



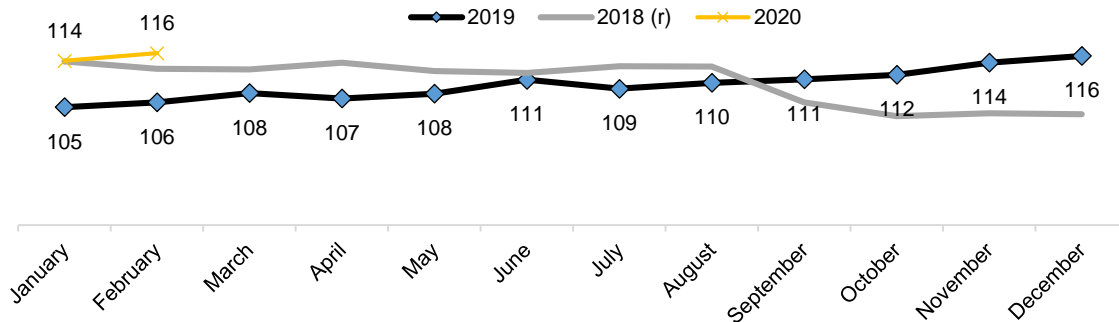
# ÜLKER BİSKÜVİ INVESTOR PRESENTATION 1Q 2020

- *Turkey Macro Economic Overview*
- *Market Growth*
- *Actions Taken During Covid-19 Pandemic*
- *1Q 2020 Highlights and Consolidated Operational Performance*
- *Domestic Operations*
- *Export and International Operations*
- *Balance Sheet Highlights*
- *Syndication Loan Agreement*
- *2020 Guidance*

# Turkey Macro Economic Overview

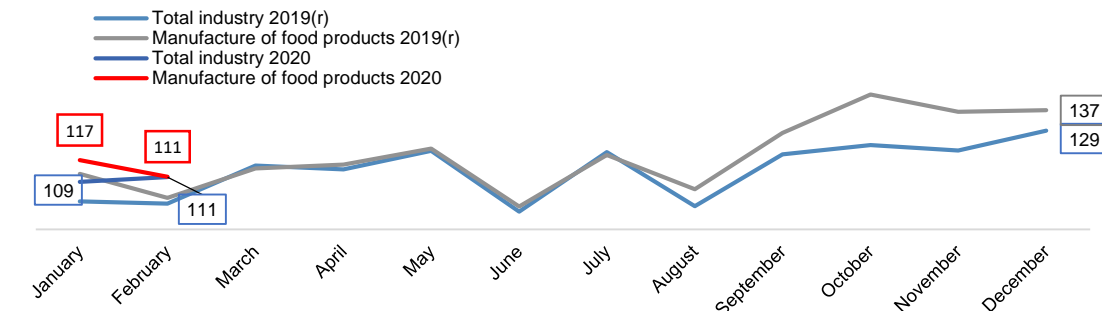


## Retail Sales Volume Index



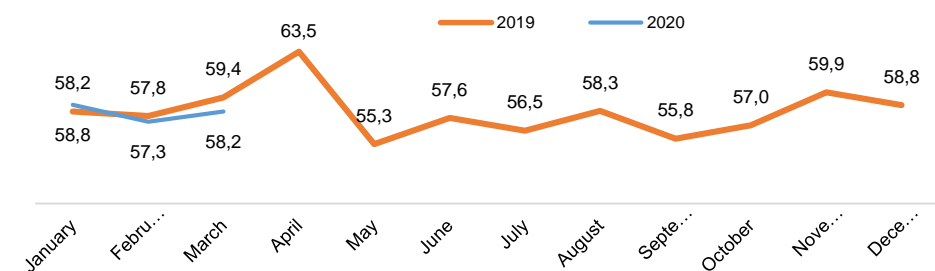
- Seasonal and calendar adjusted retail sales volume with constant prices increased by 1% in February 2020 compared with the previous month

## Industrial Production



- As of February 2020 Industrial Production index realized as 111
- Manufacture of food products increased by 8% compared with same month previous year

## Consumer Confidence Index

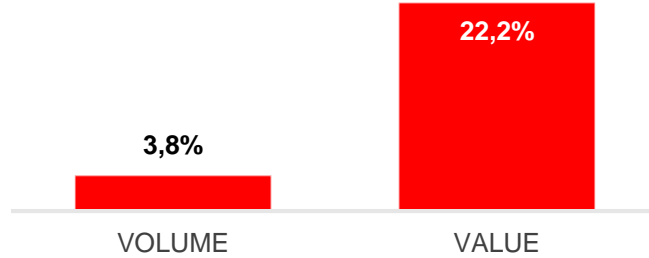


- Consumer confidence index in Turkey realized as 58,2 in March 2020. Compared to previous month increased by 2%.
- A rise in general index was realized in CPI on the previous month by 0,57% in March 2020
- Food inflation realized as 10,05% in March 2020

# Market Growth

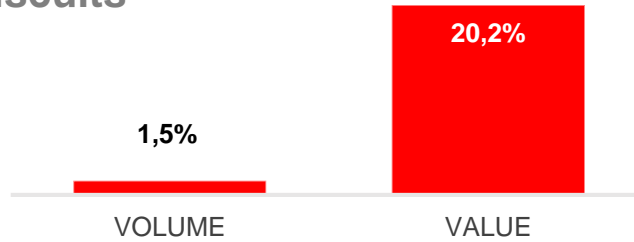


## Total Confectionary



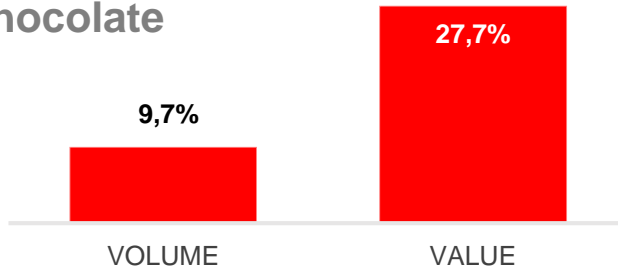
Total confectionary market grew by 3,8% in volume terms and increased by 22,2% in value terms

## Biscuits



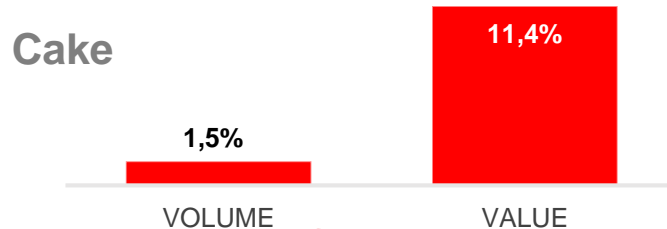
Total biscuit market was up by 1,5% in volume and increased by 20,2% in value terms

## Chocolate



Total chocolate market improved by 9,7% in volume and increased by 27,7% in value terms

## Cake



Total cake market increased by 1,5% in volume and increased by 11,4% in value terms





