

Investor
Presentation

Teknosa İç ve Dış Ticaret A.Ş.

3Q18 Results

«Turkey's Leading Electronics Retailer»

Ümit Kocagil, CFO

H.Şenay Akıncı Özertan, Finance and
Investor Relations Manager

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Agenda

Results at a Glance

Financial Overview

Year-end Guidance

Main messages

- Positive top-line growth despite lowest CCI in the last 3 years and negative FX impact on prices**
 - 3,0% LfL growth in 3Q18(8,5% in 9M18) leading to 4,5% top-line growth
- E-commerce in particular has grown significantly in 3Q18**
 - Volume of e-commerce grew by 35% in 3Q18 YoY and reached TL 56 M
- Improvement in Opex/Sales ratio is maintained**
 - Despite FX pressure and competition Opex/sales remained stable
- EBITDA growth in a challenged environment**
 - EBITDA growth remained solid in 3Q18 and EBITDA margin reached 6,3%
- Bottom line is back in black**
 - Although rising interest rates, increasing financial expenses pressurize profit margins in the sector, bottom line has gone from red to black

Changes in the sector

- The Banking Regulation and Supervision Agency (the “**BRSA**”) introduced limitations on the maximum number of installments on purchase of different goods and services and restricted payment by installment for others on 15 August 2018

The number of monthly installments (effective from 15 August 2018)

- Electronic goods - 3 months
- Computers & tablets - 6 months
- MDA&SDA - 12 months
- Telecom - 0 months

Maturity of consumer loans (effective from 1 September 2018)

- Telecom, computer and tablets - 6 months
- Electronic goods, MDA&SDA - 36 months

Changes in the sector

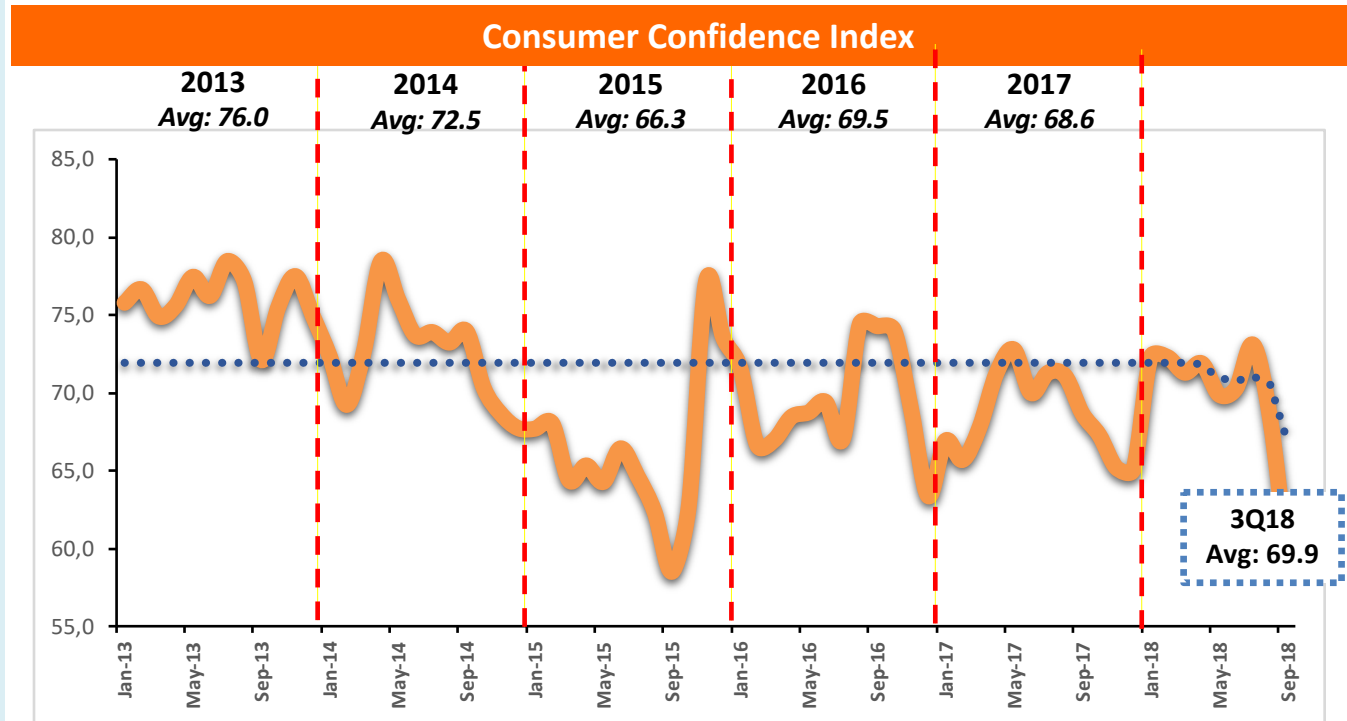
➤ **New regulations on Protection of Turkish Currency, prohibition on Executing Agreements in Foreign Currency for Turkish Residents**

