

# Migros Ticaret A.Ş.

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**MiGROS**

1Q 2015 Financial Results





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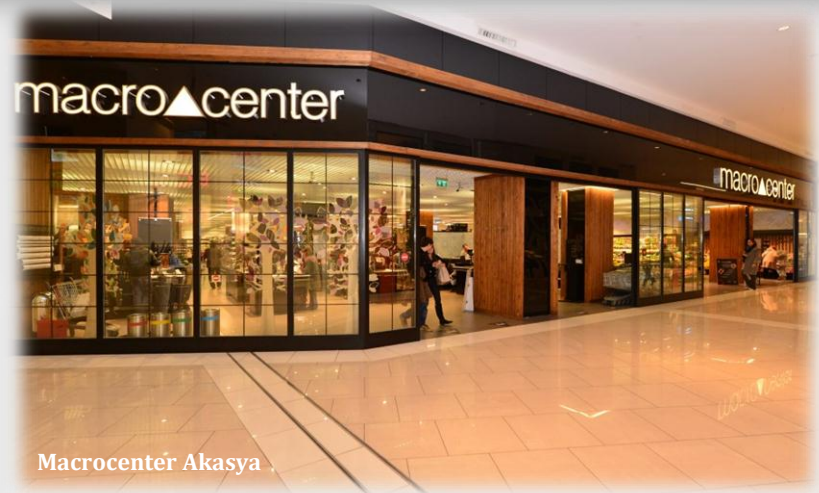
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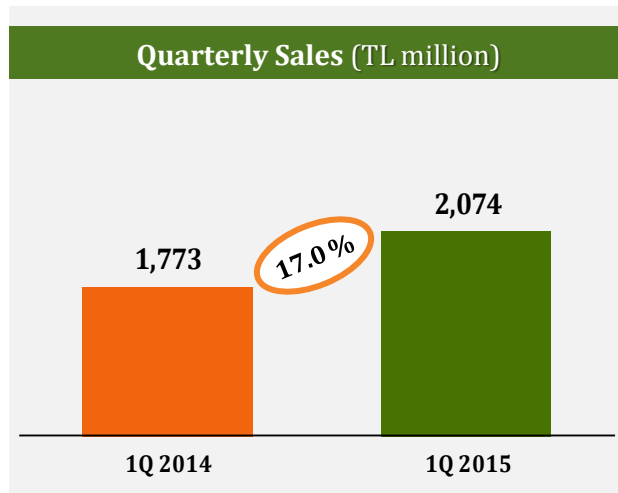


Macrocenter Akasya

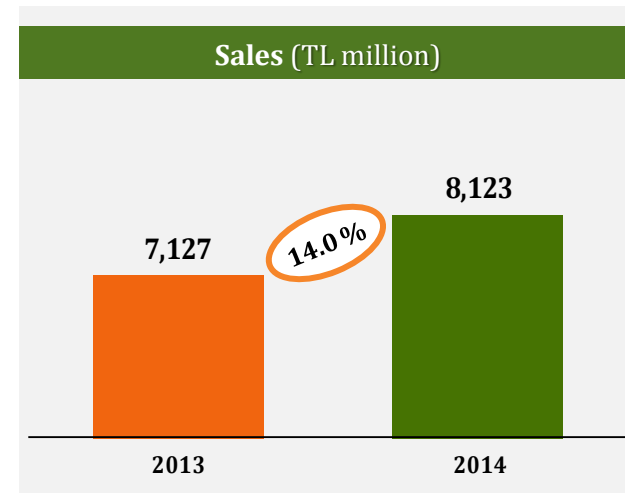


# Sales in 1Q 2015

- A robust domestic growth rate of **18.6%** in 1Q 2015.
- Consolidated sales reached **TL 2,074 million** in 1Q 2015 corresponding to yearly growth rate of **17.0%**.
- Strong sales performance supported by increased competitiveness on Private Label & fresh products in 1Q 2015.
- Migros' differentiation in the sector has been more clear in the eyes of customers.