## ACTIONS TAKEN DURING COVID-19 PANDEMIC

# Solid actions have been taken for post Covid period **ÜLKER**

- Continue to consistently build and invest in brands
- Never cease to innovate during crisis to emerge stronger afterwards
- Leverage rising E-Commerce trend and bring new occasion/need based offers
- Accelerate digitalisation for efficient retailer and traditional channel management
- Strict measures are taken across all plants and we get all the precautions for the sake of business continuity
- Value optimization (cost efficiency) projects are in process



**ÜLKER**



## 1Q 2020 HIGHLIGHTS AND CONSOLIDATED OPERATIONAL PERFORMANCE



**TR: Bisc.& Choc.& Cakes**  
4 in Istanbul, 1 in Karaman, 1  
in Ankara total 6 Factories.  
Total Capacity: 824k  
tons/year

**Egypt**  
Hi-Food  
Biscuits  
Capacity: 43k tons/year

**KSA**  
FMC&IBC  
Bisc.& Choc.& Cakes  
Capacity: 74k tons/year  
UAE - UI Mena

**Kazakhstan**  
Hamle  
Bisc.&Choc.&Cakes  
Capacity: 40k  
tons/year





# 2020 1Q Consolidated Performance Highlights **ÜLKER**



**Revenue**  
**TL 2.376 M**  
**Growth + 22,3%** ↑

**Gross Profit**  
**TL 716 M**  
**Growth + 33,1%** ↑

**Gross Margin**  
**30,1%**  
**improved**  
**by 240 bps** ↑



**EBITDA**  
**TL 415 M**  
**Growth +25,7%** ↑

**EBITDA Margin**  
**17,5 %**  
**improved**  
**by 50 bps** ↑

**Free Cash Flow**  
**2020 :57 MTL**  
**(2019:34 MTL)** ↑

# Q1 started with strong innovation plans and impactful results



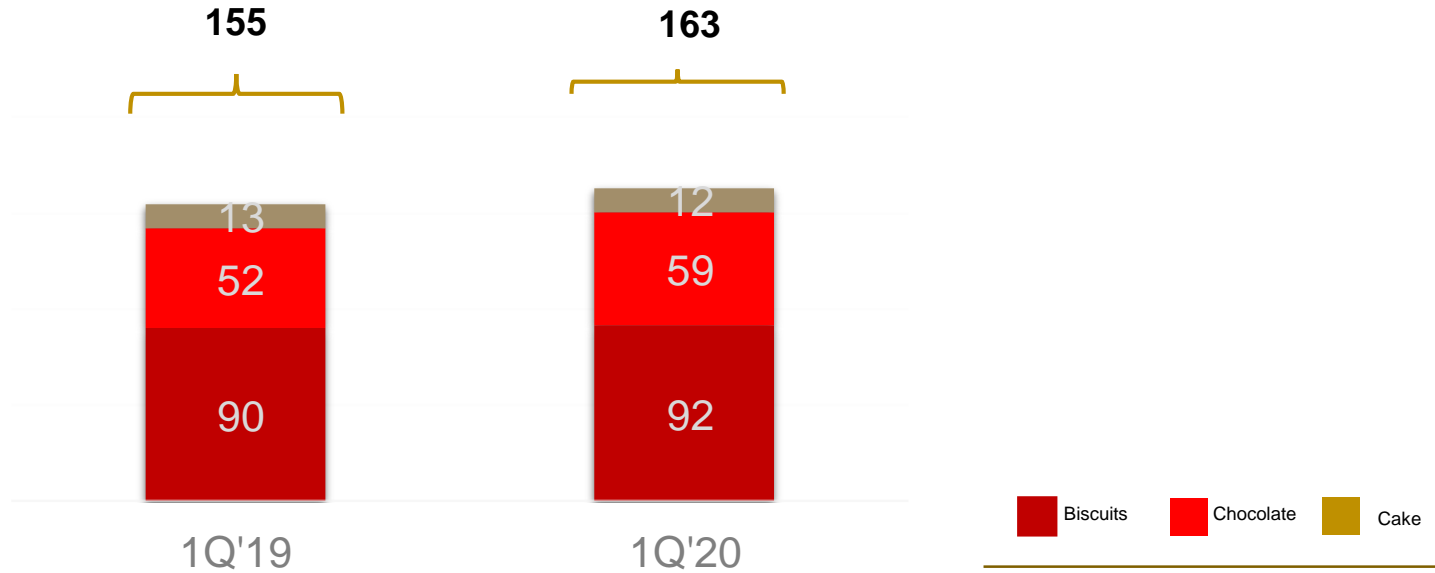
TL ('000)	1Q 2019	1Q 2020	%
Confectionary Volume (Ton)	154.514	162.774	( 5,3% )
Revenue	1.942.360	2.376.126	( 22,3% )
Gross Profit	538.172	716.281	( 33,1% )
Gross Profit Margin	27,7%	30,1%	
EBITDA	330.208	415.167	( 25,7% )
EBITDA Margin	17,0%	17,5%	
Net Income <i>(Equity holders of the parent )</i>	365.476	(98.292)	-126,9%
Net Income %	18,8%	-4,1%	

- Strong organic growth continued in 1Q'20 in all regions
- Main drivers behind the strong performance
  - Strong results in both domestic and international operations
  - Effective sizing and pricing initiatives
  - Volume, mix and pricing impact
  - Favorable direct costs in addition to higher sales

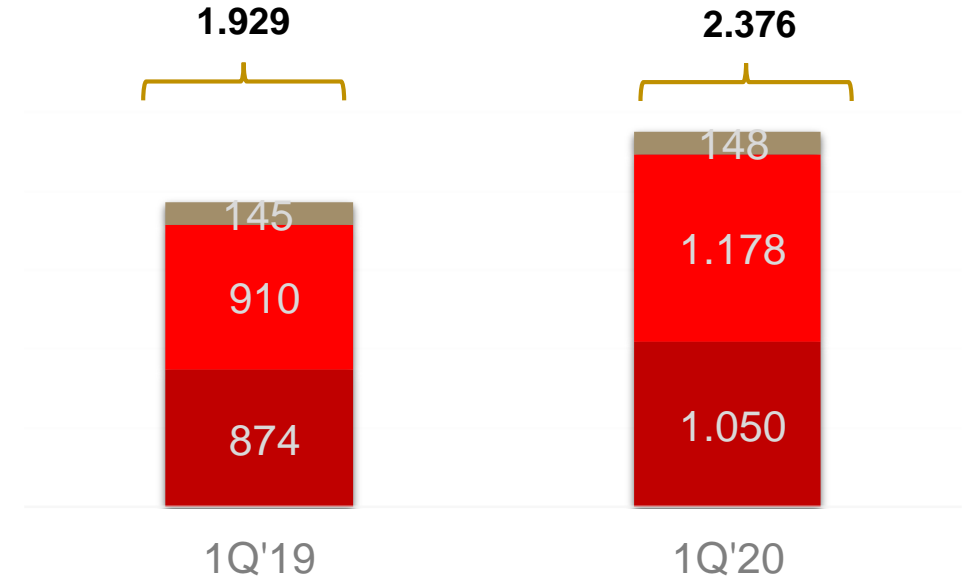
# Started 2020 with successful performance in all categories



