

## 2020 in Brief

The Migros Group generated sales of CHF 29.947 billion in 2020 (+4.4%). With Group profit of CHF 555 million before portfolio adjustments, it performed well in this extraordinary year despite the heavy impact of the Covid-19 pandemic.

### Good performance in extraordinary year

Dear ladies and gentlemen,

For our customers and employees, 2020 was a year marked by restrictions, uncertainty and constant change. Despite this, the Migros Group performed well in this extraordinary financial year. Demand in online and in-store business increased significantly as a result of the Covid-19 pandemic. However, strategic business unit Travel suffered considerable losses, as did the areas of catering services and fitness and leisure facilities. The Migros Group coped well with these challenges. It played an **essential role in supplying the Swiss population** in what was a difficult period for many people. This excellent performance was due to the outstanding commitment of all employees of the Migros Group. We would like to thank everyone for their hard work.

Despite the ongoing crisis, Migros managed to achieve its strategic objectives. Against this backdrop, the **adjustment to the company portfolio begun in recent years, the focus on core business and the intensified expansion of online products and services** proved to be crucial. Migros was able to respond quickly to changing customer requirements and extend its leading position in the online segment. An important step was the successful integration of LeShop into Migros Online in autumn 2020. This has increased Migros' online presence and will enable it to offer customers an even more attractive shopping experience in future. The adjustment to the company portfolio was continued with the sale of Globus and Saviva, among other measures. The systematic expansion of growth areas such as convenience, discount and health was also an important success factor.

The **consolidated sales of the Migros Group** increased by 4.4% to CHF 29.947 billion. E-commerce sales within the Group reached the 10% mark for the first time, growing by 31% to CHF 2.995 billion. Digitec Galaxus, Migros Online and the digital business of the specialist markets were the main contributors to this result.

Migros **reduced the prices of more than 700 supermarket products in the reporting year**. Migros also expanded its initiative to increase value for money, which was launched in 2019. It thus has an even stronger focus on high-quality products and services at attractive prices, a principle that is anchored in its statutes.

Migros Culture Percentage put CHF 142 million towards supporting important projects in the areas of culture, society, education, leisure and business. **Voluntary contributions to the welfare and cohesion of society** are very important to Migros, in particular during difficult times as in 2020. During the pandemic, it supported artists with funding contributions, even though events had to be cancelled. The Engagement Migros development fund supported 68 projects in the areas of culture, sustainability, business and innovation with a total of CHF 16 million.

**Investments** amounted to CHF 1.479 billion. The Migros Group thus made an important contribution towards strengthening Switzerland as a centre of industry. Alongside increasing the logistics capacities of Migros Online, the Migros Group also invested in its branches and its industrial companies. Further investments have already been approved. In the coming years, Migros will invest around CHF 500 million in industrial locations in Switzerland, including in projects of Jowa in Volketswil, Gränichen and Ecublens, of Micarna in Saint-Aubin, and at Bischofszell Nahrungsmittel.

## **2020 in Detail**

### **Portfolio adjustments impact the financial result**

**Earnings before interest and taxes (EBIT)** amounted to CHF 1.866 billion. Before portfolio adjustments and adjusted for the effects of the FINMA Accounting Ordinance (ReV-FINMA), which has applied to Migros Bank since 01.01.2020, operating profit at EBIT level came to CHF 718 million (+4.7%). Among other things, the result was negatively impacted by the losses of Globus (up to its sale in spring) and the Hotelplan Group. Group profit amounted to CHF 1.757 billion (CHF 555 million before portfolio adjustments). These funds will enable Migros to further enhance the shopping experience for its customers and respond flexibly to the changing market situation.

**Retail sales of all Migros companies** that supply end consumers increased by 2.6% to CHF 24.379 billion. Adjusted for the sale of Globus and Depot, retail sales amounted to CHF 24.195 billion, representing growth of 7.3% in comparison with the previous year.

Consolidated sales of CHF 17.736 billion (+5.0%) were generated in **Cooperative Retailing**. This also includes Migros Online, with sales of CHF 266 million (+40.0%). The ten Cooperatives and their subsidiaries generated sales of CHF 15.062 billion (+2.5%) in Switzerland. Sales abroad increased by 9.5% to CHF 1.498 billion. The Cooperatives increased their domestic market share by 0.7 percentage points to 15.9%. Although catering services, Club Schools and fitness/leisure facilities suffered a decline in revenue, supermarkets and hypermarkets recorded significant growth. Domestic sales came to CHF 12.455 billion (+7.4%). Organic food sales increased by 15.6%. Products with ecological or social added value recorded growth of 7.4%.

**In the health sector**, the Medbase Group expanded its medical and pharmacy units. With the takeover of zahnarztzentrum.ch, it also developed dentistry as a business segment. Sales amounted to CHF 380 million (+68.4%). With the launch of MiSENSO, Migros also entered the optometry and hearing aid markets in the reporting year, thus adding a new business segment to its health portfolio.

