

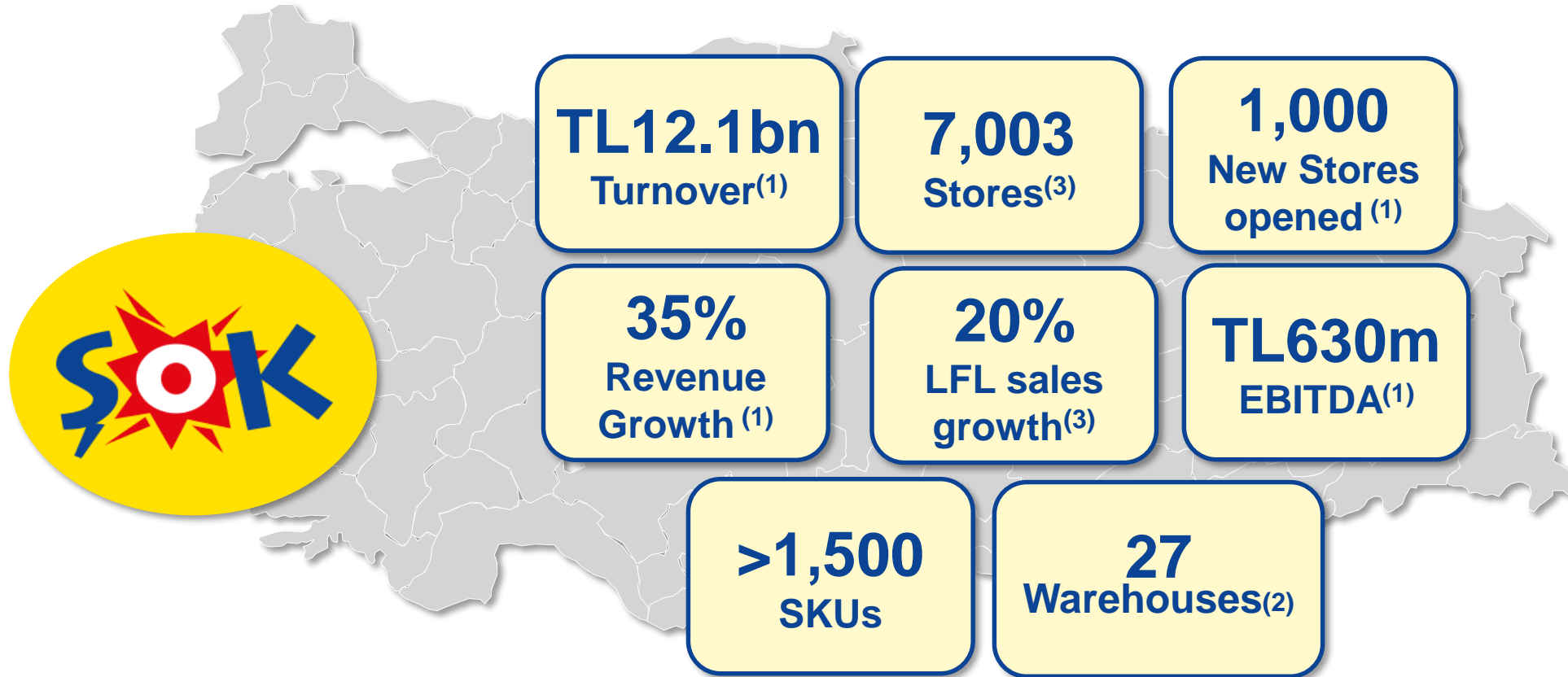


The Fresh Winner in Discount Retail

YILDIZ ★ HOLDING



We are the fastest growing grocery retailer in Turkey



Source: Management information.

(1) As of FY2018A.

(2) As of 30 September 2019

(3) inc. 278 Şok Mini Stores as of 30 September 2019

(4) Şok stores only. Like-for-like sales for FY2018 calculated on the basis of daily net sales generated in 2018 by stores operating on 31 Dec 2016 and that were still open on 31 Dec 2018.

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

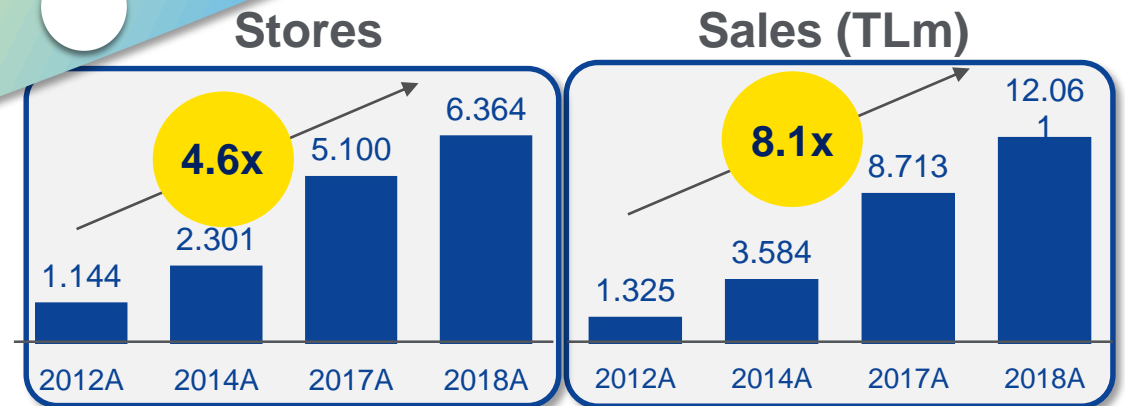
- c.2,700 stores transformed in 2016 and 2017
- Strong store opening of c.1,000 stores p.a.
- Şok became fastest growing retailer in the market

Phase IV: 2018- ...

Post IPO Period

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

Acquisition of Şok from Migros -2011



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

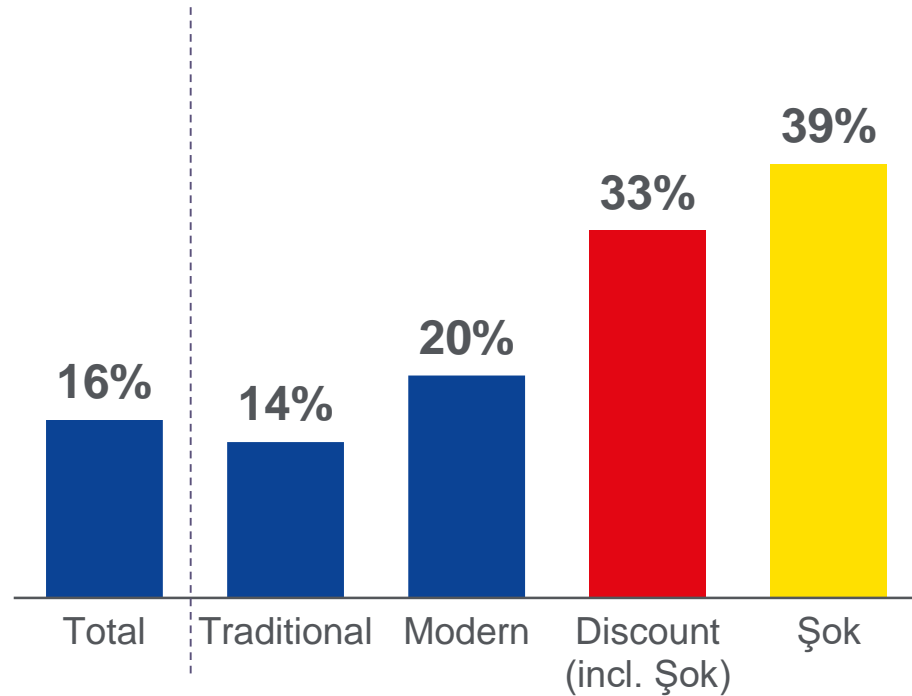
Significant Profitable Growth Opportunity



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



Grocery Market Growth in Turkey



Modern channel is taking share

Discount is the winning format with highest share gains

Discount satisfying consumer demands of proximity and price

Source: 2016-18A Nielsen for Traditional, Modern & Discount growth rate (CAGR), Management information for Şok growth rate.

Increasing Modern Penetration with Continued Momentum



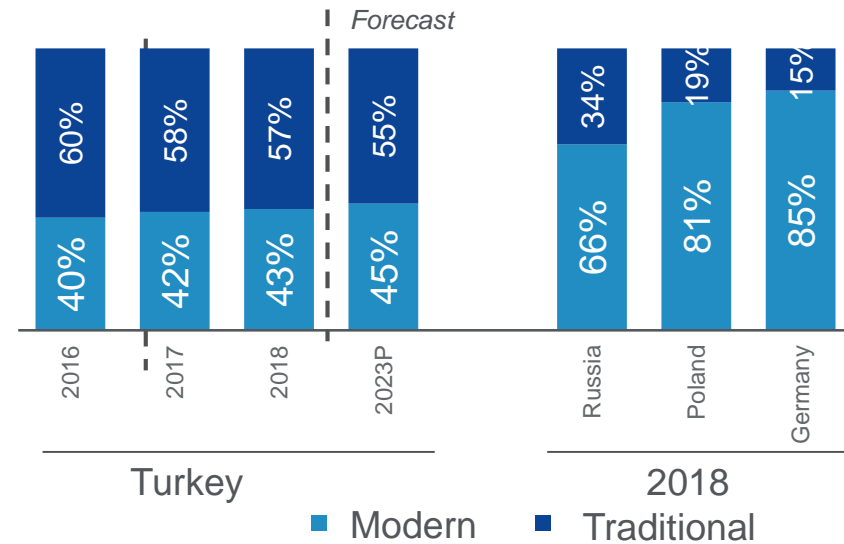
Wave of Change in Turkey

Evolution of Store # by Channel ('000)



Turkey Behind Other European Markets

Share of Grocery Market (value)



Large base of traditional stores still exists

Modern penetration significantly lower than other markets

Fragmented Market - Major Market Share Opportunity



(As of 2018)	Modern Channel			Traditional Channel
	Supermarket National Players	Supermarket Local Players	Discounters	Mom & Pop's / Others
Number of Players ⁽¹⁾	2	c.400	3	c.164,994
Number of Stores ⁽¹⁾	2,394	9,496	21,250	c.164,994
Total Selling Area ('000 sqm) ⁽¹⁾	2,388	6,448	5,053	7,068
Average Store Size (sqm) ⁽¹⁾⁽²⁾	c.1,000	c.680	c.240	c.45
Revenue Growth 2016-2018	24%	2%	33%	14%
Market Share ⁽¹⁾	8%	16%	19%	57%
Market Share Change 2016-2018	1.6%	(3.1%)	4.3%	(2.9%)

Source: Nielsen

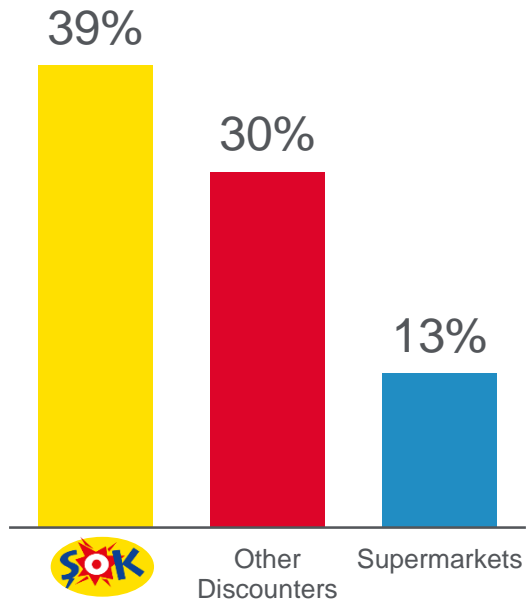
(1) Data as of 2018.

(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.

