

Investor  
Presentation

# Teknosa İç ve Dış Ticaret A.Ş.

## *2Q18 Results*

«Turkey's Leading Electronics Retailer»

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## Agenda

Results at a Glance

Financial Overview

Year-end Guidance

## Main messages

**%6 top-line growth is the outcome of improvement in basket size and increase in LfL**

- Teknosa reported 8% LfL growth in 2Q18( 12% in 1H18)
- Bundling & cross promotion of products positively affected basket sizes.

**Intensified competition, high foreign exchange rates, and product mix pressured margins**

- EBITDA reached TL 30M in 2Q18
- Dramatic slump in the lira pushed up operational expenses

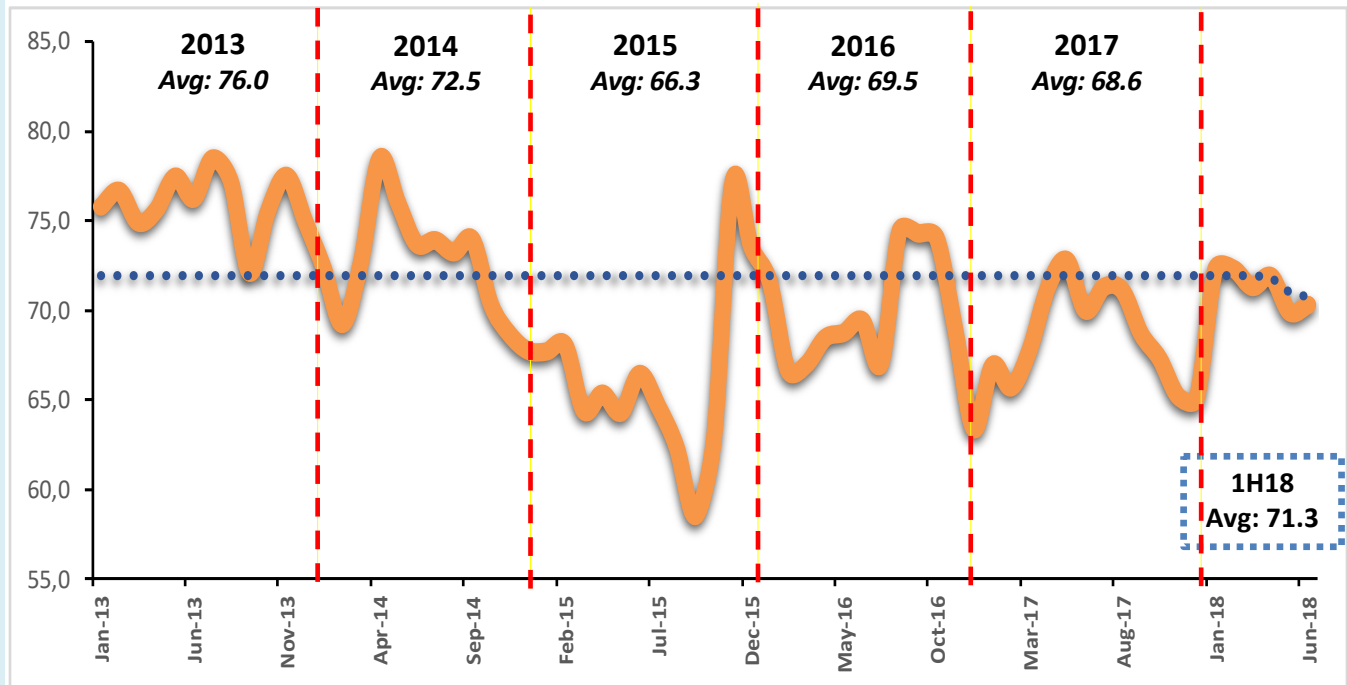
**Focusing on customer satisfaction by continually improving the services we provide**

- Omnichannel strategy is our strength focusing on seamless experience for customers
- Teknosa's Preo-branded product range was expanded.

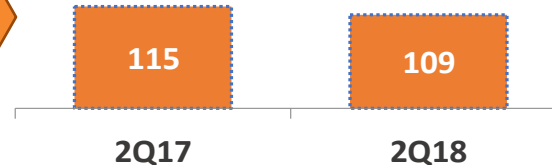
## Decreasing trend in CCI

- The consumer confidence index shows a decreasing trend since the beginning of the year and CCI falls to 69,9 in May, lowest level in 2018. The main reason for the deterioration in CCI stems from volatility in the foreign exchange rates and uncertainty about elections set for 24 June. Since consumers feel a bit more optimistic in June, CCI goes up 70,3 in June.