## **Commerce**

Adjusted for the sale of Globus, Swisstherm, Depot and m-way, the strategic business unit Commerce recorded a 14.3% increase in sales to CHF 7.538 billion (unadjusted -1.3%). In addition to the strong growth achieved by Digitec Galaxus (+56.4% to CHF 1.699 billion in Switzerland), Denner in particular performed extremely well (+15.7% to CHF 3.762 billion). The convenience store migrolino also recorded growth (+20.8% to CHF 716 million).

## **Migros-Industry**

Migros-Industry felt the effects of the pandemic in third-party business and overseas markets, including the US and the UK. However, thanks to strong growth in the Migros channels, it was able to compensate for these effects. Sales increased by 1.8% to CHF 5.975 billion.

## **Hotelplan Group**

Due to the massive travel restrictions introduced in response to the pandemic, the strategic business unit Travel posted the worst result in its history. The travel group achieved net sales of CHF 732 million (-38.4%). Including vtours, acquired in 2019, sales were down by 57% year-on-year. Passenger figures fell by 28.2% (-50.8% including vtours).

## Migros Bank

Migros Bank increased its business volume significantly, despite the challenging conditions created by the pandemic. Customer deposits increased by 7.2% to CHF 38.0 billion, and mortgage volume rose by 4.5%. The performance of the investment and corporate clients business was also encouraging. Due to the negative interest rate environment and value adjustments for inherent default risks, profit fell by 16.3% to CHF 193 million.

## Migros as an employer

Migros Group employed 99'155 staff in 2020 (2019: 106'119). The change is due mainly to the disposals made as part of the portfolio adjustments, which led to an 8'000 reduction in the workforce. However, Migros also created new jobs in Switzerland, including 1'200 in the areas of online retail and health. Migros therefore continues to be the largest private employer in Switzerland.

## Outlook

The 2021 financial year will also be dominated by the Covid-19 pandemic. We are convinced that the Migros Group can strengthen its position further in the strategic growth areas and increase its market shares. It remains a reliable employer and continues to fulfil its responsibility to supply the Swiss population with great dependability and commitment. The Migros Group is in good shape and well equipped to deal with future challenges and developments.



Ursula Nold  
Chairwoman of the Board of Directors



Fabrice Zumbrunnen  
CEO

## Sales in 2020

# CHF 29.947 billion

## All key figures for 2020

## Key figures 2020

CHF million except where indicated	2016	2017	2018	2019	2020	Change compared with previous year
<b>Finances</b>						
<b>Income</b>	27'738	28'071	28'453	28'683	29'947	4.4%
↳ of which income before financial services business	26'921	27'292	27'677	27'914	29'189	4.6%
↳ of which Migros retail sales	23'269	23'296	23'729	23'757	24'379	2.6%
↳ of which (income) of the Cooperatives [1]	15'634	15'557	16'255	16'062	16'559	3.1%
Total Migros distribution sites	685	701	727	737	726	-1.5%
Total Migros sales area	1'397'454	1'402'169	1'476'827	1'478'738	1'415'437	-4.3%
<b>EBITDA (earnings before interest, taxes, depreciation and amortisation)</b>	2'281	2'103	2'118	1'732	3'349	93.3%
as % of income	8.2	7.5	7.4	6	11.2	
↳ of which EBITDA of the retail and industry sector	1'981	1'795	1'796	1'390	3'096	122.7%
<b>EBIT (earnings before interest and taxes)</b>	911	603	651	201	1'866	827.7%
as % of income	3.3	2.1	2.3	0.7	6.2	
<b>Profit</b>	663	503	475	335	1'757	425.2%

<b>CHF million</b> except where indicated	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Change compared with previous year</b>
as % of income	2.4	1.8	1.7	1.2	5.9	
<b>Cash flow from operating activity</b>	2'503	1'170	1'361	1'820	2'934	61.2%
as % of income	9	4.2	4.8	6.3	9.8	
↳ of which cash flow from the retail and industry sector	1'658	1'619	1'641	1'382	1'598	15.6%
<b>Investments</b>	1'663	1'476	1'516	1'574	1'479	6.0%
<b>Equity</b>	17'455	17'913	18'417	18'781	20'489	9.1%
as % of balance sheet total	27.5	27.7	27.7	27.5	28.2	
↳ of which equity of the retail and industry sector	14'646	14'931	15'282	15'438	17'004	10.1%
as % of balance sheet total	67.5	67.3	67.1	69.1	71.7	
<b>Balance sheet total</b>	63'537	64'581	66'601	68'402	72'781	6.4%
↳ of which balance sheet total of the retail and industry sector	21'703	22'176	22'789	22'331	23'727	6.3%
<b>Migros Cooperative</b>						
Number of Migros cooperative members	2'182'171	2'187'818	2'215'194	2'236'811	2'268'184	1.4%
<b>Employees</b>						
Workforce (people annual average)	102'851	105'456	106'622	106'119	99'155	-6.6%

<b>CHF million</b> except where indicated	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Change compared with previous year</b>
Full-time positions	74'305	75'302	75'542	75'606	71'297	-5.7%
Trainees	3'775	3'860	3'833	3'700	3'700	0.0%
<b>Society &amp; culture</b>						
Migros Culture Percentage expenses	120	122	120	118	142	20.3%
Expenses Engagement Migros development fund (Migros Group)	10	15	16	18	16	-11.1%

<sup>1</sup> Adjustment as from 2018: Cooperations inclusive domestic and foreign subsidiaries

## Strategic business units

With 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

As a result of the Covid-19 pandemic, the Migros Group saw increased demand in 2020, both in its online and in-store business. The consolidated sales of Cooperative Retailing rose to CHF 17.736 billion (+5.0%).