Sales Growth in 1Q15 ➡ 17.0%



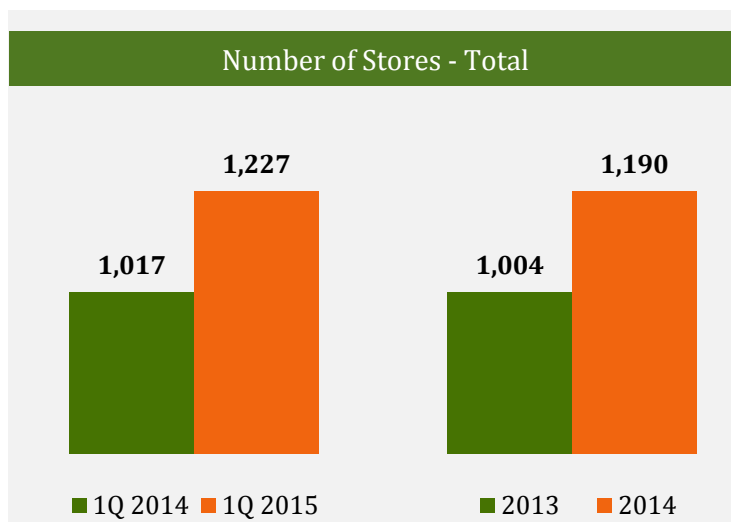
Sales Growth in 2014 ➡ 14.0%

# Expansion

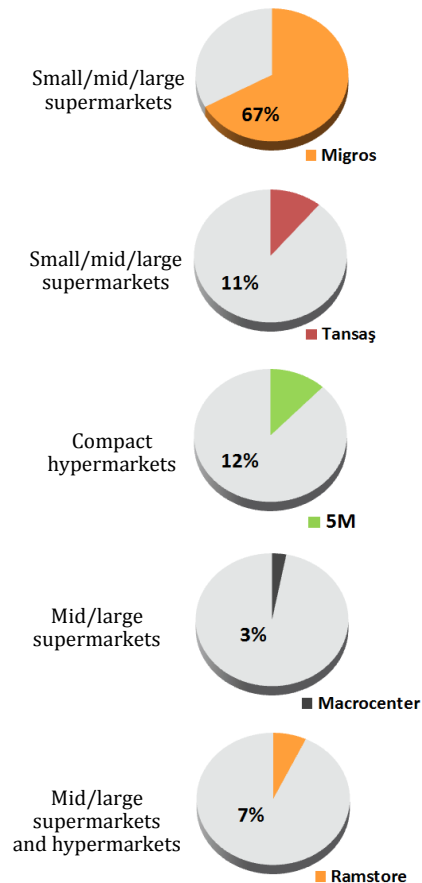
New store openings in 1Q15 ➔ 46

New store openings in 2014 ➔ 199

Number of Stores as of 1Q15 ➔ 1,227



## Net Sales Area Split By Banner - 1Q15

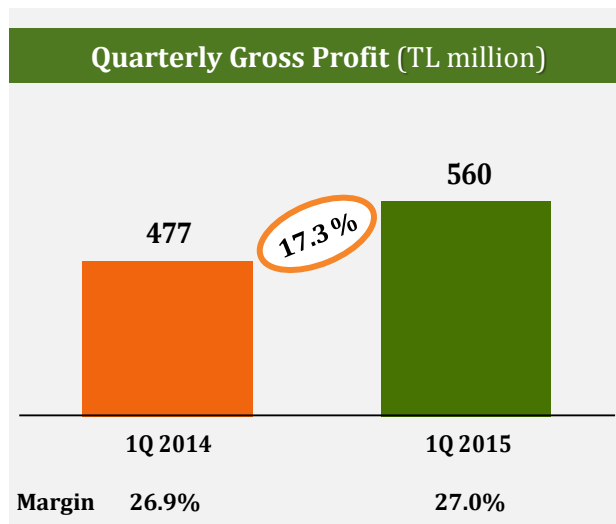


1Q15 Sales area : 962K sqm ➔ Avg. growth: 5.8%

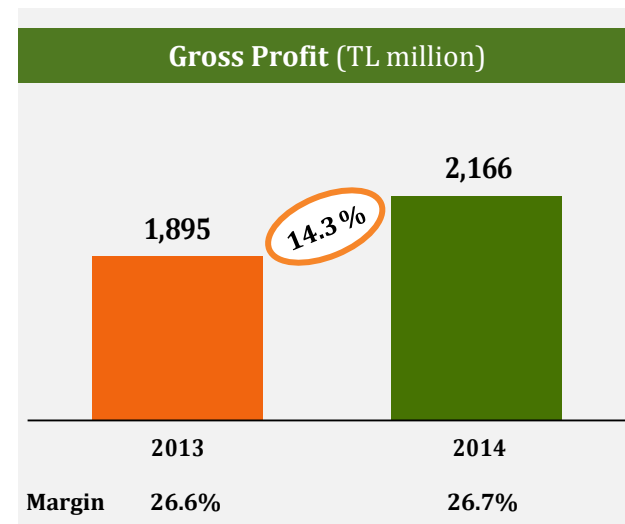
# Financial Overview: Gross Profit in 1Q 2015

## Solid Gross Profit Generation

- Gross profit increased by **17.3%** y-o-y to **TL 560 million** with a margin of **27.0%** in 1Q 2015.
