

Anadolu Group Holding

OVERWEIGHT

29% Discount to a Discounted NAV

March 20, 2025

- We initiate coverage on Anadolu Group Holding (AGHOL) with an OVERWEIGHT rating and a TP of TL524.50. We also set our ratings for its beverage subsidiaries: We initiate on Anadolu Efes with MARKETWEIGHT rating and TP of T229.40 (35% potential upside), on Coca-Cola Icecek (CCI) with OVERWEIGHT and TP of TL81.70 (53%). We revise our TP for Migros to TL819.20 (from TL922.60), we maintain OVERWEIGHT rating with 71% potential upside estimate.**
- AGHOL: FMCG leaders at a discount:** At its 29% NAV discount, AGHOL shares offer opportunity to own Turkey's high-quality, defensive consumer names. In addition to its discount, the NAV-itself has eased lately, due to partly reversible hurdles in the medium term, such as Efes' uncertainty in Russia or Migros' weaker earnings in 4Q.
- Tighter NAV discount warranted relative to history.** AGHOL's asset portfolio has become less leveraged and more balanced over the past 5Y. We expect dividend inflow to the holding to improve and ultimately filter through its own shareholders, who have long sacrificed cash returns for the sake of deleveraging. ~49% of the group EBITDA comes from abroad, suggesting an FX cushion (2024).
- New CEO well-known for his bolt-on foreign acquisitions:** Having successfully completed a series of M&As at CCI, Burak Basarir, was appointed as AGHOL's new CEO (Apr'24). With its feet firmly planted on a number of underpenetrated FMCG markets, AGHOL's growth-driven leadership and lighter leverage give us a right combination to expect inorganic growth.
- Short term drivers:** 1) A resolution in Efes-Russia. 2) Recent appreciation in RUBTRY. 3) Recovering consumer confidence in Pakistan (CCI). 4) Likelihood of another positive year for summer tourism. 5) M&A activity, either at subsidiary or holding level.
- Risks:**1) A prolonged uncertainty in Efes' JV in Russia (12% of our decomposed-NAV). 2) Uncertainty on food-retailers' Antitrust investigation. 3) A slower-than-expected disinflation in Turkey, derailing foreign interest into the equity market.
- Valuation:** AGHOL's current NAV discount is at 29%, according to our estimates vs its wide 5-yr range of 8%/51% discount, averaging at 34%. We justify 20% target discount in our valuation.

Price Data

| | |
|--------------------------------|---------|
| Current Price (TL) | 307.00 |
| Current Mcap (TLmn) | 74,765 |
| 12-mth Target Price (TL/share) | 524.50 |
| 12-mth Target Mcap (TLmn) | 127,734 |
| 12-mth Upside Potential (TL) | 71% |
| Dividend yield | 1% |

| Financials (TL mn) | 2023 | 2024 | 2025E | 2026E |
|----------------------|---------|---------|---------|---------|
| Net Sales | 375,583 | 563,783 | 767,097 | 876,318 |
| % ch y/y | | 50 | 36 | 14 |
| EBITDA | 34,218 | 56,353 | 78,657 | 107,273 |
| % ch y/y | | 65 | 40 | 36 |
| Net Income | 19,638 | 5,181 | 10,537 | 14,751 |
| % ch y/y | | -74 | 103 | 40 |
| Margins (%) | 2023 | 2024 | 2025E | 2026E |
| EBITDA Margin | 9.1 | 10.0 | 10.3 | 12.2 |
| Net Margin | 5.2 | 0.9 | 1.4 | 1.7 |
| Gross Dividend Yield | 1% | 1% | 1% | 3% |
| Ratios | 2023 | 2024 | 2025E | 2026E |
| P/E (TL, x) | 1.8 | 14.9 | 7.1 | 5.1 |
| EV/EBITDA (TL, x) | 5.1 | 4.7 | 3.4 | 2.6 |
| Net Debt/EBITDA (x) | 0.6 | 0.6 | 0.5 | 0.4 |
| ROE (%) | 30.5 | 5.8 | 10.7 | 13.3 |

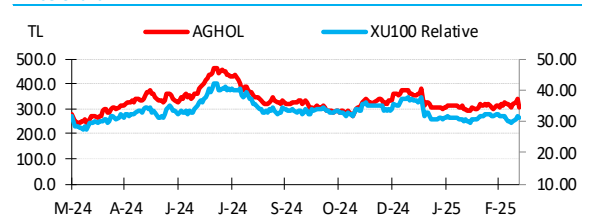
Stock Data

| | | |
|-----------------------|------------|---------------|
| Ticker | AGHOL.IS | AGHOL TI |
| Sector | | Conglomerates |
| # of Shares (mn) | | 244 |
| 3M Av. Trd. Vol. (mn) | | US\$8.2 |
| 52-week Range | TL245.89 - | TL466.50 |

Market Data

| | |
|----------|-------|
| BIST-100 | 9,860 |
| TL/US\$ | 37.75 |

Price Chart



| Price Performance | 1M | 3M | YTD | YoY |
|-------------------|-----|------|-----|-----|
| TL Absolute | -2% | -18% | -2% | 24% |
| BIST-100 Relative | -3% | -18% | -2% | 13% |

Major Shareholders

| | |
|--------------------------------|--------|
| Kamil Yazici family (indirect) | 24.35% |
| Ozilhan family (indirect) | 24.35% |
| Free Float & others | 51.30% |
| Foreign ownership of FF | 22% |

INVESTMENT CASE

We initiate coverage on Anadolu Group Holding and its beverage subsidiaries:

Our ratings and target price estimates (TL/sh)

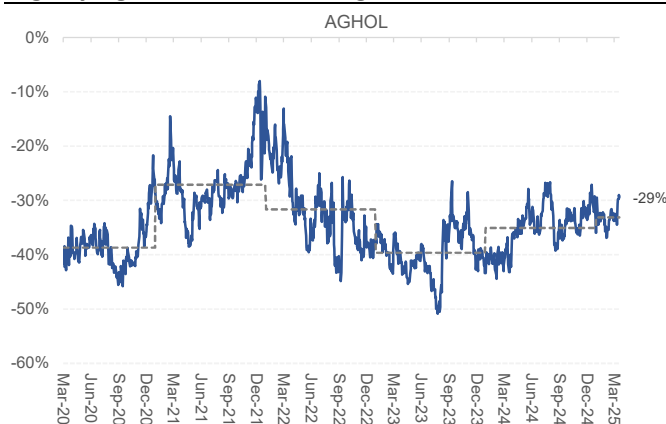
| RIC | Company name | Rating | | Current price* TRY/sh | Target price | | Potential upside |
|-------|-----------------------|------------|--------------|--------------------------|--------------|--------|------------------|
| | | Old | New | | Old | New | |
| AEFES | Anadolu Efes | - | MARKETWEIGHT | 169.50 | - | 229.40 | 35% |
| COLLA | Coca-Cola İçecek | - | OVERWEIGHT | 53.45 | - | 81.70 | 53% |
| AGHOL | Anadolu Grubu Holding | - | OVERWEIGHT | 307.00 | - | 524.50 | 71% |
| MGROS | Migros | OVERWEIGHT | OVERWEIGHT | 479.00 | 922.60 | 819.20 | 71% |

Source: Tera Yatirim, Rasyonet

Our positive view on AGHOL is based on the following drivers:

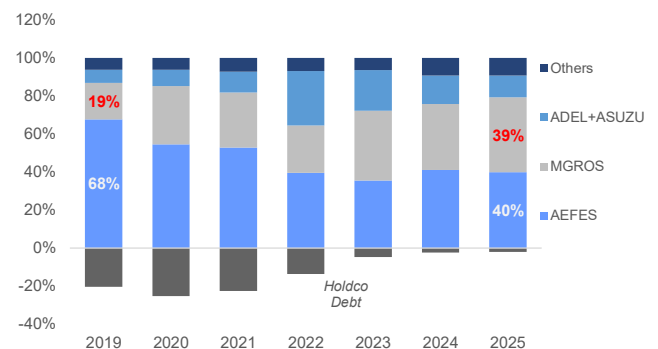
- **29% discount to an already discounted portfolio:** AGHOL's current NAV discount suggests an attractive alternative to own Turkish FMCG leaders: Efes, CCI and Migros. It might be argued that the current NAV discount is close to the 5Y average however we underline,
 - The major NAV components have seen their relative market values eroded over the past quarter, partly on reversible drivers (Efes, Migros).
 - The quality and balance of the NAV structure have improved significantly over the past years, justifying a tighter discount. An uncomfortably high FX-debt prior to 2020 is now replaced by more balanced mix between food retail and beverages.
 - A stronger balance sheet might turn the strategy towards 'inorganic growth'. The lower the debt, the higher the probability of company engaging in NAV-positive transactions, which also calls for a premium, in our view.

AGHOL NAV discount: The discount to current NAV is slightly tighter than 5Y average....



Source: Rasyonet, Tera Yatirim

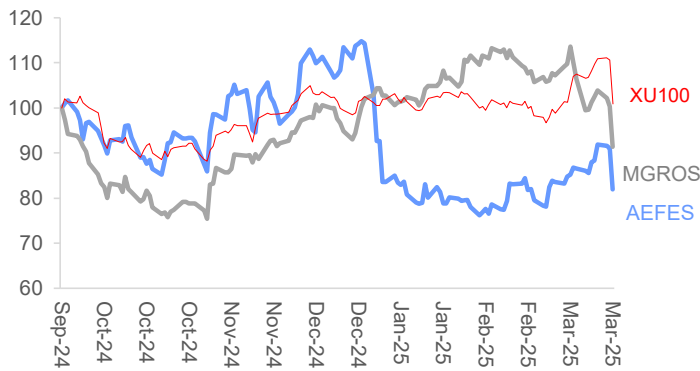
... yet the quality and the balance of the NAV has improved since then, justifying a lower discount



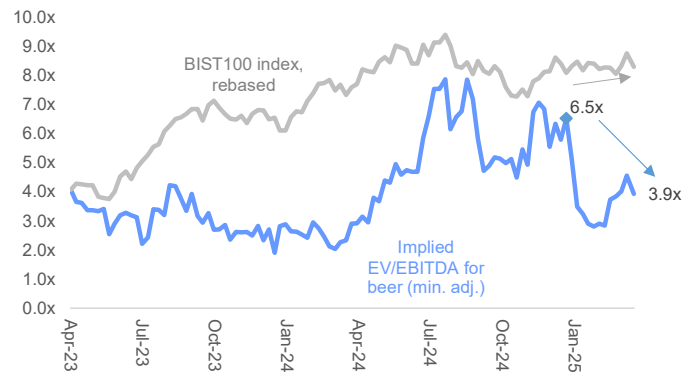
We accept there is little visibility about when Efes' can switch to the steady state at its Russian JV. Yet, it seems its current market value is already reflecting the long-

term valuation risks. Migros, likewise, has been negatively affected from the news of industrywide Antitrust investigation and from its weak 4Q bottom-line. We believe the industry fundamentals remain solid given a more corporate-friendly hike to the min. wages in January and the signs of lower store adds in the industry this year as a proportion of existing count. Migros continues to add value through its unrivalled access to more defensive mid-to-high income consumer.

AGHOL: Core NAV-drivers were negatively affected from the recent geopolitical newsflow



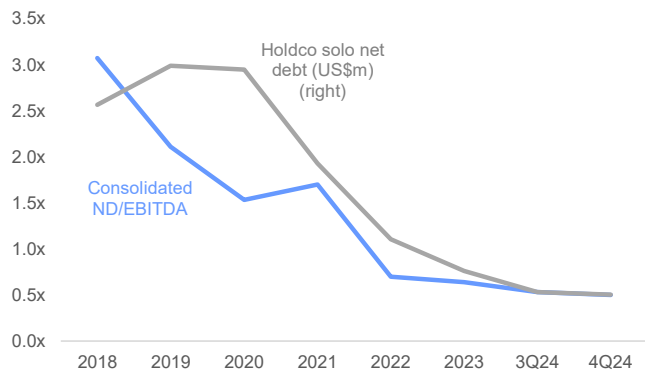
The implied EV/EBITDA multiple for Efes' beer segment has reflected the Russia-related risks (post minority adj at CCI, EBI)



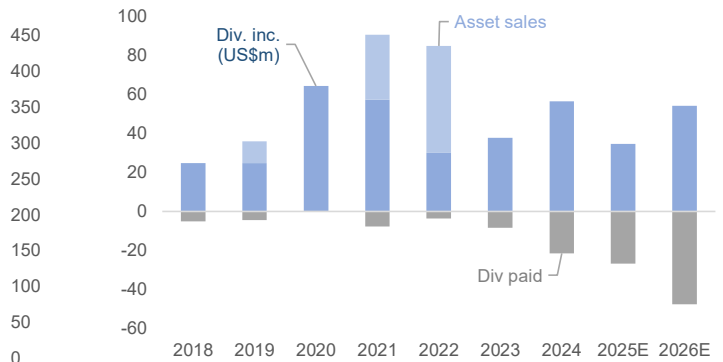
Source: Rasyonet, Tera Yatirim

- We expect dividend influx to Holdco to continue.** Although the implementation of inflation accounting has deteriorated the visibility of the distributable incomes in Turkey, the financial conditions of AGHOL's key subsidiaries have improved to distribute more generous dividends. This would support management's hand for mid-size acquisitions or propose higher dividends to shareholders that have long sacrificed cash returns for the sake of FX-derisking.

AGHOL: Simultaneous deleveraging by subsidiaries and holdco signals a top-down strategy, well-executed



Dividend income from subsidiaries and payments by AGHOL



Source: Rasyonet, Tera Yatirim

- New CEO with a track record of international bolt-on acquisitions:** AGHOL Board appointed Mr. Burak Basarir as the new CEO of the Anadolu Group effective April 2024. Since his stepping into CCI's C-suite in 2005, Mr. Basarir, has undertaken several M&A initiatives, including the merger of Coca-Cola Turkey and Efes-Invest prior to the IPO of the merged bottler (2006). His acquisitive stance is evident from the extension of CCI's boundaries from 70m population in 2025 to current 600m (and still at a reasonable 1x leverage).

