

**Migros Ticaret A.Ş.**

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**MiGROS**

Q1 2011 Financial Results

May 13, 2011

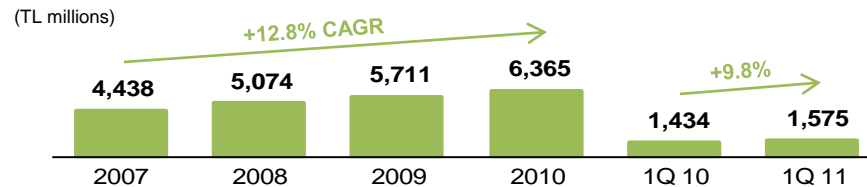
## CONTENT

- 1) **Financial Highlights**
- 2) **Expansion**
- 3) **Performance of Supermarkets and Hypermarkets**
- 4) **Performance of Discount Operations**
- 5) **Cost Management**
- 6) **Conclusions**

## Consolidated sales 9.8% higher in Q1 2011 vs. Q1 2010

- Performance of Supermarket and Hypermarket formats meets the expectations
- Şok lagging behind the other Group formats due to its repositioning into hard discount format
- Kazakhstan driving the 32% international sales growth. International operations generated TL 80.2m sales in 1Q11
- Azerbaijan operations sold to a Dubai based company on attractive valuation terms. The sale was due to limited expansion possibilities in the country

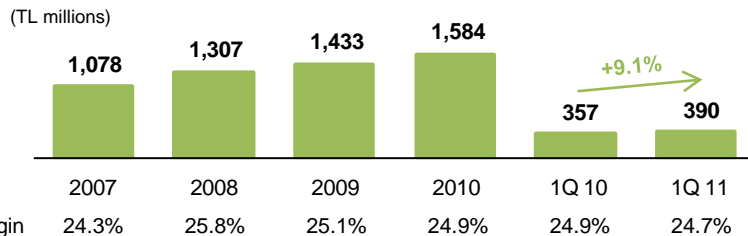
### Consolidated Sales



### Gross margin levels maintained

- Gross margin in 1Q11 (24.7%) in line with the margin realised in 1Q10 (24.9%) , which is best in class among its peers

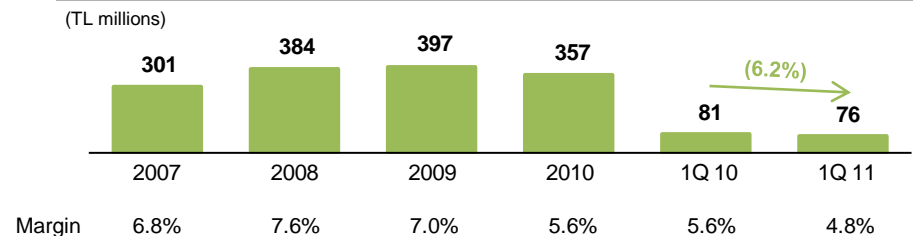
### Gross Profit



### Impact of Şok repositioning into Hard Discount

- Natural margin compression as a result of the on-track Şok repositioning

### EBITDA



## 2 Expansion

### Tansaş to Migros Planned Conversions are finalised in Q1 2011

- In 4Q10, 49 Tansaş stores and in 1Q11, 95 Tansaş stores were converted to Migros
- Tansaş now operating in 8 cities in the west coast of the country with 169 stores
- Tansaş conversion to contribute to the economies of scale of Migros stores

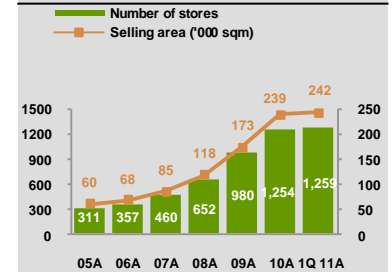
### Store Openings

- In 1Q11, total store openings amounted to a total of 32 Şok, 1 Tansaş, 2 Migros and 1 Hypermarket
- 30 Şok stores closed during the period due to their incompatibility with the hard discount concept

