

# Migros Ticaret A.Ş.

**MiGROS**

## 9M 2013 Financial Results

November 2013



Ortakoy Store, new Migros concept

# Disclaimer Statement

Migros Ticaret A.Ş. (the “Company”) has prepared this presentation for the sole purpose of providing information about its business, operations and financial results.

The information in this presentation is subject to updating, revision and amendment. The information in this presentation, which includes certain information drawn from external sources, does not purport to be comprehensive and has not been independently verified. No reliance may be placed for any purpose whatsoever on the information contained in this presentation or any assumptions made as to its completeness. No representation or warranty, express or implied, is given by the Company, any of its subsidiaries or any of its advisers, officers, employees or agents, as to the accuracy, reliability or completeness of the information or opinions contained in this presentation or in any revision of the presentation or of any other written or oral information made or to be made available to any interested party or its advisers. Save in the case of fraud, no responsibility or liability is accepted (and all such liability is hereby excluded for any such information or opinions). No liability is accepted by any of them for any such information or opinions (which should not be relied upon) and no responsibility is accepted for any errors, misstatements in or omissions from this presentation or for any loss howsoever arising, directly or indirectly, from any use of this presentation or its contents. The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

To the extent available, the industry, market and competitive position data contained in this presentation come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in this presentation come from the Company’s own internal research and estimates based on the knowledge and experience of the Company’s management in the markets in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this presentation.

This document is not intended for potential investors and does not constitute a financial promotion or other invitation or inducement to engage in investment activity. In particular, this document does not constitute or form part of any offer to sell or issue or invitation to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for, any securities of the Company, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. The information, statements and opinions contained in this document do not constitute any advice or recommendation regarding the securities of the Company or other financial instruments. The content of this presentation has not been approved by an authorized person within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom.

In the United Kingdom, this presentation is only being distributed to persons who are reasonably believed to be persons who fall within Articles 19 (Investment professionals) or 49 (High net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or to other persons to whom this presentation may otherwise be lawfully distributed. This presentation is being distributed outside the United Kingdom only to persons to whom this presentation may lawfully be distributed pursuant to any applicable legal requirements. Persons to whom this presentation may not lawfully be distributed should return this presentation immediately to the Company and in any event, must not act or rely upon the information contained in this presentation. By reading this presentation or attending or listening to any relevant meeting, conference call or podcast organized by the Company, each person is deemed to confirm, warrant and represent that they are persons to whom this presentation may lawfully be distributed.

This presentation contains “forward looking statements” which may relate to, without limitation, the Company’s plans, objectives, goals, strategies, future operational performance, and anticipated developments in the Turkish retail market and the Turkish economy. These forward looking statements are characterized by words such as “anticipate”, “estimate”, “believe”, “intend”, “plan”, “predict”, “may”, “will”, “would”, “should”, “continue”, “expect” and similar expressions, but these expressions are not the exclusive means of identifying such statements. Such forward looking statements involve risks, uncertainties and other important factors that could cause circumstances or the Company’s actual results, performance or achievements to be materially different from any future circumstances, results, performance or achievements expressed or implied by such statements. Relevant risks and uncertainties include, among others, economic slowdown, sector consolidation, consumer demand, competitive pricing and activities. There can be no assurance that actual results will not differ materially from expectations, and, therefore, readers are cautioned not to place undue reliance on such statements. Any forward-looking statement in this presentation speaks only as of the date on which it is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. Further details of the principal risks and uncertainties affecting the Company are provided in the Company’s filings with the Istanbul Stock Exchange, including the Company’s most recent annual report.

By reading this presentation or attending or listening to any relevant meeting, conference call or podcast organized by the Company you agree to be bound by the above provisions.

# CONTENTS

Sales

Expansion

Operations  
Overview

Financial  
Overview

Key Financial  
Metrics

Guidance

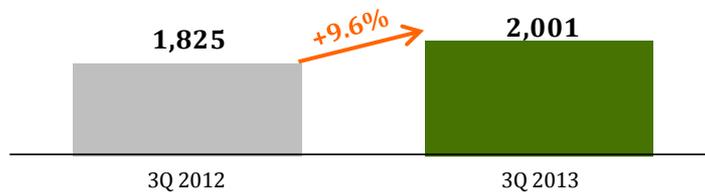
Appendix



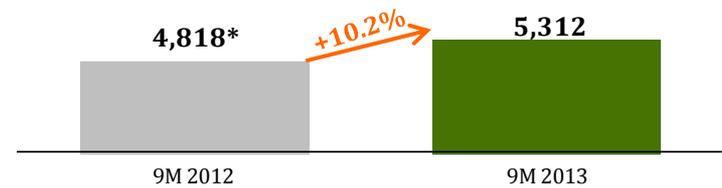
## Sales in 9M 2013

- Consolidated sales in 9M 2013 reached **TL 5,312 million** corresponding to a calendar adjusted yearly growth rate of **10.2%\***.
- The Company continued to gain market share also in the third quarter of 2013.

