

## Ülker Bisküvi

Ülker Bisküvi announced a net profit of 1.3 billion TL for the second quarter of 2024. The net profit was influenced by monetary gains. The reported profit increased by 151% year-over-year but decreased by 46% compared to the previous quarter. The company's net sales revenue was 15.3 billion TL, down by 6.6% year-over-year and 28% compared to the previous quarter. The company did not revise its expectations for 2024.

### Highlights

**Positive progress in operations...** Ülker stands out with its culture of continuous improvement and operational successes. In 2022, the company increased efficiency by reducing the loss rate in raw materials and packaging from 1.06% to 0.9%. A 5% improvement in Total Equipment Effectiveness was achieved, resulting in capacity improvements of 11,000 tons for the Chocolate Business and 15,000 tons for the Bakery Business. Additionally, 11 Value Stream Mapping (VSM) projects were carried out across all factories as part of "End-to-End Value Stream Mapping" initiatives. IoT systems were implemented in all factories, leveraging digital technologies in production processes. The Lost Time Accident Rate (LTAR) has shown a declining trend due to a culture of excellence. In the first half of 2024, Ülker's revenues reached 36.5 billion TL, with 69% of this revenue coming from Turkey and 31% from international markets. The regional revenue distribution was 69% from Turkey, 13% from the Middle East, 12% from Turkish exports, 4% from Central Asia, and 3% from North Africa. Moreover, Ülker has maintained its leading market position in every category, which is of critical importance to the company.

**Financial situation assessment...** When we look at Ülker's financial results, we see that net sales decreased by 6.6% year-over-year to 15.3 billion TL. However, gross profit increased by 4% to 4.7 billion TL, and the gross profit margin rose from 27% to 31%. This indicates a positive impact from cost control. EBITDA also saw a 3% increase, reaching 2.9 billion TL this quarter. The negative net profit recorded in the same quarter last year turned into a net profit of 1.3 billion TL this quarter. A DuPont analysis reveals a profit margin of 8%, an asset turnover of 0.20, and a financial leverage of 2.9, resulting in a return on equity (ROE) of 4.8%. The continuation of the positive ROE from the first quarter of 2024 is expected to have a positive impact on the company, though we believe the weak point lies in the profit margin. Although the financial results fell short of market expectations, we view them positively and provide a cautiously optimistic outlook.

**2024 expectations...** The expectations shared in the company's first-quarter 2024 presentation remain unchanged. Accordingly, the targeted net sales for 2024 are approximately 85 billion TL, with an anticipated EBITDA margin of around 18.5%. This indicates that the company expects strong net sales figures in the third and fourth quarters. Actions against inflation and price recovery are among the other key factors.

### ÜLKER

#### Share Data

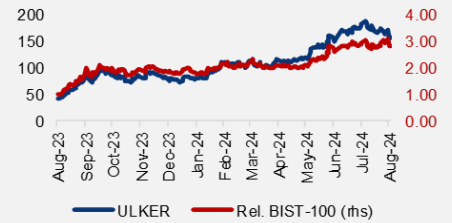
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|------------------------------------|----------------|--|--|
| Ticker:                            | ÜLKER TI       |  |  |
| Share price (as of 13 August 2024) | 157.20         |  |  |
| Share price (52 week range)        | 42.8 / 187.3   |  |  |
| Market cap. (TL mn - USD mn)       | 58,050 - 1,733 |  |  |
| # of shares outstanding (mn)       | 369.3          |  |  |
| Free Float                         | 39%            |  |  |

|                     |      |      |      |
|---------------------|------|------|------|
| Avg. trading volume | 1M   | 3M   | 12M  |
| USD mn              | 26.2 | 31.7 | 25.2 |

|                   |      |     |       |
|-------------------|------|-----|-------|
| Price performance | 1M   | 3M  | Y-t-D |
| TL                | -14% | 32% | 92%   |
| USD               | -15% | 26% | 69%   |
| Rel. to BIST-100  | -4%  | 33% | 45%   |

|              |        |        |        |
|--------------|--------|--------|--------|
| 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 | 23,577 |

|                |       |       |       |
|----------------|-------|-------|-------|
| Valuation      | 2021  | 2022  | 2023  |
| P/E            | 6.1x  | 58.9x | 4.9x  |
| P/BV           | 1.4x  | 2.6x  | 3.1x  |
| EV/EBITDA      | 5.1x  | 5.6x  | 4.7x  |
| EV/Sales       | 0.98x | 1.06x | 0.70x |
| Dividend Yield | 3.8%  | 0.0%  | 0.0%  |



