

Teknosa İç ve Dış Ticaret A.Ş.

Q4-2012 Results & 2013 Guidance

Haluk Dinçer, Chairman of the Board

Mehmet Nane, General Manager

Nevgöl Bilsel Safkan, CFO



13 February 2013



Agenda

Haluk Dinçer, Chairman of the Board

Macroeconomic Outlook

Market Potential and Long Term Trends

Strategy and 2023 Vision

Consolidation Opportunity

E-commerce Initiatives

Mehmet Nane, General Manager

Nevgül Bilsel Safkan, CFO

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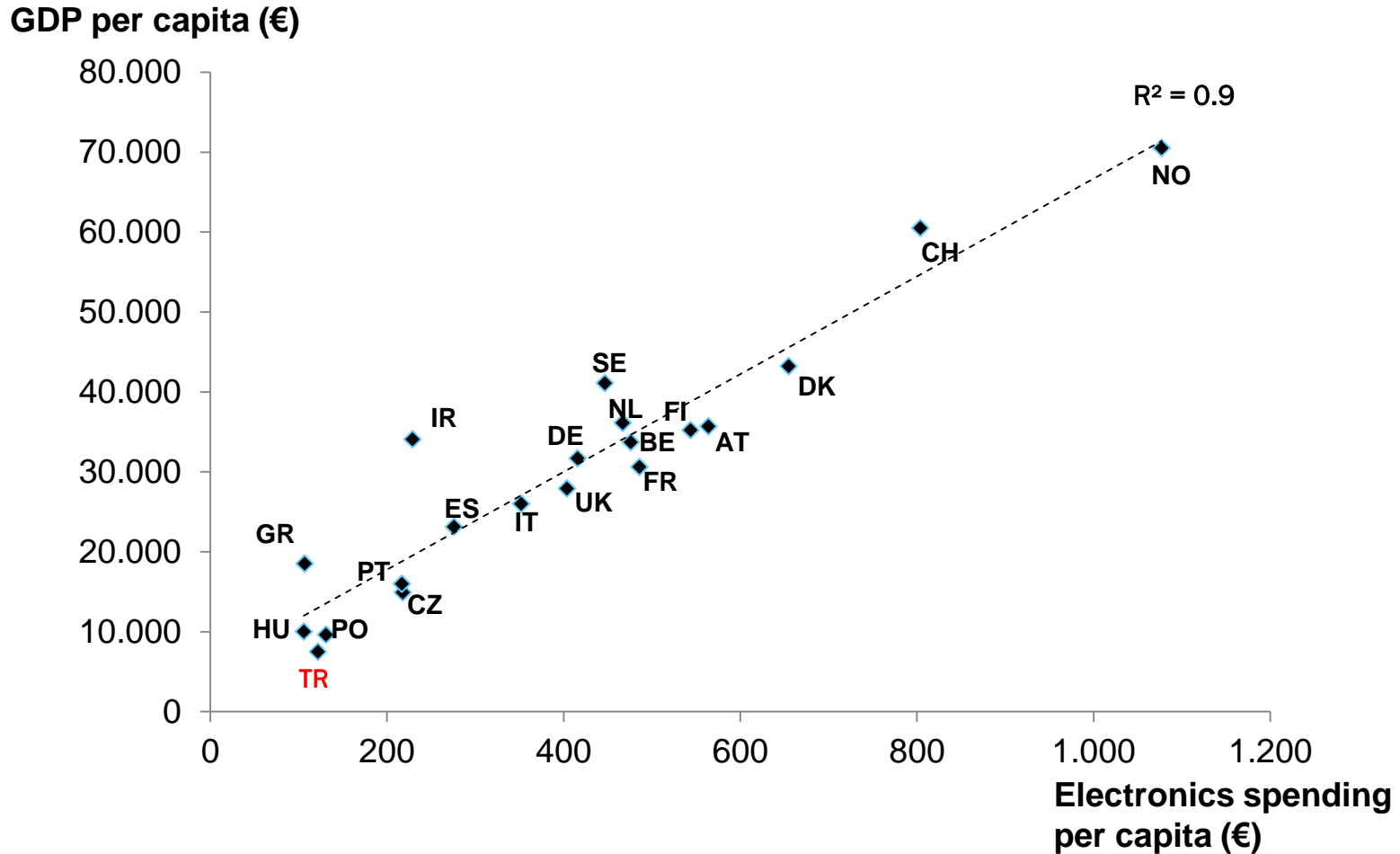
Macroeconomic Outlook

- **Turkey: 16th largest economy**
- **2012: Soft landing**
 - GDP growth ~3%
 - Growth led by exports
 - Slowing of credit growth
 - CA deficit declined, inflation down to 6%
 - Fitch rating upgrade in 4Q
- **2013: Positive outlook**
 - Monetary easing and higher risk appetite in global financial system
 - Low interest rates in Turkey, boosting demand
 - Improving consumer confidence
 - 4% growth expected; +5% possible with new rating upgrades
- **Longer term: 5-6% annual growth; 10th largest economy in 2023**



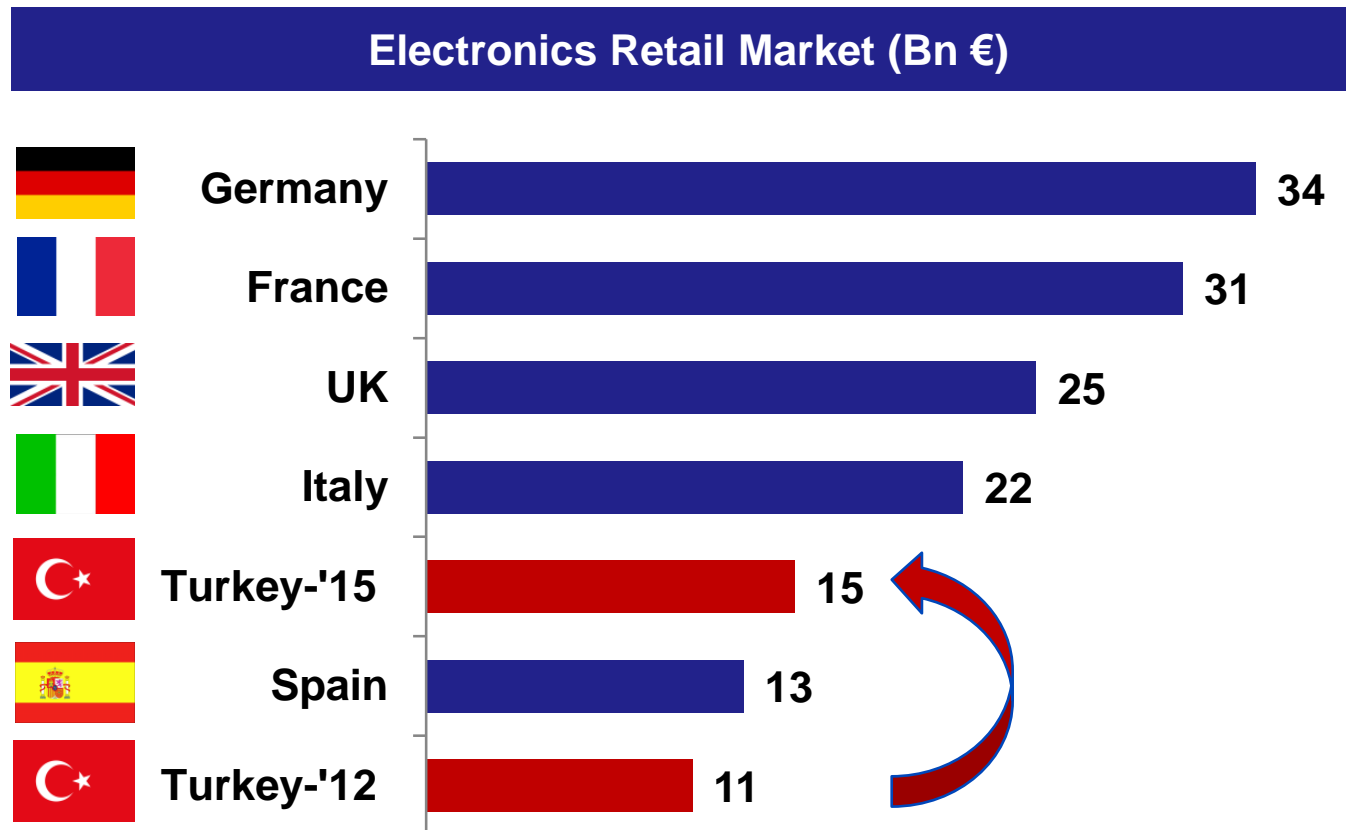
Market Potential: Electronics Spending Increases In line With GDP