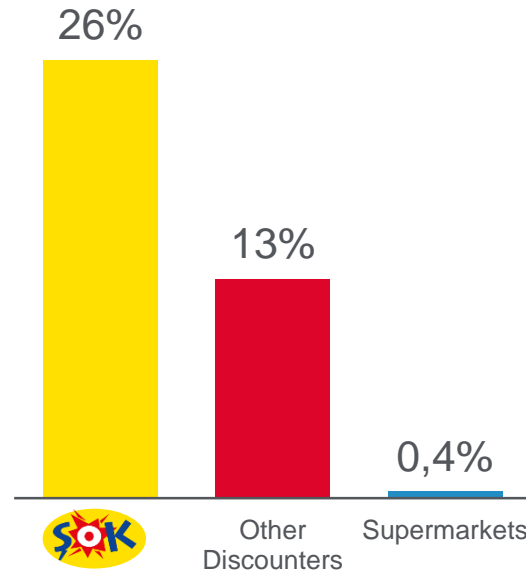
Şok is Already Best-in-Class

Market Evolution

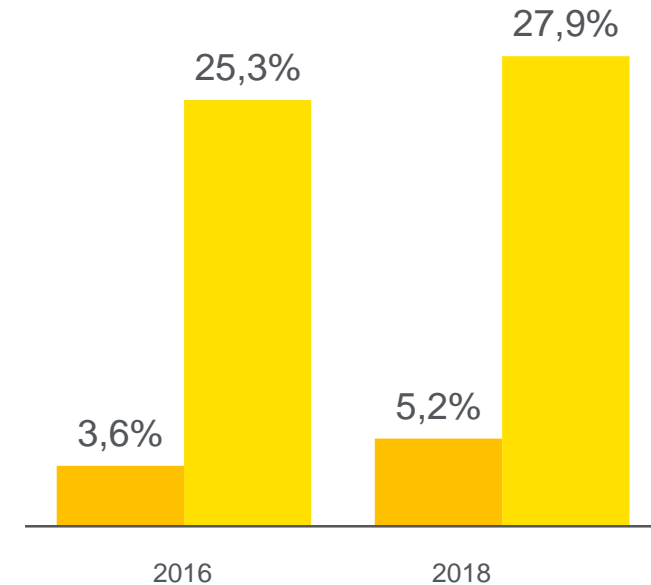
Revenue Growth
'16-'18A (CAGR)



of Stores Growth
'16-'18A (CAGR)



Şok's Market Share
'16-'18A⁽¹⁾



■ Total Grocery Market Share
■ Discount Market Share

We created the most relevant consumer offering



Proximity

Experts in convenient small-box format



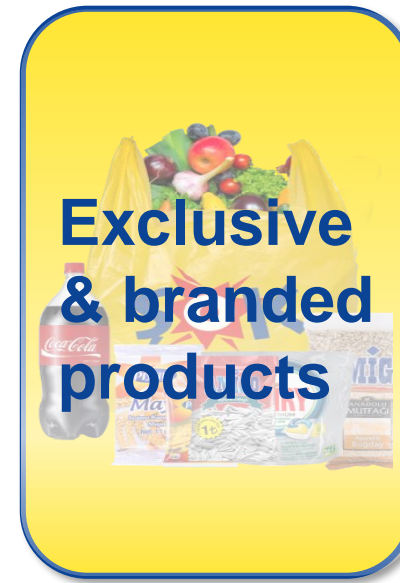
Price

Competitive everyday low prices and effective promotions



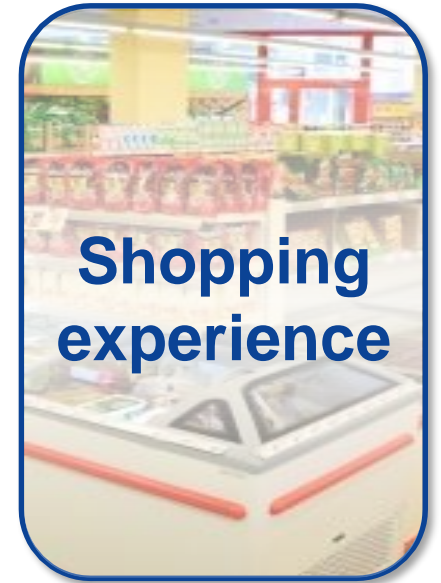
Choice

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

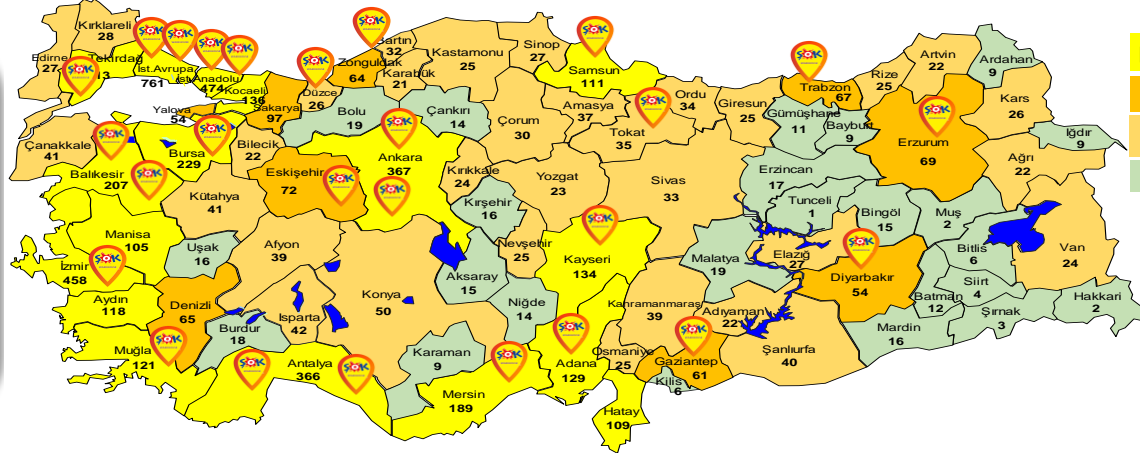
Carefully engineered, enjoyable atmosphere, easy shopping experience



Convenient neighborhood locations in every city

National store footprint conveniently located in your neighbourhood

7,003⁽¹⁾ stores across every city in Turkey



Proximity

Small-box format maximizing options for site locations

Avg. size: 220sqm⁽²⁾



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



Competitive everyday low prices and effective promotions

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	✓	✓	✓

Most relevant product choice

Broad Portfolio of SKUs Covering More Customer Needs

of core SKUs (December 2018)

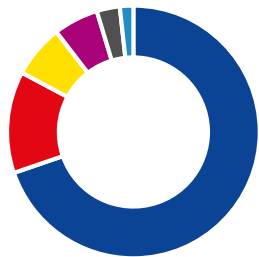


National or Exclusive Brand Choice for Almost Every Customer Need



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

% of FY2018A Şok Store sales



- 70% Grocery
- 13% Tobacco
- 6% Non-food spot items
- 7% Fruit & Vegetables (Fresh)
- 3% Personal care
- 1% Other



Fresh



Personal Care



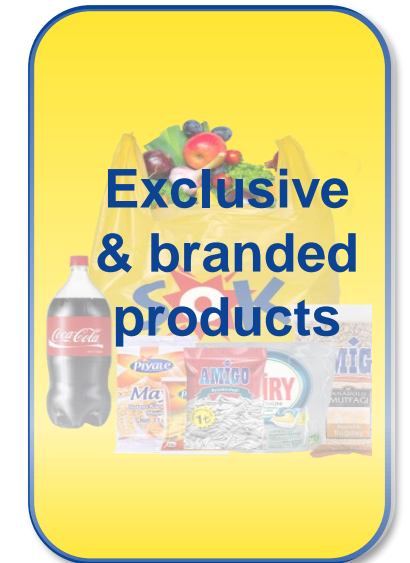
Tobacco

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	44% (vs. 27% for Discount Competitor 1)	29%
# brands	240	46
# SKUs	884 (vs. 194 for Discount Competitor 1)	466
Examples	Food 	Beverage
	Personal care 	Home Care
	Heritage Brands 	
	Other Brands 	
	selling #1 brand for almost every category available	We price our well-known heritage brands at same level as competitors' own brands



Exclusive & branded products

Unrivalled choice of national brands and heritage exclusive brands among discounters

Easy Shopping Experience

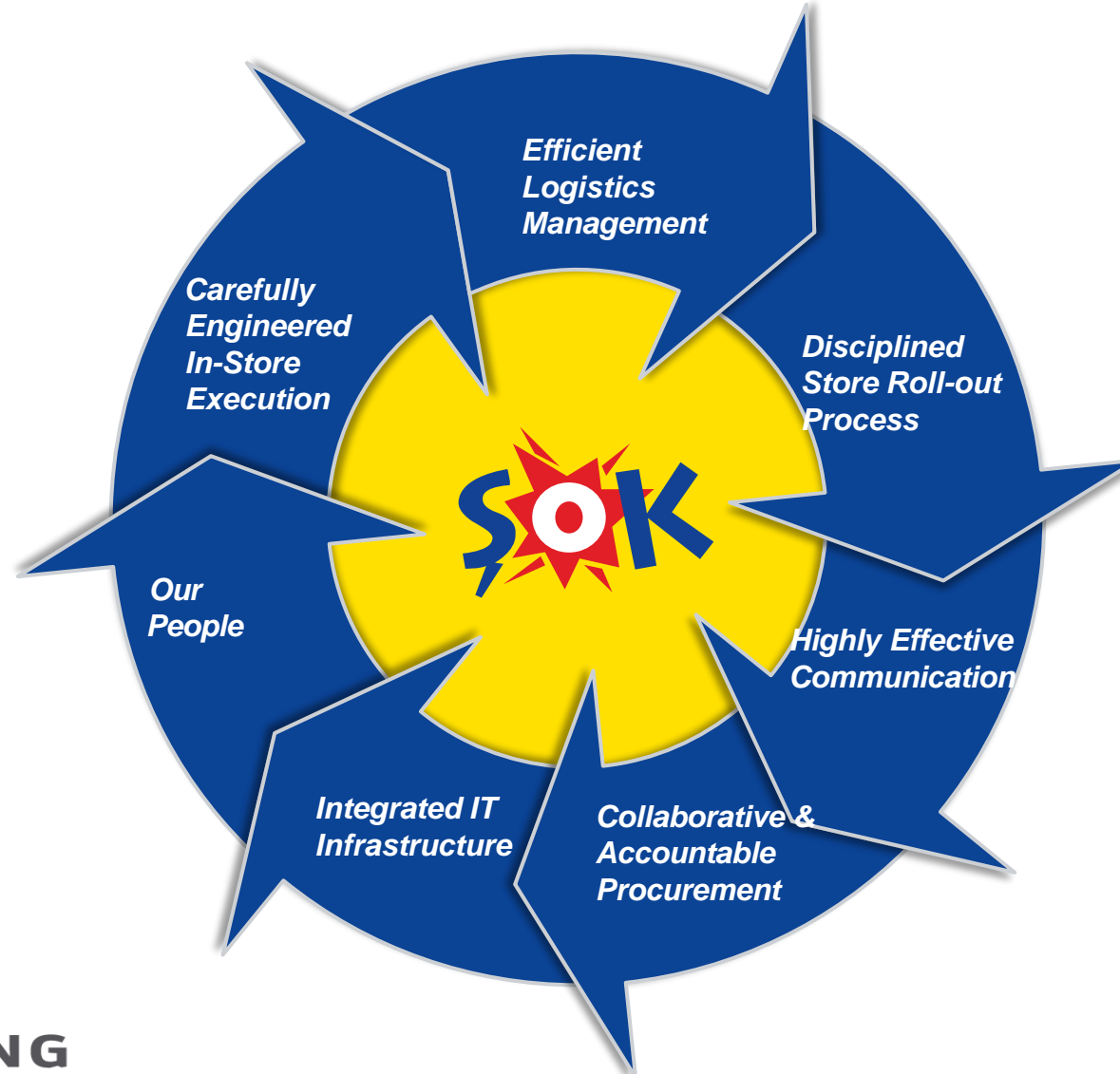


Differentiated consumer offering reflected in excellent Mystery Shopper score of 87⁽¹⁾

Conclusion: Şok's offering is ahead of competitors

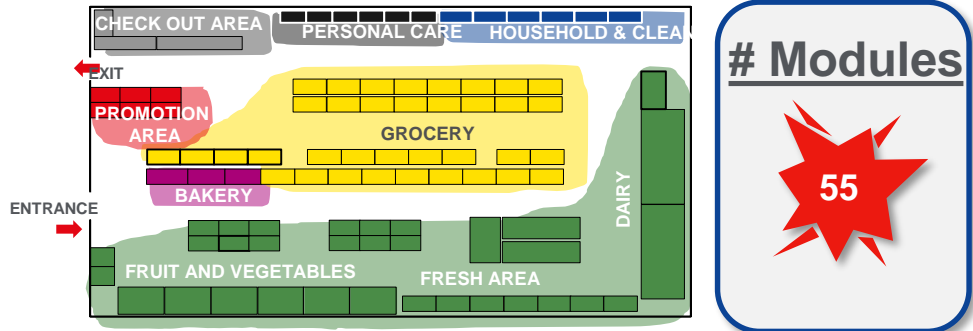


	Hard Discounters	Hypermarkets & Supermarkets		
 Proximity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Experts in convenient small-box format
 Price	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Competitive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



