17TH APRIL 2023

GROCERY AND CONSUMER GOODS RETAIL SECTOR

BIM BIRLESIK MAGAZALAR - BUY

BIMAS TI

Rising through rain or shine

- **Market leader in retail grocery sector**

  BIM is the market leader in the organized retail grocery store sector in terms of sales. As per Euromonitor international's data its market share for 2021 stood at 18.7%. According to NielsenIQ retail Panel, the company's market share increased by 1.4% during 2022. The company is attractive due to its cost-efficient business model based on private label making up 65% of sales, track record of strong growth and stable EBITDA margins. Good Corporate Governance and transparency make the company stand out.

- **Attractive strategy based on solid top-line growth**

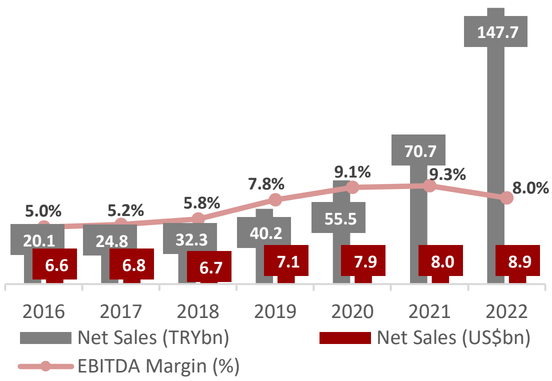
  BIM posted fastest FY22 top-line growth among domestic peers. Net sales in US$ terms grew at a CAGR of 6% between 2017-22 and by 12% during 2022 with Like for Like (LFL) sales growth of 92.5%. Total number of stores grew at a strong CAGR of 11% to 11,510 stores in the past five years. We expect revenues to grow at a CAGR of 8% in US$ terms between 2023 and 2028 while EBITDA margin is expected to be 7.5% during 2023 and 7.8% onwards on the back of strong food inflation expectations and solid customer base supported by expanding private label product portfolio.

- **Savior for consumers in times of surging inflation**

  It is the to-go solution for affordable shopping in times of high inflation. BIM's business model is based on minimizing costs as evidenced by 11.8% opex to sales vs past 5 yr avg of 12.4% and providing products at affordable prices. In times of high inflation like 2022 (Dec food inflation: 78% yoy), BIM's LFL cart volume increased by 77.2% yoy. Consumers with sliding purchasing power are trading down towards BIM as the company provides acceptable quality substitutes at lower prices.

- **Valuation**

  We issue a BUY recommendation for BIM with a target price of TRY271.04/share representing 64% upside potential. We used a combination of Discounted Free Cashflow to the Firm model with 80% weight and Relative Valuation using EV/EBITDA with 20% to derive BIM's implied fair market capitalization of TRY165bn. BIM's 2023E and 2024E EV/EBITDA (US$) of 6.43x and 5.72x correspond to 19% and 26% discounts respectively, relative to its peers.



Source: *Company Information.*

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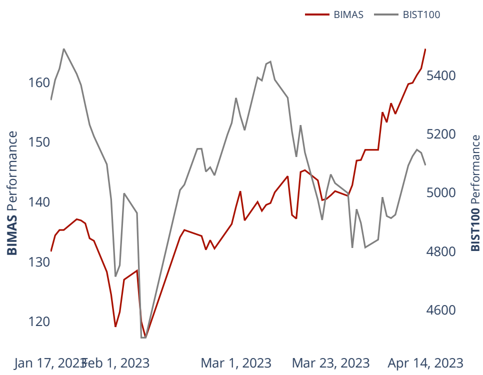
BIM	17/04/2023
BIM BIRLESIK MAGAZALAR	
Rating	BUY
Free float	60%
Mcap (US$ mn)	5,208
Mcap (TRY mn)	100,552
Target Mcap (TRYmn)	164,574
Share Price (TRY)	165.60
Target Price (TRY mn)	271.04
Upside	64%
Avg. DT Vol. (TRY mn)	559
EV (TRY mn)	108269
Latest Financials	2022/12
Weekly Return	28.27
Monthly Return	23.42
YY Return	132.63
Weekly Relative R.	25.03
Monthly Relative R.	29.13
YY Relative R.	-8.98

Stock Performance Chart: BIMAS vs BIST100



Ratio (TRY)	2022	2023E	2024E
P/E	11.89	9.44	6.43
EV/Sales	0.71	0.42	0.30
EV/EBITDA	8.95	5.58	3.88
P/B	3.85	2.80	1.95
ROE	49.7%	34.9%	35.8%
EBITDA Mrg.	8.0%	7.5%	7.8%
Net Pr. Mr.	5.5%	4.1%	4.4%
Net Debt	7,717	7717	7717
ND/EBITDA	0.65	0.40	0.28
Growth YoY (TRY)	**2022**	**2023E**	**2024E**
Sales	109%	75%	39%
EBITDA	80%	63%	44%
Net Profit	178%	31%	47%

Investment Thesis

We like BIM because: i) the company provides an inflation hedge, ii) trading down in a slower economy is likely to support top-line while also helping the EBITDA margin, iii) improving international relations is set to support Egypt and Morocco businesses, iv) Shares already trade at a discount to peers, which will become even more attractive in the years ahead as fast and profitable growth prevails in future.