## Confectionary Sales Volume (KTons)



## Confectionary Sales Value (TLm)



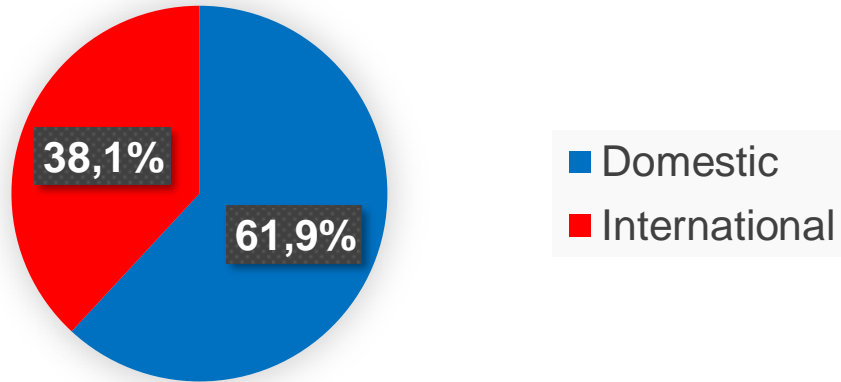
- Total confectionary volume increased by 5,3% mainly driven by the new launches and change in the product mix
  - Biscuits volume up by 1,8% thanks to the successful launches in Turkey
  - Chocolate volume increased by 13,5% driven by new launches in solid chocolate category and succesfull marketing activities in all chocolate categories
  - Cake volume was down by 2,6%
- Total confectionary revenue increased by 23,2%. Revenues supported by new launches, exports and positive contribution of international operations
  - Biscuits sales grew by 20,2%
  - Chocolate increased by 29,5%
  - Cake sales improved by 2%



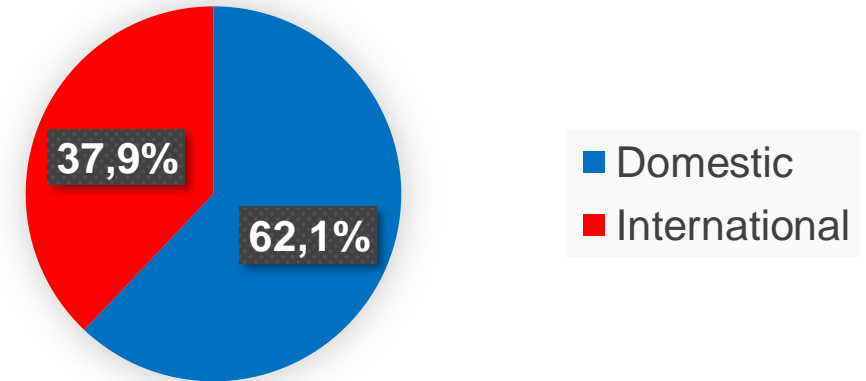
# Positive contribution of exports&international operations are continuing



