

# Teknosa İç ve Dış Ticaret A.Ş.

Investor Presentation  
Q2-2013 Results

*«Leader of A Growing Market»*

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*August 1, 2013*



## Q2-2013 Results at a Glance

Market at a Glance

Financial Overview

2013 Guidance



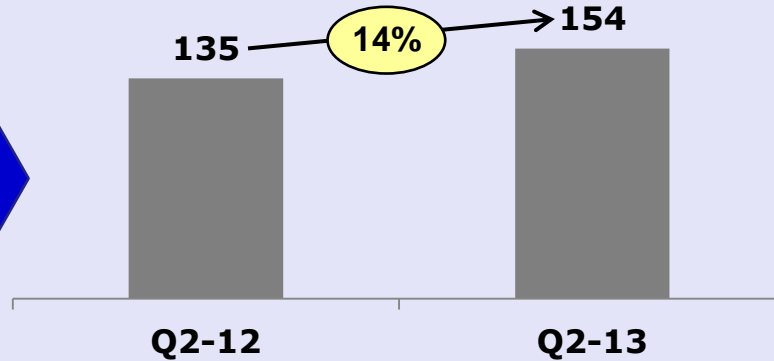
# Main messages

- Management Reorganisation** ■ New management team is on board
- Strong revenue growth** ■ YoY Net Sales growth in H1 2013 is 36%, higher than the market.
- Fierce competition** ■ Continuing pressure on margins
- Profit Growth** ■ YoY Net income growth in H1 2013 is 30% (excl. one-off in Q1 2012)
- Strong e-commerce performance** ■ Share of e-commerce revenues reached 4,9% in Q2 2013 (2,2% in FY12, 0,6% in FY11)
- Brand Valuation** ■ 214 MUSD (2012: 125 MUSD) by Brand Finance  
■ # 1 Electronics Retailer (# 3 in all Retail)
- LACP 2012 Vision Awards (Annual Report )** ■ Platinum Award – for excellence within its industry  
■ Silver Award– Most Engaging Annual Report  
■ # 42 – Top 100 Annual Reports Worldwide



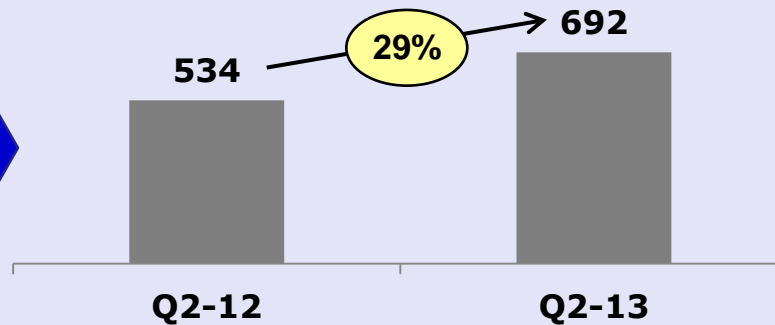
# Q2-2013 Results

## Sales Area (k m2)



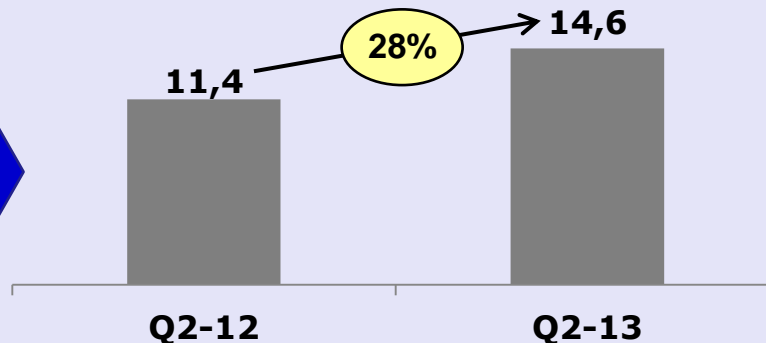
- Dynamic portfolio management
- 26 store openings, 18 store closures (17 relocation purposes)

