

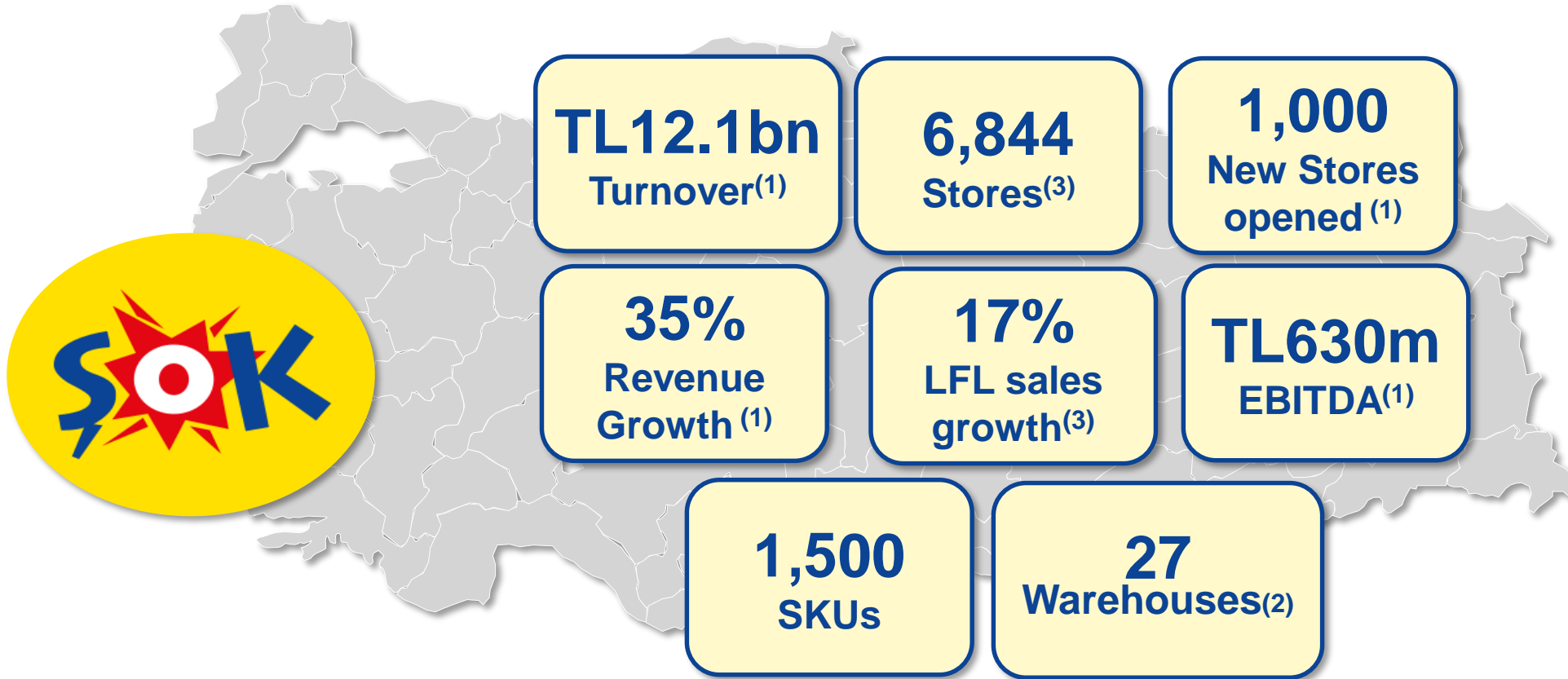


The Fresh Winner in Discount Retail

YILDIZ ★ HOLDING



We are the fastest growing grocery retailer in Turkey



Source: Management information.

(1) As of FY2018A.

(2) As of 30 June 2019

(3) inc. 284 Şok Mini Stores as of 30 June 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

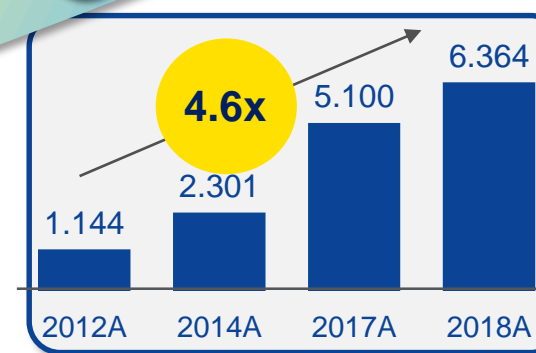
- Organic growth
- Debt free & Strong Equity
- Increasing profitability
- White Space Opportunity

Acquisition of
Şok from
Migros -2011

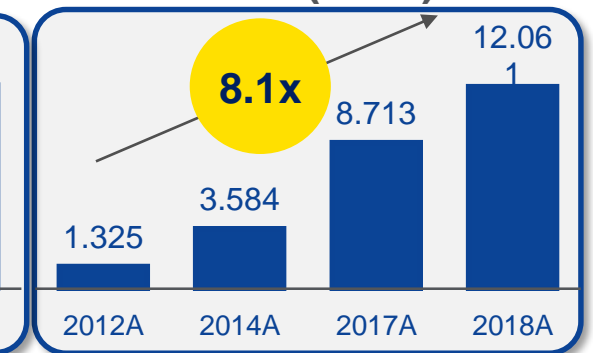


YILDIZ ★ HOLDING

Stores



Sales (TLm)



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**

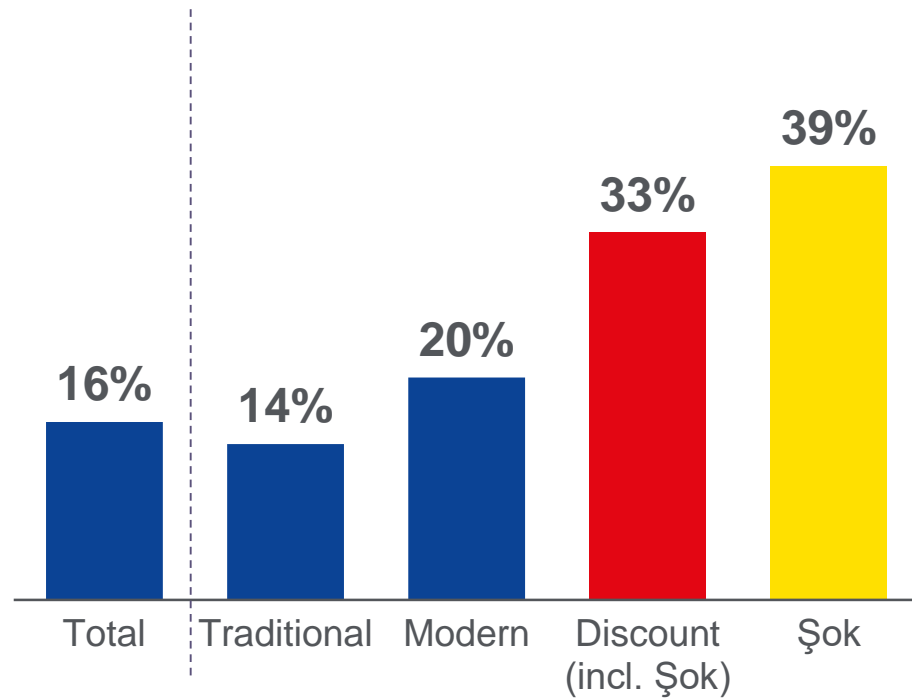
**Significant Profitable Growth
Opportunity**



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



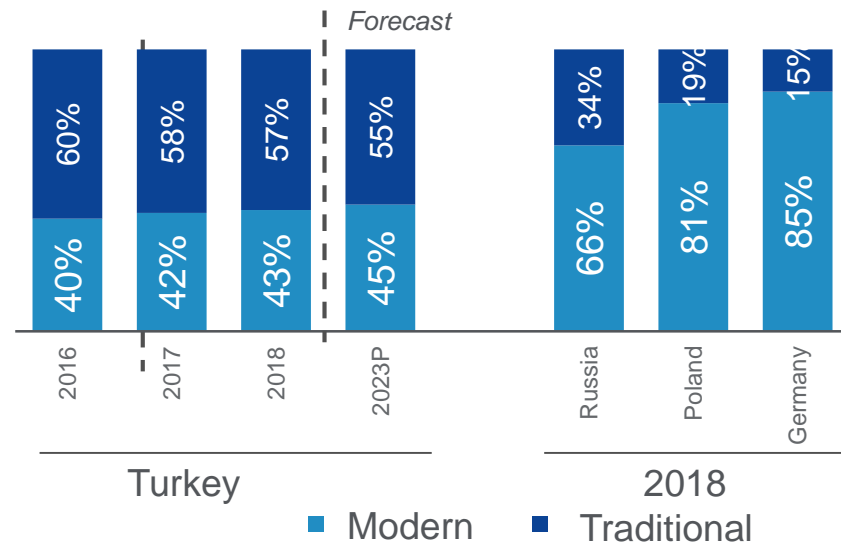
Wave of Change in Turkey

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.

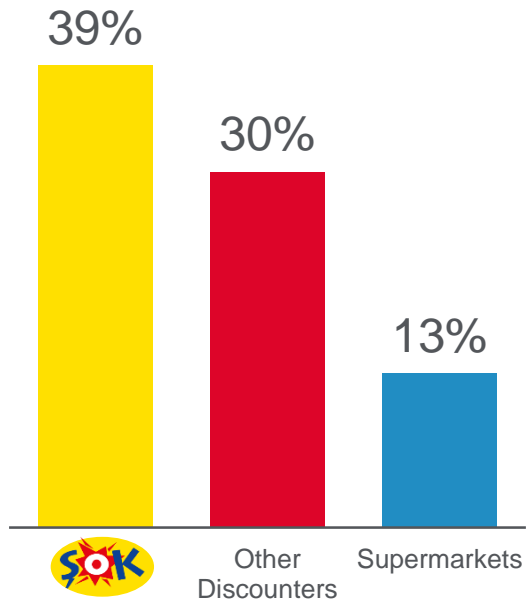
(2) Average Store Size figures represents an average selling area for each retail model consisting of multiple formats with different store sizes. National supermarket have multiple retail formats that include hypermarkets and large supermarkets (>1000 sqm), supermarkets (>400sqm) and small store formats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

Şok is Already Best-in-Class

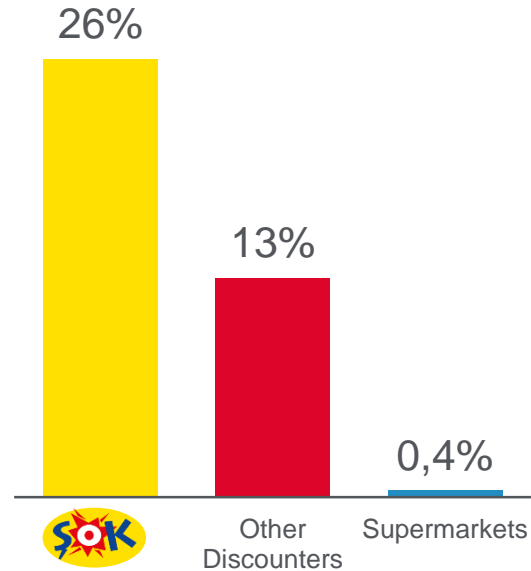


Market Evolution

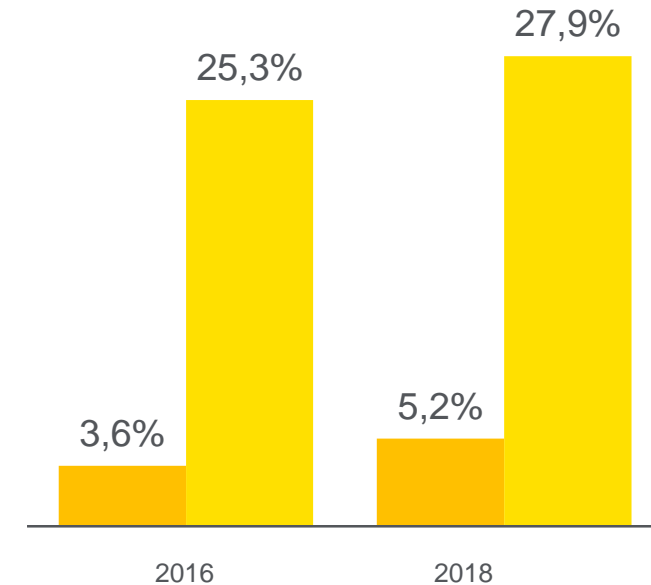
Revenue Growth
'16-'18A (CAGR)