Harmonised layout to maximize sales and efficiency

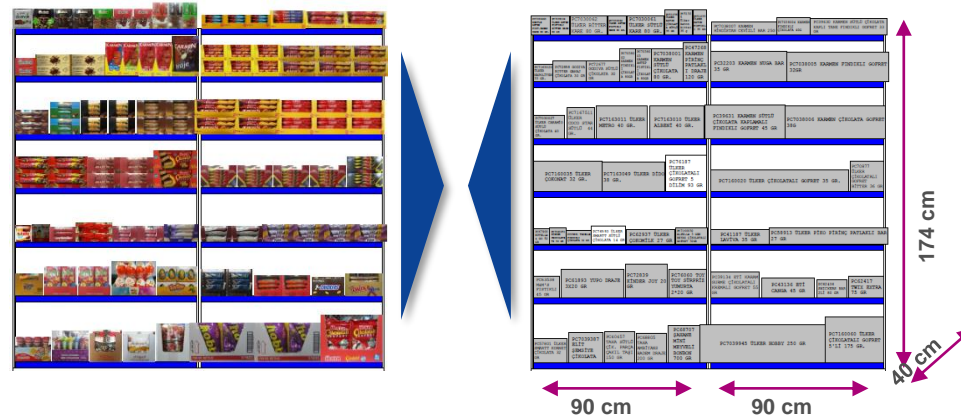
Standardised Modular Layout



Optimised Shelving and Packaging



Planogram Layout



Harmonised layout supports rapid roll-out

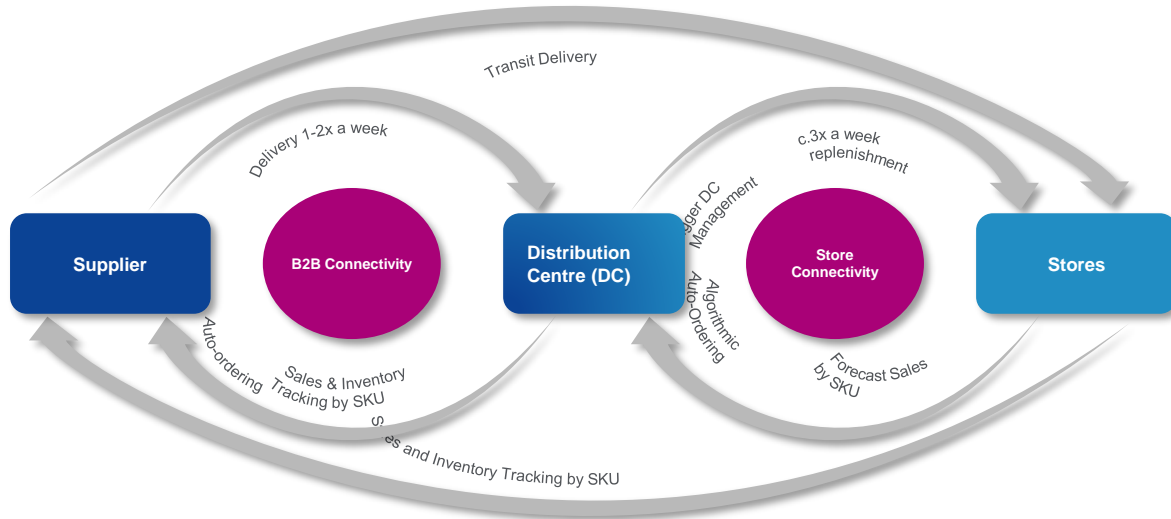
Shelving carefully engineered to maximise offering

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

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

Integrated supply chain management

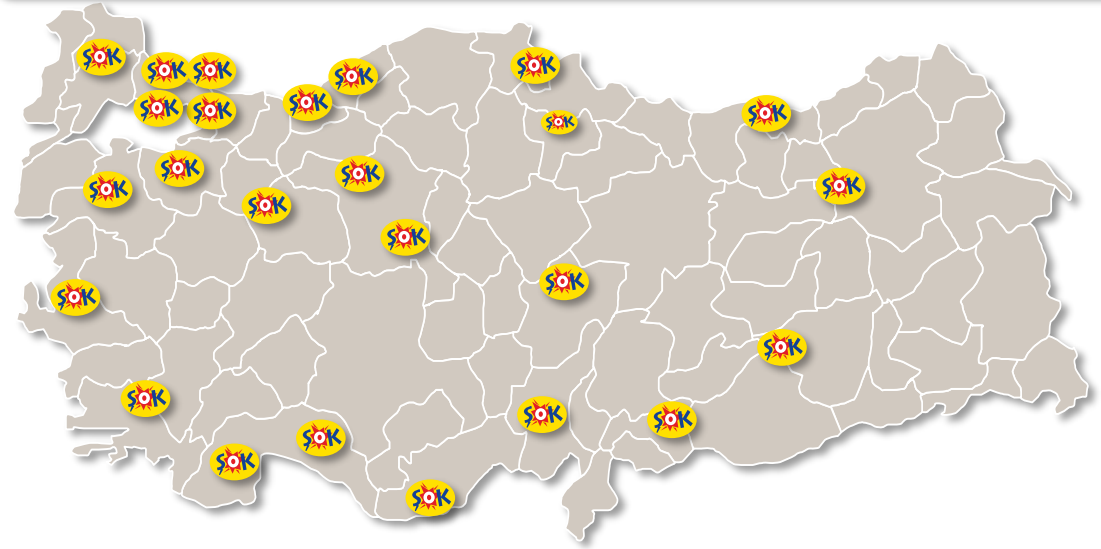
Fully Integrated Logistics Management



Over 500 suppliers connected via B2B reporting

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

Business Model Oriented Distribution Centre Management



33 branches supplied by 27 distribution centres⁽¹⁾; all rented

Vertical stacks for demand growth / storage

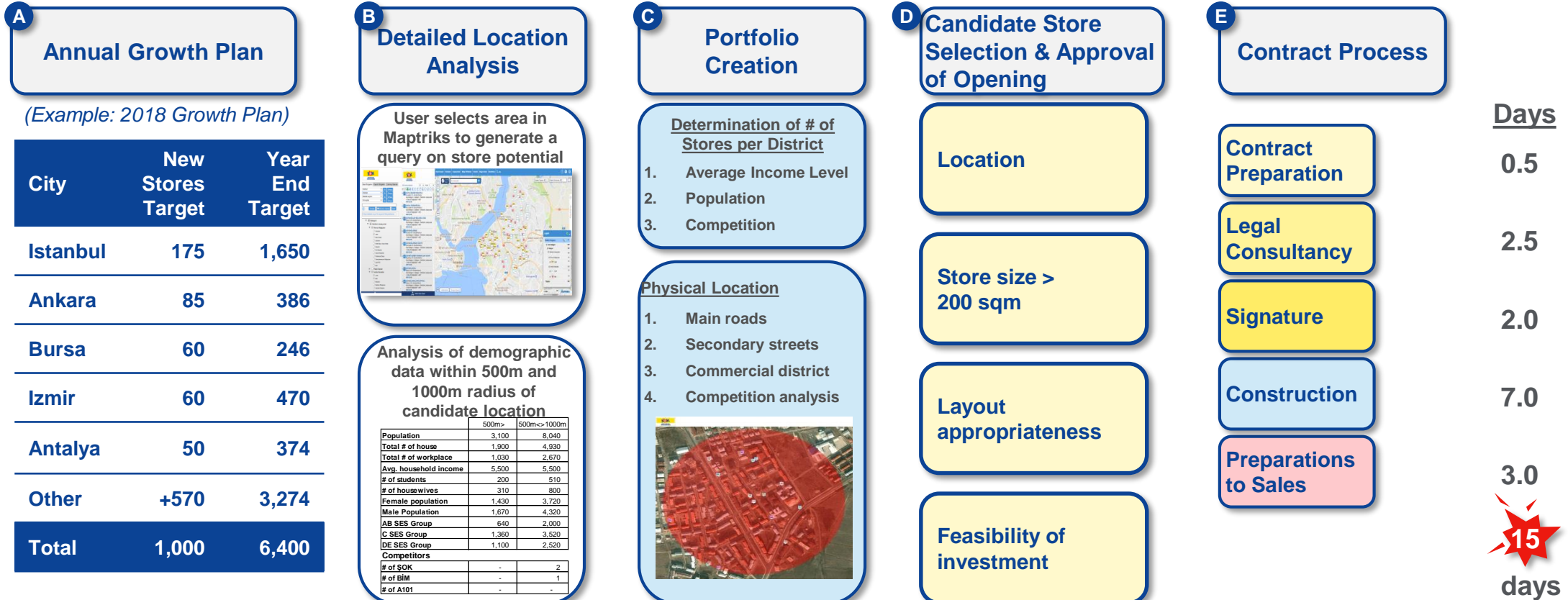
Average 260 stores per distribution centre⁽¹⁾

Discount Competitor 1: 120

Source: Management Information.
(1) As of 30 September 2019.

Highly disciplined store selection & opening process

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

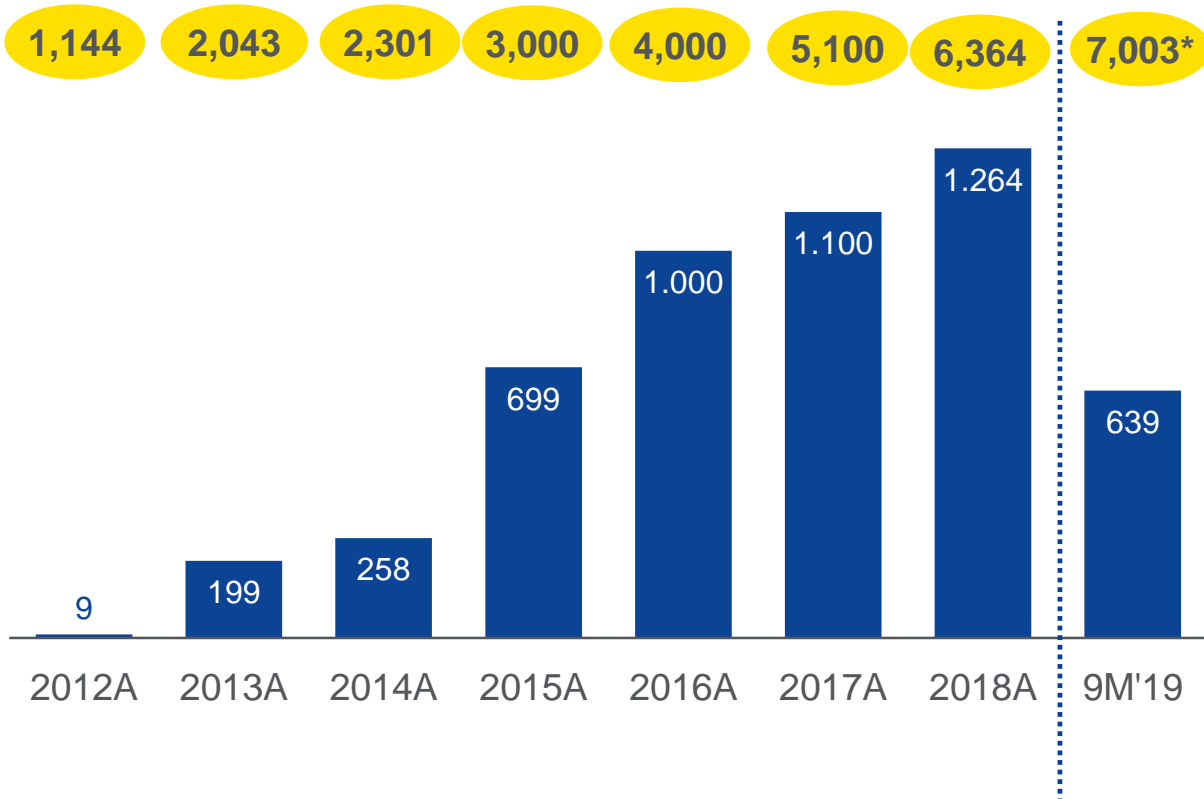


Avg. of c.3 stores opened per day since 2015



Track record of successful roll-out

Şok Net Stores Opened



● Total Number of Stores *278 Şok Mini Stores

Average TL 286k per new store, If closed, c.80% of CAPEX is recoverable and can be transferred to another store