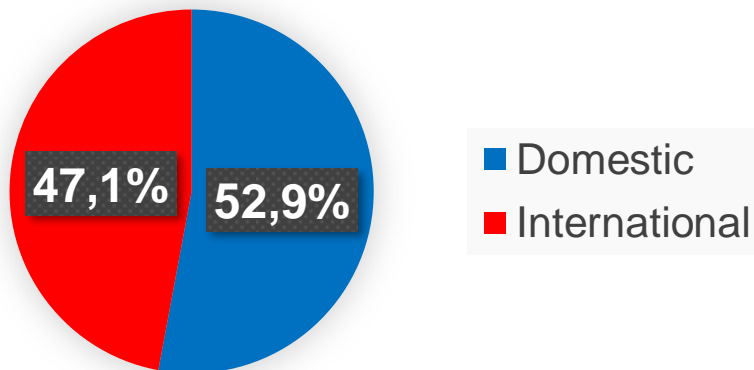
## Revenue Breakdown 1Q 2019



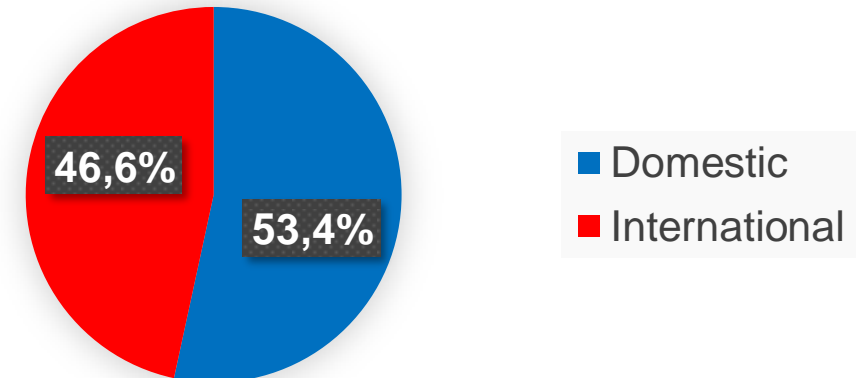
## Revenue Breakdown 1Q 2020



## EBITDA Breakdown 1Q 2019



## EBITDA Breakdown 1Q 2020



**ÜLKER**

**YURDUMUN ÜLKER**

**ÇİFTÇİSİYLE  
BÜYÜR ÜLKER**

#yurdumunülkerçiftçisiylebüyürülker

**ÜLKER**

**DOMESTIC  
OPERATIONS**

**YILDIZ ★ HOLDING**

# Turkey – Strong #1 in Total Confectionary with 38,7% Market Share



## Biscuits – 41,0 % Market Share

#1



# 1 in Petit Beurre



# 1 in Special Biscuits



# 1 in Sandwich Biscuits



# 1 in Creamy Biscuits



# 1 in Cracker



# 1 in Chocolate filled biscuit

## Chocolate – 41,9 % Market Share

#1



4 out of Top 5 in Chocolate Covered



#1 in Solid Chocolate

## Cake – 23% Market Share

#2



#1 in Family Cake



#2 in Portion Muffin Coated Cake



#2 in Wet Cake

## Market Share Development in Value(\*)

40,6%

MAT'19

41,0%

MAT'20

41,9%

MAT'19

41,9%

MAT'20

23,0%

MAT'19

23,0%

MAT'20



# Successful Innovations –16 New Product Developments within Q1 only

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## Synergy Products



## 2020 New Product Launches

biscuits



cake

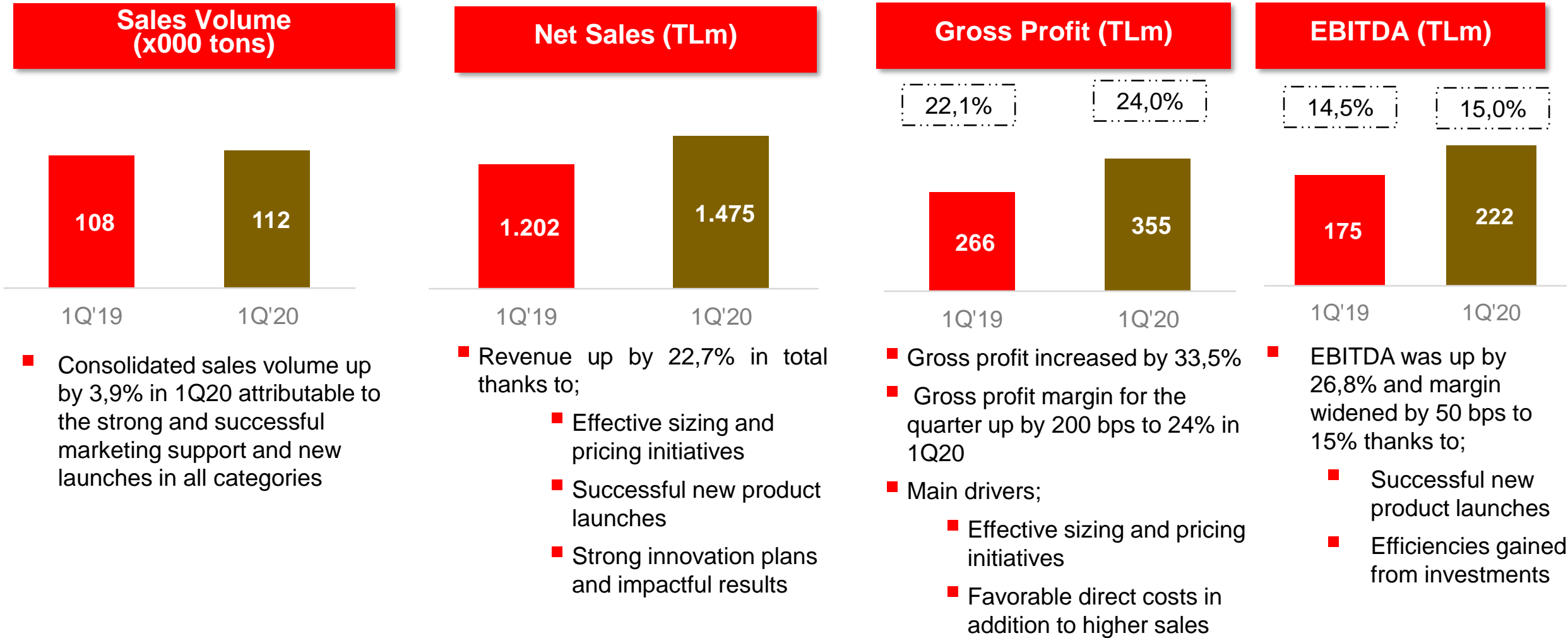


chocolate



**YILDIZ ★ HOLDING**

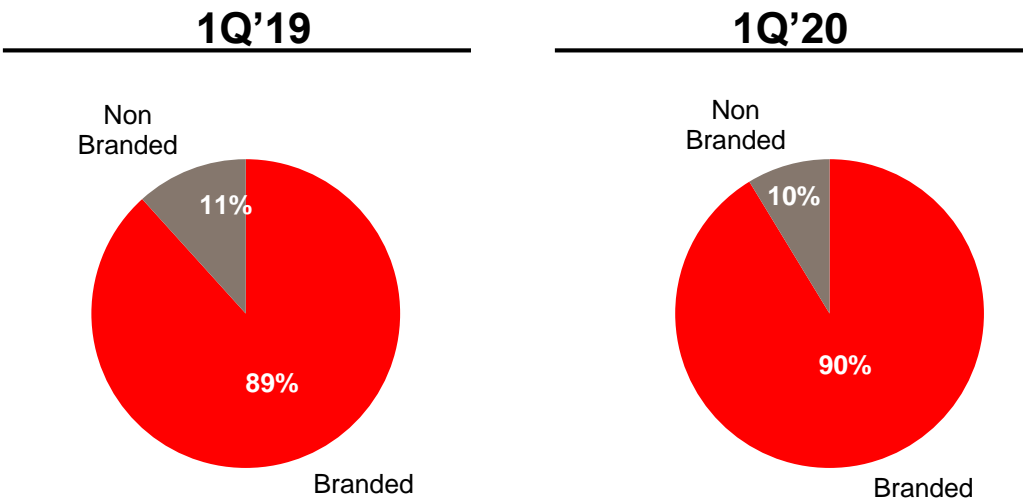
# Best in class in our anchor market



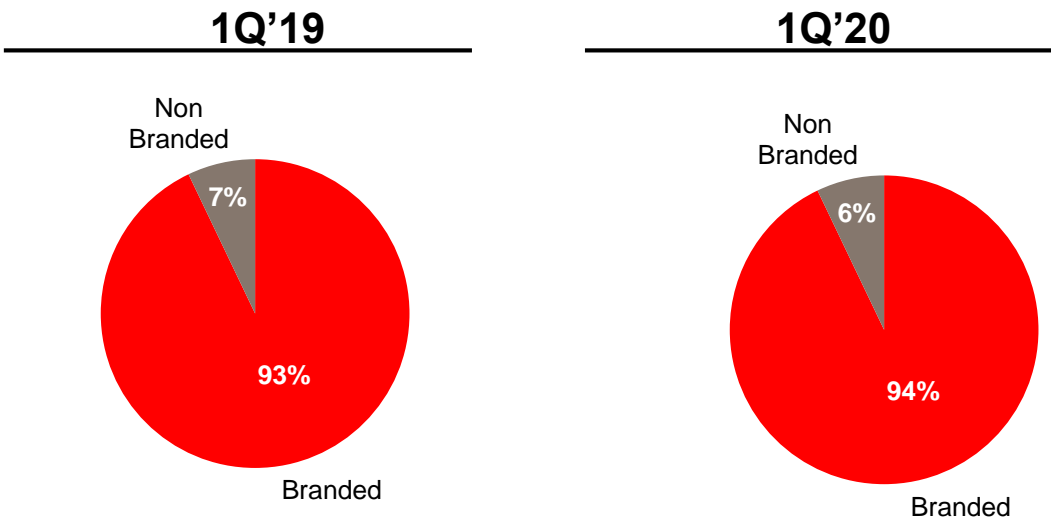
# Strategy to Focus on Branded Confectionary Products