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



Şok's Market Share
'16-'18A⁽¹⁾



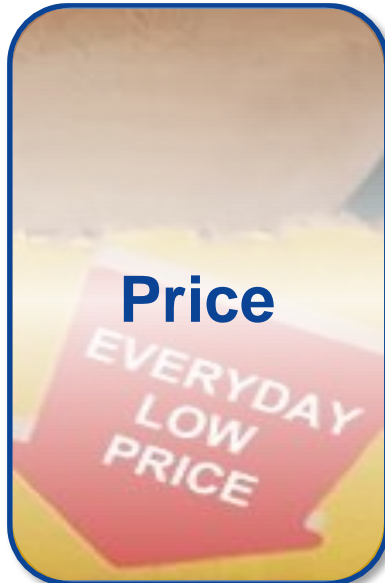
■ Total Grocery Market Share
■ Discount Market Share

We created the most relevant consumer offering



Proximity

Experts in
convenient
small-box format



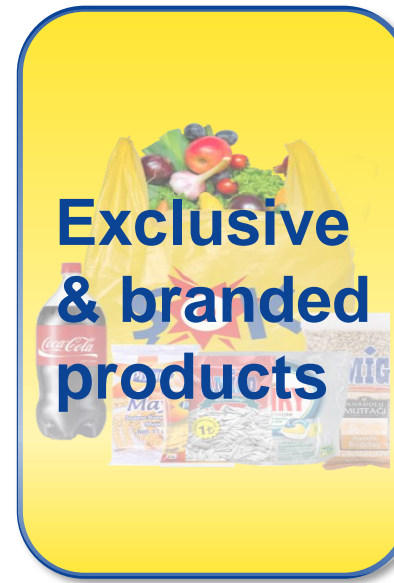
Price

Competitive
everyday low
prices and
effective
promotions



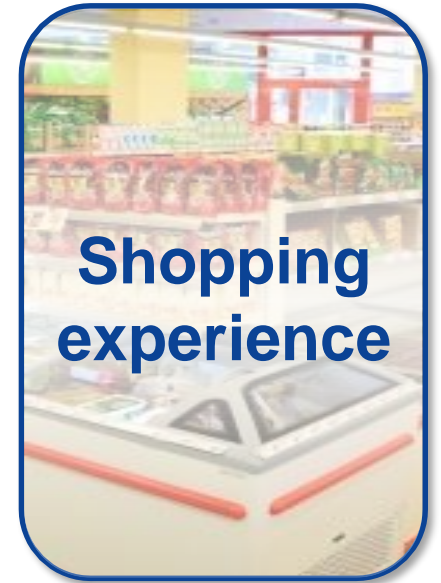
Choice

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

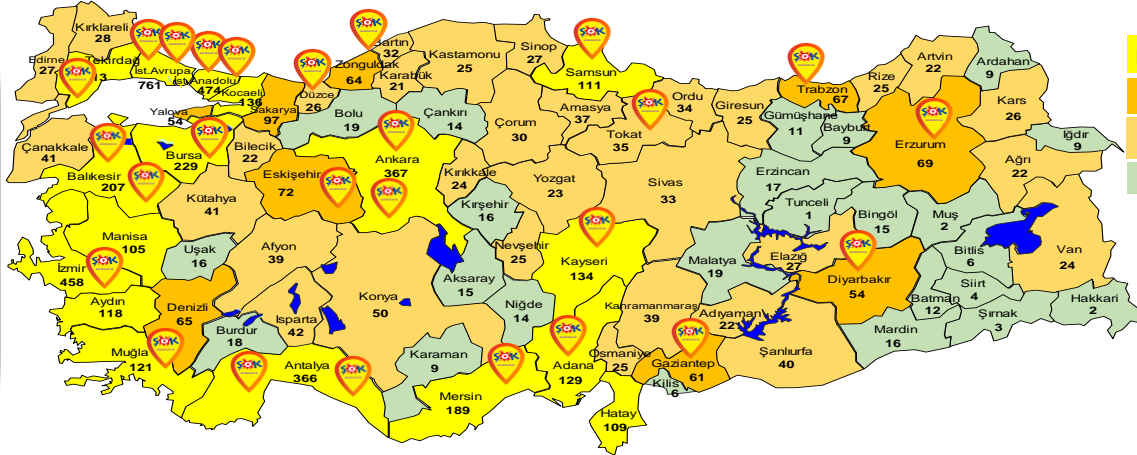
Carefully
engineered,
enjoyable
atmosphere, easy
shopping
experience



Convenient neighborhood locations in every city

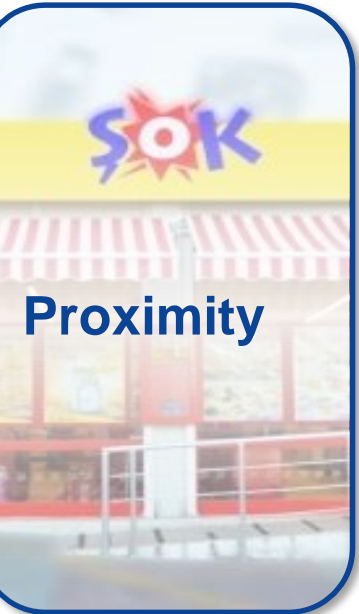
National store footprint conveniently located in your neighbourhood

6,844⁽¹⁾
stores
across every
city in
Turkey



Small-box format maximizing options for site locations

Avg. size:
224sqm⁽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



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 2018)

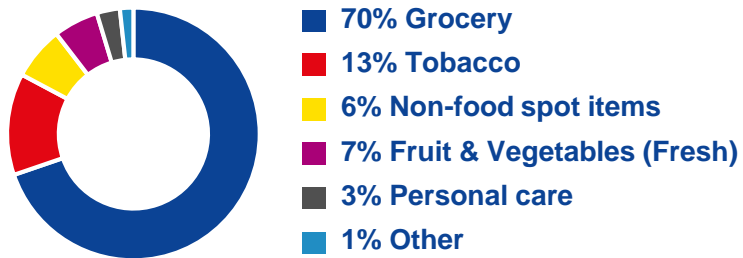


National or Exclusive Brand Choice for Almost Every Customer Need



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

% of FY2018A Şok Store sales



Fresh



Personal Care



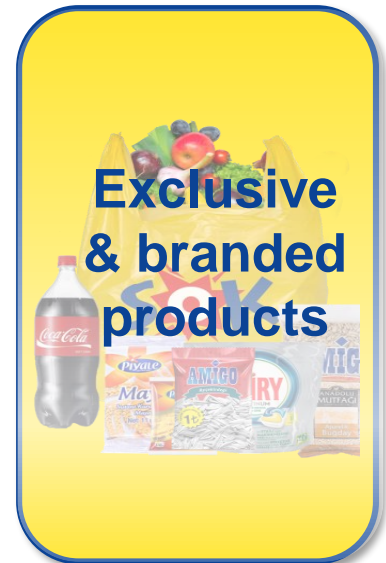
Tobacco

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 	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

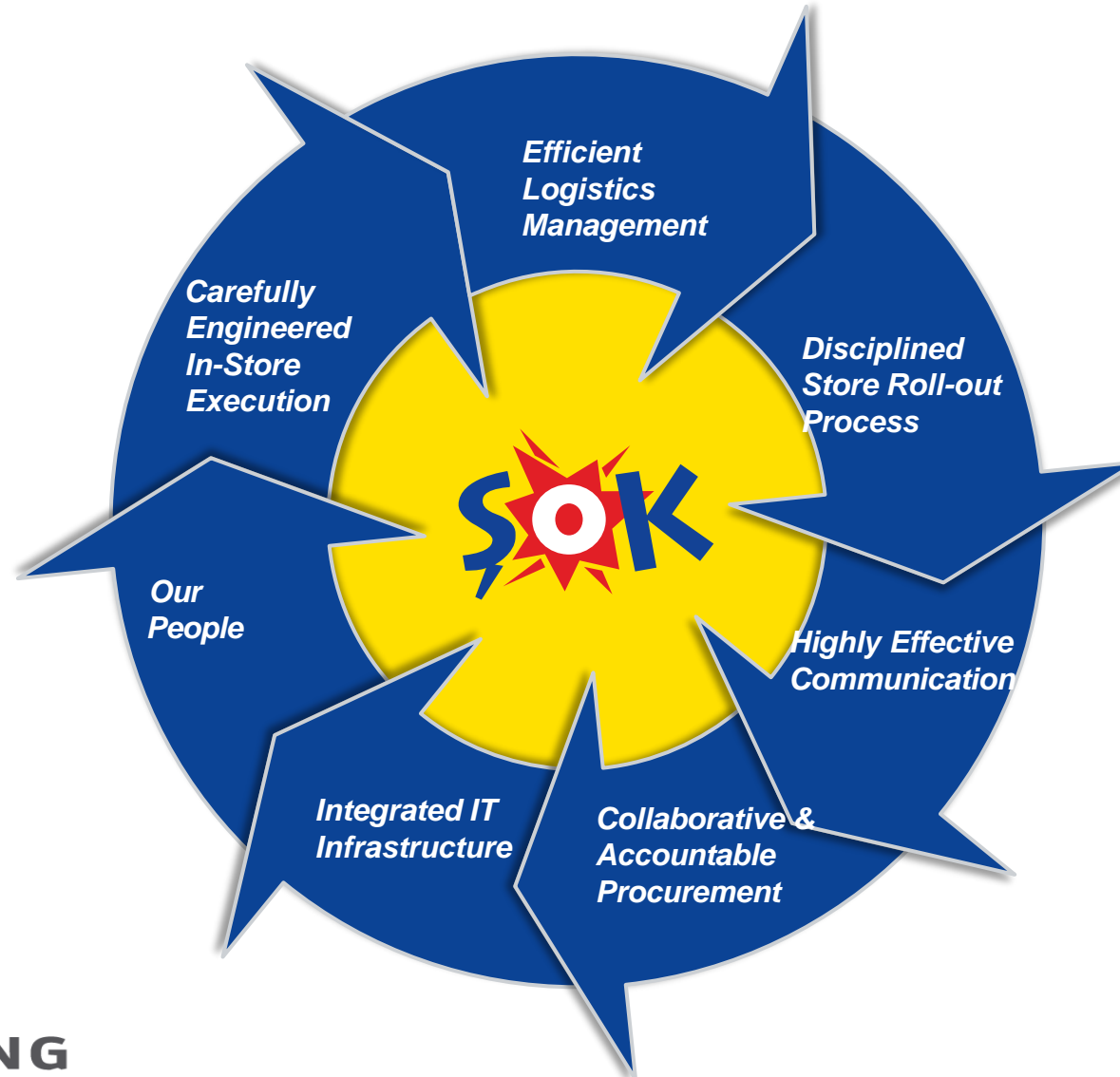


Differentiated consumer offering reflected in excellent Mystery Shopper score of 87⁽¹⁾