Electronics Spending per capita vs. GDP per capita in Europe - 2011



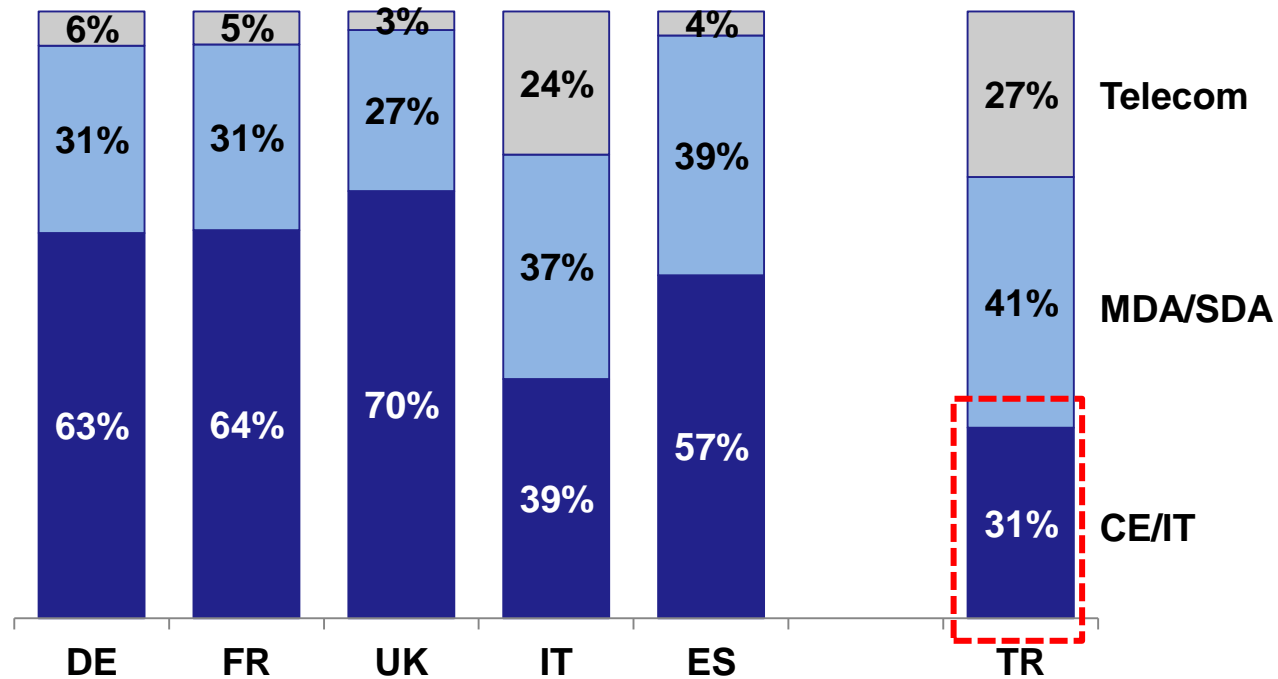
Market Potential: Expected to Be The 5th Largest Market In EU

- Young and dynamic population exceeding 75 million
- Expected to surpass Spain, ranking among the top 5 markets in EU



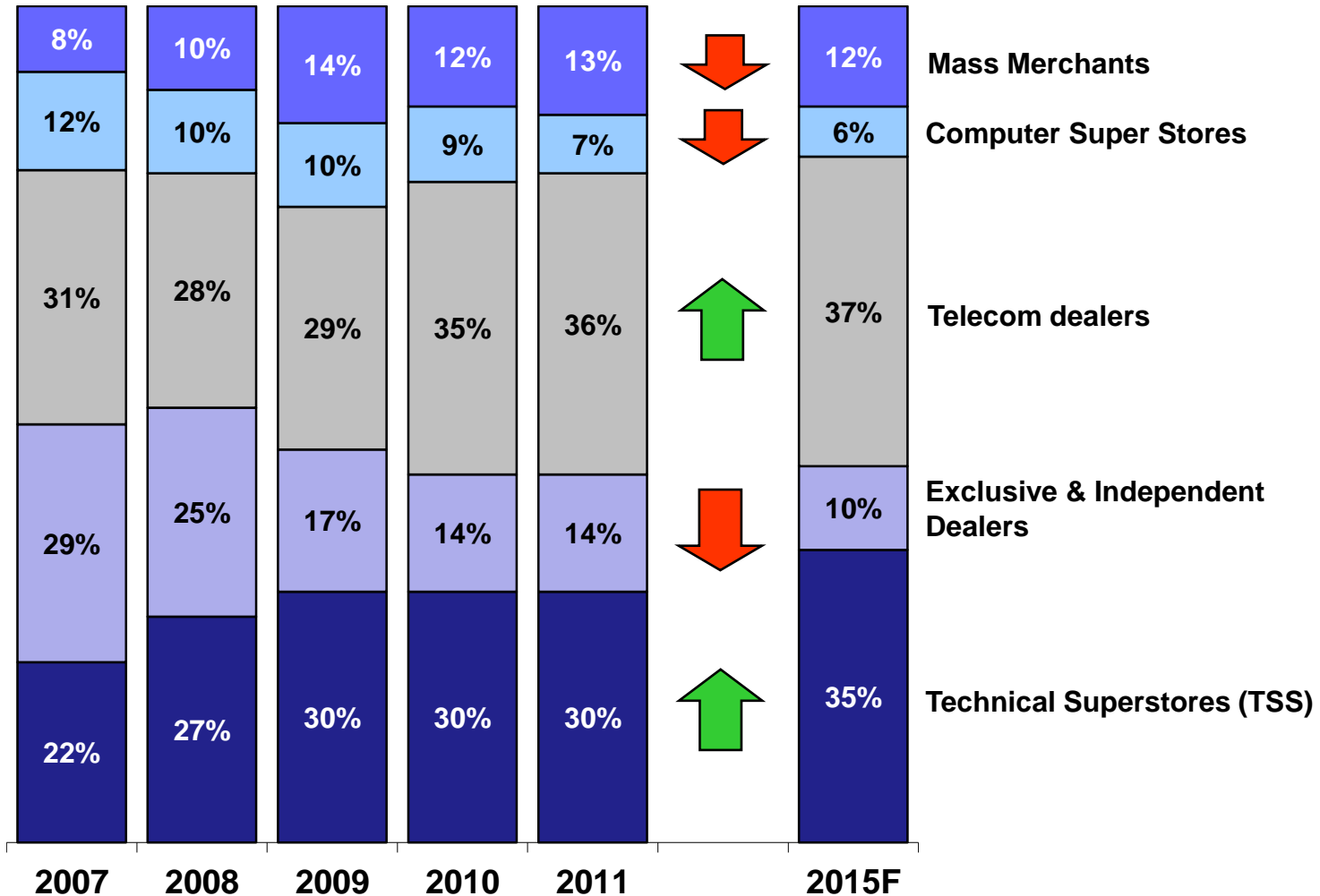
Category Trends: Share of CE/IT Is Expected to Grow Further

Shares of Major Categories In EU Markets & Turkey (%)



Channel Trends: Share of TSS Is Expected to Grow Further

Electronics Retail Market Channel Shares and Trends (2007–2015F)



Teknosa:

The Best Positioned Electronics Retailer

- Undisputed market leader: **42% share in TSS, 54% in CE category**
- Multi format strategy and nationwide store network
- Proven track record of strong growth
- Strong brand: **Top of Mind technology products retailer**
- Trainings provided to employees in **TeknoSA Akademi**
- Local expertise and know-how
- Best in class operational platform
- Close relationships with suppliers
- Strong loyalty program: **Personalized offers to +3M members**
- Solid balance sheet and **strong cash position**
- Consolidating role: **Acquired EP in 2007 and Best Buy in 2011**
- E-commerce opportunity: **teknosa.com and kliksa.com**
 - Kliksa.com has started operations in March 2012 and targets becoming the leading player in B2C e-commerce



