Earnings Update
Retail

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MIGROS

Financial results in 2Q26 were below expectations…

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Migros has announced a net loss of TRY 699mn for 2Q26, including IAS-29 (2Q25: TRY 371mn), above both the RT estimate of TRY 435mn and our estimate of TRY 425mn. Weaker gross profitability, higher net financial expenses and deferred tax expenses weighed on the bottom line. On the other hand, the increase in monetary gains stood out as a factor partially mitigating the net loss in 2Q26.

The Company saw 2.7% YoY top-line growth (Inc. IAS 29) and TRY 124,399mn of net sales in 2Q26 (2Q25: TRY 121,138mn) (RT Avg.: TRY 126,189mn, Seker: TRY 126,434mn). Despite the positive contribution from online channels (share of total sales exc. tobacco & alcohol in 6M26: 23.1%), limited real basket growth in LfL stores and a contraction in traffic growth amid a weak demand environment resulted in modest revenue growth in 2Q26. The number of stores offering online services reached 2,577 as of end-1H26 (1H25: 1,553). Supported by its omnichannel growth strategy, the Company maintained a 15.3% market share in the modern FMCG market as of end-1H26 (1H25: 15.6%) and a 9.7% share in the total FMCG market (1H25: 9.8%), while its total store count reached 3,830 as of end-2Q26.

The Company generated EBITDA of TRY 5,307mn in 2Q26 under IAS-29 (2Q25: TRY 6,600mn) (RT Consensus: TRY 6,360mn; Şeker: TRY 6,526mn), while its EBITDA margin contracted by 1.2pp YoY to 4.3%. Gross profitability weakened due to intensive promotional activity and the transfer of distribution center employees to Migros' payroll, with the gross profit margin declining by 1.2pp YoY to 22.7% (2Q25: 23.9%).

We maintain our positive view on Migros, which has achieved a significant improvement in its debt position thanks to strong cash flow generation from operations. The Company's financial debt (including IAS-29, excluding IFRS 16) stood at TRY 823mn as of end-2Q26. Migros' net cash position increased by 12% YoY to TRY 31,755mn as of end-2Q26 (excluding IFRS 16), while FCF increased to TRY 5,766mn.

2026 expectations: Migros expects revenue growth of 5-7%, incorporating IAS-29 inflation accounting effects. The company expects an EBITDA margin of approximately 6-7%. Migros plans to open 180-200 new stores by the end of 2026, while setting its capital expenditure-to-sales ratio forecast at 2.5%-3.0%.

We expect the announced 2Q26 financial and operational results to have a negative impact on the share price in the short term. Operationally, we appreciate Migros' continued growth in both sales revenues and online operations, while we view the Company's ability to preserve its FMCG market share despite competitive conditions in a high-inflation environment positively. We expect the contribution from the business lines created through Migros' subsidiaries, together with its effective utilization of online channels, to continue increasing. We maintain our **TRY 910.00** target price and **"OUTPERFORM"** recommendation for the Company. We underline that Migros' ability to sustain its net cash position and continue generating FCF remains an important positive factor.

"OUTPERFORM"
TP: TRY 910.00
Previous: TRY 910.00
Upside Potential: 44.4%

	TRY	US$
Close	630,00	13,22
BIST 100	13.705	288
US$/TRY (CB Bid Rate):	47,74	
52 Week High:	724,00	15,97
52 Week Low:	416,13	10,10
Bloomberg/Reuters Ticker:	MGROS.TI / MGROS.IS	

Number of Shares (Mn):	181,1	
	(TRY Mn)	**(US$ Mn)**
Current Mcap:	114.064	2.394
Free Float Mcap:	58.173	1.221

	1M	YOY	YTD
TRY Return (%):	0,7	17,2	21,5
US$ Return (%):	-1,1	-0,2	9,4
BIST 100 Relative (%):	5,3	-5,6	-0,2
Avg. Daily Vol. (TRY Mn):	1.562,16		
Avg. Daily Vol. (US$ Mn):	35,75		

