



4Q2019 WEBCAST PRESENTATION

March 6th, 2020

Agenda



- 2019 Highlights
- General Overview
- Financial Results
- Q&A



12M'19 Highlights



2019 Guidance



7.215
Stores



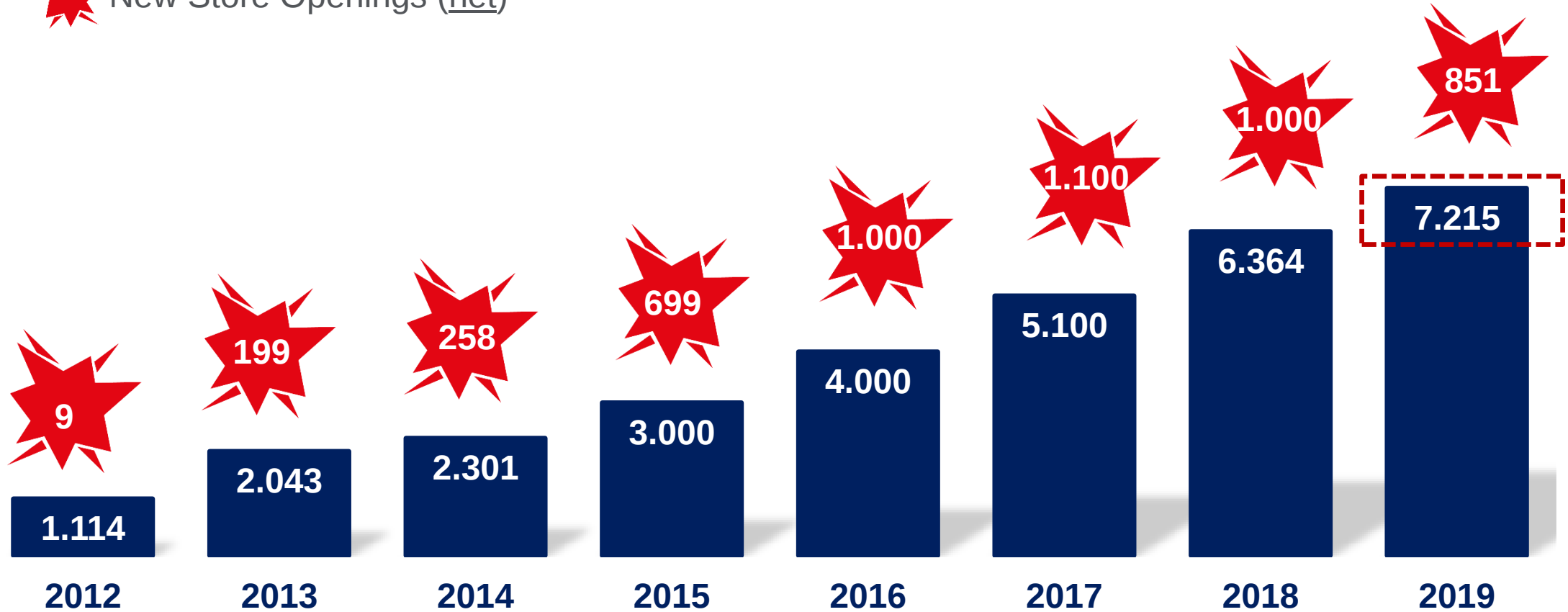
Year-end 2019



Store Expansion inline with Target



New Store Openings (net)

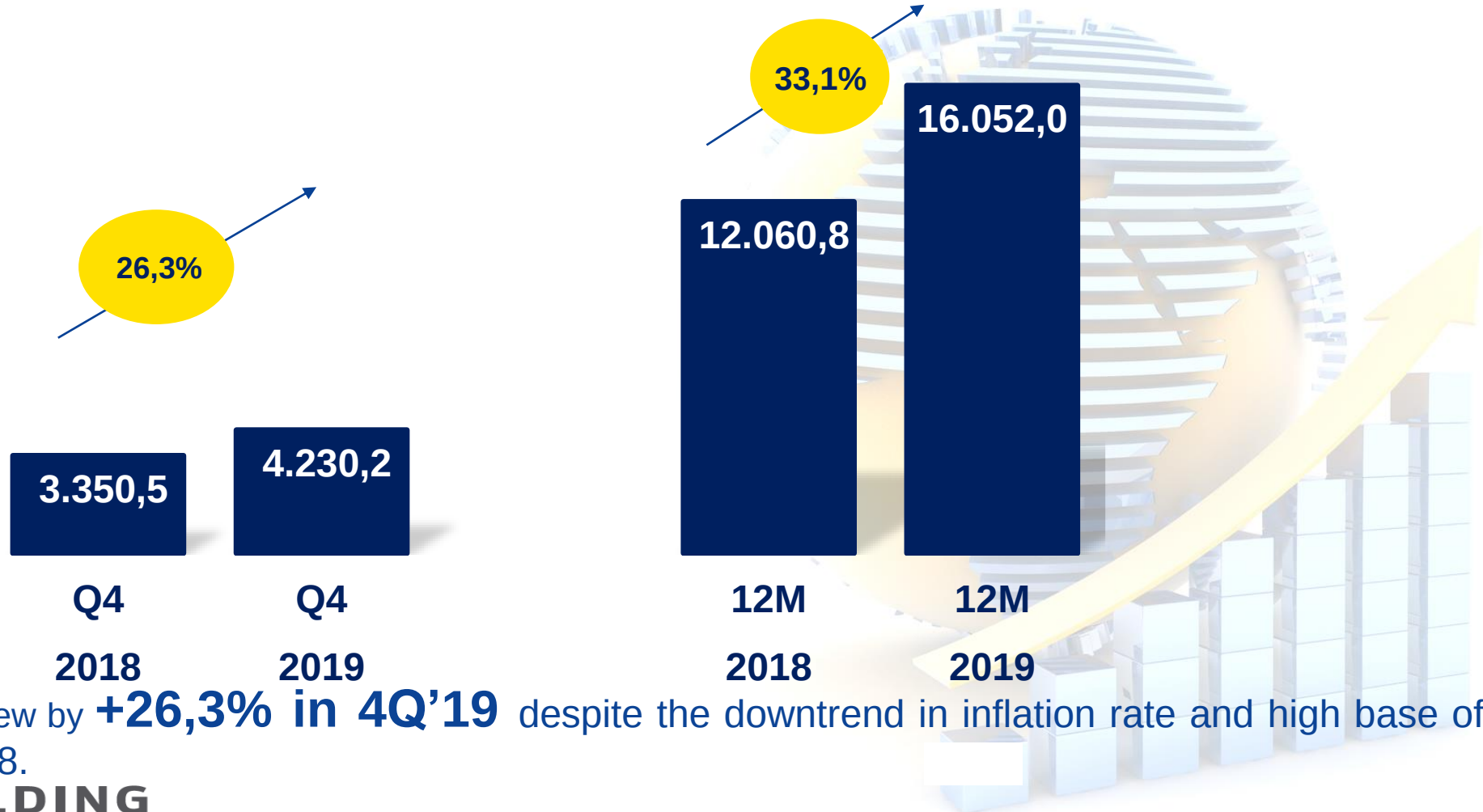


(1) As of December 31, 2019, the Group has a total of 7.215 stores (6.929 Şok Stores, 286 Şok Mini Stores) and 27 warehouses.