## Total Revenues (M TL)



- Strong LfL trend: 14%

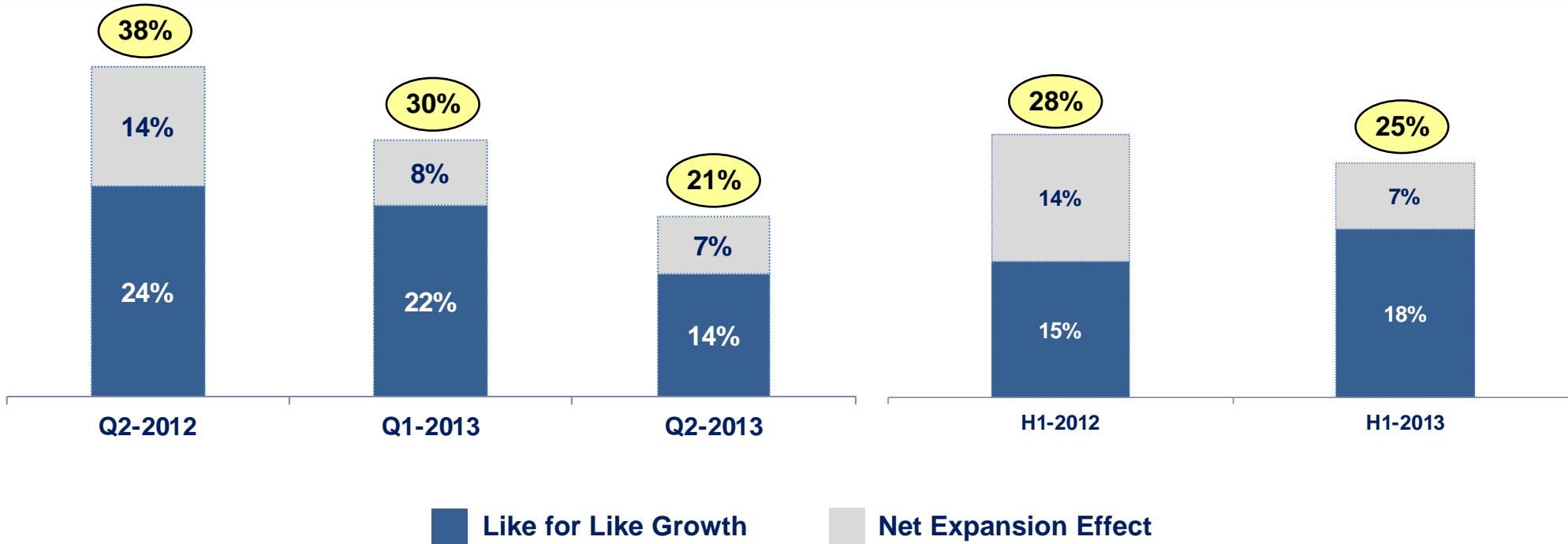
## Adjusted Net Income (M TL)



- 14,6TL million net income generated in Q2-13



# Retail Operations Revenue Growth Analysis



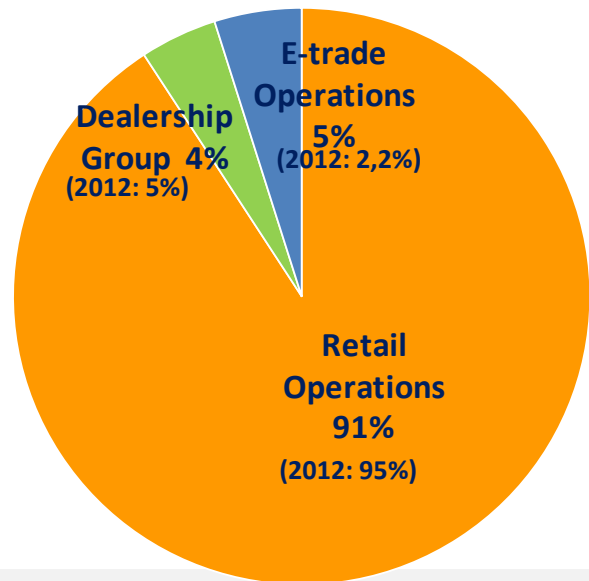
Net expansion effect = New store openings – closings

