

TURKEY– Retail

BIM Birleşik Mağazalar

Discounted - Initiating with a Buy

Sufficient upside in a volatile market. We are initiating the leading Turkish retailer BIM with a Buy recommendation as find 35% potential upside on our DCF valuation. We think BIM's defensive and proven business model, limited leverage, no significant FX exposure, and good management offer the right combination in the current uncertain market conditions. While the shares may lack near-term catalysts, we think the share price is attractive given its earnings visibility.

Growing consistently at a multiple of real GDP growth. In 2020, BIM grew by 1.18x of real GDP growth helped by the unusual pandemic conditions that drive volumes: due to lock-downs, daily consumption moved to households from businesses. While we would expect operations to normalize going forward, it is not unusual BIM to outpace real GDP growth. In fact, the retailer grew by an average GDP multiplier of 1.06x in the last decade. The growth has been mainly driven by rapid store openings which BIM has carried on since its establishment or for over two decades. Given that the company is the pioneer of the hard-discount model, this is perhaps not entirely surprising. Including its international operations, BIM opened over 1,000 new stores in 2020, achieving a 12% yoy growth.

How much longer can BIM grow? Investment community has been asking this question since times eternal. We are not claiming we know the answer to this question. After all, cross-country comparisons are tricky because of varying population densities, urban planning and/or consumption habits. Then again, management's own decisions are telling, in our view. From international expansion to the launching of the new format File makes us think that the company could be seeking ways to diversify. For that reason, we are factoring declining store openings after few more strong years. For our perpetuity calculations, we are assuming that the retailer's sales growth will decline below real GDP growth rate. We do this also to factor in eventual competition from online retailers. Ultimately, BIM can equally develop online strategies proving us overly cautious, but for now we would like to be conservative with our assumptions. To be clear, management guidance for store openings is continued strong growth in the foreseeable future as they believe the market is still unsaturated.

Tailwinds to prevail in the near future. Beyond any long-term concerns, we think BIM is ideally positioned in the current environment. The anemic economic growth, increasing unemployment and globally higher food prices are putting pressure on household budgets. In our view, the hard-discounters are the likely beneficiaries given the cost advantages they offer to consumers. In fact, the share of food in household's spending has been going up again after years of secular decline according to TUIK. Even the hefty 22% minimum wage hike for 2021 may disproportionately benefit the hard-discounters on the top-line, despite its initial impact on their costs.

Right business model and good risk/reward for the times. All in, we think BIM offers an excellent combination of exceptional quality and low risk business model in these decidedly uncertain times. Its defensive business model offers earnings visibility while delivering above average real growth. Even under demanding DCF assumptions such as 18% COE, 7% equity risk premium and declining real growth into perpetuity, we see 35% potential upside based on a DCF. At 15.5x our 2021E earnings estimate, which is just a nudge higher than consensus, the retailer trades at a 15% discount to its 3-yr average.

Base year effects, lack of catalyst are the risks. In 2020, BIM delivered 38% top-line growth with a very strong 4.7% of net margin. Such base year effects may take the shine out of 1H21 numbers, especially coupled with the cost pressure of 22% minimum wage hike on margins. In the case of exorbitant food price inflation, there is in addition a risk of measures like food price caps, which would be negative for BIM share price. Then again, pandemic is far from over, minimum wage hike should eventually uplift the top-line of discounters and any price cap is likely to be short-term issue as such government policies are highly unsustainable in the longer term. Considering BIM's sound financial position and no significant FX exposure, we also see an investment case on a relative basis.

BIMAS	2018	2019	2020	2021E	2022E	2023E
Net Income (TL mn)	1,250	1,225	2,607	2,700	3,516	4,507
Consensus Net Income (TL mn)	1,250	1,225	2,607	2,657	3,157	3,977
Revenue (TL mn)	32,323	40,212	55,495	69,150	90,295	112,535
EBITDA (TL mn)	1,879	3,149	5,067	5,595	6,962	8,688
Net Debt/EBITDA (x)	-0.76	-0.51	0.83	0.46	0.87	0.81

Source: Company data, INFO Research estimates

BUY

Price: TL68.95

Price Target: TL93.0

Company Data

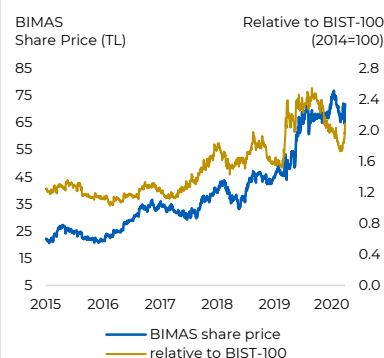
Stock Ticker	BIMAS
Stock Rating	BUY
Price Target	93.00
Up/downside to PT	35%
Share Price	68.95
52-week range (TL)	48.7 -69.0
No.of shares (mn)	607
Free Float	72%
MCAP (TL mn)	41,866
MCAP (USD mn)	5,144
EV (TL mn)	48,160
EV (USD mn)	6,491
Net Debt (USD mn)	312
3M ADV (USD mn)	36
3M ADV/FF MCAP (%)	1.0%
LTM Dividend Yield (%)	2.6%

Valuation

	2020	21E	22E	23E
P/E (x)	16.1	15.5	11.9	9.3
EV/EBITDA (x)	9.5	8.6	6.9	5.5
EV/Sales (x)	0.9	0.7	0.5	0.4
Div.yield (%)	3.6	3.2	4.2	5.4

Source: INFO Research estimates

Price Performance



INFO Research Team

Research: +90 (212) 700-3769
research@infoyatirim.com.tr

Institutional Sales: +90 (212) 700-3770
cenkerdal@infoyatirim.com.tr

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Valuation

We value BIM with a DCF valuation utilizing our free cash flows to equity (FCFE) estimates. The key valuation assumptions are as follows:

- 1) Risk-free rate of 18%, in the range of current 10-yr Turkish government bonds,
- 2) Equity risk premium of 7%, a higher rate compared to 5.5-6.0% we use to compensate for market volatility and perceived risks,
- 3) Stock beta of 0.45 based on the last 3-year trading history,
- 4) Terminal growth rate of 11.7% which we base on a 5% discount to nominal GDP growth at our exit year. Historically, BIM's sales have grown at a 1.06x premium to nominal GDP,
- 5) Capex as % of sales halving at the end of forecast period from 2.5% in initial years, in line with our assumption of slower growth.

BIM is currently trading at 15.5x of our 2021E net income estimate, which is a nudge higher than consensus. This implies a nearly a 15% discount to its 3-year average. BIM typically trades at a 14.4 - 22.2x range on its 12m forward P/E multiple.