Revenues grew at a CAGR of 6% in US$ terms and at a CAGR of 43% in TRY terms between 2017-2022. Like for like (LFL) sales grew by a solid 92.5% during 2022 while LFL basket size and LFL traffic grew by 77.2% and 8.6% respectively. The company is expected to grow at a CAGR of 9% in US$ terms and 26% in TRY terms in the next 5 years at the back of stable EBITDA margin and surge in demand for private label products. BIM has a track record of robust financials: top-line growth has been well above inflation; margins have been surging since 2016 on the back of cost efficiencies.

BIM's business model is based on its solid private label products and cost minimization. 65% of BIM Turkey's sales are from private labeled products while for Morocco, Egypt, and File (Turkey) private label sales stand at 24%, 15% and 33% respectively. The company's stores are strategically located with exposure to high footprint vs relatively lower rent, additionally marketing expenses are minimal with limited promotions. BIM provides affordable products throughout the year. BIM's stable margins and above food inflation growth rates indicate the company's ability to efficiently adjust its strategy in times of economic volatility.

With FY22 64% inflation and food Inflation of 77.87% yoy in December 2022, depreciated purchasing power of consumers turned consumers towards affordable substitutes for basic consumer goods including food, cleaning supplies etc. Grocery retail products' have relatively inelastic demand and cherry on top BIM's product portfolio is basic with focus on necessary everyday products which makes demand for its products even more inelastic. Hence, BIM is the solution for consumers during times of economic turmoil.

Our target price of TRY271.04/share for BIM represents 64% upside derived through DCF model with 80% weight and relative valuation with 20% weight. BIM's 2023E EV/EBITDA (US$) of 6.43x and 2024E EV/EBITDA of 5.72x correspond to 19% and 26% discounts respectively, relative to its peers.

Catalysts

- The Organization for Economic Cooperation and Development (OECD) expects inflation in Turkey to remain high forecasting 2023 inflation at 44.6% and 2024 inflation at 41.4%. In such a scenario, BIM will be able to comfortably pass the inflation to its limited SKU consumer staples portfolio and consumers are likely to turn to discount stores for grocery shopping.
- The company aims to improve the quality of its private label products through its new biscuit and chocolate factory which will be a catalyst not only in terms of supporting the margins but it will also improve supply sustainability.

Risks

- There is risk of weak demand overall due to deteriorating market conditions in which scenario LFL basket size may contract. However, we believe in such times BIM's hard discount business model will mitigate the negative impact as the products BIM provides have relatively inelastic demand.
- The grocery retail sector is subject to changes in consumer demand, competition, and supplier relationships. However, BIM has shown to adapt to these changes successfully as per track record.
- Entry of new competitors could result in margin erosion and pricing pressures.
- The company is exposed to political risk as food retailers in Turkey are subject to close surveillance by the government in their efforts to tame the inflation. Changes in government policies and geopolitical tensions could affect the environment in which the company operates and impact its performance.
- Its 80k personnel, most of which earns at the minimum wage becomes a burden at times of large adjustments, which normally takes place as the country draws closer to elections. The initial surge in opex is generally more than compensated in the quarters ahead with increased basket sizes and higher LFL growth.

Company background

BIM Birlesik Magazalar A.S. was established in Istanbul, Turkey in 1995. The company is the pioneer of hard-discount store model in Turkey. Its product portfolio has c850 SKU which includes fresh produce, canned and packaged products, dairy products cleaning supplies, personal care items and other necessities. The company went public in July 2005 on Borsa Istanbul stock exchange. As of FY22, Merkez Bereket Gida and NASPAK Gida are the main shareholders of the company with 15.15% and 11.30% shares respectively. The remaining 73.55% shares are free float. In 2015, BIM launched a new format of hard discount supermarkets with the name File. The company's primary market is Turkey however they have operations in Morocco and Egypt as well.

Key metrics

Valuation Ratios (TRY)	2019	2020	2021	2022
EV/EBITDA	9.83	9.50	6.44	8.95
Net Debt/EBITDA	0.83	0.46	0.78	0.65
P/E	23.13	17.59	12.69	11.89
P/B	6.69	6.39	4.89	3.85
ROE	31.6%	45.7%	39.7%	49.7%

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A. Business Description

BIM Birlesik Magazalar A.S was established in 1995 in Istanbul, Turkey and operates in the hard discount retail sector. The company provides consumers with basic food items and consumer goods at affordable prices. BIM has a large range of products including fresh produce, canned and packaged products, dairy products cleaning supplies, personal care items and other necessities. BIM is engaged in operating retail grocery store business for over 27 years and its business model is based on simple and efficient grocery shopping experience focused on offering a wide range of food and non-food products at low prices. A major portion of the company's sales come from its private label products.

BIM went public in July 2005 on Borsa Istanbul. As of Dec22, there are 79,809 personnel on the company's payroll. The company has operations in Morocco and Egypt as well, started operating in Morocco in 2008 and in Egypt in 2012. BIM entered the hard discount supermarkets market under File brand in 2015.