TL 5 million average CAPEX per new warehouse

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

Key drivers of growth



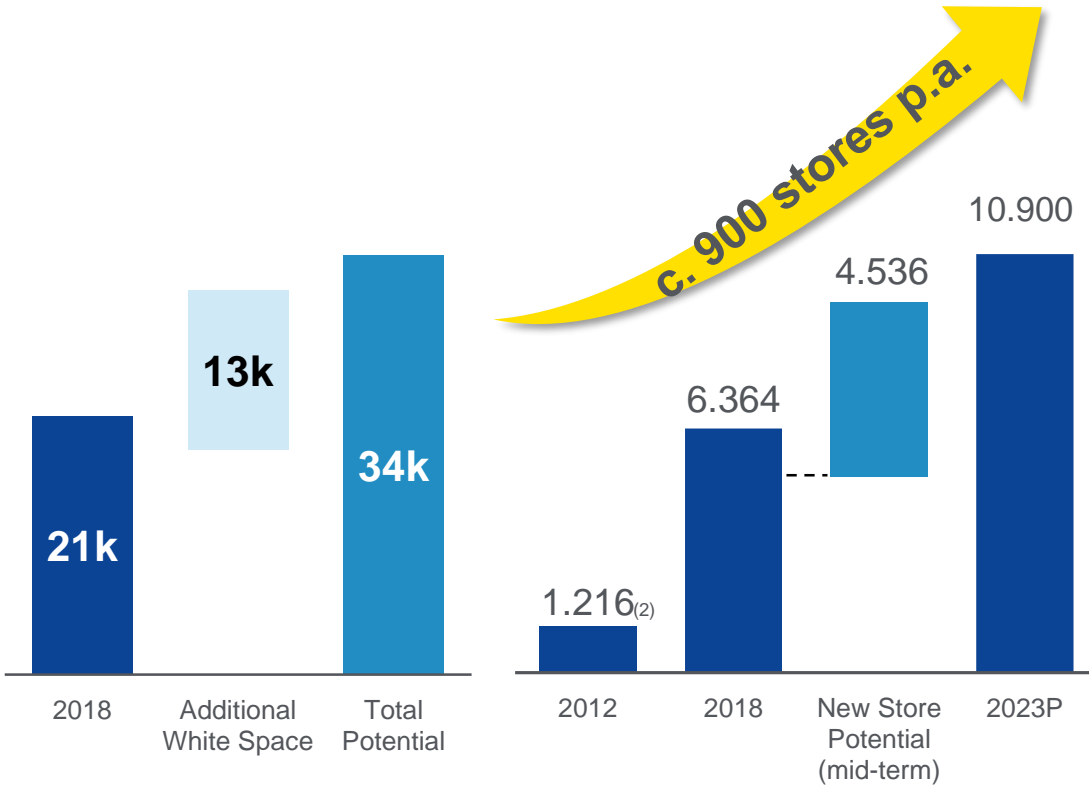
Source: Management Information.

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 4.5k stores by 2023, supported by independent commercial consultant

Source: MK Novo Analysis.

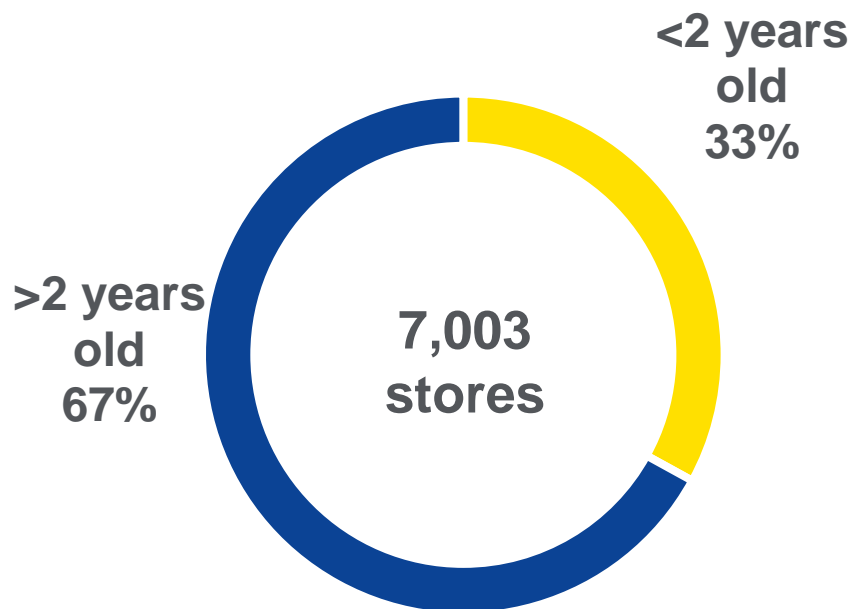
- (1) Market potential for number of stores is not a time bound calculation. This approach, sourced from MK Novo analysis, is used for estimating the full potential that the market can reach by region based on various benchmarks.
- (2) As per MK Novo.

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



**Increased
penetration in
Istanbul**

Acquired UCZ Mağazacılık A.Ş in Dec-17

278 Şok Mini stores as of 30 September 2019

Average store size: 85sqm with 1,435 SKUs



Financial Highlights



Continuing growth story



Q3'19

**7.003
Stores⁽³⁾**

9M'19

TL 4,3 bn
Net Sales

32,2%
Net Sales Growth

16,9%
LFL Sales ⁽¹⁾
Growth Per Store

TL 11,8 bn
Net Sales

35,7%
Net Sales Growth

19,9%
LFL Sales ⁽¹⁾
Growth Per Store

Including IFRS 16
TL 422,8m
EBITDA
9,8%
EBITDA Margin

Excluding IFRS 16
TL 254,2m
EBITDA
5,9%
EBITDA Margin

159
New Şok Stores

Including IFRS 16
TL 1.100,2m
EBITDA
9,3%
EBITDA Margin

Excluding IFRS 16
TL 612,3m
EBITDA
5,2%
EBITDA Margin

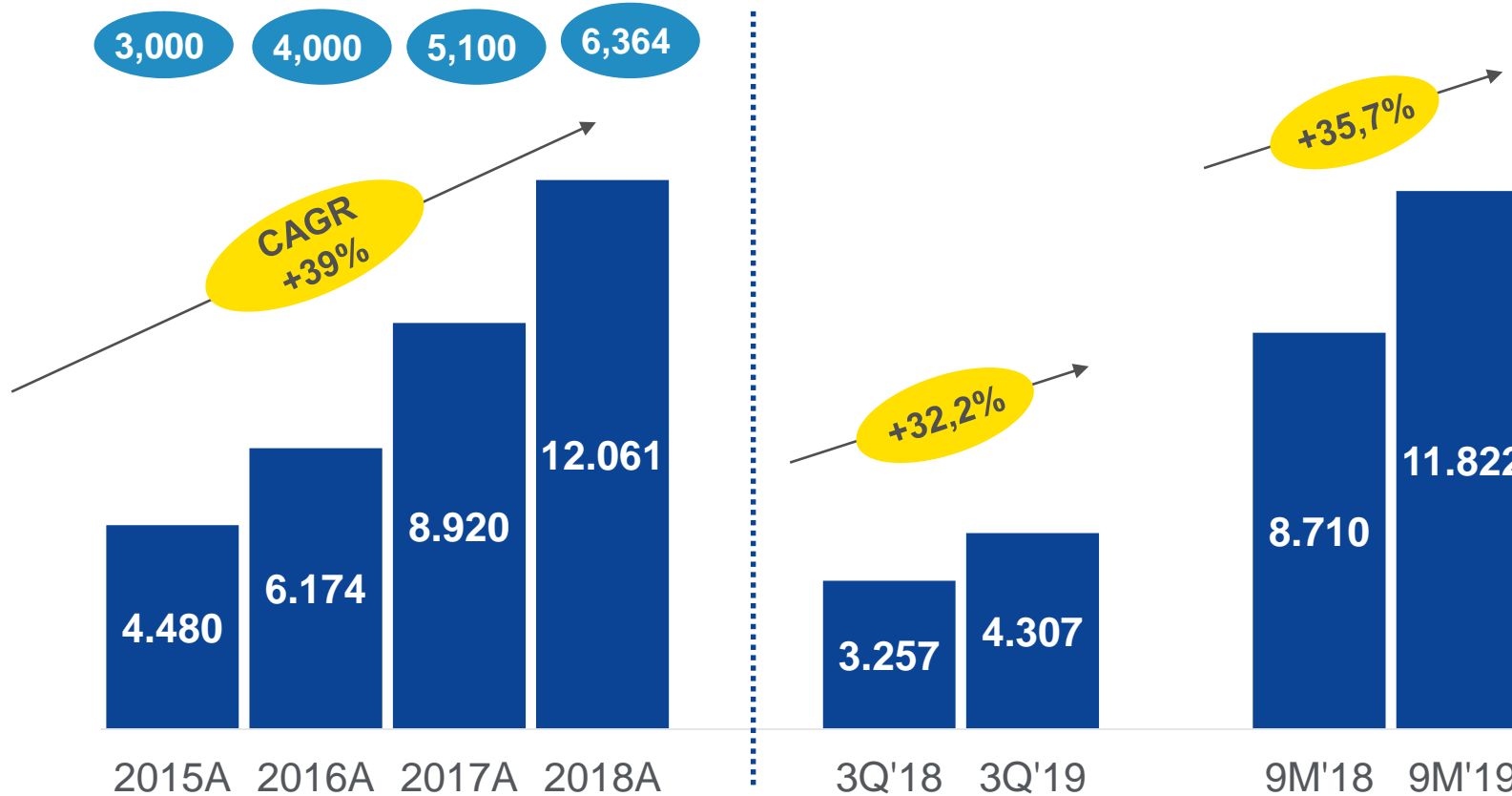
639
New Şok Stores⁽²⁾
1
New Warehouse

- (1) LFL sales for 30 September 2019 calculated on the basis of daily net sales generated in 2019 by stores operating on 30 September 2017 and that were still open on 30 September 2019.
 (2) Net ŞOK Store openings including 14 Şok Mini stores.
 (3) 7.003 stores including 278 Şok Mini stores.

