



The Fresh Winner in Discount Retail

November 2018

YILDIZ ★ HOLDING

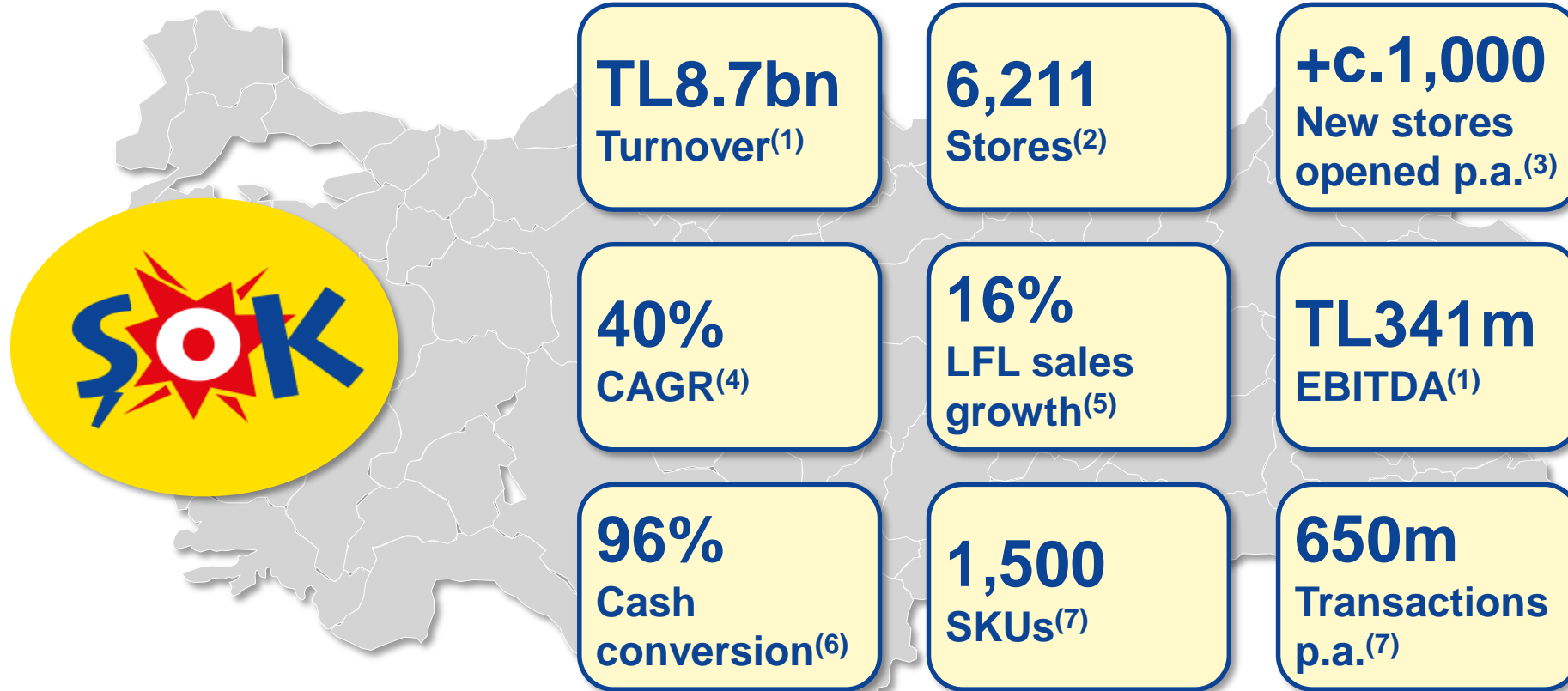


Company Overview.....	4
Business Proposition.....	6
Operational Excellence	19
Key Drivers of Growth.....	29
2018 Updates.....	35

Company Overview



We are the fastest growing grocery retailer in Turkey



Source: Management information.

(1) As of FY2017A.

(2) As of 30 September 2018

(3) Last 3 years average p.a.

(4) Turnover CAGR 2015A-2017A.

(5) Şok stores only. Like-for-like sales for FY2017 calculated on the basis of daily net sales generated in 2017 by stores operating on 31 Dec 2015 and that were still open on 31 Dec 2017.

(6) Consolidated financials for FY2017A; defined as Net cash generated in operating activities – capex (excludes refurbishment of old stores & warehouses) / EBITDA.

(7) Şok stores only.



We have come a long way . . .

Phase I: 2011-2014

Acquisitions & Integration

- Acquisition of DiaSA & Onurex
- Refined SKU & product mix
- Introduced strong Private Label brands

Phase II: 2015

New Format Design

- New management
- New discount format enhancing shopping experience
- Introduced Fresh & Personal Care

Phase III: 2015

Transformation & Organic Growth

- c.2,700 stores transformed in 2016 and 2017
- Strong store opening of c.1,000 stores p.a.
- Şok became fastest growing retailer in the market

Phase IV: 2018- ...

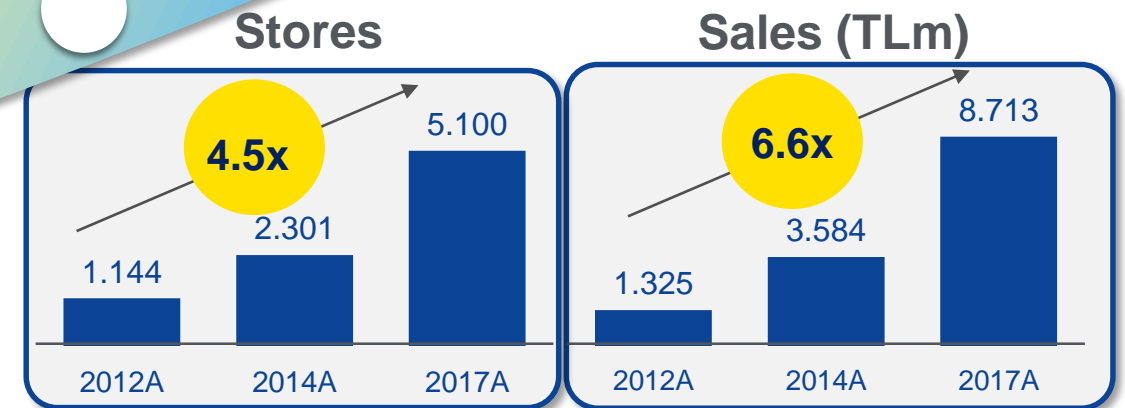
Post IPO Period

- Organic growth
- Debt free & Strong Equity
- Increasing profitability
- White Space Opportunity

Acquisition of
Şok from
Migros -2011



YILDIZ ★ HOLDING



Our business proposition is exciting



**Most Attractive Grocery
Market in Europe**

**Winning Proposition with
a Differentiated Format**

**Excellent Operational
Execution**

**Superior Growth and Cash
Flow Generation**

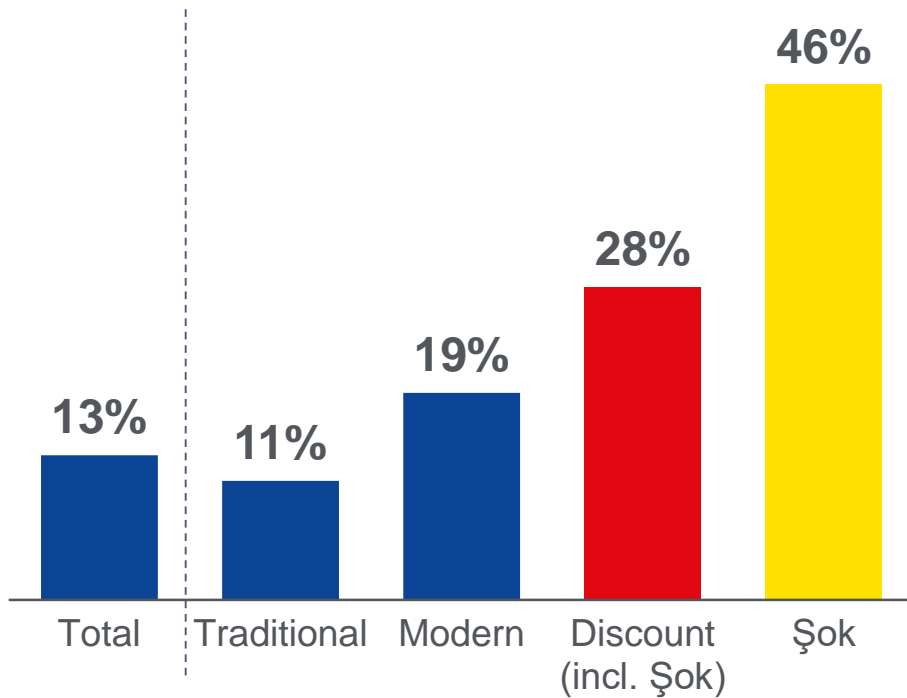
**Significant Profitable Growth
Opportunity**



One of Europe's Fastest Growing Markets, where Discount Outperforms



Grocery Market Growth in Turkey⁽¹⁾⁽²⁾



Modern channel is taking share

Discount is the winning format with highest share gains

Discount satisfying consumer demands of proximity and price

Source: MK Novo Analysis for Traditional, Modern & Discount growth rate, Management information for Şok growth rate.

(1) 2012-17A Grocery Retail Market Size CAGR, calculated by annual household consumption, at fixed 2017 exchange rates and using current prices; market data based on MK Novo analysis.

(2) Revenue growth between 2012-2017 (CAGR) presented for Şok,

Increasing Modern Penetration with Continued Momentum



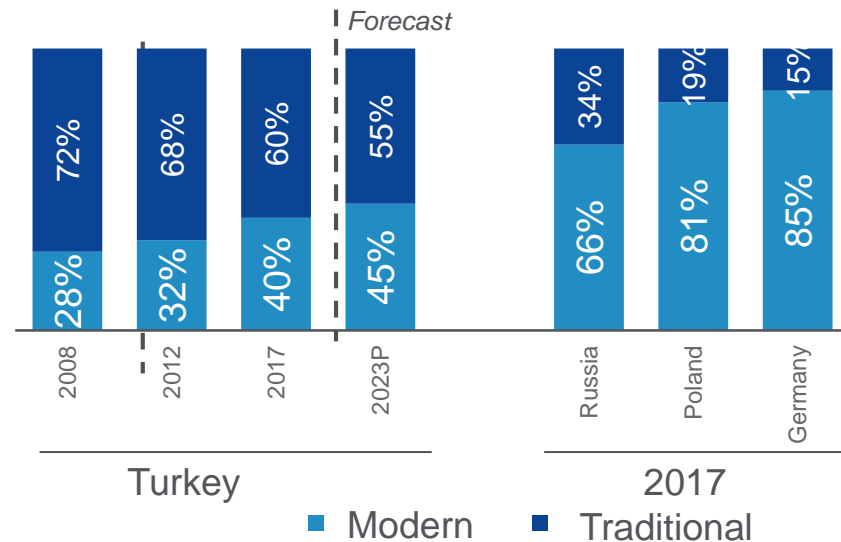
Wave of Change in Turkey

Evolution of Store # by Channel ('000)



Turkey Behind Other European Markets

Share of Grocery Market (value)



Large base of traditional stores still exists

Also c.400 local supermarket operators with c.8,100 stores

Modern penetration significantly lower than other markets

Fragmented Market Creates Major Market Share Opportunity



(As of 2017)	Modern Channel			Traditional Channel
	Supermarket National Players	Supermarket Local Players	Discounters	Mom & Pop's / Others
Number of Players ⁽¹⁾	2	c.400	3	c.166,000
Number of Stores ⁽¹⁾	2,271	8,100	18,250	c.166,000
Total Selling Area ('000 sqm) ⁽¹⁾	2,265	5,500	4,340	7,111
Average Store Size (sqm) ⁽¹⁾⁽²⁾	c.1,000	c.680	c.240	c.45
Revenue (TLbn) ⁽¹⁾	19	37	45	154
Revenue Growth 2012-2017	17%	12%	28%	11%
Market Share ⁽¹⁾	7.5%	14.5%	18.0%	60.0%
Market Share Change 2012-2017	1.1%	(1.3%)	8.0%	(7.8%)

Source: MK Novo Analysis.

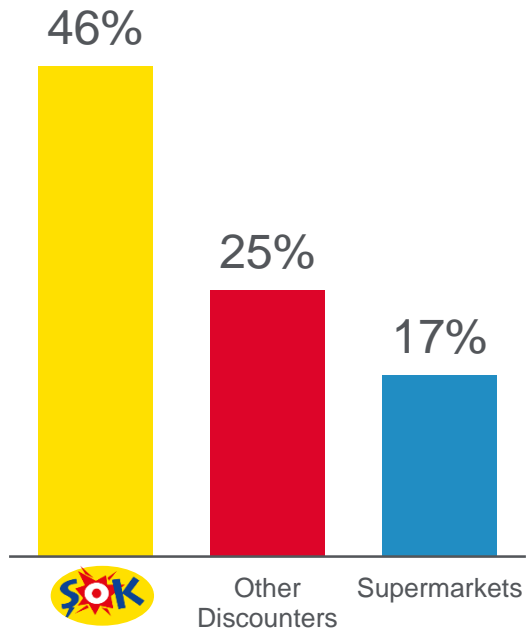
(1) Data as of 2017.

(2) Average Store Size figures represents an average selling area for each retail model consisting of multiple formats with different store sizes. National supermarket have multiple retail formats that include hypermarkets and large supermarkets (>1000 sqm), supermarkets (>400sqm) and small store formats (<400 sqm). Local supermarkets and mom & pop also include a wide range of different store formats.

