ÜLKER BİSKÜVİ
2Q 2018 EARNINGS RELEASE

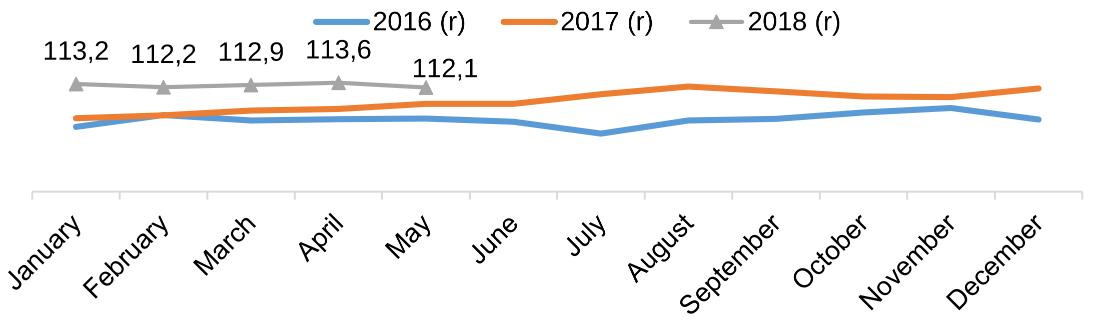
Cenker UÇAN, CFO
İstanbul, 9 August 2018

Agenda

- ***Turkey Macro Economic Overview***
- ***Market Growth***
- ***2Q 2018 Highlights and Consolidated Operational Performance***
- ***Domestic Operations***
- ***International Operations***
- ***Balance Sheet Highlights***

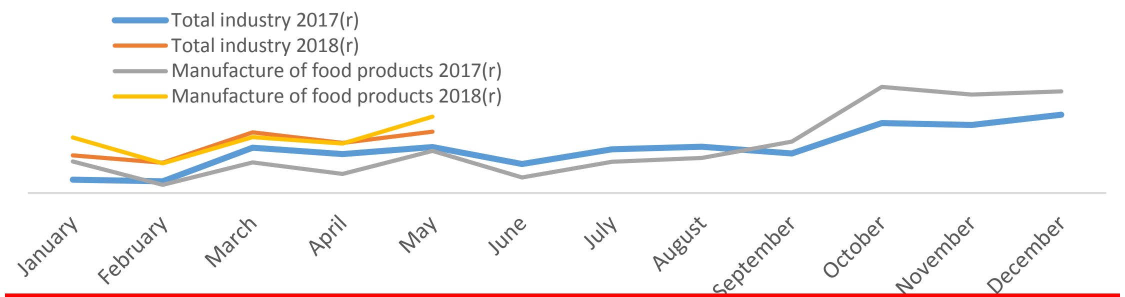
Turkey Macro Economic Overview

Retail Sales Volume Index



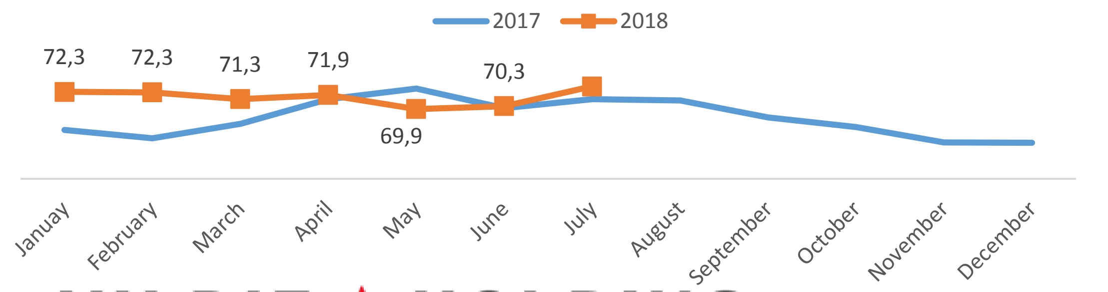
- Seasonal and calendar adjusted retail sales volume with constant prices decreased by 1,3% in May 2018 compared with the previous month

Industrial Production



- As of May 2018 Industrial Production index realized as 121,4
- Industrial production increased by 7,0% compared with same month of previous year and manufacture of food products increased by 15,7% compared with May 2017

Consumer Confidence Index

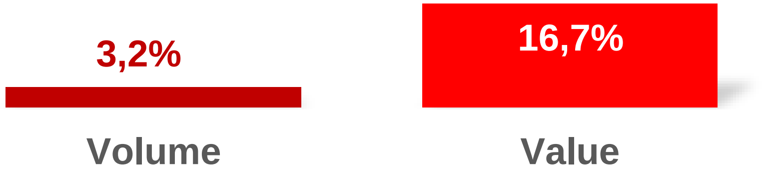


- Consumer confidence index in Turkey realized as 70,3 in June 2018. Compared to June 2017 increased by 0,4%.
- Consumer price index (CPI) increased by 2,6% in June 2018 compared to previous month
- Food inflation higher by 6% m-o-m and 18,9 % y-o-y.

Source : TUIK

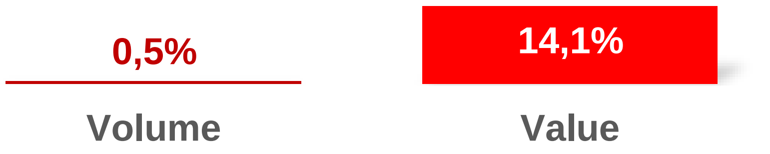
Market Growth

Total Confectionary



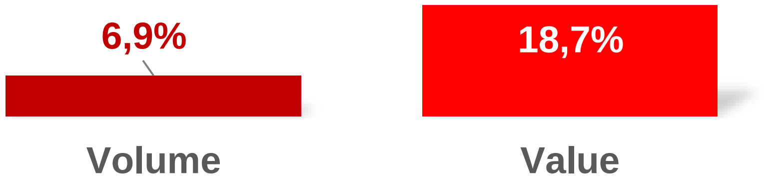
Total Confectionary market grew by 3,2 % in volume and 16,7% in value terms

Biscuits



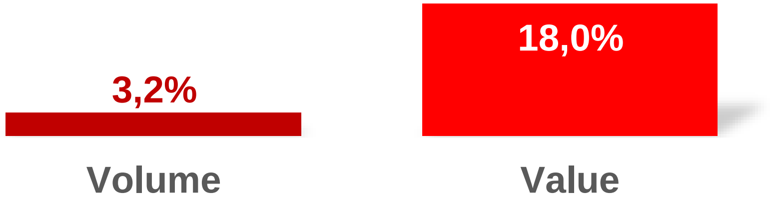
Biscuit market grew by 0,5 % in volume and 14,1 % in value terms