Exhibit 2. BIM DFC Valuation

TL mn	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	55,495	69,150	90,295	112,535	135,125	159,186	185,427	213,975	244,589	276,920	310,511
Growth rate	38%	25%	31%	25%	20%	18%	16%	15%	14%	13%	12%
EBITDA	5,067	5,595	6,962	8,688	10,445	12,321	14,741	18,102	21,940	24,867	28,225
<i>EBITDA margin</i>	<i>9.1%</i>	<i>8.1%</i>	<i>7.7%</i>	<i>7.7%</i>	<i>7.7%</i>	<i>7.7%</i>	<i>7.9%</i>	<i>8.5%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>9.1%</i>
Net income	2,607	2,700	3,516	4,507	5,613	6,465	7,825	9,835	11,920	13,189	14,710
<i>Net margin</i>	<i>4.7%</i>	<i>3.9%</i>	<i>3.9%</i>	<i>4.0%</i>	<i>4.2%</i>	<i>4.1%</i>	<i>4.2%</i>	<i>4.6%</i>	<i>4.9%</i>	<i>4.8%</i>	<i>4.7%</i>
+ Depreciation & amortisation	1,370	1,422	1,733	2,126	2,638	3,263	3,706	4,228	5,086	6,059	7,096
- Capex	-1,281	-1,742	-2,257	-2,813	-3,378	-3,820	-3,709	-4,066	-3,913	-3,323	-3,416
<i>Capex /Revenues</i>	<i>2.3%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.4%</i>	<i>2.0%</i>	<i>1.9%</i>	<i>1.6%</i>	<i>1.2%</i>	<i>1.1%</i>
- Change in working capital	323	503	1,089	1,109	1,001	1,066	1,128	1,160	1,222	1,396	1,422
+ Net debt issued/(paid)	84	0	0	0	0	0	0	0	0	0	0
- Adjustment for financial leases	-894	-441	-841	-1,153	-1,620	-1,850	-2,048	-2,195	-2,268	-2,229	-2,042
Free cash flow to equity (FCFE)	2,209	2,441	3,239	3,775	4,254	5,123	6,902	8,961	12,047	15,092	17,770
Discount factor		0.87	0.72	0.59	0.49	0.40	0.33	0.28	0.23	0.19	0.15
DCF for projected period	23,932	2,125	2,327	2,239	2,082	2,070	2,302	2,467	2,737	2,831	2,751
DCF for perpetuity	32,533										
Equity value	56,465										
Implied Price Target (PT)	93.0										
Potential upside	35%										
WACC											
Risk free rate	18.0%										
Beta	0.45										
Equity risk premium	7.0%										
Cost of equity	21.2%										
Cost of debt, after tax	14.6%										
Capitalisation rate	20.0%										
WACC	19.8%										
Terminal growth rate	11.7%										
Market capitalisation (TRY m)	41,866										
+ Latest net debt	2,317										
+ Minority interest	0										
- Participations	523										
Current EV	43,572										

Source: Company data, INFO RESEARCH estimates

Exhibit 3. BIM Relative Valuation

BBERG Ticker	Company Name	Country	MCAP (USD mn)	P/E		EV/EBITDA		EV/SALES		Dividend Yield	
				2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E
WALMEX* MM	Walmart Mexico	Mexico	55,373	26.0	23.1	14.0	12.9	1.5	1.4	2.5%	1.4%
JMT PL	Jeronimo Martins	Poland	10,694	21.3	19.1	7.3	6.8	0.5	0.5	2.4%	0.5%
PIK SJ	Pick n Pay	South Africa	1,848	21.6	17.3	6.8	6.2	0.4	0.4	5.3%	0.4%
MGNT RM	Magnit	Russia	6,805	14.3	12.8	5.1	4.7	0.6	0.6	10.5%	0.6%
FIVE LI	X5 Retail	Russia	8,390	12.8	11.3	3.8	3.5	0.5	0.4	8.6%	0.4%
MGROS TI	Migros	Turkey	838	28.5	12.8	3.9	3.5	0.3	0.3	0.0%	0.3%
SOKM TI	Sok Marketler	Turkey	978	24.1	16.5	3.8	3.2	0.4	0.3	1.9%	0.3%
	Median			21.6	16.5	5.1	4.7	0.5	0.4	2.5%	0.4%
BIMAS TI	BIM	Turkey	5,144	15.5	11.9	7.8	6.3	0.5	0.4	4.5%	5.9%
	Premium/Discount to										
	Turkish retailers			-41%	-19%	102%	87%	45%	39%	3.7x	20.1x
	EM peers			-27%	-31%	14%	1%	-11%	-24%	-15%	10.5x

Source: FactSet estimates via EquityRT, INFO RESEARCH estimates

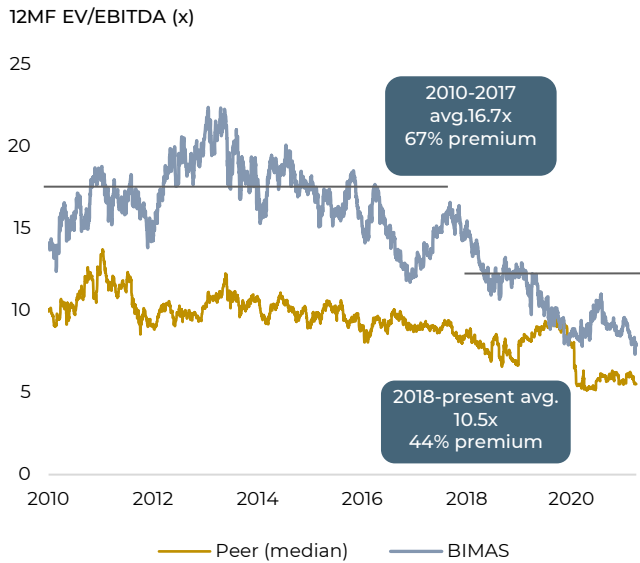
Exhibit 4. Share price performance

	Absolute Return in Local Currency				Relative Return in Local Currency*			
	YTD	1M	3M	12M	YTD	1M	3M	12M
Walmart Mexico	14.2	-3.0	5.3	17.0	22.1	-6.1	18.8	-4.1
Jeronimo Martins	3.4	5.7	0.7	-4.3	1.7	6.8	-0.1	-1.0
Pick n Pay	8.7	5.9	9.3	-5.6	-0.8	4.9	4.2	-13.1
Magnit	-5.3	1.4	-5.9	68.6	-11.8	0.3	-11.9	-2.6
X5 Retail	-14.5	-5.8	-18.9	9.3	-20.2	-6.8	-24.1	-36.9
Migros	-12.0	-4.6	-15.3	56.9	-6.7	7.2	-6.4	8.6
Sok Marketler	3.1	6.4	-7.1	43.6	9.3	19.5	2.8	-0.6
BIM	-6.2	0.1	-9.8	38.4	-0.6	12.4	-0.2	-4.2

Source: EquityRT, INFO RESEARCH estimates

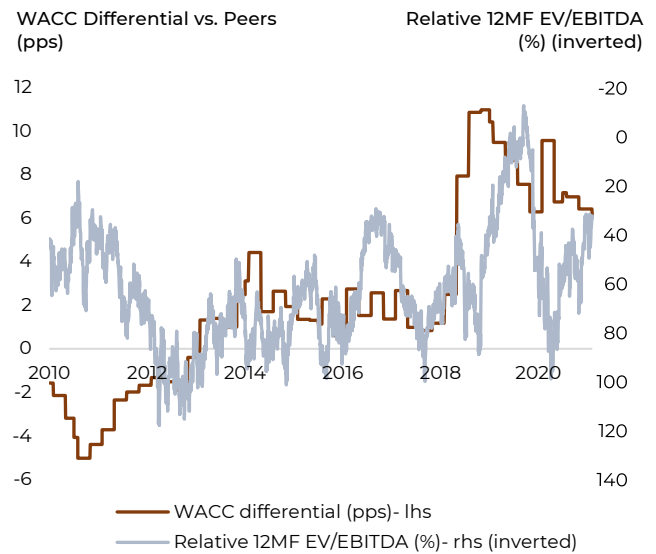
*relative to the main index on which the stock is listed

Exhibit 5. BIM vs Peers: 12MF EV/EBITDA



Source: Bloomberg consensus

Exhibit 6. WACC vs Relative Valuation



Source: Bloomberg consensus

Risks

As a hard-discount food retailer, BIM has a defensive business model, and enjoys earnings visibility given its conservative financial management with no bank debt and insignificant FX exposure. Therefore, the real risks to its business model relates to its operations, market competition and the general economy.

Beyond such risks, the retailer is exposed to regulatory risks such as the government sponsored food price caps as a measure to “fight food inflation”. As the world food price inflation remains high, there is a risk to repeat of such episodes, but we consider these as short-term as we think such policies are not sustainable in the longer term.