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## Summary

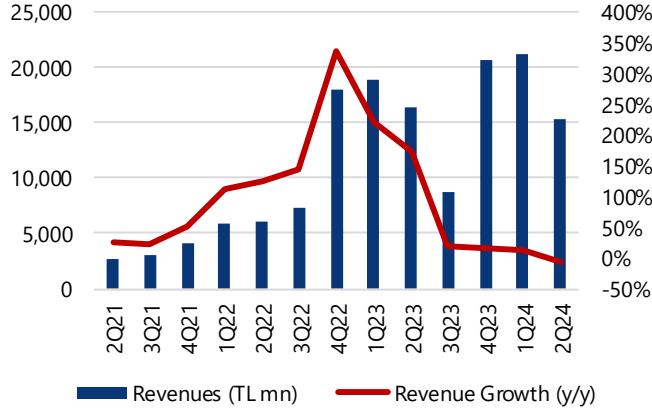
| <b>Balance Sheet</b>                  | <b>2019</b>   | <b>2020</b>   | <b>2021</b>   | <b>2022</b>   | <b>2023</b>   | <b>Income statement</b>       | <b>2019</b>  | <b>2020</b>   | <b>2021</b>   | <b>2022</b>   | <b>2023</b>   |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|-------------------------------|--------------|---------------|---------------|---------------|---------------|
| Cash                                  | 5,103         | 7,475         | 9,420         | 15,596        | 14,546        | <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         | 3,092         | 4,688         | 12,174        | 15,051        | Gross profit                  | 2,139        | 2,937         | 3,612         | 11,328        | 16,177        |
| Inventory                             | 910           | 1,696         | 3,218         | 8,516         | 10,467        | Operating expenses            | 1,007        | 1,214         | 1,514         | 5,793         | 6,760         |
| Other current assets                  | 999           | 2,438         | 1,439         | 5,487         | 6,072         | Operating profit              | 1,132        | 1,723         | 2,098         | 5,535         | 9,416         |
| <b>Current assets</b>                 | <b>9,451</b>  | <b>14,701</b> | <b>18,765</b> | <b>41,773</b> | <b>46,136</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         | 5,001         | Other income, net             | 1,142        | 1,911         | 6,297         | 6,087         | 8,781         |
| Net fixed assets                      | 2,515         | 2,847         | 3,641         | 14,703        | 20,300        | Financial income, net         | -911         | -2,058        | -8,466        | -10,249       | -13,421       |
| Intangible assets                     | 293           | 364           | 651           | 1,480         | 1,771         | Earnings before taxes         | 1,363        | 1,576         | -71           | 1,373         | 4,777         |
| Other non-current assets              | 453           | 602           | 1,308         | 3,765         | 3,616         | Tax expense                   | 261          | 308           | 92            | -57           | 554           |
| <b>Non-current assets</b>             | <b>4,206</b>  | <b>4,791</b>  | <b>7,479</b>  | <b>24,376</b> | <b>30,688</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>19,492</b> | <b>26,244</b> | <b>66,149</b> | <b>76,824</b> | <b>Cashflow statement</b>     |              |               |               |               |               |
| Short-term financial loans            | 5,774         | 1,423         | 2,863         | 18,787        | 6,811         | EBITDA                        | <b>1,304</b> | <b>1,922</b>  | <b>2,328</b>  | <b>6,703</b>  | <b>10,601</b> |
| Accounts payables                     | 985           | 1,275         | 2,270         | 6,857         | 9,524         | Taxes on EBIT                 | 216          | 336           | -2,734        | -228          | 1,093         |
| Other short-term payables             | 364           | 532           | 1,001         | 2,183         | 2,933         | Capital expenditures          | 133          | 217           | 465           | 1,146         | 1,111         |
| <b>Current liabilities</b>            | <b>7,123</b>  | <b>3,231</b>  | <b>6,134</b>  | <b>27,826</b> | <b>19,268</b> | Chg. in NWC                   | 1,378        | 2,419         | 656           | 11,064        | 1,995         |
| Long-term financial loans             | 967           | 9,058         | 15,314        | 20,348        | 31,312        | <b>Free cashflows to firm</b> | <b>-424</b>  | <b>-1,050</b> | <b>3,941</b>  | <b>-5,279</b> | <b>6,401</b>  |
| Other long-term payables              | 370           | 386           | 482           | 2,332         | 1,544         | <b>Growth &amp; margins</b>   |              |               |               |               |               |