Sustainable revenue growth



Net Sales (TLm)

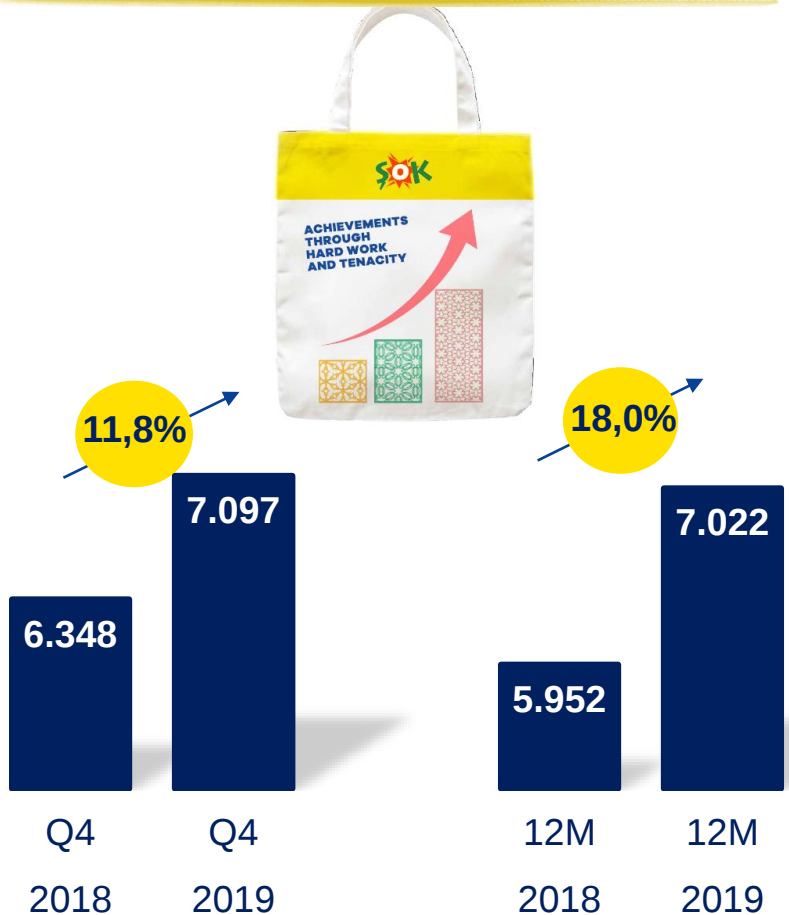


Net Sales grew by **+26,3% in 4Q'19** despite the downtrend in inflation rate and high base of fourth quarter of 2018.

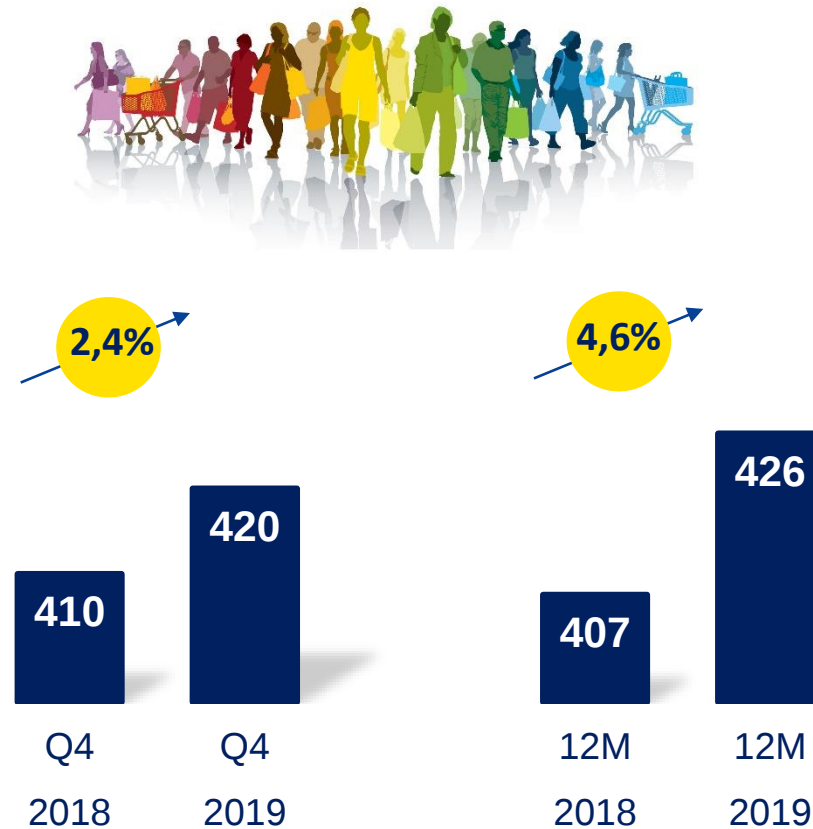
Continuing growth in LFL Store Sales



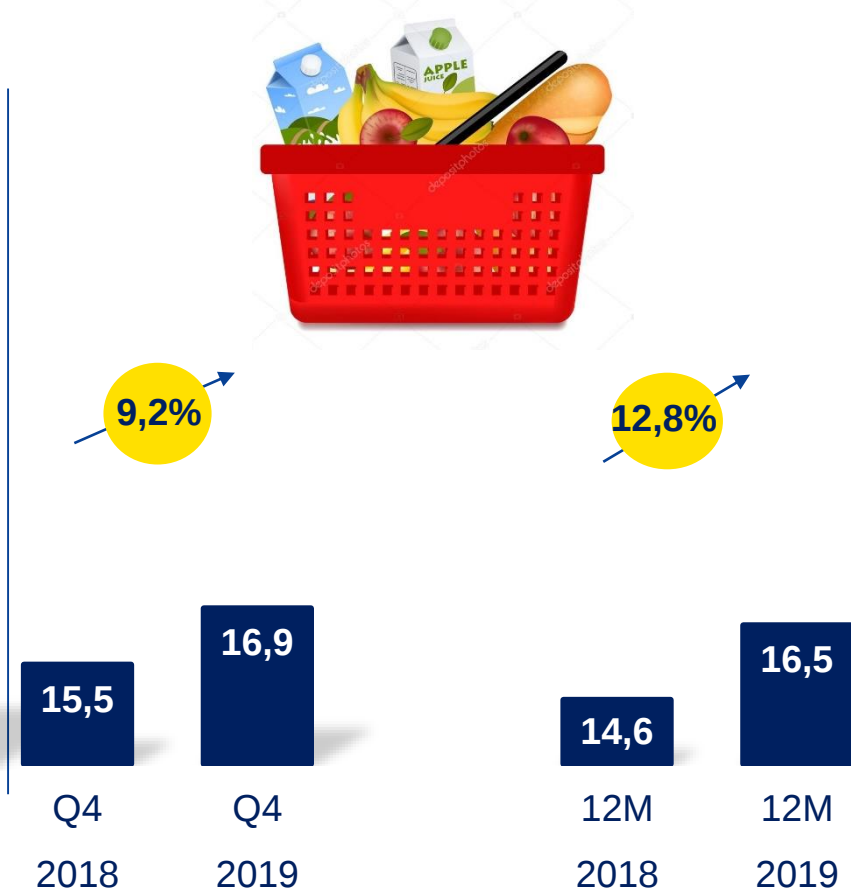
LFL Daily Average Sales / Store (TL)