Beta	0,90
Volatility (Stock)	0,32
Volatility (BIST 100)	0,23

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

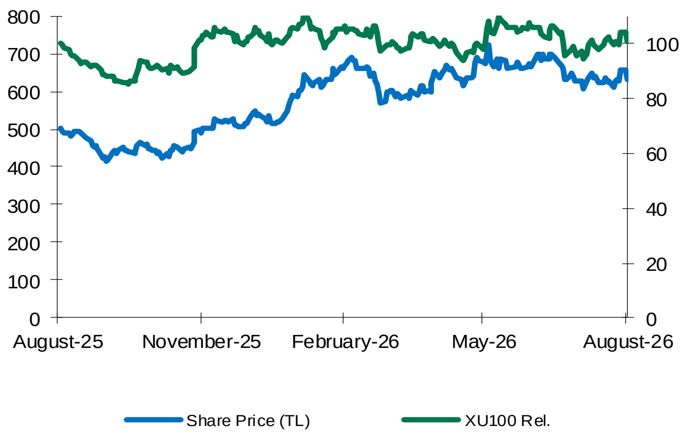


Table 1: Summary Financial Statement

BALANCE SHEET (TRY mn) (Inc. IAS-29)	2025	6M26	%
Current Assets	89.803	88.377	-1,6%
Non-current Assets	156.998	161.696	3,0%
Total Assets	**246.801**	**250.074**	**1,3%**
Current Liabilities	113.353	110.563	-2,5%
Non-current Liabilities	39.344	45.582	15,9%
Total Liabilities	**152.697**	**156.145**	**2,3%**
Equity	**94.104**	**93.928**	**-0,2%**
Total Liabilities & Equity	**246.801**	**250.074**	**1,3%**

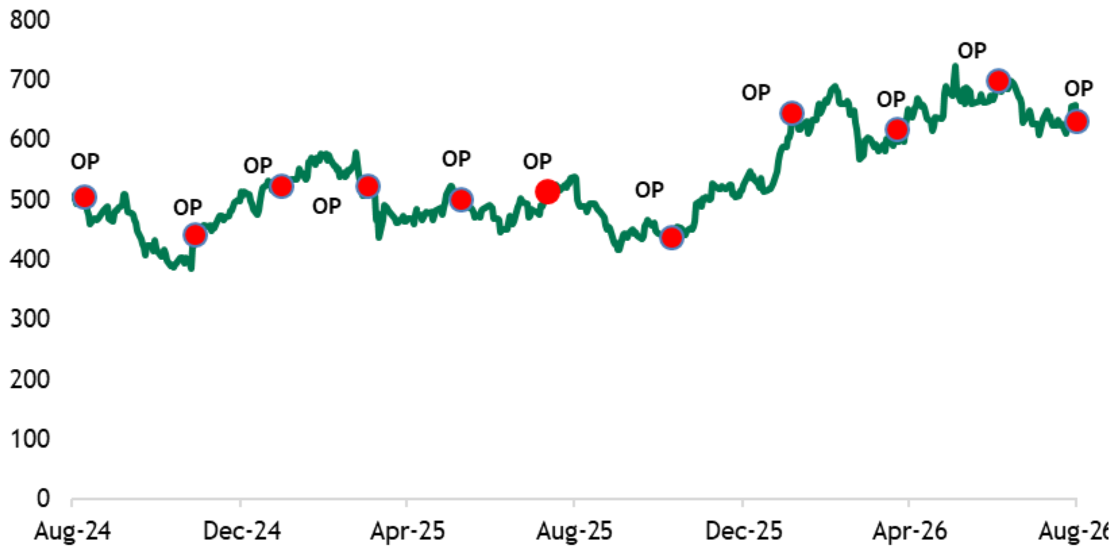
Source: Migros, Seker Invest - Research, Finnet, Audit Reports

Table 2: High level P&L

TRY Million	6M25	6M26	YoY	2Q25	2Q26	YoY
Revenues	**230.985**	**241.298**	**4,5%**	**121.138**	**124.399**	**2,7%**
Gross Profit	**55.534**	**55.753**	**0,4%**	**28.901**	**28.213**	**-2,4%**
Gross Profit Margin	*24,0%*	*23,1%*		*23,9%*	*22,7%*	-1,2%
EBIT	**2.820**	**-309**	**N.M.**	**2.073**	**-563**	**N.M.**
EBIT Margin	*1,2%*	*-0,1%*		*1,7%*	*-0,5%*	
EBITDA	**11.763**	**10.967**	**-6,8%**	**6.600**	**5.307**	**-19,6%**
EBITDA Margin	*5,1%*	*4,5%*		*5,4%*	*4,3%*	-1,2%
Net Profit	**1.745**	**1.011**	**-42,1%**	**371**	**-699**	**N.M.**
Net Profit Margin	*0,8%*	*0,4%*		*0,3%*	*-0,6%*	

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

Historical recommendations and target prices



Date	Recommendation	Target Price (TRY)
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
13-Aug-25	Outperform (OP)	750,00
7-Nov-25	Outperform (OP)	780,00
9-Jan-26	Outperform (OP)	850,00
5-Mar-26	Outperform (OP)	885,00
5-May-26	Outperform (OP)	910,00
11-Aug-26	Outperform (OP)	910,00

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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