Branded & Non-Branded Volume Breakdown



Branded & Non-Branded Revenue Breakdown



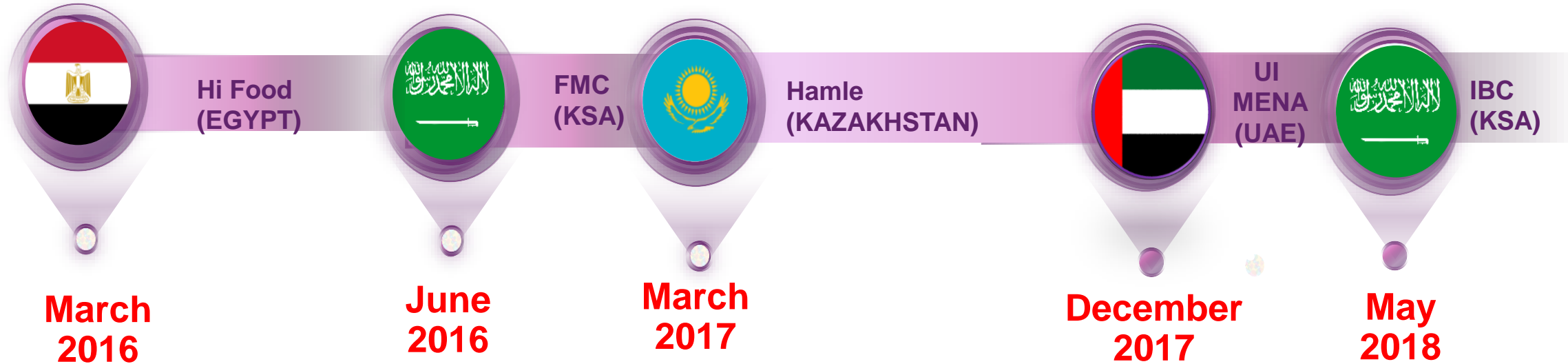




**EXPORT AND  
INTERNATIONAL  
OPERATIONS**

# Well Positioned for Future Growth...

**ÜLKER**



- ✓ 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

**ÜLKER**

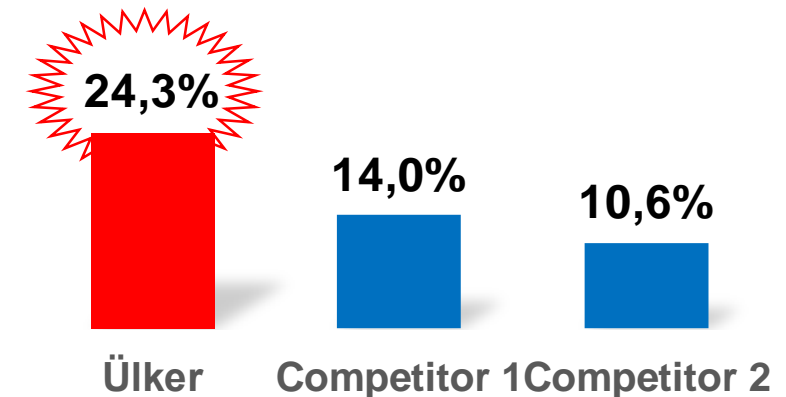
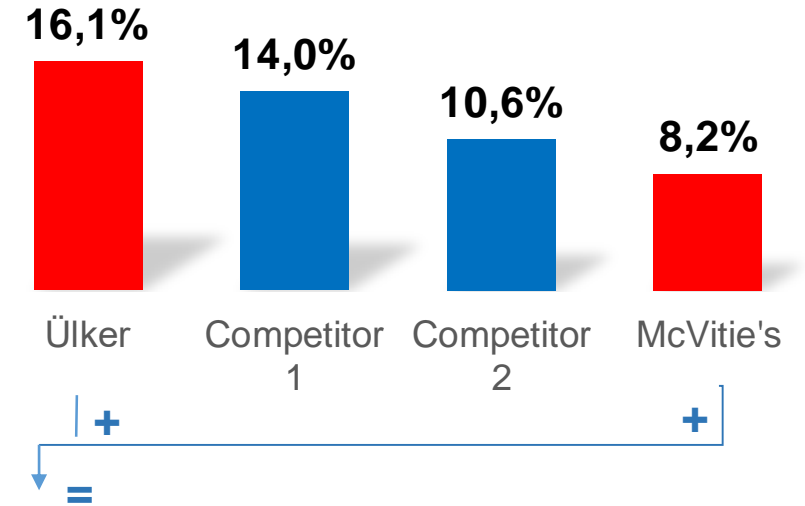
## FMC Financial Review

	1Q'19	1Q'20	Change
Sales Volume (tons)	13.761	15.426	12,1%
Net Sales(SAR x000)	200.588	228.500	13,9%
EBITDA(SAR x000)	37.552	43.006	14,5%
EBITDA Margin	18,7%	18,8%	

- We 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)

#1

## Biscuits Market Share





# Saudi Arabia – IBC Operations

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

**ÜLKER**

## IBC Financial Review

	1Q'19	1Q'20	Change
Sales Volume (tons)	4.091	4.124	0,8%
Net Sales(SAR x000)	49.541	49.597	0,1%
EBITDA(SAR x000)	13.647	14.260	4,5%
EBITDA Margin	27,5%	28,8%	

## Purpose of Acquisition & Operations in a nut shell

- Ülker acquired 100% of IBC (1 Factory in Riyad) in 2018
- 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

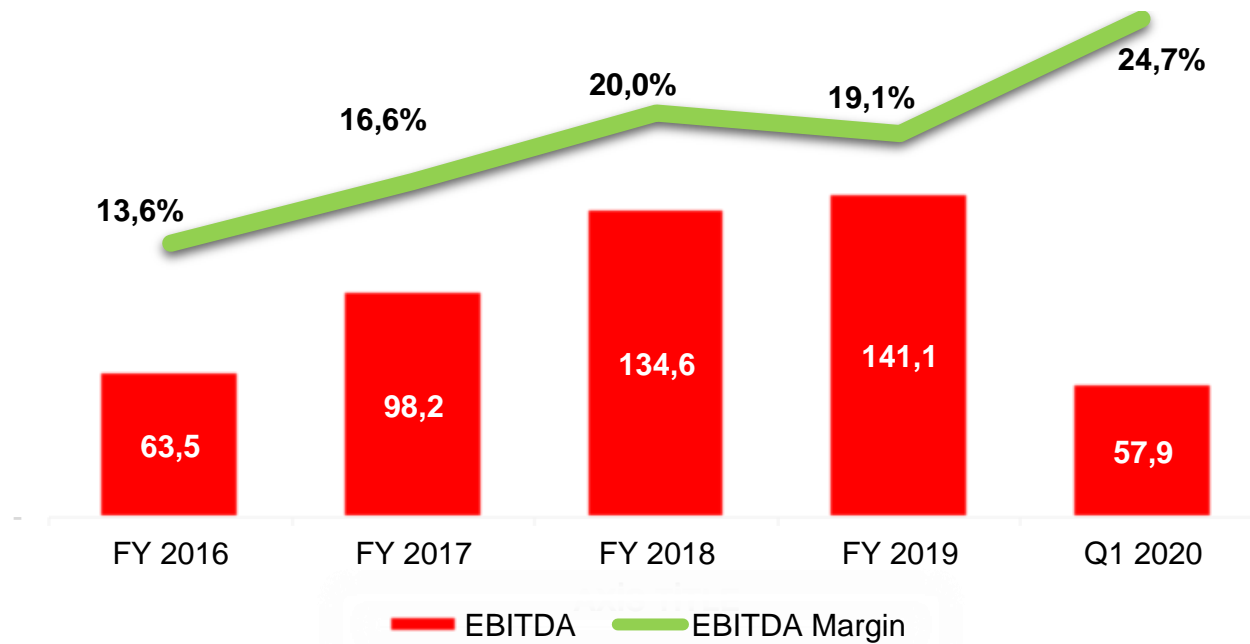
## IBC Product Portfolio



# Leading the market in our second largest market KSA



## FMC-IBC Consolidated Financial Review(\*)



(\*)EBITDA (in SAR million)

