

Investor
Presentation

Teknosa İç ve Dış Ticaret A.Ş.

1Q18 Results

«Turkey's Leading Electronics Retailer»

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Agenda

Results at a Glance

Financial Overview

Year-end Guidance

Main messages

Top-line growth is supported by 16% lfl growth

➤ Our growth strategy was based on operational efficiency, high service quality rather than new store openings.

➤ Increased basket size and strong conversion rate positively affected our sales in 1Q18

➤ Consistently merging online and offline channels experience, improving its customer proposition resulted in 14% e-commerce growth in 1Q18.

➤ We aim to double our e-commerce growth at the end of the year

➤ Efficiency measures have resulted in TL 32M in 1Q18

➤ Promotional offerings and campaigns in the following months will support our target to see an upward trend in both the EBITDA and the Net Margin

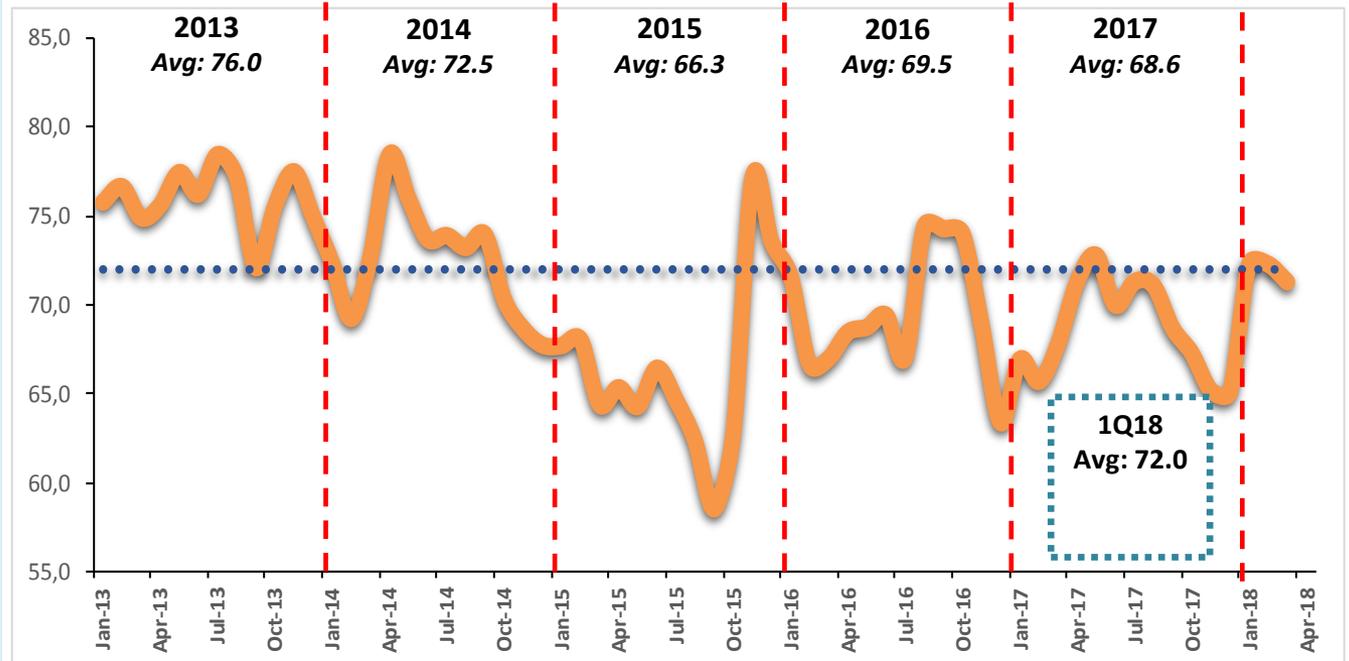
Teknosa will continue to differentiate itself from competitors by focusing and investing more on Omnichannel strategy

1Q18 EBITDA is line with our expectations

CCI deteriorates in March

- The consumer confidence index slipped month-on-month in March. Despite an improved assessment of their current financial situations from the previous months, consumers' views regarding their future financial conditions were less upbeat due to uncertain domestic and global economic outlook

