

ÜLKER BİSKÜVİ

4Q23 EARNINGS



ÜLKER



AGENDA

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Quarterly
Update

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Operational
Performance

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Sustainability
Update

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01

Quarterly Update



Quarterly Update



Market Share

- 🎯 35% market share with continued share improvements
- 🎯 Significant brand investment



Operational /Financial Update

- 🕒 Robust top-line growth
- 🕒 Successful cost management
- 🕒 Strong free cash flow generation
- 🕒 Record bottom line performance
- 🕒 Strong volume growth across all regions particularly in Domestic and Central Asia Markets



Sustainability Update

- 🏆 Beyond Hazelnut project
- 🏆 Beyond Cocoa journey
- 🏆 Success in global indexes



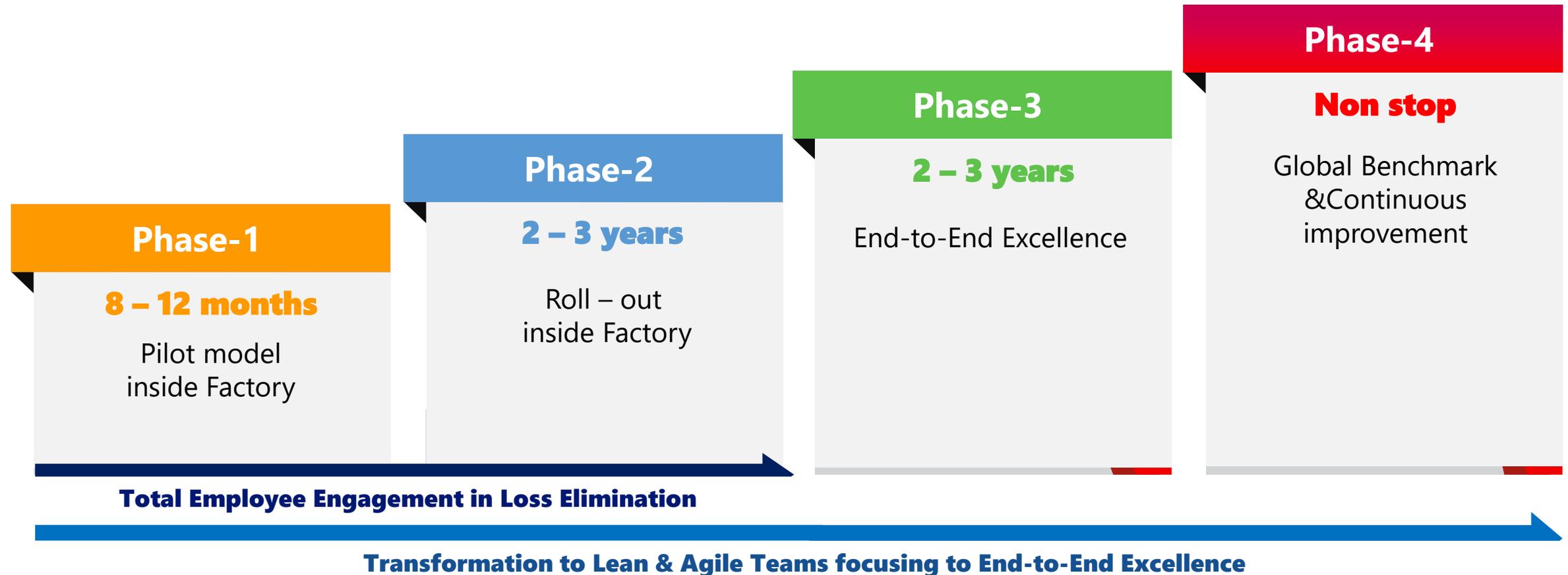


02

Operational Performance

We Have Excellence Journey on our Operations Since 2013

- It is a Cultural Transformation towards «End-to-End» Excellence
- Eliminate silos and barriers → Transform to «One-Team with Winning Culture»



How We Transformed Our Journey to Lean and Agile



→ Deployment of **Winning Culture**. Layers & Spans optimizations. **Remove silos** in organization. Implement **High-Performance-Work System and Culture**

→ Coaching in factories. **Operator trainings**, Focus on OEE, Material Balance and Loss eliminations.

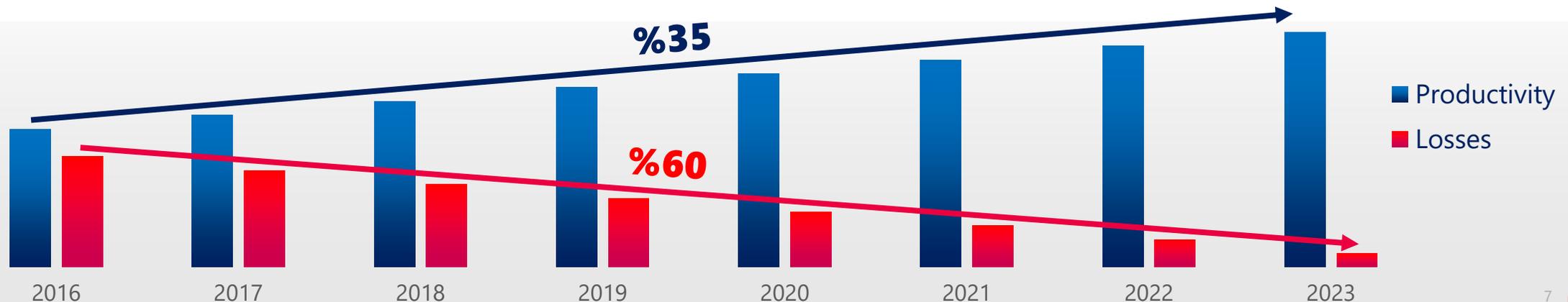
→ **Standard Procedures**. Roll-out best practices. Implement Reward & Recognition system. «Akıl küpü» Kaizen system.