### Financial results Cooperative Retailing

In CHF million	2020	2019	Change in %
<b>Net revenue from goods and services sold</b>			
Cooperatives incl. other countries [1]	16'559	16'062	3.1%
Medbase (Medbase group and santémed health centres)	380	226	68.4%
FMC	5'618	5'266	6.7%
Migros Online SA [2]	266	190	40.0%
Logistics	423	389	8.9%
Other companies	3	1	209.3%
<b>Net revenue from goods and services sold</b>	<b>23'249</b>	<b>22'134</b>	<b>5.0%</b>
Elimination intra-sectoral	-5'513	-5'247	

In CHF million	2020	2019	Change in %
<b>Sales per segment (net revenue from sales of goods and services sold)</b>	<b>17'736</b>	<b>16'886</b>	<b>5.0%</b>
Other operating income	1'691	580	191.7%
<b>Total income</b>	<b>19'428</b>	<b>17'466</b>	<b>11.2%</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>1'522</b>	<b>296</b>	<b>413.9%</b>
Segment assets	10'950	10'675	
Investments in long-term assets	1'088	1'042	
Employees	71'565	71'117	

1 Cooperations inclusive domestic and foreign branches

2 Migros Online SA (formerly LeShop.ch) allocated to the Cooperative Retailing due to the changed strategic orientation (previous year adjusted)

## Distribution figures Cooperative Retailing

	Number of sites		Sales area (m <sup>2</sup> )	
	2020	2019	2020	2019
<b>Distribution sites Switzerland</b>				
<b>Migros sites</b>				
M	367	363	300'290	298'047
MM	204	205	475'695	480'161
MMM	50	50	373'327	380'684

	Number of sites		Sales area (m2)	
	2020	2019	2020	2019
<b>Total</b>	621	618	1'149'311	1'158'892
MParcs/specialist market centres/Obi	40	50	234'243	290'179
Single-line stores [1]	48	43	29'552	25'826
<b>Total</b>	88	93	263'794	316'005
Independent gastronomy businesses	17	26	2'332	3'841
<b>Total sites</b>	<b>726</b>	<b>737</b>	<b>1'415'437</b>	<b>1'478'738</b>
<b>Distribution lines Switzerland</b>				
<b>Supermarkets</b>				
M, MM and MMM	621	618	941'883	943'174
Other supermarkets [2]	9	9	12'531	12'424
<b>Total supermarkets</b>	630	627	954'414	955'598
<b>Specialist markets</b>				
Do it + Garden	41	43	97'323	101'557
Micasa	34	35	69'625	74'044
Interio	-	11	-	50'326
SportXX	63	62	76'931	75'404
Melectronics	101	102	40'284	40'735
Obi DIY superstore/garden	11	11	86'045	86'146

	Number of sites		Sales area (m2)	
	2020	2019	2020	2019
<b>Total specialist markets</b>	250	264	370'208	428'212
<b>Migros Gastronomy</b>				
M-Restaurants	153	159	77'738	79'592
Takeaways and other gastronomic formats [3]	135	154	13'077	15'336
<b>Total Gastronomy</b>	288	313	90'815	94'928
<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	283	275	306'178	297'718
<b>Total other countries</b>	<b>286</b>	<b>278</b>	<b>318'699</b>	<b>310'239</b>
<b>Wholesaling cooperatives and other</b>				
Migros Partners	52	52	-	-
VOI	59	57	-	-
<b>Leisure, health and foundations</b>				
Migros Fitness Switzerland [4]	138	134	-	-

	Number of sites		Sales area (m2)	
	2020	2019	2020	2019
Migros Fitness outside Switzerland [5]	167	184	-	-
Medbase Group	152	102	-	-
MiSENSO (audiology & optometry) [6]	2	-	-	-
Aquaparc [7]	2	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 Migros Fitnessparks (incl. fitness park in Milandia sport and adventure park), Migros Fitnessclubs, Migros Fitnesscenter, Activ Fitness (AG), ONE Training Center (AG), Only Fitness; + FT-Club
- 5 ACISO Fitness&Health (GMZ) (ELEMENTS studios in Germany; INJOY franchise facilities in Germany, Austria and Belgium; FT-Clubs in Germany, Austria, Switzerland, Netherlands, Italy)
- 6 integrated in Migros branches (shop-in-shop)
- 7 Sântispark, Bernaqua

**CHF 17.736 billion**

in consolidated sales were generated in Cooperative Retailing.

The ten Cooperatives, including subsidiaries, generated sales of CHF 15.062 billion (+2.5%) in Switzerland in 2020. Although restaurant and take-away sales fell by 41.5% to CHF 434 million, **supermarkets and hypermarkets** recorded significant growth with sales of CHF 12.455 billion (+7.4%). Sales abroad increased by 9.5% to CHF 1.498 billion.