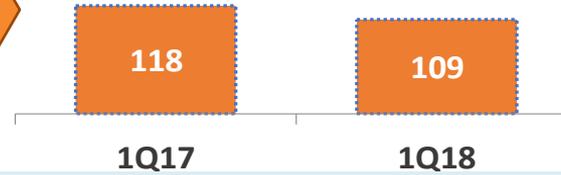
Consumer Confidence Index



Source: TUIK

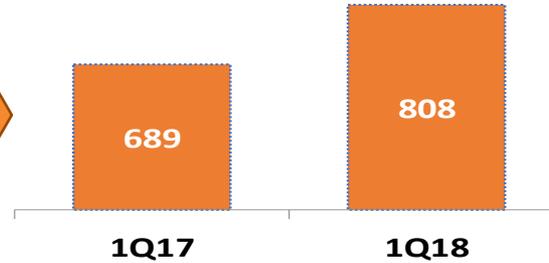
1Q18 Results

Net Sales Area
(‘000 m²)



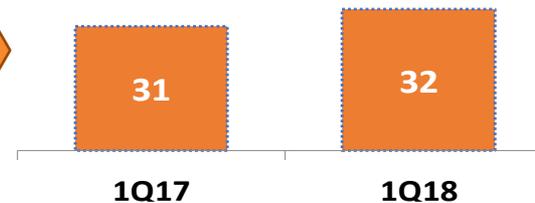
➤ 8K sqm YoY reduction in the net sales area as a result of store optimization

Net Sales
(TL mn)



➤ Thanks to 16 % LfL growth, leading to 17% YoY sales growth in 1Q18

EBITDA
(TL mn)

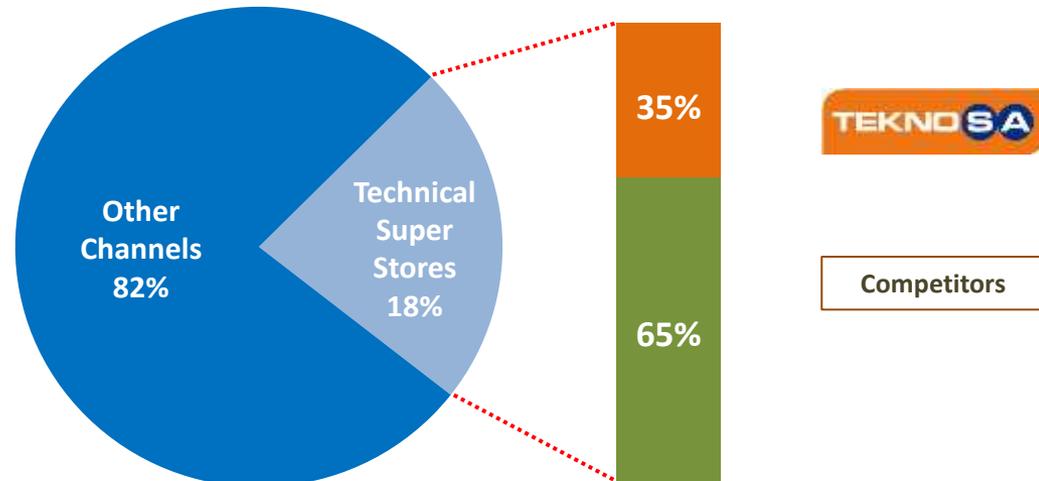


➤ EBITDA reached TL 32M with effective cost control in highly competitive environment

Electronics Retail Market and Teknosa

- The panelmarket grew by 16% YoY, reaching TL 54bn in 2017
- Technical Super Stores (TSS) channel recorded 7% YoY growth in the same period to TL 10bn in the 5 major categories
- YoY growth in all categories –MDA by 21%, Telecom by %19, SDA by 11%, CE by %11 and IT by %2,4
- TSS channel accounts for 18% of the total market
- Teknosa has 35,5% market share in the TSS channel in 2017