Teknosa: Our Strategies

- Rapid growth with multi format store network
- Increasing geographic penetration
- Value added products and services (Tekno Assist, Tekno Guarantee)
- Efficient utilization of loyalty program
- Synergies with Group companies
- Partnership with Euronics (largest buying group in Europe)
- Strategic cooperation (suppliers, banks and telecom operators)
- Tight cost control discipline
- Seek acquisition opportunities



Teknosa 2012: Successful Results

- Surpassed our targets
- 2,3bn TL Net Sales (**+40% YoY growth**)
- 50M TL Net Profit (**+52% YoY comparable growth**)
- Strengthened **undisputed leadership**

- 2023 vision set as: Becoming **one of the top 3 players in Europe**



Teknosa 2012: Solid Steps Taken for 2023 Vision

- **IPO** in May 2012
- Established strategic partnership with **Euronics**
- Mandated advisor for **M&A opportunities**
 - Solid balance sheet and **strong cash position**
 - Consolidation opportunities in Turkey
 - European players also regarded as acquisition targets
- Strengthened e-commerce existence
 - kliksa.com
 - teknosa.com



Teknosa's 2023 Vision: Becoming One of The Top 3 Players In Europe

Top 10 Electronics Retailers' in EU (2011 Sales, bn €)	
Player 1	20,6
Player 2	9,7
Player 3	4,1
Player 4	4,0
Player 5	2,4
Player 6	1,5
Player 7	1,4
Player 8	0,8
Player 9	0,6
Player 10	0,5

← Teknosa-2023: ~5bn € (#3)

← Teknosa-2012: 1,0bn € (#8)

← Teknosa-2011: 0,7bn € (#9)



Consolidation Opportunity: Number of TSS Players and Shares In EU

- There is a limited number of TSS players in EU markets
- One to three players dominate the TSS channel

	Number of Mayor TSS Players	Total Share
Germany	1 Player	94%
France	3 Players	100%
UK	2 Players	88%
Italy	2 Players	90%
Spain	2 Players	70%



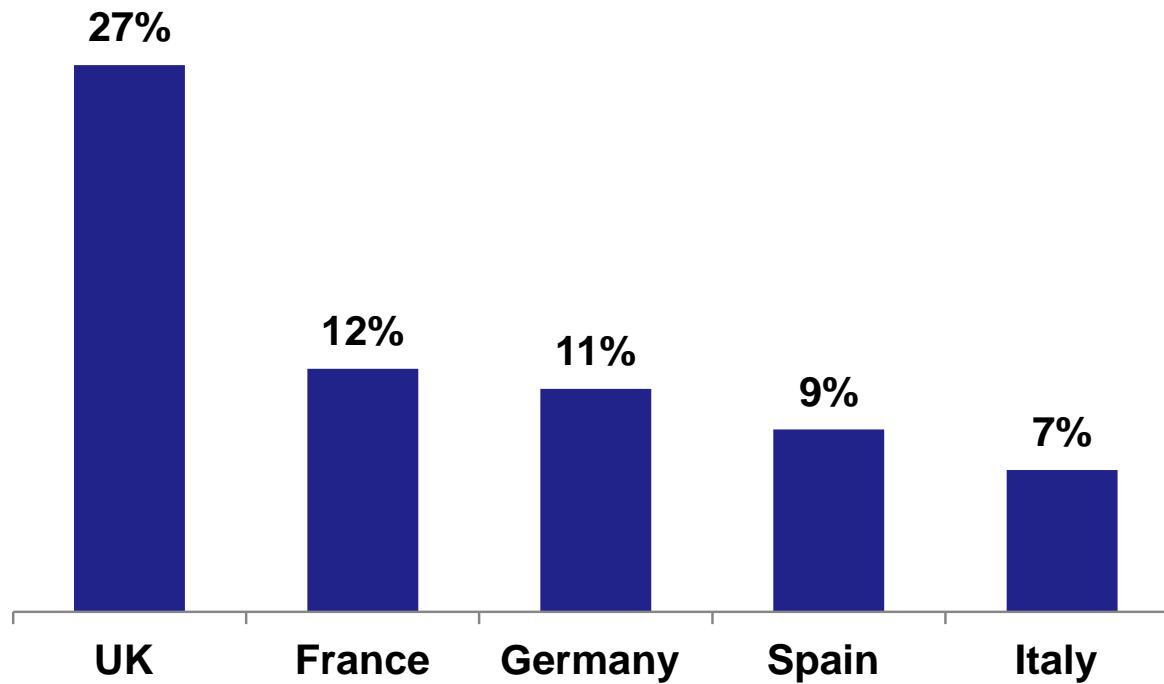
Consolidation Opportunity: Seven TSS Chains Operate in Turkish Market

Teknosa vs. TSS Competitors - 2012				
Company	Store Count	Sales Area (k m ²)	Net Sales (M TL)	Sales Index (TSA=100)
Teknosa	283	141	2.184	100
Competitor 1	28	108	1.200	55
Competitor 2	64	64	800	37
Competitor 3	32	69	450	21
Competitor 4	70	40	380	17
Competitor 5	29	36	300	14
Competitor 6	54	14	200	9

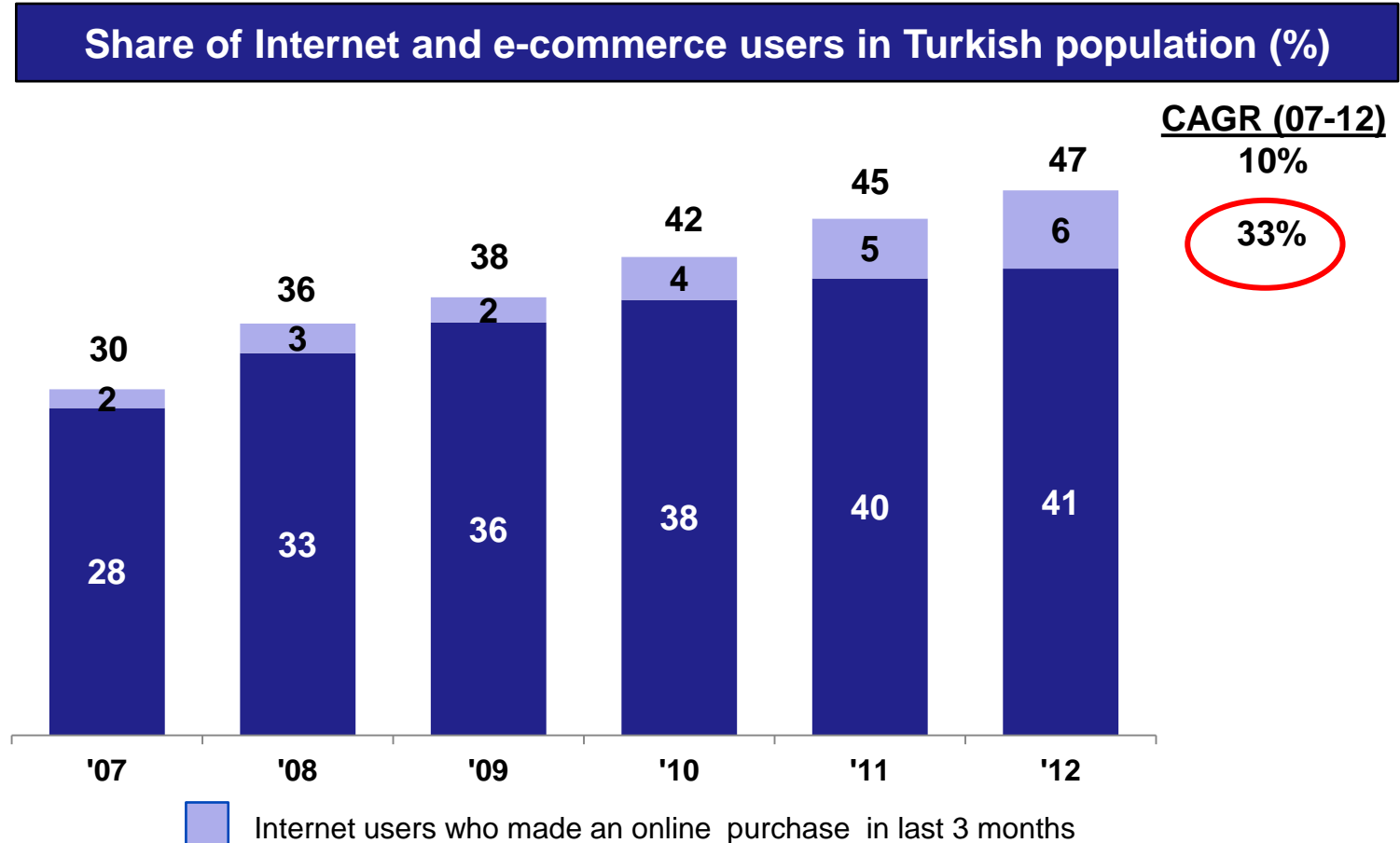
- Seven TSS players is too many for the market
- Teknosa is by far the market leader and is ready for future acquisitions
- HSBC is mandated in August 2012 for seeking M&A opportunities
- Consolidating actions by Teknosa: EP in 2007 and Best Buy in 2011

