2017 Q4 EARNINGS RELEASE

Cenker Ucan, CFO

İSTANBUL, 7 MARCH 2018

AGENDA

Turkey Macro Economic Overview

Market Growth

Ülker Consolidated Operational Performance

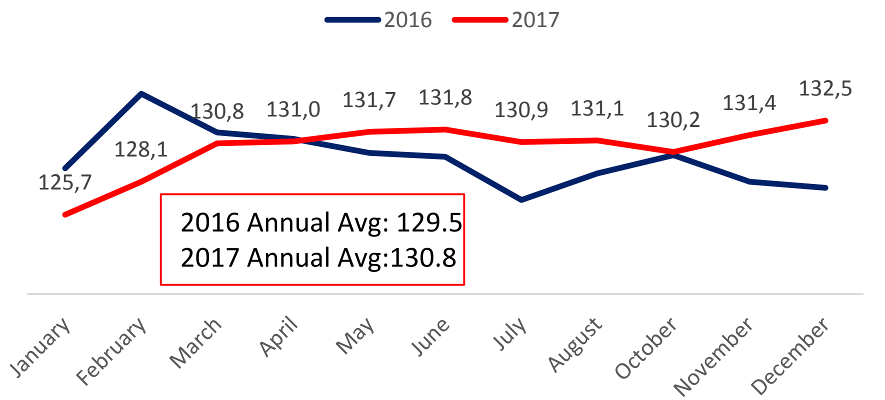
Domestic Operations

International Operations

Financial Highlights

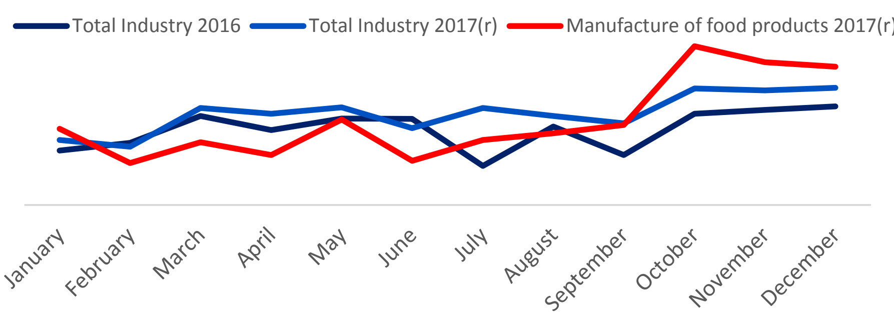
Turkey Macro Economic Overview

Retail Sales Volume Index



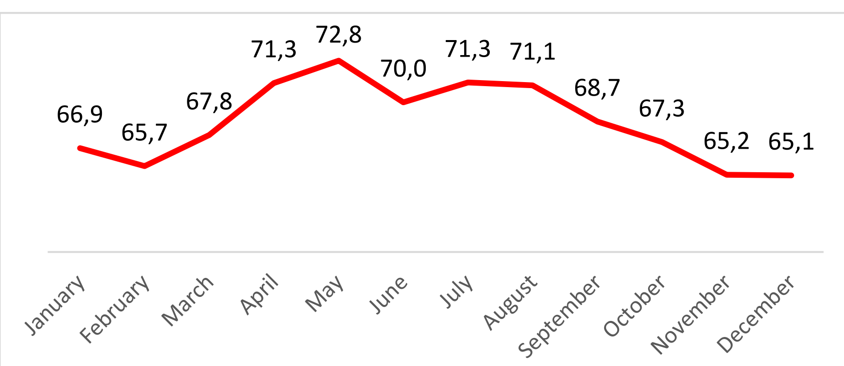
- Retail sales volume index (Adj.) improved by 0,4% in December 2017 over 2016 year-end

Industrial Production



- Industrial production index averaged 126,6 in 2016, and 134,6 in 2017
- As of December 2017 Industrial Production index realized as 146,8

Consumer Confidence Index



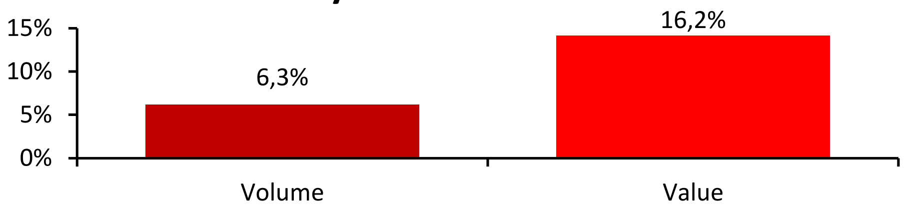
- Consumer confidence index in Turkey realized as 65,1 in December remained almost flat compared to November 2017 figures.
- Consumer price index (CPI) increased by 0,69% in December 2017 and 11,9% YoY
- Food price inflation was 13,8% in December 2017 YoY

Source : www.tuik.gov.tr (r) Data are revised.

Market Growth

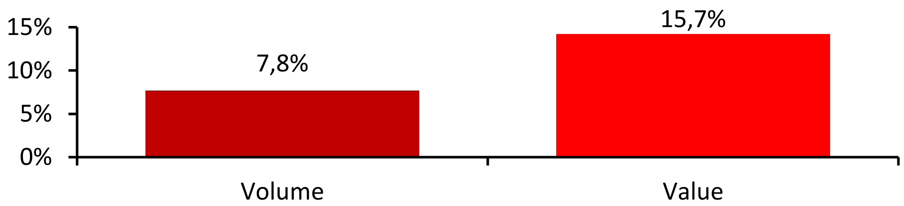
Market Growth % (Volume & Value in 2017) in Turkey

Total Confectionary



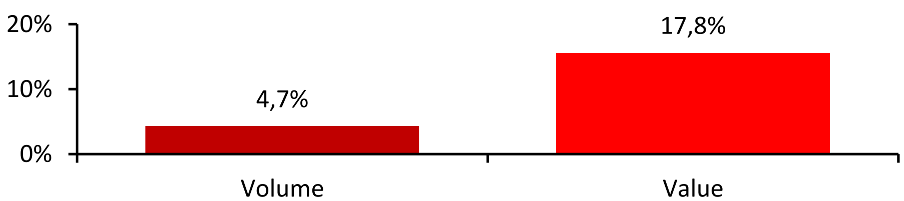
Total confectionery market grew by 6,3 % in volume and 16,2% in value terms,

Biscuit



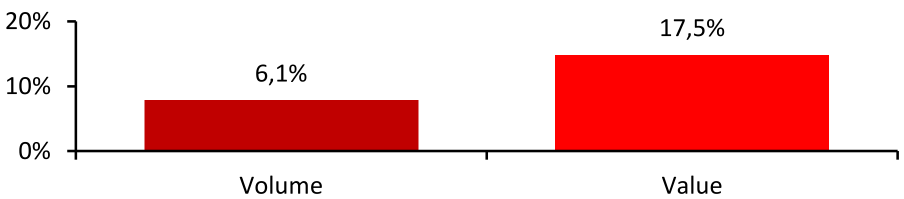
Biscuit market grew by 7,8% in volume and 15,7% in value terms,

