9M 2018



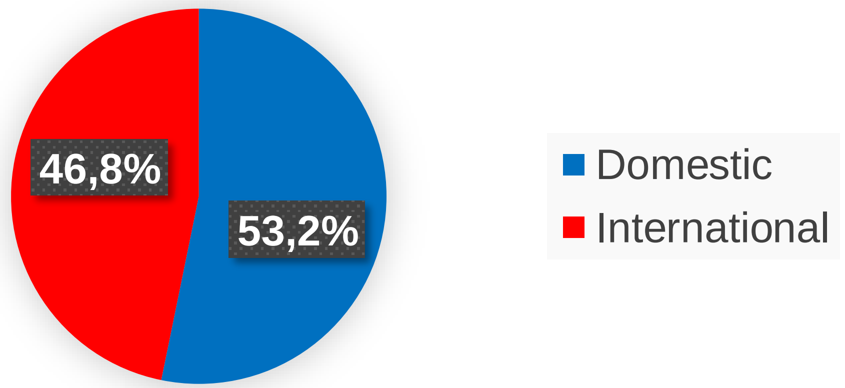
Revenue Breakdown 9M 2019



EBITDA Breakdown 9M 2018



EBITDA Breakdown 9M 2019



DOMESTIC OPERATIONS

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

Biscuits – 41 % 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 filled biscuit

Chocolate – 41 % Market Share

#1

4 out of Top 5 in Chocolate Covered

#1 in Solid Chocolate

Cake – 23,2% Market Share

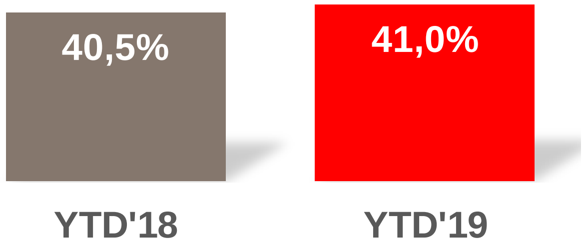
#2

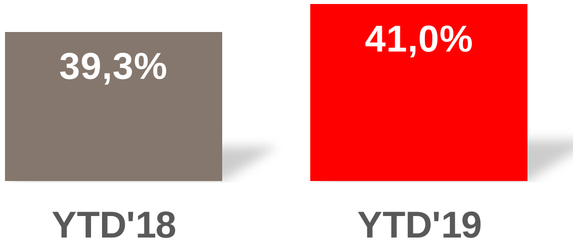
#1 in Family Cake

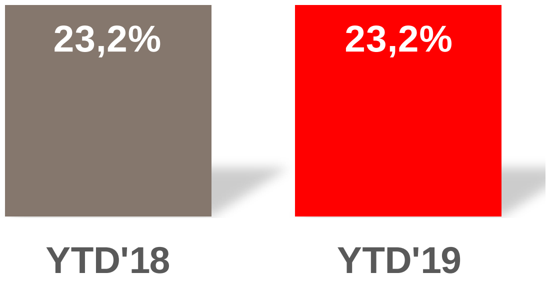
#2 in Portion Muffin Coated Cake

#2 in Wet Cake

Market Share Development in Value(*)







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(*) Source: Nielsen

Branded Sales Contribution of Synergy Products and New Launches

Synergy Products

2019 New Product Launches

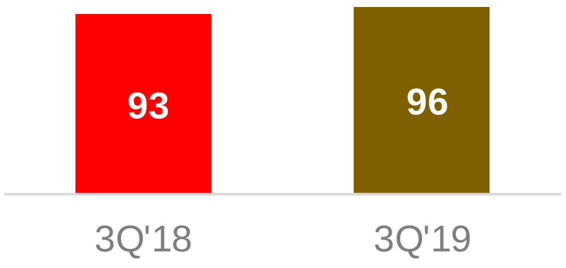
biscuits

cake

chocolate

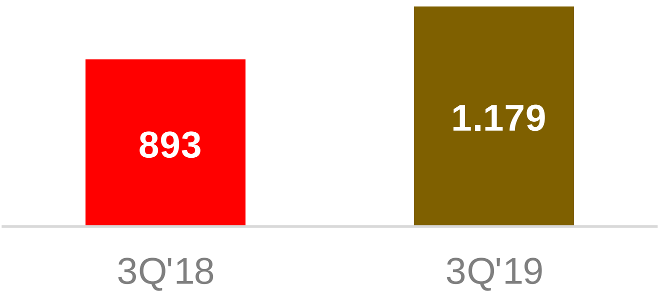
Continue to outperform in our anchor market

Sales Volume (x000 tons)



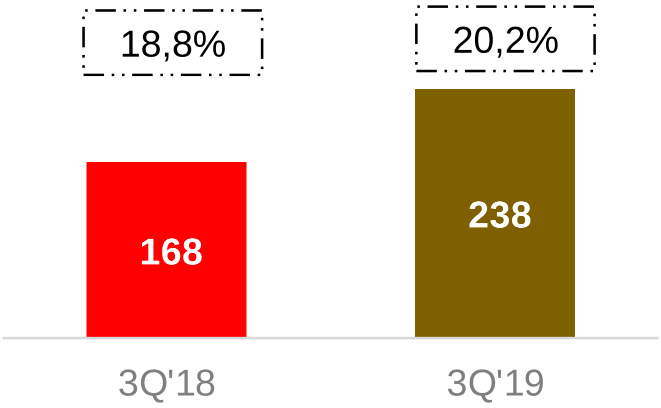
- Consolidated sales volume up by 4,2% in 3Q19 attributable to the favorable portfolio mix in biscuit and chocolate category

