

# Migros Ticaret A.Ş.

9M 2020 Financial Results

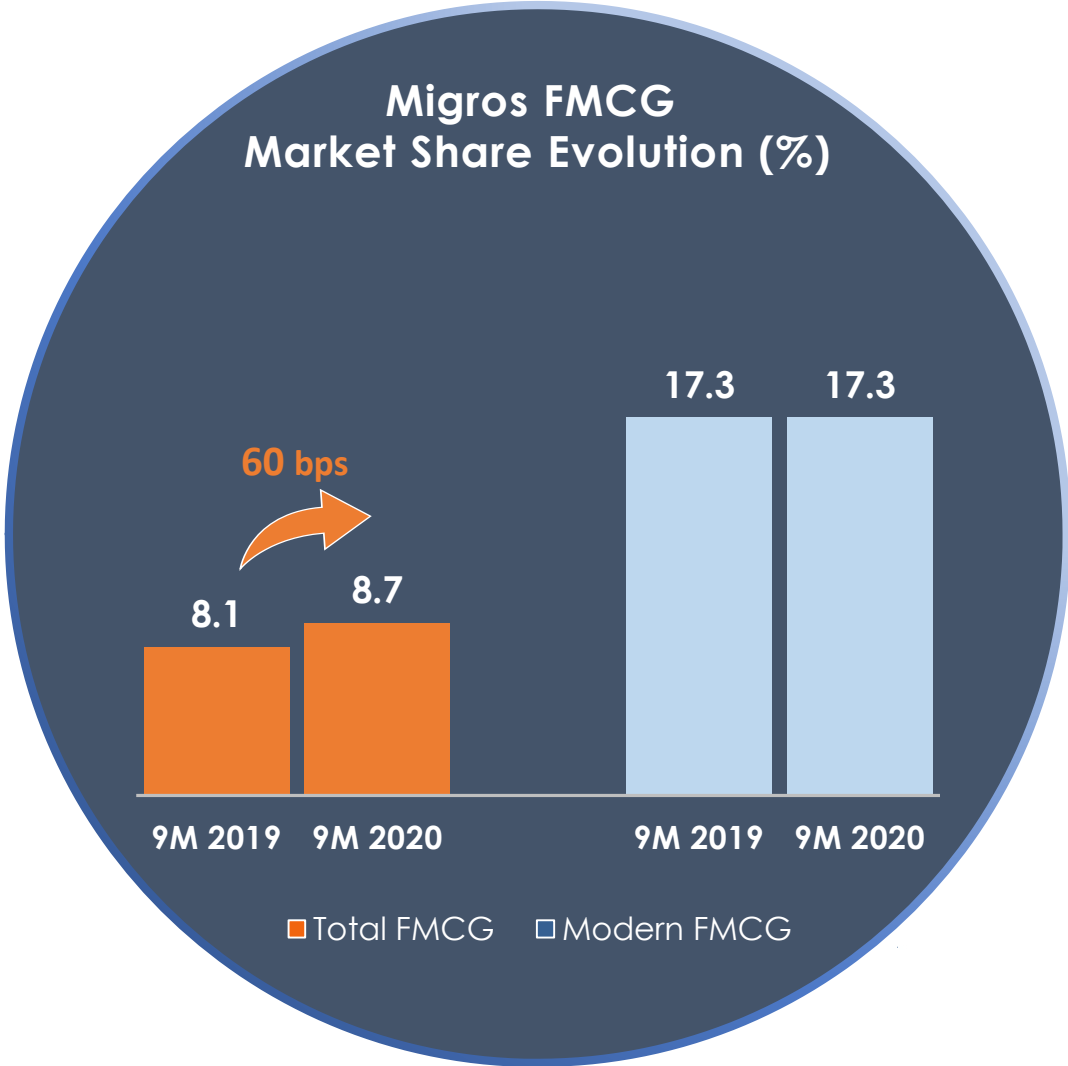


# Contents

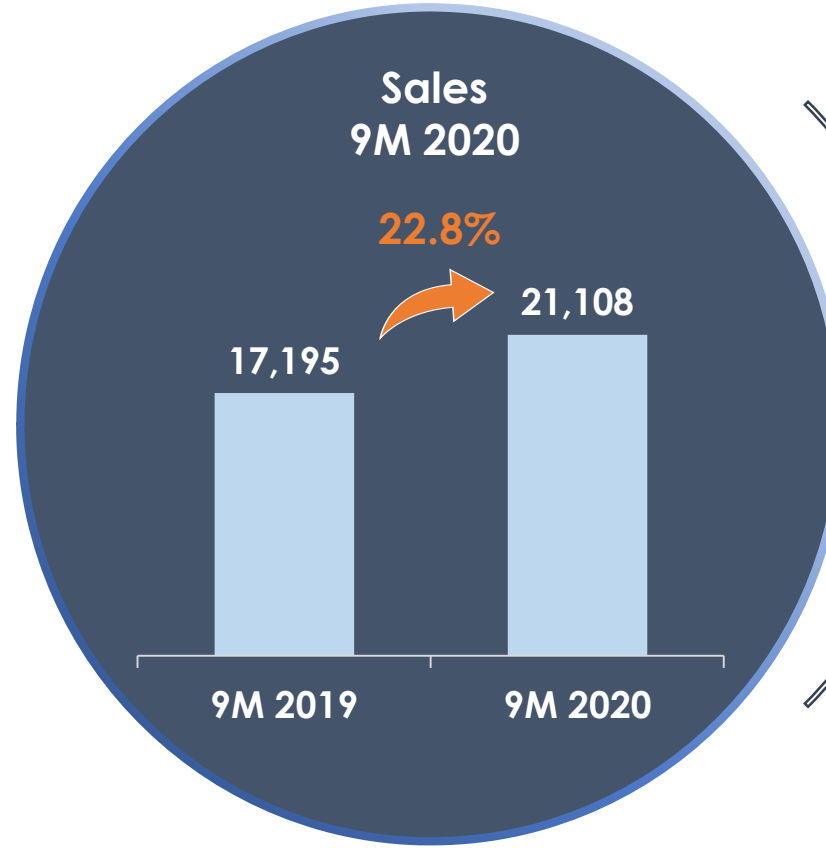
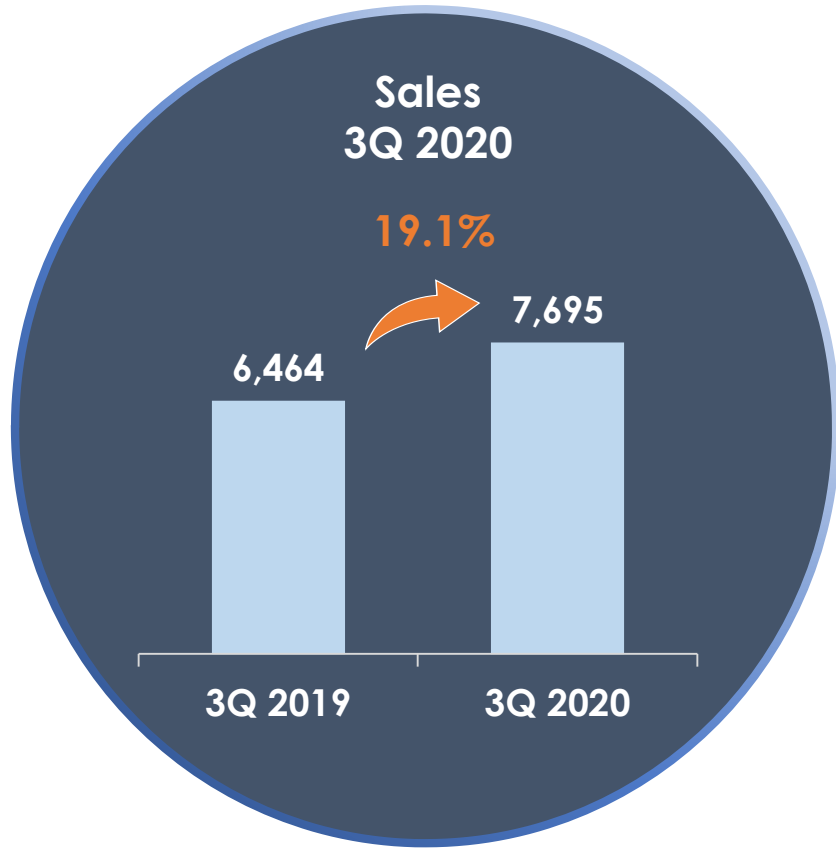