Electronics Retail Market – 2017



Source: GfK

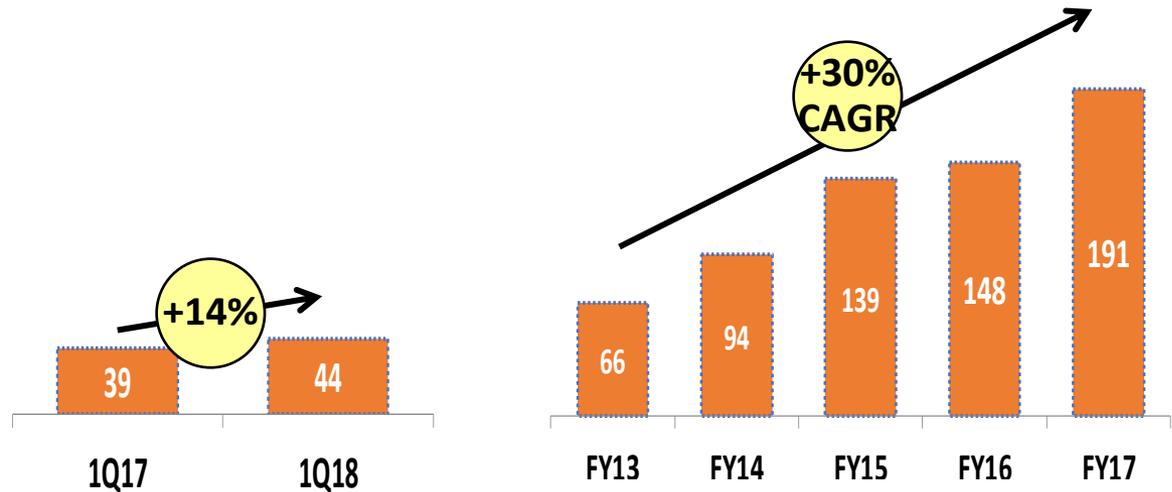
Income Statement Summary

| (TL mn) | 1Q17 | 1Q18 | YoY (%) | FY16 | FY17 | YoY (%) |
|----------------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Net Sales | 689 | 808 | 17% | 3.074 | 3.398 | 11% |
| Gross Profit | 136 | 147 | 8% | 501 | 619 | 24% |
| <i>Gross Profit Margin</i> | <i>19,7%</i> | <i>18,2%</i> | <i>-1,5pp</i> | <i>16,3%</i> | <i>18,2%</i> | <i>1,9pp</i> |
| EBITDAR | 71 | 75 | 6% | 74 | 215 | 189% |
| <i>EBITDAR Margin</i> | <i>10,3%</i> | <i>9,3%</i> | <i>-1,0pp</i> | <i>2,4%</i> | <i>6,3%</i> | <i>3,9pp</i> |
| EBITDA | 31 | 32 | 5% | 38 | 171 | 347% |
| <i>EBITDA Margin</i> | <i>4,4%</i> | <i>4,0%</i> | <i>-0,5pp</i> | <i>1,2%</i> | <i>5,0%</i> | <i>3,8pp</i> |
| Other Expenses | -6 | -13 | -107% | -122 | -49 | 60% |
| Financial Expenses | -13 | -15 | -15% | -67 | -60 | 10% |
| Profit Before Tax | 2 | -5 | -449% | 198 | 386 | 95% |
| Tax | 0 | 1 | 372% | 32 | -5 | -115% |
| Net Profit | 1 | -4 | -476% | 230 | 381 | 66% |
| <i>Net Profit Margin</i> | <i>0,2%</i> | <i>-0,5%</i> | <i>-0,7pp</i> | <i>7,5%</i> | <i>11,2%</i> | <i>3,7pp</i> |