Acquisition track record of AGHOL's new CEO at his former CCI role – those only in -5Y

| When | What | Transaction (US\$m)* | Transaction / CCI's EV | CCI's NetDebt (US\$, pre-money) | CCI's ND/EBITDA (LTM pre-money) |
|-------------------------------|---|----------------------|------------------------|---------------------------------|---------------------------------|
| Sep-24 | Acquire 20% of A. Etap Icecek (juice concentrate) | 28 | 1% | 645 | 0.9x |
| Feb-24 | Acquire 100% of CCBB in Bangladesh | 130 | 2% | 507 | 0.8x |
| Nov-23 | Acquire remaining 50% of CCI-Pakistan | 300 | 7% | 379 | 0.6x |
| Dec-22 | Acquire 80% of Anadolu Etap Icecek | 112 | 3% | 362 | 0.7x |
| Mar-22 | Acquire 10% stake in CCI-Jordan | 5 | 0.2% | 399 | 1.1x |
| Dec-21 | Acquire 43% of CCI Uzbekistan | 90 | 4% | 197 | 0.4x |
| Sep-21 | Acquire 57% of CCI Uzbekistan | 252 | 10% | 185 | 0.4x |
| Oct-21 | Acquire 20% of Al-Waha in Iraq | 40 | 2% | 197 | 0.4x |
| vs AGHOL's current leverage > | | | | 887 | 0.5x |

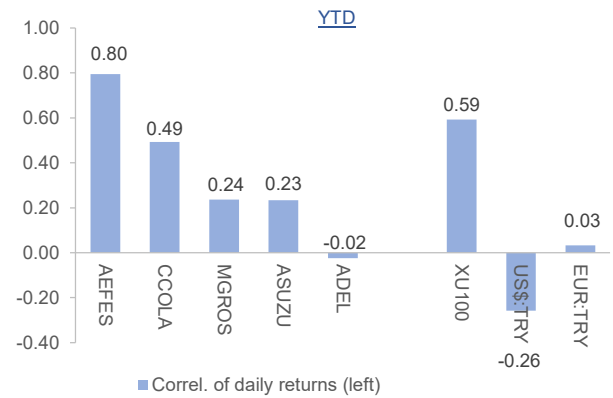
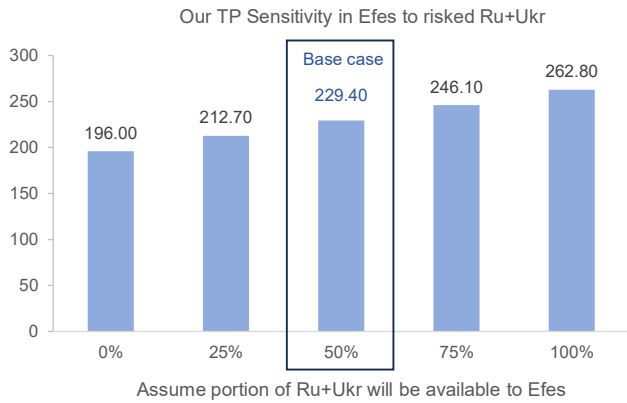
* Representing equity value of the target, not Enterprise Value (EV); Source: Coca-Cola Icecek, Tera Yatirim

- Any resolution in Efes-Russia situation could filter through AGHOL:** Our "Marketweight" stance in Efes largely reflects the uncertainty about the outcome of Russian authorities' temporarily seizing the management control of the local JV in Dec'24. Although Efes shares now fairly reflect the long-term valuation risks, we

believe some investors might see an outright Efes exposure as too much uncertainty. An indirect exposure through AGHOL could make more sense for risk averse investors.

We run a risked valuation methodology for Efes, where we assume a portion of Ru + Ukr financials contributing to valuation (50% base-case)

Although Efes' NAV share in AGHOL has been diluted by Migros in recent years, the holding shares maintain their high correlation with the brewer

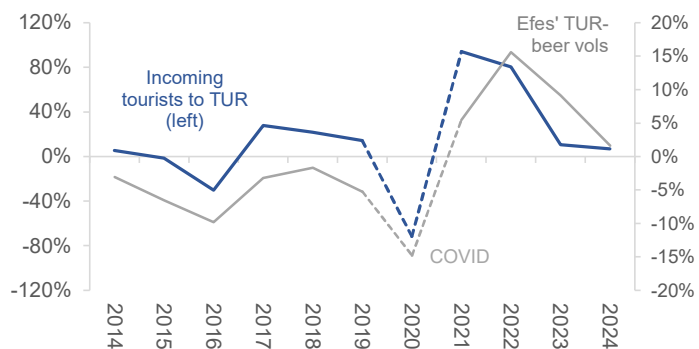


Source: Rasyonet, Tera Yatirim

- Good fit to some early positive feedback for the summer tourism this year:** Although domestic airline companies have so far shared a flattish tourism outlook for 1H, a recent press article quoted the VP of Turkish Hotel Operators' Association (TUROFED) saying the industry has witnessed an increase in summer bookings since the start of the seismic activity in Greek islands (AA, 16 March 2025). It is too early to see if it would make a difference but the arrivals in the first month of 2025 showed a gradual increase of +6% y/y - despite the appreciation of real TL during the early-booking period.

Efes' domestic beer sales have historically correlated with the pace of incoming foreign tourists to Turkey. In addition to direct consumption, the tourism activity also supports the local economics of the residents living in the western coasts. Besides, having acquired in the past two major super/hypermarket chains in the western parts of Turkey, Migros has a strong foothold in tourism districts.

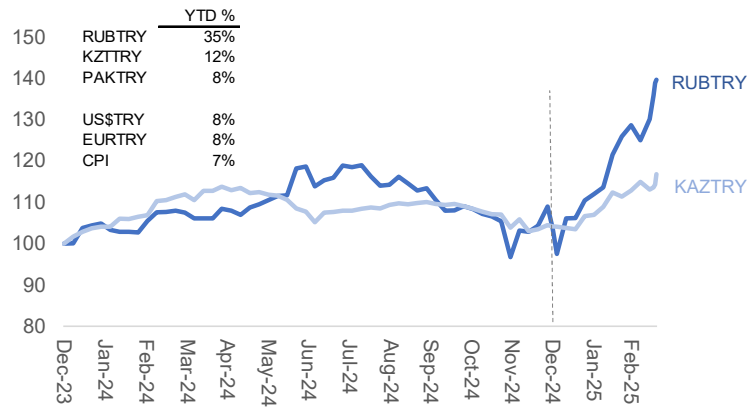
Efes' Turkish beer volumes vs incoming tourists to Turkey (y/y)



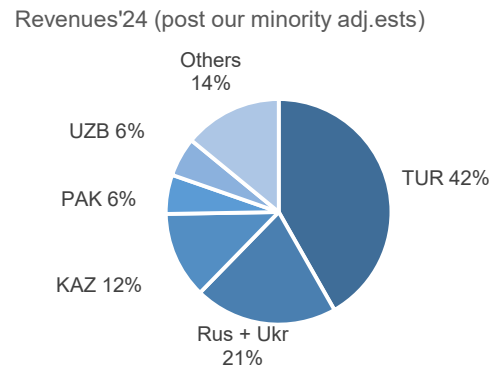
Source: Company, Tera Yatirim

- Sharp RUBTRY appreciation lately:** While most of the Turkish industrial exporters suffered from the appreciation of real TL:EUR in the past 6M, Efes' operating currencies have turned significantly more positive YTD. It is not clear if Russian JV will continue to be consolidated under Efes -or be treated as equity pickup-. Yet, the RUB strength could filter through Efes' earnings anyways, and then eventually to AGHOL.

RUB:TRY strength YTD



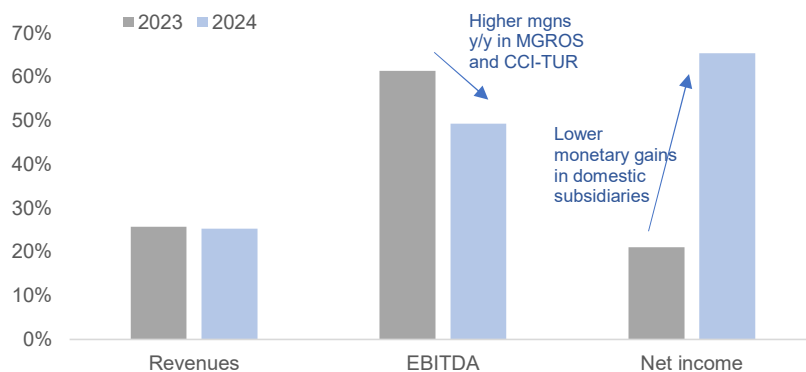
Efes: Revenue split 2024, including our estimate of minority stakes in CCI, Ru+Ukr



Source: Rasyonet, Tera Yatirim

- Good share of FX earnings to offset any TL volatility:** AGHOL generated ~25% of its consolidated revenues from international markets, but a higher 49% of group EBITDA given wider margins in the more-international oriented beverages division than in the food retail. Before Migros' margin recovery and CCI's domestic EBIT expansion in 2024, AGHOL's foreign share of consolidated EBITDA was even 61% in 2023. This suggests a more FX-balanced exposure to Turkish FMCG than pure TL-plays.

AGHOL: Share of international in consolidated accounts



Source: Company, Tera Yatirim

- TOGG hurt in 4Q, but policymakers continue to like it:** AGHOL incurred TL-1.1bn loss in 4Q, from its only 23% stake in TOGG, Turkey's car project consortium. While the EV competition remains tough, the Turkish banking authority, BDDK, has

recently eased the consumer financing terms for locally-manufactured EVs, which currently defines only TOGG (at least until BYD and Chery complete their investments).

The Trade Ministry had also increased the previous 40% additional customs tax on the Chinese ICE/mild hybrid cars to 50% as of 1-Jan-2025 while holding those on the standard EVs as 40%. Turkish authorities also restricted the excise-exemptions for the cars purchased by disabled civilians to only those manufactured domestically, affecting as much as ~20% of the total market (27-Dec-24).

- **We are not adding new divestitures in the near term; but keep in mind AGHOL's TL10bn non-core portfolio.** AGHOL's other interests apart from four key listed subsidiaries are mainly in the automotive business. Given its lower leverage, AGHOL is probably not in the mood of rapid divestiture, but these non-core assets could convey long-term cash extraction opportunities if the right valuations are negotiated.

AGHOL's Unlisted assets (4Q24, TLm)

| Subsidiary/ Assoc. | Business definition | Stake | Est. value to AGHOL (TLm) | % MCAP |
|--------------------------|--|-------|---------------------------|------------|
| Celik Motor * | Import and marketing of Kia-brand vehicles | 100% | 4,380 | 5.5% |
| Aslancik Elektrik Uretim | Electricity generation | 33% | 10 | nm |
| TOGG | Development, production, marketing of elec. vehicles | 23% | 5,188 | 6.5% |
| Getir Arac | Hourly car rental | 25% | 153 | 0.2% |
| Malty Gida | Production and marketing of healthy snacks | 11% | 0.3 | nm |
| Trendbox Innovative Sol. | Software programming | 9% | 16 | nm |
| Neoone Tech | IT | 9% | 3 | nm |
| | | | 9,751 | 12% |

*Assuming 3x EV/EBITDA from Celik Motor, BVs as of YE24 for others; Source: Company, Tera Yatirim

Catalysts: We observe the below-listed potential catalysts in AGHOL, both at the subsidiary and holding levels

AGHOL: Our catalyst matrix

| AGHOL | | | |
|---|--|---|--|
| Holdco | AEFES | CCI | Migros |
| <ul style="list-style-type: none"> ▪ Upcoming dividend season for underlyings (Apr-May). We expect US\$35m influx in '25E ▪ NAV discount normalizing to 20%, which is our base-case target for AGHOL ▪ Engaging in new FMCG inorganic growth options in emerging, frontier markets | <ul style="list-style-type: none"> ▪ Potential normalization in Russia – Ukraine war... ▪ ...or Efes regaining effective control in Russia as a more concrete development ▪ Ramadan moving into winter months by c.10 days each year (est. +15bps incremental pa) ▪ Turkish beer maintains its positive growth (and margins according to our estimates 20-25%ish) ▪ Positive tourism trends | <ul style="list-style-type: none"> ▪ Recovering Pakistan volumes over the weak base of 2024, which offer 35% potential upside to 2022-levels ▪ Similar weak base comps in Turkey (9M24) ▪ Improving Bangladesh franchise, or potentially buying-out the remaining bottler, which serves to ~70m population vs current CCI-Bangladesh's 100m (CCBB) | <ul style="list-style-type: none"> ▪ Min. wage-to-CPI ratio finally showing signs of flattening ▪ Sok slowing down its discount store adds, focusing on quality ▪ Industry participants, including Migros, to add lower new stores in proportion to their existing count – i.e. less profit dilution during pay-off periods |

Source: Tera Yatirim

Risks: We list the potential risk factors as follows:

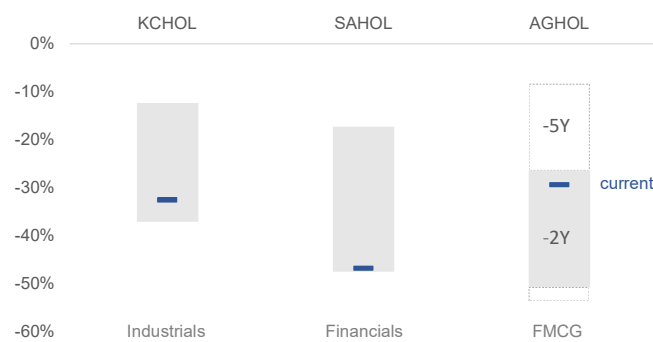
AGHOL: Our risk matrix

| AGHOL | | | |
|---|---|---|---|
| Holdco | AEFES | CCI | Migros |
| <ul style="list-style-type: none"> ▪ Wider NAV discounts attached to the major Turkish conglos lately ▪ Low trading volume of the shares (~US\$8m avg 3mo) ▪ Current uncertainty around cash deployment by Holdco ▪ The very recent volatility in the Turkish equity market | <ul style="list-style-type: none"> ▪ High y/y base of Turkish beer volumes, esp in 1Q ▪ A prolonged uncertainty about Russian assets, including the cash ▪ Tough regulations and excise hikes in key markets, including an unusually high adjustment in Russia in Jan'25 | <ul style="list-style-type: none"> ▪ Likely margin normalization as a means of defending volumes ▪ Macro-level fluctuations ▪ Domestic volumes -and the shares'- sensitivity to MENA geopolitics | <ul style="list-style-type: none"> ▪ Uncertainty around potential outcome of the recently announced industrywide Antitrust investigation ▪ Wage hikes potentially weighing on 1H opex. A populist wage hike later in 2025 ▪ Pure TL revenues ▪ High base of Turkish private consumption in 1H |

Source: Tera Yatirim

A key risk AGHOL might face is, there are larger-scale Turkish conglomerates with their NAV discounts closer to the lower end of their discount-range (KCHOL, SAHOL). While this puts a key setback to our positive AGHOL view, we argue that 1) AGHOL's smaller scale could make it easier to add inorganic growth as a proportion of existing scale, 2) with no banking asset, AGHOL was able to record a 7% net margin in FY24 vs 'par' or 'negative' margins at the larger peers, 3) AGHOL's NAV is much more concentrated around defensive consumer plays. 4) Meanwhile, we also see the current wide discounts at KCHOL or SAHOL as unjustified. 5) Looking over a longer history, AGHOL saw its discounts as tight as 8% over the past 5Y.

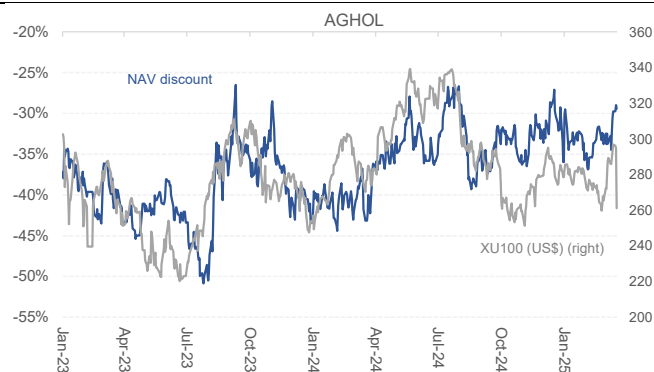
A key risk: Listed Turkish conglomerates have seen their NAVs widened lately, diluting AGHOL's relative appeal— though we have reasons to justify the relative gap



Source: Rasyonet, Tera Yatirim

A volatility in market sentiment might create fluctuations in the NAV discount. The substance of unlisted assets and solo cash/debt mechanically links the conglomerate discounts to market moves. In AGHOL, too, near term NAV discount tracked the BIST100 index (US\$). While it has a defensive business portfolio, we think the risk levels in financial markets play a role in the short-term valuation discounts in the mid-cap universe. If Turkey faces a worsening in its key macro narrative of disinflation, it might have negative impact on AGHOL's NAV discount – in addition to a potential depreciation in the market values of underlyings.

Near term NAV discount vs BIST100 (US\$)



Source: Rasyonet, Tera Yatirim

VALUATION

AGHOL

We use the conventional sum-of-the-parts (SOTP) methodology for valuing AGHOL. It has a high weight of listed assets and solo debt in its NAV structure, providing us with conviction to this approach.