-  Market Share Evolution
-  Sales
-  Online Business
-  Expansion
-  Financial Overview
-  Management Overview
-  Financial Results

# Market Share Evolution



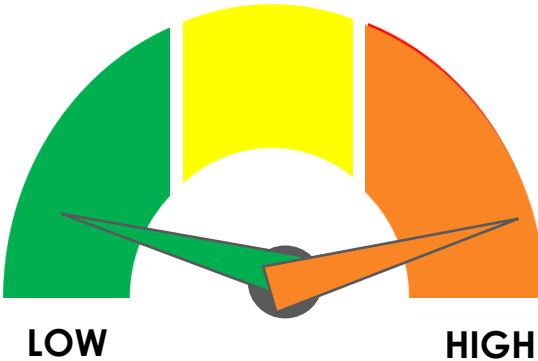
# Sales – 9M 2020 (TL million)



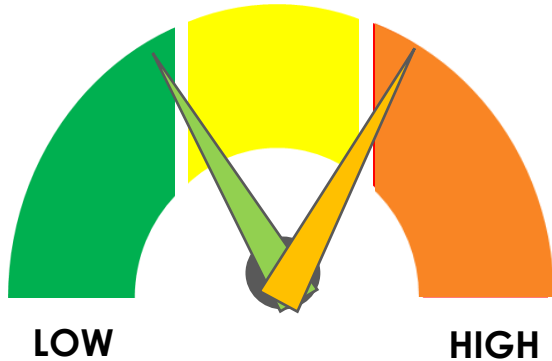
-  Strong increase in revenues in 3Q despite underperforming seasonal stores in south
-  Exceptional sales performance despite significant traffic loss in shopping center located stores
-  Continuing deterioration in shopping mall revenues

# Covid-19: Consumer Trends

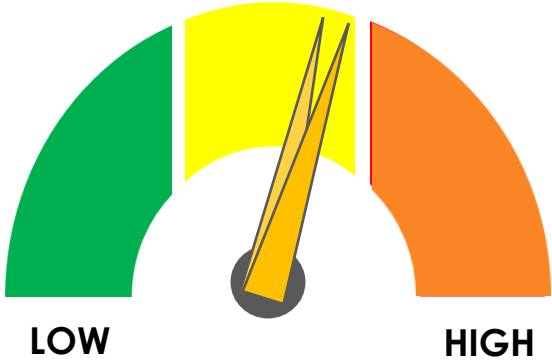
### Stocking up 1Q 2020



### Normalization 2Q 2020



### New Normal 3Q 2020

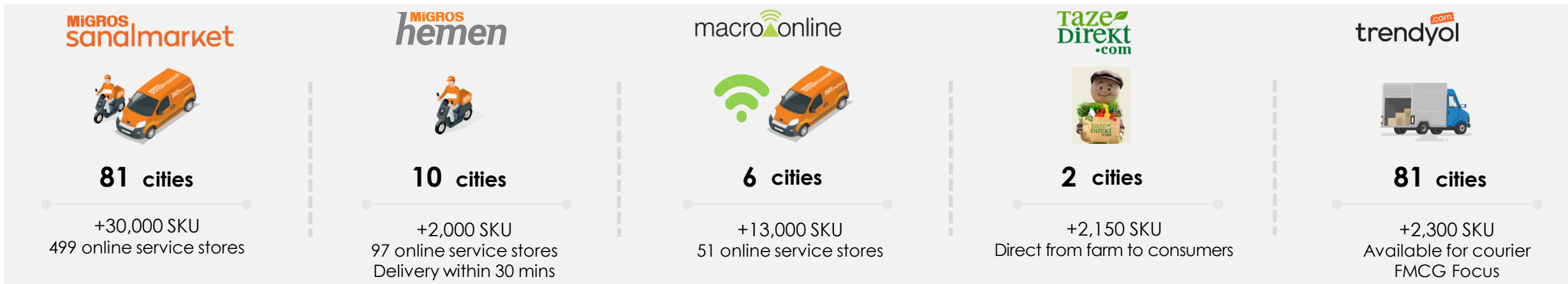


-  F&V, meat, poultry, delicatessen
-  Commodity products & basics
-  Cleaning products & paper
-  Electronics & cosmetics