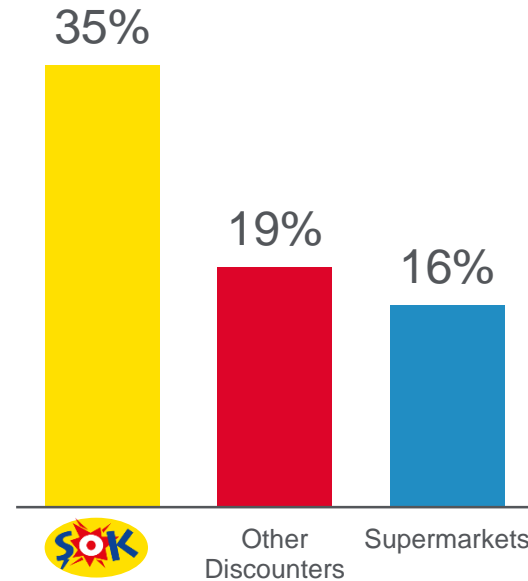
Şok is Already Best-in-Class

Market Evolution

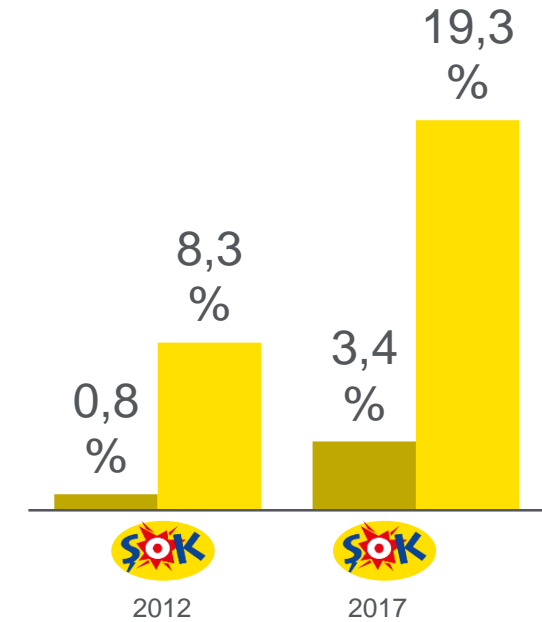
Revenue Growth '12-'17A (CAGR)





of Stores Growth '12-'17A (CAGR)



Şok's Market Share '12-'17A⁽¹⁾



 Total Grocery Market Share
 Discount Market Share

Source: Management information, MK Novo Analysis.

(1) Denotes market share in Turkey in Discount and Total Grocery Market, per MK Novo Analysis, determined by Revenue.

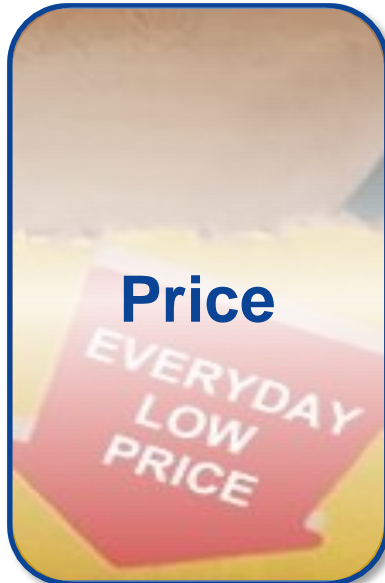
(2) 2012 sales as per IFRS audited financials.

We created the most relevant consumer offering



Proximity

Experts in
convenient
small-box format



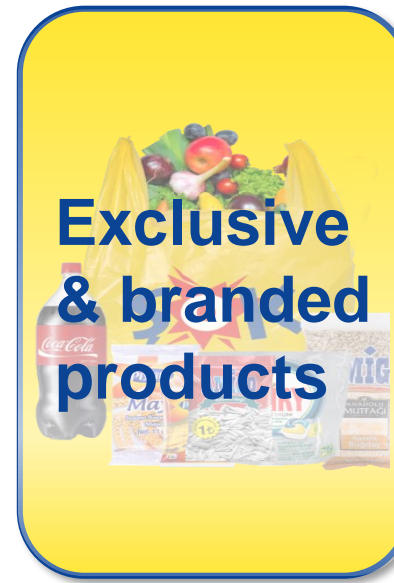
Price

Competitive
everyday low
prices and
effective
promotions



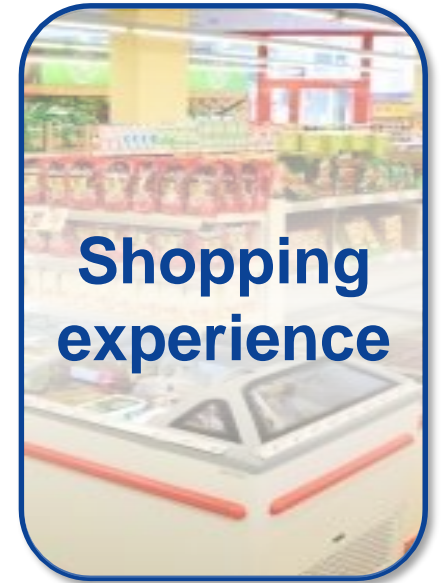
Choice

Most relevant
product choice,
differentiated by
strong fresh,
tobacco &
personal care
offering



Exclusive & branded products

Unrivalled choice
of national brands
and heritage
exclusive brands
among discounters



Shopping experience

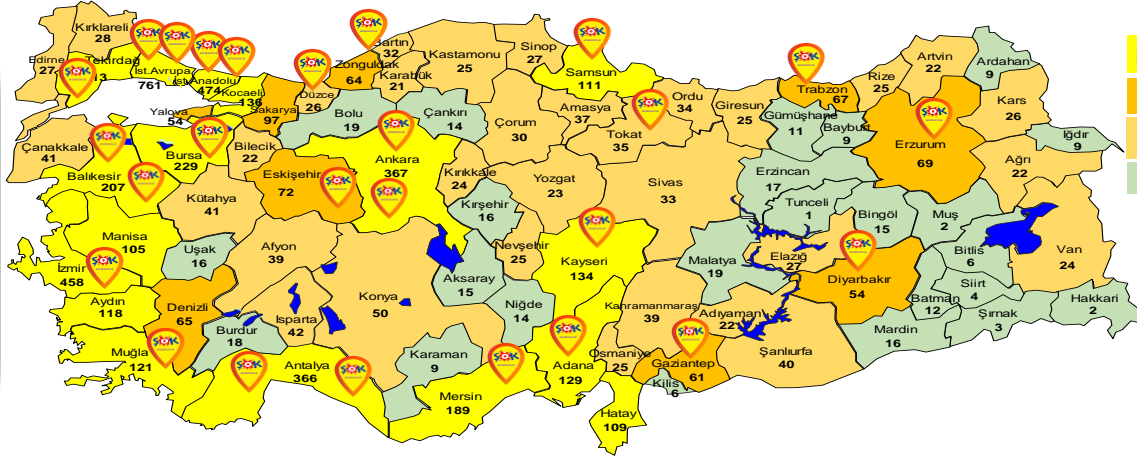
Carefully
engineered,
enjoyable
atmosphere, easy
shopping
experience



Convenient neighborhood locations in every city

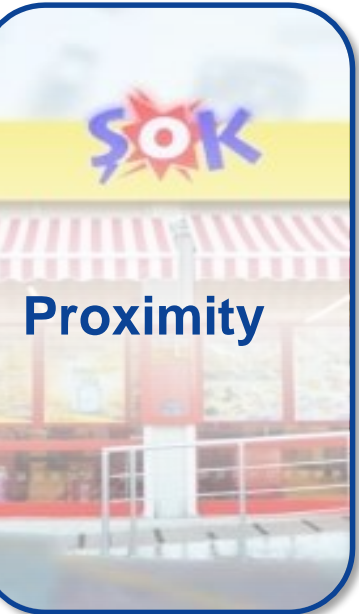
National store footprint conveniently located in your neighbourhood

6,211⁽¹⁾
stores
across every
city in
Turkey



Small-box format maximizing options for site locations

Avg. size:
222sqm⁽¹⁾



Experts in
convenient small-
box format

Everyday low prices supported by powerful promotion

Everyday Low Price Model

vs.
Discount
competitors:

Price match on
all comparable
products




vs. Supermarket
competitors:

Price match or
below on all
national branded
products



Price
EVERYDAY
LOW
PRICE

Greater Variety of Highly Effective, Regular Promotions, Determined on a Network-Wide Basis

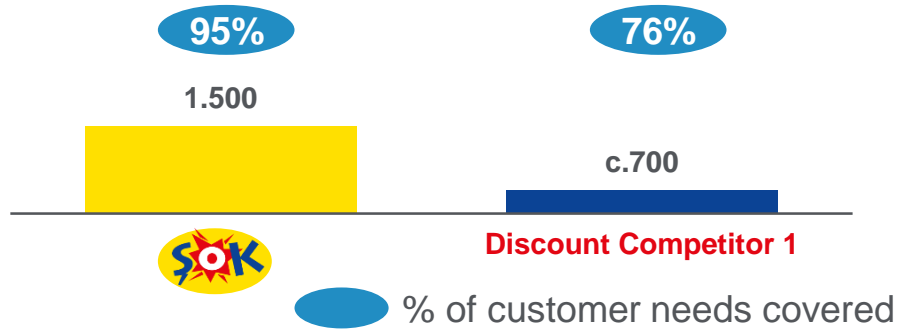
Promotion type	Description		Discount Competitor 1	Discount Competitor 2
50% off	Buy 1 product, second product 50% off	✓	✗	✓
Check-out offers	Cashier offers product at check-out	✓	✗	✗
25 TL basket	Discount on specific product if basket > TL 25	✓	✗	✗
In&Out	Offers on selected non-food products	✓	✓	✓

Competitive
everyday low
prices and
effective
promotions

Most relevant product choice

Broad Portfolio of SKUs Covering More Customer Needs

of core SKUs (December 2017)

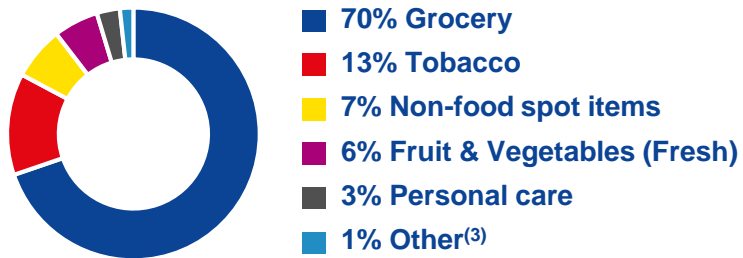


National or Exclusive Brand Choice for Almost Every Customer Need



Fresh, Personal Care, Non-Food and Tobacco Differentiate and Drive Traffic

% of FY2017A Şok Store sales



Fresh



Personal Care



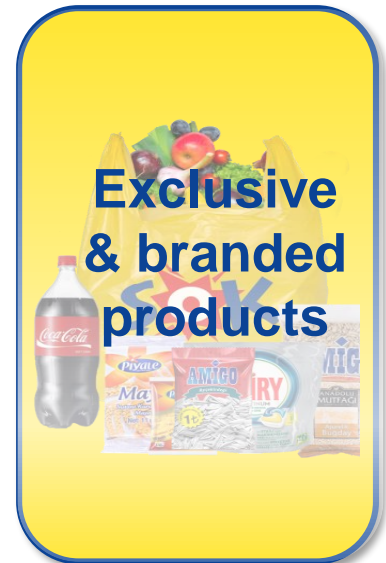
Tobacco

Most relevant product choice, differentiated by strong fresh, tobacco & personal care offering

Unrivalled Choice of National Brands and Heritage Exclusive Brands



	National Brands	Exclusive Brands
% sales	46% (vs. 28% for Discount Competitor 1)	27%
# brands	240	46
# SKUs	884 (vs. 194 for Discount Competitor 1)	466
Examples	Food 	Heritage Brands Since 1970s Since 1980s Since 1920s Since 1970s Since 1970s
	Beverage 	Other Brands
	Personal care 	Home Care
	selling #1 brand for almost every category available	We price our well-known heritage brands at same level as competitors' own brands



Unrivalled choice of national brands and heritage exclusive brands among discounters

Easy Shopping Experience



Differentiated consumer offering reflected in excellent Mystery Shopper score of 86⁽¹⁾

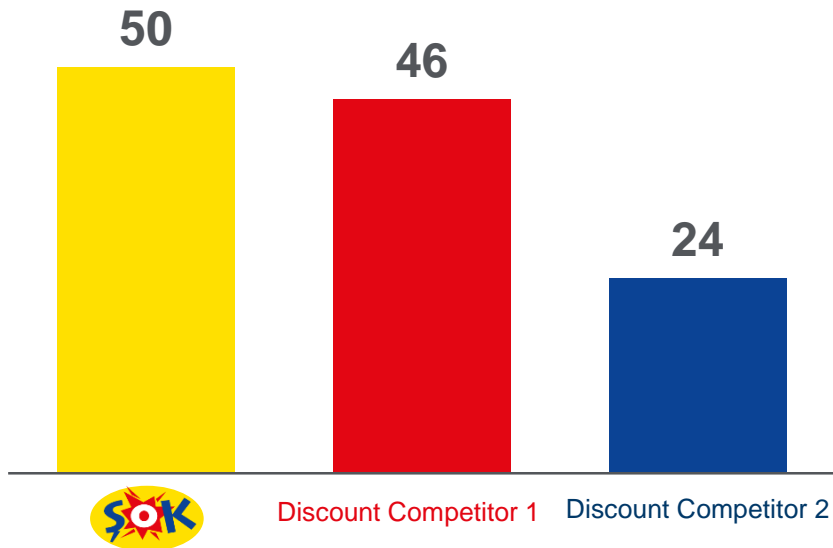
Conclusion: Şok's offering is ahead of competitors

	Hard Discounters	Hypermarkets & Supermarkets	ŞOK	
 Proximity	✓	✗	✓	Experts in convenient small-box format
 Price	✓	✗	✓	Competitive everyday low prices and effective promotions
 Choice	✗	✓	✓	Most relevant product choice, differentiated by strong fresh, tobacco and personal care offering
 Brands	✗	✓	✓	Unrivalled choice of national brands and heritage exclusive brands
 Experience	✗	✓	✓	Carefully engineered, enjoyable atmosphere, easy shopping experience

