

## 2019 in Brief

The Migros Group increased its sales by 0.8% to CHF 28.683 billion in 2019 and recorded considerable gains in the strategic growth areas of Online, Discount and Convenience. The operating result before portfolio adjustments improved by 5.5% to CHF 686 million.

### The Chairwoman and CEO's Review

Dear ladies and gentlemen,

In 2019, the Migros Group took **important steps to strengthen its focus on its core business** and offer its customers even better value for money. These efforts were concentrated in particular on the strategic growth areas of Online, Discount and Convenience. With the sale of the Gries Deco Group and the Interio, m-way and Globus branches (February 2020), the portfolio adjustment process in the non-food segment was completed successfully within a few months of launch.

The consolidated sales of the Migros Group reached CHF 28.683 billion, representing an increase of 0.8% on the previous year. This meant that Migros posted the **highest sales in the company's history**. This meant that Migros posted the **highest sales in the company's history** and recorded a 0.8% increase in footfall to 353 million purchases.

In its supermarkets, Migros **reduced the prices of its customers' favourite products** and improved the quality of important own-brand products. With its broad-based initiative to increase value for money, it focused even more heavily on the values anchored in the statutes. It makes an important contribution towards ensuring that the Swiss public is able to consume high-quality, healthy and sustainable products at fair prices.

Through Migros Culture Percentage, Migros put CHF 118 million towards supporting important projects in the areas of culture, society, education, leisure and the economy in the reporting year. It thus made a **voluntary contribution to the welfare and cohesion** of society. Alongside the efforts of Migros Culture Percentage, the Engagement Migros development fund supported 62 projects in the areas of culture, sustainability, economics and innovation with a total of CHF 18 million.

## 2019 in Detail

### Portfolio adjustments impact the financial result

The Migros Group's earnings before interest and taxes (EBIT) and before portfolio adjustments were CHF 686 million in the reporting year, 5.5% above the previous year. This positive development is due to the successful implementation of comprehensive **measures along the entire value-added chain**. As a result, the Migros Group is able to invest more in new services, further expand the shopping experience for its customers and focus on the changing market situation. As a result of losses from the disposal of the Depot Group and m-way, however, the Group profit decreased by 29.6% to CHF 335 million.

**Investments** were high at CHF 1'574 million (2018: CHF 1'516 million).

**Retail sales in Switzerland**, which includes Cooperative Retailing and the companies from the Commerce strategic business unit, increased by 0.6% on the previous year to CHF 22.030 billion.

The **consolidated sales of Cooperative Retailing** fell slightly to CHF 16.756 billion (-0.6%) in 2019. The Migros supermarkets and hypermarkets generated sales of CHF 11.596 billion (-1.4%) in Switzerland. Despite strong competition, Denner was able to maintain its position as Switzerland's leading discounter.

Regional and sustainable products continued on a growth course in 2019. Sales of **products with ecological or social added value** stood at CHF 3.148 billion (+0.6%). Thus, one in five Swiss francs generated by Migros in Cooperative Retailing came from products in this promising segment. For the first time, Migros customers spent more than CHF 1 billion on organic food.

Migros further cemented its position as **the market leader in Swiss e-commerce**. The Migros Group's online sales increased considerably by 9.8% to CHF 2.285 billion. The online retailer Digitec Galaxus generated record sales of CHF 1.106 billion (+16.1%).

In the health sector, Medbase/Santémed **further expanded the therapeutic and medical range** in the reporting year. Sales amounted to CHF 226 million (+50.8%). In addition to organic growth, the integration of Topwell Apotheken into the Medbase Group made a significant contribution to the positive development.

### Growth of M-Industry abroad

M-Industry further strengthened its market position abroad in 2019 with consolidated sales of CHF 5.872 billion (previous year: CHF 5.829 billion). This growth was driven mainly by the **encouraging business abroad, which grew by 9.9%**. The South Korean subsidiary Gwoonsesang Cosmetics recorded strong growth in particular. Business in the Swiss market saw a slight decline of 0.7%.

## Hotelplan Group

In the 2018/2019 financial year, the Hotelplan Group focused on **high-quality holidays with the aim of improving margins**. The travel company posted sales of CHF 1'188 million (previous year: CHF 1'259 million). Passenger figures were down by 6.8%. The result was influenced by external factors such as Brexit and the insolvency of Thomas Cook.

## Migros Bank

Migros Bank continued to grow in 2019, despite the challenging environment. The **mortgage volume increased by 3.6%**. The performance of the investment and corporate clients business was also encouraging. Profit across all divisions was up 12.9% to CHF 231 million.

## Social commitment

In 2019, Migros Culture Percentage invested CHF 118 million in culture, society, education, leisure and the economy. It includes Migros Club School, the Gottlieb Duttweiler Institute (GDI) and the Migros Museum of Contemporary Art. Migros Culture Percentage was **initiated by Gottlieb Duttweiler in 1957 and is incorporated in the statutes**.

The Engagement Migros development fund was set up in 2012 to supplement Migros Culture Percentage. With the fund, the **companies from the strategic business units Commerce, Financial Services and Travel** undertake to invest 10% of their dividends in supporting projects in the areas of culture, sustainable development, business and innovation. In total, CHF 20 million was made available (CHF 18 million spent) in the reporting year.