Chocolate



Chocolate market grew by 4,7 % in volume and 17,8 % in value terms,

Cake



Cake market grew by 6,1% in volume and 17,5% in value terms,

Source: AC Nielsen, LTM

CONSOLIDATED OPERATIONAL PERFORMANCE

Leading confectionary player in Turkey and MENACA, serving c.600 mn consumers

Over 70+ years of experience in Turkey

Production in 4 countries at 9 facilities

Total Production Capacity of 937K tons

Largest production capacity in the region with strategically located plants

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

Saudi Arabia
FMC&IBC&UIMENA
Biscuits& Chocolates & Cakes
Capacity: 57k ton/year
IBC*
Capacity 20k ton /year

Kazakhistan
Hamle
Biscuits&Cakes&Chocolates
Capacity: 47k ton/year

Turkey
Biscuits& Chocolates & Cakes
4 in Istanbul, 1 in Karaman, 1 in Ankara total 6 Factory
Total Capacity 789K

(*) SPA completed waiting for SAGIA Approval

Consolidated Performance Highlights

Track Record in all metrics

2017 Volume

~ 543 Tons

Growth +3,2 %

2017 Revenue

~ TL4.8 BN

Growth + 14,7%

EBITDA

~ TL701 MN

Growth + 21,9 %

2017 EBITDA Margin

14,6 %

improved by 90pbs

2017 Net Profit

~ TL383 MN

Growth + 40,5%

Operating Cash Flow
~ TL713 MN

Growth + 21,2 %

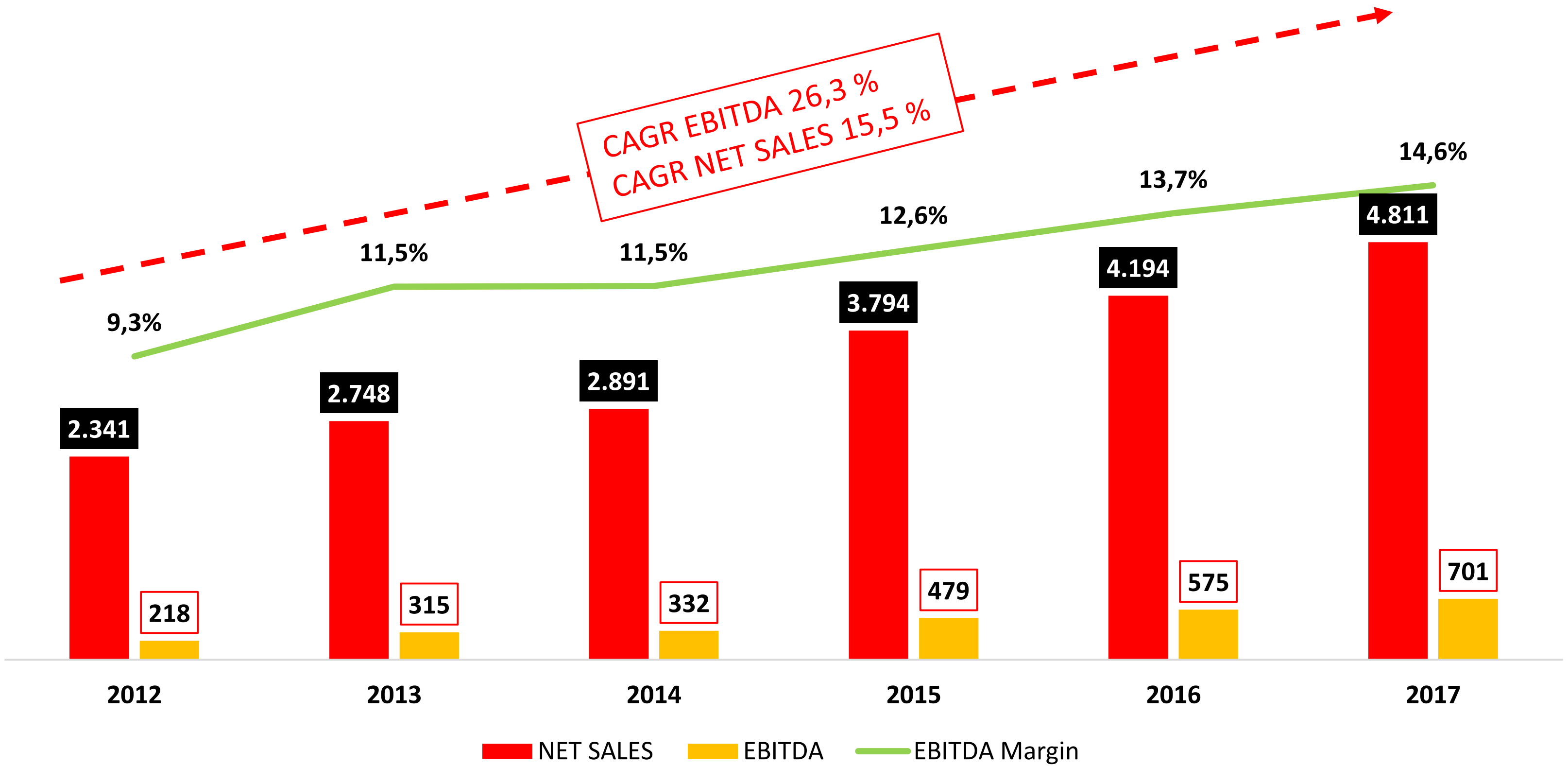
2017 Net Debt/EBITDA

1.58x

Consolidated Performance Highlights

Clear success between 2012-2017 amid several challenges

	2012	2013	2014	2015	2016	2017	CAGR %
Volume ('000 tons)	422	478	480	514	526	543	5,2