In our SOTP, we use our target equity valuations for the listed subsidiaries we cover (AEFES, Migros). For those not under our research coverage (Adel, Anadolu Isuzu), we take the current equity values carried 12M-forward by using a TL-based cost-of-equity of 37%. We value the unlisted group assets with their most recent book values as disclosed at the company footnotes and carry them forward by 12M.

We derive our TP by applying 20% discount to our target NAV. This is slightly wider discount than what we use in Koc Holding (-15%) to account for the size and liquidity differentials between the two.

AGHOL NAV discount

| | NoS | Shr Price | Direct Stake | Method. | Current Value | to holdco | NAV Share | Method. | Target Value* | to holdco | NAV Share | |
|--|-------------|-----------|--------------|---------|---------------|-----------|--------------------|-------------------|-----------------|---------------|-------------|-----|
| | (m) | (TRY) | (%) | | (TRY m) | (TRY m) | (%) | | (TRY m) | (TRY m) | (%) | |
| Anadolu Efes * | Beverages | 592 | 169.50 | 43.1% | MCAP | 100,362 | 43,206 | 41% | SoTP, multiples | 135,829 | 58,474 | 37% |
| Migros * | Food retail | 181 | 479.00 | 49.2% | MCAP | 86,725 | 42,651 | 40% | DCF, multiples | 148,320 | 72,944 | 46% |
| Adel Kalemcilik * | Stationery | 260 | 30.40 | 56.9% | MCAP | 7,900 | 4,494 | 4% | 1yr fwd Ke | 10,811 | 6,151 | 4% |
| Anadolu Isuzu * | Autos | 252 | 56.75 | 55.4% | MCAP | 14,301 | 7,923 | 7% | 1yr fwd Ke | 19,571 | 10,842 | 7% |
| Celik Motor | Autos | | | 100.0% | Peers | 4,530 | 4,530 | 4% | | 6,199 | 6,199 | 4% |
| Other unlisted | Autos | | | | | 5,371 | 5,371 | 5% | | 7,350 | 7,350 | 5% |
| | | | | | | | CURRENT NAV | TARGET NAV | | | | |
| Listed subsidiaries | | | | | | 98,274 | 93% | | | 148,411 | 93% | |
| Unlisted | | | | | | 9,901 | 9% | | | 13,549 | 8% | |
| Solo cash (adj for interim flows) | | | | | | (2,284) | -2% | | | (2,284) | -1% | |
| NAV | | | | | | 105,891 | 100% | | | 159,676 | 100% | |
| AGHOL MCAP | 244 | 307.00 | | | | 74,765 | | | | 74,765 | | |
| Premium/(Discount) to NAV | | | | | | | -29% | | | | -53% | |
| Target premium(discount) to NAV | | | | | | | | | | | -20% | |
| Target market capitalisation | | | | | | | | | | 127,741 | | |
| Number of shares | | | | | | | | | | 244 | | |
| Target share price (TRY) | | | | | | | | | | 524.50 | | |
| Current share price (TRY) | | | | | | | | | | 307.00 | | |
| Upside potential | | | | | | | | | | | 71% | |

*Listed; Source: Rasyonet, Tera Yatirim

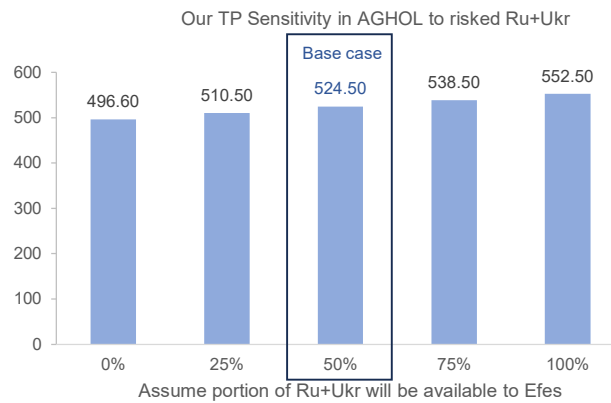
AEFES

We take a less straightforward approach in valuing Efes. This is largely due to the company's pending uncertainty in Russian JV, which accounts for estimated ~20% of its consolidated EBITDA'24. In response, we use a risked-valuation approach where we take a portion of EBITDA and Net Cash available in its Russia + Ukraine and apply these to our target EBITDA multiples for Efes' beer segment.

Efes' semi-holding structure with separately-reported KPIs in beer vs soft-drinks divisions provides us with flexibility to run a SoTP valuation model. We add our risk-weighted beer valuation to our target price for CCI shares. We, then, apply a 10% holding discount for Efes, a lower rate than the target discounts we apply to more complex, multisector conglomerates.

We also use conventional EV/Sales, EV/EBITDA and P/E metrics for a double-check. We again take a risked portion of potential financial contribution from Russia+Ukraine. We use 50% risk level in our base-case, meaning that we see the likelihood of full contribution from Ru+Ukr assets as 50% and remove the remaining 50% for valuation purposes. The sensitivity of our valuation to the assumed risk levels is as follows:

Our Efes valuation depending on the risk level assumed for Russia+Ukraine contribution to financials



Based on our EBITDA and net cash assumption for Russia+Ukraine '25E; Source: Rasyonet, Tera Yatirim

CCI

We value CCI with an equally weighted combination of DCF and target multiples. The former particularly takes into account company’s growth profile and capex profile better than near-term multiples. That said, we believe some market participants still consider short-term valuation metrics.

In our DCF, we employ a US\$-based model given the high volatility in TL-rates and also company’s significant portion of EBITDA generated from international currencies, most of which have remained more resilient to the US\$ over the past few years than the TL. We use our year-end US\$:TL assumption while converting our 2025E estimate. For 2026E and beyond, we assume no inflation accounting, hence switch to year-average FX conversion rates.

Our valuation summary for CCI

| Valuation summary | Wgt% | TRY/sh | Target multiples | | | DCF inputs (TRY nom.) | |
|---------------------|------|--------------|------------------|---------------|-------|-----------------------|-----------|
| DCF | 50% | 79.30 | | 2025E | 2026E | WACC (avg) | 9.2% |
| Target multiples | 50% | 84.00 | | EV/Sales | 1.0x | Beta | 0.80x |
| Average | | 81.70 | | Adj EV/EBITDA | 6.1x | ERP | 5.50% |
| Current share price | | 53.45 | | P/E | 10.5x | RFR FX | 6.00% |
| Potential upside | | 53% | | | | Term. Gr.% | 2.5% real |

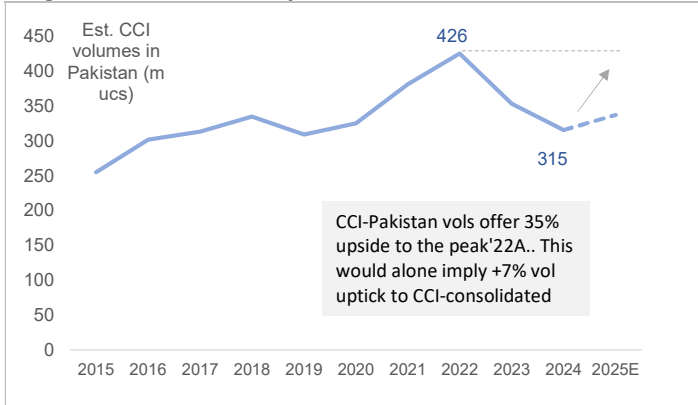
| DCF (US\$m) | 2023* | 2024* | 2025E* | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | LT CAGR |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| Volume (m ucs) | 1,535 | 1,502 | 1,582 | 1,670 | 1,763 | 1,861 | 1,966 | 2,077 | 2,196 | 2,321 | 2,455 | 6% |
| Net sales | 3,437 | 3,909 | 4,415 | 4,554 | 4,794 | 5,048 | 5,318 | 5,604 | 5,908 | 6,230 | 6,573 | 5% |
| EBITDA | 609 | 685 | 784 | 890 | 937 | 987 | 1,039 | 1,095 | 1,154 | 1,217 | 1,284 | 6% |
| EBITDA margin | 17.7% | 17.5% | 17.8% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | 19.3% |
| EBIT | 484 | 521 | 588 | 687 | 731 | 777 | 825 | 873 | 923 | 977 | 1,035 | |
| Tax rate | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | |
| Adjusted taxes | (121) | (130) | (147) | (172) | (183) | (194) | (206) | (218) | (231) | (244) | (259) | |
| Capex/acquisitions | (201) | (348) | (387) | (387) | (407) | (429) | (452) | (476) | (502) | (530) | (559) | |
| % of sales | -5.8% | -8.9% | -8.8% | -8.5% | -8.5% | -8.5% | -8.5% | -8.5% | -8.5% | -8.5% | -8.5% | -8.6% |
| Change in W/C | (125) | 104 | (62) | (19) | (20) | (20) | (19) | (17) | (17) | (18) | (19) | |
| % of sales | -3.6% | 2.7% | -1.4% | -0.4% | -0.4% | -0.4% | -0.4% | -0.3% | -0.3% | -0.3% | -0.3% | Term. |
| FCF | 163 | 311 | 188 | 312 | 326 | 343 | 362 | 384 | 405 | 426 | 448 | 6,637 |
| WACC | | | 8.9% | 8.9% | 9.0% | 9.1% | 9.2% | 9.3% | 9.3% | 9.4% | 9.4% | |
| Discount Factor | | | 0.81 | 0.89 | 0.82 | 0.75 | 0.68 | 0.62 | 0.57 | 0.52 | 0.47 | 0.47 |
| Discounted cashflow | | | 152 | 279 | 267 | 257 | 248 | 240 | 231 | 221 | 212 | 3,147 |
| PV | | | 5,254 | | | | | | | | | |
| Net cash (adj for divs) | | | (732) | | | | | | 162,170 | | | US\$:TL 37.75 |
| Financial investments | | | - | | | | | | 2,798 | | | |
| Minorities (-) & Others | | | (226) | | | | | | 57.96 | | | |
| Implied Equity Value (US\$m) | | | 4,296 | | | | | | 79.30 | | | |

*Assuming end of inflation accounting will lift margins in 2026 at the expense of monetary gains; Source: Rasyonet, Tera Yatirim

COMPANY SECTION

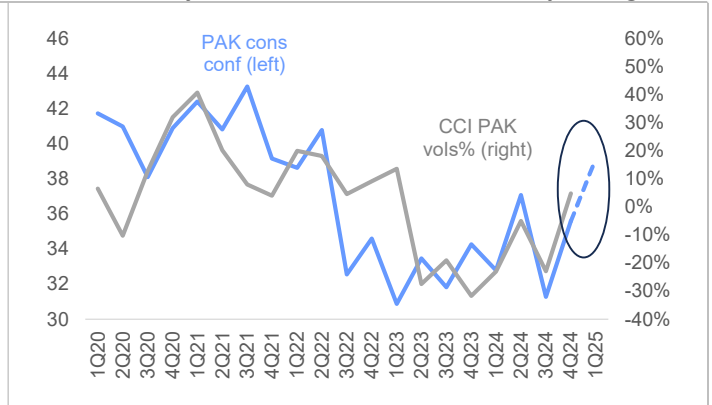
COCA-COLA ICECEK

Large room for recovery in Pakistan volumes...



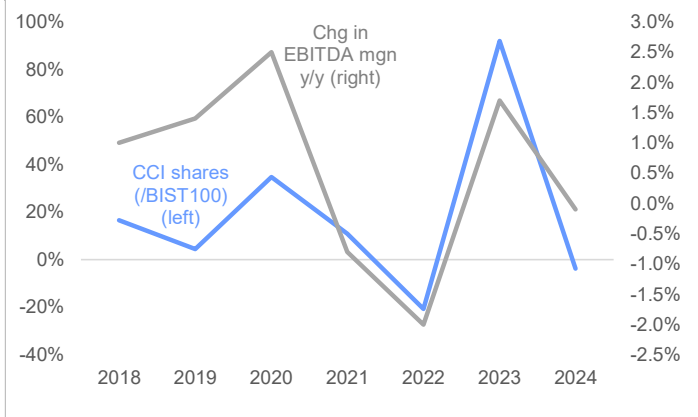
Source: Tera Yatirim, Company

...while country's consumer confidence is improving



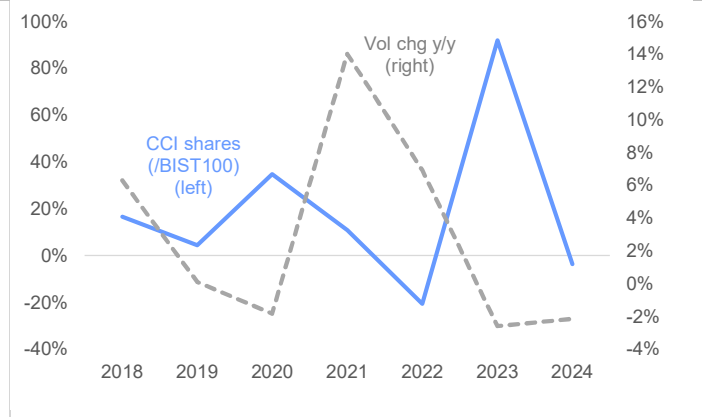
Source: State Bank of Pakistan, Company, Tera Yatirim

Keeping 2024 margins could be crucial for CCI shares as investors historically prioritized them...



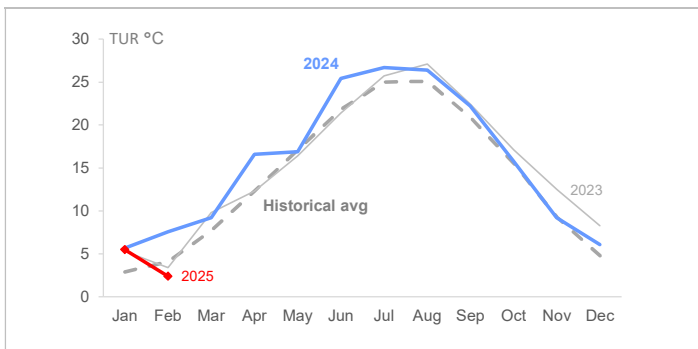
Source: Tera Yatirim, Company

... to volumes



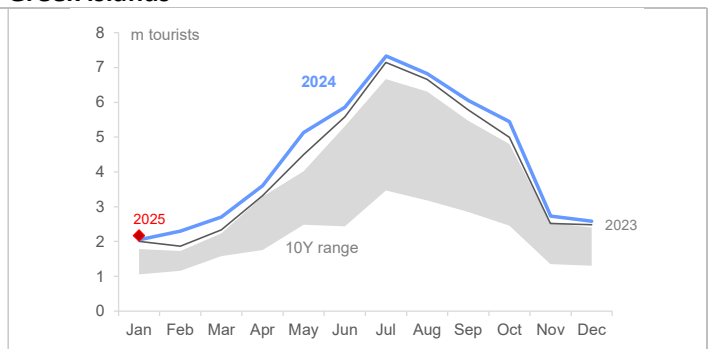
Source: Tera Yatirim, Company

Turkey's weather comps will be difficult in 2025E...