## Governance

Regional roots are important to the Migros Group, as they ensure that the company stays close to its customers. The Group's structures reflect the diversity of Switzerland and its regions. Migros has **strong values and excellent control systems and processes**, which ensures good corporate management. However, resolving identified problems quickly is not always easy, due to the decentralised responsibilities. Migros therefore decided in 2019 that it would carefully assess different ways to improve governance further.

## Migros as an employer

In 2019, Migros employed 106'119 people, 89'140 of whom were based in Switzerland, equating to **a decrease of 531 positions**. Adjusted for the companies sold in the Commerce department, the number of jobs within the Migros Group in 2019 decreased slightly by 357 (-0.4%) in comparison with the previous year.

Migros therefore **continues to be the largest private employer in Switzerland**. Its goal is to show particular responsibility towards its staff by providing above-average employee benefits and a working environment that values every employee.



Ursula Nold  
Chairwoman of the Board of Directors



Fabrice Zumbrunnen  
Chief Executive Officer FCM

## Sales in 2019

# CHF 28.683 billion

## All key figures for 2019

### Kennzahlen 2019

CHF million except where indicated	2015	2016	2017	2018	2019	Change compared with previous year
<b>Finances</b>						
<b>Income</b>	27'406	27'738	28'071	28'453	28'683	0.8%
↳ of which income before financial services business	26'546	26'921	27'292	27'677	27'914	0.9%
↳ of which Migros retail sales	22'996	23'269	23'296	23'729	23'757	0.1%

<b>CHF million</b> except where indicated	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Change compared with previous year</b>
↳ of which (income) of the Cooperatives <sup>[1]</sup>	15'613	15'634	15'557	16'255	16'062	-1.2%
Total Migros distribution sites	659	685	701	727	737	1.4%
Total Migros sales area	1'377'633	1'397'454	1'402'169	1'476'827	1'478'738	0.1%
<b>EBITDA (earnings before interest, taxes, depreciation and amortisation)</b>	2'314	2'281	2'103	2'118	1'732	-18.2%
as % of income	8.4	8.2	7.5	7.4	6.0	
↳ of which EBITDA of the retail and industry sector	2'000	1'981	1'795	1'796	1'390	-22.6%
<b>EBIT (earnings before interest and taxes)</b>	982	911	603	651	201	-69.1%
as % of income	3.6	3.3	2.1	2.3	0.7	
<b>Profit</b>	791	663	503	475	335	-29.6%
as % of income	2.9	2.4	1.8	1.7	1.2	
<b>Cash flow from operating activity</b>	2'696	2'503	1'170	1'361	1'820	33.7%
as % of income	9.8	9.0	4.2	4.8	6.3	
↳ of which cash flow from the retail and industry sector	2'047	1'658	1'619	1'641	1'382	-15.8%
<b>Investments</b>	1'356	1'663	1'476	1'516	1'574	3.8%
<b>Equity</b>	16'802	17'455	17'913	18'417	18'781	2.0%

<b>CHF million</b> except where indicated	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Change compared with previous year</b>
as % of balance sheet total	27.0	27.5	27.7	27.7	27.5	
↳ of which equity of the retail and industry sector	14'181	14'646	14'931	15'282	15'438	1.0%
as % of balance sheet total	66.5	67.5	67.3	67.1	69.10	
<b>Balance sheet total</b>	62'138	63'537	64'581	66'601	68'402	2.7%
↳ of which balance sheet total of the retail and industry sector	21'323	21'703	22'176	22'789	22'331	-2.0%
<b>Migros Cooperative</b>						
Number of Migros cooperative members	2'166'145	2'182'171	2'187'818	2'215'194	2'236'811	1.0%
<b>Employees</b>						
Workforce (people annual average)	100'373	102'851	105'456	106'622	106'119	-0.5%
Full-time positions	72'609	74'305	75'302	75'542	75'606	0.1%
Trainees	3'700	3'775	3'860	3'833	3'700	-3.5%
<b>Society &amp; culture</b>						
Migros Culture Percentage expenses	120	120	122	120	118	-1.8%
Expenses Engagement Migros development fund (Migros Group)	9	10	15	16	18	12.5%

<b>CHF million</b> except where indicated	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Change compared with previous year</b>
<b>Products</b>						
Total sales of sustainable, health and regional label Cooperative Retailing	3'648	3'881	4'015	4'218	4'261	1.0%
<b>Environment</b>						
Greenhouse gas emissions, absolute (in 1000 tonnes CO2-eq)	303.09	300.45	287.73	279.94	261.84	-6.5%
Energy consumption, Migros group (in GWh)	1'747	1'757	1'739	1'698	1'691	-0.4%
Installed solar power plants owned by Migros (in kWp)	21'432	27'384	28'204	30'902	32'506	5.2%
Migros Group, rail transport kilometrage (in km million)	11.5	12.5	13.3	13.8	14.2	2.9%
Recycling rate (in %)	78.0	77.7	77.8	77.6	77.7	0.1%

**1** Adjustment as from 2018: Cooperations inclusive domestic and foreign subsidiaries

## Strategic business units

Due to the division into **five strategic business units** and **Shared Services**, the management of Migros is simple and effective. The six units are each managed by a member of the Executive Board. Cooperative Retailing is an exception here, as the regional Cooperatives are legally independent and managed only indirectly by the FMC.