LFL Daily Average Customer / Store



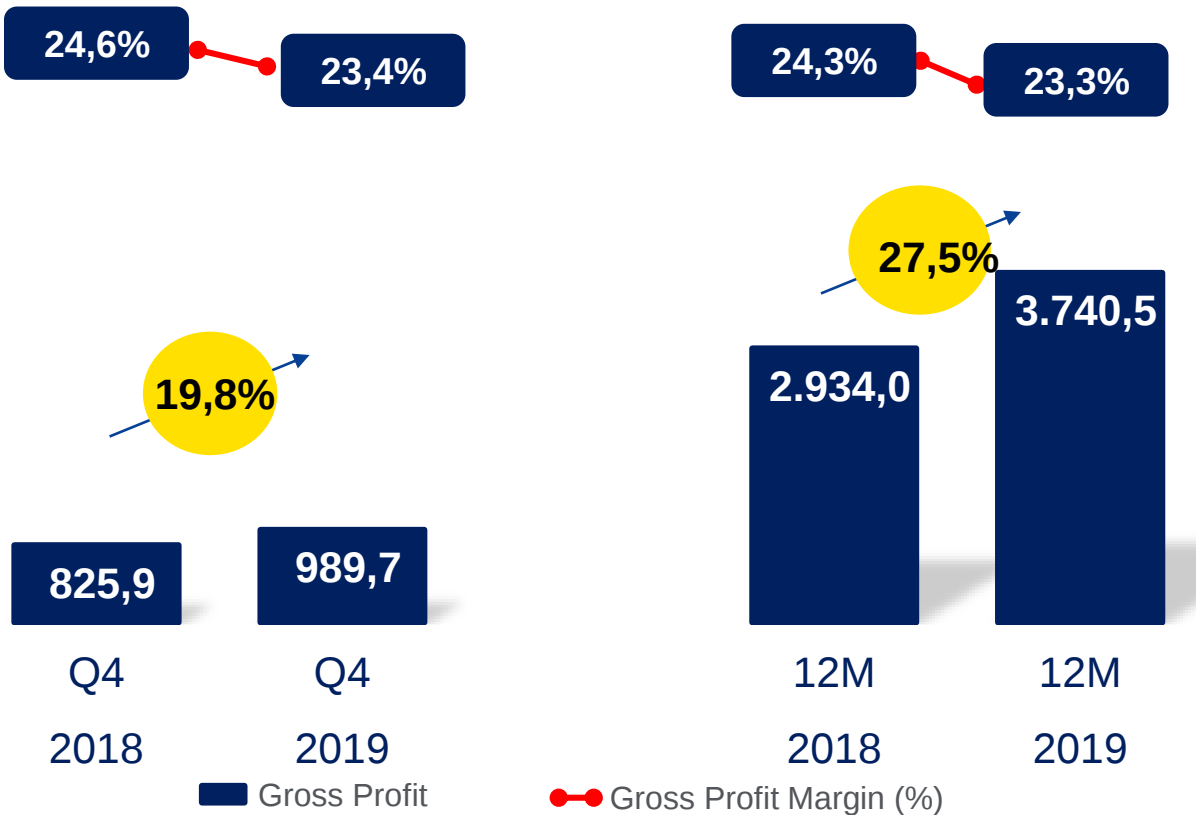
LFL Daily Avg. Basket Size / Store (TL)



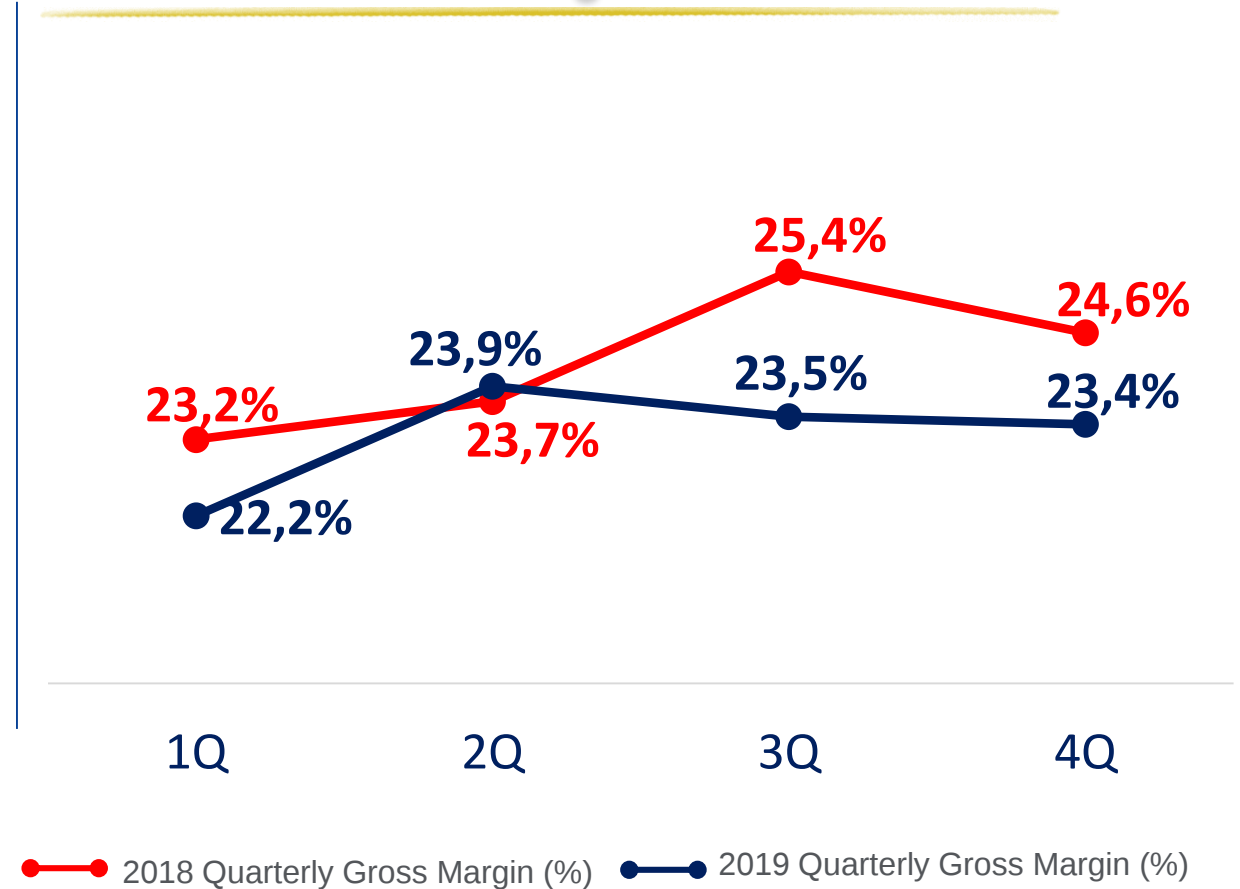
Gross Profit – Margin Evolution



Gross Profit (TLm)