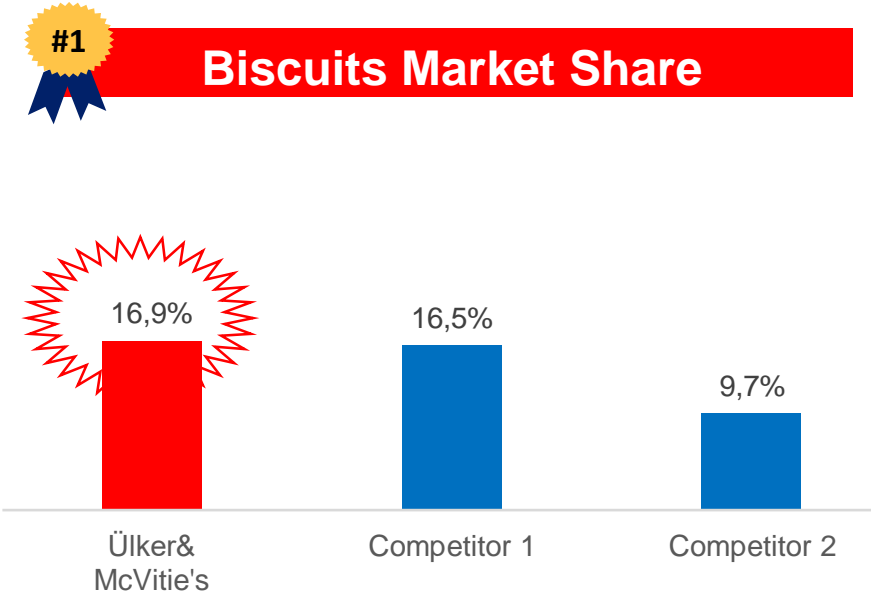
- ✓ Ülker became strong number #1 in the region in terms of market share
- ✓ Increase our market share each consecutive quarter in a contracting market
- ✓ We increased the shelf visibility and we have large presence in modern channel
- ✓ By integrating the operations of IBC & FMC, we decrease cost to 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 24,7% in the first three 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 success of the strategy

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



## HI-FOOD & ÜLKER EGYPT Financial Review

	1Q'19	1Q'20	Change
Sales Volume (tons)	9.199	10.033	9,1%
Net Sales(EGPx000)	346.650	383.864	10,7%
EBITDA(EGPx000)	52.432	58.346	11,3%
EBITDA Margin	15,1%	15,2%	



- Maintain market leader position in the first quarter of 2020
- McVitie's continues to pave the way for gaining market share
- Price increases in Egypt domestic market and volume growth are the rationales behind Egypt net sales growth
- 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 Ülker 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

	1Q'19	1Q'20	Change
Sales Volume (tons)	3.031	3.131	3,3%
Net Sales(AED x000)	42.366	42.507	0,3%
EBITDA(AED x000)	13.324	13.755	3,2%
EBITDA Margin	31,4%	32,4%	



- 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

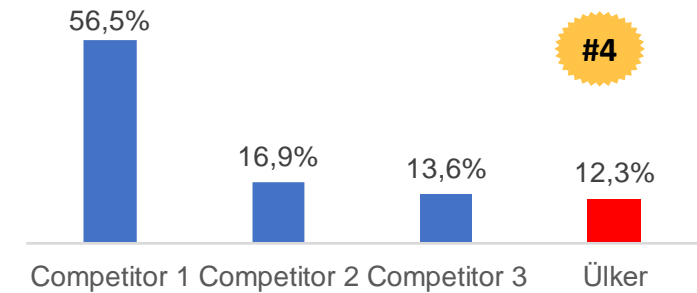


## HAMLE Financial Review

	1Q'19	1Q'20	Change
Sales Volume (tons)	3.490	4.590	31,5%
Net Sales(KZTx000000)	3.439	4.917	43,0%
EBITDA(KZTx000000)	379	702	85,2%
EBITDA Margin	11,0%	14,3%	

- XinJiang, Kazakhstan domestic and Azerbaijan are drivers of aggressive growth
- 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 Azerbaijan market. The production has been switched from Turkey to Hamle
- Albeni(countline) reached its record market share 12,3% and strengthened its #2 position in countline category
- Local production of McVities, increasing visibility and penetration of the star brands continued to make a positive contribution to tradition channel sales