Improving customer perception & top of mind awareness

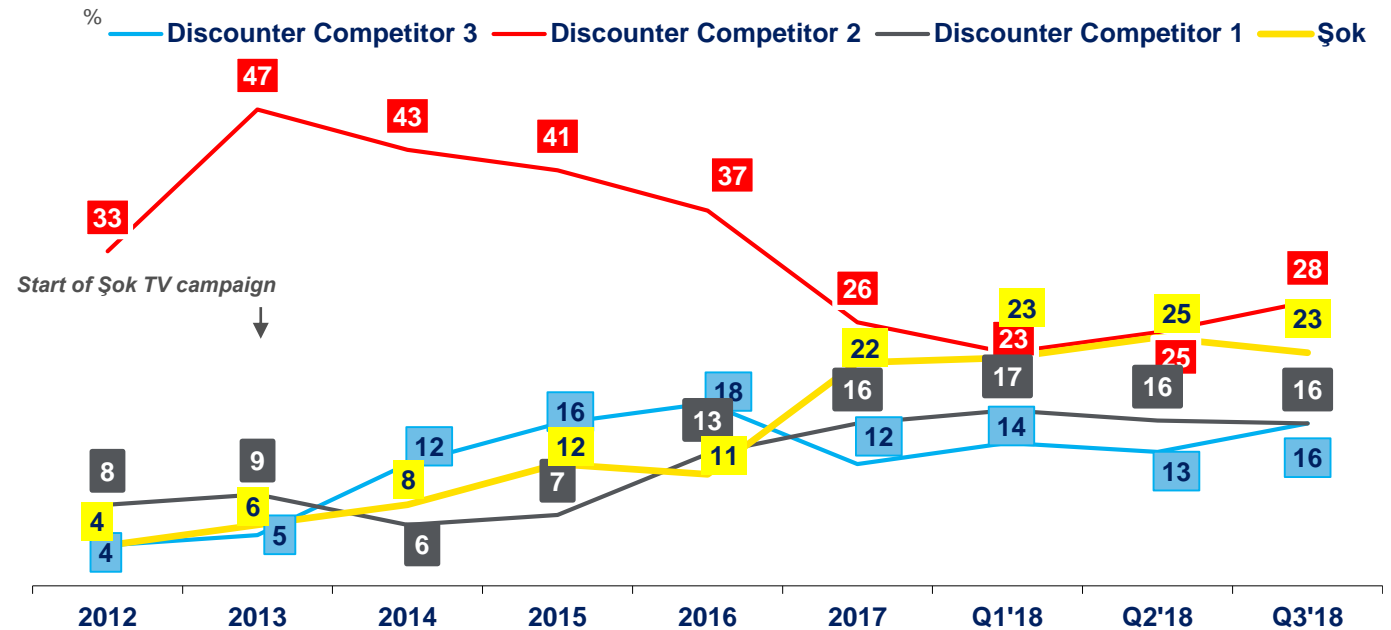


Highest Net Promoter Score⁽¹⁾



Achieved #1 position from survey participants across socio-economic groups A, B, C2, D+E

Top of Mind Awareness⁽²⁾



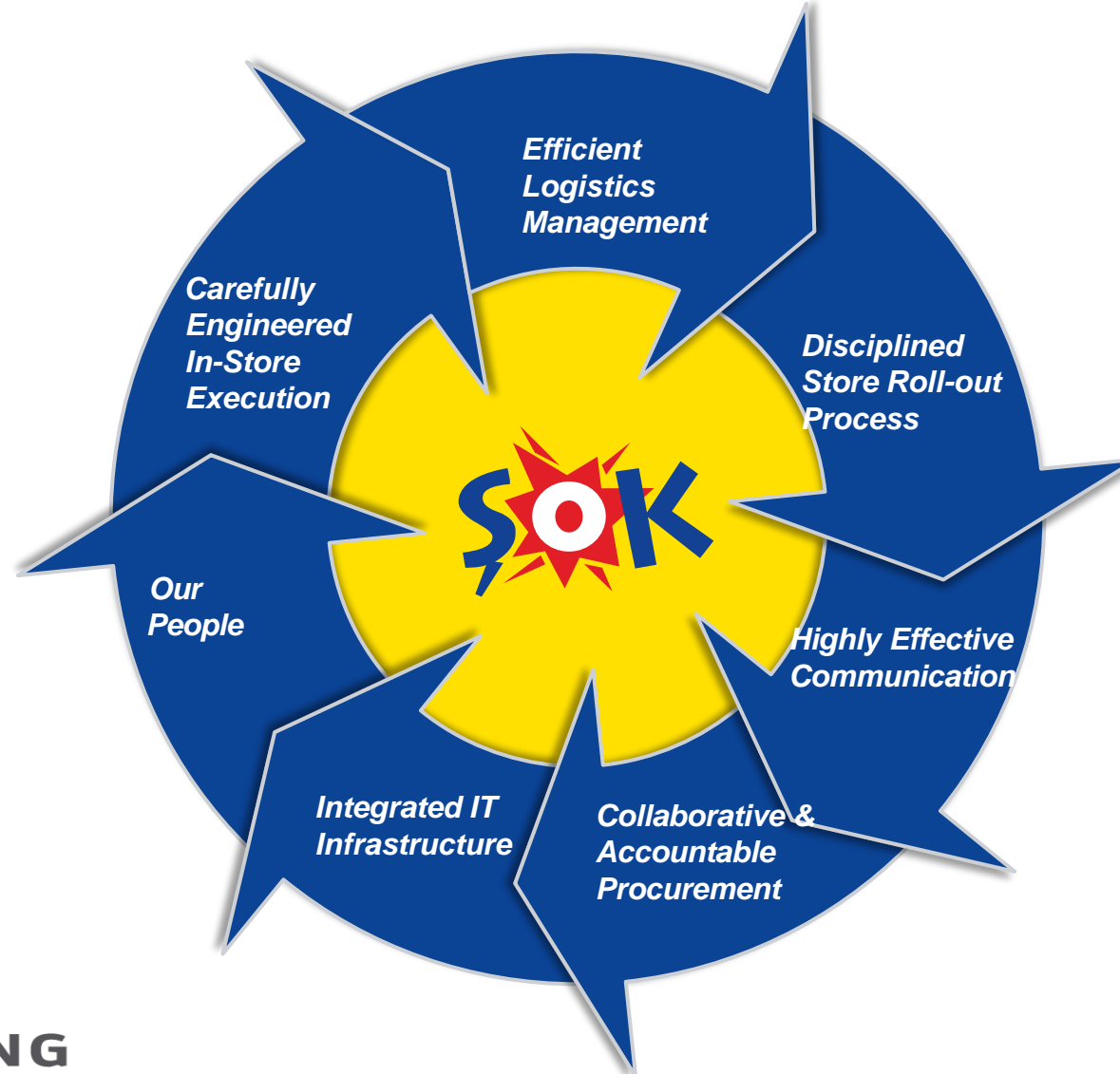
ŞOK rapidly catching up to the leading key competitor

Source: Management information, GfK,.

(1) Source: Consumer survey conducted by Twentify in March 2018.

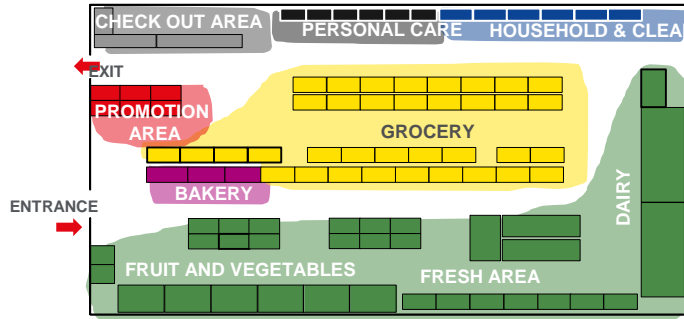
(2) Unaided awareness as of September 2018. Source: GfK.

Operational excellence from End-to-End



Harmonised layout to maximize sales and efficiency

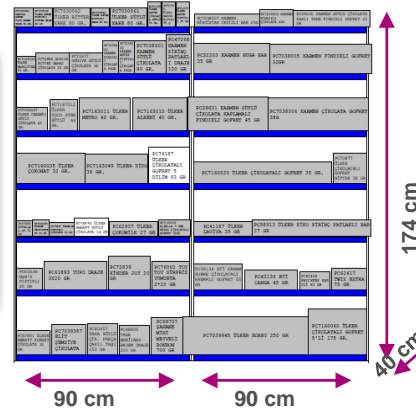
Standardised Modular Layout



Modules

55

Planogram Layout



Optimised Shelving and Packaging



Harmonised layout supports rapid roll-out

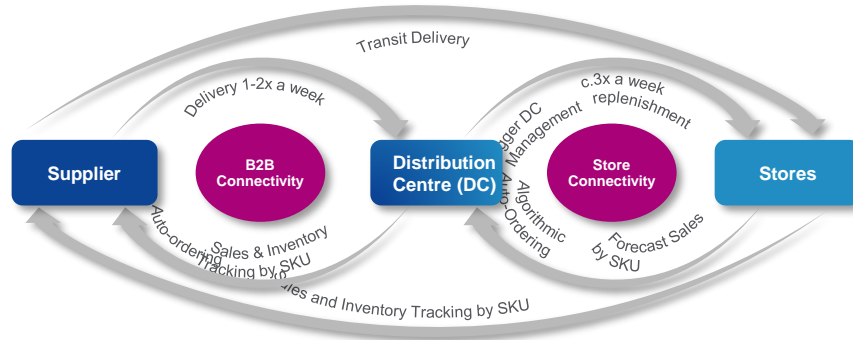
Shelving carefully engineered to maximise offering

Suppliers provide customised box packaging of 39cm for simple & fast replenishment

Simplicity leads to optimisation of personnel – from 4.7 per SOK store in Dec-14 to 3.9 in Sept-18

Integrated supply chain management

Fully Integrated Logistics Management

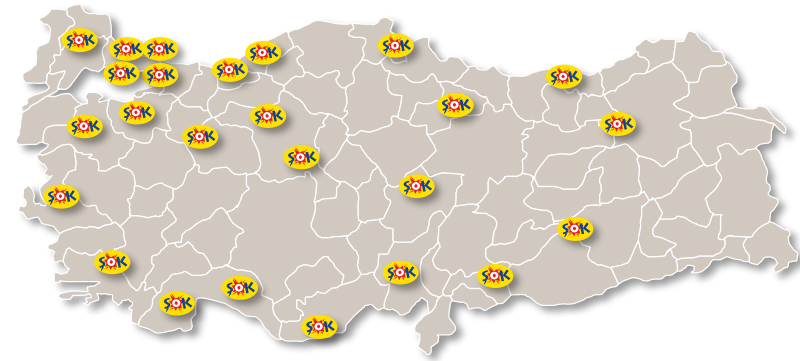


Over 500 suppliers connected via B2B reporting

OBASE ERP Automated ordering system, with store manager approval 3x per week

66 bps improvement in Logistics Costs, from 3.0% of sales in 2015 to 2.4% in 2017⁽²⁾

Business Model Oriented Distribution Centre Management



30 branches supplied by 25 distribution centres⁽¹⁾; all rented

Vertical stacks for demand growth / storage

Average 248 stores per distribution centre

Discount Competitor 1: 110

56 bps improvement in Distribution Centre Costs, from 1.8% of sales in 2015 to 1.2% in 2017⁽³⁾

Source: Management Information.

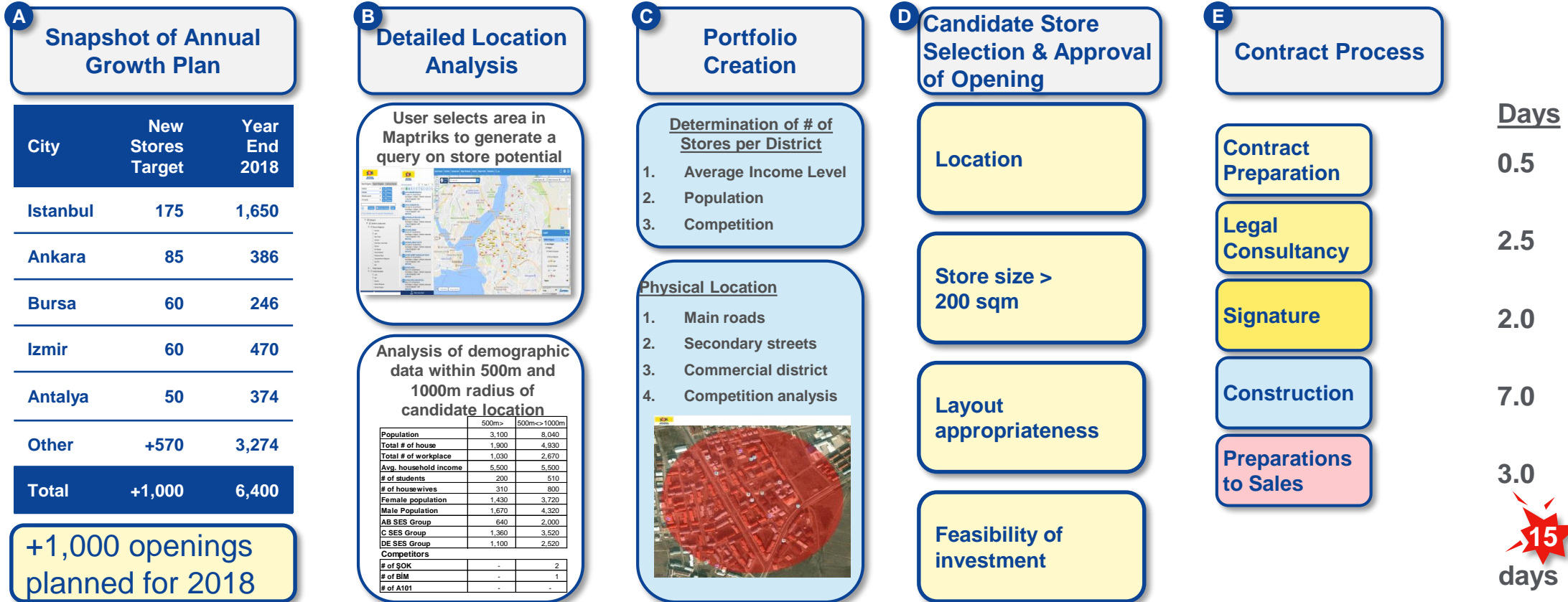
(1) As of 30 September 2018.