Chocolate



Chocolate market grew by 6,9 % in volume and 18,7 % in value terms

Cake



Cake market grew by 3,2 % in volume and 18 % in value terms

Source : Nielsen

2Q 2018 HIGHLIGHTS AND CONSOLIDATED OPERATIONAL PERFORMANCE

Over 70+ years of experience in Turkey

Production: 4 countries, 10 facilities

Total Capacity: 957K tons

Largest capacity in the region with strategically located plants

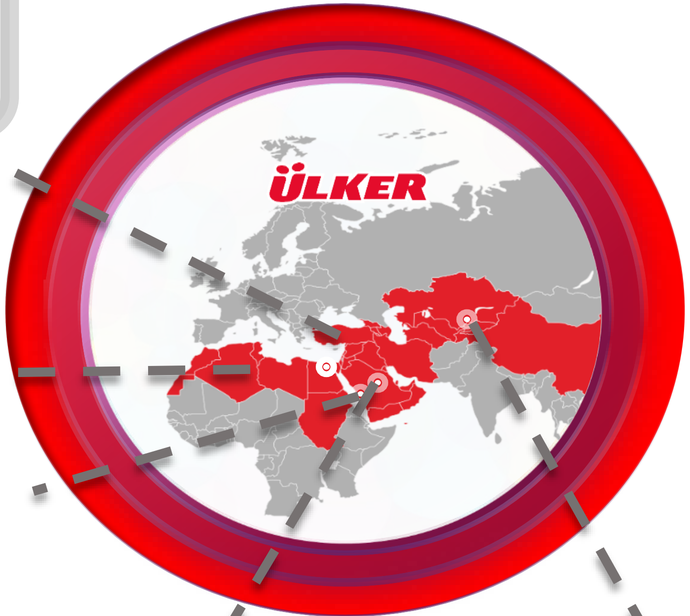
TR: Bisc.& Choc.& Cakes
4 in Istanbul, 1 in Karaman, 1 in Ankara total 6 Factories.
Total Capacity: 789k

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



2Q’18 Consolidated Performance Highlights

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Volume	Revenue	Gross Profit
130KTons	TL1.3 BN	TL 345 MN
Growth + 0,9 % ⬆	Growth + 13,9 % ⬆	Growth + 12,5 % ⬆

EBITDA	EBITDA Margin	Net Profit
TL200 MN	15,1 % improved by 100bps ⬆	TL 242 MN
Growth + 21,8 % ⬆		Growth + 168 % ⬆

Another successful quarter with exceeding 15% EBITDA Margin

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TL ('000)	2Q 2017	2Q 2018	%	1H17	1H18	%
Confectionary Volume (Ton)	*128.928*	*130.129*	*0,9%*	*273.896*	*278.353*	*1,6%*
Revenue	*1.167.137*	*1.329.525*	13,9%	*2.461.199*	*2.757.596*	12,0%
Confectionary Revenue	*1.138.965*	*1.324.278*	16,3%	*2.386.462*	*2.747.164*	15,1%
Confectionary Price Increase			*15,2%*			*13,3%*
Gross Profit	306.342	344.521	*12,5%*	659.275	746.121	*13,2%*
Gross Profit Margin	26,2%	25,9%		26,8%	27,1%	
EBITDA	*164.417*	*200.318*	*21,8%*	*360.847*	*425.316*	*17,9%*
EBITDA Margin	14,1%	15,1%		14,7%	15,4%	
Net Income *(Equity Shareholder of the parents)*	90.298	241.740	167,7%	205.462	370.320	80,2%
Net Income %	*7,7%*	*18,2%*		*8,3%*	*13,4%*	

- Through successful price adjustments, inflation impact eased
- Record bottom line at 241,7mnTL up 167,7% yoy
- Growth momentum continued; Gross profit 12,5% , Confectionary revenue 16,3%, EBITDA 21,8%

Growth momentum continued in 2Q'18

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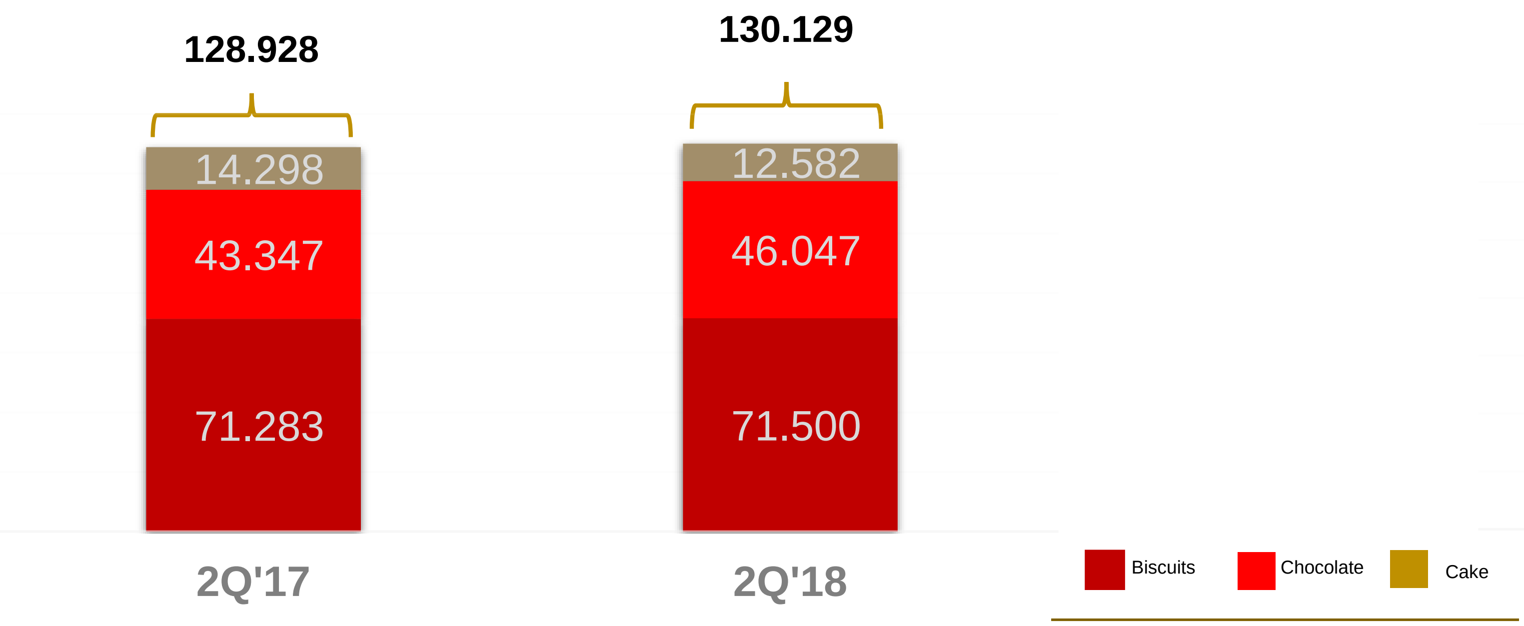
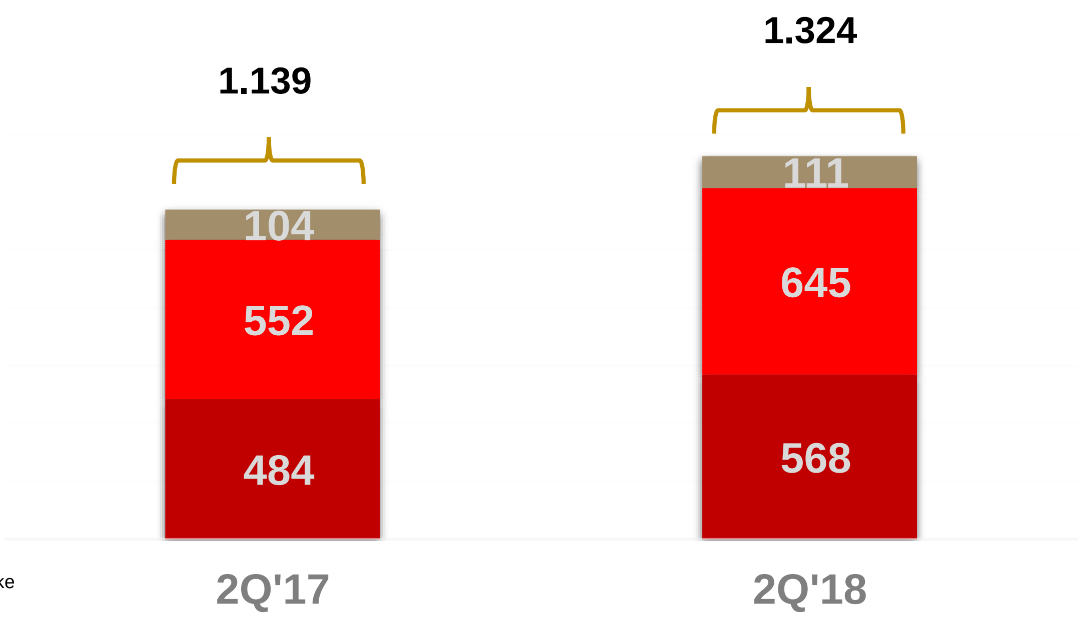
Confectionary Sales Volume (Tons)



