

Ülker Bisküvi

Creating value despite risks...

Basak KAMBER

Analyst

bkamber@sekeryatirim.com

Ülker Bisküvi is the leader in the snack market in Turkey and North Africa and ranked 2nd in the Central Asia market. The Company continues its production activities at a total of 13 locations, with nine production facilities in Turkey (capacity: 1.3 million tons), two in Saudi Arabia (capacity: 73,000 tons), one Egypt (capacity: 37,000 tons), and one Kazakhstan (capacity: 35,000 tons). Ülker Bisküvi delivers its products to consumers in various regions of the world, including the Middle East, Central Asia, Europe, Africa, and Turkey. The Company generates approximately 74% of its revenues domestically and 26% from exports and international operations.

Cocoa prices have a significant impact on the Company's financials. In Côte d'Ivoire and Ghana, which produce approximately 70% of global cocoa, extreme temperatures, disease, and irregular rainfall have negatively impacted cocoa prices. Yet, while fluctuations in cocoa prices put pressure on costs, the Company implements hedging policies to mitigate this pressure.

We believe that the Company will maintain its operational performance despite increasing domestic and international risks in 2025... The Company carries out a proactive purchasing process regarding costs and continuously hedges its basic raw materials such as cocoa, sugar and hazelnuts. Accordingly, we expect the impact of possible increases in raw material prices on EBITDA margin to be limited. We expect the increase in tonnes to support the growth on the revenue side with the effect of the ongoing sales campaigns for 2025. We expect the Company; i) to successfully manage the increasing risks in 2025 with the economies of scale provided by being a global player and the hedging mechanisms it uses, ii) to continue to create value in the medium and long term due to its leadership position in the snacks market, its strong free cash flow, iii) its price advantage in Turkey, new launches and a defensive business model.

Dividend decision - The Company decided to distribute gross TRY 8.06 and net TRY 6.85 cash dividends per share on June 23, 2025, with the exercising of rights set for June 19, 2025. As of the report date, this indicates a dividend yield of 6.50%.

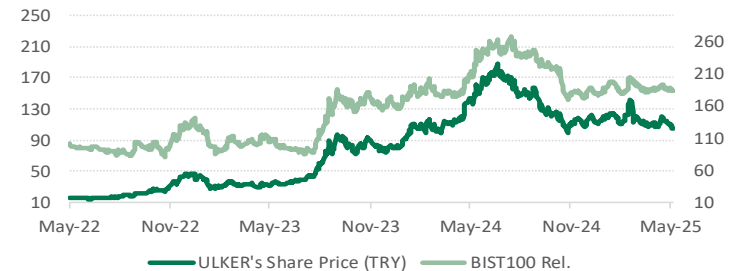
The Company's expectations for 2025 - The Company targets net sales growth of 3% (+/-1 %) on an annual basis in 2025, while the EBITDA margin is expected to be 17.5% (+/-0.5 %).

Risks - Increases in commodity prices, potential global supply chain issues, droughts resulting from global climate change, and fluctuating exchange rates are the primary risk factors affecting our valuation.

We initiate coverage of the Company with an 'Outperform' rating and add it to our coverage list. In determining the value per share of Ülker Bisküvi, we employed the Peer Comparison Analysis and Discounted Cash Flow Analysis (DCF) method. In our valuation, an 60% weight was assigned to the Discounted Cash Flow Analysis and a 40% weight to the peer comparison analysis. Using discounted cash flows and peer comparison analysis, a target equity value of TRY 62,777 million is reached for the Company. Accordingly, the target value per unit share for ÜLKER is calculated at TRY 170.00. The company is trading at a significant discount to the current multiples of the industry (median P/E 7.3x, EV/EBITDA 7.7x) with 2025E P/E 3.1x and 2025E EV/EBITDA 3.5x. Ülker's closing price on 02.06.2025 was TRY 105.50/shr, has the potential to generate a 61.14% upside compared to our target share price. We add the stock to our watchlist with an "OUTPERFORM" rating.

OUTPERFORM
TP: TRY 170.00
Upside: 61.14%

Code	ULKER.TI	Close	105,50	
MCap (TRY m)	38.959	Last 12M High	188,70	
MCap (US\$ m)	996	Last 12M Low	99,70	
EV (TRY m)	70.437	Beta	0,90	
EV (US\$ m)	1.830	Avg. daily trading vol. (US\$ m)	25,6	
Free float (%)	39,00	Foreign ownership in FF (%)	9,2%	
Key figures	2022A*	2023A*	2024	2025E
Revenues	82.602	88.728	92.561	112.859
<i>Growth</i>		7,4%	4,3%	21,9%
EBITDA	10.651	16.845	17.165	20.301
<i>EBITDA margin</i>	12,9%	19,0%	18,5%	18,0%
Net profit	1.565	5.369	8.145	12.446
EPS	4,58	14,54	22,06	33,70
Dividend yield	0,0%	0,0%	0,0%	6,50%
Net debt / EBITDA	2,21	1,62	1,39	1,24
Net debt / Equity	1,23	0,96	0,07	0,45
ROAE		22,5%	25,9%	27,7%
ROAA		5,3%	7,9%	11,0%
Valuation metrics	2022A*	2023A*	2024	2025E
P/E	24,9	7,3	4,8	3,1
EV/EBITDA	1,4	4,2	4,1	3,5
EV/Sales	0,2	0,8	0,8	0,6
P/BV	2,0	1,4	1,1	0,7
Return	1M	3M	YtD	YoY
TRY Return (%)	-2,9	-4,4	-10,4	-22,7
US\$ Return (%)	-4,6	-11,0	-19,2	-36,2
BIST-100 Relative (%)	-1,1	2,5	-2,2	-10,8



Source: PDP, Finnet, Şeker Invest Research estimates

*2022 and 2023 financials are Indexed according to 2024 with IAS -29

Historical Overview of the Company

1944	• Ülker Bisküvi started its activities by producing biscuits in a small workshop in Eminönü, Istanbul.
1965	• The factory in Topkapı was opened and its capacity was increased with modern production facilities.
1974	• The first biscuit export was made by selecting the Middle East market.
1989	• Yıldız Holding was established and all companies were gathered under the holding.
1994	• It has reached a size of 19 companies, exporting to 35 countries and employing more than 3 thousand people.
2003	• It merged with Anadolu Gıda Sanayi A.Ş., which has been traded on the IMKB since 1996, and went public under its own name.
2007	• The title was changed from Ülker Gıda to Ülker Bisküvi.
2008	• 25.23% of the premium chocolate brand Godiva was acquired. Godiva became the most important link in the globalization process.
2016	• Yıldız Holding gathered Godiva, Ülker Bisküvi and Ülker brands under the Pladis roof. • It acquired companies such as FMC, Hi Food and İstanbul Gıda Dış Ticaret A.Ş.
2017	• Hamle (Kazakhstan), UI Mena- Amir Global and IBC (Saudi Arabia) acquired the companies.
2021	• Ülker Bisküvi acquired Önem Gıda.
2023	• Ülker Bisküvi merged with Önem Gıda Sanayi ve Ticaret A.Ş.
2024	• A new company named Foreign Enterprise Pladis Confectionery was established in Uzbekistan. • Taygeta Food Establishment

Ülker, which began its operations in 1944 with biscuit production in a small workshop in Eminönü, Istanbul, expanded its capacity with the introduction of modern production facilities following the opening of its factory in Topkapı in 1965. In 1974, the first biscuit export was made by targeting the Middle East market for the first time. The opportunities for international competitiveness increased with the establishment of the R&D department in the same year. Parent Group Yıldız Holding was established in November 1989, and all companies have been consolidated under the holding. By 1994, the holding comprised 19 companies, exporting to 35 countries and providing employment for over 3,000 people. In 2003, the Company merged with Anadolu Gıda Sanayi A.Ş., which had been traded on Borsa İstanbul A.Ş. since 1996, going public under its name. In 2007, the title was changed from Ülker Gıda to Ülker Bisküvi to more clearly define its field of activity.

In 2016, Yıldız Holding brought the Godiva, United Biscuits, and Ülker brands under the Pladis umbrella. In the same year, Ülker Bisküvi acquired companies such as Pladis Arabia Food Manufacturing Company (FMC), Pladis Egypt for Food Industries (Hi Food), and İstanbul Gıda Dış Ticaret A.Ş. With these acquisitions, the Company's production and marketing capacity continued to expand. In 2017, Ülker Bisküvi acquired Pladis Kazakhstan (Hamle) (Kazakhstan), Pladis Gulf FZE (UI Mena-Amir Global), and Pladis Arabia International Manufacturing Company (IBC) (Saudi Arabia). With these acquisitions, the Company's international presence and market share continued to grow. In 2021, Ülker Bisküvi acquired Önem Gıda. With this acquisition, the Company's growth strategy and product range gained scale.