(2) Comprises of Warehouse Expenses and Transportation Cost.

(3) Refers to Warehouse Expenses. Includes expenses pertaining to warehouse rent, warehouse personnel and other warehouse expenses.

Highly disciplined store selection & opening process

Long term growth strategy is at the heart of our roll-out approach

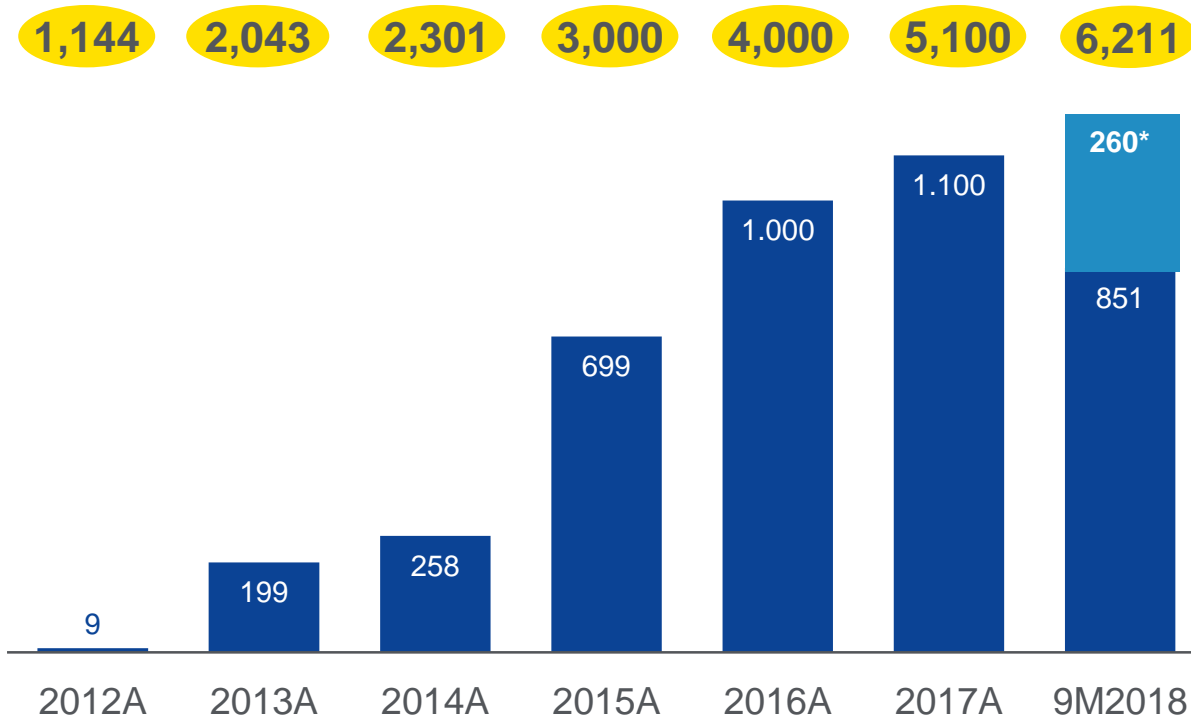


Avg. of c.3 stores opened per day since 2015, c.30 bps improvement in LFL Rent Costs, from 4.5% of Şok store sales in 2015 to 4.2% in 2017

Track record of successful roll-out



Şok Net Stores Opened



● Total Number of Stores *260 Şok Mini Stores

Average TL 280k per new store If closed, c.80% of capex is recoverable and can be transferred to another store

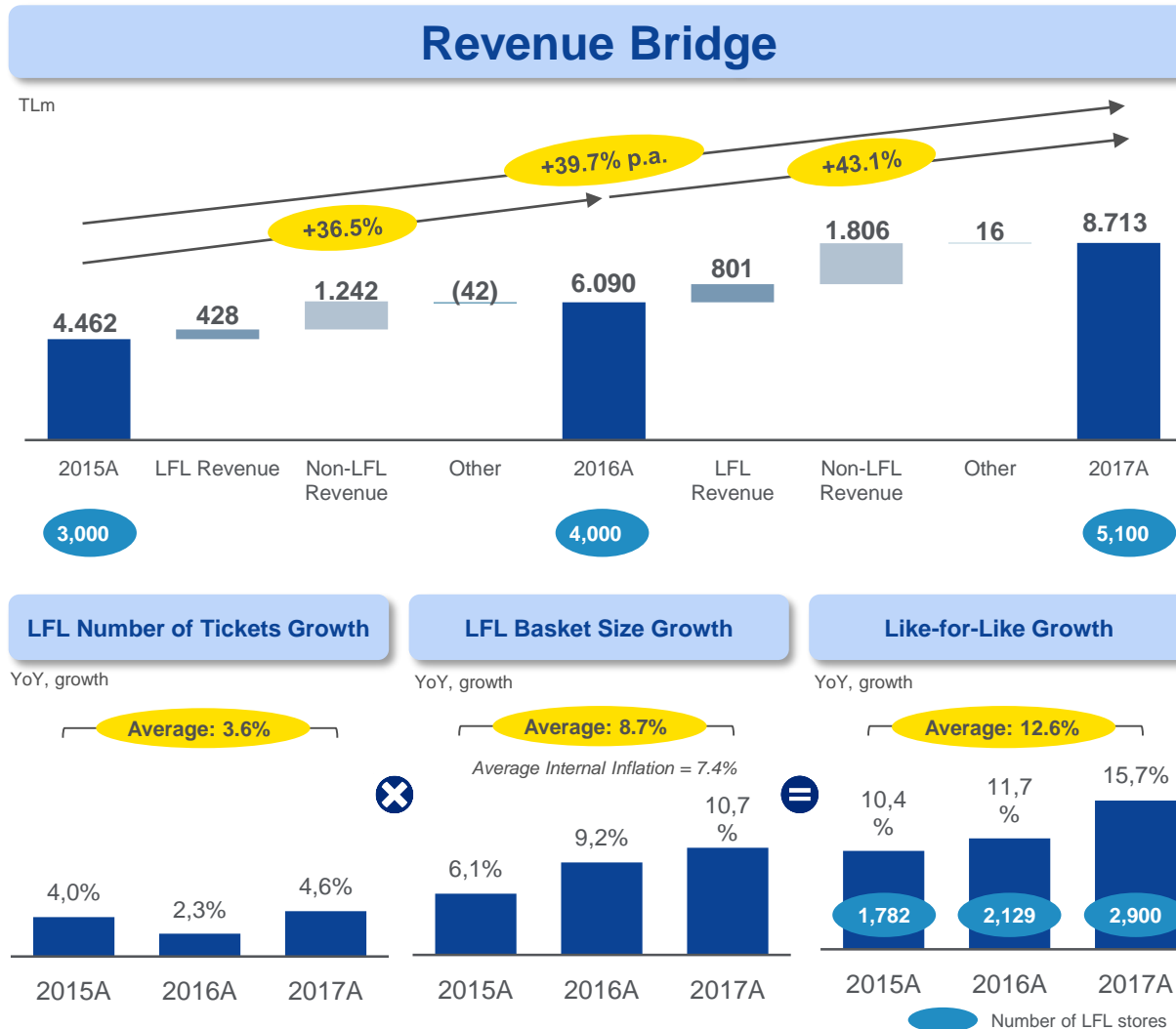
10-year lease all in TL
(1 month notice period to cancel lease)

Underperforming stores reported on daily/weekly basis and supported with weekly promotions

c.2% of new stores closed in the last 2 years with limited sunk cost of only TL 55k upon closure



Strong track record of revenue growth



Fastest growing Turkish grocery retailer

Refurbished stores, SKU count, convenience driving traffic

Basket driven by availability of fresh produce and effective promotions

c.1,000 stores added every year in the past 3 years

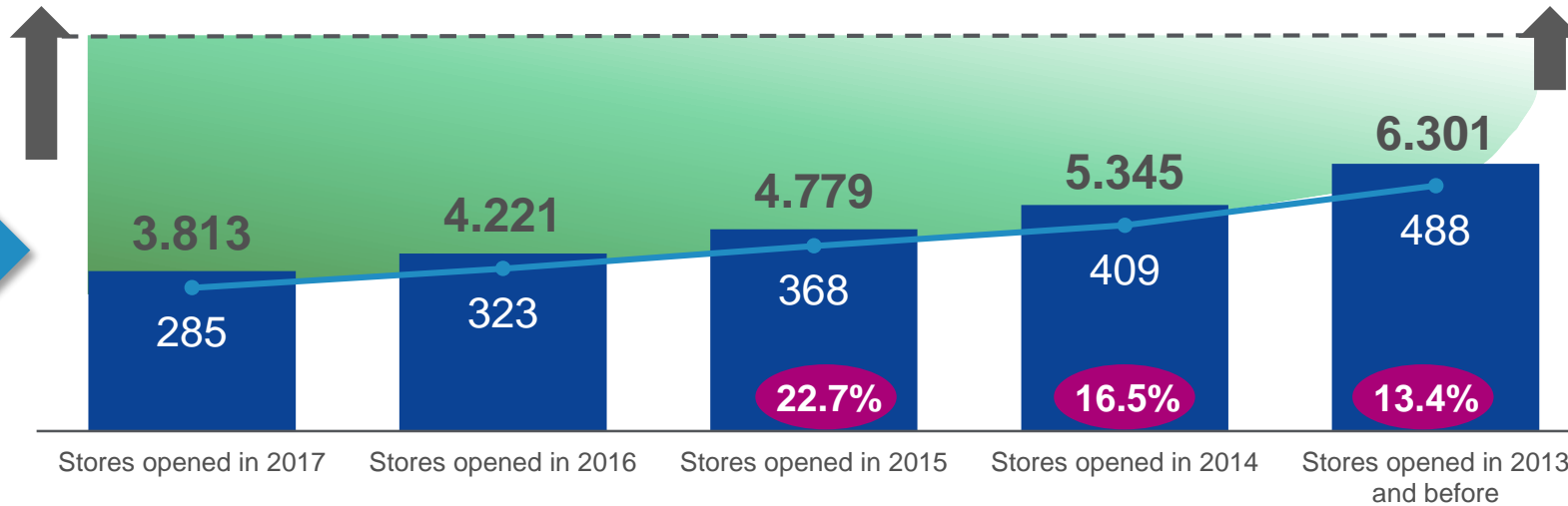
Source: Management Information.

*Like-for-like sales for FY2017 calculated on the basis of daily net sales generated in 2017 by stores operating on 31 Dec 2015 and that were still open on 31 Dec 2017.



Daily sales ramp-up analysis

Potential growth from maturing stores

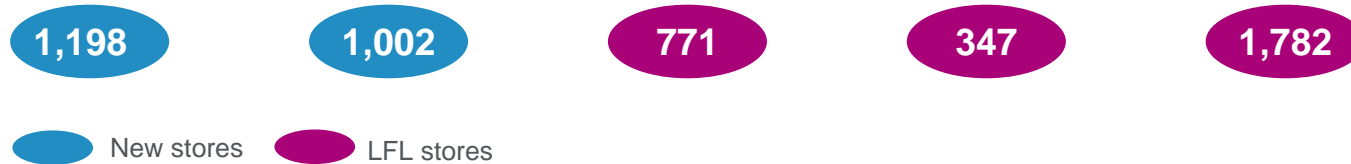


2017A Daily Avg. Sales per Store (TL)

2017A Daily Avg. # of Tickets per Store

2017 LFL Growth

Total Number of Stores



New stores

LFL stores

Key Actions

Drive LFL with fresh, personal care, bakery and other initiatives

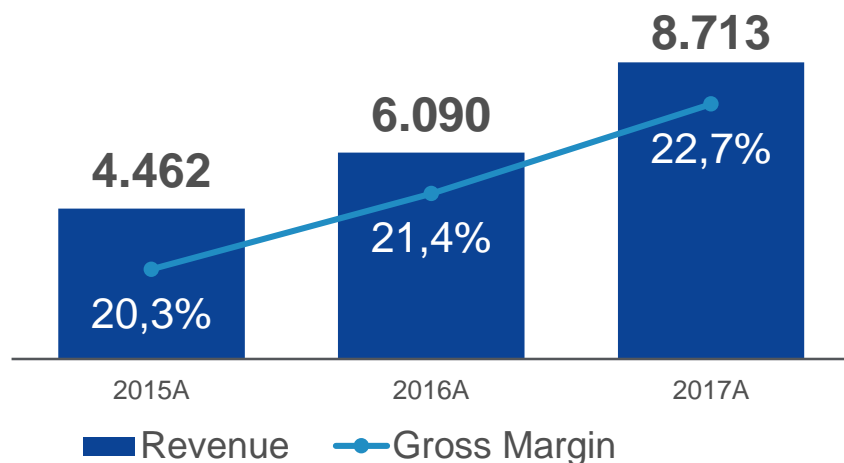
Gain customer loyalty through continued operational excellence

