

## Ülker Bisküvi Sanayi A.Ş.

We attended ULKER's analyst meeting to evaluate the company's Q1 2024 financial results, current operations, and future outlook. In the first quarter of 2024, ULKER increased its sales revenue by 13% year-on-year to 19.6 billion TL. However, due to rising operational and financial expenses, its net profit decreased by 3%, amounting to 2.2 billion TL. Despite strong operational performance supported by robust sales volumes and a successful Ramadan period, the company experienced a slight decline in its net profit margin..

### Key takeaways of the meeting

**Financial Outlook:** In the first quarter of 2024, Ülker reported a net profit of 2.2 million TL, representing a 3% decrease compared to the same period last year. The primary reasons for this decline include increased operating expenses, financial costs, and over 900 million TL in deferred tax expenses. However, other income from main operations, income from investment activities, and net monetary position gains supported the net profit. The company's net profit margin decreased from 12.83% in the same period last year to 11.06% in the first quarter of 2024.

**Sales Performance:** The company's sales revenue increased by 13% year-on-year, reaching 19.6 billion TL, but decreased by 18% quarter-on-quarter. Domestic sales fell by 9% to 18.2 billion TL, while international sales increased by 9% to 3.3 billion TL. During the same period, the share of Turkey operations in total revenue was 68.5%, and the share of exports and international operations was 31.5%. Sales volumes increased by 15% to 200,000 tons. The company increased its snack sales volume by 17%, biscuit volume by 11%, chocolate volume by 24%, and cake volume by 26%.

**Sectoral Growth:** In the first quarter of 2024, Turkey's snack sector grew by 34.5% in value. The biscuit category grew by 37.8%, the cake category by 22.5%, and the chocolate category by 38.4% in value. Ülker increased its snack sales revenue by 13%, supported by strong sales volumes and a successful Ramadan period. Biscuit sales increased by 5%, chocolate sales by 18%, and cake sales by 23%.

**2024 outlook...** The company has set a target of approximately 85 billion TL in net sales for 2024 and plans for an EBITDA margin of around 18.5%. Additionally, it anticipates a moderate improvement in input costs and expects sales volumes to remain at current levels, with only limited price increases.

### ULKER

#### Share Data

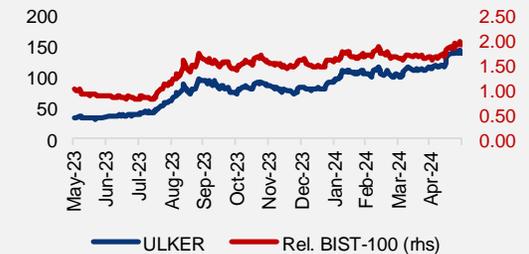
Ticker:	ULKER TI
Share price (as of 30 May 2024)	138.30
Share price (52 week range)	32.3 / 143.4
Market cap. (TL mn - USD mn)	51,071 - 1,584
# of shares outstanding (mn)	369.3
Free Float	39%

Avg. trading volume	1M	3M	12M
USD mn	30.7	25.4	25.1

Price performance	1M	3M	Y-t-D
TL	21%	30%	69%
USD	21%	26%	54%
Rel. to BIST-100	16%	14%	20%

TL mn	2021	2022	2023
Revenues	12,537	51,981	55,836
EBITDA	2,328	6,703	10,601
Net Earnings	-464	985	3,379
Net Debt	8,757	23,538	21,749

Valuation	2021	2022	2023
P/E	6.1x	51.9x	10.1x
P/BV	1.4x	2.6x	3.1x
EV/EBITDA	5.0x	5.6x	6.1x
EV/Sales	0.97x	1.06x	0.90x
Dividend Yield	3.8%	0.0%	0.0%



