

Investor
Presentation

Teknosa İç ve Dış Ticaret A.Ş.

1Q16 Results

«Turkey's Leading Electronics Retailer»

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Agenda

Results at a Glance

Financial Overview

Year-end Guidance

Main messages

LfL improvement gears up in 1Q16 to double digits...

- 20% LfL in 1Q16 leading to 16% top-line growth, despite the down-sizing of Kliksa

Market share gain...

- TSS market share (exc. Kliksa) improved by 4pps YoY & 1pp QoQ to 34% in 1Q16

Robust balance sheet position maintained...

- Cash position improved YoY thanks to a stronger NWC position

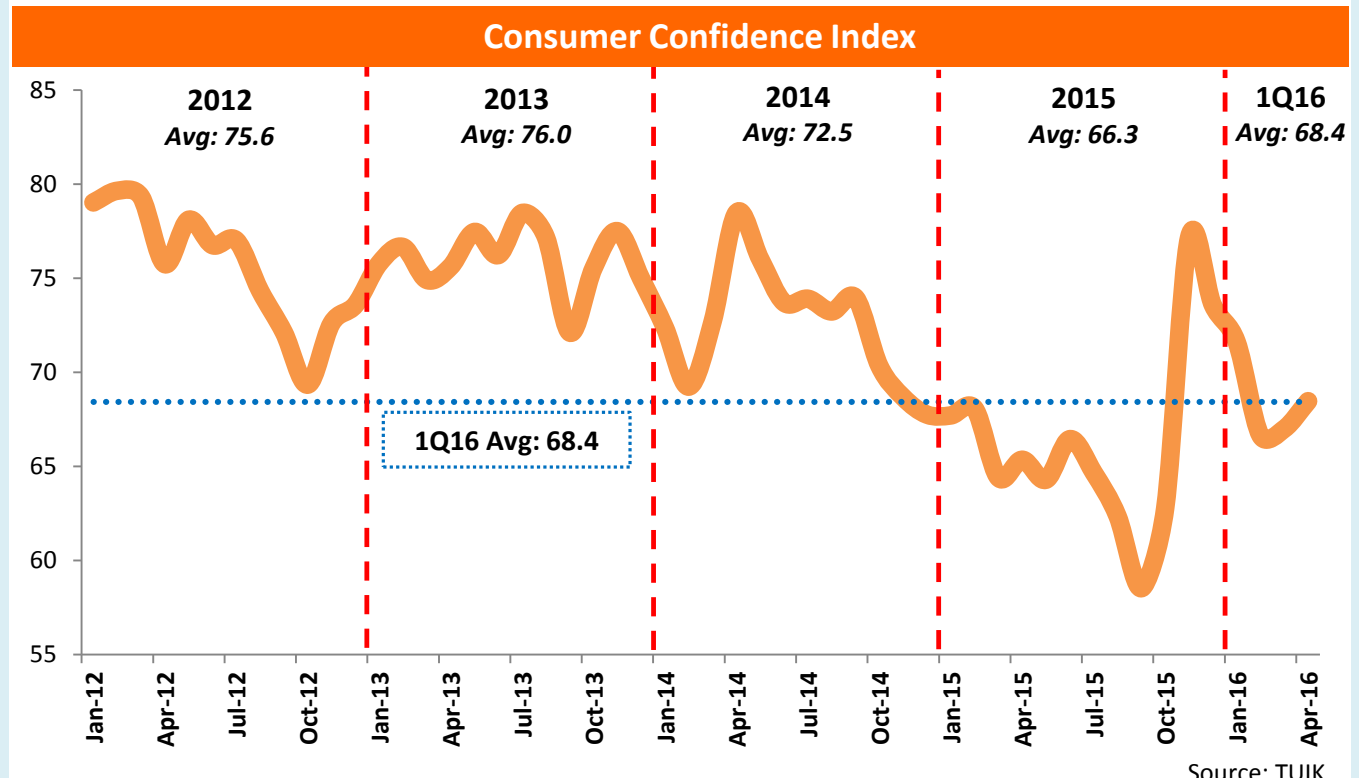
Margins pressurized by intensified competition, minimum wage increase and product mix...