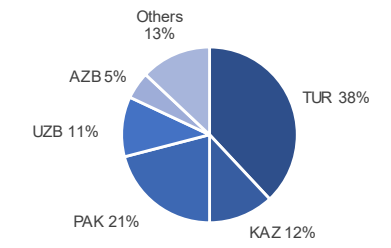
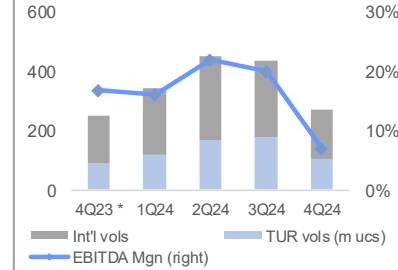
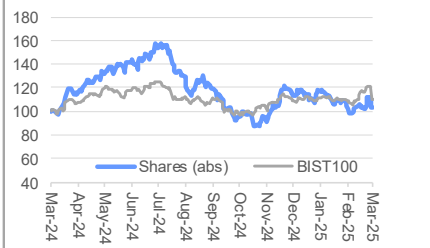


Source: Turkish Meteo Office, Tera Yatirim

...Likewise, the tourism. Airline companies suggest flattish outlook for 1H25E, tourism sector representative mentioned a very early switch to Turkish coasts from Greek islands



Source: Turkish Ministry of Tourism, Tera Yatirim

| CCOLAIS | Coca-Cola Icecek | Industrials Beverages | OVERWEIGHT | Target Price Upside | 81.70 53% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|------------------|---|--|---|---------------------------------|-------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|------------------------------------|-----|------|-------------|------|------|------|------|--------|-----|-----|-----|-----|-----|-------|-------|-------|-------|-------|--|---------|------|-------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|---------|------|-------|------|------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|----------------|------|------|------|------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|--|--|--|--|--|---------|-----|------|------|------|------|------|------|------|------|------|--|--|--|--|--|--|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|--|--|--|--|--|---------------|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|--|--|--|--|--|----|--|--|--|-------|--|--|--|--|--|--|--|--|--|--|--|--|---------------------------------|--|--|--|-------|--|--|--|--|--|--|----------|--|--|--|--|--|----------------------------|--|--|--|---|--|--|--|--|--|--|-----------------|--|--|--|--|--|----------------|--|--|--|-------|--|--|--|--|--|--|--------------------------|--|--|--|--|--|--------|--|--|--|--|--|--|--|--|--|--|----------|--|--|--|--|--|-------------|--|--|--|-------|--|--|--|--|--|--|-------------|--|--|--|--|--|-----------------------------|--|--|--|-------|--|--|--|--|--|--|---------------|--|--|--|--|--|------------------------------|--|--|--|-------|-----|--|--|--|--|--|------------------------------------|
| <p>CCI produces and markets ready-to-drink-non-alcoholic beverages in a wide geography including Turkey, Pakistan, Kazakhstan, Iraq and Uzbekistan among others. It produces juice concentrate through its affiliate, Etap. It runs 33 bottling plants in 12 countries serving to a population of 600m people.</p> | | <p>Owners</p> <p>Anadolu Efes 50%</p> <p>The Coca-Cola Co. 20%</p> <p>Others 30%</p> | <p>Share price (TRY) 53.45</p> <p>MCAP (US\$m) 3,962</p> <p>Avg daily vol (\$m) 11</p> <p>BIST30 wgt -</p> <p>BIST100 wgt 1.3%</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Volumes 2024</p>  | |  <p>*Inf. adj. after 4Q23</p> | | <p>Share performance vs BIST100</p>  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Investment theme: CCI offers a best-in-class growth opportunity. Its core Pakistan, Turkey and Kazakhstan divisions had weak base comps in 2024, where some of them already showed early signs of turnaround in 4Q. The leverage remains at moderate levels despite bolt-on acquisitions (1x). We would see the untapped portion of Bangladesh-franchise as the new target (70m pop vs CCI's current 600m). Stock's 8.4x 12Mfwd P/E is not stretched given its international cushion. We believe stabilising margins -while achieving this year's volume targets will remain crucial for the share price.</p> | | <p>Where we differ from consensus? We think CCI might achieve a significant volume recovery this year, at least relative to its more domestic FMCG peers in Turkey. However, we show that its relative share price tracks margins more closely than it does the volumes. The decoupling of volumes and margins in the recent years tells us that 'pricing' plays a more crucial role in setting the margins than the volume-driven 'operating leverage'.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Catalysts: 1) Weak base volumes of 2024 in PAK, TUR and KAZ, plus more +ive macro. 2) Sustain +ive momentum in Iraq. 3) Limit pricing discounts '25E. 4) Improve route-to-market UZB,BANGL. 5)Activate Syrian license (long-run)</p> | | <p>Risks: 1) Failing to hold onto 2024 margins. 2) Antitrust had follow-up investigations to food & bevs in 2021 after chasing retailers. 3) High weather/tourism base comps in TUR. 4) Input cost fluctuations</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Positives</p> <ul style="list-style-type: none"> * Leading market shares in underpenetrated regions * Acquisitive-stance in company's DNA. Still reasonably low ND/EBITDA. * Upcoming capacities in Iraq, AZE as a sign of positive market expectations * Consistently high share of high-quality institutional investor base in the free float | | <p>Negatives</p> <ul style="list-style-type: none"> * Sensitivity of domestic consumer to MENA tension * Low operating leverage in the past occasions of volume upticks * Growing public attention in healthy diets * Low trading volume of the stock | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Valuation</p> <table border="1"> <thead> <tr> <th></th> <th>23A</th> <th>24E</th> <th>25E</th> <th>26E</th> <th>DCF (US\$m)</th> <th>24</th> <th>25E</th> <th>26E</th> <th>27E</th> <th>28E</th> <th>29E</th> <th>30E</th> <th>31E</th> <th>32E</th> <th>33E</th> <th>Term</th> </tr> </thead> <tbody> <tr> <td>EV / EBITDA</td> <td>5.4x</td> <td>8.4x</td> <td>5.5x</td> <td>4.5x</td> <td>EBITDA</td> <td>685</td> <td>784</td> <td>890</td> <td>937</td> <td>987</td> <td>1,039</td> <td>1,095</td> <td>1,154</td> <td>1,217</td> <td>1,284</td> <td></td> </tr> <tr> <td>Rep P/E</td> <td>3.7x</td> <td>11.4x</td> <td>8.3x</td> <td>8.4x</td> <td>Mgn%</td> <td>17.5%</td> <td>17.8%</td> <td>19.5%</td> <td>19.5%</td> <td>19.5%</td> <td>19.5%</td> <td>19.5%</td> <td>19.5%</td> <td>19.5%</td> <td>19.5%</td> <td></td> </tr> <tr> <td>Adj P/E</td> <td>3.7x</td> <td>11.4x</td> <td>8.3x</td> <td>8.4x</td> <td>Tax on EBIT*</td> <td>(130)</td> <td>(147)</td> <td>(172)</td> <td>(183)</td> <td>(194)</td> <td>(206)</td> <td>(218)</td> <td>(231)</td> <td>(244)</td> <td>(259)</td> <td></td> </tr> <tr> <td>Dividend yield</td> <td>1.0%</td> <td>1.2%</td> <td>2.0%</td> <td>3.6%</td> <td>Capex / acq</td> <td>(348)</td> <td>(387)</td> <td>(387)</td> <td>(407)</td> <td>(429)</td> <td>(452)</td> <td>(476)</td> <td>(502)</td> <td>(530)</td> <td>(559)</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Chg W/C</td> <td>104</td> <td>(62)</td> <td>(19)</td> <td>(20)</td> <td>(20)</td> <td>(19)</td> <td>(17)</td> <td>(17)</td> <td>(18)</td> <td>(19)</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>CF</td> <td>311</td> <td>188</td> <td>312</td> <td>326</td> <td>343</td> <td>362</td> <td>384</td> <td>405</td> <td>426</td> <td>448</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Discounted CF</td> <td></td> <td>152</td> <td>279</td> <td>267</td> <td>257</td> <td>248</td> <td>240</td> <td>231</td> <td>221</td> <td>212</td> <td>3,147</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>PV</td> <td></td> <td></td> <td></td> <td>5,254</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Net Cash (adj for interim divs)</td> <td></td> <td></td> <td></td> <td>(732)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>ERP 5.5%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Fin. Assets & Treasury sh.</td> <td></td> <td></td> <td></td> <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>WACC (avg) 9.2%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Minorities (-)</td> <td></td> <td></td> <td></td> <td>(226)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Terminal growth rate: 3%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Others</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Beta 0.8</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>DCF (US\$m)</td> <td></td> <td></td> <td></td> <td>4,296</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>RFR FX 6.0%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Implied Equity Value (TLbn)</td> <td></td> <td></td> <td></td> <td>162.2</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>US\$:TL 37.75</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Implied Equity Value (TL/sh)</td> <td></td> <td></td> <td></td> <td>57.96</td> <td>---</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>12M Target Eq. Value (TL/sh) 79.30</td> </tr> </tbody> </table> | | | 23A | 24E | 25E | 26E | DCF (US\$m) | 24 | 25E | 26E | 27E | 28E | 29E | 30E | 31E | 32E | 33E | Term | EV / EBITDA | 5.4x | 8.4x | 5.5x | 4.5x | EBITDA | 685 | 784 | 890 | 937 | 987 | 1,039 | 1,095 | 1,154 | 1,217 | 1,284 | | Rep P/E | 3.7x | 11.4x | 8.3x | 8.4x | Mgn% | 17.5% | 17.8% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | | Adj P/E | 3.7x | 11.4x | 8.3x | 8.4x | Tax on EBIT* | (130) | (147) | (172) | (183) | (194) | (206) | (218) | (231) | (244) | (259) | | Dividend yield | 1.0% | 1.2% | 2.0% | 3.6% | Capex / acq | (348) | (387) | (387) | (407) | (429) | (452) | (476) | (502) | (530) | (559) | | | | | | | Chg W/C | 104 | (62) | (19) | (20) | (20) | (19) | (17) | (17) | (18) | (19) | | | | | | | CF | 311 | 188 | 312 | 326 | 343 | 362 | 384 | 405 | 426 | 448 | | | | | | | Discounted CF | | 152 | 279 | 267 | 257 | 248 | 240 | 231 | 221 | 212 | 3,147 | | | | | | PV | | | | 5,254 | | | | | | | | | | | | | Net Cash (adj for interim divs) | | | | (732) | | | | | | | ERP 5.5% | | | | | | Fin. Assets & Treasury sh. | | | | - | | | | | | | WACC (avg) 9.2% | | | | | | Minorities (-) | | | | (226) | | | | | | | Terminal growth rate: 3% | | | | | | Others | | | | | | | | | | | Beta 0.8 | | | | | | DCF (US\$m) | | | | 4,296 | | | | | | | RFR FX 6.0% | | | | | | Implied Equity Value (TLbn) | | | | 162.2 | | | | | | | US\$:TL 37.75 | | | | | | Implied Equity Value (TL/sh) | | | | 57.96 | --- | | | | | | 12M Target Eq. Value (TL/sh) 79.30 |
| | 23A | 24E | 25E | 26E | DCF (US\$m) | 24 | 25E | 26E | 27E | 28E | 29E | 30E | 31E | 32E | 33E | Term | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EV / EBITDA | 5.4x | 8.4x | 5.5x | 4.5x | EBITDA | 685 | 784 | 890 | 937 | 987 | 1,039 | 1,095 | 1,154 | 1,217 | 1,284 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rep P/E | 3.7x | 11.4x | 8.3x | 8.4x | Mgn% | 17.5% | 17.8% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | 19.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Adj P/E | 3.7x | 11.4x | 8.3x | 8.4x | Tax on EBIT* | (130) | (147) | (172) | (183) | (194) | (206) | (218) | (231) | (244) | (259) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dividend yield | 1.0% | 1.2% | 2.0% | 3.6% | Capex / acq | (348) | (387) | (387) | (407) | (429) | (452) | (476) | (502) | (530) | (559) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Chg W/C | 104 | (62) | (19) | (20) | (20) | (19) | (17) | (17) | (18) | (19) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | CF | 311 | 188 | 312 | 326 | 343 | 362 | 384 | 405 | 426 | 448 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Discounted CF | | 152 | 279 | 267 | 257 | 248 | 240 | 231 | 221 | 212 | 3,147 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | PV | | | | 5,254 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Net Cash (adj for interim divs) | | | | (732) | | | | | | | ERP 5.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Fin. Assets & Treasury sh. | | | | - | | | | | | | WACC (avg) 9.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Minorities (-) | | | | (226) | | | | | | | Terminal growth rate: 3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Others | | | | | | | | | | | Beta 0.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | DCF (US\$m) | | | | 4,296 | | | | | | | RFR FX 6.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Implied Equity Value (TLbn) | | | | 162.2 | | | | | | | US\$:TL 37.75 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Implied Equity Value (TL/sh) | | | | 57.96 | --- | | | | | | 12M Target Eq. Value (TL/sh) 79.30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>* Based on statutory tax rates</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