Source: Independent Auditor's report

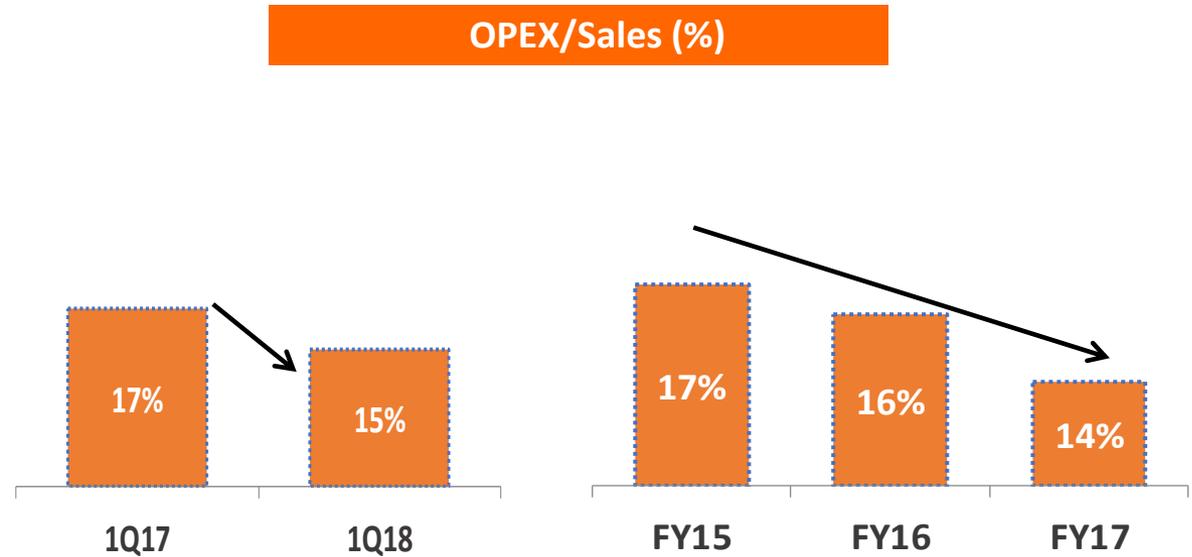
Focus on omnichannel strategy resulted in e-commerce revenue growth in 1Q18

teknoSA.com Revenues (TLmn)



- Attracting online traffic across various channels to website
- Growth in e-commerce is expected to maintain the high pace
- Further investments for teknoSA.com are planned to continue the development of omni-channel strategy
- ~1,5 mn people use Teknosa mobile applications

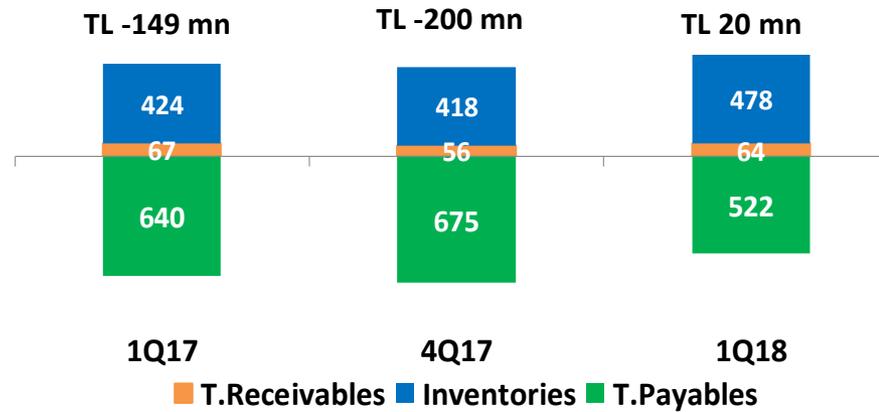
Continuing
improvement
in OPEX/Sales
ratio since
2015



- Substantial improvement on OPEX management resulting in decreasing Opex/Sales ratio
- Tight opex control allows significant savings

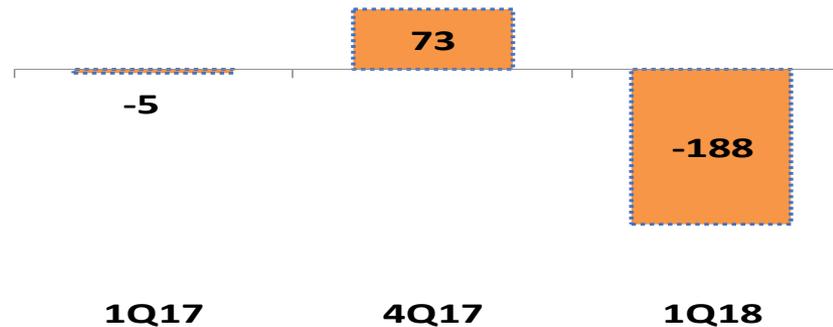
Working Capital and Cash Position

Working Capital Requirement (TL mn)