- A strong and resilient gross profitability while keeping the focus on growth and supply chain management.



Gross Margin in 1Q 2015 ➡ **27.0%**



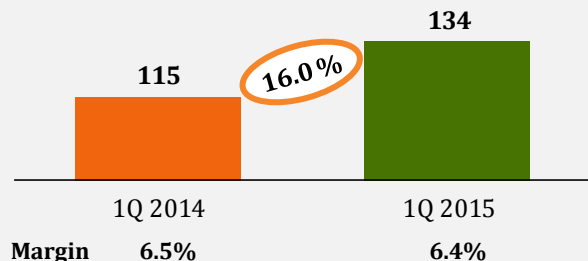
Gross Margin in 2014 ➡ **26.7%**

# Financial Overview: EBITDA(R) in 1Q 2015

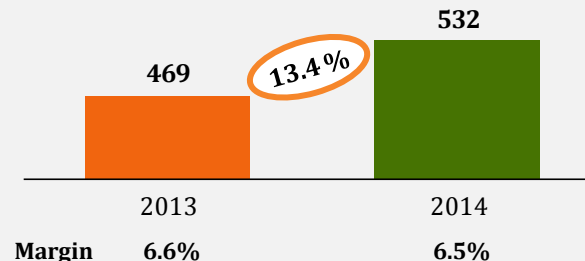
## Solid EBITDA(R) Generation

- EBITDA grew by **16.0%** y-o-y to **TL 134 million**, and EBITDAR by **16.6%** y-o-y to **TL 242 million** in 1Q 2015.

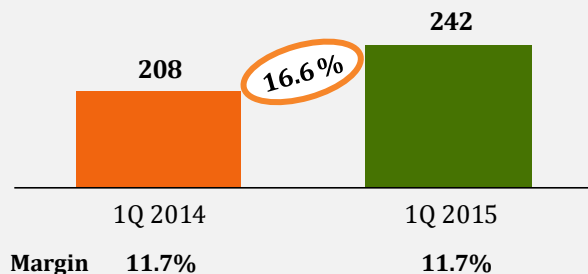
Quarterly EBITDA\* (TL million)



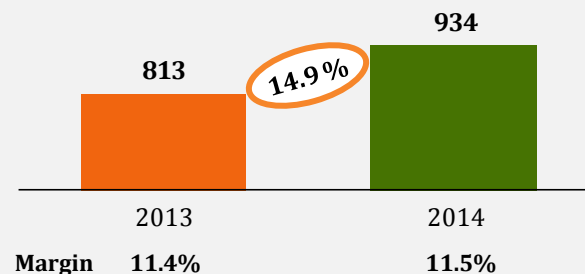
EBITDA\* (TL million)