→ **Lean transformation**. Consolidate our sales operations. Establish **learning organizations**. R&D Academy, Mnf Academy, SC Academy, etc..

→ Optimization and Synergy projects among manufacturing units. **Focus on digitalization, MCC and productivity** leading edge projects. Initiate projects with Suppliers, focus on **supplier capability developments**.

→ Fully leverage digital platforms and Technologies. Ensure SC visibility end to end via digital solutions. **Explore IoT and future of manufacturing techniques**.

→ **Implement AI** particularly into our supply chain and sales functions



Transformation with **Robust Numbers**



Number of Layers



**Significant
improvement in
number of layers**

7

4

Span of Control



**Continious
improvement in span of
control**

4

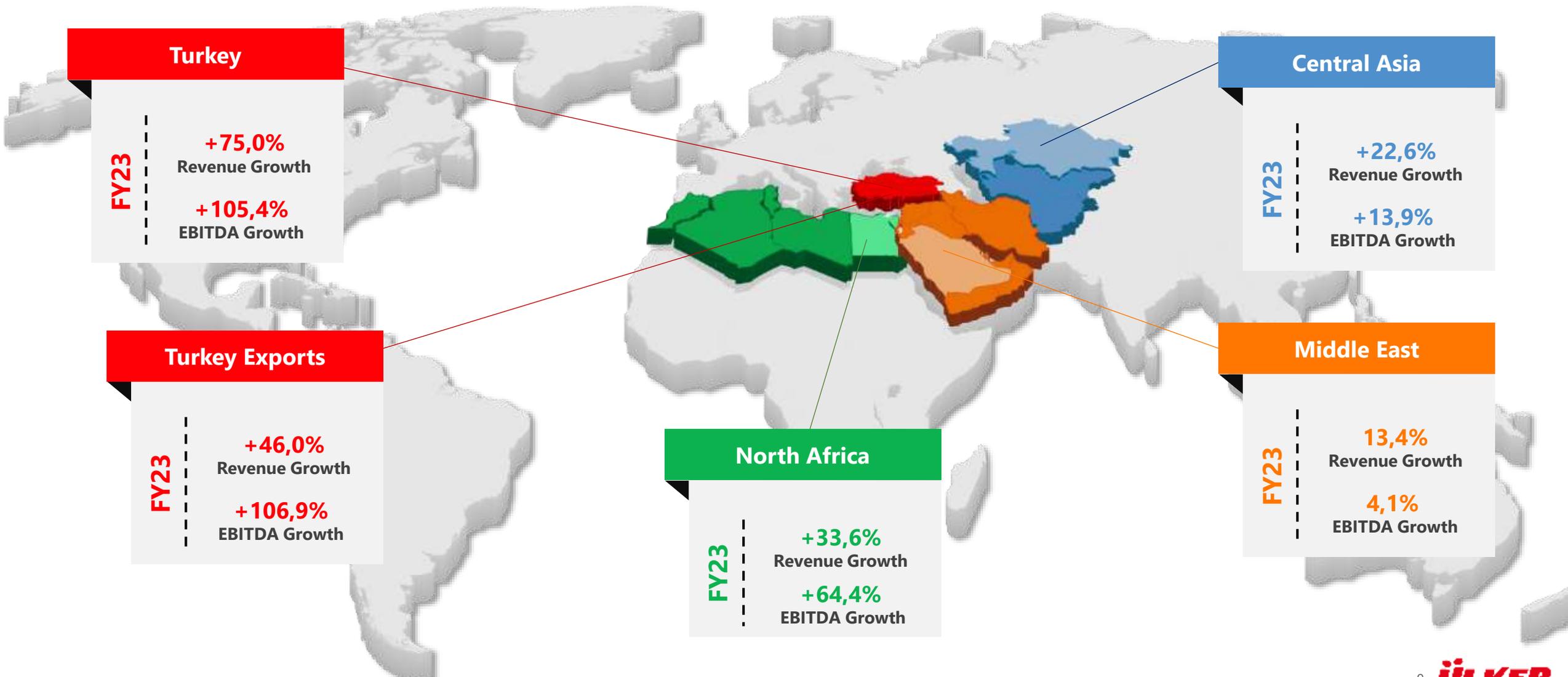
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A more agile and simplified organization has been set up with the new structure.

Too many organizational layers eliminated in order to increase productivity, a lean organizational structure formed within the scope of Leadership Success Model, manifesto of our entrepreneur spirit.

Our strategy is to become a cost leader in Leadership Success Model.

