

Investor
Presentation

Teknosa

4Q19 Results

«Turkey's Leading Electronics Retailer»

February , 2020

Agenda

Results at a Glance

Financial Overview

Year-end Guidance

Main messages

High top-line growth in 4Q19

- Teknosa benefited from Transformation Program and digitalization and increased its revenues to 1.257M TL, 46% YoY increase
- Increase in average basket size by 38% and number of customers in 4Q19 led to 46% LfL growth.
- Comparable operating profit doubled compared on YoY

Teknosa.com sales hit records in 2019

- Teknosa.com annual revenue increased by 39% and the last quarter revenue increased 92% compared to 2018
- Its share in total revenues reached 7%

Strong improvements in all areas with Transformation Program

- Strengthening the customer experience, restructuring the company in many areas from product availability, stock management, pricing, promotion to operational expenses in line with sustainability and profitability goals

Retail Figures

	4Q18			4Q19			YoY-%
(M'TL)	Retail	Other	Total	Retail	Other	Total	Retail
Net Revenue	816	44	860	1.207	50	1.257	48%
EBITDA (IFRS 16 effect excluded)	37	1	39	77	- 3	73	108%

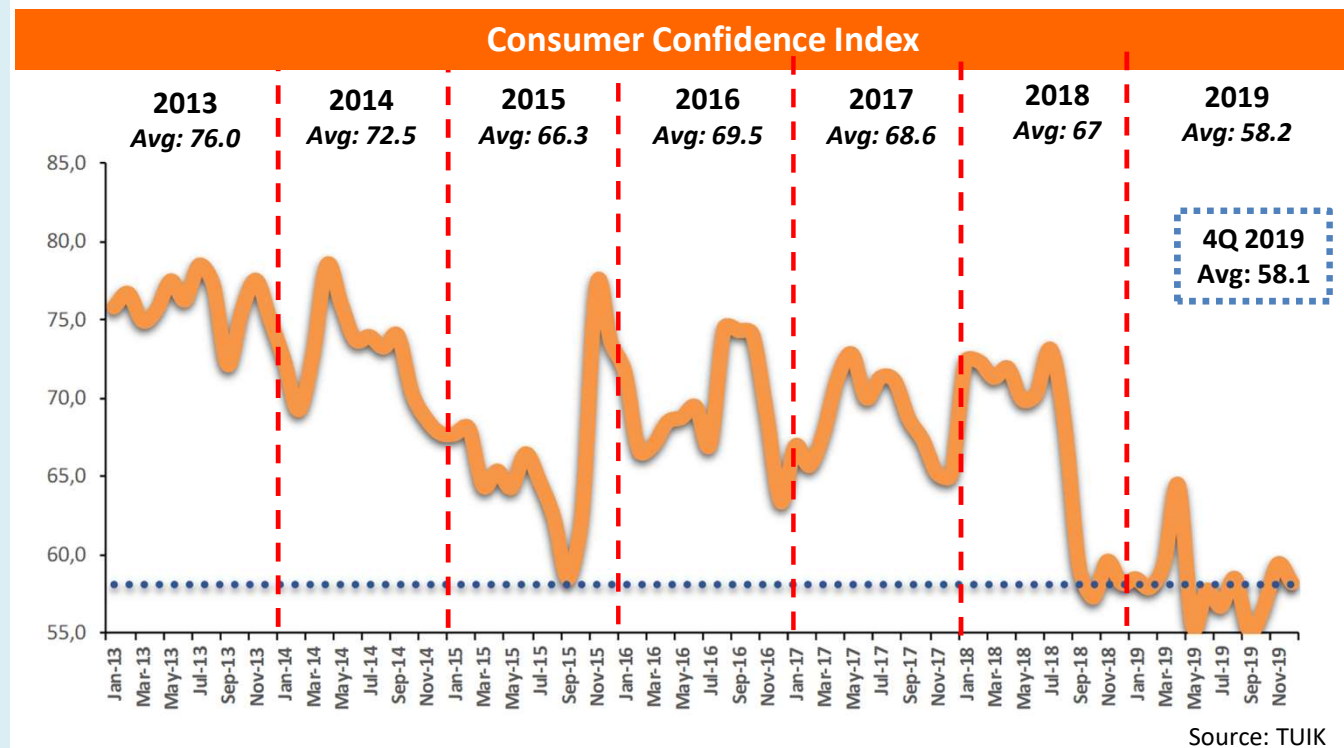
* As IFRS 16 adjustment has been in force since January 2019, for comparison purposes, effects are excluded