Conclusion: Şok's offering is ahead of competitors

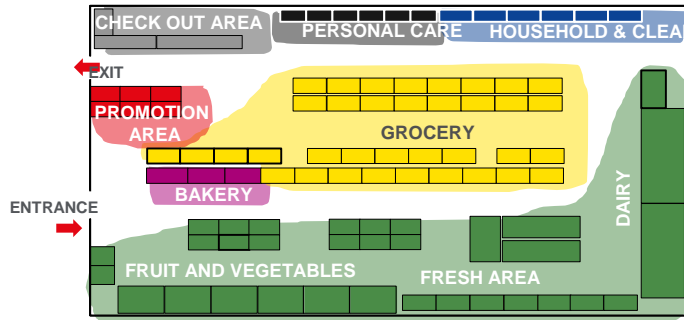
	Hard Discounters	Hypermarkets & Supermarkets	ŞOK	
 Proximity	✓	✗	✓	Experts in convenient small-box format
 Price	✓	✗	✓	Competitive everyday low prices and effective promotions
 Choice	✗	✓	✓	Most relevant product choice, differentiated by strong fresh, tobacco and personal care offering
 Brands	✗	✓	✓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

Operational excellence from End-to-End



Harmonised layout to maximize sales and efficiency

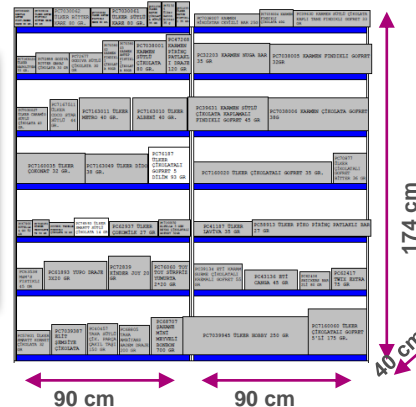
Standardised Modular Layout



Modules

55

Planogram Layout



Optimised Shelving and Packaging



Harmonised layout supports rapid roll-out

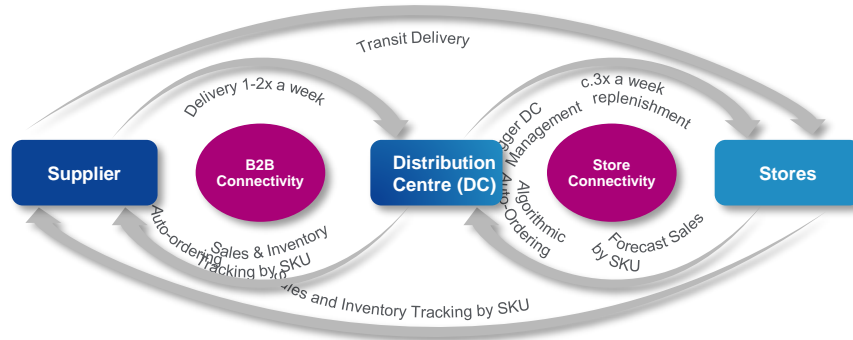
Shelving carefully engineered to maximise offering

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 Dec-18

Integrated supply chain management

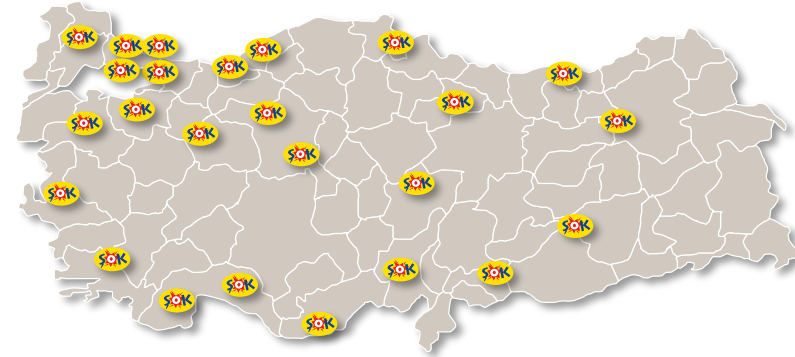
Fully Integrated Logistics Management



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

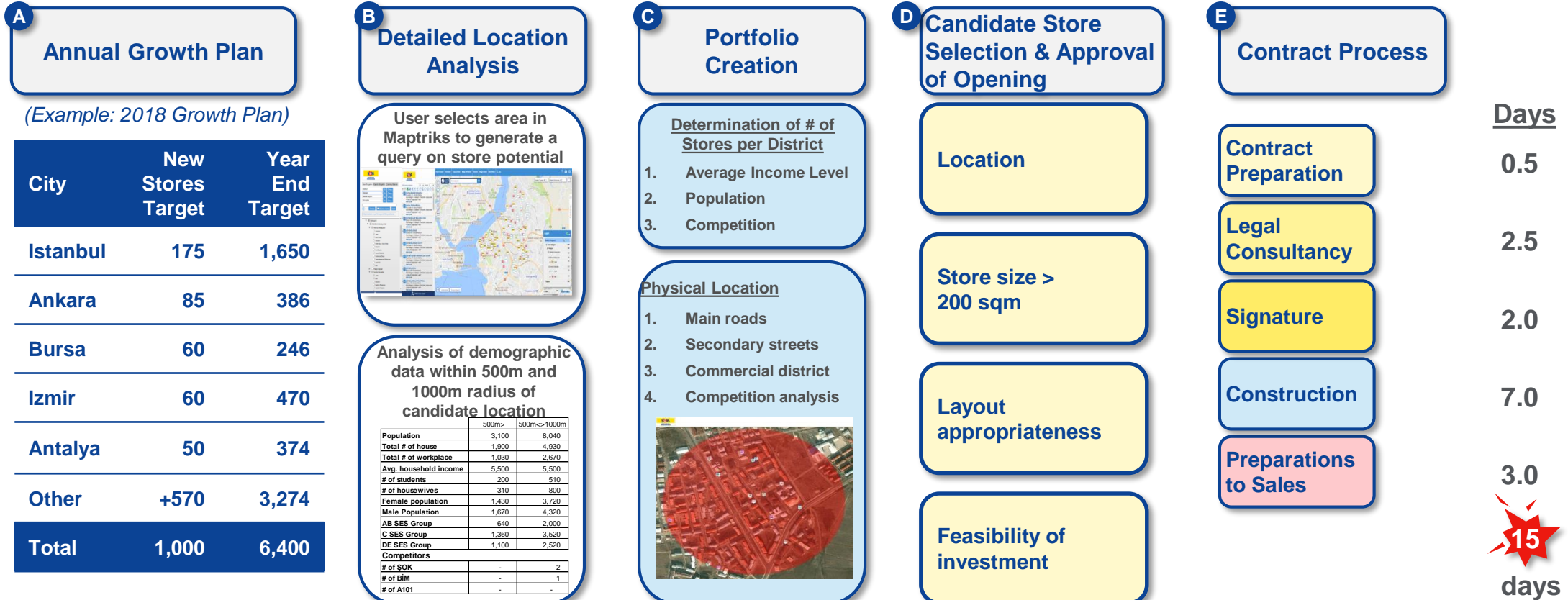
Average 255 stores per distribution centre

Discount Competitor 1: 120

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

Highly disciplined store selection & opening process

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

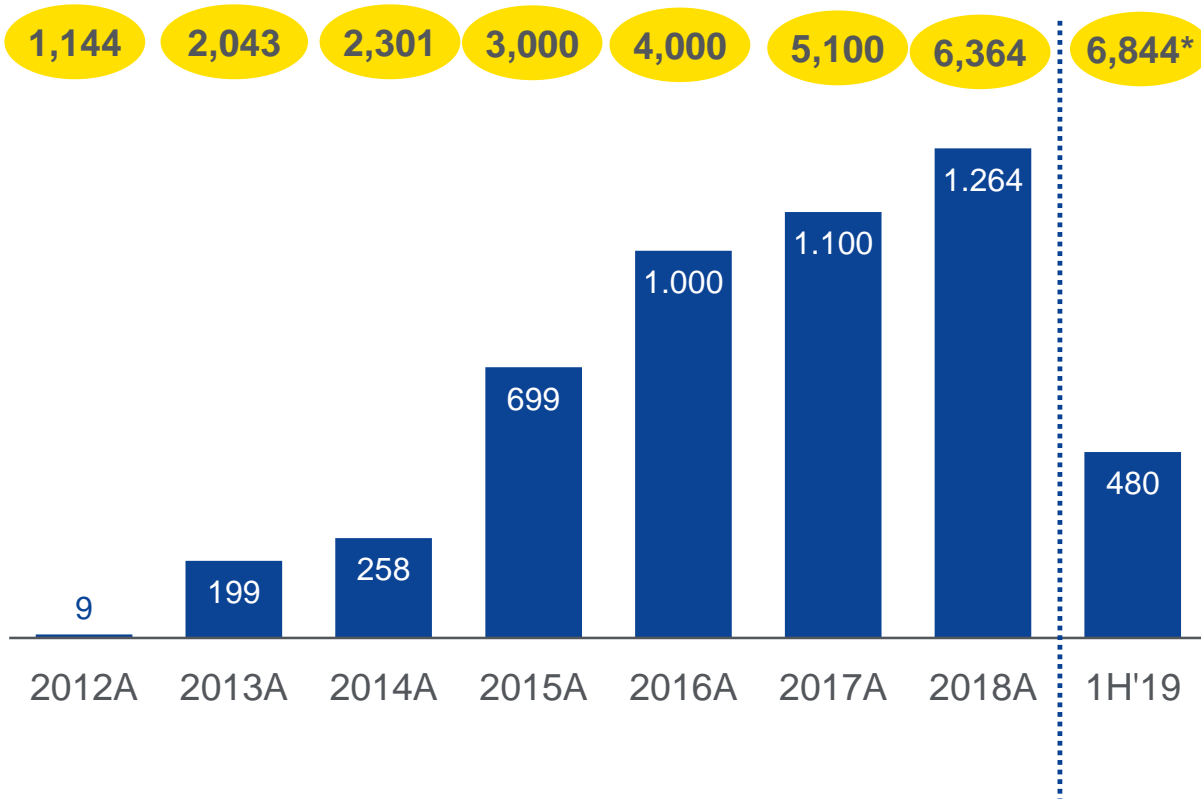


Avg. of c.3 stores opened per day since 2015



Track record of successful roll-out

Şok Net Stores Opened



● Total Number of Stores *284 Şok Mini Stores

Average TL 283k 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



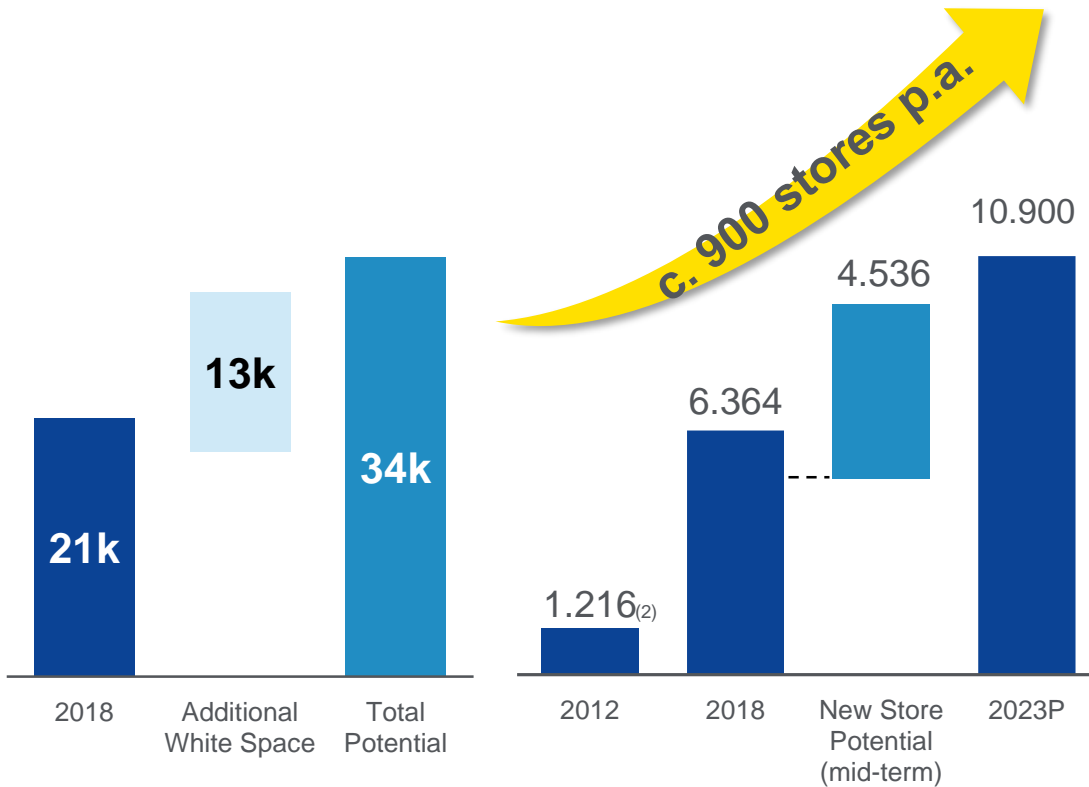
Source: Management Information.