- TV demand remained weak in 1Q, which is expected to pick-up prior to the UEFA Euro 2016 in June
- Switch to 4.5G increased demand for less lucrative smart phones, making a negative impact on the product mix
- Minimum wage was up by 37% YoY
- EBITDA margin improved by 10bps YoY despite these developments
- TL 4.4mn negative contribution from Kliksa is expected to be significantly lower in 2Q and dissipate following the merger
- TL 4.6mn one-off due to reversal of a provision

Bottom-line will be unburdened in the upcoming quarters...

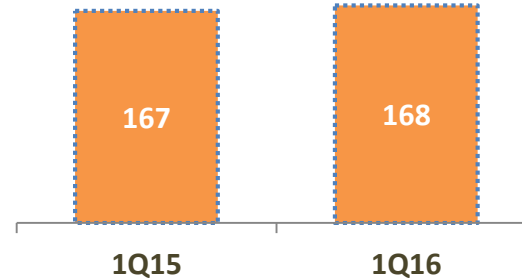
Post-election recovery in CCI halted by rising political tensions...

- The completion of the elections with a single party government in November boosted the CCI to 77.2 from 62.9 in October. Yet rising tensions with Russia in December and terror attacks in March made a negative impact, pulling the 1Q16 average to 68.4, comparing unfavorably to 71.2 in 4Q15.



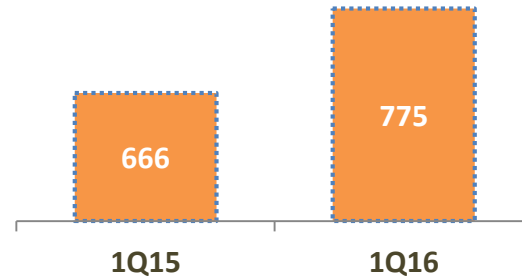
1Q16 Results

**Net Sales Area
(‘000 m²)**



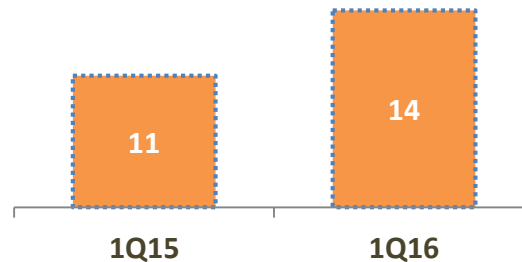
- Small change in net sales area
- 3 stores opened while 10 stores closed in 1Q16