Quarterly Sales (TL million)



Sales (TL million)



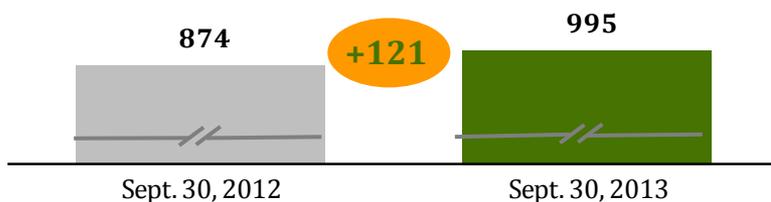
(\*): Net sales in 9M 2012 are adjusted by equalizing calendar days in both quarters (1 additional day in 9M 2012)

Before adjustment, net sales in 9M 2013 grew by **9.9%** versus last year.

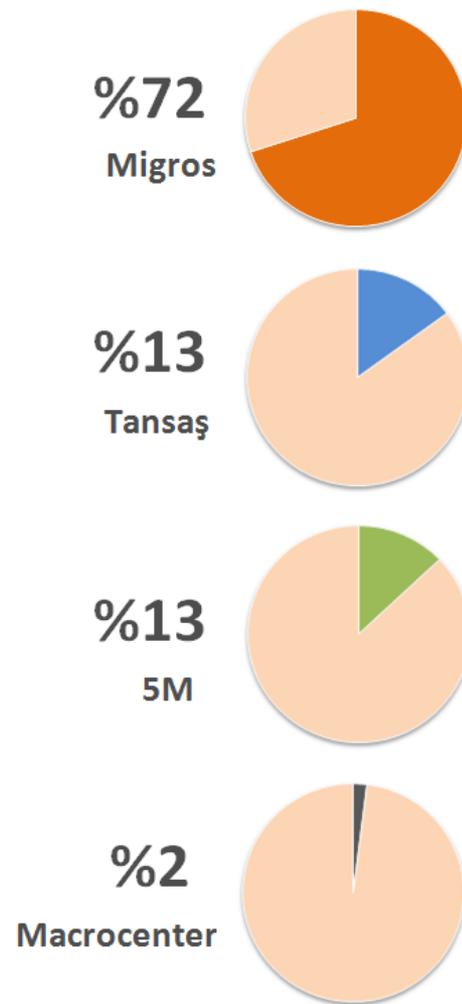
## Expansion: Accelerated Store Openings

- **30** new store openings in 3Q2013
- **142** new stores, including **135** supermarkets, **2** hypermarkets and **5** Ramstores (**4** in Macedonia and **1** in Kazakhstan) have been added to the store network in the first 9 months of 2013.
- Number of stores reached **995** including operations abroad as of September 30, 2013.

Number of Stores - Total



Domestic Sales Area Split by Format - 9M 2013



# Operations Overview / Key Highlights

## Core Business: Mid/Large Supermarkets

- New Migros concept has already been implemented **15** mid/large stores. **5** stores will be renovated by the end of 2013.
- Fresh categories as the central area of customer focus in the store attended by trained and knowledgeable personnel
- Reconfigured merchandising & assortment on selected non-food categories.



Store size between 600 and 3,000 sqm

MIGROS

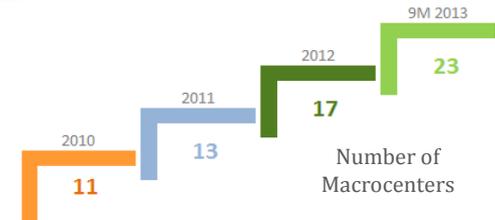


## Supermarket: Well positioned in accelerating trading up

- Strong growth on promising format
- Accelerated store openings with **6** new stores.



macrocenter

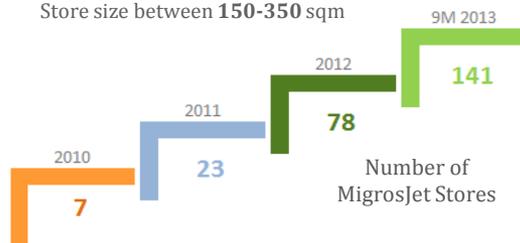


## Further Concentration on Proximity: Migrosjet

- Year-end target number of Migrosjet stores of **125**, has been already exceeded
- Consistent Every Day Low Pricing on commodity product lines improving the traffic.