E-Commerce Trends: Shares of Online Electronics Retail In Europe

The Share of Online Electronics Retail in Europe (2009)



E-Commerce Trends: Growing Faster Than Internet Usage in Turkey



- e-commerce volume is estimated to reach 30bn TL in 2012 (5yr CAGR: 41%)
- Online sales of consumer products is estimated as 3bn TL in 2012



Teknosa in E-Commerce: We Have Established Two Platforms

Kliksa.com

- The target is to become the leading player in B2C e-commerce
- By providing a wider assortment compared to Teknosa stores, with lower price range it will create new business value to Teknosa
- Combined Sabancı brand with the modern online shopping experience
- # of visitors/mo exceeded 1.0 million short after its launch

Teknosa.com

- Teknosa.com is the critical component of Teknosa's multi channel strategy
- Sets the web to store link
- Considered as a 4th store format which enables;
 - Customers in provinces with smaller store assortment to reach the whole product range
- # of visitors/mo is over 2.5 million



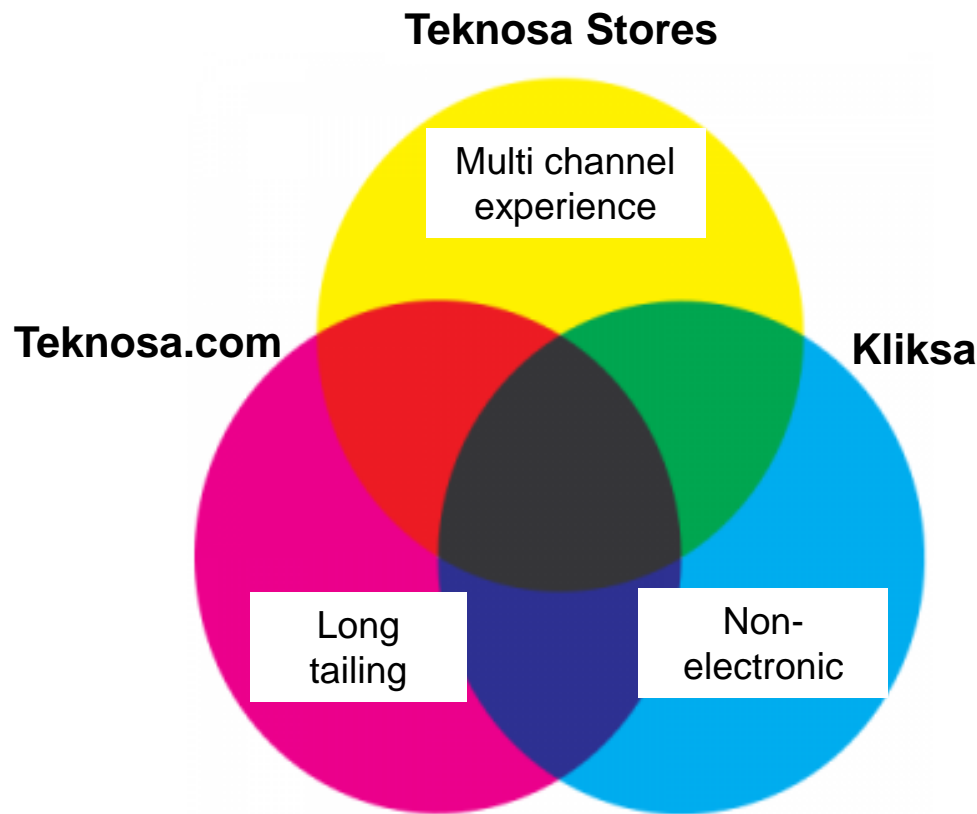
Two legged strategy in e-commerce, which reached 4% of retail sales as of December 2012

- Medium term goal: **10% of sales** to be generated from online
- **Vision: Becoming the leading player in e-commerce**



Teknosa in E-Commerce: Multi-Channel Model Complementing The Stores

- Teknosa has full multi-channel capabilities thanks to its strong store network as well as two e-commerce platforms



Multi-channel structures that add value for the consumer:

- Pick up from the store
- Return to the store
- Stock integration with the stores
- Teknosa.com kiosks in stores
- Pay in store or pay at the door
- Gift Voucher usage synchronization



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2012 Main messages

Initial Public Offering

- 10% of shares were listed on ISE in May 2012

Strong revenue growth

- Net Sales up 40% YoY (LfL: 26%), exceeding the market growth of 23%

Robust and growing profits

- Net Income up 52% YoY (excluding one-offs in '11)

Strong cash flow generation

- +171M TL, reaching 358M TL cash position at '12-end

e-commerce initiatives

- Launching of Kliksa.com in March 2012
- Share of e-commerce revenues reached 4% in December 2012 (2,2% in FY12, 0,6% in FY11)

HSBC mandate

- HSBC is mandated in August 2012 to explore potential acquisition opportunities

World Retail Congress 2012

- Winner of “Emerging Market Retailer of the Year Award”

Strategic partnership with Euronics

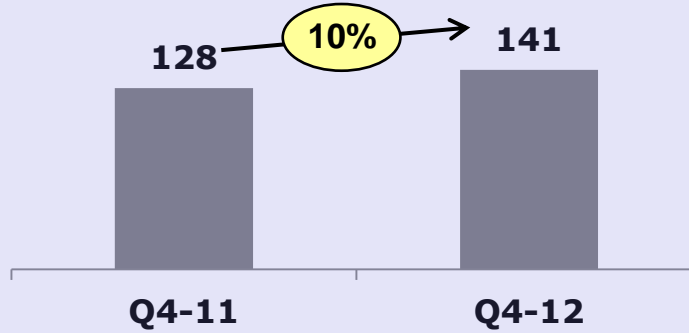
- Signed an agreement with Euronics in September 2012
- Goal: Strengthen relationship with suppliers and monitor global developments and opportunities closely

20



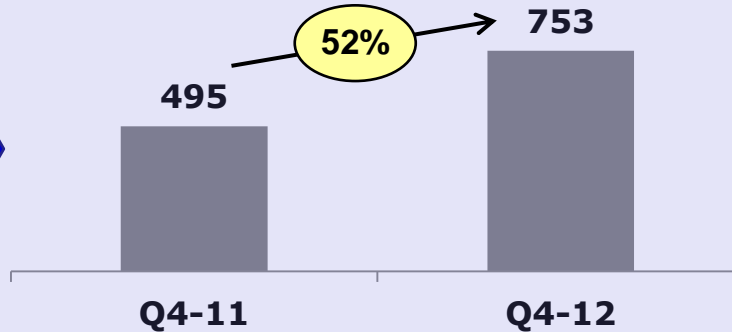
Q4-2012 Results

Sales Area (k m2)



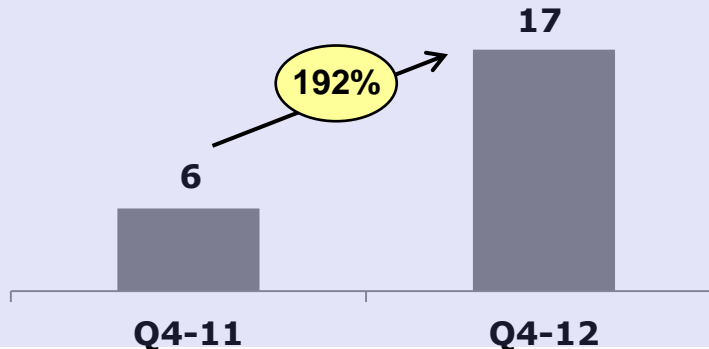
- Dynamic portfolio management
- 14 store openings, 11 store closures in Q4