Net Sales (TLm)



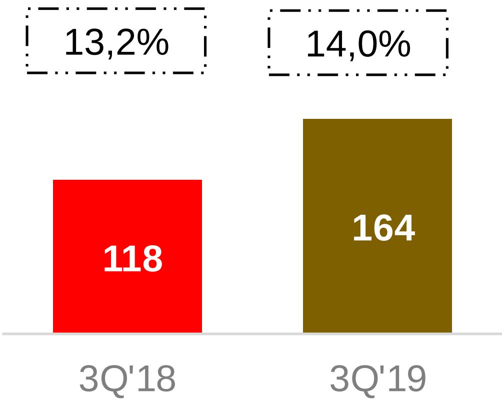
- Revenue up by 32% in total thanks to;
  - Effective sizing and pricing initiatives
  - Successful new product launches
  - Portfolio optimizations,
  - Positive contribution of gifting sharing category in Eid Session

Gross Profit (TLm)



- Gross profit increased by 41,9%
- Gross profit margin for the quarter up by 140 bps to 20,2% in 3Q19
- Main drivers;
  - Effective sizing and pricing initiatives
  - Continuous cost efficiency in supply chain projects

EBITDA (TLm)



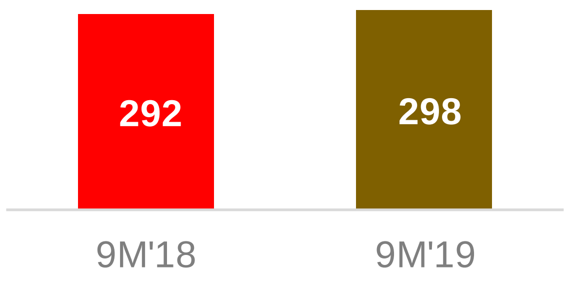
- EBITDA margin widened by 80 bps to 14,0% thanks to;
  - Successful new product launches
  - Efficiencies gained from investments
  - Tight opex management
- Significant increase in EBITDA by 39,9%

YILDIZ ★ HOLDING

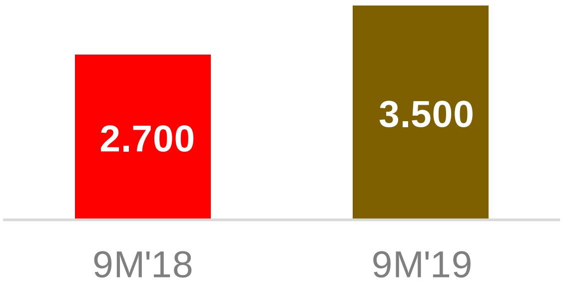
All figures set out in the table above are related to products sold in Turkey

Ülker achieved all time high sales and EBITDA despite of all economical ambiguity and market conditions

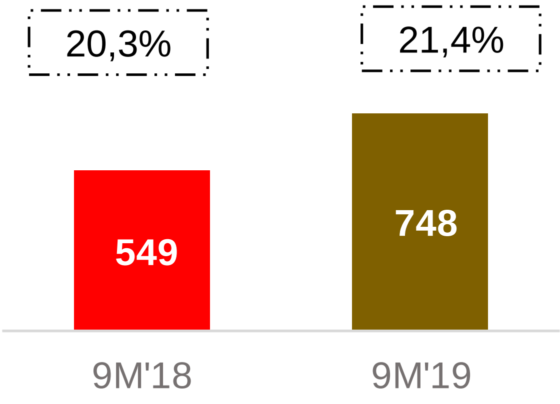
Sales Volume (x000 tons)



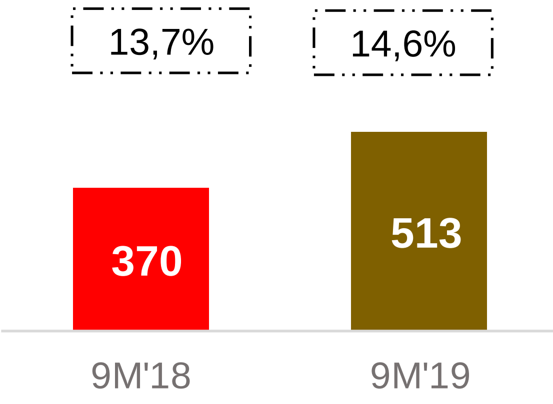
Net Sales (TLm)



Gross Profit (TLm)



EBITDA (TLm)



- Consolidated sales volume was up by 2,0% in 9M19 attributable to:
  - New innovative product launches in biscuits category starting from first quarter
  - Effective price campaigns in all portfolio

- Revenue up by 29,6% in total thanks to;
  - Impact of the successful launches
  - Portfolio optimizations,
  - Favorable category and mix impact

- Gross Profit was up by 36,3 % reflecting the
  - Strong price positioning in the market
  - Excellent cost management

