Migros Ticaret A.Ş.

2020 1Q Financial Results

MiGROS

Contents

- Covid-19 Impact
- Sales
- Market Share Evolution
- Expansion
- Financial Overview
- Management Overview
- Financial Results

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Covid-19 Measures

1.5 meters
Social distancing

Encouraging the use of **contactless cards**

Sanitizer dispensers
in the store entrance – checkouts & online distribution vehicles

All employees strictly enforcing **hygiene routines**

Limitation on # of customers
(1 person / 10 m²)

Sanitization of working areas 5 times a day

- Shopping carts
- Shopping baskets
- POS terminals
- Checkouts

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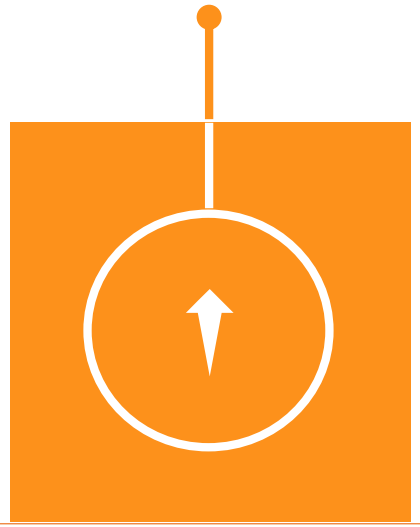
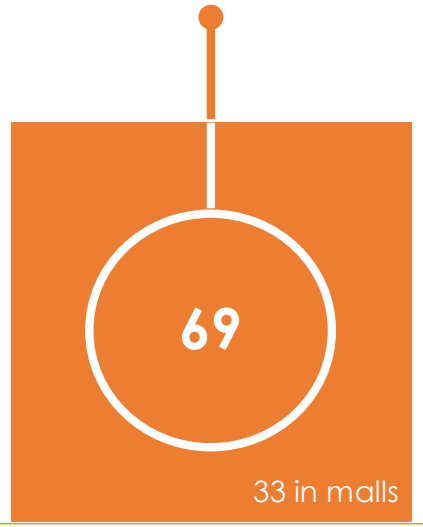
Covid-19 Impacts on Physical Stores

Basket Size



Temporarily Closed Stores



Customer Traffic

Shift Optimization

Service Hours Limitations

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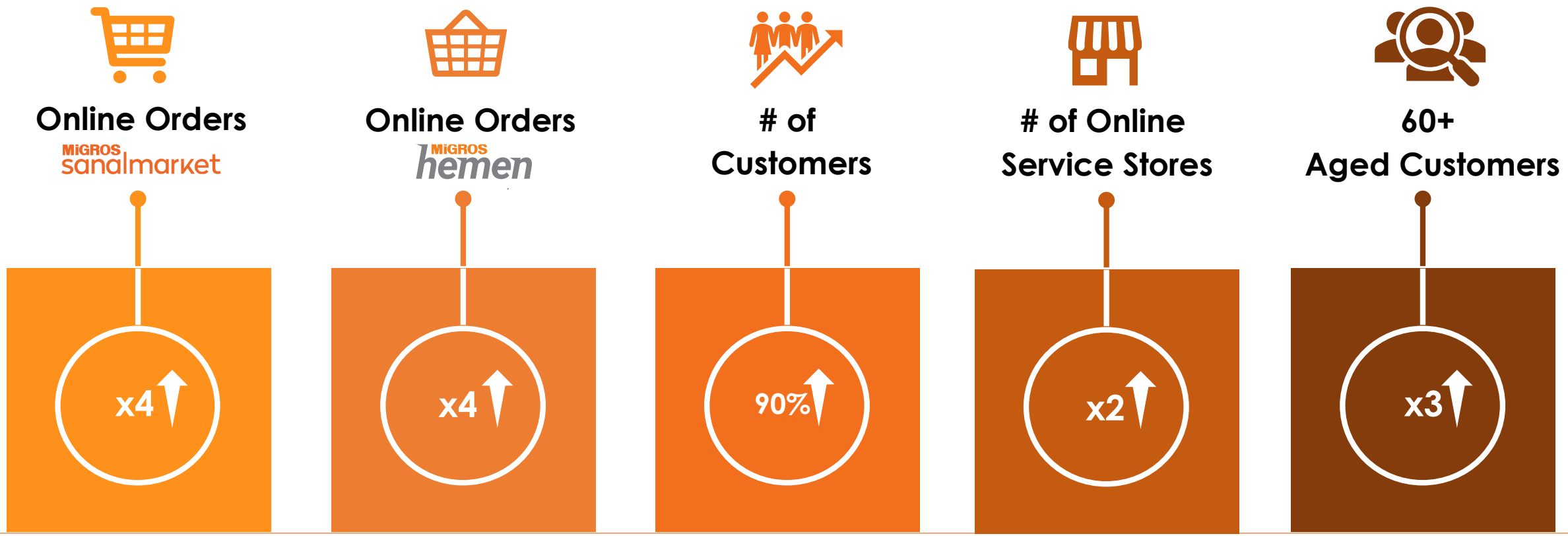
Online Business After Covid-19



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Online Business After Covid-19

Personnel

- **+4,000** employees
- Call center agents **x4** ↑
- Picking automation

Expansion

Apr '20 vs Dec '19

- **76** cities from 58 ↑
- **408** stores from 193 ↑
- Darkstore expansion: **10** *from 2*
- Micro fullfilment: **17** (mini-darkstore) *from 3*

Channel Diversification

- Relaunching Click & Collect
- Phone ordering
- Chat-bot ordering

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Online Service Channels

MİGROS sanalmarket

76 cities

+30,000 SKU

292 districts

%53 Same day delivery

MİGROS hemen

Hemen kapında.

4 cities

+2,000 SKU

52 districts

Delivery within 30 mins

macro online

7 cities

+13,000 SKU

55 districts

Taze Direkt .com

Istanbul

Direct from farm to consumers

trendyol .com

81 cities

+2,300 SKU

Available for courier

FMCG Focus

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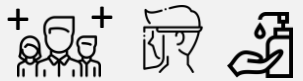
Covid-19 Impact on Business & Financials

Improvements

- Sales Turnover ↑
  - Home consumption
  - Consumers stocking up
- Inventory turnover ↑
- Cash flow generation ↑

