

Investor
Presentation

Teknosa İç ve Dış Ticaret A.Ş.

3Q15 Results

«Turkey's Leading Electronics Retailer»

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Agenda

Results at a Glance

Financial Overview

Year-end Guidance

Main messages

Despite the plummeting CCI rivaling the 2008 global crisis, top-line growth achieved via solid performance displayed in e-commerce...

- 5% YoY growth realized in 3Q15, while CCI hit 58.5 in September, the trough point since January 2009
- E-commerce has been the growth engine with 53% YoY increase in 3Q15 to TL 111mn
- 14% of Net Sales in 3Q15; from 9% in 3Q14

Bottom-line is back to black...

- Stronger EBITDA and lower financial expenses elevated net profit back to the positive territory

Strict working capital management yields noteworthy results...

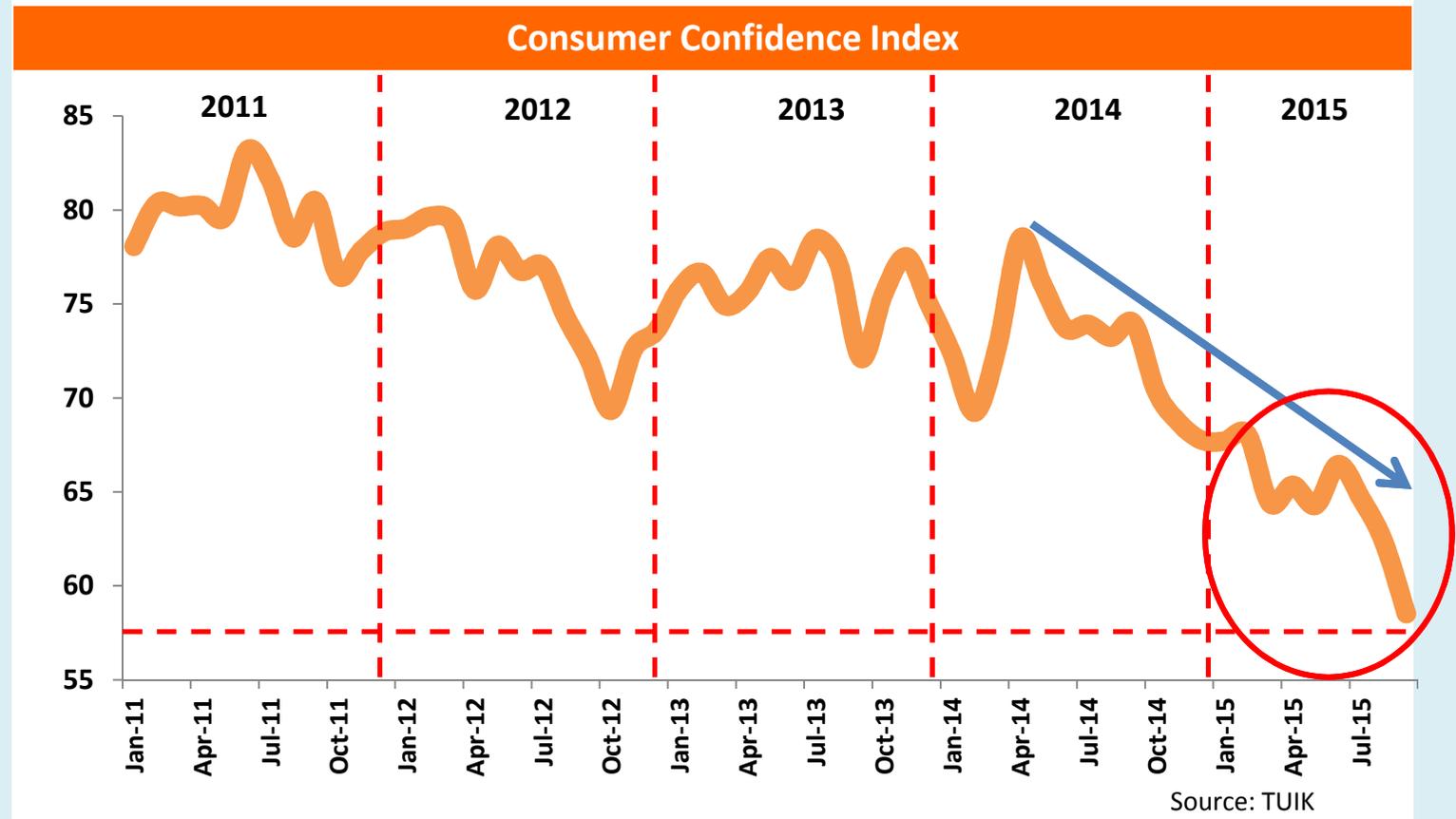
- Net Cash position nearly doubled to TL 220mn both YoY & QoQ
- WCR is down by TL 115mn QoQ