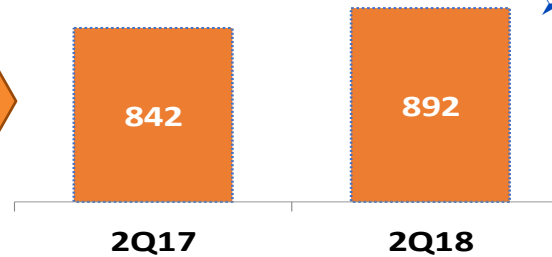
**Consumer Confidence Index**



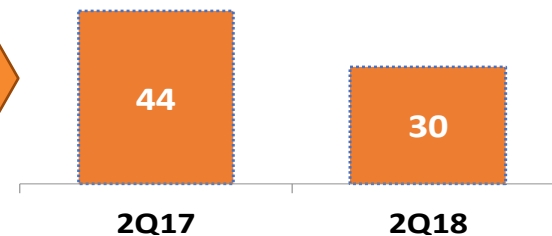
Source: TUIK

2Q18  
ResultsNet Sales Area  
(‘000 m<sup>2</sup>)

- 6K sqm YoY reduction in the net sales area to optimise operational efficiency.

Net Sales  
(TL mn)

- 6% YoY sales growth in 2Q18 despite economic slowdown

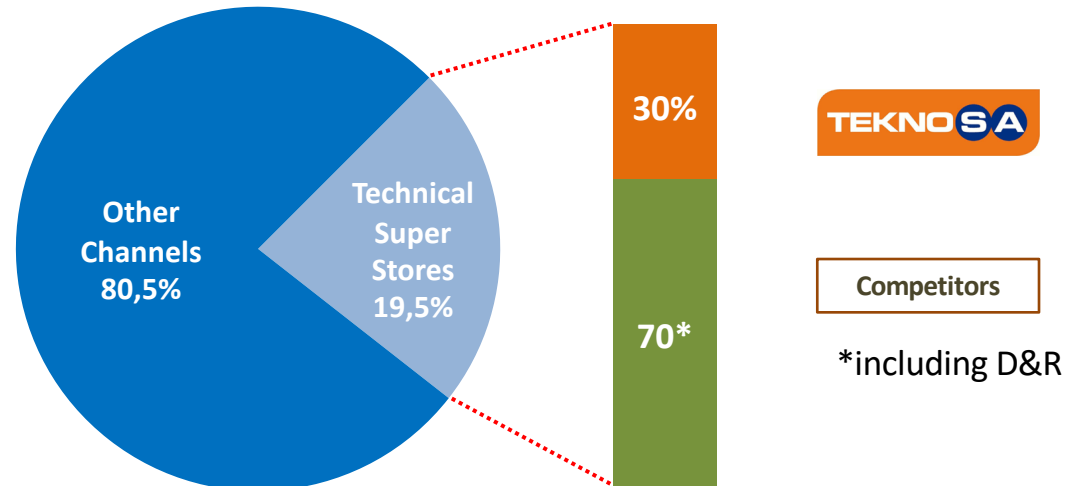
EBITDA  
(TL mn)

- EBITDA is 30M TL in 2Q18 despite high foreign exchange rates and highly competitive environment and low CCI

## Electronics Retail Market and Teknosa

- The panelmarket grew by 17% YoY, reaching TL 29bn in 1H18
- YoY growth in all categories –Telecom by 29%, SDA by 19%, CE by 15%, IT by 9% and MDA by 0,7%
- TSS channel accounts for 19,5 % of the total market
- Teknosa has 30% market share in the TSS channel in 1H18