Confectionary Value (TLm)

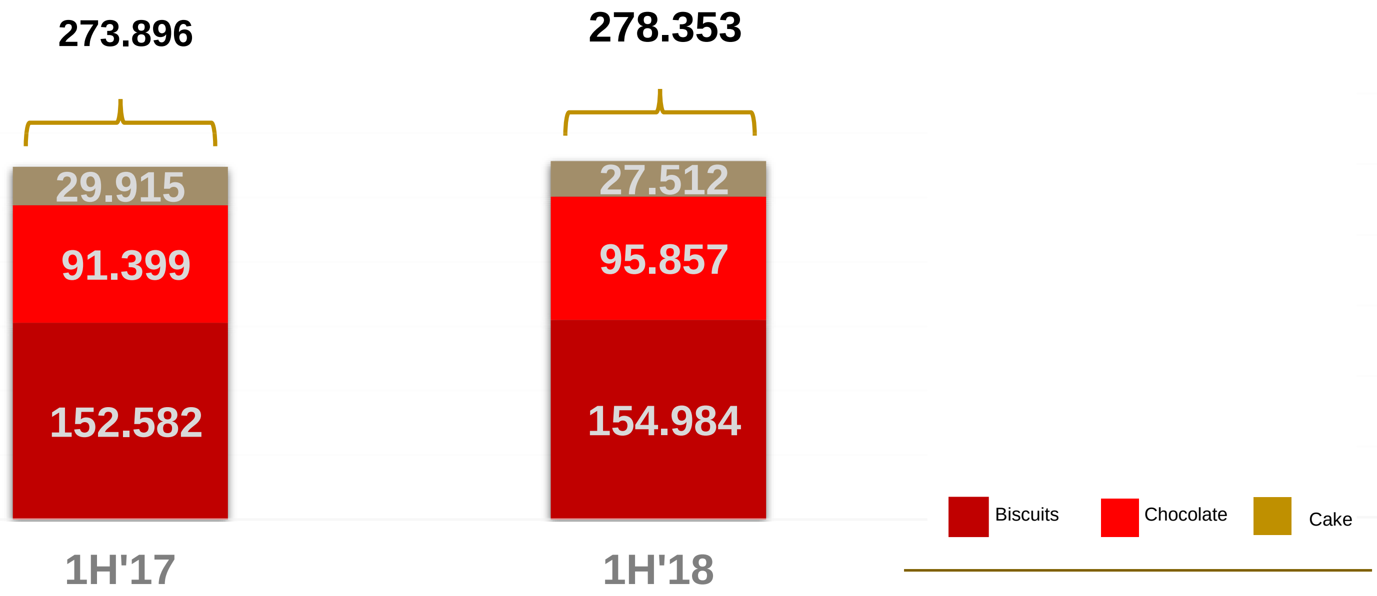


- Consolidated Confectionary volume improved by 0,9%
- Biscuits volume remained same
- Chocolate volume up by 6,2% driven by new launches
- Cake volume was contracted by 12,0% driven by price adjustments

- Confectionary revenue increased by 16,3%
- Biscuits sales was up 17,5%
- Chocolate sales up by 17,0%
- Cake sales was up by 6,7%

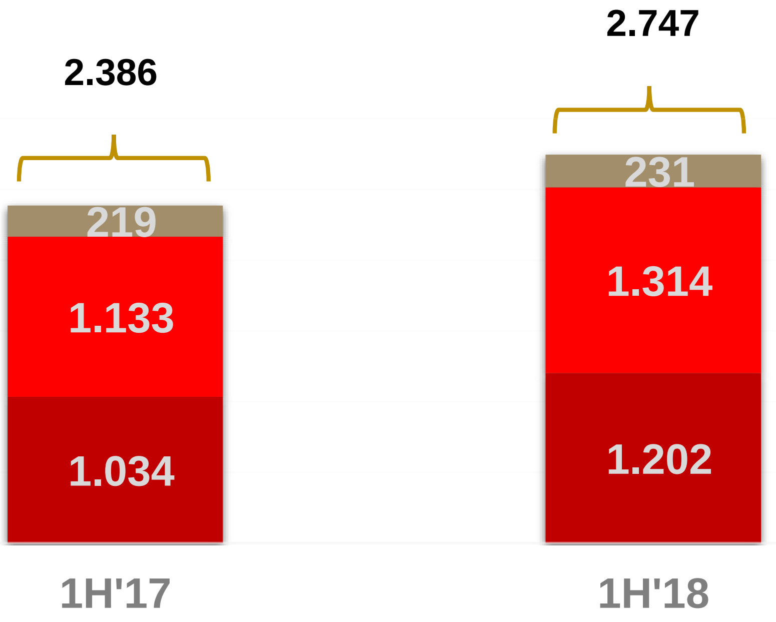
Strong performance prevailed in 1H’18 with profitability focus