Pursuant to Presidential Decree Numbered 85, published on 13 September 2018, Turkish residents shall use Turkish currency in certain agreements including but not limited to sale or lease agreements related to movables or immovables executed between themselves.

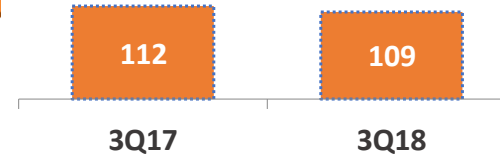
Negotiations on rent contracts, exchange rate fixing and turnover rent remained at the top of the agenda

13% m/m drop in September, biggest decline in the last 14 years.

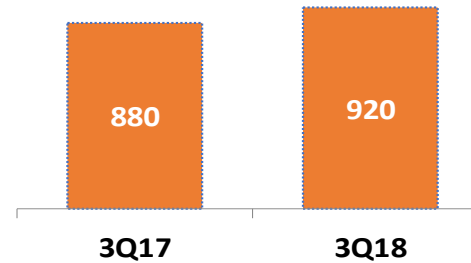
- The consumer confidence index plunged to a three-year low in September. In September CCI fell to 59,3, marking the lowest level since September 2015. Severe slump in the value of the Turkish lira, fear of upcoming economic downturn and high inflation rates were the driving forces behind the fall in CCI.



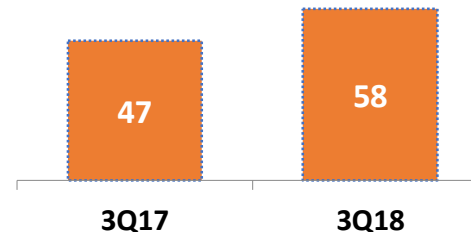
Source: TUIK

3Q18
ResultsNet Sales Area
(‘000 m²)

- To boost operational efficiency, 3 K sqm YoY net sales area was reduced.

Net Sales
(TL mn)

- Despite economic downturn and low CCI, Teknosa recorded 4,5% YoY sales growth in 3Q18

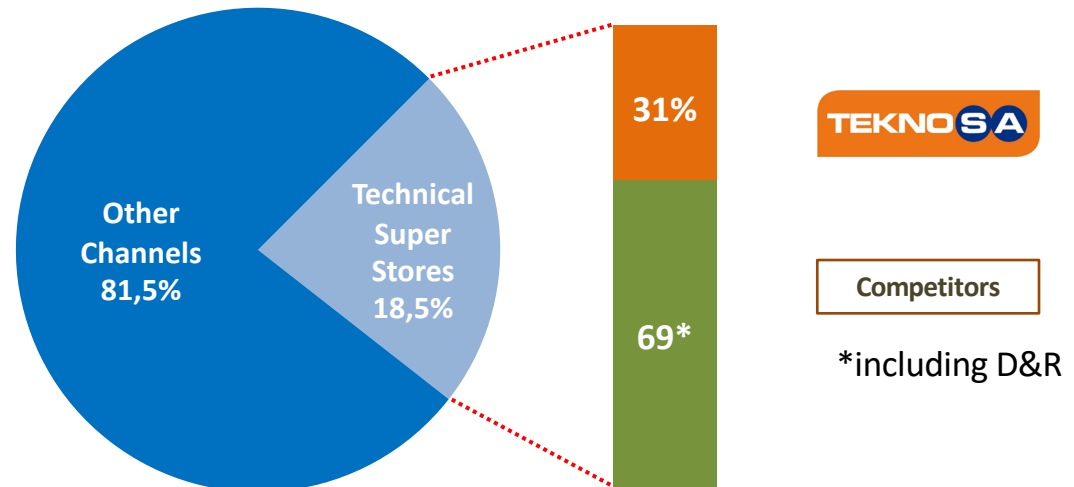
EBITDA
(TL mn)

