

# Şok Marketler (SOKM TI /SOKM IS)

## Outperform

### High growth play with appealing valuation

- We are initiating the coverage of Şok Marketler (Şok) with an “Outperform” rating and 12-mnth TP of 105, implying a %67 upside potential. Şok is currently trading at 5.6x 2024E P/E, which implies a 61% discount to its global peer and 31% discount to its local peers. We believe that its growth prospects coupled with healthy financials justify trading at higher multiples.
- We believe that Şok is not only a high-growth company benefiting from the transformation in Turkish retail sector but also one of the most resilient Turkish companies to any economic downturn.

**Growth prospects with sustainable margins are the key positives.** During 2019-2022, Şok increased its net sales by 55% CAGR to TL59.3bn in 2022, outpacing the growth of its local peers. During the same period, Şok opened around 979 net stores per year. We foresee Şok to realize 73% topline growth in 2024E on top of an 84% growth in 2023E. We expect Şok to sustain its EBITDA margin at 7.3% in both 2023E and 2024E. During 2025E-2027E, we expect Şok’s net sales to grow above inflation and its EBITDA margin to sustain at 7.4-7.8% while opening around 720 new stores every year.

**Hard discounters’ growth is likely to outpace the growth in FMCG sector.** Although organized food retail channel grew more rapidly during the last decade, we still see room for relatively higher pace of growth for hard discounters. We believe 3 major hard discounters- Bim, A101 and Şok have higher operational efficiencies compared to smaller local groceries and local food retail chains. We believe that improvement in Şok’s financials has become more apparent during the last several years. The pace of net store openings coupled with LfL sales growth indicates that Şok may be increasing market share against not only traditional retailers but also other listed organized food retailers during the following 5 years.

**Risks to consider:** (1) intensifying competition from other discounters and supermarket chains, (2) delay in new store openings, (3) adverse changes in regulatory environment.

Financials, TL mn	2020	2021	2022	2023E	2024E
Net Sales	21,354	28,412	59,292	109,148	188,805
growth	33%	33%	109%	84%	73%
EBITDA	2,099	2,622	4,772	7,932	13,753
Net Income	273	324	2,380	3,400	6,715
EBITDA Margin	9.8%	9.2%	8.0%	7.3%	7.3%
Net Margin	1.3%	1.1%	4.0%	3.1%	3.6%
Dividend Yield	0.2%	0.0%	0.8%	1.4%	3.6%
EV/EBITDA	19.1x	15.3x	8.4x	5.1x	2.9x
P/E	138.3x	116.3x	15.8x	11.1x	5.6x

Source: Ata Invest Estimates

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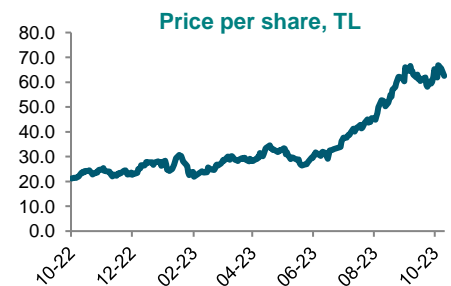
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#### Valuation

Current Price, TL	63.55
12-mth Target Price, TL	105.0
Expected Dividend Yield	1%
Expected Price Appreciation	66%
<b>Total Upside</b>	<b>67%</b>

#### Stock Data

MCap, TL mn	37,704
MCap, US\$ mn	1,348
Enterprise Value, TL mn	40,150
Free float, %	46.4%
Average Daily Turnover, TL mn	606



Share Perf.	1M	3M	1Y
Absolute	3%	59%	171%
Relative to ISE100	1%	29%	33%

Income Statement (TL mn)	2021	2022	2023E	2024E	2025E	2026E
<b>Revenues</b>	<b>28,412</b>	<b>59,292</b>	<b>109,148</b>	<b>188,805</b>	<b>278,480</b>	<b>372,791</b>
<b>EBITDA</b>	<b>2,622</b>	<b>4,772</b>	<b>7,932</b>	<b>13,753</b>	<b>20,586</b>	<b>28,150</b>
Depreciation & other adjustments	834	1,147	1,547	1,587	1,905	2,392
EBIT	1,788	3,625	6,386	12,167	18,681	25,758
Other income, net	-820	-530	-792	-1,170	-1,687	-2,230
Profit/loss from subsidiaries	132	59	90	90	90	90
Financial income, net	-799	-1,209	-1,822	-2,251	-2,714	-3,200
Profit before tax	301	1,945	3,861	8,835	14,370	20,418
Profit from continuing operations	319	2,380	3,400	6,715	10,921	15,518
Discontinued operations	0	0	0	0	0	0
Minority interest	-5.4	0.0	0.0	0.0	0.0	0.0
<b>Reported net income</b>	<b>324</b>	<b>2,380</b>	<b>3,400</b>	<b>6,715</b>	<b>10,921</b>	<b>15,518</b>
Reported EPS	0.55	4.01	5.73	11.32	18.41	26.16

**Şok Marketler**

Sector: Food Retailing  
Bloomberg Ticker: SOKM TI  
Ata Rating: OUTPERFORM

Balance Sheet (TL mn)	2021	2022	2023E	2024E	2025E	2026E
Cash & cash equivalents	1,344	859	635	3,754	8,965	16,436
Trade receivables	100	136	261	524	774	1,036
Inventories	2,849	8,829	15,393	25,610	37,824	50,700
Fixed assets	1,829	3,044	4,855	7,986	11,985	16,522
Goodwill	704	724	1,155	1,900	2,851	3,930
Other Assets	2,909	5,185	5,632	5,136	4,834	4,693
<b>Total Assets</b>	<b>9,735</b>	<b>18,777</b>	<b>27,930</b>	<b>44,910</b>	<b>67,233</b>	<b>93,316</b>
Financial borrow ing	959	1,464	1,695	1,695	1,695	1,695
Trade payables	5,321	10,269	17,103	28,011	41,370	55,453
Other liabilities	2,958	4,178	4,859	4,729	4,117	2,787
Minority Interest	-4.6	0.0	0.0	0.0	0.0	0.0
<b>Shareholders' Equity</b>	<b>501</b>	<b>2,865</b>	<b>4,273</b>	<b>10,475</b>	<b>20,051</b>	<b>33,381</b>
<b>Net Debt</b>	<b>1,666</b>	<b>3,417</b>	<b>4,416</b>	<b>1,297</b>	<b>-3,914</b>	<b>-11,385</b>

**Descriptive Summary**

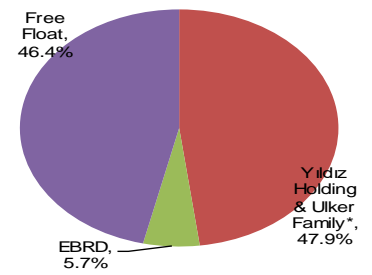
Şok Marketler is the 3rd largest discounter and 4th largest organized food retailer in Turkey, following Bim, A101 and Migros. Şok Marketler started operations with 13 stores in 2001. Yıldız Holding acquired Şok Marketler from Migros in 2011. As of 2Q23-end, Şok Marketler has 10,475 stores and 48,515 employees. Şok Marketler combines the best features of supermarkets and discounters. Şok has a wide selection of around 1,800 products in food and non-food categories. Nostalgic brands with high brand visibility such as Ms, Piyale, Mintax, Amigo and Evin are only available at Şok stores and these private label products currently include over 100 new own products. Şok Marketler's portfolio includes food products like fruits and vegetables, and nonfood products such as kitchenware, cleaners, paper products, and clothing in various categories.