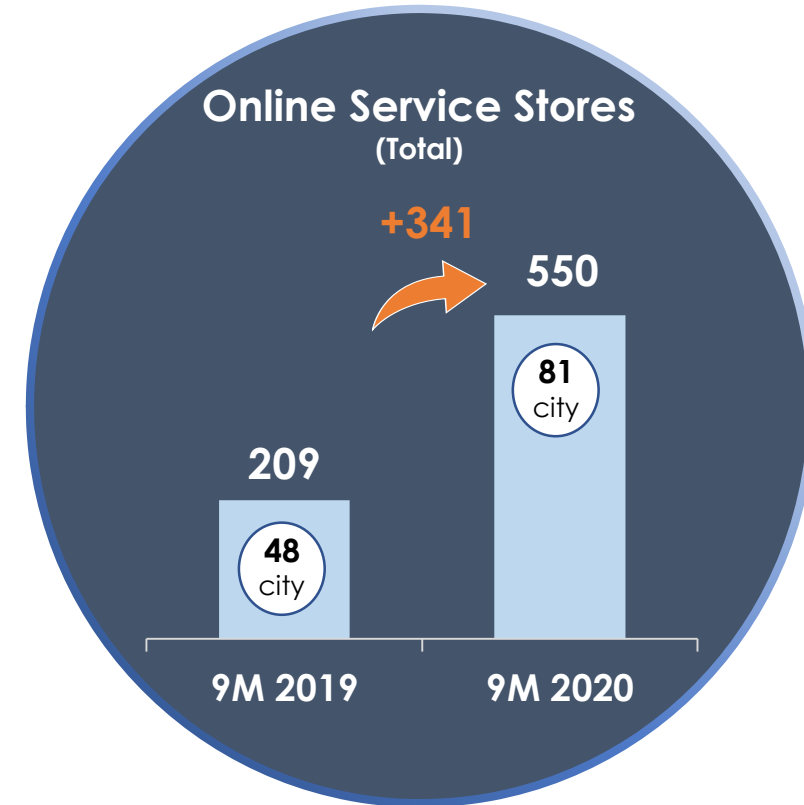
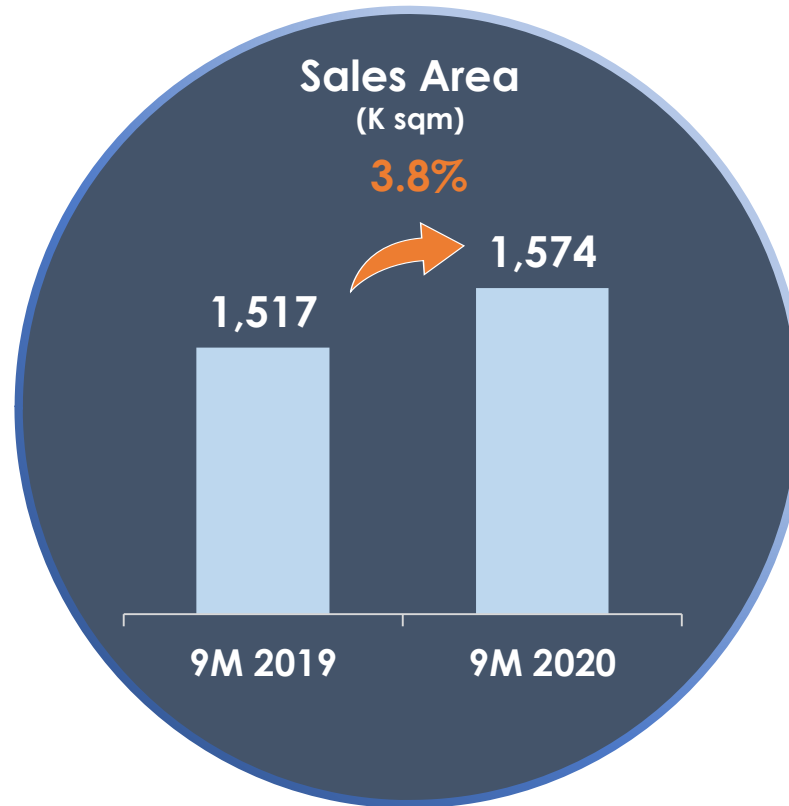
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# Online Service Channels



# Expansion



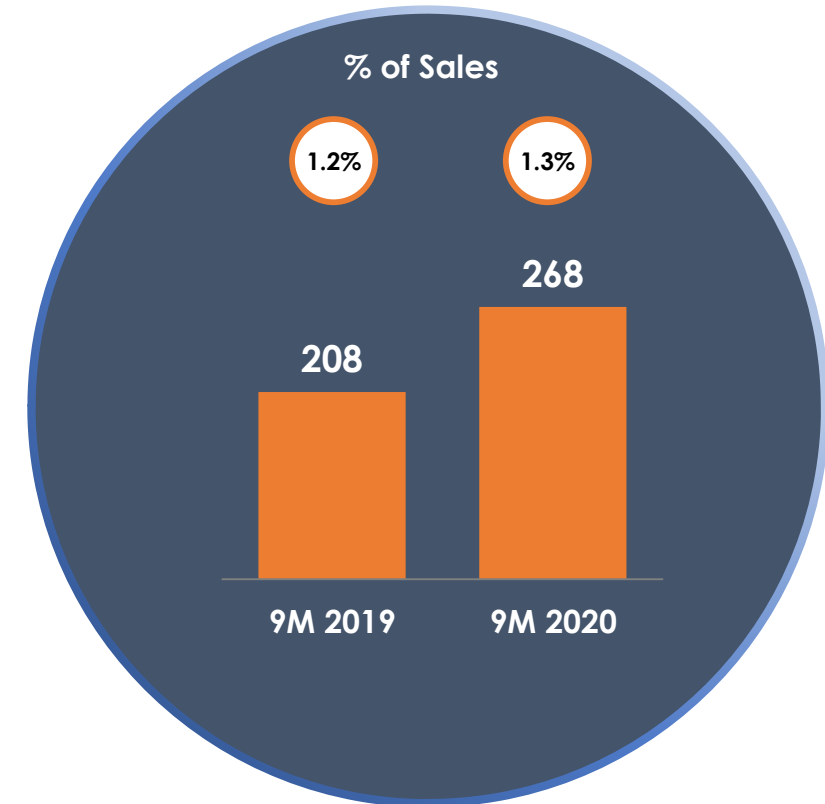
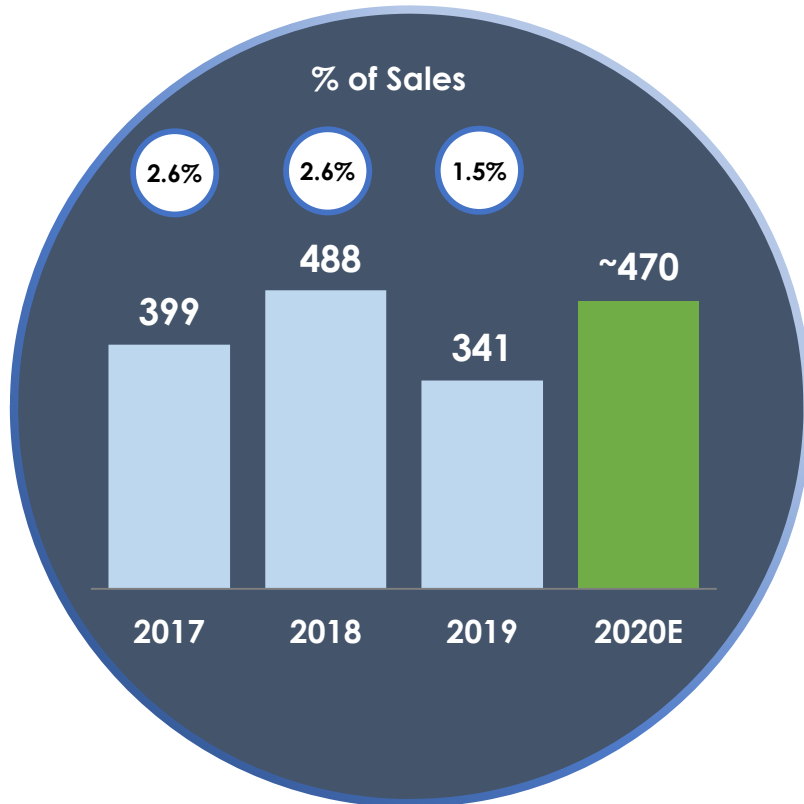
“155 new stores in 10M'20”