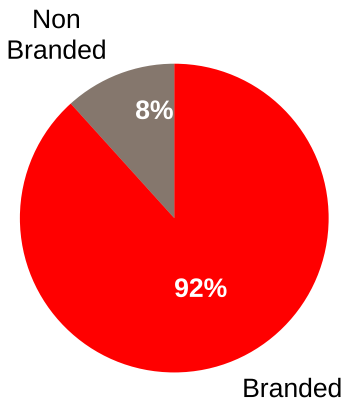
- EBITDA was up by 38,7%
- EBITDA margin widened by 100 bps and reached to 14,6% thanks to;
  - Effective pricing policy
  - Tight opex management

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

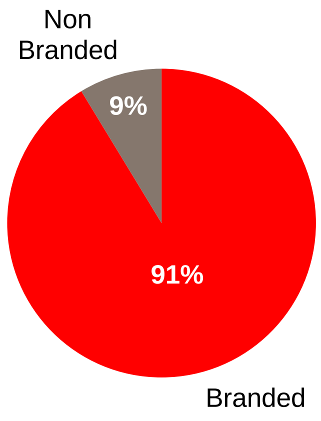
Strategy to Focus on Branded Confectionary Products

Branded & Non-Branded Volume Breakdown

9M’18

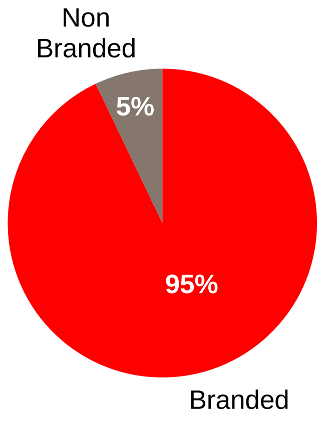


9M’19

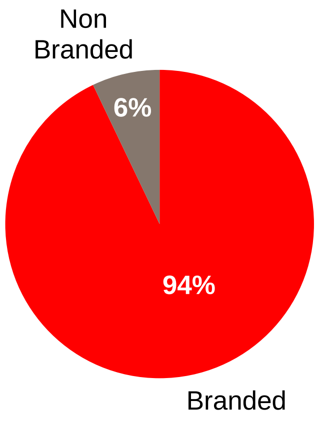


Branded & Non-Branded Revenue Breakdown

9M’18



9M’19



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

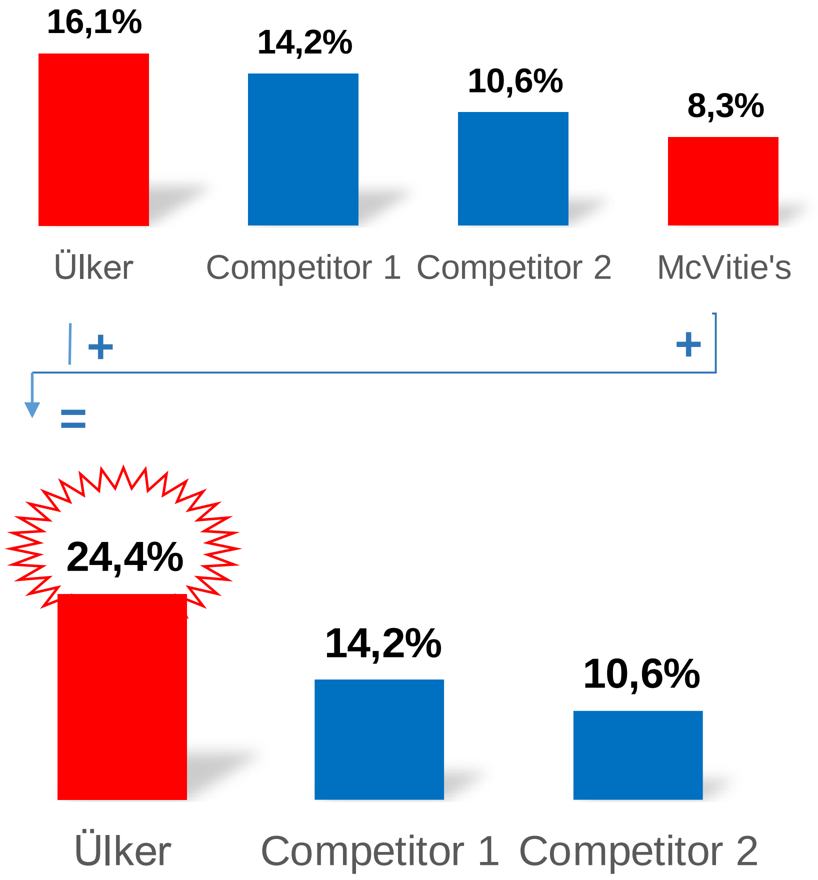
FMC Financial Review

	9M'18	9M'19	Change
Sales Volume (tons)	32.284	33.670	4,3%
Net Sales(SAR x000)	442.114	507.369	14,8%
EBITDA(SAR x000)	64.787	76.624	18,3%
EBITDA Margin	14,7%	15,1%	

- Market started to recover and Ülker managed to be ahead of the competition with increasing its profitability
- Continue to strongly increase our market share thanks to our new product launches and balanced organic growth
- High awareness levels with Ülker and McVitie's brands
- Increase in profitability mainly driven by effective management of commercial operations and positive contribution of McVitie's impact
- 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

IBC Financial Review

	9M'18	9M'19	Change
Sales Volume (tons)	10.094	10.159	0,6%
Net Sales(SAR x000)	124.044	126.800	2,2%
EBITDA(SAR x000)	35.185	35.024	-0,5%
EBITDA Margin	28,4%	27,6%	