Cash Flow Summary (TL mn)	2021	2022	2023E	2024E	2025E	2026E
Net Income before tax & MI	301	1,945	3,861	8,835	14,370	20,418
Depreciation	834	1,147	1,547	1,587	1,905	2,392
Δ in WCR	-32	-1,067	145	427	896	945
Taxes	18	435	-461	-2,121	-3,449	-4,900
CAPEX	-645	-1,674	-2,503	-4,597	-6,137	-7,395
Dividend paid	-80	0	-300	-510	-1,343	-2,184
Rights issue	0	0	0	0	0	0
Δ in borrow ing	180	505	230	0	0	0
Other cash in/out	-382	-1,775	-2,743	-503	-1,031	-1,803
Cash generated during the year	195	-485	-224	3,119	5,211	7,472
Cash at the end of the year	1,344	859	635	3,754	8,965	16,436

**Ownership Structure**

Growth	2021	2022	2023E	2024E	2025E	2026E
Net Sales	33.1%	108.7%	84.1%	73.0%	47.5%	33.9%
EBITDA	24.9%	82.0%	66.2%	73.4%	49.7%	36.7%
Net Income	19.0%	633.8%	42.9%	97.5%	62.6%	42.1%

Key financial ratios	2021	2022	2023E	2024E	2025E	2026E
ROE	86.1%	141.4%	95.3%	91.1%	71.6%	58.1%
EBITDA margin	9.2%	8.0%	7.3%	7.3%	7.4%	7.6%
Net Margin	1.1%	4.0%	3.1%	3.6%	3.9%	4.2%
Net debt/Equity	3.33	1.19	1.03	0.12	-0.20	-0.34
Net debt/EBITDA	0.64	0.72	0.56	0.09	-0.19	-0.40
ST borrow ings/T. borrow ings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity/Total Assets	5.1%	15.3%	15.3%	23.3%	29.8%	35.8%
Leverage	18.6	5.6	5.5	3.3	2.4	1.8
Interest coverage	2.2	3.0	3.5	5.4	6.9	8.0
Current Ratio	0.6	0.8	0.9	1.0	1.1	1.2
Cash dividend pay-out	0.0%	12.6%	15.0%	20.0%	20.0%	30.0%



\* Gözde Girişim: 23.66%, Turkish Retail Investments: 24.27%

Valuation Metrics	2021	2022	2023E	2024E	2025E	2026E
# of Stores	9,247	10,281	10,951	11,671	12,391	13,111
# of Additions	1,102	1,034	670	720	720	720
<b>Net Sales Growth</b>	<b>33%</b>	<b>109%</b>	<b>84%</b>	<b>73%</b>	<b>47%</b>	<b>34%</b>
LFL Sales	20%	86%	76%	66%	41%	28%
LFL Customer Traffic	0%	8%	3%	2%	2%	2%
LFL Basket	20%	75%	71%	63%	39%	26%
US\$/TL avg	8.9	16.6	23.7	34.5	44.8	52.9
CPI avg chg (%)	19.6	72.3	54.5	59.1	33.5	20.5
CPI end (%)	36.1	64.3	69.0	42.0	25.0	16.0

Source: Company data, Ata Invest Estimates

## Investment Thesis: High growth and appealing valuation

**We are initiating Şok Marketler (Şok) with “OUTPERFORM” rating and 12-mnth TP of 105%, implying %67 upside potential. Şok is currently trading at 5.6x 2024E P/E, which implies a 61% discount to its global peer and 31% discount to its local peers. We believe that its growth prospects coupled with healthy financials justify higher multiples.**

Based on adj-comparable 2024E EBITDA estimates (incl. net interest on purchases), Şok is currently trading at 3.2x 2024E EV/EBITDA, implying a 44% discount to Bim and a 32% discount to Migros. Although we have an “OUTPERFORM” rating for both Bim and Migros, we believe Şok has a more appealing upside with relatively higher growth prospects. We also believe that Yıldız Holding, Şok’s parent company, has now healthier financials. Concerns about its parent company had been overshadowing Şok’s strengthening financials as well its encouraging growth prospects. Thus, we believe mitigating concerns about its parent company will accelerate the re-rating of Şok shares.

The transition in Turkish food retail continues in favour of organized food retailers. According to the Competition Board report (Nielsen), the share of organized food retailers in total FMCG net sales increased to 54% in 2021 from 47% in 2019. We believe organized food retailers’ growth will continue to outpace the growth in traditional channel during the next decade.

We believe that Şok is not only a high-growth company benefiting from the transformation in the Turkish retail sector but also one of the most resilient Turkish companies to any economic downturn. Amid ongoing uncertainties about Turkish politics and economy, Şok is one of the healthiest Turkish companies in our coverage universe. Şok does not have any financial debt (excluding financial leases), FX short position or working capital needs. With its highly efficient store format, Şok is likely to be highly competitive under any economic conditions compared to traditional retailers.

### **High topline growth prospects are encouraging with supportive new store openings and LFL growth.**

During 2019-2022, Şok increased its net sales by 55% CAGR to TL59.3bn in 2022, outpacing the growth of its peers. During the same period, Şok opened around 979 net stores per year. After a slowdown in new store openings and some store closings, Şok’s net store opening was negative 67 in 1Q23 since 230 stores were permanently closed due to the earthquake. Starting with 2Q23, Şok opened 261 net new stores, reaching a sum of 10,475 stores as of 1H23-end.

Exhibit - SOKM- # of Stores

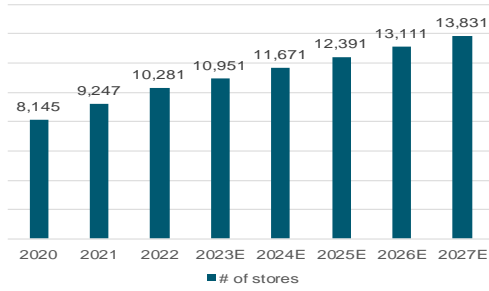
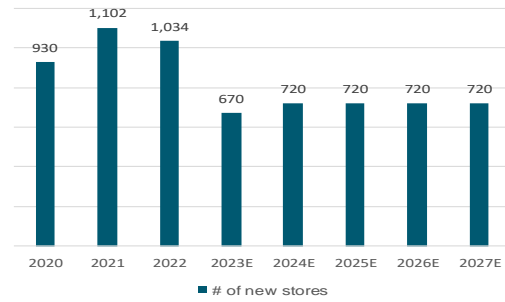


Exhibit- SOKM- # of net new store additions



Source: Company data, Ata Invest Estimates

Şok increased its net sales by 92.7% y/y to TL45.4mn in 1H23 while opening 424 new stores (net: 194). We expect Şok's net sales growth to decelerate to 78.4% y/y in 2H23, due to strong base period. In 2023E, we expect Şok to increase its net sales to TL109.1bn, implying an 84% growth, in line with the company guidance of +80% (+/-5%) topline earnings growth.