BIM is currently operating with 10,572 stores in Turkey including File stores, 627 stores in Morocco and 311 stores in Egypt. Stores are primarily located in urban areas and cater to a large number of low-to-middle income households. The company's File brand has launched an e-commerce platform to facilitate online shopping. However, sales generated from online segment is negligible.

BIM is the market leader in the retail grocery store sector with 18.7% market share in 2021 according to Euromonitor International. 93.5% of gross sales are generated from Turkey while international segment accounts for 6.5% of gross sales. Country wise break-up for 2022 shows 94% of net sales are from Turkey (including 4% from File) followed by 4.6% from Morocco and 1.2% of net sales from Egypt.

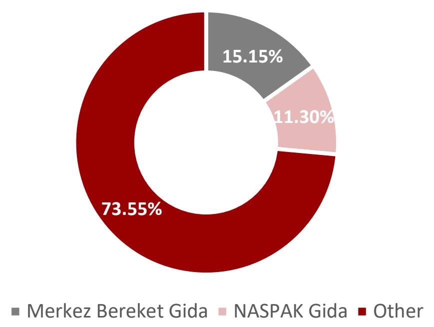
The company's business model is based on minimizing costs as much as possible and translating the benefit to consumers through affordable prices. The company does not endorse in discount or promotion campaigns or loyalty card program and instead aims to keep prices low all the time. Majority of BIM stores are rented and located on the back side of high traffic main streets to benefit from high traffic but pay relatively low rent. Advertising and marketing costs are kept to a minimum, product portfolio is limited, and bulk private label orders are placed through supplier. This low-price strategy makes BIM stand out among its competitors and has assisted the company in establishing customer confidence over the years.

Significant portion of BIM sales are driven by private label products produced specifically for BIM. These private label products are similar quality but lower cost vs relatively higher priced branded products. As of FY22, 65% of sales of BIM Turkey are made up by private label products sold under its own brands while 33% of File sales are private label. For Morocco and Egypt business, private label products make up 24% and 15% of sales.

BIM's stores are located primarily in urban areas where the company can take advantage of higher population density and high foot traffic. Store growth track record is strong with CAGR of 11% between 2017 and 2022. BIM opened 1,021 new store during 2022, as of December 2022 there are 1,037 BIM stores and 202 File stores in Turkey. The company's stores in Morocco and Egypt stood at 627 and 311 respectively at end of 2022.

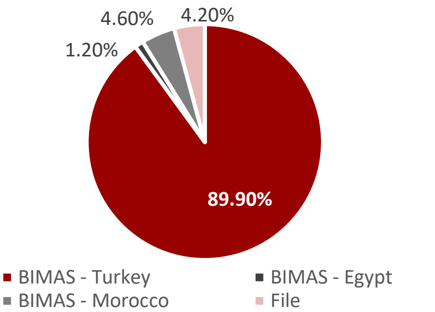
Like for like (LFL) sales grew by a solid 92.5% during 2022 while LFL basket size and LFL traffic grew by 77.2% and 8.6% respectively.

Shareholder Structure



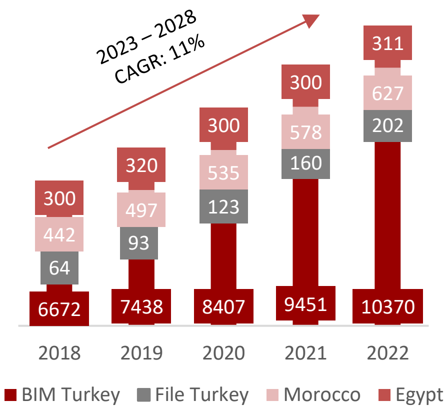
Source: *Company Information, KAP.*

Sales Breakup (%)



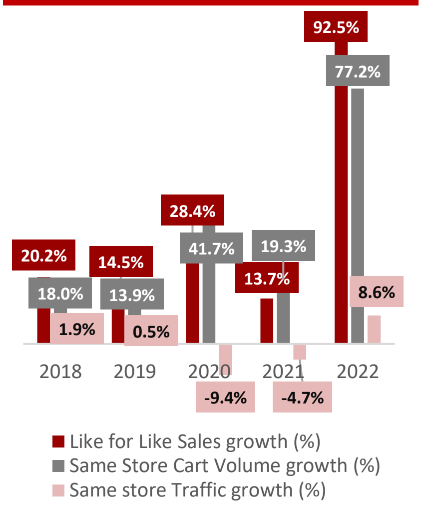
Source: *Company Information.*

Store growth and Geography wis breakup



Source: *Company Information.*

Growth (%) – LFL: Sales, Cart Volume, Traffic



Source: *Company Information.*

B. Industry Overview

Grocery Retail Sector - Turkey

The International Monetary Fund forecasts GDP growth rate of 2.7% for 2023 and consumer price (% change) of 50.6% for 2023. Turkey, with a population of 86.3mn is a consumer driven economy. As per Euromonitor International 48% of the total retail industry 2022 sales were through grocery retailers. Turkish retail industry sales stood at TRY2048bn in 2022 of which TRY1800bn was from off-line retail.