Revenues (M TL)



- Revenues reached 753TL million with 52% YoY growth
- Strong LfL trend: 39%

Net Income (M TL)

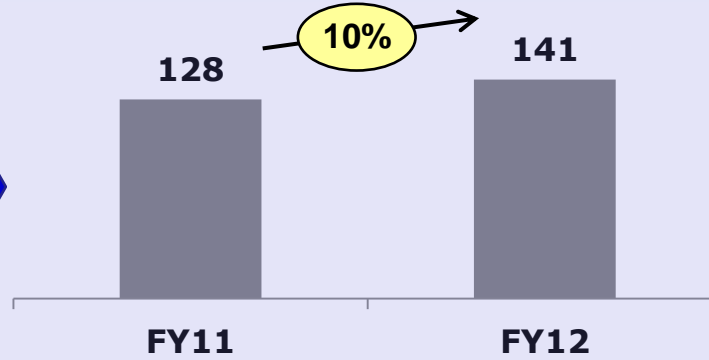


- 17TL million net income generated in Q4-12



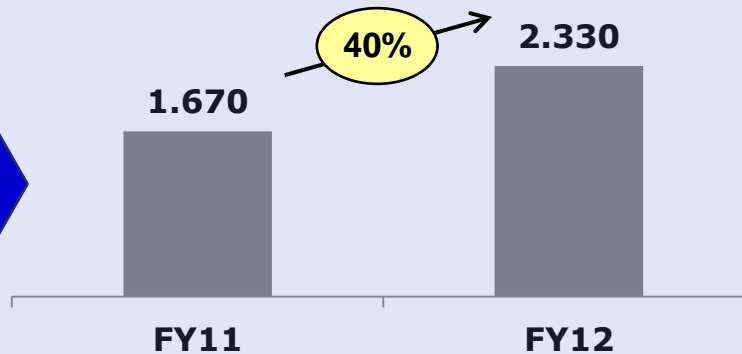
Full Year 2012 Results

Sales Area (k m2)



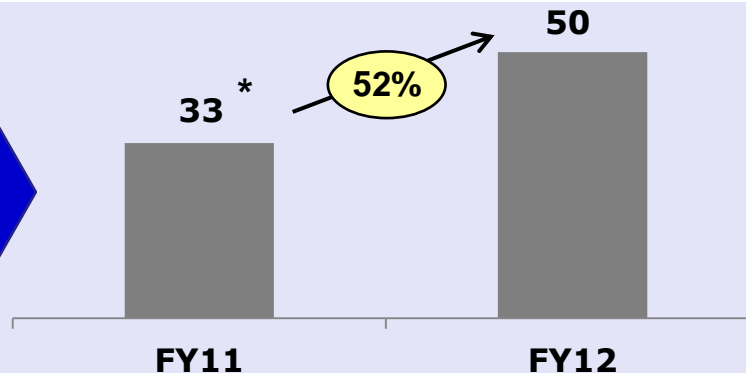
- 283 stores in 77 provinces
- Highest penetration among TSS Channel

Revenues (M TL)



- FY12 revenues reached 2,3TL billion with 40% YoY growth
- Strong LfL trend: 26%

Net Income* (M TL)

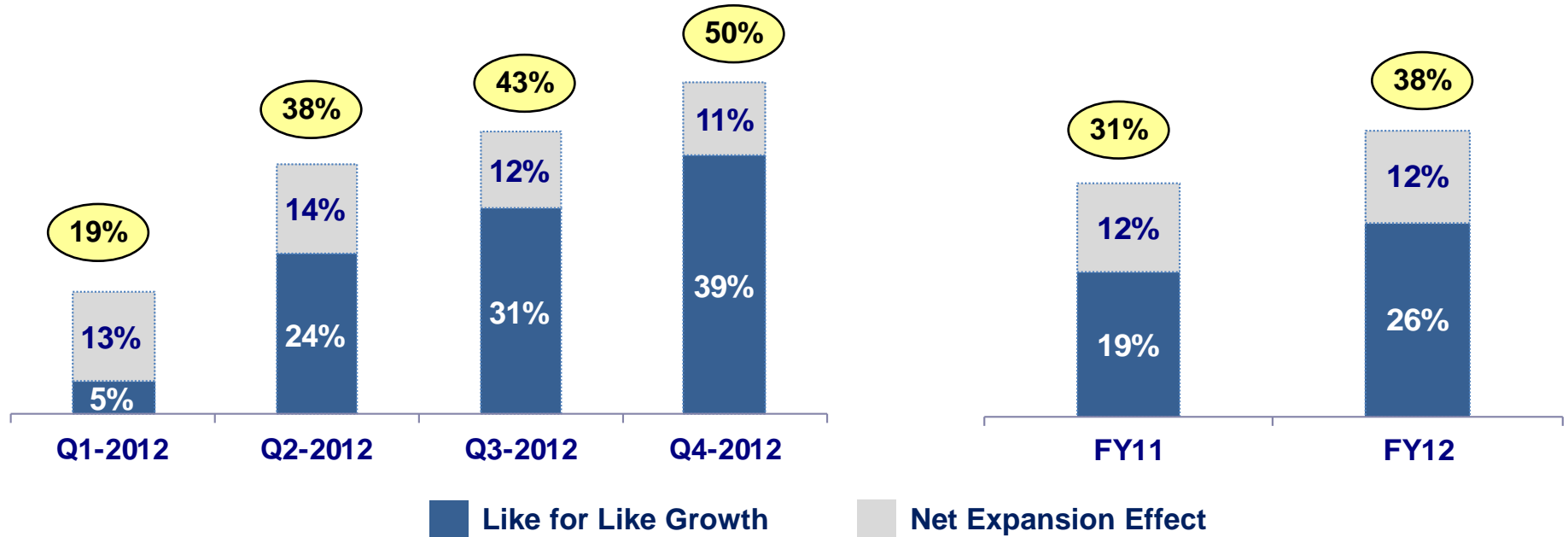


- Improving profit despite strong base period

(*) 17 M TL one-off income due to Best Buy acquisition is excluded from FY11 results.



Retail Operations Revenue Growth Analysis



Net expansion effect = New store openings – closings

- Retail store revenues (excluding dealership, internet and corporate revenues), which account for 93% of the total revenues, posted 50% YoY growth in Q4-2012, and 38% in FY12.
- Q4-2012 LfL growth is 39%, which contributed to strong LfL growth of 26% in FY12.