Confectionary Sales Volume (Tons)



- Consolidated Confectionary volume improved by 1,6%
- Biscuits volume increased by 1,6%
- Chocolate volume up by 4,9% driven by new launches
- Cake volume was contracted by 8,0% driven mainly by price adjustments

Confectionary Value (TLm)



- Confectionary revenue increased by 15,1%
- Biscuits sales was up 16,3%
- Chocolate sales was up by 16,0%
- Cake sales was up by 5,4%
  - in all 3 categories mix impact, effective pricing strategy and a proactive investment in our brands made a positive impact

DOMESTIC OPERATIONS

Turkey – #1 in Total Confectionary with 35% Market Share

Biscuits – 36,8% Market Share

#2

1 in Petit Beurre

1 in Creamy Biscuits

1 in Special Biscuits

1 in Cracker

1 in Sandwich Biscuits

1 in Chocolate Biscuit

Chocolate – 35,5% Market Share

#1

4 out of Top 5 in Chocolate Covered

#1 in Solid Chocolate

Cake – 25,5% Market Share

#2

#1 in Family Cake

#2 in Portion Muffin Coated Cake

#2 in Wet Cake

#1 Volume Leader in Biscuits

Market Share Development in Value(*)

	1Q'18	2Q'18
Biscuits	35,8%	36,8%
Chocolate	35,5%	35,5%
Cake	25,5%	25,5%

YILDIZ HOLDING

(*) Source: Nielsen

Branded Sales Contribution of Synergy Products and New Launches

2018 Synergy Products

2017 Synergy Products

2018 New Product Launches

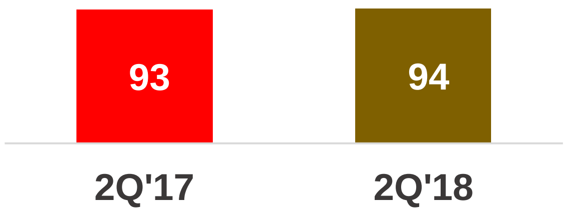
biscuits

cakes

chocolate

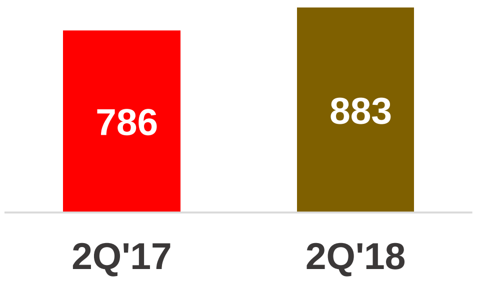
Pursuing profitable growth in Domestic Operations

Sales Volume (x000 tons)



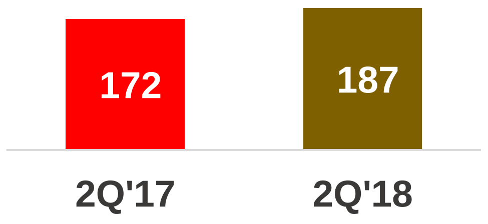
- Branded volume slightly improved by 0,6% and overall volume improved by 0,8%
- Volume increase driven by new launches in covered chocolate segment

Net Sales (TLm)



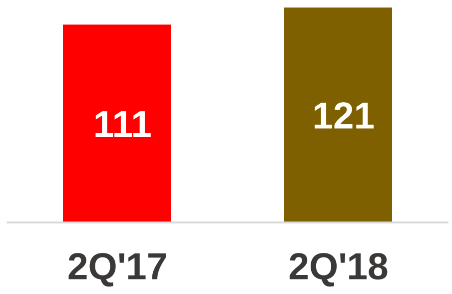
- Branded revenue was up by 11,4% and overall revenue up by 12,4% due to;
  - Price adjustments
  - Increase in non branded sales
  - Favorable category and mix impact
- Total price per tonnes improved by 11,4%

Gross Profit (TLm)



- Gross Profit was up by 8,5 % reflecting the
  - Increase in sales,
  - The efforts in productivity
  - The constant search for greater efficiencies in commodities sourcing and purchasing strategies.

EBITDA (TLm)

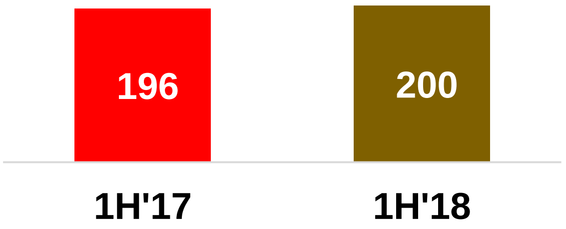


- EBITDA represents a 8,8% growth with an EBITDA margin of 13,7%

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

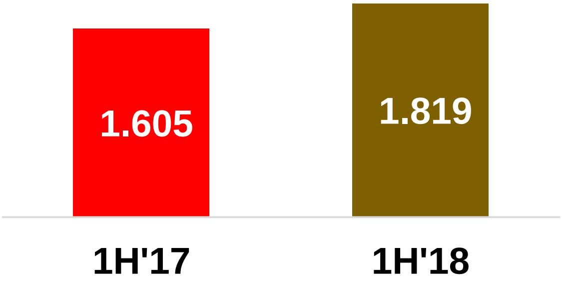
Solid top-line growth driven by effective pricing & product mix and new launches in 1H’18

Sales Volume (x000 tons)



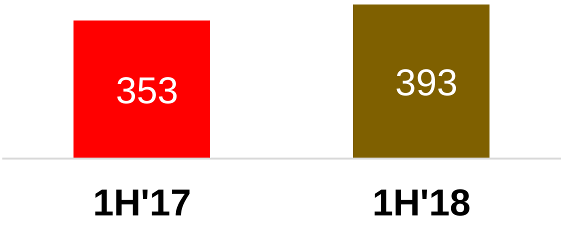
- Branded volume increased by 2,3% and overall volume improved by 1,8%
- Volume increase driven by chocolate category

Net Sales (TLm)