Other regulatory risks relate to changes to retailing hours of stores and/or zoning as a means to protect mom-and-pop stores from competition to bigger chains. A major change could potentially impact BIM and other retailer chains. That said, a major change could also prove unpopular with consumers as they seem to rely heavily on hard-discounters.

Finally, we think above-inflation hikes to minimum wage is a risk to BIM’s margins. But we think the effects of this tend to be transitional as the hard-discounter should also enjoy a boost to its top-line from such an increase.

Industry Overview

Long-term secular growth in organized retail. After years of consistent growth, modern grocery retailers now finally account for more than half of the market—in 2018, they passed the traditional grocery retailers for the first time in total sales volume. Currently, the market is divided as c. 30% modern supermarkets and c. 20% discounters while the traditional mom-and-pop grocers still make up a sizable chunk with c. 45% share. The remainder 5% are other modern formats such as convenience stores, forecourt retailers and hypermarkets.

Overall, modern supermarkets are very fragmented with various regional players while the discounters are a tight group of few players such as BIM, A101 and Sok.

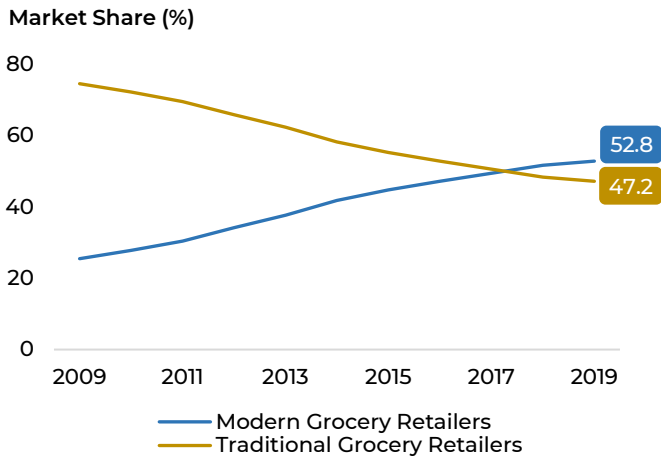
Discounters' reach expanding. In terms of sales and store numbers, discounters BIM and A101 have large footprints: BIM is the market leader in terms of sales while A101 has the largest number of stores, surpassing 10,000-store mark in 2020. The discounters also lead the charge in terms of new store openings. Admittedly, this may be misleading in terms of their retail space footprint, but they are able to better penetrate in terms of reach helped by their smaller store formats.

Food retail defensive by nature. In the last decade, food, drinks and tobacco retail has grown by a CAGR of 4.1% vs. an average real GDP growth of 5.5% during the same period—unsurprising as households tend to spend a lesser percentage of their income as their disposable income increases. In fact, the share of food and non alcoholic items in Turkish household spending has gone down to 21% in 2019 from 24% in 2007. In a more interesting twist however, this trend has reversed in the past few years, likely a side effect of relatively faster growth in food prices and slowing real GDP growth.

Economic outlook is not encouraging. Put mildly, the economic outlook continues to be rather grim as indicated by the latest data, even before the recent market volatility. The number of employed has been declining for many months, closing 2020 down 5% yoy. The latest figures from January points to a moderation in losses however, mainly on base year effects. The declining employment base is a negative for the retailers, but this is somewhat tempered by the real increase in minimum wages. For 2021, the government hiked the minimum wage by 21.5% which may be above inflation while perhaps further depressing employment additions, in turn.

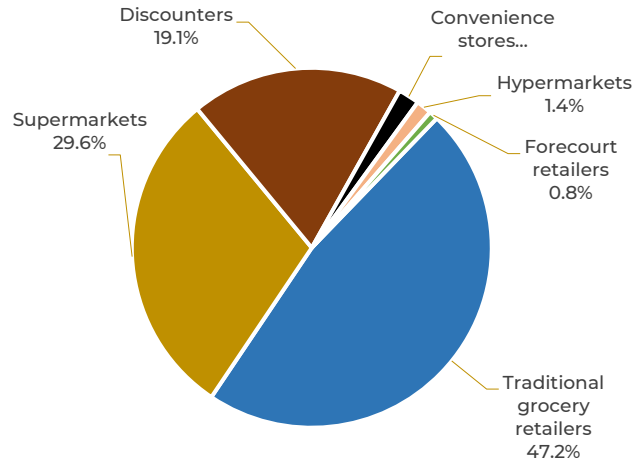
Consumer confidence is waning. As of March 2021, all major consumer confidence indices remain in the negative territory. While the general consumer confidence is increasing mom, the previous improvement regarding 12-month forward expectations on general economic outlook and employment opportunities have waned.

Exhibit 7. Share of modern grocery retailers have been rising



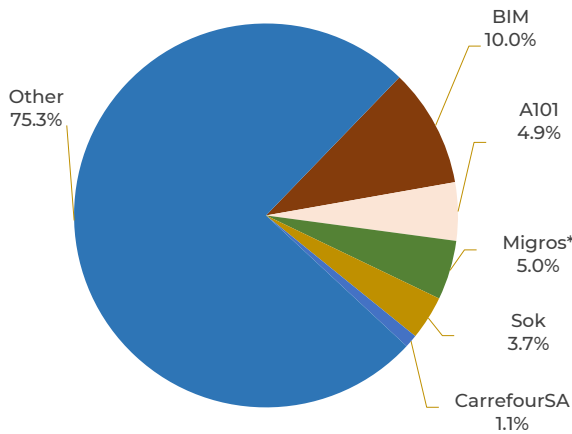
Source: US FAS

Exhibit 8. Discounters take close to 20% of the market



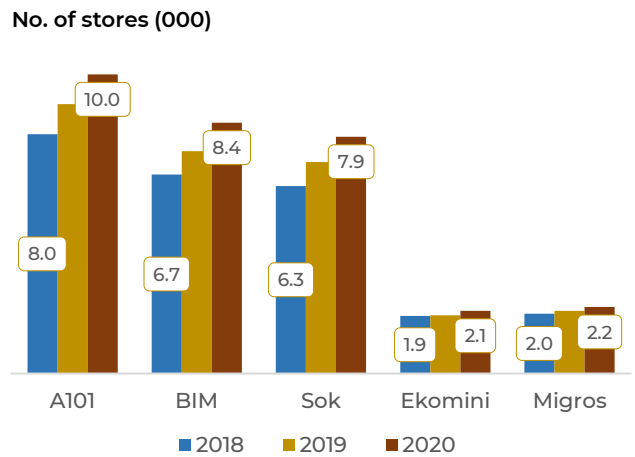
Source: US FAS

Exhibit 9. Top organized grocers by sales



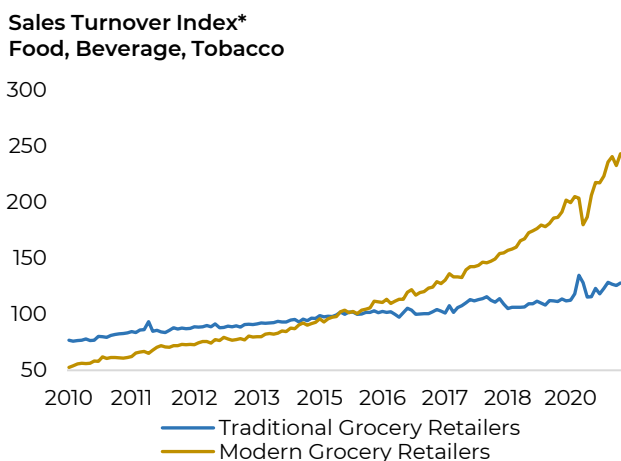
Source: US FAS, Migros including M-Jet convenience stores. *2019 sales