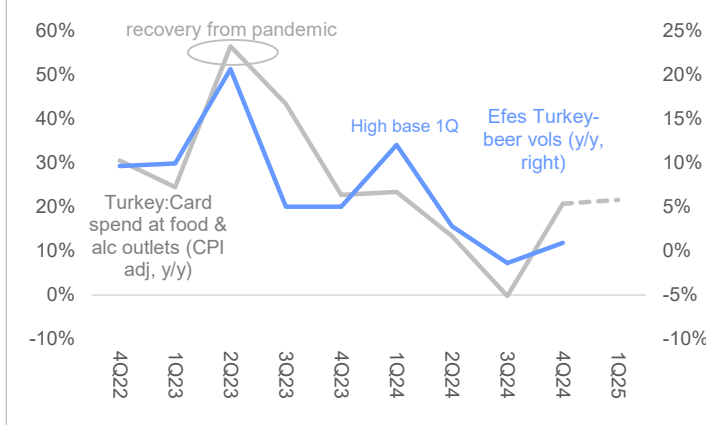
Source: Tera Yatirim, Company

| CCOLAIS | | | | | | | | |
|------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|--|
| Inc St. (TLm) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | Remarks |
| Revenues | 21,930 | 53,530 | 101,042 | 137,683 | 186,419 | 204,466 | 204,466 | > We expect 5% y/y vols in '25E, guid: mid-single digits |
| Gross mgn% | 35.2% | 32.5% | 32.7% | 35.3% | 34.2% | 36.0% | 36.0% | > 2024 high base |
| EBIT mgn% | 15.9% | 15.6% | 14.1% | 13.3% | 13.3% | 15.1% | 15.1% | > 25E guidance: Flat (slight pressure w/o inflation acc) |
| EBITDA (core) | 4,593 | 10,149 | 17,918 | 24,143 | 33,104 | 39,963 | 39,963 | |
| Mgn% (core) | 20.9% | 19.0% | 17.7% | 17.5% | 17.8% | 19.5% | 19.5% | |
| Net FX gain | 530 | (86) | (494) | (1,353) | (60) | (64) | (64) | > FX-loss'24, visibility low due to diverse geographies |
| Net interest | (392) | (1,412) | (3,452) | (7,753) | (9,041) | (5,457) | (5,457) | > High interest rates of 2024, assume more normalised'25 |
| Other items | (58) | 74 | (51) | 799 | (296) | (417) | (417) | |
| Monetary gain | - | - | 15,723 | 9,884 | 8,508 | - | - | > We assume inf acc only between 2023-25E |
| PBT | 3,572 | 6,903 | 25,956 | 19,942 | 23,934 | 24,890 | 24,890 | |
| Tax | (1,151) | (2,262) | (4,796) | (5,051) | (5,983) | (6,969) | (6,969) | > Assume flat 25% in '25E. Note PAK's 39% statutory rate |
| Minorities, disc'd ops | (149) | (310) | (581) | (78) | (35) | (39) | (39) | > Lower '24 y/y after purchasing remaining stake in PAK |
| Net Income | 2,271 | 4,331 | 20,580 | 14,813 | 17,915 | 17,882 | 17,882 | |
| Net mgn% | 10.4% | 8.1% | 20.4% | 10.8% | 9.6% | 8.7% | 8.7% | |
| Balance Sheet | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2026E | |
| Cash & equiv. | 4,215 | 14,769 | 22,130 | 23,349 | 36,259 | 44,215 | 44,215 | > Adequate cash to pay its TL3bn dividends in May |
| ST Receivables | 1,870 | 3,716 | 8,814 | 12,929 | 18,081 | 19,832 | 19,832 | |
| Inventories | 2,501 | 6,677 | 12,983 | 15,381 | 19,389 | 20,688 | 20,688 | |
| Other ST assets | 2,127 | 2,928 | 4,327 | 9,097 | 12,777 | 12,892 | 12,892 | |
| PPE | 12,003 | 16,433 | 35,235 | 54,256 | 61,574 | 69,966 | 69,966 | > Switch to inflation adjustment in 2023 |
| Leases, right of use | 253 | 397 | 542 | 719 | 778 | 840 | 840 | |
| Intangibles | 9,329 | 12,836 | 23,945 | 29,706 | 29,706 | 29,478 | 29,478 | > Reflects bottling & distribution agreements |
| Other LT assets | 489 | 961 | 2,182 | 2,889 | 3,589 | 4,157 | 4,157 | |
| TOTAL ASSETS | 32,786 | 58,717 | 110,158 | 148,327 | 182,153 | 202,068 | 202,068 | |
| ST Debt | 1,368 | 5,788 | 18,063 | 21,406 | 21,406 | 21,406 | 21,406 | |
| ST Payables | 3,957 | 8,284 | 18,596 | 25,618 | 32,719 | 34,910 | 34,910 | |
| Other ST liabs | 2,158 | 3,152 | 4,848 | 5,964 | 5,964 | 6,075 | 6,075 | |
| LT Debt | 8,023 | 15,056 | 18,976 | 27,739 | 38,120 | 43,207 | 43,207 | |
| Other LT liabs | 2,311 | 3,640 | 4,719 | 5,947 | 8,331 | 8,349 | 8,349 | |
| Sh Eq. | 13,055 | 20,171 | 39,287 | 53,704 | 67,010 | 79,517 | 79,517 | |
| Minorities (BS) | 1,915 | 2,625 | 5,668 | 7,949 | 8,604 | 8,604 | 8,604 | |
| TOTAL LIABS, EQ | 32,786 | 58,717 | 110,158 | 148,327 | 182,153 | 202,068 | 202,068 | |
| Cash flow | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2026E | |
| Net income | 2,271 | 4,331 | 20,580 | 14,813 | 17,915 | 17,882 | 17,882 | |
| DA | 1,100 | 1,822 | 3,687 | 5,777 | 8,280 | 9,135 | 9,135 | |
| Chg in W/C | 599 | (1,349) | (3,676) | 3,674 | (2,608) | (858) | (858) | > Strong contribution from inventories in 2024 |
| Other OpCF items | (13) | 2,066 | (8,049) | (7,518) | - | - | - | |
| Capex | (1,306) | (3,309) | (6,129) | (12,479) | (16,348) | (17,380) | (17,380) | > New plants in KAZ, UZB ('24), IRQ, AZB ('25E, half capex spent in '24). Capex/sales '24:9.1%;no guide '25E(Tera:8.8% |
| Acq & investments | (2,570) | 250 | 225 | (593) | - | - | - | |
| Other Inv. CF items | (50) | (687) | (5,532) | 102 | - | - | - | |
| Net borrowings | (702) | 5,662 | 2,393 | 3,393 | 10,611 | 5,086 | 5,086 | |
| Equity issues/ buyback | - | - | - | - | - | - | - | |
| Dividends | (795) | (629) | (1,100) | (2,475) | (3,351) | (5,374) | (5,374) | |
| Other Fin CF items | (756) | (1,223) | (2,586) | (11,400) | - | - | - | > Includes interests paid, changes in partnership shares |
| FX Impact | 1,704 | 2,933 | (1,142) | 72 | (762) | (535) | (535) | |
| Net CF | (519) | 9,867 | (1,328) | (6,633) | 13,738 | 7,957 | 7,957 | |
| ND / EBITDA | 1.1x | 0.6x | 0.8x | 1.1x | 0.7x | 0.5x | 0.5x | |
| Capex & Acq (/ Sales) | -18% | -6% | -6% | -9% | -9% | -9% | -9% | |
| Dividends TL/sh | 0.25 | 0.21 | 0.27 | 0.71 | 1.07 | 1.92 | 1.92 | > 2025 dividends due 28-May |
| RoE | 22% | 26% | 69% | 32% | 30% | 24% | 24% | |

Source: Tera Yatirim, Company

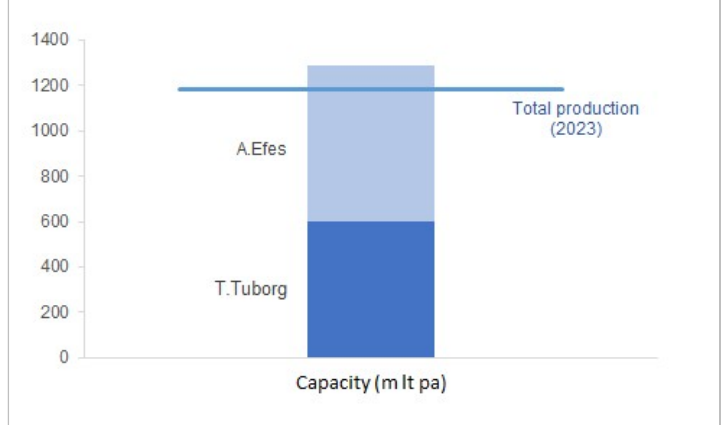
ANADOLU EFES

Card spend at Turkey's food outlets: Some positive trend in Jan-Feb might mitigate Efes' high base in Turkish beer in 1Q25E



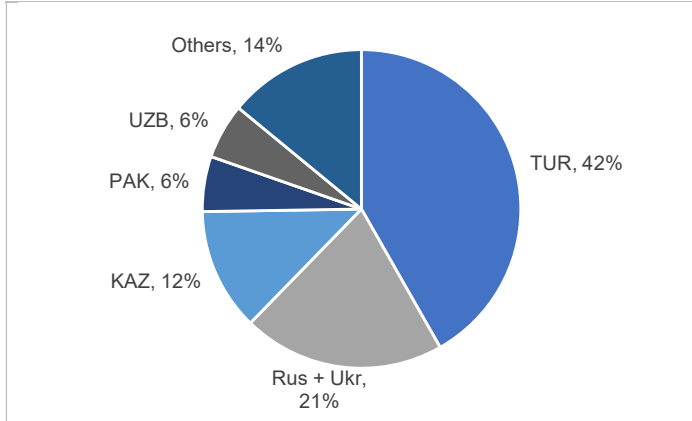
Source: Tera Yatirim, Turkish Central Bank

Turkey's beer industry could be running close to full capacity (2023, i.e. before 2024 growth). If TBORG's pricing neutralize in the value segment, it could pave the way for even higher margins in Efes-TUR-beer



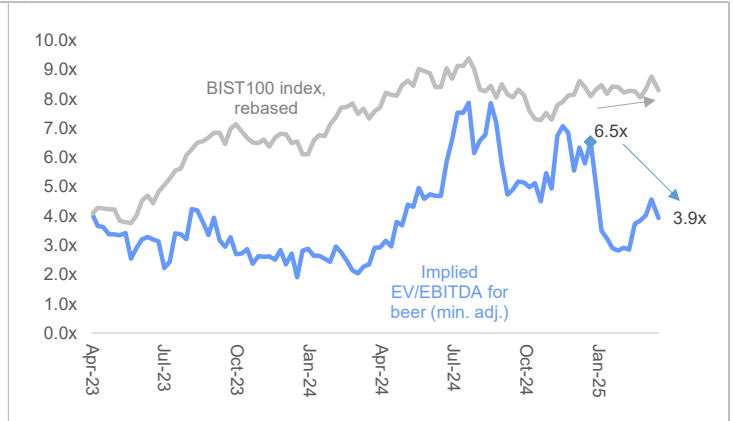
Source: TAPDK, Tera Yatirim

Our estimate of EBITDA'25E breakdown after adjusting for minorities in CCI and Rus+Ukr

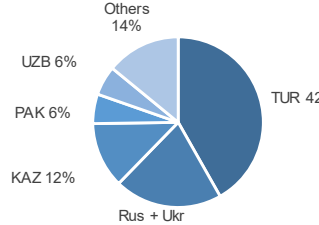
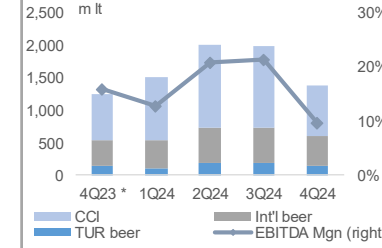
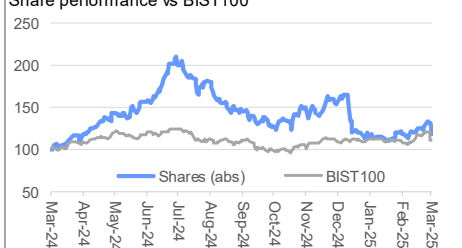


Source: Tera Yatirim

Our estimate of implied EV/EBITDA for Efes' beer-only (LTM)



Source: Tera Yatirim

| AEFES.IS Anadolu Efes | | Industrials Beverages | MARKETWEIGHT | | Target Price Upside | 229.40 35% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|------------|---|---------------|---|------------------------|---------------|-------------|--------------------|------|--|------|-------------------|--------|--------------|-------|---------------------|---------|------------|------|-------------|------|----------------|------|------|------|------|--|--|--|------------|---------------|-------|------|--|--|--|------------------------------------|--------|--------|-------|-----------|---------|---------|--------|-----------------------|--|--|--------|---------------------|--|--|---------------|--|--|--------------------------|--------|---------------------------|--------|--------------------------------|--------|--------------------------------|--------|--------------------------|--------|
| <p>Among world's top-10 beer producers with capacities in Turkey (7m hl), Russia (32m), Ukraine (8m), Kazakhstan (3m), Georgia (1m), Moldova (1m). Efes also owns 50% stake in the Turkish Coca-Cola bottler, (CCI), which runs bottling & distribution across a wide geography of Turkey, Central & South Asia, Iraq, Jordan.</p> | | <p>Owners</p> <table border="1"> <tr> <td>Anadolu Grubu Holding AGHOL</td> <td>43%</td> </tr> <tr> <td>AB Inbev</td> <td>24%</td> </tr> <tr> <td>Free float, others</td> <td>33%</td> </tr> </table> | | Anadolu Grubu Holding AGHOL | 43% | AB Inbev | 24% | Free float, others | 33% | <table border="1"> <tr> <td>Share price (TRY)</td> <td>169.50</td> </tr> <tr> <td>MCAP (US\$m)</td> <td>2,659</td> </tr> <tr> <td>Avg daily vol (\$m)</td> <td>45</td> </tr> <tr> <td>BIST30 wgt</td> <td>1.6%</td> </tr> <tr> <td>BIST100 wgt</td> <td>1.2%</td> </tr> </table> | | Share price (TRY) | 169.50 | MCAP (US\$m) | 2,659 | Avg daily vol (\$m) | 45 | BIST30 wgt | 1.6% | BIST100 wgt | 1.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Anadolu Grubu Holding AGHOL | 43% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AB Inbev | 24% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Free float, others | 33% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Share price (TRY) | 169.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MCAP (US\$m) | 2,659 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Avg daily vol (\$m) | 45 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BIST30 wgt | 1.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BIST100 wgt | 1.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Revenues'24 (post our minority adj.ests)</p>  | |  <p>* Inf adjusted numbers after 4Q23</p> | | <p>Share performance vs BIST100</p>  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Investment theme: We think the shares will predominantly focus on the developments around Russia/ Ukraine conflict. Although this does not change the fact that Efes could still extract significant value from this sizeable market, street could remain cautious on the outlook given the political nature of the risks involved. Meanwhile, both CCI and Turkish-beer operations have been performing well, especially through consistent volume upticks in the latter with margins potentially exceeding 20%+.</p> | | <p>Where we differ from consensus? 1) We run a risked valuation case for Efes, assigning probability levels for extracting mid-cycle value from the Russian/Ukrainian JVs. 2) Although a potential deconsolidation of Russian operations in the financial statements might cause an absolute drop in headline revenues/ EBITDA, we think it would detach the risky part from Efes' beer results and reduce the visibility discount market participants would assign to the overall beer segment.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Catalysts: 1) News around a potential resolution in Russian JV. 2) Turkish beer sustaining positive volume/ margin trend. 3) Ramadan moving into winter months by 10day each year. 4) Recent strength in RUBTRY</p> | | <p>Risks: 1) High base comps of Turkish beer in 2025E. 2) A prolonged uncertainty in Russia. 3) Tough marketing regulations in beer</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Positives</p> <ul style="list-style-type: none"> * Shares offering upside to an uncertain blue-case in Russia * Softer PPI inflation in Turkey (used as a benchmark for excise taxes) * High capacity utilization in the domestic industry should help pricing trends | | <p>Negatives</p> <ul style="list-style-type: none"> * Low earnings visibility due to Russia * High international revenues vs stronger TL outlook lately * Recent exclusion from MSCI-Turkey benchmark index * Growing public attention in healthy diets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Valuation</p> <table border="1"> <thead> <tr> <th></th> <th>23A</th> <th>24E</th> <th>25E</th> <th>26E</th> </tr> </thead> <tbody> <tr> <td>EV / EBITDA</td> <td>4.6x</td> <td>6.8x</td> <td>4.6x</td> <td>3.9x</td> </tr> <tr> <td>Rep P/E</td> <td>2.3x</td> <td>8.9x</td> <td>6.6x</td> <td>8.2x</td> </tr> <tr> <td>Adj P/E</td> <td>2.2x</td> <td>8.4x</td> <td>6.7x</td> <td>8.2x</td> </tr> <tr> <td>Dividend yield</td> <td>2.5%</td> <td>1.2%</td> <td>0.8%</td> <td>3.0%</td> </tr> </tbody> </table> | | | 23A | 24E | 25E | 26E | EV / EBITDA | 4.6x | 6.8x | 4.6x | 3.9x | Rep P/E | 2.3x | 8.9x | 6.6x | 8.2x | Adj P/E | 2.2x | 8.4x | 6.7x | 8.2x | Dividend yield | 2.5% | 1.2% | 0.8% | 3.0% | <table border="1"> <thead> <tr> <th></th> <th>Fair value</th> <th>Share to Efes</th> <th>TL/sh</th> </tr> </thead> <tbody> <tr> <td>SoTP</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Beer Group (risk 50% of Rus.&Ukr.)</td> <td>40,352</td> <td>40,352</td> <td>68.10</td> </tr> <tr> <td>CC Icecek</td> <td>228,603</td> <td>114,987</td> <td>194.20</td> </tr> <tr> <td>Holding discount -10%</td> <td></td> <td></td> <td>-26.20</td> </tr> <tr> <td>SoTP (TL/sh)</td> <td></td> <td></td> <td>236.10</td> </tr> </tbody> </table> | | | Fair value | Share to Efes | TL/sh | SoTP | | | | Beer Group (risk 50% of Rus.&Ukr.) | 40,352 | 40,352 | 68.10 | CC Icecek | 228,603 | 114,987 | 194.20 | Holding discount -10% | | | -26.20 | SoTP (TL/sh) | | | 236.10 | <p>Target Price Summary</p> <table border="1"> <tr> <td>SoTP (Rus+Ukr risked 0%)</td> <td>236.10</td> </tr> <tr> <td>Target multiples, avg of:</td> <td>222.70</td> </tr> <tr> <td>12M-fwd target EV/Sales: 0.70x</td> <td>201.99</td> </tr> <tr> <td>12M-fwd target EV/EBITDA: 5.0x</td> <td>257.69</td> </tr> <tr> <td>12M-fwd target P/E: 7.0x</td> <td>208.29</td> </tr> </table> | | SoTP (Rus+Ukr risked 0%) | 236.10 | Target multiples, avg of: | 222.70 | 12M-fwd target EV/Sales: 0.70x | 201.99 | 12M-fwd target EV/EBITDA: 5.0x | 257.69 | 12M-fwd target P/E: 7.0x | 208.29 |
| | 23A | 24E | 25E | 26E | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EV / EBITDA | 4.6x | 6.8x | 4.6x | 3.9x | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rep P/E | 2.3x | 8.9x | 6.6x | 8.2x | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Adj P/E | 2.2x | 8.4x | 6.7x | 8.2x | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dividend yield | 2.5% | 1.2% | 0.8% | 3.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Fair value | Share to Efes | TL/sh | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SoTP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Beer Group (risk 50% of Rus.&Ukr.) | 40,352 | 40,352 | 68.10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CC Icecek | 228,603 | 114,987 | 194.20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Holding discount -10% | | | -26.20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SoTP (TL/sh) | | | 236.10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SoTP (Rus+Ukr risked 0%) | 236.10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Target multiples, avg of: | 222.70 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12M-fwd target EV/Sales: 0.70x | 201.99 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12M-fwd target EV/EBITDA: 5.0x | 257.69 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12M-fwd target P/E: 7.0x | 208.29 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>* Based on statutory tax rates</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

