

Investor
Presentation

Teknosa İç ve Dış Ticaret A.Ş.

1Q19 Results

«Turkey's Leading Electronics Retailer»

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Results at a Glance

Financial Overview

Year-end Guidance

Main messages

Recessionary economic conditions and negative consumer sentiment adversely affected margins and bottomline

- Gross profit margin declined to 16,9% in 1Q19.
- FX and potential inflationary pressure over margins continued in 1Q19.
- High interest rates and related financial expenses hurt bottomline.
- Slowdown in sales as result of high product prices on the back of TL depreciation

Changes on the maximum number of installments on credit cards and loans affected customer buying behavior

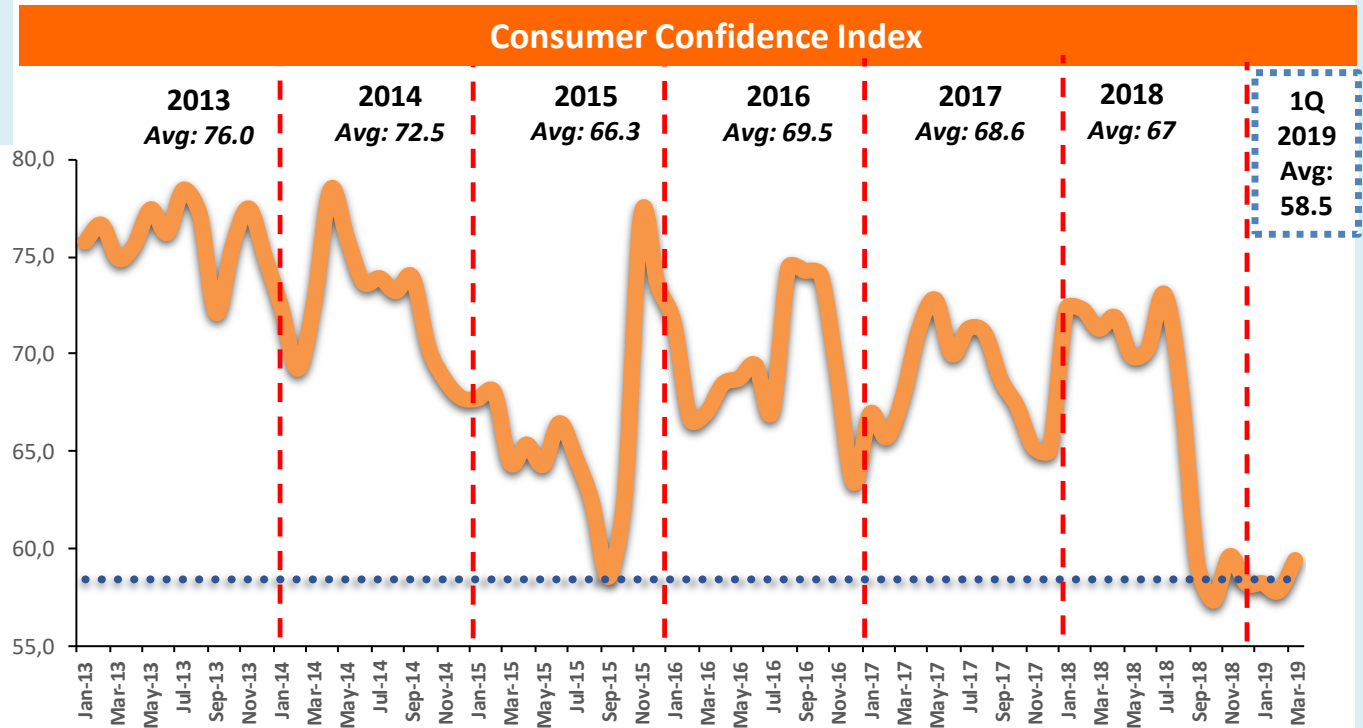
- Change in the installment periods for loans on smartphones priced at TL 3,500 or more increased demand for low price products in 1Q19.

Restrained Operational expenses in 1Q19

- Despite inflationary pressure on costs, operational expenses are kept under control

Weak Consumer Confidence Index in Q1

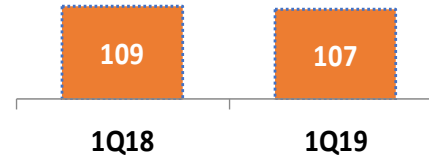
- Consumer confidence index climbed to 59,4 in March, but it still remains weak because of high inflation and general economic conditions. The improvement in the general consumer confidence is positive but its sustainability will be crucial.