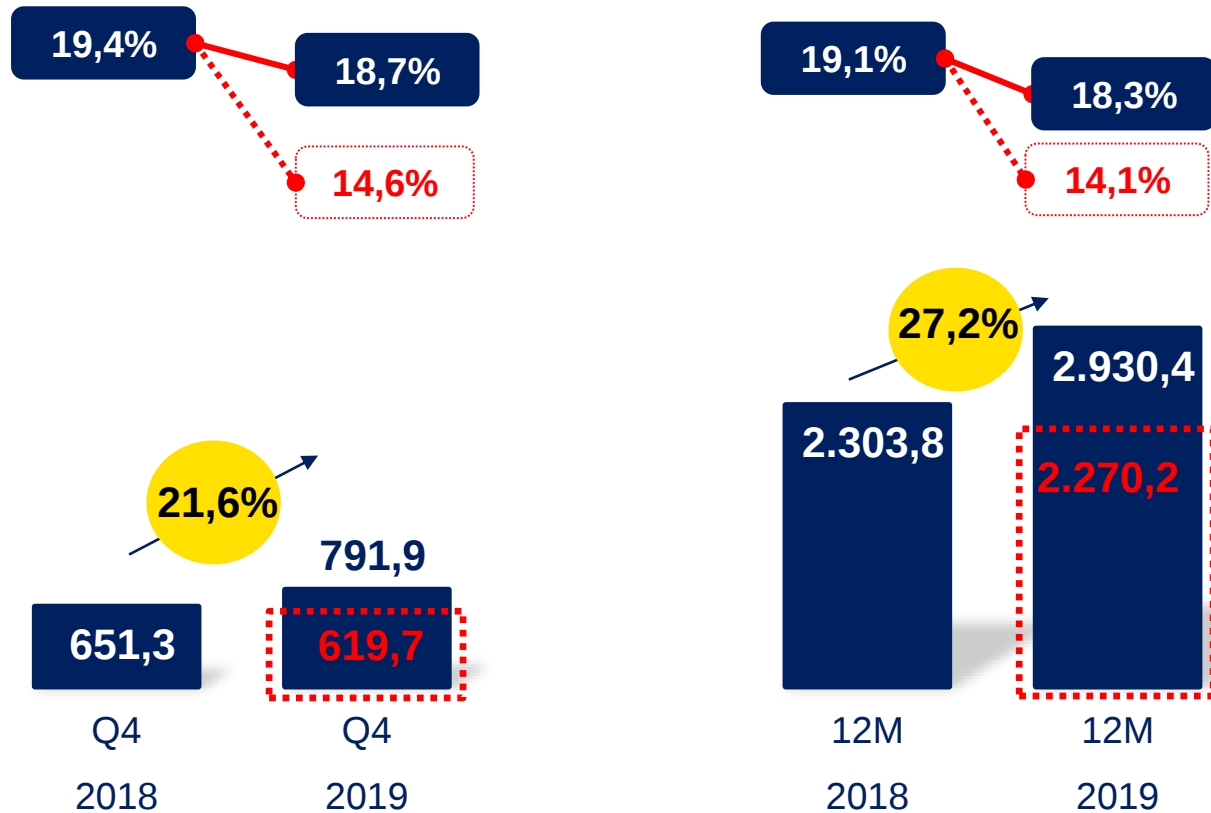
Gross Margin Evolution



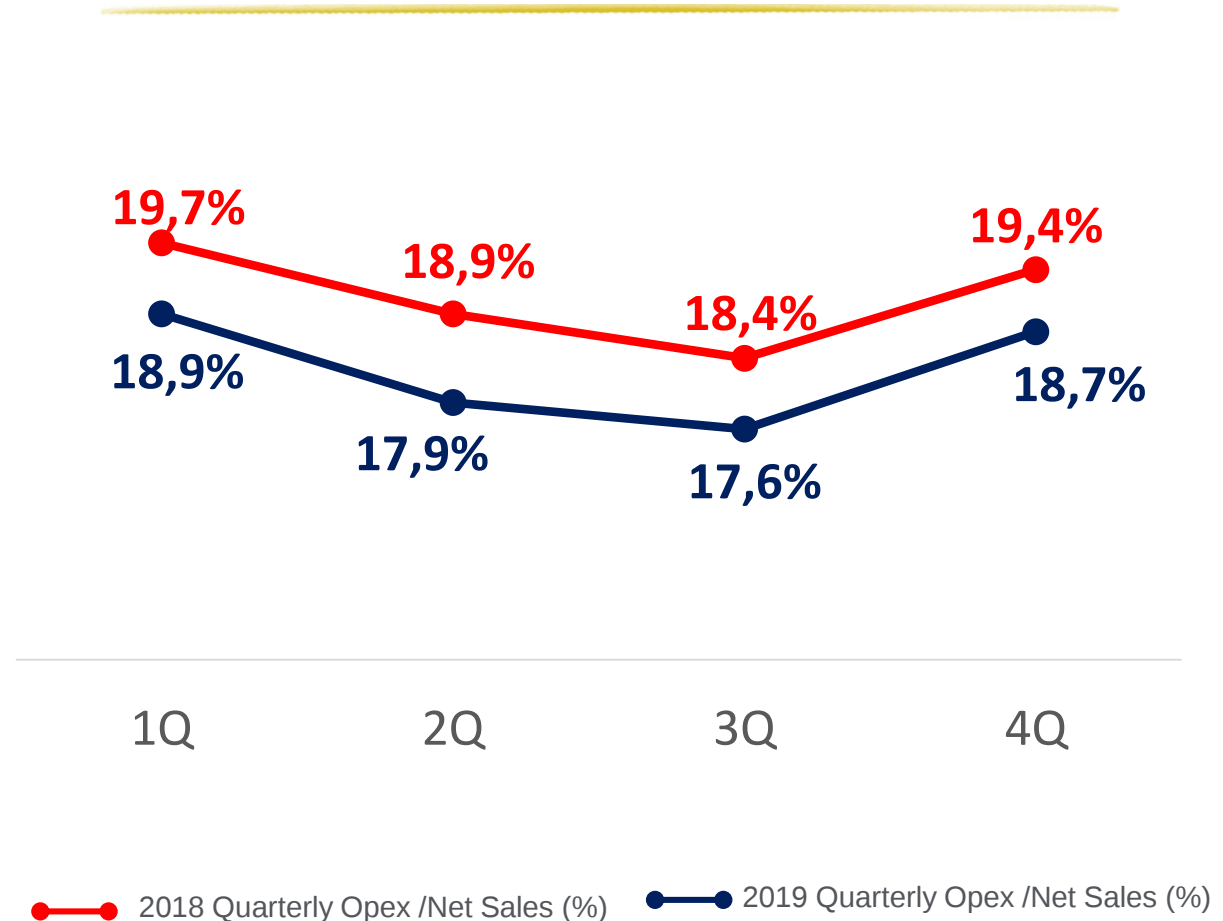
Successful cost management & Increasing Operating Leverage



Operating Expenses (TLm) (excl Amortisation)



Opex/ Sales Evolution (excl. IFRS 16)