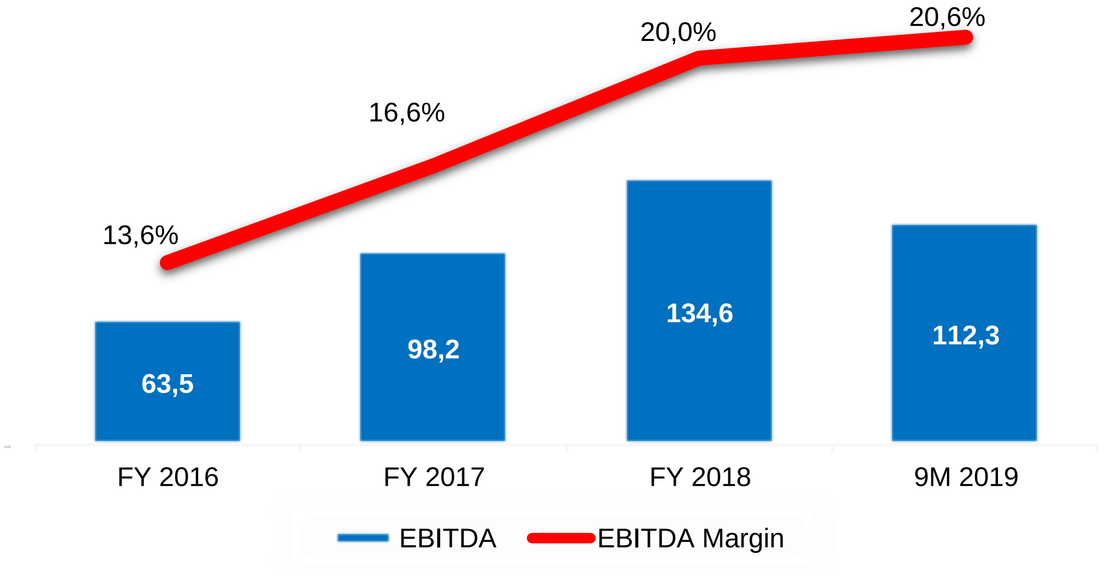
Purpose of Acquisition & Operations in a nut shell

- 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

Outstanding performance in our second largest market KSA

FMC-IBC Consolidated Financial Review(*)



(*)EBITDA (in SARX000)

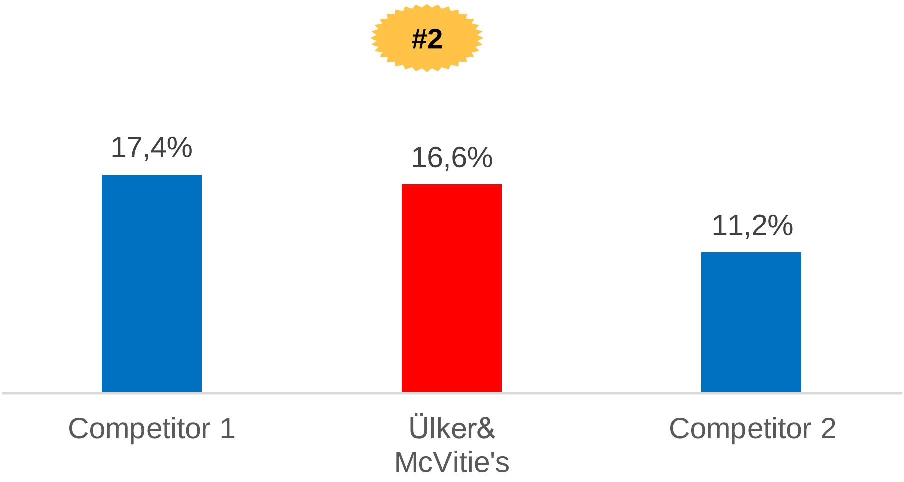
- ✓ Ülker became strong number #1 in the region in terms of market share
- ✓ Increase our market share each consecutive quarter in a contracting market
- ✓ We increased the shelf visibility and we have large presence in modern channel
- ✓ By integrating the operations of IBC & FMC, we decrease cost to serve in the region by creating the synergies in procurement, production and distribution
- ✓ We act as a production hub with our local, regional and global brands in MENA region
- ✓ EBITDA margin realized as 20,6% in the first nine month, great increase in terms of profitability compared to FY 2016 which was 13,6%
- ✓ On the back of promising new product launches and increasing penetration of our brands the moment will continue
- ✓ Proved the succes of the strategy

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

HI-FOOD & ULKER EGYPT Financial Review

	9M'18	9M'19	Change
Sales Volume (tons)	24.477	25.996	6,2%
Net Sales(EGPx000)	884.682	983.333	11,2%
EBITDA(EGPx000)	134.158	171.285	27,7%
EBITDA Margin	15,2%	17,4%	

Biscuits Market Share



- Reached market leadership in 2019 with the latest 16W data with a 17,6% market share
- Volume improvement through Ülker and McVitie’s launches
- While excellent sales performance in domestic sales supporting the topline, higher efficiency and better procurement supported the EBITDA
- 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 procurement of raw materials supported the results