Note: EBITDA and Net Sales are expressed in million Turkish Lira

Consolidated Performance Highlights

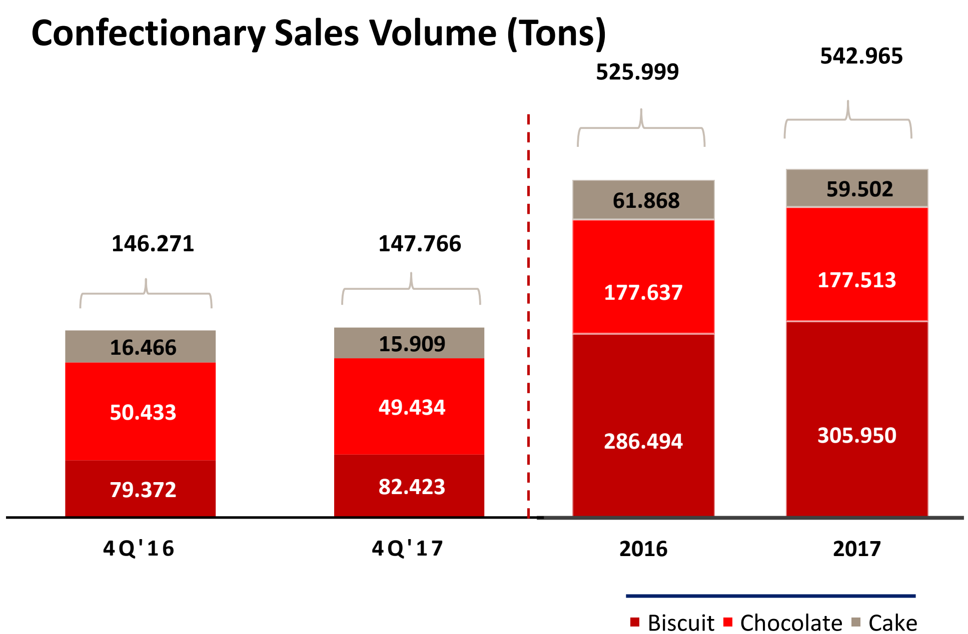
Best in class financials

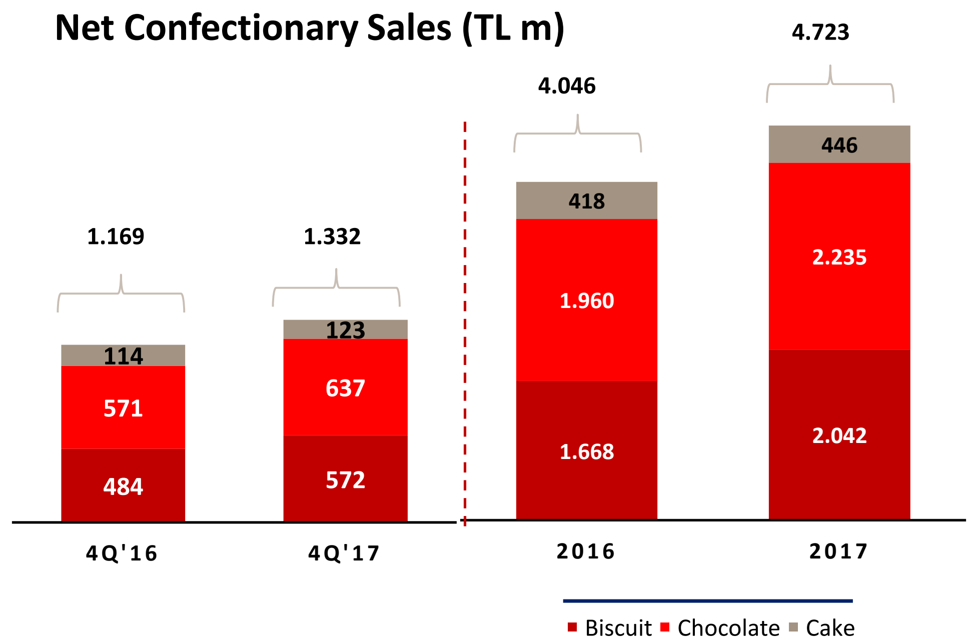
TL ('000)	Q4 2016	Q4 2017	▲ %	2016	2017	▲ %
Confectionary Volume (Ton)	*146.271*	*147.766*	*1,0%*	*525.999*	*542.965*	*3,2%*
Revenue	*1.203.103*	*1.342.281*	*11,6%*	*4.193.775*	*4.811.033*	*14,7%*
Confectionary Price Increase			*12,8%*			*13,1%*
Gross Profit	321.790	368.406	*14,5%*	1.074.050	1.276.936	*18,9%*
Gross Profit Margin	26,7%	27,4%		25,6%	26,5%	
EBITDA	160.895	191.342	18,9%	575.328	701.370	21,9%
EBITDA Margin	13,4%	14,3%		13,7%	14,6%	
Net Income	8.104	112.579	1289,1%	284.296	430.891	51,6%
Net Income (Equity Holders of the Parent)	*18.063*	*100.124*	*454,3%*	*272.663*	*383.153*	*40,5%*

- In line with our strategy, non-confectionary business has been divested
- As we have promised to investment community we reached to our targeted EBITDA margin levels.

Consolidated Performance Highlights

3,2% growth in volume & 16,7% growth in value in 2017





Consolidated confectionary sales volume was up by **1,0%** and **3,2 %** in the fourth quarter and in 2017 respectively;

- Consolidated biscuits sales volume jumped by 3,8% in 4Q'17 and expanded by 6,8% in 2017. Branded volume was up 4,0 % in 4Q'17 and 8,7% in 2017
- Consolidated chocolate sales volume was contracted by -2,0% in 4Q'17 and remain flat in overall 2017. While branded chocolate volume slightly improved by 0,9% in Q4'17, in 2017 branded chocolate volume was up 4,2%
- Consolidated cake operation was down by -3,4% in 4Q'17 and -3,8% in 2017 mainly due to focusing on branded and profitable products. Branded cake volume remained flat in Q4'17 and increased 3,2% in 2017

Consolidated confectionary revenue grew by **14,0%** and **16,7%** in the fourth quarter and in 2017, respectively ;

- The higher growth at the top line was mainly due to;
  - Successful price adjustments
  - Benign Fx impact
  - Praiseworthy new launches
- Consolidated biscuits revenue expanded by 18,2% in Q4'17 and 22,4% in 2017
- Consolidated chocolate revenue increased by 11,4% in Q4'17 and 14,0 % in 2017
- Consolidated cake sales revenue improved by 8,8 % in Q4'17 and increased by 6,7% in 2017

DOMESTIC OPERATIONS

Domestic Operations

Turkey – #1 in Total Confectionery with 35,4% Market Share

Turkey

#2 Biscuits – 36% Market Share (1)

1 in Petit Beurre

1 in Creamy Biscuits

1 in Special Biscuits

1 in Cracker

1 in Sandwich Biscuits

2 in Chocolate Biscuit

#1 Chocolate – 37% Market Share (1)

4 out of Top 5 in Chocolate Covered

#1 in Solid Chocolate

#2 Cake – 27% Market Share (1)

#1 in Family Cake

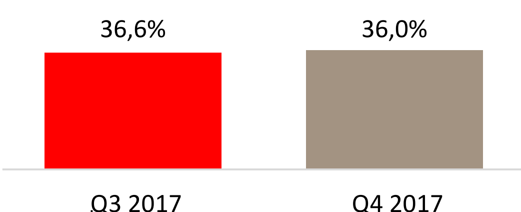
#2 in Portion Muffin Coated Cake

#2 in Wet Cake

(1) Source: AC Nielsen&Ipsos

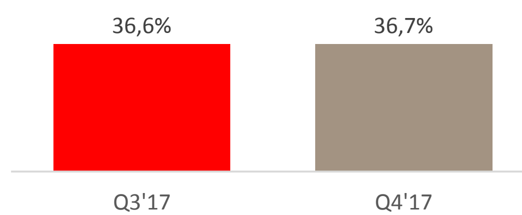
Quarterly Market Share Development, Value Based (2)