Improvement in existing value added services continue, while new ones are being launched...

- Aftersales services revenues up by +17% YoY in 9M15, despite lower growth at topline
- Consumer credit gained further traction with +115k loans issued since its launch
- Mobile service and private label are on track

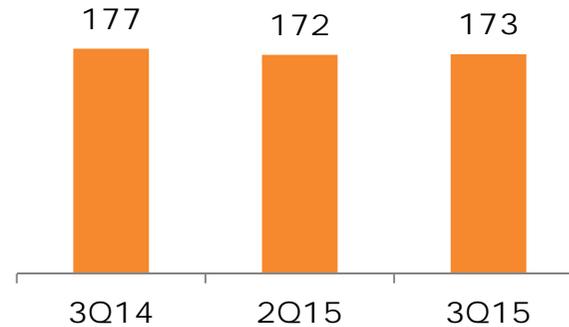
CCI anchored
to the trough
point of last
six years...

- Due to the macro and political uncertainties in Turkey, the downward trend in consumer confidence has been persistent since 2H14. This trend has endured in 3Q15, pushing CCI close to January 2009 level, while hitting the trough point of last 6 years at 58.5 in September.



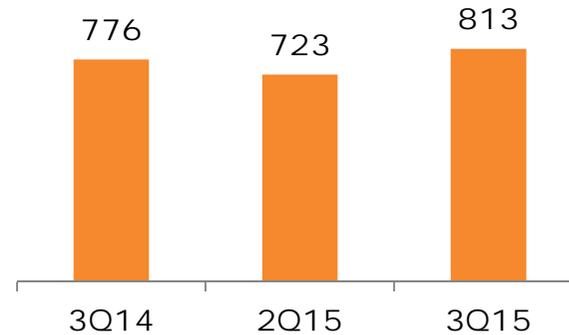
3Q15 Results

Net Sales Area (‘000 m²)



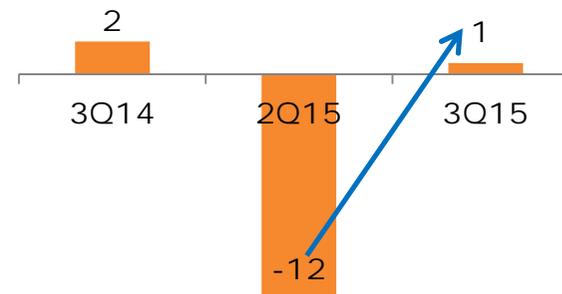
- 7 stores opened while 8 stores closed in 3Q15

Net Sales (TL mn)