Quarterly EBITDAR\* (TL million)



EBITDAR\* (TL million)

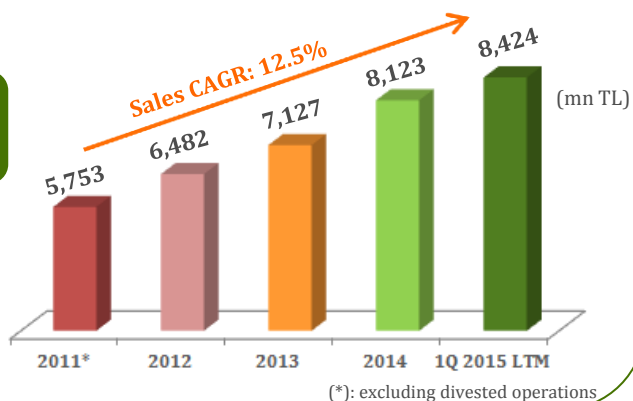


\*EBITDA(R)= Operating Profit+Amortization+Employee Termination Benefits +Unused Vacation Provision-Other Income+Other Expenses+(Rent Expenses)

# Key Financial Metrics

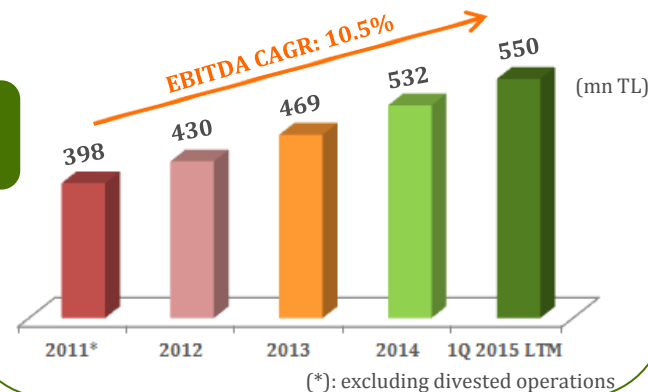
## Sales

### Sustainable Sales Growth



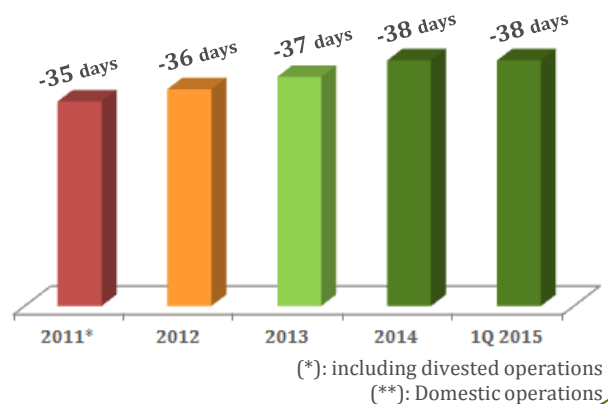
## EBITDA

### Sustainable EBITDA generation



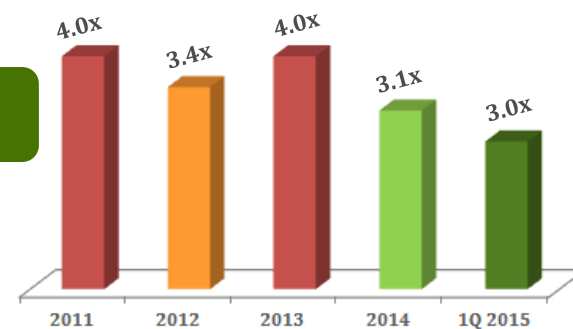
## Working Capital

### Stable Negative Cash Conversion\*\*



## Net Debt / EBITDA

### Net Debt/EBITDA LTM

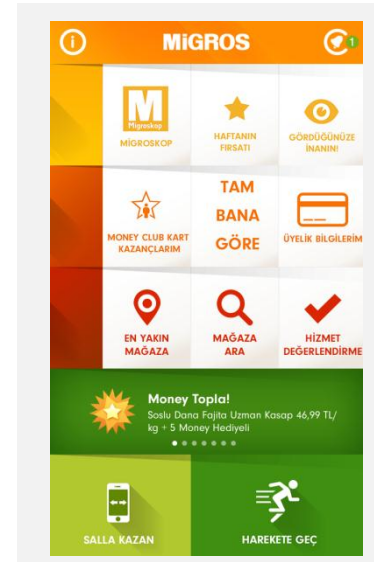




# Recent Developments

## Competitiveness

- Significant emphasis on price competitiveness in Private Label and Fresh Product Categories in 1Q2015,
- Specific marketing communication on pricing and local offer,
- Getting closer to the consumers with the expansion of proximity stores,
- Brands catering for a wider segment of population/income levels,
- Products tailored for / sold in Migros only,
- Omni-channel personalized customer journey combining online & physical store customers.



# Recent Developments

## Refinance of the existing loan

- **Refinancing of Company's current debt of EUR 830 million;**
  - **EUR 730 million,**
  - **EUR 100 million equivalent of TL,**
  - **8 years maturity and semi-annual interest payment and amortization,**
  - **An additional EUR 100 million working capital facility committed for 8 years,**
- **Commitment for deleveraging will continue**

# Guidance 2015

- **Sales growth** : Double digit sales growth
- **EBITDA margin** : Full year EBITDA margin range **6.0% – 6.5%**
- **Expansion target** : **150 - 200** new stores