Challenges

- Foreign exchange losses ↑
- Covid-19 costs ↑ 
- Support to small enterprises

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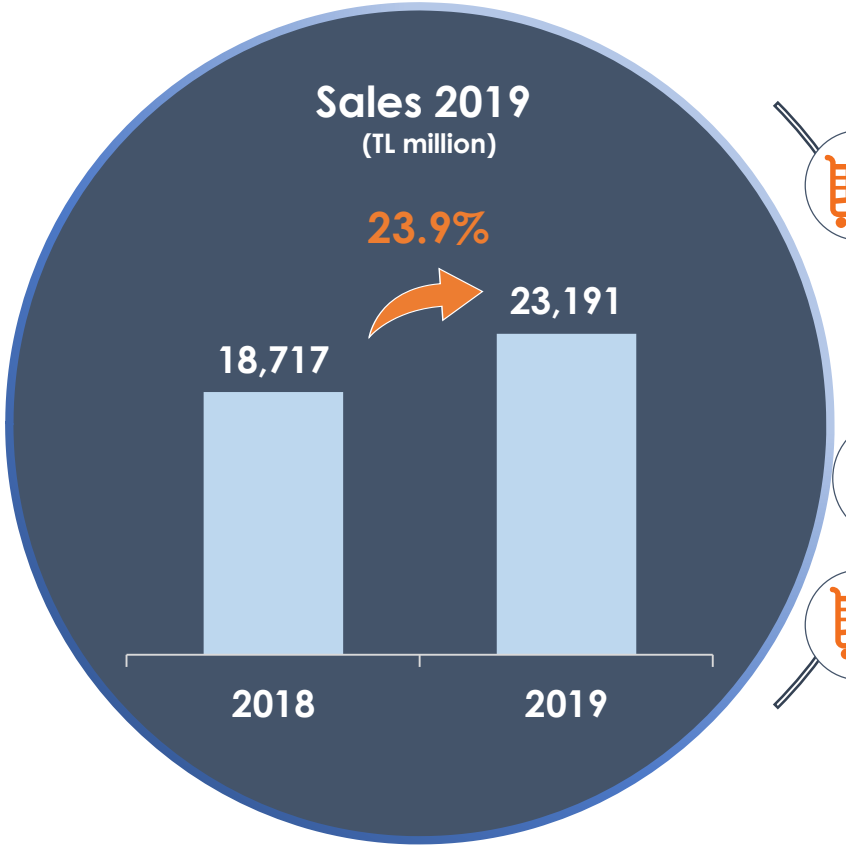
Sales – 1Q 2020



Strong growth;

- Online business
- Basic food categories
- Cleaning products
- F&V, meat, delicatessen

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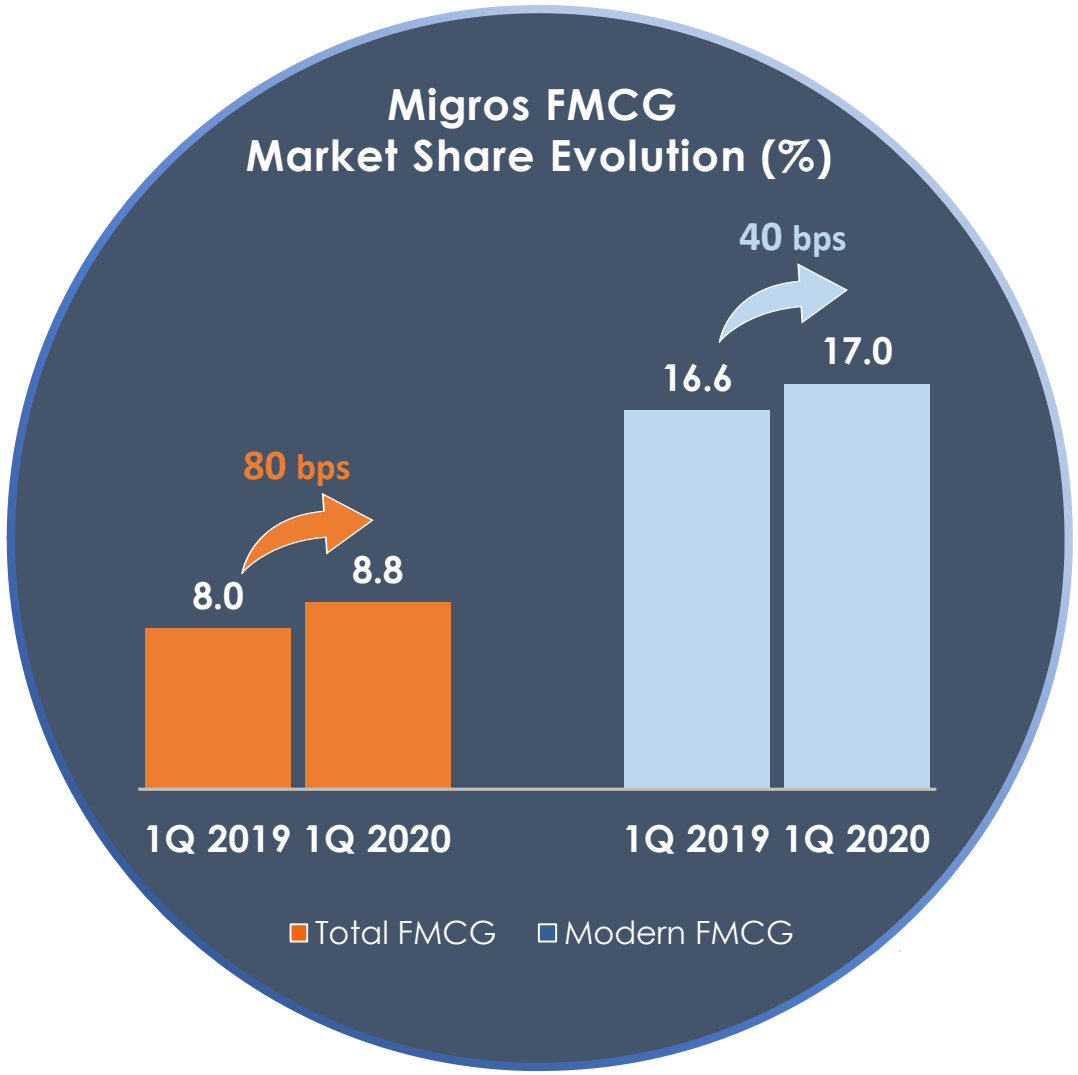
Market Share Evolution



Source: Nielsen
Note: FMCG: Fast Moving Consumer Goods, Modern and total FMCG market include all food-retail formats

