Earnings Update
Food Sector

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Ulker Biskuvi

Net Profit Beat Expectations, but the Operational Outlook Remains Weak…

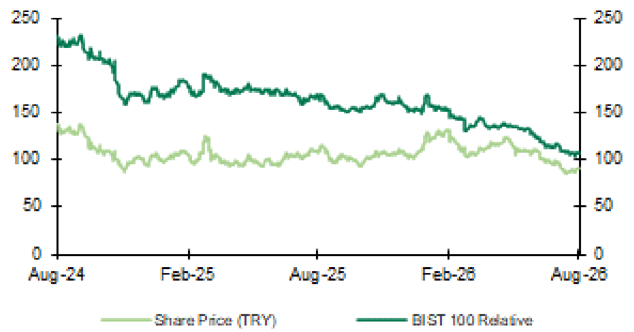
Osman Furkan Özdemir
Analyst
oozdemir@sekeryatirim.com

OUTPERFORM
TP: 159,80 TRY
Previous TP: 159,80 TRY
Upside: %75

Ulker has reported 2Q26 net profit of TRY 1,387mn, under inflation-adjusted financials (TAS-29 impact); this was 516% above the TRY 225mn market median estimate. The beat was driven by a 54.2% YoY decline in net financing expense to TRY 3,552mn and a TL1,314mn net monetary gain. Given that operating profit declined 48.5% YoY to TRY 1,945mn, the fact that the bottom-line beat was largely driven by non-operating items limits the quality of the earnings beat. Net sales fell 11.4% YoY to TRY 26,993mn in 2Q26, coming in 3.5% above the TRY 26,084mn market median estimate. EBITDA declined 37.1% YoY and 49.0% QoQ to TRY 2,801mn, still 4.8% above the TRY2,672mn market median estimate. The EBITDA margin contracted 420bp YoY to 10.4%, while the gross margin contracted 270bp YoY to 24.6% on higher input costs, partly reflecting inflation accounting effects on Turkish operations. The rise in opex/sales to 17.4% (2Q25: 14.8%) further amplified the pass-through of gross margin pressure into the EBITDA margin. **Following the 2Q26 results, we maintain our 12-month target price for Ulker Biskuvi at TRY159.80. Our target price implies 75% upside from the last closing price, and we maintain our "BUY" recommendation on the stock.**

Operational Developments and Sector Outlook… By geography, 1H26 domestic revenue fell 9.0% YoY to TRY 44,757mn, while international revenue declined 2.8% YoY to TRY 18,520mn. Margin contraction was not confined to a single geography and was visible in both regions: the 1H26 EBITDA margin fell to 14.2% domestically (1H25: 18.3%) and to 10.3% internationally (1H25: 16.5%); domestic operating profit fell to TRY 5,107mn (1H25: TRY 7,992mn) and international operating profit fell to TRY 1,381mn (1H25: TRY 2,735mn). The company has maintained its FY26 EBITDA margin guidance of 13.5% (+/-1.5%), and the 1H26 realized margin of 13.1% remains within this guided range.

	TRY	US$	
Close	91,50	1,91	
BIST 100	14.128	295	
US$/TRY (CB Bid Rate):	47,92		
52 Week High:	132,28	3,04	
52 Week Low:	86,30	1,82	
Bloomberg/Reuters Ticker:	ULKER.TI /ULKER.IS		
Number of Shares (Mn):	369,3		
	(TRY Mn)	(US$ Mn)	
Current Mcap:	33.789	706	
Free Float Mcap:	14.867	311	
	1 M	YOY	YTD
TRY Return (%):	-6,6	-17,3	-10,9
US$ Return (%):	-8,2	-29,6	-20,1
BIST 100 Relative (%):	-7,6	-36,1	-29,0
Avg. Daily Vol. (TRY Mn):	700,92		
Avg. Daily Vol. (US$ Mn):	16,05		
Beta	1,04		
Volatility (Stock)	0,31		
Volatility (BIST 100)	0,23		
Shareholder Structure	%		
PLADIS FOODS LIMITED	47,23		
Other	52,77		
Total	100,00		