## Chocolate Market Share



# International Operations

Making the right choices and gaining market share in all regions

**ÜLKER**

## Saudi Arabia

**#1**  
Biscuits – 24,3 % Market Share



## Egypt

**#1**  
Biscuits –16,9% Market Share

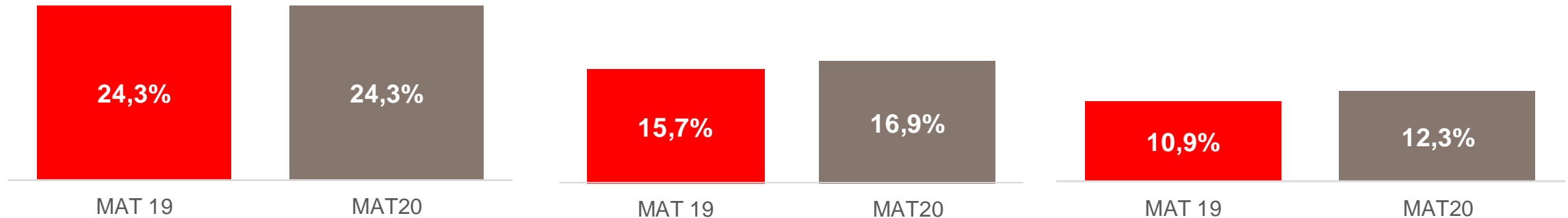


## Kazakhstan

**#4**  
Chocolate– 12,3% Market Share



## Market Share Development, Value Based (\*)



**YILDIZ ★ HOLDING**

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

Ülker Bisküvi 1Q 2020 Investor Presentation

# 2019&2020 New Launches & Synergy Products

# ÜLKER

## SAUDI ARABIA



## EGYPT



## KAZAKHISTAN



## SYNERGY PRODUCTS

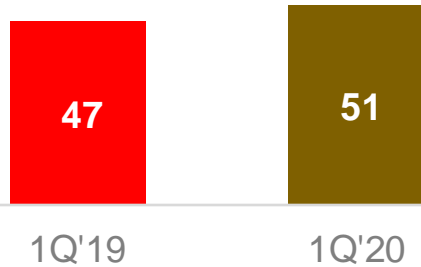




# Successful quarter on the back of strong exports and international operations in 1Q'20

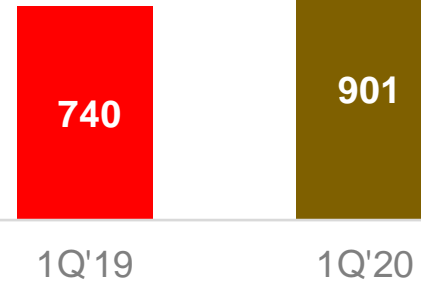


## Sales Volume (x000 tons)



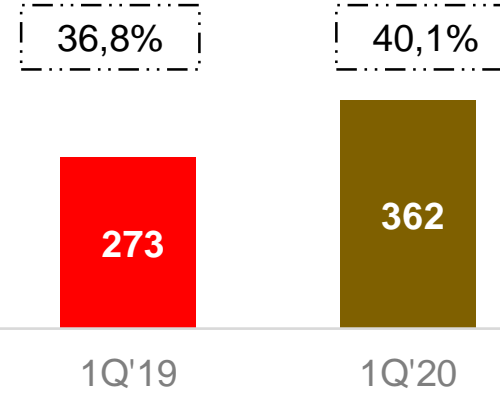
- Confectionary volume was up by 8,7%
  - Higher volume mainly resulted from new launches and improved penetration
  - Positive contribution of synergy products and strong sales in all categories continued

## Net Sales (TLm)



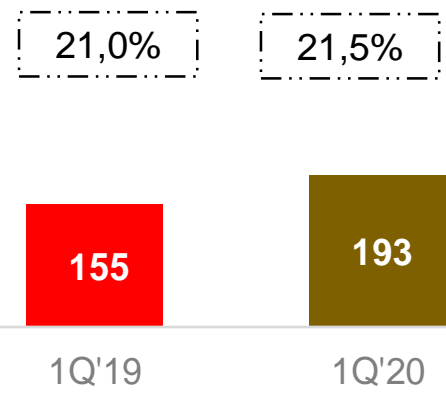
- Total revenue up by 21,8 % thanks to;
  - Price adjustments and currency impact in export operations
  - Favorable category and mix impact
  - Favorable price positioning of McVitie's

## Gross Profit (TLm)



- Gross margin increased by 330 bps on the back of strong exports and realized as 362 mnTL
- Gross Profit increased by 32,7 % reflecting the
  - Benefited from the cost discipline, increase in sales & new launches
  - Integration and consolidation synergies supported with UI Mena & IBC acquisition

## EBITDA (TLm)



- EBITDA in 1Q20 realized at 193 mn TL, increasing by 24,5% versus 1Q19.
- EBITDA margin reached to 21,5%
- Positive contribution of exports, effective price positioning, category mix impact and betterment in the procurement were continued in the first quarter

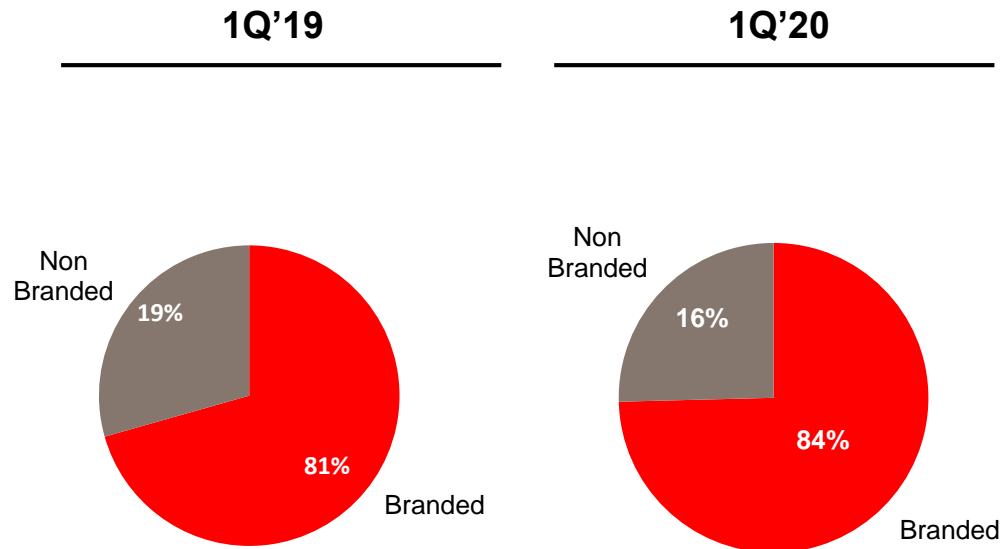


# Strategy to Focus on Branded Confectionary Products

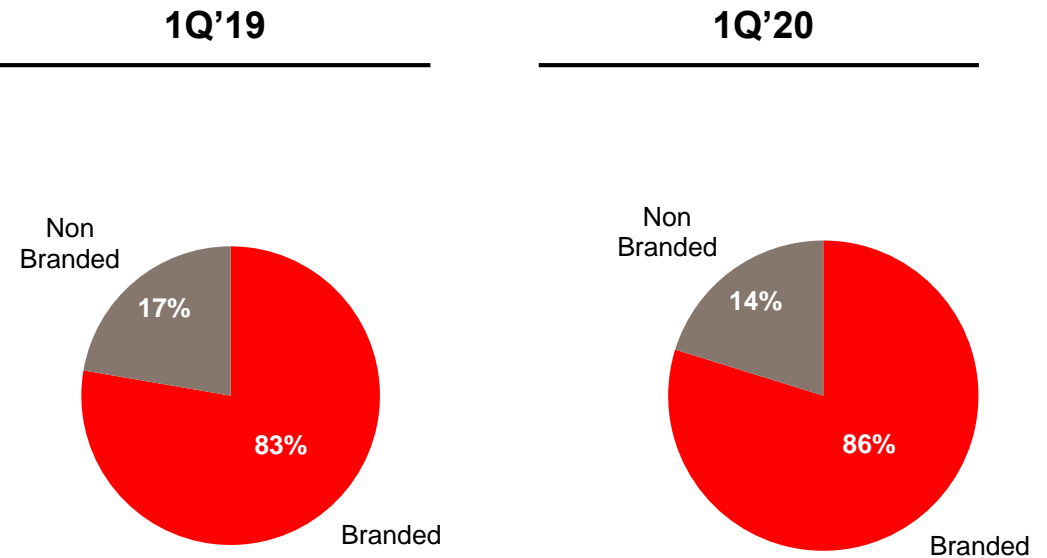


- ✓ We focused on branded product sales and continue to enjoy significant contribution improvement at the operational front in line with our strategy.