Due to the Covid-19 pandemic and the increase in homeworking, **more customers did their shopping in smaller, local shops**; this led to a double-digit increase in sales. The average basket value increased by 20.8%, but customers shopped less frequently. As a result, there was a 8.9% decrease in footfall to 321 million purchases. Migros permanently reduced the prices of about 700 supermarket products in the reporting year.

### **Billions in revenue from sustainable products**

Regional and sustainable products were particularly popular among customers in 2020. Sales of organic food (e.g. Migros Bio, Alnatura) increased by 15.6%. Sales of **products with ecological or social added value**, such as those carrying the ASC or MSC labels, amounted to CHF 3.382 billion (+7.4%). As part of its product range expansion in the reporting year, Migros launched the own brand V-Love. The products sold under this vegan brand comprise about 60 meat and dairy alternatives.

### **Specialist markets with significant online growth**

Despite the lockdown in spring, the specialist markets **Micasa, SportXX, melectronics, Do it + Garden and OBI** increased their sales by 5.6% to CHF 1.717 billion. The temporary closure of the specialist markets was offset by sales growth of 138.8% in the online channel. The number of online orders in 2020 was more than twice as high as in the previous year.

### **Successful launch of Migros Online**

**40%**

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increase in sales by Migros Online.

Migros Online replaced the previous provider LeShop at the start of November. Migros Online increased its sales by 40.0% to CHF 266 million in the reporting year and delivered 43.6% more orders than in the previous year. To cope with these higher volumes, the warehouses in Bremgarten (Aargau) and Ecublens (Vaud) were expanded. Migros Online also **opened a third warehouse in Pratteln (Basel-Landschaft)** earlier than scheduled.

## Successful neighbourhood initiative Amigos

In collaboration with Pro Senectute, Migros launched the **neighbourhood support platform Amigos** during the lockdown. People at higher risk from coronavirus were able to place their orders online and have them delivered straight to their doorstep by volunteers. At the end of 2020, 17'500 households and 28'320 helpers were registered. About 75'000 deliveries were made in the reporting year.

The **collection and returns network PickMup** was expanded and is now offered at 700 branches (+17%). At the end of 2020, post and DHL parcels could also be sent and picked up at more than 450 PickMup locations (+13%). More than 500'000 parcels were processed, up 78% on the previous year.

## More branches, smaller sales area

# 726 locations

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make up Migros' sales network.

As well as expanding its online range, Migros opened **eight new Migros branches** in the reporting year. Despite this, the sales area of supermarkets/hypermarkets, specialist markets and restaurants/take-aways fell by 4.3% to 1'415'437 m<sup>2</sup>, which led to an increase in productivity per area. The reduction in sales area was due to the closure and sale of Interio and Chickeria respectively. The Migros sales network comprised more than 726 locations at the end of 2020 (previous year: 737).



## Commerce

The Commerce Department comprehensively transformed its portfolio of companies between 2017 and 2019 in line with its long-term strategic focus. On a divestment-adjusted basis, this resulted in sales growth of 14.3% to CHF 7.538 billion.

### Financial results Commerce

CHF million	2020	2019 [2]	Change in %
<b>Net revenue from goods and services sold</b>			
Denner AG	3'762	3'252	15.7%
Migrol AG	1'227	1'548	-20.8%
Digitec Galaxus AG	1'745	1'106	57.7%
migrolino AG	716	593	20.8%
Ex Libris AG	122	99	22.4%
Magazine zum Globus AG [1]	185	763	-75.8%
Depot (Gries Deco Company GmbH) [1]	-	436	-100.0%
Other companies [1]	15	48	-68.4%
<b>Net revenue from goods and services sold</b>	<b>7'771</b>	<b>7'846</b>	<b>-1.0%</b>
Elimination intra-sectoral	-38	-11	-241.6%
<b>Sales per segment (net revenue from sales of goods and services sold)</b>	<b>7'733</b>	<b>7'835</b>	<b>-1.3%</b>
Other operating income	83	89	-6.3%
<b>Total income</b>	<b>7'816</b>	<b>7'924</b>	<b>-1.4%</b>

CHF million	2020	2019 [2]	Change in %
<b>Earnings before interest and taxes (EBIT)</b>	<b>127</b>	<b>-571</b>	<b>122.3%</b>
Segment assets	1'262	1'601	
Investments in long-term assets	130	158	
Employees	9'437	16'517	

1 Magazine zum Globus as well as in the previous year Depot (Gries Deco group) and m-way AG: revenues recognised up until date of disposal

2 Migros Online SA (formerly LeShop.ch) allocated to the Cooperative Retailing due to the changed strategic orientation (previous year adjusted)

## Distribution network Commerce figures

	Number of sites		Sales area	
	2020	2019	2020	2019
<b>Denner</b>	838	822		
Denner branches	570	551	228'123	219'236
Denner satellites (incl. Denner Express)	268	271	-	-
<b>Globus (Magazine zum Globus AG)</b>	-	47	-	103'792
Globus department stores [1]	-	13	-	77'848
Globus special formats [1] [2]	-	34	-	25'944
<b>Ex Libris AG</b>	14	14	1'427	1'427
<b>Migrol</b>				

	Number of sites		Sales area	
	2020	2019	2020	2019
<b>Total petrol stations</b>	309	308	-	-
Migrol Auto Service/Migrol Service	148	148	-	-
Petrol stations (automated)	161	160	-	-
Convenience stores operated by Migrol (migrolino und Migrol-Shops)	(148)	(148)	-	-
<b>Total convenience stores</b>	371	369	-	-
migrolino [3]	322	321	-	-
Migrol shops	49	48	-	-

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, Picadilly migrolinos and fresh migrolinos

As part of its strategic realignment since 2017, Migros has cut ties with some subsidiaries. The **sales process for Globus was successfully completed** in May 2020. The operating losses up to the time of the sale had a negative impact on the result of the business unit.