In 2023, Ülker Bisküvi took a remarkable step in the food sector by merging with its own Önem Gıda Sanayi ve Ticaret Anonim Şirketi. With this merger, Ülker sought

to further strengthen its position in the food sector and enhance its competitive advantage in both the domestic market and the international arena. This strategic merger is expected to contribute positively to the operational efficiency and financial performance of the companies. In 2024, the Company established a new subsidiary, Foreign Enterprise Pladis Confectionery, with a capital of UZS 2.53 billion, to carry out the sales, distribution, and marketing activities of its product portfolio in 12 cities across Uzbekistan. The aim was to deliver its products to consumers through regional dealerships and all sales channels in 12 cities across Uzbekistan. In the same year, Ülker Bisküvi established the Taygeta Food Production and Marketing Company. In order to gather its foreign subsidiaries under a single roof and increase operational efficiency, it established its foreign subsidiaries Sabourne Investments Ltd., Pladis Kazakhstan LLP., UI Mena BV., and Pladis Arabia International Manufacturing Company (formerly International Biscuits Company), in the capital of which it holds a 100% stake, and UI Egypt B.V., in which it has a 51% share of its capital. The Company transferred all of its shares in Godiva Belgium BVBA, in which it held a 12.95% stake in the capital, to Taygeta Gıda, of which it is a 100% owner, through a partial share transfer.

General Information About the Company

Ülker Bisküvi manufactures in the categories of biscuits, chocolates, and cakes. Ülker Bisküvi continues its production activities at a total of 13 locations, with nine production facilities in Turkey and two in Saudi Arabia, Egypt, and Kazakhstan. Leveraging its 13 factories worldwide, Ülker continues to export to over 100 countries. It is the only food brand in Turkey with two R&D centers under one roof. Ülker Bisküvi delivers its products to consumers in various parts of the world, including the Middle East, Central Asia, Europe, Africa, America, and Turkey.

Production and Capacity

Biscuit

Ankara Factory - The Ankara Factory was established in 1969 on a 76,000 m² closed area. Biscuits, Crackers, and Wafer varieties are produced; in 2024, the factory produced 114,000 tons of biscuits. The 16th-line investment in the Ankara factory was completed in 2024, with production commencing in January 2025. The line, which is end-to-end automated, will provide an additional capacity of 7,800 tons per year, allowing Çiçi and Ülker Çubuk crackers to be produced at this factory.

Gebze Factory - The Gebze Factory was established in 1997 in the Gebze Organized Industrial Zone. Operating on a total area of 85,330 m², the factory comprises 80,000 m² of indoor space. In 2024, 103,878 tons of biscuits were produced there. Twenty autonomous mobile robots, put into service in 2023, continue to provide service. Robots that can handle 2,600 types of materials have significantly enhanced the factory's production efficiency and cost advantage, particularly in raw material and packaging transportation. A similar project has been launched in the Ankara factory for 2025. The main brands produced are Ülker Pötibör, Biskrem, Ülker Bebe, Hanımeller, Saklıkoy, İkrar, Ülker Kremali, Çokoprens, 9 Kat Tat, 9 Kat Rulokat, 9 Kat İnce İnce, Probis, Çokomel, Altınbaşak, Rondo, Canpare, Haylayf, Ülker Finger, Ülker Gofret, Dore, Ülker Cocoa Bisküvi Kat Kat Tat, Çizi, Çiziviç, and Ülker Çubuk Cracker.

Chocolate

Topkapi Factory 1 - Founded in 1974, the Topkapi Chocolate Factory operates on an area of 84 thousand m², 67 thousand m² of which is indoor space. As of the end of 2024, the factory's production had reached 182 thousand tons. The main brands produced are Ülker Chocolate Gofret, Albeni, Dido, Laviva, Çokonat, Metro, Cocostar, Piko, Çokomilk, Alpella, Çokokrem, Ülker Chocolate, Napoliten, Caramio, Kanky, Buklet, Select, Lalezar, Beylerbeyi, Godiva, Go Ahead, and Rodeo.

Silivri Factory - Founded in 1998, the Silivri Factory produces holiday and gift chocolate products, as well as chocolate-coated dragees, in its 43,500 m² indoor space. The total production volume at the end of 2024 was 20 thousand tons. The main brands produced are Albeni, Ece, Çikolatin, Buklet, Godiva, Metro, Truffle, Fındık Rüyası Dido, Be Happy, Banana Pasta Tadında, Lovells Laviva Banana Magnolya, İstanbul Series, Select, and McVitie's.

Topkapi Factory 2 - The factory, which operates on a closed area of 15,275 m², started its operations in 1965. The factory, which produces a wide variety of products, including cocoa butter, cocoa powder, cocoa mass, and chocolate paste from cocoa beans, achieved a production volume of 124,000 tons by the end of 2024. Two elements distinguishing Ülker from its competitors are Önem Gıda's expertise in processing cocoa beans and its advanced automation systems.

Giresun Factory - The Giresun Factory, which started operating in 1995, has a closed area of 5,400 m². Ülker Bisküvi supplies all of its hazelnut, chopped hazelnut, and hazelnut puree needs from this factory. The factory, renovated in 2008, has an annual processing capacity of 4,800 tons of shelled hazelnuts and 5,933 tons of inner hazelnuts. In line with the capacity increase investments made, a total production volume of 2,000 tons was realized at the factory in 2024.

Cake

Gebze Factory - The Ülker Gebze Factory offers a portfolio of innovative and pioneering products in the portion, mini, and family segments as of 2024. This year, the factory's total production reached 26,000 tons, and three new products—Dankek Baton whole grain cake, Ülker Magma coconut, and sour cherry — were added to the portfolio.

Karaman Factory- Main Brands Produced; Dankek, O'lala Gourmet, O'lala Souffle, O'lala Waffle Cake, O'lala Bar Cake, Dankek Chocolate Cake, 8 Cake, Kekstra, Pöti, Albeni, Alpella, Dostino (PL), Dankek Tea Time, Dankek Roll Cake, Kekstra Bar Cake, Kekstra Confetti, Dankek Wet Cake, Dankek Pöti Muffin, Peki Muffin, Dankek Bite Size varieties, Halk-Alpella Cupcake, O'lala Bold, Alpella Barkek, O'lala Bold Mini Bar Cake, O'lala Tiramisu Cake, Kekstra XL Cake, Dankek Mousse Cake, Dankek Magma, Dankek Tart Cake, Dankek Chocolate Sauce Baton Cake and Ülker Magma Filled Cake.

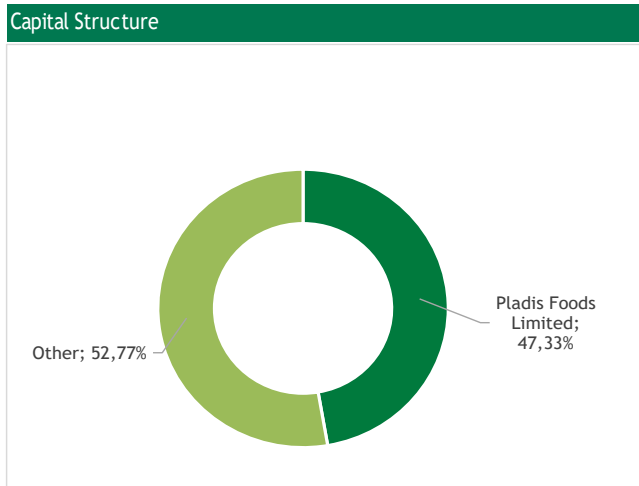
Flour

Ülker Bisküvi Ankara Factory - The factory began operating in 2012 and is situated on a 51,531 m² plot, with a closed area of 22,418 m². B1, B2, and B3 biscuit flours, whole flour varieties, stone mill flours, special bran, soy flour, and oat flake products are produced and sold to group companies. As of 2024, 188 thousand tons of finished product (end product) had been produced at the factory.