| <b>Non-current liabilities</b>        | <b>1,337</b>  | <b>9,444</b>  | <b>15,796</b> | <b>22,680</b> | <b>32,855</b> | Revenues                      | 31%          | 25%           | 29%           | 315%          | 7%            |
| <b>Shareholders' equity</b>           | <b>5,198</b>  | <b>6,817</b>  | <b>4,314</b>  | <b>15,643</b> | <b>24,700</b> | EBITDA                        | 39%          | 47%           | 21%           | 188%          | 58%           |
| Parent company                        | 4,675         | 6,037         | 2,987         | 12,036        | 22,417        | Net earnings                  | 42%          | 9%            | -143%         | -312%         | 243%          |
| Minorities                            | 523           | 780           | 1,327         | 3,607         | 2,283         | Gross margin                  | 27.4%        | 30.2%         | 28.8%         | 21.8%         | 29.0%         |
| <b>Total liabilities &amp; equity</b> | <b>13,657</b> | <b>19,492</b> | <b>26,244</b> | <b>66,149</b> | <b>76,824</b> | Operating margin              | 14.5%        | 17.7%         | 16.7%         | 10.6%         | 16.9%         |
| Net debt                              | 1,639         | 3,006         | 8,757         | 23,538        | 23,577        | EBITDA margin                 | 16.7%        | 19.8%         | 18.6%         | 12.9%         | 19.0%         |
| Net working capital                   | 3,000         | 5,418         | 6,074         | 17,138        | 19,133        | Net margin                    | 12.8%        | 11.1%         | -3.7%         | 1.9%          | 6.1%          |
| Net working capital (Operatin         | 2,365         | 3,512         | 5,636         | 13,834        | 15,995        | Free cashflow margin          | 12.8%        | 11.1%         | -3.7%         | 1.9%          | 6.1%          |
| Invested Capital                      | 5,807         | 8,629         | 10,366        | 33,321        | 41,203        | <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        | 18.46         | 11.68         | 42.36         | 66.89         |
| ROE                                   | 22.5%         | 18.0%         | -8.3%         | 9.9%          | 16.8%         | 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          | 0.5x          | 1.1x          | 0.8x          | P/E                           | 8.1x         | 10.2x         | 6.1x          | 58.9x         | 4.9x          |
| Leverage                              | 2.7x          | 2.8x          | 4.1x          | 4.6x          | 3.5x          | P/BV                          | 1.81x        | 1.70x         | 1.42x         | 2.56x         | 3.14x         |
| ROA                                   | 8.2%          | 6.5%          | -2.0%         | 2.1%          | 4.7%          | EV/EBITDA                     | 8.1x         | 6.7x          | 5.1x          | 5.6x          | 4.7x          |
| ROIC                                  | 18.2%         | 19.1%         | 17.7%         | 20.3%         | 20.2%         | EV/Sales                      | 1.31x        | 1.14x         | 0.98x         | 1.06x         | 0.70x         |
| <b>Leverage</b>                       |               |               |               |               |               | Dividend Yield                | 0.0%         | 0.0%          | 3.8%          | 0.0%          | 0.0%          |
| Financial debt/Total assets           | 49%           | 54%           | 69%           | 59%           | 50%           | Free cashflow yield           | -6.5%        | -13.4%        | 54.8%         | -76.8%        | 34.2%         |
| Net debt/Equity                       | 0.32          | 0.44          | 2.03          | 1.50          | 0.95          |                               |              |               |               |               |               |
| Net debt/EBITDA                       | 1.26          | 1.56          | 3.76          | 3.51          | 2.22          |                               |              |               |               |               |               |