Most of the players in the grocery retail market are domestic players as investments flow in the sector, especially for hard discounters. Organized/modern retailers dominate the grocery market share as traditional retailers fade away.

Grocery Retail sales in Turkey stood at US$76bn at the end of 2021. We believe the grocery retail market has growth potential due to young population, rapid urbanization, growing middle class and relatively inelastic demand as it is driven by the food sector. Additionally, the market is open for new products as the demand for high value packaged food, frozen and ready to cook meals goods increases. However, it should be noted that the sector is exposed to complex time-consuming import procedures for certain raw materials and branded products, however Discount stores like BIM avoid any avoid reliance on imported products and depend on local producers.

Modern grocery retailers dominate the sector making up 61% of the market while traditional grocery retailers make up 39% of the sector sales as of 2021. Within the modern grocery retail segment supermarkets dominate the segment followed by Discounter making 32% and 25% of sector sales as of 2021.

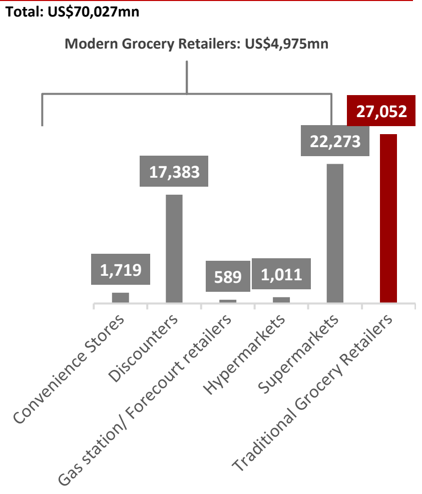
BIM, A101 and Migros are the sector leaders with 18.7%, 12.9% and 9.2% market share according to sales as of 2021. When we look at the store network the presence of discounters is strong with A101 having the highest stores followed by BIM and Sok. A101 is BIM's biggest competitor, even though A101 has the highest number of stores, BIM is number one in terms of sales. During 2022, more than 50% of products sold by BIM and Sok were private labels while just under half of the products sold by A101 were private label.

Turkey's food retail segment is well developed and producing quality products for the domestic as well as export markets.

Key Market Players	
A101	A hard discount market chain with greatest number of stores in Turkey and is the biggest competitor of BIM with similar stores in similar location. Just like BIM they do not sell any imported packaged or processed foods, They only sell imported commodities.
Migros	A multi-format supermarket chain. Migros has stores in many different sizes. The smallest format is a convenience store designed to compete with discounters and bakkals called M-Jet. The small supermarket format is called M Migros, the larger supermarket format is called MM Migros and hypermarket formats are called MMM Migros and 5M Migros. Their MacroCenter brand stores are gourmet stores selling a premium shopping experience.
Sok	It is also a discount market chain. Sok is owned by Yildiz Holding, which is the most prominent packaged food and packaged confectionery producer of Turkey, under the famous brand Ulker. Thirty five percent of all the products in Sok are private label and the rest are typically Yildiz Holding's own well-known brands.
CarrefourSA	CarrefourSA is a joint venture of Carrefour of France and Sabanci Holding of Turkey. 51% is owned by Sabanci, which may be the reason this international chain has survived in Turkey unlike many other foreign chains that left the market.

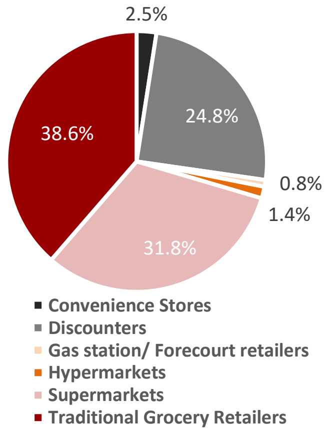
Source: *Source: Global Agricultural Information Sector - United States Department of Agriculture (USDA), July 2022*

Food Retailers by Channel Sales (US$mn) 2021



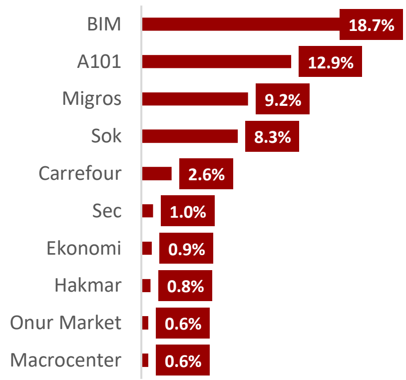
Source: *Source: Global Agricultural Information Sector - United States Department of Agriculture (USDA), July 2022.*

Food Retailers Channel Sales as % of total 2021



Source: *Source: Global Agricultural Information Sector - United States Department of Agriculture (USDA), July 2022*

Food Retailers Sales Market Share 2021



Note: The market shares are in the organized grocery retail category; traditional grocers are not included. M, MM, MMM, 5M, M-Jet Stores of Migros are displayed together. M-Jet is a convenience market, CarrefourSA and Carrefour Express are displayed together. Carrefour Express is a convenience market, Sec and Sok markets are owned by same company.