- Retail store revenues (excluding dealership, internet and corporate revenues), which account for 91% of the total revenues, posted 21% YoY growth in Q2-2013.
- Q2-2013 LfL growth is 14%
- On top of store revenues strong corporate sales generated



Teknosa operations are composed of Retail, Dealership and e-commerce activities

Revenue Breakdown as of H1-2013



## E-trade Operations

**KLik SA .com**

- Separate legal entity with %100 shareholding of Teknosa
- Started operations in **March 2012**

**TEKNO SA .com**

- Started operations in **2005**

## Retail Operations

**TEKNO SA**

### Breakdown as of H1-2013 Revenues by Product Groups:

- Consumer Electronics & Photo: 37% (2012:44%)
- Telecom: 28% (2012 : 18%)
- Information Technology : 27% (2012 : 31%)
- Other\*: 8% (2012 : 7%)

## Dealership Group

**iklim SA**  
Türkiye'nin İklimlendirme Merkezi

### Breakdown as of H1-2013 Revenues by Product Groups:

- Air Conditioners: 92% (2012:88%)
- Refrigerators: 7% (2012: 10%)
- Cash registers: 1% (2012: 2%)
- Other: less than 1%

\* Consists of Tekno Guarantee warranty sales, small domestic appliances and white goods

# Agenda

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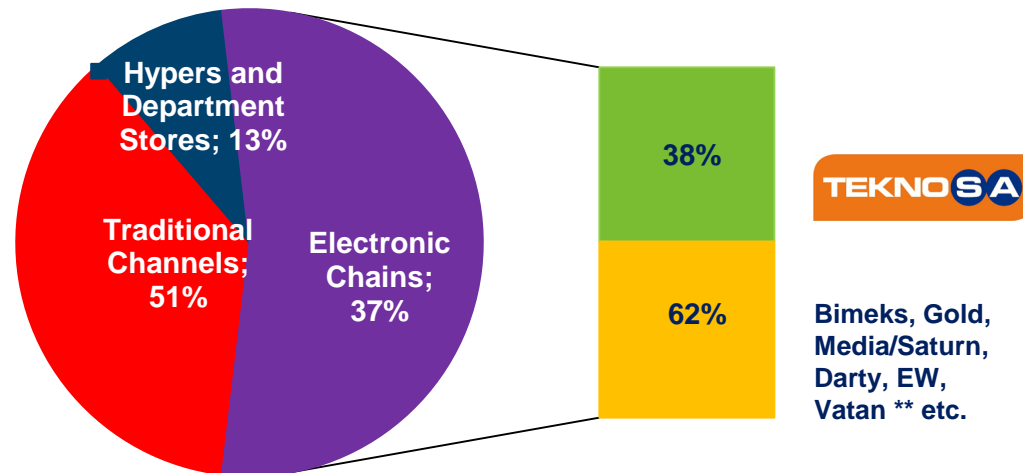
2013 Guidance



# Electronics Retail Market and Teknosa

- 2013 January-May electronics retail market\* TL 7,7 Billion ( 37%YoY, Adj.\*\*: 30%)
- 2013 January-May TSS retail market growth 67% YoY (Adj.\*\*: 43%)
- 2013 January-May Teknosa retail sales growth +38% YoY
- **Technology Super Stores ('TSS') channel** accounts for 37% of the total market
- Teknosa has 13,8% market share in the electronics retail market and 38% channel share in TSS.

## Electronics retail market Jan-May 2013 – channel shares



Source: GfK Electronics Panel Report Jan-May 2013

\* GfK IT, Telecom, CE + Photo categories

\*\* Vatan is included in GfK research results starting from June 2012.



