

Investor
Presentation

Teknosa İç ve Dış Ticaret A.Ş.

4Q13 Results

«Leader of A Growing Market»

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Investment Theme

1

Strong Leadership

Having the first-mover advantage, Teknosa is the market leader with almost double the sales of the second player in the market

2

Strong growth potential

Young population with higher tendency for electronics spending
Turkey's CE retail is under-penetrated and growing strongly with favorable demographics and rising income

3

Flexible Store Formats Supporting Fast Expansion

Three different store formats and assortment matching diverse customer needs & different store sizes supporting fast expansion

4

Financial Strength

Strong sales growth
Strong & positive cash flow generation
Cash available for future consolidation in the market

5

Strong Operational and Technical Infrastructure

Advanced ERP and CRM programs enabling targeted marketing
Teknosa Akademi, the first and only training program in the technology goods market
State of the art logistics infrastructure

Agenda

Results at a Glance

Electronics Retail Market

Financial Overview

Year-end Guidance

CEO Comments

- 2013 results are in-line with our guidance figures
 - New sales area
 - Top-line growth
 - Profitability
 - Working capital
- Strategic targets are on track
 - Strong growth in online
 - Differentiating from the competition via value added services
- Appreciated by 108m visitors & Top of Mind score 42%
- Sectoral awards:
 - «The most preferred electronics retailer award» by Shopping Mall Investors Association for the third year in a row
 - Teknosa.com; «Electronics e-tailer of the year award» by Webrazzi
 - Mother's day campaign; «Crystal Apple Award, viral project/durables category» by Turkish Association of Advertising Agencies

Main messages

Strong topline growth

- 27% Net Sales growth in FY13
- Top-line growth sustained in 4Q13 via new store openings, despite the unfavorable macro economic environment

Leading Market Share

- Leading the competition with 14.1% market share in FY13

Price competition

- Heavy promotional environment
- Teknosa did not fully participate in promotions, increasing its gross margin by 50bps YoY to 18.6% in 4Q13

Profit growth

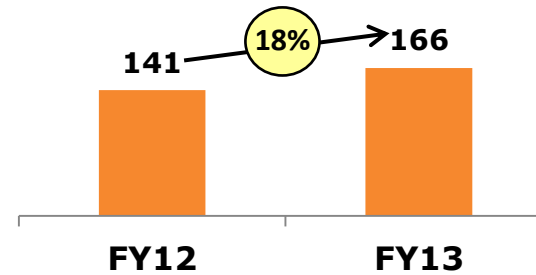
- 19% Net Profit growth in FY13 (excl. one-off in 1Q12)

Strong e-commerce performance

- E-commerce volume almost quadrupled
- 6% of sales in FY13; from 2% in FY12, 0.6% in FY11
- Apps were launched, new services added

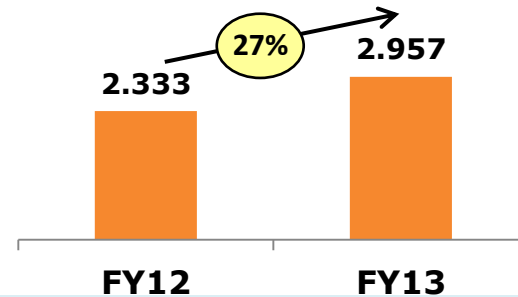
**FY13
Results**

**Net Sales Area
(k m2)**



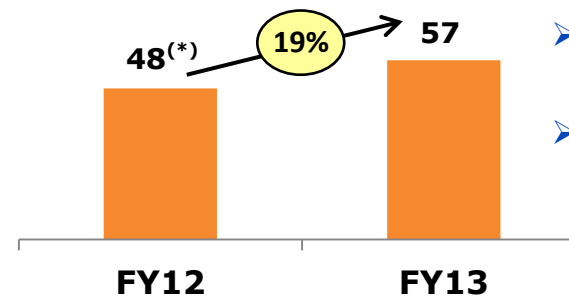
- Expansion in-line with guidance
- Dynamic portfolio management: 44 stores opened, 33 closed

**Net Sales
(M TL)**



- Net Sales in-line with guidance
- Strong LfL: 13%

**Net Profit
(M TL)**



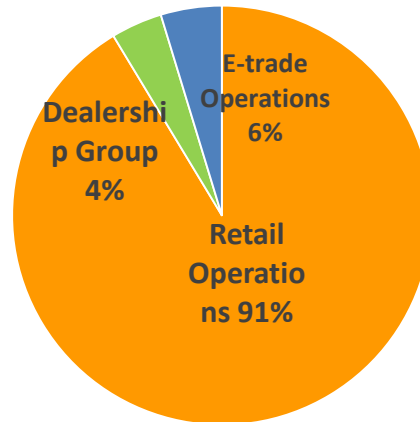
- Net Profit in-line with guidance
- Strong operational profitability reflected to the bottom-line

