

MIGROS

Lower than expected net profit in 4Q24...

A. Can TUGLU

Equity Research Analyst
atuglu@sekeryatirim.com

Migros has announced a net profit of TRY 731mn for 4Q24, including IAS-29 inflation accounting effects (4Q23: TRY 5,059mn net profit). The reported figure fell short of both the market consensus estimate of TRY 1,674mn, and our estimate of TRY 1,029mn. Despite the monetary gains of 4Q24, declining monetary gains compared to 4Q24, and higher net financial expenses exerted pressure on net profit in 4Q24.

On the sales revenue side, the Company saw 14% YoY top-line growth (Inc. IAS 29) and TRY 74,545mn of net sales in 4Q24 (4Q23: TRY 65,535mn) (RT Consensus Avg.: TRY 74,799mn, Seker: TRY 74,328mn). In 4Q24, with the rising number of stores & growth of sales area, and the positive contribution of online sales channels (share of total sales (exc. tobacco & alcohol) in 2024: 18.5%), net sales revenue rose by 14% YoY. With growth in online sales channels, the number of online stores (2024: 1,422 stores, +329 YoY) and successful store operations, 4Q24's net sales revenue grew 14% YoY.

Considering the Company's FMCG market share development; in the modern FMCG market, it had a 17.0% (2023: 16.2%) market share in 2024, and 9.8% (2023: 9.4%) of the total FMCG market thanks to price investments, and its omni & multi format growth strategy. In addition, its store number rose by 258 compared to 2023 to 3,621 stores in total in 2024. Sales area rose by 5.3% YoY.

The Company announced an EBITDA (Inc. IAS 29) of TRY 5,082mn in 4Q24 (4Q23: TRY -58mn). The EBITDA margin rose to 6.8% in 4Q24. The Company's GP margin was at 24.9% in 4Q24.

Thanks to strong cash flow created by the operations, we maintain our positive outlook for Migros. The Company has no hard-currency exposure. At the end of 2024, the Company's total financial debt (Inc. IAS-29) was at TRY 1,208mn (2023: TRY 2,915mn). As of 4Q24, the Company succeeded to maintain its net cash position.

2025 expectations: Migros has announced its 2025 guidance, expecting sales growth of 8-10%, incorporating IAS-29 inflation accounting effects. The company expects an EBITDA margin of approximately 6.0%. Additionally, Migros maintains its target of opening ~250 new stores by the end of 2025, while setting its capital expenditure-to-sales ratio forecast at 2.5%-3.0%.

We argue that the positive contribution of sales revenue growth & online activities, and strong cash flow created by the operations will provide Migros to obtain net profit going forward. In addition, we appreciate the current strategy of boosting the private label portfolio and focusing on sustained store openings. We consider that Migros has no hard-currency exposure, and has a net cash position as of 4Q24. On the other hand; the Company has been able to increase its FMCG market share despite competitive market conditions in a high inflation environment. Moreover; we think that the business lines created by Migros with its various subsidiaries, which can use online channels effectively, will increasingly continue to contribute in the future. We maintain our target share price of TRY 794.50, and our "Outperform" recommendation.

“OUTPERFORM”

TP: TRY 794.50

Previous: TRY 794.50

Upside Potential: 33.4%

	TRY	US\$
Close	595,50	16,37
BIST 100	10.189	280
US\$/TRY (CB Bid Rate):	36,43	
52 Week High:	595,50	17,52
52 Week Low:	395,47	11,54
Bloomberg/Reuters Ticker:	MGROS.TI / MGROS.IS	

	181,1 (TRY Mn)	(US\$ Mn)
Number of Shares (Mn):		
Current Mcap:	107.818	2.965
Free Float Mcap:	54.987	1.512

	1M	YOY	YTD
TRY Return (%):	2,1	26,8	8,9
US\$ Return (%):	0,7	9,4	5,3
BIST 100 Relative (%):	-2,6	10,3	5,0
Avg. Daily Vol. (TRY Mn):	825,41		
Avg. Daily Vol. (US\$ Mn):	24,46		