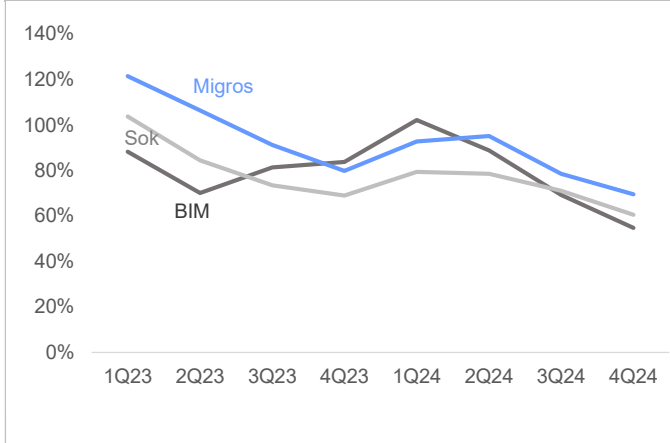
Source: Tera Yatirim, Company

| AEFES.IS | | | | | | | | |
|-------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| Inc St. (TLm) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | Remarks |
| Revenues | 39,296 | 90,504 | 159,877 | 231,354 | 305,503 | 305,503 | 324,082 | > With +2% beer volumes, +5% CCI volumes,, No guide for beer, +mid-single digit in CCI |
| Gross mgn% | 36.0% | 36.5% | 36.9% | 39.3% | 38.5% | 38.5% | 40.8% | |
| EBIT mgn% | 10.3% | 13.6% | 12.2% | 11.6% | 12.0% | 12.0% | 14.7% | |
| EBITDA (core) | 6,447 | 16,411 | 27,045 | 38,191 | 50,709 | 50,709 | 61,950 | |
| Mgn% (core) | 16.4% | 18.1% | 16.9% | 16.5% | 16.6% | 16.6% | 19.1% | |
| Mgn% (co.) | 17.9% | 19.2% | 17.9% | 17.0% | 16.6% | 16.6% | 18.7% | > Expecting moderate margin decline in beer '25E |
| Net FX gain | 619 | 699 | (316) | 2,645 | (155) | (155) | (232) | |
| Net interest | (860) | (2,273) | (4,649) | (10,352) | (10,176) | (10,176) | (8,993) | |
| Other items | (4) | (1,392) | 189 | (3,079) | (1,841) | (1,841) | (1,969) | |
| Monetary gain | - | - | 26,755 | 15,045 | 11,911 | 11,911 | - | > Assuming end of inflation accounting this year, which would help op margins'26E and offset absense of monetary gains |
| PBT | 3,803 | 9,340 | 41,453 | 30,996 | 36,458 | 36,458 | 36,337 | |
| Tax | (1,436) | (3,298) | (7,911) | (7,652) | (9,114) | (9,114) | (9,084) | |
| Minorities, disc'd ops | (1,299) | (2,612) | (11,413) | (10,228) | (12,249) | (12,249) | (14,942) | |
| Net Income | 1,068 | 3,429 | 22,129 | 13,117 | 15,094 | 15,094 | 12,311 | > Net inc before monetary gains: '23:TL7.7bn, 24A: TL9.3bn.. '26E reflects on inflation adjustments |
| Net mgn% | 2.7% | 3.8% | 13.8% | 5.7% | 4.9% | 4.9% | 3.8% | |
| Balance Sheet | 2021 | 2022 | 2023 | 2024 | 2025E | 2025E | 2026E | |
| Cash & equiv. | 10,334 | 24,628 | 41,648 | 54,459 | 75,086 | 75,086 | 93,873 | |
| ST Receivables | 5,117 | 7,883 | 15,381 | 21,785 | 31,008 | 31,008 | 31,076 | |
| Inventories | 5,903 | 14,096 | 24,878 | 30,209 | 34,310 | 34,310 | 35,038 | |
| Other ST assets | 3,310 | 4,939 | 8,222 | 14,843 | 14,843 | 14,843 | 14,843 | |
| PPE | 21,297 | 28,329 | 57,615 | 81,243 | 90,880 | 90,880 | 100,981 | |
| Leases, right of use | 431 | 781 | 2,042 | 3,099 | 3,099 | 3,099 | 3,099 | |
| Intangibles | 36,193 | 48,877 | 106,035 | 132,026 | 131,279 | 131,279 | 132,945 | |
| Other LT assets | 2,452 | 3,824 | 9,405 | 14,556 | 14,556 | 14,556 | 14,556 | |
| TOTAL ASSETS | 85,037 | 133,358 | 265,226 | 352,221 | 395,060 | 395,060 | 426,412 | |
| ST Debt | 6,475 | 11,870 | 22,788 | 32,047 | 34,858 | 34,858 | 38,565 | |
| ST Payables | 12,702 | 20,033 | 33,059 | 49,518 | 64,583 | 64,583 | 65,955 | |
| Other ST liabs | 5,345 | 10,128 | 22,650 | 25,762 | 25,643 | 25,643 | 28,942 | |
| LT Debt | 14,772 | 25,702 | 36,280 | 46,636 | 57,882 | 57,882 | 72,708 | |
| Other LT liabs | 6,412 | 9,042 | 20,571 | 28,491 | 28,491 | 28,491 | 28,491 | |
| Sh Eq. | 12,806 | 18,715 | 25,596 | 64,558 | 84,041 | 97,077 | 105,026 | |
| Minorities (BS) | 20,617 | 30,986 | 65,320 | 85,726 | 86,526 | 86,526 | 86,726 | |
| TOTAL LIABS, EQ | 85,037 | 133,358 | 265,226 | 352,221 | 395,060 | 395,060 | 426,412 | |
| Cash flow (EURm) | 2021 | 2022 | 2023 | 2024 | 2025E | 2025E | 2026E | |
| Net income | 1,068 | 3,429 | 22,129 | 13,117 | 15,094 | 15,094 | 12,311 | |
| DA | 2,399 | 4,105 | 7,571 | 11,454 | 13,990 | 13,990 | 14,419 | |
| Chg in W/C | 1,418 | (2,478) | (2,948) | 1,956 | 2,185 | 2,185 | 574 | |
| Other OpCF items | 3,188 | 7,714 | (4,420) | 5,886 | - | - | - | |
| Capex | (3,116) | (5,341) | (10,601) | (18,971) | (22,913) | (22,913) | (22,686) | > 2024-25E: New plants in CCI, capacity inv in TK-beer |
| Acq & investments | (2,674) | 166 | 518 | 311 | - | - | - | |
| Other Inv. CF items | - | (494) | (815) | - | - | - | - | |
| Net borrowings | 518 | 5,913 | (746) | 7,049 | 15,099 | 15,099 | 18,532 | |
| Equity issues/ buyback | - | - | - | - | - | - | - | |
| Dividends | (2,211) | (1,450) | (2,244) | (3,002) | (843) | (843) | (4,362) | |
| Other Fin CF items | (432) | (689) | (1,882) | (15,673) | - | - | - | |
| FX Impact | 1,587 | 2,690 | (4,613) | (5,220) | - | - | - | |
| Net CF | 1,745 | 13,565 | 1,948 | (3,092) | 22,612 | 22,612 | 18,787 | |
| ND / EBITDA | 1.6x | 0.7x | 0.6x | 0.6x | 0.3x | 0.3x | 0.3x | |
| Capex & Acq (/ Sales) | -8% | -6% | -7% | -8% | -8% | -8% | -7% | |
| Dividends TLm | 1,146 | 1,098 | 1,262 | 1,391 | 754 | 754 | 3,019 | |
| RoE | 7% | 15% | 49% | 18% | 17% | 17% | 12% | |

Source: Tera Yatirim, Company

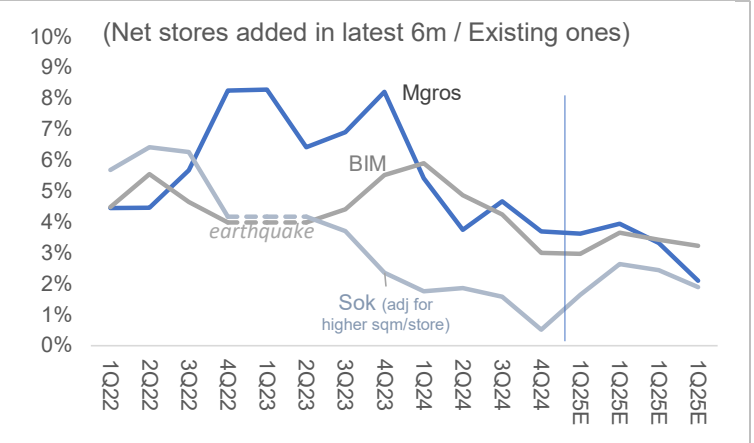
Migros

Superior revenue growth vs peers



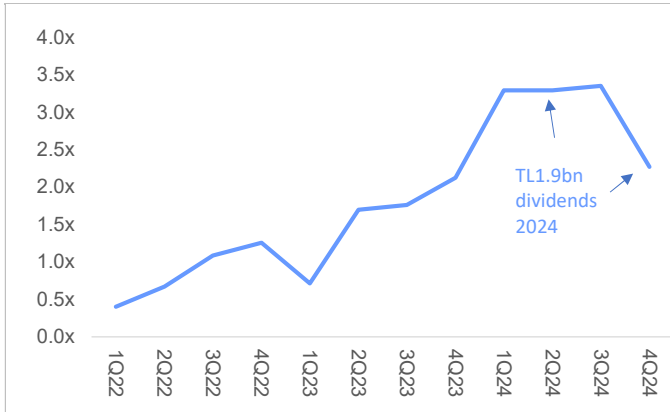
Source: Tera Yatirim, Company

Industry set to add far less stores as % of existing count. So, we expect less margin dilution from the newly opened stores in 2025E



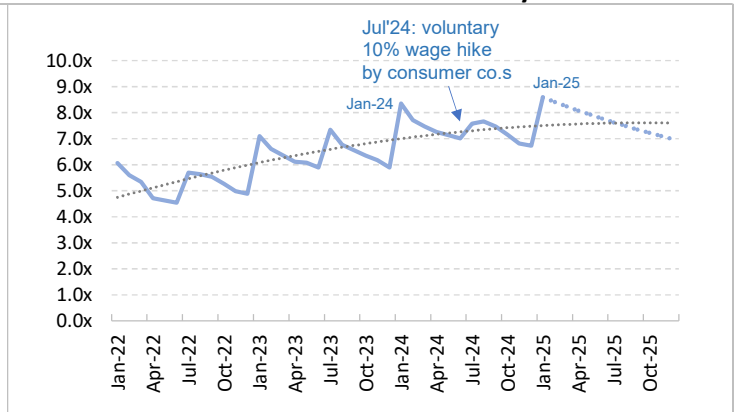
Source: Tera Yatirim, Company

MGROS: Consistent net-debt contribution to AGHOL (ND/EBITDA, excluding IFRS16 lease accounting)

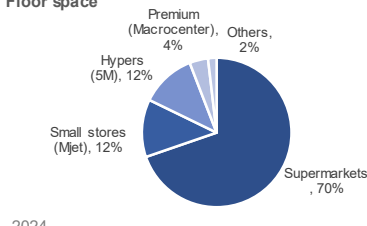
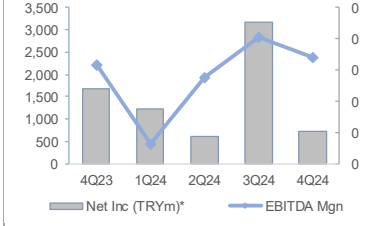
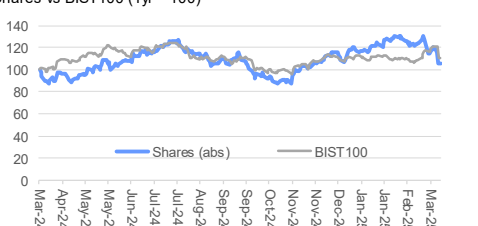


Source: Tera Yatirim, Company

Min. wage / CPI (food&bevs): A more manageable staff cost curve due 2025E for the retail industry