Diversified footprint provides unique scale to lead & grow



Growth numbers are based on the local currency changes

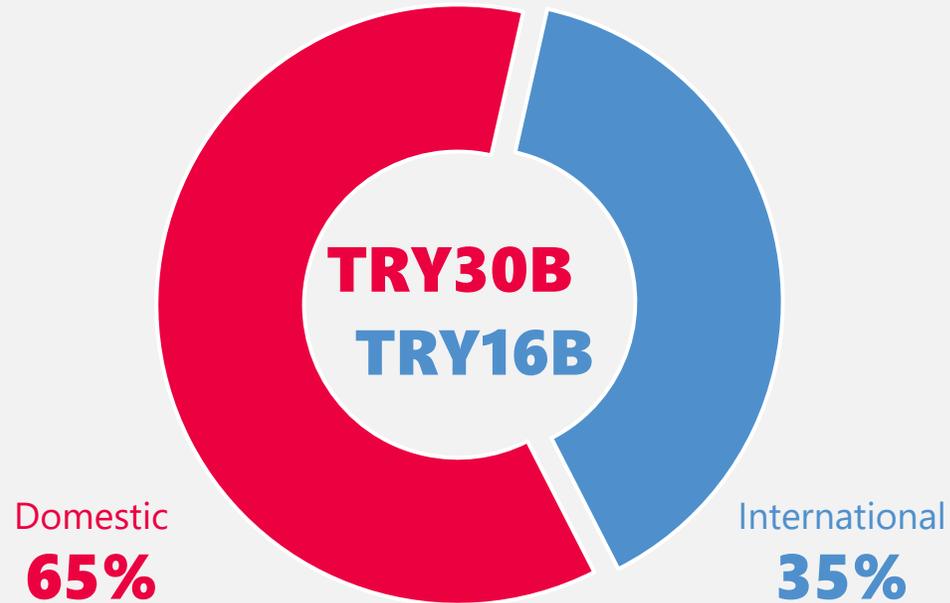
Revenue Breakdown

With A Diverse Geographic Presence

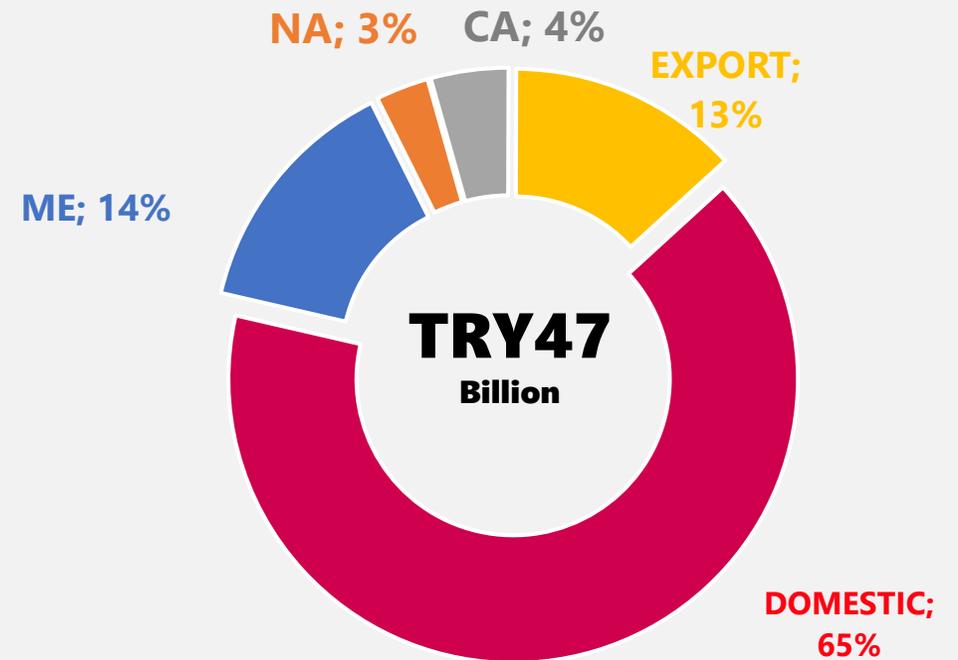


Balanced Geographic Revenue Mix

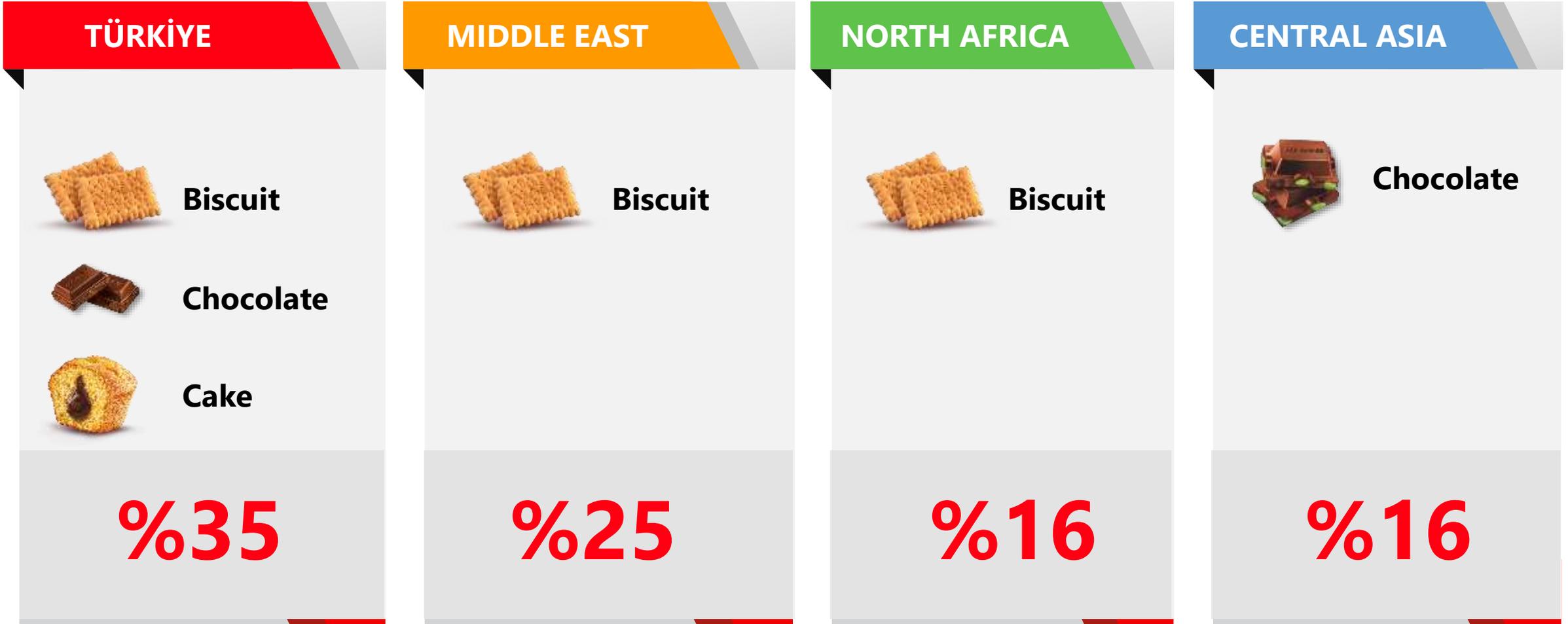
TRY47Bn



Net Revenue By Division



Global Market Share



Revenue contribution of NPD's (New Product Launches)

13,5%



Domestic

6,8%



International

11%



Total

03

Sustainability Update



OUR PLANET

MAIN GOALS:

Implementing pioneering practices in the transition to net zero and circular production models, guided by our waste-free corporate culture



VALUE CHAIN

MAIN GOALS:

Focusing on local agriculture, local development and farmers' prosperity and promoting regenerative and sustainable agricultural practices.



EMPLOYEES

MAIN GOALS:

Cultivating a work culture that promotes happiness, productivity, diversity and inclusion, and becoming the most sought-after company to work for.



COMMUNITY

MAIN GOALS:

Supporting the basic habits necessary for an active and balanced lifestyle



OUR SUSTAINABILITY ROADMAP (2024 and beyond)

	Developing our " Decarbonization Roadmap " for our 2050 net zero target set in Science Based Targets Initiative.
	Initiating an ESG (Environmental & Social & Governance) program for our suppliers.
	Enhancing the Beyond Cocoa program in compliance with the 2025 EUDR regulation , ensuring 100% deforestation-free palm and traceability to plantation.
	Making all packaging recyclable, reusable, or compostable by 2025 .