## Cooperative Retailing

In 2019, the consolidated sales of Cooperative Retailing fell slightly to CHF 16.756 billion (-0.6%). At the same time, there was a 0.8% increase in footfall to 353 million purchases. The shift from in-store to online retailing continued.

## Financial results Cooperative Retailing

In CHF million	2019	2018	Change in %
<b>Net revenue from goods and services sold</b>			
Cooperatives incl. other countries <sup>[1]</sup>	16'062	16'255	-1.2%
Medbase (Medbase Group and santémed health centers)	226	150	50.8%

In CHF million	2019	2018	Change in %
FMC	5'266	5'335	-1.3%
Logistics	389	377	3.0%
Other companies	1	1	84.8%
<b>Net revenue from goods and services sold</b>	<b>21'944</b>	<b>22'118</b>	<b>-0.8%</b>
Elimination intra-sectoral	-5'188	-5'253	
<b>Sales per segment (net revenue from sales of goods and services sold)</b>	<b>16'756</b>	<b>16'865</b>	<b>-0.6%</b>
Other operating income	580	409	41.9%
<b>Total income</b>	<b>17'336</b>	<b>17'273</b>	<b>0.4%</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>295</b>	<b>363</b>	<b>-18.7%</b>
Segment assets	10'660	10'680	
Investments in long-term assets	1'038	1'025	
Employees	70'813	71'323	

1 Adjustment as from 2018: Cooperations inclusive domestic and foreign subsidiaries

## Distribution figures Cooperative Retailing

	Number of sites		Sales area (m2)	
	2019	2018	2019	2018
<b>Distribution sites Switzerland</b>				
<b>Migros sites</b>				
M	363	351	298'047	288'237
MM	205	208	480'161	482'166
MMM	50	49	380'684	382'416
<b>Total</b>	<b>618</b>	<b>608</b>	<b>1'158'892</b>	<b>1'152'819</b>
MParcs/specialist market centres/Obi	50	51	290'179	295'469
Single-line stores <sup>[1]</sup>	43	38	25'826	24'470
<b>Total</b>	<b>93</b>	<b>89</b>	<b>316'005</b>	<b>319'939</b>
Independent gastronomy businesses	26	30	3'841	4'069
<b>Total sites</b>	<b>737</b>	<b>727</b>	<b>1'478'738</b>	<b>1'476'827</b>
<b>Distribution lines Switzerland</b>				
<b>Supermarkets</b>				
M, MM and MMM	618	608	944'970	932'661
Other supermarkets <sup>[2]</sup>	9	9	12'424	12'422
<b>Total supermarkets</b>	<b>627</b>	<b>617</b>	<b>957'394</b>	<b>945'083</b>

	Number of sites		Sales area (m2)	
	2019	2018	2019	2018
<b>Specialist markets</b>				
Do it + Garden	43	45	101'557	106'078
Micasa	35	34	74'044	75'203
Interio	11	11	50'326	51'479
SportXX	62	62	75'404	75'209
Melectronics	102	106	38'939	42'484
Obi DIY superstore/garden	11	11	86'146	86'170
<b>Total specialist markets</b>	264	269	426'416	436'623
<b>Migros Gastronomy</b>				
M-Restaurants	159	161	79'592	79'914
Takeaways and other gastronomic formats <sup>[3]</sup>	154	163	15'336	15'207
<b>Total Gastronomy</b>	313	324	94'928	95'121
<b>Distribution sites other countries</b>				
<b>France (Migros France)</b>				
MMM	2	2	10'883	10'883
MM	1	1	1'638	1'638
<b>Germany</b>				
Tegut	275	273	297'718	291'222

	Number of sites		Sales area (m2)	
	2019	2018	2019	2018
<b>Total other countries</b>	<b>278</b>	<b>276</b>	<b>310'239</b>	<b>303'743</b>
<b>Wholesaling cooperatives and other</b>				
Migros Partners	52	49	-	-
VOI	57	53	-	-
<b>Leisure, health and foundations</b>				
Migros Fitness Switzerland <sup>[4]</sup>	134	122	-	-
Migros Fitness outside Switzerland <sup>[5]</sup>	184	174	-	-
Medbase and santémed health centers	100	51	-	-
Aquaparcs <sup>[6]</sup>	3	3	-	-
Sportparcs	3	3	-	-
Golfparcs	8	8	-	-
Foundations 'Park im Grünen' and Monte Generous	5	5	-	-

1 Outlets, Alnatura Bio supermarkets, independent Outdoor by SportXX stores, etc.

2 integrated in MParcs or specialist market centres

3 Chickeria, Kaimug, Hitzberger and Coffee&Time

4 incl. fitness park in Milandia sport and adventure park; incl. subsidiaries/formats (Activ Fitness, Migros Fitnessclub, ONE Training Center, MFIT, Migros Fitnesscenter, Only Fitness)

- 5 ACISO Fitness&Health GmbH (ELEMENTS studios in Germany, INJOY franchise facilities in Germany, Austria and Belgium: FT-Clubs in Germany, Austria, Switzerland, Netherlands, Italy)
- 6 Sântispark, Bernaqua, Vitam (FR)

**CHF 16.756 billion**

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in consolidated sales were generated in Cooperative Retailing.