Exhibit 10. Discount retailers take the lead in store openings



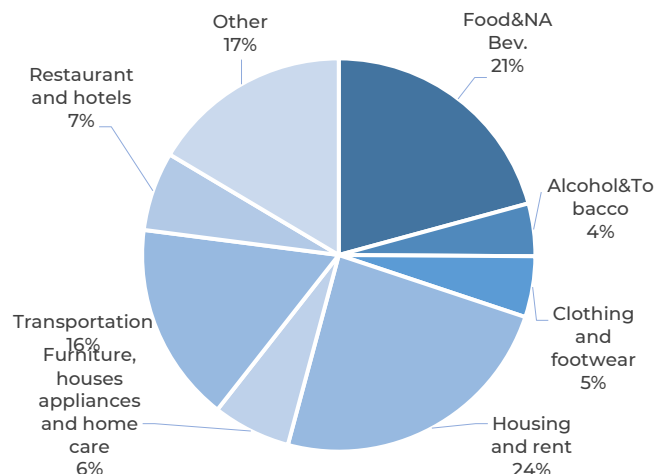
Source: US FAS

Exhibit 11. Food, drinks and tobacco retail index on the rise



Source: TurkStat Seasonally and calendar adjusted retail index

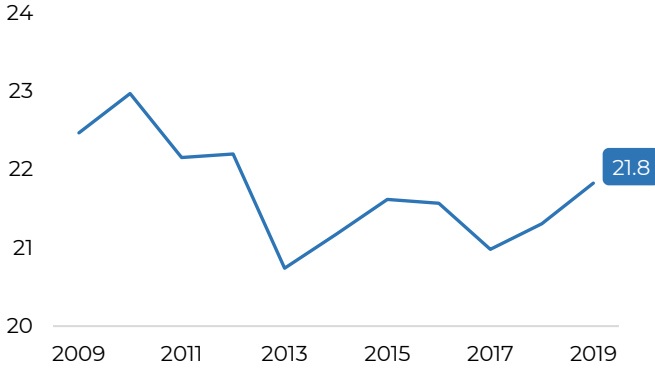
Exhibit 12. Breakdown of household expenditures (2020)



Source: TurkStat

Exhibit 13. Food share in household spending has gone up recently

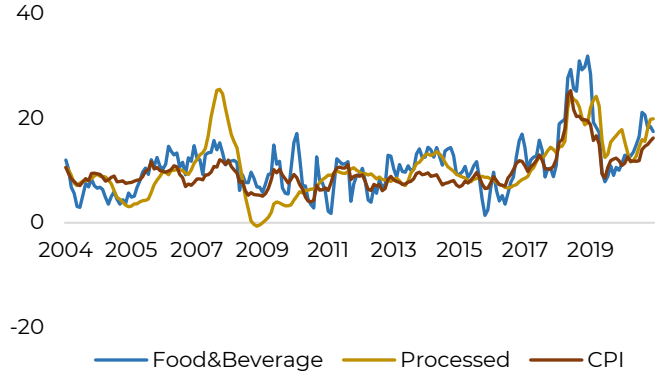
Share of food&non-alch. beverages in household spending (%)



Source: TurkStat

Exhibit 14. Driven by higher food inflation and slower GDP growth

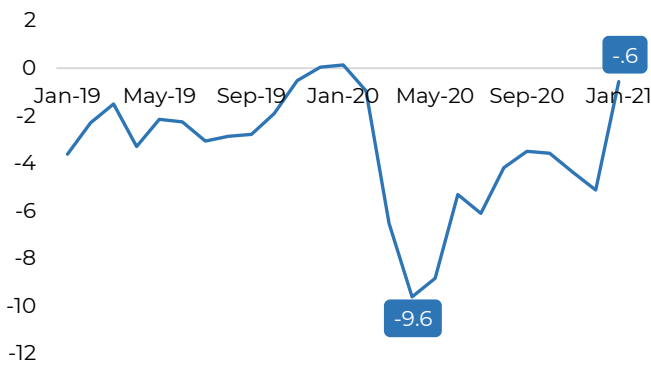
Price Index Change (y/y %)



Source: TurkStat

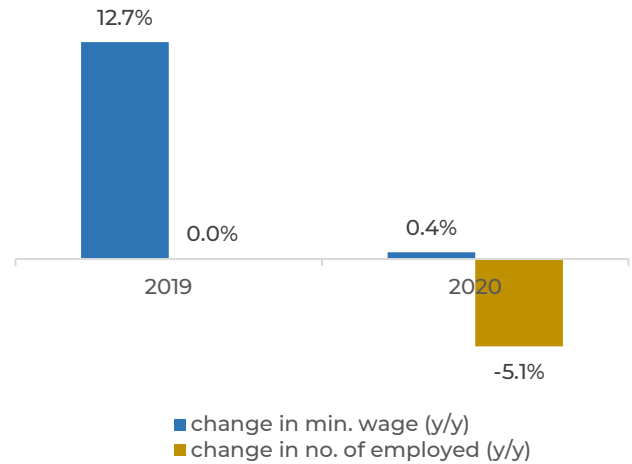
Exhibit 15. Number of employed still shrinking, albeit at a much slower rate

No. of employed* (y/y %)



Source: TurkStat *seasonally adjusted

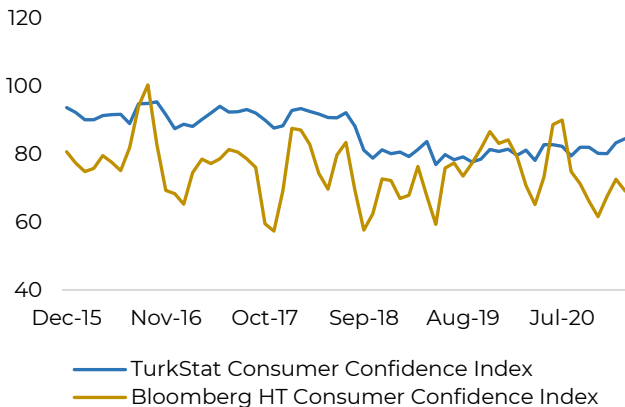
Exhibit 16. Minimum wage increases a buffer to overall spending terms



Source: TurkStat

Exhibit 17. Confidence index still in the negative territory...

Consumer Confidence Index



Source: TurkStat *As of March 2021

Exhibit 18. ...with mixed messages in terms of expectations

change (m/m %)