Exhibit - SOKM- Net Sales vs Growth

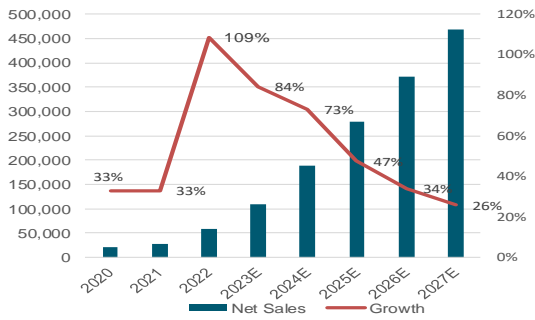
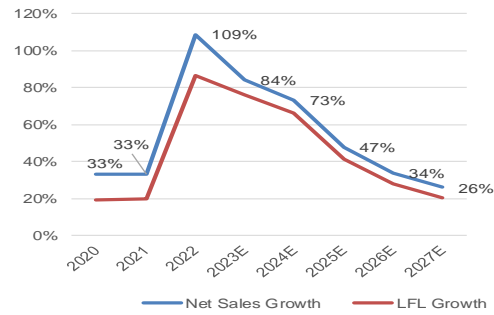


Exhibit- SOKM- Net Sales Growth vs LFL Growth



Source: Company data, Ata Invest Estimates

Assuming that avg CPI increase will be 59.1% in 2024E on top of 54.3% in 2023E, we expect Şok to increase its net sales by 69.5% to TL188.7bn in 2024E

During 2025E-2027E, we expect Şok's net sales to grow above the average CPI increase and sustain its EBITDA margin at around 7.4-7.8% while opening around 720 net stores ever year.

Although organized food retail channel grew more rapidly during the last decade, we still see a room for growth for hard discounters. We believe 3 major hard discounters-Bim, A101 and Şok have higher operational efficiencies compared to smaller local groceries and local food retail chains.

As of 2H23, Şok reached 10,475 total stores, behind Bim which has 10,611 stores. In 2022, revenue/store was TL1.3mn for Şok and TL1.9mn for Bim. This ratio declined to TL1.0mn for Şok and TL1.3mn for Bim in 1H23, mainly due to a devastating earthquake in Southeast Turkey.

We believe that improvement in Şok 's financials has become more apparent during the last several years. The pace of net store openings coupled with LfL sales growth indicates that Şok may be increasing market share against not only traditional retailers but also other listed organized food retailers.

We expect EBITDA margin to be sustained at around 7.3-7.8% during the following 5 years.

Exhibit - SOKM- EBITDA vs Net Margin

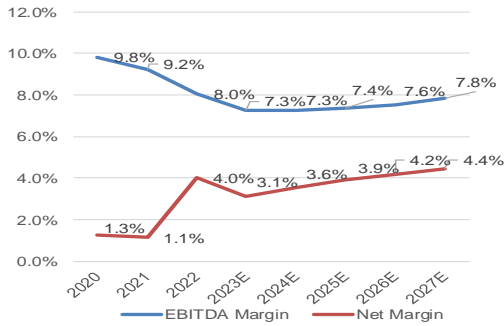
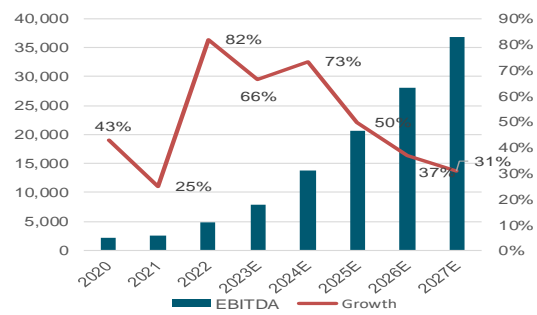


Exhibit- SOKM- EBITDA vs EBITDA Growth



Source: Company data, Ata Invest Estimates

In 1H23, Şok increased its reported EBITDA by 48.6% y/y to TL3.0bn, implying a 6.5% EBITDA margin.

We expect Şok’s EBITDA to recover to 7.8% in 3Q23 and 8.2% in 4Q23 from 6.0% in 1Q23 and 7.0% in 2Q23. Accordingly, we expect Şok to realize an EBITDA margin of 7.3% in 2023E, which is slightly below the company guidance of 7.5-8.0%

We foresee Şok’s EBITDA margin to be at 7.3% in 2024E and gradually increase to 7.8% by 2027E.

**Improving net cash position may support higher growth while distributing cash dividends.**

Amid ongoing uncertainties about Turkish politics and economy, Şok is one of the healthiest Turkish companies in our coverage universe. Şok does not have any financial debt (excluding financial leases), FX short position or working capital needs. With its highly efficient store format, Şok is likely to be highly competitive under any economic conditions.

Thanks to increase in operating cash flow supported by negative working capital, Şok’s net cash (excluding lease liabilities) increased to TL2.45bn in 2Q23 from TL859mn in 4Q22. Including lease liabilities (IFRS 16), net debt declined to TL2.6bn in 2Q23 from TL3.4bn in 4Q22. Accordingly, net debt/EBITDA (LTM) declined to 0.45x in 2Q23 from 0.71x in 4Q22. We expect Şok to turn to net cash/EBITDA (including lease liabilities) by 2026E

Exhibit - SOKM- Net Debt vs Net Debt/EBITDA

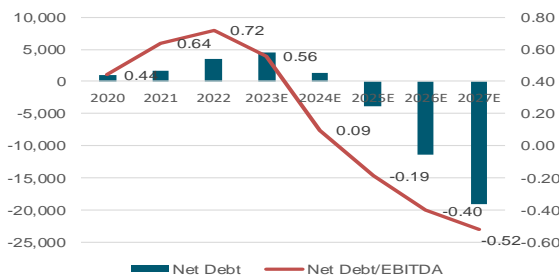
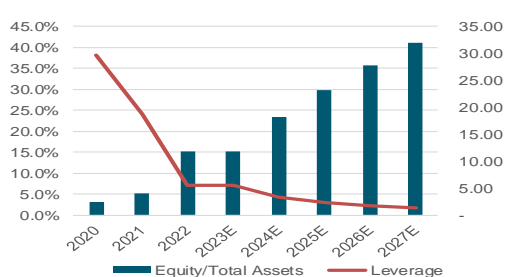


Exhibit- SOKM- EBITDA/Total Assets vs Leverage



Source: Company data, Ata Invest Estimates

### Hard discounters' growth is likely to outpace the growth in FMCG sector.

Although organized food retail channel grew more rapidly during the last decade, we still see room for relatively higher growth for hard discounters. We believe 3 major hard discounters- Bim, A101 and Şok have higher operational efficiencies compared to smaller local groceries and local food retail chains. We believe that improvement in Şok 's financials has become more apparent during the last several years. The pace of net store openings coupled with LfL sales growth indicates that Şok may be increasing market share against not only traditional retailers but also other listed organized food retailers during the following 5 years.

#### Exhibit - Total FMCG - Turkey

	2019	2020	2021
<b>Net Sales</b>			
TL mn			
Traditional	103,418	114,306	140,318
Organized	91,528	131,773	166,013
<b>Total FMCG</b>	<b>194,946</b>	<b>246,079</b>	<b>306,330</b>

Organized/Total	47%	54%	54%
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#### Number of Stores

Traditional	192,452	191,454	188,915
Organized	32,906	35,753	39,147
<b>Total FMCG</b>	<b>225,358</b>	<b>227,207</b>	<b>228,062</b>

Source: Nielsen, Competition Board report

\* FMCG: fast moving consumer goods.

