

Investor  
Presentation

# Teknosa İç ve Dış Ticaret A.Ş.

## *4Q18 Results*

**«Turkey's Leading Electronics Retailer»**

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## Agenda

Results at a Glance

Financial Overview

Year-end Guidance

## Main messages

### **Strong balance sheet in 4Q18 despite negative economic environment**

- Increasing net cash position was achieved by effective management of balance sheet. 18 mn TL cash was generated.

### **Ensuring strong customer service and satisfaction**

- Customers began to have a chance to exchange their products if they changed their minds in 30 days.

### **New Teknosa.com Experience**

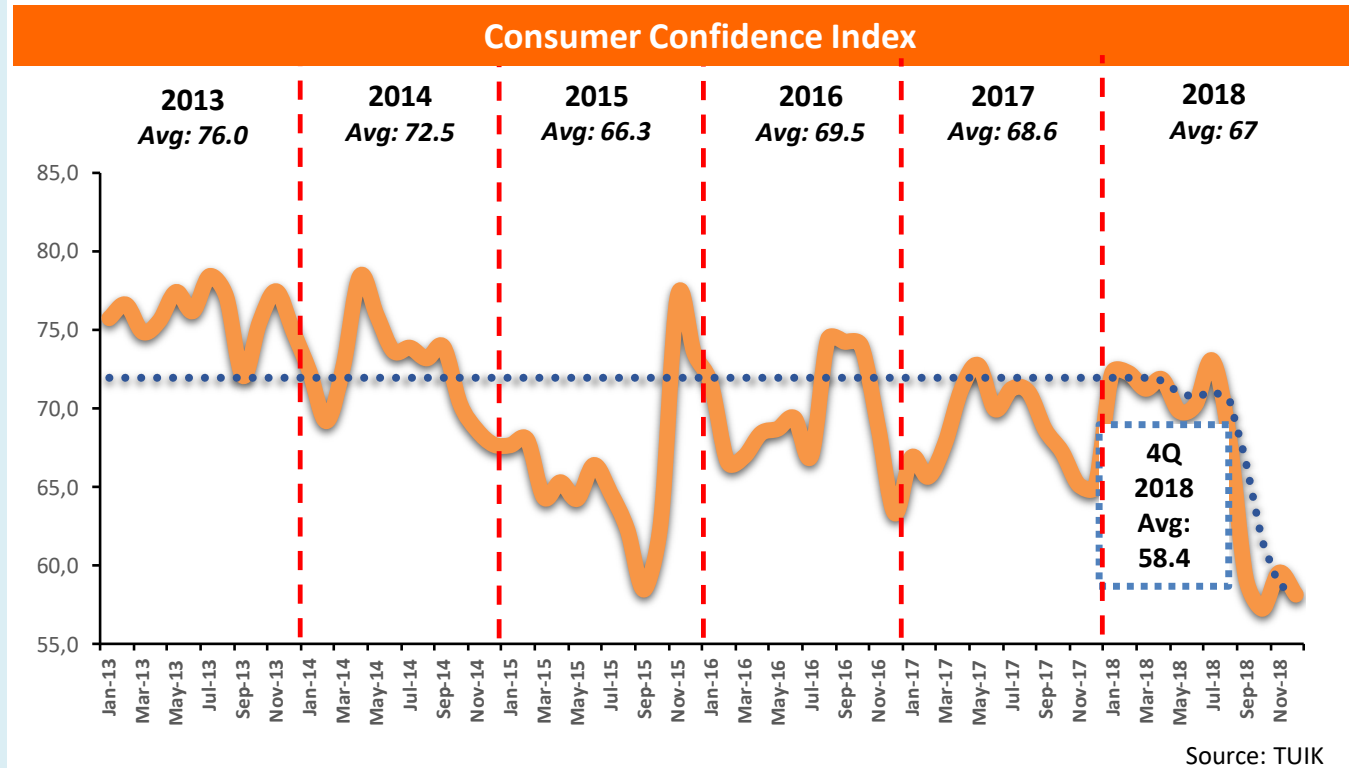
- Teknosa's website was renewed by worldwide e-commerce platform Hybris
- Teknosa's website became %70 faster, integrated and it began to provide seamless purchasing experience

### **Focus on Customer Centric Approach and Data-driven Management**

- 15 million customer data were reviewed and customers were segmented according to their value and behavior
- Special discounts and campaigns were offered according to the preferences of customers
- Dynamic pricing, replenishment and assortment were determined by the help of advanced data analytics

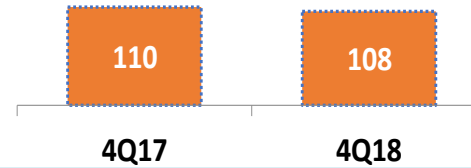
## Turkey Consumer Confidence Lowest In Nearly A Decade

- In October 2018, the consumer confidence index fell to 57,3, which was the lowest since December 2008. As inflation rocketed to a 15-year high in the September and forward-looking expectations were deteriorated, the index declined by 8.5 points on a quarterly basis.