Source: TurkStat

BIM Overview

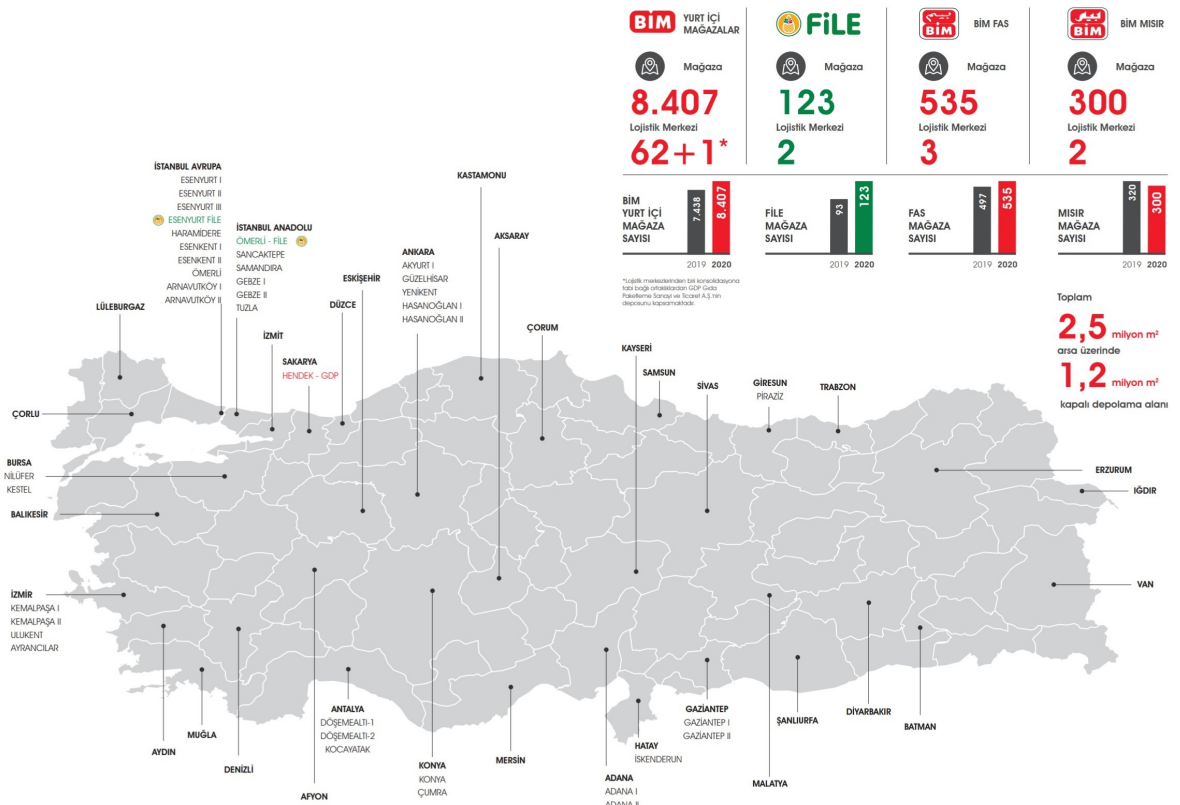
Pioneering the hard discount model since its establishment in 1995, BIM is the leading food retailer in Turkey with 55bn of sales in 2020A. It has the second largest network with 8,530 stores distributed across the country, including its larger format brand File, after hard discounter A101.

BIM offers around 800 stock keeping units (SKUs), of which nearly 65% are own private labels. Investing little in store atmosphere and marketing, BIM aims to offer good quality product at highly competitive prices. BIM offers a bigger selection through File, its larger format brand launched in March 2015, with 4,500 SKUs in 123 stores located in north west of the country. The brand added 30 new stores in 2020 continuing its expansion. According to management, File is already profitable at the bottom-line.

Following its success in the domestic market, BIM started its international expansion in Morocco in 2009, followed by Egypt in 2013. As of end of 2020, the retailer operates 535 and 300 stores, in Morocco and Egypt, respectively. The progress has been somewhat slower than expected in these markets, and the company has limited disclosure on operations citing their relative size and significance with respect to the rest of company. At the of 2020, BIM announced that it has signed an agreement with London-based private investment firm Helios Investment Partners for a 35% stake sale in Moroccan operations for USD70m subject to adjustments. The transaction is expected to be completed in 2021.

The retailer employs nearly 61k people, of which c. 6% and 10% are based in headquarters and warehouses, respectively. BIM was listed in the Borsa Istanbul in July 2005, and is currently controlled by Merkez Bereket Gıda Sanayi ve Ticaret A.Ş. who holds a 14.78% stake. Naspak Gıda Sanayi holds another 10.67% share. Both are investment vehicles for the Topbas family. The remainder 71.53% is free float on the Borsa Istanbul.

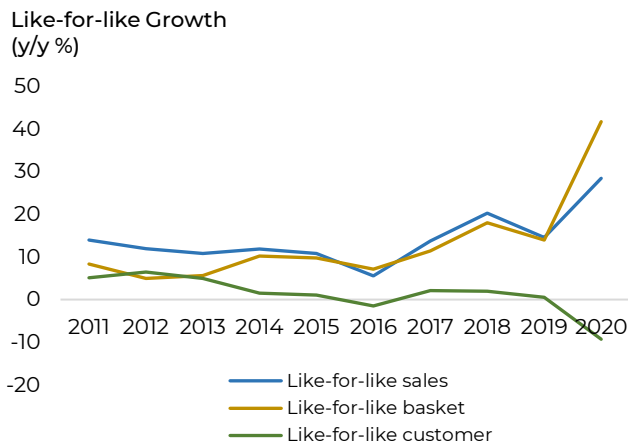
Exhibit 19: Overview of BIM operations



Source: Company data

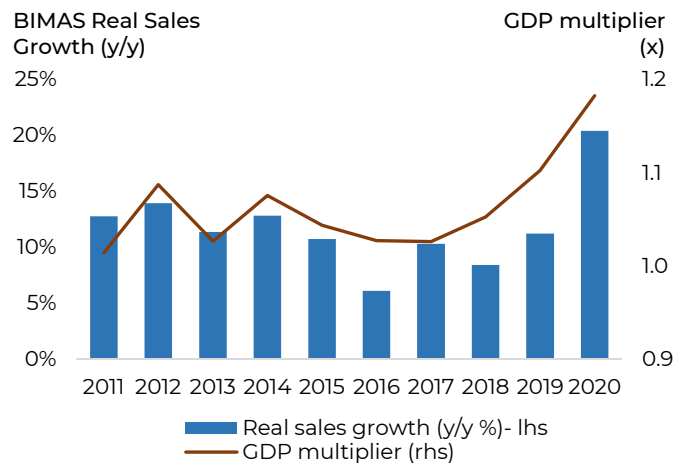
Strong revenue growth driven mainly by store openings. In the last decade, BIM expanded its nominal sales by a CAGR of 23.8% or just shy of 12% adjusted for consumer price index (CPI). This impressive growth was mainly driven by store openings which grew by 12%+ CAGR over the same period. Compared to Turkish real GDP growth, BIM grows by around 1.06x—this rate has been on the rise since beginning of 2019, possibly because of food inflation which has been higher than CPI.

Exhibit 20. BIM: Like-for-like-growth



Source: Company data

Exhibit 21. BIM real growth vs. real GDP growth

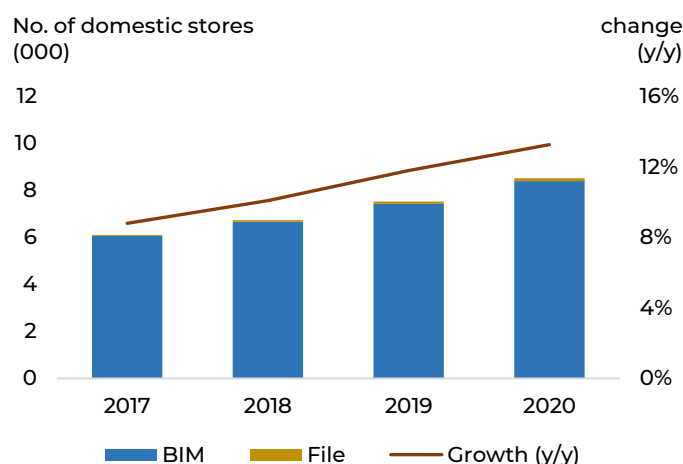


Source: Company data, INFO RESEARCH estimates

Domestic store openings have been going at fast clip, also with the help of File brand, while BIM's international expansion has been on the decline for some time. In fact, the retailer closed some of its stores in Egypt while it is entering into a new partnership in Morocco.

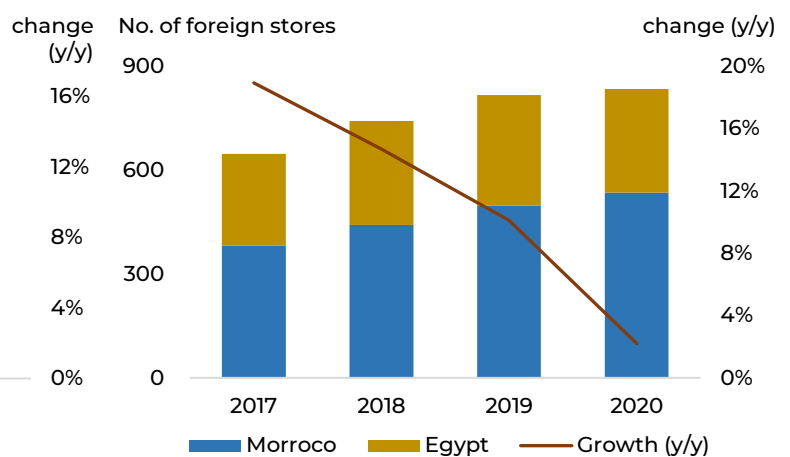
In any case, international operations are too small to make a dent in BIM's spectacular store expansion. Management expects to carry on with rapid expansion as it thinks it has not fully reached its potential market.

