

Investor
Presentation

Teknosa İç ve Dış Ticaret A.Ş.

2Q19 Results

«Turkey's Leading Electronics Retailer»

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Results at a Glance

Financial Overview

Year-end Guidance

Main messages

Top-line growth was maintained in 2Q19

- %12,5 YoY growth was realized due to higher average basket size growth in 2Q19
- Incentives on Special Consumption Tax on White Goods and Consumer Electronics, amendments on credit card installments positively affected revenues

Improvement in EBITDA margin

- EBITDA increased via top-line growth and effective opex management by 4,4 bps YoY

Bottom-line deterioration despite improved operational profitability

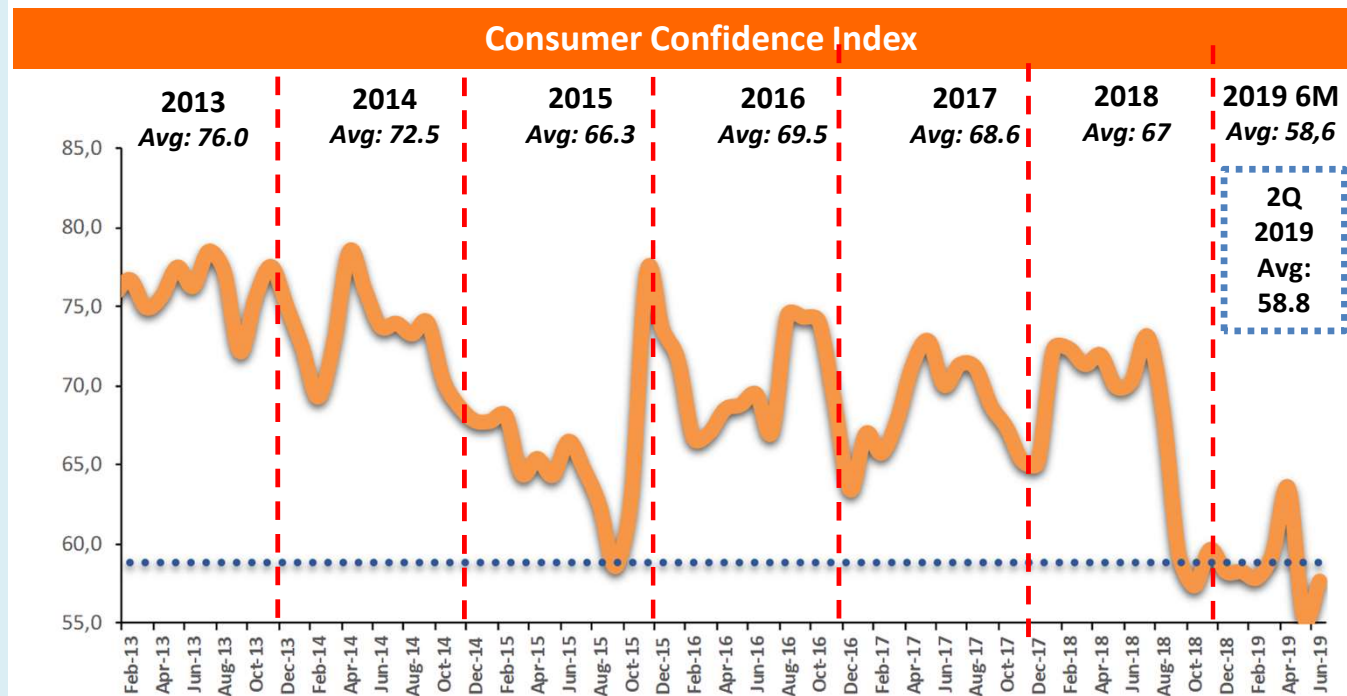
- Teknosa recorded net losses in 2Q19 due to higher interest rates and higher credit card commissions