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.

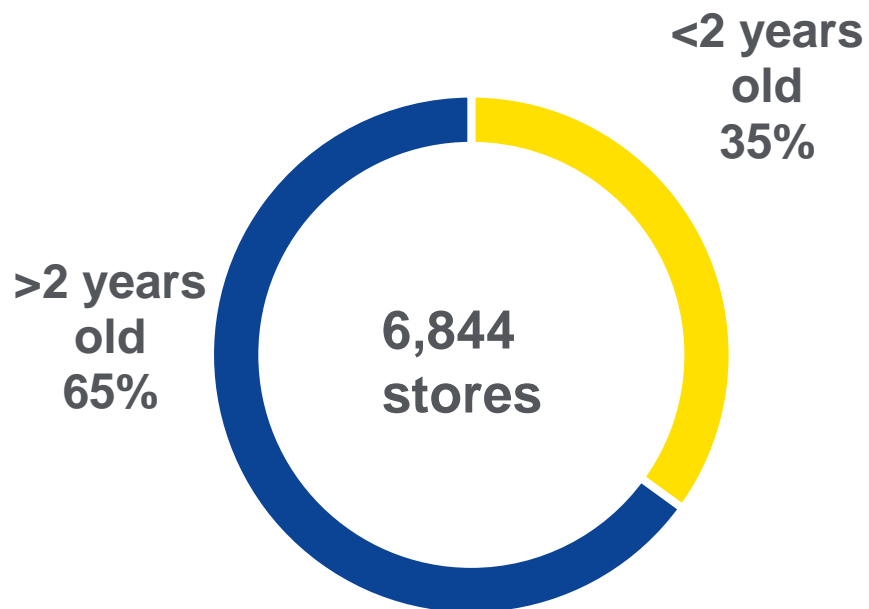
(2) As per MK Novo.

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

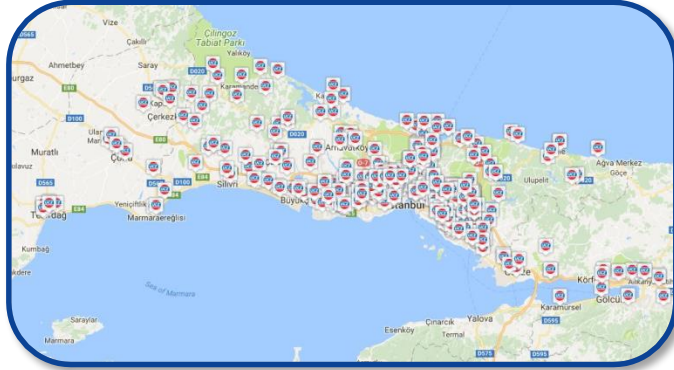


Potential for bakery to drive growth



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

284 Şok Mini stores as of 30 June 2019

Average store size: 85sqm with 1,382 SKUs

Financial Highlights



Continuing growth story



Q2'19

**6.844
Stores ⁽⁴⁾**

1H'19

TL 4,0 bn
Net Sales

38,4%
Net Sales Growth

21,1%
LFL Sales ⁽²⁾
Growth Per Store

TL 7,5 bn
Net Sales

37,8%
Net Sales Growth

21,1%
LFL Sales ⁽²⁾
Growth Per Store

Including IFRS 16
TL 411,6m
EBITDA
10,3%
EBITDA Margin

Excluding IFRS 16
TL 241,8m
EBITDA
6,1%
EBITDA Margin

202
New Şok Stores⁽¹⁾
1
New Warehouse

Including IFRS 16
TL 677,4m
EBITDA
9,0%
EBITDA Margin

Excluding IFRS 16
TL 358,1m
EBITDA
4,8%
EBITDA Margin

480
New Şok Stores⁽³⁾
1
New Warehouse

(1) Net ŞOK Store openings including 13 Şok Mini stores.

(2) LFL sales for 30 June 2019 calculated on the basis of daily net sales generated in 2019 by stores operating on 30 June 2017 and that were still open on 30 June 2019.

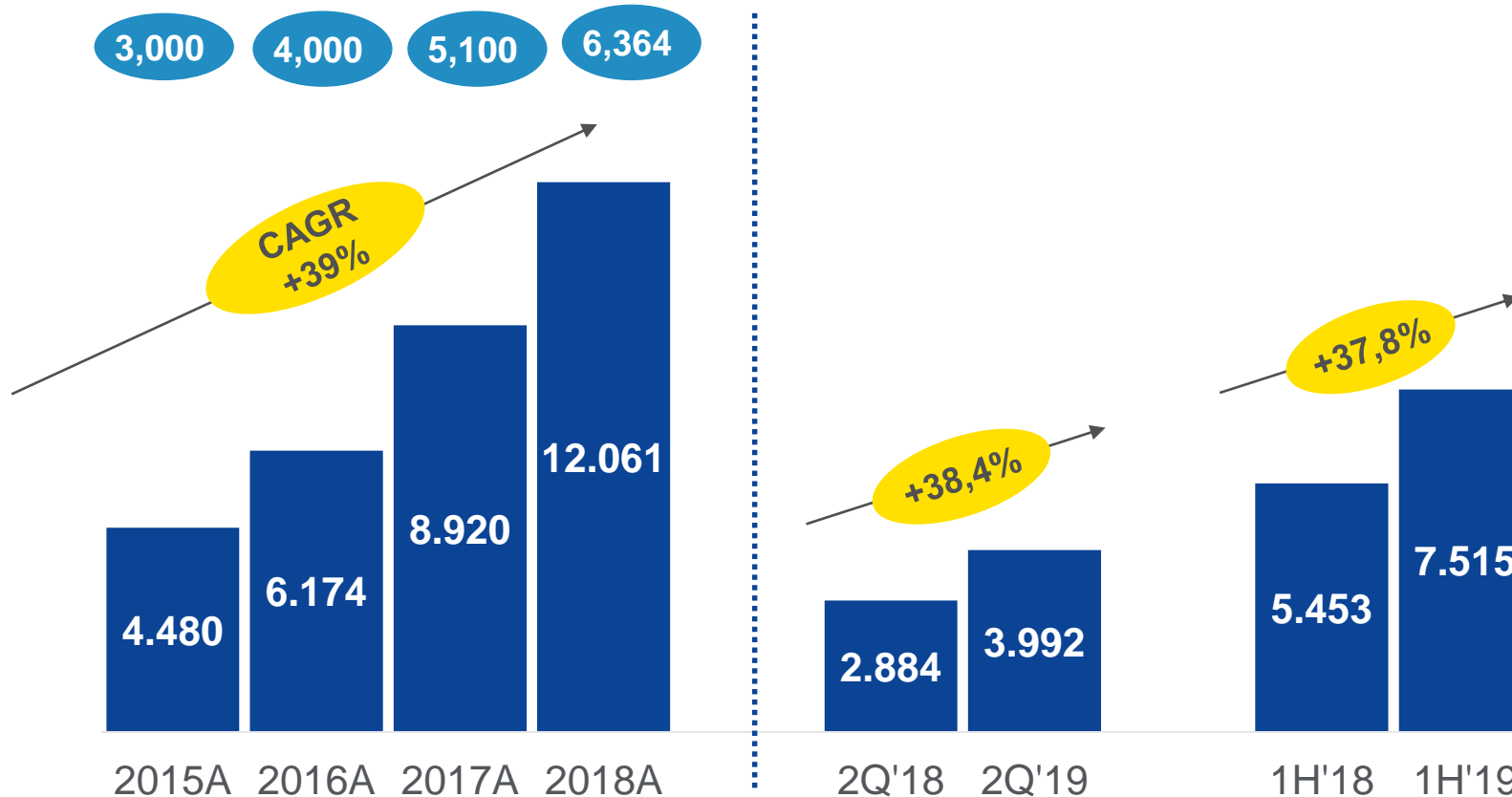
(3) Net ŞOK Store openings including 20 Şok Mini stores

(4) 6.844 stores including 284 Şok Mini stores.

Strong track record of revenue growth

Revenue Evolution

(TL in millions)



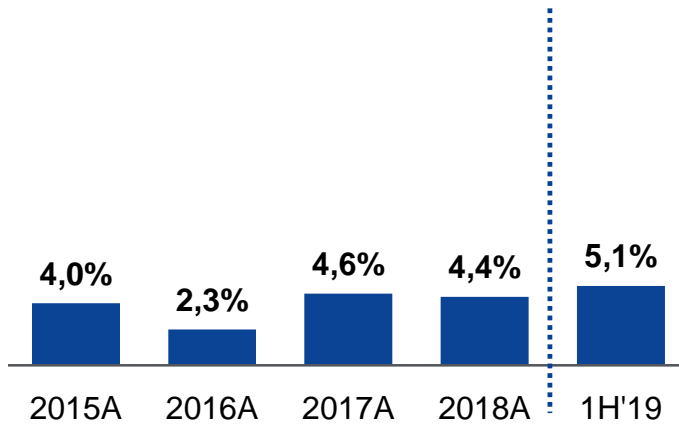
Fastest growing Turkish grocery retailer