Store size between 150-350 sqm



MIGROSjet

## Supply Chain Efficiencies

- Significant improvement on replenishment systems
- Automation in distribution centers improved.
- Stronger supplier collaboration

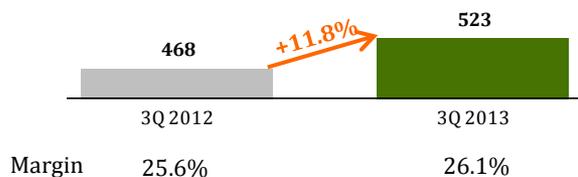


# Financial Overview in 3Q 2013

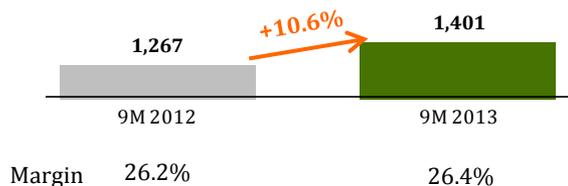
## Solid Gross Profit Generation

- In 3Q 2013, Gross profit increased by **11.8%** y-o-y to **TL 523 million**. Gross margin improved throughout 2013.

### Quarterly Gross Profit (TL million)



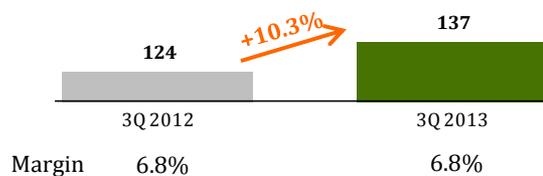
### Gross Profit (TL million)



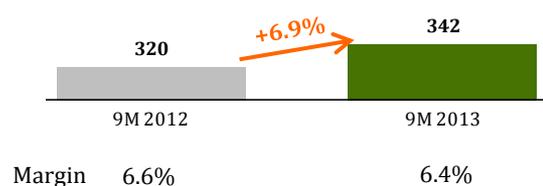
## Solid EBITDA Generation

- In 3Q 2013, EBITDA rose by **10.3%** y-o-y to **TL 137 million** and the Company delivered **6.8%** EBITDA margin.
- In 3Q 2013, EBITDAR rose by **11.3%** y-o-y to **TL 227 million** and the Company delivered **11.4%** EBITDAR margin.

### Quarterly EBITDA\* (TL million)



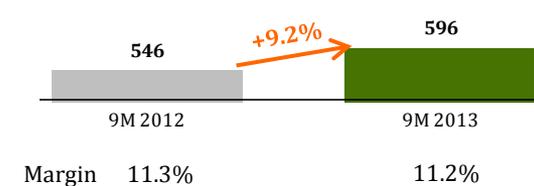
### EBITDA\* (TL million)