(*) Excluding the one-off in 1Q12

Operations

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

Revenue Breakdown as of FY13



E-trade Operations

KLİKSA.com

- Separate legal entity fully owned by Teknosa
- Started operations in March 2012

TEKNOSA.com

- Started operations in 2005

Retail Operations

TEKNOSA

Revenue Breakdown by Product Groups as of FY13

- Consumer Electronics & Photo: 37% (2012: 48%)
- Telecom: 28% (2012: 20%)
- IT: 27% (2012: 25%)
- Other*: 8% (2012: 7%)

* Consists of major and small domestic appliances and warranty sales

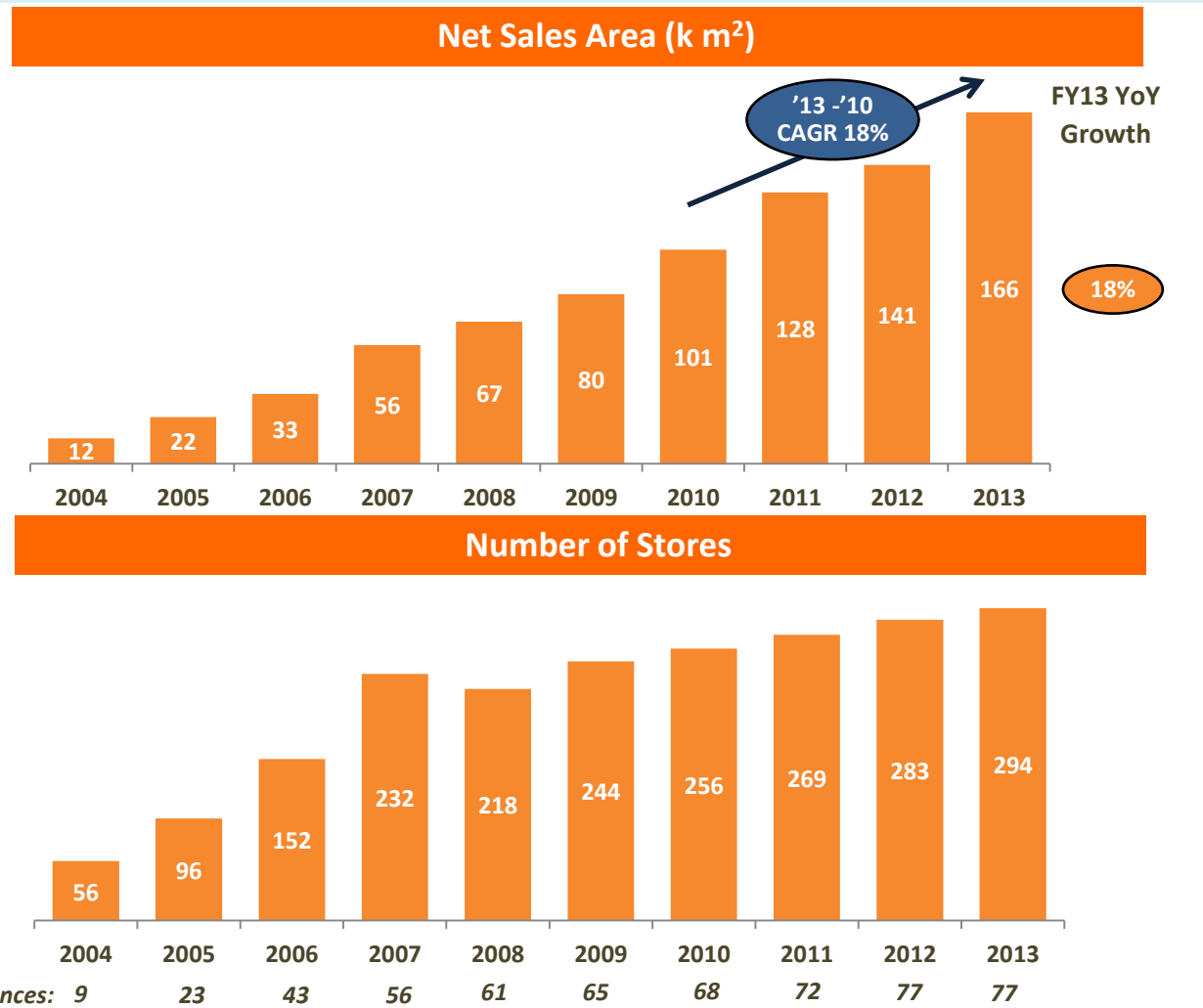
Dealership Group

İKLİMSA
Türkiye'nin İklimlendirme Merkezi

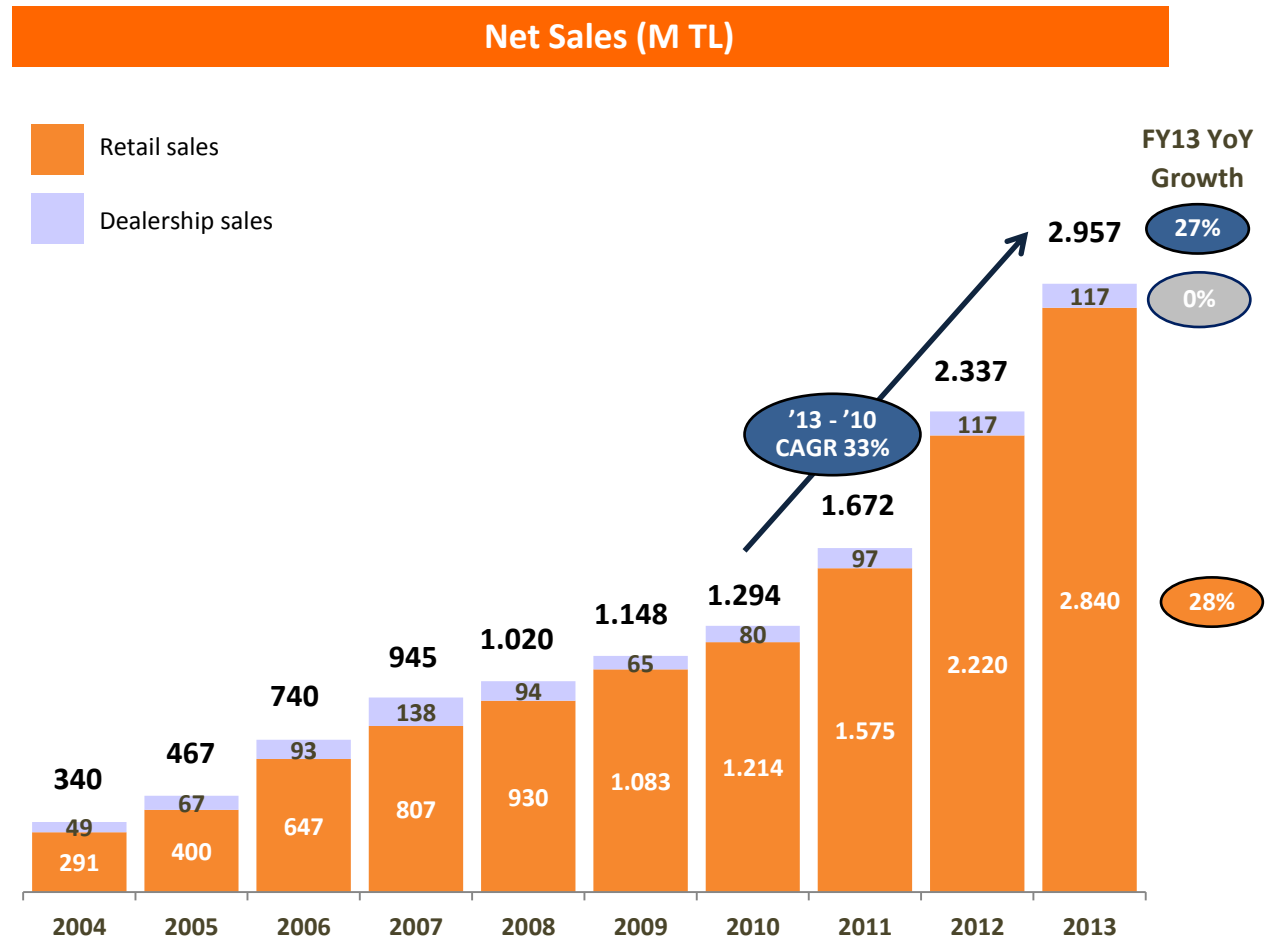
Revenue Breakdown by Product Groups as of FY13

- Air Conditioners: 94% (2012: 93%)
- Refrigerators: 6% (2012: 6%)
- Cash registers: 0.4% (2012: 1%)