\* traditional (grocery stores, gas stations, nut shops, buffets, pharmacies, perfumeries)

\* organized (supermarkets, hypermarkets, discount stores)

#### Net Sales by store format (TL mn)

<b>Traditional</b>	<b>103,418</b>	<b>114,306</b>	<b>140,318</b>
<b>Organized</b>	<b>91,528</b>	<b>131,773</b>	<b>166,013</b>
Hypermarkets (sqm >=2500)	5,342	6,026	7,455
Supermarkets (1000<sqm<2499)	10,893	13,583	16,303
Supermarkets (400<sqm<999)	16,327	20,626	25,178
Supermarket Stores (sqm<400)	16,092	22,999	27,300
Discount Stores (sqm<400)	42,875	68,540	89,776
<b>Total FMCG</b>	<b>194,946</b>	<b>246,079</b>	<b>306,330</b>

#### Number of stores by store format

<b>Traditional</b>	<b>192,452</b>	<b>191,454</b>	<b>188,915</b>
<b>Organized</b>	<b>32,906</b>	<b>35,753</b>	<b>39,147</b>
Hypermarkets (sqm >=2500)	224	224	221
Supermarkets (1000<sqm<2499)	1,037	1,049	1,038
Supermarkets (400<sqm<999)	3,292	3,233	3,339
Supermarket Stores (sqm<400)	7,306	7,389	7,741
Discount Stores (sqm<400)*	21,047	23,858	26,808
<b>Total FMCG</b>	<b>225,358</b>	<b>227,207</b>	<b>228,062</b>

Source: Nielsen, Competition Board report

Considering the inflationary pressures, we believe hard discounters will continue to lead the markets due to their operational efficiencies. The cost and quality are the two key parameters where hard discounters are focused. The aim of hard discount retailers is to supply customers with basic goods needed at the lowest possible prices while maintaining high-quality standards. This is achieved through 4

fundamental policies: (1) limited assortment of products (2) increasing the percentage of private labels offered at low prices (3) establishing and maintaining a high quality/price ratio and (4) efficient operations.

### **Şok differentiates from other discounters with Turkey's most recognised nostalgic brands.**

Şok is the 3rd largest discounter and 4th largest organized food retailer in Turkey, following Bim, A101 and Migros. Şok started operations with 13 stores in 2001. Yıldız Holding acquired Şok from Migros in 2011. As of 2Q23-end, Şok has 10,475 stores and 48,515 employees.

Şok had acquired Turkey's most-recognized nostalgic brands, such as Mis, Piyasa, Mintax, Evin and Amiho and reintroduced them to its customers. The company displays its private label products in bright yellow boxes in the stores alongside domestic branded products.

Şok combines the best features of supermarkets and discounters. Şok has a wide selection of around 1,800 products in food and non-food categories. Nostalgic brands with high brand visibility such as Mis, Piyale, Mintax, Amigo and Evin are only available at Şok stores and these private label products currently include over 100 new own products. Şok's portfolio includes food products like fruits and vegetables, and nonfood products such as kitchenware, cleaners, paper products, and clothing in various categories.

The home delivery app "Cepte ŞOK" introduced by ŞOK Marketler in 2020 for a quick and secure shopping possibility in the pandemic became widespread rapidly and provided a secure and uninterrupted service. Orders are delivered to customers within the same day with different payment options via the application, without any delivery fee and at the prices in the store. Customers earn points for their Cepte ŞOK purchases and can redeem these points for future purchases.

Şok leaves a mark in the industry for vegetables and dry food thanks to its Fair Agriculture from Farm to Table Project. On the one hand, the Company supports farmers by procuring fresh, quality, and affordable vegetables, fruits, and dry foods directly from the farmer while managing all end-to-end quality control processes

## Risks

### Intensifying competition from hard discounters and supermarkets

Şok faces significant competition in its current areas of operations. The retail sector in Turkey is highly competitive. Şok's competitors include hard discounters, soft discounters, national and international hypermarkets and supermarket retail chains, convenience stores and independent grocery stores. While transformation in the Turkish retail sector continues, intensifying competition triggered by regional competitors and national hard discounters, competition on the basis of location, service, price, product quality, product variety and store condition may have a negative impact on new store openings.

### Delay in new store openings

Şok aims to open 750 (+/-50) new stores in 2023. The successful implementation of its expansion strategy depends on its ability to locate appropriate sites on commercially reasonable terms, open new stores in a timely manner, employ, train and retain additional store and supervisory personnel and integrate the new stores into its existing operations on a profitable basis.

### Adverse changes in the regulatory environment against national organised retail chains

Changes in regulatory environment against national organised retailers such as limiting new store openings in city centres could be negative. Considering the high competition in Turkish FMCG retail sector, we do not see any major changes in regulatory environment.



## Valuation

We use a multiple valuation for Şok. Based on our 2024E EV/EBITDA and P/E multiples, our 12-month TP of TL105 implies a 67% upside potential.

We believe that Şok has full-comparable local peers with similar structure, size and product range. Since we believe Turkish food retailers are trading at a discount to their peers, we also take global food retailers multiple into consideration.

Şok is currently trading at 5.6x 2024E P/E, which implies a 61% discount to its global peer and a 31% discount to its local peers. We believe that its growth prospects coupled with healthy financials justify higher multiples.

Based on adj-comparable 2024E EBITDA estimates (incl. net interest on purchases), Şok is currently trading at 3.2x 2024E EV/EBITDA, implying a 44% discount to Bim and a 31% discount to Migros. Although we have an “OUTPERFORM” rating for both Bim and Migros, we believe Şok has a more appealing valuation with relatively higher growth prospects. We also believe that Yıldız Holding’s, Şok’s parent company, has now healthier financials, which have been overshadowing Şok’s strengthening financials as well growth prospects. Thus, we believe mitigating concerns about its parent company will accelerate the re-rating of Şok shares.

## Key Valuation Multiples - Major Listed Food Retailers

### Exhibit - Turkish Food Retailers Trading Multiples at a glance

TL mn	Mcap	Share Price	# of shares	Net debt	EV
SOKM	37,704	63.55	593	2,603	40,306
BIMAS	180,946	298.00	607	8,449	189,394
MGROS	67,280	371.60	181	-3,363	63,917

#### P/E- Turkish Food Retailers

	2020	2021	2022	2023E	2024E	2025E
SOKM	138.3	116.3	15.8	11.1	5.6	3.5
BIMAS	69.4	61.7	22.2	16.2	8.6	5.8
MGROS	-167.0	187.5	26.2	12.2	7.6	5.5
<i>Global Peers (Bloomberg consensus)</i>				<b>16.2</b>	<b>14.4</b>	