Sustainable LFL growth



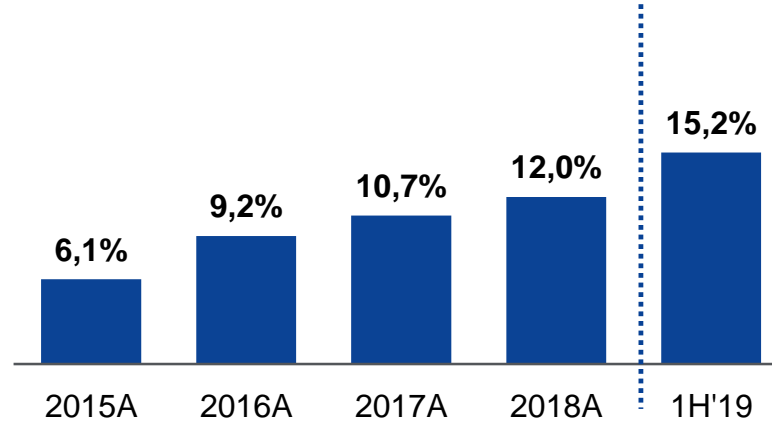
LFL Number of Tickets Growth

YoY, growth



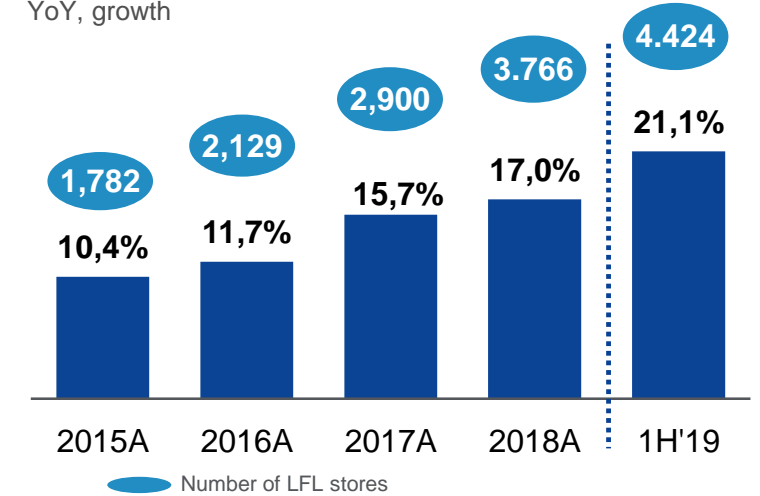
LFL Basket Size Growth

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

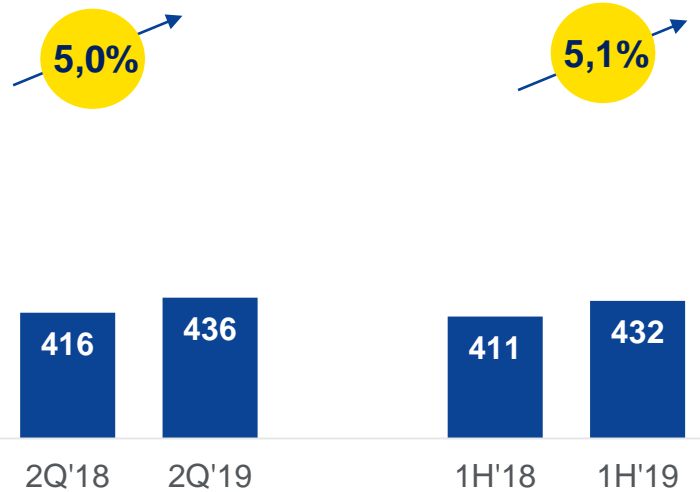
Basket driven by availability of fresh produce and effective promotions

4.424 LFL stores as of June 2019

Continuing growth in LFL Store Sales

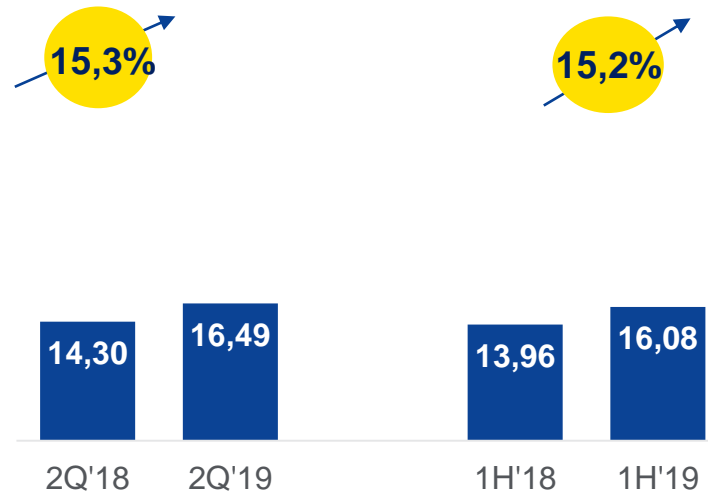


LFL Number of Tickets Growth



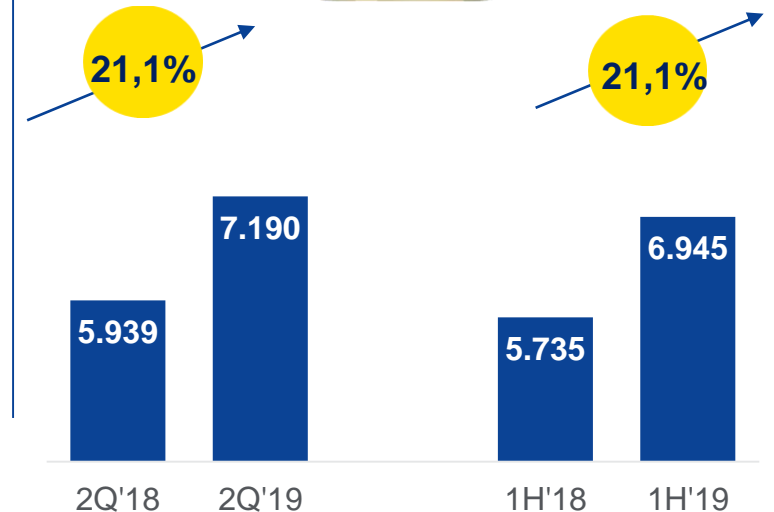
LFL Basket Size Growth

(TL)



Like-for-Like Growth

(TL)

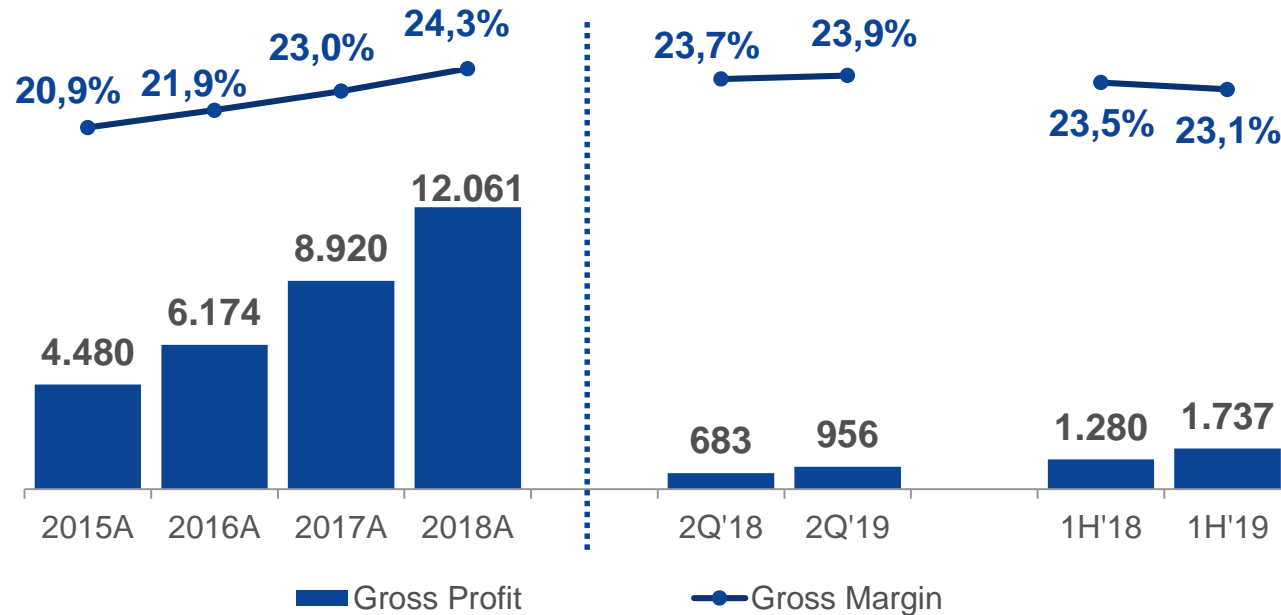




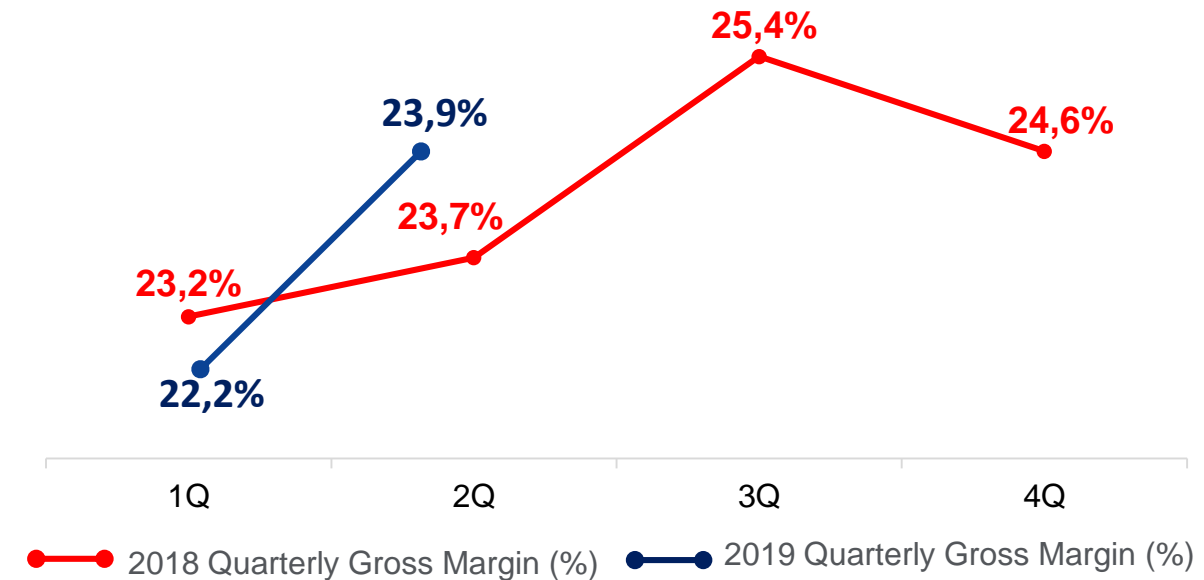
Efficiency and Scale Underpinning Margin Improvement

Evolution of Gross Margin

(TL in millions)



Gross Margin Evolution



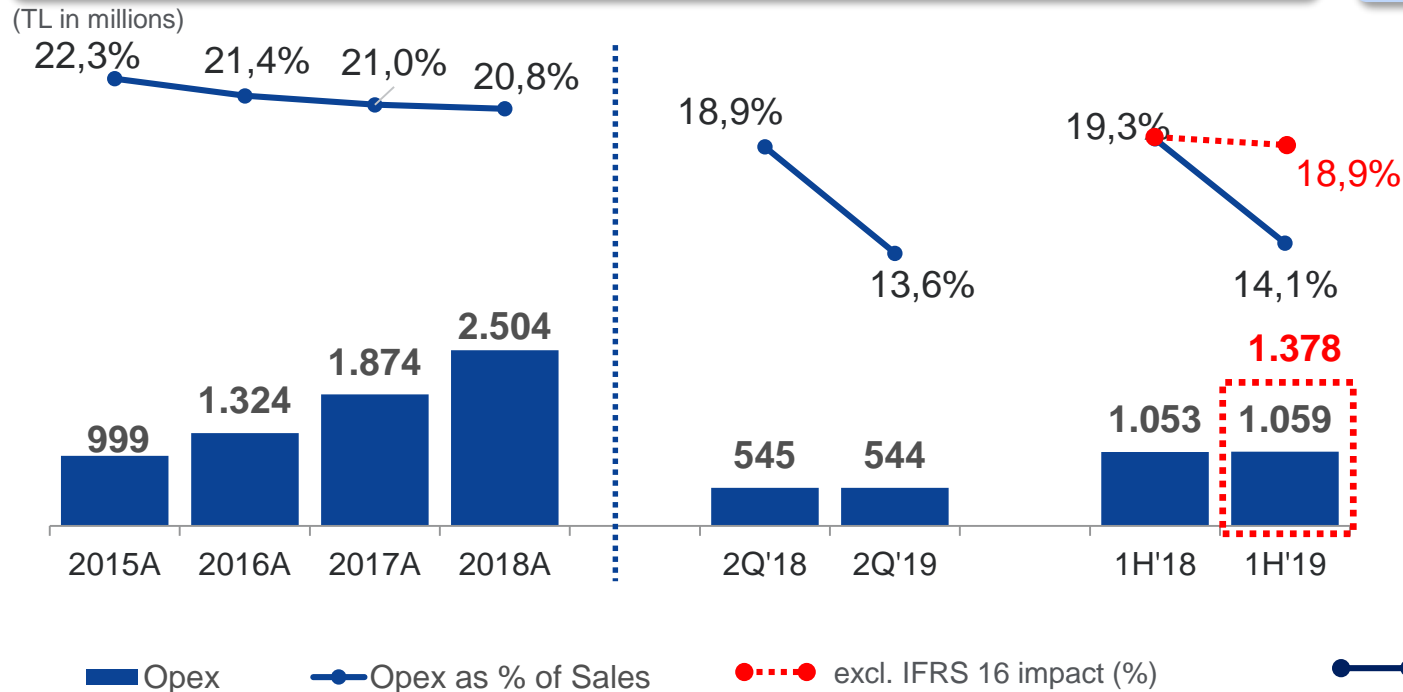
Improvement in gross margins driven by economies of scale