Source: *Euromonitor International.*

C. Valuation

We initiate our BIM coverage with a BUY rating at a target price of TRY271.04/share, representing a 64% upside potential. We used the discounted free cashflow model to the firm model with 80% weight and Relative Valuation with 20% weight using EV/EBITDA to derive BIM's implied fair value of TRY164.57bn. BIM's 2023 and 2024 US$ EV/EBITDA multiples of 6.43x and 5.72x are at discounts of 19% and 26% respectively relative to its peers. According to our DCF valuation the company has an upside of 58%, while relative valuation offers 87% upside.

We believe multiples valuation approach considers the current mood of the market on a relative scale while Discounted Cash Flow (DCF) to the Firm model captures the intrinsic value of the company considering numerous specific company details primary one being long term growth. We assigned 80% weight to the relative valuation method and 20% weight to our DCF valuation to derive BIM's stock price.

We used a US$ based DCF valuation model with equity risk premium of 5%, Beta of 1, for risk free rate we use Turkey's longest yield Eurobond yield which is 9% currently. Our DCF valuation provides a US$9.12/share 1 year forward looking target price while our EV/EBITDA driven relative valuation approach gives a 1 year forward looking price of US$10.78. Our combined valuation gives a 1 year forward price of US9.45$ For our target price conversion from US$ to TRY we used future TRY/US$ contract April 2024 exchange rate of 28.68. In TRY terms our model forecasts 1 year forward, looking price for TRY271.04/share corresponding to an upside of 64%.

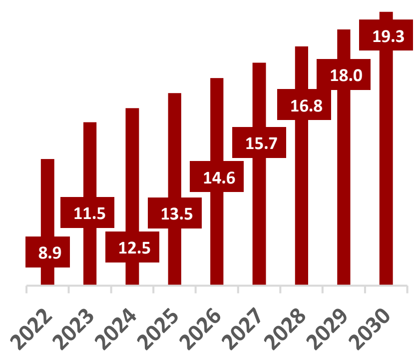
The following were the main drivers of our DCF driven stock price. 1) Strong Revenue growth, we expect revenues to grow at a CAGR of 8% in US$ terms between 2023 and 2028, 2) stable EBITDA Margins, we believe EBITDA margin for 2023 will stand at 7.5% owing to 25bps negative effect due to earthquake and the remaining because of higher minimum wage and increase in operational costs, we believe EBITDA margins will prevail at 7.8% post 2023, 3) capex to sales is expected to be stable at 2.8%.

Implied Multiples

US$	2023	2024	2025	2026	2027	2028	2029	2030
EV/EBITDA	6.43	5.72	5.28	4.90	4.55	4.24	3.96	3.71
P/E	10.85	9.46	8.32	7.73	7.19	6.70	6.26	5.85
TRY	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
EV/EBITDA	5.58	3.88	3.04	2.48	2.08	1.77	1.51	1.30
P/E	9.44	6.43	4.81	3.93	3.29	2.79	2.39	2.06

Source: *TFG Istanbul Analysis.*

Sales Forecast (US$bn)



Source: *TFG Istanbul Analysis.*

Valuation Method	Weights	Implied Fair Value	Target Price
DCF	80%	TRY158,796mn	TRY261.52
Relative Valuation			
EV/EBITDA	20%	TRY187,686mn	TRY309.10
		TRY164,574mn	**TRY271.04**

Current Price	**TRY165.60**
Upside	**64%**
Shares outstanding	**607mn**
Implied Fair Value	**TRY164,574mn**
Market Cap	**TRY100,552mn**

Source: *TFG Istanbul Analysis.*

D. DCF Summary

We have run a USD-based DCF analysis and our model is based on free cashflow from operating activities. For the risk free rate we plugged in the longest duration Turkey's Eurobond's yield (US900123CM05) which was 9.2% at the time of this report. We are attaching Beta of 1 and used 5pp USD based risk premium to reflect the market risk on top of the risk-free rate to arrive at our CAPM based cost of equity assumption. For the weighted average cost of capital calculations, we are using the market value of shareholders' equity rather than the stated book value of equity. Our DCF based valuation model provides US$ 9.12/share 1 year forward looking target price. We used forward USD/TRY exchange rate of 28.68 based on 04/2024 future contract at the time of this report. In all, our DCF based valuation model provides TRY261.52/share 1 year forward looking target price for the company implying an 58% upside potential at the latest market price level.