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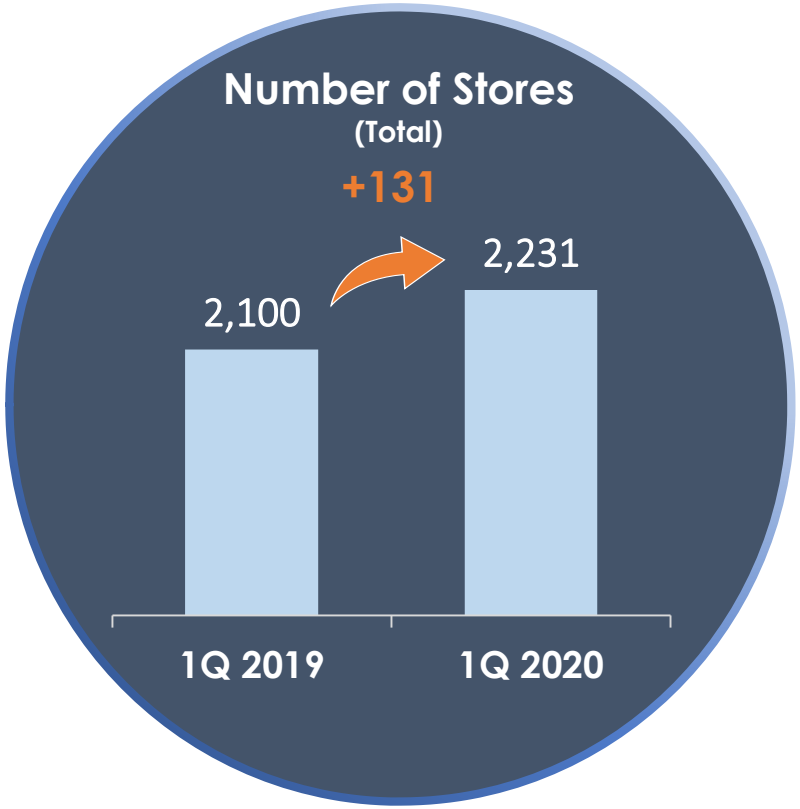
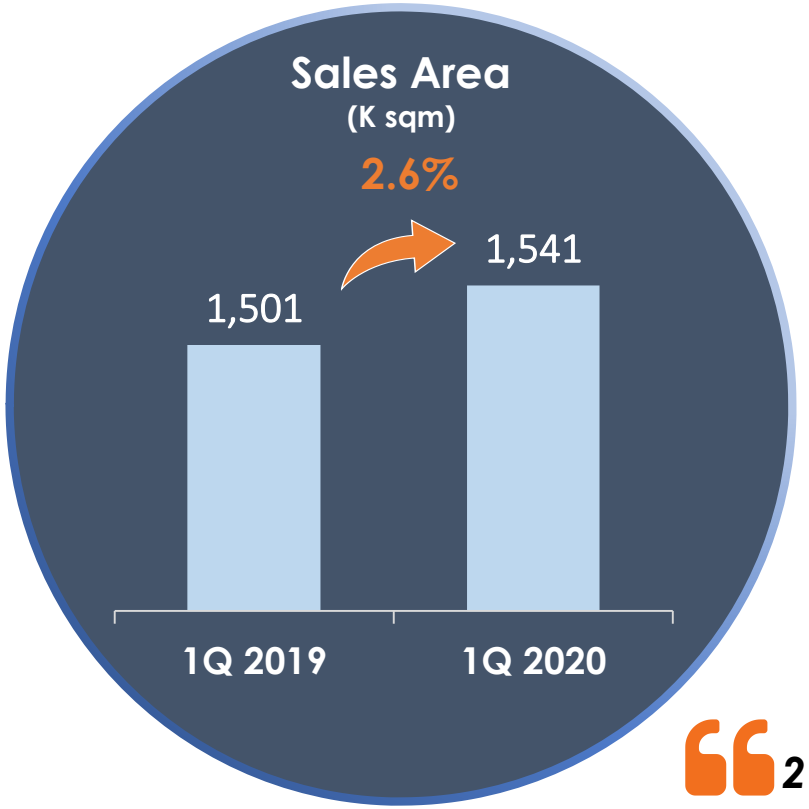
Expansion





62 new stores in 4M'20

215 new online service stores in 4M'20

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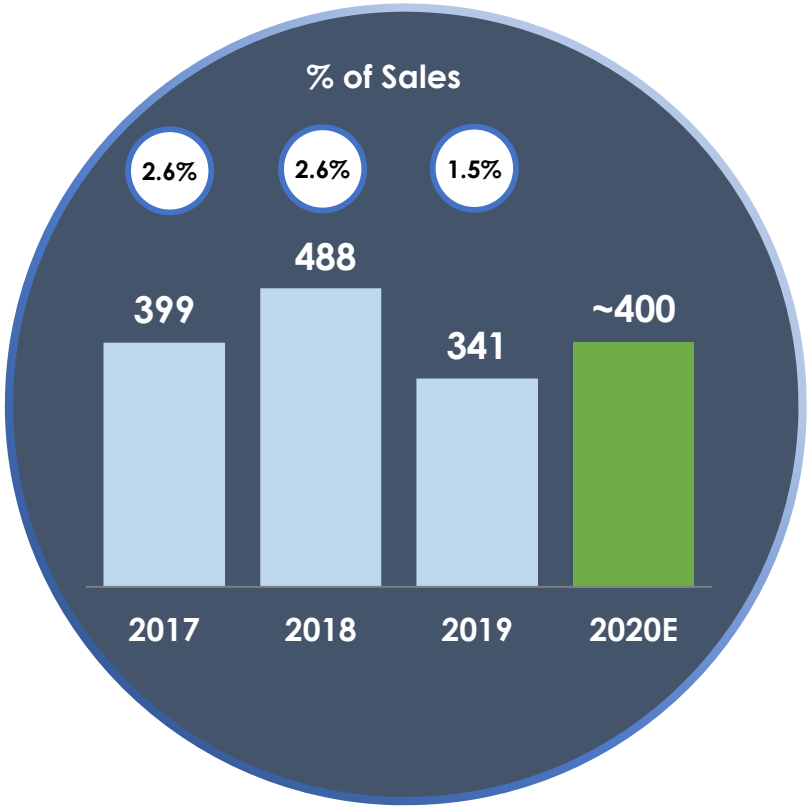
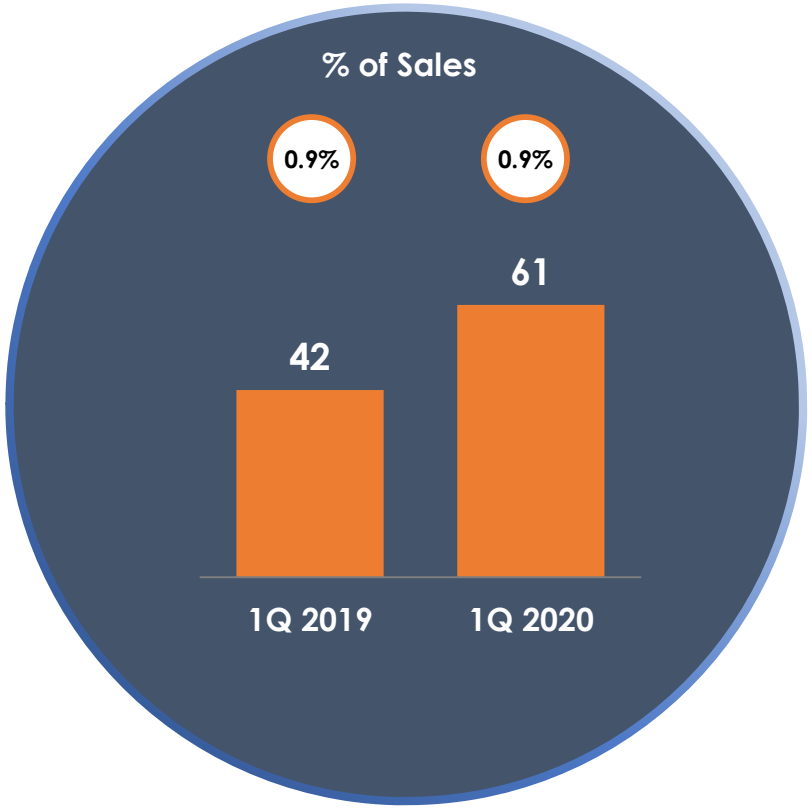
CAPEX (TL million)