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# Financial Highlights

## Teknosa Summary Financials - Income Statement

( M TL )

	Q2-2012	Q1-2013	Q2-2013	YoY (%)	QoQ (%)	H1 2012	H1 2013	YoY (%)
<b>Net Sales</b>	534	659	692	29%	5%	991	1.351	36%
<b>Gross Profit</b>	108	112	126	16%	13%	204	238	17%
<b>Gross Profit Margin</b>	20,3%	16,9%	18,2%			20,6%	17,6%	
<b>Adjusted EBITDA</b>	29	24	30	1%	21%	52	54	4%
<b>Adjusted EBITDA Margin</b>	5,5%	3,7%	4,3%	(1.2)pp	0.6pp	5,2%	4,0%	(1.2)pp
Financial Expenses	-8	-6	-6	-29%	-2%	-16	-12	-26%
<b>Profit Before Tax</b>	15	12	17	13%	40%	26	28	10%
Tax	-3	-3	-2	-38%	-28%	-6	-5	-26%
<b>Net Profit</b>	11	9	15	28%	61%	20	24	16%
<b>Adjusted Net Profit</b>	11	9	15	28%	61%	18	24	30%
<b>Adjusted Net Profit Margin</b>	2,1%	1,4%	2,1%	(0.3)pp	0.4pp	1,8%	1,8%	(0.2)pp

- 2012 Q1 is adjusted for 3TL million one off (reversal of a provision related to store closure).

# Key Performance Indicators (Retail Operations)

Teknosa Key Performance Indicators (Retail Operations)								
	Q2-2012	Q1-2013	Q2-2013	YoY (%)	QoQ (%)	H1 2012	H1 2013	YoY (%)
Number of Provinces (@ period end)	74	77	77	4%	0%	74	77	4%
Net Sales Area (k m <sup>2</sup> @ period end)	135	145	154	14%	6%	135	154	14%
Number of Stores (@ period end)	278	289	291	5%	1%	278	291	5%
Number of Visitors (in'000 persons)	22.984	27.090	24.618	7%	-9%	48.121	51.708	7%
Number of Customers (in'000 persons)	1.844	2.081	1.930	5%	-7%	3.715	4.010	8%
Conversion Rate	8,0%	7,7%	7,8%	(0.2pp)	0.1pp	7,7%	7,8%	0.1pp
Average Basket Size (TL)	268	276	307	15%	11%	252	291	15%

- Highest penetration among Turkish Technical Super Stores with **291 stores in 77 provinces** and 154k m<sup>2</sup> net sales area as of 30 June 2013.
- Flexible business model with **multi store formats** to maximize penetration.