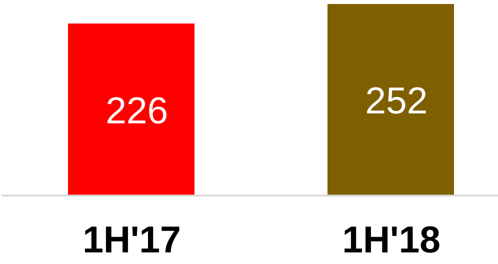
- Branded revenue was up by 13,3% and overall revenue was up by 13,4% due to ;
  - Price adjustments,
  - Increase in non branded sales driven by production for Ramadan period in gifting category,
  - Favourable category and mix impact.
- Total price per tonnes improved by 11,4%

Gross Profit (TLm)



- Gross Profit was up by 11,5 % reflecting the ;
  - Increase in sales,
  - The efforts in productivity,
  - The constant search for greater efficiencies in commodities sourcing and purchasing strategies.
  - Gross Margin realized as 21,6 % in 1H’18

EBITDA (TLm)



- EBITDA represents a 11,8% growth with an EBITDA margin of 13,9%

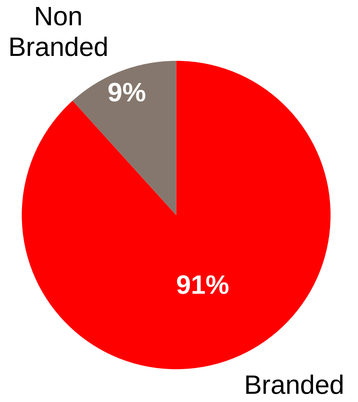
All figures set out in the table above are related to products sold in Turkey

Strategy to Focus in Branded Confectionary 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

1H’17



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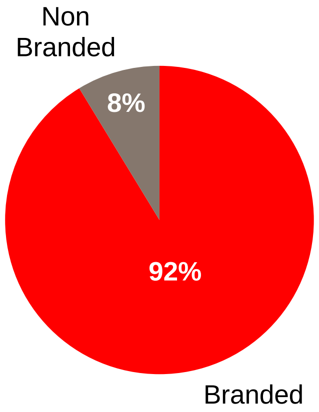
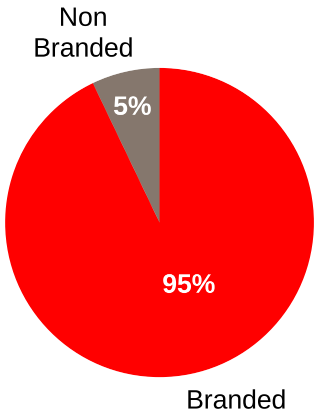
1H’18

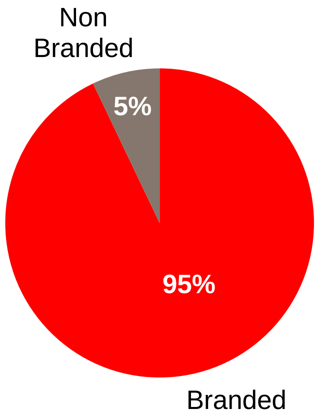


Branded & Non-Branded Revenue Breakdown

1H’17



1H’18



INTERNATIONAL OPERATIONS

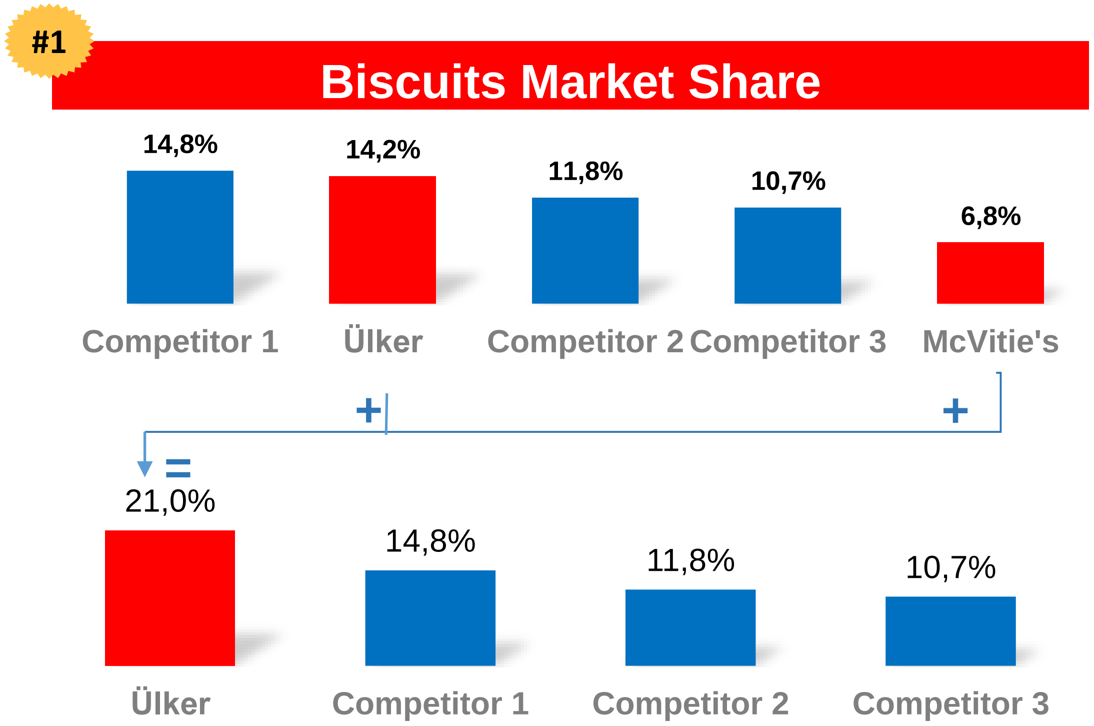
Ülker completed the acquisitions in MENACA

Saudi Arabia – stay strong #1 with higher market share

FMC Financial Review

	1H'17	1H'18	Change
Sales Volume (tons)	19.875	22.754	14,5%
Net Sales(SAR x000)	258.535	314.097	21,5%
EBITDA(SAR x000)	35.512	45.384	27,8%
EBITDA Margin	13,7%	14,4%	

Biscuits Market Share



- Delivered a strong quarter, posted a growth in volume and value
- Dominant leader in plain biscuit segment with more than 50%, one of every 2 biscuits belongs to Ülker brands.
- Successful Ramadan campaign
- Effective launches in Gifting/Sharing category
- Positive contribution of McVitie’s and Rana continued

Saudi Arabia – IBC Operations

IBC Financial Review

	1H '17	1H '18	Change
Sales Volume (tons)	5.217	7.312	40,2%
Net Sales(SAR x000)	66.669	88.393	32,6%
EBITDA(SAR x000)	11.530	24.985	116,7%
EBITDA Margin	17,3%	28,3%	