Expansion continues despite pandemic conditions

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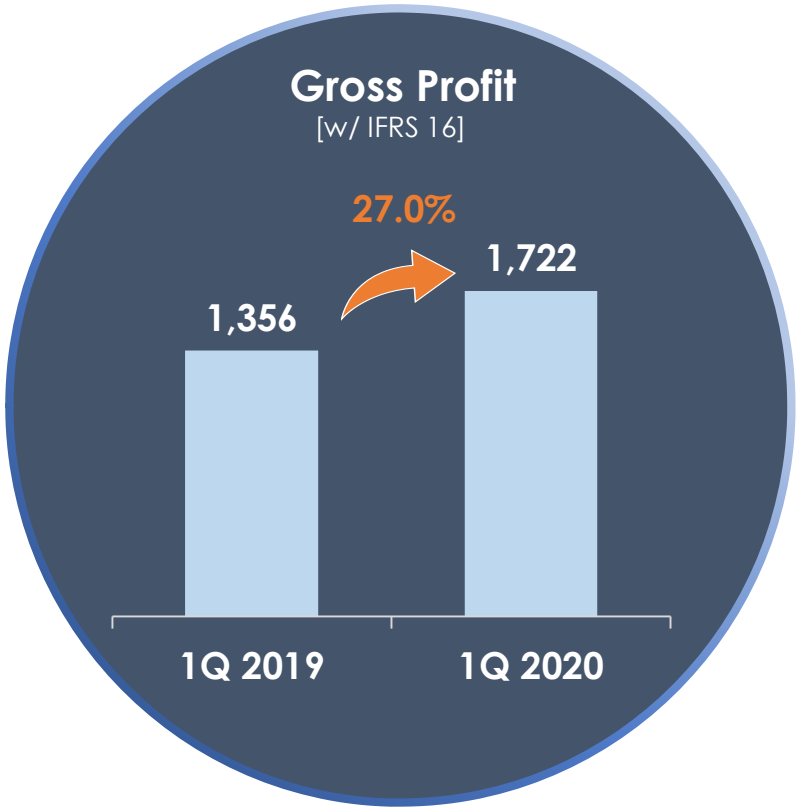
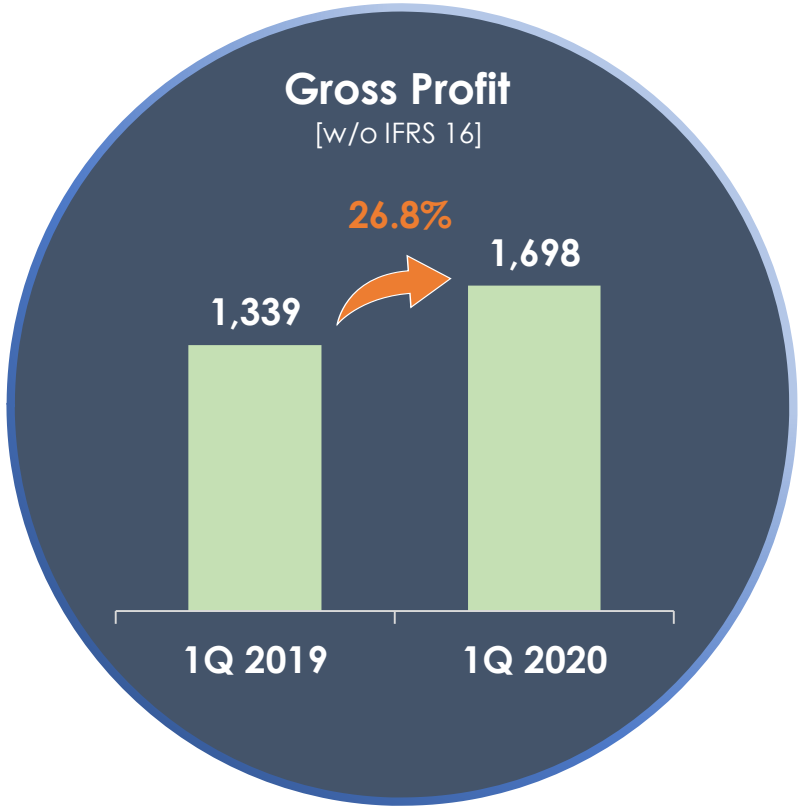
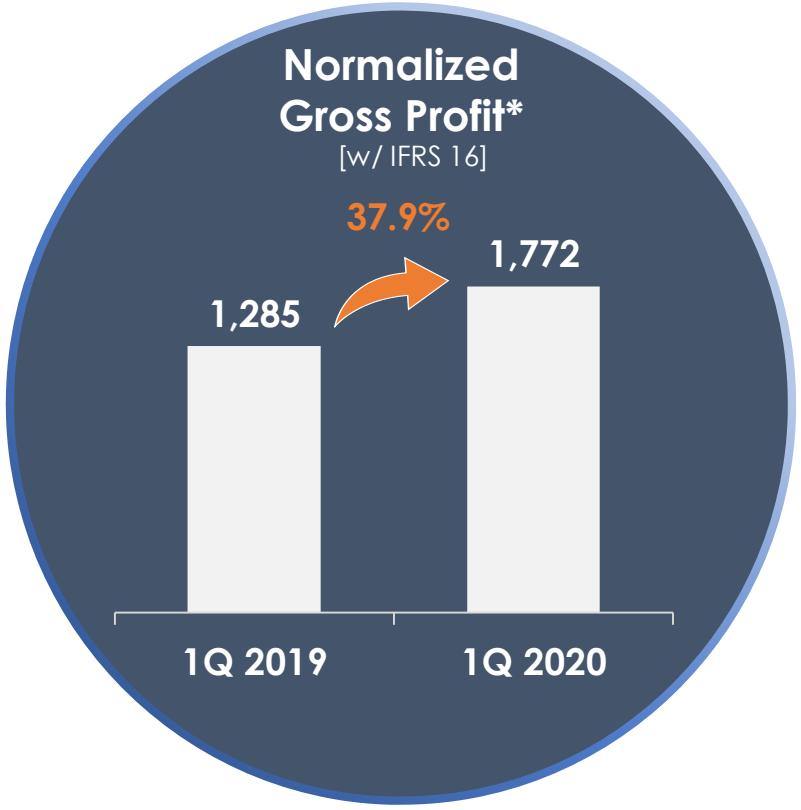
Consolidated Gross Profit (TL million) – 1Q 2020