Ülker Bisküvi Karaman Factory- B1, B2, and B Tek flours are produced at the Karaman Factory, which was established in 2012 and has an area of 2,934 m². These products are sold exclusively to Ülker Bisküvi group companies. Fifty-two thousand tons of finished product (end product) was produced in 2024. The Karaman Factory, with a daily wheat milling capacity of 250 tons and a wheat storage capacity of 30,000 tons, continuously supplies the wheat needed for biscuit production throughout the year. The six vertical steel silos, with a capacity of 5,000 tons, within the facility ensure the safe storage of wheat and uninterrupted production.

Capital Structure

The Group's main partner and controlling party is Pladis Foods Limited. Of the Company's capital, 47.23% belongs to Pladis Foods Limited, while 52.77% is publicly held. The Company's issued capital is TRY 396.3 million. The ultimate partner of the Group is Yıldız International Food Investments Inc. Yıldız International Food Investments Inc. is the ultimate parent of Pladis Foods Limited. Yıldız International Food Investments Inc. is managed by the Ülker Family.



Source: Company

Subsidiaries

The main activities of Ülker Bisküvi's subsidiaries within the scope of full consolidation as of December 31, 2024, and March 31, 2025, and the direct and effective ownership rates of the Company are as below:

Subsidiaries	March 31, 2025		December 31, 2024		Nature of Operations
	Ratio of Direct Ownership	Ratio of Effective Ownership	Ratio of Direct Ownership	Ratio of Effective Ownership	
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	100%	100%	100%	100%	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	100%	100%	100%	100%	Trading
UI Egypt B.V.	51%	51%	51%	51%	Investment
pladis Egypt for Food Industries S.A.E.		51,40%		51,40%	Manufacturing-Sales
Sabourne Investments Ltd.	100%	100%	100%	100%	Investment
pladis Arabia Food Manufacturing Company		55%		55%	Manufacturing-Sales
pladis Kazakhstan	100%	100%	100%	100%	Manufacturing-Sales
Ulker Star LLC		99%		99%	Sales
UI Mena B.V.	100%	100%	100%	100%	Investment
pladis Gulf FZE		100%		100%	Sales
pladis Egypt for Trading and Marketing S.A.E.		99,80%		99,80%	Sales
pladis Arabia International Manufacturing Company	100%	100%	100%	100%	Manufacturing-Sales
Taygeta Gıda Üretim ve Pazarlama A.Ş.	100%	100%	100%	100%	Trading-Consultancy
F.E. pladis Confectionary LLC	100%	100%	100%	100%	Sales

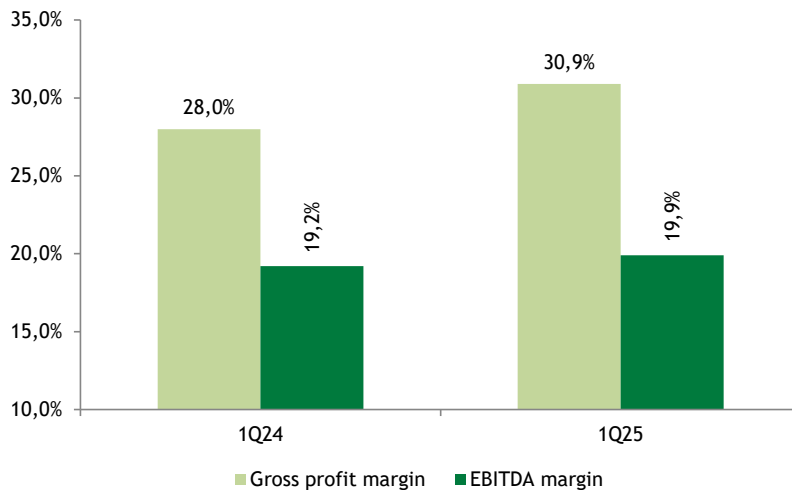
Source: Company

Financials in Brief

The month of Ramadan coincided with the first quarter of this year. Therefore, due to the contraction in the market and the high base effect, Ülker's total sales volume decreased by 9% on an annual basis as of 1Q25, and sales revenues decreased by 0.4% to TRY 26,962 million (1Q24: TRY 27,070 million). While domestic sales revenues increased by 7% to TRY 19,865mn, international sales revenues decreased by 17% to TRY 7,097mn (1Q24: TRY 18,529mn, TRY 8,540mn). Despite the increase in raw material prices, such as cocoa, wheat, and sugar, and the fluctuations in the retail market, gross profit in the first quarter of 2025 increased by 4.2% annually and 25% quarter-over-quarter to TRY 9,015 million (1Q24: TRY 8,652 million). Gross profit from domestic operations increased by 18% annually to TRY 6,141mn, while gross profit from international operations decreased by 17% annually to TRY 2,875mn (1Q24: TRY 5,187mn, TRY 3,465mn). Despite challenging market conditions in the first quarter of 2025, EBITDA decreased by a limited 2% annually to TRY 5,484 million but increased by 23.3% quarter-over-quarter (1Q24: TRY 5,583 million). EBITDA from domestic operations increased by 11% annually to TRY 3,960mn, while EBITDA from international operations decreased by 24% annually to TRY 1,524mn (1Q24: TRY 3,565mn, TRY 2,017mn). In the first quarter of 2025, the weight of Turkey operations in total sales revenues increased to 74% (from 68% in 1Q24), while that of international revenues decreased to 26% (from 32% in 1Q24).

Summary Financials (Including IAS29 Impact)					
TRY Million	1Q24	1Q25	YoY	4Q24	QoQ
Revenues	27.070	26.962	-0,4%	24.704	9,1%
Gross Profit	8.652	9.015	4,2%	7.210	25,0%
<i>Gross Profit Margin</i>	32,0%	33,4%		29,2%	
EBIT	5.062	4.963	-1,9%	3.877	28,0%
<i>EBIT Margin</i>	18,7%	18,4%		15,7%	
EBITDA	5.583	5.484	-1,8%	4.449	23,3%
<i>EBITDA Margin</i>	20,6%	20,3%		18,0%	
Net Profit	2.993	2.413	-19,4%	2.996	-19,5%
<i>Net Profit Margin</i>	11,1%	8,95%		12,1%	

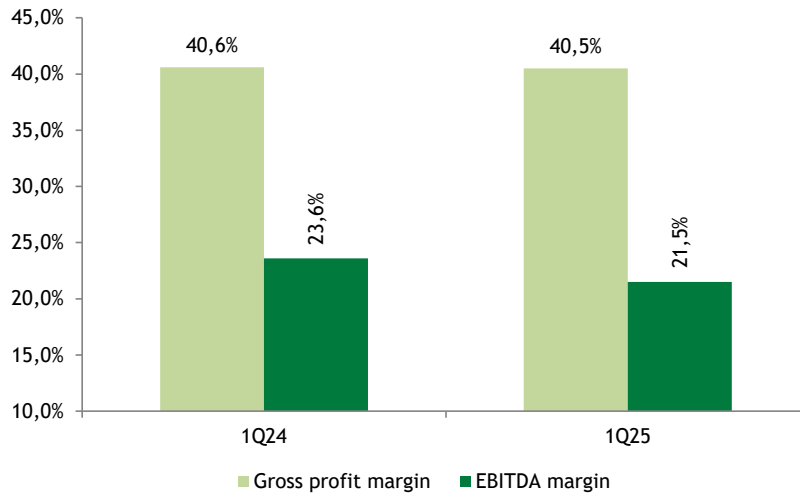
Gross profit and EBITDA margin development of Turkey Operations



Source: Company

In the first quarter of 2025, the gross profit margin for Turkey operations increased to 30.9% (1Q24: 28%), while the EBITDA margin increased to 19.9% (1Q24: 19.2%).

Gross profit and EBITDA margin development of International Operations



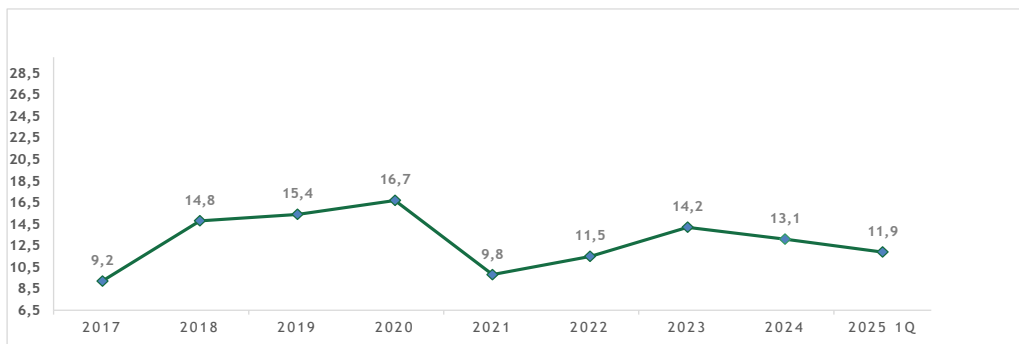
Source: Company

In the first quarter of 2025, the gross profit margin of international operations decreased to 40.5% (1Q24: 40.6%), while the EBITDA margin decreased to 21.5% (1Q24: 23.6%).