“353 new online service stores in 10M'20”

**Ramstore  
Kazakhstan**

- Exiting from retail business in Kazakhstan
- Continuing with company-owned shopping mall operations

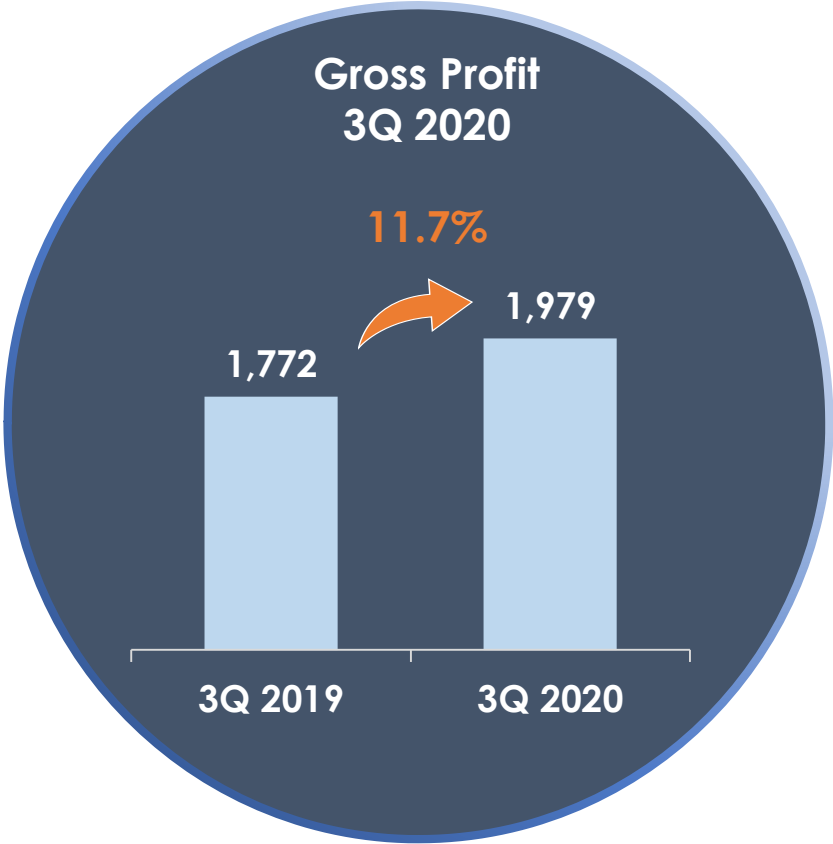
# CAPEX (TL million)



“ Continuing expansion ”

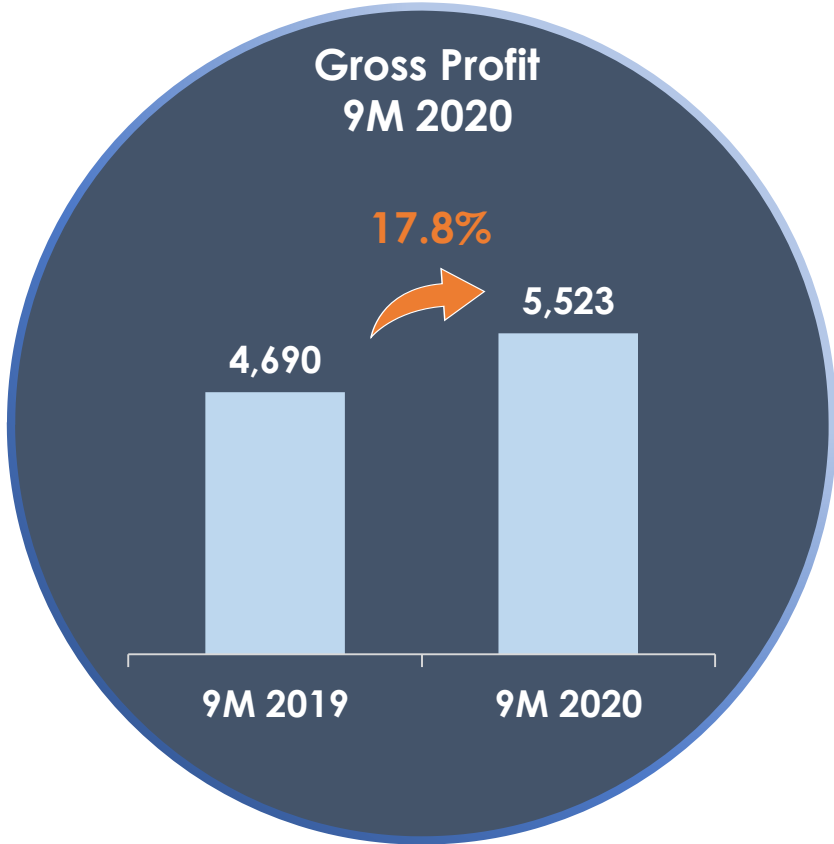


# Consolidated Gross Profit (TL million)



<b>Margin</b>	<b>27.4%</b>	<b>25.7%</b>
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Due date charges unfavorable impact:  
**- 160 bps**

