

MIGROS

Better than expected net profit in 1Q25...

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Migros has announced a net profit of TRY 981mn for 1Q25, including IAS-29 inflation accounting effects (1Q24: TRY 1,715mn net profit). The reported figure exceeded both the market consensus estimate of TRY 422mn, and our estimate of TRY 294mn. Despite strong gross profitability, the YoY declined in net profit was mainly driven by the negative impact of increased OpEx - particularly due to higher personnel expenses - along with a rise in interest expenses on term purchases, lower monetary gains compared to 1Q24, and increase in deferred tax expenses.

On the sales revenue side, the Company saw 8.5% YoY top-line growth (Inc. IAS 29) and TRY 78,437mn of net sales in 1Q25 (1Q24: TRY 72,318mn) (RT Consensus Avg.: TRY 79,186mn, Seker: TRY 78,469mn). In 1Q25, 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 8.5% YoY. With growth in online sales channels, the number of online stores (1Q25: 1,452 stores, +315 YoY) and successful store operations, 1Q25's net sales revenue grew 8.5% YoY.

Considering the Company's FMCG market share development; in the modern FMCG market, it had a 16.3% (1Q24: 15.8%) market share in 1Q25, and 10.2% (1Q24: 9.5%) of the total FMCG market thanks to price investments, and its omni & multi format growth strategy. In addition, its store number rose by 256 compared to 1Q24 to 3,642 stores in total in 1Q25. Sales area rose by 5.0% YoY.

The Company announced an EBITDA (Inc. IAS 29) of TRY 3,387mn in 1Q25 (1Q24: TRY 864mn). The EBITDA margin rose to 4.7% in 1Q25. The Company's GP margin was at 24.2% in 1Q25.

The Company has no hard-currency exposure. At the end of 1Q25, the Company's total financial debt (Inc. IAS-29) was at TRY 1,071mn (1Q24: TRY 2,182mn). As of 1Q25, the Company's FCF declined from TRY 2,714mn in 1Q24 to TRY -3,225mn due to calendar impact of VAT receivables, & one-off balance sheet items.

2025 expectations: Migros has maintained 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 to 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 1Q25. 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 750.00, and our "Outperform" recommendation.

"OUTPERFORM"

TP: TRY 750.00

Previous: TRY 750.00

Upside Potential: 47.5%

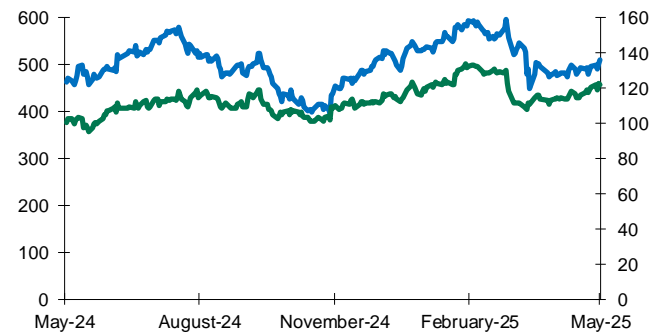
	TRY	US\$
Close	508,50	13,19
BIST 100	9.279	241
US\$/TRY (CB Bid Rate):	38,62	
52 Week High:	595,50	17,52
52 Week Low:	395,47	11,54
Bloomberg/Reuters Ticker:	MGROS.TI / MGROS.IS	

	181,1	
Number of Shares (Mn):	(TRY Mn)	(US\$ Mn)
Current Mcap:	92.066	2.388
Free Float Mcap:	46.954	1.218

	1M	YOY	YTD
TRY Return (%):	4,7	14,9	-7,0
US\$ Return (%):	3,0	-4,0	-15,1
BIST 100 Relative (%):	7,0	26,9	-1,5
Avg. Daily Vol. (TRY Mn):	916,94		
Avg. Daily Vol. (US\$ Mn):	26,34		

Beta	0,92
Volatility (Stock)	0,35
Volatility (BIST 100)	0,25

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



Hisse Fiyatı (TL)