- As a result of constant concern with efficiency, EBITDA reached TL 58 M in 3Q18, growing by 23 % YoY

Electronics Retail Market and Teknosa

- The panelmarket grew by 13% YoY, reaching TL 45bn in 9M18
- YoY growth in all categories –Telecom by 24%, SDA by 18%, CE+Photo+MTG by 11%, IT by 6% and MDA by 0,1%
- TSS channel accounts for 18,5%(excluding MDA)of the total market
- Teknosa has 31% market share in the TSS channel in 9M18

Electronics Retail Market – 9M18



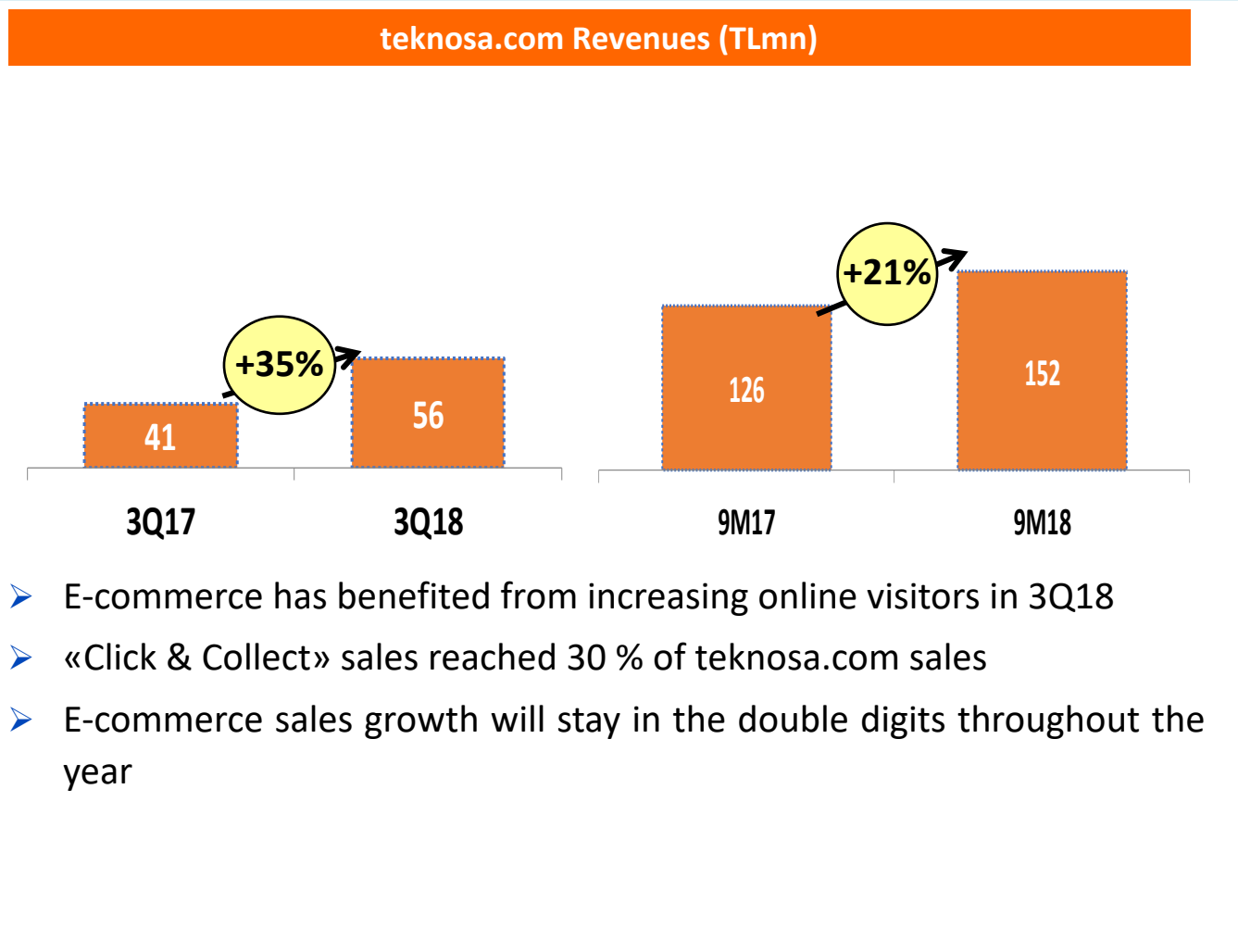
Source: GfK

Income Statement Summary

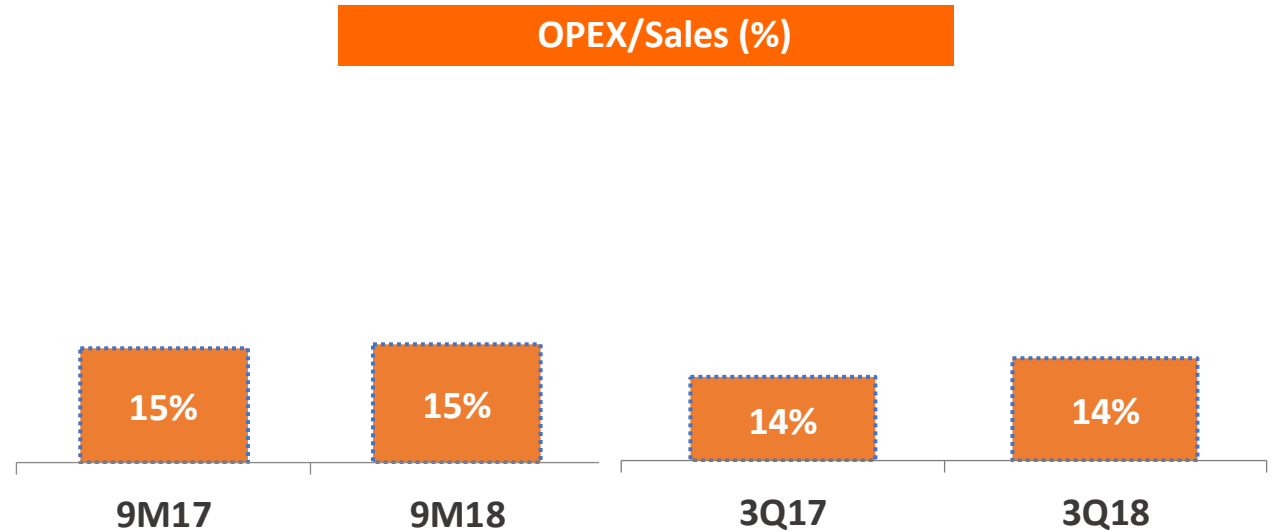
(TL mn)	3Q17	2Q18	3Q18	YoY (%)	9M17	9M18	YoY (%)
Net Sales	880	891	920	4%	2.408	2.617	9%
Gross Profit	158	152	179	13%	444	476	7%
