

# Migros Ticaret A.Ş.

## 1Q 2014 Financial Results

# MiGROS

The Best Organized Retailer in Turkey\*,  
10th year in a row



2013 awards, only

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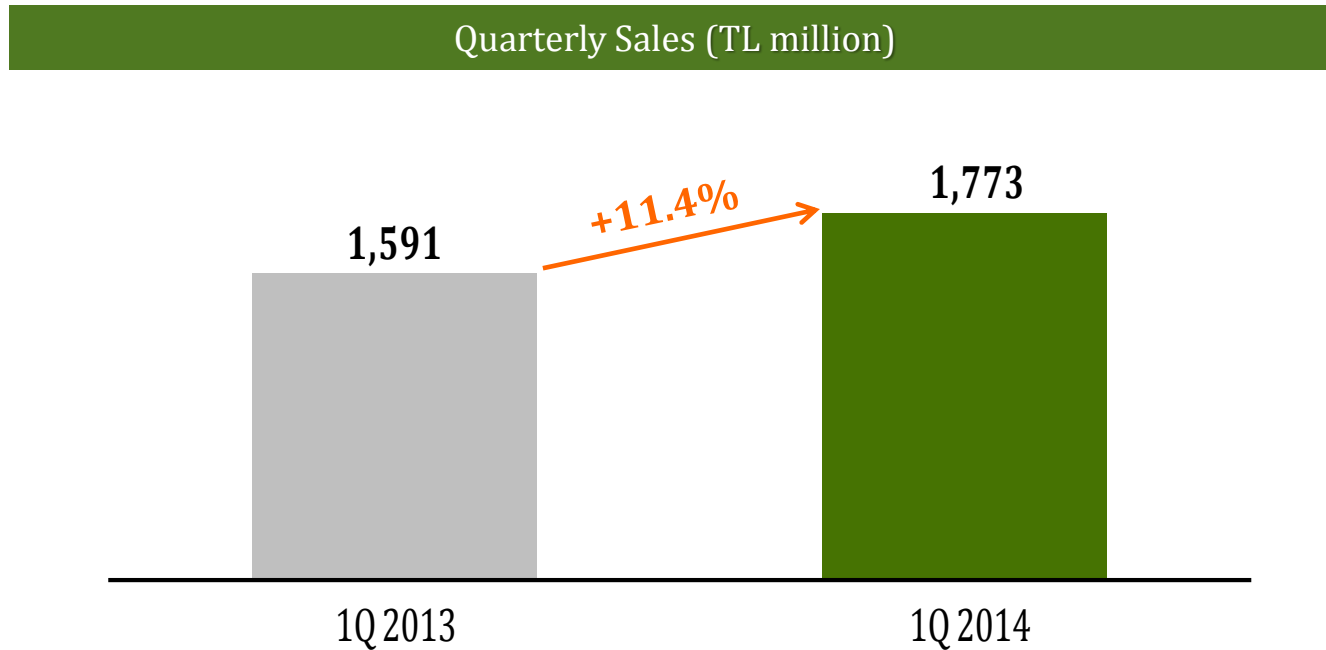
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## Sales in 1Q 2014