Strong track record of revenue growth

Revenue Evolution

(TL in millions)



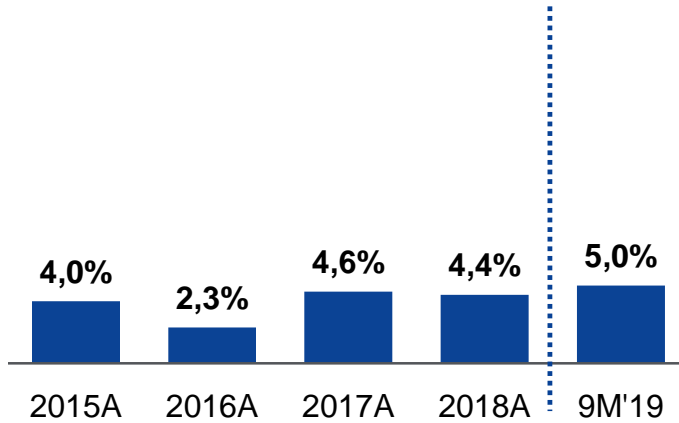
Fastest growing Turkish grocery retailer

Sustainable LFL growth



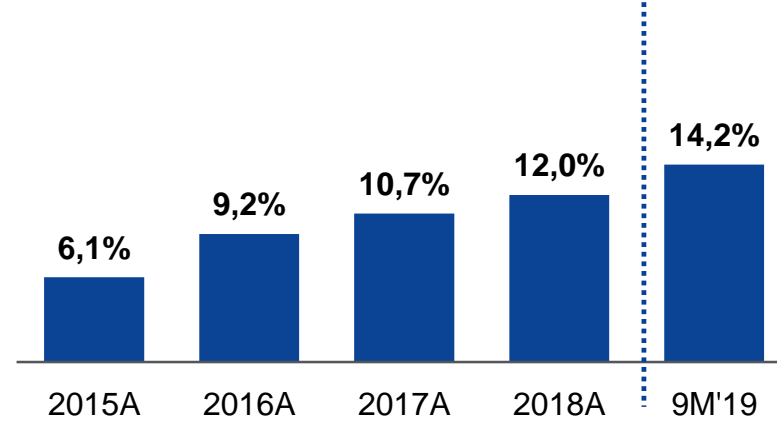
LFL Number of Tickets Growth

YoY, growth



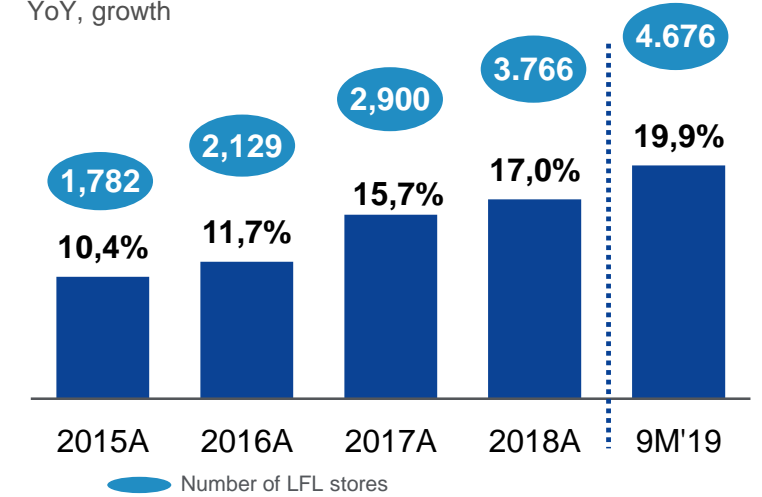
LFL Basket Size Growth

YoY, growth



Like-for-Like Growth

YoY, growth



Refurbished stores, SKU count, convenience driving traffic

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

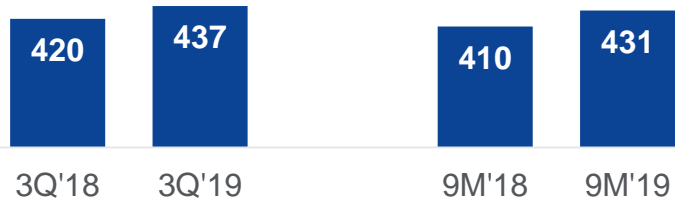
Basket driven by availability of fresh produce and effective promotions

4.676 LFL stores as of September 2019

Continuing growth in LFL Store Sales

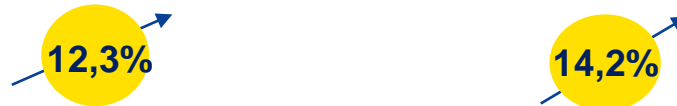


LFL Number of Tickets Growth



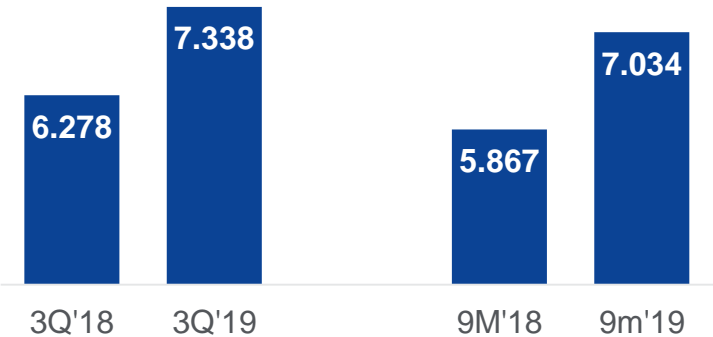
LFL Basket Size Growth

(TL)



Like-for-Like Growth

(TL)

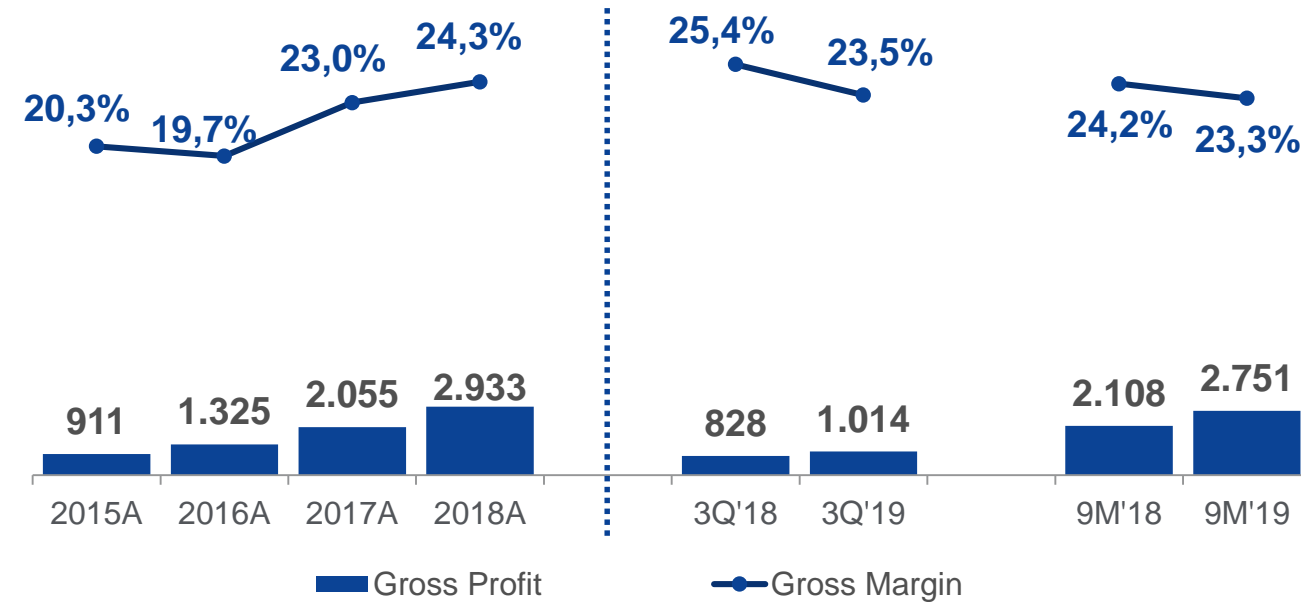




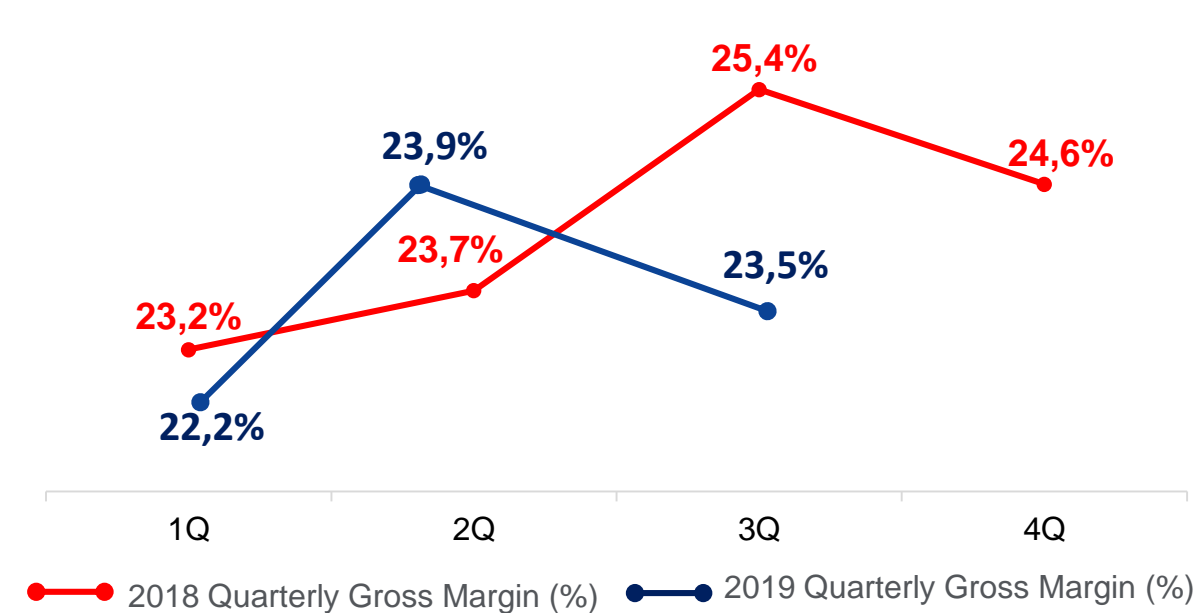
Efficiency and Scale Underpinning Margin Improvement

Evolution of Gross Margin

(TL in millions)



Gross Margin Evolution



Improvement in gross margins driven by economies of scale

Use of exclusive brands creating additional bargaining power

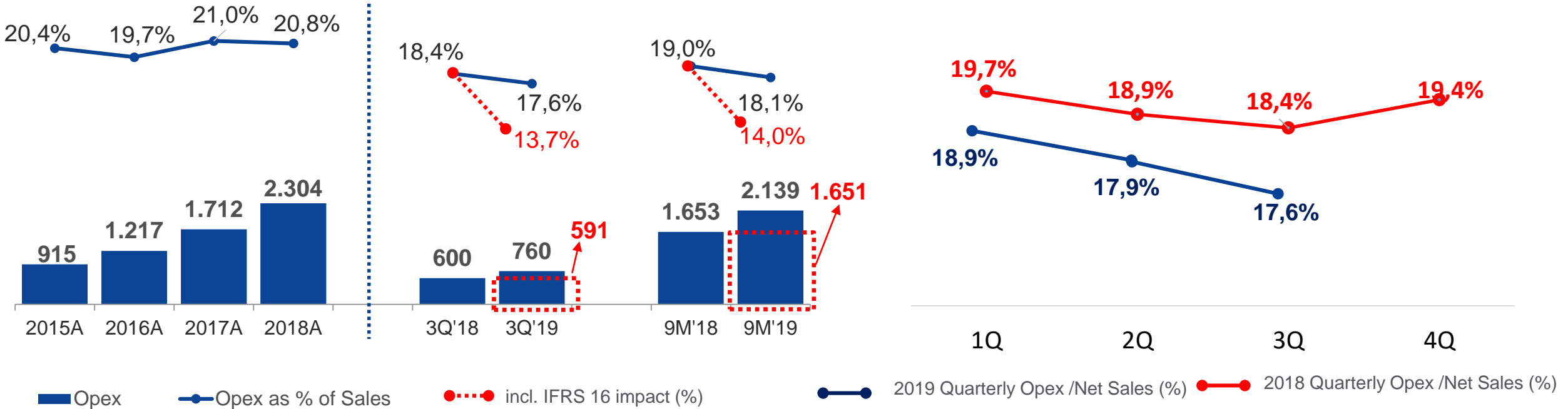
Successful cost management & Increasing Operating Leverage



Operating Expenses (excl. Amort.& Dep.)

