Migros Ticaret A.Ş.

2013 Financial Results

Ortakoy Store, new Migros concept

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- Market Evolution
- Expansion
- Operations Overview
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- Key Financial Metrics
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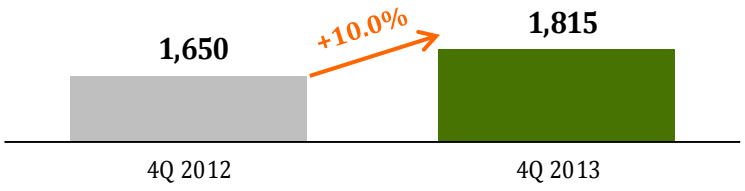
Ortakoy Migros Store, new concept

Kanyon Macrocenter

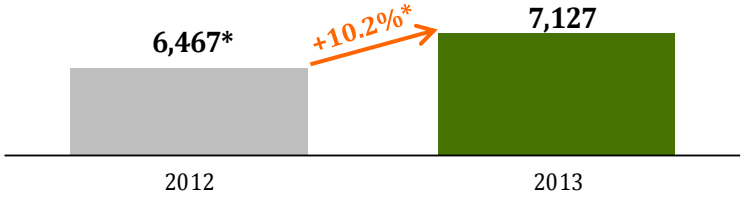
Sales in 2013

- Consolidated sales reached **TL 7,127 million** in 2013 corresponding to a calendar adjusted yearly growth rate of **10.2%***.
- The Company continued to gain market share in 2013.

Quarterly Sales (TL million)



Sales (TL million)



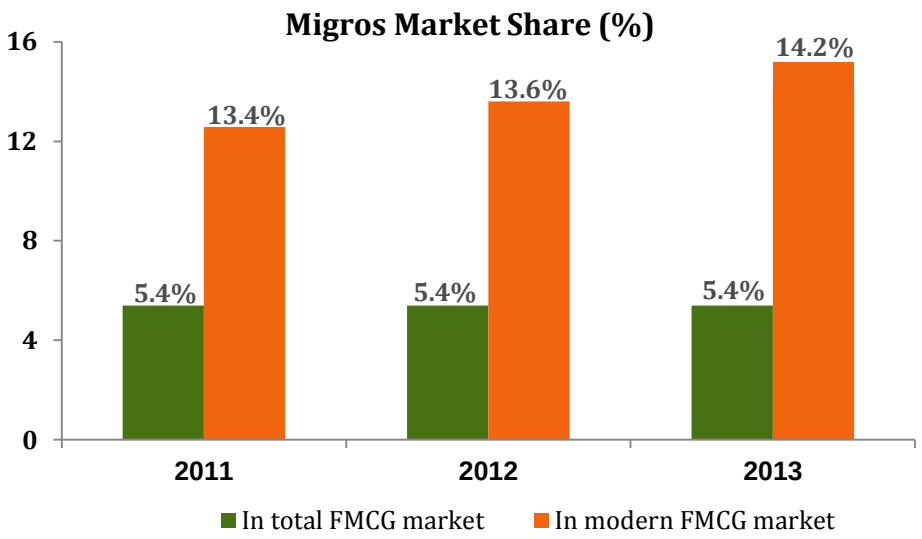
(*): Net sales in 2012 are adjusted by equalizing calendar days in both years (1 additional day in 2012)

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

Undisputed leadership position in the supermarket format

Leading market share in FMCG

- Migros gained **60** bps market share, now accounting **14.2%** of FMCG sales in the organized sector in Turkey