# Summary Financials

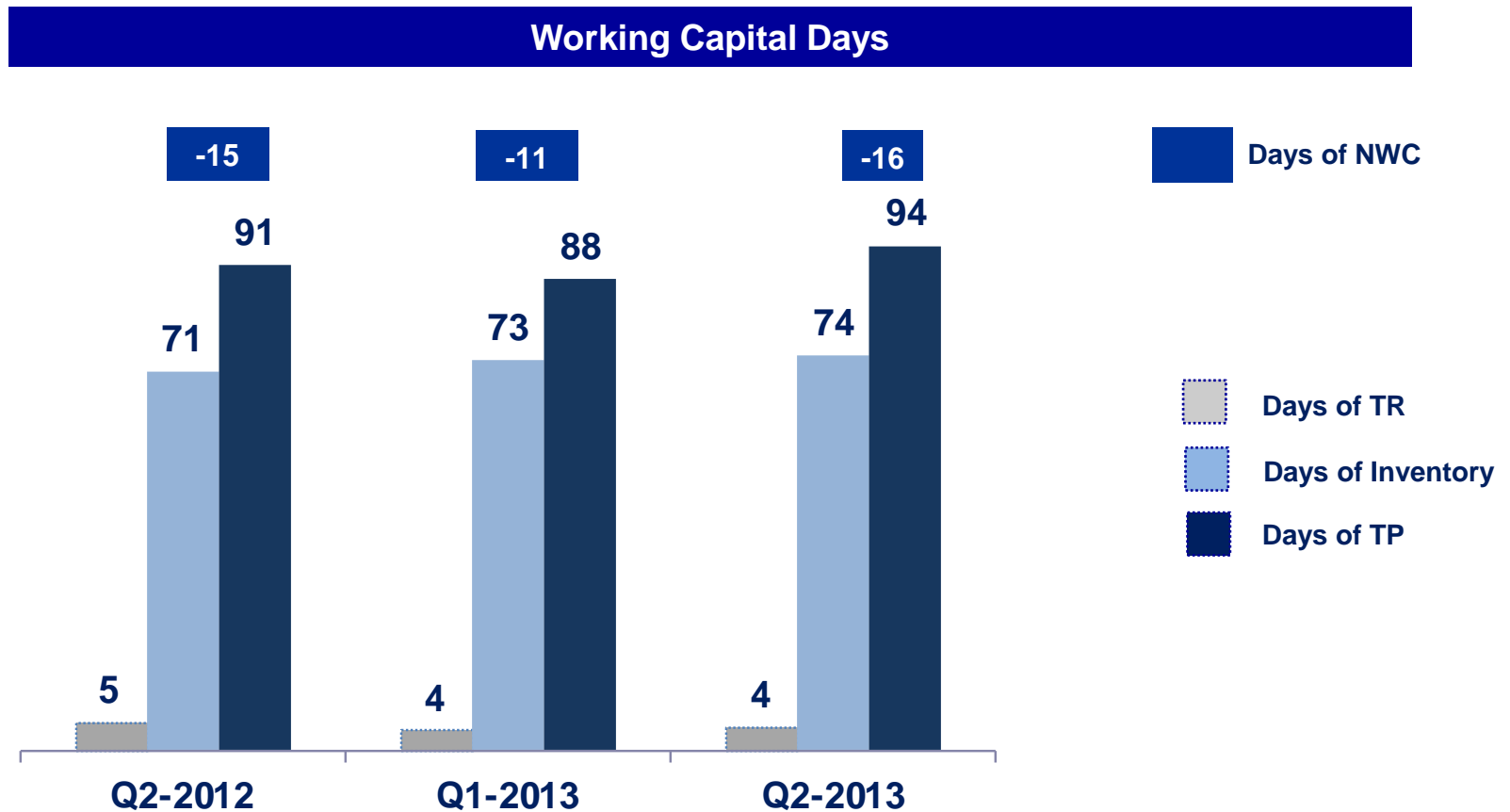
## Balance Sheet

Assets (in M TL)	Haz.12	Haz.13
<b>Current Assets</b>	<b>635</b>	<b>752</b>
Cash and Cash Equivalents	116	171
Due From Related Parties	8	1
Trade Receivables	38	49
Inventories	403	470
Other Current Assets	70	60
<b>Non-current Assets</b>	<b>112</b>	<b>138</b>
Investment Property	11	11
Property,Plant and Equipment	87	109
Intangible Assets	7	10
Deferred Income Tax Assets	3	5
Other Non-current Assets	3	3
<b>Total Assets</b>	<b>747</b>	<b>889</b>
Liabilities (in M TL)	Haz.12	Haz.13
<b>Current Liabilities</b>	<b>580</b>	<b>668</b>
Financial Liabilities	0	0
Due to Related Parties	1	2
Trade Payables	537	592
Other Current Liabilities	41	74
<b>Non-current Liabilities</b>	<b>1</b>	<b>2</b>
<b>Total Equity</b>	<b>166</b>	<b>220</b>
<b>Total Liabilities</b>	<b>747</b>	<b>889</b>