Purpose of Aquisition & 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

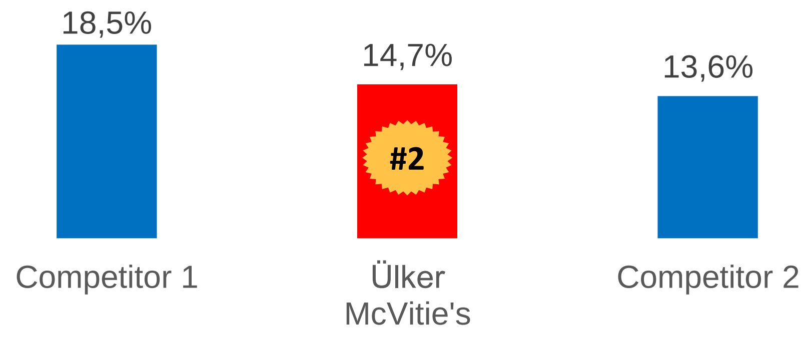
IBC Product Portfolio

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

HI-FOOD & ULKER EGYPT Financial Review

	1H '17	1H'18	Change
Sales Volume (tons)	14.516	15.584	7,4%
Net Sales(EGPx000)	414.758	570.254	37,5%
EBITDA(EGPx000)	16.701	89.272	434,5%
EBITDA Margin	4,0%	15,7%	

Biscuits Market Share



Track record market share
Holds # 1 filled and digestive segment

- Volume improvement of 7,4% with successful Ülker and McVitie's launches
- Recovery process continued successfully in post devolution period. Revenue increased very strongly
- EBITDA supported by McVitie's pricing impact and successful price adjustments

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

UI MENA Financial Review

	1H '17	1H'18	Change
Sales Volume (tons)	5.242	5.193	-0,9%
Net Sales(AED x000)	85.984	87.924	2,3%
EBITDA(AED x000)	19.159	23.391	22,1%
EBITDA Margin	22,3%	26,6%	

Since import business has been shifted to production in HI-FOOD, the sales of EGYPT c.10,7M AED have been recognised under HI-FOOD

- 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

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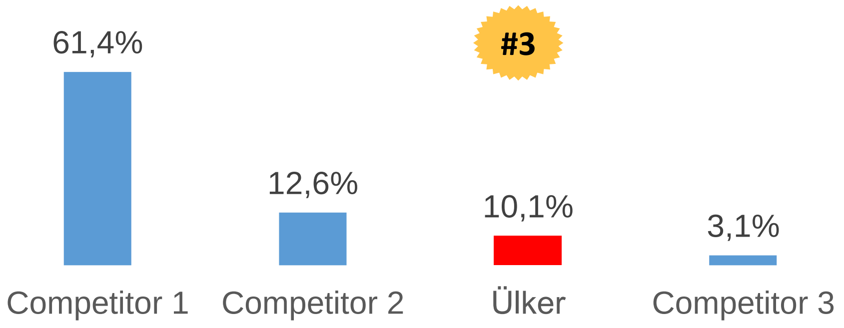
HAMLE Financial Review

	1H'17	1H '18	Change
Sales Volume (tons)	5.539	5.770	4,2%
Net Sales(KZTx000000)	4.327	4.930	13,9%
EBITDA(KZTx000000)	271	283	4,3%
EBITDA Margin	6,3%	5,7%	

Chocolate Market Share



- Transition from low profitable secondary brands to star brands (i.e. Biskrem & Halley)
- Positive contribution of Kazakhstan market sales
- Diversify the business in Kazakhstan from one hero brand (Albeni) to three hero brands (Biskrem&Halley).
- Effective pricing strategy

International Operations

Continue to gain market share in operating territories through acquisition synergies

Egypt

#2

Biscuits – 14,7% Market Share

1 in Filled
(Biskrem and Tamr brands)

2 in Plain
(Teabiscuits and Finger biscuits)

Saudi Arabia

#1

Biscuits – 21% Market Share

1 in Plain

1 in Filled

4 in Sandwich

#1 in Coated

3 in Wafer

Kazakhstan

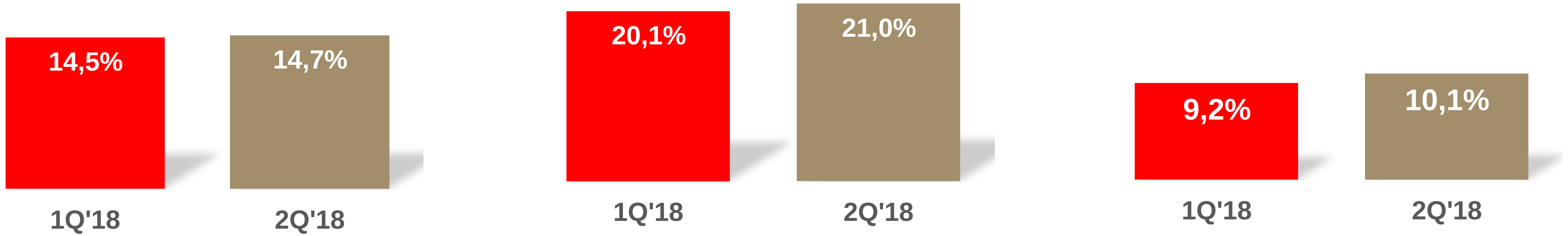
#3

Chocolate– 9,3% Market Share

4 in countline

1 in Biscuits with filling

Market Share Development, Value Based – 1Q’18 vs 2Q’18



(*) Source: Nielsen

2018 New Launches & Synergy Products

ÜLKER

EGYPT

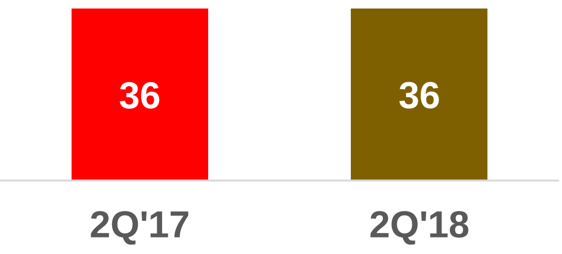
KAZAKHSTAN

SAUDI ARABIA

SYNERGY PRODUCTS

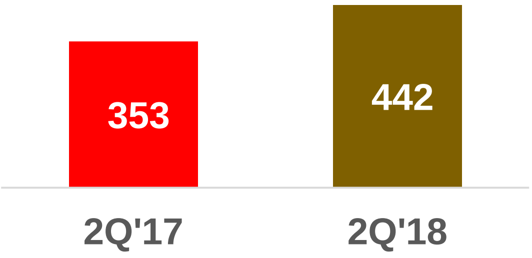
Positive contribution driven by UI Mena and IBC acquisition continued in 2Q'18.