Biscuits

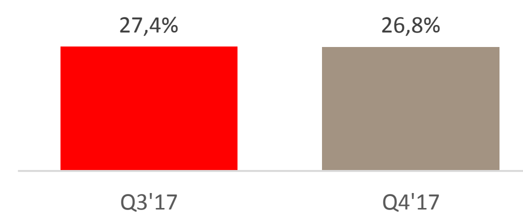


The gap between main competitor decreased by 2.3 ppt

Chocolate



Cake



(2) Source: AC Nielsen

Domestic Operations

Branded Sales Contribution of Synergy Products and New Launches

2017 Synergy Products

2016 Synergy Products

2017 New Product Launches

Biscuits

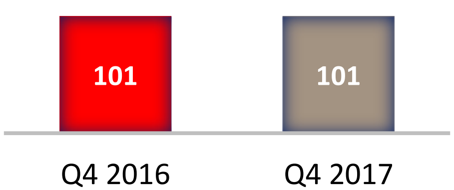
Cakes

Chocolates

Domestic Operations

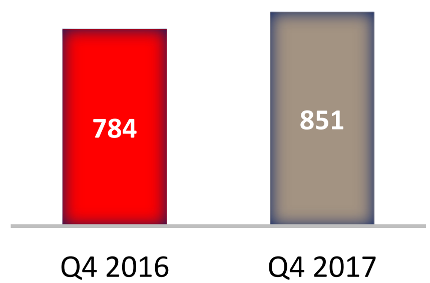
Despite base impact, growth in financial and operational metrics in Q4 2017 continued

Sales Volume (thousand tons)



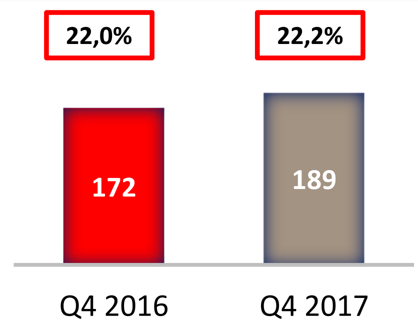
- Branded volume growth remained flat.
- Slight increase mainly driven by the growth in biscuits

Net Sales (TL m)



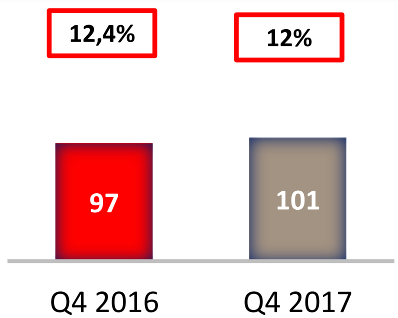
- Branded revenue up by 8,7%
  - Effective pricing strategy
  - Successful new launches
  - Lucrative mix impact
- Total price per tonnes improved by 8,2%
- Overall revenue up by 8,5%

Gross Profit (TL m)



- Gross Profit up by 9,6% driven by the effective cost management despite rising input costs
- Slight improvement in gross profit margin

EBITDA (TL m)



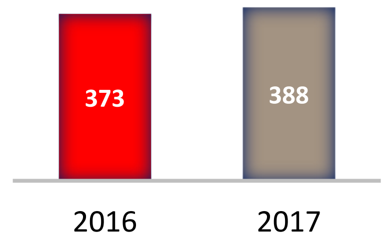
- EBITDA was up by 4,6% resulting an EBITDA margin of 12 %

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

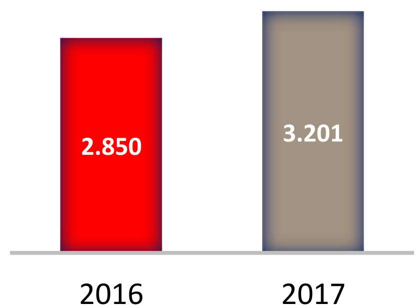
Domestic Operations

Continue to grow in core market

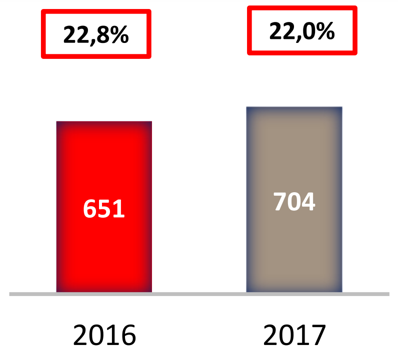
Sales Volume (thousand tons)



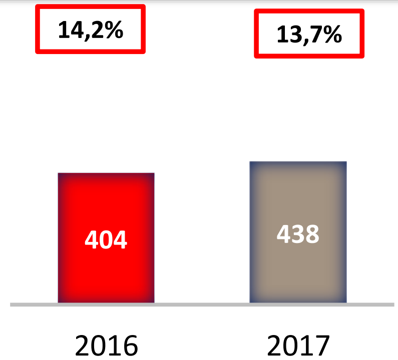
Net Sales (TL m)



Gross Profit (TL m)



EBITDA (TL m)



- Branded volume continues with a good performance and up by 6,4 % thanks to
  - New product launches
  - 360º active marketing investments
- Overall volume increased by 3,8%

- Branded revenue up by 14,1%
  - Effective pricing strategy
  - New launches
  - Mix impact
- Total price per tonnes improved by 8,2%
- Overall revenue up by 12,3%

- Gross Profit up by 8,2%
- Gross Profit margin impacted due to high base impact

- EBITDA was improved by 8,6 % realised as TL 438,4m, representing 13,7% EBITDA margin

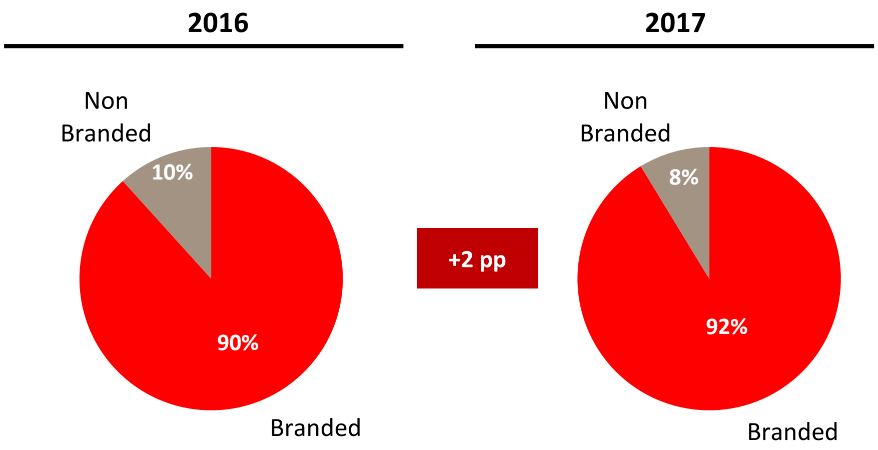
All figures set out in the table above are related to products sold in Turkey