Due to the successful transformation over the past few years and the focus on the **eCommerce, Convenience and Discount segments**, the strategic business unit Commerce grew on a divestment-adjusted basis in the reporting year. The online companies Digitec Galaxus and Ex Libris responded quickly to the strong growth in demand and clearly extended their positions as markets leaders.

As a result of the transformation, **earnings before interest and taxes (EBIT)** were significantly better, rising from CHF -571 million in the previous year to CHF 127 million in the reporting year.

**Digitec Galaxus** increased its platform sales in Switzerland by 59.3% to CHF 1'826 million. The company grew much faster than its competitors and increased its market share in all segments. The Group's net sales came in at CHF 1'745 million, compared with CHF 1'106 million in the previous year. By extending the warehouse in Wohlen (Aargau), the storage capacity was increased in time to cope with the sharp rise in orders.

**Ex Libris** continued its successful transformation from brick-and-mortar retailer to digital player. The rapid online growth more than compensated for the sales lost as a result of branch closures during the lockdown. Sales increased by 22.4% to CHF 122 million. This meant that Ex Libris has again clearly extended its position as Switzerland's leading online book retailer.

**Denner** posted sales of CHF 3.762 billion (+15.7%). Due to changes in consumer behaviour during the pandemic, footfall was slightly lower (-0.4%) than in the previous year, but customers spent more per visit. The average basket value increased by 16%. The branch network grew to 838 branches, representing a net increase of 16 branches.

**migrolino** increased its sales by 20.8% to CHF 716 million. Despite lower footfall at commuter locations and petrol stations during the lockdown, the shops still recorded significant sales growth. The wholesale business also grew, due to the acquisition of new customers. The number of migrolino locations increased to 323 (previous year: 321).

**Migrol** recorded a 20.8% decline in sales to CHF 1.227 billion, due to lower fuel and heating oil prices and less use of private vehicles. However, it was able to further increase its share of the heating oil market and maintain its share of the fuel market.



## **Migros-Industry**

The sales of Migros-Industry were hit hard by the Covid-19 pandemic in 2020, amounting to CHF 5.975 billion (+1.8%) in a challenging market environment.

## Financial results Migros-Industry

CHF million	2020	2019	Change in %
Net revenue from goods and services sold	5'975	5'872	1.8%
Other operating income	72	86	-16.1%
<b>Total income</b>	<b>6'048</b>	<b>5'959</b>	<b>1.5%</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>111</b>	<b>115</b>	<b>-3.7%</b>
Segment assets	2'234	2'393	
Investments in long-term assets	220	275	
Employees	13'950	14'131	

With its industrial companies, Migros is one of the world's biggest producers of own-brand products. Migros-Industry generated consolidated **sales of CHF 5.975 billion** in 2020 (previous year: CHF 5.872 billion). The increase of CHF 103 million is attributable to the strong retail business in Switzerland, which more than compensated for the loss of deliveries to catering services.

### Shifts between customer groups in Switzerland

In the **Swiss market** (retail and bulk consumer business), Migros-Industry increased its sales by CHF 107 million (2.2%) to CHF 5.093 billion (previous year: CHF 4.985 billion). Despite the challenging conditions caused by the pandemic, Migros-Industry was able to continue to fulfil its mission thanks to the extraordinary dedication of its employees.

Changes in consumer behaviour led to **sales growth of CHF 215 million** in the Migros Group's retail business. However, the closure of restaurants and take-aways during the lockdown and the ongoing restrictions led to a drop of CHF 107 million in sales in the bulk consumer business.

In order to **concentrate more on the core competencies**, the delivery wholesaler Saviva was sold on 31.12.2020. Migros-Industry will bundle its strategic bulk consumer business under the brand Swiss Gastro Solution from now on.

## International market position maintained

The **international business** was negatively impacted by the Covid-19 pandemic. The closure of individual retail formats led to lower sales in some key markets, including Germany, France, the USA, South Korea and China. Despite a negative FX effect of about CHF 35 million, sales amounted to CHF 883 million and were therefore at the same level as in the previous year (CHF 887 million); on a currency-adjusted basis, growth amounted to 3.4%. As part of the portfolio adjustments, OSG (Germany) was sold and Gastina (Austria) was closed at the end of 2020.

## Investments in the Swiss business areas

Migros-Industry invested about CHF 220 million in Switzerland as a centre of industry in 2020. As in previous years, the focus was on **automating and digitalising processes**.