#### Reported- EV/EBITDA- Turkish Food Retailers

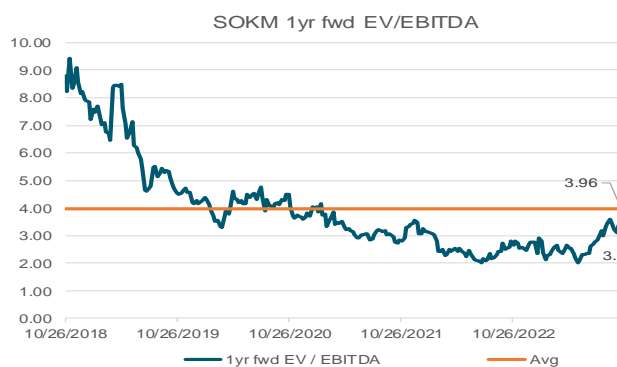
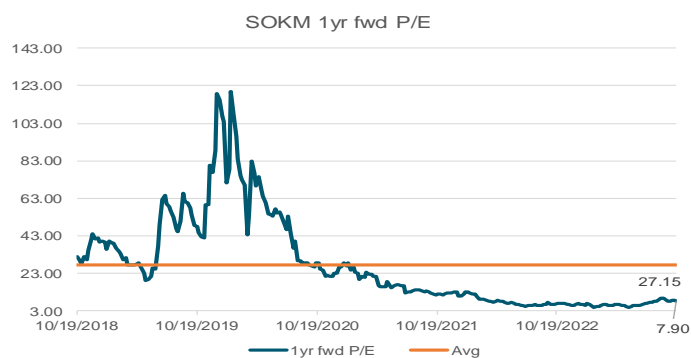
	2020	2021	2022	2023E	2024E	2025E
SOKM	19.2	15.4	8.4	5.1	2.9	1.96
BIMAS	37.4	28.8	16.0	9.7	5.8	4.0
MGROS	28.7	22.1	10.7	6.4	3.7	2.7
<i>Global Peers (Bloomberg consensus)</i>				<b>7.4</b>	<b>6.6</b>	

#### Adj- EV/EBITDA- Turkish Food Retailers

	2020	2021	2022	2023E	2024E	2025E
SOKM	25.2	18.7	9.2	5.6	3.2	2.15
BIMAS	37.4	28.8	16.0	9.7	5.8	4.0
MGROS	35.6	31.0	15.1	8.2	4.7	3.4

Source: Ata Invest Estimates, Global Peers (Bloomberg estimates)

Exhibit - SOKM - 1 yr fwd Multiples



Source: Bloomberg

Global Food Retailers - Trading Multiples

Company name	Bloomberg Ticker	Currency	EV/EBITDA			P/E			EV (US\$ m)	Mcap (US\$ m)
			2022	2023E	2024E	2022	2023E	2024E		
<b>Latam Food retailers</b>										
WALMEX	WALMEXV MM Equity	MXN	-	-	-	-	-	-	-	-
SORIANA	SORIANAB MM Equity	MXN	5.7x	5.6x	5.4x	11.2x	11.4x	10.4x	4,073	2,990
COMERCI	COMERUBC MM Equity	MXN	-	-	-	-	-	-	-	-
CBD	PCAR5 BZ Equity	BRL	3.5x	8.8x	5.5x	-	-	-	653	184
LOJAS AMERICANAS	LAME4 BZ Equity	BRL	-	-	-	-	-	-	-	-
LOJAS RENNEN	LREN3 BZ Equity	BRL	6.3x	7.8x	5.8x	9.4x	11.9x	9.8x	2,577	2,405
GUARARAPES	GUAR4 BZ Equity	BRL	5.3x	4.4x	3.4x	-	-	-	519	520
B2W VAREJO	BTOW3 BZ Equity	BRL	5.1x	4.1x	3.5x	-	-	-	567	140
<b>Average</b>			<b>5.2x</b>	<b>6.1x</b>	<b>4.7x</b>	<b>10.3x</b>	<b>11.6x</b>	<b>10.1x</b>	<b>1,678</b>	<b>1,248</b>
<b>European Food retailers</b>										
AHOLD	AH NA Equity	EUR	-	-	-	-	-	-	-	-
AXFOOD	AXFO SS Equity	SEK	10.9x	9.9x	9.0x	21.4x	20.6x	19.3x	5,782	4,832
CARREFOUR	CA FP Equity	EUR	6.0x	6.0x	5.5x	10.6x	9.4x	7.8x	30,704	12,062
CASINO	CO FP Equity	EUR	4.9x	5.2x	4.8x	-	17.5x	4.9x	14,050	124
COLRUYT	COLR BB Equity	EUR	8.6x	9.9x	8.7x	17.4x	26.1x	19.8x	6,826	5,771
DELHAIZE	DELB BB Equity	EUR	-	-	-	-	-	-	-	-
JERONIMO MARTINS	JMT PL Equity	EUR	8.3x	7.2x	6.7x	20.4x	16.5x	15.8x	16,201	13,315
KESKO	KESBV FH Equity	EUR	6.8x	7.3x	7.2x	-	-	-	9,521	6,648
MORRISON	MRW LN Equity	GBP	-	-	-	-	-	-	-	-
SAINSBURY	SBRY LN Equity	GBP	5.1x	5.2x	5.3x	11.1x	11.5x	12.3x	13,774	7,370
TESCO	TSCO LN Equity	GBP	6.5x	6.8x	6.6x	12.8x	13.0x	11.8x	36,512	23,822
<b>Average</b>			<b>7.1x</b>	<b>7.2x</b>	<b>6.7x</b>	<b>15.6x</b>	<b>16.4x</b>	<b>13.1x</b>	<b>16,671</b>	<b>9,243</b>
<b>US Food retailers</b>										
KROGER	KR US Equity	USD	6.1x	5.7x	5.4x	12.7x	10.7x	9.8x	49,152	31,765
RUDDICK	RDK US Equity	USD	-	-	-	-	-	-	-	-
SAFEWAY	SWY US Equity	USD	-	-	-	-	-	-	-	-
SUPERVALU	SVU US Equity	USD	-	-	-	-	-	-	-	-
WAL-MART	WMT US Equity	USD	12.8x	13.5x	12.3x	24.9x	26.2x	24.7x	487,110	430,190
TARGET	TGT US Equity	USD	5.9x	10.1x	8.6x	8.5x	18.6x	14.8x	69,210	51,691
<b>Average</b>			<b>8.2x</b>	<b>9.8x</b>	<b>8.8x</b>	<b>15.4x</b>	<b>18.5x</b>	<b>16.4x</b>	<b>201,824</b>	<b>171,215</b>
<b>South African Food retailers</b>										
SHOPRITE	SHP SJ Equity	ZAR	10.3x	9.7x	8.6x	21.4x	20.8x	19.3x	9,309	7,386
PICK N PAY	PIK SJ Equity	ZAR	5.6x	5.6x	6.0x	10.9x	12.9x	21.3x	1,969	814
<b>Average</b>			<b>7.9x</b>	<b>7.6x</b>	<b>7.3x</b>	<b>16.1x</b>	<b>16.8x</b>	<b>20.3x</b>	<b>5,639</b>	<b>4,100</b>
<b>Average All</b>			<b>6.9x</b>	<b>7.4x</b>	<b>6.6x</b>	<b>14.8x</b>	<b>16.2x</b>	<b>14.4x</b>	<b>42,139</b>	<b>33,446</b>

Source: Bloomberg consensus

## Key Operational Parameters - Major Listed Food Retailers

### Exhibit - Turkish Food Retailers - Growth and Margin Trends

#### Net Sales

TL mn	2020	2021	2022	2023E	2024E	2025E
SOKM	21,354	28,412	59,292	109,148	188,805	278,480
BIMAS	55,495	70,699	147,716	265,882	446,683	647,690
MGROS	28,790	36,272	74,502	147,038	241,142	335,188

#### Growth

SOKM	33.0%	33.1%	108.7%	84.1%	73.0%	47.5%
BIMAS	38.0%	27.4%	108.9%	80.0%	68.0%	45.0%
MGROS	25.9%	26.0%	105.4%	97.4%	64.0%	39.0%