Domestic Operations

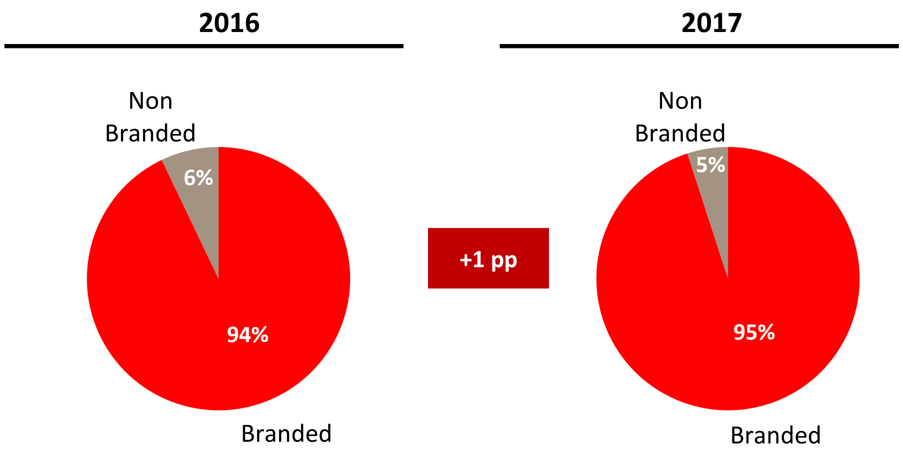
Continue to increase the share of Branded Domestic Products

- In line with our strategy, we focused on branded product sales and continue to enjoy significant contribution improvement at the operational front.

Branded & Non-Branded Volume Breakdown



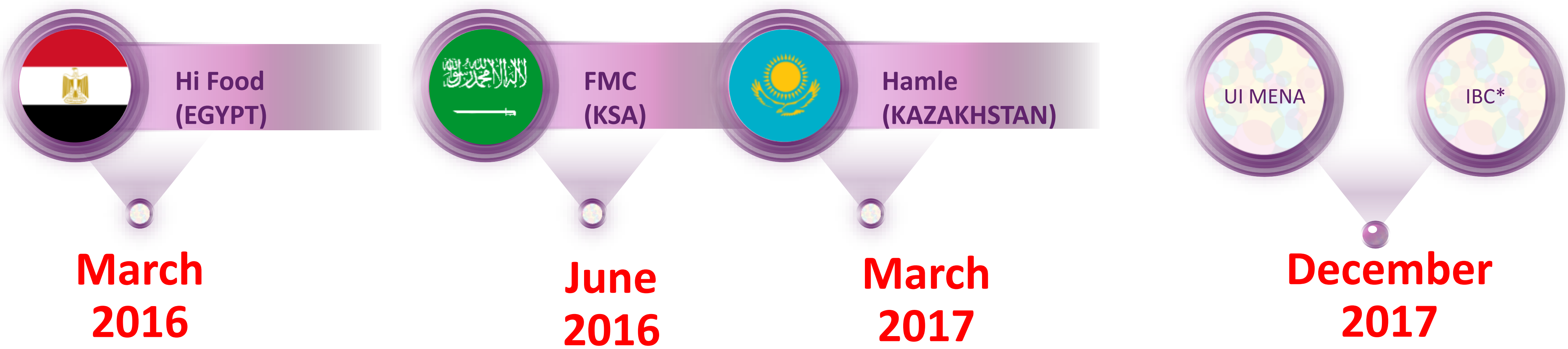
Branded & Non-Branded Revenue Breakdown



INTERNATIONAL OPERATIONS

International Operations

Ülker completed the acquisitions in MENA&CA



(*) SPA completed in 2017,awating for SAGIA approval

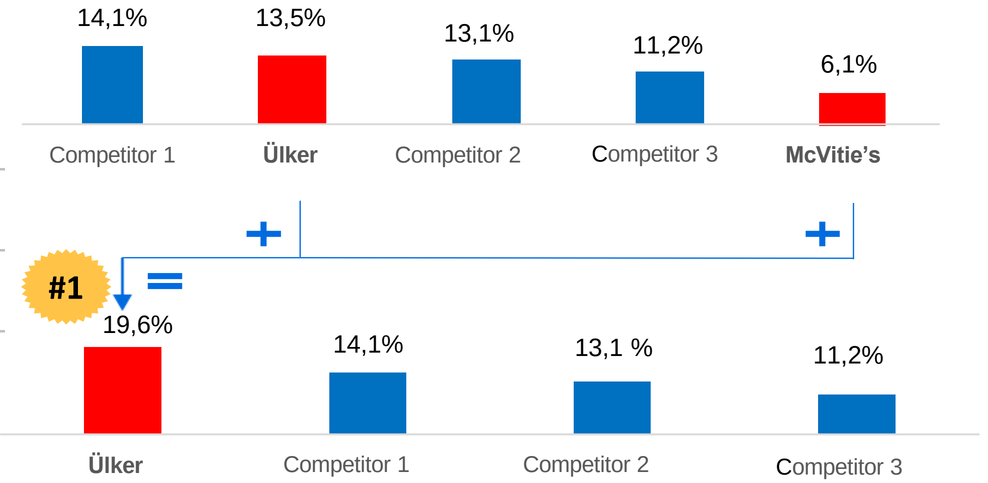
International Operations

Saudi Arabia – stay strong #1 with higher market share

Snapshot of Saudi Arabia (2017)

Population	31m
Population Growth Rate [1]	c2.2%
GDP [2]	US$653.8bn
Size of Confectionery Market	US$2.8bn

Ülker's presence: Biscuit market share[3]



FMC Financial Review

	2016	2017	Change %
Sales Volume (tonnes)	27.744	38.902	40.2%
Net Sales (SAR x000)	343.377	514.177	49,7%
EBITDA (SAR x000)	46.582	64.975	39,5%
EBITDA Margin	13.6%	12.6%	

In line with our acquisition plan, our company has started to distribute McVitie's& Rana products in Saudi Arabia. The total contribution of this change to the volume is 8 ktons and 135 MSAR in terms of revenue. Along with McVitie's and ULKER brands our business has grown tremendously year over year. Along with this new initiation, Ülker gained market leader position in Saudi Arabia.

(1) Source: Worldbank .
(2) Source: IMF
(3) AC Nielsen

International Operations

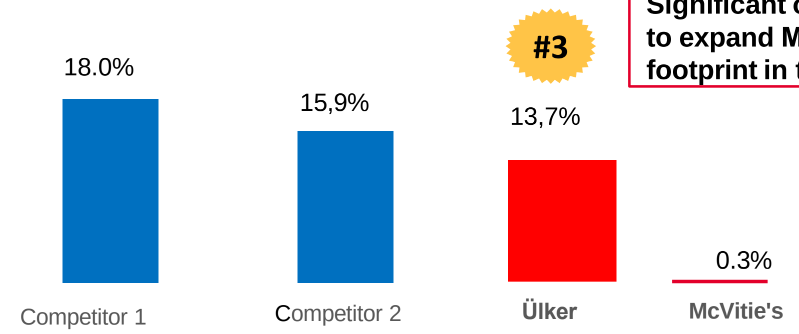
Egypt – Target #1 in Biscuits, #2 in Cake & Top 5 in Chocolate

Snapshot of Egypt (2017)

Population	90m
Population Growth Rate [(1)]	c2.0%
GDP [(2)]	US$330.8bn
Traditional Channel	c80%
Size of Confectionery Market	US$1.0bn

Ülker's presence: Biscuit market share[(3)]

Significant opportunity to expand McVitie's footprint in the region



Ülker holds #1 position in filled & digestive and #2 in plain segment

HI-FOOD & Ulker Egypt Consolidated Financial Review

	2016	2017	Change %
Sales Volume (tonnes)	29.540	29.963	1,4%
Net Sales (EGP x000)	545.135	934.874	71.5%
EBITDA (EGP x000)	49.979	64.803	29.7%
EBITDA Margin	9.2%	6.9%	

- Despite heavy economic environment, our business in Egypt has grown rapidly in terms of volume and value with support of new launches and marketing investments.
- With the help of price increase our sales were up by 71.5 % which helped us to overcome the impact of depreciation.