Opex/Sales Evolution

(TL in millions)



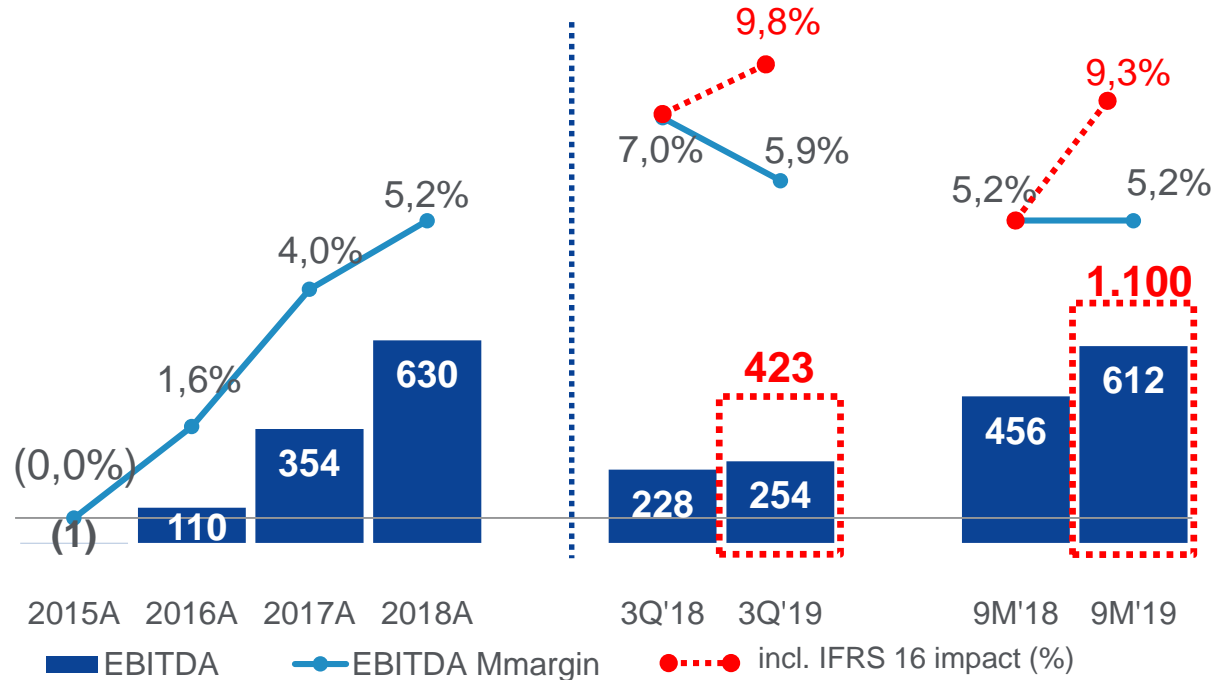
Centralised executive management for SG&A cost management

Cost-centric approach to personnel, transportation and rent

EBITDA Margin & rationalization of SG&A

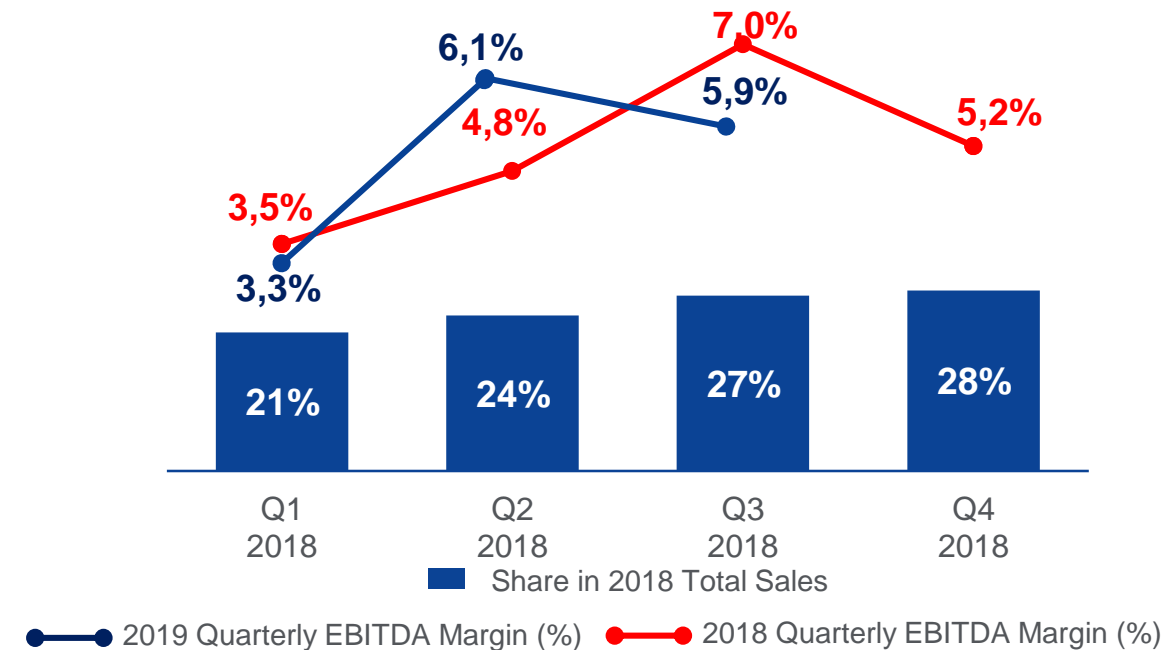
EBITDA

(TL in millions)



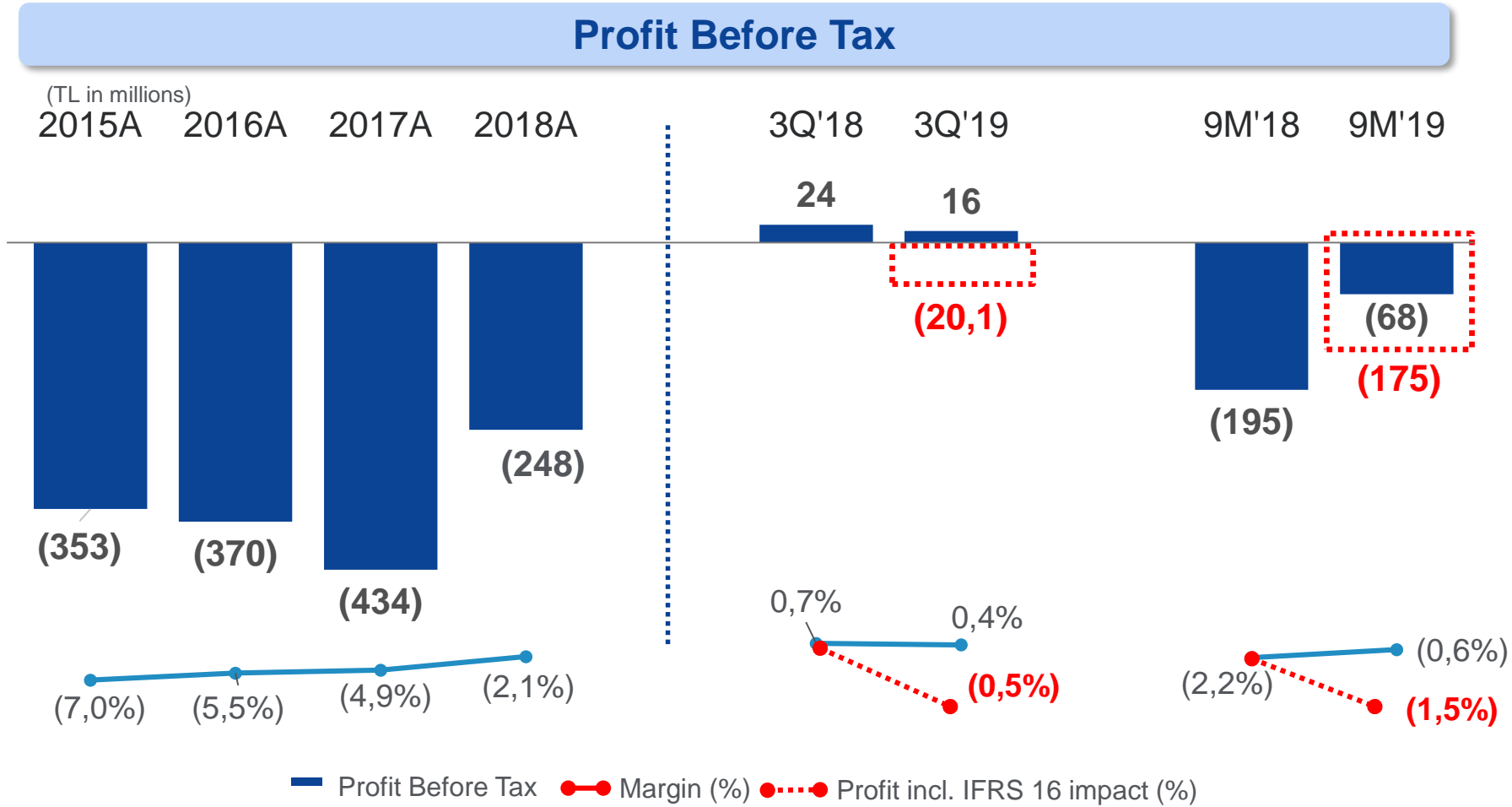
From Breakeven in 2015, c.500 bps Improvement in EBITDA

Revenue Distribution & EBITDA Evolution



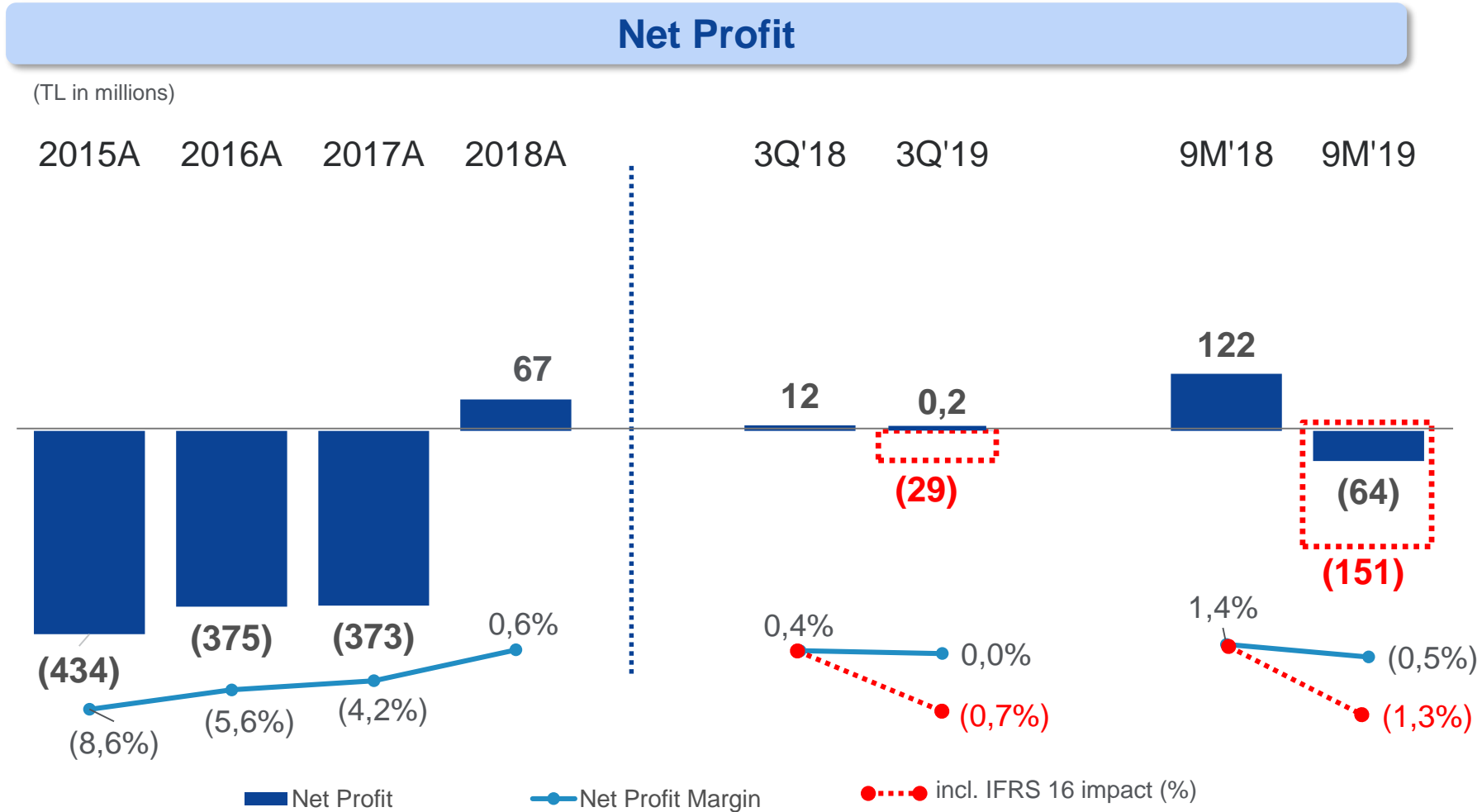
Improvement driven by procurement scale and operational discipline

Profitability improvement (TLm)