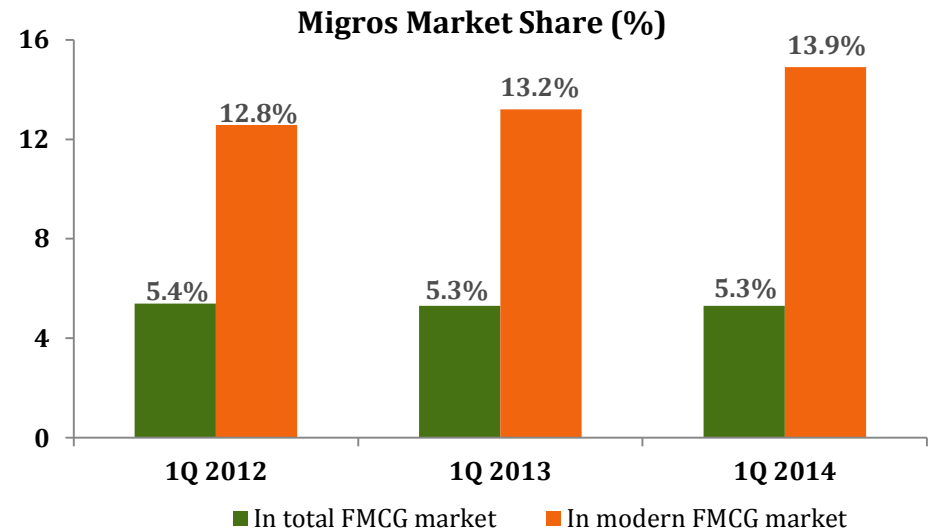
- Consolidated sales reached **TL 1,773 million** in 1Q 2014 corresponding to yearly growth of **11.4%**.
- Continuous focus on pricing, creative marketing and merchandising efforts helped to stimulate the sales turnover in 1Q 2014.



# Undisputed leadership position in the supermarket format

## Leading market share in FMCG

- Migros gained **70** bps market share, in 1Q 2014 vs. the same period of last year, accounting **13.9%** of FMCG sales in the organized sector in Turkey



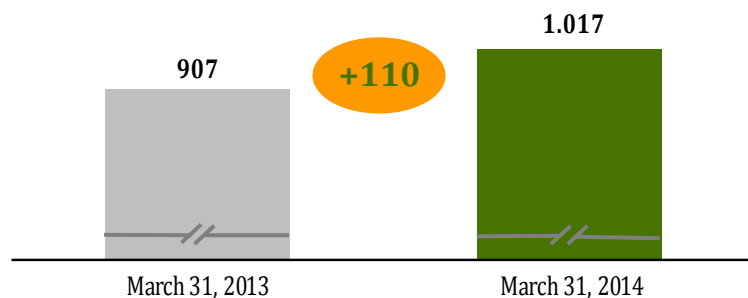
Source: Nielsen

Note: FMCG stands for fast moving consumer goods

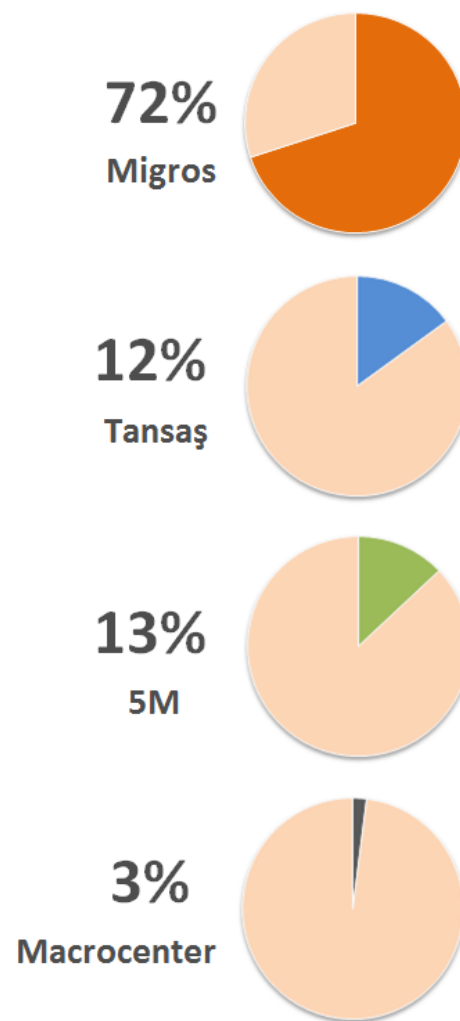
# Expansion

- **17** new stores, including **16** supermarkets and **1** Ramstore have been added to the store network in 1Q 2014
- Total number of stores reached **1,017** as of March 2014
- Collaboration with a petrol station company to open forecourt stores in selected locations is opening a new avenue of expansion for Migros Jet stores.