	Using 100% electricity from renewable sources in our factories by 2025 and in all of our warehouses by 2030 .
	Supporting sustainability in our factories and supply chain through digital applications (Doktar, BlueIT, Farmforce, Agromap, NDV, etc.)
	Implement regenerative agriculture practices in the 10,000 decares of land we produce on by 2030 .
	Exceed 90% in the use of domestically sourced agricultural raw materials.
	Reducing our net losses in food to below 0.5% by 2030 .
	Achieving a total of 250,000 m³ water and wastewater reclamation by 2030 .



2023 Highlights

Beyond Hazelnut



As part of our Beyond Hazelnut project;

- we provided sustainable farming practices training to **75 farmers**, including **25 women**
- Distributed **young hazelnut saplings** to interested farmers
- Soil analyses were conducted for female farmers.

OUR SUSTAINABLE WHEAT PROJECTS

- **Water Risks Project**
 - partners: **BCSD Türkiye** and **Ankara University**.
 - drip irrigation **was first experimented in wheat** cultivation in Türkiye
 - **20% increase in yield** while **30% water efficiency**.
- **Biofortification project**
 - collaboration w/ **Sabancı University**
 - aimed to increase the levels of essential micronutrients **Zinc (Zn)** and **Selenium (Se)** in wheat.
 - **50% increase in Zn** content and **a 10-15 times** increase in **Se content** were achieved
- The Aliaga Wheat Project **has won Sustainable Food Awards** held by the Sustainability Academy in **"Sustainable Food Supply Chain"** category!



15th Stars of the Year Beyond Cocoa - Happiness: CORPORATE SOCIAL RESPONSIBILITY CATEGORY WINNER!