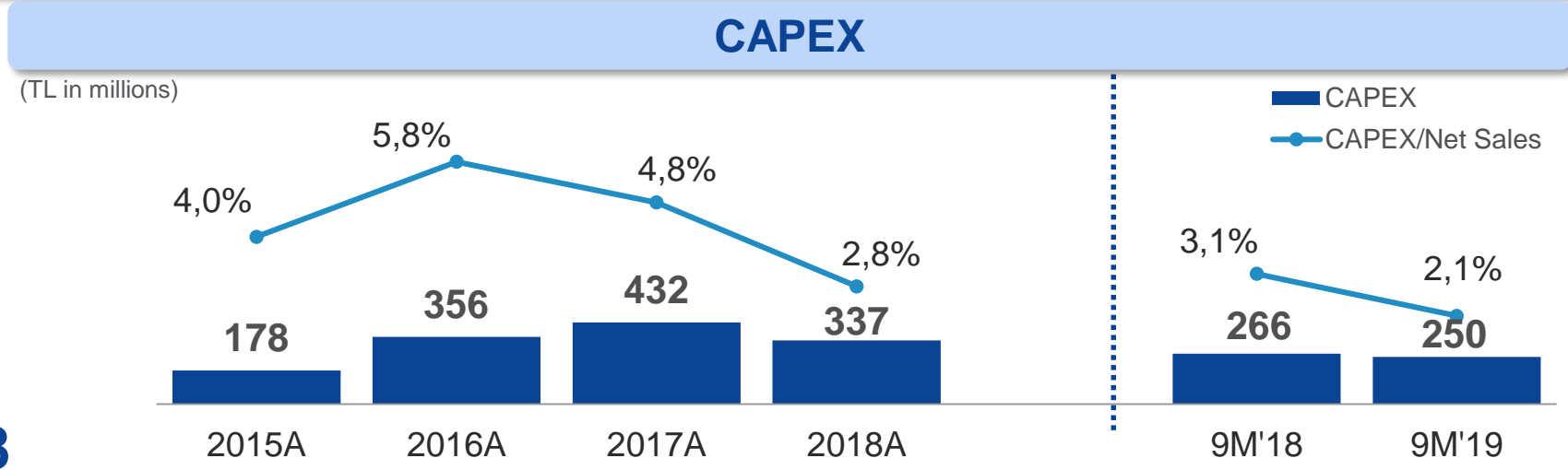


* 2018 figures are not adjusted for IFRS 16

Strong bottom-line recovery

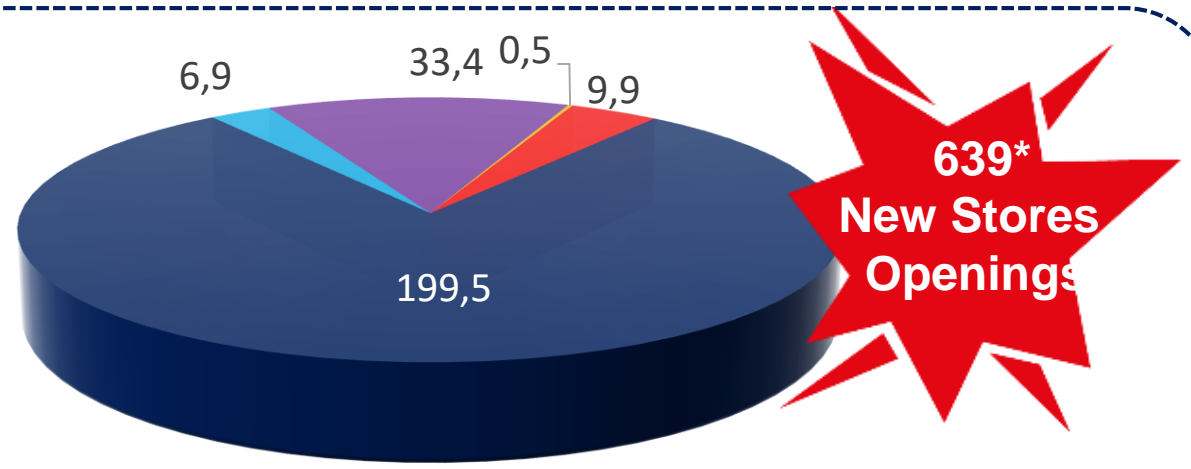
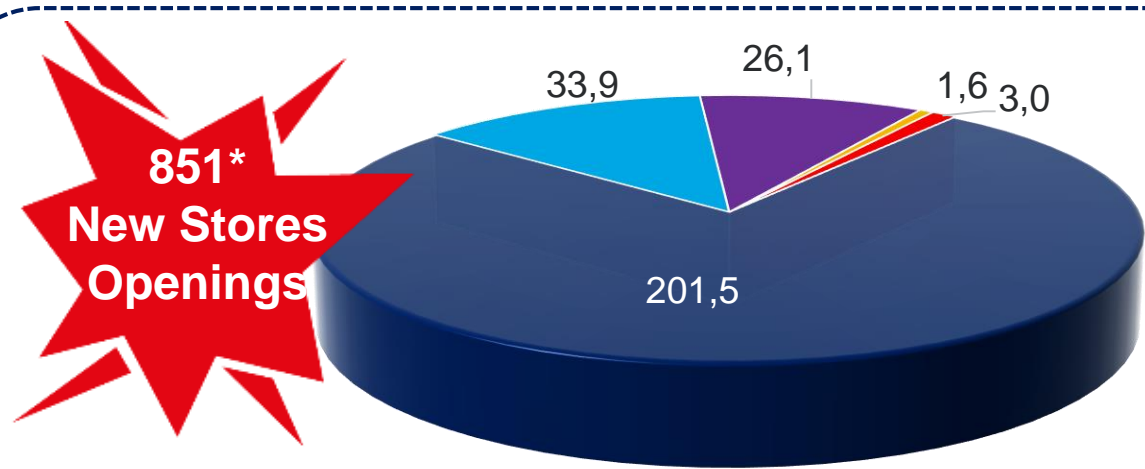


Effective CAPEX Management



9M'18

9M'19

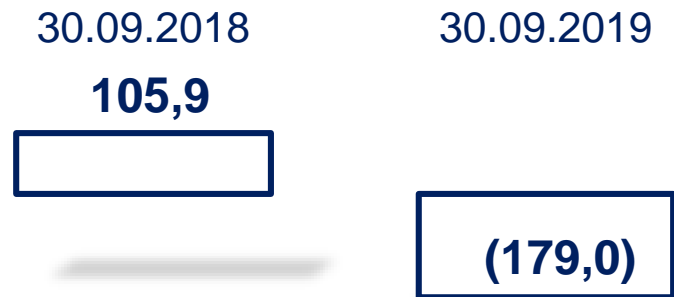


■ New Stores
 ■ New Stores (Şok Mini)
 ■ Maintenance
 ■ HQ
 ■ Warehouse

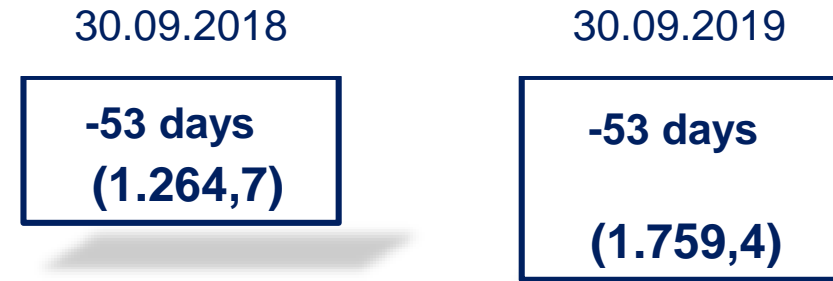
Strong Balance Sheet



Net Debt/ (Cash) (TLm)

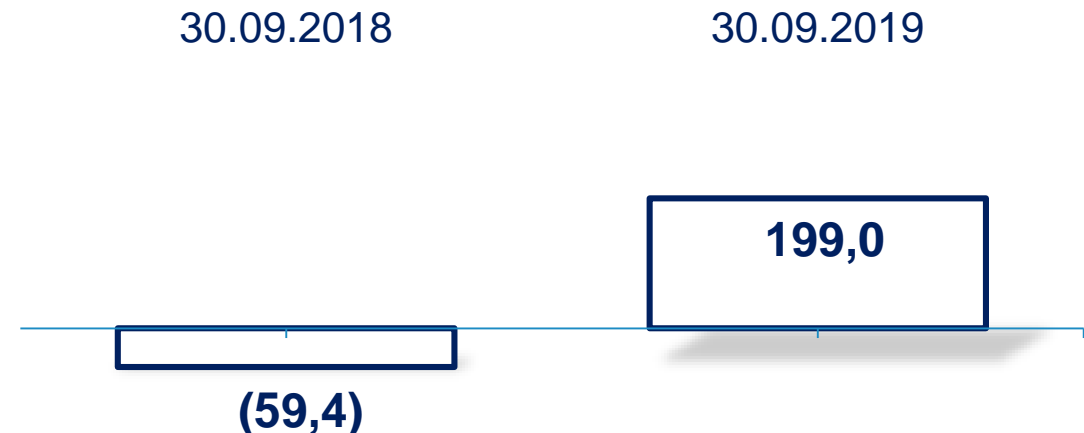


Net Working Capital (TLm)



TLm	30.09.2018	30.09.2019
Short Term Borrowings	76,6	0
Obligations under Financial Lease	234,5	131,9
Total Debt	311,1	131,9
Cash & Cash Equivalents	(205,2)	(310,9)
Net Debt	105,9	(179,0)

Free Cashflow (TLm)*



* Free Cashflow calculated on the basis of cashflow generated before financial activities (before IFRS 16)

Expectations for 2019



New Store Openings

+800



Net Sales

35% (+- 2%)



EBITDA Margin

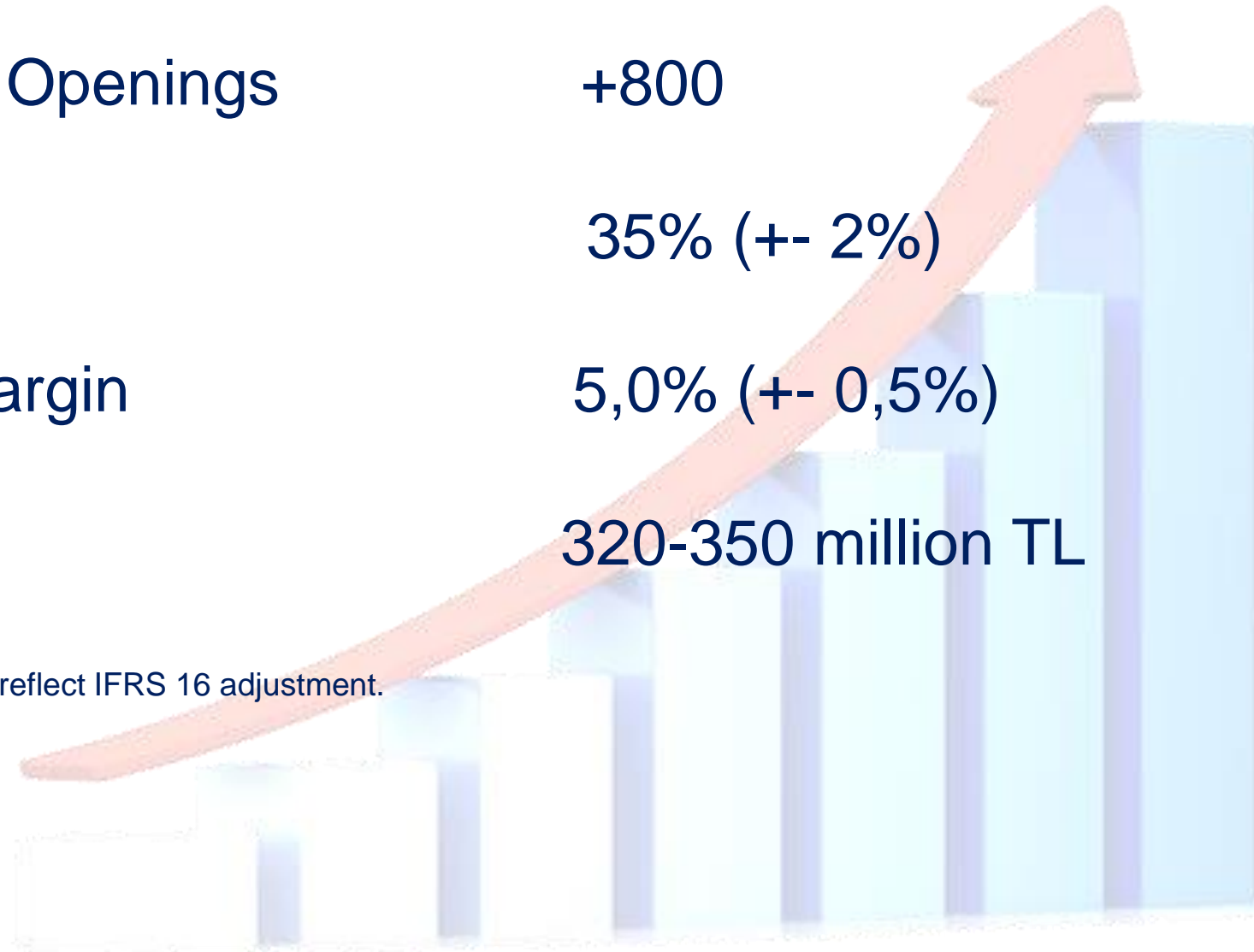
5,0% (+- 0,5%)



CAPEX

320-350 million TL

(*) 2019 EBITDA margin does not reflect IFRS 16 adjustment.