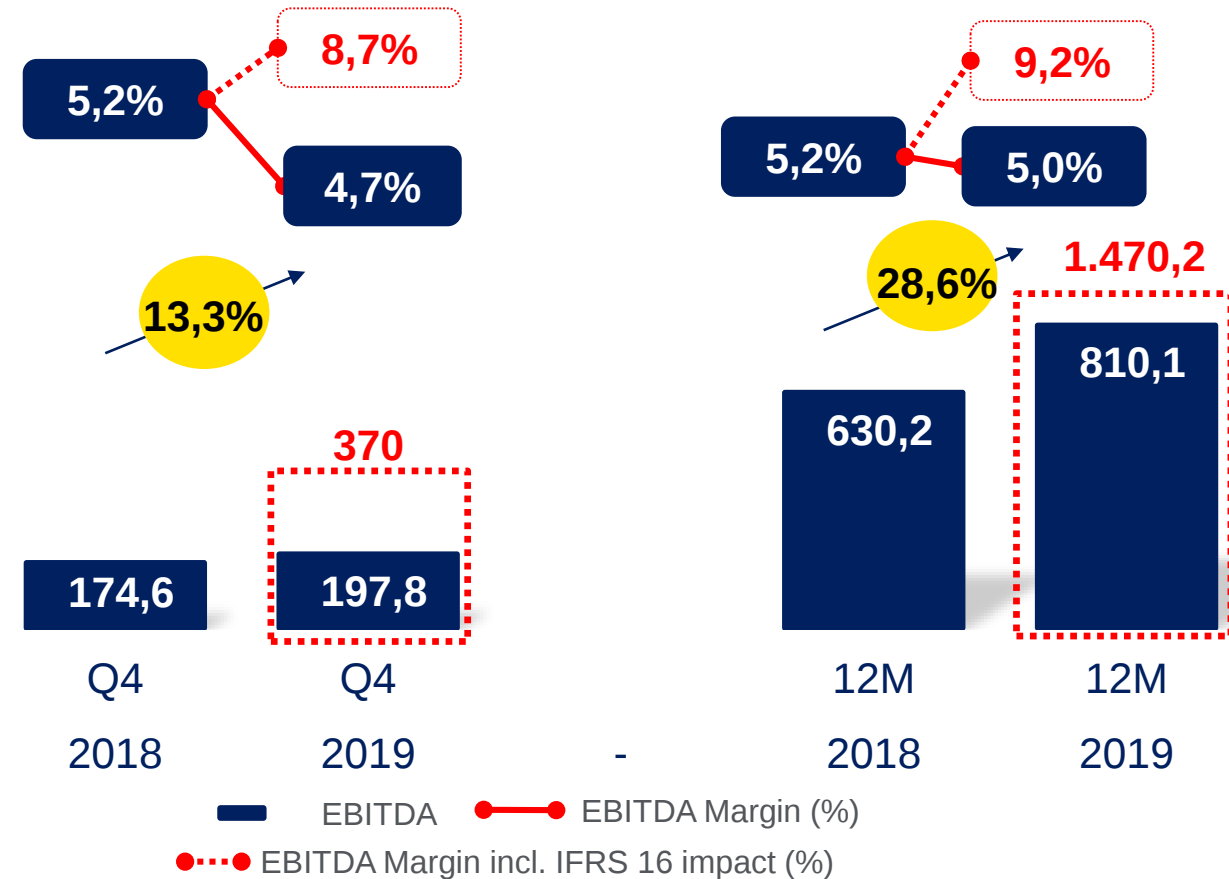
■ Op. Exp. ● Op. Exp. / Net Sales (%) ● Opex / Net Sales incl. IFRS 16 impact (%)

● 2018 Quarterly Opex /Net Sales (%) ● 2019 Quarterly Opex /Net Sales (%)

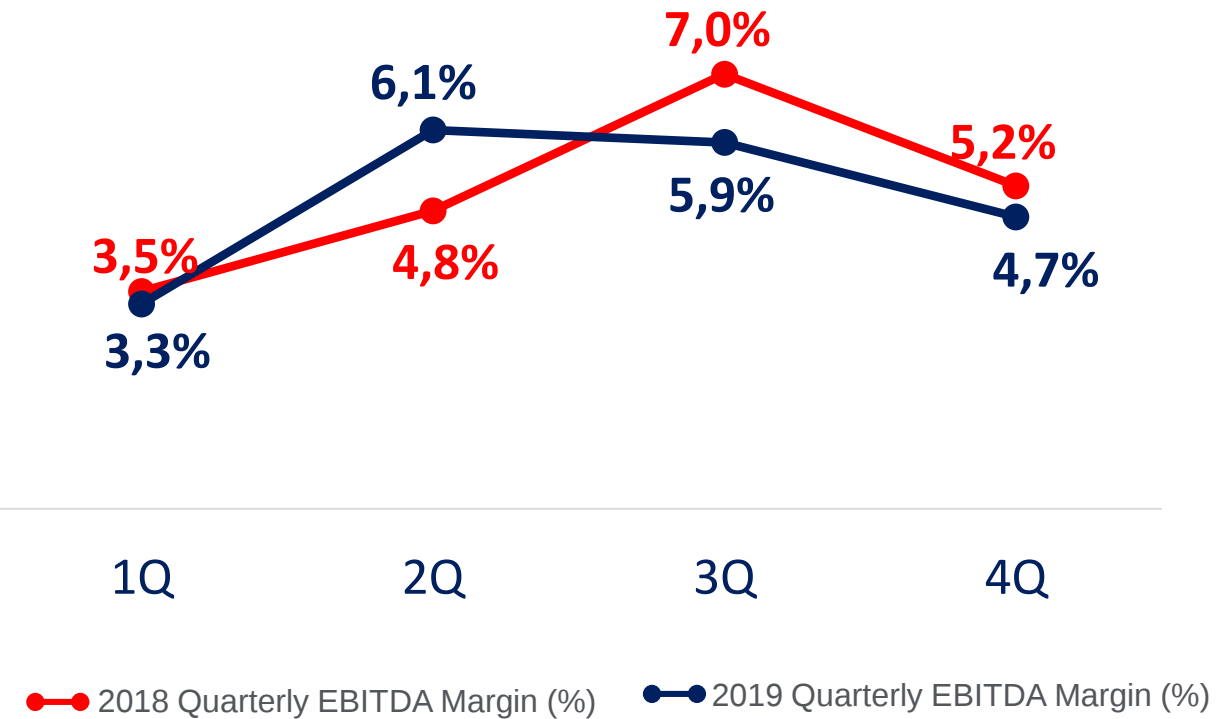
EBITDA – Margin Evolution



EBITDA (TLm)