Rapid
Expansion
Through
Different
Store Formats



Proven Growth Track



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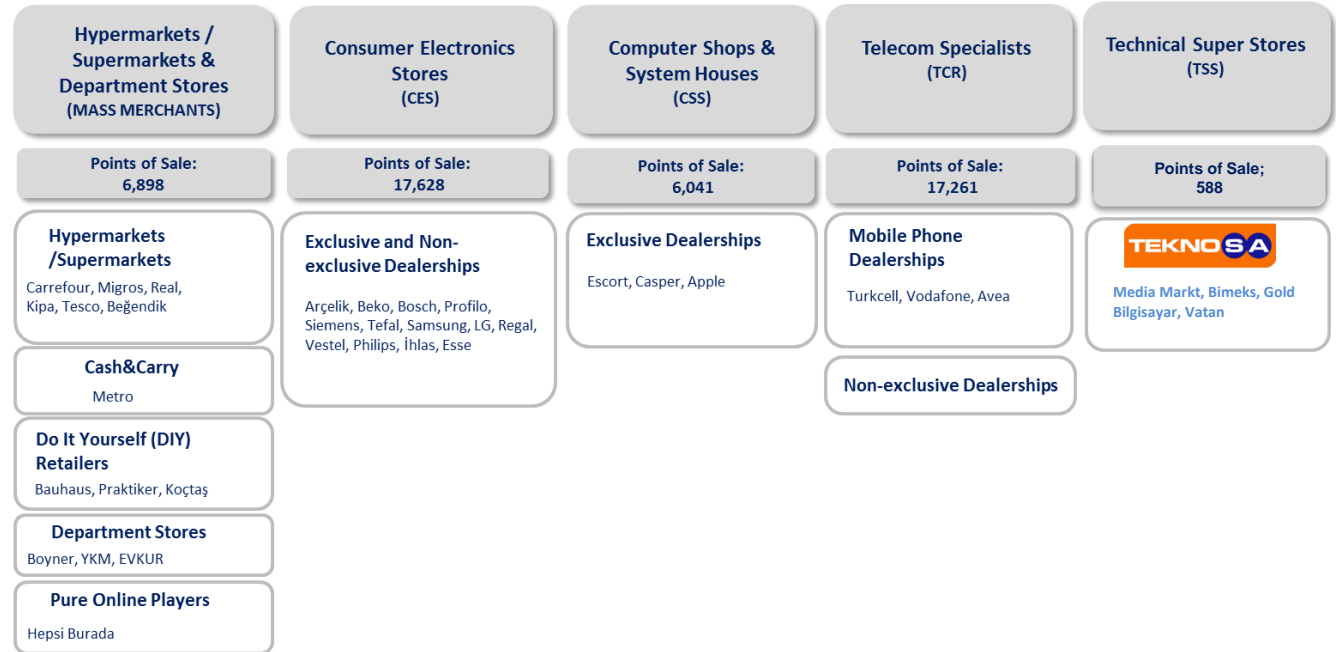
Electronics Retail Market