**Net Sales
(TL mn)**



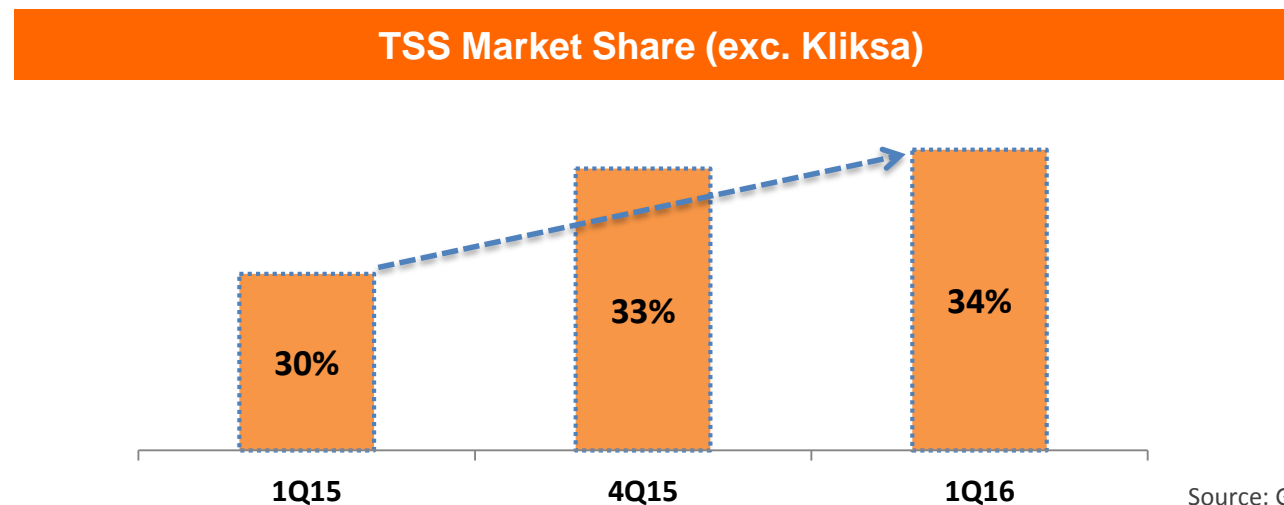
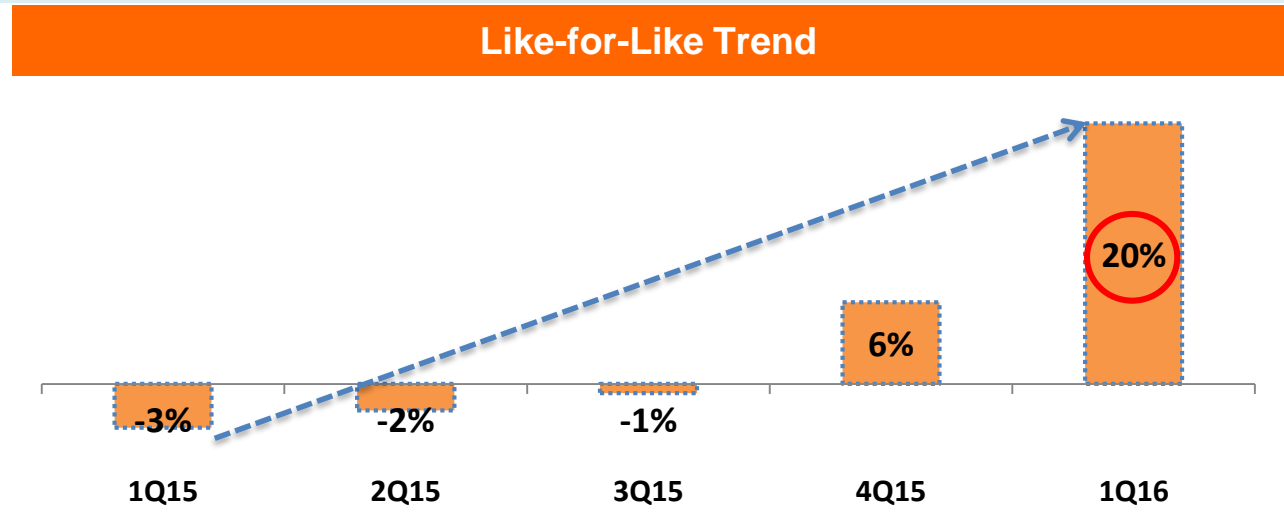
- 16% YoY revenue growth thanks to the success in structural changes leading to LfL growth and market share gains