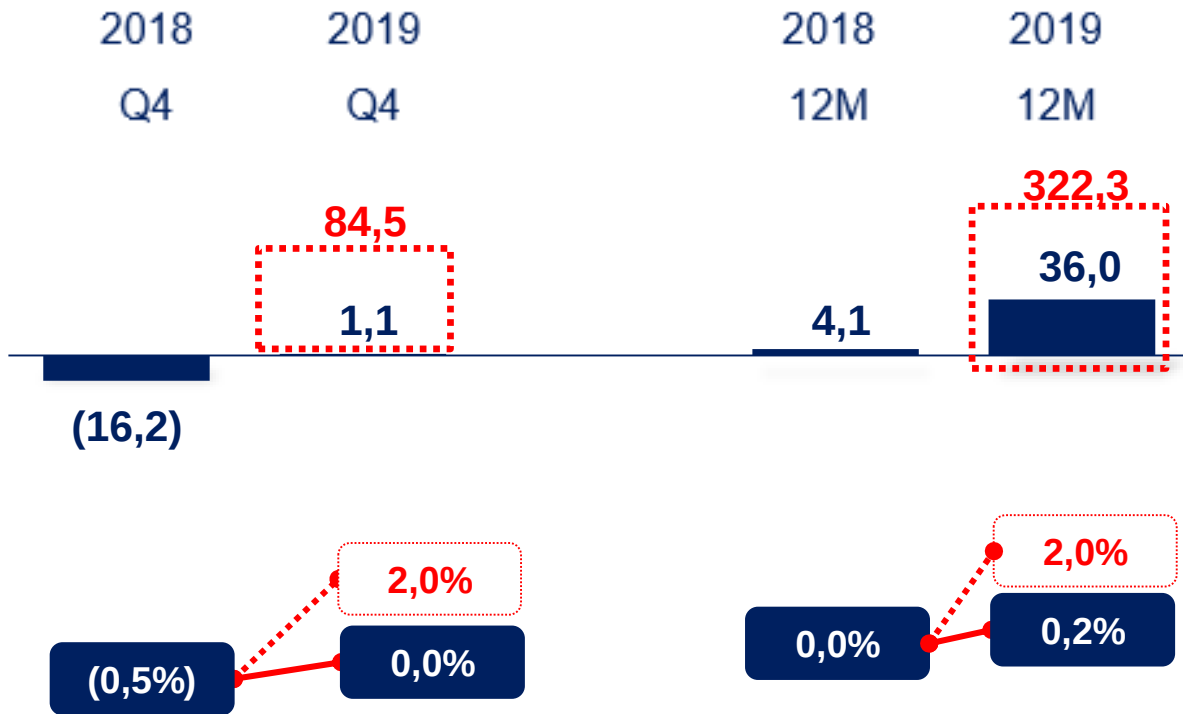
EBITDA Evolution



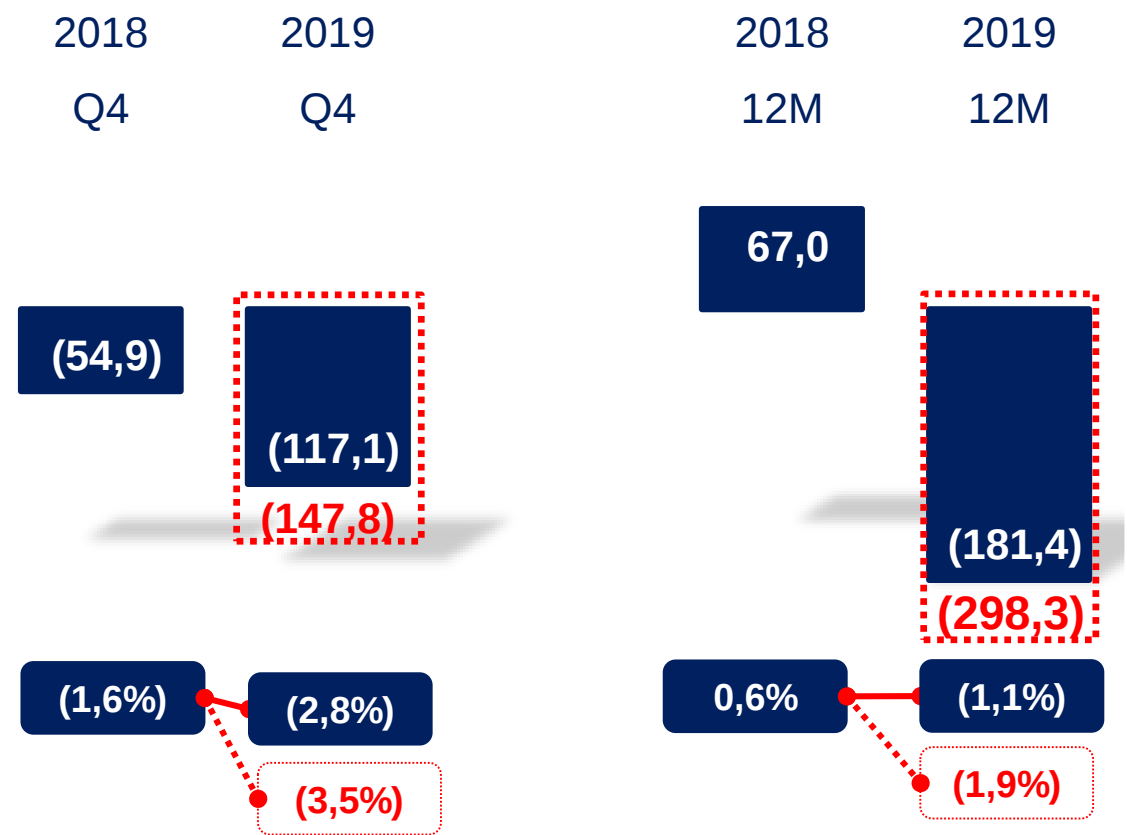
Profitability improvement (TLm)



Operating Profit (EBIT) (TLm)



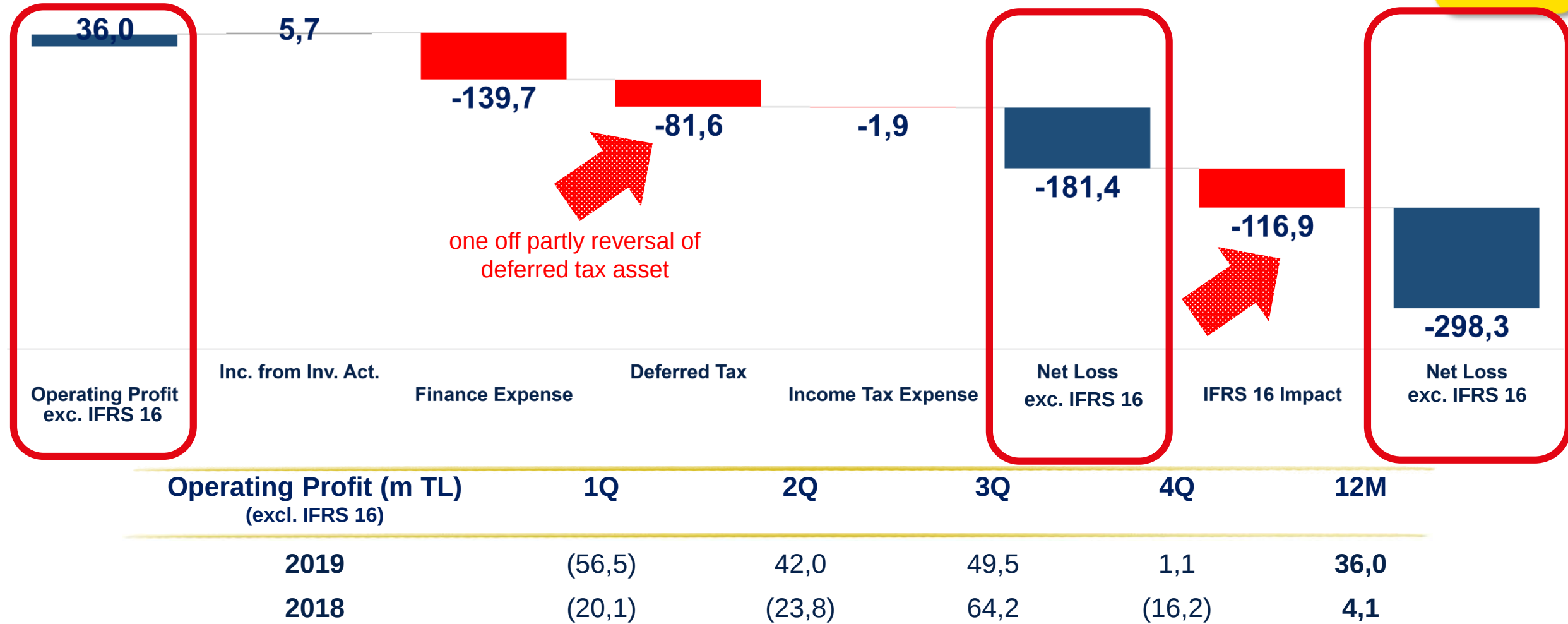
Net Profit (TLm)



■ EBIT ●● Margin (%) ●●●● EBIT incl. IFRS 16 impact (%)