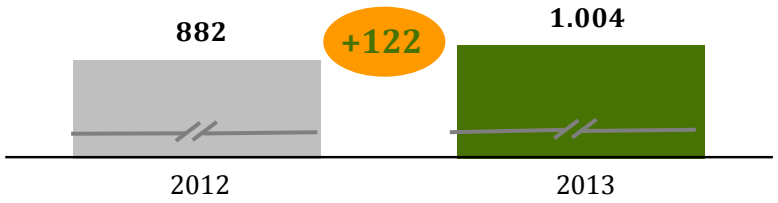
Source: Nielsen

Note: FMCG stands for fast moving consumer goods

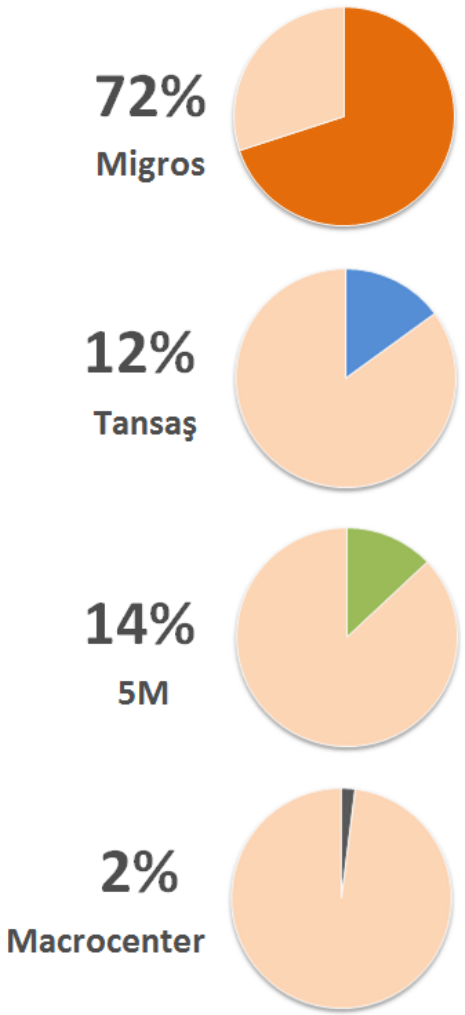
Expansion

- **165** new stores, including **154** supermarkets, **3** hypermarkets and **8** Ramstores (**7** in Macedonia and **1** in Kazakhstan) have been added to the store network in 2013 (**166** new stores in 2012)
- **23** new store openings in 4Q2013
- Total number of stores reached **1.004**

Number of Stores - Total



Domestic Sales Area Split by Format –2013



Operations Overview / Key Highlights

Core Business: Mid/Large Supermarkets

- New Migros concept has already been implemented in **20** mid/large stores in 2013.
- Fresh categories as the central area of customer focus in the stores attended by trained and knowledgeable personnel
- Reconfigured merchandising & assortment on selected non-food categories.

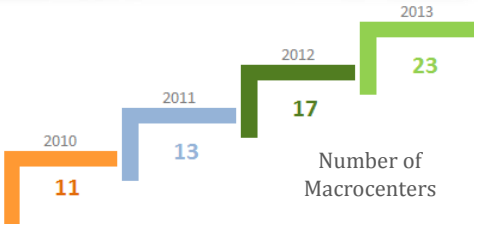
Store size between 600 and 3,000 sqm

MİGROS MM MMM Tansaş midi maxi

Supermarket: Well positioned in accelerating trading up

- Strong growth with future potential
- Accelerated store openings with **6** new stores.
- Expanding in popular places such as Bodrum, Çeşme, Ankara and Antalya along with İstanbul.

macrocenter



Number of Macrocenters

5M Compact Hypermarkets

- Efficient use of store space (6 hypermarkets' space rationalization completed)
- Restructured product portfolio
- Strong fresh focus in the stores

Store size between 4,000 and 7,000 sqm

Miget: Biggest Meat Plant in Turkey

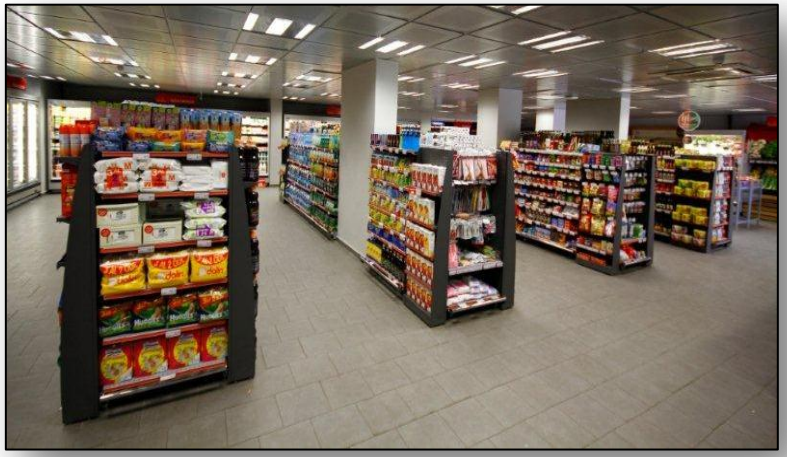
- The highest meat production capacity in Turkey
- **12,000** sqm indoor space and **50,000** tons of meat processing capacity
- New product lines for self-service fresh meat are recently added.