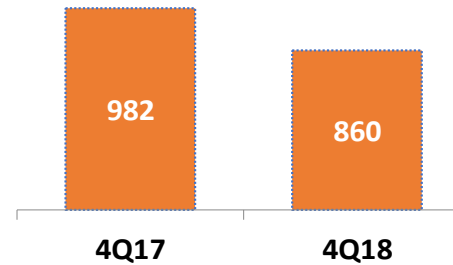
## 4Q18 Results

### Net Sales Area (‘000 m<sup>2</sup>)



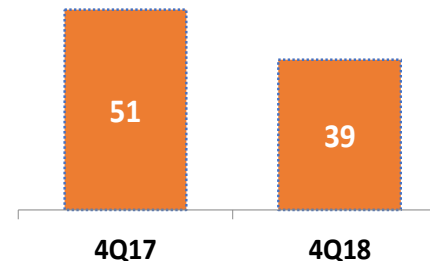
- Small change in sales area, 2 K sqm YoY, as stores were continuously reviewed in terms of operational efficiency

### Net Sales (TL mn)



- As a result of lowest CCI and slower demand growth, net sales decreased by 13% YoY in 4Q18

### EBITDA (TL mn)

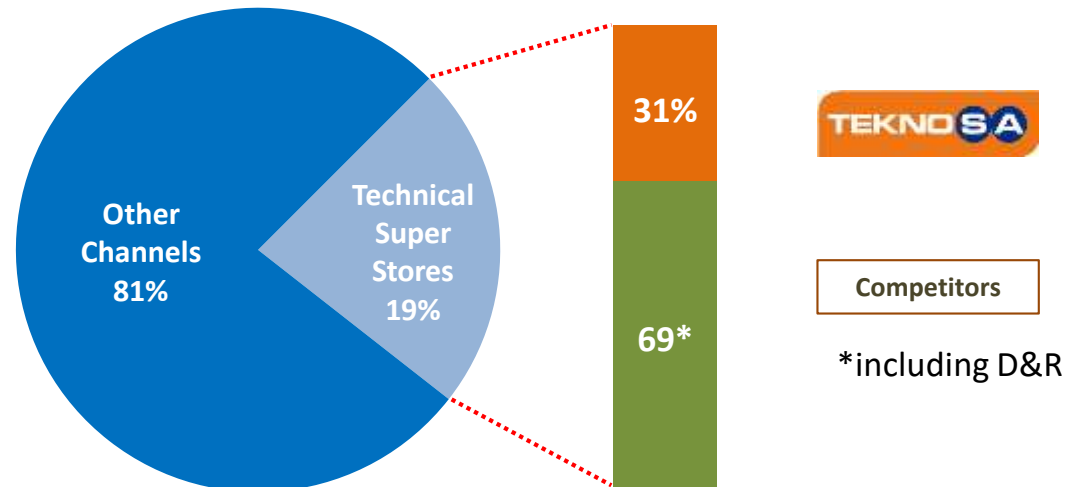


- EBITDA reached TL 39 M in 4Q18

## Electronics Retail Market and Teknosa

- The panelmarket grew by 9,4% YoY, reaching TL 59,5bn in 12M18
- YoY growth in all categories; SDA by 17,2%, Telecom by 10,7%, and MDA(AC included) by 9,4% and CE+Photo+MTG by 7,5%. IT decreased by 1,3% compared to the previous year
- TSS channel accounts for 19% of the total market
- Teknosa has 31% market share in the TSS channel in 12M18