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

UI MENA Financial Review

	9M'18	9M'19	Change
Sales Volume (tons)	7.989	8.014	0,3%
Net Sales(AED x000)	112.853	114.271	1,3%
EBITDA(AED x000)	36.800	36.822	0,1%
EBITDA Margin	32,6%	32,2%	

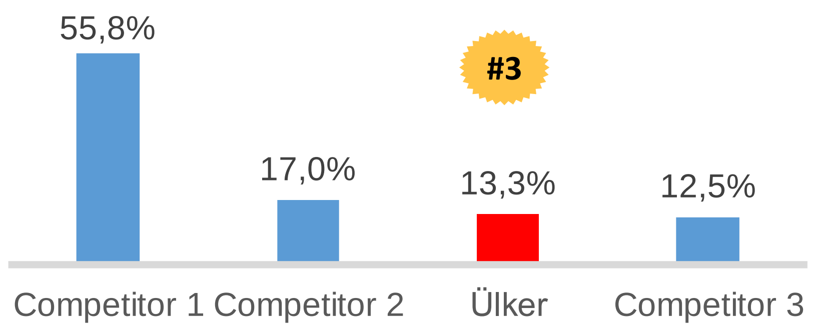
- Ülker acquired UI MENA which owns **Amir Global** (the owner of McVitie's distribution / production rights in MENA and Saudi Arabia along with sales company in Egypt)
- Sales operations in Egypt (Ülker Egypt- consolidated in Egypt side)
- Some of the main markets: Saudi Arabia, UAE, Lebanon, Qatar, 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

	9M'18	9M'19	Change
Sales Volume (tons)	8.750	10.639	21,6%
Net Sales(KZTx000000)	7.396	10.332	39,7%
EBITDA(KZTx000000)	164	1.317	701,5%
EBITDA Margin	2,2%	12,7%	

Chocolate Market Share



- Positive contribution of the locally produced Star brands Biskrem,Halley & McVities continued and Halley and Biskrem reached the highest market share with growth of distribution and marketing support
- Strong EBITDA driven by efficiently increasing Halley, McVities and Biskrem production
- Strong growth of Kazakhstan domestic sales supported with Albeni's increasing visibility and return on investments of star brands
- Hamle started to source Azerbeijan market. The production has been switched from Turkey to Hamle
- Increasing export sales from Kazakhstan to Azerbaijan, Xinjan and Mongolio supported topline growth
- Local production of McVities, increasing visibility and penetration of the star brands continued to make a positive contribution to tradition channel sales.

International Operations

Making the right choices and gaining market share in all regions

Saudi Arabia

#1 **Biscuits – 24,4 % Market Share**

#1 in plain

#1 in Filled

#1 in Coated

#2 in Digestive

#4 in Wafer

#4 in sandwich biscuit

2 in Wafer

Egypt

#2 **Biscuits –16,6 Market Share**

1 in Filled
(Biskrem and Tamr brands)

1 in Plain
(Teabiscuits and Finger biscuits)

1 in Digestives

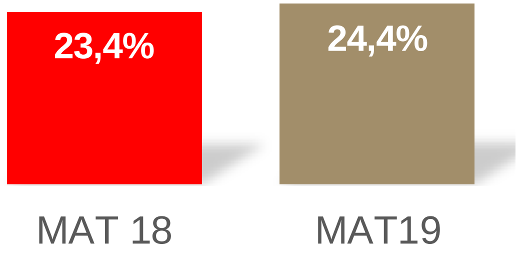
Kazakhstan

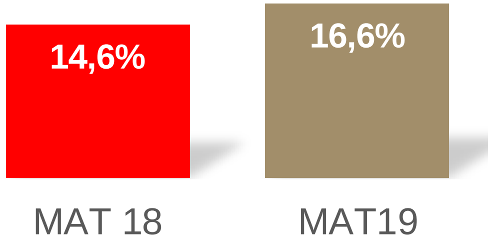
#3 **Chocolate– 13,3% Market Share**

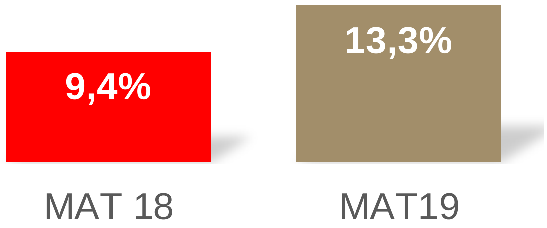
1 in Biscuits with filling

2 in countline

Market Share Development, Volume Based







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

2019 New Launches & Synergy Products

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SAUDI ARABIA

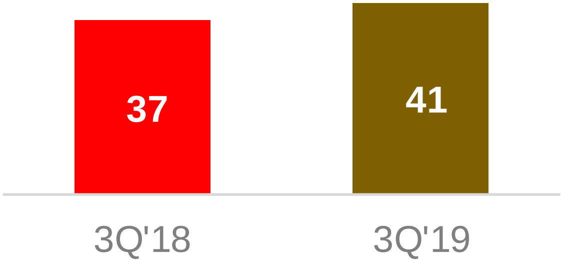
KAZAKHSTAN

EGYPT

SYNERGY PRODUCTS

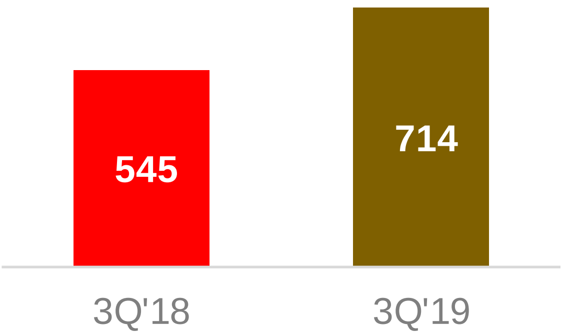
Positive contribution from exports and international operations continued in 3Q’19