### Electronics Retail Market – 1H18



Source: GfK

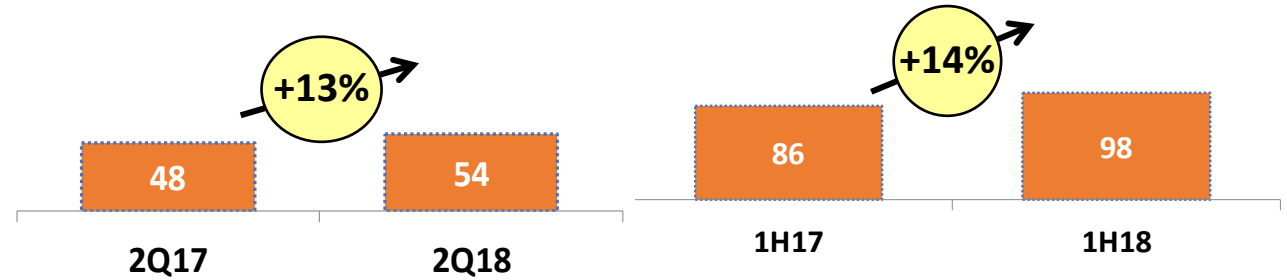
## Income Statement Summary

(TL mn )	2Q17	1Q18	2Q18	YoY (%)	1H17	1H18	YoY (%)
Net Sales	842	808	892	6%	1.531	1.701	11%
Gross Profit	153	147	154	0%	289	301	4%
<i>Gross Profit Margin</i>	<i>18,2%</i>	<i>18,2%</i>	<i>17,2%</i>	<i>-1,0pp</i>	<i>18,9%</i>	<i>17,7%</i>	<i>-1,2pp</i>
EBITDAR	82	75	76	-6%	148	152	2%
<i>EBITDAR Margin</i>	<i>9,7%</i>	<i>9,3%</i>	<i>8,6%</i>	<i>-1,1pp</i>	<i>9,7%</i>	<i>8,9%</i>	<i>-0,8pp</i>
EBITDA	44	32	30	-32%	75	62	-17%
<i>EBITDA Margin</i>	<i>5,3%</i>	<i>4,0%</i>	<i>3,4%</i>	<i>-1,9pp</i>	<i>4,9%</i>	<i>3,7%</i>	<i>-1,2pp</i>
Other Expenses	-7	-13	-6	11%	-14	-20	-38%
Financial Expenses	-17	-15	-20	-17%	-30	-35	-16%
<b>Profit Before Tax</b>	<b>11</b>	<b>-5</b>	<b>-5</b>	<b>-143%</b>	<b>12</b>	<b>-10</b>	<b>-187%</b>
Tax	-2	1	-1	50%	-3	0	101%
<b>Net Profit</b>	<b>9</b>	<b>-4</b>	<b>-6</b>	<b>-167%</b>	<b>9</b>	<b>-10</b>	<b>-212%</b>
<i>Net Profit Margin</i>	<i>1,0%</i>	<i>-0,5%</i>	<i>-0,6%</i>	<i>-1,7pp</i>	<i>0,6%</i>	<i>-0,6%</i>	<i>-1,2pp</i>

Source: Independent Auditor's report

Digital transformation projects accelerated in 2Q18

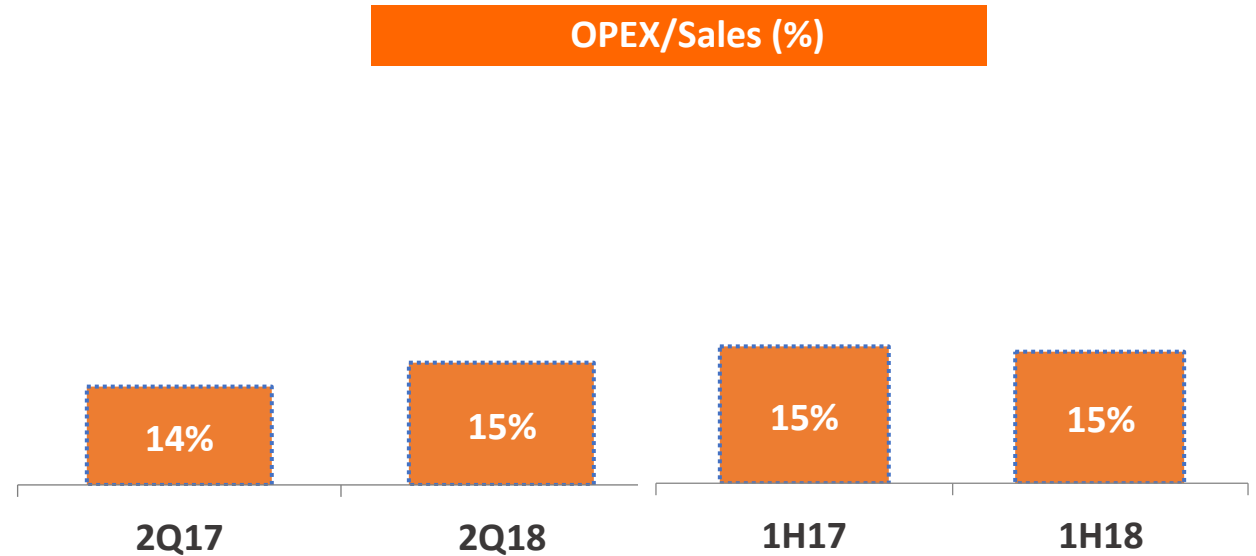
### teknosa.com Revenues (TLmn)