Reaping the Benefits of Transformation Program since the second half of 2019

- Transformation Program had very quick and powerful impact on financials in Q4. In 2020, full year effects of current actions will be harvested in line with additional prospects and pillars
- During the fourth quarter, retail segment delivered high revenue growth YoY. Retail revenues grew by 48% and reached 1.207M TL.
- Retail EBITDA (excluding IFRS 16) in 4Q19 increased %108 compared to previous year

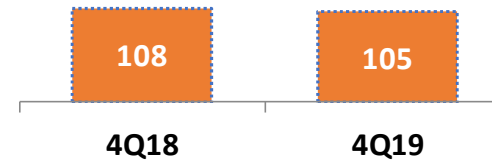
Consumer Confidence Index

- After increasing two months in a row, consumer confidence index dropped 1,9% in December to 58.8. Consumer confidence index remained weak all year, on 58.2, average compared to previous year. Despite flat CCI, Teknosa achieved growth in 4Q19.



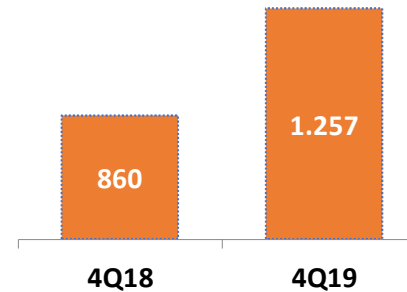
4Q19 Results

Net Sales Area (‘000 m²)



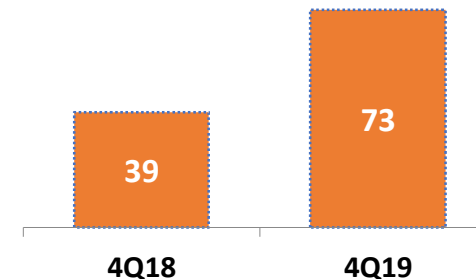
- 3 K sqm YoY change in sales area, as a result of operational efficiency review

Net Sales (TL mn)



- Net sales increased by 46 % YoY in 4Q19.

EBITDA (TL mn)

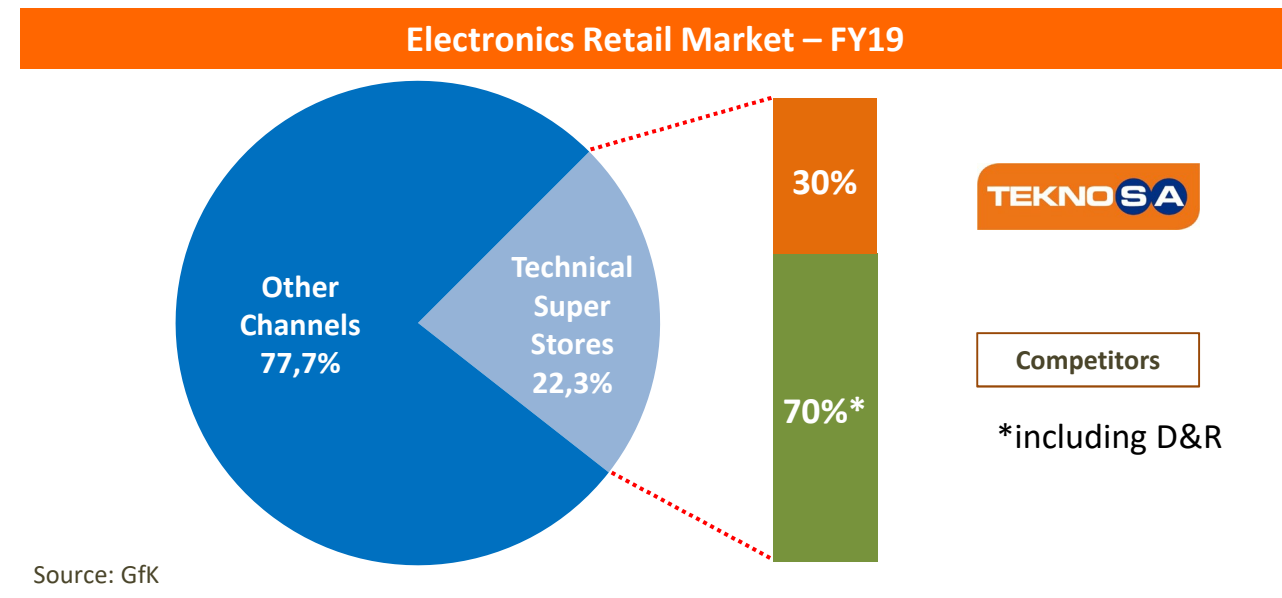


- EBITDA reached 73 M TL in 4Q19. 4Q19 EBITDA including IFRS 16 effect is 110 M TL.