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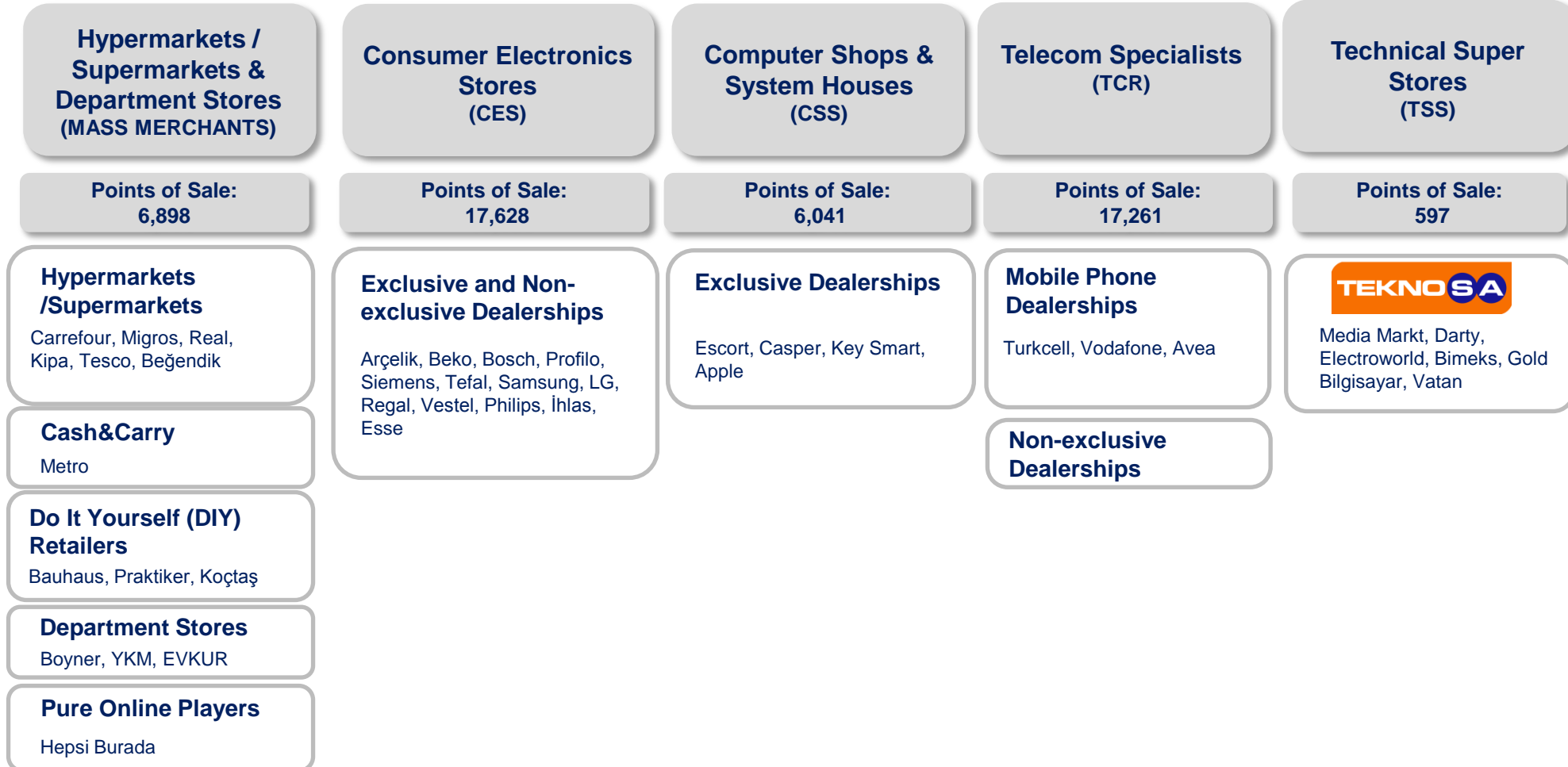
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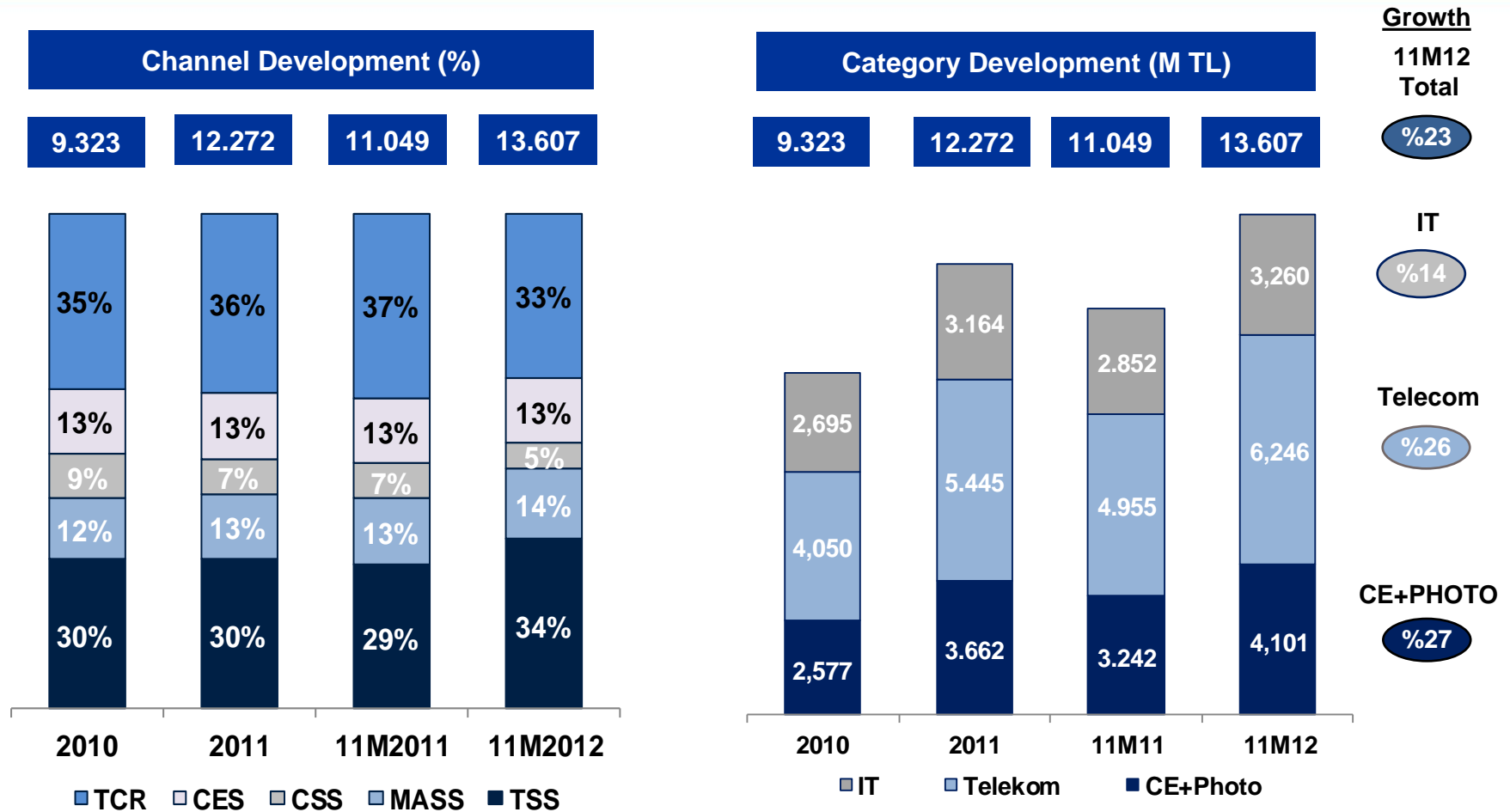


Electronics Retail Market in Turkey

Sales Channels of Technical Consumer Goods Market (48.425 Total Points of Sale)



Electronics Retail Market Channel & Category Development

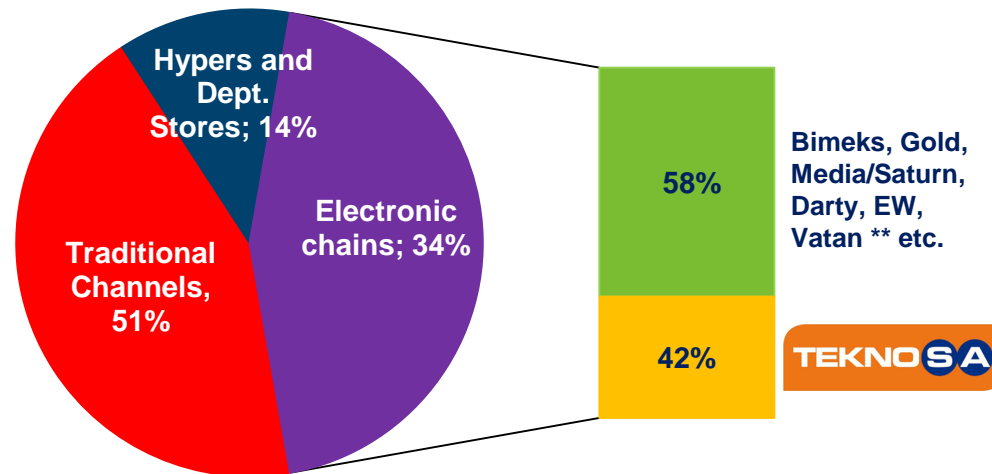


- 11M12 electronics retail market size: 13,6Bn TL with +23% YoY growth
- Technical Superstores (TSS) channel share increased by 5pp YoY in 11M12.
- Telecom retailers (TCR) channel share dropped by 4pp YoY in 11M12

Teknosa in the Market

- 11M12 electronics retail market* +23% YoY
- 11M12 Teknosa retail sales growth +41% YoY
- Technology Superstores channel ('TSS') accounts for 34% of the total market
- Teknosa has 14,4% market share in the electronics retail market and 42% channel share in TSS