EBITDA contribution of international operations over the years

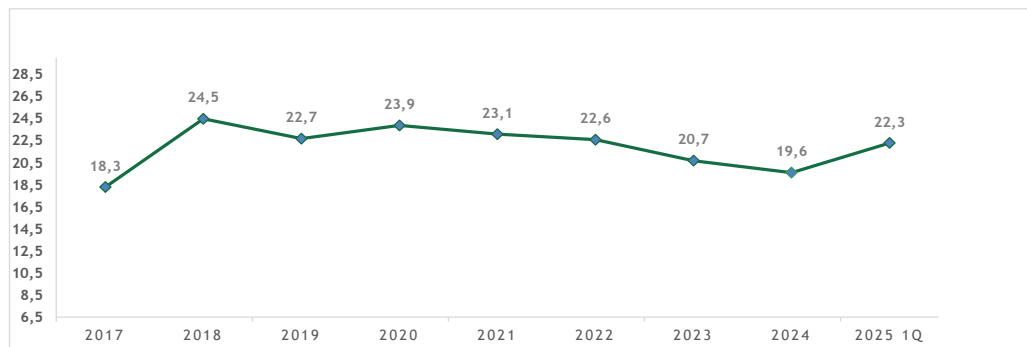
Regionally, North Africa operations have contributed 1.5% to EBITDA, while the EBITDA margin has decreased to 11.9% (1Q24: total EBITDA contribution 2.3%, current EBITDA 14.4%). Middle East operations have provided the highest contribution to total EBITDA at 13.8%, while the EBITDA margin was realized at 22.3% (1Q24: total EBITDA contribution 13.1%, current EBITDA 22.4%). The Central Asia region accounted for 1.7% of total EBITDA with an EBITDA margin of 12.8% (1Q24: current EBITDA 14%, total EBITDA contribution 2.4%).

EBITDA Margin development of North Africa operations over the years

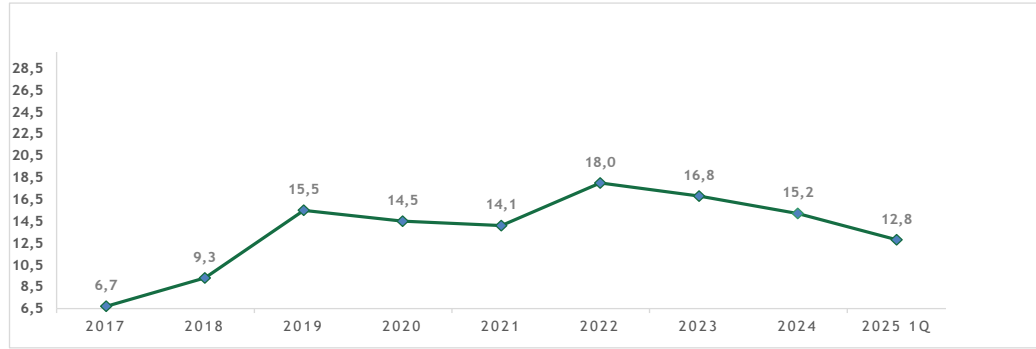


Source: Company

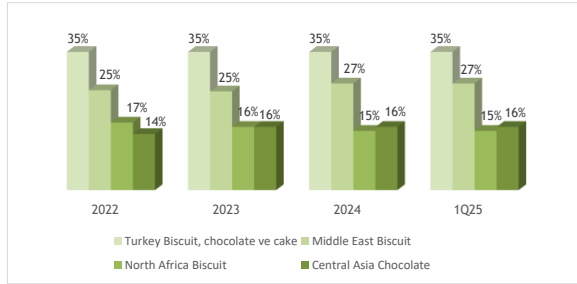
EBITDA Margin development of Middle East operations over the years



Source: Company

EBITDA Margin development of Central Asia operations over the years

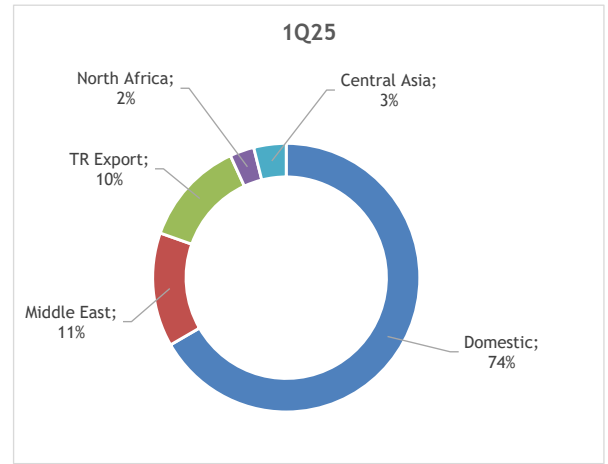
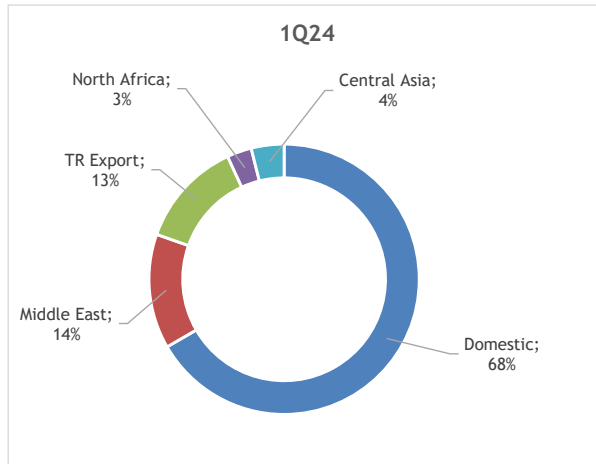
Source: Company

Global Market Shares and Revenue Distribution**Regional Market Shares**

The Company managed to maintain its leadership in the main snack categories, with a 35% market share in the biscuit, chocolate, and cake category in Turkey for 2022, 2023, and 2024. In the 1Q25 period, the market share was at 34% (1Q24: 34%).

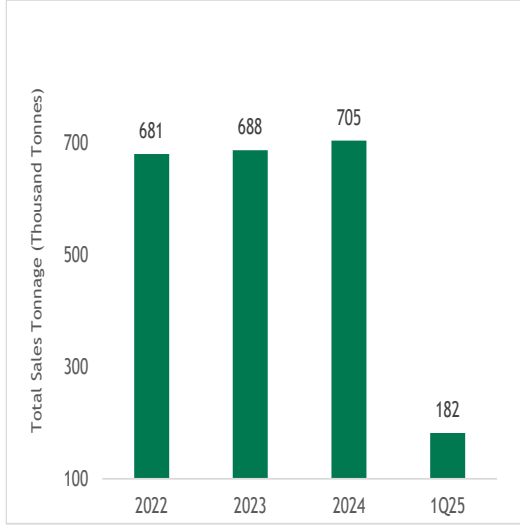
The Company's market share in the biscuit category in the Middle East was 25% in 2022 and 2023, rising to 27% in 2024. The share rose to 28% in the first quarter of 2025 (1Q24: 28%).

In North Africa, the market share in the biscuit category was 17% in 2022, 16% in 2023, and 15% in 2024, as well as the first quarter of 2025 (1Q25: 15%). In Central Asia, its market share in the coated chocolate category was 14% in 2022 and 16% in 2023, respectively. It maintained its market share at 16% in 2024, although it decreased to 14% in the first quarter of 2025 (1Q25: 14%).