In their supermarkets and hypermarkets, the ten regional Migros Cooperatives generated domestic sales of CHF 11.596 billion (-1.4%). At the same time, more people shopped at Migros than in the previous year. There was a 0.8% increase in footfall to 353 million purchases. In the reporting year, Migros invested **in the quality of the most popular products and in price reductions** across the entire product range. The prices and quality of some 1'500 products were adjusted.

In 2019, the specialist markets **Micasa, SportXX, melectronics, Do it + Garden, Interio and OBI** generated sales of CHF 1.753 billion following an average reduction in product prices of 2.6%. This meant that sales were down by 1.2% in comparison with the previous year.

### **Billions in revenue from organic products**

Sustainable and regional products were very important in 2019. Sales of **products with ecological or social added value** amounted to CHF 3.148 billion (+0.6%). Thus, one in five Swiss francs generated by Migros in Cooperative Retailing came from products in this promising segment. Sales of organic food exceeded CHF 1 billion for the first time. The organic range includes products sold with the Migros Bio label and third-party organic brands, such as Alnatura, Hipp and Yogi Tea.

### **Product range further expanded**

Migros responded to customer demand by making various improvements and additions to its range: the **selection of typical Italian food** was increased by 55 new products. In addition, spices were successfully introduced as mini items for daily use to meet the needs of small households.

## New branches, stable sales area

# 737 locations

make up Migros' sales network.

To get even closer to its customers, Migros opened ten new branches in 2019. The **Migros sales network now comprises 737 locations**. Migros also opened three new Alnatura locations, thus further expanding its in-store range of organic products. The sales area for supermarkets, hypermarkets, specialist markets and catering services remained stable, amounting to 1'478'738 m<sup>2</sup> (+0.1%) at the end of 2019.

## Interio stores sold, jobs secured

In 2019, Migros decided to sell the brand Interio and six of its eleven Interio stores. About 200 Interio employees were **offered jobs at mömax**, a company that is part of the Austrian XXXLutz Group. The remaining employees will continue to work either within Migros or elsewhere.



## Commerce

In 2019, the Commerce Department reviewed its portfolio of companies and changed its strategic focus. It generated sales of CHF 8.023 billion, representing growth of 2.0%. The sales of the other companies grew by 5.1%.

## Financial results Commerce

CHF million	2019	2018	Change in %
<b>Net revenue from goods and services sold</b>			
Denner AG	3'252	3'181	2.2%
Migrol AG	1'548	1'530	1.2%
Magazine zum Globus AG	763	808	-5.6%
Digitec Galaxus AG	1'106	953	16.1%
Depot (Gries Deco Company GmbH) <sup>[1]</sup>	436	554	-21.2%
migrolino AG	593	516	14.9%
Le Shop S.A.	190	185	2.8%
Ex Libris AG	99	99	0.4%
Other companies <sup>[1]</sup>	48	58	-16.6%
<b>Net revenue from goods and services sold</b>	<b>8'036</b>	<b>7'882</b>	<b>1.9%</b>
Elimination intra-sectoral	-13	-13	
<b>Sales per segment (net revenue from sales of goods and services sold)</b>	<b>8'023</b>	<b>7'869</b>	<b>2.0%</b>
Other operating income	111	101	10.2%
<b>Total income</b>	<b>8'134</b>	<b>7'970</b>	<b>2.1%</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>-570</b>	<b>-152</b>	<b>-274.2%</b>
Segment assets	1'617	1'995	

CHF million	2019	2018	Change in %
Investments in long-term assets	162	181	
Employees	16'821	16'826	

1 Depot (Gries Deco Group) and m-way AG: share of revenue up to the date of sale included

## Distribution network Commerce figures

	Number of sites		Sales area	
	2019	2018	2019	2018
<b>Denner</b>	822	817		
Denner branches	551	537	219'236	214'789
Denner satellites (incl. Denner Express)	271	280		
<b>Globus (Magazine zum Globus AG)</b>	47	56	103'792	118'926
Globus department stores <sup>[1]</sup>	13	15	77'848	83'188
Globus special formats <sup>[1] [2]</sup>	34	41	25'944	35'738
<b>Depot Switzerland</b>	-	38	-	17'800
<b>Depot (Germany and Austria)</b>	-	644	-	262'807
<b>Ex Libris AG</b>	14	15	1'427	1'562
<b>Migrol</b>				
<b>Total petrol stations</b>	308	307	-	-

	Number of sites		Sales area	
	2019	2018	2019	2018
Migrol Auto Service/Migrol Service	148	149	-	-
Petrol stations (automated)	160	158	-	-
Convenience stores operated by Migrol (migrolino und Migrol-Shops)	148	(149)	-	-
<b>Total convenience stores</b>	369	367	-	-
migrolino <sup>[3]</sup>	321	318	-	-
Migrol shops	48	49	-	-

1 incl. outlets

2 Consolidation of the former Herren Globus and Schild branches in 2018

3 These locations are divided into stand-alone migrolinos, Migrol migrolinos, Shell migrolinos, Socar migrolinos and Piccadilly migrolinos.