### Electronics Retail Market – 12M18



Source: GfK

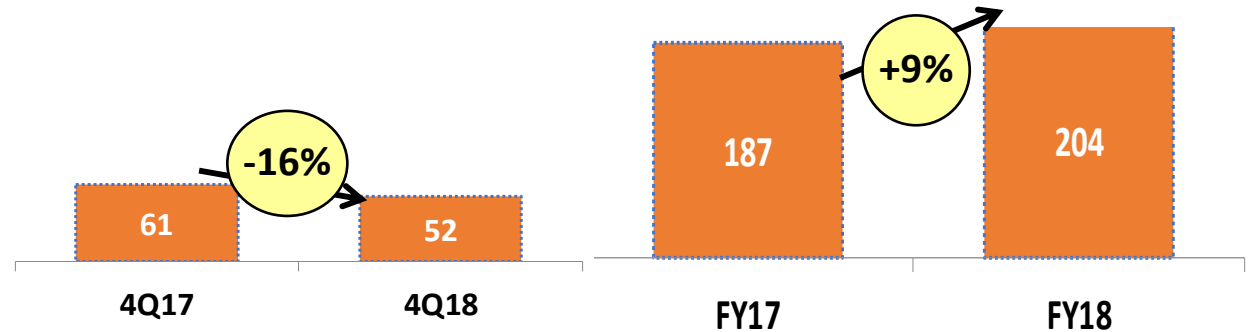
## Income Statement Summary

(TL mn )	4Q17	3Q18	4Q18	YoY (%)	FY17	FY18	YoY (%)
Net Sales	982	920	860	-12%	3.391	3.477	3%
Gross Profit	168	179	170	1%	612	646	6%
<i>Gross Profit Margin</i>	<i>17,1%</i>	<i>19,5%</i>	<i>19,7%</i>	<i>2,6pp</i>	<i>18,0%</i>	<i>18,6%</i>	<i>0,5pp</i>
EBITDAR	95	108	88	-8%	330	348	5%
<i>EBITDAR Margin</i>	<i>9,7%</i>	<i>11,8%</i>	<i>10,2%</i>	<i>0,5pp</i>	<i>9,7%</i>	<i>10,0%</i>	<i>0,3pp</i>
EBITDA	51	58	39	-25%	173	158	-8%
<i>EBITDA Margin</i>	<i>5,2%</i>	<i>6,3%</i>	<i>4,5%</i>	<i>-0,7pp</i>	<i>5,1%</i>	<i>4,6%</i>	<i>-0,5pp</i>
Other Expenses	-25	-16	-43	-74%	-51	-79	-56%
Financial Expenses	-15	-32	-32	-112%	-60	-98	-63%
Profit Before Tax	2	0	-45	-2864%	24	-54	-324%
Tax	0	0	-10	-14267%	-5	-10	-111%
Net Profit	2	0	-55	-3338%	20	-65	-430%
<i>Net Profit Margin</i>	<i>0,2%</i>	<i>0,0%</i>	<i>-6,3%</i>	<i>-6,5pp</i>	<i>0,6%</i>	<i>-1,9%</i>	<i>-2,4pp</i>

Source: Independent Auditor's report

## New Teknosa.com Experience in 4Q18

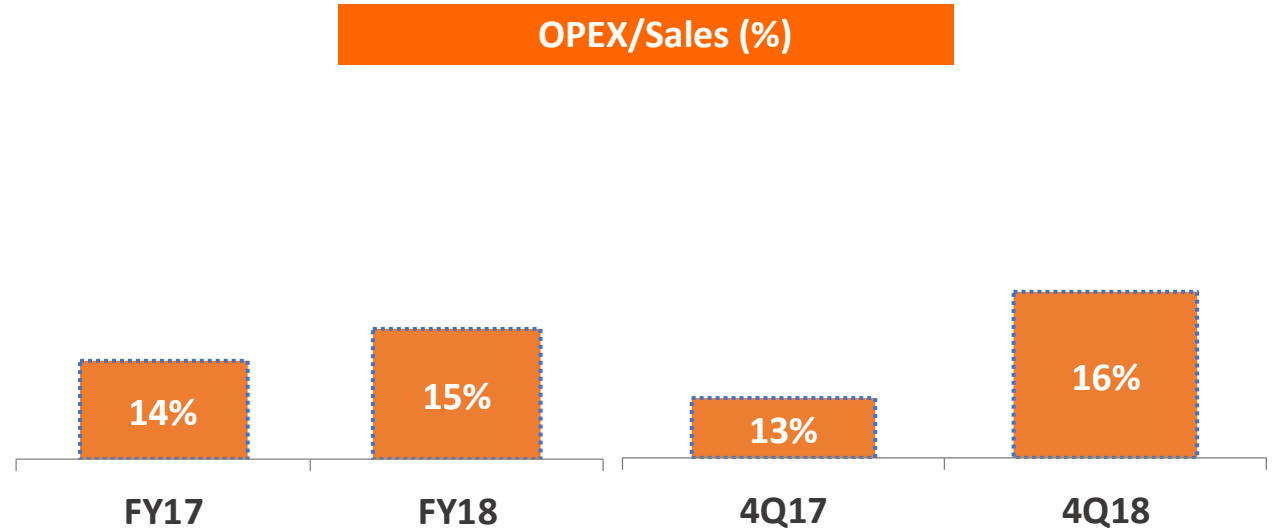
teknosa.com Revenues (TLmn)



- As a result of low demand, teknosa.com revenues decreased by 16% in 4Q18
- Customer satisfaction increased by new, fast, integrated Teknosa.com experience.