XU100 Göreceli

Table 1: Summary Financial Statement

BALANCE SHEET (TRY mn) (Inc. IAS-29)	2024	1Q25	%
Current Assets	63.500	57.114	-10,1%
Non-current Assets	101.660	105.291	3,6%
Total Assets	165.159	162.405	-1,7%
Current Liabilities	78.160	71.665	-8,3%
Non-current Liabilities	21.513	26.297	22,2%
Total Liabilities	101.673	97.962	-3,6%
Equity	63.487	64.443	1,5%
Total Liabilities & Equity	165.159	162.405	-1,7%

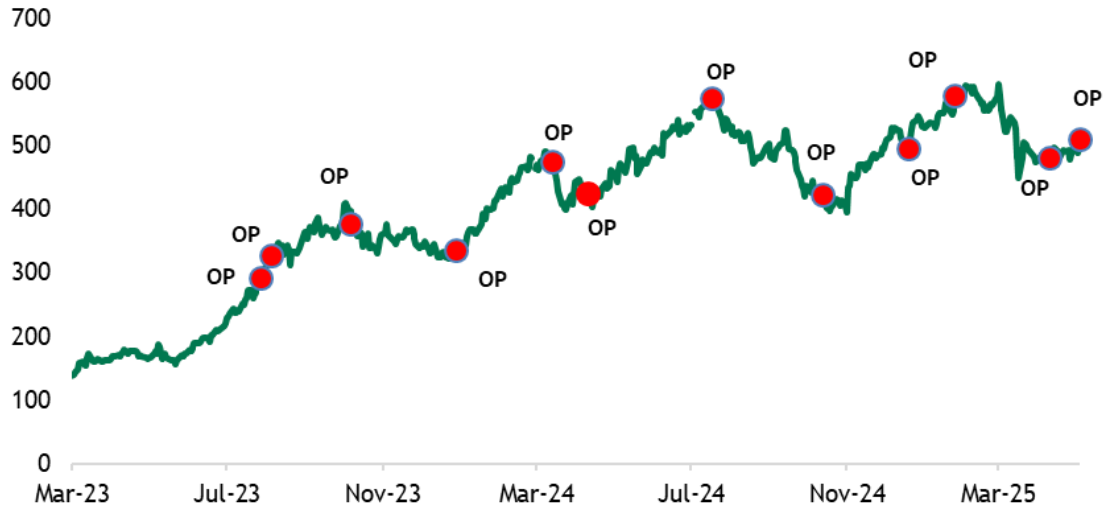
Source: Migros, Seker Invest - Research, Finnet, Audit Reports

Table 2: High level P&L

TRY Million	2023/12K	2024/12K	YoY	1Q24	1Q25	YoY
Revenues	262.132	293.780	12,1%	72.318	78.437	8,5%
Gross Profit	48.962	68.004	38,9%	14.629	19.017	30,0%
<i>Gross Profit Margin</i>	<i>18,7%</i>	<i>23,1%</i>	<i>4.5 pp.</i>	<i>20,2%</i>	<i>24,2%</i>	<i>4.0 pp.</i>
EBIT	-4.397	5.818	N.M.	-1.663	533	N.M.
<i>EBIT Margin</i>	<i>-1,7%</i>	<i>2,0%</i>	<i>3.7 pp.</i>	<i>-2,3%</i>	<i>0,7%</i>	<i>3.0 pp.</i>
EBITDA	4.537	15.796	248,2%	864	3.687	326,6%
<i>EBITDA Margin</i>	<i>1,7%</i>	<i>5,4%</i>	<i>3.6 pp.</i>	<i>1,2%</i>	<i>4,7%</i>	<i>3.5 pp.</i>
Net Profit	12.747	6.340	-50,3%	1.715	981	-42,8%
<i>Net Profit Margin</i>	<i>4,9%</i>	<i>2,2%</i>	<i>-2.7 pp.</i>	<i>2,4%</i>	<i>1,3%</i>	<i>-1.1 pp.</i>

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

Historical recommendations and target prices



Date	Recommendation	Target Price (TRY)
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
2-May-25	Outperform (OP)	750,00
9-May-25	Outperform (OP)	750,00

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.

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