(1) Source: Worldbank
(2) Source: IMF
(3) AC Nielsen.

International Operations

To Become # 1 or strong #2 in all MENA Countries

ÜLKER

UI MENA operations

- 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

UI MENA Financial Review

	2016	2017	Change %
Sales Volume (tons)	10.965	10.009	-8.7%
Net Sales (AED x000)	157.353	182.940	16.3%
EBITDA (AED x000)	37.204	56.346	51.5%
EBITDA Margin	23,6%	30,8%	

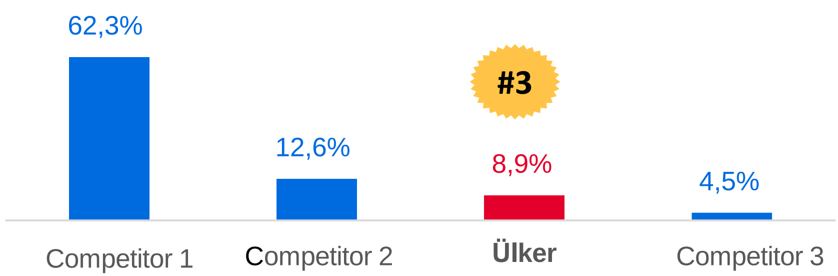
International Operations

Kazakhstan – A Bridge from East to West and our gate to Central Asia

Snapshot of Kazakhstan (2017)

Population	17.5m
Population Growth Rate [1]	c.1.5%
GDP [2]	US$185bn
Traditional Channel	c.80%
Size of Confectionery Market	US$1.3bn

Ülker's presence: Chocolate market share[3]



HAMLE Financial Review

	2016	2017	Change
Sales Volume (tonnes)	13.001	11.654	-10.4%
Net Sales (KZT x000000)	9.748	9.602	-1,5%
EBITDA (KZT x000000)	807	642	-20,5 %
EBITDA Margin	8,3%	6,7%	

After acquisition of the company, SKU optimization project has been started in order to attain sustainable growth and expand the profitability strategy. Within the scope of this project, low profitable products are started to be delisted. We invested 17mnEuro for new production lines which enable Hamle to produce McVitie's & Halley for Central Asia.

(1) *Source: Worldbank*
(2) *Source: IMF*
(3) *AC Nielsen*

International Operations

Continue to gain market share in operating territories with acquisition synergies

Egypt

#3 Biscuits – 14% Market Share


1 in Filled
(Biskrem and Tamr brands)


2 in Plain
(Teabiscuits and Finger biscuits)

Saudi Arabia

#1 Biscuits – 19,6% Market Share

1 in Plain

1 in Filled

4 in Sandwich

#1 in Coated

3 in Wafer

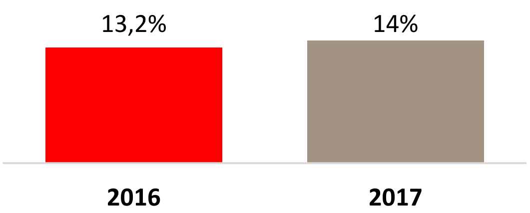
Kazakhstan

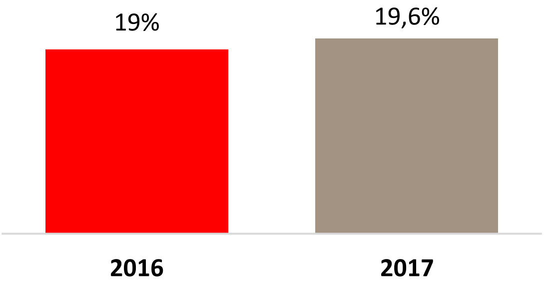
#3 Chocolate– 8,9% Market Share

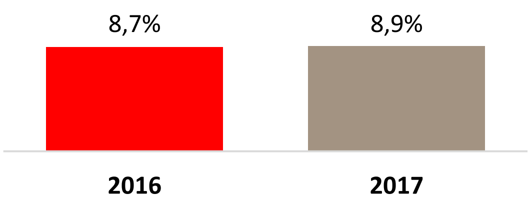
4 in countline

1 in Biscuits with filling

Market Share Development, Value Based[1] – 2016 vs 2017







(1) Source: AC Nielsen

International Operations

2017 New Launches & Synergy Products

EGYPT

KAZAKHSTAN

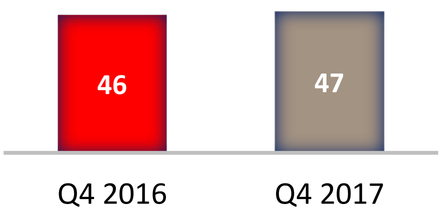
SAUDI ARABIA

SYNERGY PRODUCTS

International Operations

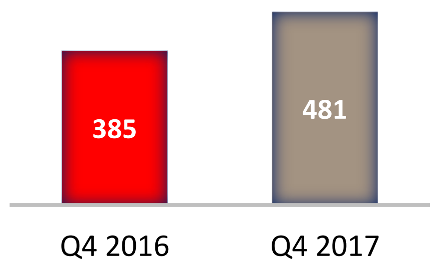
Strong performance prevailed in Q4 2017 with profitability focus

Confectionary Sales Volume (thousand tons)



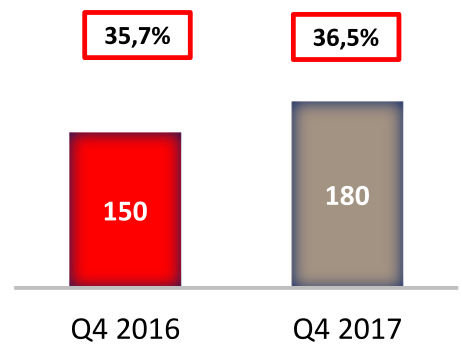
- Branded sales volume up by 7,6%
- Overall volume was up by 2,7%

Confectionary Net Sales (TL m)