Exhibit 22. BIM: Domestic store growth



Source: Company data, INFO RESEARCH estimates

Exhibit 23. BIM: International store growth

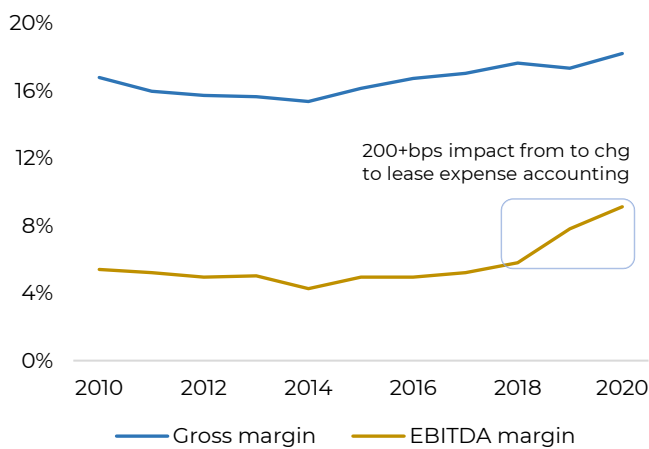


Source: Company data, INFO RESEARCH estimates

Consistent margins with booster 2020. In the last 10 years, BIM's gross margin had a median of 16.6% which has been consistently on the rise since it bottomed in 2014 in the run up to the launch of File. The pandemic year 2020 has also been exceptional in this respect with a gross margin of 18.2% although management's 2021E EBITDA margin guidance of 8% suggests a normalisation in the near future.

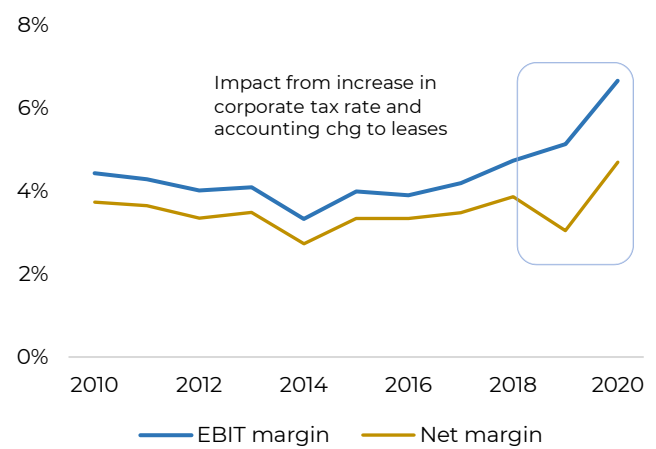
BIM's EBITDA margin was a nudge above 5% for most the past decade until the accounting changes to rental leases (IFRS 16) resulted in an 200bps+ optical boost after 2018. Given that the company historically did not have financial debt or had limited to no interest bearing assets, its net margin has been consistently in the 3.5% range after depreciation and tax expense. An increase in corporate tax rate from 20% to 22% in 2018 and IFRS 16 changes from 2019 onwards, however since increased the spread between EBITDA margin and net margin.

Exhibit 24. BIM: Margin evolution



Source: Company data, INFO RESEARCH estimates

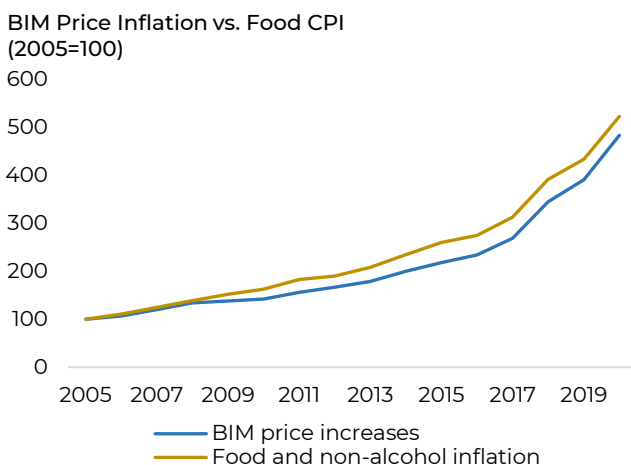
Exhibit 25. BIM: EBIT and Net Margin



Source: Company data, INFO RESEARCH estimates

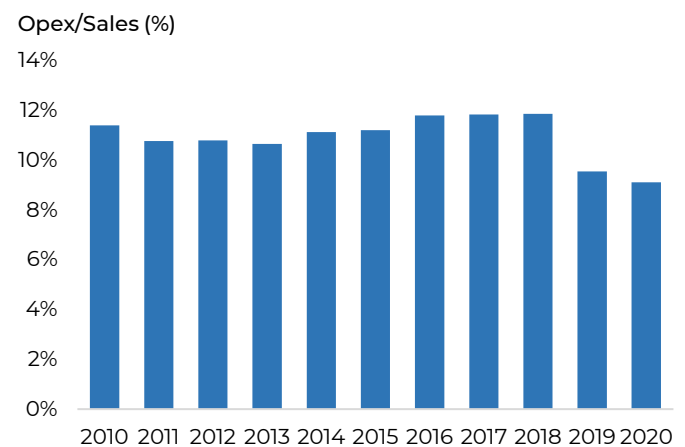
Passing savings to customers. As a long-term pricing policy, BIM prides itself in increasing its product prices less than inflation. With extensive use of private label products, it is able to offer good quality products at competitive prices and maintain better control on its prices. Over the years, it has also passed all of its economies of scale gains to customers maintaining a broadly stable opex/sales ratio despite its massive expansion.

Exhibit 26. BIM price increases vs. food CPI



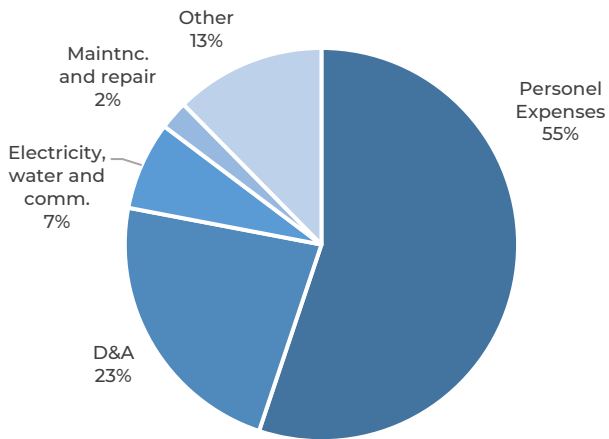
Source: Company data, INFO RESEARCH estimates

Exhibit 27. BIM: Opex/Sales



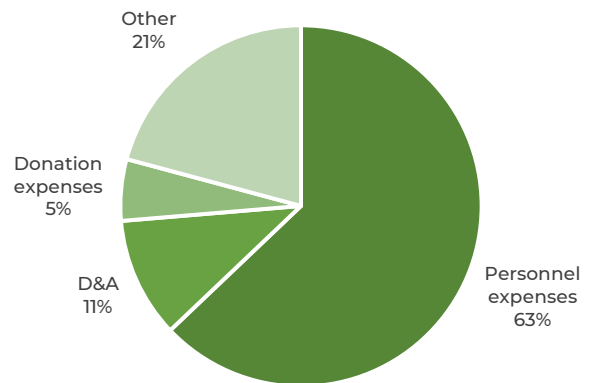
Source: Company data, INFO RESEARCH estimates