Electronics Retail Market 2012 – Channel Shares



Source: GfK Electronics Panel Report November 2012

* GfK IT, Telecom, CE + Photo categories

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

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Financial Highlights

(M TL)	Q4-2011	Q3-2012	Q4-2012	YoY (%)	QoQ (%)	FY11	FY12	YoY (%)
Net Sales	495	586	753	52%	29%	1.670	2.330	40%
Gross Profit	105	111	133	26%	20%	365	448	23%
Gross Profit Margin	21,3%	19,0%	17,7%			21,9%	19,2%	
Adjusted EBITDA *	21	30	38	81%	27%	89	123	38%
Adjusted EBITDA Margin	4,3%	5,2%	5,1%	0.7pp	(0.2pp)	5,4%	5,3%	(0.2pp)
Financial Expenses	-8	-8	-10	23%	30%	-25	-34	33%
Profit Before Tax	7	17	22	202%	34%	60	65	8%
Tax	-2	-4	-5	240%	46%	-9	-14	51%
Net Profit	6	13	17	192%	31%	50	50	0%
Adjusted Net Profit *	6	13	17	192%	31%	33	50	52%
Adjusted Net Profit Margin	1,2%	2,2%	2,3%	1.0pp	0.0pp	2,0%	2,2%	0.1pp

- Q4-2012 revenues reached 753TL million (+52% YoY) and EBITDA margin 5,1% (+0,8pp)
- 2012 revenues reached 2,3TL billion (+40% YoY) and EBITDA margin 5,3% (-0,1pp)
- 50TL million net income generated in FY2012, 17TL million of which is reported in Q4-2012.

* Full year 2011 results are adjusted for 17TL million one-off income due to Best Buy acquisition.



Key Performance Indicators (Retail Operations)

	Q4-2011	Q3-2012	Q4-2012	YoY (%)	QoQ (%)	FY11	FY12	YoY (%)
Number of Provinces (@ period end)	72	75	77	7%	3%	72	77	7%
Net Sales Area (k m ² @ period end)	128	136	141	10%	3%	128	141	10%
Number of Stores (@ period end)	269	280	283	5%	1%	269	283	5%
Number of Visitors (in'000 persons)	23.694	24.536	26.905	14%	10%	84.669	99.562	18%
Number of Customers (in'000 persons)	1.953	1.983	2.281	17%	15%	7.270	7.979	10%
Conversion Rate	8,2%	8,1%	8,5%	0.3pp	0.4pp	8,6%	8,0%	(0.6pp)
Average Basket Size (TL)	239	273	307	28%	12%	216	271	25%

- Highest penetration among Turkish Technical Super Stores with **283 stores in 77 provinces** and 141k m² net sales area as of 31 December 2012.
- Flexible business model with **multi store formats** to maximize penetration.
- **100 million visitors** in 2012.



Summary Financials

Balance Sheet

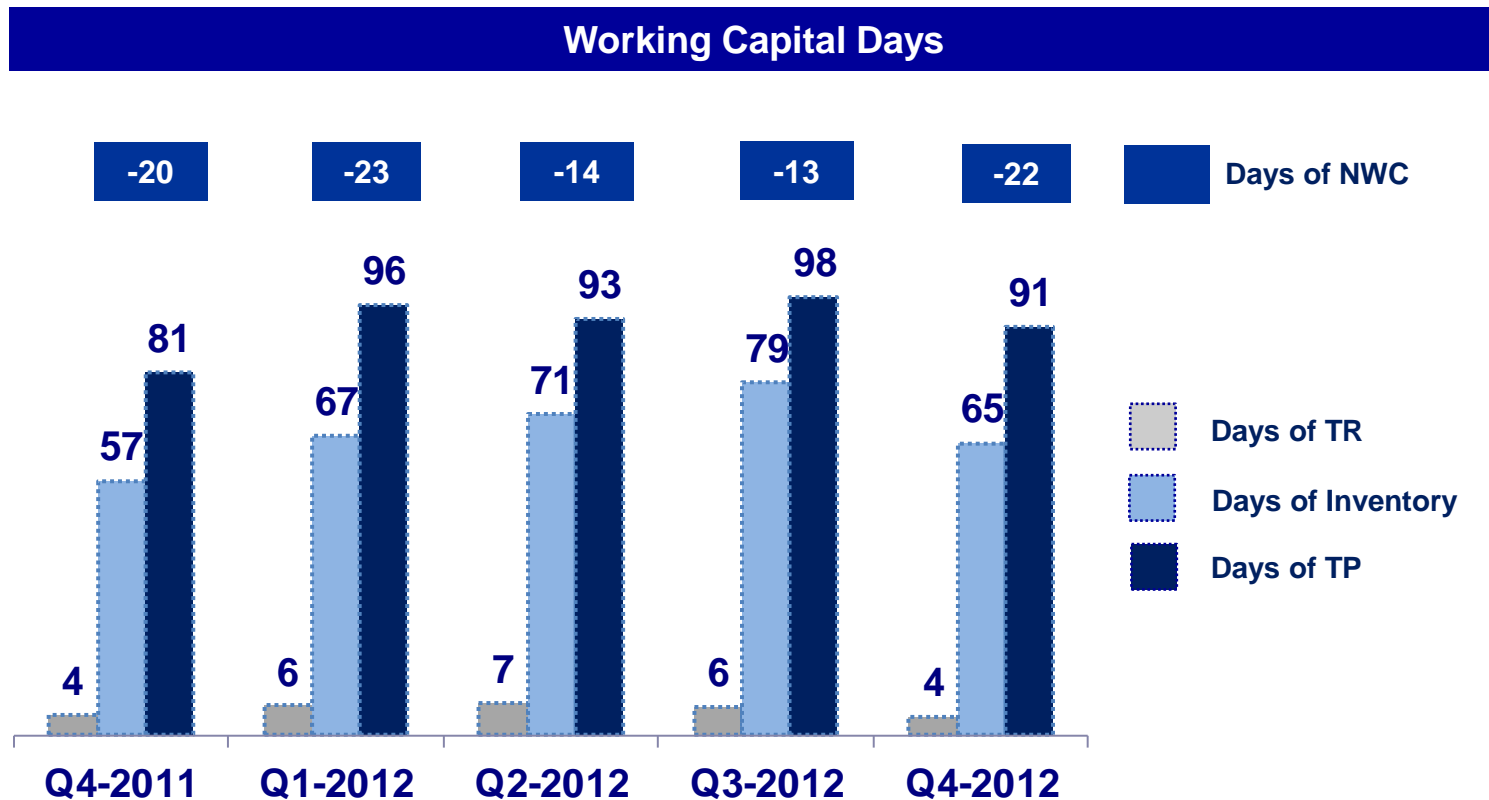
Assets (in M TL)	Dec.11	Dec.12
Current Assets	498	888
Cash and Cash Equivalents	187	358
Due From Related Parties	3	6
Trade Receivables	25	26
Other Receivables	1	0
Inventories	261	472
Other Current Assets	22	25
Non-current Assets	106	121
Investment Property	11	11
Property,Plant and Equipment	79	94
Intangible Assets	6	9
Deferred Income Tax Assets	4	3
Other Non-current Assets	6	3
Total Assets	604	1009
Liabilities (in M TL)	Dec.11	Dec.12
Current Liabilities	458	812
Financial Liabilities	0	0
Due to Related Parties	2	3
Trade Payables	427	760
Other Payables	7	9
Other Current Liabilities	22	40
Non-current Liabilities	1	1
Total Equity	146	196
Total Liabilities	604	1009

Strong cash position:
171M TL cash generated in
2012, thanks to operational
profits and NWC management