Source: Turkish Central Bank, Tera Yatirim, Company

| MGROS.IS | Migros | Consumers Food retailers | OVERWEIGHT | Target Price Upside | 819.20 71% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---------|---|-------------------|--|---|-------------------|----------|------------|-----------------------|--------------|-----------|--------------------|----------|---------------------|----------|-------|-------|------------|-------|-------|------|-------------|------|------|------|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|-----------|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|--|----------|------|-------|-------|-------|-------------|---------|---------|---------|---------|---------|---------|----------|----------|----------|--|----------------|------|------|------|------|--------------------|---------|---------|---------|---------|----------|----------|----------|----------|----------|--|-----------------------------|--|---------------|--|--|--|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----|--------|--|--|--|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|---------------------------|--------|--|--|--|-------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--|---------------------------------|---------|--|--|--|----------------|---------|-------|-------|-------|-------|-------|-------|-------|-------|---------|---------------------------------|--------|--|--|--|---------------|---------|-------|-------|-------|-------|-------|-------|-------|-------|--------|---------------------------|--------|--|--|--|----|--------|--|--|--|--|--|--|--|--|--|----------------------|-----|--|--|--|---|--------|--|--|------------|--|--|-----|--|--|--|--|--|--|--|------------------|-------|--|--|------|--|--|------|--|--|--|--|--|--|--|-------------------------|-------|--|--|-----|--|--|------|--|--|--|--|--|--|--|----------------------------|---------|--|--|-------------|--|--|-----------|--|--|--|--|--|--|--|------------------------|---------|--|--|-----------------------|--|--|-----------|--|--|--|--|--|--|--|---------------------------------|--------|--|--|--|--|--|--|--|--|--|
| <p>Migros is known for its innovative store concepts and strong digital presence in Turkish food-retail. Company operates under a number of segmented banners: Hemen (fast delivery), Tazedirekt (fresh), Macrocenter (premium), Yemek (meal delivery), Moneypay (payments) and Migros as the core supermarket stores.</p> | | <p>Owners</p> <table border="1"> <tr> <td>MH Perakendecilik</td> <td>49%</td> <td>Share price (TRY)</td> <td>479.00</td> </tr> <tr> <td>Free Float</td> <td>49%</td> <td>MCAP (US\$m)</td> <td>2,263</td> </tr> <tr> <td>Own buyback shares</td> <td>2%</td> <td>Avg daily vol (\$m)</td> <td>32</td> </tr> <tr> <td></td> <td></td> <td>BIST30 wgt</td> <td>2.2%</td> </tr> <tr> <td></td> <td></td> <td>BIST100 wgt</td> <td>1.6%</td> </tr> </table> | | MH Perakendecilik | 49% | Share price (TRY) | 479.00 | Free Float | 49% | MCAP (US\$m) | 2,263 | Own buyback shares | 2% | Avg daily vol (\$m) | 32 | | | BIST30 wgt | 2.2% | | | BIST100 wgt | 1.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MH Perakendecilik | 49% | Share price (TRY) | 479.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Free Float | 49% | MCAP (US\$m) | 2,263 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Own buyback shares | 2% | Avg daily vol (\$m) | 32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | BIST30 wgt | 2.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | BIST100 wgt | 1.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Floor space</p>  <p>2024</p> | |  <p>* Inf. adj. after 4Q23</p> | | <p>Shares vs BIST100 (1yr = 100)</p>  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Investment theme: Even though the recent antitrust investigation creates uncertainty about likely one-off penalty to all participants, we believe the industry fundamentals remain strong. i) Jan'25 min. wage hike came in more corporate-friendly than the past several years and this should lead to a flatter wage-to-CPI curve. ii) Further opex-help could come from lower store-adds this year as a % of existing count (esp. Sok and Migros), iii) Migros' multiformat layout offers a better platform to tap the mid-to-high income segment, which performs better than the distressed low-to-mid income earners</p> | | <p>Where we differ from consensus? Although consensus ratings for the stock are largely in line with our positive view, we think street's TL384bn revenue expectation for 2025E is not fully reflecting the guided 8-10% real growth, plus a likely inflation of 30+%(est), plus 8% positive impact we estimate from indexation of interim quarters to year-end CPI as a part of inflation accounting, all of which point to TL447bn. On the cautious side, we believe street's 7.1% EBITDA'25 margin forecast at VisibleAlpha might be partly due to inclusion of pre-inflation accounting forecasts of some survey participants as it would be unlikely to have such margin expansion given our FY24 reading of 5.4%.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Catalysts: 1) Sustaining market share gains with less sqm growth than peers. 2) 250 store-adds due 2025 (vs 356 gross '24) i.e. lower capex/sales and margin pressure. 3) Solar investments (esp 35MW in Kirsehir) vs energy costs: 1.4%</p> | | <p>Risks: 1) Uncertainty about the outcome of Antitrust investigation (2021 instance implies TL5.3bn gross if same fine/revenue ratio). 2) Ironically high price competition in the sector. 3) A distortion in the TL-outlook given full-domestic exposure.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Positives</p> <ul style="list-style-type: none"> * Diversified channels, successfully taping the resilient mid-to-high income segment * Strong e-commerce arm vs ultra-fast delivery competitors fading * Competitive supply network, including fresh, frozen, meat processing centers * Consistent decline in inventory days (2024: -4 days) | | <p>Negatives</p> <ul style="list-style-type: none"> * Penetration in rural regions, price investments require careful margin checks * Low margin structure of the industry, leaving little room for execution errors in interim quarters * Exposure to repetitive antitrust investigations, where fines are formulated as % of sales (harsher earnings impact to the low-margin sectors) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Valuation</p> <table border="1"> <thead> <tr> <th></th> <th>23A</th> <th>24E</th> <th>25E</th> <th>26E</th> <th>DCF (TLm)</th> <th>2025E*</th> <th>2026E</th> <th>2027E</th> <th>2028E</th> <th>2029E</th> <th>2030E</th> <th>2031E</th> <th>2032E</th> <th>2033E</th> <th>Term</th> </tr> </thead> <tbody> <tr> <td>EV/Sales</td> <td>0.2x</td> <td>0.3x</td> <td>0.2x</td> <td>0.2x</td> <td>EBITDA</td> <td>25,902</td> <td>42,828</td> <td>47,368</td> <td>54,735</td> <td>60,740</td> <td>65,821</td> <td>70,464</td> <td>75,233</td> <td>80,132</td> <td></td> </tr> <tr> <td>EV/EBITDA</td> <td>13.0x</td> <td>4.9x</td> <td>3.2x</td> <td>2.0x</td> <td>Mgn%</td> <td>6.1%</td> <td>8.4%</td> <td>7.9%</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> <td>8.0%</td> <td></td> </tr> <tr> <td>Rep. P/E</td> <td>5.2x</td> <td>13.5x</td> <td>12.7x</td> <td>11.1x</td> <td>Rent paid *</td> <td>(6,311)</td> <td>(6,607)</td> <td>(7,478)</td> <td>(8,200)</td> <td>(9,108)</td> <td>(9,880)</td> <td>(10,588)</td> <td>(11,316)</td> <td>(12,065)</td> <td></td> </tr> <tr> <td>Dividend yield</td> <td>1.0%</td> <td>2.1%</td> <td>2.2%</td> <td>2.4%</td> <td>Adj. tax on EBIT *</td> <td>(3,047)</td> <td>(7,189)</td> <td>(7,869)</td> <td>(9,292)</td> <td>(10,250)</td> <td>(11,002)</td> <td>(11,624)</td> <td>(12,238)</td> <td>(12,851)</td> <td></td> </tr> <tr> <td colspan="2">Target Price Summary</td> <td colspan="4">819.20</td> <td>Capex/ acq</td> <td>(11,710)</td> <td>(13,770)</td> <td>(16,598)</td> <td>(19,711)</td> <td>(22,476)</td> <td>(25,015)</td> <td>(27,481)</td> <td>(30,056)</td> <td>(32,705)</td> </tr> <tr> <td>DCF</td> <td colspan="4">761.60</td> <td>Chg W/C</td> <td>8,545</td> <td>4,316</td> <td>4,303</td> <td>5,583</td> <td>4,904</td> <td>4,030</td> <td>3,575</td> <td>3,597</td> <td>3,612</td> <td></td> </tr> <tr> <td>Target multiples, avg of:</td> <td colspan="4">876.70</td> <td>Interest (exp) from ops</td> <td>(15,849)</td> <td>(11,742)</td> <td>(12,213)</td> <td>(13,683)</td> <td>(15,906)</td> <td>(17,919)</td> <td>(19,478)</td> <td>(20,718)</td> <td>(21,965)</td> <td></td> </tr> <tr> <td>12M-fwd target EV/Sales : 0.30x</td> <td colspan="4">1050.30</td> <td>Cashflows (CF)</td> <td>(2,470)</td> <td>7,837</td> <td>7,513</td> <td>9,432</td> <td>7,904</td> <td>6,036</td> <td>4,867</td> <td>4,503</td> <td>4,158</td> <td>141,815</td> </tr> <tr> <td>12M-fwd target EV/EBITDA : 6.5x</td> <td colspan="4">985.60</td> <td>Discounted CF</td> <td>(1,819)</td> <td>5,822</td> <td>4,720</td> <td>5,202</td> <td>3,985</td> <td>2,857</td> <td>2,127</td> <td>1,756</td> <td>1,449</td> <td>49,399</td> </tr> <tr> <td>12M-fwd target P/E: 11.0x</td> <td colspan="4">594.20</td> <td>PV</td> <td colspan="10">75,497</td> </tr> <tr> <td>Number of shares (m)</td> <td colspan="4">181</td> <td>Net Cash (ex-leases, adj for interrim divs)</td> <td colspan="3">24,740</td> <td colspan="3">RFR TL yr1</td> <td colspan="3">34%</td> </tr> <tr> <td></td> <td colspan="4"></td> <td>BV of fin assets</td> <td colspan="3">3,403</td> <td colspan="3">Beta</td> <td colspan="3">0.85</td> </tr> <tr> <td></td> <td colspan="4"></td> <td>Minorities (-) & Others</td> <td colspan="3">(373)</td> <td colspan="3">ERP</td> <td colspan="3">5.5%</td> </tr> <tr> <td></td> <td colspan="4"></td> <td>Implied equity value (TLm)</td> <td colspan="3">103,267</td> <td colspan="3">WACC (avg):</td> <td colspan="3">18.2% TRY</td> </tr> <tr> <td></td> <td colspan="4"></td> <td>Fwd equity value (12M)</td> <td colspan="3">137,891</td> <td colspan="3">Terminal growth rate:</td> <td colspan="3">1.0% real</td> </tr> <tr> <td></td> <td colspan="4"></td> <td>12M Fair value from DCF (TL/sh)</td> <td colspan="10">761.60</td> </tr> </tbody> </table> | | | | | | | 23A | 24E | 25E | 26E | DCF (TLm) | 2025E* | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | Term | EV/Sales | 0.2x | 0.3x | 0.2x | 0.2x | EBITDA | 25,902 | 42,828 | 47,368 | 54,735 | 60,740 | 65,821 | 70,464 | 75,233 | 80,132 | | EV/EBITDA | 13.0x | 4.9x | 3.2x | 2.0x | Mgn% | 6.1% | 8.4% | 7.9% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | | Rep. P/E | 5.2x | 13.5x | 12.7x | 11.1x | Rent paid * | (6,311) | (6,607) | (7,478) | (8,200) | (9,108) | (9,880) | (10,588) | (11,316) | (12,065) | | Dividend yield | 1.0% | 2.1% | 2.2% | 2.4% | Adj. tax on EBIT * | (3,047) | (7,189) | (7,869) | (9,292) | (10,250) | (11,002) | (11,624) | (12,238) | (12,851) | | Target Price Summary | | 819.20 | | | | Capex/ acq | (11,710) | (13,770) | (16,598) | (19,711) | (22,476) | (25,015) | (27,481) | (30,056) | (32,705) | DCF | 761.60 | | | | Chg W/C | 8,545 | 4,316 | 4,303 | 5,583 | 4,904 | 4,030 | 3,575 | 3,597 | 3,612 | | Target multiples, avg of: | 876.70 | | | | Interest (exp) from ops | (15,849) | (11,742) | (12,213) | (13,683) | (15,906) | (17,919) | (19,478) | (20,718) | (21,965) | | 12M-fwd target EV/Sales : 0.30x | 1050.30 | | | | Cashflows (CF) | (2,470) | 7,837 | 7,513 | 9,432 | 7,904 | 6,036 | 4,867 | 4,503 | 4,158 | 141,815 | 12M-fwd target EV/EBITDA : 6.5x | 985.60 | | | | Discounted CF | (1,819) | 5,822 | 4,720 | 5,202 | 3,985 | 2,857 | 2,127 | 1,756 | 1,449 | 49,399 | 12M-fwd target P/E: 11.0x | 594.20 | | | | PV | 75,497 | | | | | | | | | | Number of shares (m) | 181 | | | | Net Cash (ex-leases, adj for interrim divs) | 24,740 | | | RFR TL yr1 | | | 34% | | | | | | | | BV of fin assets | 3,403 | | | Beta | | | 0.85 | | | | | | | | Minorities (-) & Others | (373) | | | ERP | | | 5.5% | | | | | | | | Implied equity value (TLm) | 103,267 | | | WACC (avg): | | | 18.2% TRY | | | | | | | | Fwd equity value (12M) | 137,891 | | | Terminal growth rate: | | | 1.0% real | | | | | | | | 12M Fair value from DCF (TL/sh) | 761.60 | | | | | | | | | |
| | 23A | 24E | 25E | 26E | DCF (TLm) | 2025E* | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | Term | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EV/Sales | 0.2x | 0.3x | 0.2x | 0.2x | EBITDA | 25,902 | 42,828 | 47,368 | 54,735 | 60,740 | 65,821 | 70,464 | 75,233 | 80,132 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EV/EBITDA | 13.0x | 4.9x | 3.2x | 2.0x | Mgn% | 6.1% | 8.4% | 7.9% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rep. P/E | 5.2x | 13.5x | 12.7x | 11.1x | Rent paid * | (6,311) | (6,607) | (7,478) | (8,200) | (9,108) | (9,880) | (10,588) | (11,316) | (12,065) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dividend yield | 1.0% | 2.1% | 2.2% | 2.4% | Adj. tax on EBIT * | (3,047) | (7,189) | (7,869) | (9,292) | (10,250) | (11,002) | (11,624) | (12,238) | (12,851) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Target Price Summary | | 819.20 | | | | Capex/ acq | (11,710) | (13,770) | (16,598) | (19,711) | (22,476) | (25,015) | (27,481) | (30,056) | (32,705) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DCF | 761.60 | | | | Chg W/C | 8,545 | 4,316 | 4,303 | 5,583 | 4,904 | 4,030 | 3,575 | 3,597 | 3,612 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Target multiples, avg of: | 876.70 | | | | Interest (exp) from ops | (15,849) | (11,742) | (12,213) | (13,683) | (15,906) | (17,919) | (19,478) | (20,718) | (21,965) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12M-fwd target EV/Sales : 0.30x | 1050.30 | | | | Cashflows (CF) | (2,470) | 7,837 | 7,513 | 9,432 | 7,904 | 6,036 | 4,867 | 4,503 | 4,158 | 141,815 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12M-fwd target EV/EBITDA : 6.5x | 985.60 | | | | Discounted CF | (1,819) | 5,822 | 4,720 | 5,202 | 3,985 | 2,857 | 2,127 | 1,756 | 1,449 | 49,399 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12M-fwd target P/E: 11.0x | 594.20 | | | | PV | 75,497 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of shares (m) | 181 | | | | Net Cash (ex-leases, adj for interrim divs) | 24,740 | | | RFR TL yr1 | | | 34% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | BV of fin assets | 3,403 | | | Beta | | | 0.85 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Minorities (-) & Others | (373) | | | ERP | | | 5.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Implied equity value (TLm) | 103,267 | | | WACC (avg): | | | 18.2% TRY | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Fwd equity value (12M) | 137,891 | | | Terminal growth rate: | | | 1.0% real | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | 12M Fair value from DCF (TL/sh) | 761.60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>* Adjusted tax on pre-lease accounting</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Source: Tera Yatirim, Company

MGROS: 2025E Forecast revisions:

We revise our 2025E EBITDA estimate by -5% in the light of 4Q results and the first FY guidance. Our revision is driven by our lower top-line forecast, reflecting the recent weaker outlook for domestic consumption in 1H, evident from consumer companies' recent feedback on their post-4Q management reviews.

In our absolute revenue forecasts for sector participants, we add +8% contribution from indexation of interim quarters to the year-end 2025 (i.e. each TL1.00 earned in 1Q will probably contribute TL1.18 to FY25 revenues, each TL1.00 in 2Q will do TL1.12, etc.). Assuming 2025 will be the last year of such indexation, it will also inflate the base-comps for 2026, leading to a lower 'nominal' rate of growth in 2026 vs 2025 actuals.

Migros 8-10% real revenue growth for 2025 was slightly superior to its discounter peers (BIM: ~8% and Sok: ~6%), despite the fact that its multi-format lay-out generally adds less floor space than discounters (except Sok this year). Applying Migros' ~9% mid-range real revenue guidance'25 to our average inflation forecast of 32%, plus our above-mentioned estimate of +8% indexation factor, we derive TL447bn revenues implied by guidance. At ~6.0% margin guidance, this would imply TL26.8bn EBITDA'25. This would be more or less parallel to the current consensus (TL27.3bn on VisibleAlpha), though at higher than consensus revenues (TL384bn) but lower margin vs street's 7.1%.

We do not put any provision from the antitrust investigation, though we remind a similar industry-investigation had led to across-the-sector penalties in 2021 equivalent to 1.8% of previous-year revenues (2020). Hypothetically, a similar ratio would imply TL5.3bn headline fine to Migros, TL4.0bn after 25% upfront discount, corresponding to ~58% of our 2025E earnings, 4.6% of MCAP.