In 2019, the Commerce Department directed its strategic orientation towards the **business units Online Non-Food, Convenience and Discount**. In connection with this, the portfolio of companies was reviewed and the decision was made to find new owners for the subsidiaries in the in-store non-food segment (Globus, Gries Deco Group and m-way).

Migros has developed these companies in a challenging market environment and they are now **well positioned and fit for the future**. However, synergies with Migros' core business were rather weak, and Migros was no longer the best owner for these companies. The sales process for Depot and m-way was successfully completed in 2019. The sale of Globus only went through at the start of this year, so it will not have a bearing on the Department's sales and profit until the 2020 financial year.

**LeShop** has been part of Cooperative Retailing since the start of this year.

Thanks to their customer-focused orientation, the other companies in the Commerce Department's portfolio – **Denner, migrolino, Migrol, Digitec Galaxus and Ex Libris** – remain on a growth trajectory and were able to increase their sales by 5.1% to CHF 6.598 billion. In 2019, all five companies strengthened their market position in the highly competitive retail sector.

**Globus** further consolidated its position in the premium segment, and the online business also grew considerably, with sales more than doubling. Globus' sales across all channels amounted to CHF 763 million (-5.6%). Adjusted by sales area, Globus grew by 0.9%. The sales process for Globus was successfully completed at the beginning of this year. A joint venture between Signa and Central Group, owner of the KaDeWe Group, has acquired Magazine zum Globus AG and eight associated properties.

New owners were also found for **Depot** and **m-way** in 2019, with m-way acquired by Swiss E-Mobility Group. Existing managing director and minority shareholder Christian Gries took over the Gries Deco Group as part of a management buyout. The sale of Depot had a negative effect on earnings.

**Le Shop** increased its sales by 2.8% to CHF 190 million, further underlining its leading position in Switzerland's online food market.

## **Strategic focus on Online Retail, Convenience and Discount**

**Denner** again increased its sales, with growth of 2.2% in 2019, thus confirming its position as Switzerland's leading discounter. By offering excellent value for money and continuously expanding its services – particularly in the fresh products range – Denner was able to expand its customer base, leading to an increase in footfall of 3.5% for its own branches and 3.8% across the entire network. Denner also carried out modernisation work on a total of 124 branches and partner stores, and expanded its network of sites by five to 822.

**Migrolino** celebrated its tenth anniversary in the reporting year and remains on a growth trajectory. Due to increasing customer demand for immediate consumption and freshness, the number of locations was increased to 321 (previous year: 318). Both the shops and the wholesale business contributed to the 14.9% increase in sales to CHF 593 million.

**Migrol** again increased its sales volumes and thus its share of the declining fuel market. Despite low average prices, Migrol's sales were up 1.2% in 2019.

**Digitec Galaxus** increased its platform sales by 15.5% to CHF 1'146 million, earning an even bigger share of the market. Net sales came in at CHF 1'106 million, compared with CHF 953 million in the previous year. The portals digitec.ch and galaxus.ch both increased their sales and have a growing active community. The product range was expanded from 2.6 million to 3.2 million items.

**Ex Libris** performed very well in its first year after the restructuring measures, experiencing further strong growth online and in-store (adjusted by sales area). By focusing on the book range, it was able to increase its market share considerably. Despite the loss of income from more than 43 store closures since 2018, sales were up on the previous year, coming in at CHF 99 million.



## Industry & Wholesaling

In 2019, Migros Industry generated sales of CHF 5.872 billion (+ 0.7%) in a challenging market environment. This growth was driven mainly by the encouraging business abroad, which grew by 9.9%.

### Financial results Industry & Wholesaling

CHF million	2019	2018	Change in %
Net revenue from goods and services sold	5'872	5'829	0.7%
Other operating income	86	87	-0.6%
<b>Total income</b>	<b>5'959</b>	<b>5'916</b>	<b>0.7%</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>115</b>	<b>132</b>	<b>-13.0%</b>
Segment assets	2'393	2'366	

CHF million	2019	2018	Change in %
Investments in long-term assets	275	207	
Employees	14'131	14'070	

With its industrial companies, Migros is one of the world's biggest producers of own-brand products. In 2019, the consolidated **sales of M-Industry amounted to CHF 5.872 billion** (previous year: CHF 5.829 billion). The increase is due in particular to the successful international business. In contrast, business in the Swiss market saw a slight decline of 0.7%.

## Market position in Asia strengthened

**CHF 80 million**

growth in international business

The **international business** again achieved strong growth of CHF 80 million (+9.9%) to CHF 887 million. The market position in Asia had already been strengthened in the previous year with the takeover of the South Korean company Gowoonseung Cosmetics Co. Ltd. Migros also acquired the Dutch company SoFine Foods in 2019, strengthening its position in the area of plant-based products. On a currency-adjusted basis, sales from Swiss exports remained at the previous year's level.

## Slight decline in domestic business

In the **Swiss market** (retailing and bulk consumer business), the sales of M-Industry were down by 0.7% to CHF 4.985 billion. Retail business with the Migros Group declined slightly, but sales with Denner increased.

In the **bulk consumer business**, M-Industry continued to focus more on the delivery sector. Third-party business in Switzerland rose slightly overall to CHF 0.907 billion.