Exhibit 28. BIM: Marketing & Sales expenses



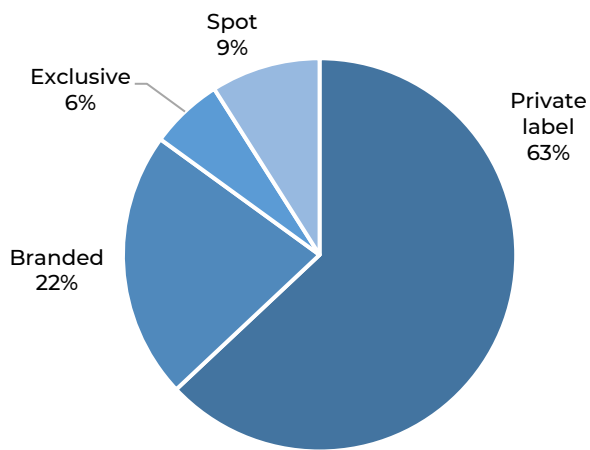
Source: Company data, INFO RESEARCH estimates

Exhibit 29. BIM: G&A expenses



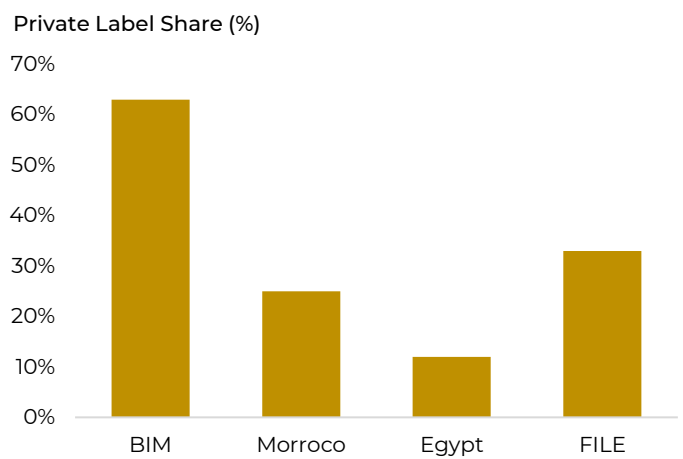
Source: Company data, INFO RESEARCH estimates

Exhibit 30. BIM: 2020 Product Categories



Source: Company data, INFO RESEARCH estimates

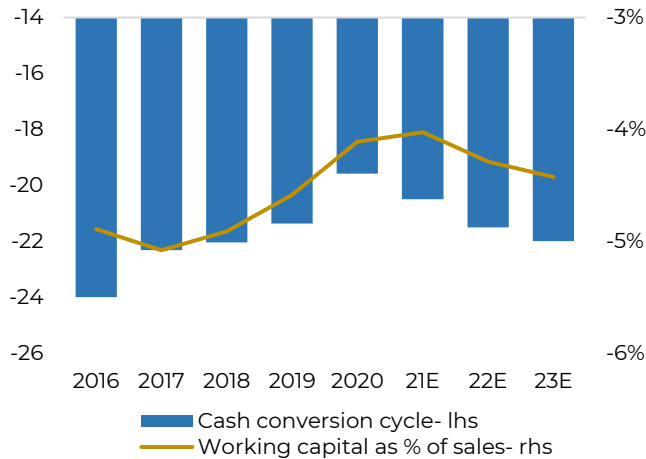
Exhibit 31. BIM: 2020 private label share



Source: Company data, INFO RESEARCH estimates

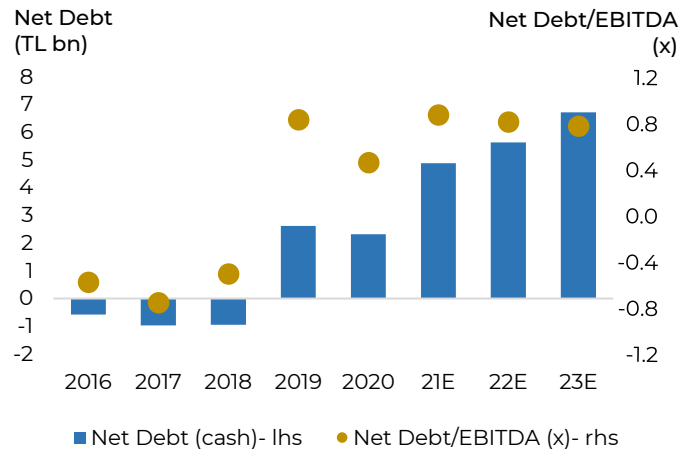
No bank debt policy. As a policy, BIM does not utilise bank finance and does not hold “interest bearing” financial assets. Instead, the company holds net cash - which is typically around 3-4% of its sales - to run its operations. In addition, it has a positive working capital position with an average cash cycle of -22 days. As a short term financial investment, the retailer utilises “lease certificates” which had a simple gross annual rate of return of c. 14% at the end of 2020 compared to 16-17% offered by banks for short term bank deposit rates. After the change to accounting of rental leases in 2019, these are now capitalised (instead of appearing as expense

Exhibit 32. BIM: Working capital and CC cycle



Source: Company data, INFO RESEARCH estimates

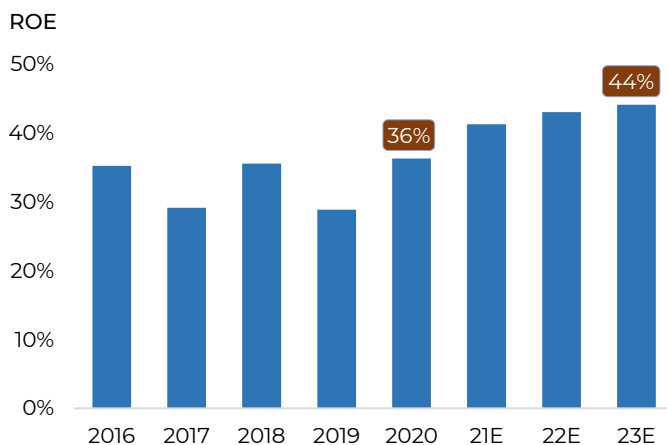
Exhibit 33. BIM: Leverage position



Source: Company data, INFO RESEARCH estimates

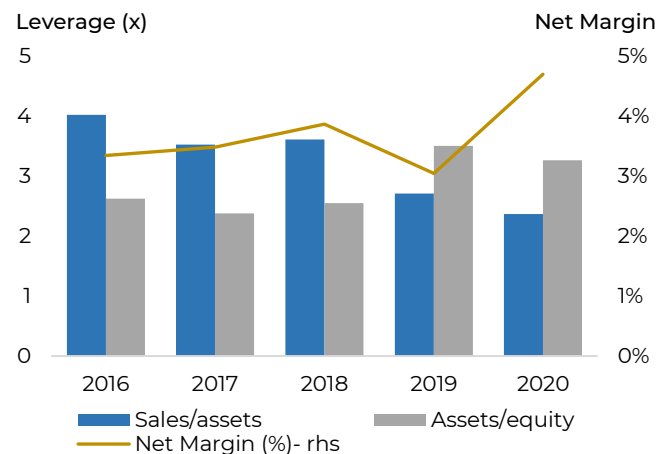
High ROE driven by asset turnover. BIM typically can deliver 30%+ return on equity despite low margins, thanks to strong asset turnover. After the change to accounting of lease expenses in 2019, we can now have a different appreciation of the financial leverage (as leases) in the business.