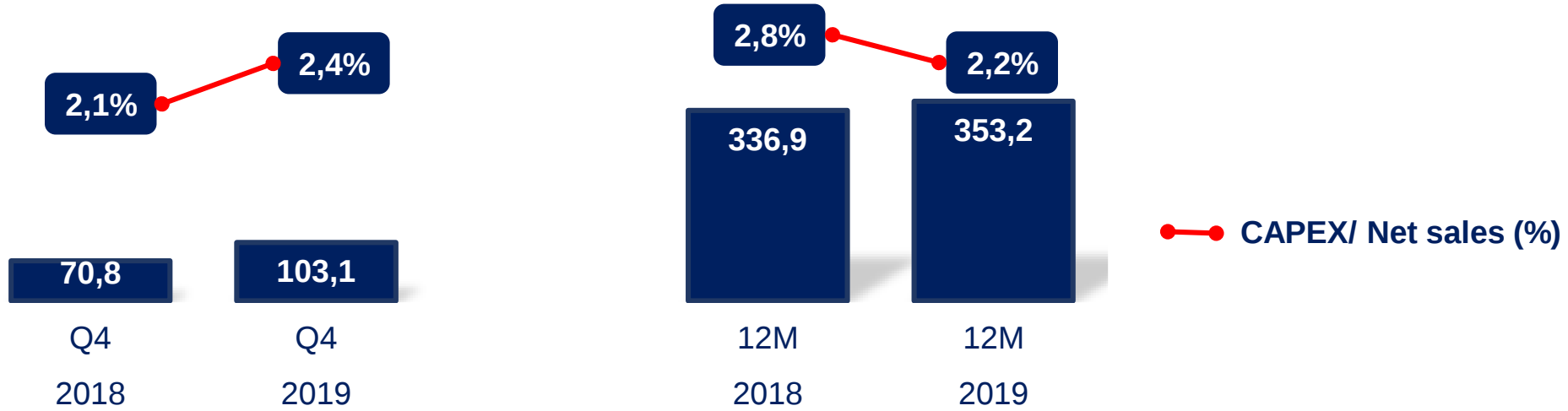
■ Net Profit ●● Margin (%) ●●●● incl. IFRS 16 impact (%)

Net Profit /(Loss) Bridge Analysis (TLm)



36 million TL operating profit was generated in 2019. Two accounting adjustments affects our bottom line; one off partly reversal of deferred tax asset and IFRS 16 impact.

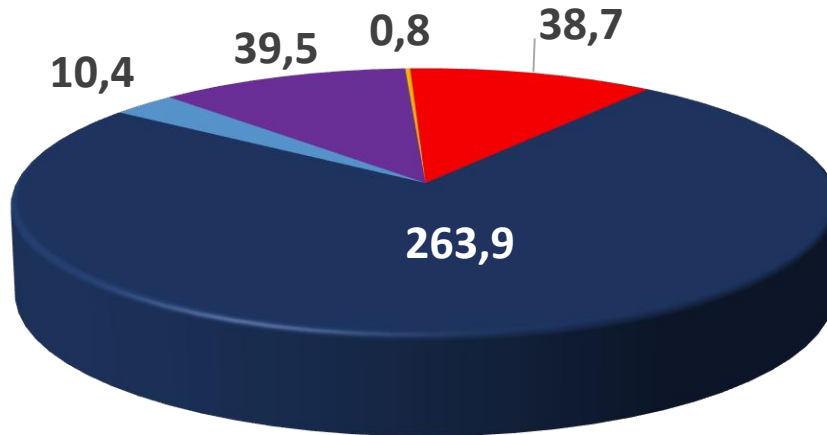
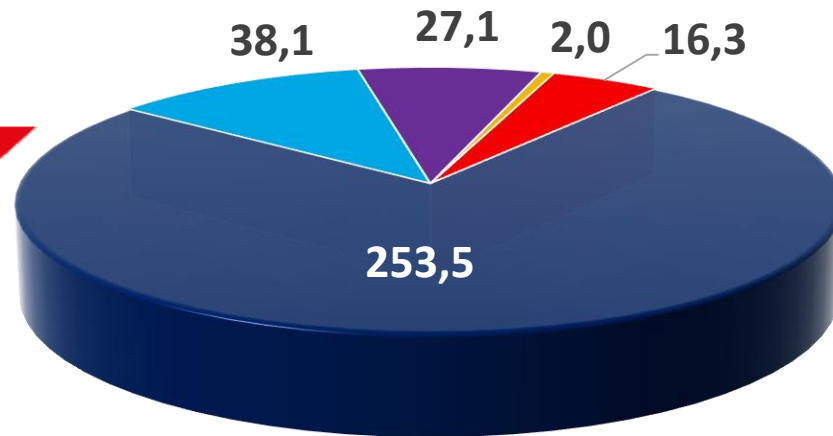
Effective CAPEX Management (TLm)



2018

2019

1.000*
New Stores
Openings



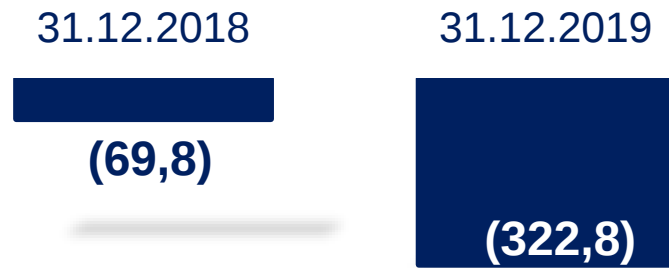
851*
New Stores
Openings

■ New Stores ■ New Stores (Şok Mini) ■ Maintenance ■ HQ ■ Warehouse

Strong Balance Sheet



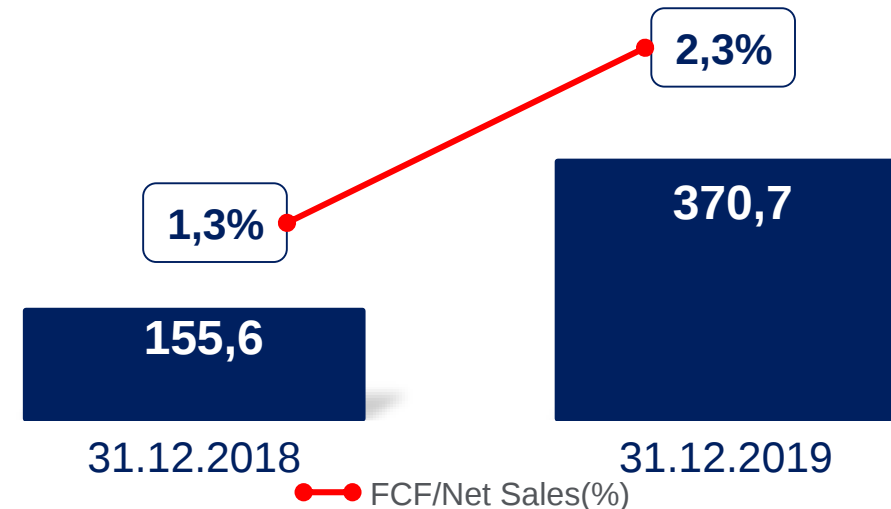
Net Debt/ (Cash) (TLm)



Net Working Capital (TLm)



Free Cashflow (TLm)



TLm	31.12.2018	31.12.2019
Short Term Borrowings	75,4	0
Obligations under Financial Lease	208,8	108,5
Total Debt	284,2	108,5
Cash & Cash Equivalents	(354,1)	(431,3)
Net Debt /(Cash)	(69,8)	(322,8)

Smart Financial Services



“Smart financial services” in our all stores

«Utility Invoice Payment»

7 Days

- Electricity
- Water
- Natural Gas
- Telecommunication

«Money Transfer»

7 Days

- To bank accounts
- To credit cards
- ŞOK to ŞOK

We have the highest widespread network at invoice payment and money transfer with our 7.215 stores in all over Turkey.



8th largest Employer in Turkey



We always take care of our society, where we operate in...