- 5% YoY revenue growth despite lowest CCI in the last 6 years

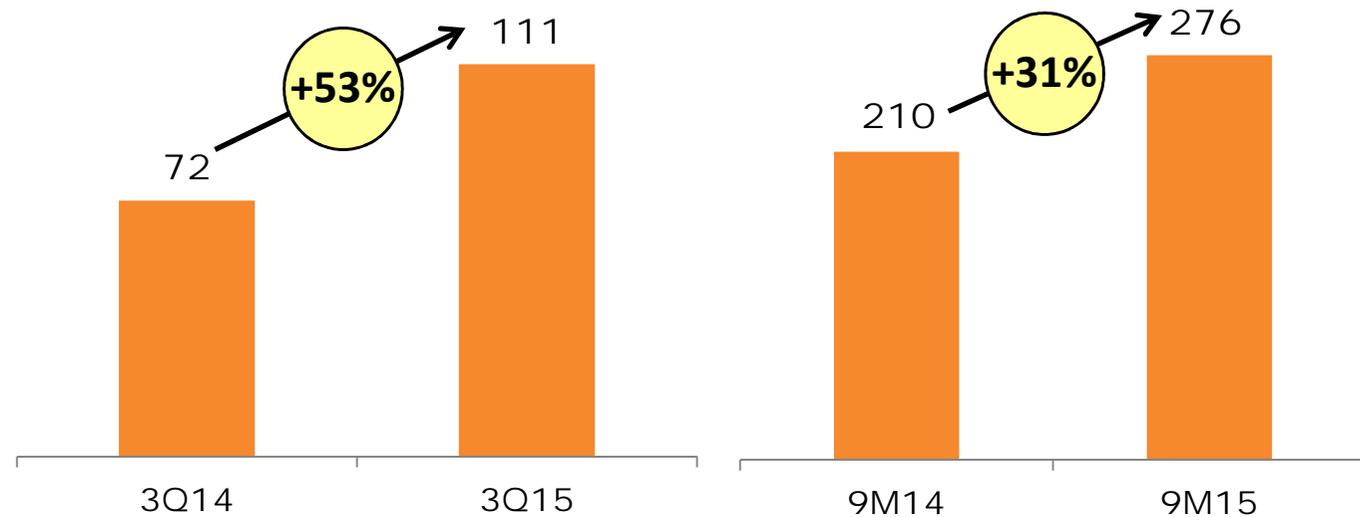
Net Income (TL mn)



- 1.4pps QoQ improvement in EBITDA margin
- Non-operational expenses down by 26% QoQ

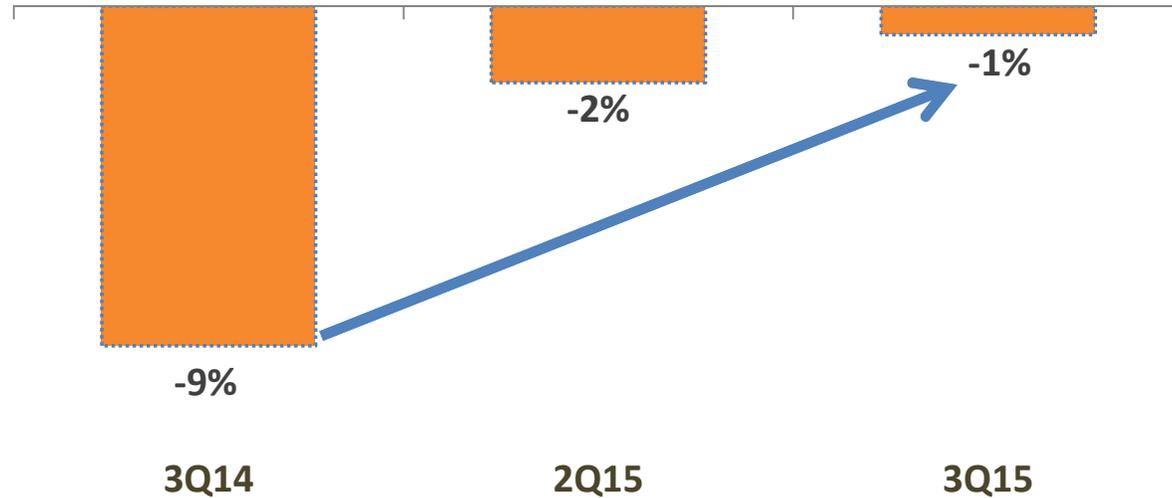
Strong growth
in e-commerce
revenues...