**EBITDA
(TL mn)**

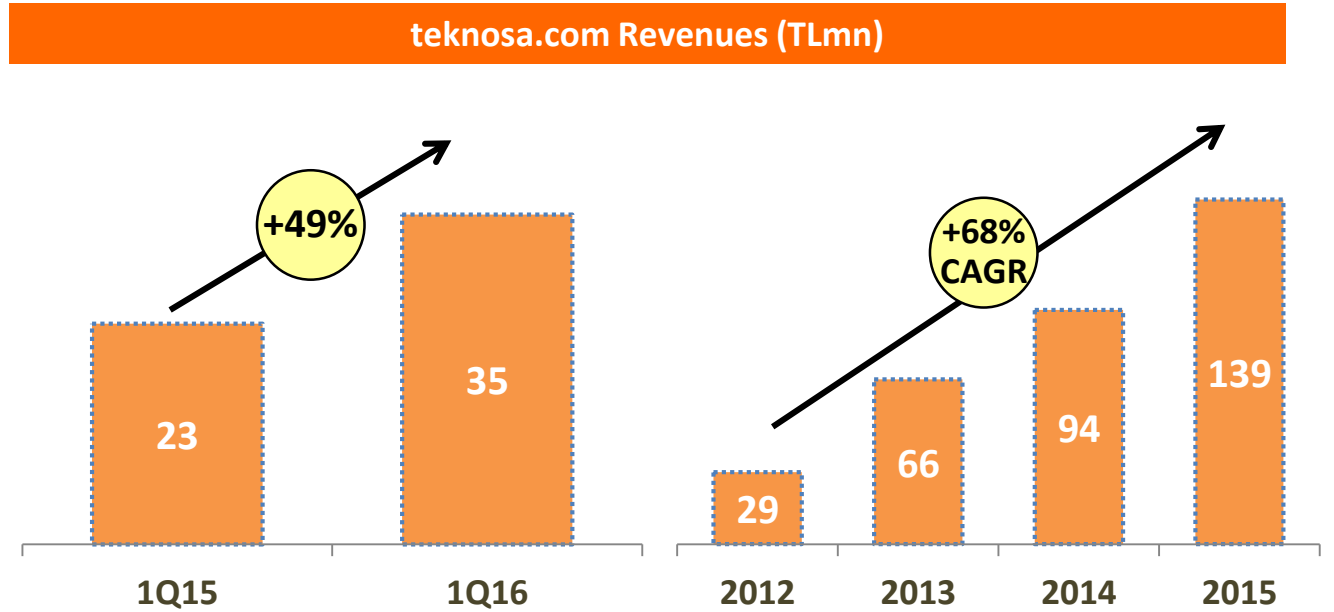


- 10 bps improvement in EBITDA margin despite the cut-throat competition and rising share of telecom products in the mix