	1Q 2019	1Q 2020
Margin	27.5%	26.8%



	1Q 2019	1Q 2020
Margin	27.2%	26.4%



	1Q 2019	1Q 2020
Margin	26.1%	26.8%

*1Q 2019 Normalized Gross Profit with current (actual) imputed interest rates

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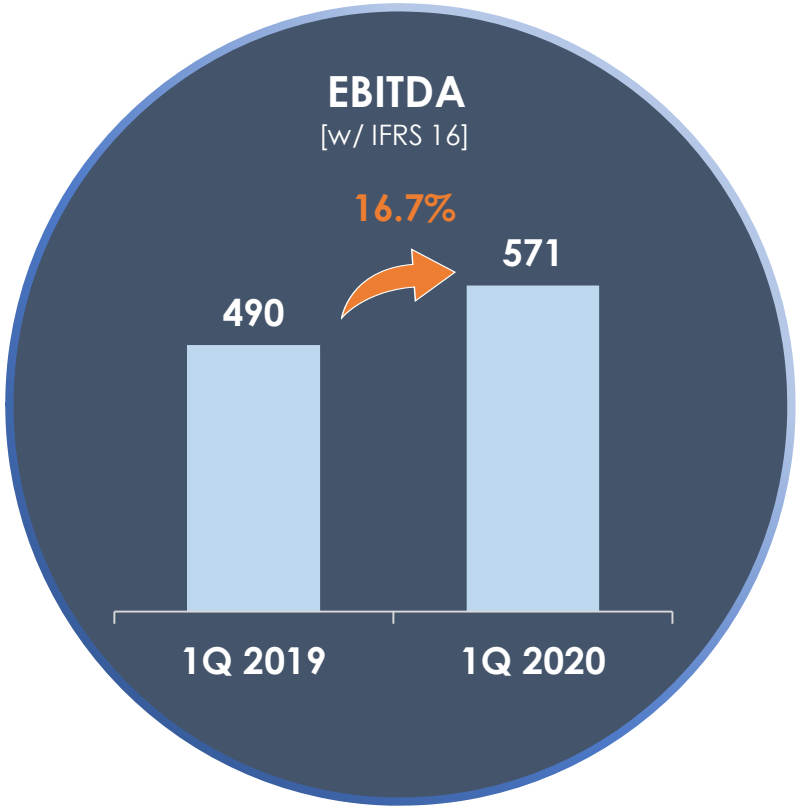
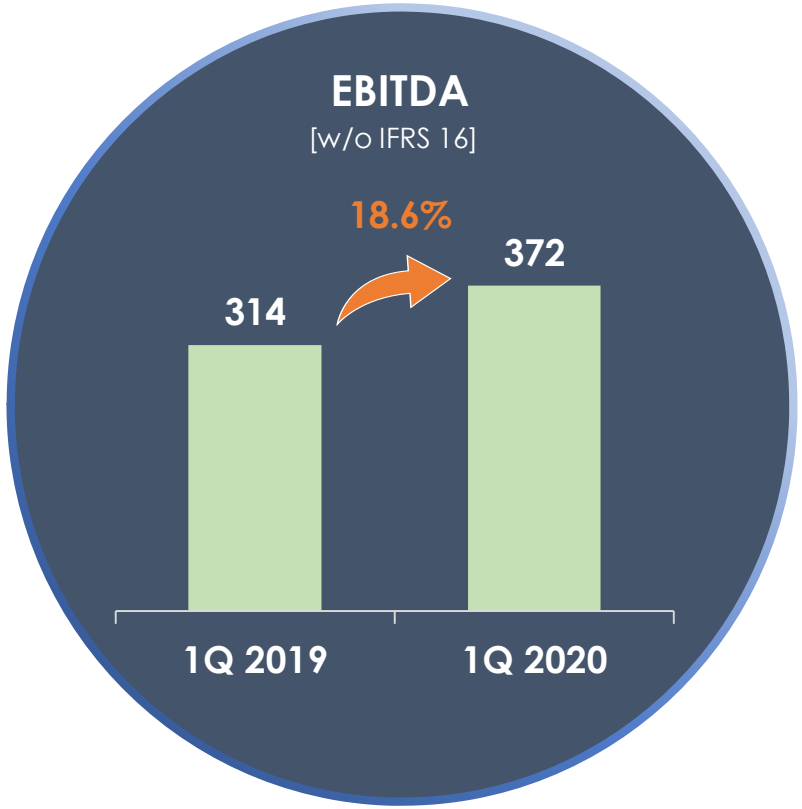
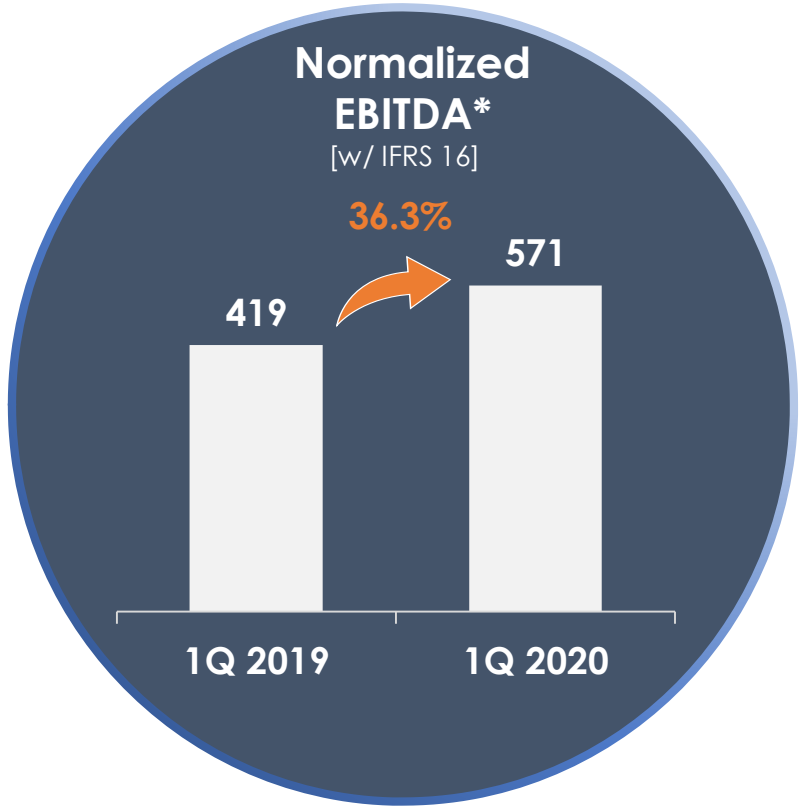
Consolidated EBITDA (TL million) – 1Q 2020