Sales Volume (x000 tons)



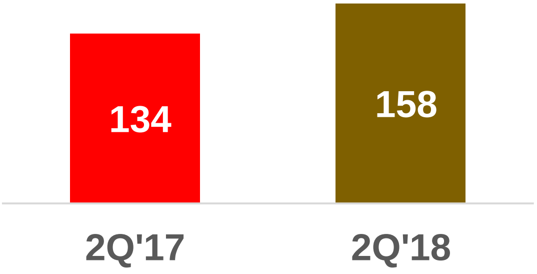
- Total volume was slightly up by 1,2% and branded volume improved by 3,2%
- Volume increase driven by new launches and positive contribution of synergy products

Net Sales (TLm)



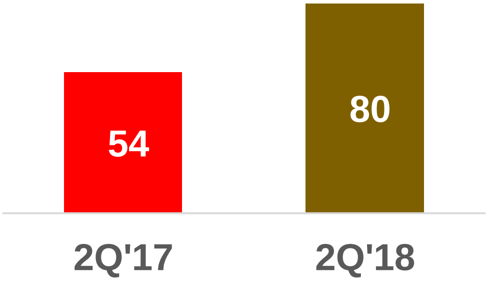
- Branded revenue up by 28,9% and overall Confectionary revenue up by 25% due to;
  - Price adjustments
  - Favorable category and mix impact
  - Favorable price positioning of McVitie's products
- Total price per tons improved by 23,5%

Gross Profit (TLm)



- Gross Profit was up by 17,6 % reflecting the
  - Increase in sales & new launches
  - Efforts in productivity
  - Synergies supported with UI Mena & IBC acquisition

EBITDA (TLm)

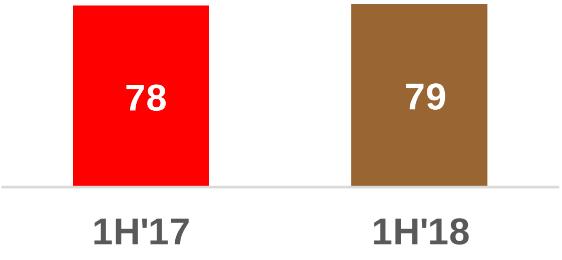


- EBITDA represents a 48,8% growth with an EBITDA margin of 17,8% which implies 3,8 ppt higher than previous year

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

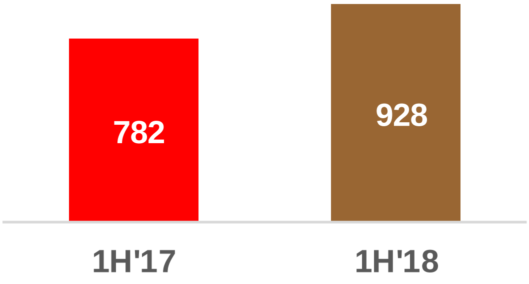
Broad-based *growth across regions cont' in 1H'2018*

Sales Volume (x000 tons)



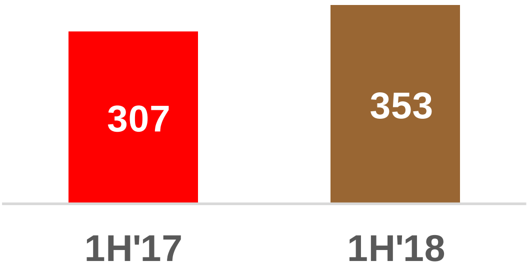
- Total Confectionary volume increased by 1,2%
- Branded volume jumped by 5,7%

Net Sales (TLm)



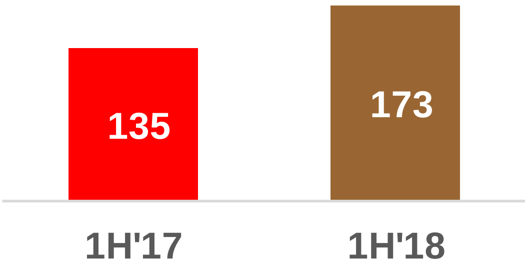
- Branded revenue up by 23,2% and overall revenue up by 18,7% due to;
  - Over the budget performance of all brands
  - Overachieved in McVitie's sale with strong price positioning
- Total price per tonnes improved by 17,3%

Gross Profit (TLm)



- Gross profit increased by 15,1% and margins expanded by 1,8 ppt due to net productivity and volume leverage in all brands

EBITDA (TLm)

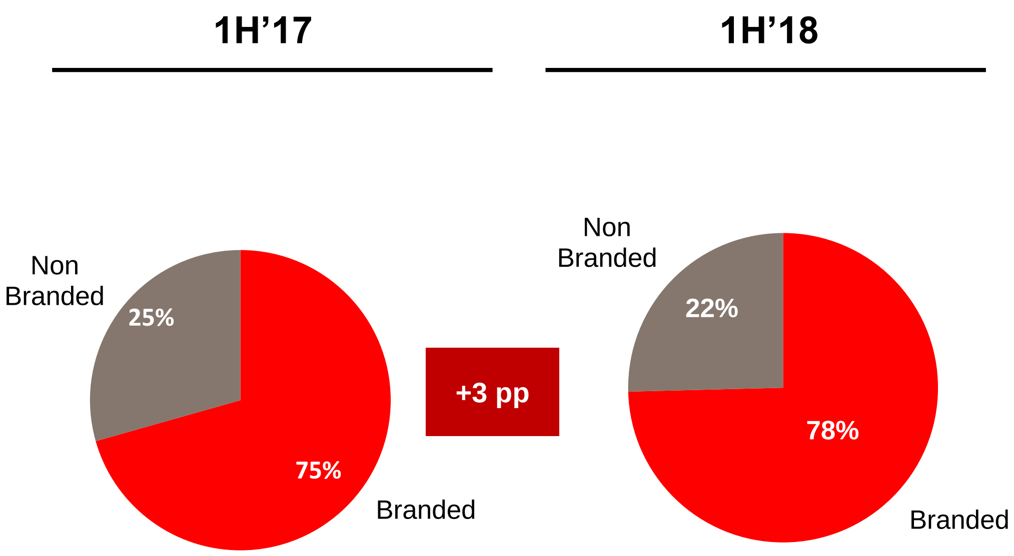


- EBITDA represents a 28% growth with an EBITDA margin of 18,5% which implies 2,7 ppt higher margin than previous year
- Price increases and continuous efficiency improvement in production resulting with lower COGS