Sales Volume (x000 tons)



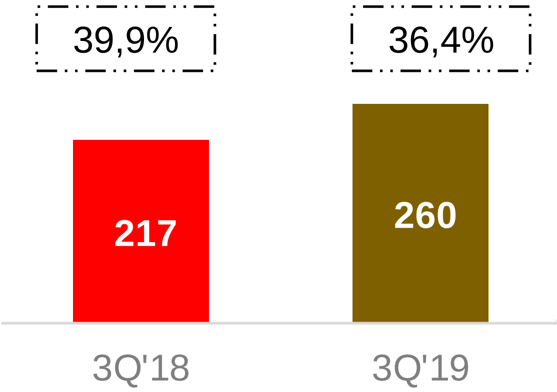
- Confectionary volume was up by 10,6%
- Higher volume mainly resulted from new launches and improved penetration
- Positive contribution of synergy products and strong sales in all categories continued

Net Sales (TLm)



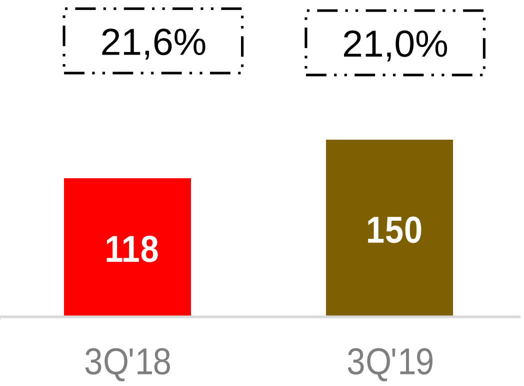
- Total revenue up by 31,1 % thanks to;
  - Price adjustments and currency impact in export operations
  - Favorable category and mix impact
  - Favorable price positioning of McVitie’s products and Eid impact

Gross Profit (TLm)



- Gross Profit increased by 19,7 % reflecting the
  - Benefited from the cost discipline,Increase in sales & new launches
  - Integration and consolidation synergies supported with Ul Mena & IBC acquisition
- Gross margin decrease by 350bps mainly driven by the high base currency impact of Q3’18 in export operations

EBITDA (TLm)



- EBITDA in 3Q19 realized at 150 mn TL, increasing by 27,4% versus 3Q18.
- Positive contribution of exports, effective price positioning and category mix impact and betterment in the procurement were the catalysts

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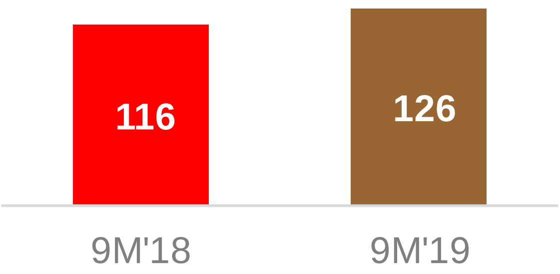
All figures set out in the table above are related to products sold in overseas operations

Strong performance with profitability focus

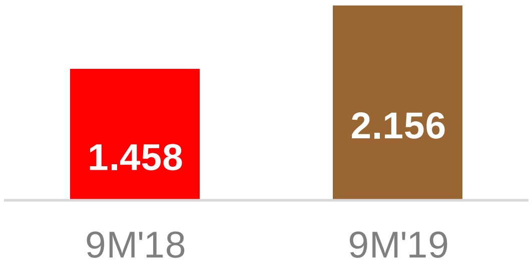
ÜLKER

Sales Volume (x000 tons)



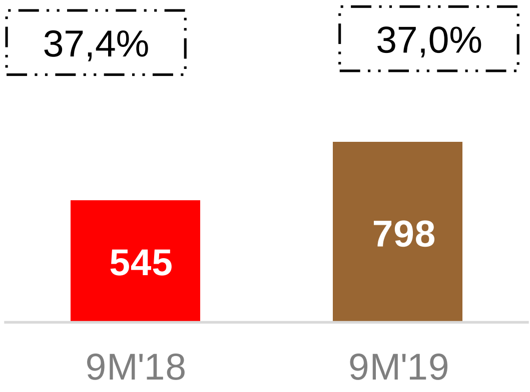
- Confectionary volume was up by 9,1%
- Higher volume mainly resulted from positive contribution of synergy products and strong sales in all categories
- Positive impact of McVities' on the back of new launches

Net Sales (TLm)



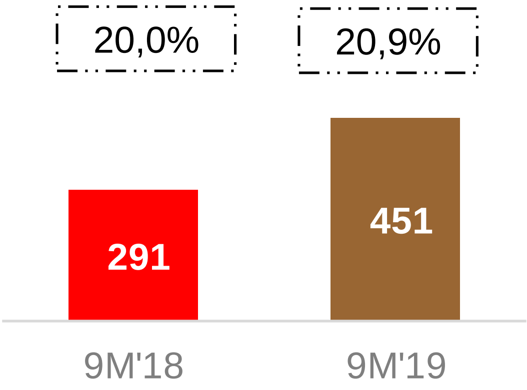
- Total revenue up by 47,9 % thanks to;
  - Price adjustments and currency impact
  - Favorable category and mix impact
  - Favorable price positioning of McVitie's products
  - Succesful Ramadan & Eid sessıon