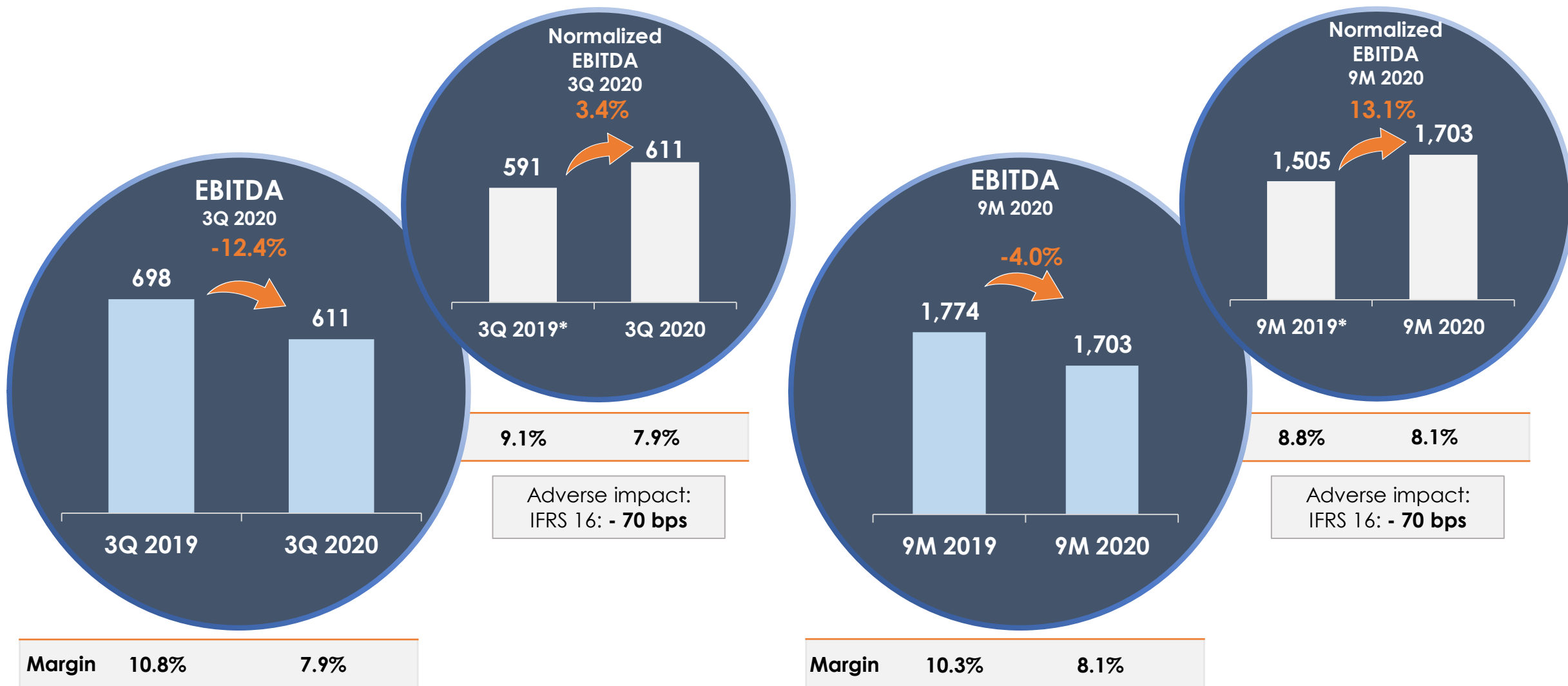


<b>Margin</b>	<b>27.3%</b>	<b>26.2%</b>
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Due date charges unfavorable impact:  
**- 160 bps**

9 All numbers in graphs w/ IFRS 16 impact

# Consolidated EBITDA (TL million)



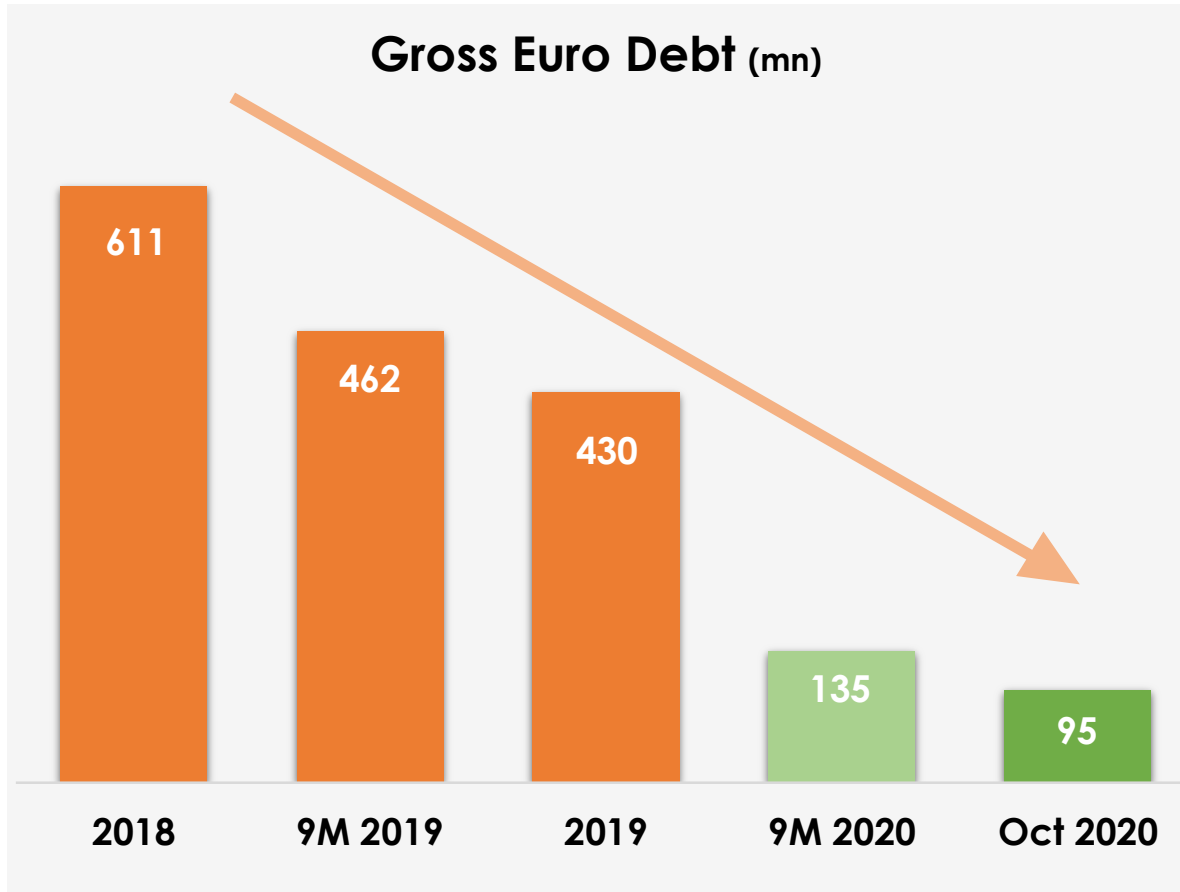
[ 10 ] All numbers in graphs w/ IFRS 16 impact  
 \*Normalized EBITDA with current (actual) imputed interest rates as per IFRS accounting to neutralize the impact of interest rates in due date charges