OUR SUCCESS IN GLOBAL INDEXES

- We are ranked **4th in Türkiye** with on S&P Global ESG index. We are in the **top 4% globally**
- We have been listed in the **S&P Global Sustainability Yearbook** for the 4th time, maintaining our position as one of the 19 food companies listed worldwide and the **only food company from Turkey to be included in this list**.
- In 2023 Carbon Disclosure Project (**CDP**) assessment, we increased our water security score to **B** and remained **B** rank on climate change.
- We ranked **1st position globally** (89 points) among over 450 food companies globally with the highest ESG performance according to the assessment conducted by the **London Stock Exchange Group (LSEG)**.

Beyond Cocoa Journey

COLLABORATIONS

- No Deforestation Verification w/ Earthworm Foundation, *enabled us to verify there has been no deforestation in the cooperatives from which we source cocoa since 2016.*
- Agroforestry projects with Agro-map

COMMUNITY WELL-BEING PROJECTS

- school renovation in Ivory Coast
- mobile health services for women.



OUR CARBON MANAGEMENT STRATEGY

We have an SBTi commitment to become a **net zero company by 2050**.

We have partnered with Carbon Trust to calculate our carbon emissions (including scope 1,2 &3) for **Türkiye, MENA and Central Asia**.



04

Financial Performance

Quarterly Consolidated Financials

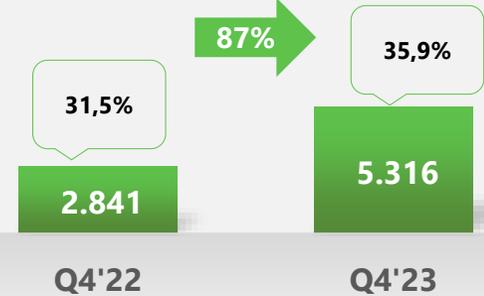
Total Volume (Kton X000)



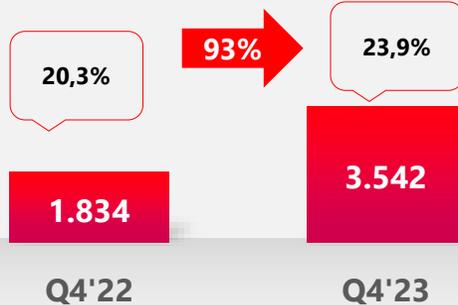
Total Revenue (Mtl)



Gross Profit (Mtl)



EBITDA (Mtl)



Net Income (Mtl)



Net Debt / EBITDA (x)



Pre-Inflation accounting numbers

2023 Full Year Consolidated Financials

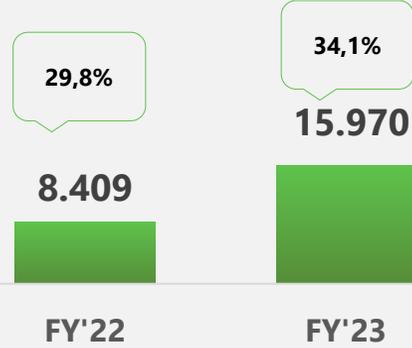


Total Revenue (Mtl)



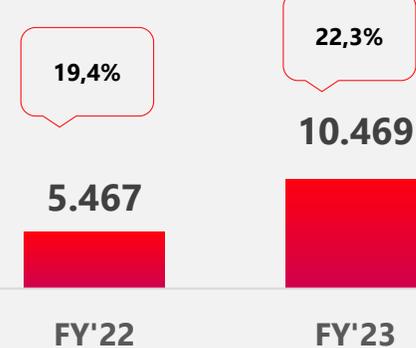
- Snacking revenue was up by **66,4%** and total revenue increased by **66,2%** as a result of;
 - Successful pricing and effective product mix management in all categories
 - Positive contribution of higher sales volume

Gross Profit (Mtl)



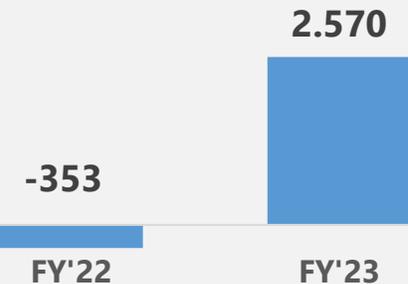
- Gross profit expanded by **89,9%** in 2023 while gross margin grew by **430 bps** to **34,1%**; cycling a very strong expansion last year
- Main drivers;
 - Effective procurement
 - Timely pricing
 - Stable overheads
 - Increased production efficiencies

EBITDA (Mtl)



- Thanks to the impact of gross profitability and successful opex management EBITDA expanded by **91,5%** while margin grew by **300 bps** to **22,3%** in FY'23