Like-for-Like Sales Growth Trend

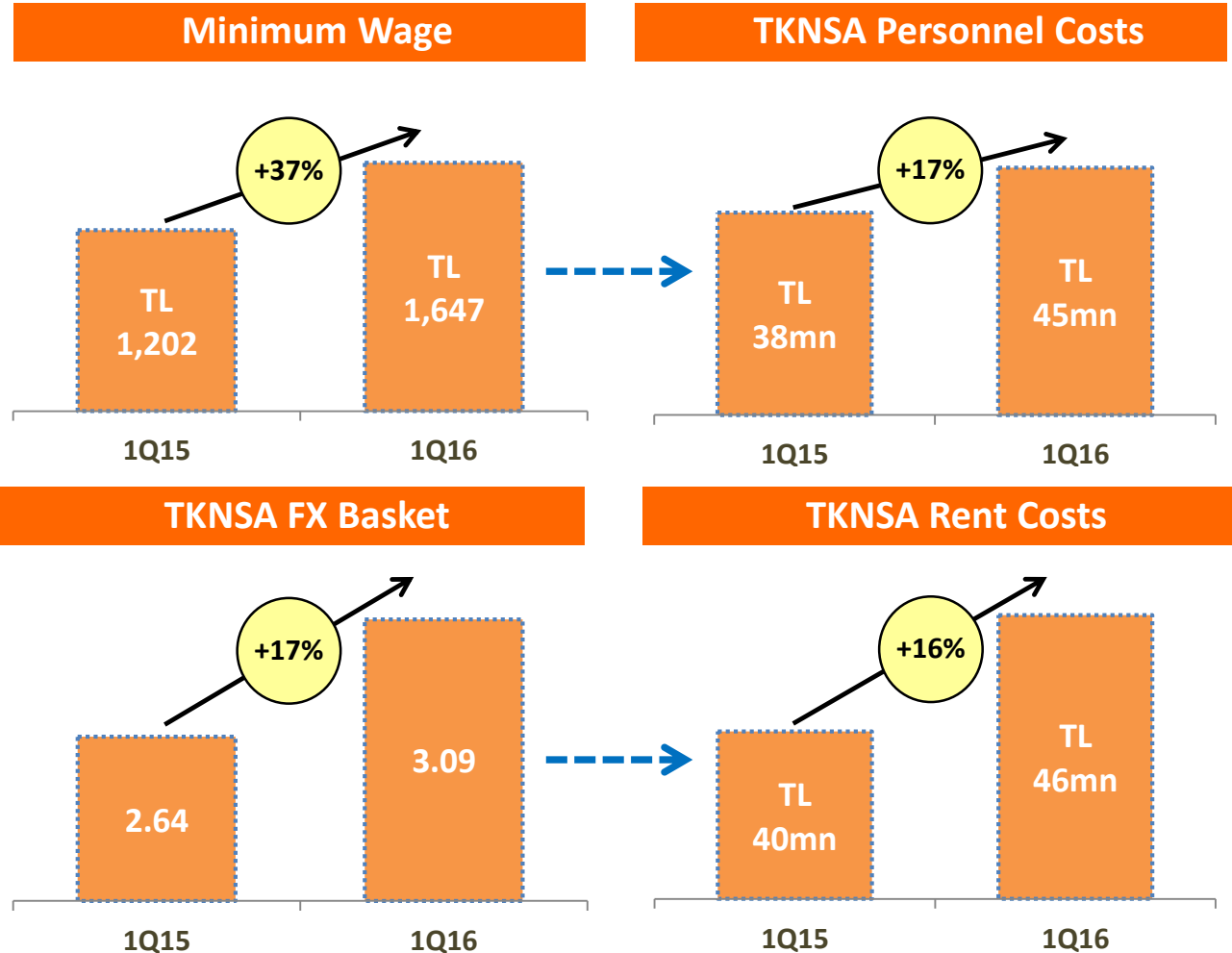


Strong growth
in e-commerce
revenues...

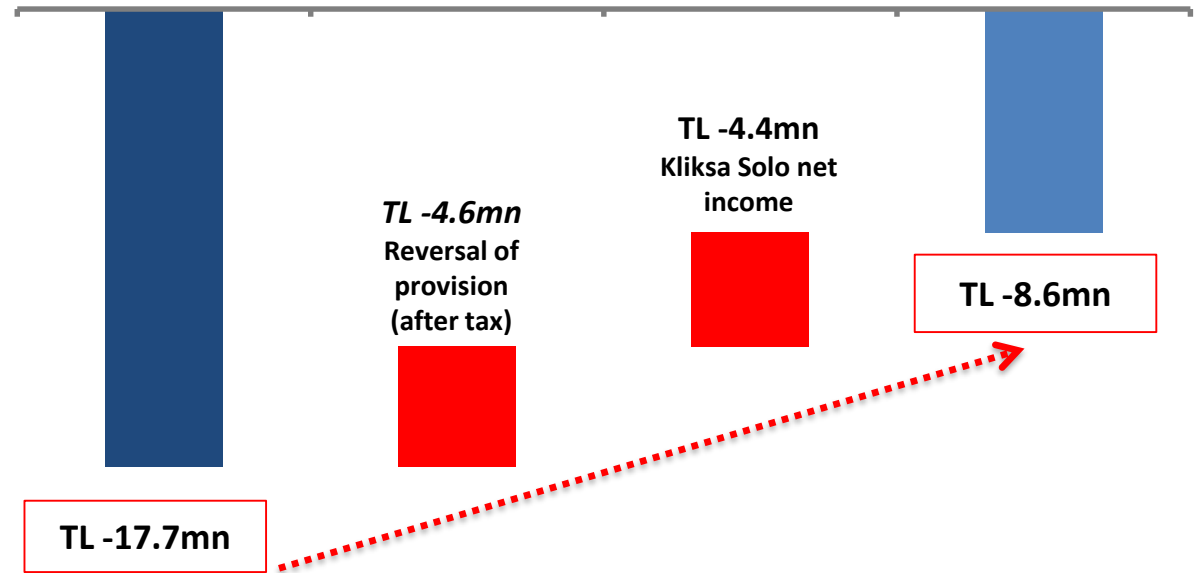


- Growth in e-commerce is expected to maintain the high pace
- Further investments in order to improve omni-channel model for teknosa.com
- «Click & Collect» is fully integrated into teknosa.com (reached over 25% of sales)
- 700k customers are directed to stores via online site or mobile (per month)
- Mobile applications are used by 1.5mn users, constituting ~15% of internet sales