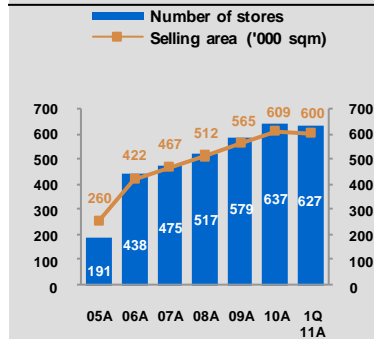
### International operations

- 3 Ramstores in Azerbaijan sold in March 2011
- No new openings in Kazakhstan and Macedonia

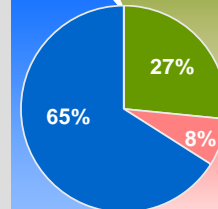
### Discounts (Turkey)



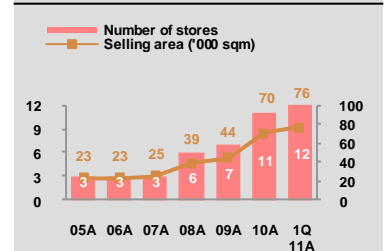
### Supermarkets (Turkey)\*



% of total selling area



### Hypermarkets (Turkey)



\* 2 Tansas stores are in conversion process as of 31.03.2011

## Performance of Supermarkets and Hypermarkets

### Close to double-digit top line growth

- Uplift in Supermarket and Hypermarket sales reflected in positive like-for-like sales growth owing to:
  - New pricing implemented in fresh categories
  - Improvement in the private label assortment with aggressive pricing

### Solid gross profit and margins

- Historical gross margins are maintained despite:
  - Aggressive pricing in fresh categories
  - Reduced private label pricing

### Strong EBITDA generation

- Positive operating leverage from the conversion of Tansaş to Migros
- Scale advantage and improved supply chain
- Cost saving initiatives
- Strong financial discipline

## Structural Changes in Şok

### Expansion to achieve economies of scale on track

- In the last two years, nearly doubled the number of stores, reaching 1,259 by the end of 1Q11
  - Net opening of 607 new Şok stores
- In 1Q2011, 32 new stores were opened and 30 stores were closed due to their incompatibility with the new discount concept

### Product assortment scaled down

- Targeting 900 SKUs by the end of 2Q11, scaled down from 2,000 SKUs in 2009

### Store layout and shelves are simplified

- Store layout, shelves and products display are being modified to facilitate access by both customers and by store employees for ease of re-fill.
- Target completion of the store conversion is 3Q11

### Outcome of the on-going transformation

- As a result of the on-going transformation program, Şok implemented an aggressive pricing mainly through increase in private labels
- At this stage of the transformation decline in gross margin of Şok due to new pricing strategy
  - The basket size declined versus last year due to new product mix and new pricing strategy
- After the completion of transformation targeted within 3Q11, traffic and basket size are expected to increase steadily from 4Q11
  - Better pricing
  - Improved store layout
  - Increased support behind consumer communication

### Improvement in cost base through efficiencies

- Cost increases are contained, through cost saving initiatives, efficient supply chain and in-store improvements
  - Nominal increase in electricity costs is kept at 5%, lower than physical growth
  - Head Office staff costs are 1% lower versus last year through internal synergies.

### Increase in the TL value of forex liabilities due to TL depreciation

- Turkish lira lost 6.5% versus EUR by the end of March 2011 since the beginning of the year resulting in net foreign exchange non-cash loss of approximately 131m TL

**Expansion plan progressing as planned**



**Tansaş format conversions to Migros completed**



**Supermarket and Hypermarket performance meets the expectations**



**Cost cutting initiatives on G&A accomplished**



**Şok restructuring progressing as planned and better store contribution targeted**