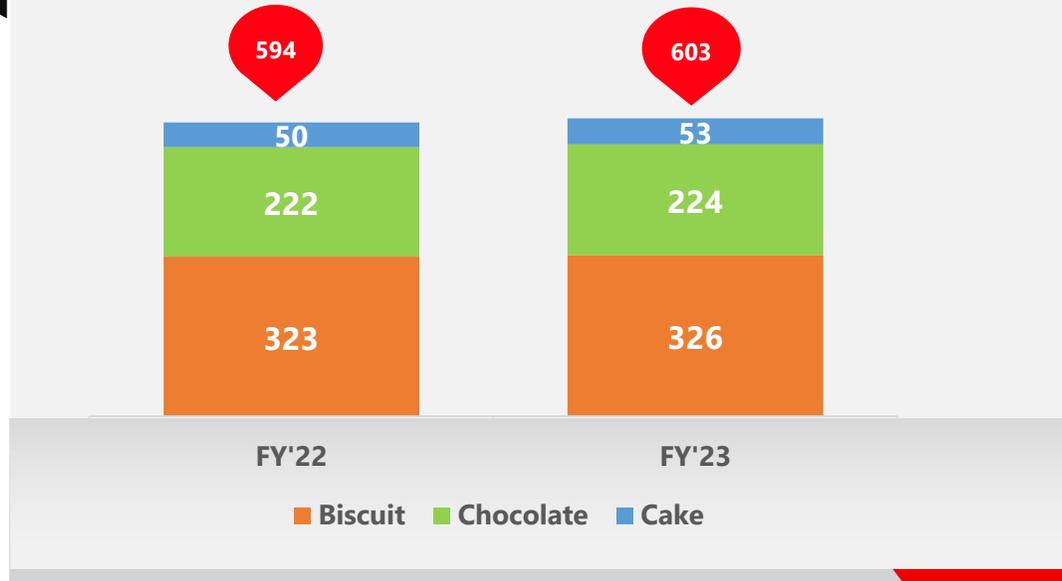
Net Income (Mtl)



- Net income improved to 2.5 bn TL with a **5.5%** net margin.
- Improvement in net income was primarily driven by higher EBITDA and favorable FX impact

Consolidated Volume & Revenue Breakdown by Category

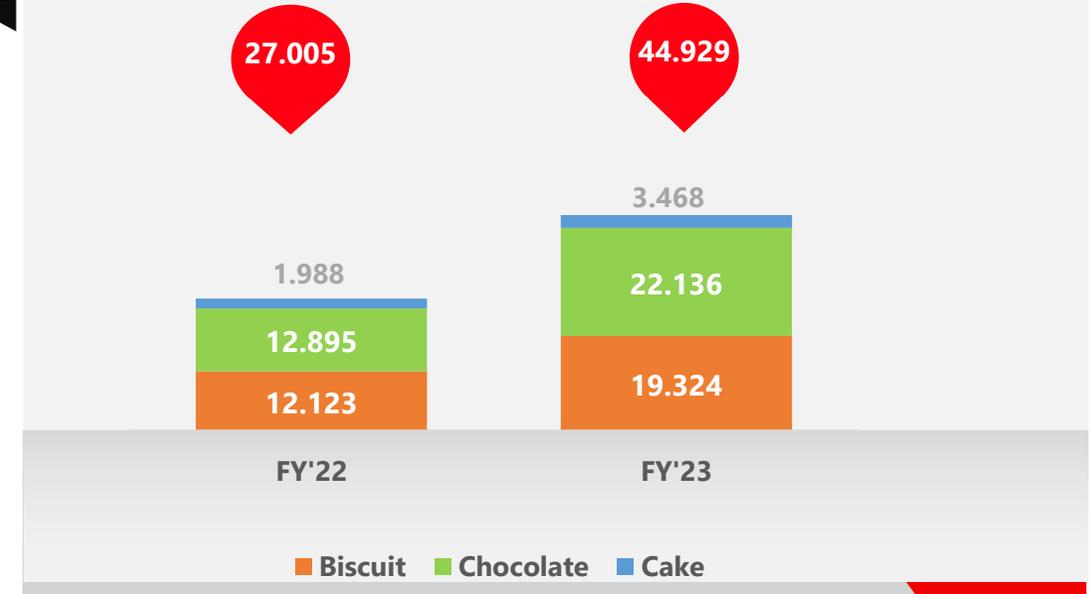
Snacking Sales Volume (Ktons)



-Total snacking sales volume increased by **1.4%** in 2023 supported with strong sales and new launches

- Biscuit volume increased by **1,0%**, Chocolate volume grew by **1,1%** and Cake volume was up by **5,6**

Snacking Sales Value (Mtl)



-Total snacking revenue increased by **66,4%** supported with strong volume and revenue growth across all operations in all segments

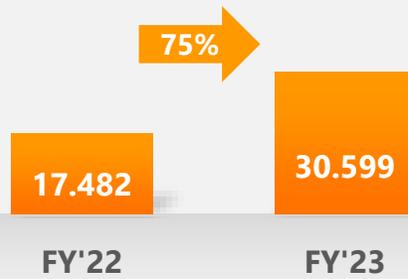
- Biscuit sales was up by **59,4%**, Chocolate sales was up by **71,7%** and Cake sales was increased by **74,5%**