Transformation program was deployed in 2Q19

- With the aim of improving customer experience , traffic and profitability of the company , a new transformation program had been started.
- Focus will be on more efficient, profitable operations with customer Ifl increase, margin improvement and better shopping experience

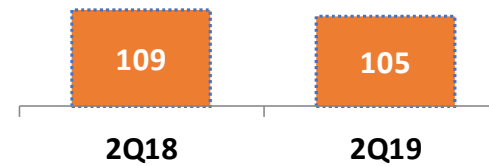
Lowest Consumer Confidence Index ever

- Consumer confidence index fell to 55,3 in May, it was the lowest level since the data compilation began 15 years ago. Although the consumer confidence index rises from 55,3 to 57,6 in June, Turkish households feel pessimistic about their financial situation and general economic situation..



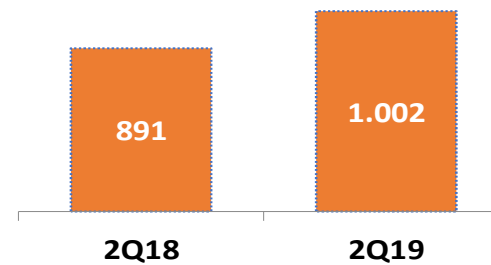
2Q19 Results

Net Sales Area (‘000 m²)



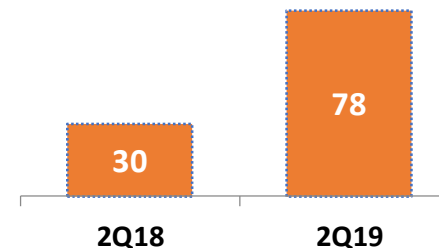
- 4 K sqm YoY change in sales area, as a result of operational efficiency review

Net Sales (TL mn)



- Net sales increased by 12,5 % YoY in 2Q19.

EBITDA (TL mn)

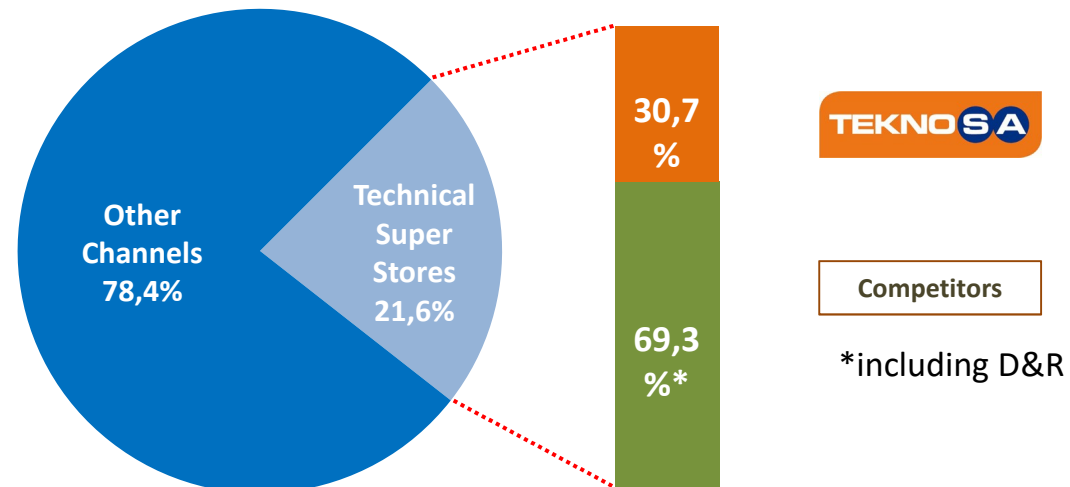


- 4,4 bps improvement in EBITDA margin due to revenue increase

Electronics Retail Market and Teknosa

- The panelmarket grew by 3,9% YoY, reaching TL 29,7 bn in 6M19
- YoY growth in MDA(AC included) by 29,8% and SDA by 17,1%, YoY contraction in CE+Photo+MTG by 2,6%, Telecom by %8,7 and IT by 13,4%
- TSS channel accounts for 21,6%(including MDA)of the total market
- Teknosa has 30,7 % market share in the TSS channel in 6M19