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## Tables

Balance Sheet	2019	2020	2021	2022	2023	Income statement	2019	2020	2021	2022	2023
Cash	5,103	7,464	9,420	15,596	13,418	<b>Revenues</b>	<b>7,803</b>	<b>9,716</b>	<b>12,537</b>	<b>51,981</b>	<b>55,836</b>
Accounts receivables	2,440	2,880	4,688	12,174	13,885	Gross profit	2,139	2,937	3,612	11,328	16,177
Inventory	910	871	3,218	8,516	9,655	Operating expenses	1,007	1,214	1,514	5,793	6,760
Other current assets	999	2,048	1,439	5,487	5,601	Operating profit	1,132	1,723	2,098	5,535	9,416
<b>Current assets</b>	<b>9,451</b>	<b>13,263</b>	<b>18,765</b>	<b>41,773</b>	<b>42,559</b>	<b>EBITDA</b>	<b>1,304</b>	<b>1,922</b>	<b>2,328</b>	<b>6,703</b>	<b>10,601</b>
Financial investments	946	978	1,878	4,428	4,614	Other income, net	1,142	1,911	6,297	6,087	8,781
Net fixed assets	2,515	2,688	3,641	14,703	18,726	Financial income, net	-911	-2,058	-8,466	-10,249	-13,421
Intangible assets	293	363	651	1,480	1,633	Earnings before taxes	1,363	1,576	-71	1,373	4,777
Other non-current assets	453	600	1,308	3,765	3,336	Tax expense	261	308	92	-57	554
<b>Non-current assets</b>	<b>4,206</b>	<b>4,630</b>	<b>7,479</b>	<b>24,376</b>	<b>28,308</b>	<b>Net earnings - Parent</b>	<b>997</b>	<b>1,081</b>	<b>-464</b>	<b>985</b>	<b>3,379</b>
<b>Total assets</b>	<b>13,657</b>	<b>17,893</b>	<b>26,244</b>	<b>66,149</b>	<b>70,867</b>	<b>Cashflow statement</b>					
Short-term financial loans	5,774	780	2,863	18,787	6,283	EBITDA	<b>1,304</b>	<b>1,922</b>	<b>2,328</b>	<b>6,703</b>	<b>10,601</b>
Accounts payables	985	1,202	2,270	6,857	8,785	Taxes on EBIT	216	336	-2,734	-228	1,093
Other short-term payables	364	471	1,001	2,183	2,706	Capital expenditures	133	217	465	1,146	1,111
<b>Current liabilities</b>	<b>7,123</b>	<b>2,454</b>	<b>6,134</b>	<b>27,826</b>	<b>17,774</b>	Chg. in NWC	1,378	1,125	1,949	11,064	512
Long-term financial loans	967	8,608	15,314	20,348	28,884	<b>Free cashflows to firm</b>	<b>-424</b>	<b>244</b>	<b>2,648</b>	<b>-5,279</b>	<b>7,885</b>
Other long-term payables	370	357	482	2,332	1,424	<b>Growth &amp; margins</b>					
<b>Non-current liabilities</b>	<b>1,337</b>	<b>8,965</b>	<b>15,796</b>	<b>22,680</b>	<b>30,308</b>	Revenues	31%	25%	29%	315%	7%
<b>Shareholders' equity</b>	<b>5,198</b>	<b>6,474</b>	<b>4,314</b>	<b>15,643</b>	<b>22,785</b>	EBITDA	39%	47%	21%	188%	58%
Parent company	4,675	5,694	2,987	12,036	20,679	Net earnings	42%	9%	-143%	-312%	243%
Minorities	523	780	1,327	3,607	2,106	Gross margin	27.4%	30.2%	28.8%	21.8%	29.0%
<b>Total liabilities &amp; equity</b>	<b>13,657</b>	<b>17,893</b>	<b>26,244</b>	<b>66,149</b>	<b>70,867</b>	Operating margin	14.5%	17.7%	16.7%	10.6%	16.9%
Net debt	1,639	1,924	8,757	23,538	21,749	EBITDA margin	16.7%	19.8%	18.6%	12.9%	19.0%
Net working capital	3,000	4,125	6,074	17,138	17,650	Net margin	12.8%	11.1%	-3.7%	1.9%	6.1%
Net working capital (Operatin	2,365	2,549	5,636	13,834	14,755	Free cashflow margin	12.8%	11.1%	-3.7%	1.9%	6.1%
Invested Capital	5,807	7,176	10,366	33,321	38,009	<b>Per share (TL)</b>					
<b>Ratios</b>						EPS	2.70	2.93	-1.26	2.67	9.15
<b>Profitability</b>						BVPS	14.08	17.53	11.68	42.36	61.70
ROE	22.5%	18.5%	-8.6%	9.9%	17.6%	DPS	0.00	0.00	0.75	0.00	0.00
Net margin	12.8%	11.1%	-3.7%	1.9%	6.1%	<b>Valuation</b>					
Asset turnover	0.6x	0.6x	0.6x	1.1x	0.8x	P/E	8.1x	10.2x	6.1x	51.9x	10.1x
Leverage	2.7x	2.7x	4.1x	4.6x	3.6x	P/BV	1.81x	1.70x	1.43x	2.56x	3.14x
ROA	8.2%	6.9%	-2.1%	2.1%	4.9%	EV/EBITDA	8.1x	6.7x	5.0x	5.6x	6.1x
ROIC	18.2%	21.2%	19.1%	20.3%	21.1%	EV/Sales	1.31x	1.14x	0.97x	1.06x	0.90x
<b>Leverage</b>						Dividend Yield	0.0%	0.0%	3.8%	0.0%	0.0%
Financial debt/Total assets	49%	52%	69%	59%	50%	Free cashflow yield	-6.5%	3.1%	36.8%	-76.8%	42.1%
Net debt/Equity	0.32	0.30	2.03	1.50	0.95						
Net debt/EBITDA	1.26	1.00	3.76	3.51	2.05						

Source: Bloomberg, Tacirler Investment

\* All figures are stated in millions of TL unless otherwise stated.

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