E-Commerce (teknosa.com + kliksa.com) Revenues (TLmn)



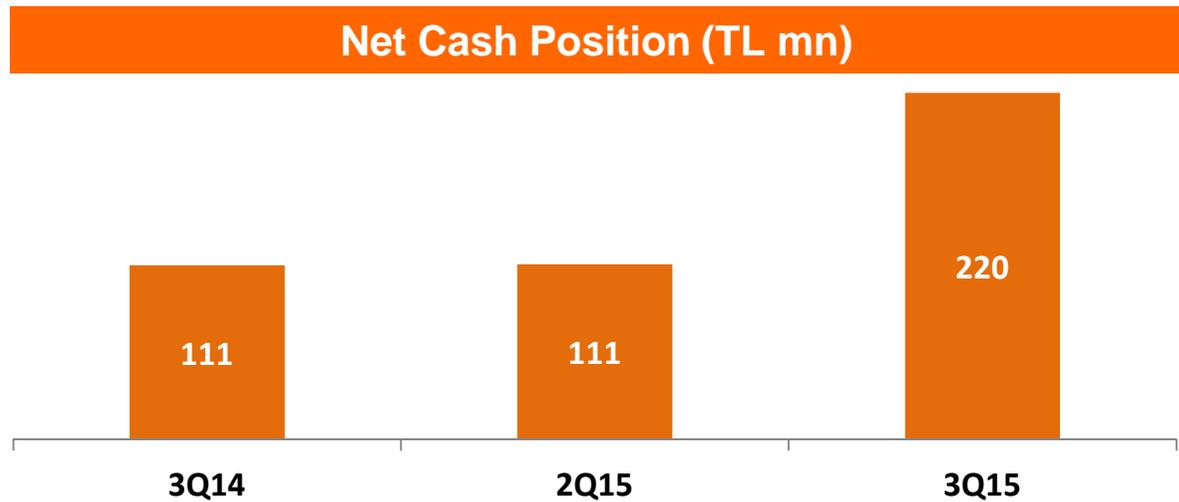
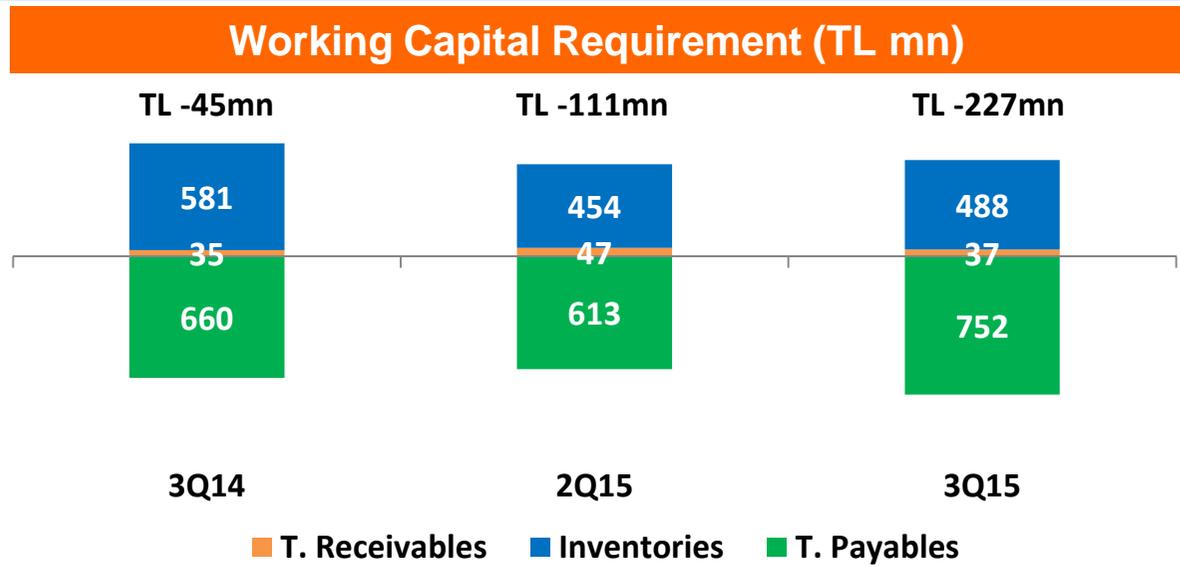
- Growth in e-commerce is expected to maintain the high pace
- E-commerce revenues are anticipated to exceed TL 400mn in 2015
- The share of e-commerce is to reach 25% of revenues over the next 5 years
- Further investments in order to improve omni-channel model for teknosa.com and implement a marketplace model for kliksa.com
- «Click & Collect» is fully integrated into teknosa.com (reached over 10% of sales)
- 700k customers are directed to stores via online site or mobile (per month)
- Mobile applications are used by 1.2mn users, constituting ~15% of internet sales