Electronics Retail Market – 2H19



Source: GfK

Changes in the sector

- The Banking Regulation and Supervision Agency (the “BRSA”) introduced amendments restricting the number of installments on credit cards on 12 June 2019. The amendments can be summarized as follows:

- **The number of monthly installments**

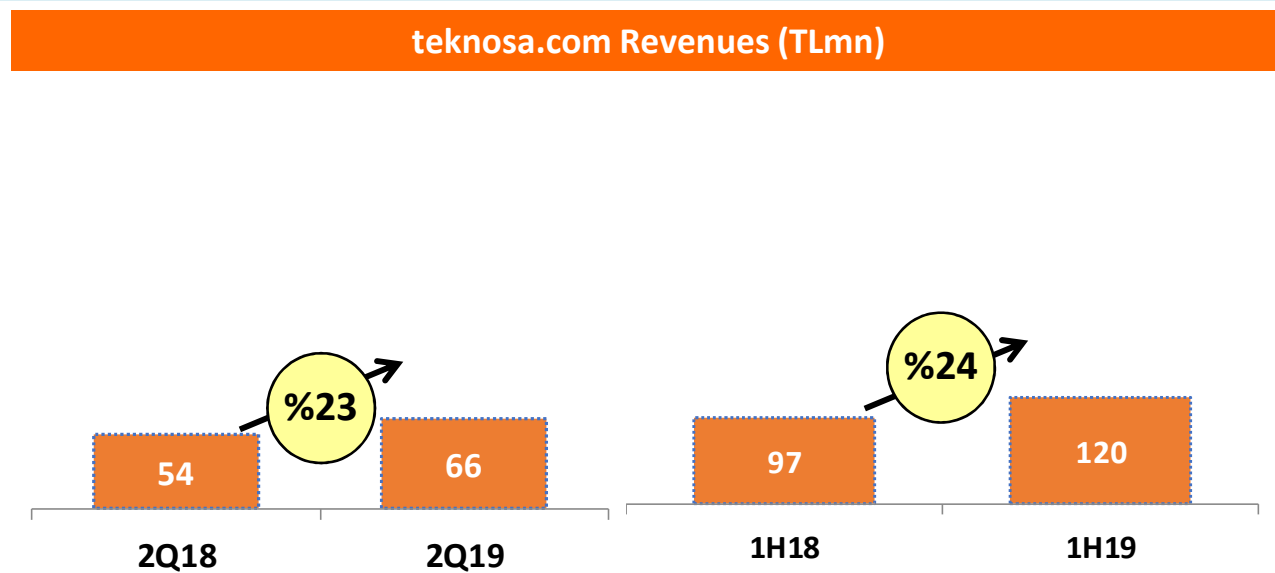
- Electronic appliances - 6 months
- TV < TL 3.500 - 12 months
- MDA, SDA - 18 months
- Corporate credit cards - 18 months