# Working Capital

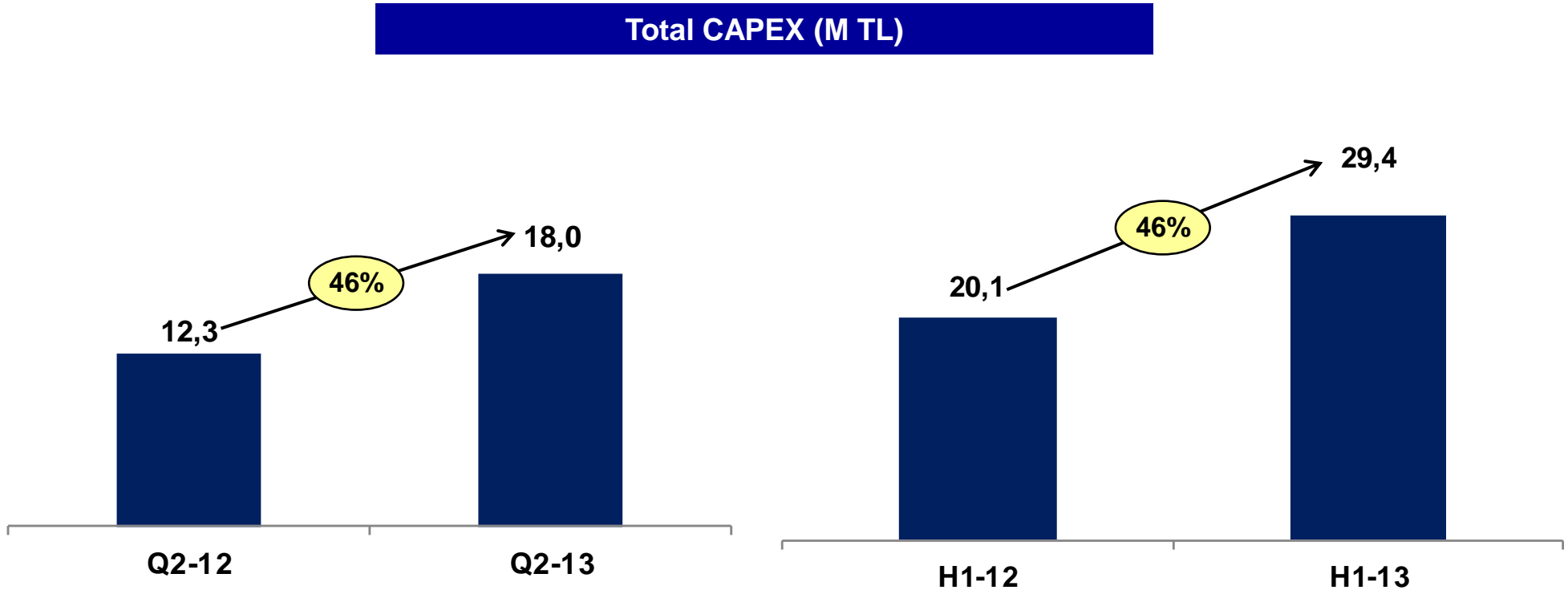
*Negative working capital allows Teknosa to generate positive cash flow in tandem with growth*



- Net working capital improved by 1 days YoY to 16 in Q2 2013.
- Days in payables improved by 3 days YoY in Q2 2013.