Gross Profit (TLm)



- Gross Profit increased by 46,4 % reflecting the
  - Increase in sales & new launches
  - Efforts in productivity
  - Synergies supported with Ul Mena & IBC acquisition
  - Well managed cost elements supported gross profit

EBITDA (TLm)



- EBITDA in 9M'19 realized at 451 mn TL, increasing by 54,9% versus 9M'18.
- EBITDA margin reached to 20,9%.by expanding 90 bps

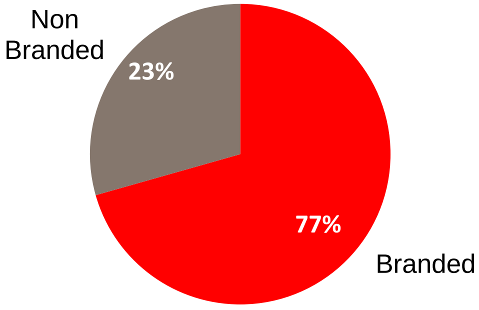
All figures set out in the table above are related to products sold in overseas operations

Strategy to Focus on Branded Confectionary Products

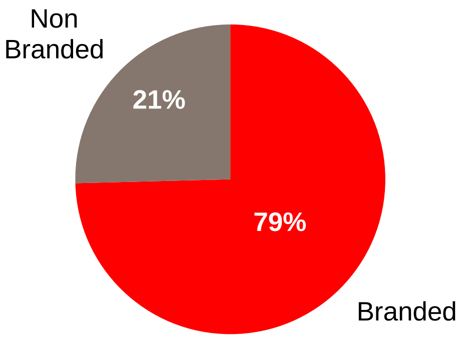
- ✓ We focused on branded product sales and continue to enjoy significant contribution improvement at the operational front in line with our strategy.