Like-for-Like Sales Growth Trend

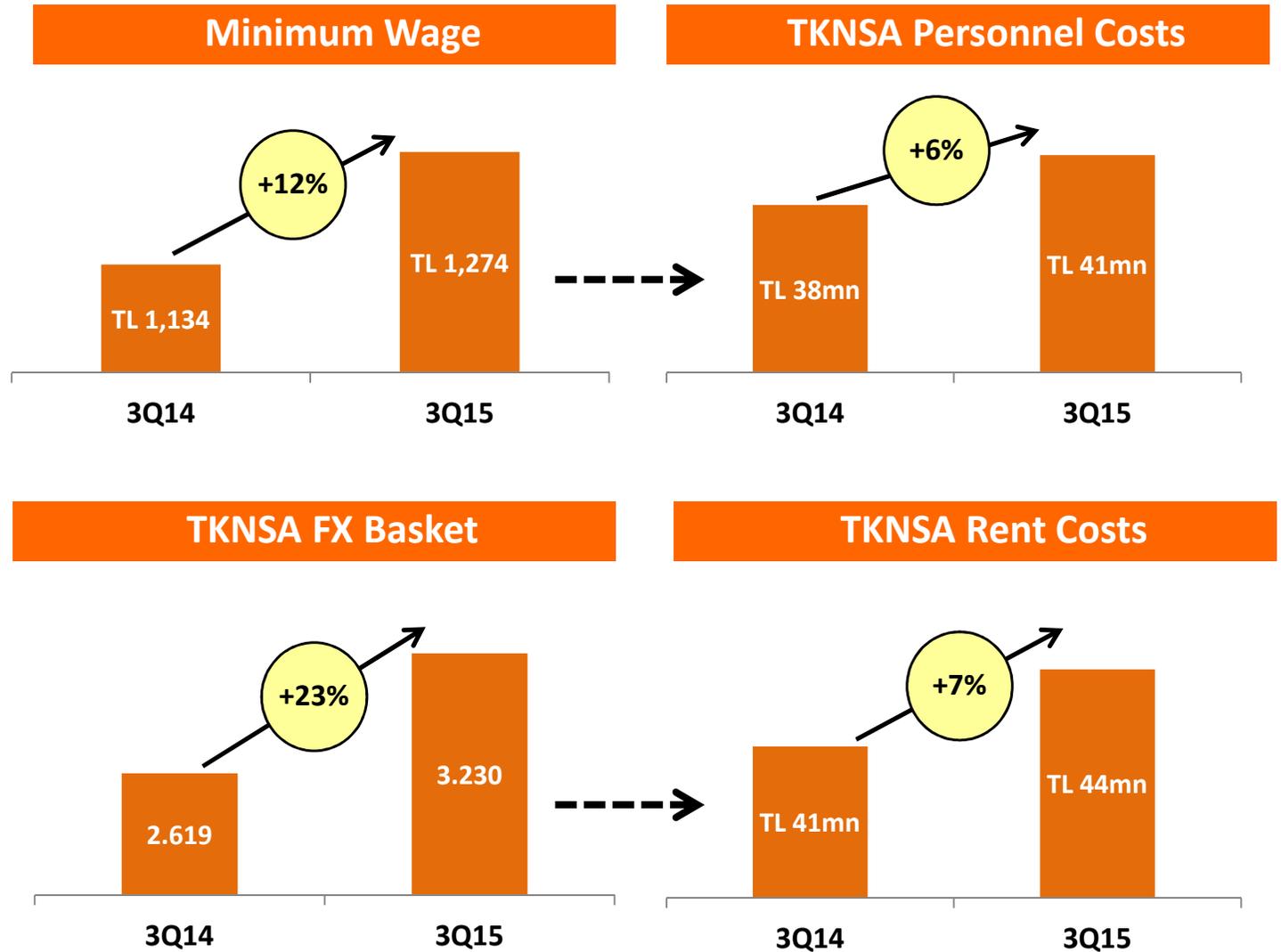


- Actions to revive LfL trend is yielding results despite persisting pressure from declining consumer confidence
- These actions include:
 - New bonus scheme for personnel
 - New personnel at selected stores
 - Targeted promotional campaigns in designated cities
