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Ülker Bisküvi

Operational margins narrowed

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Ülker reported TRY 1,586mn net income in 1Q26, above both the market median expectation of TRY 1,150mn and our estimate of TRY 1,125mn (1Q25: TRY 3,158mn net income). During 1Q26, declining sales revenues and increasing cost pressure, which led to a contraction in operational margins, were the main factors weighing on net profit. In addition, the decline in income generated from investment activities and the increase in tax expenses also put pressure on net earnings. On the other hand, lower net financial expenses and higher monetary position gains stood out as the main factors supporting net profit.

The Company's net sales revenues decreased by 3.9% YoY to TRY 33,906mn in 1Q26 (1Q25: TRY 35,285mn). Ülker's net sales revenues came in in line with both the market median expectation of TRY 33,861mn and our estimate of TRY 33,800mn. Of the Company's total revenue of TRY 33,906mn in 1Q26, TRY 24,480mn was generated from domestic operations, while TRY 9,426mn came from international operations. During the same period, approximately 67% of the total gross profit of TRY 9,452mn was generated from domestic operations, while domestic operations contributed TRY 3,103mn and international operations contributed TRY 1,143mn to operating profit.

EBITDA (including TMS-29 impact) declined by 28.5% YoY to TRY 5,130mn in 1Q26. In addition to the contraction in sales revenues, EBITDA margin weakened due to increasing cost pressure and deteriorating operational profitability. The reported EBITDA figure came in above both our estimate of TRY 4,560mn and the market median expectation of TRY 4,358mn. Of the total EBITDA performance of TRY 5,130mn, TRY 3,750mn was generated from domestic operations, while TRY 1,380mn came from international operations. EBITDA margins stood at 15.3% for domestic operations and 14.6% for international operations. Accordingly, the Company's consolidated EBITDA margin was realized at 15.1% in 1Q26. Meanwhile, total capital expenditures amounted to TRY 233mn during 1Q26, of which TRY 171mn was allocated to domestic operations. Ülker's gross profit margin declined to 27.9% and net profit margin decreased to 4.68% in 1Q26 (1Q25: 33.4% and 9.0%, respectively).

Net debt increased... The Company's net debt rose from TRY 37,436mn at the end of 2025 to TRY 41,084mn. Net Debt/EBITDA ratio stood at 2.26x as of 1Q26.

Dividend - The Company decided to distribute a net dividend of TRY 4.8729 per share (gross dividend: TRY 5.7328 per share), with the ex-dividend date set for June 19, 2026. Based on the Company's closing share price as of May 11, 2026, the gross dividend yield corresponds to 4.40%.

As a result, the contraction in sales revenues, increasing cost pressure, and weakening operational margins during 1Q26 put pressure on profitability. Although the reported EBITDA figure exceeded expectations, the YoY decline in operational margins pointed to a weak operational outlook. Therefore, we believe that the deterioration in operational margins may put pressure on the stock performance in the short term. Following the 1Q26 financial results, we maintain our target price of TRY 159.80 per share and our "OUTPERFORM" recommendation. Based on the current share price, our target valuation implies an upside potential of 22.9%.

OUTPERFORM
TP: TRY 159.80
Previous: TRY 159.80
Upside: 22.9%

	TRY	US\$
Close	130,00	2,87
BIST 100	15.134	334
US\$/TRY (CB Bid Rate):	45,2951	
52 Week High:	139,10	3,19
52 Week Low:	97,64	2,37
Bloomberg/Reuters Ticker:	ULKER.TI / ULKER.IS	

Number of Shares (Mn):	369	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	48.006	1.062
Free Float Mcap:	18.722	414

	1 M	YOY	YTD
TRY Return (%):	8	25	20
US\$ Return (%):	7	6	14
BIST 100 Relative (%):	1	-23	-10
Avg. Daily Vol. (TRY Mn):	741		
Avg. Daily Vol. (US\$ Mn):	17,6		