Source: TUIK

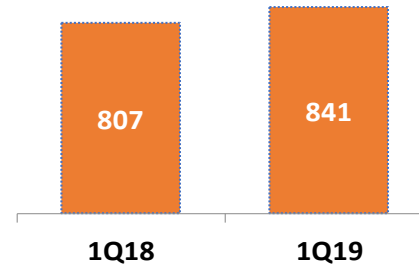
1Q19 Results

Net Sales Area (‘000 m²)



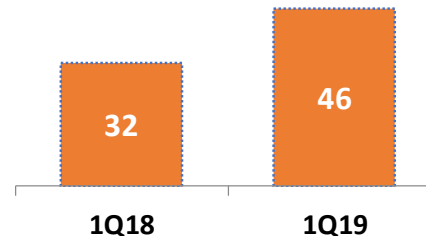
- 2 K sqm YoY change in sales area, as a result of operational efficiency review

Net Sales (TL mn)



- Net sales increased by 4,2% YoY in 1Q19.

EBITDA (TL mn)

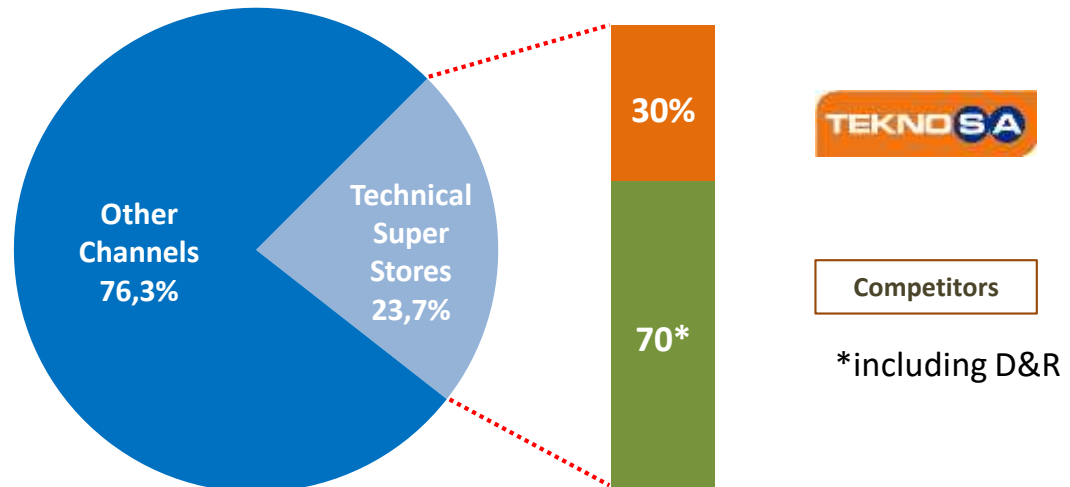


- EBITDA reached TL 46 M in 1Q19.

Electronics Retail Market and Teknosa

- The panelmarket showed 1,2% reduction YoY, reaching TL 8,6bn in 2M19
- YoY growth in MDA(AC included) by 24,6% and SDA by 11,8%, YoY contraction in CE+Photo+MTG by 9,2%, Telecom by %9,3 and IT by 18,8%
- TSS channel accounts for 23,7%(including MDA)of the total market
- Teknosa has 30% market share in the TSS channel in 2M189

Electronics Retail Market – 12M18



Source: GfK

Changes in the sector

- The Banking Regulation and Supervision Agency (the “**BRSA**”) introduced amendments restricting the number of installments on credit cards and on 11 January 2019 and 26 February 2019
 - **The number of monthly installments**
 - Computers - 12 months
 - Corporate credit cards - 12 months
 - **Maturity of consumer loans**
 - Computers -12 months
 - Mobile phones <TL 3.500- 12 months
 - Mobile phones >TL 3.500- 6 months