Margin	**9.9%**	**8.9%**



Margin	**6.4%**	**5.8%**



Margin	**8.5%**	**8.9%**

*1Q 2019 Normalized EBITDA with current (actual) imputed interest rates

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

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Overview

- Deleveraging
- Expectations

Cash Position & Leverage

(Total TL mn)	Without IFRS 16		With IFRS 16	
	1Q 2019	1Q 2020	1Q 2019	1Q 2020
Cash & Cash Equivalents	1,632	2,549	1,632	2,549
TL	*1,322*	*1,749*	*1,322*	*1,749*
EUR	*49*	*111*	*49*	*111*
Financial Debt	4,762	4,422 ↓	7,622[1]	7,520[1] ↓
TL	*1,508*	*1,994*	*4,368*	*5,093*
EUR	*515*	*336**	*515*	*336**
Net Debt	3,130	1,873 ↓	5,990	4,971 ↓
EBITDA LTM	1,325	1,589	2,028[2]	2,318
Net Debt / EBITDA LTM	**2.4x**	**1.2x ↓**	**3.0x**	**2.1x ↓**

*€ 73 mn early down-payment in April 2020

[1] *Includes capitalized costs of lease contracts over their maturity*

[2] *Includes the IFRS 16 LTM rent cost impact which was extrapolated based on 1Q19 rent cost. (TL 175.8 mn x 4 = TL 703.4 mn)*

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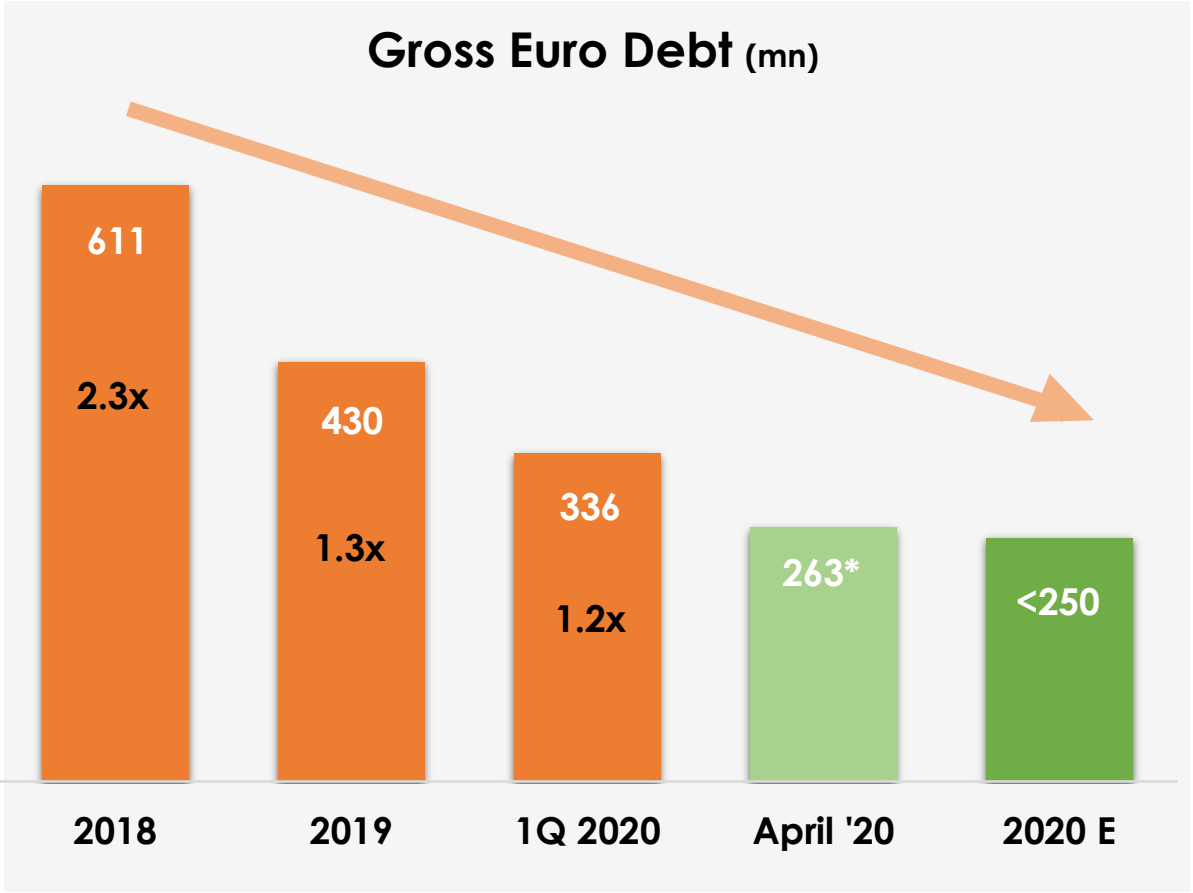
Deleveraging



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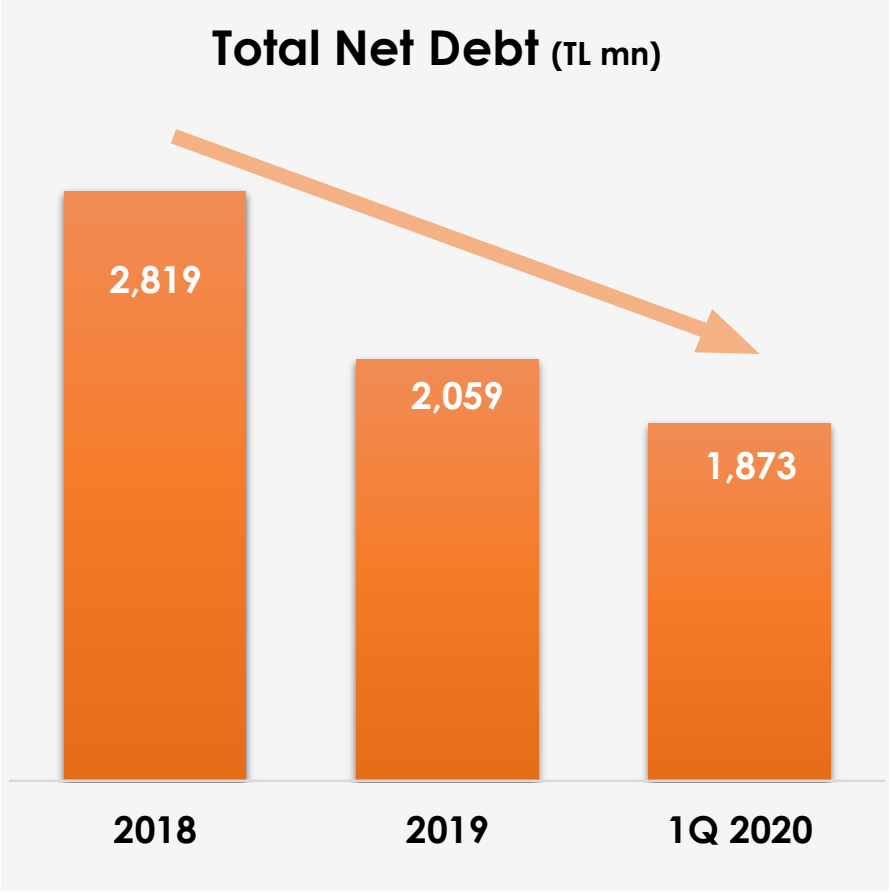