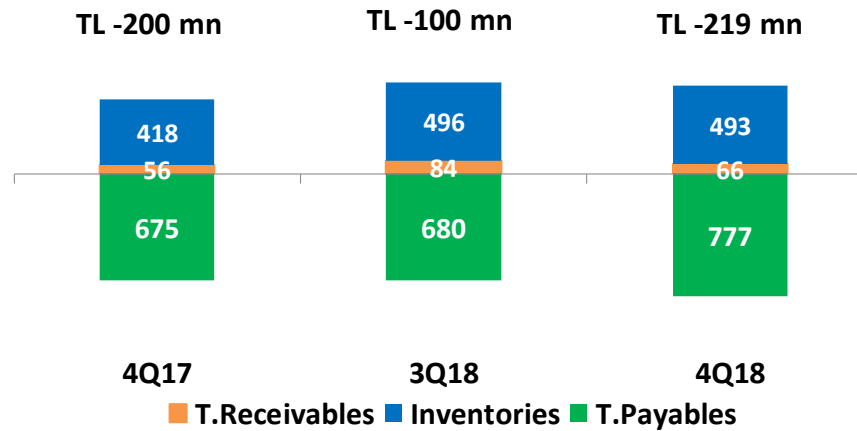
## OPEX/Sales ratio



- Focus on cost control and efficiency was maintained.
- Despite inflationary pressure in 4Q18, Teknosa restrained operating expenses comparatively

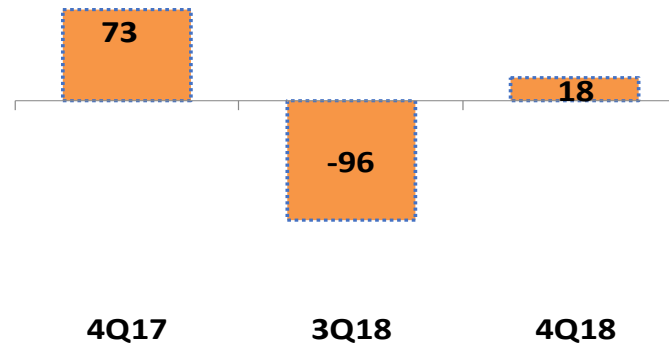
## Working Capital and Cash Position

### Working Capital Requirement (TL mn)



Positive change in WCR in 4Q18 thanks to good management of inventories and extended payment terms with suppliers.

### Net Cash (TL mn)



As a result of focus on cash management and drastic increase in working capital, net cash improved by TL 114 mn in 4Q18.

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## Balance Sheet Summary

Assets (in TL mn)	Dec-17	Sep-18	Dec-18
<b>Current Assets</b>	<b>555</b>	<b>656</b>	<b>593</b>
Cash and Cash Equivalents	73	38	27
Trade Receivables	56	84	66
Inventories	418	496	493
Other Current Assets	7	38	7
<b>Non-current Assets</b>	<b>172</b>	<b>175</b>	<b>168</b>
Investment Property	10	10	9
Property, Plant and Equipment	85	85	90
Intangible Assets	24	27	27
Deferred Income Tax Assets	52	52	41
Other Non-current Assets	1	1	1
<b>Total Assets</b>	<b>727</b>	<b>831</b>	<b>760</b>
Liabilities (in TL mn)	Dec-17	Sep-18	Dec-18
<b>Current Liabilities</b>	<b>764</b>	<b>876</b>	<b>855</b>
Financial Liabilities	0	134	9
Trade Payables	675	680	777
Other Current Liabilities	89	62	70
<b>Non-current Liabilities</b>	<b>7</b>	<b>8</b>	<b>8</b>
<b>Total Equity</b>	<b>-43</b>	<b>-53</b>	<b>-103</b>
<b>Total Liabilities</b>	<b>727</b>	<b>831</b>	<b>760</b>

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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