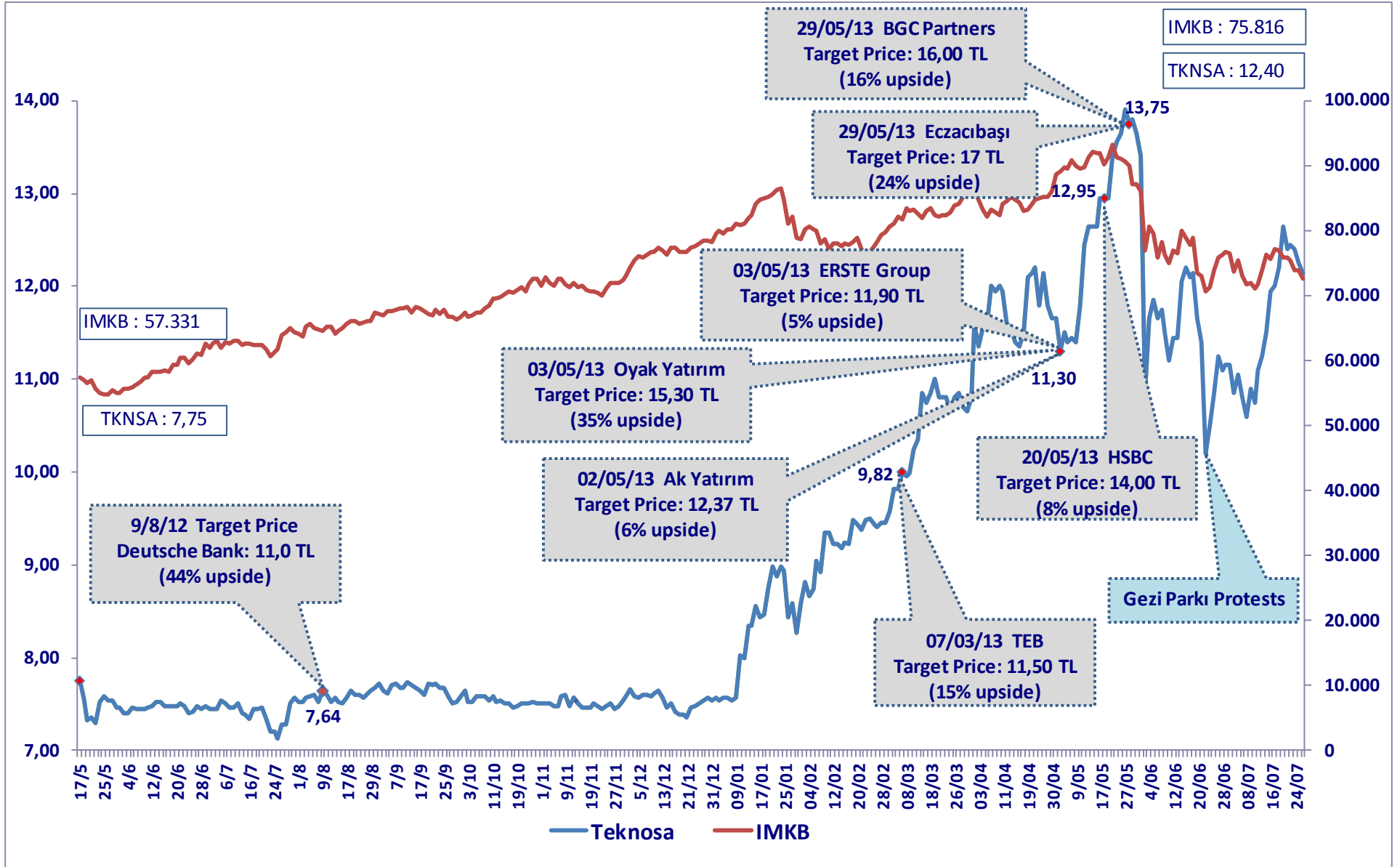
# Capital Expenditures



- New store openings and store renovations account for a major part of the Company's capital expenditures.
- Capital expenditures are financed with cash generated from operations.
- New concept conversion in selected stores caused a high increase in CAPEX.



# “TKNSA” Stock Price Performance



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# Enterprise Fiscal 2013 Full Year Financial Guidance

( M TL )	2012 ACTUAL	INITIAL 2013 FORECAST	REVISED 2013 FORECAST
Year End Net Sales Area (km2)	141	165-170	165-170
Net Sales	2.330	2.700-2.800	2.900 - 3.000
Growth (%)	40%	15%-20%	25%-30%
<i>LFL Growth (%)</i>	26%	7%-11%	10%-15%
EBITDA (%)	5,3%	over 5,0%	4,5%-5,0%
Net Income	50	57-60	57-60
EPS	0,46	0,52-0,55	0,52-0,55
Capital Expenditures	42	40-45	55-60



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# THANK YOU

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