 - Increased communication and shifting the weight to TV & digital media
- TSS market share is back to 35% from 33% in 1H15

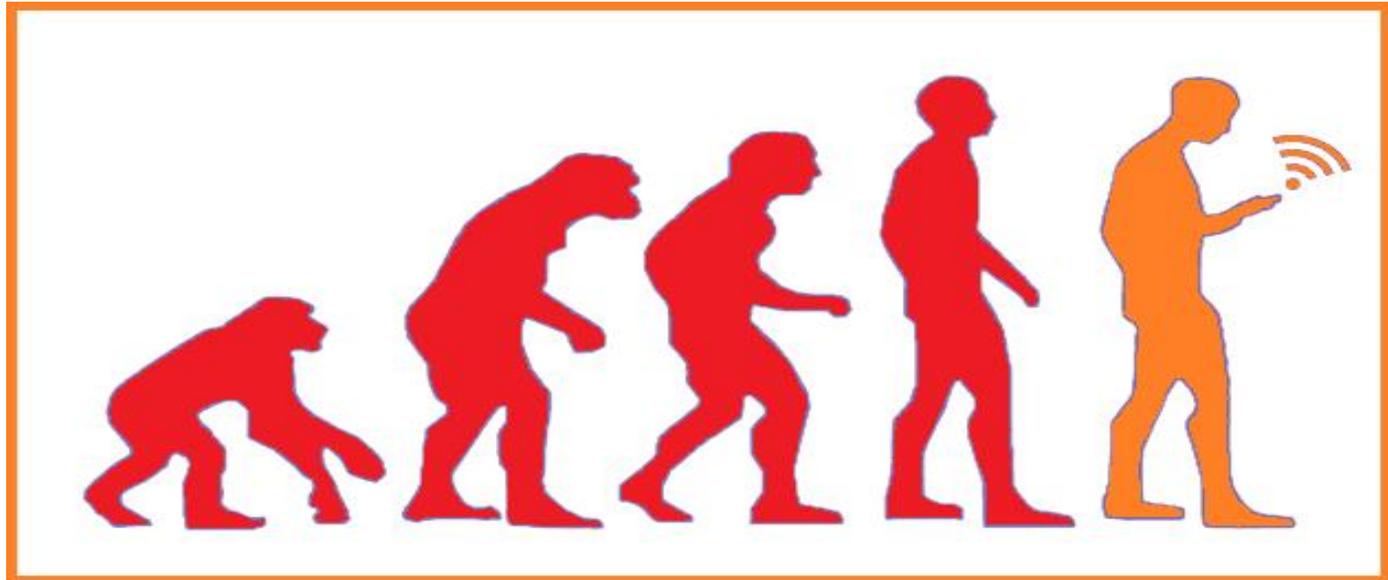
Working
Capital and
Cash Position
Improvement



Main OPEX
Items are
Under
Control



The evolution
towards a
«Service
Provider»
continues...