Source: Bloomberg, Tacirler Investment

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

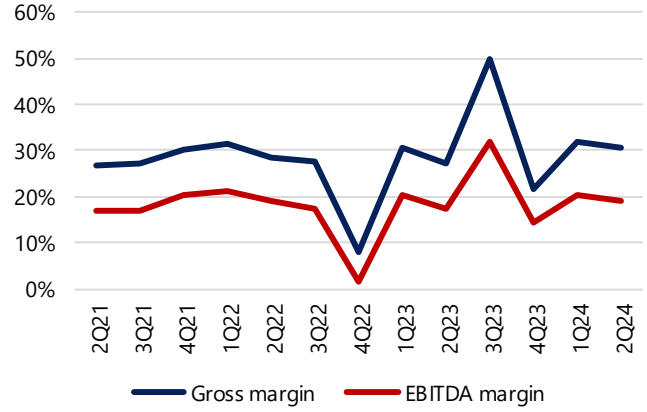
## Key Financial Indicators (Quarterly)

### Revenue trends



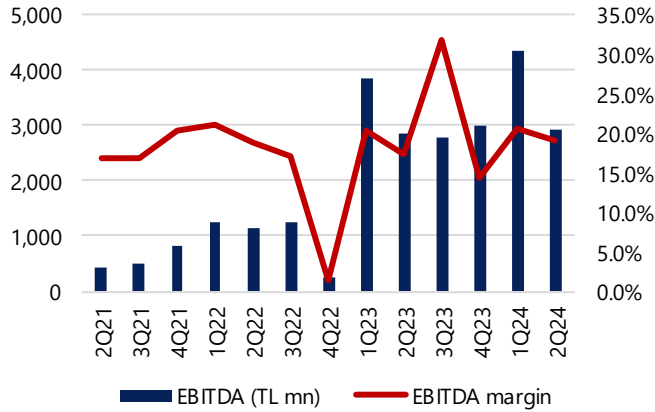
Source: Tacirler Investment

### Operating margin evolution



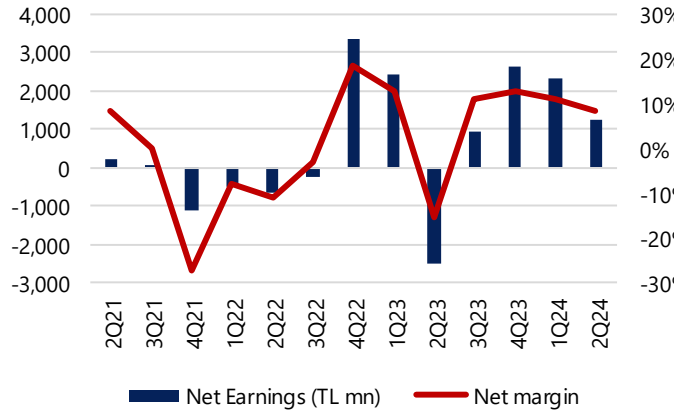
Source: Tacirler Investment

### EBITDA trends



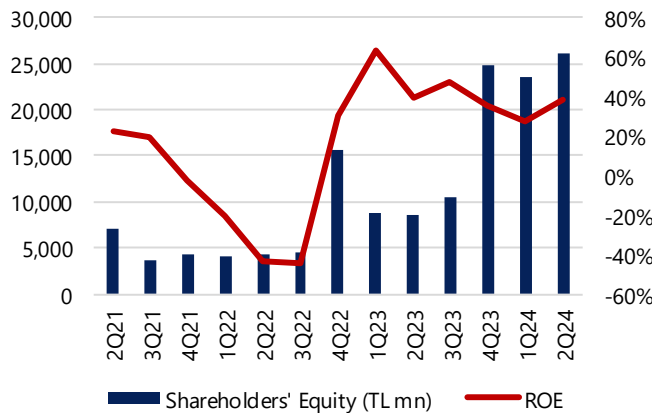
Source: Tacirler Investment

### Net earnings trends



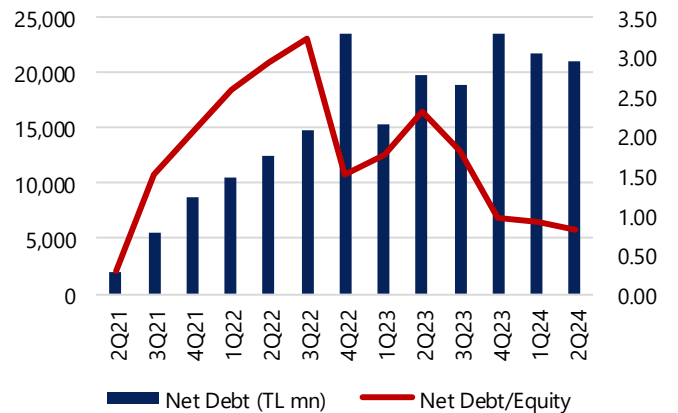
Source: Tacirler Investment

### Profitability trends



Source: Tacirler Investment

### Trends in financial leverage



Source: Tacirler Investment

## Yatırım Merkezlerimiz

## Genel Müdürlük

Nispetiye Cad. B-3 Blok Kat: 9 Akmerkez Etiler - İSTANBUL  
0 212 355 46 46

|   |  |                                  |
|---|--|----------------------------------|
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| <b>Akatlar İrtibat Bürosu</b>             | Akat Mahallesi Meydan Caddesi B Blok No: 16 D: 8 (Eski No D: 10) Beşiktaş                    | (0 212) 355 46 46                |
| <b>Ankara</b>                             | Remzi Oğuz Ank Mah. Tunalı Hilmi Cad. Yaprak Apt. No: 94 Kat: 2 D: 9 Kavaklıdere Çankaya     | (0 312) 435 18 36                |
| <b>Ankara - Çukurambar İrtibat Bürosu</b> | Kızılırmak Mah.Ufuk Üniversitesi Cad. Next Level Loft Ofis No: 4/65 Kat: 24 Söğütözü Çankaya | (0 312) 909 87 70                |
| <b>Antalya</b>                            | Şirinyalı Mah. İsmet Gökşen Cad. Özden Apt. No:82/6 Muratpaşa                                | (0 242) 248 45 20                |
| <b>Bakırköy</b>                           | İstanbul Cad. Bakırköy İş Merkezi No: 6 Kat: 4 D: 14 Bakırköy                                | (0 212) 570 52 59                |
| <b>Bodrum İrtibat Bürosu</b>              | Konacık Mahallesi, Atatürk Bulvarı, Arbor-Abdullah Ünal Çabuk İş Merkezi No: 285/1-A6 Bodrum | (0 212) 355 46 46                |
| <b>Bursa</b>                              | Konak Mah. Banş (120) Sokak , Ofis Artı Binası, Dış kapı No:3 Daire:33 Nilüfer-BURSA         | (0 224) 225 64 10                |
| <b>Çankaya İrtibat Bürosu</b>             | Çankaya Mahallesi Cinnah Caddesi Cinnah Apartmanı No: 55 D: 7-8 Çankaya / ANKARA             | (0 212) 355 46 46                |
| <b>Denizli</b>                            | Urban İş Merkezi 2. Ticari Yol Daire 26 Kat: 6 Bayramyeri                                    | (0 258) 265 87 85                |