Electronics Retail Market and Teknosa

- The electronics retail market(*) grew by 10% YoY, reaching TL 65 bn in FY19
- YoY growth in SDA by 20,8% , MDA 18,5%, in Consumers Electronics by 4,7%, IT by 4,4% and Telecom by 4,1%
- TSS channel accounts for 22,3%(including MDA)of the total market
- Teknosa has 30 % market share in the TSS channel in FY19

(*) Including electronic retail chains, telecom dealers, traditional MDA&SDA dealers, and Technical Super Stores



Income Statement Summary

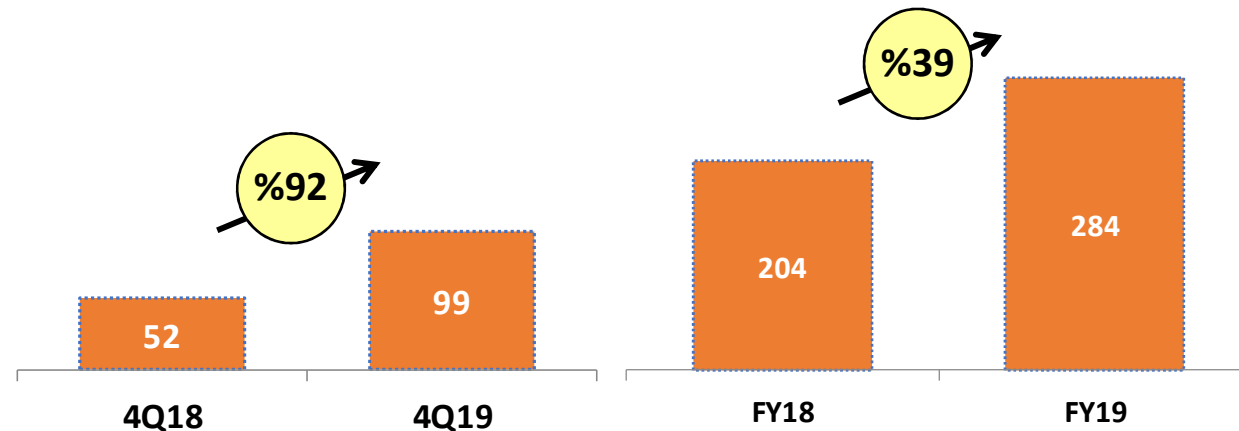
(TL mn)	4Q18	3Q19	4Q19	YoY (%)	FY18	FY19	YoY (%)
Net Sales	860	1.037	1.257	46%	3.477	4.137	19%
Gross Profit	170	184	210	24%	646	715	11%
<i>Gross Profit Margin</i>	<i>19,7%</i>	<i>17,8%</i>	<i>16,7%</i>	<i>-3,0pp</i>	<i>18,6%</i>	<i>17,3%</i>	<i>-1,3pp</i>
EBITDA	39	83	110	186%	158	317	100%
EBITDA-Comparable*	39	49	73	90%	158	176	11%
EBITDA Margin	4,5%	8,0%	8,8%	4,3pp	4,6%	7,7%	3,1pp
<i>EBITDA Margin-Comparable*</i>	<i>4,5%</i>	<i>4,7%</i>	<i>5,8%</i>	<i>1,4pp</i>	<i>4,6%</i>	<i>4,3%</i>	<i>-0,3pp</i>
Other Expenses	-43	-33	-30	30%	-79	-140	-77%
Financial Expenses	-32	-59	-60	-89%	-98	-213	-118%
Profit Before Tax	-45	-43	-16	63%	-54	-178	-226%
Tax	-10	8	-3	71%	-10	29	389%
Net Income	-55	-35	-19	65%	-65	-149	-130%
Net Income-Comparable*	-55	-28	-15	72%	-65	-121	-87%

*IFRS 16 effect excluded

Source: Independent Auditor's report

Online sales in 4Q19 grew to a record of 99M TL

teknosa.com Revenues (TLmn)



- Teknosa.com revenues increased by %92 QoQ, and reached TL 99M in 4Q19.
- Attractive campaigns for consumers on Singles Day, Black Friday, Cyber Monday and Christmas were closely followed by customers and boosted online sales.
- Teknosa.com had a succesful year with its new platform, fast shipping, expanded services and improvements in product availability and variety.