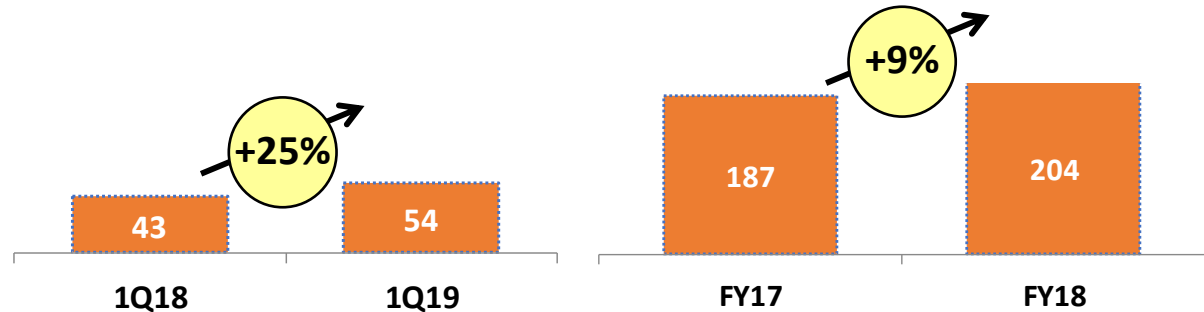
Income Statement Summary

(TL mn)	1Q18	4Q18	1Q19	YoY (%)	FY17	FY18	YoY (%)
Net Sales	807	860	841	4%	3.391	3.477	3%
Gross Profit	145	170	142	-2%	612	646	6%
<i>Gross Profit Margin</i>	<i>18,0%</i>	<i>19,7%</i>	<i>16,9%</i>	<i>-1,1pp</i>	<i>18,0%</i>	<i>18,6%</i>	<i>0,5pp</i>
EBITDAR	75	89	60	-20%	330	348	5%
<i>EBITDAR Margin</i>	<i>9,3%</i>	<i>10,4%</i>	<i>7,1%</i>	<i>-2,2pp</i>	<i>9,7%</i>	<i>10,0%</i>	<i>0,3pp</i>
EBITDA	32	39	46	44%	173	158	-8%
<i>EBITDA Margin</i>	<i>4,0%</i>	<i>4,5%</i>	<i>5,5%</i>	<i>1,5pp</i>	<i>5,1%</i>	<i>4,6%</i>	<i>-0,5pp</i>
Other Expenses	-13	-43	-34	-156%	-51	-79	-56%
Financial Expenses	-15	-32	-43	-185%	-60	-98	-63%
Profit Before Tax	-5	-45	-65	-1093%	24	-54	-324%
Tax	1	-10	13	1055%	-5	-10	-111%
Net Profit	-4	-55	-52	-1103%	20	-65	-430%
<i>Net Profit Margin</i>	<i>-0,5%</i>	<i>-6,3%</i>	<i>-6,2%</i>	<i>-5,7pp</i>	<i>0,6%</i>	<i>-1,9%</i>	<i>-2,4pp</i>