US$mn	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	8,918	11,653	12,644	13,718	14,781	15,892	17,050	18,256	19,510
Revenue Growth	*12%*	*31%*	*9%*	*9%*	*8%*	*8%*	*7%*	*7%*	*7%*
Revenue (TRYmn)	147,716	258,502	358,816	458,659	561,635	670,992	789,486	922,829	1,071,715
Revenue Growth (TRY)	*109%*	*75%*	*39%*	*28%*	*22%*	*19%*	*18%*	*17%*	*16%*
EBITDA	**716**	**874**	**982**	**1,065**	**1,148**	**1,234**	**1,324**	**1,418**	**1,515**
EBITDA Margin	8.0%	7.5%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
EBIT	**560**	**603**	**688**	**746**	**804**	**865**	**928**	**993**	**1,062**
Tax (-)	39	127	144	157	169	182	195	209	223
Effective Tax Rate	7%	21%	21%	21%	21%	21%	21%	21%	21%
NOPAT	**521**	**476**	**543**	**590**	**635**	**683**	**733**	**785**	**839**
Depreciation and Amortization (+)	156.5	271.0	294.1	319.1	343.8	369.6	396.6	424.6	453.8
Net Income	492	480	551	626	674	725	778	833	890
Net Income/EBITDA	68.7%	54.9%	56.1%	58.7%	58.7%	58.7%	58.7%	58.7%	58.7%
Net Income Margin	5.5%	4.1%	4.4%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Depreciation/Capex	56%	82%	82%	82%	82%	82%	82%	82%	82%
Net Working Capital (NWC)	-163	-273	-296	-322	-347	-373	-400	-428	-458
NWC/Revenue	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Change in Working Capital (-)	-26	-111	-23	-25	-25	-26	-27	-28	-29
CAPEX / Revenue	3.1%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
CAPEX (-)	278	331	359	390	420	451	484	519	554
Free Cash Flows	**425**	**527**	**502**	**544**	**584**	**627**	**672**	**719**	**768**
Risk Free Rate	9%	9%	9%	9%	9%	9%	9%	9%	9%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Risk Premium	5%	5%	5%	5%	5%	5%	5%	5%	5%
Cost of Equity	14%	14%	14%	14%	14%	14%	14%	14%	14%
Cost of Debt After Tax	11%	11%	11%	11%	11%	11%	11%	11%	11%
Equity Percentage	77%	77%	77%	77%	77%	77%	77%	77%	77%
Debt Percentage	23%	23%	23%	23%	23%	23%	23%	23%	23%
WACC	13.5%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
Discount Factor		1.00	0.88	0.78	0.68	0.60	0.53	0.47	0.41
Discounted Cash Flows (1 year forward)		**527**	**442**	**422**	**399**	**377**	**356**	**335**	**315**
DCF value 2022-2030	**3,173**								
Terminal Growth Rate	2%								
Terminal Value	6,767								
Exit Multiple Equal to Terminal Value	8.8								
PV of Terminal Value	**2,777**								
Net Debt	413								
Fair Value (US$)	5,536.8								
number of shares (mn)	607								
12-month price target (US$)	9.1								
12-month price target (TRY)	**261.52**								
Current Stock Price (TRY)	165.6								
Upside Potential (%)	**58%**								

Source: *TFG Istanbul Analysis.*

E. Relative Valuation

For our Relative Valuation we used peer group consisting of domestic as well as International peer companies. We used 2023 peer median values to derive our relative valuation implied 1-year forward looking target price of TRY309.10/share. BIM'S 2023 implied EV/EBITDA (US$) is at a discount of 19% relative to its peers at 6.43. The following tables shows the Peer group companies we used for our relative valuation and the key figures used for calculating Relative Valuation implied stock price.

Company	Country	Mcap (USDmn)	P/E 2022	P/E 2023E	P/E 2024E	EV/EBITDA 2022	EV/EBITDA 2023E	EV/EBITDA 2024E	EBITDA Margin 2022	EBITDA Margin 2023E	EBITDA Margin 2024E
Domestic Peers											
SOK Market	Turkey	87.4	7.46	6.26	4.72	4.44	2.88	1.84	7.16%	7.94%	8.74%
Migros	Turkey	1,689.6	12.67	9.88	7.43	5.36	3.43	2.54	5.24%	8.42%	8.65%
Carrefour SA	Turkey	423.0	-43.67	na	na	6.40	na	na	4.60%	na	na
BIZIM	Turkey	87.4	6.06	7.49	4.75	1.73	1.24	0.80	3.11%	5.36%	5.66%
International Peers											
Walmart Inc.	USA	402,569.3	34.47	22.98	21.06	14.67	12.35	11.83	5.13%	5.96%	6.02%
Costco	USA	217,018.5	37.14	33.85	31.27	22.18	19.87	18.33	4.27%	4.38%	4.50%
Dollar General Corp	USA	47,380.0	19.61	17.80	16.05	15.95	14.59	13.53	10.71%	11.06%	11.14%
Dollar Tree	USA	33,221.7	20.57	19.25	17.15	14.22	13.46	12.59	10.60%	10.65%	10.93%
Metro AG	Germany	3,052.8	-8.16	13.62	17.19	8.01	4.42	4.23	4.25%	4.23%	4.32%
The Spar Group Limited	South Africa	1,490.5	12.27	11.18	9.75	2.86	8.75	8.01	4.00%	4.12%	4.25%
Grocery Outlet Holding Corp	USA	2,875.8	44.21	25.63	22.27	24.17	16.38	14.88	4.84%	6.50%	6.49%
United Natural Foods Inc	USA	1,555.6	6.27	5.25	4.90	1.10	5.68	5.49	2.22%	2.85%	2.84%
The North West Co Inc.	Canada	1,413.1	15.57	15.15	15.04	8.13	7.96	7.70	11.84%	11.87%	11.88%
Atacadao SA	Brazil	4,846.6	13.95	12.41	7.21	6.05	5.85	4.76	6.44%	6.37%	7.00%
Carrefour	France	15,202.0	10.43	10.99	9.45	4.20	5.07	4.72	5.51%	5.65%	5.82%
Abdullah Al Othaim Markets	Saudi Arabia	3,272.9	11.37	32.17	25.37	19.83	16.20	15.30	6.68%	8.10%	8.08%
Median International Markets Peers			**12.47**	**13.62**	**15.04**	**7.21**	**7.96**	**7.70**	**6.04%**	**6.90%**	**7.09%**
BIM	Turkey	5,109.2	11.89	10.85	9.46	8.95	6.43	5.72	8.03%	7.50%	7.77%
Premium Discount			-5%	-20%	-37%	24%	-19%	-26%	2%	1%	1%