Financial Overview

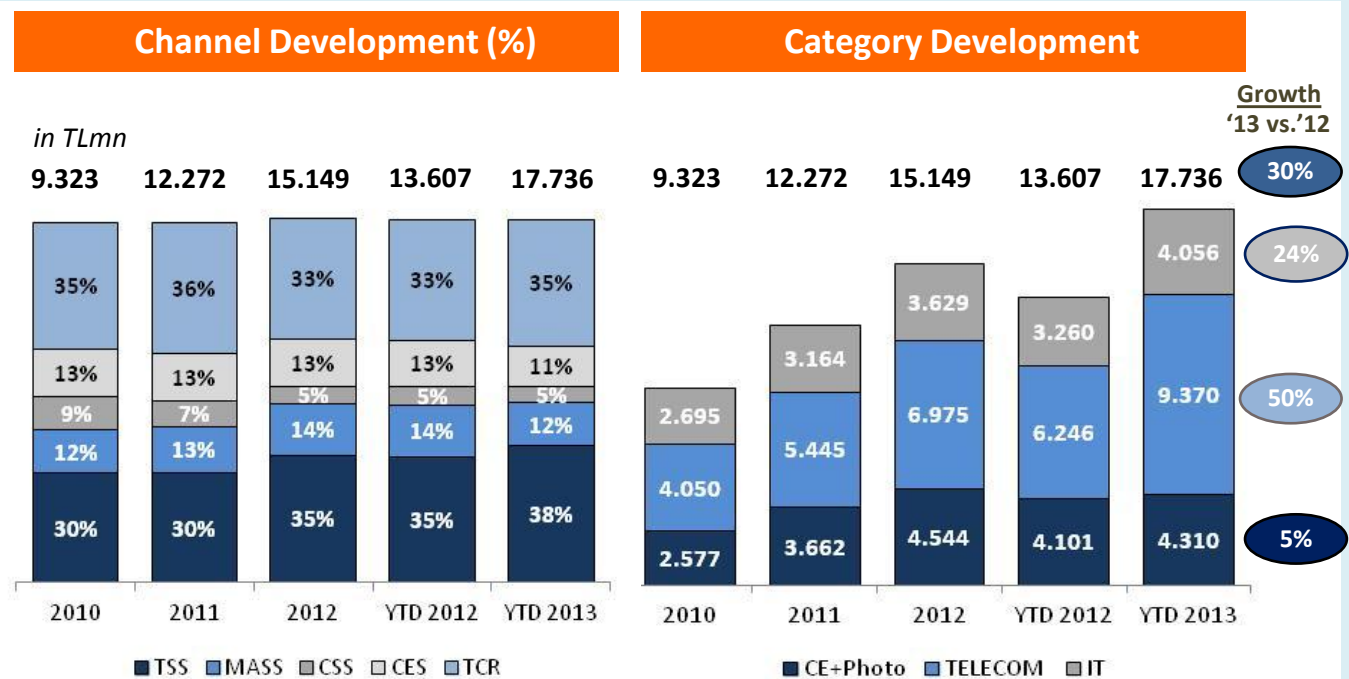
Year-end Guidance

Electronics Retail Market in Turkey

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



Electronics Retail Market Channel & Category Development

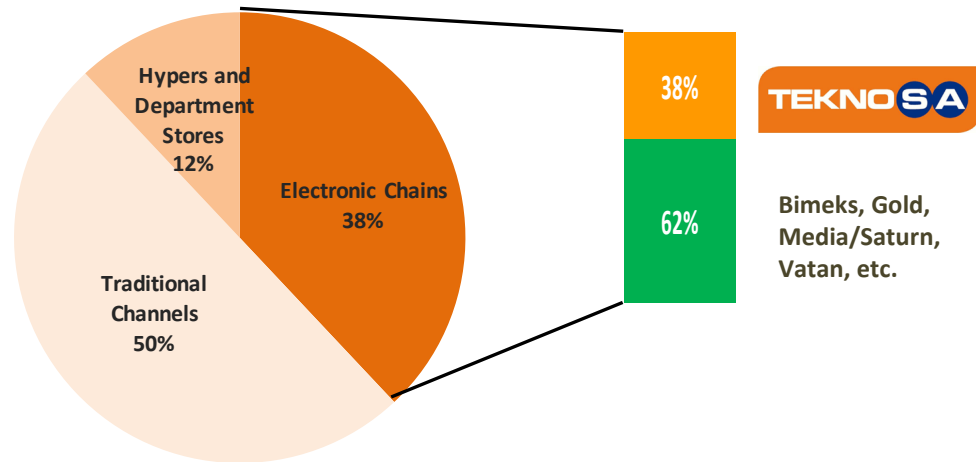


- 2013 January-November electronics retail market size: TL17.7 billion (+30% YoY)
- In the same period (11M13), TeknoSA retail sales growth: +31% YoY
- Technology super stores channel ('TSS') share increased by 3.1pp in YoY
- Telecom Retailers' ('TCR') share increased by 1.6pp in YoY

Electronics Retail Market and Teknosa

- 2013 January-November **electronics retail market** * TL 17.7 Billion (+30%YoY)
- 2013 January-November **Teknosa retail sales growth** +31% YoY
- **Technology Super Stores ('TSS')** channel accounts for **38 %** of the total market
- Teknosa has **14.1 %** market share in the electronics retail market and **38%** in TSS