Use of exclusive brands creating additional bargaining power

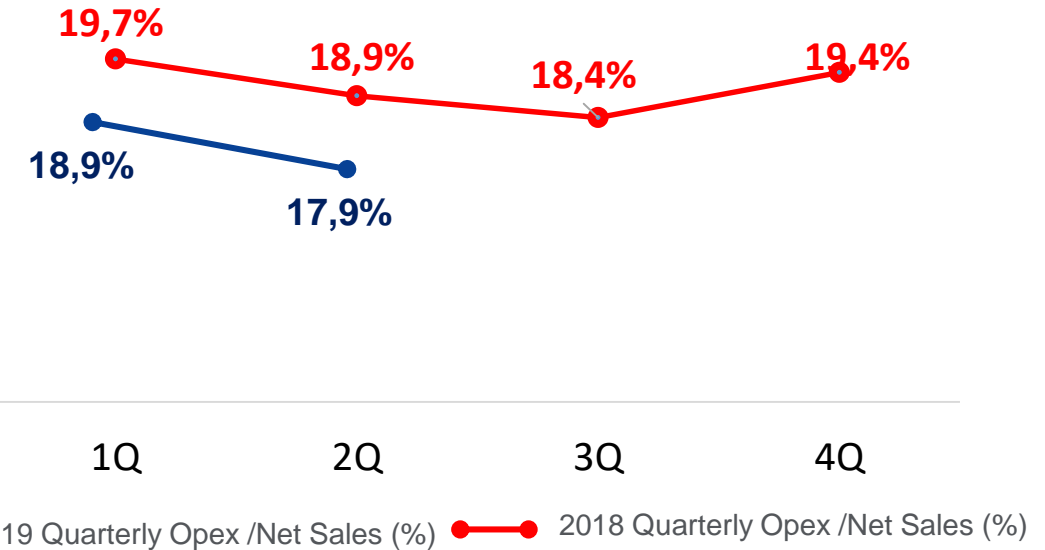
Successful cost management & Increasing Operating Leverage



Operating Expenses



Opex/Sales Evolution



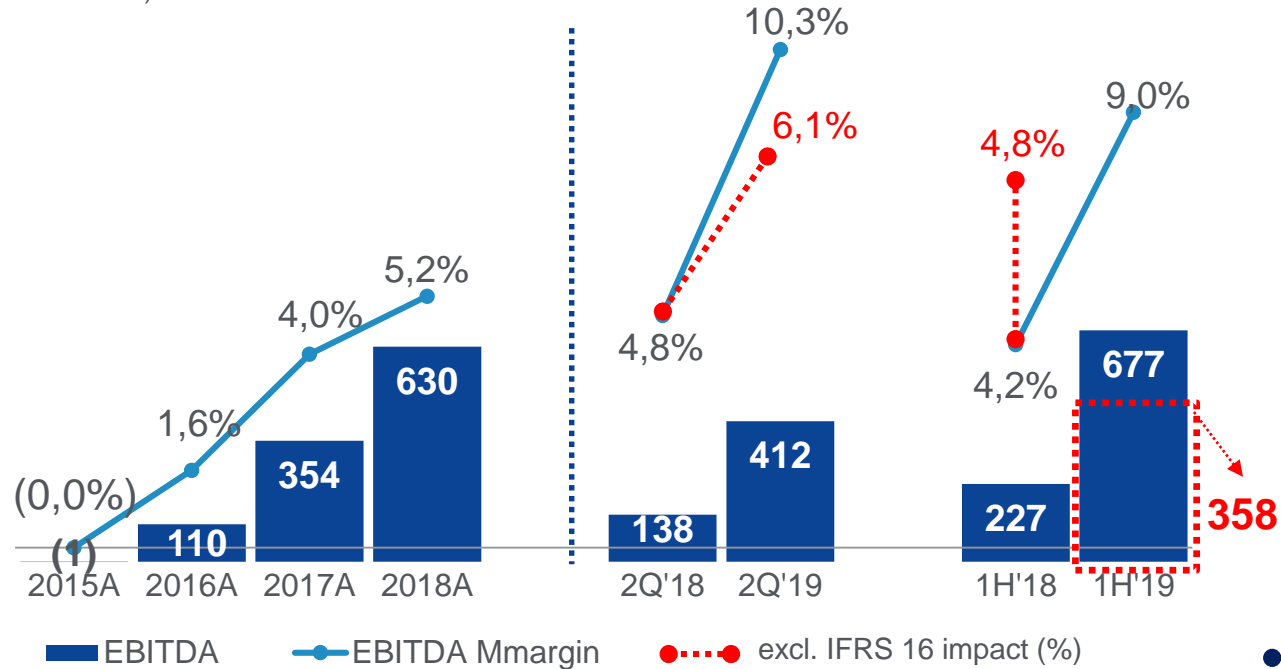
Centralised executive management for SG&A cost management

Cost-centric approach to personnel, transportation and rent

EBITDA Margin driven by scale & rationalization of SG&A

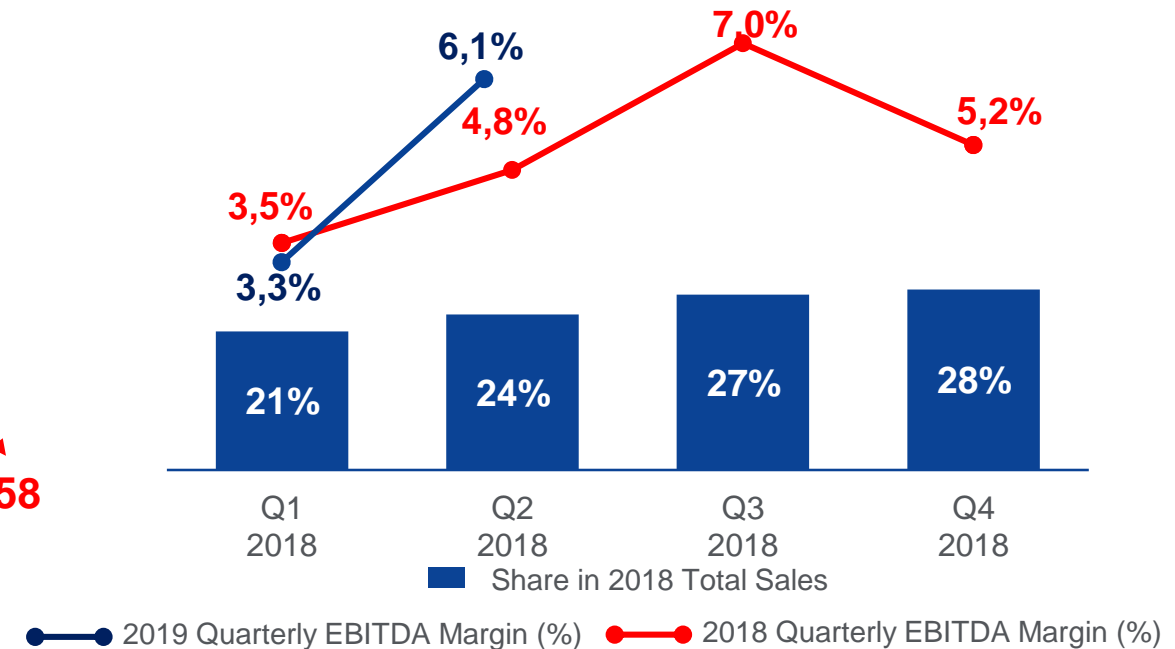
EBITDA

(TL in millions)



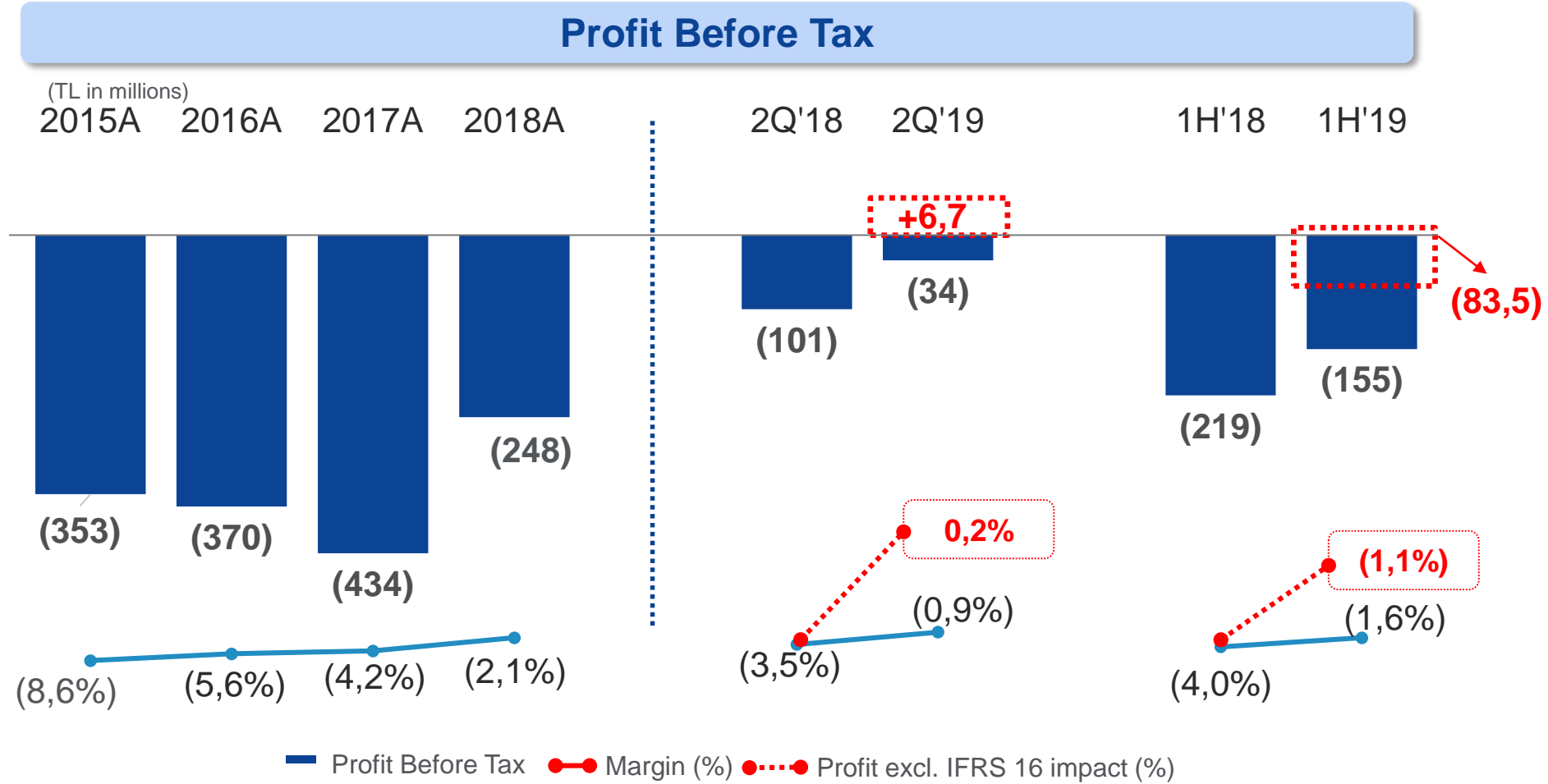
From Breakeven in 2015, c.500 bps Improvement in EBITDA