Exhibit 34. BIM: ROE



Source: Company data, INFO RESEARCH estimates

Exhibit 35. BIM: DuPont Analysis

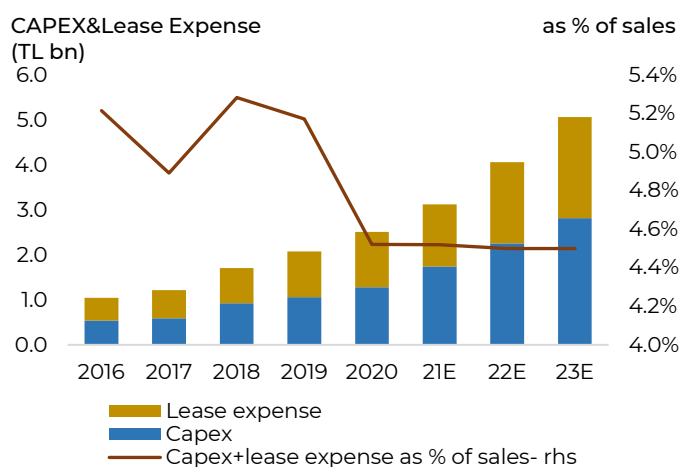


Source: Company data, INFO RESEARCH estimates

Lease cash outflows nearly as large as capex. In line with IFRS 16, BIM started to recognise its rental lease expenses as capitalised obligations in 2019, resulting in an increase in EBITDA and depreciation, a decrease in net income, and a net debt position. In the same year, the company recorded a total financial debt of TL 4.3bn as a result of capitalised lease obligations. As of the end of 2020, financial lease obligations or total debt equals to TL 6.1bn. As a result of the same accounting changes, BIM now also records a financial expense, albeit a non-cash one, in relation to its financial lease obligations.

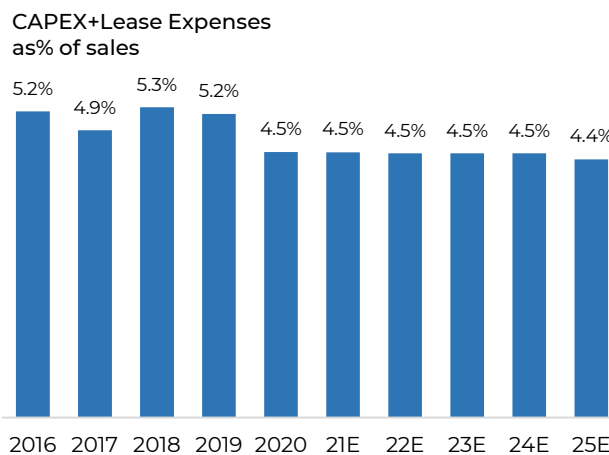
The rental leases—now recorded as cash outflows relating to financial obligations in the cash flow statement—were TL 1.0bn and TL 1.2bn for 2019/20, respectively. This is an amount close to its BIM’s annual capex requirement which was TL 1.3bn in 2020A. According to company financials, BIM used c. 65% of its capex for new store openings while the rest was utilised for maintenance.

Exhibit 36. BIM: Capex and lease expense as % of sales



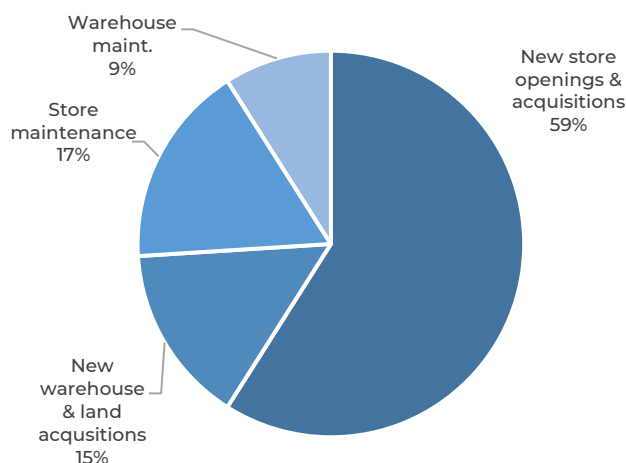
Source: Company data, INFO RESEARCH estimates

Exhibit 37. BIM: EBITDA/(Capex+Lease expense)*



Source: Company data, INFO RESEARCH estimates
* 2016-18 EBITDA adjusted for lease expense

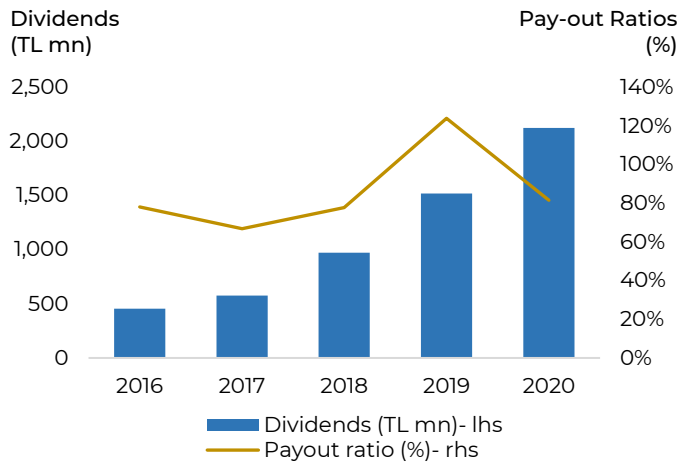
Exhibit 38. BIM: CAPEX Breakdown



Source: Company data, INFO RESEARCH estimates

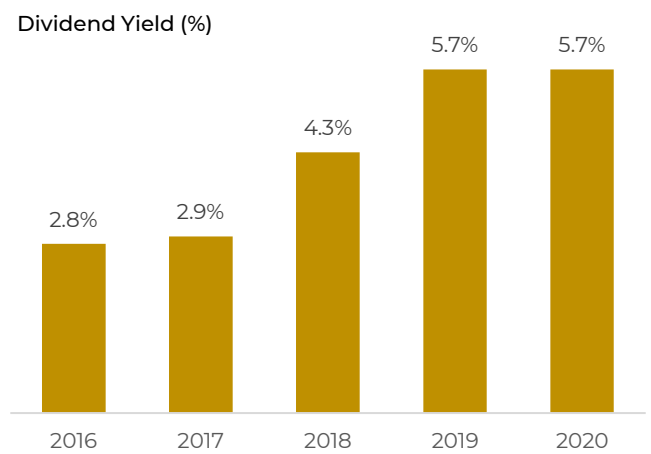
A steady dividend distributor. In terms of dividends, BIM management aims to distribute as much as technically possible. The retailer announced that it will be distributing 81.5% of its 2020 net income. In fact, the pay out ratio median was close to 80% in the last five years. We expect this policy to continue given BIM's strong cash generation.

Exhibit 39. BIM: Dividends and Payout Ratio



Source: Company data, INFO RESEARCH estimates

Exhibit 40. BIM: Dividend Yield



Source: Company data, INFO RESEARCH estimates

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I, Oytun Altaşlı Widmer, hereby certify that the views expressed in this research report accurately reflect the personal views of the INFO Research team, regarding the securities and issuers referred to therein and that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

INFO Research Team

Oytun Altaşlı Widmer– Head of INFO Research Team

Ercan Uysal– Advisor to the Board of Directors

Bartu Çolak– Junior Analyst

Kutay Ağırbaş– Junior Analyst

Rating Methodology:

We employ Discounted Cash Flow (DCF) model and peer multiple analysis to derive at our target prices. Our recommendation methodology is as follows:

Buy: If Target Price is 5 percentage points higher than the estimated Cost of Equity

Hold: If Target Price is within -5 and 5 percentage points of the estimated Cost of Equity

Sell: If Target Price is lower than 5 percentage points of the estimated Cost of Equity

Please note that the analyst's short-term view may occasionally diverge from the stock's longer-term fundamental rating.

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