### Quarterly EBITDAR\* (TL million)

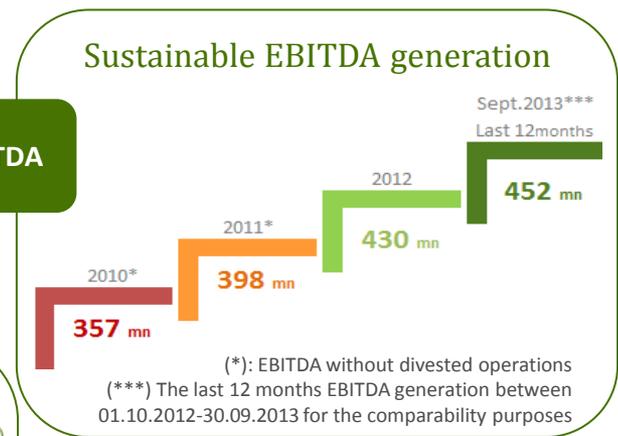


### EBITDAR\* (TL million)

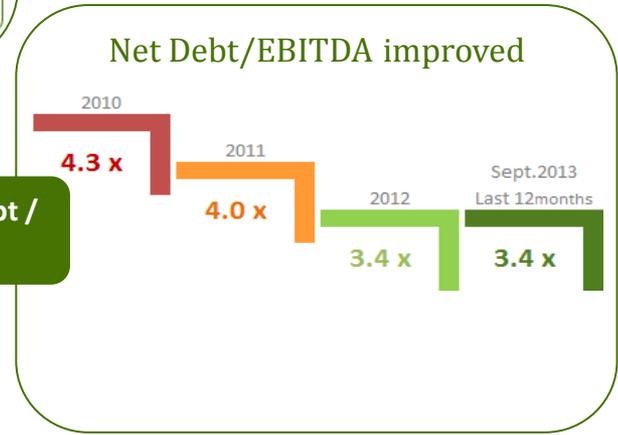
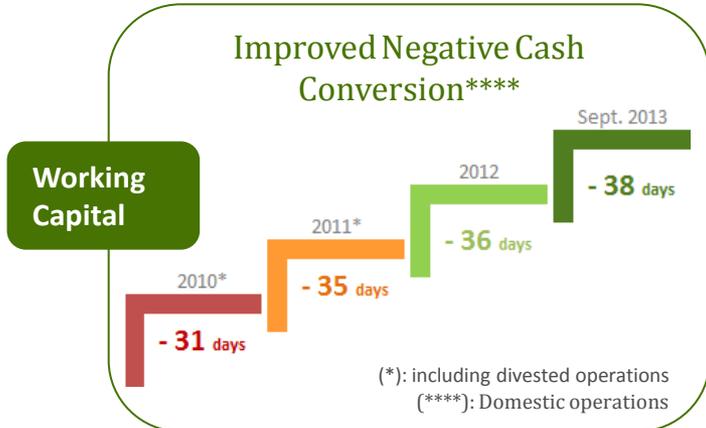


\*EBITDA(R) = Operating Profit + Amortization + Employee Termination Benefits + Unused Vacation Provision - Other Income + Other Expenses + (Rent Expenses)

# Key Financial Metrics



- ### Strategy Pillars
- Sustainable Growth
  - Operational Profitability
  - Cash Generation
  - Market Share Gain



## Guidance 2013 and Medium Term

- **Sales growth** : Double digit sales growth
- **Gross profit** : Full year gross margin range **25.5% – 26.0%**
- **EBITDA margin** : Full year EBITDA margin range **6.0% – 6.5%**
- **Expansion target** : **120-150** new supermarkets and **2-3** hypermarkets per year



# Appendix

---

## SUMMARY OF INCOME STATEMENT – 9M 2013

### IFRS Consolidated Income Statement Summary

(TL Million)	9M 2013	9M 2012
<b>Net Sales</b>	<b>5,311.9</b>	<b>4,832.7</b>
Cost of sales	-3,911.3	-3,566.1
<b>Gross Profit</b>	<b>1,400.6</b>	<b>1,266.5</b>
Operating Expenses	-1,191.9	-1,060.4
Other Operating Income / (Expense)	-37.8	-60.4
<b>Operating Profit</b>	<b>170.9</b>	<b>145.6</b>
Income / (Expense) from Investment activities	-4.8	-2.3
<b>Operating Income Before Finance Income / (Expense)</b>	<b>166.2</b>	<b>143.3</b>
Financial Income / (Expense)	-421.6	-4.0
<b>Income/Loss Before Tax From Continuing Operations</b>	<b>-255.4</b>	<b>139.3</b>
Tax Income / (Expenses)	-48.8	-23.7
Deferred Tax Income	-2.3	1.5
<b>Net Profit / Loss</b>	<b>-306.5</b>	<b>117.1</b>
<b>EBITDA</b>	<b>342.1</b>	<b>319.9</b>
<b>EBITDAR</b>	<b>596.1</b>	<b>546.1</b>

## SUMMARY OF BALANCE SHEET – 9M 2013

### IFRS Consolidated Balance Sheet Summary

(TL Million)	9M 2013	2012
Current Assets	2,156.2	1,908.6
Non-current Assets	3,777.0	3,715.8
<b>Total Assets</b>	<b>5,933.2</b>	<b>5,624.3</b>
Current Liabilities	2,288.5	1,875.1
Non-current Liabilities	2,669.3	2,487.1
<b>Total Liabilities</b>	<b>4,957.7</b>	<b>4,362.3</b>
<b>Equity</b>	<b>975.5</b>	<b>1,262.1</b>
<b>Total Liabilities and Equity</b>	<b>5,933.2</b>	<b>5,624.3</b>