P&L Breakdown by region

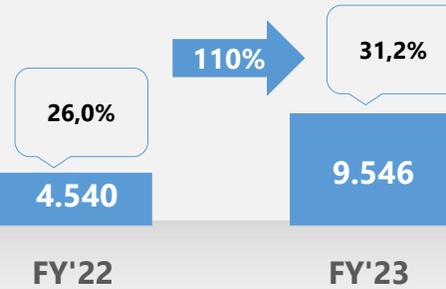


DOMESTIC

Total Revenue



Gross Profit

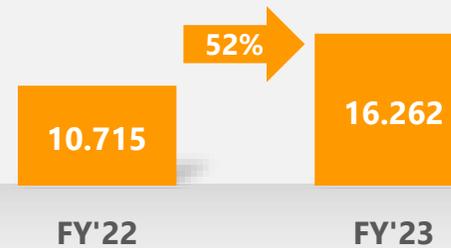


EBITDA

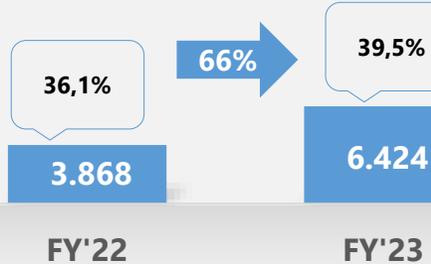


INTERNATIONAL

Total Revenue



Gross Profit



EBITDA



International Operations EBITDA % Development in Years

North Africa (HIFOOD)



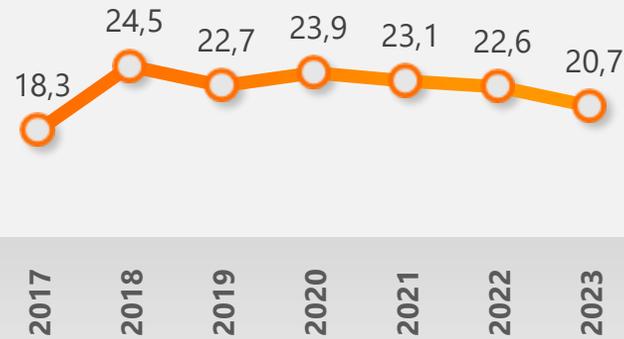
Current EBITDA

14,2%

Total EBITDA Contribution

2,5%

Middle East (FMC-IMC-UI MENA)



Current EBITDA

20,7%

Total EBITDA Contribution

13,0%

Central Asia (HAMLE)



Current EBITDA

16,8%

Total EBITDA Contribution

3,2%

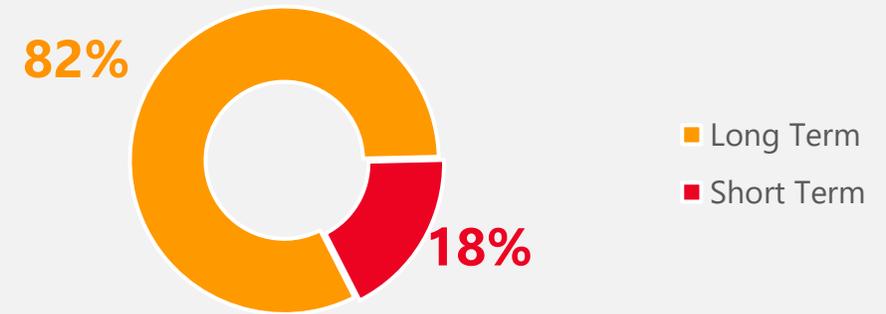
Balance Sheet Highlights



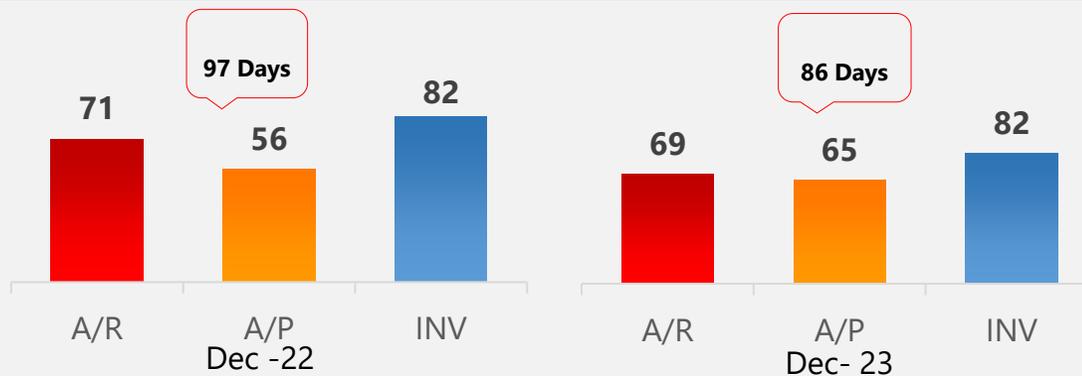
(*Covenant Based Net Debt/Ebitda (X)



Maturity Breakdown of Financial Liabilities as of December '23



Average Working Capital Days & Net Working Capital



Highlights

- ~69% of the net position is closed. Further hedges are Subject to the approval of **Hedge Committee** per market conditions.
- As of December 2023, **M\$332** of the open position is hedged
- **Eurobond refinancing in progress**

(*) covenant based net debt/EBITDA ratio is calculated through definition stated in syndication facility agreement based on IAS-29 adjusted financials