Revenue Distribution & EBITDA Evolution



Improvement driven by procurement scale and operational discipline

Profitability improvement (TLm)



* 2018 figures are not adjusted for IFRS 16

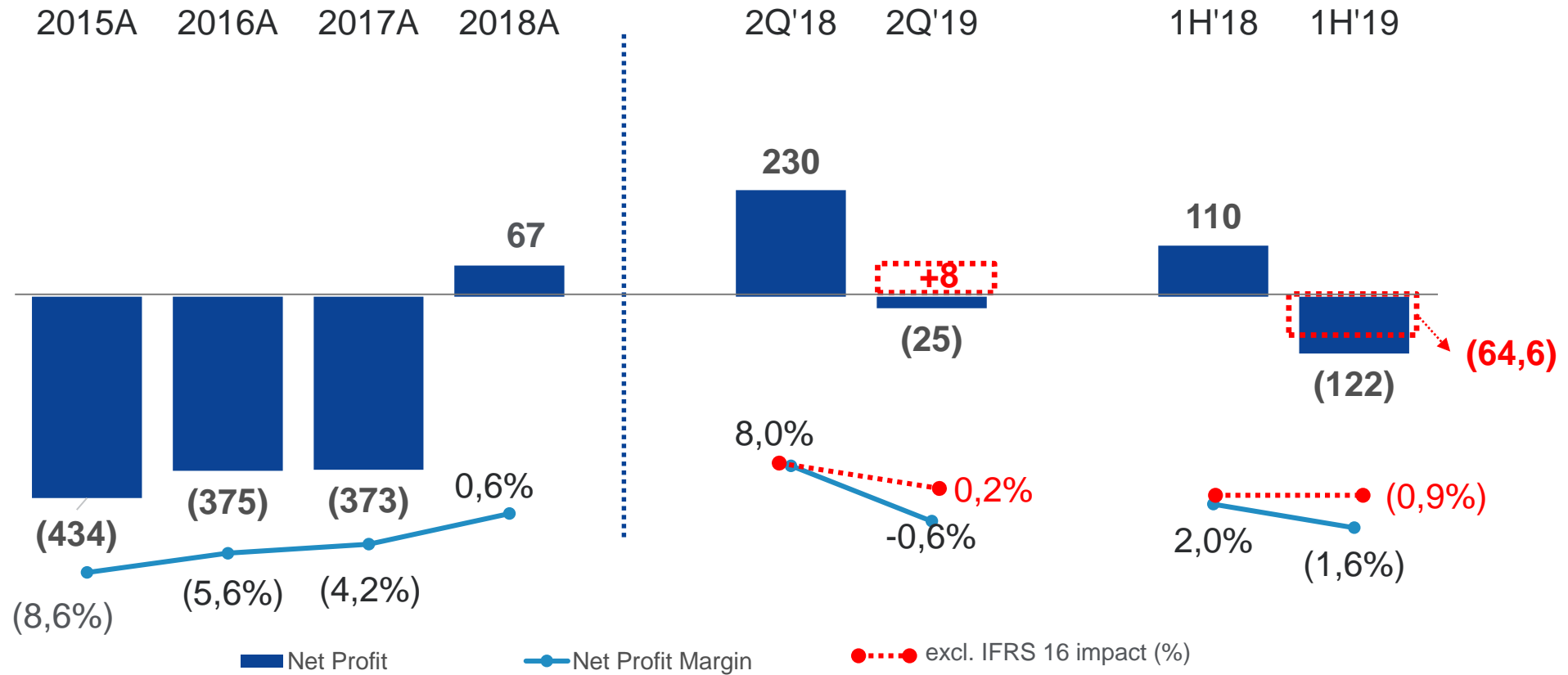
* * 2018 net profit figure includes one off Deferred Tax Income of 331 million TL resulting from carried forward tax losses

Strong bottom-line recovery



Net Profit

(TL in millions)

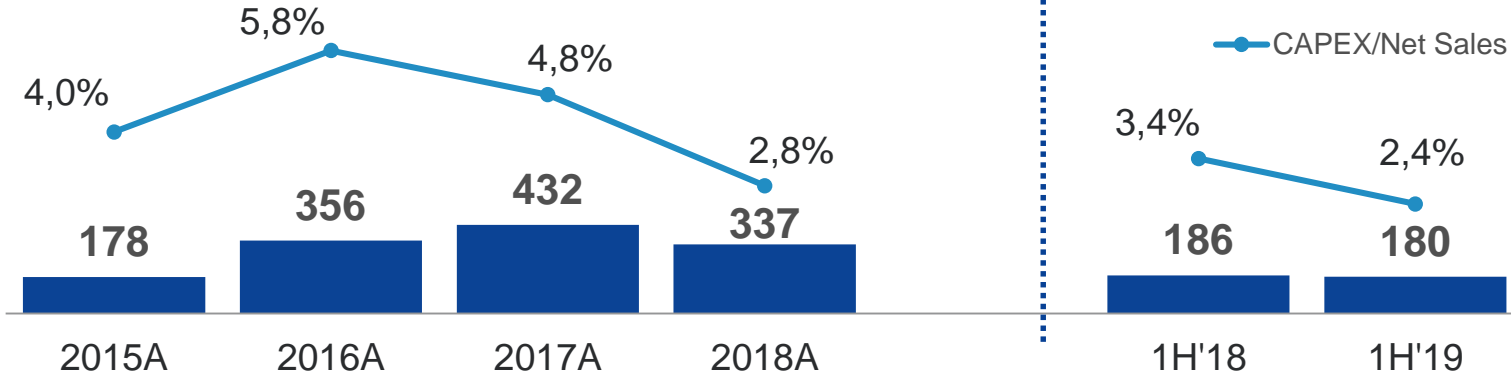


Effective CAPEX Management



CAPEX

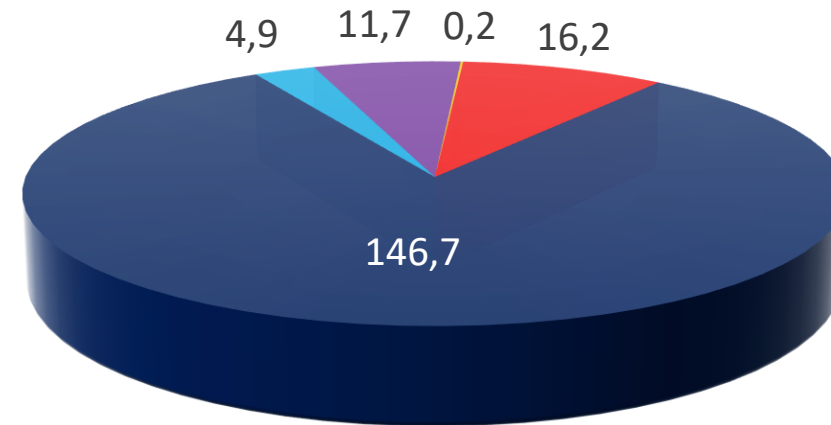
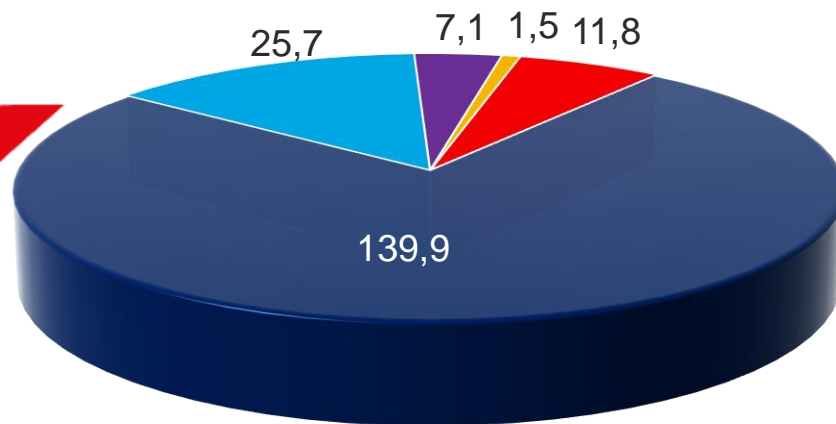
(TL in millions)



1H'18

1H'19

642*
New Stores
Openings



480*
New Stores
Openings

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

Strong Balance Sheet



Net Cash / (Debt)

(TL in millions)

30.06.2018

30.06.2019

122,7

(111,5)

Net Working Capital

(TL in millions)

30.06.2018

30.06.2019

-1.317,7
-58 days

-1.649,2
-52 days

TLm	30.06.2018	30.06.2019
Short Term Borrowings	278,4	75,8
Obligations under Financial Lease	259,1	162,3
Total Debt	537,5	238,1
Cash & Cash Equivalents	414,8	349,6
Net Debt	122,7	-111,5

Expectations for 2019



New Store Openings

+800



Net Sales

35% (+- 2%)



EBITDA Margin

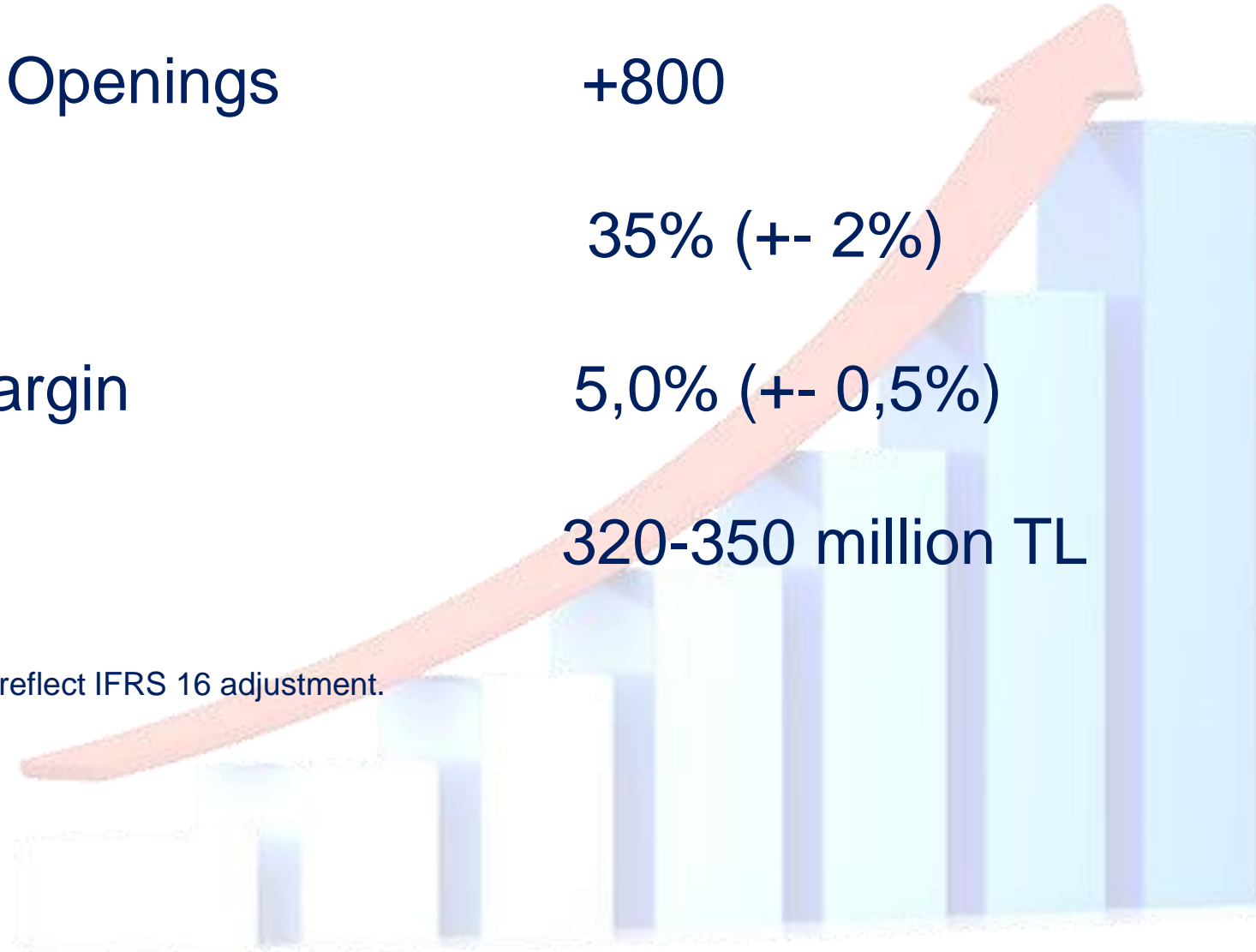
5,0% (+- 0,5%)