Income Statement Summary

(TL mn)	2Q18	1Q19	2Q19	YoY (%)	1H18	1H19	YoY (%)
Net Sales	889	841	1.002	13%	1.697	1.843	9%
Gross Profit	150	142	178	19%	297	320	8%
<i>Gross Profit Margin</i>	<i>16,9%</i>	<i>16,9%</i>	<i>17,8%</i>	<i>0,9pp</i>	<i>17,5%</i>	<i>17,4%</i>	<i>-0,1pp</i>
EBITDAR	76	60	92	21%	152	152	0%
<i>EBITDAR Margin</i>	<i>8,6%</i>	<i>7,1%</i>	<i>9,2%</i>	<i>0,6pp</i>	<i>8,9%</i>	<i>8,3%</i>	<i>-0,7pp</i>
EBITDA	30	46	78	158%	62	124	99%
<i>EBITDA Margin</i>	<i>3,4%</i>	<i>5,5%</i>	<i>7,8%</i>	<i>4,4pp</i>	<i>3,7%</i>	<i>6,7%</i>	<i>3,1pp</i>
Other Expenses	-6	-34	-43	-581%	-20	-77	-292%
Financial Expenses	-20	-43	-52	-166%	-35	-95	-174%
Profit Before Tax	-5	-65	-53	-1026%	-10	-118	-1062%
Tax	-1	13	11	1054%	0	24	91865%
Net Profit	-6	-52	-42	-624%	-10	-94	-829%
<i>Net Profit Margin</i>	<i>-0,7%</i>	<i>-6,2%</i>	<i>-4,2%</i>	<i>-3,5pp</i>	<i>-0,6%</i>	<i>-5,1%</i>	<i>-4,5pp</i>

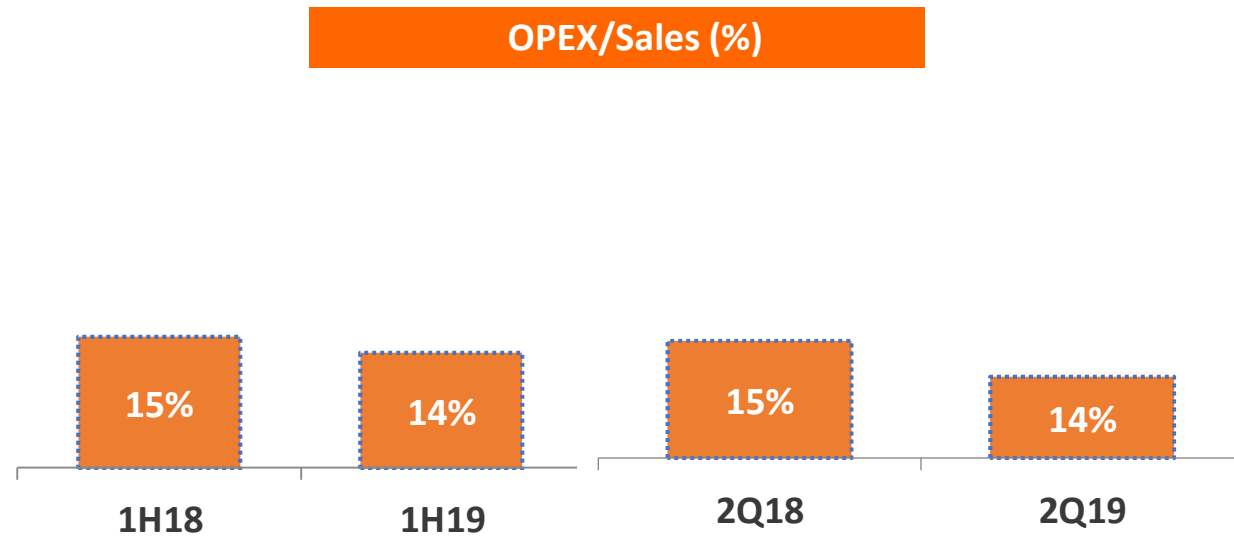
Source: Independent Auditor's report

New Teknosa.com Experience in 2Q19



- Teknosa.com revenues increased by 23% in 2Q19.
- New and fast Teknosa.com platform positively affected teknosa.com revenues and increased customer satisfaction.