## Stable development of jobs

Migros-Industry employed an average of 13'950 people in the reporting year. Due to portfolio adjustments, the number of employees was down slightly on the previous year by 181. As a **committed trainer**, Migros-Industry trained 524 apprentices in more than 30 different occupations.



## Financial Services

Migros Bank increased its business volume significantly in 2020. At the same time, it used its strong financial position to make precautionary value adjustments in line with its prudent risk policy. This led to a reduction in profit.

## Financial results Financial Services

CHF million	2020	2019	Change in %
Net revenue from goods and services sold	11	11	3.0%
Income from financial services business	758	769	-1.4%
Other operating income	0	11	-96.2%
<b>Total income</b>	<b>770</b>	<b>790</b>	<b>-2.6%</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>234</b>	<b>314</b>	<b>-25.6%</b>
Segment assets	50'615	46'917	
Investments in long-term assets	38	17	
Employees	1'622	1'583	

**4.5%**

increase in the mortgage volume.

Migros Bank performed well in the reporting year, despite the challenging environment. The main focus was on addressing the Covid-19 crisis and ensuring **continued provision of all services for its customers**. Ten of the 68 branches were temporarily closed during the lockdown in spring 2020. To ensure continuity of the financial services, the direct (digital) sales channels were expanded. For example, video consultations and biometric voice recognition were introduced and the range of online ordering options expanded.

## Increase in customer lending

Through a combination of digital channels and personal consultations, Migros Bank was able to increase its mortgage volume by 4.5%, **reaching the CHF 40.0 billion mark for the first time**. The increase in new customer loans across all divisions amounted to CHF 1.8 billion. About half of this volume was attributable to the corporate clients business, which benefited from larger financial transactions in the reporting year in part due to the partnership with the real estate company CSL Immobilien AG. The growth in customer lending was helped by Migros Bank maintaining its prudent risk policy in both the corporate clients and private clients business.

Customer deposits rose by 7.2% to CHF 38.0 billion. This significant increase reflects the high level of customer confidence in Migros Bank. **Off-balance sheet customer deposits** also rose considerably. The total of all securities held by customers in Migros Bank custodian accounts rose by 7.7% to CHF 14.1 billion. With an increase of 23.2%, the demand for asset management mandates was again very encouraging.

**23.2%**

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increase in asset management mandates.

## Greater risk provisioning

The core areas of investments and financing made a big contribution to the encouraging performance of the operational business. **Operating income amounted to CHF 314 million** in 2020, compared with CHF 306 million in the previous year. In line with its prudent risk policy, Migros Bank took interest rate hedging measures at a cost of CHF 6.1 million and made precautionary value adjustments in the amount of CHF 71.4 million. With these factors taken into account, profit amounted to CHF 237 million (-22.7%).

The value adjustments were, first, individual adjustments on corporate loans in the amount of CHF 17.1 million. With this precautionary measure, Migros Bank protected itself against pandemic-related debt default on these loans. Second, Migros Bank made **value adjustments for inherent default risks** in the amount of CHF 54.3 million, in response to the FINMA accounting standards introduced on 1 January 2020 (ReIV-FINMA), which require precautionary value adjustments to be made for non-impaired receivables. Migros Bank fulfilled the new requirements quickly and consistently. The value adjustments were charged in full to the 2020 income statement without a reduction in the existing high equity of CHF 4.3 billion and without making use of the transition period to 2025 offered by FINMA.

## Effects on the income statement

As a result of the value adjustments, net interest income decreased by 14.4% to CHF 419 million. In contrast, net commission income increased by 4.9% to a record CHF 107 million, due to investors making more use of the **volatile equity markets** for securities transactions. Trading income fell by 7.5% to CHF 36.8 million, due in particular to market-related value fluctuations in trading portfolios.

Across all divisions, Migros Bank suffered a **10.5% decrease in operating income to CHF 572 million**. Operating expenses increased to CHF 314 million (+3.5%). After accounting for extraordinary items and after taxes, an annual profit of CHF 193 million (-16.3%) was generated.

## New strategic initiatives

Due to sustained pressure on net interest margins, the general conditions will remain challenging in 2021. Migros Bank is in **good shape**, and its position is further strengthened by the new strategic initiatives. These include expanding the direct sales activities, increasing innovation in order to boost the core business with corporate and private customers, and leveraging synergies with the Migros Group.

Migros Bank also started to **focus its investment portfolio towards sustainable products** in the reporting year. Asset management mandates and personal investment advice will be made more sustainability-oriented by the end of 2021, and only sustainable products will be actively offered in the funds segment.



## Travel

The Covid-19 pandemic weighed heavily on the operating result of the Hotelplan Group. Sales fell to CHF 732 million, representing the worst result in the history of the Swiss travel company.

## Financial figures Travel

CHF million	2020	2019	Change in %
Net revenue from goods and services sold	732	1'188	-38.4%
Other operating income	3	5	-44.6%
<b>Total income</b>	<b>734</b>	<b>1'193</b>	<b>-38.5%</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>-117</b>	<b>1</b>	<b>-11318.7%</b>
Segment assets	28	64	
Investments in long-term assets	3	5	
Employees	2'581	2'643	

After the Hotelplan Group had made a positive start to the 2019/2020 financial year, the travel industry was brought to an abrupt standstill by the Covid-19 pandemic in March 2020. Tens of thousands of holidays had to be cancelled, flights rebooked and return journeys organised. **Travel was severely restricted** in the months that followed, which led to a near total collapse in demand for all business units. The travel company posted sales of CHF 732 million (previous year: CHF 1'188 million). Passenger figures were down by 50.8%.