Main OPEX
Items are
Under
Control

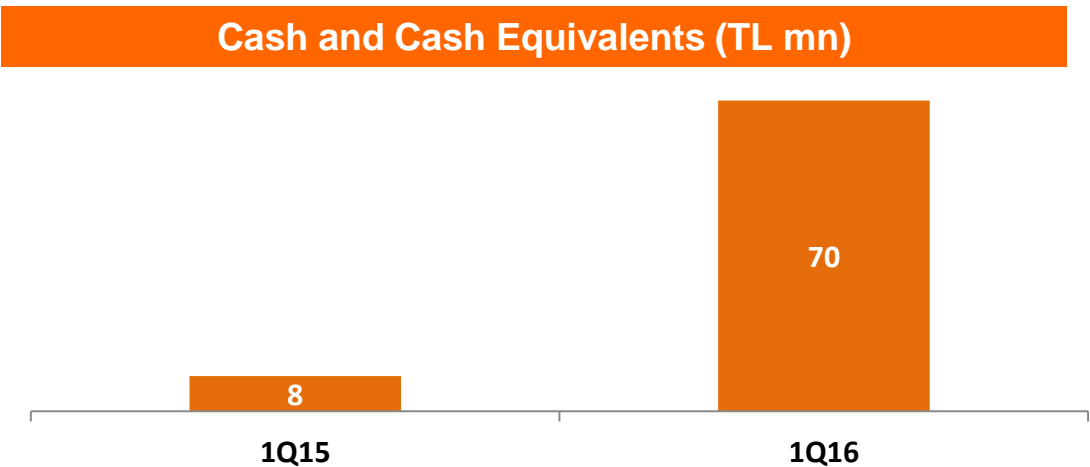
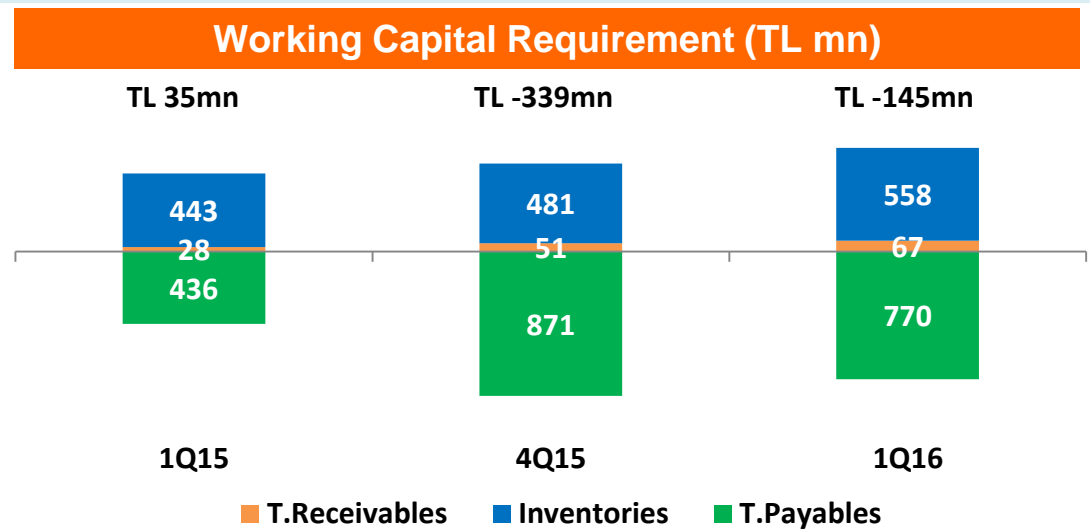


1Q16 bottom line burdened by one-offs



- Kliksa continued to weigh down the bottom-line bottom-line in 1Q16, with a negative contribution of **TL 4.4mn**. However, parallel with its sizing down, this contribution is expected to be significantly lower in 2Q and dissipate completely following the merger.
- TL 4.7mn one-off due to the reversal of a provision

Working
Capital and
Cash Position
Improvement



Pioneer
services &
products
launched over
the last year...

- Teknosa will continue to differentiate itself from the competition, carrying on its evolution into a «service provider» from a «classical box mover»
- As the first step towards this goal, «**TeknoFinans**» was launched in June 2014, offering new financing options to our customers
- Aftersales services rebranded under «**Dr. Teknolog**» in 1Q15
- «**Teknosa Mobil**» launched in February 2015, rendering Teknosa as the first & only Electronics Retailer in Turkey offering complete telecom services under its own brand
- «**Teknosa Preo**» branded smartphone and smartwatch was launched in July 2015 as the first private label product by an electronic retailer in Turkey



Continous
improvement
in value added
services &
products...