*without IFRS 16

2020
€ 0

2021
€ 0

2022
€ 163 mn

2023
€ 99 mn

**Net debt / EBITDA ratios [2018: 2.3x, 2019:1.3x, 1Q 2020:1.2x] without IFRS 16

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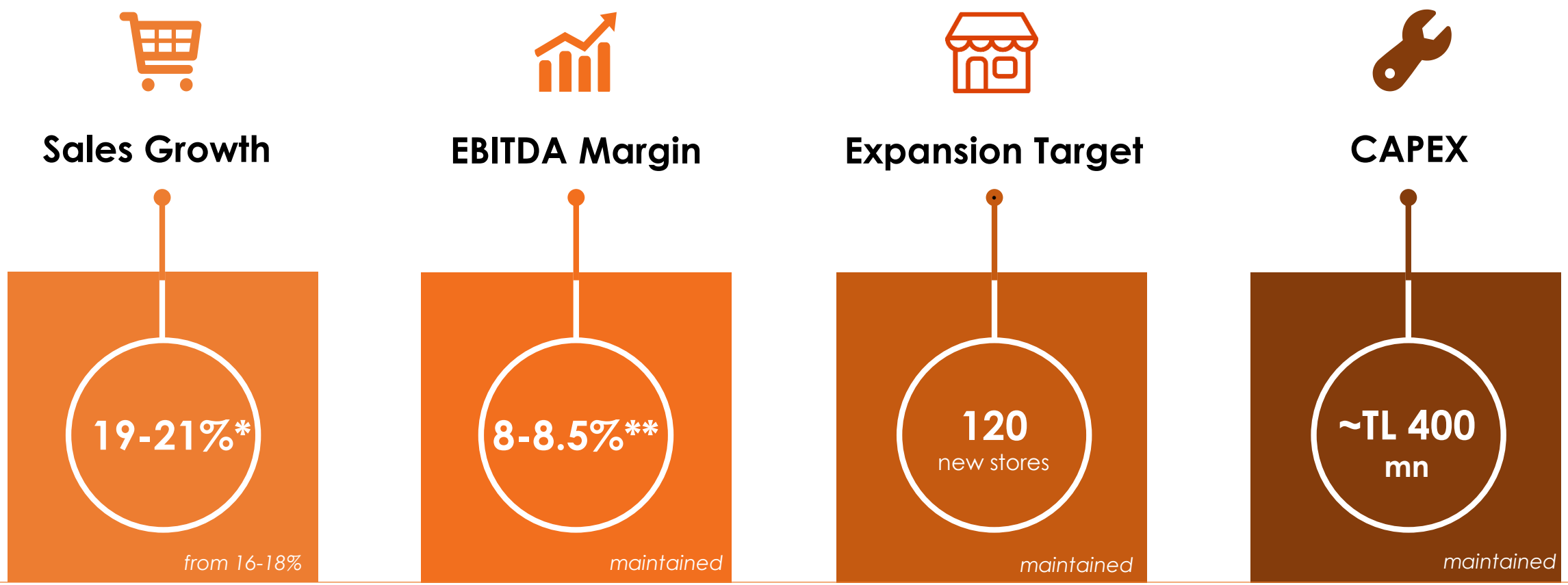
2020 Guidance (Consolidated)



** Sales growth expectation based on 4 months actual sales and 8 months budgeted sales for 2020*
*** with IFRS 16 impact*

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Appendix - I

- Operations
- Sustainability

Migros at a Glance

2,231 Stores

in all 81 cities

33,227 employees

TL 23 billion sales

1,500+ suppliers

The only food retailer listed BIST Sustainability Index for the **6 years in a row**

2019 CDP Grade: A-

CDP Turkey Climate Leader

International Operations **in 2 countries**

Ramstore

Included BIST Corporate Governance Index **since 2015**

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66th year

MİGROS sanalmarket

MİGROS hemen Hemen kapında.

macro online

Taze Direkt .com

MIGET Turkey's **biggest** integrated meat-processing plan **62,000 tons** production capacity

Introduced **more than 100 innovations** for the retail market

TÜRKİYE'NİN EN BEĞENİLEN ŞİRKETLERİ

Best retailer of the country **16 years in a row**

MONEY

8m loyal households **Money Card**

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Sales Area Split – 1Q 2020

40 sqm - 3,500 sqm

Supermarkets

76%

2,052

M
MM
MMM
MiGROS jet

3,500 sqm – 9,500 sqm

Hypermarkets

17%

55

5M MiGROS

250 sqm – 2,000 sqm

Macrocenter

3%

59

macro center

200 sqm – 1,600 sqm

Wholesale

1%

20

MiGROS TOPTAN

200 sqm – 3,500 sqm

Ramstore

3%

45

Ramstore

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International Operations

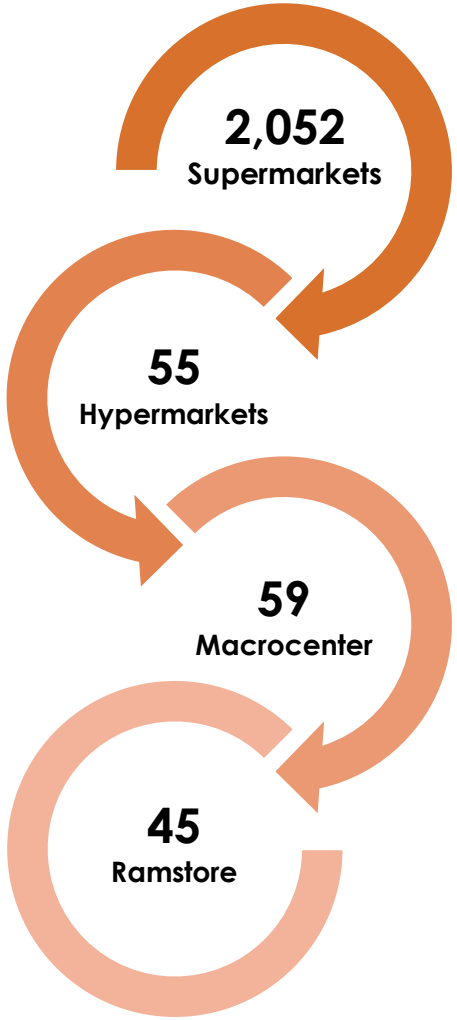
North Macedonia

- **1.3%** of consolidated sales
- **29 Supermakets**
- **1 shopping mall** in Skopje
- Total sales area of 23,621 sqm
- Since 2005