Beta	0,92
Volatility (Stock)	0,33
Volatility (BIST 100)	0,23

Shareholder Structure	%
MH Perakendecilik	49,2
Migros Ticaret A.Ş.	1,6
Other	49,2
Total	100,0

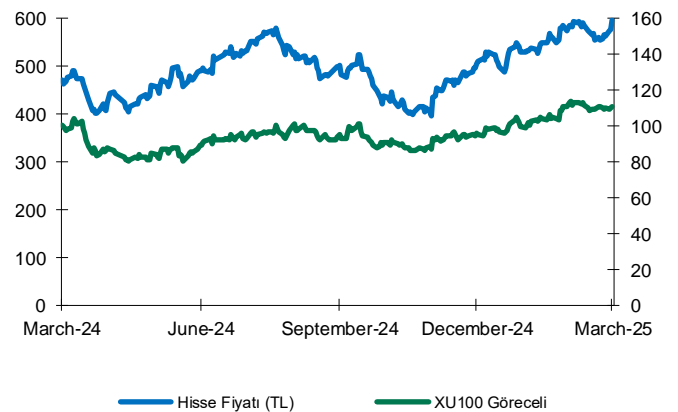


Table 1: Summary Financial Statement

BALANCE SHEET (TRY mn) (Inc. IAS-29)	2023	2024	%
Current Assets	54.685	57.694	5,5%
Non-current Assets	78.331	92.365	17,9%
Total Assets	133.016	150.059	12,8%
Current Liabilities	64.820	71.014	9,6%
Non-current Liabilities	15.853	21.363	34,8%
Total Liabilities	80.672	92.377	14,5%
Equity	52.343	57.682	10,2%
Total Liabilities & Equity	133.016	150.059	12,8%

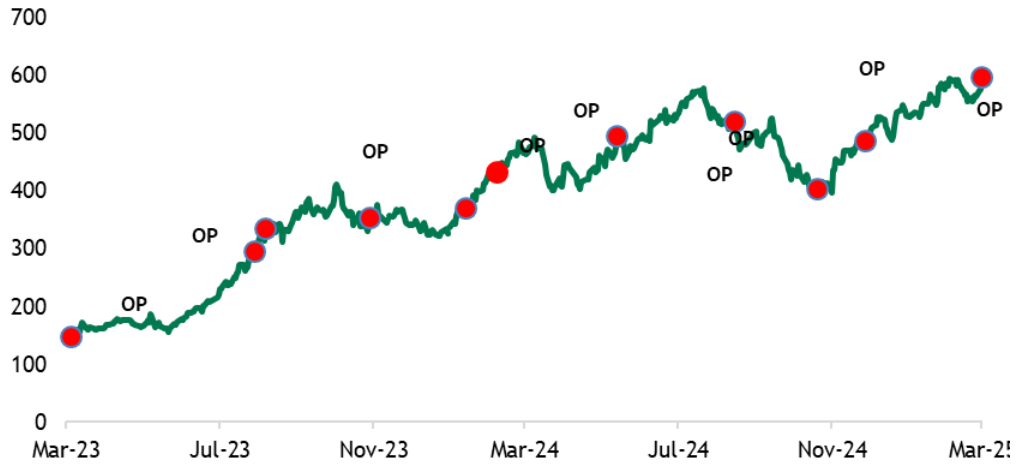
Source: Migros, Seker Invest - Research, Finnet, Audit Reports