Electronics retail market Jan-Nov 2013 – channel shares



Source: GfK Panel Jan-Nov 2013

* GfK IT, Telecom, CE + Photo categories

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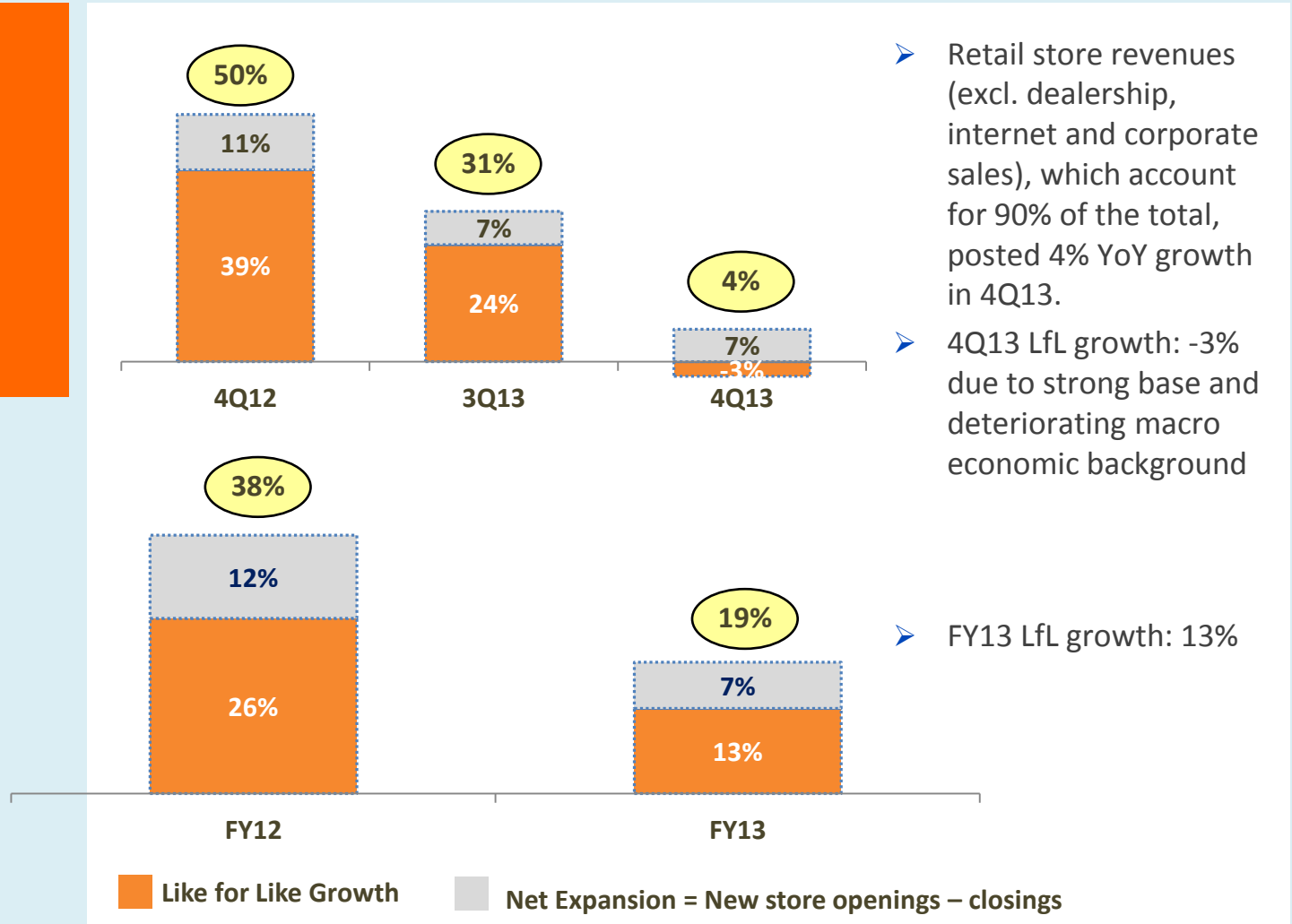
Year-end Guidance

Financial Highlights

Teknosa Summary Financials - Income Statement								
(M TL)	4Q12	3Q13	4Q13	YoY (%)	QoQ (%)	FY12	FY13	YoY (%)
Net Sales	754	790	816	8%	3%	2.333	2.957	27%
Gross Profit	137	164	152	11%	-8%	464	554	19%
Gross Profit Margin	18,1%	20,8%	18,6%	0,5pp	-2,2pp	19,9%	18,7%	-1,1pp
EBITDAR	68	89	74	8%	-17%	233	271	16%
EBITDAR Margin	9,0%	11,3%	9,0%	0,0pp	-2,3pp	10,0%	9,1%	-0,8pp
EBITDA	37	53	35	-5%	-35%	117	133	13%
EBITDA Margin	4,9%	6,7%	4,2%	-0,6pp	-2,5pp	5,0%	4,5%	-0,5pp
Other Expenses	0	-17	2	n.m.	n.m.	-12	-13	9%
Financial Expenses	-9	-1	-13	n.m.	n.m.	-15	-17	12%
Profit Before Tax	22	27	15	-32%	-43%	65	70	9%
Tax	-5	-5	-4	-31%	-34%	-14	-14	-3%
Net Profit	17	21	12	-32%	-45%	51	57	12%
Net Profit(*)	17	21	12	-32%	-45%	48	57	19%
Net Profit Margin	2,3%	2,7%	1,4%	-0,8pp	-1,3pp	2,0%	1,9%	-0,1pp

(*) FY12 Net Profit is adjusted for 3TL million one off (reversal of a provision related to store closure).