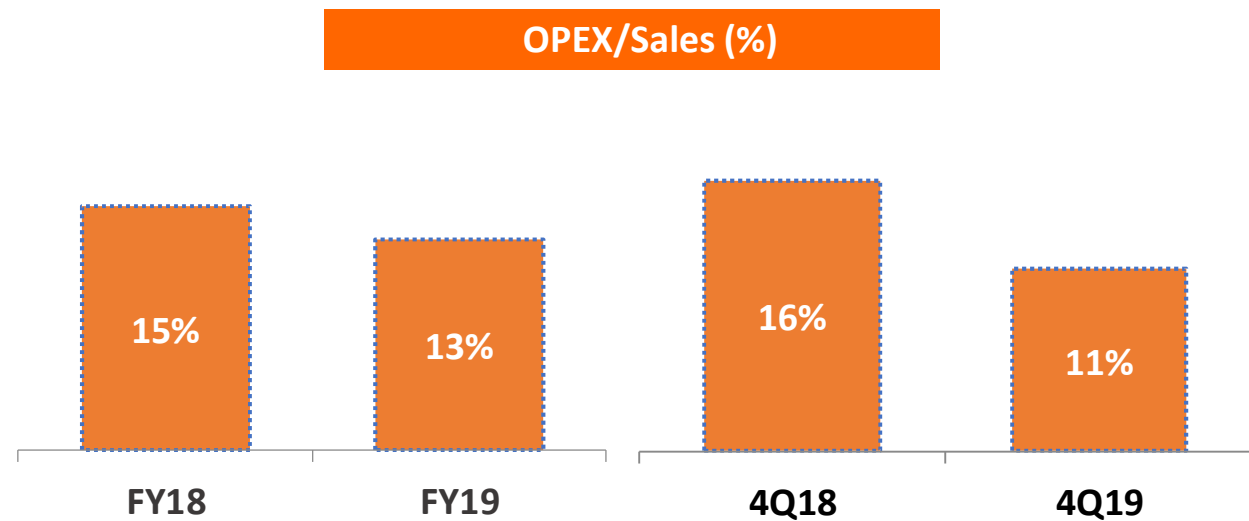
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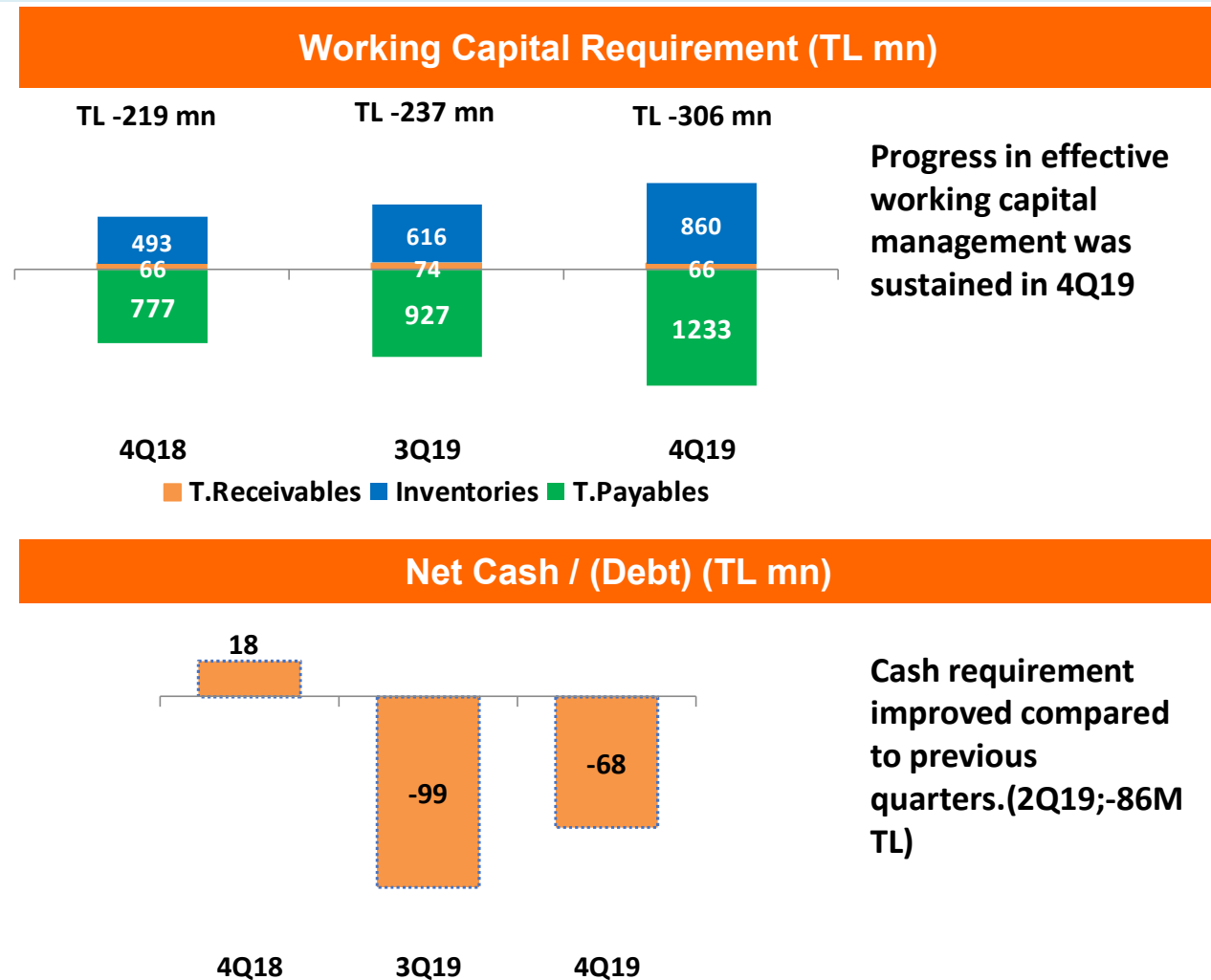
Year-end Guidance