Migros Jet Proximity Stores

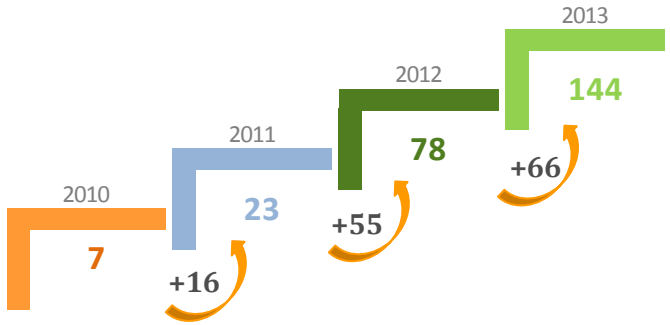
Strong growth potential

- Store size between 100-300 sqm
- Year-end target is exceeded by 19 stores, reaching **144** as of 2013.
- Easy to penetrate in big cities deeply and an opportunity to enter untapped towns. Already reached 21 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: 21 cities



Number of Migros Jet Stores



Digital, Online & Mobile

Online business

- Turkey's first and leading e-commerce web site in food retail since **1997**
- **100** locations in **16** cities with **158** dedicated vans
- Over **250,000** unique/loyal customers
- **5** times larger basket size compared to physical stores
- **22%** of customers already shopping mobile

Mobile retail management

- All stores and all DCs are integrated to mobile reporting.
- In store, managerial time spent with customers improved significantly
- Store managers can have access to their customers shopping profiles online
- **8.4** million Money Club Card holders' behavior are now monitored by the store manager of their most preferred store

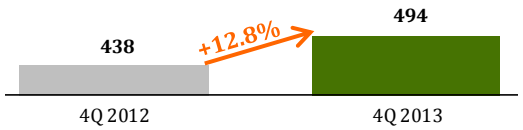
Distribution Center MiO

Financial Overview in 2013

Solid Gross Profit Generation

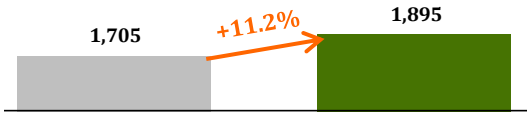
- Gross profit increased by **12.8%** y-o-y to **TL 494 million** with a margin of **27.2%** in 4Q 2013.

Quarterly Gross Profit (TL million)



	4Q 2012	4Q 2013
Margin	26.6%	27.2%

Gross Profit (TL million)

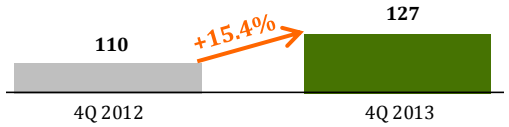


	2012	2013
Margin	26.3%	26.6%

Solid EBITDA Generation

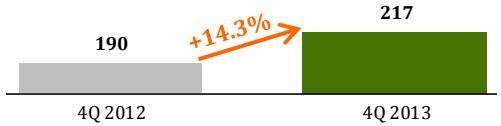
- In 4Q 2013, EBITDA rose by **15.4%** y-o-y to **TL 127 million** and the Company delivered **7.0%** EBITDA margin.
- In 4Q 2013, EBITDAR rose by **14.3%** y-o-y to **TL 217 million** and the Company delivered **11.9%** EBITDAR margin.

Quarterly EBITDA* (TL million)



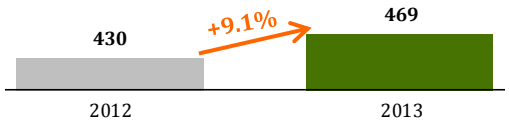
	4Q 2012	4Q 2013
Margin	6.7%	7.0%

Quarterly EBITDAR* (TL million)



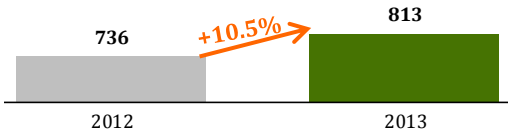
	4Q 2012	4Q 2013
Margin	11.5%	11.9%

EBITDA* (TL million)



	2012	2013
Margin	6.6%	6.6%

EBITDAR* (TL million)