Retail Operations Revenue Growth Analysis



Key Performance Indicators (Retail Operations)

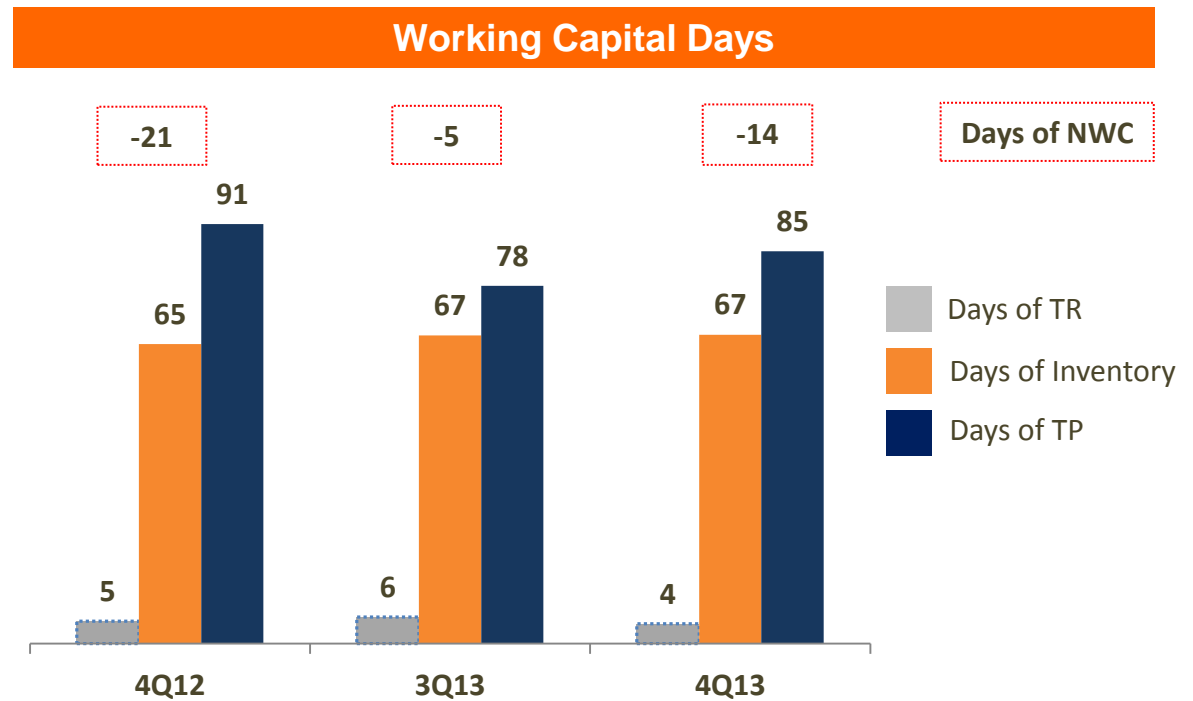
	Teknosa Key Performance Indicators (Retail Operations)								
	4Q12	3Q13	4Q13	YoY (%)	QoQ (%)	FY12	FY13	YoY (%)	
Number of Provinces (@ period end)	75	77	77	3%	0%	75	77	3%	
Net Sales Area (k m ² @ period end)	141	163	166	18%	2%	141	166	18%	
Number of Stores (@ period end)	283	293	294	4%	0%	283	294	4%	
Number of Visitors (in m. persons)	27	27	29	8%	8%	100	108	8%	
Number of Customers (in m. persons)	2,3	2,2	2,3	0%	6%	8,0	8,5	6%	
Conversion Rate	8,5%	8,0%	7,9%	-0,6pp	-0,1pp	8,0%	7,9%	-0,1pp	
Average Basket Size (TL)	307	326	321	5%	-2%	271	307	13%	

- Teknosa stores were visited by 108 million people in 2013 (+8% YoY)
- Teknosa has the highest penetration among Technical Super Stores with **294 stores in 77 provinces** and 166k m2 net sales area as of Dec. 2013
- Flexible business model with **multi store formats allows** maximize penetration and footprint