Regional Breakdown of Revenues (1Q24 and 1Q25)

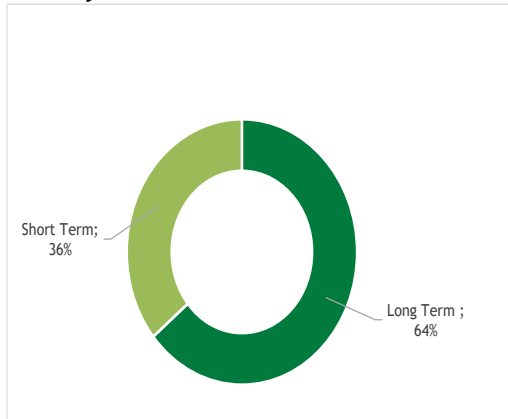
Source: Company

When we look at the regional breakdown of revenue, as can be seen from the graph, the share of Turkey operations in the first quarter of 2025 was 74% (1Q24: 68%), the Middle East 11% (1Q24: 14%), TR Export 10% (1Q24: 14%), the share of North Africa operations 2% (1Q24: 3%), and the share of Central Asia operations 3% (1Q24: 4%).

Total Sales Tonnage by Years (Thousand tons)

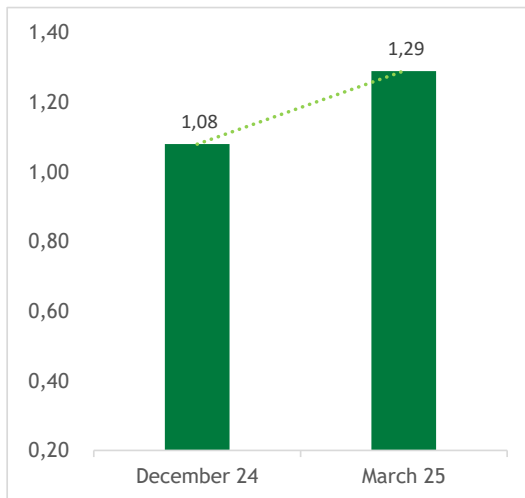
The Company's total sales tonnage increased from 681 thousand tons in 2022 to 688 thousand tons in 2023 and 705 thousand tons in 2024. In the first quarter of 2025, production was 182 thousand tons (compared to 200 thousand tons in the first quarter of 2024).

Source: Company

Debt structure**Maturity Breakdown of Financial Liabilities**

The company's main debt items are syndicated loans and Eurobond issuances, so they are foreign currency-based. As of the first quarter of 2025, 64% of financial liabilities are long-term and 36% are short-term.

Source: Company

Net Debt/EBITDA (Covenant Base)

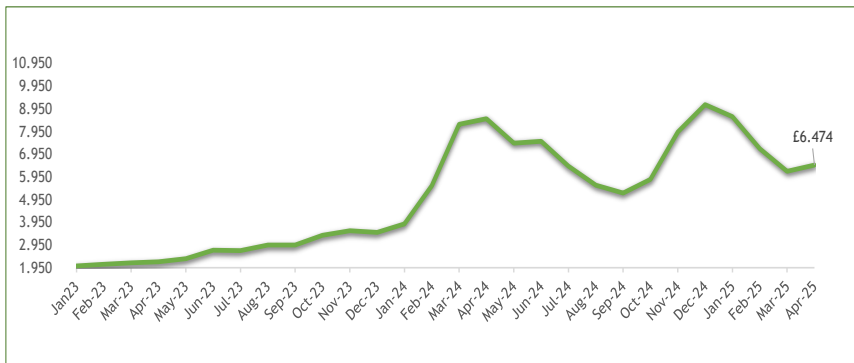
The Company's net debt/EBITDA ratio, which is the basis for the covenant calculation, is based on inflation-accounted figures within the scope of the syndicate agreement. As of the end of March 2025, the net debt/EBITDA (covenant basis) ratio was 1.29x (December 2024: 1.08x). Approximately 60% of the Company's open position had been closed. As of March 2025, the USD 409 million open position has been hedged. The Company aims to mitigate volatility throughout the year by maintaining this ratio within the 60-80% range. In addition, refinancing options are being evaluated for the syndicated loan, which is due in April 2026.

Source: Company

Investment Theme

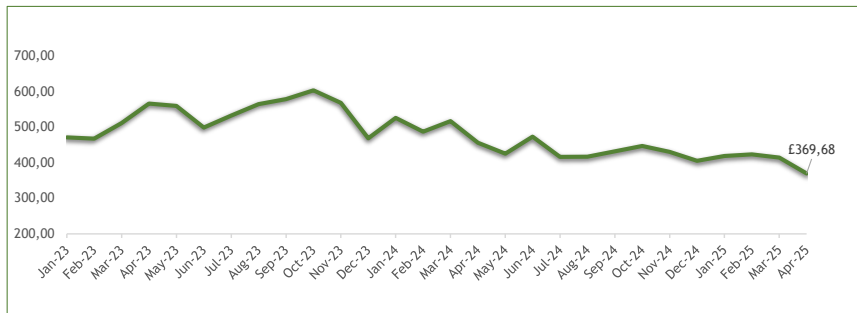
We acknowledge the effective management of raw material costs. The biggest risk for the sector is the increase in raw material costs. In particular, cocoa prices, the raw material for chocolate, have climbed rapidly from 3,883 GBP/MT to 9,143 GBP/MT in London futures cocoa contracts due to a decline in yields resulting from disease and weather conditions in 2024. However, the Company consistently follows hedging policies to manage the cost of basic raw materials, such as cocoa, sugar, and hazelnuts, by conducting a proactive purchasing process to manage costs. We believe that the Company has managed the supply process well despite prevailing high cocoa prices in 2023 and 2024. While costs are largely hedged for 2025, a hedge has also been made for a part of 2026. Ülker Bisküvi produces chocolate paste at its Topkapı facility, processes hazelnuts at its Giresun facility, and produces flour at its Ankara and Karaman facilities. It supplies cocoa beans from Ghana and the Côte d'Ivoire and produces superior-quality cocoa, chocolate, and chocolate products that benefit from its technological infrastructure, raw material quality, and meticulous and hygienic production environments at its cocoa processing facilities.

London Cocoa Prices (GBP/MT)



Source: Bloomberg

London Sugar Prices (GBP/MT)



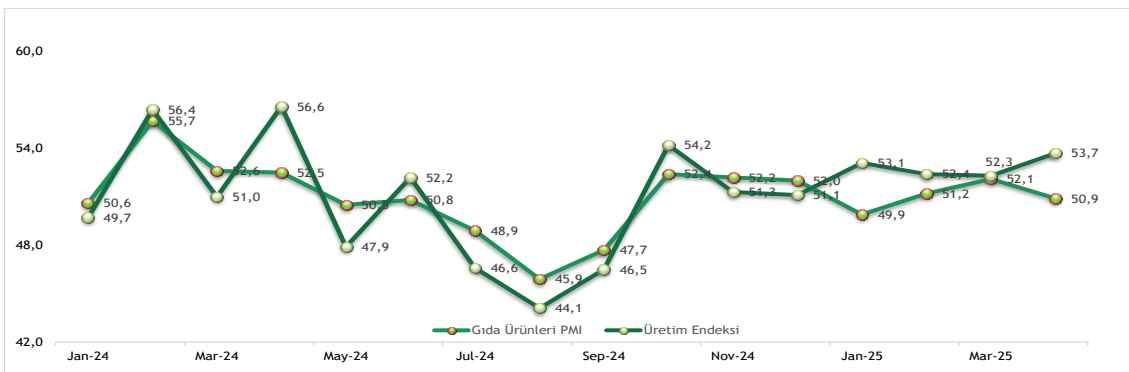
Source: Bloomberg

We expect the Company to maintain its successful operational performance in 2025. Farmers in Côte d'Ivoire, Ghana, Cameroon, and Nigeria, which produce approximately 70% of the global cocoa in 2024, have struggled with extreme temperatures, disease, and irregular rainfall. As production decreased due to these adverse conditions, the record increase in cocoa prices had a negative impact on snack manufacturers. While cocoa prices scaled record highs last year, they declined at the beginning of 2025 due to expectations of excess supply. However, despite this year's harvest being relatively higher compared to 2024, more than a third of Ghana and Côte d'Ivoire continues to suffer drought conditions despite recent rainfall in West Africa. Therefore, we expect concerns over the quality of cocoa harvested in Côte d'Ivoire to continue affecting prices. Despite the increase in prices, especially for cocoa and other raw materials (such as sugar and hazelnuts), as well as fluctuations in the retail market, we anticipate that the Company will continue to pursue effective cost optimization, efficient supply chain management, and successful pricing strategies. Furthermore, we anticipate that product portfolio optimization and innovative product launches will comprise the strategies supporting growth in 2025.