Increase brand awareness

Efficiency and Scale Underpinning Margin Improvement



Evolution of Gross Margin

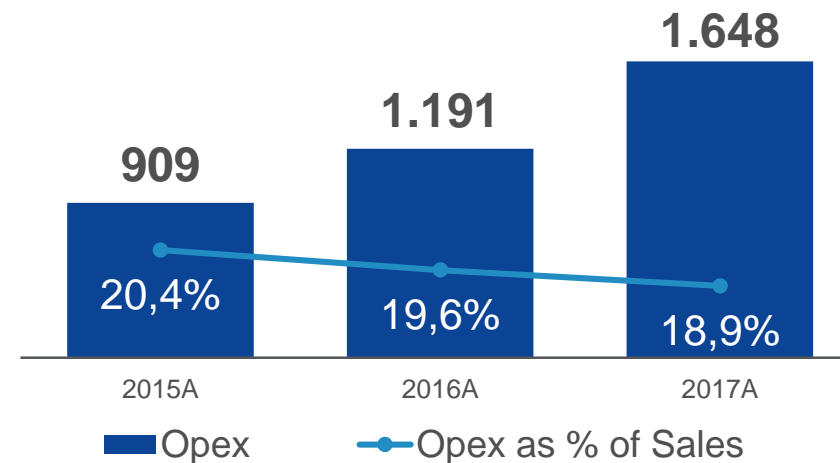


Improvement in gross margins driven by economies of scale

Use of exclusive brands creating additional bargaining power

c.240 bps Improvement in Gross Margin

Evolution of Operating Expenses / Sales



Centralised executive management for SG&A cost management

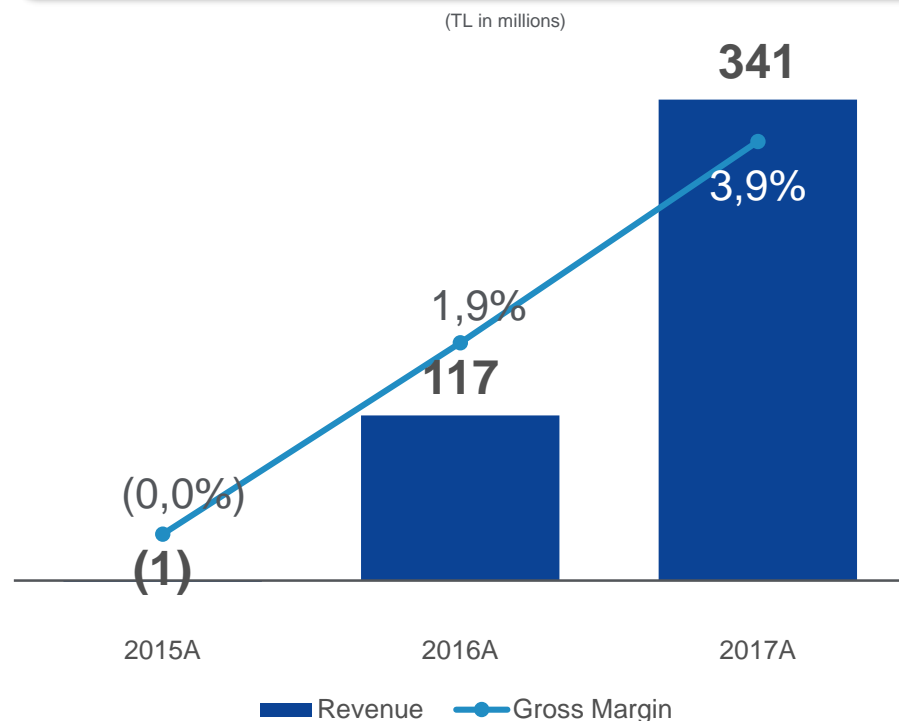
Cost-centric approach to personnel, transportation and rent

c.150 bps Improvement in Operating Expenses / Sales

EBITDA Margin driven by scale & rationalization of SG&A



Evolution of EBITDA



From Breakeven in 2015, c.400 bps Improvement in EBITDA

Improvement driven by procurement scale and operational discipline

Ramp-up of Şok Store EBITDA Margin

Vintage	# of Şok stores	2015A	2016A	2017A	2017 LFL Growth ⁽³⁾
2013 and before	1,782	1.5%	3.5%	5.5%	13.4%
2014	347	(1.2%)	2.4%	4.9%	16.5%
2015	771	(5.4%)	(0.2%)	3.3%	22.7%
2016	1,002		(1.9%)	1.7%	
2017	1,198			0.1%	
Total	5,100	(0.1%)	1.8%	3.8%	15.7%

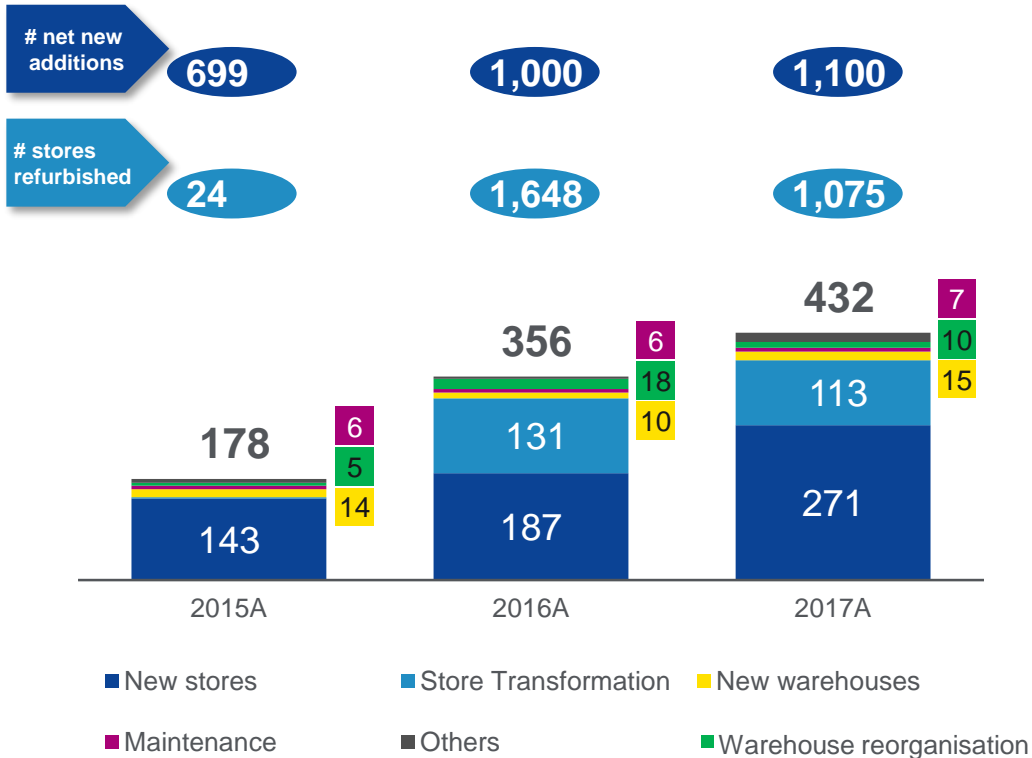
Ramping-up vintages with significant “embedded” margin upside



Asset-light model driving excellent cash conversion

Capex

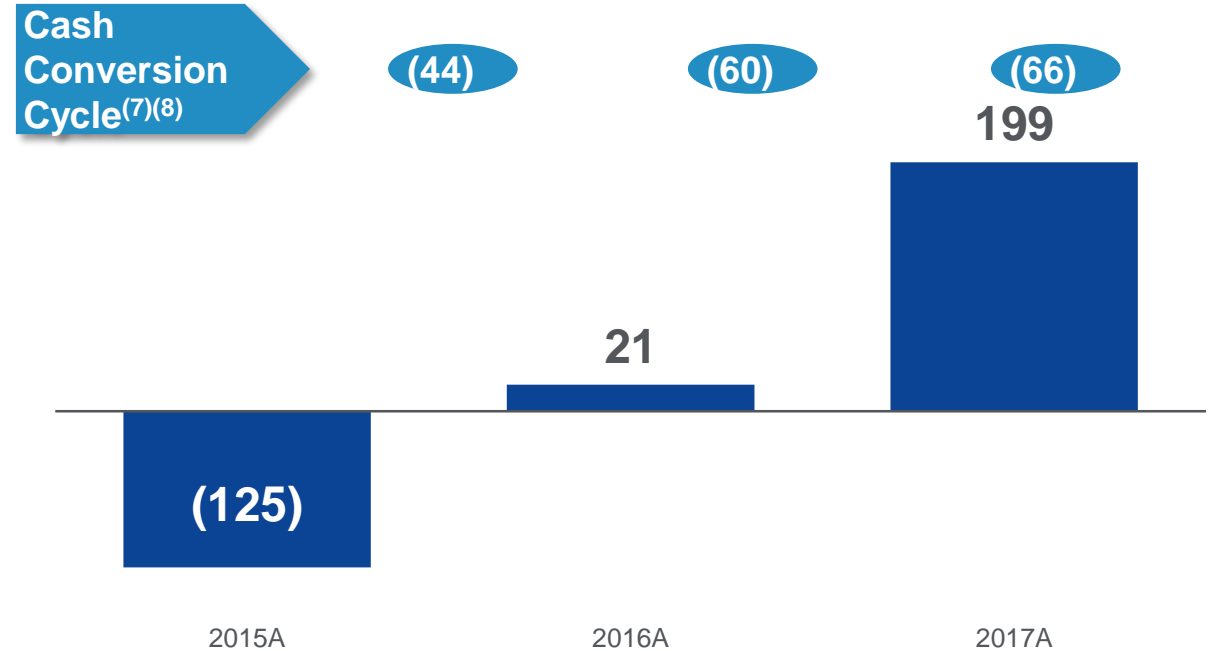
(TL in millions)



Asset-light model with limited maintenance capex of TL1.5k per store

Free Cash Flow

(TL in millions)



Significant improvement in cash flow conversion

Key drivers of growth

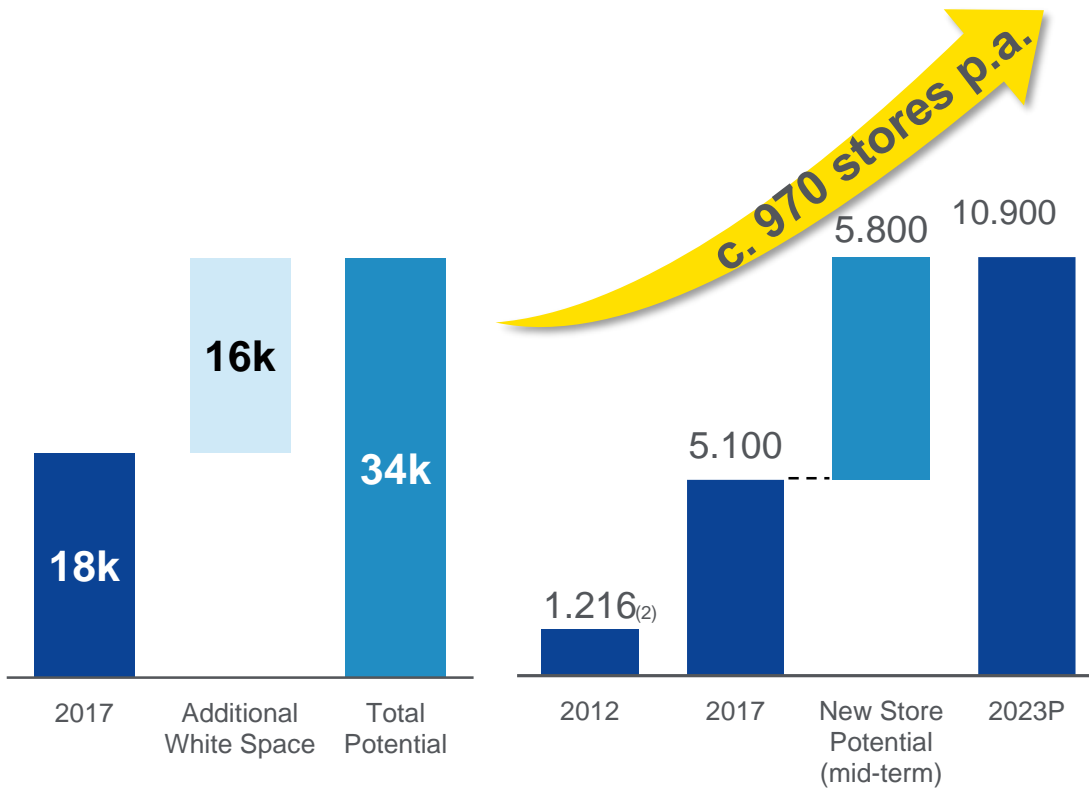


A White Space Opportunity for Şok



Store Potential for Discount Channel⁽¹⁾

Şok New Store Potential (Stores)⁽²⁾



34k store potential based on regional bottom-up analysis of geographies and saturation

Şok potential for additional 5.8k stores by 2023, supported by independent commercial consultant

Şok projected to gain c.1.3% market share per year in line with last 3 years

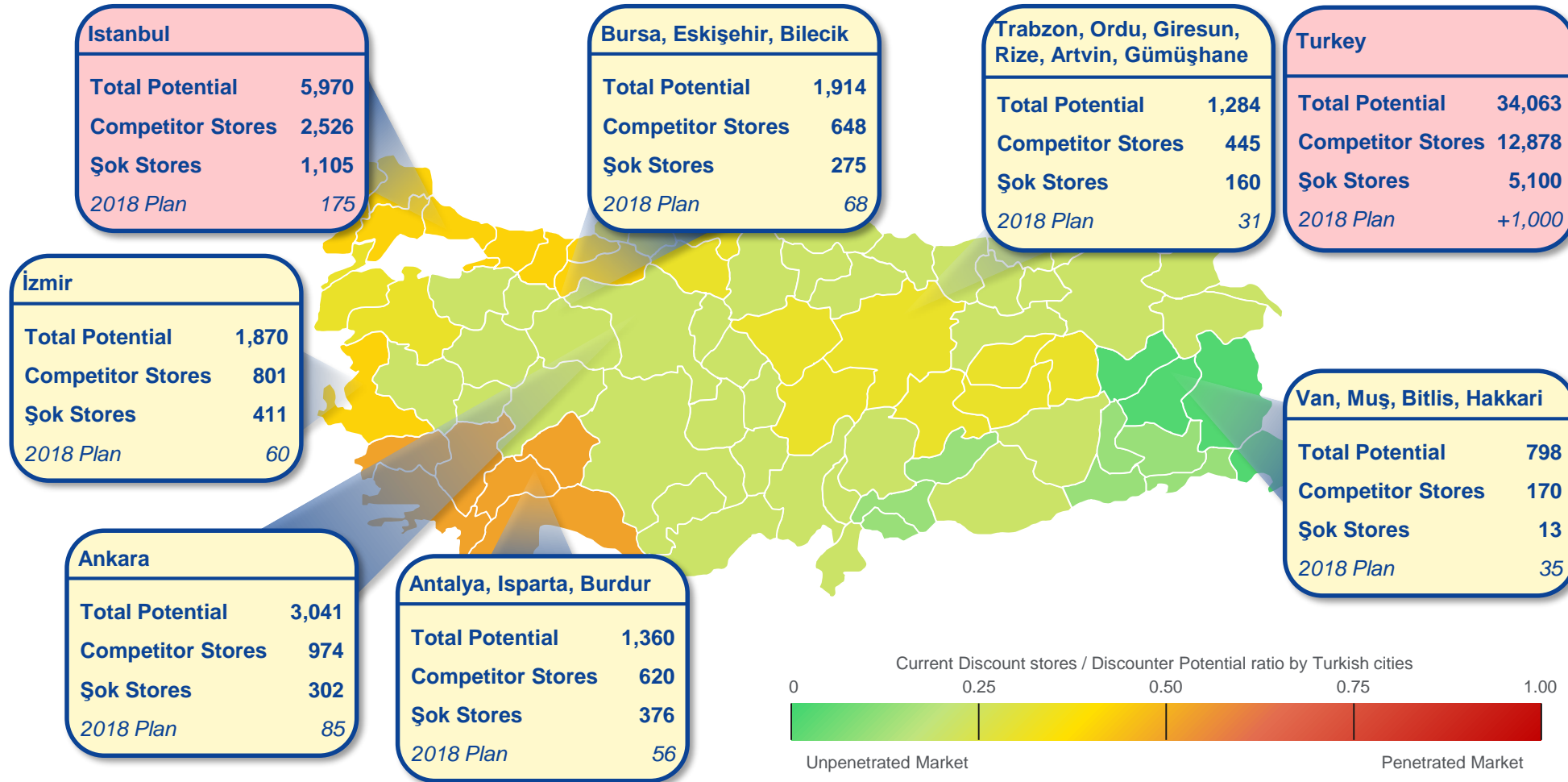
Şok market shares projected to improve from 19% in 2017 to 27% in 2023

Source: MK Novo Analysis.