Kazakhstan

- **1.0%** of consolidated sales
- **2 hypermarkets, 14 supermarkets**
- 1 shopping mall in Almaty
- Total sales area of 20,885 sqm
- Since 1999

Store Portfolio



	31 March 2019		31 March 2020	
	# of stores	Sales area (th sqm)	# of stores	Sales area (th sqm)
Migros (M, MM,MMM)	1,153	969.4	1,209	1,002.9
Migros Jet	775	152.2	843	171.7
5M	56	284.4	55	268.9
Wholesale	20	11.2	20	11.5
Macrocenter	51	36.6	59	41.0
Domestic Total	**2,055**	**1,453.8**	**2,186**	**1,495.9**
Ramstores	45	47.1	45	44.5
Grand Total	**2,100**	**1,500.8**	**2,231**	**1,540.4**

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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

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Sustainability

by 2023:

Carbon Footprint

25%

(2018: - 19.5%)

CDP Score: A-

Water Consumption

5%

(2018: - 1.1%)

CDP Score: B

Energy Consumption

17%

(2018: - 10.4%)

Gender Equality

23%

(in executive management)
(Baseline: 18%)

by 2030:

Food Waste

50%

*2019 data hasn't been independently verified yet. 2018 data calculated based on GHG protocol and verified on the basis of ISO 14064-3 standard.

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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%** ↓

327 tons less plastic on PL products ↓

Good Agricultural Practices

65% of F&V - GAP certified

100% GAP certified poultry products
317 checkpoints

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Appendix - II

– Financials

IFRS Consolidated Income Statement Summary – 1Q 2020

(TL million)	1Q 2020	1Q 2019
Net Sales	**6,433**	**4,923**
Cost of sales	-4,711	-3,567
Gross Profit	**1,722**	**1,356**
Operating Expenses	-1,414	-1,114
Other Operating Income / (Expense)	-71	-100
Operating Profit	**237**	**142**
Income / (Expense) from Investment activities	-1	-5
Operating Income Before Finance Income / (Expense)	**236**	**138**
Financial Income / (Expense)	-382	-360
Income/Loss Before Tax From Continuing Operations	**-146**	**-222**
Tax Income / (Expenses)	-33	-1
Deferred Tax Income	43	-8
Net Profit / Loss	**-136**	**-231**
Net Profit / Loss - Non-controlling interest	0	0
Net Profit / Loss - Equity holders of parent	-136	-231
EBITDA (with IFRS 16 impact)	**571**	**490**
EBITDA	**372**	**314**
EBITDAR	**671**	**556**

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IFRS Consolidated Balance Sheet Summary – 1Q 2020

(TL million)	1Q 2020	2019
Current Assets	5,889	5,277
Non-current Assets	8,860	9,184
Total Assets	**14,748**	**14,461**
Current Liabilities	8,018	7,544
Non-current Liabilities	6,568	6,594
Total Liabilities	**14,587**	**14,138**
Equity	**162**	**323**
Total Liabilities and Equity	**14,748**	**14,461**

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Gross Profit & EBITDA – 2019

(TL million)	Without IFRS 16		With IFRS 16
	2018	2019	2019
Gross Profit	**4,881**	**6,121**	**6,205**
Margin	26.1%	26.4%	26.8%
EBITDA	**1,217**	**1,531**	**2,236**
Margin	6.5%	6.6%	9.6%

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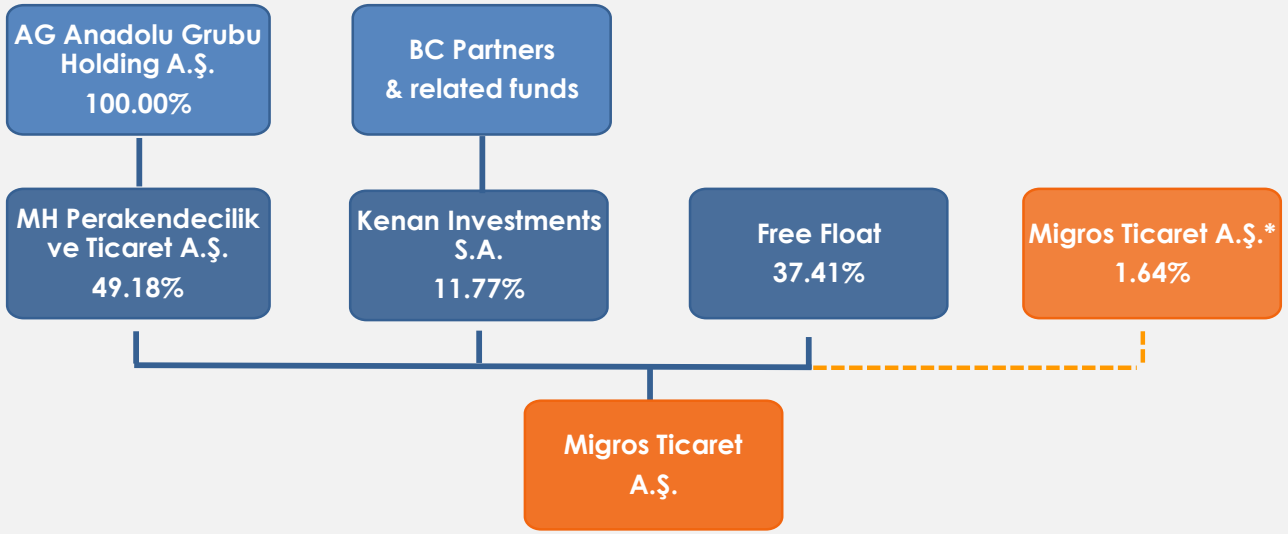
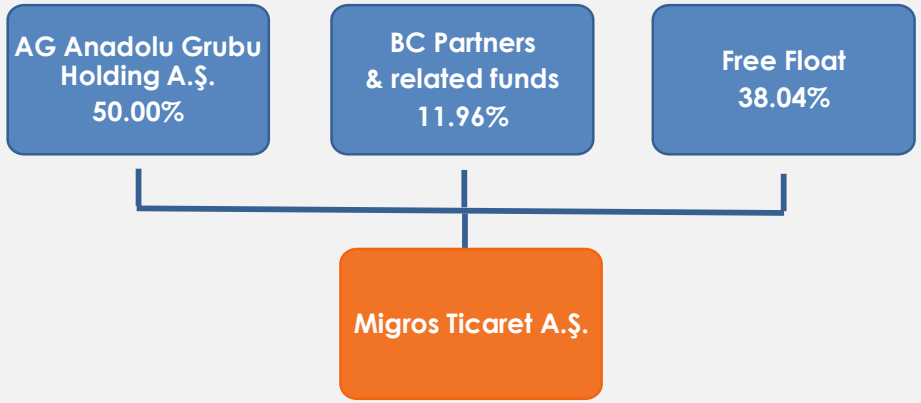
Ownership Structure

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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