Confectionary Branded & Non-Branded Volume Breakdown

9M’18

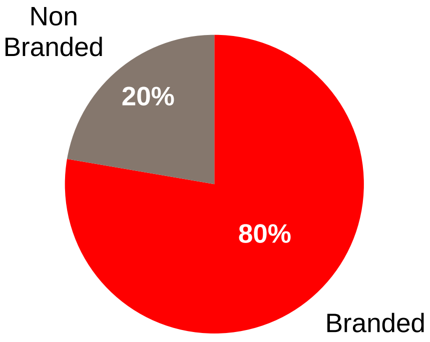


9M’19

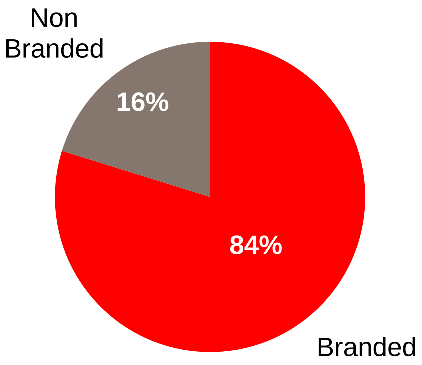


Confectionary Branded & Non-Branded Revenue Breakdown

9M’18



9M’19



BALANCE SHEET HIGHLIGHTS

Net Working Capital & Net Debt Position

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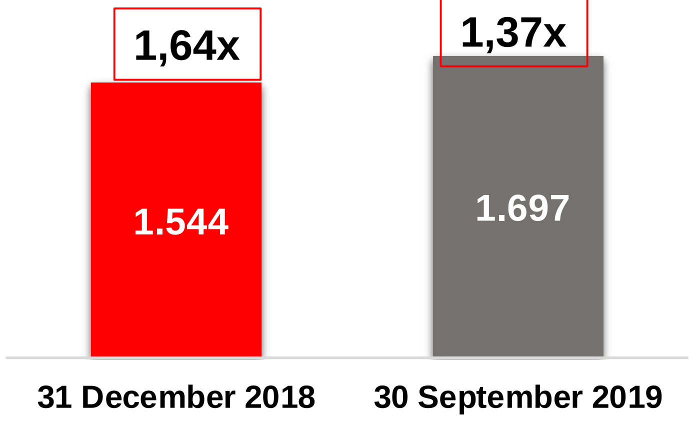
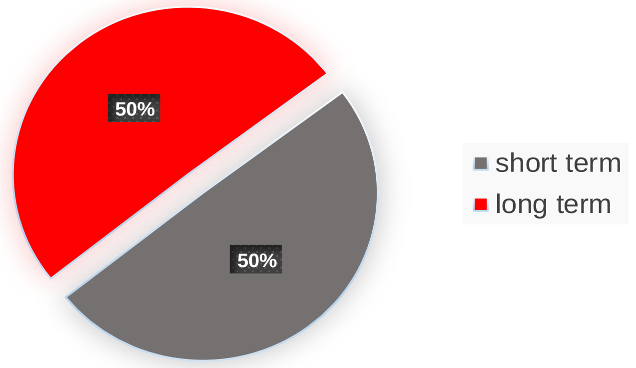
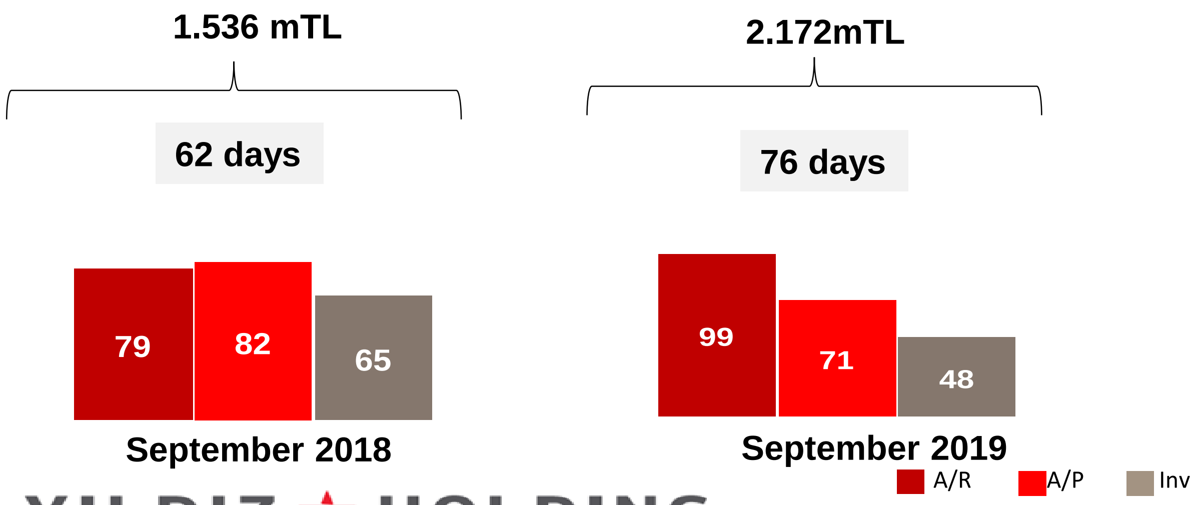
Net Debt (TLm) – Net Debt/EBITDA (x)



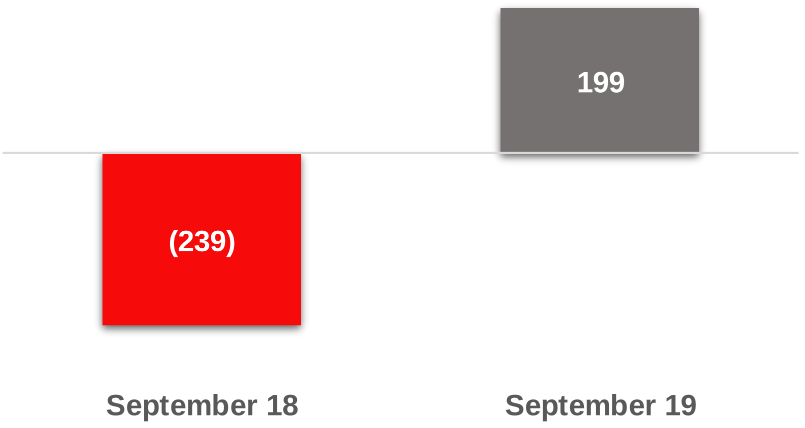
Maturity Breakdown as of September 2019



Average Working Capital Days & Net Working Capital



Free Cash Flow (MTL)



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Net FX Position

Ülker has no short position in terms of hard currencies

(Million TL/$/€/£)	TL Equivalent	USD	EURO
Cash Equivalents & Monetary Assets	4.321	744	18
Trade Receivables	332	43	13
Total Assets	**4.653**	**787**	**31**
Financial Liabilities	2.664	160	284
Trade Payables	138	15	7
Other Current Liabilities	1	-	0
Current Liabilities	**2.803**	**175**	**291**
Financial Liabilities	2.625	107	326
Non Current Liabilities	**2.625**	**107**	**326**
Total Liabilities	**5.427**	**283**	**618**
Net Position	**(774)**	**504**	**(587)**
Derivative Transactions	842	116	30
Net Position after derivative transactions	**68**	**620**	**(557)**

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

Godiva Belgium Capital Increase

Ulker decided to keep more cash on its own considering the recent market condition.

	Current Situation
Ülker's participation to capital increase (a)	$0
Ulker's ownership on Godiva Belgium	12,95%
Assumed dividend to shareholders*	$1.000
Ulker's share on dividend (b)	$129,5
Net Cash (b-a)	**$129,5**

	if Ulker had participated to capital increase
Ülker's participation to capital increase (a)	$119
Ulker's ownership on Godiva Belgium	19,23%
Assumed dividend to shareholders*	$1.000
Ulker's share on dividend (b)	$192,3
Net Cash (b-a)	**$72,9**

As seen in the illustration above, Ülker will obtain much more cash as not to participate to the capital increase.

* Given only example purposes, certain dividend amount will come to light during the general assembly meeting of Godiva Belgium

2019 Expectations

Revising our FY 19 guidance on the back of strong Q3'19 results

	2019 Guidance		
	Previous guidance announced @ May'19	Previous guidance announced @ August'19	New Guidance @November' 19
Net Sales	~ 7.400 TL mn	~ 7.550 TL mn	~ 7.700 TL mn
EBITDA Margin	16,0%	~ 16,5%	~ 16,5 %

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

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