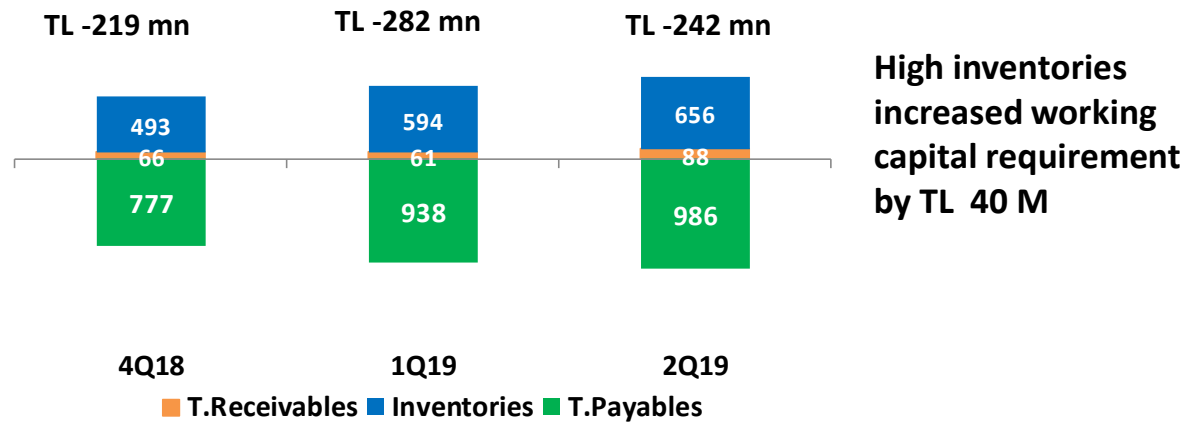
OPEX/Sales ratio



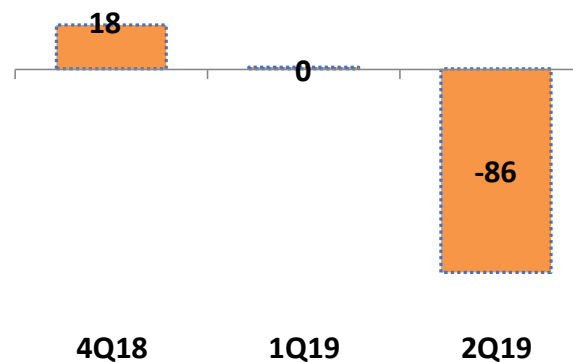
- Operating expenses have been kept under strict control while facing a period of rising inflation
- Teknosa management will continue to put a strong emphasis on operating expenses.

Working Capital and Cash Position

Working Capital Requirement (TL mn)



Net Cash (TL mn)



Net Cash was equal to TL -86 M at the end of the second quarter, slightly higher than first quarter due to the higher inventories

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Balance Sheet Summary

Assets (in TL mn)	Jun-18	Mar-19	Jun-19
Current Assets	679	723	817
Cash and Cash Equivalents	25	42	50
Trade Receivables	96	61	88
Inventories	516	594	656
Other Current Assets	43	26	23
Non-current Assets	175	564	552
Investment Property	10	9	9
Property, Plant and Equipment	85	90	82
Intangible Assets	27	26	37
Deferred Income Tax Assets	52	55	66
Right of Use Assets	0	384	358
Other Non-current Assets	1	1	1
Total Assets	854	1.287	1.369

Liabilities (in TL mn)	Jun-18	Mar-19	Jun-19
Current Liabilities	900	1.088	1.211
Financial Liabilities	232	42	136
Current Portion of Long-Term Lease	0	50	33
Trade Payables	613	938	986
Other Current Liabilities	56	58	57
Non-current Liabilities	7	354	356
Total Equity	-53	-154	-198
Total Liabilities	854	1.287	1.369

Source: Independent Auditor's report

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2019 Full Year Financial Guidance

- Due to uncertainties in global and domestic markets, we prefer to share our 2019 guidance on a wide range
- Accordingly, we expect to see a high single digit or low double digit LfL growth for 2019
- We expect our revenue to be above the 2018 figures
- We expect to observe 3%-4% EBITDA margin(excluding IFRS 16, which was introduced in 2019)
- Based on customer focused Omnichannel strategy, we are planning to invest above TL 30 million.

Thank You

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