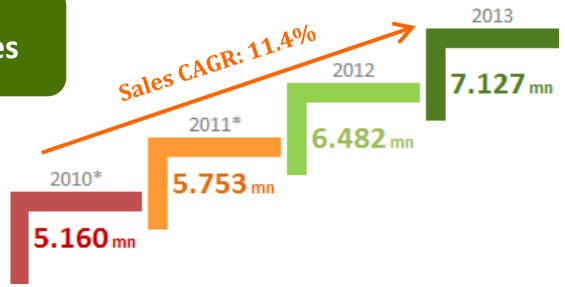
	2012	2013
Margin	11.3%	11.4%

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

Key Financial Metrics

Sales

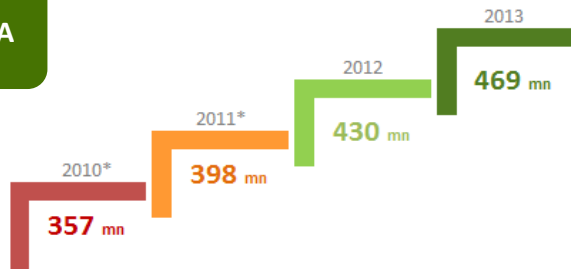
Sustainable Sales Growth



(*): Sales without divested operations

EBITDA

Sustainable EBITDA generation



(*): EBITDA without divested operations

Strategy Pillars

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

Working Capital

Improved Negative Cash Conversion****

(*): including divested operations
(****): Domestic operations

Net Debt / EBITDA

Net Debt/EBITDA

Performance Summary 2013

Migros sustained double digit operationally profitable top-line growth thanks to the effectiveness of its strategies in the last three years.

Performance Indicator	2012A	Target	2013A	Performance vs Guidance
Expansion Program (Number of NEW Stores)	**166**	100-150	**165**	✓
Top-Line Sales Growth	**12.7%**	Double Digit	**10.2%***	✓
Gross Margin	**26.3%**	25.5-26.0%	**26.6%**	✓
EBITDA Margin	**6.6%**	6.0-6.5%	**6.6%**	✓

(*): Net sales in 2012 are adjusted by equalizing calendar days in both years (1 additional day in 2012)

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

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

- Financials

- Operations

SUMMARY OF INCOME STATEMENT – 2013

IFRS Consolidated Income Statement Summary

(TL Million)	2013	2012
Net Sales	7,126.9	6,482.4
Cost of sales	-5,232.2	-4,777.8
Gross Profit	**1,894.7**	**1,704.6**
Operating Expenses	-1,603.3	-1,435.0
Other Operating Income / (Expense)	-55.4	-72.1
Operating Profit	**236.0**	**197.6**
Income / (Expense) from Investment activities	-5.8	-3.1
Operating Income Before Finance Income / (Expense)	**230.3**	**194.4**
Financial Income / (Expense)	-615.0	-65.5
Income/Loss Before Tax From Continuing Operations	**-384.7**	**128.9**
Tax Income / (Expenses)	-70.9	-36.5
Deferred Tax Income	-7.5	-4.3
Net Profit / Loss	**-463.1**	**88.1**

EBITDA	*469.3*	*430.1*
EBITDAR	*812.9*	*735.7*

SUMMARY OF BALANCE SHEET – 2013

IFRS Consolidated Balance Sheet Summary

(TL Million)	2013	2012
Current Assets	1,980.7	1,908.6
Non-current Assets	3,815.9	3,715.8
Total Assets	**5,796.6**	**5,624.3**
Current Liabilities	2,360.7	1,875.1
Non-current Liabilities	2,605.7	2,487.1
Total Liabilities	**4,966.4**	**4,362.3**
Equity	**830.2**	**1,262.1**
Total Liabilities and Equity	**5,796.6**	**5,624.3**

Migros Supermarkets

MİGROS

Home of Pleasant Shopping

- Number of stores: 722*
  - 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: 67 cities

(*): including Migros Jet stores

Tansaş Supermarkets

MİGROS

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

macro center

Gourmet shopping and exclusive

- Number of stores: 23
- 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

5M Hypermarkets

Low prices and wide assortment

- 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

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: 25, including 4 hypermarkets, 21 supermarkets. Owns 1 shopping mall in Almaty
- Total sales area of 49,841 sqm
  - Present in Almaty, Astana, Shimkent, Karaganda, Uralsk, Aktau and Atrau
- Operates in multi-formats since 1999
- Food retail market leader in Kazakhstan

Macedonia

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