#### Adj-EBITDA (apple-to-apple)

TL mn	2020	2021	2022	2023E	2024E	2025E
SOKM	1,602	2,152	4,399	7,218	12,518	18,764
BIMAS	5,067	6,576	11,867	19,526	32,735	47,560
MGROS	1,795	2,059	4,227	7,749	13,511	18,678

#### Margin

SOKM	7.5%	7.6%	7.4%	6.6%	6.6%	6.7%
BIMAS	9.1%	9.3%	8.0%	7.3%	7.3%	7.3%
MGROS	6.2%	5.7%	5.7%	5.3%	5.6%	5.6%

\* EBITDA= Gross profit - Opex - (interest expense on term purchases- interest income on term sales)+ Depreciation & Amortisation

#### Reported EBITDA

TL mn	2020	2021	2022	2023E	2024E	2025E
SOKM	2,099	2,622	4,772	7,932	13,753	20,586
BIMAS	5,067	6,576	11,867	19,526	32,735	47,560
MGROS	2,224	2,894	5,968	9,953	17,127	23,806

#### Margin

SOKM	9.8%	9.2%	8.0%	7.3%	7.3%	7.4%
BIMAS	9.1%	9.3%	8.0%	7.3%	7.3%	7.3%
MGROS	7.7%	8.0%	8.0%	6.8%	7.1%	7.1%

\* EBITDA= Gross profit - Opex + Depreciation & Amortisation

#### Net Income

TL mn	2020	2021	2022	2023E	2024E	2025E
SOKM	273	324	2,380	3,400	6,715	10,921
BIMAS	2,607	2,932	8,157	11,164	21,026	31,402
MGROS	-403	359	2,570	5,493	8,824	12,263

#### Margin

SOKM	1.3%	1.1%	4.0%	3.1%	3.6%	3.9%
BIMAS	4.7%	4.1%	5.5%	4.2%	4.7%	4.8%
MGROS	-1.4%	1.0%	3.4%	3.7%	3.7%	3.7%

#### Gross Profit

TL mn	2020	2021	2022	2023E	2024E	2025E
SOKM	5,036	6,644	14,097	25,482	44,747	65,721
BIMAS	10,121	13,460	26,774	48,944	83,976	122,413
MGROS	6,885	8,755	17,800	34,211	56,910	79,104

#### Margin

SOKM	23.6%	23.4%	23.8%	23.3%	23.7%	23.6%
BIMAS	18.2%	19.0%	18.1%	18.4%	18.8%	18.9%
MGROS	23.9%	24.1%	23.9%	23.3%	23.6%	23.6%

#### Opex

TL mn	2020	2021	2022	2023E	2024E	2025E
SOKM	-3,634	-4,856	-10,472	-19,097	-32,580	-47,040
BIMAS	-6,424	-8,687	-17,499	-33,345	-54,989	-79,729
MGROS	-6,136	-6,768	-13,010	-26,045	-41,531	-56,947

#### Opex/Net Sales

SOKM	-17.0%	-17.1%	-17.7%	-17.5%	-17.3%	-16.9%
BIMAS	-11.6%	-12.3%	-11.8%	-12.5%	-12.3%	-12.3%
MGROS	-21.3%	-18.7%	-17.5%	-17.7%	-17.2%	-17.0%

#### EBIT

TL mn	2020	2021	2022	2023E	2024E	2025E
SOKM	1,402	1,788	3,625	6,386	12,167	18,681
BIMAS	3,697	4,774	9,274	15,599	28,988	42,684
MGROS	749	1,987	4,790	8,166	15,378	22,157

#### EBIT Margin

SOKM	6.6%	6.3%	6.1%	5.9%	6.4%	6.7%
BIMAS	6.7%	6.8%	6.3%	5.9%	6.5%	6.6%
MGROS	2.6%	5.5%	6.4%	5.6%	6.4%	6.6%

#### Net Interest on term purchases

TL mn	2020	2021	2022	2023E	2024E	2025E
SOKM	-497	-470	-373	-714	-1,235	-1,822
BIMAS	0	0	0	0	0	0
MGROS	-429	-835	-1,741	-2,205	-3,616	-5,128

#### NITP/Net Sales

SOKM	-2.3%	-1.7%	-0.6%	-0.7%	-0.7%	-0.7%
BIMAS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MGROS	-2.0%	-2.9%	-2.9%	-2.0%	-1.9%	-1.8%

Source: Ata Invest Estimates.

**Exhibit- Şok Marketler - Income Statement**

TL mn	2021	2022	2023E	2024E	2025E	2026E	2027E
<b>Revenues</b>	<b>28,412</b>	<b>59,292</b>	<b>109,148</b>	<b>188,805</b>	<b>278,480</b>	<b>372,791</b>	<b>469,314</b>
Cost of sales	-21,768	-45,195	-83,666	-144,058	-212,759	-285,185	-359,025
<b>Gross Profit</b>	<b>6,644</b>	<b>14,097</b>	<b>25,482</b>	<b>44,747</b>	<b>65,721</b>	<b>87,606</b>	<b>110,289</b>
Marketing expenses	-4,683	-9,949	-18,461	-31,212	-45,039	-59,193	-73,184
General administrative expenses	-173	-523	-635	-1,368	-2,002	-2,654	-3,307
Other operating income	19	46	296	406	529	659	791
Other operating expenses	-840	-575	-1,088	-1,576	-2,216	-2,889	-3,578
<b>Operating profit</b>	<b>968</b>	<b>3,096</b>	<b>5,594</b>	<b>10,997</b>	<b>16,994</b>	<b>23,528</b>	<b>31,011</b>
Income from investing activities	135	67	90	90	90	90	90
Expense from investing activities	-4	-9	0	0	0	0	0
<b>Operating profit before financial expenses</b>	<b>1,100</b>	<b>3,154</b>	<b>5,684</b>	<b>11,087</b>	<b>17,084</b>	<b>23,618</b>	<b>31,101</b>
Financial expense	-799	-1,209	-1,822	-2,251	-2,714	-3,200	-3,698
<b>Profit before tax from continued operations</b>	<b>301</b>	<b>1,945</b>	<b>3,861</b>	<b>8,835</b>	<b>14,370</b>	<b>20,418</b>	<b>27,404</b>
<b>Taxes</b>	<b>18</b>	<b>435</b>	<b>-461</b>	<b>-2,121</b>	<b>-3,449</b>	<b>-4,900</b>	<b>-6,577</b>
Current tax expense	-17	-181	0	0	0	0	0
Deferred tax expense	35	616	-285	0	0	0	0
<b>Profit from continued operations</b>	<b>319</b>	<b>2,380</b>	<b>3,400</b>	<b>6,715</b>	<b>10,921</b>	<b>15,518</b>	<b>20,827</b>
Discontinued operations	0	0	0	0	0	0	0
<b>Net Income before NC interest</b>	<b>319</b>	<b>2,380</b>	<b>3,400</b>	<b>6,715</b>	<b>10,921</b>	<b>15,518</b>	<b>20,827</b>
Non-controlling interest	-5	0	0	0	0	0	0
<b>Net Income</b>	<b>324</b>	<b>2,380</b>	<b>3,400</b>	<b>6,715</b>	<b>10,921</b>	<b>15,518</b>	<b>20,827</b>
Depreciation and Amortisation	834	1,147	1,547	1,587	1,905	2,392	2,989
Opex	-4,856	-10,472	-19,097	-32,580	-47,040	-61,847	-76,491
EBIT	1,788	3,625	6,386	12,167	18,681	25,758	33,798
EBITDA	2,622	4,772	7,932	13,753	20,586	28,150	36,787
EBIT- exc. IFRS 16	1,427	3,263	5,413	11,194	17,708	24,785	32,825
EBITDA- exc. IFRS 16	1,628	3,358	5,975	11,796	18,629	26,193	34,830
<b>Profitability</b>							
Gross Margin	23.4%	23.8%	23.3%	23.7%	23.6%	23.5%	23.5%
EBIT Margin	6.3%	6.1%	5.9%	6.4%	6.7%	6.9%	7.2%
Opex/Net Sales	-17.1%	-17.7%	-17.5%	-17.3%	-16.9%	-16.6%	-16.3%
EBITDA Margin	9.2%	8.0%	7.3%	7.3%	7.4%	7.6%	7.8%
EBITDA Margin (exc IFRS 16)	5.7%	5.7%	5.5%	6.2%	6.7%	7.0%	7.4%
PBT Margin	1.1%	3.3%	3.5%	4.7%	5.2%	5.5%	5.8%
Effective Tax rate	6.0%	22.4%	-11.9%	-24.0%	-24.0%	-24.0%	-24.0%
Net Margin	1.1%	4.0%	3.1%	3.6%	3.9%	4.2%	4.4%