Balance Sheet, Cash Flow and Leverage… Net debt rose from ~TRY 40.1bn at year-end 2025 to ~TRY42.1bn at end-2Q26 (+5.1% YTD); the increase was largely driven by the TRY translation of FX-denominated debt (predominantly USD/EUR) and the TRY 2,430mn cash dividend paid in 1H26. The company appears compliant with its leverage covenant (net debt/EBITDA ≤3.0x) with a net debt/EBITDA ratio of ~2.89x, and has stated compliance with its interest coverage covenant (≥2.0x) as well. The debt refinancings the company completed during 2025 extended maturities and limited near-term refinancing risk. Working capital showed a notable improvement: cash generated from operating activities turned positive to +TRY 2,840mn in 1H26, from -TRY 4,521mn in 1H25, primarily reflecting a significant slowdown in the pace of inventory build (1H26: -TRY 5,207mn vs. 1H25: -TRY 13,619mn). Capex of TRY 661mn in 1H26 was broadly flat in nominal terms versus TRY 663mn in 1H25; the modest rise in capex/sales (from 0.97% to 1.04%) reflects the denominator effect of declining revenue rather than any acceleration in investment spending.

Overall Assessment… We view the 2Q26 results as mildly positive. While net profit, EBITDA and revenue all came in above market median estimates, the large net profit beat was predominantly driven by non-operating items (lower net financing expense, monetary gain), and operating profit declined 48.5% YoY. The simultaneous margin contraction in both domestic and international operations suggest that pressure is not attributable to a single geography or a transitory factor, and may be partly structural/competitive in nature. Pricing power, the trajectory of input costs, and the impact of FX-denominated debt on net leverage remain the key items to monitor going forward.

Figure 1: Financials (Including IAS -29)

TRY Million	1H25	1H26	YoY	2Q25	2Q26	YoY
Revenues	**68.221**	**63.277**	**-7,2%**	**30.462**	**26.993**	**-11,4%**
Gross Profit	**20.924**	**16.743**	**-20,0%**	**8.298**	**6.629**	**-20,1%**
Gross Profit Margin	*30,7%*	*26,5%*		*27,2%*	*24,6%*	
EBIT	**10.727**	**6.489**	**-39,5%**	**3.776**	**1.945**	**-48,5%**
EBIT Margin	*15,7%*	*10,3%*		*12,4%*	*7,2%*	
EBITDA	**12.135**	**8.290**	**-31,7%**	**4.455**	**2.801**	**-37,1%**
EBITDA Margin	*17,8%*	*13,1%*		*14,6%*	*10,4%*	
Net Profit	**4.333**	**3.084**	**-28,8%**	**953**	**1.387**	**45,5%**
Net Profit Margin	*6,4%*	*4,9%*		*3,1%*	*5,1%*	

Source: Finnet, Seker Invest Research

Figure 2: Key Financials (Including IAS-29)