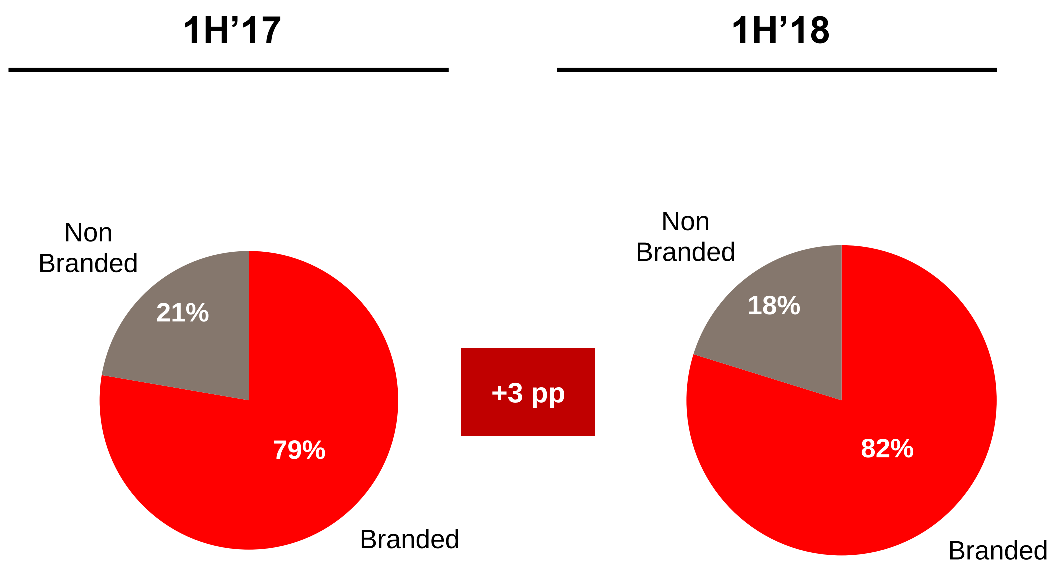
All figures set out in the table above are related to products sold in overseas operations

Strategy to Focus in Branded Confectionary Products

Confectionary Branded & Non-Branded Volume Breakdown



Confectionary Branded & Non-Branded Revenue Breakdown



BALANCE SHEET HIGHLIGHTS

Net Working Capital & Net Debt Position

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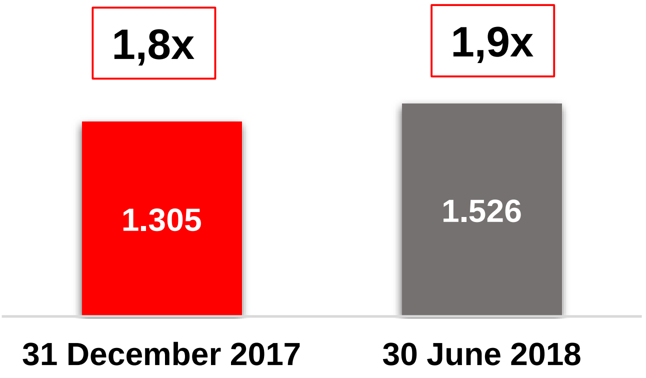
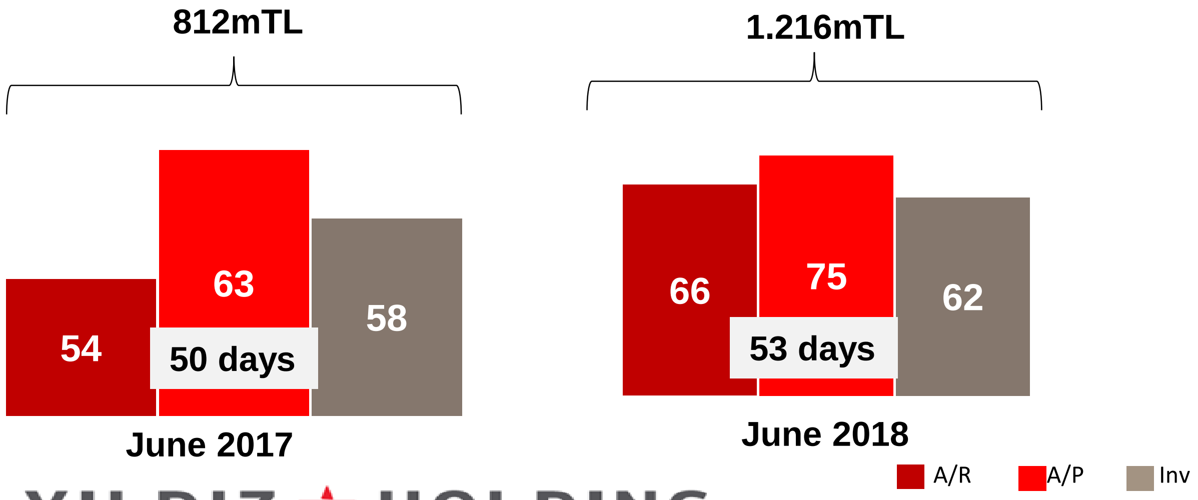
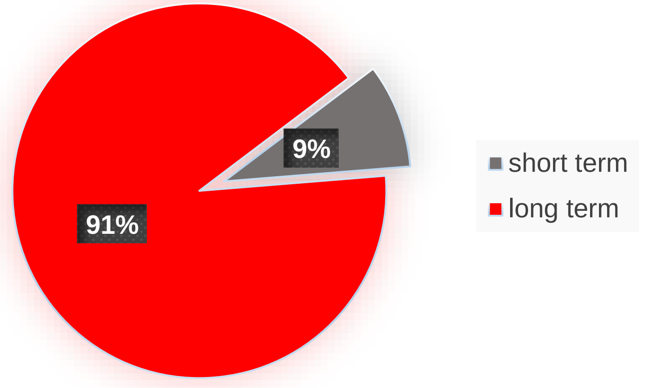
Net Debt (TLm) – Net Debt/EBITDA (x)



Average Working Capital Days & Net Working Capital



Maturity Breakdown as of June 2018



- Net debt as of June 2018 : 1.526 TLm
- Net debt to EBITDA is 1,9X
- 91% of our debt structure is through long term
- Cash Cycle of 53 days in 2018

YILDIZ ★ HOLDING

Net Position

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

(Million TL/$/€/£)	TL Equivalent	USD	EURO	GBP
Cash Equivalents & Monetary Assets	3.554,5	776,9	2,0	0,2
Trade Receivables	139,8	20,7	7,7	0,8
Total Assets	**3.694,3**	**797,5**	**9,7**	**0,9**
Financial Liabilities	315,8	48,6	17,7	-
Trade Payables	94,2	7,3	10,8	0,5
Other Current Liabilities	**410,0**	**56,0**	**28,5**	**0,5**
Financial Liabilities	4.147,2	235,3	579,0	-
Non Current Liabilities	**4.147,2**	**235,3**	**579,0**	**-**
Total Liabilities	**4.557,2**	**291,3**	**607,5**	**0,5**
Net Position	**(862,8)**	**506,2**	**(597,8)**	**0,5**
Derivative Transactions	688,3	116,0	30,0	-
Net Position after derivative transactions	**(174,5)**	**622,2**	**(567,8)**	**0,5**

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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