**The number of customers spending their holidays in Switzerland increased by 36% in comparison with the previous year.**

## Expansion of portfolio in Switzerland

The travel company Hotelplan Suisse was hit hard by the pandemic, and was forced to cut jobs and close branches. To meet the demand for **holidays in Switzerland and neighbouring countries**, the portfolio was expanded. This led to a sharp increase in the number of bookings for holidays in Switzerland in particular. The number of customers spending their holidays in Switzerland increased by 36% in comparison with the previous year.

## Hotelplan UK – pandemic and Brexit

In 2020, the performance of Hotelplan UK was not only affected by the pandemic but also by the **ongoing Brexit uncertainty**. To safeguard long-term profitability, the chalet range in European ski resorts was reduced. The sales of Hotelplan UK fell to GBP 115 million (previous year: GBP 235 million). In Swiss francs, this corresponds to sales of CHF 140 million (previous year: CHF 298 million).

## Increased demand in the home countries

After a successful winter season, the business of the holiday home agency Interhome Group was hit hard, in particular at the start of the summer season. The easing of travel restrictions in the summer months then led to an **increase in demand**, particularly for bookings in the home countries. The losses caused by the pandemic could thus be partially cushioned by the summer business. Sales came in at CHF 237 million (previous year: CHF 341 million).

## Excellent customer service

The business travel providers bta first travel and Finass Reisen were able to continue to provide their customary **excellent service**, despite the challenging situation. Several large orders that could not be fulfilled were rebooked for 2021. bta first travel and Finass Reisen recorded combined sales of CHF 10 million (previous year: CHF 21 million).

## Collapse of online business

The first financial year of vtours within the Hotelplan Group started promisingly, but the online tour operator then had to cancel almost all bookings from March 2020. Due to the Covid-19 pandemic, new bookings **dried up almost completely**. vtours used this period as an opportunity to improve its internal and external processes. Sales amounted to EUR 139 million (previous year: EUR 462 million, not included in consolidation). In Swiss francs, this corresponds to sales of CHF 149 million (previous year: CHF 516 million, not included in consolidation).

Despite the challenges, bedfinder was able to strengthen its existing partnerships and acquire new partners for the B2B tour operator business. bedfinder launched **package rail holidays** as a new product and will expand this segment further.



## Shared Services

The Operations Department optimised the processes further in 2020. It also ensured that the high demand was handled well logistically during the pandemic and that the transition to working from home went smoothly.

The Operations Department (formerly: Logistics & IT) is responsible for the functional areas Storage, Logistics, Transport, Engineering, IT, Digital Business and Analytics. For **all entities of the Migros Group**, it provides 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), a new, fully automated order picking facility was put into operation in the cold store in 2020. During the lockdown in spring, orders in the online channels increased nine-fold. Due to limited shipping capacity in this period, additional distribution companies were used for the last mile.

Due to the Covid-19 pandemic, the **Migros Distribution Centre Suhr** (food) saw a sharp increase in demand in the Migros food business. The distribution centre demonstrated its efficiency by turning over the large volumes on time, despite the exceptional circumstances.

## Transport

Migros further extended its **leading position in Swiss rail freight** in 2020. The number of rail kilometres was up by 1.2% on the previous year, and the number of rail wagons transporting Migros goods exceeded 100'000 for the first time.

### **Migros continues to drive forward the decarbonisation and digitalisation of 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 **decarbonise and digitalise road freight were further intensified** in 2020. These revolved around developing a decarbonisation application with myClimate-certified functionality for Migros' transport logistics.

Migros also continued to support the national **generational project Cargo sous terrain**. It is represented on the Board of Directors of Cargo sous Terrain AG and other bodies.

## Engineering

In 2020, the Engineering division defined **the targets of the Migros Group's future climate and energy strategy** and developed energy master plans to ensure long-term resource efficiency. In the area of operational planning, several construction and conversion projects were planned and conducted throughout the Migros Group.

February 2020 saw the launch of the "EIGER" project, which will make the processes in Cooperative Retailing fit for the future in the coming years with modern, innovative and future-oriented technology solutions.

## IT

In order to provide customers and employees with innovative technology solutions more quickly, the **Lean-Agile approach** to collaboration was promoted in Group IT in 2020. As part of this, the first agile organisations were established, in which different departments and disciplines work together to implement new technology solutions.

To continue to have access to the best software solutions and technical innovations available on the IT market, the **cloud capability** of companies plays an important role. In the reporting year, Migros developed a national cloud strategy, in which the security of data and the stability of applications are integral components.

In addition, the technical conditions for barrier-free, **digital collaboration** were created in 2020. This gives the Migros Group access to a wide range of collaboration and communication tools within a modern IT infrastructure.