Number of Stores - Total



Domestic Sales Area Split by Format -1Q 2014

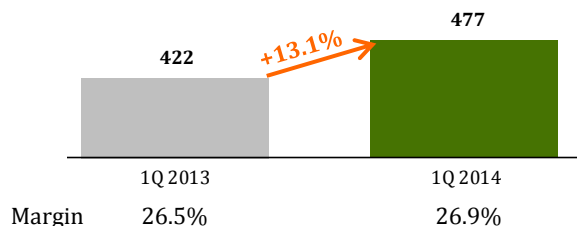


# Financial Overview in 1Q 2014

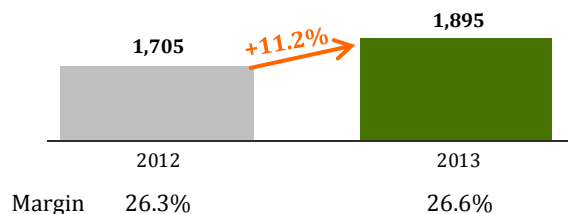
## Solid Gross Profit Generation

- Gross profit increased by **13.1%** y-o-y to **TL 477 million** with a margin of **26.9%** in 1Q 2014.

### Quarterly Gross Profit (TL million)



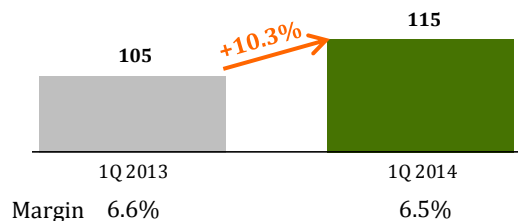
### Gross Profit (TL million)



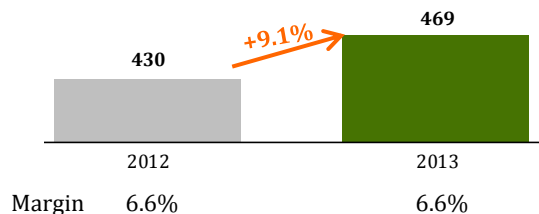
## Solid EBITDA Generation

- In 1Q 2014, EBITDA rose by **10.3%** y-o-y to **TL 115 million** and the Company delivered **6.5%** EBITDA margin.

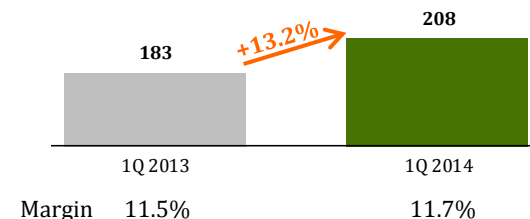
### Quarterly EBITDA\* (TL million)



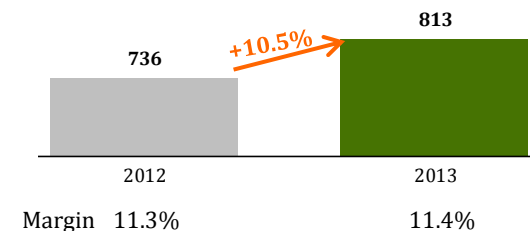
### EBITDA\* (TL million)



### Quarterly EBITDAR\* (TL million)



### EBITDAR\* (TL million)

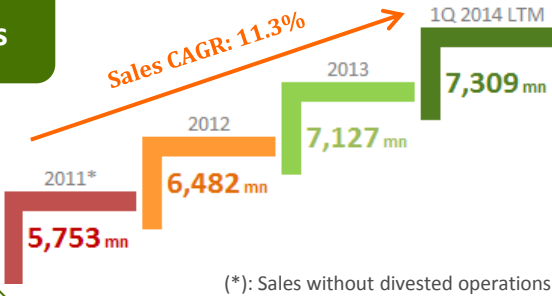


\*EBITDA(R) = Operating Profit + Amortization + Employee Termination Benefits + Unused Vacation Provision - Other Income + Other Expenses + (Rent Expenses)