## Investments in the Swiss business areas

M-Industry invested CHF 235 million in Switzerland as a centre of industry in 2019. As in previous years, the focus was on **process automation and digitalisation**, as well as investments to reduce CO<sub>2</sub> emissions and water consumption. In the area of packaging optimisation, Delica increased its capacities with new aluminium capsule filling systems, thus also making a contribution towards a reduction in the use of plastic as a packaging material.

## Stable development of jobs

Migros Industry employed 14'093 people in 2019. Overall, the number of employees was up by 45 on the previous year. As a **leading trainer**, M-Industry also trained 533 apprentices in more than 30 different occupations.



## Financial Services

Migros Bank continued to grow in 2019. The mortgage volume increased by 3.6%. The performance of the investment and corporate clients business was also encouraging. Profit across all divisions was up 12.9% to CHF 231 million.

## Financial results Financial Services

CHF million	2019	2018	Change in %
Net revenue from goods and services sold	11	6	71.4%
Income from financial services business	769	777	-1.0%
Other operating income	11	2	445.4%
<b>Total income</b>	<b>790</b>	<b>785</b>	<b>0.7%</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>314</b>	<b>291</b>	<b>7.9%</b>
Segment assets	46'917	44'638	
Investments in long-term assets	17	17	
Employees	1'583	1'519	

**26.9%**

increase in volume for the sustainability funds.

The number of **asset management mandates** was up considerably by 16.6% in the reporting year. The Migros Bank sustainability funds also enjoyed strong demand again, growing by 26.9% to CHF 415 million. The total of all securities held by customers in Migros Bank custodian accounts rose by 16.3% to CHF 13 billion. Liabilities arising from customer deposits also increased by 4.6% to CHF 35.5 billion.

## Encouraging trend for customer loans

The volume of customer loans increased in parallel with customer deposits. With a 3.6% rise in mortgage volume to CHF 38.3 billion, Migros Bank consolidated its position as one of Switzerland's five biggest mortgage banks. In tandem with mortgages, other customer loans grew by 3.5% to CHF 2.1 billion. This encouraging development was due to targeted efforts to restructure the **corporate clients business**. As a result, receivables from capital goods leasing, for example, rose by 12.3%. Sales synergies in the corporate clients business with the partner company CSL Immobilien AG also had a positive effect.

Migros Bank maintained its **prudent risk policy** in both the corporate clients and private clients business. At the end of 2019, 97.4% of the portfolio of mortgages on residential properties consisted of first priority mortgages with a loan-to-value rate of up to 67%.

## Growth in interest income

**Net interest income** increased by 4.2% to CHF 489 million. At CHF 102 million, commission income was again very positive. Commission income from the securities business was particularly encouraging, not least due to the noted strong growth in asset management and more transactions in personal investment consulting.

As expected, **other ordinary income** decreased significantly by 41.2% in 2019. The payment services provider Aduno Holding AG, in which Migros Bank has a 7% stake, distributed a normal, lower dividend again. A special dividend had been paid out in the previous year, due to the sale of the acquiring and terminal business.

The operating income of Migros Bank across all divisions rose by 3.2% overall to CHF 640 million. Material expenses increased by 1.8%, due in particular to investment in new and additional digital services for customers. Personnel expenses rose by 2.8%. Overall, **operating expenses** rose by 2.4% to CHF 303 million. The cost-income ratio reached 46.9%, after having been at a low level in the previous year (47.4%).

## Increase in operating income and profit

**CHF 306 million**

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in operating income was generated.

After taking into account depreciation, provisions and losses, operating income and profit was up by 6.4% to CHF 306 million. After accounting for extraordinary items, the creation of reserves for general banking risks and taxes, a **profit** of CHF 231 million was generated (+12.9%). This included a book profit of CHF 9 million from the sale of two properties.



## Travel

In the 2018/2019 financial year, the Hotelplan Group focused on high-quality holidays with the aim of improving margins. The travel company posted sales of CHF 1'188 million.

### Financial figures Travel

CHF million	2019	2018	Change in %
Net revenue from goods and services sold	1'188	1'259	-5.7%
Other operating income	5	7	-29.2%
<b>Total income</b>	<b>1'193</b>	<b>1'267</b>	<b>-5.8%</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>1</b>	<b>-3</b>	<b>131.5%</b>
Segment assets	64	87	

CHF million	2019	2018	Change in %
Investments in long-term assets	5	5	
Employees	2'643	2'749	

In 2019, the Hotelplan Group again found itself operating in a volatile environment. The hot summer, Brexit uncertainty and the insolvency of Thomas Cook were the biggest challenges in the reporting year. Due to the Hotelplan Group's focus on **high-quality holidays**, a decline in revenue was accepted. The travel company posted sales of CHF 1'188 million (previous year: CHF 1'259 million). Passenger figures were down by 6.8%.

**CHF 520 million**

in sales at Hotelplan Suisse.

## Challenging environment in Switzerland

The travel company Hotelplan Suisse held its own in the fiercely competitive domestic market. The financial year was marked by greater **awareness of global warming** and a hot summer in Europe.