(1) Market potential for number of stores is not a time bound calculation. This approach, sourced from MK Novo analysis, is used for estimating the full potential that the market can reach by region based on various benchmarks.

(2) As per MK Novo.

A Significant growth opportunities even in penetrated cities



Source: Management Information (2018 Plan and Şok Stores), MK Novo Analysis (Total Potential and Total Stores). Competitor stores calculated as Total Stores less Şok Stores.
 Note: Market potential for number of stores is not a time bound calculation. This approach, sourced from MK Novo analysis, is used for estimating the full potential that the market can reach by region based on various benchmarks.

B LFL To be driven by multiple factors as stores mature



Ramp-up from Young Store Portfolio

Number of stores



Fresh has positive multiplier effect on average basket size and footfall



Potential for bakery to drive growth



Gain customer loyalty through continued operational excellence

Increased brand awareness through effective marketing

c Examples of our disciplined cost mindset



“Smart Store”

Focus on energy saving

Auto control of air conditioning during working hours

Selected in-store equipment with automatically turn off after working hours

If rolled out, targeted cost saving of TL 14m a year

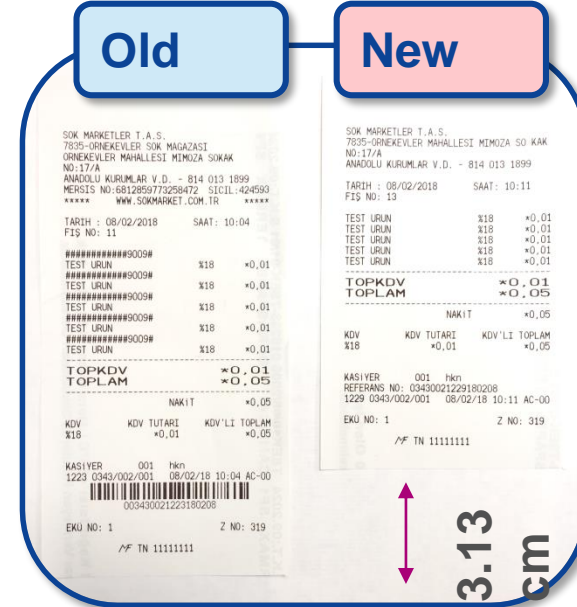


Continuous efforts on cost management

Receipts

Old

New



Reduced length of receipt allowed for cost savings of TL 1.6m in 2017

c Significant Margin Expansion Potential



Ramp-up of Şok Store EBITDA Margin⁽¹⁾

Vintage	# of Şok stores	2015A	2016A	2017A	2017 LFL Growth ⁽²⁾
2013 and before	1,782	1.5%	3.5%	5.5%	13.4%
2014	347	(1.2%)	2.4%	4.9%	16.5%
2015	771	(5.4%)	(0.2%)	3.3%	22.7%
2016	1,002		(1.9%)	1.7%	
2017	1,198			0.1%	
Total	5,100	(0.1%)	1.8%	3.8%	15.7%

Ramping-up vintages with significant “embedded” margin upside

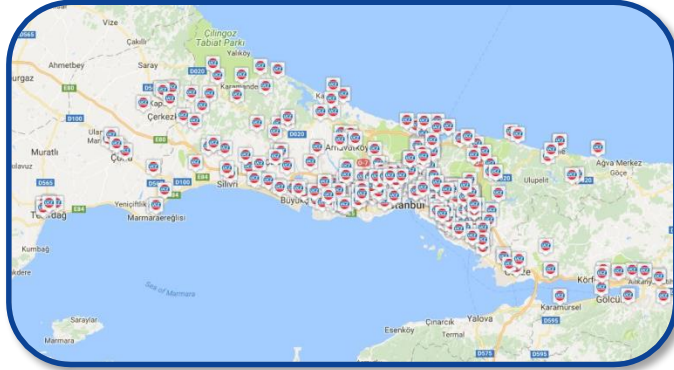
Newer stores achieve break even faster due to enhanced Şok brand equity from marketing campaigns

Economies of scale through operating leverage

Source: Management information.

(1) Financials presented for Şok stores only.

(2) Like-for-like sales for FY2017 calculated on the basis of daily net sales generated in 2017 by stores operating on 31 Dec 2015 and that were still open on 31 Dec 2017.



**Increased
penetration in
Istanbul**

Acquired UCZ Mağazacılık A.Ş in Dec-17

260 stores converted to Şok Mini as of Q3 2018

Average store size: 82sqm with 1,382 SKUs

2018 Updates



Key achievements since IPO

- ★ **Store expansion continues as targeted**
- ★ **Topline growth exceeds the forecasts**
- ★ **LFL sales growth meets expectations**
- ★ **Basket size exceeds expectations**
- ★ **Significant increase in Gross and EBITDA margins**
- ★ **Leverage position substantially improved**
- ★ **Positive Net income through operational performance**

★ **New board composition- 6 Board members including 2 independent members**

★ **Committees established by the Board Of Directors**

- Corporate Governance Committee
- Audit Committee
- Early Detection of Risk Committee

★ **Investor Relations Department is established**

★ **Policies**

- Dividend Policy-** targeting a cash dividend distribution in an amount of at least **30.0%** of the distributable net profit
- Remuneration Policy**
- Related Party Transactions Policy-** 1% threshold- transactions, exceeding **1.0%** of the gross profit are subject to the Board of Directors' approval
- Donation Policy-** the upper limit of the donations was determined as 0.2% of the net sales
- Disclosure Policy**

Continuing growth story



Q3'18

TL 3,3bn
Net Sales

37,2%
Net Sales
Growth

19,9%
LFL Sales
Growth Per
Store

TL 228,1m
EBITDA
7,0% EBITDA
Margin

219
New
Şok Stores

1
New
Warehouse

9M'18

TL 8,7bn
Net Sales

35,1%
Net Sales
Growth

15,4%
LFL Sales
Growth Per
Store

TL 455,5m
EBITDA
5,2% EBITDA
Margin

851
New
Şok Stores

1
New
Warehouse

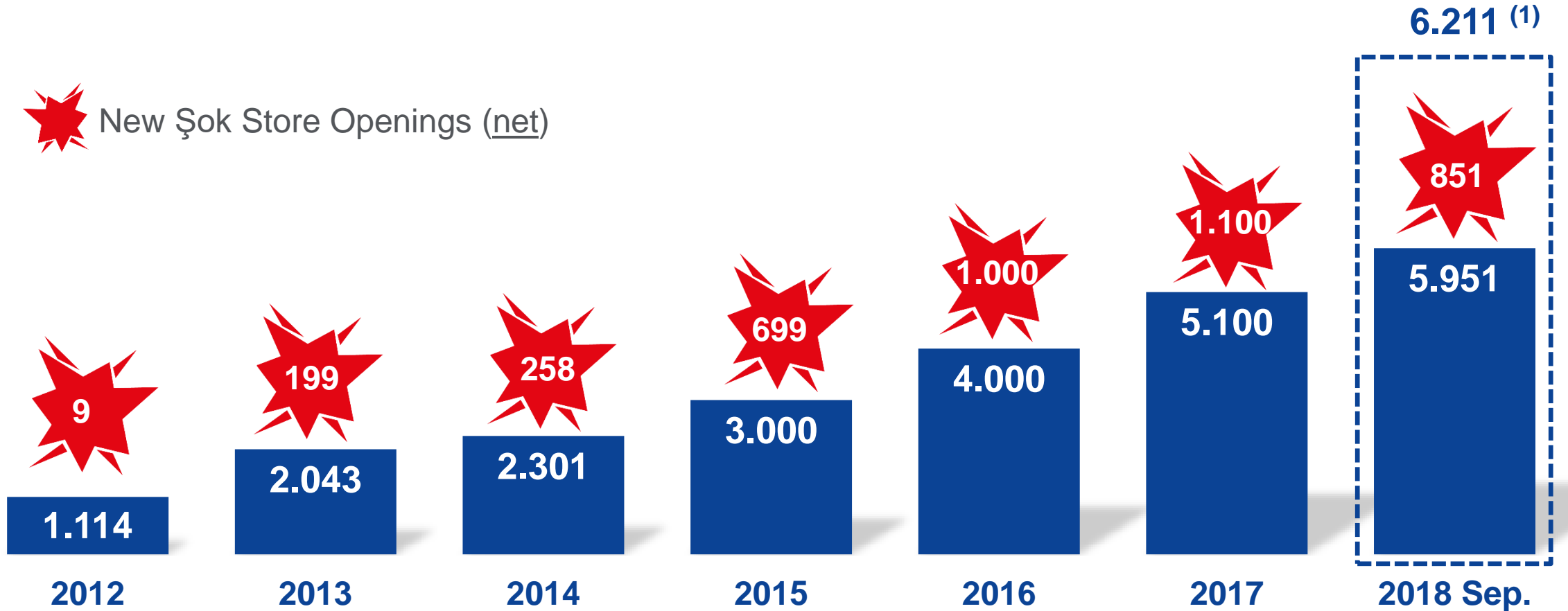
6.211
Stores

* 6.211 stores include 260 Şok Mini stores.

Annual +1.000 store target!



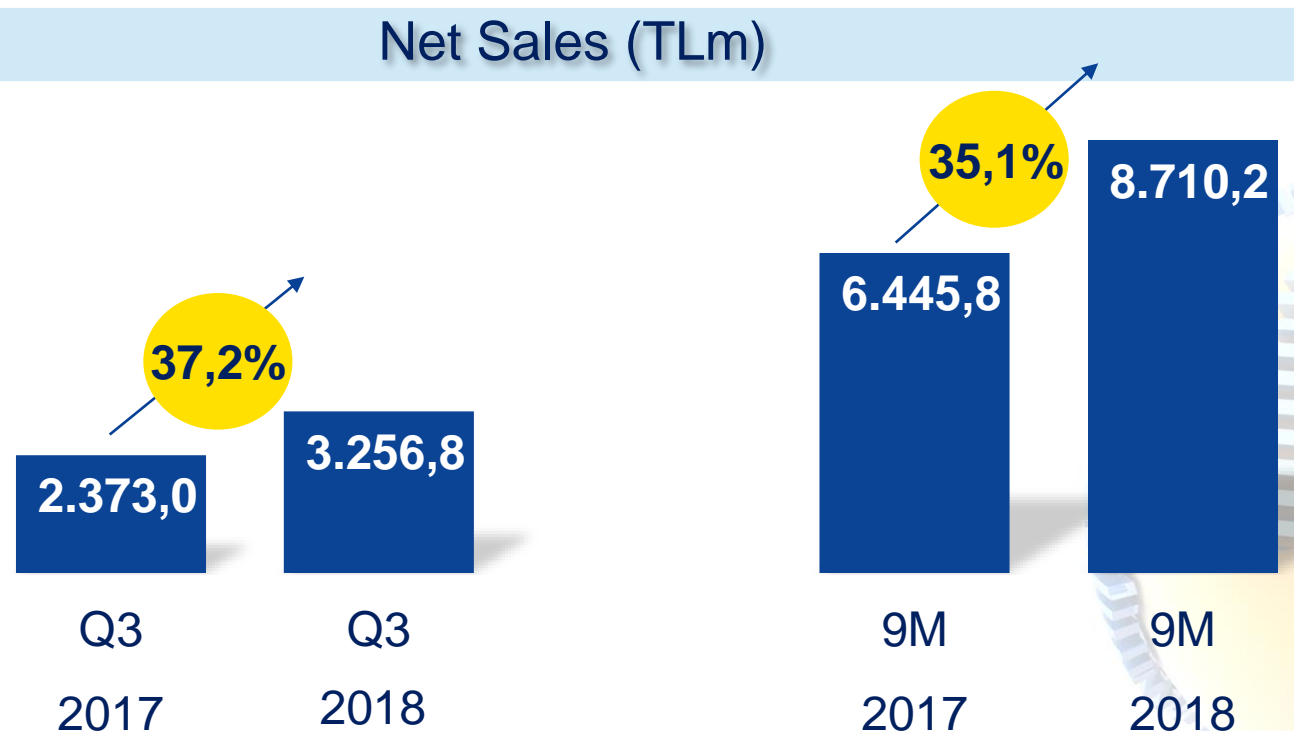
New Şok Store Openings (net)



(1) As of 30 September 2018, the Group has a total of 6,211 stores (5.951 Şok Stores, 260 Şok Mini Stores) and 25 warehouses.

(2) As of 30 September 2017, Group had 4.959 stores and 24 warehouses.