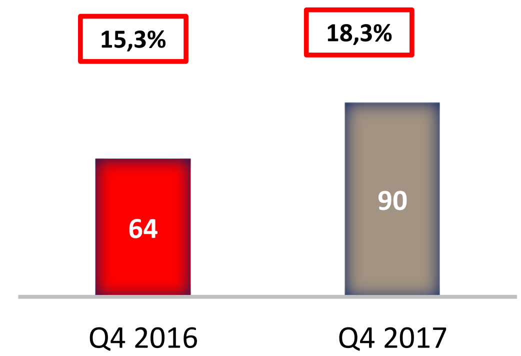
- Branded revenue grew by 28,5%
- Overall revenue was up by 25,1% in Q4 2017 thanks to
  - Effective pricing strategy
  - New initiatives - Distribution of McVitie's &Rana in Saudi
  - Benign fX impact
  - Successful new Ulker launches

Gross Profit* (TL m)



- Gross Profit was up by 20,1%
- Continued gross margin increased to 36,5%, gains of 0,8 pp thanks to
  - Successful new Launches,
  - Effective cost management
  - New Initiatives- Distribution of McVitie's &Rana in Saudi
  - Improved raw material sourcing

EBITDA* (TL m)



- EBITDA growth was 40,6% and margin improvement of 3 pp to 18,3% highest ever

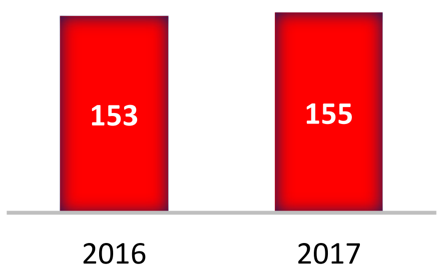
** Includes non-confectionary Gross Profit / EBITDA*

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

International Operations

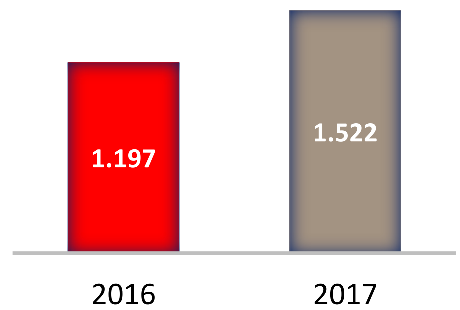
Excellent contribution to both sales and profitability in 2017

Confectionary Sales Volume (thousand tons)



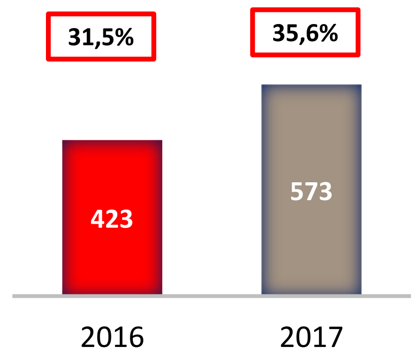
- Branded sales volume up by 7%
- Focusing on branded products, total increased in the total confectionary volume including non branded productes was up by 1,7%

Confectionary Net Sales (TL m)



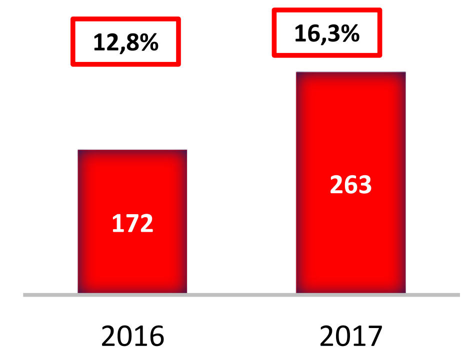
- Accelerated branded revenue growth by 31,2%
- Overall revenue was up by 27,1% in 2017 thanks to
  - Effecient price adjustments
  - New model of McVitie's export/import business
  - New launches

Gross Profit* (TL m)



- Gross Profit margin was realized as 35,6%
- Continued gross margin increased with a gains of 4.1 pp thanks to
  - Effective cost management
  - More proiftable new launches
  - Improved raw material sourcing
  - Benefiting economies of scales (decreased cost to serve)

EBITDA* (TL m)



- EBITDA growth by 53,5 % and margin improvement of 3.5 pp to 16,3%

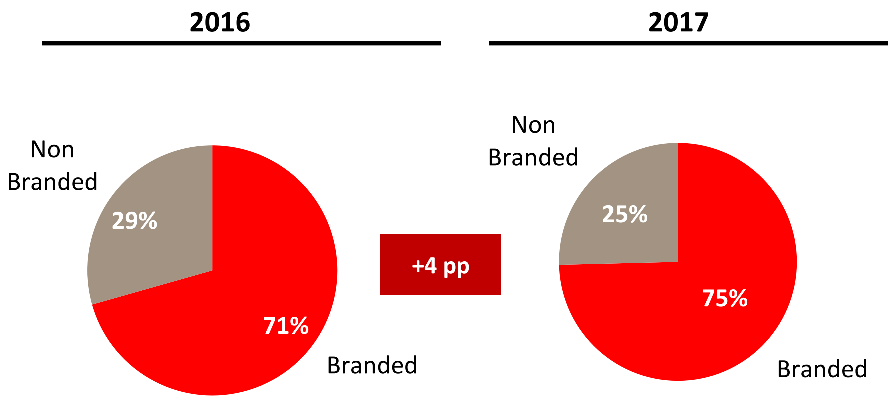
** Includes non-confectionary Gross Profit / EBITDA*