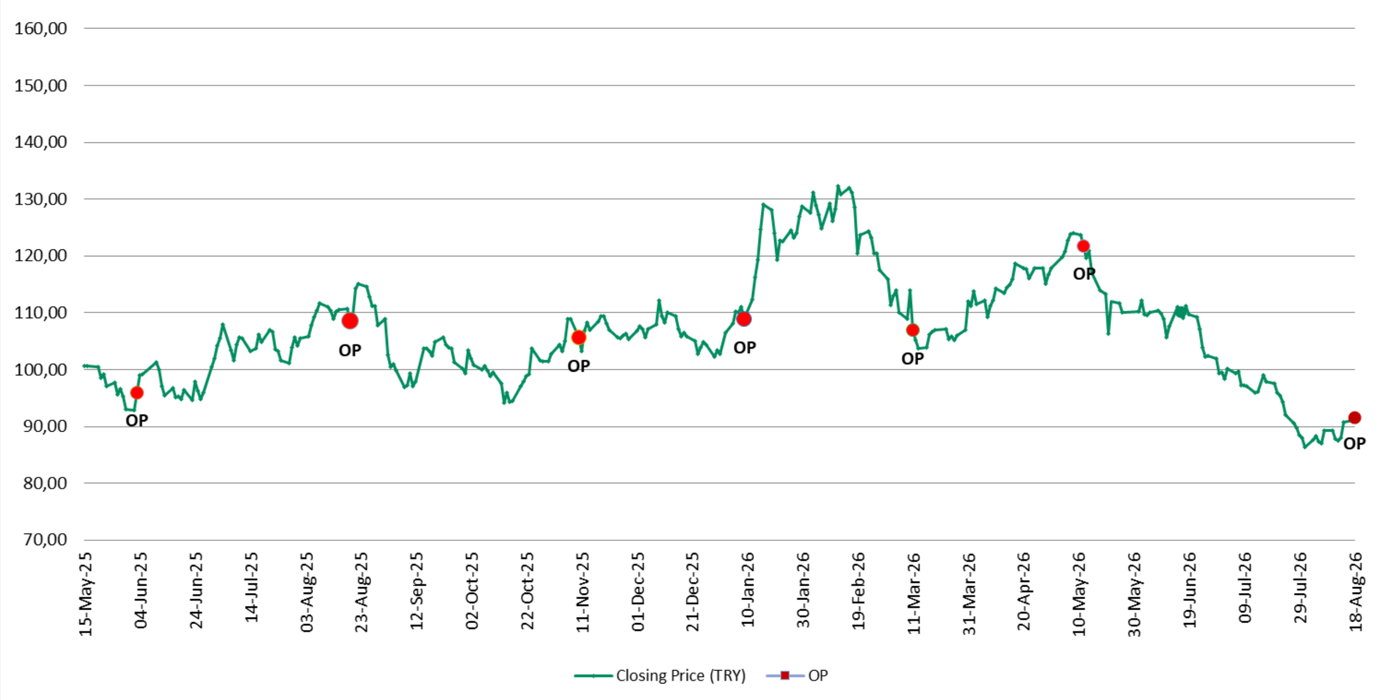
BALANCE SHEET (TRY Mn)	2025/12K	2026/06K	Chg%
PP&E	36.896	35.451	(4)
Intangibles	5.838	5.346	(8)
Other Non-Current Assets	6.679	6.816	2
Trade Receivables	34.527	32.027	(7)
Cash&Equivalents	27.460	22.361	(19)
Other Current Assets	37.998	41.823	10
Total Assets	**149.398**	**143.825**	**(4)**
Long Term Debt	46.878	45.046	(4)
Other Non current liabilities	6.940	7.107	2
Short Term Debt	20.652	19.424	(6)
Trade Payables	16.730	13.978	(16)
Other Current Liabilities	4.175	4.574	10
Total Liabilities	95.375	90.129	(6)
Total Equity	54.023	53.696	(1)
Total Equity&Liabilities	**149.398**	**143.825**	**(4)**

Source: Finnet, Seker Invest

INCOME STATEMENT (TRY Mn)	2025/06K	2026/06K	Chg%
Net Sales	68.221	63.277	(7)
COGS	47.297	46.534	(2)
Gross Profit/(Loss)	20.924	16.743	(20)
Operating Expenses	10.197	10.255	1
Operating Profit/(Loss)	11.385	7.066	(38)
Net Other Operational Gain/(Loss)	658	577	(12)
Income/(Loss) from Investing Activities	8.026	3.134	(61)
Financial Income/(Expense)	(15.374)	(7.765)	N.M.
Monetary Gain/Loss	2.072	2.486	20
Share of profit of equity accounted investments	-	-	N.M.
Profit Before Tax (Loss)	**6.109**	**4.921**	**(19)**
Tax	1.498	1.626	8
Net Profit/(Loss)	**4.611**	**3.295**	**(29)**
Minority Interest	278	212	(24)
Parent Equity	4.333	3.084	(28,8)

ULKER *Source: Finnet, Seker Invest*

Historical Recommendations and Target Price



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
18-Aug-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.

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
Buyukdere Cad. No:171 Metrocity
A Blok Kat 4-5 34330 SİSLİ /IST
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
A. Can Tuglu	Food & Bev., Retail, Auto, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com
Başak Kamber	Glass, Defense Industry, Telecoms, Cons. Dur.	+90 (212) 334 33 33-	bkamber@sekeryatirim.com
Yusuf Kemal Erdekli	Cement, Conglomerates, Real Estate	+90 (212) 334 33 33-115	yerdekli@sekeryatirim.com
M. Mucahid Yıldırım	Banks	+90 (212) 334 33 33-150	myildirim@sekeryatirim.com
O. Furkan Ozdemir	Iron & Steel, Oil & Gas	+90 (212) 334 33 33-245	oozdemir@sekeryatirim.com

Economy & Politics

Abdulkadir Dogan	Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com

Institutional Sales

Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com
M. Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com.tr

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