Source: Company data, Ata Invest Estimates

**Exhibit- Şok Marketler - Summary Balance Sheet**

TL mn	2021	2022	2023E	2024E	2025E	2026E	2027E
<b>Assets</b>							
Cash & cash equivalents	1,344	859	635	3,754	8,965	16,436	24,239
Financial Investments	0	0	0	0	0	0	0
Trade receivables	100	136	261	524	774	1,036	1,304
Inventories	2,849	8,829	15,393	25,610	37,824	50,700	63,827
Other current assets	77	635	698	768	845	929	1,022
<b>Current Assets</b>	<b>4,370</b>	<b>10,458</b>	<b>16,987</b>	<b>30,657</b>	<b>48,407</b>	<b>69,101</b>	<b>90,391</b>
Financial Investments	0	0	0	0	0	0	0
Propert & Equipment	1,829	3,044	4,855	7,986	11,985	16,522	21,290
Intangible assets	704	724	1,155	1,900	2,851	3,930	5,064
Right of use assets	2,565	3,641	3,934	3,268	2,779	2,432	2,201
Deferred tax assets	233	851	936	1,030	1,133	1,246	1,371
Other non-current assets	35	58	64	70	77	85	93
<b>Non-current Assets</b>	<b>5,365</b>	<b>8,319</b>	<b>10,943</b>	<b>14,254</b>	<b>18,826</b>	<b>24,215</b>	<b>30,020</b>
<b>Total Assets</b>	<b>9,735</b>	<b>18,777</b>	<b>27,930</b>	<b>44,910</b>	<b>67,233</b>	<b>93,316</b>	<b>120,411</b>
<b>Liabilities and equity</b>							
Financial liabilities	1	0	0	0	0	0	0
Lease Liabilities	958	1,464	1,695	1,695	1,695	1,695	1,695
Trade payables	5,321	10,269	17,103	28,011	41,370	55,453	67,816
Other current liabilities	170	193	212	233	257	282	311
Payables related to employee benefits	202	539	593	652	717	789	868
Provisions	413	333	366	402	443	487	536
<b>Current liabilities</b>	<b>7,066</b>	<b>12,798</b>	<b>19,969</b>	<b>30,994</b>	<b>44,481</b>	<b>58,706</b>	<b>71,225</b>
LT Financial liabilities	0	0	0	0	0	0	0
Reserve for employee termination benefits	101	302	332	365	402	442	486
Long term lease liabilities	2,051	2,811	3,356	3,356	3,356	3,356	3,356
Deferred tax liability	22	0	0	0	1	1	1
<b>Non-current Liabilities</b>	<b>2,173</b>	<b>3,114</b>	<b>3,689</b>	<b>3,722</b>	<b>3,758</b>	<b>3,799</b>	<b>3,843</b>
Paid-in Share Capital	612	593	593	593	593	593	593
Share buy back	-181	0	0	0	0	0	0
Actuarial Loss / Earnings	-13	-23	-26	-28	-31	-34	-38
Reserves on Retained Earnings	5	9	9	9	9	9	9
JV Aquisition Impact	0	0	0	0	0	0	0
Retained Losses	320	474	2,554	3,186	8,558	17,295	28,158
Loss for Financial Year	324	2,380	1,143	6,715	10,921	15,518	20,827
<b>Shareholder's Equity</b>	<b>501</b>	<b>2,865</b>	<b>4,273</b>	<b>10,475</b>	<b>20,051</b>	<b>33,381</b>	<b>49,549</b>
<b>Non-controlling Interest</b>	<b>-5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholder's equity</b>	<b>496</b>	<b>2,865</b>	<b>4,273</b>	<b>10,475</b>	<b>20,051</b>	<b>33,381</b>	<b>49,549</b>
<b>Total liabilities &amp; equity</b>	<b>9,735</b>	<b>18,777</b>	<b>27,930</b>	<b>45,191</b>	<b>68,290</b>	<b>95,885</b>	<b>124,617</b>

Source: Company data, Ata Invest Estimates

Exhibit- Turkish food retailers at a glance

Şok Market (SOKM)

TL mn	2017	2018	2019	2020	2021	2022	1H23
Net Sales	8,920	12,061	16,052	21,354	28,412	59,292	45,379
Revenue/Store	1.75	1.90	2.22	2.62	3.07	5.77	4.33
EBITDA	346	630	1,470	2,099	2,622	4,772	2,961
Book Value	-2,023	262	-28	253	501	2,865	4,026
Total Assets	2,610	3,262	5,708	7,762	9,735	18,777	23,572
# of employees	24,255	27,823	29,738	35,666	39,659	45,293	46,797
Employee/Store	4.8	4.4	4.1	4.4	4.3	4.4	4.5
Revenue/Store	0.4	0.4	0.5	0.6	0.7	1.3	1.0
Number of stores	5,100	6,364	7,215	8,145	9,247	10,281	10,475
Net Store Openings	1,100	1,264	851	930	1,102	1,034	194

Bim over Şok

Revenue/Store comp	2.1	2.3	2.2	2.3	2.2	2.2	2.1
Number of store comp	1.3	1.2	1.2	1.1	1.1	1.1	1.1
Revenue comp	2.8	2.7	2.5	2.6	2.5	2.5	2.4
EBITDA comp	3.7	3.0	2.1	2.4	2.5	2.5	2.5

Bim (BIMAS)

TL mn	2017	2018	2019	2020	2021	2022	1H23
Net Sales	24,779	32,323	40,212	55,495	70,699	147,716	109,213
Revenue/Store	3.66	4.32	4.82	5.93	6.74	12.83	9.24
EBITDA	1,296	1,879	3,149	5,067	6,576	11,867	7,431
Book Value	2,958	3,512	4,237	7,176	7,606	25,201	25,930
Total Assets	7,026	8,948	15,174	23,430	30,412	64,684	83,649
# of employees	40,042	45,093	51,765	60,663	70,197	79,809	82,539
Employee/Store	5.9	6.0	6.2	6.5	6.7	6.9	7.0
Revenue/Store	0.6	0.7	0.8	0.9	1.0	1.9	1.3