Sustainable revenue growth



Net Sales grew by **+37,2% in 3Q'18** and **+35,1% Y-o-Y in 9M2018** with the impact of both new store openings and LFL stores.

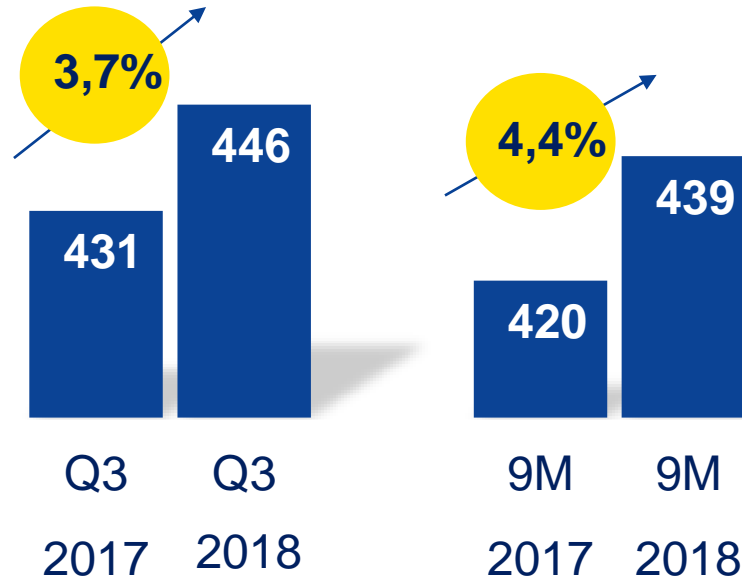
Continuing growth in LFL Store Sales



LFL Daily Average Sales / Store (TL)



LFL Daily Average Customer / Store

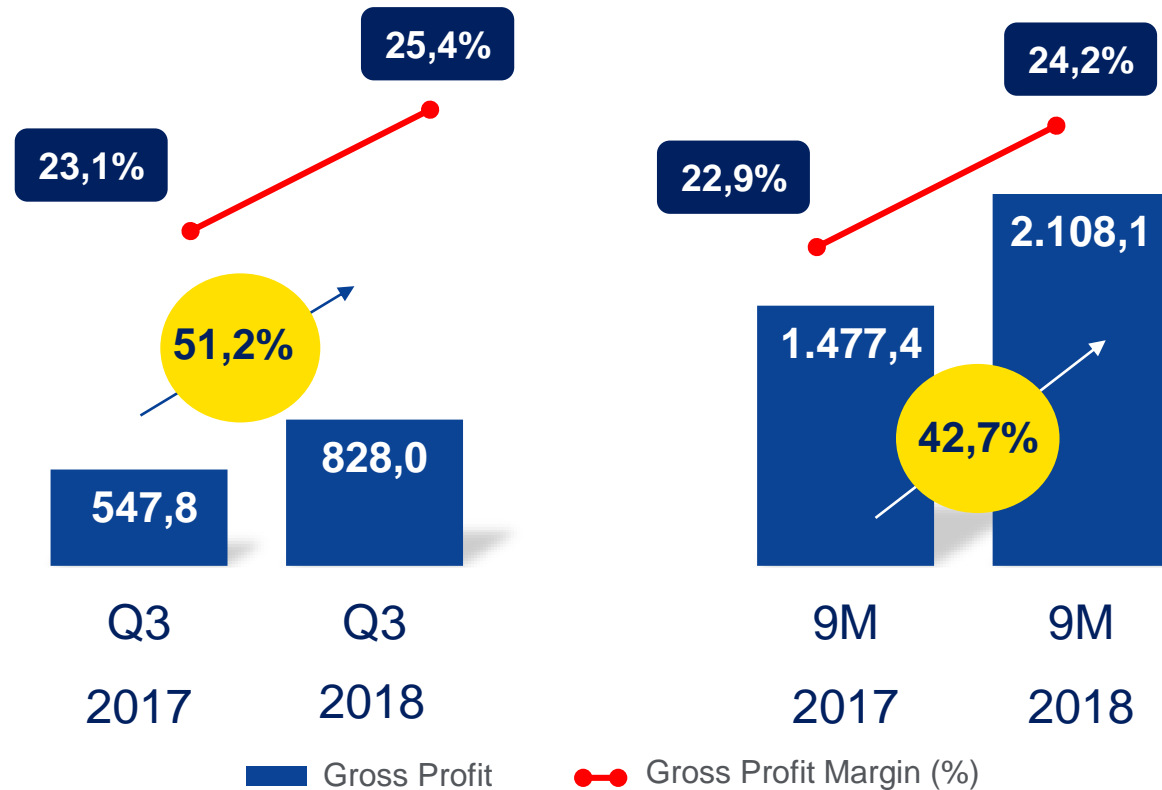


LFL Daily Avg. Basket Size / Store (TL)



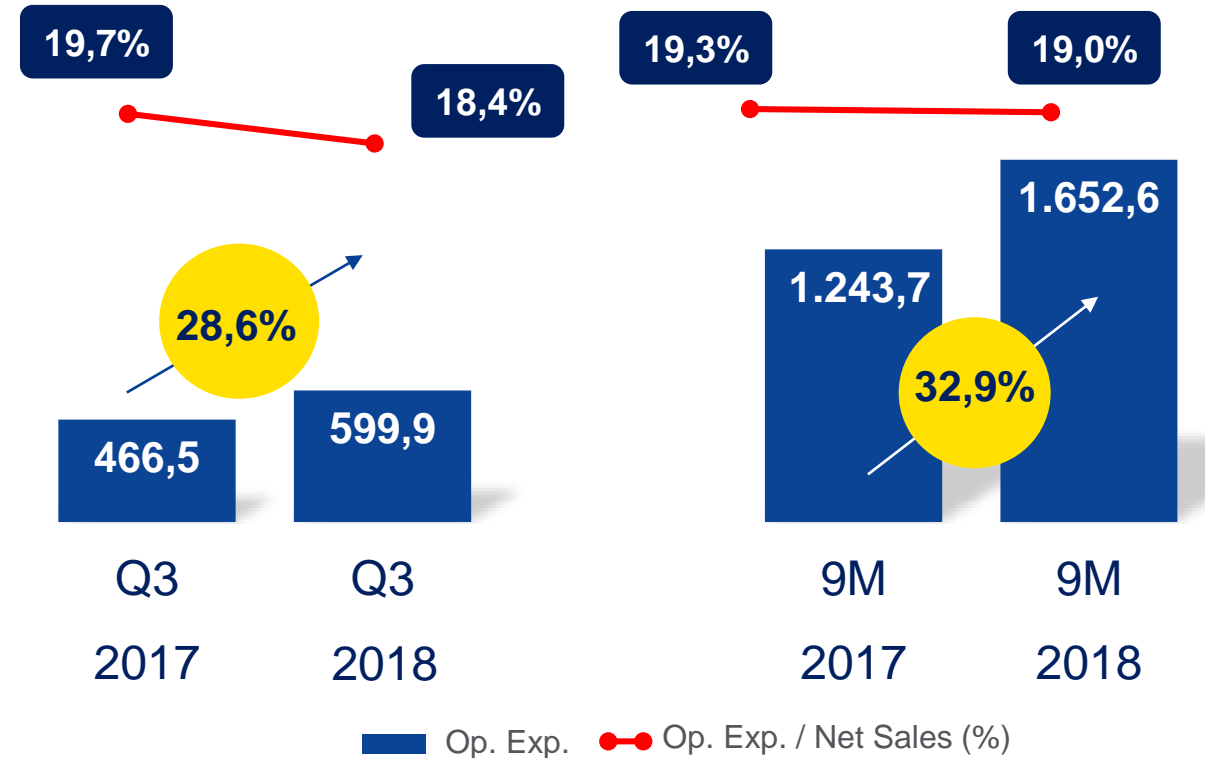
Strong Gross Profit Improvement

Gross Profit (TLm)



Gross profit margin **improved by 2,3 ppt** Y-o-Y in 3Q'18 from 23,1% to 25,4%

Operating Expenses (TLm)*

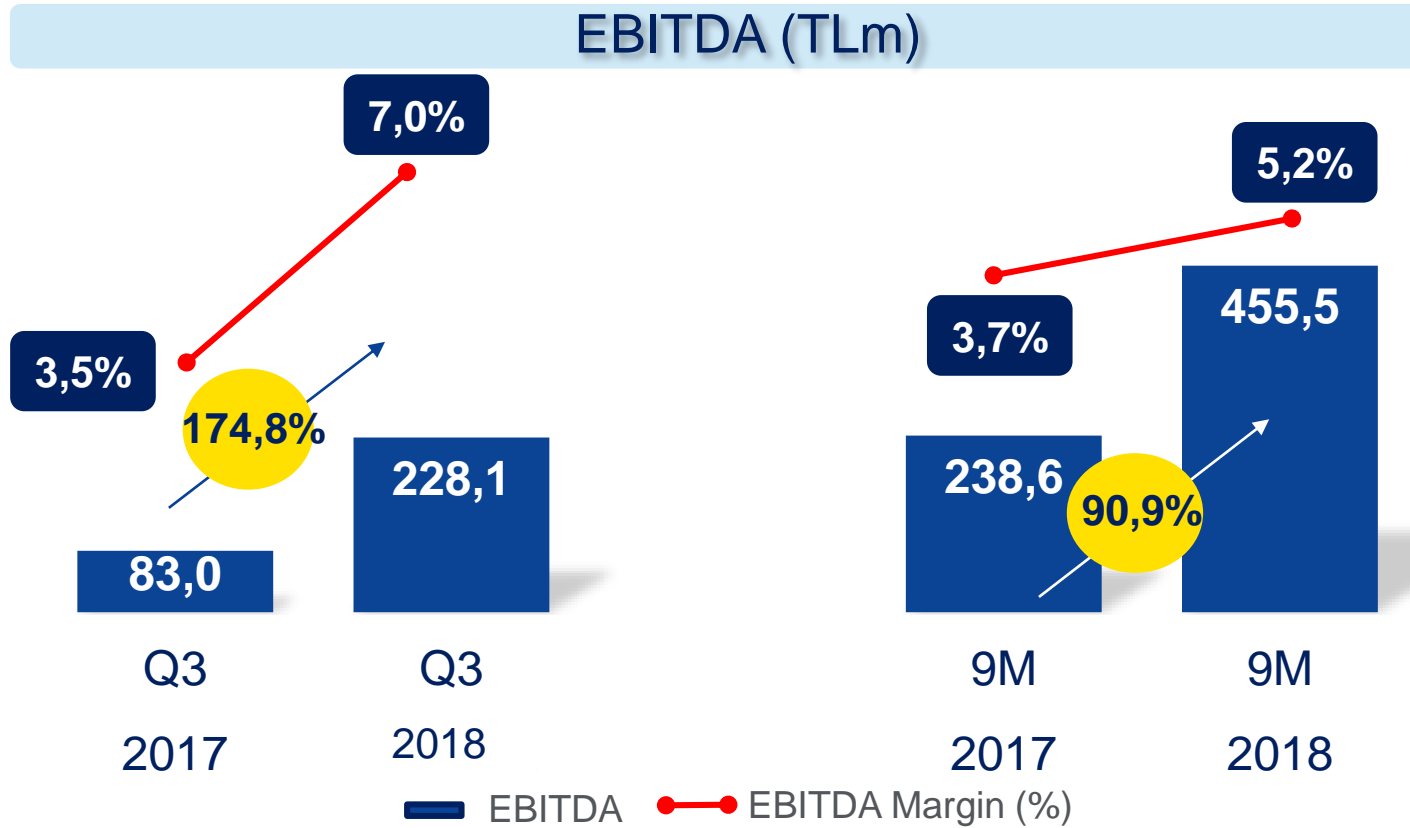


Op. Exp./ Net Sales **decreased to 18,4%**

Y-o-Y as a result of higher operational efficiency and successful expense management