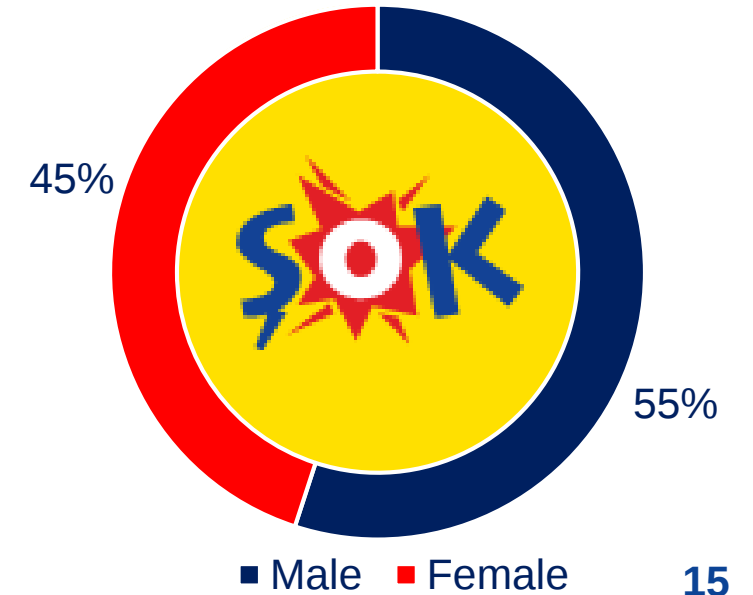


With our new store openings, our total number of employees increased to 30.000 people.

ŞOK is one of the top 8 companies that steadily increasing its employee number.

Awarded in the “Highest Number of Employees” category within the scope of Fortune 500 with the employment created.

ŞOK takes care of gender equality.



Social Responsibility Project



Supporting housewives' participation into business life



It is a non-profit Project for ŞOK to focus on financially empowering women.

In order to increase their empower of women in society, we started to sell hand-made shopping bags made by housewives in our stores.



2020 Guidance



<i>New Store Openings</i>	<i>+750 (+/-50)</i>
<i>Net Sales</i>	<i>21% (+- 2%)</i>
<i>EBITDA Margin</i> <i>(excl. IFRS 16)</i>	<i>5,5% (+- 0,5%)</i>
<i>EBITDA Margin</i> <i>(incl. IFRS 16)</i>	<i>9,5% (+- 0,5%)</i>
<i>CAPEX</i>	<i>~350 million TL</i>



Consolidated Income Statement



Consolidated Income Statement Summary (TLm)	Q4 2018	Q4 2019 Before IFRS 16	Δ (%)	IFRS 16 Impact	Q4 2019 After IFRS 16	12M 2018	12M 2019 Before IFRS 16	Δ (%)	IFRS 16 Impact	12M 2019 After IFRS 16
Net Sales	3.350,5	4.230,2	26,3%	-	4.230,2	12.060,8	16.052,0	33,1%	-	16.052,0
Gross Profit	825,9	989,7	19,8%	-	989,7	2.934,0	3.740,5	27,5%	-	3.740,5
Gross Profit %	24,6%	23,4%	-1,3 Ppt	-	23,4%	24,3%	23,3%	-1,0 Ppt	-	23,3%
Marketing, selling & GA expenses (-)	(703,4)	(851,7)	21,1%	83,4	(768,3)	(2.504,2)	(3.155,0)	26,0%	286,2	(2.868,7)
Amortisation	(52,1)	(59,8)	14,8%	(88,8)	(148,6)	(200,4)	(224,6)	12,1%	(373,9)	(598,5)
Amortisation)	(651,3)	(791,9)	21,6%	172,2	(619,7)	(2.303,8)	(2.930,4)	27,2%	660,1	(2.270,2)
EBITDA	174,6	197,8	13,3%	172,2	370,0	630,2	810,1	28,6%	660,1	1.470,2
EBITDA %	5,2%	4,7%	-0,5 Ppt	4,1%	8,7%	5,2%	5,0%	-0,2 Ppt	4,1%	9,2%
Operating Profit (EBIT)	(16,2)	1,1	106,8%	83,4	84,5	4,1	36,0	-	286,2	322,3
Profit / (Loss) Before Tax	(53,7)	(30,3)	43,6%	(38,2)	(68,5)	(248,2)	(97,9)	60,5%	(146,0)	(243,9)
Net Profit / (Loss) for the Period	(54,9)	(117,1)	-113,4%	(30,7)	(147,8)	67,0	(181,4)	-370,6%	(116,9)	(298,3)

*2018 figures are not adjusted for IFRS 16

Balance Sheet (Assets)



Consolidated Balance Sheet Summary (TLm)	31.12.18	31.12.19	IFRS 16 Impact	31.12.19
		Before IFRS 16		After IFRS 16
Cash & cash equivalents	354,1	431,3		431,3
Trade receivables	69,5	74,4		74,4
Inventories	872,5	1.329,7		1.329,7
Other current assets	19,2	27,3	(2,3)	25,0
Total Current Assets	1.315,3	1.862,7	(2,3)	1.860,4
Property & equipment	977,6	1.100,7		1.100,7
Intangible assets	684,7	685,3		685,3
Other non-current assets	284,3	209,3	1.852,0	2.061,4
Non-Current Assets	1.946,6	1.995,3	1.852,0	3.847,4
Total Assets	3.261,9	3.858,1	1.849,7	5.707,8

*2018 figures are not adjusted for IFRS 16

Balance Sheet (Liabilities and Equity)



Consolidated Balance Sheet Summary (TLm)	31.12.18	31.12.19	IFRS 16 Impact	31.12.19
		Before IFRS 16		After IFRS 16
Short term financial liabilities	177,4	75,5		75,5
Trade payables	2.484,5	3.395,1		3.395,1
Other current payables	183,2	218,6	601,1	819,7
Total Current Liabilities	2.845,1	3.689,2	601,1	4.290,3
Total Non Current Liabilities	153,8	78,8	1.365,5	1.444,4
Shareholder's equity	261,8	88,5	(116,8)	(28,3)
Non-controlling interests	1,2	1,6	(0,1)	1,5
Total Equity	263,0	90,1	(116,9)	(26,9)
Total Liabilities and Equity	3.261,9	3.858,1	1.849,7	5.707,8

*2018 figures are not adjusted for IFRS 16

Cash Flow



Cash Flow (MTL)	12M 2018	12M 2019 Before IFRS 16	IFRS 16 Impact	12M 2019 After IFRS 16
Profit/(loss) from continued operations	67,6	(181,4)	(116,9)	(298,3)
Adjustments related to reconciliation of net profit / (loss) for the period	143,1	465,5	778,7	1.244,2
Cash generated by / (used in) operations before changes in working capital	210,7	284,1	661,8	945,9
Changes in working capital :	309,6	467,1	2,3	469,4
Cash used in operations	520,3	751,2	664,1	1.415,3
Taxes, Payments for lawsuits, retirement benefits and unused vacs. etc.	(27,8)	(27,2)	-	(27,2)
A- Net cash generated by operating activities:	492,5	723,9	664,1	1.388,0
Purchases of property and equipment	(324,2)	(343,8)	-	(343,8)
Purchases of intangible assets	(12,7)	(9,4)	-	(9,4)
Free Cash Flow*	155,6	370,7	664,1	1.034,8
Other	19,1	12,3	(0,8)	11,4
B-Net cash used in investing activities	(317,8)	(341,0)	(0,8)	(341,8)
C-Net cash (used in) / generated from financing activi	87,9	(305,8)	(663,3)	(969,0)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	262,5	77,2	0,0	77,2
Cash flows of discontinued operation	(0,5)	-	-	-
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	92,1	354,1	-	354,1
E.CASH AND CASH EQUIVALENTS AT THE END OF THE	354,1	431,3	0,0	431,3

Q&A



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