Pre-Inflation accounting numbers except covenant based Net Debt to EBITDA

05

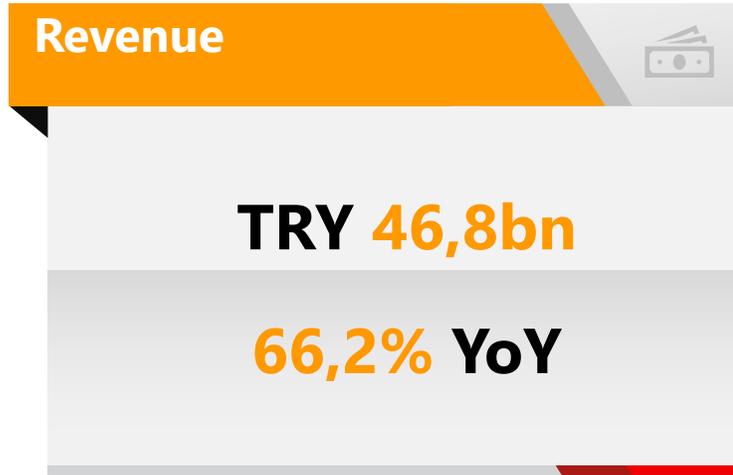
Inflation Accounting



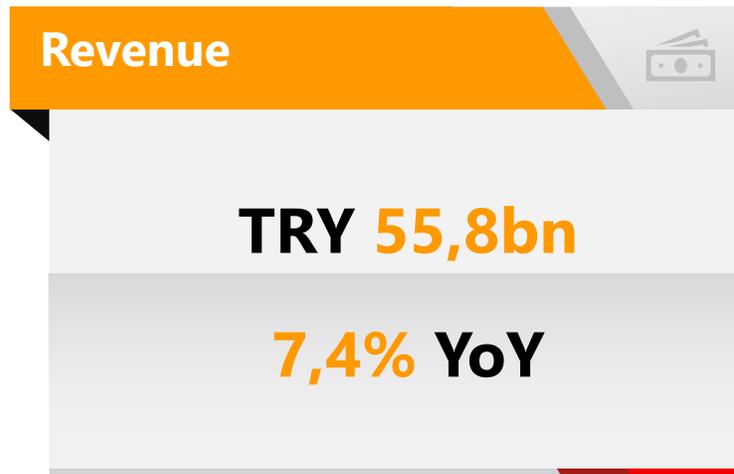
Impacts of Inflation Accounting (IAS 29)



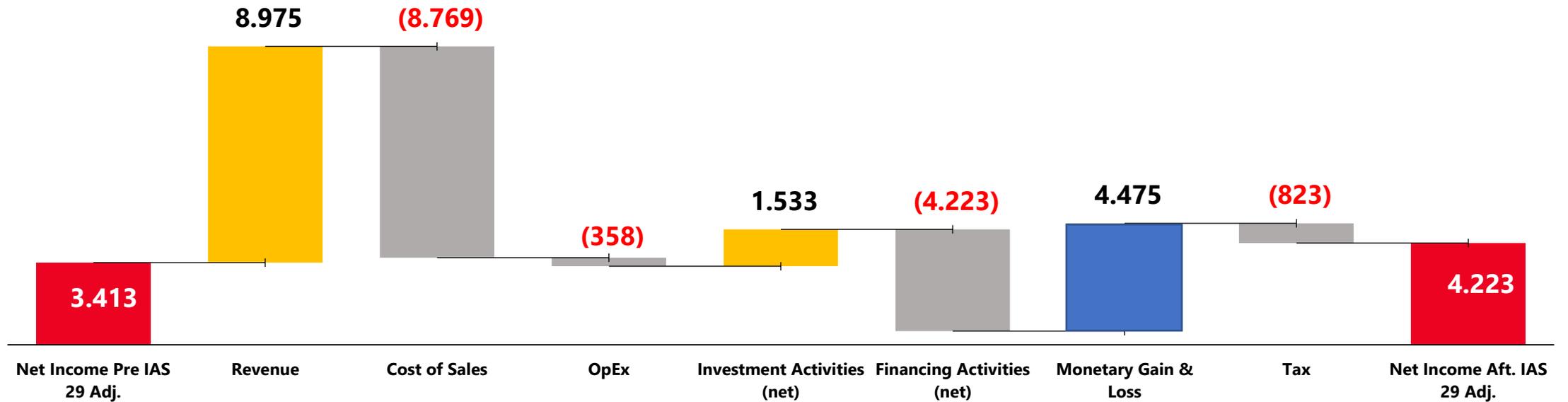
Pre-Inflation Accounting



Per-Inflation Accounting



Bridge for Inflation Accounting of 2023 Year End Results





06

Outlook

On track towards our full year guidance in 2023



Net Sales

EBITDA Margin

GUIDANCE

42.5BNTL

19.75%

ACTUAL

46.8BNTL

22,30%

Ülker Bisküvi 2024 Priorities



01

INFLATIONARY CHALLENGES VS. ACTIONS

Inflation moderating and should act as tailwind for input-costs

02

PRICE VS. VOLUME

Volume to rebound, albeit a slower recovery as pricing moderates

03

INVESTMENT IN BRAND AND INNOVATION

Creating value by offering customers new consumption experiences and choice

04

DIGITIZATION & ACCELERATION OF AI ADOPTION

Leverage AI to optimize sales productivity, marketing, in-store execution, supply chain

05

KEEP MODERNIZING SUPPLY CHAIN OPERATIONS

Automated supply chain that can dynamically deal with any supply chain issues

06

PORTFOLIO OPTIMIZATION

Bias towards bolt-ons and divestitures of non-core, less focus on transformational

Thank You