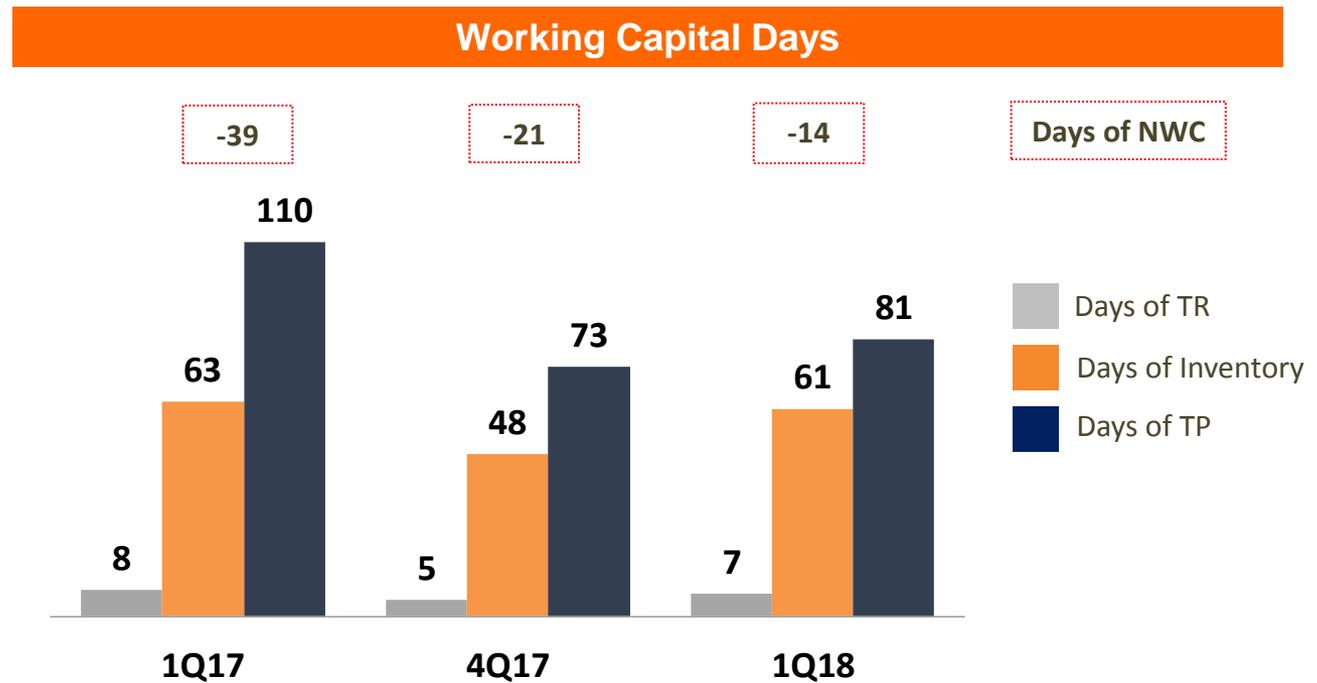
WCR increased by TL 180 mn QoQ mainly by the decrease in trade payables. Short terms purchases were made as a requirement for competition in sector

Net Cash (TL mn)



Short term financial loans used in 1Q18 to compensate the WCR.

Working Capital



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

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Balance Sheet Summary

| Assets (in TL mn) | Mar-17 | Dec-17 | Mar-18 |
|--------------------------------|------------|------------|------------|
| Current Assets | 521 | 555 | 578 |
| Cash and Cash Equivalents | 8 | 73 | 21 |
| Trade Receivables | 67 | 56 | 64 |
| Inventories | 424 | 418 | 478 |
| Other Current Assets | 22 | 7 | 15 |
| Non-current Assets | 184 | 172 | 173 |
| Investment Property | 10 | 10 | 10 |
| Property, Plant and Equipment | 95 | 85 | 85 |
| Intangible Assets | 22 | 24 | 24 |
| Deferred Income Tax Assets | 56 | 52 | 53 |
| Other Non-current Assets | 1 | 1 | 1 |
| Total Assets | 706 | 727 | 751 |
| | | | |
| Liabilities (in TL mn) | Mar-17 | Dec-17 | Mar-18 |
| Current Liabilities | 762 | 764 | 791 |
| Financial Liabilities | 13 | 0 | 209 |
| Trade Payables | 640 | 675 | 522 |
| Other Current Liabilities | 109 | 89 | 61 |
| Non-current Liabilities | 5 | 7 | 7 |
| Total Equity | -62 | -43 | -47 |
| Total Liabilities | 706 | 727 | 751 |

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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