 Present cities  
 Cities not covered



## **Financials & Format Summary**

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- Financials**
- Operations**



# SUMMARY OF INCOME STATEMENT – 1Q 2015

## IFRS Consolidated Income Statement Summary

(TL Million)	1Q 2015	1Q 2014
<b>Net Sales</b>	2,074.0	1,772.5
Cost of sales	-1,514.4	-1,295.2
<b>Gross Profit</b>	<b>559.6</b>	<b>477.3</b>
Operating Expenses	-481.2	-413.7
Other Operating Income / (Expense)	-21.2	-16.4
<b>Operating Profit</b>	<b>57.2</b>	<b>47.2</b>
Income / (Expense) from Investment activities	-2.4	-0.7
<b>Operating Income Before Finance Income / (Expense)</b>	<b>54.8</b>	<b>46.5</b>
Financial Income / (Expense)	-37.6	-94.6
<b>Income/Loss Before Tax From Continuing Operations</b>	<b>17.1</b>	<b>-48.1</b>
Tax Income / (Expenses)	-12.9	-16.4
Deferred Tax Income	3.7	3.3
<b>Net Profit / Loss</b>	<b>7.9</b>	<b>-61.2</b>
<b>EBITDA</b>	<b>133.7</b>	<b>115.2</b>
<b>EBITDAR</b>	<b>242.2</b>	<b>207.7</b>

# SUMMARY OF BALANCE SHEET – 1Q 2015

## IFRS Consolidated Balance Sheet Summary

(TL Million)	1Q 2015	2014
Current Assets	1,815.5	1,729.2
Non-current Assets	3,860.1	3,864.3
<b>Total Assets</b>	<b>5,675.7</b>	<b>5,593.5</b>
Current Liabilities	2,771.0	2,715.9
Non-current Liabilities	1,968.2	1,958.4
<b>Total Liabilities</b>	<b>4,739.2</b>	<b>4,674.3</b>
<b>Equity</b>	<b>936.4</b>	<b>919.2</b>
<b>Total Liabilities and Equity</b>	<b>5,675.7</b>	<b>5,593.5</b>

## Largest National Supermarket Chain

- Number of stores: **916\***
  - (40\*-3,000) sqm / (1,800\* – 18,000) SKUs
  - Broad variety of fresh food products
  - 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 16 years
  - Creative promotions for Money Club Card holders

