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MGROS (OP) 4Q23 Financial Results – Neutral

4Q23	Announced	Consensus	Garanti
Net Sales (TLmn)	43,953	44,007	44,496
EBITDA (TLmn)	2,789	2,983	2,749
EBITDA Margin (%)	6.3%	6.8%	6.2%
Net Profit (TLmn)	1,688	1,236	1,079

Not far from consensus

According to Inflation accounting numbers;

- Migros disclosed a net profit of TL 2,174mn in 2023, indicating 3% below the net profit of TL9,140mn in 2022. Lower operational profit and higher tax expense throughout 2023 were the prominent reasons for the pressure on the bottom line.
- Migros registered an EBITDA of TL 3,221mn in 2023, with an EBITDA margin of 1.8%. While a 14% decrease was recorded in EBITDA, there was also a 0.9pp contraction in EBITDA margin.
- The company's sales revenues are TL181,674mn, which is 29% above the 2022 sales revenue of TL140,480mn. Migros succeeded in increasing its total FMCG market share by 60bps (modern FMCG +120bps) in 12A23, thanks to omni-channel and multi format, price investments and further penetration in rural districts. Online service stores increase by 137 to 1,093 stores.
- 2023 capex was TL6,408mn, representing 3.5% of sales (without IAS-29; 3.8%). The Capex breakdown was 36% new store openings and 36% Information Technologies-R&D-Energy.

Without IAS 29 inflation accounting;

- Migros disclosed a net profit of TL 1,688mn in 4Q23, above the market expectation of TL1,236mn (4Q22: TL1,164mn; 3Q23: TL2,174mn).
- Migros registered an EBITDA of TL 2,789mn in 4Q23, with an EBITDA margin of 6.3%. The market expectation had been for an 6.8% EBITDA margin and TL2,983mn EBITDA (GS: TL2,749mn). There was 80% yoy growth in EBITDA but no change in the EBITDA margin yoy.
- The company's sales revenues are in line with consensus, respectively up 80% yoy. Revenue came in at TL43,953mn. As of 2023, online grocery share in sales reached 17.0% (w/o tobacco & alcohol).
- The net cash position continued to improve. The net cash increased to TL10,798mn in 2023 (2022: TL5,426mn).

2024 guidance

- In 2024 without IAS29 guidance predicted sales growth of c. 70%, EBITDA margin of 7.5-8.0% and 250+ new store openings.

We expect a neutral market reaction

- Although net profit exceeded expectations, operational profitability was below expectations. As a result, we expect a neutral impact on the share price.
- The company will hold an analyst meeting today at 15:00 pm local time.

Migros Summary Financials (mn TL)	12M22	12M23	Change 12M23/12M22
Net Sales	140,480	181,674	29%
Gross Profit	26,270	34,003	29%
Operating Profit	-985	-2,980	n.m.
EBITDA	3,761	3,221	-14%
Net Other Inc./Exp	-3,838	-3,630	n.m.
Income from Invest. Act.	-301	352	n.m.
Financial Inc./Exp.(net)	14,256	17,050	20%
PBT	9,133	10,792	18%
Tax	23	-1,887	n.m.
Minority Interests	16	77	388%
Net Income	9,140	8,829	-3%
Net Cash	1,007	2,547	
Working Capital	15,324	15,092	
Shareholders Equity	27,507	36,254	
Ratios			
Gross Margin	18.7%	18.7%	0 pp
Operating Margin	n.m.	n.m.	n.m.
EBITDA Margin	2.7%	1.8%	-0.9 pp
Net Profit Margin	6.5%	4.9%	-1.6 pp

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