OPEX/Sales ratio



- Transformation Program Initiatives to enhance productivity on operating expenses resulted in lower Opex/Sales ratio in 4Q19.
- Teknosa remains focused on effective management of operating expenses.

Working Capital and Cash Position



Balance Sheet Summary

Assets (in TL mn)	Dec-18	Sep-19	Dec-19
Current Assets	593	719	994
Cash and Cash Equivalents	27	22	37
Trade Receivables	66	74	66
Inventories	493	616	860
Other Current Assets	7	7	31
Non-current Assets	168	535	518
Investment Property	9	9	29
Property, Plant and Equipment	90	80	60
Intangible Assets	27	38	36
Deferred Income Tax Assets	41	74	71
Right of Use Assets*	0	333	322
Other Non-current Assets	1	1	1
Total Assets	760	1.254	1.513

Liabilities (in TL mn)	Dec-18	Sep-19	Dec-19
Current Liabilities	855	1.130	1.482
Financial Liabilities	9	121	106
Current Portion of Long-Term Lease	0	17	85
Trade Payables	777	927	1.233
Other Current Liabilities	70	64	59
Non-current Liabilities*	8	357	283
Total Equity	-103	-232	-252
Total Liabilities	760	1.254	1.513

*IFRS 16 effect

Source: Independent Auditor's report

IFRS 16 Impact on Financials

- In accordance with IFRS 16, starting in 2019, leased items with a lease duration longer than one year have to be included as an asset in the company books.
- In addition, the payments that will be made on the lease agreement have to be reported as a liability on the balance sheet.
- Additionally, the depreciation of the asset and interest on the lease liability have to be included in the income statement instead of rent expenses. This leads to higher operating profit compared to the periods before the application of IFRS16 application.
- For comparison purposes, 2019 figures are provided with both with and without the application of IFRS 16.

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2020 Full Year Financial Guidance

- In line with our increased financial performance in 4Q19, we aim to achieve 15-30% growth in revenues and a positive result in the net income by the end of 2020.
- Our goals may change in line with consumer confidence and developments in global supply chain.
- Our 2020 guidance will be updated, if needed, based on quarterly realizations.

Thank You

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