Forecast revisions (TLm)

| | New | | | Old | | Chg | | Est / Cons | | Remarks |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|-------------|-------------|---------------|---------------|--------------------------------------|
| | 2024 | 2025E | 2026E | 2025E | 2026E | 2025E | 2026E | 2025E | 2026E | |
| Avg Floor space (000 sqm) | 1,981 | 2,068 | 2,135 | 2,067 | 2,068 | 0% | 3% | | | |
| CPI Turkey | 59% | 32% | 22% | 28% | 128% | 4% | -106% | Consensus | | |
| Rev/sqm (Blended, 000 TRY) | 148 | 206 | 238 | 231 | 283 | -11% | -16% | 383,607 | 480,827 | |
| Revenues | 293,780 | 425,801 | 508,618 | 477,698 | 584,582 | -11% | -13% | 11% | 6% | > Potential upside to street's '25E |
| EBITDA (core) | 15,796 | 25,902 | 42,828 | 27,655 | 41,336 | -6% | 4% | 27,271 | 32,871 | |
| EBITDA margin (core) | 5.4% | 6.1% | 8.4% | 5.8% | 7.1% | 0.3% | 1.3% | -5% | 30% | > '25E guidance ~6%. Consensus' |
| <i>EBITDA (ex-interest)</i> | 885 | 10,053 | 31,087 | 13,536 | 33,143 | -26% | -6% | | | 7.1% implies some using w/o inf acc. |
| % of sales | 0.3% | 2.4% | 6.1% | 2.8% | 5.7% | -0.5% | 0.4% | | | numbers |
| Minorities | (199) | (131) | (159) | (200) | (100) | 35% | -59% | 7,941 | 10,848 | |
| Rep. net inc. | 6,340 | 6,845 | 7,778 | 8,676 | 9,993 | -21% | -22% | -14% | -28% | |
| <i>Rep. net inc w/o inf acc.</i> | 5,908 | n/a | n/a | | | | | | | |

* Assume negative impact of inf accounting on margins terminated at YE25

Source: Rasyonet, Tera Yatirim

| MGROS.IS | | | | | | | |
|------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|---|
| Inc St. (TLm) | 2021 | 2022 | 2023* | 2024* | 2025E* | 2026E | Remarks |
| Revenues | 36,272 | 74,502 | 181,674 | 293,780 | 425,801 | 508,618 | > Guidance 8-10% real growth, we add inflation ...+8% from bringing interim qrts to YE25 |
| Gross mgn% | 24.1% | 23.9% | 18.7% | 23.1% | 24.3% | 26.9% | |
| EBIT mgn% | -18.7% | -17.5% | -20.4% | -21.2% | -21.7% | -21.7% | |
| EBITDA (core) | 2,894 | 5,968 | 3,221 | 15,796 | 25,902 | 42,828 | > We est. FY25 guid implies ~TL27bn mid-range |
| Mgn% (core) | 8.0% | 8.0% | 1.8% | 5.4% | 6.1% | 8.4% | |
| Mgn% (co.) | 8.0% | 8.0% | 1.8% | 5.4% | 6.1% | 8.4% | > We assume infacc between 2023-25E |
| Net FX gain | 188 | 142 | 1,414 | 545 | 160 | 87 | > Reduced FX-position in 4Q to EUR+18m |
| Net interest | (1,669) | (2,395) | (3,523) | (12,446) | (14,290) | (11,710) | > Interest mainly on trade payables, which we deduct in adj. EBITDA. Lease int. higher 4Q24 |
| Other items | (281) | (629) | (944) | (4,818) | (5,165) | (5,382) | |
| Monetary gain* | - | - | 16,825 | 18,843 | 17,016 | - | > No provision for Antitrust investigation yet |
| PBT | 225 | 1,908 | 10,792 | 7,942 | 8,576 | 9,699 | |
| Tax | 133 | 672 | (1,887) | (1,403) | (1,600) | (1,761) | |
| Minorities, discontinued ops | 1 | (16) | (77) | (199) | (131) | (159) | > Minorities mainly digital & packaged food ops |
| Net Income | 359 | 2,564 | 8,829 | 6,340 | 6,845 | 7,778 | |
| Net mgn% | 1.0% | 3.4% | 4.9% | 2.2% | 1.6% | 1.5% | |
| Balance Sheet | 2021 | 2022 | 2023* | 2024* | 2025E* | 2026E | |
| Cash & equiv. | 3,635 | 8,067 | 12,817 | 22,546 | 24,229 | 49,689 | |
| ST Receivables | 178 | 487 | 370 | 1,398 | 1,992 | 2,369 | |
| Inventories | 4,675 | 10,905 | 21,929 | 31,152 | 45,778 | 53,952 | |
| Other ST assets | 216 | 665 | 2,760 | 2,598 | 2,598 | 2,598 | |
| PPE | 3,750 | 6,966 | 20,295 | 32,323 | 38,182 | 46,190 | > Non-monetary asset revalued with inflation in 2023, higher depreciation costs thereafter |
| Leases, right of use | 2,785 | 4,287 | 16,226 | 32,831 | 44,878 | 50,342 | |
| Intangibles | 2,462 | 2,570 | 14,772 | 22,133 | 21,174 | 20,119 | |
| Other LT assets | 399 | 2,477 | 2,961 | 5,077 | 5,077 | 5,077 | |
| TOTAL ASSETS | 18,100 | 36,424 | 92,129 | 150,059 | 183,909 | 230,336 | |
| ST Debt (incl leases) | 2,045 | 2,443 | 2,979 | 4,823 | 6,032 | 11,415 | |
| ST Payables | 9,582 | 21,040 | 37,390 | 57,709 | 80,785 | 93,652 | |
| Other ST liabs | 1,482 | 2,527 | 4,526 | 8,482 | 8,482 | 8,482 | |
| LT Debt (incl leases) | 4,035 | 5,012 | 7,291 | 16,272 | 21,339 | 43,791 | > Sharp increase in lease expenses in 4Q |
| Other LT liabs | 420 | 1,312 | 3,689 | 5,091 | 5,091 | 5,091 | |
| Sh Eq. | 536 | 4,046 | 36,024 | 57,309 | 61,808 | 67,532 | |
| Minorities (BS) | - | 44 | 230 | 373 | 373 | 373 | |
| TOTAL LIABS, EQ | 18,100 | 36,424 | 92,129 | 150,059 | 183,909 | 230,336 | |
| Cash flow | 2021 | 2022 | 2023* | 2024* | 2025E* | 2026E | |
| Net income | 359 | 2,564 | 8,829 | 6,340 | 6,845 | 7,778 | |
| DA | 907 | 1,178 | 6,201 | 9,978 | 14,603 | 15,649 | |
| Chg in W/C | 1,029 | 4,284 | 271 | 8,719 | 8,545 | 4,316 | > Consistent cash generation from W/C |
| Other OpCF items | 958 | 13 | (1,322) | 2,008 | (8,523) | 16,983 | |
| Capex | (969) | (2,262) | (6,408) | (9,904) | (11,710) | (13,770) | |
| Acq & investments | 88 | 68 | 1,109 | 95 | - | - | > Divesting non-core assets |
| Other Inv. CF items | 374 | (105) | - | 797 | - | - | > Disposal of Ramstore Kazakh. for US\$35m |
| Net borrowings | (1,001) | (354) | (645) | (975) | - | 3,165 | |
| Equity issues/ buybacks | - | - | - | - | - | - | |
| Dividends | - | - | (664) | (2,013) | (1,902) | (2,054) | > Dividends resumed in 2023 |
| Other Fin CF items | (1,223) | (1,203) | (672) | (3,566) | (7,080) | (6,607) | > Includes interest portion of lease payments |
| FX Impact | (121) | (138) | (6,996) | (191) | - | - | |
| Net CF | 402 | 4,046 | (297) | 11,286 | 779 | 25,460 | |
| ND / EBITDA | 0.8x | -0.1x | -0.8x | -0.1x | 0.1x | 0.1x | |
| OpCF / Sales | 9% | 11% | 8% | 9% | 5% | 9% | |
| Capex / Sales | -3% | -3% | -4% | -3% | -3% | -3% | |
| Dividends TL/sh | - | - | 2.61 | 9.78 | 10.50 | 11.34 | |
| RoE | 127% | 112% | 44% | 14% | 11% | 12% | |

Source: Tera Yatirim, Company

Anadolu Group Holding summary financials (TLm)

| Income St (TLm) | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | Remarks |
|-------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|--|
| Revenues | 82,741 | 177,978 | 375,583 | 563,783 | 767,097 | 876,318 | > 36% y/y rev'25E, led by Migros 45% |
| Gross margin | 29.7% | 30.1% | 26.4% | 29.1% | 29.3% | 31.2% | |
| Opex/sales | -21.3% | -19.5% | -21.2% | -23.1% | -22.9% | -22.6% | |
| EBIT | 6,919 | 19,001 | 19,813 | 33,731 | 48,811 | 75,743 | |
| DA | 3,501 | 5,420 | 14,405 | 22,639 | 29,846 | 31,530 | |
| EBITDA (core) | 10,420 | 24,421 | 34,218 | 56,370 | 78,657 | 107,273 | |
| EBITDA mgn% | 12.6% | 13.7% | 9.1% | 10.0% | 10.3% | 12.2% | > '25E balanced btw small improvement in Migros vs slight contraction in beverages, '26E to see higher mgns if inf. acc. terminates as we assume |
| Net interest inc (exp) | (3,257) | (5,874) | (10,099) | (25,531) | (28,417) | (23,863) | |
| Net FX gains | 700 | (66) | 1,830 | 1,097 | (465) | (445) | |
| Provisions, impairments (net) | (311) | (618) | (222) | (1,101) | (1,995) | (2,431) | |
| Share in profit of JVs | (552) | (300) | 1,677 | (3,172) | (3,293) | (3,000) | |
| Other items | 1,483 | 541 | (1,019) | (5,241) | (4,234) | (5,159) | |
| Mon Gain (Loss) | - | - | 47,589 | 37,098 | 25,524 | - | > Loss of monetary gains as an offset of higher gross margins |
| PBT | 4,982 | 12,685 | 59,569 | 36,880 | 35,930 | 40,845 | |
| Tax reported (I) | (1,398) | (2,669) | (10,306) | (10,216) | (7,905) | (10,211) | |
| Effective tax rate | -28% | -21% | -17% | -28% | -22% | -25% | |
| Minorities (-) | (2,251) | (6,267) | (29,624) | (21,518) | (17,489) | (15,883) | |
| Discontinued ops | (42) | 53 | - | 35 | - | - | |
| Net Income | 1,291 | 3,801 | 19,638 | 5,181 | 10,537 | 14,751 | > Assume inf acc in 2023-25 has been +124%/-17% earnings accretive in 2023/24A |
| Net Inc. w/o inf. accounting | | | 8,771 | 6,315 | | | |
| Balance sheet (TLm) | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | |
| Cash | 16,294 | 37,282 | 63,506 | 84,878 | 89,852 | 78,629 | |
| Trade Receivables | 5,993 | 9,091 | 18,445 | 25,951 | 36,153 | 41,300 | |
| Inventories | 11,423 | 27,361 | 52,812 | 71,172 | 100,147 | 111,229 | |
| Other current assets | 4,341 | 6,365 | 12,080 | 18,137 | 18,137 | 18,137 | |
| Current assets | 38,051 | 80,100 | 146,843 | 200,138 | 244,288 | 249,295 | |
| Fin. Assets & Eq. Investments | 831 | 1,764 | 7,083 | 8,971 | 8,971 | 8,971 | |
| Fixed Assets (net) | 25,940 | 35,440 | 81,863 | 119,808 | 139,723 | 164,854 | > Inflation indexation starting from 2023 |
| Right of use | 3,465 | 5,212 | 18,753 | 36,623 | 36,623 | 36,623 | |
| Intangibles | 40,525 | 53,451 | 125,383 | 161,406 | 161,406 | 161,406 | > High due to bottling and license agreements |
| Other non-current assets | 3,004 | 6,236 | 11,873 | 16,753 | 16,753 | 16,753 | |
| Non-current assets | 73,765 | 102,104 | 244,956 | 343,561 | 363,476 | 388,607 | |
| TOTAL ASSETS | 111,816 | 182,204 | 391,799 | 543,698 | 607,764 | 637,901 | |
| ST Financial Loans | 13,069 | 21,562 | 37,523 | 47,629 | 49,566 | 49,566 | > '24A: TL5bn of loans are lease liabs (esp Migros) |
| ST Trade Payables | 23,327 | 43,003 | 73,651 | 112,345 | 158,082 | 175,575 | Loans are primarily in TL |
| Other current liabilities | 7,160 | 13,293 | 29,007 | 36,350 | 36,350 | 36,350 | |
| Current liabilities | 43,556 | 77,857 | 140,182 | 196,323 | 243,997 | 261,490 | |
| LT Financial Loans | 21,794 | 32,802 | 47,921 | 68,392 | 76,139 | 76,139 | > '24A: TL16bn from lease liabs (Migros), plus US\$500m Eurobonds by Efes/CCI (2028/29E) |
| Other non-current liabs | 7,143 | 10,852 | 24,116 | 33,779 | 33,779 | 33,779 | |
| Non-current liabilities | 28,937 | 43,655 | 72,036 | 102,171 | 109,918 | 109,918 | |
| Paid-in-capital | 244 | 244 | 244 | 244 | 244 | 244 | |
| Income & Reserves | 8,745 | 14,271 | 64,166 | 89,273 | 97,918 | 110,562 | |
| SH. EQUITY | 8,988 | 14,514 | 64,410 | 89,516 | 98,162 | 110,805 | |
| Minority Interest | 30,335 | 46,178 | 115,172 | 155,688 | 155,688 | 155,688 | |
| TOTAL LIABs & SH. EQUITY | 111,816 | 182,204 | 391,799 | 543,698 | 607,764 | 637,901 | |
| Cashflow (TLm) | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | |
| Net Income | 1,291 | 3,801 | 19,638 | 5,181 | 10,537 | 14,751 | |
| DA | 3,501 | 5,420 | 14,405 | 22,639 | 29,846 | 31,530 | |
| Change in working capital | 2,830 | 2,114 | (6,515) | 12,515 | 7,401 | 1,264 | > Targets consistently positive contribution |
| Others | 5,914 | 12,537 | 14,293 | 16,561 | - | - | |
| CF FROM OPERATIONS | 13,535 | 23,872 | 41,822 | 56,895 | 47,783 | 47,544 | |
| Capex (-) | (4,166) | (7,887) | (18,512) | (30,542) | (51,433) | (56,660) | |
| % of sales | -5.0% | -4.4% | -4.9% | -5.4% | -6.7% | -6.5% | > CCI 8+%, Efes-beer:~7%, Migros 2.5-3.0% |
| Sale of PPE & intangibles | 572 | 486 | 1,729 | 2,401 | - | - | New plants in CCI, capacity investments in Efes |
| Others | (2,919) | (450) | (4,116) | (4,522) | - | - | |
| CF FROM INVESTMENTS | (6,514) | (7,851) | (20,898) | (32,663) | (51,433) | (56,660) | |
| Net loans & leases | (1,663) | 5,387 | 2,028 | 1,027 | 10,518 | - | |
| Dividends | (1,791) | (1,053) | (2,414) | (4,515) | (1,157) | (2,107) | > These including divies paid to minority stakeholders at subsidiary level |
| Others | (1,634) | (3,024) | (1,798) | (9,371) | - | - | |
| CF FROM FINANCE | (5,088) | 1,310 | (2,184) | (12,858) | 9,361 | (2,107) | |
| OTHER ADJUSTMENTS | 1,359 | 1,952 | (15,045) | (5,437) | - | - | |
| NET CHANGE IN CASH | 3,292 | 19,283 | 3,695 | 5,936 | 5,711 | (11,223) | |

Source: Company, Tera Yatirim

Tera Yatirim Stock Ratings

| Rating | Definition |
|--------------|--|
| OVERWEIGHT | The analyst expects that the stock will generate a return above that of the BIST-100 index over the next twelve months. |
| MARKETWEIGHT | The analyst expects that the stock will generate a return in line with that of the BIST-100 index over the next twelve months. |
| UNDERWEIGHT | The analyst expects that the stock will generate a return below that of the BIST-100 index over the next twelve months. |

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