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



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Income Statement Summary

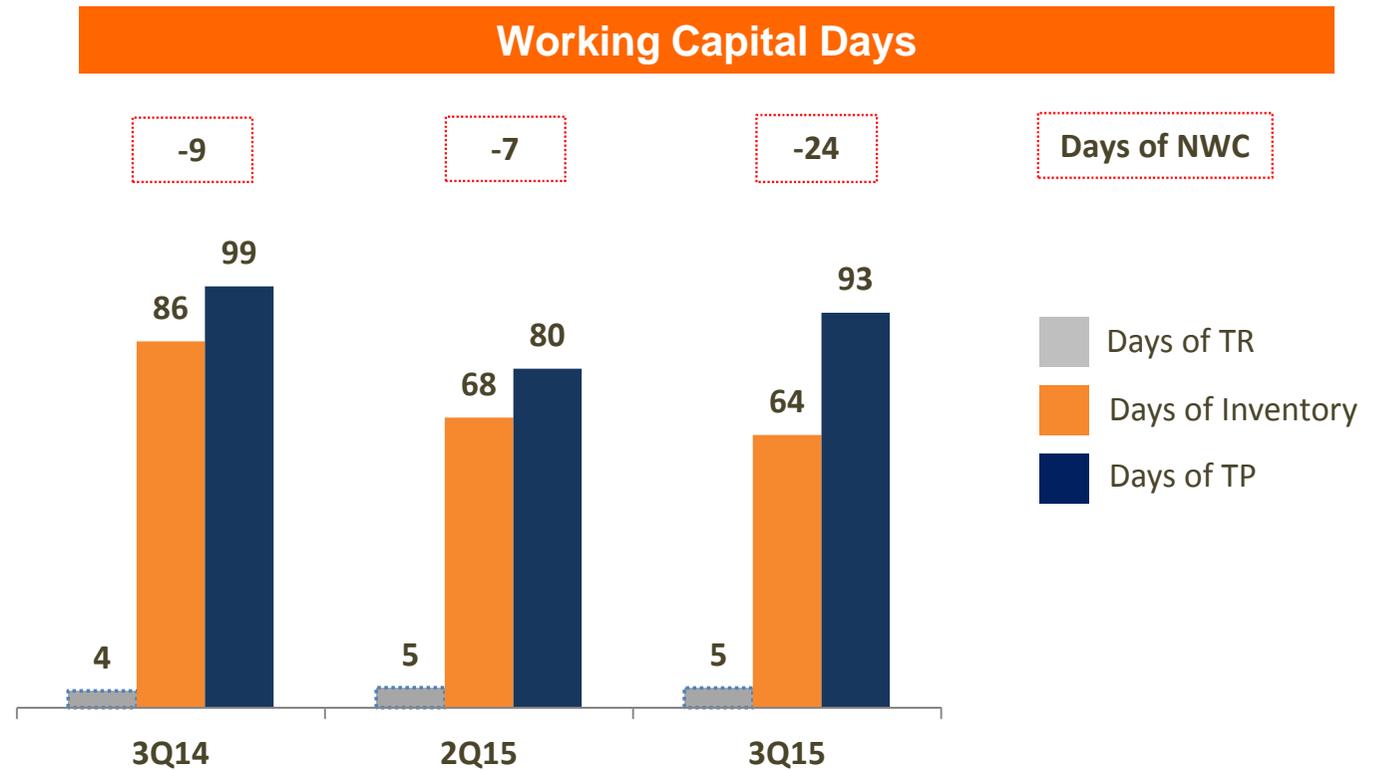
(TL mn)	3Q14	2Q15	3Q15	YoY (%)	QoQ (%)	9M14	9M15	YoY (%)
Net Sales	776	723	813	5%	12%	2,167	2,202	2%
Gross Profit	145	131	151	4%	16%	404	405	0%
<i>Gross Profit Margin</i>	18.7%	18.1%	18.6%	-0.1pp	0.5pp	18.6%	18.4%	-0.3pp
EBITDAR	68	52	67	-2%	30%	178	169	-5%
<i>EBITDAR Margin</i>	8.8%	7.1%	8.2%	-0.5pp	1.1pp	8.2%	7.7%	-0.6pp
EBITDA	27	10	23	-15%	124%	54	44	-18%
<i>EBITDA Margin</i>	3.4%	1.4%	2.8%	-0.6pp	1.4pp	2.5%	2.0%	-0.5pp
Other Expenses	-9	-8	-6	-38%	-26%	-24	-20	-16%
Financial Expenses	-5	-6	-5	-11%	-25%	-16	-17	5%
Profit Before Tax	2	-15	1	-64%	n.m.	-16	-27	-69%
Tax	0	3	0	-54%	-108%	3	5	71%
Net Profit	2	-12	1	-66%	n.m.	-13	-22	-69%
<i>Net Profit Margin</i>	0.2%	-1.7%	0.1%	-0.2pp	1.7pp	-0.6%	-1.0%	-0.4pp