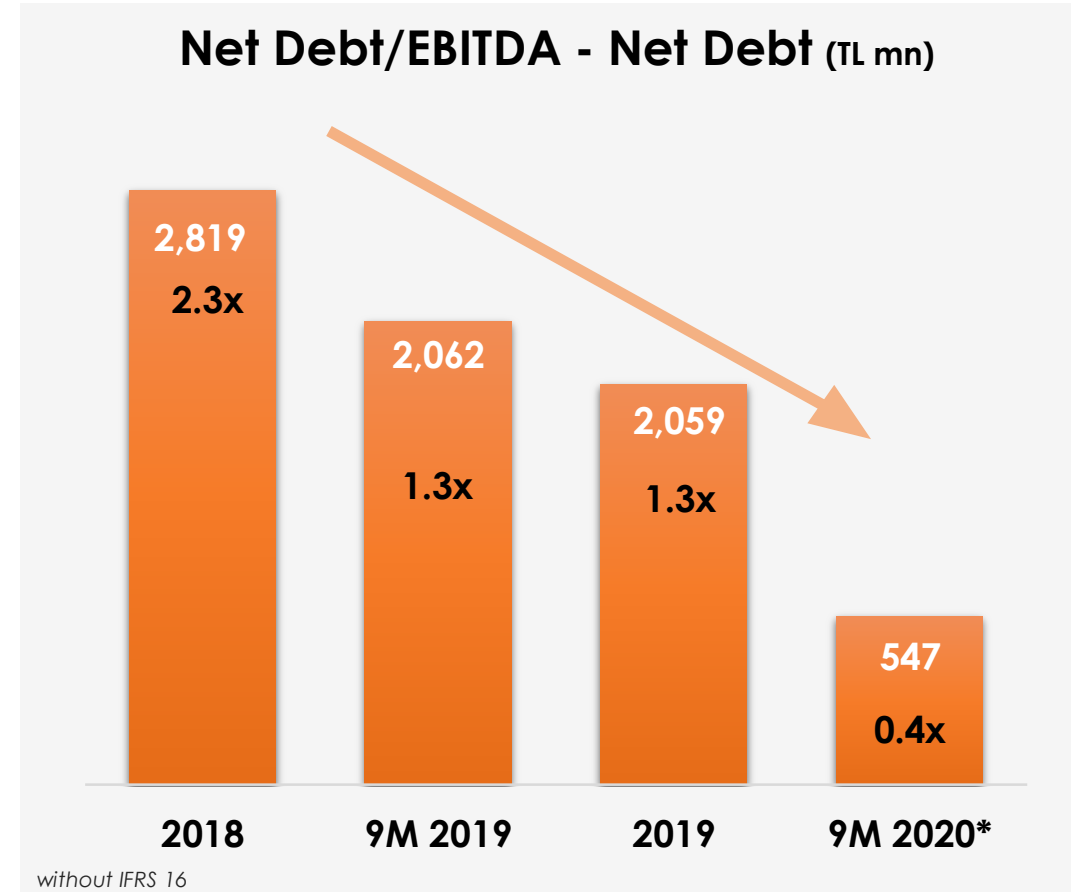
# Overview


- 
- De-risking
  - Expectations

# De-risking Balance Sheet



 Short FX position as of October 2020 **€ 42 mn**



 \*Positive impact of tax payment deferrals around TL 400 mn will be normalized in 4Q 2020

# Cash Position & Leverage

(Total TL mn)	Without IFRS 16		With IFRS 16	
	9M 2019	9M 2020	9M 2019	9M 2020
Cash & Cash Equivalents	2,282	3,267	2,282	3,267
TL	1,598	2,540	1,598	2,540
EUR	111	80	111	80
Financial Debt	4,344	3,814 ↓	7,522 <sup>1</sup>	6,891 <sup>1</sup> ↓
TL	1,484	2,583	4,662	5,660
EUR	462	135	462	135
Net Debt	2,062	547 ↓	5,240	3,624 ↓
EBITDA LTM	1,572	1,471	2,319 <sup>2</sup>	2,165
<b>Net Debt / EBITDA LTM</b>	<b>1.3x</b>	<b>0.4x ↓</b>	<b>2.3x</b>	<b>1.7x ↓</b>



Short FX position as of October 2020

€ 42 mn

<sup>1</sup> Includes capitalized costs of lease contracts over their maturity

<sup>2</sup> Includes the IFRS 16 LTM rent cost impact which was extrapolated based on 9M 2019 rent cost. (TL 560.3 mn / 3 x 4 = TL 747.1 mn)