The business travel provider bta first travel was able to **add some big names to its portfolio of customers** in 2018/2019. Finass Reisen successfully completed its first financial year at the Hotelplan Group. The two business travel specialists generated sales of CHF 21 million.

## Holiday home agencies on right track

The Holiday Home Division, comprising the two holiday home agencies Interhome and Inter Chalet, concentrated its efforts on introducing a standardised operating system in the reporting year. This led to a **considerable improvement in margins**. Sales came in at CHF 341 million (previous year: CHF 359 million).

## Hotelplan UK increases efficiency

Along with the uncertainty surrounding Brexit, the insolvency of Thomas Cook also had a negative impact on Hotelplan UK's earnings, as it was one of the most important sales and flight partners of the British subsidiary. Nevertheless, Hotelplan UK managed to **increase efficiency** through tight cost control. Sales in the local currency were down to GBP 235 million (previous year: GBP 259 million). In Swiss francs, this corresponds to sales of CHF 298 million (previous year: CHF 339 million).

## New strategy and growth

Bedfinder adapted its business model in the reporting year. The start-up withdrew from the fiercely competitive hotel-only B2C market and shifted its focus to the sale of packages with white label partners. This increased revenue to CHF 8 million (previous year: CHF 4 million).

**CHF 490 million**

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in sales at vtours.

The German online travel company vtours was acquired in 2019. The company generated sales of more than CHF 490 million in the 2018/2019 reporting year. Due to potential synergies in the areas of IT, purchasing and sales, vtours is the **perfect addition** to the Hotelplan Group. It will help to ensure growth in German-speaking countries and strengthen the Group's competitive position considerably.



## Shared Services

In 2019, the Logistics & IT Department – Shared Services – optimised the existing operational processes and laid the basis for meeting future requirements in the areas of automation, data and applications.

Shared Services combines the five competence centres: Migros Distribution Centres, Transport, Engineering, IT and Data Strategy & Science. For **all entities of the Migros Group, they provide services** that are oriented towards overarching objectives and requirements.

### Migros Distribution Centres

At the **Migros Distribution Centre Neuendorf** (non-food and near-food, textiles and frozen products), the "MVN" home delivery service for customers of the Migros specialist markets was set up in 2019.

In the reporting year, the **Migros Distribution Centre Suhr AG** recorded stable demand for logistics services in the Migros food business and significant growth in the Migrolino business.

Activities relating to the **value-added services of Migros Industry** in Switzerland and abroad were stepped up, allowing plant capacity and infrastructure to be optimally utilised.

### Transport

Migros consolidated and slightly extended its **leading position in Swiss rail freight** in 2019. The number of rail kilometres was up by 0.1%. Additional connections were established between distribution centres and Cooperatives, and for transalpine and international freight.

**Migros is making continuous efforts to  
decarbonise road freight.**

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As part of the innovation partnership with the Swiss Federal Laboratories for Materials Science and Technology (EMPA), efforts to **reduce carbon emissions from road freight** were further intensified in 2019. These were focused primarily on field tests with CO<sub>2</sub>-optimised lorries that run on biofuel and electric. In addition, Migros was involved in two projects concerned with the development and introduction of hydrogen fuel cell lorries.

Migros also supported the national **generational project Cargo sous terrain**. It is represented on the board of directors of Cargo sous terrain AG and on other bodies, including the steering committee of the City Logistics sub-project.

## **Engineering**

The Engineering division of the Migros Group planned and conducted various projects in 2019. The main focus was on the **automation of logistics processes** and energy efficiency.

## **IT**

After an intensive testing and pilot phase, Migros began **rolling out the new point-of-sale solution avanta** in 2019. By the end of the year, 300 branches across all formats – supermarkets, hypermarkets, catering services, specialist markets – had been switched over to avanta. The roll-out is due to be completed by autumn 2020.

## **Data Strategy & Science**

In 2019, Data Strategy & Science developed the first ever recommendation engine for the online shop MyMigros. The solution uses artificial intelligence to suggest **personalised product recommendations**. The individual suggestions are determined using Cumulus data from the previous twelve months.

The algorithm developed for this purpose calculates the purchase likelihood of certain products on the basis of personal product preferences and on the time and frequency of purchases made in the past. The **findings from the pilot project** will be used in the development of the Migros Group's online food initiatives this year.

Highlights 2019

# Migros' key achievements in 2019

January



## **Matthias Wunderlin appointed new Head of Marketing**

Matthias Wunderlin takes over as Head of the Marketing Department, with effect from 1 January 2019, and is appointed to the Executive Board. He replaces Hansueli Siber, Head of the Marketing Department since 2014. Wunderlin (\*1973) has held various roles within Migros, most recently as Head of Retail Digital Division in the Federation of Migros Cooperatives.

## March



### **Ursula Nold elected new Chairwoman of the Board of Directors**

On 23 March 2019, the Assembly of Delegates of the Federation of Migros Cooperatives appoints Ursula Nold as the new Chairperson of the Board of Directors. She takes office on 1 July 2019, replacing Andrea Broggin, Chairman since 2012. Ursula Nold (\*1969) becomes the first woman at the helm of the FMC Board of Directors. She presided over the FMC Assembly of Delegates from 2008 to 2019.