***Source:** Equity RT. (13/04/2023), BIM multiples are at current market cap at 17/04/2023.*

Implied Fair Value using EV/EBITDA Multiple	
EBITDA 2023 (US$)	874
Global Median multiple	7.96
Net Debt (US$mn) (FY2022)	413
Implied Fair Value (US$mn)	6544.14
Implied Fair Value (TRYmn)	187686.05
Number of outstanding shares (mn)	607
Relative Valuation Implied stock price (TRY/Share)	309.10
Current Price	165.6
Upside	87%

***Source:** TFG Istanbul Analysis.*

Valuation Method Weights		Implied Fair Value	Target Price
DCF	80%	TRY158,796mn	TRY261.52
Relative Valuation			
EV/EBITDA	20%	TRY187,686mn	TRY309.10
		TRY164,574mn	**TRY271.04**
Current Price			**TRY165.60**
Upside			**64%**
Shares outstanding			**607mn**
Implied Fair Value			**TRY164,574mn**
Market Cap			**TRY100,552mn**

***Source:** TFG Istanbul Analysis.*

F. Balance Sheet

BIMAS (TRY)	2019/12	2020/12	2021/12	2022/12
Current Assets	5,806.2	11,135.8	14,011.1	28,095.1
Cash and Cash Equivalent	1,158.8	1,112.7	1,497.1	2,181.8
Securities (net)	537.6	2,663.8	1,491.6	2,012.4
Short Term Trade Receivables	1,433.3	2,615.2	3,775.4	7,074.3
Other Short Term Receivables	17.3	13.6	55.6	109.9
Inventory	2,368.5	4,228.4	6,692.9	14,632.0
Other Current Assets	290.6	502.1	498.5	2,084.8
Non-Current/Fixed Assets	9,046.0	12,294.5	16,401.0	36,589.3
Long Term Trade Receivables	0.0	0.0	0.0	0.0
Other Long Term Receivables	7.0	9.8	21.1	55.1
Long Term Financial Assets	622.8	523.4	977.6	2,092.5
Long Term Tangible Assets	4,329.2	6,231.0	7,898.1	22,540.7
Long Term Intangible Assets	38.4	43.5	66.6	65.0
Other Fixed Assets	4,048.6	5,486.9	7,437.6	11,836.0
Total Assets	**14,852.3**	**23,430.3**	**30,412.1**	**64,684.4**
Short Term Liabilities	6,998.1	11,020.8	15,864.6	28,810.0
Short Term Financial Debts	1,031.7	1,377.6	1,792.9	2,450.4
Short Term Payables	5,559.4	8,894.5	12,293.8	24,745.2
Other Short-Term Liabilities	230.8	417.6	439.9	1,021.8
Short Term Order Advances Received	0.0	0.0	0.0	0.0
Short Term Provisions	72.2	87.3	850.4	237.4
Long-Term Liabilities	3,616.9	5,233.8	6,738.5	10,465.0
Long Term Debt	3,280.2	4,715.7	6,349.2	9,460.5
Long Term Trade Payables	0.0	0.0	0.0	0.0
Other Long-Term Liabilities	180.1	241.9	0.0	0.0
Long Term Order Advances Received	0.0	0.0	0.0	0.0
Long Term Provisions	0.0	0.0	388.9	995.3
SHAREHOLDER'S EQUITY	4,237.3	7,175.7	7,605.6	25,201.0
Paid in Capital	607.2	607.2	607.2	607.2
Subsidiary Capital Adjustment	0.0	0.0	0.0	0.0
Emissions Premium	0.0	0.0	0.0	0.0
Revaluation Fund	68.1	134.2	305.0	377.2
Reserves and Other Equity Items	1,412.7	2,800.5	3,929.0	15,412.5
Net Income/Loss for the Period	1,224.9	2,606.8	2,932.5	8,156.9
Retained Earnings	924.4	1,401.7	397.1	1,284.7
Total Equity and Liabilities	**14,852.3**	**23,430.3**	**30,412.1**	**64,684.4**