Balance Sheet

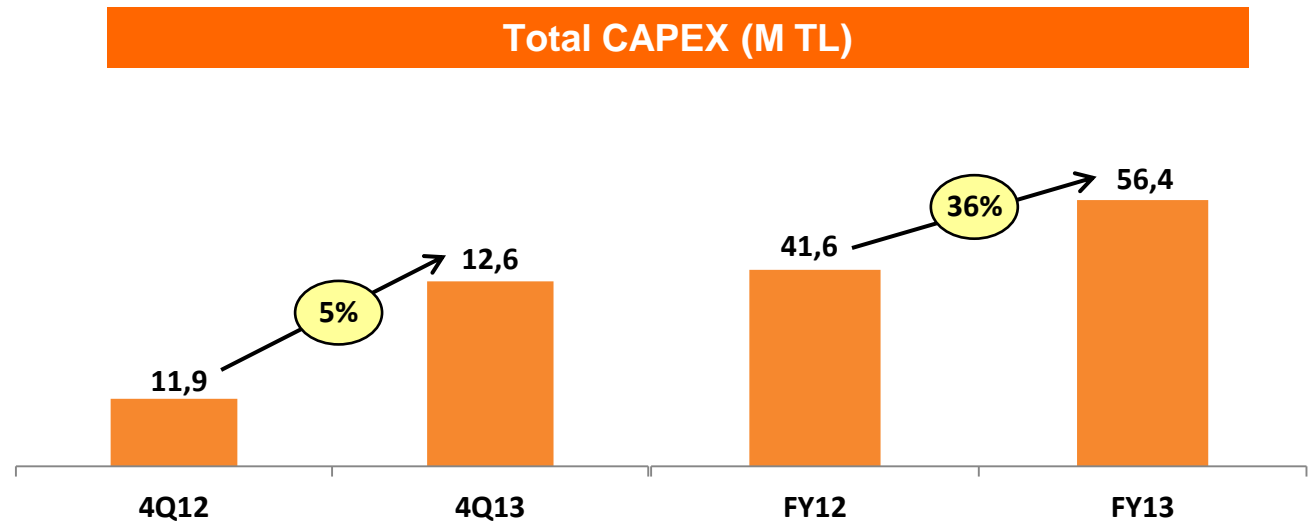
Assets (in M TL)	Dec.12	Sep.13	Dec.13
Current Assets	885	688	901
Cash and Cash Equivalents	355	124	320
Due From Related Parties	7	1	0
Trade Receivables	37	39	39
Inventories	467	479	512
Other Current Assets	19	46	29
Non-current Assets	125	154	156
Investment Property	11	11	11
Property, Plant and Equipment	93	115	114
Intangible Assets	10	11	15
Deferred Income Tax Assets	3	6	7
Other Non-current Assets	7	11	8
Total Assets	1.010	841	1.056
Liabilities (in M TL)	Dec.12		Dec.13
Current Liabilities	812	596	800
Financial Liabilities	0	0	0
Due to Related Parties	3	1	2
Trade Payables	755	518	736
Other Current Liabilities	54	77	62
Non-current Liabilities	2	4	3
Total Equity	196	241	253
Total Liabilities	1.010	841	1.056

Working Capital



- Negative working capital allows Teknosa to generate positive cash flow in tandem with growth
- 4Q13 NWC is in-line with our target net -15 days of NWC in our planning

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.

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Macroeconomic Indicators

Indicator	2012	2013F	2014F
GDP growth	2.2%	3.8%	2.0%
Private Consumption	-0.6%	4.6%	1.2%
CPI Inflation	6.2%	7.4%	7.8%
USD/TL rate (y.e.)	1.78	2.13	2.38
USD/TL rate (avg)	1.80	1.90	2.32

Sector and Teknosa in 2014

- Slower sector growth in 2014 at 8%
 - Macro environment and consumer confidence
 - Regulations in consumer financing

- On the positive side
 - Macro stability expected in the second half of the year
 - New product launches in April-May
 - World Cup in June 2014, boosting TV sales
 - New consumer financing models to be introduced soon

- Teknosa expects growth over the market
 - Store expansion
 - Strong LfL due to thanks to consolidation and brand equity
 - Strong growth in e-commerce activities

Teknosa's Targets in 2014

Growth over the market; stores&online

- Stores; new openings and LfL
- Online sales more than double, reaching TL 0.5 billion ; continue investments

Aftersales services

- Develop new products & increase attachment rate

Customer centricity

- Nearly 4m loyalty customers
- Continue to invest in CEM projects

Consumer financing models

- Develop new models to complement credit card system
- Potentially a new profit center

Tactical opportunities

- Utilize cash position in difficult macro environment

Dividend

- TL 44mn cash dividend (%100 of distributable) equal to TL 0.40/share to be proposed to GA on March 28, 2014

2014 Full Year Financial Guidance

	2012 ACTUAL	2013 FORECAST	2013 ACTUAL	2014 FORECAST
YE Net Sales Area (km2)	141	165-170	166	190-195
Net Sales (TL mn)	2.333	2.900 - 3.000	2.957	4.000
Growth (%)	40%	25%-30%	27%	30%-35%
LFL Growth (%)	26%	15%-20%	13%	10-15%
EBITDA (%)	5,0%	4,5%-4,7%	4,5%	4,2%-4,7%
Capital Expenditures (TL mn)	42	60-65	56	60

Note: EBITDA excludes Other Income/Expenses

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Thank You

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