Balance Sheet Summary

Assets (in TL mn)	Sep.14	Jun.15	Sep.15
Current Assets	745	639	766
Cash and Cash Equivalents	111	111	220
Due From Related Parties	3	7	3
Trade Receivables	32	40	35
Inventories	581	454	488
Other Current Assets	19	26	20
Non-current Assets	177	198	202
Investment Property	11	11	11
Property, Plant and Equipment	122	119	121
Intangible Assets	22	30	29
Deferred Income Tax Assets	14	21	21
Other Non-current Assets	8	17	20
Total Assets	922	836	968

Liabilities (in TL mn)	Sep.14	Jun.15	Sep.15
Current Liabilities	723	683	814
Financial Liabilities	0	0	0
Due to Related Parties	4	2	1
Trade Payables	656	611	751
Other Current Liabilities	63	70	62
Non-current Liabilities	4	3	3
Total Equity	195	150	151
Total Liabilities	922	836	968

Working Capital



- Negative working capital allows Teknosa to generate positive cash flow in tandem with growth
- Working Capital Requirement is down by TL 182mn to TL -227mn in 3Q15 from TL -45mn in 3Q14

Key Performance Indicators (Retail Operations)

	3Q14	2Q15	3Q15	YoY (%)	QoQ (%)	9M14	9M15	YoY (%)
Number of Provinces	81	81	81	0%	0%	81	81	0%
Net Sales Area ('000 sqm)	177	172	173	-2%	0%	177	173	-2%
Number of Stores	300	288	287	-4%	0%	300	287	-4%
Number of Visitors (mn)	25	21	22	-11%	4%	75	67	-11%
Number of Customers (mn)	1.9	1.6	1.7	-10%	8%	5.6	5.0	-9%
Conversion Rate	7.7%	7.5%	7.8%	0.1pp	0.3pp	7.4%	7.6%	0.1pp
Average Basket Size (TL)	359	369	380	6%	3%	342	361	6%

- Teknosa has the highest penetration among Technical Super Stores with **287 stores in all 81 provinces of Turkey and 173K m2 net sales area** as of 3Q15
- Conversion rate exhibited 0.1pps YoY and 0.3pps QoQ improvement in 3Q15
- Average basket growth is 6% YoY in 3Q15

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Macroeconomic Indicators

	2013	2014	2015
GDP growth	4.1%	2.9%	2.3%
Private Consumption	5.1%	1.3%	3.3%
CPI Inflation	7.4%	8.2%	8.0%
USD/TL rate (avg.)	1.9	2.19	2.77
EUR/TL rate (avg.)	2.53	2.9	3.11

2015 Full Year Financial Guidance

	2014	2015
YE Net Sales Area (km²)	171	175
Net Sales (TL mn)	3,016	3,200 – 3,300
Growth (%)	2%	5% - 10%
LFL Growth (%)	-4%	0% - 5%
EBITDA^(*) (%)	2.70%	2.5% - 3.0%
CAPEX (TL mn)	62	40

(*) EBITDA excludes Other Income/Expenses

We expect to remain towards the lower end of our guidance band, provided that the deterioration in consumer confidence comes to a halt.

Thank You

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