| <b>Erenköy</b>                            | Bağdat Cad. Çubukçu Apt. No: 333 Kat: 2 D: 4 Kadıköy   | (0 216) 348 82 82                |
| <b>Gaziantep</b>                          | İncilipinar Mah. Gazimuhtarpaşa Bul. Kepkepze Park İş Merkezi B Blok No: 18 Kat: 1 D: 5      | (0 342) 232 35 35                |
| <b>Girne</b>                              | Ziya Rızki Cad. Şehit Necati Gürkaya Sok. Kat: 1 D: 1 Girne - KKTC                           | (0 392) 815 14 55-0533 889 15 51 |
| <b>İzmir</b>                              | Kültür Mahallesi, Cumhuriyet Bulvarı No:137 Cumhuriyet Apt. K:5 D:12 Konak – İzmir           | (0 232) 445 01 61                |
| <b>İzmir Karşıyaka Şube</b>               | Yalı Mahallesi Ahmet Kemal Baysak Bulvarı No:42 D:11   | (0 232) 241 19 24                |
| <b>İzmir İrtibat Bürosu</b>               | Şehit Nevres Bulvarı Eczacıbaşı Apartmanı No: 7 Kat: 2 Daire: 5 Pasaport Alsancak - Konak    | (0 232) 241 24 50                |
| <b>İzmit</b>                              | Hürriyet Cad. Kaya İşhanı No: 39/5 İzmit   | (0 262) 323 11 33                |
| <b>İzmit İrtibat Bürosu</b>               | Ömerağa Mah. Alemdar Cad. İ. Kolaylı Apt. No: 8 Kat: 2 İzmit                                 | (0 262) 260 01 01                |
| <b>Karadeniz Ereğli</b>                   | Bağlık Mahallesi Karanfil Sokak No:16/A Karadeniz Ereğli – Zonguldak                         | (0 372) 316 40 50                |
| <b>Kartal</b>                             | Üsküdar Cad. Cevat Kayacan Apt. No: 26 Kat: 4 D: 8 Kartal                                    | (0 216) 306 22 71-306 22 06      |
| <b>Kayseri</b>                            | Hunat Mah. Nuh Mehmet Baldöktü Sok. Gürcüoğlu Plaza No: 5 K: 3 D: 11 Melikgazi               | (0 352) 221 08 68-222 82 51      |
| <b>Marmaris İrtibat Bürosu</b>            | Kemeraltı Mah. Orgeneral Mustafa Muğlalı Cad. Güven Apt. No: 22 D: 2 Marmaris                | (0 252) 321 08 00                |
| <b>Merkez Şube</b>                        | Akat Mahallesi Meydan Caddesi B Blok No: 16 D: 7 (Eski No D: 9) Beşiktaş                     | (0 212) 355 46 46                |
| <b>Mersin</b>                             | İnönü Mah. 1401 Sok. No:32 Pozcu Evo Kat:2 No:10-11 Yenişehir Mersin                         | (0 324) 238 11 89                |
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