- ~200K loans granted since launch
- Share exceeded 8% of sales in 1Q16



- Preo P2 & Pwatch 2 launched in late December
- New accessories launched in March, adding 44 SKUs to Preo brand



- 31% YoY increase in 1Q16
- Share in revenues reached 3.3%



- # of subscribers reached 67K
- Installments through the monthly receipt will be launched in May

**NEW PROJECT WILL BE
LAUNCHED IN JUNE...**

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Year-end Guidance

Income Statement Summary

(TL mn)	1Q15	4Q15	1Q16	YoY (%)	QoQ (%)	FY14	FY15	YoY (%)
Net Sales	666	965	775	16%	-20%	3,018	3,167	5%
Gross Profit	123	147	138	13%	-6%	551	551	0%
Adj. Gross Profit	123	162	138	13%	-15%	551	567	3%
Adj. Gross Profit Margin	18.5%	16.8%	17.9%	-0.6pp	1.0pp	18.3%	17.4%	-0.8pp
EBITDA	11	-4	14	23%	-478%	82	40	-51%
Adj. EBITDA	11	24	14	23%	-43%	82	68	-17%
Adj. EBITDA Margin	1.7%	2.5%	1.8%	0.1pp	-0.7pp	2.7%	2.1%	-0.6pp
Other Expenses	-7	-53	-17	127%	-68%	-44	-74	-69%
Adj. Other Expenses	-7	-10	-12	58%	12%	-31	-31	0%
Financial Expenses	-5	-7	-6	12%	-9%	-22	-23	-4%
Profit Before Tax	-13	-76	-20	59%	-73%	-24	-103	-327%
Adj. Profit Before Tax	-13	-6	-15	19%	160%	-24	-33	36%
Tax	2	3	3	5%	-17%	4	8	-101%
Net Profit	-10	-73	-18	72%	-76%	-20	-95	-373%
Adj. Net Profit	-10	-6	-13	27%	130%	-10	-27	-177%
Adj. Net Profit Margin	-1.5%	-0.6%	-1.7%	-0.1pp	-1.1pp	-0.3%	-0.9%	-0.5pp

(*) 4Q15:«Gross Profit» is adjusted by the changes in inventory provisioning, «OPEX» is adjusted by Teknosa Mobil, and «Other Expenses» is adjusted by reorganization costs and Kliksa fixed asset write off / 1Q16: Other Expenses is adjusted with the reversal of a provision