# 2020 Guidance (Consolidated)



## Sales Growth

22-23%

from 20-22%



## EBITDA Margin

~ 8%\*

from 8-8.5%

\* with IFRS 16 impact



## Expansion Target

160+  
new stores

from 160



## CAPEX

~ TL 470  
mn

from ~ 440

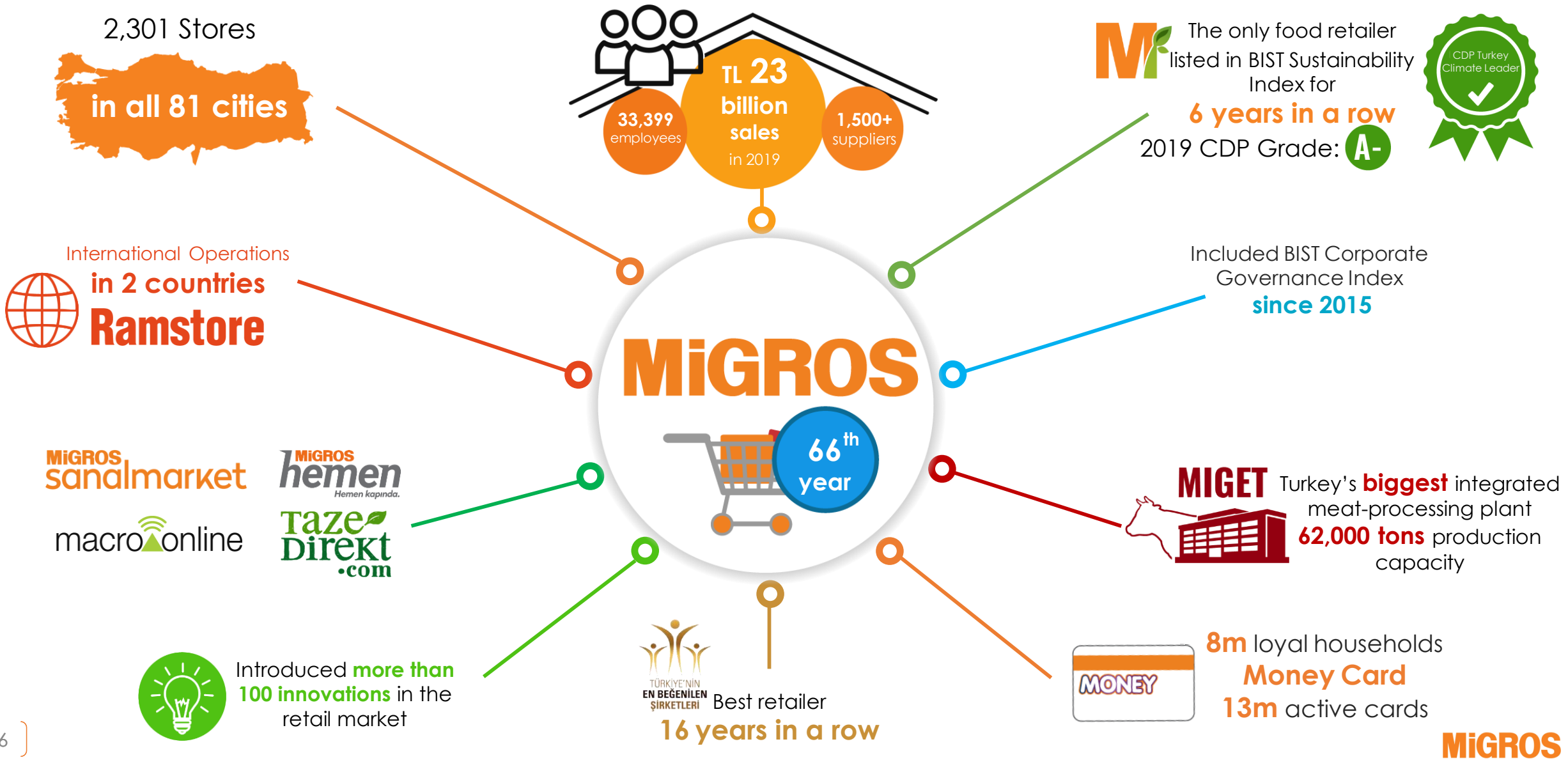


# Appendix - I

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- Operations
- Sustainability

# Migros at a Glance





# Sales Area Split – 9M 2020



## Supermarkets

77%

2,125

M  
MM  
MMM  
MiGROS<sub>jet</sub>

## Hypermarkets

17%

55

5M MiGROS

## Macrocenter

3%

60

macrocenter

## Wholesale

1%

21

MiGROS  
TOPTAN

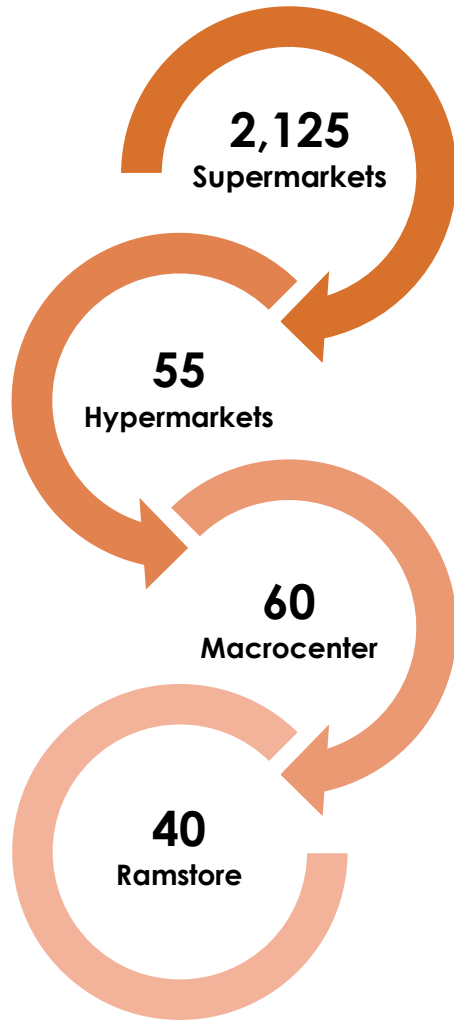
## Ramstore

2%

40

Ramstore

# Store Portfolio



	30 September 2019		30 September 2020	
	# of stores	Sales area (th sqm)	# of stores	Sales area (th sqm)
<b>Migros</b> (M, MM,MMM)	1,170	980.4	1,263	1,035.1
<b>Migros Jet</b>	818	165.7	862	178.0
<b>5M</b>	56	274.1	55	268.9
<b>Wholesale</b>	21	12.0	21	12.4
<b>Macrocenter</b>	56	39.5	60	41.6
<b>Domestic Total</b>	<b>2,121</b>	<b>1,471.7</b>	<b>2,261</b>	<b>1,536.0</b>
<b>Ramstores</b>	44	45.5	40	38.5
<b>Grand Total</b>	<b>2,165</b>	<b>1,517.1</b>	<b>2,301</b>	<b>1,574.4</b>

# Migros Better Future Plan



Combating climate change



Consistent and rapid flow of product data



Innovative implementations



Compliance with human rights and equal opportunities



Environmental impact assessments before new operations



Improving life cycle of products



Waste management and circular economy



Preventative solutions for pollution



Efficient use of resources



Value added activities to raise awareness



Conservation of biodiversity



Creating shared value with stakeholders



# Sustainability



## Carbon Footprint

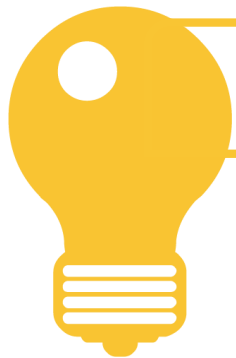
2019: 26.6%\* ↓  
(completed 2023 target)  
by 2024: 7% ↓

 CDP Score: A-  
DISCLOSURE. NAME. ACTION.