Consolidated Income Statement



Consolidated Income Statement Summary (TLm)	Q3	Q3	Δ (%)	IFRS 16 Impact	Q3	9M	9M	Δ (%)	IFRS 16 Impact	9M
	2018	2019 Before IFRS 16			2019 After IFRS 16		2018			2019 Before IFRS 16
Net Sales	3.256,8	4.306,6	32,2%	-	4.306,6	8.710,2	11.821,8	35,7%	-	11.821,8
Gross Profit	828,0	1.014,1	22,5%	-	1.014,1	2.108,1	2.750,8	30,5%	-	2.750,8
Gross Profit %	25,4%	23,5%	-1,9 Ppt	-	23,5%	24,2%	23,3%	-0,9 Ppt	-	23,3%
Marketing, selling & GA expenses (-)	(651,7)	(816,6)	25,3%	69,5	(747,1)	(1.800,7)	(2.303,3)	27,9%	202,8	(2.100,4)
Amortisation	(51,8)	(56,7)	9,5%	(99,2)	(155,8)	(148,2)	(164,8)	11,2%	(285,1)	(449,9)
Marketing, selling & GA expenses (-) (Excl Amortisation)	(599,9)	(759,9)	26,7%	168,7	(591,3)	(1.652,6)	(2.138,5)	29,4%	487,9	(1.650,6)
EBITDA	228,1	254,2	11,4%	168,7	422,8	455,5	612,3	34,4%	487,9	1.100,2
EBITDA %	7,0%	5,9%	-1,1 Ppt	3,9%	9,8%	5,2%	5,2%	-0,1 Ppt	4,1%	9,3%
Profit / (Loss) Before Tax	24,0	15,8	-34,2%	(35,9)	(20,1)	(194,6)	(67,7)	65,2%	(107,7)	(175,4)
Net Profit / (Loss) for the Period	11,7	0,2	-97,9%	(28,7)	(28,5)	121,9	(64,3)	-152,8%	(86,2)	(150,5)

*2018 figures are not adjusted for IFRS 16

** 2018 net profit figure includes one off Deferred Tax Income of 313 million TL resulting from carried forward tax losses

Balance Sheet (Assets)



Consolidated Balance Sheet Summary (TLm)	31.12.18	30.09.19		
		Before IFRS 16	IFRS 16 Impact	After IFRS 16
Cash & cash equivalents	354,1	310,9		310,9
Trade receivables	69,5	140,5		140,5
Inventories	872,5	1.091,8		1.091,8
Other current assets	19,2	28,3	(2,6)	25,7
Total Current Assets	1.315,3	1.571,6	(2,6)	1.568,9
Property & equipment	977,6	1.061,3		1.061,3
Intangible assets	684,7	683,2		683,2
Other non-current assets	284,3	294,5	1.696,8	1.991,3
Non-Current Assets	1.946,6	2.039,1	1.696,8	3.735,9
Total Assets	3.261,9	3.610,7	1.694,2	5.304,8

*2018 figures are not adjusted for IFRS 16

Balance Sheet (Liabilities and Equity)



Consolidated Balance Sheet Summary (TLm)	31.12.18	30.09.19	
		Before IFRS 16	After IFRS 16
		IFRS 16 Impact	
Short term financial liabilities	177,4	81,3	81,3
Trade payables	2.484,5	2.991,8	2.991,8
Other current payables	183,2	234,9	774,2
Total Current Liabilities	2.845,1	3.307,9	3.847,2
Total Non Current Liabilities	153,8	94,8	1.335,9
Shareholder's equity	261,8	206,4	120,3
Non-controlling interests	1,2	1,5	1,5
Total Equity	263,0	207,9	121,7
Total Liabilities and Equity	3.261,9	3.610,7	5.304,8

*2018 figures are not adjusted for IFRS 16

Cash Flow

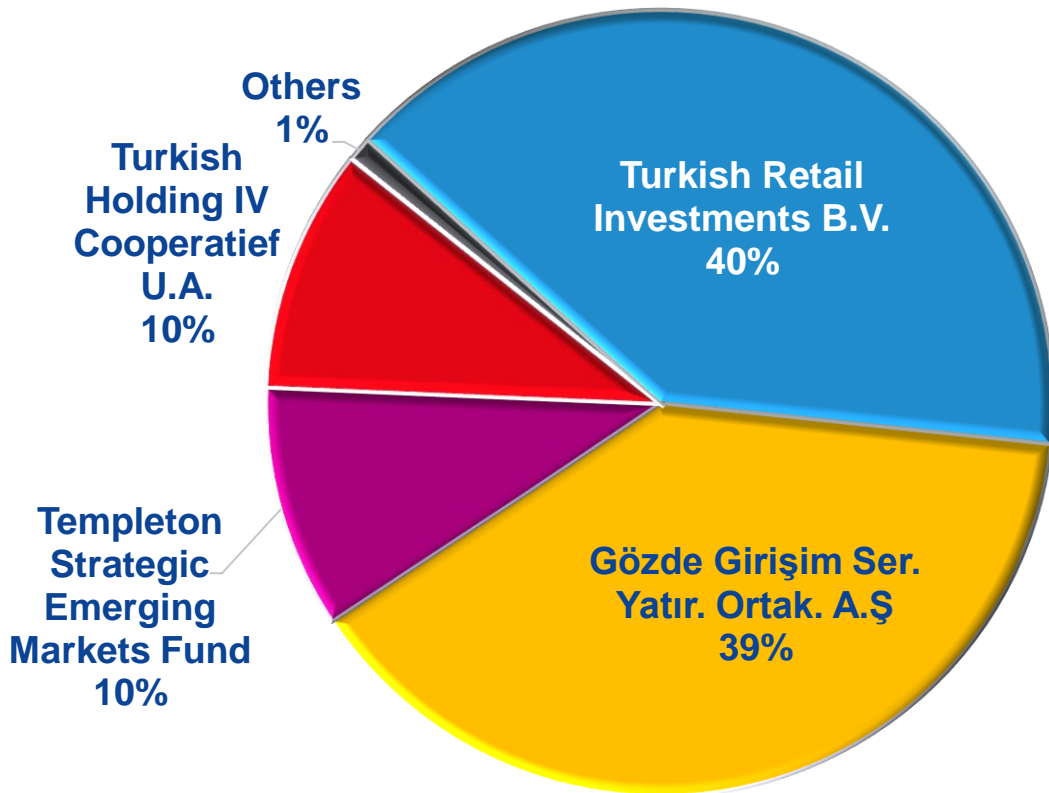


	9M 2018	9M 2019 Before IFRS 16	IFRS 16 Impact	9M 2019 After IFRS 16
Cash Flow (MTL)				
Profit/(loss) from continued operations	122,4	(64,3)	(86,2)	(150,5)
Adjustments related to reconciliation of net profit / (loss) for the period	47,3	266,1	574,1	840,2
Cash generated by / (used in) operations before changes in working capital	169,8	201,8	487,9	689,7
Changes in working capital :	58,3	267,7	2,6	270,3
Cash used in operations	228,1	469,5	490,6	960,1
Taxes, Payments for lawsuits, retirement benefits and unused vacs. etc.	(21,5)	(20,3)	-	(20,3)
A- Net cash generated by operating activities:	206,7	449,1	490,6	939,7
Purchases of property and equipment	(259,8)	(244,5)	-	(244,5)
Purchases of intangible assets	(6,3)	(5,6)	-	(5,6)
Free Cash Flow*	(59,4)	199,0	490,6	689,6
Other	15,8	9,3	-	9,3
B-Net cash used in investing activities	(250,3)	(240,8)	-	(240,8)
C-Net cash (used in) / generated from financing activi	157,3	(251,5)	(490,6)	(742,1)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	113,6	(43,2)	(0,0)	(43,2)
Cash flows of discontinued operation	(0,5)	-	-	-
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	92,1	354,1	-	354,1
PERIOD (A+B+C+D)	205,2	310,9	-	310,9

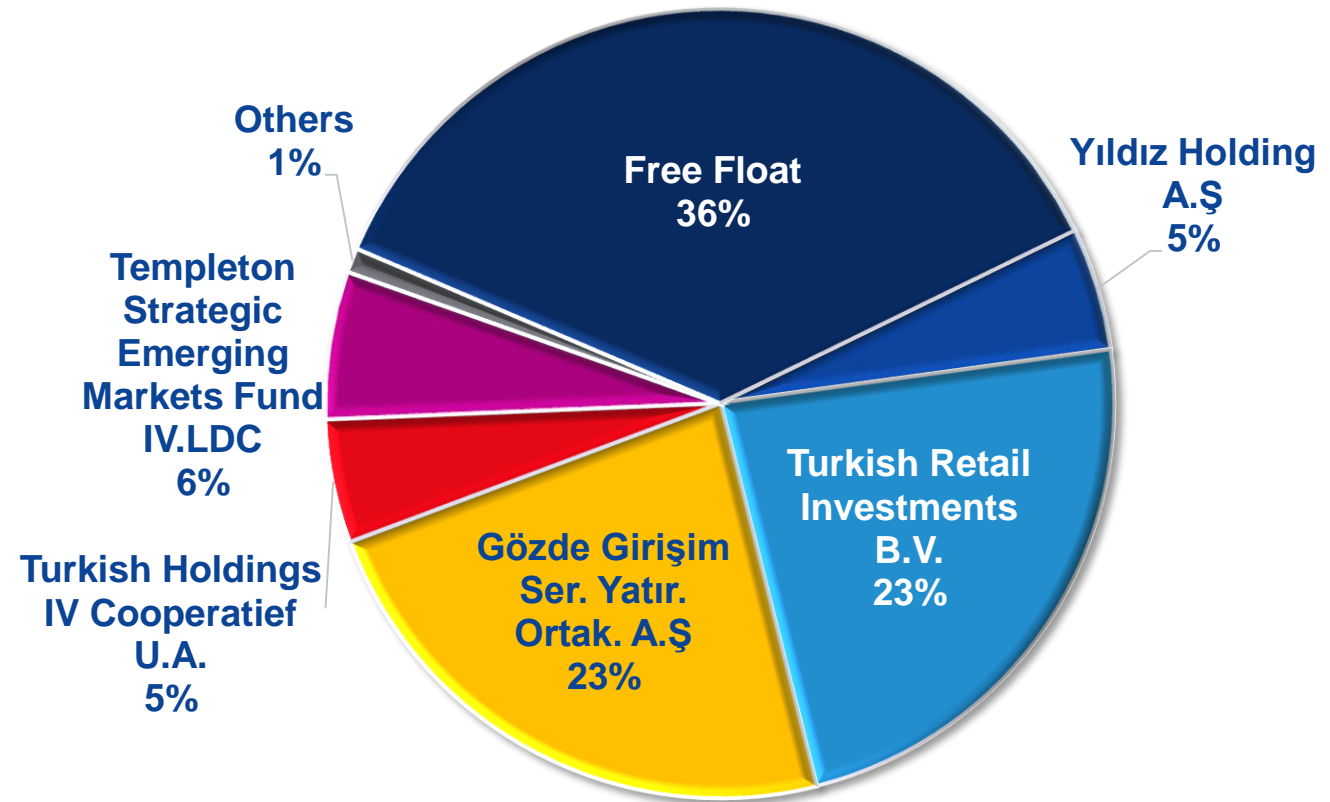
* Free Cashflow calculated on the basis of cashflow generated before financial activities (before IFRS 16)

Shareholding Structure

Before IPO (18.05.2018)



30.09.2019



Disclaimer



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