<i>Gross Profit Margin</i>	<i>17,9%</i>	<i>17,1%</i>	<i>19,5%</i>	<i>1,5pp</i>	<i>18,4%</i>	<i>18,2%</i>	<i>-0,2pp</i>
EBITDAR	88	76	108	24%	235	260	11%
<i>EBITDAR Margin</i>	<i>9,9%</i>	<i>8,6%</i>	<i>11,8%</i>	<i>1,9pp</i>	<i>9,8%</i>	<i>9,9%</i>	<i>0,2pp</i>
EBITDA	47	30	58	23%	121	120	-1%
<i>EBITDA Margin</i>	<i>5,3%</i>	<i>3,4%</i>	<i>6,3%</i>	<i>0,9pp</i>	<i>5,0%</i>	<i>4,6%</i>	<i>-0,5pp</i>
Other Expenses	-12	-6	-16	-38%	-26	-36	-38%
Financial Expenses	-15	-20	-32	-106%	-45	-67	-46%
Profit Before Tax	11	-3	0	-97%	23	-10	-144%
Tax	-2	-1	0	90%	-5	0	96%
Net Profit	9	-4	0	-99%	18	-10	-157%
<i>Net Profit Margin</i>	<i>1,0%</i>	<i>-0,4%</i>	<i>0,0%</i>	<i>-1,0pp</i>	<i>0,7%</i>	<i>-0,4%</i>	<i>-1,1pp</i>