Source: Independent Auditor's report

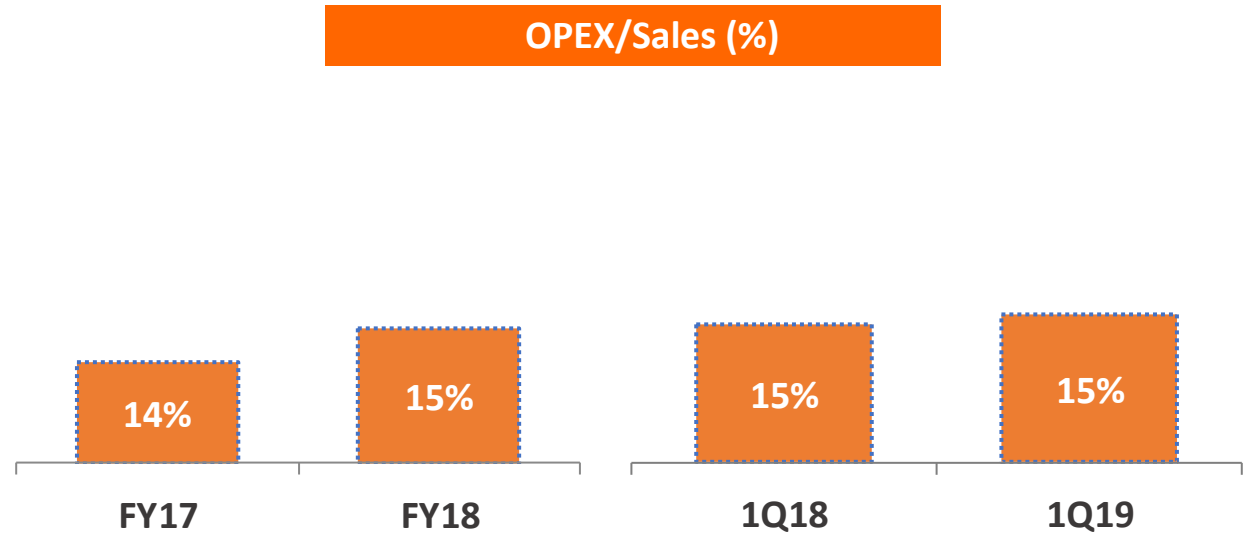
New Teknosa.com Experience in 1Q19

teknosa.com Revenues (TLmn)



- Teknosa.com revenues increased by 25% in 1Q19.
- New and fast Teknosa.com platform positively affected teknosa.com revenues and increased customer satisfaction.

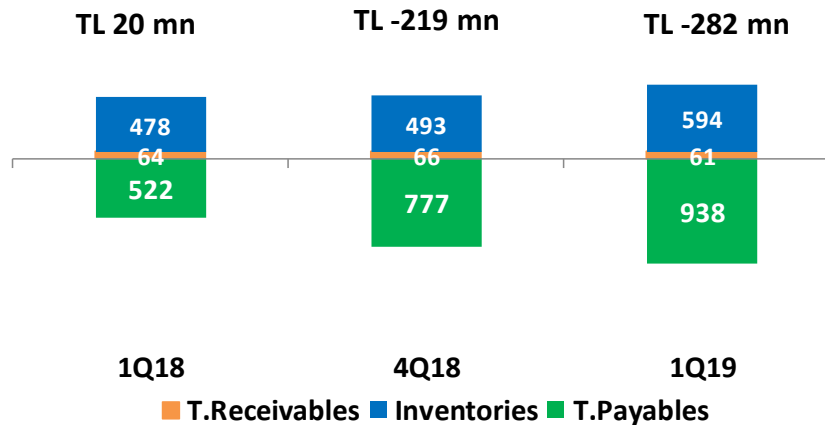
OPEX/Sales ratio



- Operating expenses were restrained despite inflationary pressure in 1Q19.
- One of the priorities will be keeping operating expenses under control in the following quarters.

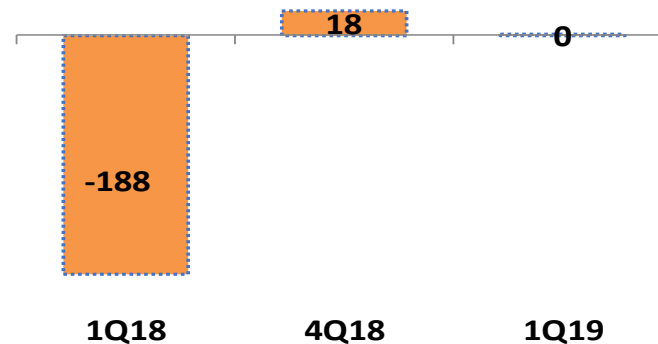
Working Capital and Cash Position

Working Capital Requirement (TL mn)



Working capital requirement is down by TL 63M with the help of extended payment terms

Net Cash (TL mn)



As a result of effective working capital and cash flow management, Teknosa had no loans at the end of first quarter.

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Balance Sheet Summary

Assets (in TL mn)	Mar-18	Dec-18	Mar-19
Current Assets	578	593	723
Cash and Cash Equivalents	21	27	42
Trade Receivables	64	66	61
Inventories	478	493	594
Other Current Assets	15	7	26
Non-current Assets	173	168	564
Investment Property	10	9	9
Property, Plant and Equipment	85	90	90
Intangible Assets	24	27	26
Deferred Income Tax Assets	53	41	55
Right of Use Assets	0	0	384
Other Non-current Assets	1	1	1
Total Assets	751	760	1.287
Liabilities (in TL mn)	Mar-18	Dec-18	Mar-19
Current Liabilities	791	855	1.088
Financial Liabilities	209	9	42
Current Portion of Long-Term Lease	0	0	50
Trade Payables	522	777	938
Other Current Liabilities	61	70	58
Non-current Liabilities	7	8	354
Total Equity	-47	-103	-154
Total Liabilities	751	760	1.287

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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