Number of Stores

Turkey- Hard Discount Stores	6,074	6,672	7,438	8,407	9,451	10,370	10,611
Turkey- File Supermarkets	44	64	93	123	160	202	219
Turkey- Total	6,118	6,736	7,531	8,530	9,611	10,572	10,830
International- Morocco	382	442	497	535	578	627	659
International- Egypt	265	300	320	300	300	311	329
International- Total	647	742	817	835	878	938	988
Bim- Turkey	6,118	6,736	7,531	8,530	9,611	10,572	10,830
Bim - International	647	742	817	835	878	938	988
Bim- Total	6,765	7,478	8,348	9,365	10,489	11,510	11,818

Net Store Openings

Turkey- Hard Discount Stores	472	598	766	969	1,044	919	241
Turkey- File Supermarkets	23	20	29	30	37	42	17
Turkey- Total	495	618	795	999	1,081	961	258
International- Morocco	53	60	55	38	43	49	32
International- Egypt	50	35	20	-20	0	11	18
International- Total	103	95	75	18	43	60	50
Bim- Turkey	495	618	795	999	1,081	961	258
Bim - International	103	95	75	18	43	60	50
Bim- Total	598	713	870	1,017	1,124	1,021	308

Migros (MGROS)

TL mn	2017	2018	2019	2020	2021	2022	1H23
Net Sales	15,344	18,717	22,865	28,790	36,272	74,502	60,135
Revenue/Store	8.09	8.90	10.40	12.57	14.14	25.62	19.40
EBITDA	798	1,159	2,232	2,352	3,055	6,286	10,276
Book Value	1,470	633	321	31	536	4,046	5,840
Total Assets	10,303	10,885	14,461	15,378	18,100	36,424	46,828
# of employees	22,081	28,990	32,253	38,458	40,470	45,303	51,025
Employee/Store	11.6	13.8	14.7	16.8	15.8	15.6	16.5
Revenue/Employee	0.7	0.6	0.7	0.7	0.9	1.6	1.2
Number of stores	1,896	2,103	2,198	2,291	2,565	2,908	3,100
Net Store Openings	291	207	95	93	274	343	192

Source: company data

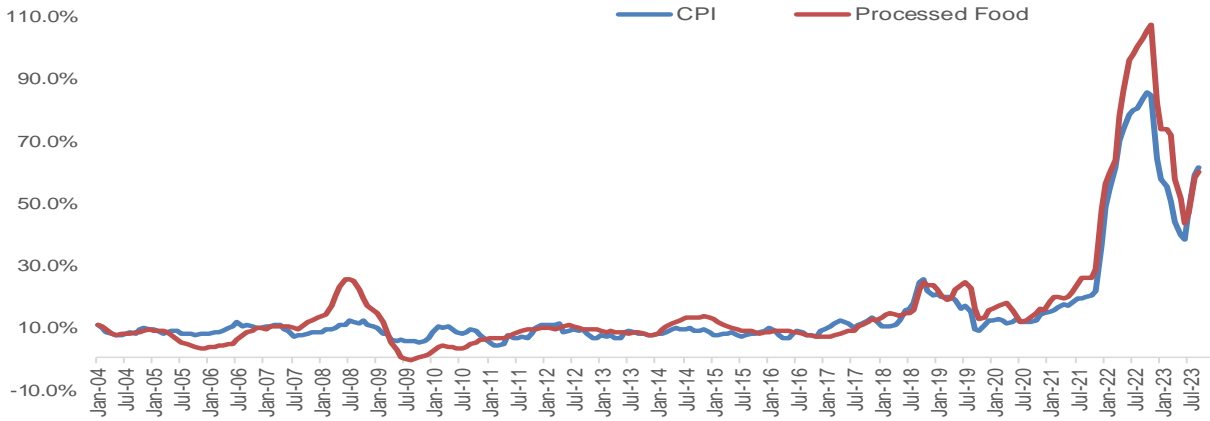
Exhibit- Inflation Dynamics in Turkey (Türkiye)

September 2023- Price Inflation

	Sep-23		averages							
	y/y	m/m	3Q23 y/y	2Q23 y/y	1Q23 y/y	4Q22 y/y	3Q22 y/y	2Q22 y/y	1Q22 y/y	
CPI	61.53%	4.75%	56.20%	40.43%	54.34%	77.37%	81.10%	74.07%	54.80%	
Core inflation	67.22%	5.06%	61.81%	47.43%	54.71%	69.66%	71.90%	61.12%	47.03%	
Food&Non Alcoholic Beverages	75.14%	3.32%	69.63%	53.45%	69.34%	92.30%	92.63%	91.56%	63.56%	
Unprocessed Food	96.17%	2.39%	89.79%	58.90%	66.87%	86.82%	84.21%	96.65%	67.64%	
Processed Food	59.95%	4.13%	54.98%	50.52%	73.01%	97.26%	100.46%	86.80%	59.79%	
Rent	95.03%	9.52%	88.38%	71.45%	59.23%	44.20%	31.29%	20.34%	15.35%	
Hotel&Cafes & Restaurants	92.48%	4.15%	88.23%	67.55%	73.32%	76.56%	80.49%	75.29%	55.40%	
Transportation Services	95.97%	15.23%	74.07%	40.20%	67.93%	97.01%	93.04%	79.37%	48.86%	
Telecom Services	55.04%	5.39%	51.12%	43.64%	36.87%	28.50%	21.13%	15.19%	9.14%	

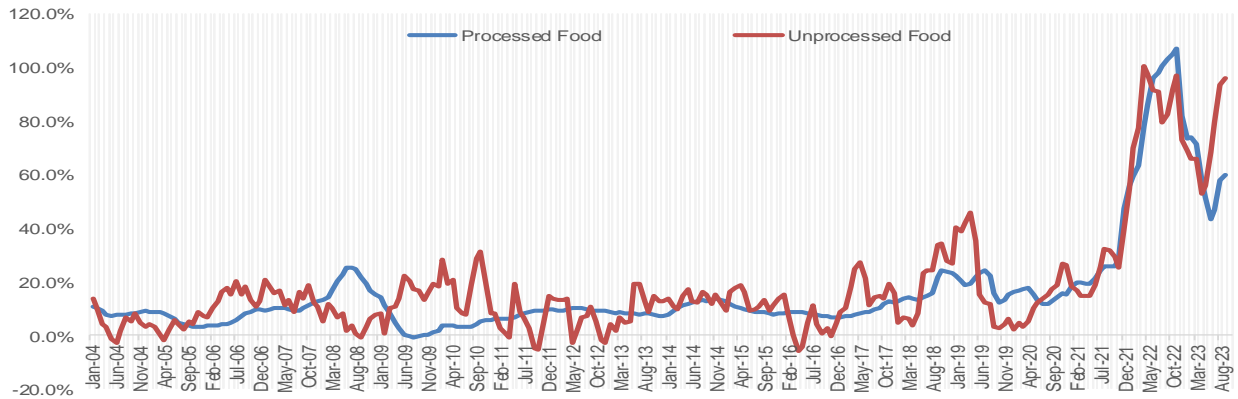
Source: Turkstat

Exhibit - Headline CPI vs Processed Food Inflation (y/y)



Source: Turkstat

Exhibit - Unprocessed Food vs Processed Food Inflation (y/y)



Source: Turkstat

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