We expect facility and modernization investments to continue. The Company continues to strengthen its production processes through facility and modernization investments. These investments include increasing factory capacity, renewing production lines, enhancing hygiene conditions, and developing storage processes. The Company's primary goal is to increase product quality and customer satisfaction, making its cost structure more competitive. Therefore, we believe that the investments made represent an important part of Ülker's strategy to maintain market leadership.

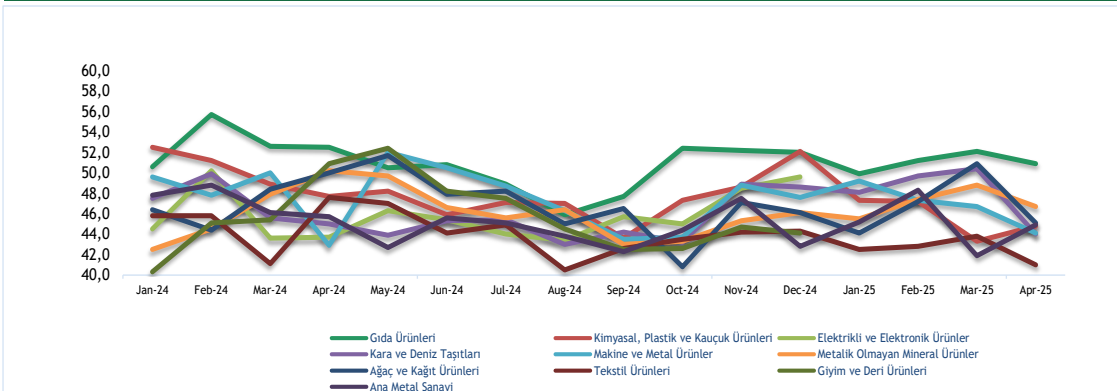
PMI figures support the food sector. Purchasing Managers' Indices (PMIs) are among the indicators closely followed by global markets and the economic press in measuring economic activity conditions. Being among the first data points announced in a particular month regarding economic conditions and emerging before official data, as well as its correlation with the official data, make PMIs an important leading indicator. While a PMI above 50 indicates an improvement or increase compared to the previous month, figures below 50 are evaluated as a deterioration or decrease compared to the previous month. Indices are trend indicators, as they show the direction, not the quantitative magnitude, of the change in the activity conditions of the underlying economy or sector. According to the Istanbul Chamber of Industry's Turkey sectoral report, nine out of ten sectors followed in 2024 displayed a weak outlook. However, despite sticky market conditions and weak demand throughout 2024, the food products sector experienced the highest increase. When examining the average sectoral PMI figures for 2024, the food products sector was the only one to stay above the 50.0 threshold, driven by expansion in production and a continuing increase in new orders. We expect the food products sector to maintain its position as the fastest-growing sector through sustained and robust production growth for the remainder of 2025.

Food Products PMI & Production Index



Source: S&P Global, ISO

Turkey Sectoral PMI



Source: S&P Global, ISO

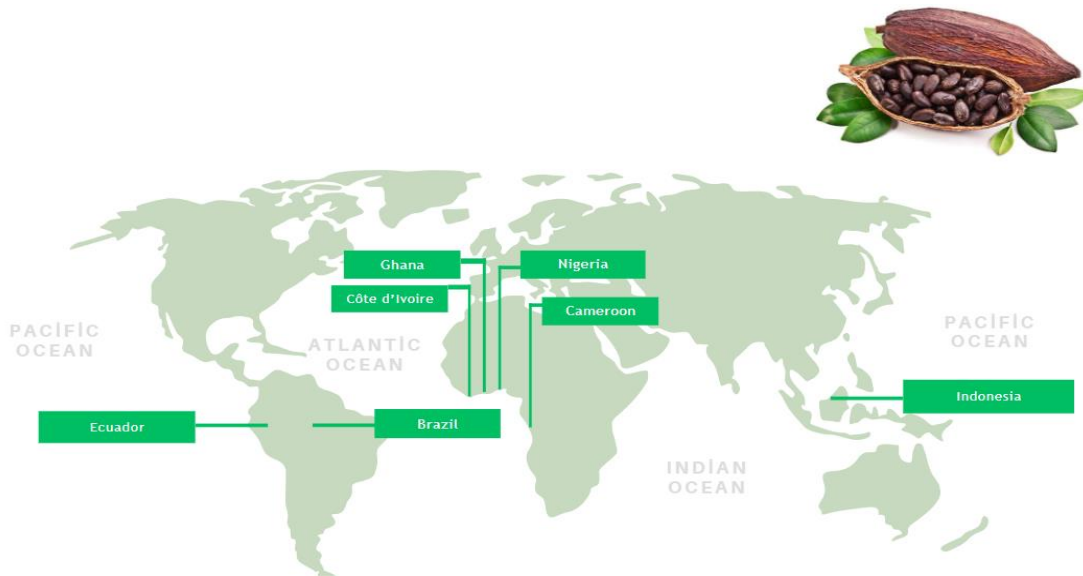
The Global Cocoa Market



The global cocoa market is highly competitive, with numerous players vying for the majority of the market share. These players include multinational companies as well as local and regional firms. We anticipate that the increasing demand for high-quality and innovative cocoa and chocolate products will continue to grow over the coming years. Various factors, including increasing disposable income, changing consumer dietary preferences, and the growing popularity of premium and organic chocolates, are driving the market's expansion.

Furthermore, increasing awareness about the health benefits of cocoa and dark chocolate is also accelerating market growth. Meanwhile, the increasing trend of gifting chocolate, especially during festive periods and special occasions, and the growing influence of social media in promoting chocolate brands have a catalytic effect on market performance. The addition of new flavored chocolate types, such as dark chocolate and ruby chocolate, to the portfolios of key manufacturers is expected to boost growth in the cocoa and chocolate industry. Meanwhile, chocolate remains a popular flavor in product launches. This trend is expected to increase the demand for cocoa butter and cocoa powder in the coming period.

The World's Top Cocoa Producing Countries



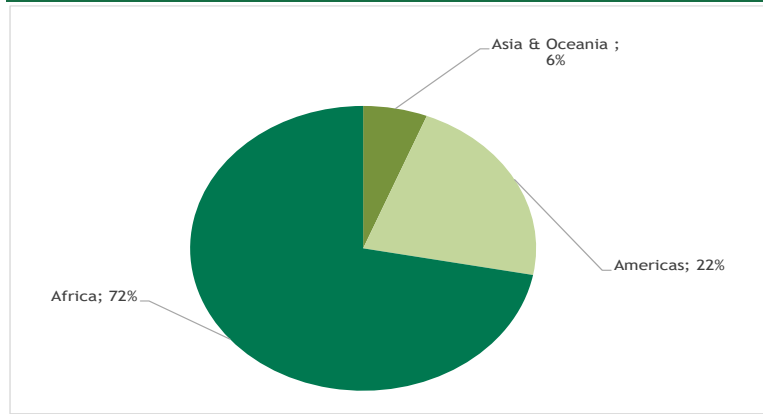
Source: ICCO

The greatest cocoa production is in West Africa. Africa is the leading region for cocoa production worldwide. The Ivory Coast (Côte d'Ivoire) and Ghana are the world's largest producers of cocoa, contributing approximately 50% of the global total. The Ivory Coast is the world's largest producer of cocoa. Ghana, the second-largest producer, is renowned worldwide for its high-quality cocoa beans. The cocoa economy of these two countries is largely based on local farmers and small family businesses. These farmers produce high-quality beans using traditional methods of cocoa cultivation. Additionally, Nigeria plays a significant role in the global cocoa landscape, accounting for approximately 6.5% of the world's cocoa bean production. Nigeria placed fourth in the global rankings, behind the Ivory Coast, Ghana, and Indonesia. The country not only grows various types of cocoa but also produces a range of cocoa products, including cocoa butter, powder, and cake. Elsewhere, cocoa, a key ingredient in chocolate, is a central component of Cameroon's economy.

The cocoa sector is vital for the livelihoods of over 500,000 people in Cameroon. Indonesia is the largest cocoa producer in Asia. Sulawesi Island, in particular, is a major center for cocoa production in Indonesia. In South America, Ecuador holds a significant share in cocoa production and is renowned for its highly-flavored cocoa variety, known as "Arriba Nacional." Along with Ecuador, Brazil is another major cocoa producer in South America, supplying substantial quantities of cocoa to both local and international markets.

Worldwide, cocoa farmers produce approximately 5 million tons of cocoa beans annually. In the 2024/25 season, Africa (Ivory Coast, Ghana, Cameroon, Nigeria, and others) produced 3,462,000 tons of cocoa beans (72% of global cocoa production), while the Americas (Brazil, Ecuador, and others) produced 1,079,000 tons (22% of global cocoa production).