Working Capital

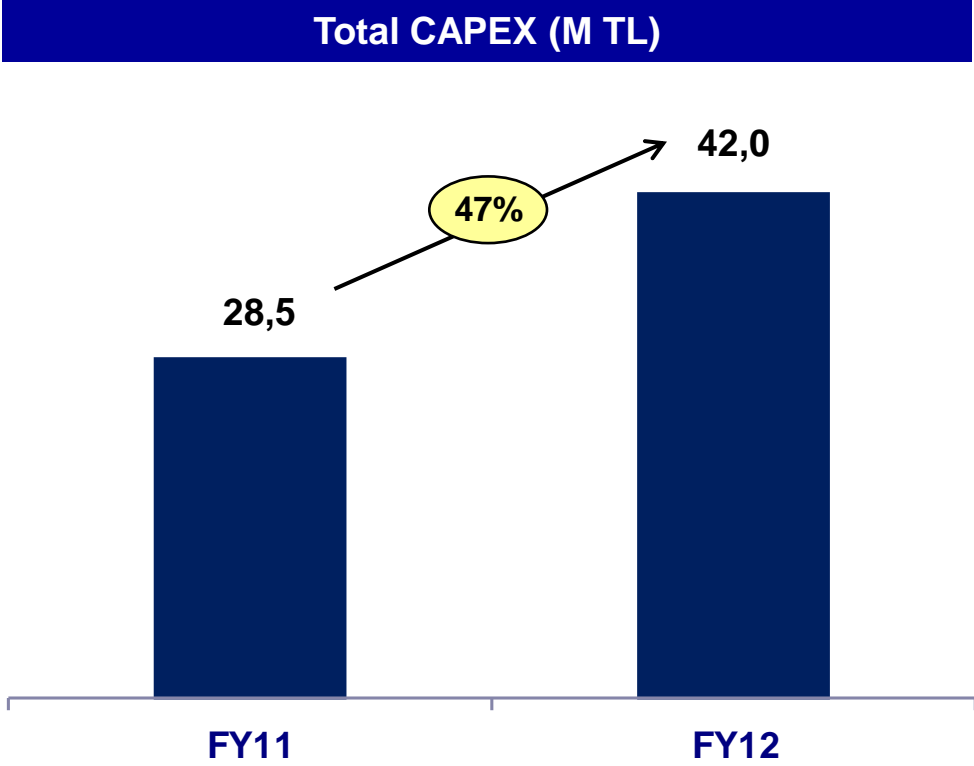
Negative working capital allows Teknosa to generate positive cash flow in tandem with growth



- Net working capital improved by 2 days YoY to 22 in Q4 2012.
- Days in payables improved by 10 days YoY in Q4 2012.



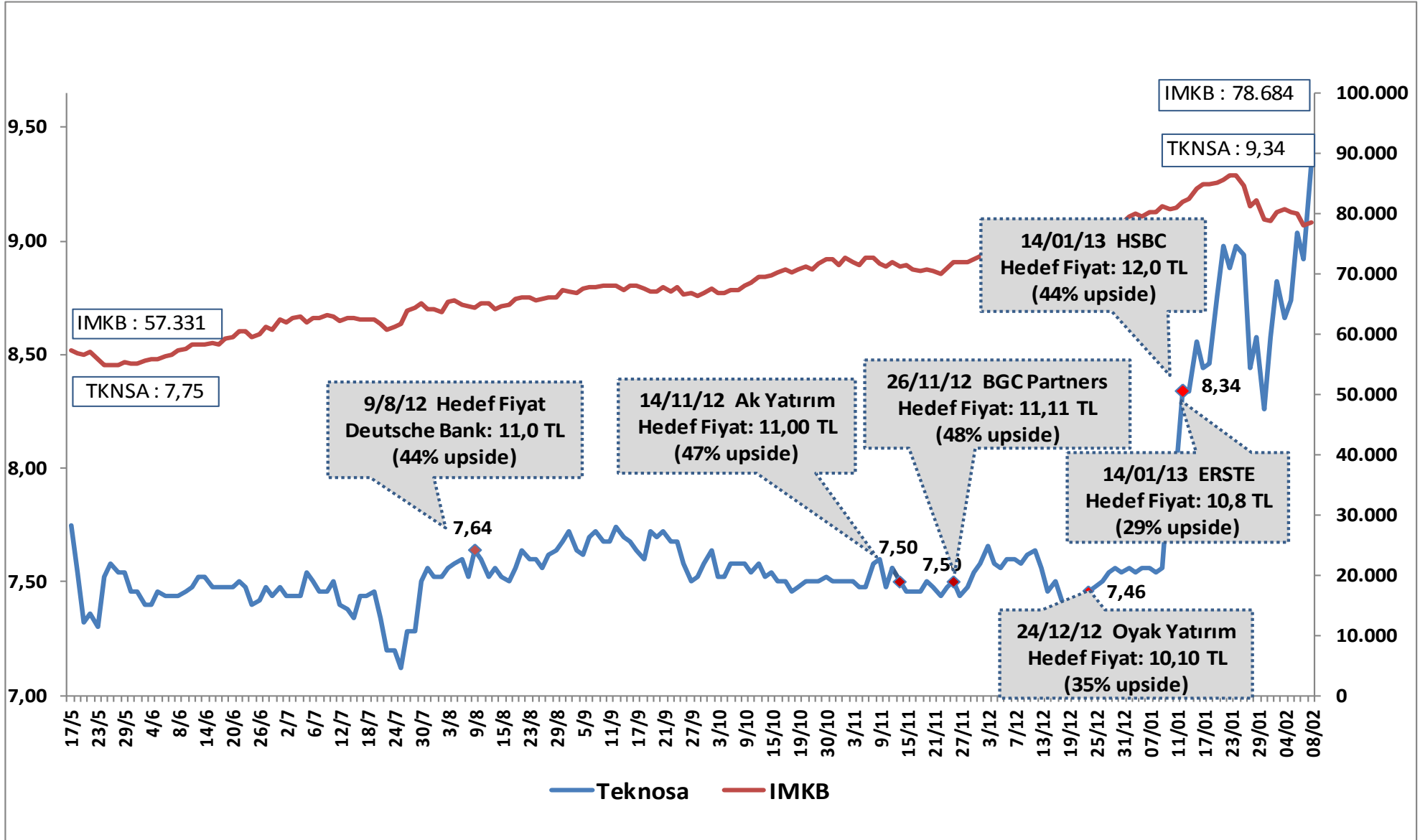
Capital Expenditures



- 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.



“TKNSA” Stock Price Performance



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2013 - Macroeconomic assumptions

Macro-Economic Indicators	2011	2012	2013F
Real GDP Growth	8,5%	2,8%	3,5%
Private Consumption	7,8%	-0,3%	2,7%
Inflation (CPI change e.o.p)	10,4%	6,2%	7,0%
US\$/TL (Average)	1,67	1,80	1,84
EUR/TL (Average)	2,33	2,32	2,41
TR-3 Mons. Dep. Rate, Ann. Comp.	11,1%	8,2%	7,5%

GDP growth higher than in 2012

Re-balancing of inflation & TL

Flat FX rates



A challenging year ahead for the retail sector - 2013

Sector growth exceeding GDP growth;

- Market Growth: ~14%
- Technical Superstores (“TSS”) Channel Growth: 15% - 20%

Consolidation;

- Consolidation is inevitable in the Turkish TSS Channel, as it will become harder to survive for companies lack of scale in price driven demand market.
- The strong demand environment and expected pricing discipline after a likely consolidation in the sector is expected to limit any margin erosion.

Broadening E-commerce Business;

- In line with global trends, e-commerce is expected to increase its share gradually in the total electronic retailing market in Turkey.
- Internet penetration at the level of ~ 45% points out the growth potential.



Teknosa's sustainable business model will continue to pay off

Growth over the market

15-20% Sales Growth in Retail Operations as a result of;

- Organic growth up to +30k m² net sales area
- 8-12% LfL growth
- Expected increase in CE sales which has higher margin than other product groups

Boost in e-commerce operations

Kliksa.com & Teknosa.com;

- Teknosa is dedicated to improve such sales channel through Teknosa.com & Kliksa.com
- 300% sales growth is targeted in 2013 (2012: 50TL million, 2013B: 200TL million)
- Boosting the share of e-commerce in total to ~7%

Customer Centric Approach

CRM and CEM (Customer Experience Management) projects;

- Increasing number of Orange Card members
- Operational and marketing efficiency via CEM
- Special discounts and campaigns to Orange Card members



Teknosa's sustainable business model will continue to pay off

Maintaining high EBITDA & Net Profit margins



Net profit growth with;

- Maintaining margins while generating top-line growth

Inorganic Growth



Consolidation & Online Investment Opportunities

- Due to the strong balance sheet position with no debt and the fragmented nature of the sector; Teknosa is the one to act as a market consolidator.
- Seeking e-commerce m&a opportunities as well

Dividend



Dividend Payment;

- Prior year losses on B/S will be netted off during 2013
- 2014 is expected to be the dividend payment year out of 2013 net profits



Enterprise Fiscal 2013 Full Year Financial Guidance

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



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