Beta	0,97
Volatility (Stock)	0,48
Volatility (BIST 100)	0,24

Shareholder Structure	%
Pladis Foods Limited	47,23
Other	52,77
Total	100,0

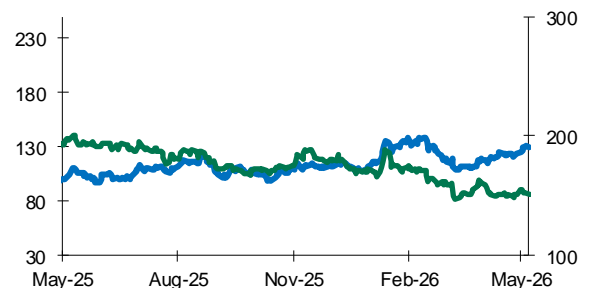


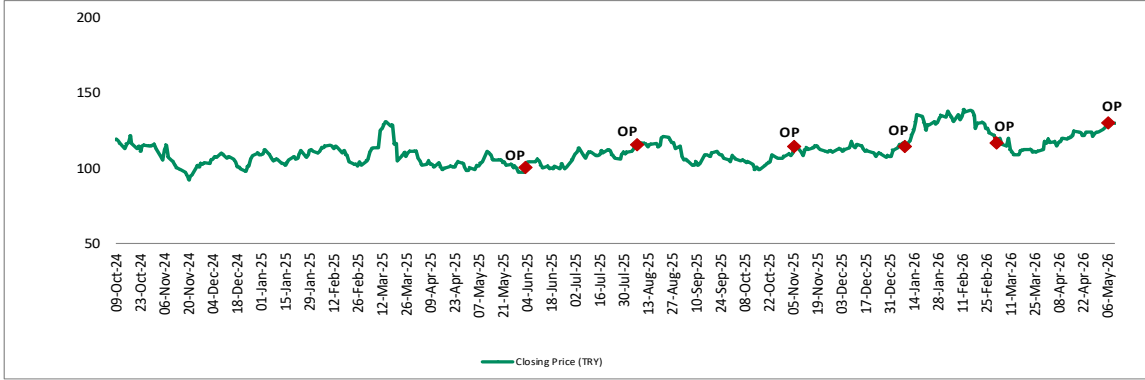
Figure 1: Financials

TRY Million	1Q25	1Q26	YoY	4Q25	QoQ
Revenues	35.285	33.906	-3,9%	30.211	12,2%
Gross Profit	11.798	9.452	-19,9%	7.509	25,9%
<i>Gross Profit Margin</i>	33,4%	27,9%		24,9%	
EBIT	6.496	4.246	-34,6%	3.085	37,7%
<i>EBIT Margin</i>	18,4%	12,5%		10,2%	
EBITDA	7.177	5.130	-28,5%	3.749	36,8%
<i>EBITDA Margin</i>	20,3%	15,1%		12,4%	
Net Profit	3.158	1.586	-49,8%	89	N.M.
<i>Net Profit Margin</i>	9,0%	4,68%		0,3%	

Figure 2: Key Financials

BALANCE SHEET (TRY Mn)	2025/12	2026/03	% Chg
PP&E	34.478	33.522	-2,8%
Intangibles	5.455	5.102	-6,5%
Other Non-Current Assets	6.241	5.887	-5,7%
Trade Receivables	32.264	34.688	7,5%
Cash&Equivalents	25.660	17.161	-33,1%
Other Current Assets	35.508	38.241	7,7%
Total Assets	139.607	134.601	-3,6%
Long Term Debt	43.805	40.868	-6,7%
Other Non current liabilities	6.485	6.653	2,6%
Short Term Debt	13.746	12.235	-11,0%
Trade Payables	15.633	12.112	-22,5%
Other current liabilities	9.454	10.918	15,5%
Total Liabilities	89.124	82.786	-7,1%
Total Equity	50.483	51.815	2,6%
Total Equity&Liabilities	139.607	134.601	-3,6%
INCOME STATEMENT (TRY Mn)	2025/03	2026/03	% Chg
Revenues	35.285	33.906	-3,9%
COGS	23.487	24.455	4,1%
Gross Profit (Loss)	11.798	9.452	-19,9%
Operating Expenses	5.303	5.206	-1,8%
Operating Profit/(Loss)	6.496	4.246	-34,6%
Net Other Ope. Rev./ (Exp.)	538	351	-34,7%
Income/(Loss) from Investing Activities	3.683	1.332	-63,8%
Financial Expenses	(7.116)	(3.937)	N.M.
Gains (losses) on net monetary positions	925	1.095	18,3%
Profit Before Tax (Loss)	4.526	3.087	-32%
Tax	(1.151)	(1.252)	N.M.
Net Profit (Loss)	3.375	1.835	-45,6%
Minority Interest	217	249	15,0%
Majority Interest	3.158	1.586	-49,8%

Historical Recommendations and target prices



Date	Recommendation	Target Price (TRY)
3-Jun-25	Outperform (OP)	170,00
19-Aug-25	Outperform (OP)	170,00
10-Nov-25	Outperform (OP)	170,00
9-Jan-26	Outperform (OP)	159,80
11-Mar-26	Outperform (OP)	159,80
12-May-26	Outperform (OP)	159,80

Basis for 12m equity ratings

- Outperform:** The total return is expected to exceed the return of the BIST 100 by more than 10%.
- Underperform:** The total return is expected to fall below the return of the BIST 100 by more than 10%.
- Market Perform:** The total return is expected to be in line with the return of the BIST 100.



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