Global cocoa beans production share by continents 2024/25

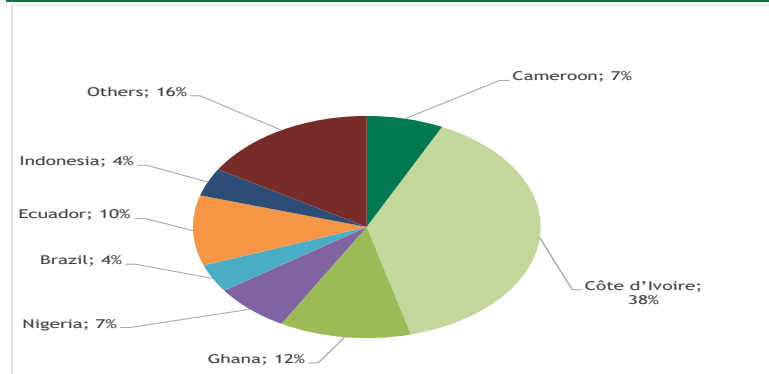


Source: ICCO

Cocoa beans production data by countries (thousand tonnes)	2022/23	2023/24	2024/25
Cameroon	270	320	320
Côte d'Ivoire	2.241	1.674	1.850
Ghana	654	530	600
Nigeria	315	350	350
Brazil	220	200	210
Ecuador	454	430	480
Indonesia	160	180	200
Others	687	760	786

Source: ICCO

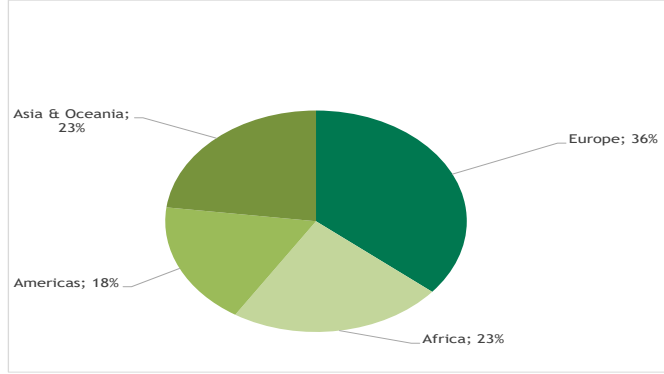
Global cocoa beans production share by countries 2024/25



Source: ICCO

More than a third of cocoa beans are processed in Europe. Europe leads the world in industrial demand for cocoa beans. Therefore, cocoa bean grinding is a good indicator of market demand. Europe is the world's largest grinding region, with 1,669,000 tons (36% of global cocoa grinding) in 2024/25. Africa follows with 1,076,000 tons (23%), followed by the Americas with 846,000 tons (18%).

Global cocoa beans grinding share by continents 2024/25

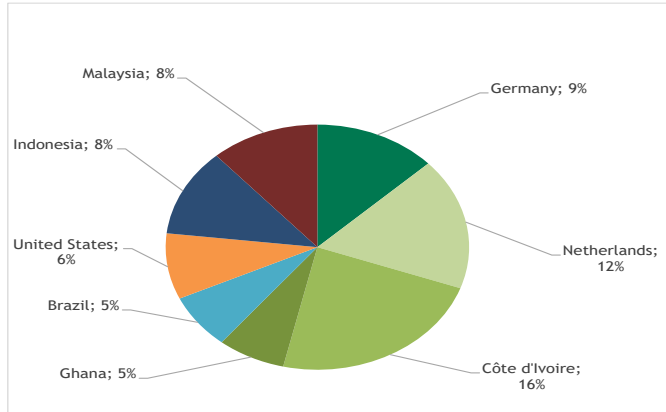


Source: ICCO

Cocoa beans grinding data by countries (thousand tonnes)	2022/23	2023/24	2024/25
Germany	440	460	440
Netherlands	600	600	580
Côte d'Ivoire	793	744	730
Ghana	250	205	210
Brazil	260	240	230
United States	350	340	280
Indonesia	402	380	390
Malaysia	364	383	350

Source: ICCO

Global cocoa beans grinding share by continents 2024/25



Source: ICCO

Global cocoa market challenges

Weather and climate change - Long, dry seasons, reduced rainfall, and extreme temperatures can negatively impact both cocoa yields and quality.

Impact of Plant Diseases - In addition to weather issues, cocoa crops in the world's largest producers, Ivory Coast and Ghana, are being severely affected by Cocoa Swollen Shoot Virus (CSSV). This disease significantly shortens the life of cocoa trees and spreads rapidly between plantations, further constraining supply.

Supply chain issues - Underinvestment in cocoa farms, political instability, and logistical challenges are causing supply chain problems.

Valuation

Discounted Cash Flow Analysis (Income Approach)

Within the scope of the Discounted Cash Flow method, the Company's cash flows for the years 2025-2034 were projected, and these values were discounted using the WACC method. Within the framework of the gradual normalization policy implemented in Turkey, a gradual improvement is expected in bond interest rates in the coming years, depending on the decline in inflation. In this context, a gradual decrease in the risk-free interest rate is anticipated beyond 2025. It is assumed that the risk-free interest rate will be 28.5% for 2025, 26% in 2026, 24% in 2027, 22% in 2028, for 2029-2030 20%, for 2031-2032, 18%, 16% for 2033-2034. An infinite growth rate of 5% was used. The value obtained after the calculation at this rate was discounted to the present day using the discount factor in 2034. The corporate tax rate is assumed to remain at 25% throughout the 2025-2034 projection period. In our valuation, a market risk premium of 5.5% and a beta of 0.89 are assumed.

In our Discounted Cash Flow model, we estimate that the Company's net sales revenues will increase to TRY 112,859 million in 2025. We estimate an EBITDA figure of TRY 20,301 million in 2025. Considering inflation, exchange rate movements, fluctuations in raw material prices, and local and global macroeconomic developments in 2025, we expect an EBITDA margin of 18.0%.

DCF model										
DCF (TRY Mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Sales	112.859	135.996	156.395	178.650	201.215	222.946	245.241	267.313	288.698	303.133
EBITDA	20.301	26.991	30.774	33.831	39.560	42.234	46.361	50.380	54.197	56.582
EBITDA margin	18,0%	19,8%	19,7%	18,9%	19,7%	18,9%	18,9%	18,8%	18,8%	18,7%
Tax (-)	3.432	3.336	3.406	3.588	3.852	4.180	4.564	5.000	5.487	6.029
Capex (-)	5.539	9.884	13.222	16.437	20.044	23.973	27.062	30.005	32.807	32.386
Change in Working Capital	2.683	3.012	3.350	3.686	4.069	4.498	4.959	5.472	6.041	6.710
Free Cash Flow to Firm	14.013	16.784	17.496	17.493	19.732	18.579	19.695	20.848	21.943	24.877
Risk free rate	28,5%	26,0%	24,0%	22,0%	20,0%	20,0%	18,0%	18,0%	16,0%	16,0%
Beta	0,90	0,90	0,90	0,90	0,90	0,90	0,90	0,90	0,90	0,90
Market Risk Premium	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%
Tax Rate	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%
Kd*(1-Tax)	18,8%	18,8%	18,8%	18,8%	18,8%	18,8%	18,8%	18,8%	18,8%	18,8%
WACC	25,0%	24,1%	23,3%	22,5%	21,6%	21,7%	20,8%	20,8%	19,9%	19,9%
Discounted Free Cash Flows	12.717	9.001	8.688	7.344	5.994	5.558	4.300	3.774	3.307	2.904
PV of Cash Flows (2025E-2034E)	63.587									
Perpetual Growth		5,0%								
Terminal Value	155.097									
PV of Terminal FCF	20.524									
Net Financial Debt	31.478									
Equity Value (DCF)	52.632									

As a result of the discounted cash flow analysis, a target company value of TRY 52,632 million is reached.

Peer Comparison

The Company's peer comparison analysis used the annualized net profit and EBITDA figures as of 1Q25 shown below.