CAPEX

320-350 million TL

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



Consolidated Income Statement 2Q'19 vs 2Q'18

Consolidated Income Statement Summary (TLm)	Q2 2018	Q2 2019 Before IFRS 16	Δ (%)	IFRS 16 Impact	Q2 2019 After IFRS 16	1H 2018	1H 2019 Before IFRS 16	Δ (%)	IFRS 16 Impact	1H 2019 After IFRS 16
Net Sales	2.883,9	3.991,8	38,4%	-	3.991,8	5.453,4	7.515,2	37,8%	-	7.515,2
Gross Profit	683,0	956,0	40,0%	-	956,0	1.280,1	1.736,7	35,7%	-	1.736,7
Gross Profit %	23,7%	23,9%	0,3 Ppt	-	23,9%	23,5%	23,1%	-0,4 Ppt	-	23,1%
Marketing, selling & GA expenses (-)	(595,4)	(769,2)	29,2%	71,0	(698,2)	(1.149,1)	(1.486,7)	29,4%	133,3	(1.353,3)
Amortisation	(50,1)	(55,0)	9,6%	(98,9)	(153,9)	(96,4)	(108,1)	12,1%	(185,9)	(294,0)
Marketing, selling & GA expenses (-) (Excl Amortisation)	(545,3)	(714,2)	31,0%	169,9	(544,3)	(1.052,7)	(1.378,6)	31,0%	319,3	(1.059,3)
EBITDA	137,7	241,7	75,5%	169,9	411,6	227,4	358,1	57,5%	319,3	677,4
EBITDA %	4,8%	6,1%	1,3 Ppt	4,3%	10,3%	4,2%	4,8%	0,6 Ppt	4,2%	9,0%
Profit / (Loss) Before Tax	(100,6)	6,7	106,7%	(40,7)	(34,0)	(218,5)	(83,5)	61,8%	(71,9)	(155,3)
Net Profit / (Loss) for the Period	229,5	8,0	-96,5%	(32,6)	(24,6)	110,2	(64,6)	-158,6%	(57,5)	(122,1)

Consolidated Income Statement YE2018 vs YE 2017



Consolidated Income Statement Summary (TLm)	YE 2017	YE 2018	Δ (%)
Net Sales	8.920,3	12.060,8	35,2%
Gross Profit	2.054,5	2.934,0	42,8%
Gross Profit %	23,0%	24,3%	1,3 Ppt
Marketing, selling & GA expenses (-)	1.873,7	2.504,2	33,7%
EBITDA	354,3	630,2	77,9%
EBITDA %	4,0%	5,2%	1,3 Ppt
Net Profit / (Loss) for the Period	(434,0)	67,0	115,4%

(1) The Group calculates the EBITDA (earnings before interest, tax, depreciation and amortization, other income and expense royalty expense effect and Teközel wholesale operation) for the better understanding of investors and other interested parties about Group operations.

Balance Sheet (Assets)



Consolidated Balance Sheet Summary (TLm)	31.12.18	30.06.19		30.06.19
		Before IFRS 16	IFRS 16 Impact	After IFRS 16
Cash & cash equivalents	354,1	349,6		349,6
Trade receivables	69,5	120,6		120,6
Inventories	872,5	1.100,0		1.100,0
Other current assets	19,2	34,6	(2,6)	32,0
Total Current Assets	1.315,3	1.604,9	(2,6)	1.602,3
Property & equipment	977,6	1.050,0		1.050,0
Intangible assets	684,7	682,1		682,1
Other non-current assets	284,3	306,1	1.718,7	2.024,8
Non-Current Assets	1.946,6	2.038,2	1.718,7	3.756,9
Total Assets	3.261,9	3.643,1	1.716,0	5.359,1

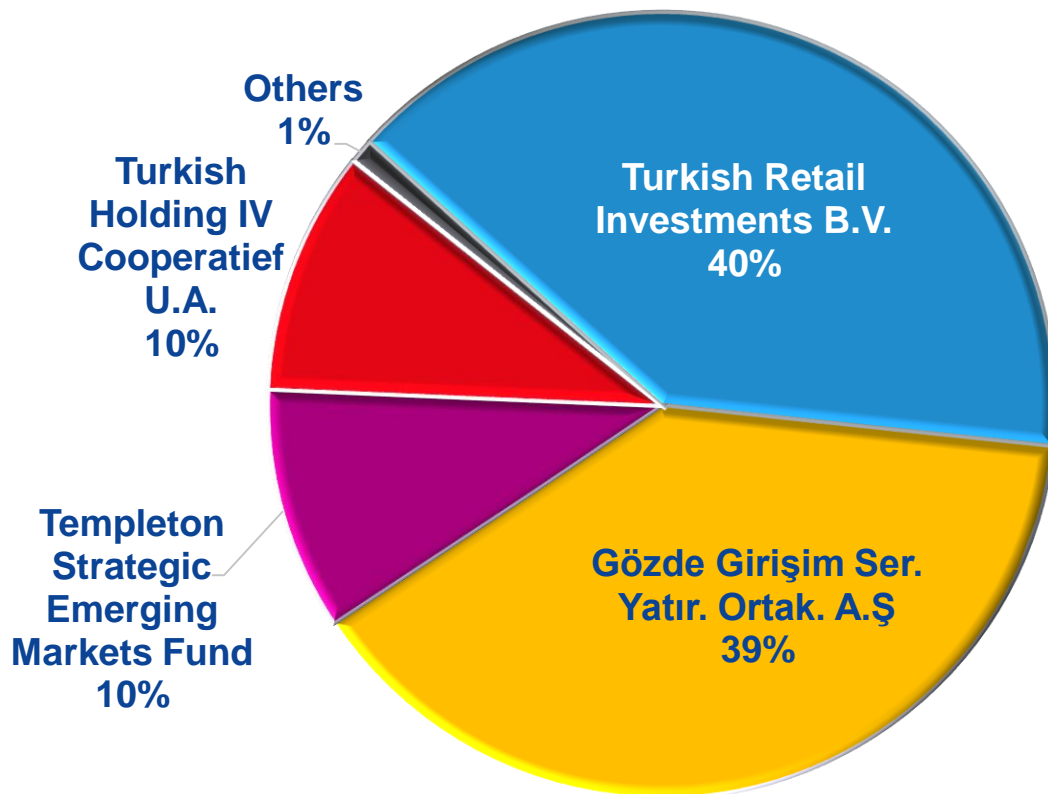
Balance Sheet (Liabilities and Equity)



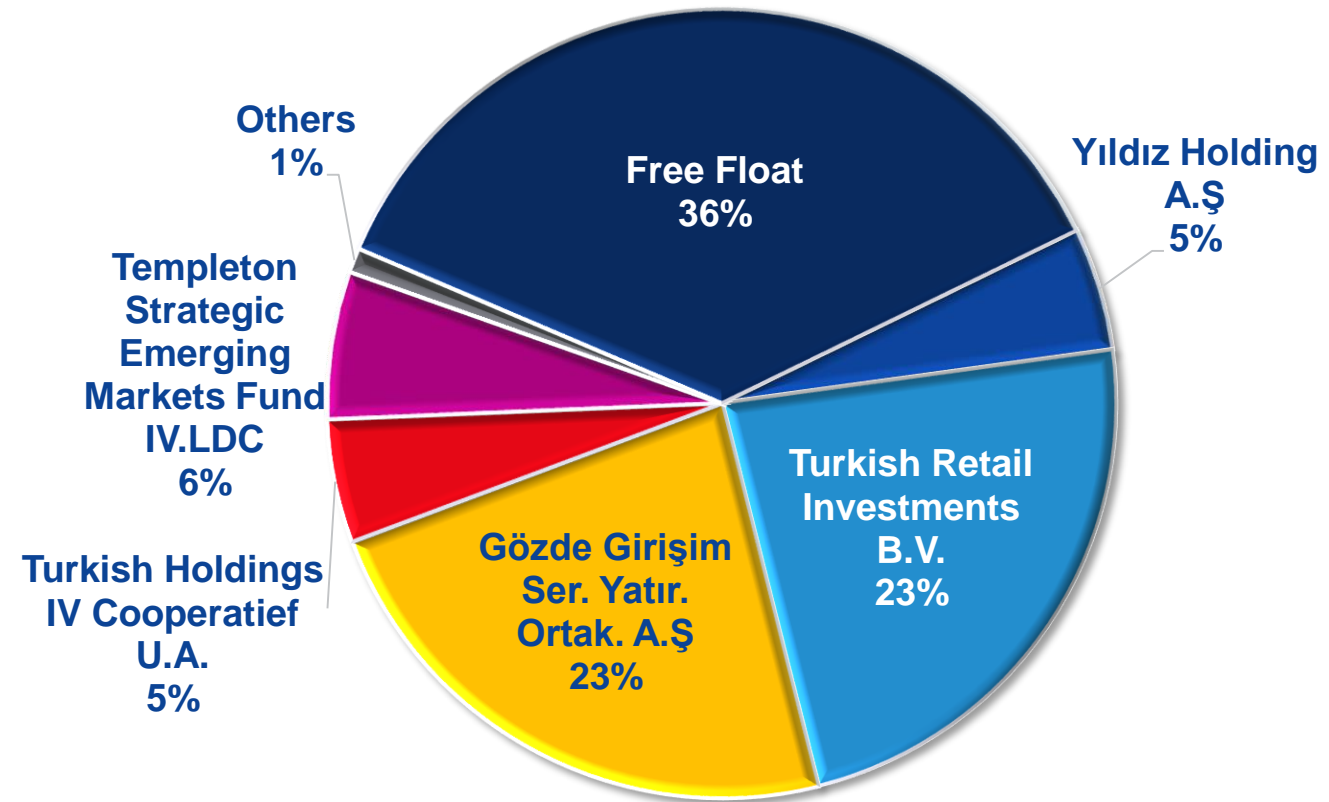
Consolidated Balance Sheet Summary (TLm)	30.06.19			30.06.19
	31.12.18	Before IFRS 16	IFRS 16 Impact	After IFRS 16
Short term financial liabilities	177,4	170,7		170,7
Trade payables	2.484,5	2.869,9		2.869,9
Other current payables	183,2	279,9	532,4	812,4
Total Current Liabilities	2.845,1	3.320,5	532,4	3.852,9
Total Non Current Liabilities	153,8	115,1	1.241,1	1.356,1
Shareholder's equity	261,8	206,7	(57,5)	149,2
Non-controlling interests	1,2	0,9		0,9
Total Equity	263,0	207,6	(57,5)	150,1
Total Liabilities and Equity	3.261,9	3.643,1	1.716,0	5.359,1

Shareholding Structure

Before IPO (18.05.2018)



30.06.2019



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.

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