### **Armando Santacesaria appointed new Head of Industry**

The Board of Directors of the Federation of Migros Cooperatives appoints Armando Santacesaria as Head of the Industry & Wholesaling Department and a member of the Executive Board. Santacesaria (\*1971), who has worked in various roles at Procter & Gamble and Kellogg's, takes over the reins from Walter Huber on 1 June 2019. Huber leaves Migros after 11 years in charge of M-Industry.



### **Rainer Baumann appointed new Head of Technology and IT**

The Board of Directors of the Federation of Migros Cooperatives appoints Rainer Baumann as Head of the Technology, IT & Logistics Department and a member of the Executive Board, with effect from 1 September 2019. Baumann (\*1979), who previously held roles at McKinsey & Company and Swiss Re, replaces Andreas Münch, Head of the Logistics & IT Department since 2005.

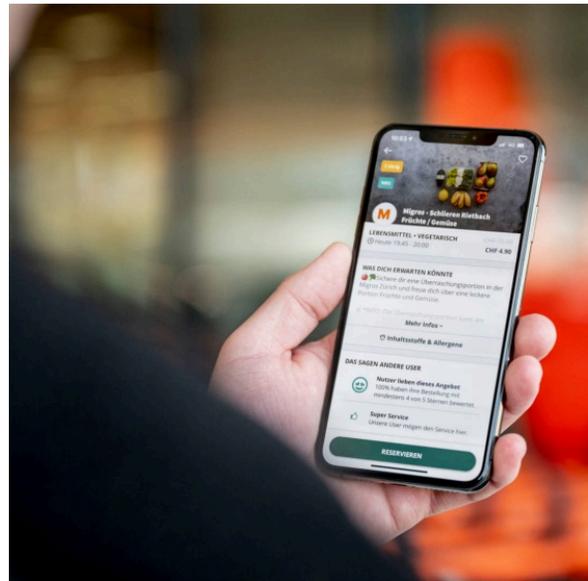
April



**TOPWELL**  
APOTHEKEN

### Acquisition of Topwell Apotheken AG

The Swiss Federal Competition Commission (WEKO) cleared the way for the takeover of Topwell Apotheken AG by the Migros-owned Medbase Group. The integration has allowed Medbase to expand its portfolio with a new strategic business segment and take forward-looking steps towards end-to-end, integrated and innovative medical and pharmaceutical care in Switzerland.



### Drinks bottles made of 100% recycled PET

Since 2019, Migros syrup bottles have been made of 100% recycled PET. This means that the materials loop for PET bottles has now been closed for the first time in Switzerland. With this measure, Migros saves more than 222 t of new material per year.

May



### **M-Industry invests in Aleph Farms**

M-Industry has acquired a stake in the Israeli start-up Aleph Farms, which specialises in developing sustainably cultivated meat. It is thus investing in a promising technology for resource-friendly meat production. The company succeeded in growing animal cells in an incubator into a steak in just a few weeks.



### **Migros Club School turns 75**

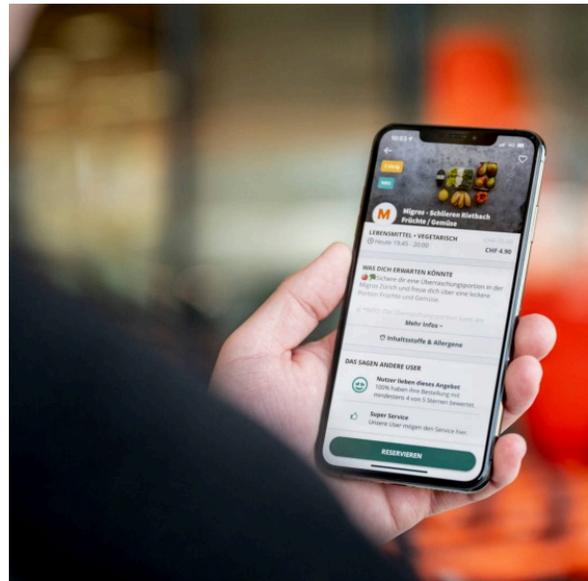
Migros Club School celebrates its 75th anniversary. Founded by Gottlieb Duttweiler in 1944 with the aim of making affordable language courses accessible to all, the Club School has become Switzerland's most popular educational institution. The secret to its success lies in having an awareness of trends. In its anniversary year, it held a total of 53'719 courses and seminars for more than 328'000 participants.

June



### Prices reduced for favourite Migros products

Migros has reduced the prices of its best-selling items and improved the quality of important own-brand products. About 1'500 products are positively affected by the broad-based initiative to increase value for money. Migros thus enables its customers to buy high-quality, healthy and sustainable products at fair prices.



### Strategic reorientation

The Migros Group wants to invest more heavily in its strategic core business and online commerce. As part of a regular review of its portfolio, it sought new owners for its subsidiaries Globus, Gries Deco Group (Depot), Interio and m-way. The Board of Directors of the Federation of Migros Cooperatives decides to initiate the corresponding sale processes.

**December**



### **World's most responsible retailer**

In 2019, the Migros Group analysed its positive and negative effects on global development. The UN's sustainability goals were incorporated into the development of the Migros Group's sustainability mission statement. Detailed information about the Migros Group's contribution to the SDGs can be found [here](#).