	TRY
Net Profit (Annualized) (01.04.2024-31.03.2025)	7.565.448.851
EBITDA (Annualized) (01.04.2024-31.03.2025)	17.067.273.546
Net Debt (31/03/2025)	31.478.464.000

Source: Finnet

In a peer comparison, selected companies traded on the BIST and listed under the BIST Food and Beverage (XGIDA) sector were considered for evaluation. The Company Value/EBITDA (EV/EBITDA) and Price/Earnings (P/E) multipliers of these companies (as of June 02, 2025) were used. The annualized EBITDA and Profit figures of BIST FOOD and Beverage Companies for the past 12 months were used. While calculating the multipliers in question, companies with negative EBITDA and net profit, as well as those with FD/EBITDA and P/E multipliers greater than 20, were considered extreme values and excluded from the evaluation.

Company	Market Value TRY mn	EV/EBITDA	P/E
ULUUN	4.462,50	1,46	-12,57
AEFES	81.177,63	3,85	6,86
BANVT	19.194,52	2,65	6,34
TBORG	53.891,13	5,01	10,87
FRIGO	916,45	55,30	31,44
KRSTL	1.163,52	3,64	6,44
GOKNR	8.022,00	4,60	6,64
OFSYM	5.747,63	4,20	12,30
DARDL	3.774,48	5,02	-14,8
PETUN	2.569,33	4,21	33,8
KERVT	9.228,28	3,21	7,35
OYLUM	601,80	6,39	-12,67
CCOLA	136.770,08	6,90	9,89
ALKLC	4.444,16	10,57	289,10
ELITE	4.536,00	7,46	10,71
KRVGD	4.168,80	7,30	-15,08
TUKAS	10.125,00	8,29	6,95
DURKN	1.894,75	12,01	14,55
FADE	1.057,08	8,08	-23,52
ATAKP	5.453,58	9,39	27,64
CEMZY	6.464,16	14,78	-36,29
PINSU	1.634,66	5,27	35,16
ORCAY	564,00	8,69	-6,33
SEGMN	4.031,08	10,02	16,78
YYLGD	9.924,13	16,32	6,22
SOKE	4.004,14	14,03	-20,93
GUNDG	2.086,50	23,92	-22,90
MERKO	1.354,07	7,99	22,00
AVOD	699,30	25,12	-2,54
ARMGD	9.212,93	10,81	9,38
ERSU	523,44	-27,66	-36,43
SELVA	819,00	14,86	4,43
BORSK	4.920,00	14,60	12,06
KTSKR	2.589,80	-38,29	7,27
EFORC	37.243,80	35,81	82,49
PENGD	1.277,50	-8,09	-3,37
OBAMS	23.328,66	12,72	221,42
PNSUT	2.658,85	-197,12	-1,53
Median		7,7	7,3

Source: Finnet (As of closing date 02/06/2025)

Domestic similar	
Peer Comparison Analysis EV/EBITDA Median Multiplier (x)	7,7
Ulker EBITDA -Annualized (TRY)	17.067.273.546
Company Value (TRY)	131.887.916.373
Net Debt- 2025/03 (TRY)	31.478.464.000
Equity Value (TRY)	100.409.452.373
Peer Comparison Analysis P/E Median Multiplier (x)	7,3
Ulker Net Profit- Annualized (TRY)	7.565.448.851
Equity Value (TRY)	55.580.156.391
Equity Value Calculated According to Domestic Similar Companies Multipliers (Equal Weight)	77.994.804.382

In a peer comparison of similar domestic companies, the Company's equity value was calculated at TRY 100,409 million using the EV/EBITDA multiplier and at TRY 55,580 million using the P/E multipliers.

TRY	Equity Value	Weight	Weighted Equity Value
Domestic EV/EBITDA	100.409.452.373	50,00%	50.204.726.187
Domestic P/E	55.580.156.391	50,00%	27.790.078.195
Equity Value (TRY)			77.994.804.382

In a peer comparison, after assigning equal weight to the EV/EBITDA multiplier of similar domestic companies at 50% and to the P/E multiplier of similar domestic companies at 50%, the Company's equity value was calculated to be TRY 77,994 million.

Conclusion

In determining Ülker Bisküvi's value per share, peer comparison and Discounted Cash Flow Analysis (DCF) methods were used. In our valuation, an 60% weight was assigned to the Discounted Cash Flow analysis, and a 40% weight to the multiplier analysis. By using Discounted Cash Flows and multiplier analysis, a target equity value of TRY 62,777 million for the Company was reached. Accordingly, the target value per unit share for ÜLKER was calculated at TRY 170.00. Ülker's closing price on 02.06.2025 was TRY 105.50, has the potential to generate a 61.14% upside compared to our target share price. The company is trading at a significant discount to the current multiples of the industry (median P/E 7.3x, EV/EBITDA 7.7x) with 2025E P/E 3.1x and 2025E EV/EBITDA 3.5x. As a result, we added ÜLKER to our watchlist with an "OUTPERFORM" recommendation due to its 61.14% upside potential compared to our target share price.

Valuation Methods (TRY)	Equity Value	Weight	Weighted Equity Value
Peer Comparison	77.994.804.382	40.0%	31.197.921.753
DCF	52.632.282.833	60.0%	31.579.369.700
Target Equity Value (TRY)			62.777.291.453
Issued Capital (TRY)			369.276.000
Target Value Per Share (TRY)			170.00
Closing Price (TRY)			105.50
Upside Potential			61.14%

Key Financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2024/12	2025/03	%Chg
PP&E	25.597	25.200	-2%
Intangibles	4.295	4.262	-1%
Other Non-Current Assets	5.688	5.533	-3%
Trade Receivables	24.103	27.379	14%
Cash&Equivalents	28.955	23.937	-17%
Other Current Assets	18.603	25.969	40%
Total Assets	107.242	112.280	5%
Long Term Debt	36.029	35.522	-1%
Other Non current liabilities	3.062	3.599	18%
Short Term Debt	4.627	7.796	68%
Trade Payables	11.302	9.861	-13%
Other current liabilities	15.378	16.325	6%
Total Liabilities	70.398	73.103	4%
Total Equity	36.845	39.177	6%
Total Equity&Liabilities	107.242	112.280	5%

INCOME STATEMENT (TRY Mn)	2024/03	2025/03	%Chg
Revenues	27.070	26.962	0%
COGS	18.417	17.947	-3%
Gross Profit (Loss)	8.652	9.015	4%
Operating Expenses	3.590	4.052	13%
Operating Profit/(Loss)	5.062	4.963	-2%
Net Other Ope. Rev./(Exp.)	724	411	-43%
Income/(Loss) from Investing Activities	1.829	2.814	54%
Financial Expenses	(4.421)	(5.438)	N.M.
Gains (losses) on net monetary positions	1.818	707	-61%
Profit Before Tax (Loss)	5.011	3.458	-31%
Tax	(1.585)	(879)	N.M.
Net Profit (Loss)	3.426	2.579	-25%
Minority Interest	433	166	-62%
Majority Interest	2.993	2.413	-19%

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
 Büyükdere Cad. No:171 Metrocity
 A Blok Kat 4-5 34330 SİSLİ /İST
 TURKEY

TEL: +90 (212) 334 33 33
 Fax: +90 (212) 334 33 34
 E-mail: research@sekeryatirim.com
 Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com
Burak Demirbilek	Utilities,	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com
Engin Değirmenci	Cement	+90 (212) 334 33 33-201	edegirmenci@sekeryatirim.com
A. Can Tuğlu	Beverages, Retail, Auto, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com
Başak Kamber	Glass, Defense Industry, Pharmaceutical, Food	+90 (212) 334 33 33-251	bkamber@sekeryatirim.com

Economy & Politics

Abdulkadir Doğan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com
------------------	-----------------	---------------------	--

Institutional Sales

Batuhan Alpman	Head	+90 (212) 334 91 01	balpman@sekeryatirim.com
Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com
M. Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com

DISCLAIMER

I, Basak KAMBER hereby certify that the views expressed in this research accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

This report has been prepared by the Şeker Yatırım Menkul Değerler A.Ş. (Şeker Invest, Inc.) Research Team. The information and opinions contained herein have been obtained from and are based upon public sources that Şeker Invest considers to be reliable. No representation or warranty, express or implied, is made that such information is accurate or complete and should not be relied upon, as such. All estimates and opinions included in this report constitute our judgments as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. Şeker Invest may, from time to time, have a long or short position in the securities mentioned in this report and may solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) for any company referred to in this report and may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis upon which it is based, before its publication. This report is for the use of intended recipients and may not be reproduced in whole or in part or delivered or transmitted to any other person without the prior written consent of Şeker Invest. By accepting this document you agree to be bound by the foregoing limitations.

Copyright © 2025 Şeker Invest