Source: Independent Auditor's report

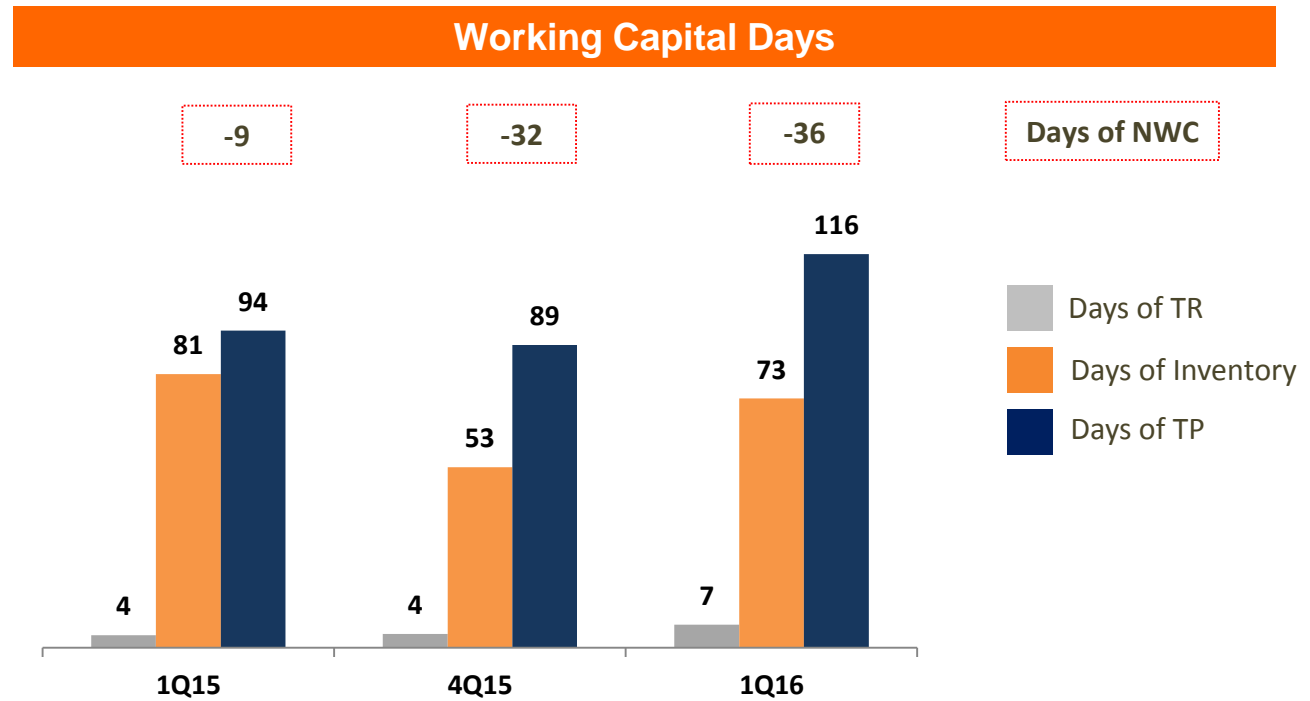
Balance Sheet Summary

Assets (in TL mn)	Mar.15	Dec.15	Mar.16
Current Assets	496	856	723
Cash and Cash Equivalents	8	305	70
Due From Related Parties	2	2	0
Trade Receivables	26	49	65
Inventories	443	481	558
Other Current Assets	17	19	29
Non-current Assets	190	175	170
Investment Property	11	11	11
Property, Plant and Equipment	116	99	94
Intangible Assets	28	22	24
Deferred Income Tax Assets	19	25	29
Other Non-current Assets	16	20	13
Total Assets	686	1,031	893

Liabilities (in TL mn)	Mar.15	Dec.15	Mar.16
Current Liabilities	521	950	835
Financial Liabilities	24	0	0
Due to Related Parties	2	4	1
Trade Payables	435	866	769
Other Current Liabilities	60	80	65
Non-current Liabilities	3	4	5
Total Equity	162	77	53
Total Liabilities	686	1,031	893

Source: Independent Auditor's report

Working Capital



- Negative working capital allows Teknosa to generate positive cash flow in tandem with growth
- Improvement in inventory and payable days on a yearly basis led to a better cash cycle

Key Performance Indicators

	1Q15	4Q15	1Q16	YoY (%)	QoQ (%)	FY14	FY15	YoY (%)
Net Sales Area ('000 sqm)	167	172	168	1%	-2%	167	168	1%
Number of Stores	287	278	271	-6%	-3%	287	271	-6%
Number of Visitors (mn)	23	22	20	-14%	-10%	101	89	-11%
Number of Customers (mn)	1.7	1.8	1.7	-3%	-7%	7.5	6.9	-9%
Conversion Rate	7.4%	8.1%	8.3%	0.9pp	0.2pp	7.5%	7.7%	0.2pp
Average Basket Size (TL)	334	418	411	23%	-2%	349	375	7%
teknoSA.com visits (mn)	30	38	38	28%	1%	102	129	27%
Total Visitors (mn)	53	60	58	10%	-3%	202	218	8%

- Teknosa has the highest penetration among Technical Super Stores with **271 stores throughout Turkey and 168K m2 net sales area** as of 1Q16
- Conversion rate exhibited 0.9pps YoY and 0.2pps QoQ improvement in 1Q16
- Average basket growth is 23% YoY in 1Q16
- Total visitors (store+web) was up by 10% YoY to 58mn in 1Q16

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Macroeconomic Indicators

	2014	2015	2016E
GDP growth	3.0%	4.0%	4.0%
CPI Inflation	8.2%	8.8%	8.9%
USD/TL rate (avg.)	2.19	2.72	3.03
EUR/TL rate (avg.)	2.90	3.01	3.34

2016 Full Year Financial Guidance

	2015	2016E
YE Net Sales Area (km ²)	172	170
Net Sales (TL mn)	3,167	3,300
LFL Growth (%)	0%	10%
teknosa.com Growth (%)	47%	45%
EBITDA^(*) (%)	2.1%	~3.5%
CAPEX (TL mn)	48	35-40

(*) EBITDA excludes Other Income/Expenses / 2015 EBITDA (%) is adjusted with one-offs

Thank You

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