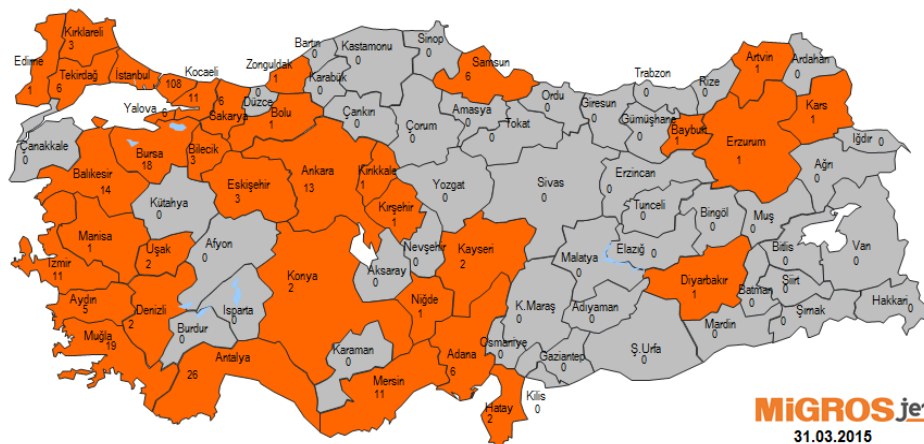


Penetration: 69 cities  
 (\*): including Migros Jet stores and  
 Migros Jet 7/24 forecourt stores



## Fastest growing proximity stores

- Store size between 40\*-300 sqm, **297** stores as of March 2015
- Room for further concentration in the existing big cities and expansion into others. Migros Jet network reached 35 cities.
- Between 1,800\* and 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
- New avenue of expansion through collaboration with Petrol Ofisi company to open forecourt stores in selected locations
  - Number of Migros Jet forecourt stores reached 50 by the end of March 2015.

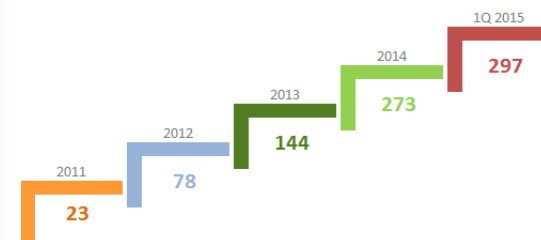


Penetration: 35 cities

(\*): The minimum size of the MigrosJet 7/24 forecourt stores



## Number of Migros Jet Stores





## Regional leader of the west coast

- Number of stores: **213**
- 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



## Exclusive shopping

- Number of stores: **29**
- 400 - 2,500 sqm / 10,000 SKUs
  - Upscale gourmet store serving 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





# 5M Migros

5MMiGROS

## Lowest prices and wide assortment

- Number of stores: **24**
- Average size 4,500 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
- 19 out of 24 stores are located in shopping malls and power centers



Penetration: 16 cities



# Wholesale & Food Service

## Focus on Horeca Penetration

- Currently operating in 7 regions through dedicated sales team.
- Dedicated warehouses and customer delivery



Penetration: 7 regions





# International Operations

## Ramstore

### Kazakhstan

- Number of stores: **29**, including 4 hypermarkets, 24 supermarkets and 1 Macrocenter. Owns 1 shopping mall in Almaty
- Total sales area of 50,734 sqm
  - Serving in the cities of Almaty, Astana, Shymkent, Karaganda, Uralsk, Aktau and Atyrau in a large country
- Operates in multi-format since 1999
- Food retail market leader in Kazakhstan

Kazakhstan  
1 Shopping Mall  
4 Hypermarkets  
24 Supermarkets  
1 Macrocenter



### Macedonia

- Number of supermarkets: **16**
- Owns 1 shopping mall in Skopje
- Total sales area of 15,313 sqm
- Operations started in 2005

Macedonia  
1 Shopping Mall  
16 Supermarkets