## Confectionary Branded & Non-Branded Volume Breakdown



## Confectionary Branded & Non-Branded Revenue Breakdown



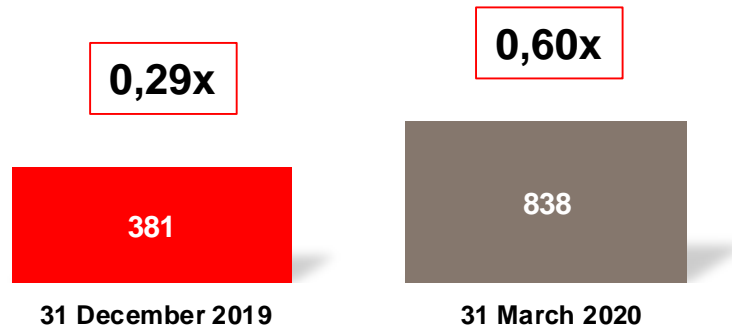


## BALANCE SHEET HIGHLIGHTS

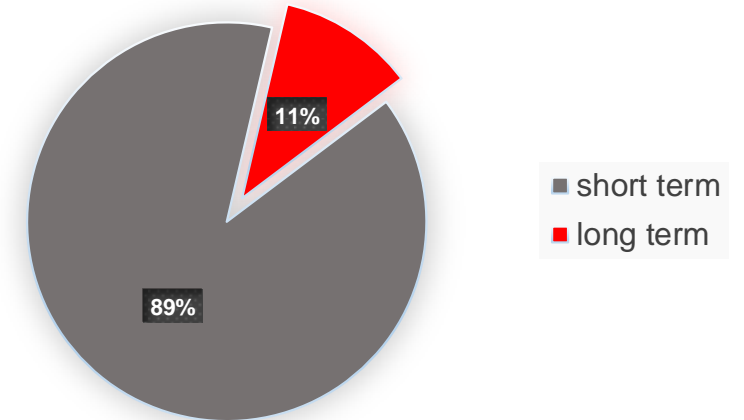
# Net Working Capital & Net Debt Position



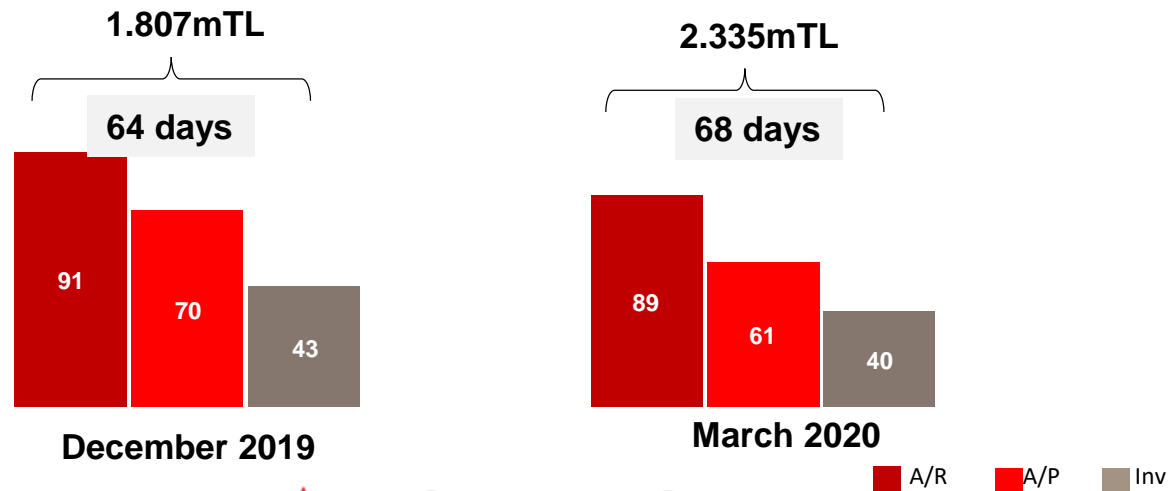
## Net Debt (TLm) – Net Debt/EBITDA (x)



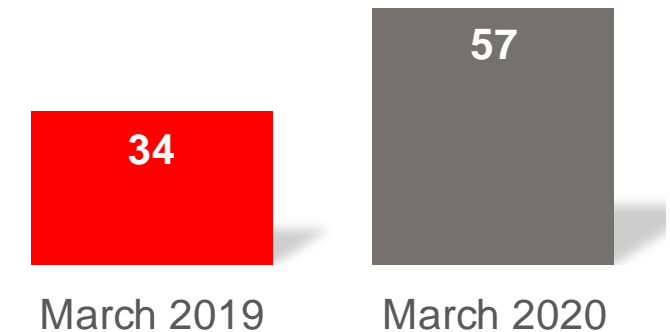
## Maturity Breakdown as of March 2020



## Average Working Capital Days & Net Working Capital



## Free Cash Flow (MTL)



# Our New Successful Syndication



We have signed a syndicated loan agreement with 7 international banks under the leadership of Bank of America (Global Coordinator, Bookrunner and Initial Mandated Lead Arranger), Coöperatieve Rabobank U.A., (Bookrunner and Initial Mandated Lead Arranger), Emirates NBD Capital Limited (Bookrunner and Initial Mandated Lead Arranger) and European Bank For Reconstruction and Development (EBRD) amounting to a total of USD 455M with a maturity of three years and interests to be paid every six months.

The loan totalled to USD 455M is composed of two syndication tranches, which are USD 110M and EUR 244M, and a credit agreement signed with EBRD with an amount of EUR 75M.

We achieved great success by reaching a total of USD 455M, in such globally instable environment because of Covid 19 pandemic.



# Outstanding FX Position



Ülker has no short position in terms of hard currencies

(Million TL/\$/€/£)	TL Equivalent	USD	EURO
Cash Equivalents & Monetary Assets	5.236	800	2
Trade Receivables	378	46	8
<b>Total Assets</b>	<b>5.614</b>	<b>845</b>	<b>10</b>
Financial Liabilities	5.561	253	542
Trade Payables	155	14	6
Other Current Liabilities	6	1	0
<b>Current Liabilities</b>	<b>5.722</b>	<b>267</b>	<b>548</b>
Financial Liabilities	413	-	57
<b>Non Current Liabilities</b>	<b>413</b>	<b>-</b>	<b>57</b>
<b>Total Liabilities</b>	<b>6.135</b>	<b>267</b>	<b>606</b>
<b>Net Position</b>	<b>(521)</b>	<b>578</b>	<b>(595)</b>
Derivative Transactions	972	116	30
<b>Net Position after derivative transactions</b>	<b>451</b>	<b>694</b>	<b>(565)</b>

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

# 2020 Guidance



**December 2019**

**December 2020 Guidance**

**Net Sales**

**7.803 TL mn**

**~ 9.000 TL mn**

**EBITDA Margin**

**16,7 %**

**~ 17,0 %**

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

# Investor Relations Contact



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<http://ulkerbiskuviyatirimciiliskileri.com>

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