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

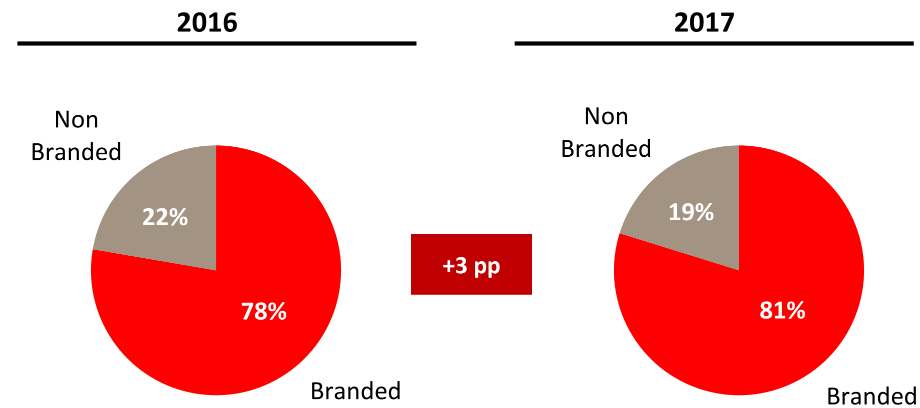
International Operations

Strategy to Focus in Branded Confectionery Products

Confectionery Branded & Non-Branded Volume Breakdown



Confectionery Branded & Non-Branded Revenue Breakdown

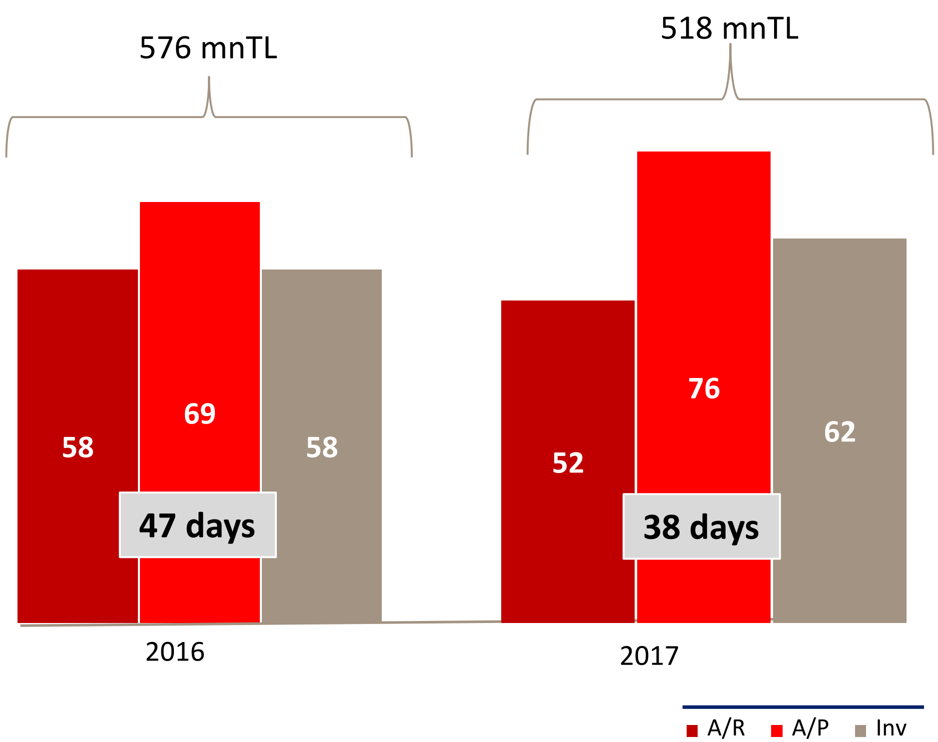


FINANCIAL HIGHLIGHTS

Financial Highlights

Effective Cash Cycle

Average Working Capital Days & Net Working Capital



- **Cash Cycle of 38 days in 2017 (47 days in 2016)**
  - Working capital requirement over sales ratio was 10,8% in 2017 and 13,7 % in 2016
  - 10 % decline in the Net Working Capital need

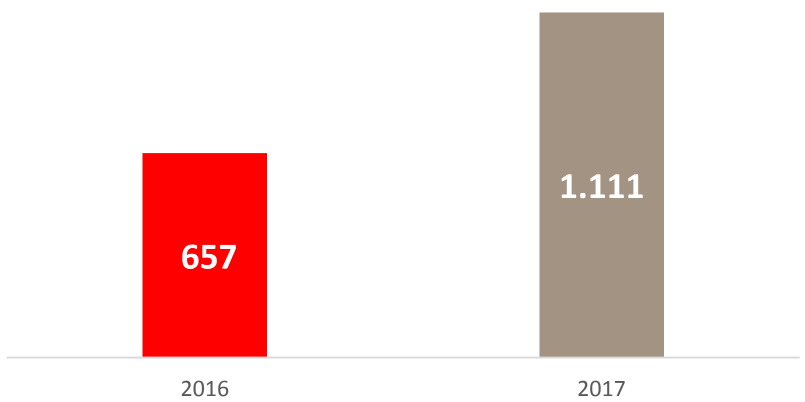
Cash Flow Flow from operations (mnTL)

- Operating cash flow of 713 mnTL
- Cash flow generated from operations increased by 21%

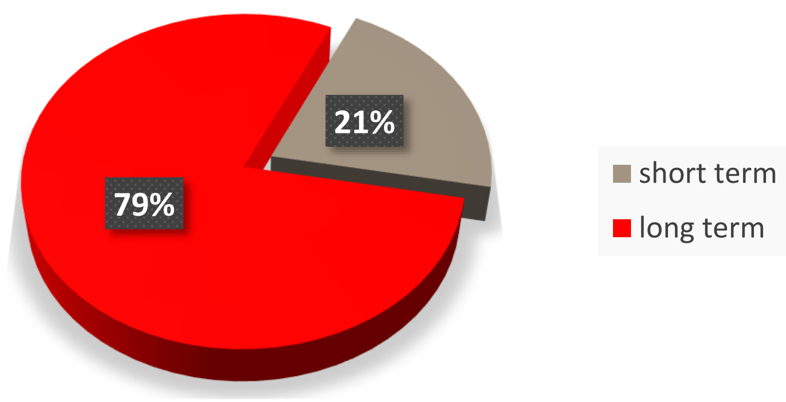
Financial Highlights

Net Debt Management

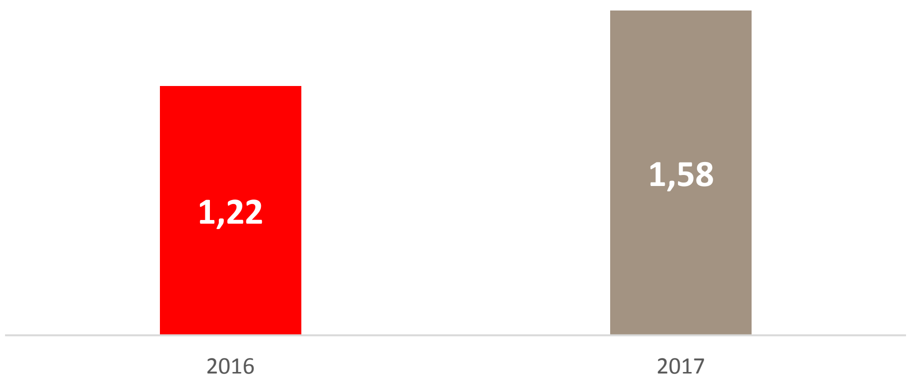
Net Debt (TL m)



Maturity breakdown as of December 2017



Net Debt / EBITDA



- 79% of our debt structure is through long term
- In 2017, we completed 2 successful syndication facilities amounting to ~ 825mUSD
- The first syndication facility awarded as « The best Turkish syndication deal of the year» by Capital Global in 2017

Financial Highlights

NET POSITION - One of the unique companies in Turkey

The FX net position of B/S has been minimized through derivative instruments

(Million TL/$/€/£)	TL	USD	EURO	GBP
Cash Equivalents & Monetary Assets	3.310	327	460	0,5
Trade Receivables	132	22	10	0,5
Total Assets	**3.442**	**348**	**470**	**1**
Total Assets	**3.442**	**348**	**470**	**1**
Financial Liabilities	510	57	65	-
Trade Payables	110	18	9	0,7
Other	10	-	2	0,3
Current Liabilities	**629**	**75**	**76**	**1**
Financial Liabilities	3.200	236	511	-
Non Current Liabilities	**3.200**	**236**	**511**	**-**
Total Liabilities	**3.829**	**311**	**587**	**1**
Net Position	**(387)**	**37**	**(118)**	**1**
Derivative Transactions	573	116	30	-
				0
Net Position after derivative transactions	**186**	**153**	**(88)**	**1**

Since USD/AED pegged and does not have any currency risk, Fx position does not include 159 M USD liability which was recognized as liability in AMIR balance sheet.

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