Source: Independent Auditor's report

Solid growth for
e-commerce in
3Q18



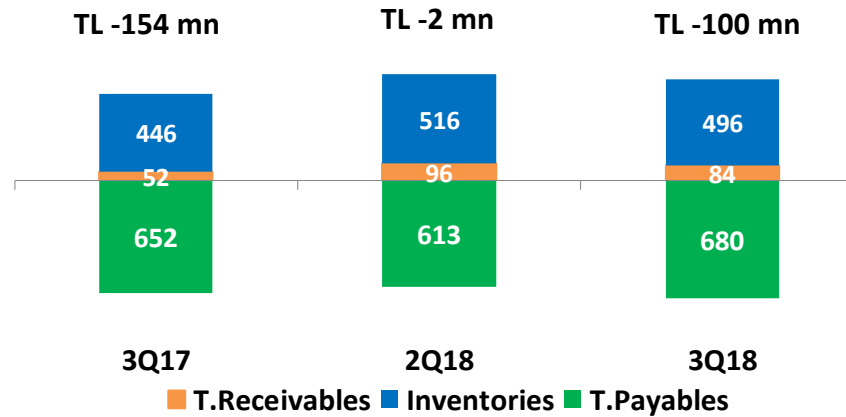
Stable Performance in OPEX/Sales ratio



- Although the Turkish Lira (TRY) hit a record low against USD and EUR in 3Q18, Opex/Sales ratio was stable on QoQ and YoY.
- Focusing on cost control and efficiency was maintained.

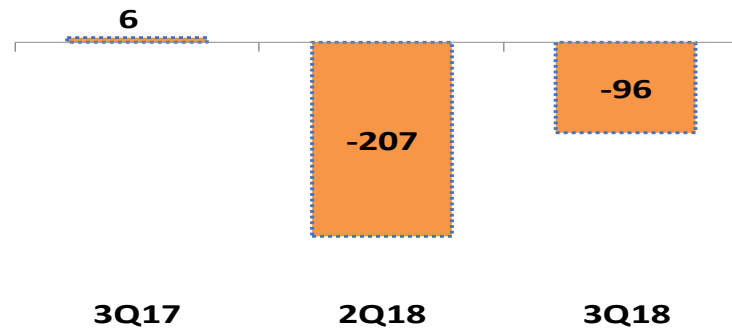
Working Capital and Cash Position

Working Capital Requirement (TL mn)



Thanks to extended payment terms with suppliers and tight control of inventories for the positive change of WCR in 3Q18.

Net Cash (TL mn)



Net cash improved by TL 111 mn as a result of positive change in WCR in 3Q18.

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Balance Sheet Summary

Assets (in TL mn)	Sep-17	Jun-18	Sep-18
Current Assets	541	679	656
Cash and Cash Equivalents	30	25	38
Trade Receivables	52	96	84
Inventories	446	516	496
Other Current Assets	13	43	38
Non-current Assets	175	175	175
Investment Property	10	10	10
Property, Plant and Equipment	91	85	85
Intangible Assets	21	27	27
Deferred Income Tax Assets	51	52	52
Other Non-current Assets	1	1	1
Total Assets	716	854	831
Liabilities (in TL mn)	Sep-17	Jun-18	Sep-18
Current Liabilities	754	900	876
Financial Liabilities	25	232	134
Trade Payables	652	613	680
Other Current Liabilities	78	56	62
Non-current Liabilities	6	7	8
Total Equity	-44	-53	-53
Total Liabilities	716	854	831

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

Contact Information:

H.Şenay Akıncı Özertan– Finance and Investor Relations Manager

+90 (216) 468 37 46

sozertan@teknosa.com

IR web page: <http://yatirimci.teknosa.com/homepage>

IR e-mail: yatirimciiliskileri@teknosa.com

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