Table 2: High level P&L

TRY Million	2023/12K	2024/12K	YoY	4Q23	4Q24	YoY
Revenues	262.132	293.780	12,1%	65.535	74.545	13,7%
Gross Profit	48.962	68.004	38,9%	11.389	18.587	63,2%
<i>Gross Profit Margin</i>	<i>18,7%</i>	<i>23,1%</i>	<i>4.5 pp.</i>	<i>17,4%</i>	<i>24,9%</i>	<i>7.6 pp.</i>
EBIT	-4.397	5.818	N.M.	-2.612	2.147	N.M.
<i>EBIT Margin</i>	<i>-1,7%</i>	<i>2,0%</i>	<i>3.7 pp.</i>	<i>-4,0%</i>	<i>2,9%</i>	<i>6.9 pp.</i>
EBITDA	4.537	15.796	248,2%	-58	5.082	N.M.
<i>EBITDA Margin</i>	<i>1,7%</i>	<i>5,4%</i>	<i>3.6 pp.</i>	<i>-0,1%</i>	<i>6,8%</i>	<i>6.9 pp.</i>
Net Profit	12.747	6.340	-50,3%	1.151	731	-36,5%
<i>Net Profit Margin</i>	<i>4,9%</i>	<i>2,2%</i>	<i>-2.7 pp.</i>	<i>1,8%</i>	<i>1,0%</i>	<i>-0.8 pp.</i>

Source: Migros, Seker Invest - Research, Finnet, Audit Reports

Historical recommendations and target prices



Date	Recommendation	Target Price (TRY)
1-Mar-23	Outperform (OP)	220,10
1-Aug-23	Outperform (OP)	345,70
3-Aug-23	Outperform (OP)	380,00
2-Nov-23	Outperform (OP)	481,60
16-Jan-24	Outperform (OP)	518,80
19-Mar-24	Outperform (OP)	595,00
24-May-24	Outperform (OP)	595,00
21-Aug-24	Outperform (OP)	685,00
5-Nov-24	Outperform (OP)	685,00
7-Jan-25	Outperform (OP)	794,50
6-Mar-25	Outperform (OP)	794,50

Basis for 12m equity ratings

Outperform:	The total return is expected to exceed the return of the BIST100 by more than 10%.
Underperform:	The total return is expected to fall below the return of the BIST100 by more than 10%.
Market Perform:	The total return is expected to be in line with the return of the BIST100.

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
Buyukdere Cad. No: 171 Metrocity
A Blok Kat 4-5 34330 SİSLİ /İST
TURKEY

TEL: +90 (212) 334 33 33
Fax: +90 (212) 334 33 34
E-mail: research@sekeryatirim.com
Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com
Burak Demirbilek	Utilities	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com
Sevgi Onur	Banks	+90 (212) 334 33 33-150	sonur@sekeryatirim.com
Engin Degirmenci	Cement	+90 (212) 334 33 33-201	edegirmenci@sekeryatirim.com
Atasav Can Tuglu	Food & Beverages, Automotive, Retail, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com.tr
Esra Uzun Ozbaskin	Telcos, Iron & Steel, Cons. Dur., Oil & Deriv.	+90 (212) 334 33 33-245	euzun@sekeryatirim.com
Basak Kamber	Glass, Pharmaceutical, Defense	+90 (212) 334 33 33-245	bkamber@sekeryatirim.com

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com
------------------	-----------------	---------------------	--

Institutional Sales

Batuhan Alpman	Head	+90 (212) 334 33 70	balpman@sekeryatirim.com
Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com
Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com

DISCLAIMER

I, A. Can TUGLU, hereby certify that the views expressed in this research accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

This report has been prepared by the Şeker Yatırım Menkul Değerler A.Ş. (Şeker Invest, Inc.) Research Team. The information and opinions contained herein have been obtained from and are based upon public sources that Şeker Invest considers to be reliable. No representation or warranty, express or implied, is made that such information is accurate or complete and should not be relied upon, as such. All estimates and opinions included in this report constitute our judgments as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. Şeker Invest may, from time to time, have a long or short position in the securities mentioned in this report and may solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) for any company referred to in this report and may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis upon which it is based, before its publication. This report is for the use of intended recipients and may not be reproduced in whole or in part or delivered or transmitted to any other person without the prior written consent of Şeker Invest. By accepting this document you agree to be bound by the foregoing limitations.

Copyright © 2025 Şeker Invest, Inc.