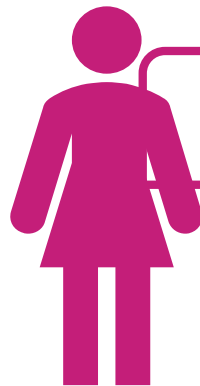
## Food Waste

2019: 17% ↓  
by 2030: 50% ↓



## Energy Consumption

2019: 16.3% ↓  
by 2024: 18.5% ↓



## Gender Equality

Current: 28%  
by 2024: 30%  
(executive +)


# Waste Management & Biodiversity Conservation

## Combating Food Waste



Day-end clearance on perishables:  
**4,956 tons of food** 




Food Donation:  
**4,029,533 meals** 



Fresh Leftovers Donation:  
**1,896 tons of food** 

## Combating Plastic Waste



Plastic bags: **74%** 



**405 tons less plastic**  
on PL products 

## Good Agricultural Practices



GAP certified F&V: **812,114 tons**



**100%** GAP certified poultry products  
**317 checkpoints**



# Appendix - II

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- Financials

# IFRS Consolidated Income Statement Summary – 9M 2020

(TL million)	9M 2020	9M 2019
<b>Net Sales</b>	<b>21,108</b>	<b>17,195</b>
Cost of sales	-15,585	-12,504
<b>Gross Profit</b>	<b>5,523</b>	<b>4,690</b>
Operating Expenses	-4,527	-3,635
Other Operating Income / (Expense)	-217	-358
<b>Operating Profit</b>	<b>779</b>	<b>697</b>
Income / (Expense) from Investment activities	43	15
<b>Operating Income Before Finance Income / (Expense)</b>	<b>822</b>	<b>711</b>
Financial Income / (Expense)	-1,022	-883
<b>Income/Loss Before Tax From Continuing Operations</b>	<b>-200</b>	<b>-171</b>
Tax Income / (Expenses)	-131	-8
Deferred Tax Income	49	-23
<b>Net Profit / Loss</b>	<b>-282</b>	<b>-202</b>
<i>Net Profit / Loss - Non-controlling interest</i>	0	0
<b><i>Net Profit / Loss - Equity holders of parent</i></b>	<b>-282</b>	<b>-202</b>
<b>EBITDA (with IFRS 16 impact)</b>	<b>1,703</b>	<b>1,774</b>
<b>EBITDA</b>	<b>1,154</b>	<b>1,214</b>
<b>EBITDAR</b>	<b>2,094</b>	<b>2,013</b>

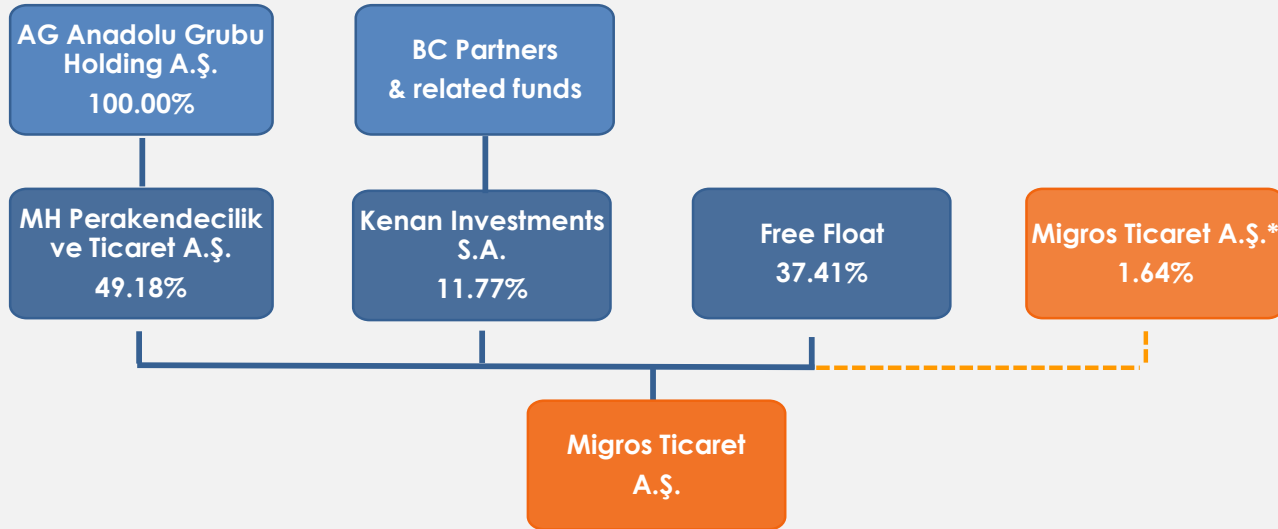
# IFRS Consolidated Balance Sheet Summary – 9M 2020

(TL million)	9M 2020	2019
Current Assets	6,752	5,277
Non-current Assets	8,385	9,184
<b>Total Assets</b>	<b>15,138</b>	<b>14,461</b>
Current Liabilities	9,402	7,544
Non-current Liabilities	5,637	6,594
<b>Total Liabilities</b>	<b>15,039</b>	<b>14,138</b>
<b>Equity</b>	<b>98</b>	<b>323</b>
<b>Total Liabilities and Equity</b>	<b>15,138</b>	<b>14,461</b>

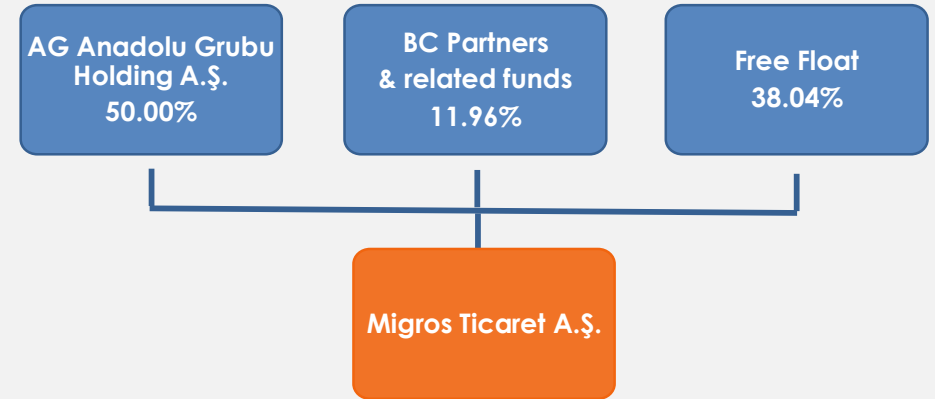


# Ownership Structure

## Direct Shareholding Structure



## Indirect Shareholding Structure



(\*): Migros purchased its own shares due to the merger in 2018 in accordance with relevant CMB legislation

Note: Anadolu Group maintains its 50% stake in Migros

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