# Key Financial Metrics

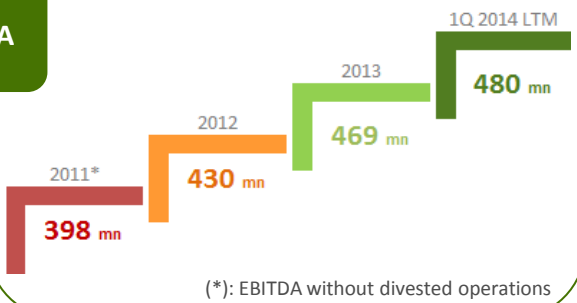
## Sustainable Sales Growth

### Sales



## Sustainable EBITDA generation

### EBITDA



## Strategy Pillars

- Sustainable Growth
- Operational Profitability
- Cash Generation
- Market Share Gain

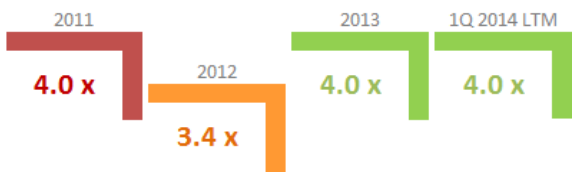
## Stable Negative Cash Conversion\*\*

### Working Capital



## Net Debt/EBITDA

### Net Debt / EBITDA



## Guidance 2014 and Medium Term

- **Sales growth** : Double digit sales growth
- **EBITDA margin** : Full year EBITDA margin range **6.0% – 6.5%**
- **Expansion target** : **100-150** new supermarkets and **2-3** hypermarkets per year



# Financials & Format Summary

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- Financials
- Operations

# SUMMARY OF INCOME STATEMENT – 1Q 2014

## IFRS Consolidated Income Statement Summary

(TL Million)	1Q 2014	1Q 2013
<b>Net Sales</b>	1,772.5	1,590.7
Cost of sales	-1,295.2	-1,168.6
<b>Gross Profit</b>	<b>477.3</b>	<b>422.0</b>
Operating Expenses	-413.7	-363.3
Other Operating Income / (Expense)	-16.4	-14.9
<b>Operating Profit</b>	<b>47.2</b>	<b>43.9</b>
Income / (Expense) from Investment activities	-0.7	-2.9
<b>Operating Income Before Finance Income / (Expense)</b>	<b>46.5</b>	<b>41.0</b>
Financial Income / (Expense)	-94.6	1.7
<b>Income/Loss Before Tax From Continuing Operations</b>	<b>-48.1</b>	<b>42.6</b>
Tax Income / (Expenses)	-16.4	-9.6
Deferred Tax Income	3.3	1.8
<b>Net Profit / Loss</b>	<b>-61.2</b>	<b>34.9</b>

<b>EBITDA</b>	<i>115.2</i>	<i>104.5</i>
<b>EBITDAR</b>	<i>207.7</i>	<i>183.4</i>

# SUMMARY OF BALANCE SHEET – 1Q 2014

## IFRS Consolidated Balance Sheet Summary

(TL Million)	1Q 2014	2013
Current Assets	2,036.9	1,980.7
Non-current Assets	3,798.4	3,815.9
<b>Total Assets</b>	<b>5,835.3</b>	<b>5,796.6</b>
Current Liabilities	2,414.5	2,360.7
Non-current Liabilities	2,665.6	2,605.7
<b>Total Liabilities</b>	<b>5,080.1</b>	<b>4,966.4</b>
<b>Equity</b>	<b>755.2</b>	<b>830.2</b>
<b>Total Liabilities and Equity</b>	<b>5,835.3</b>	<b>5,796.6</b>

# Migros Supermarkets

# MiGROS

Home of Pleasant Shopping

- Number of stores: 731\*
  - 150-3,000 sqm / 3,000 – 18,000 SKUs
  - Rich product variety in fresh food
  - Wide branded assortment of FMCG products
  - Modern, fashionable, complementary and seasonal non-food selection
- CRM applications for different customer segments
  - Holistic marketing campaigns
  - Competitive pricing
  - Club Card Loyalty Program for 15 years
  - Creative promotions for Club Card holders