Source: *Company Information.*

Income Statement

Income Statement (TRYmn)	2019/12	2020/12	2021/12	2022/12
Sales Revenues (net)	40,211.9	55,495.4	70,698.5	147,715.6
Cost of sales (-)	-33,226.5	-45,376.0	-57,238.5	-120,941.9
Other Revenues (net)	0.0	0.0	0.0	0.0
Main Operating Income/interest+dividend+rent (net)	0.0	0.0	0.0	0.0
GROSS OPERATING PROFIT/LOSS	6,985.5	10,119.4	13,460.0	26,773.7
Operating expenses (-)	-4,919.2	-6,422.5	-8,686.5	-17,499.5
NET OPERATING INCOME/LOSS	2,066.3	3,696.9	4,773.5	9,274.2
Other Income and Expenses (Net)	55.8	88.6	-650.2	241.4
Financial Expenses (-)	-642.9	-567.7	-547.6	-1,115.4
PROFIT/LOSS BEFORE TAX	1,590.9	3,351.7	3,909.6	8,798.9
Taxes	366.0	744.8	958.9	640.0
NET INCOME/LOSS FOR THE PERIOD	1,224.9	2,606.8	2,932.5	8,156.9

Source: *Company Information.*

G. Ratios

Annualized (TRY mn)	2019/12	2020/12	2021/12	2022/12
Sales	40,212	55,495	70,698.5	147,715.6
EBITDA	3,149	5,067	6,576	11,867
Net profit	1,225	2,607	2,932	8,157
Shareholder's Equity	4,237	7,176	7,606	25,201

Cumulative (TRY mn)	2019/12	2020/12	2021/12	2022/12
Sales	40,212	55,495	70,699	147,716
EBITDA	3,149	5,067	6,576.2	11,867.0
Financial Expenses	-587	-479	-1,198	-874
Net profit	1,225	2,607	2,932	8,157
Equity	4,237	7,176	7,606	25,201

Quarterly Profitability (TRY mn)	2019/12	2020/12	2021/12	2022/12
Sales	10,529	15,309	20,576	45,393
COGS	8,733	12,443	16,474	37,053
Gross profit	1,796	2,866	4,102	8,340
Operational Expenses	1,276	1,695	2,375	5,161
Core Operating Profit	520	1,171	1,727	3,178
EBITDA	803	1,525	2,226	3,949
Financial Expenses (-net)	172	217	33	365
Net profit	319	825	639	3,364
COGS/Sales	**82.9%**	**81.3%**	**80.1%**	**81.6%**
Gross Margin	17.1%	18.7%	19.9%	18.4%
OPEX/Sales	**12.1%**	**11.1%**	**11.5%**	**11.4%**
Core Operating Profit Margin	4.9%	7.6%	8.4%	7.0%
EBITDA Margin	**7.6%**	**10.0%**	**10.8%**	**8.7%**
Net Profit Margin	3.0%	5.4%	3.1%	7.4%

Growth Quarterly O-Q	2019/12	2020/12	2021/12	2022/12
Sales	1.1%	12.9%	17.9%	10.6%
COGS	2.0%	12.6%	16.2%	9.7%
Gross profit	-2.8%	14.1%	25.0%	15.1%
Operational Expenses	-0.2%	2.6%	7.0%	2.2%
Core Operating Profit	-8.7%	36.4%	62.5%	44.6%
EBITDA	-4.9%	25.3%	47.4%	37.9%
Financial Expenses (-net)	6.9%	188.1%	-81.6%	35.7%
Net profit	-7.3%	26.2%	-27.7%	89.5%

Growth Quarterly YY	2019/12	2020/12	2021/12	2022/12
Sales	15.8%	45.4%	34.4%	120.6%
COGS	15.5%	42.5%	32.4%	124.9%
Gross profit	17.2%	59.6%	43.1%	103.3%
Operational Expenses	14.1%	32.9%	40.1%	117.3%
Operating Profit	25.7%	125.3%	47.5%	84.1%
EBITDA	57.3%	89.9%	45.9%	77.4%
Financial Expenses (-net)	3920.4%	26.5%	-84.9%	1014.8%
Net Income	-11.3%	159.0%	-22.6%	426.6%

Growth Cumulative YY	2019/12	2020/12	2021/12	2022/12
Sales	24.4%	38.0%	27.4%	108.9%
EBITDA	67.6%	60.9%	29.8%	80.5%
Financial Expenses	-1215.3%	-18.4%	150.0%	-27.0%
Net profit	-2.0%	112.8%	12.5%	178.2%
Shareholder's Equity	20.7%	69.3%	6.0%	231.3%

Indebtedness (Cumulative)	2019/12	2020/12	2021/12	2022/12
Short Term Debt	1,032	1,378	1,793	2,450
Long Term Debt	3,280	4,716	6,349	9,460
Total Debt	4,312	6,093	8,142	11,911
Cash	1,696	3,776	2,989	4,194
Net Debt	2,615	2,317	5,153	7,717
Short Term Debt /Total Debt	24%	23%	22%	21%
Short Term Debt / Total Assets	66%	68%	70%	73%
Net Debt/EBITDA	0.83	0.46	0.78	0.65

Source: *Company Information.*

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