## **Digital Business**

The new Digital Business division, which supports several Migros entities with digital transformation, established itself well in its first year. For example, good progress was made with various initiatives relating to digital touchpoints, such as migros.ch and Famigros.ch, and in the area of e-commerce for the specialist markets. One focus was on further developing the **central Migros login**, which will serve as an important customer access point to Migros' digital services.

## **Analytics**

Analytics repositioned itself in the reporting year, in order to develop data products across the entire value-added chain of the Migros Group. As the core of the Analytics department, product teams collaborate across departments and disciplines to develop and operate data products.

In 2020, **product range localisation** was introduced for Denner. The pilot went live in eleven branches. Optimising the range on the basis of local data resulted in measurable improvements within the existing space.

Highlights 2020

# Migros' key achievements in 2020

January



## **New CEO of Migros Bank**

The Board of Directors of Migros Bank elects Manuel Kunzelmann as its new CEO with effect from 1 May 2020. The business economist most recently served on the board of directors of Basellandschaftliche Kantonalbank, where he headed the Strategy & Market Services division. Kunzelmann takes over the position from Harald Nedwed, who retires after 17 years at the helm of the bank.

**February**



### **Migros strengthens its environmental commitment**

The Migros Group signs the Commitment Letter for the Science Based Targets initiative. By joining the SBTi, Migros is reinforcing its sustainability strategy. It commits itself to defining climate targets that are in harmony with the Paris Agreement within two years. The SBTi is supported by more than 800 businesses worldwide.

## March



### **Free home delivery for people in high-risk groups**

Due to the Covid-19 pandemic, normal life is restricted to a minimum and the public is urged to stay at home. In collaboration with Pro Senectute, Migros launches the neighbourhood support platform Amigos during the lockdown. People at higher risk of coronavirus can place their orders online and have them delivered straight to their doorstep by volunteers. About 75'000 deliveries are made in 2020.

## June



### **Elections on the FMC Board of Directors**

At the Assembly of Delegates meeting, postponed until 6 June 2020 and held online due to the Covid-19 pandemic, the Delegates of the Federation of Migros Cooperatives elect the members of the Board of Directors for the 2020 to 2024 term of office. In addition to confirming the President Ursula Nold and the existing members, six new members are appointed: Séghira Egli, Marianne Janik, Martin Künzi, Cornelia Ritz Bossicard, Christoph Tonini and Hubert Weber.



### **New President of the FMC Assembly of Delegates**

On 27 June 2020, the FMC Assembly of Delegates elects Marianne Meyer as its new President. Meyer served as a member of the Migros Cooperatives Aare and Zurich for 16 years. She was also a member of the FMC Assembly of Delegates for two terms of office. Meyer takes over the post from President ad interim Irmgard Flörchinger with effect from 1 July 2020.

July



### Launch of plant-based brand V-Love

Migros launches the plant-based own-brand V-Love, thus expanding its extensive range of 780 certified vegetarian and vegan products. With V-Love Vegurt, Migros-Industry succeeds in developing the world's first plant-based alternative to yoghurt, made from chickpeas. The V-Love range includes 60 products and will be steadily expanded.

September



### **Migros reduces prices of 700 supermarket products**

Migros permanently reduces the prices of about 700 popular supermarket products. The items become around 10% cheaper on average. Three quarters are food products and a quarter are non-food items. Among the items to be reduced are untreated lemons, M-Classic eco vinegar cleaner and Bärenatzen chocolates.



### **Laura Meyer becomes new CEO of Hotelplan**

Laura Meyer becomes the new CEO of the Hotelplan Group. The lawyer has been on Hotelplan's Board of Directors since 2018, and her extensive digital and business experience will benefit the travel company in the future. Meyer takes over the reins from Thomas Stirnimann, who moves to the Board of Directors. Most recently before joining, she held various management positions at UBS Switzerland AG.

October



### Health portfolio expanded

With the launch of MiSENSO, Migros enters the optometry and hearing aid markets, thus adding a new strategic business segment to its health portfolio. The specialist provider MiSENSO will offer a wide range of contact lenses, designer frames, sunglasses and modern hearing aids at fair prices at selected Migros stores. Two pilot branches are opened in Bern and Baden.

## November



### **New Head of Commerce Department**

The Board of Directors of the Federation of Migros Cooperatives elects Michel Gruber as the new Head of the Commerce Department and a member of the FMC Executive Board. Before joining Migros three years ago, Gruber held various roles at Valora, most recently as Managing Director Food Service Switzerland. He takes over responsibility for the retail companies from Beat Zahnd with effect from 1 March 2021.



### **LeShop becomes Migros Online**

Migros Online replaces the online supermarket LeShop and increases sales by 40% to CHF 266 million in a reporting year heavily impacted by the Covid-19 pandemic. Migros Online delivers 44% more orders than in the previous year. To cope with the higher volumes, the online supermarket opens additional warehouses. The product range is increased by 2'000 items.

December



### **Partnership with IP-Suisse intensified**

Migros intensifies its partnership with the sustainable label IP-Suisse. It now uses the label for products that contain IP-Suisse raw ingredients, such as meat or bread. Migros is the largest buyer of products made in accordance with the IP-Suisse standard. A joint project with the label association is aimed at switching to pesticide-free bread grain production.