* Excluding amortization and depreciation expenses

Strong EBITDA & Accelerating EBITDA Margin

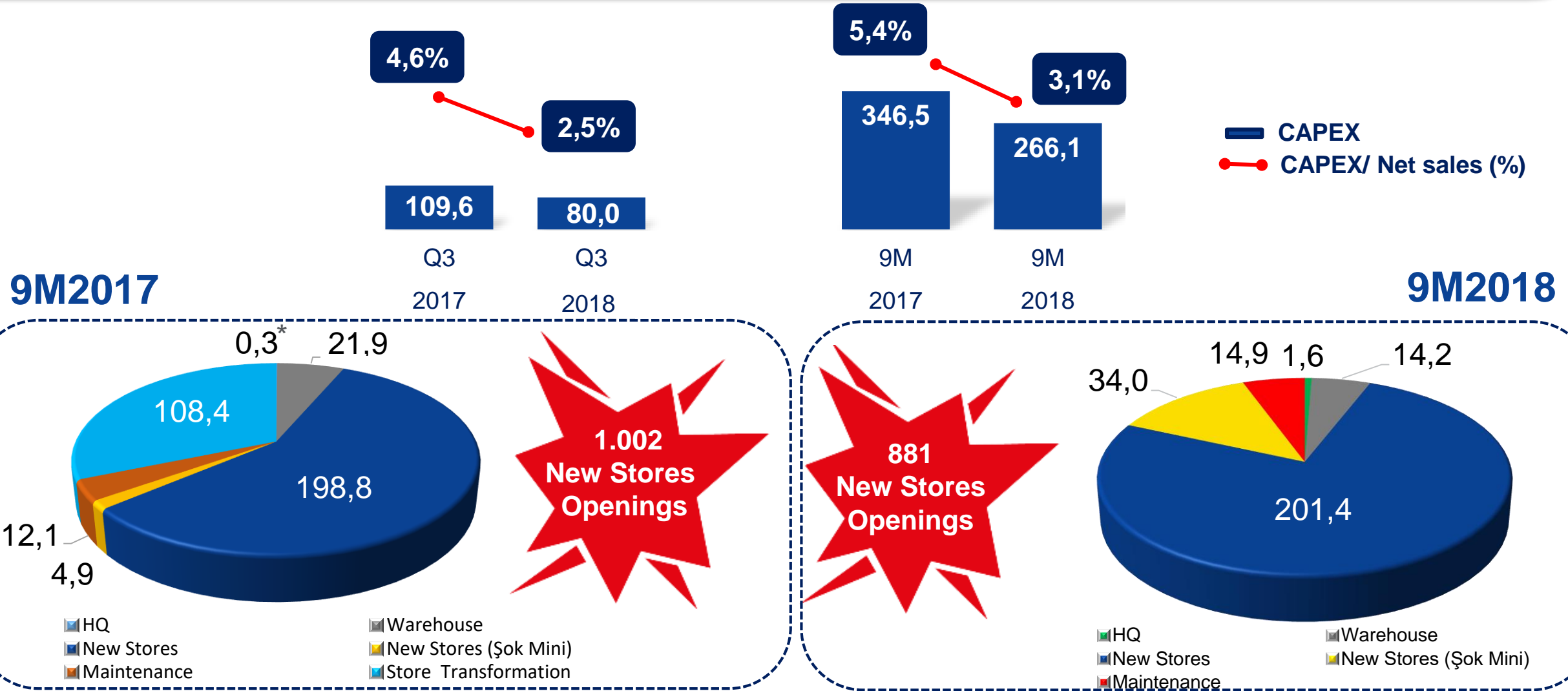


EBITDA **grew by 90,9% in 9M'18** faster than revenue and gross profit



EBITDA margin **expanded by 1,5ppts Y-o-Y to 5,2%** in 9M'18

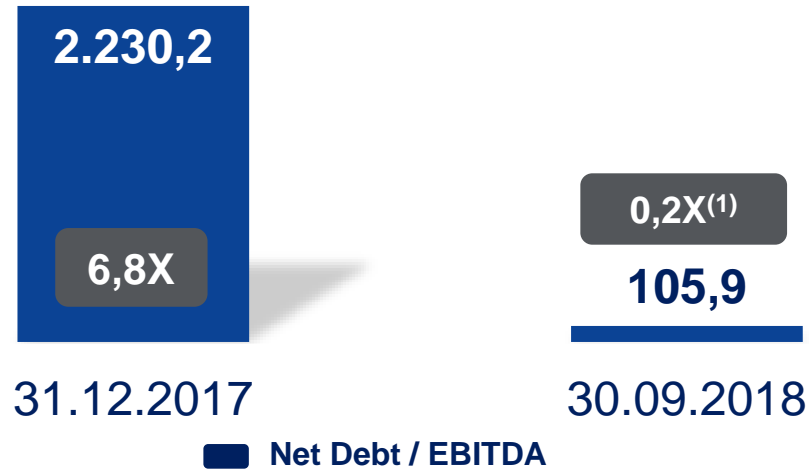
Effective CAPEX Management (TLm)



Strong Balance Sheet



Net Debt (TLm)

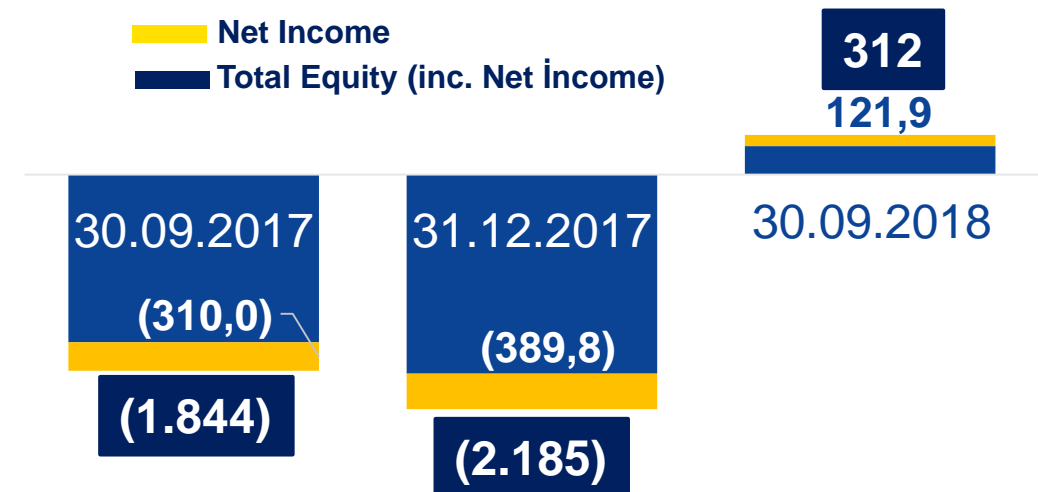


TLm	31.12.17	30.09.18
Short Term Borrowings	1.402,4	76,6
Obligations under Financial Lease ⁽²⁾	306,6	234,5
Related Party Debt	613,3	
Total Debt	2.322,3	311,1
Cash & Cash Equivalents	92,1	205,2
Net Debt	2.230,2	105,9

Net Working Capital (TLm)



Total Equity & Net Income (TLm)



Back-up



Consolidated Income Statement



Consolidated Income Statement Summary (TLm)	Q3 2017	Q3 2018	Δ (%)	9M 2017	9M 2018	Δ (%)
Net Sales	2.373,0	3.256,8	37%	6.445,8	8.710,2	35%
Gross Profit	547,8	828,0	51%	1.477,4	2.108,1	43%
Gross Profit %	23,1%	25,4%	2,3 Ppt	22,9%	24,2%	1,3 Ppt
Marketing, selling & GA expenses (-)	511,1	651,7	28%	1.366,7	1.800,7	32%
EBITDA	83,0	228,1	175%	238,6	455,5	91%
EBITDA %	3,5%	7,0%	3,5 Ppt	3,7%	5,2%	1,5 Ppt
EBITDAR	190,8	370,2	94%	533,2	852,7	60%
EBITDAR %	8,0%	11,4%	3,3 Ppt	8,3%	9,8%	1,5 Ppt
Net Profit / (Loss) for the Period	(124,4)	11,7	109%	(310,0)	121,9	139%

Balance Sheet (Assets)



Consolidated Balance Sheet Summary (TLm)	31.12.2017	30.09.2018
Cash & cash equivalents	92,1	205,2
Trade receivables	267,6	170,1
Inventories	636,2	676,7
Other current assets	80,6	23,0
Total Current Assets	1.076,6	1.075,0
Property & equipment	849,5	962,8
Intangible assets	677,0	679,7
Other non-current assets	5,7	285,0
Non-Current Assets	1.532,3	1.927,5
Total Assets	2.608,9	3.002,5

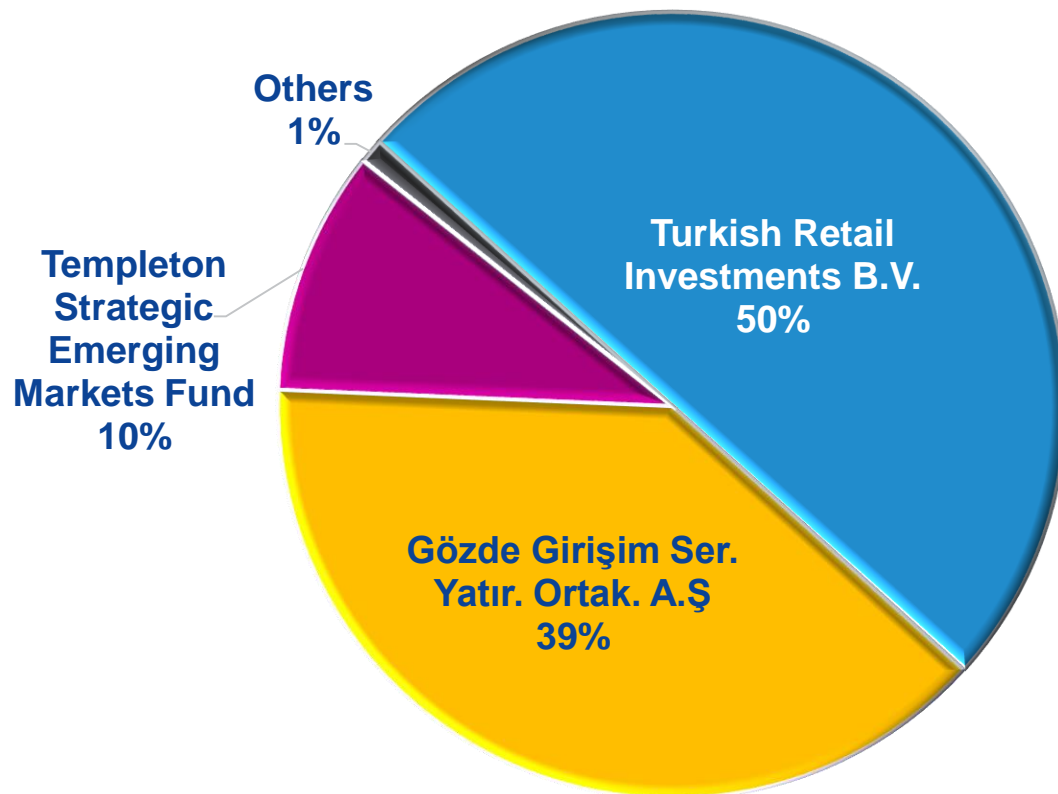
Balance Sheet (Liabilities and Equity)



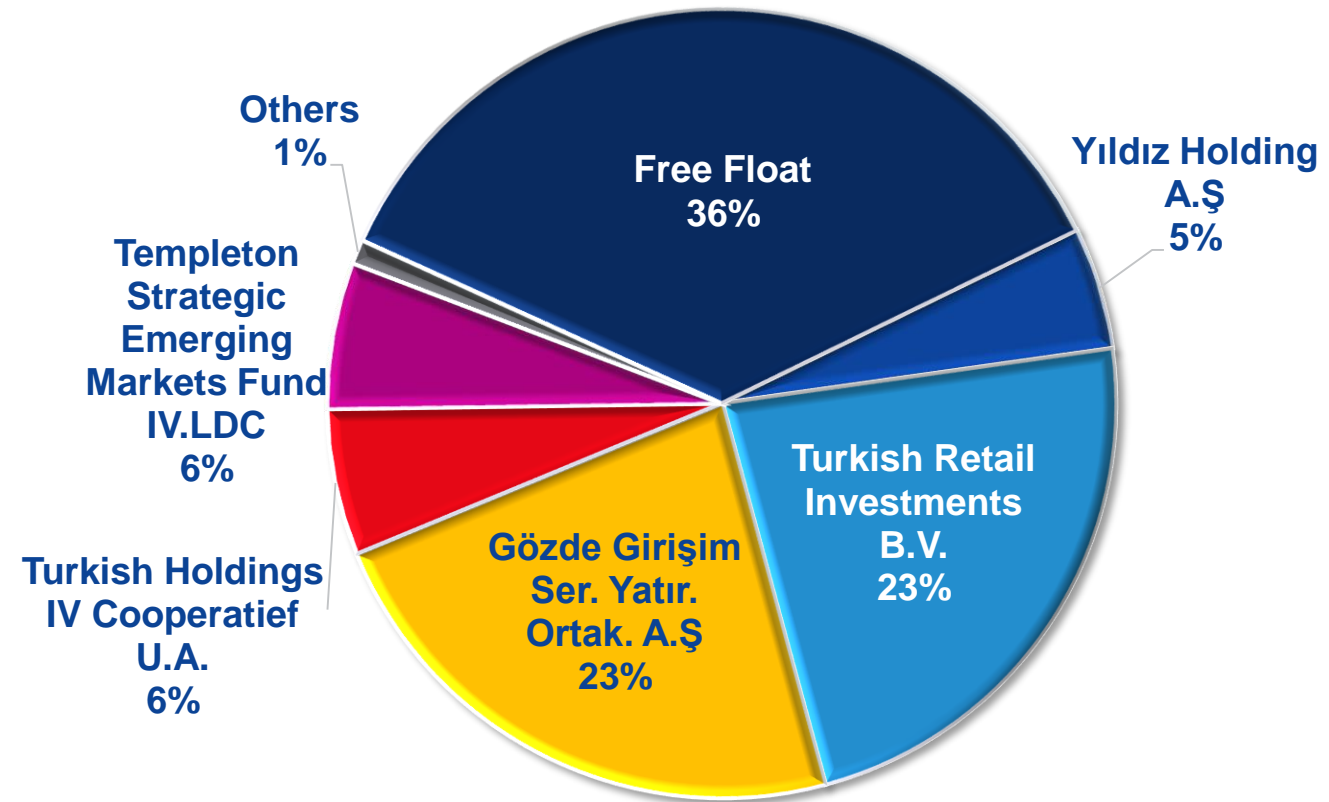
Consolidated Balance Sheet Summary (TLm)	31.12.2017	30.09.2018
Short term financial liabilities	1.504,9	164,8
Trade payables	2.193,1	2.111,7
Other current payables	794,2	214,3
Total Current Liabilities	4.492,2	2.490,8
Total Non Current Liabilities	301,7	199,4
Shareholder's equity	(2.022,5)	311,2
Non-controlling interests	(162,4)	1,1
Total Equity	(2.185,0)	312,3
Total Liabilities and Equity	2.608,9	3.002,5

Shareholding Structure

Before IPO



After IPO



Disclaimer



This presentation contains information and analysis on financial statements and is prepared for the sole purpose of providing information relating to Şok Marketler Ticaret A.Ş. (Şok Marketler).

This presentation contains forward-looking statements which are based on certain expectations and assumptions at the time of publication of this presentation and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in these materials. Many of these risks and uncertainties relate to factors that are beyond Şok Marketler's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated cost savings and productivity gains as well as the actions of government regulators.

Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation.

This presentation merely serves the purpose of providing information. It neither represents an offer for sale nor for subscription of securities in any country, including Turkey. This presentation does not include an official offer of shares; an offering circular will not be published.

This presentation is not allowed to be reproduced, distributed or published without permission or agreement of Şok Marketler.



Investor Relations

Çağrı DEMİREL

Investor Relations Manager

t: +90 850 221 6755

e: cagri.demirel@sokmarket.com.tr

w: www.sokmarketyatirimciiliskileri.com

Ziya Kayacan

CFO

t: +90 850 221 11 00

e: ziya.kayacan@sokmarket.com.tr

w: www.sokmarketyatirimciiliskileri.com