Penetration: 68 cities  
(\*): including Migros Jet stores



# Migros Jet Proximity Stores

**MiGROSjet**

## Strong growth potential

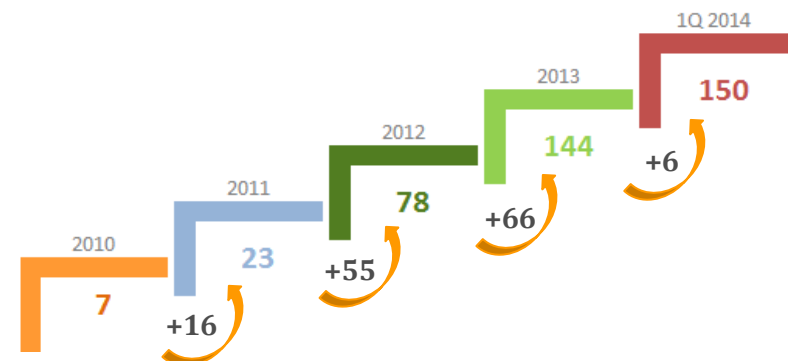
- Store size between 100-300 sqm
- 7 new Migros Jet openings in 1Q 2014 reaching **150** Migros Jet stores as of March 31, 2014.
- Room for further concentration in the existing big cities and expansion into others. Its network reached 24 cities.
- Around 3,000 SKUs
  - Consistent Every Day Low Pricing on commodity Private Label product lines
  - Differentiated offering and service including rich fresh assortment
  - Large variety of branded FMCG



Penetration: 24 cities



## Number of Migros Jet Stores



# Tansaş Supermarkets



Regional leader in the west coast of Turkey

- Number of stores: 199
- 150-1,500 sqm / 3,000 – 15,000 SKUs
  - A strong regional brand & competitive pricing strategy
  - Diverse fresh food emphasis on meat and F&V
  - Friendly service / warm and localized layout



Penetration: 6 cities



# Macrocenter Supermarkets

macrocenter

Gourmet shopping and exclusive

- Number of stores: 26
- 400 - 2,500 sqm / 10,000 SKUs
  - Upscale gourmet store serving a niche, selective customer segment with strong brand loyalty
  - Elegant design and store layout
  - Wide product range in delicatessen, appetizers and spirits. Premium quality in fresh products
  - Complementary and premium non-food
- Customized service such as banquet ready meal delivery
- Accelerated store openings in the popular locations of the Country including Antalya, Bodrum, Cesme and Ankara



Penetration: 5 cities





31.03.2014

- Number of stores: 21
- 4,000-7,000 sqm / 25,000 SKUs
  - Wide product range; rich FMCG and non-food assortment
  - N/F product portfolio focusing on kids & women; especially kitchenware & household textile, toys and cosmetics
  - Competitive pricing
- 17 hypermarkets out of 21 are located in shopping malls and power centers



Penetration: 14 cities



# Wholesale & Food Service

**MiGROS**

Increasing Importance of Horeca Penetration

- Currently operating in 7 regions through dedicated sales team.
- Two Cash & Carry stores in Ankara and Bodrum
- Dedicated warehouses and customer delivery



Penetration: 7 regions



# International Operations

Ramstore®



## Kazakhstan

- Number of stores: 26, including 4 hypermarkets, 22 supermarkets. Owns 1 shopping mall in Almaty
- Total sales area of 50,111 sqm
  - Present in Almaty, Astana, Shimkent, Karaganda, Uralsk, Aktau and Atrau
- Operates in multi-format since 1999
- Food retail market leader in Kazakhstan

## Kazakhstan

1 Shopping Mall  
4 Hypermarkets  
22 Supermarkets

## Macedonia

- Number of supermarkets: 14
- Owns 1 shopping mall in Skopje
- Total sales area of 14,433 sqm
- Operations started in 2005

## Macedonia

1 Shopping Mall  
14 Supermarkets