- Effective digital marketing campaigns for Mother and Father's day especially in SDA and IT categories increased revenues in 2Q18
- Credit card reward points offered in May and June positively affected teknosa.com revenues
- Growth in e-commerce is expected to maintain the high pace



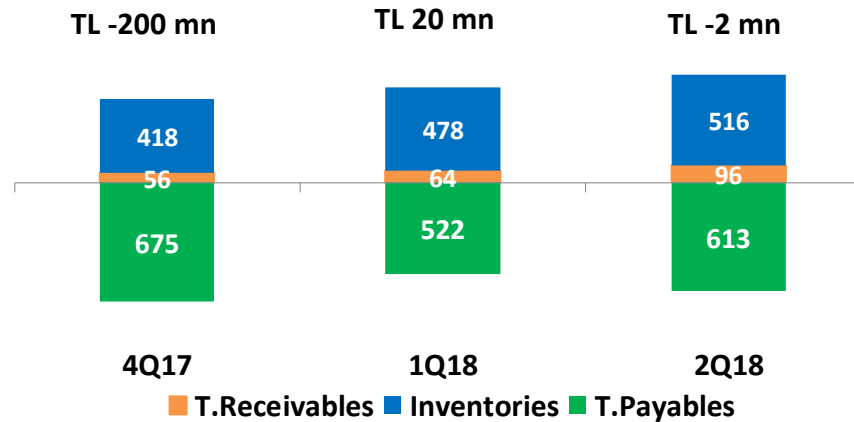
## Stable Performance in OPEX/Sales ratio



- Despite adverse impact of foreign exchange rates on rent, Opex/Sales ratio was stable on QoQ and YoY.
- Focus on opex optimization will be maintained.

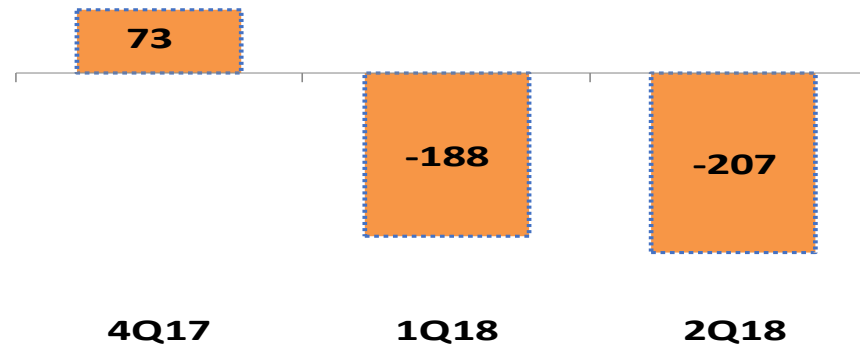
# Working Capital and Cash Position

## Working Capital Requirement (TL mn)



Extended payment terms with suppliers increased trade payables and it helped to improve WCR QoQ.

## Net Cash (TL mn)



Short term financial loans used in 2Q18 to compensate the WCR.

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## Balance Sheet Summary

Assets (in TL mn)	Jun-17	Mar-18	Jun-18
<b>Current Assets</b>	<b>575</b>	<b>578</b>	<b>679</b>
Cash and Cash Equivalents	15	21	25
Trade Receivables	89	64	96
Inventories	457	478	516
Other Current Assets	14	15	43
<b>Non-current Assets</b>	<b>178</b>	<b>173</b>	<b>175</b>
Investment Property	10	10	10
Property, Plant and Equipment	93	85	85
Intangible Assets	21	24	27
Deferred Income Tax Assets	54	53	52
Other Non-current Assets	1	1	1
<b>Total Assets</b>	<b>753</b>	<b>751</b>	<b>854</b>
Liabilities (in TL mn)	Jun-17	Mar-18	Jun-18
<b>Current Liabilities</b>	<b>801</b>	<b>791</b>	<b>900</b>
Financial Liabilities	124	209	232
Trade Payables	590	522	613
Other Current Liabilities	86	61	56
<b>Non-current Liabilities</b>	<b>5</b>	<b>7</b>	<b>7</b>
<b>Total Equity</b>	<b>-53</b>	<b>-47</b>	<b>-53</b>
<b>Total Liabilities</b>	<b>753</b>	<b>751</b>	<b>854</b>

Source: Independent Auditor's report

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## 2018 Full Year Financial Guidance

- Due to uncertainties in global and domestic markets, we prefer to share our 2018 guidance on a wide range
- Accordingly, we expect to see a high single digit or low double digit LfL growth for 2018
- We expect our revenue to be above the 2017 figures
- We expect to observe 3%-4% EBITDA margin
- Based on customer focused Omnichannel strategy, we are planning to invest around TL 60 million.

Thank You

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