

Teknosa

We attended Teknosa's analyst meeting to evaluate the company's Q1 2024 financial results, current operations, and future outlook. Teknosa, which introduced consumers in Turkey to the concept of technology retail for the first time, now holds a significant position in the technology retail chain with its extensive store network, [teknosa.com](https://www.teknosa.com), and mobile platforms.

Key takeaways of the meeting

The positive outlook on the operational side continues... Teknosa's sales grew by 28% in the first quarter of 2024 compared to the same period last year, reaching 14,614 million TL, surpassing both Panel and Techonline markets. The marketplace reached 716 sellers and 173,000 SKUs. Gross Merchandise Volume (GMV) grew by 35% compared to the same period last year, reaching 3 billion TL. Although the number of stores decreased from 81 to 79, the sales area was maintained at 105K square meters. Online traffic increased by 12% compared to the same period last year, and the number of store visitors increased by 11% compared to the previous year. As of Q1 2024, Teknosa has 5.1 million customers and 4 million Tekno Club members.

Gross profitability maintained, controlled operational expenses... In the first quarter of the year, Teknosa's gross profit margin improved by 0.2% compared to last year, reaching 11.3%. The ratio of operational expenses to sales was 10.6% due to seasonality. Thanks to maintained gross profitability and controlled operational expenses, EBITDA grew by 27% in the first quarter of 2024, reaching 358 million TL.

Financial expenses pressured net profit... The company reported a net loss of 95 million TL for the first quarter of 2024. Due to the increase in interest rates, credit card commissions were higher compared to the previous year, resulting in increased financial expenses. The ratio of financial expenses (excluding IFRS 16 adjustments) to sales was 2.6% in the first quarter of 2023, but due to the increase in credit card commission rates, this ratio reached 5.6% in 2024.

Panel Market and Techonline Market... Strong demand in categories such as telecom, small home appliances, and consumer electronics, along with increased e-commerce sales and traffic, contributed to Teknosa's revenue growth. White goods and telecommunications supported the growth of the panel market and Techonline.

The company is trading with a market value of 7.5 billion TL and a current P/E ratio of 15.8x. We believe that the negative impact of the Q1 2024 financial results, announced on May 28th, will be limited in the short term. We expect a gradual recovery in the financials starting from this quarter

TKNSA

Share Data

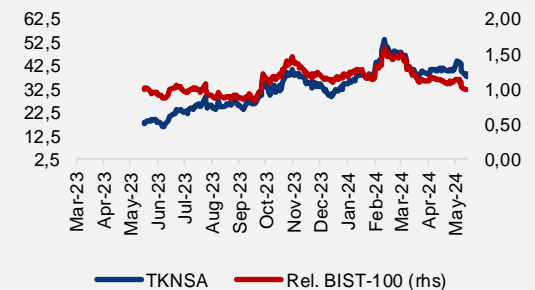
Ticker:	TKNSA TI
Share price (as of 29 May 2024)	37,46
Share price (52 week range)	16 / 53
Market cap. (TL mn - USD mn)	7529,5 - 233,9
# of shares outstanding (mn)	201
Free Float	50%

Avg. trading volume	1M	3M	12M
USD mn	4,5	5,3	8,7

Price performance	1M	3M	Y-t-D
TL	-9%	-26%	26%
USD	-9%	-28%	15%
Rel. to BIST-100	-12%	-35%	-10%

TL mn	2021	2022	2023
Revenues	7.520	32.712	47.322
EBITDA	681	61	1.036
Net Earnings	131	523	748
Net Debt	-500	-1.622	-1.690

Valuation	2021	2022	2023
P/E	57,3x	10,1x	8,7x
P/BV	4,6x	6,8x	4,7x
EV/EBITDA	3,5x	2,4x	9,9x
EV/Sales	0,30x	0,21x	0,14x
Dividend Yield	0,0%	0,0%	0,0%



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Summary (TLmn)

Balance Sheet	2019	2020	2021	2022	2023	Income statement	2019	2020	2021	2022	2023
Cash	37	392	709	2.643	3.151	Revenues	4.137	5.607	7.520	32.712	47.322
Accounts receivables	66	103	156	727	1.072	Gross profit	715	931	1.267	2.848	5.045
Inventory	860	1.057	1.719	5.659	9.622	Operating expenses	539	579	728	3.460	4.805
Other current assets	31	13	39	211	453	Operating profit	175	352	539	-612	240
Current assets	994	1.565	2.624	9.240	14.299	EBITDA	309	470	681	61	1.036
Financial investments	0	0	0	0	0	Other income, net	-141	-32	-152	-365	-939
Net fixed assets	60	60	84	447	865	Financial income, net	-215	-208	-248	1.636	1.752
Intangible assets	36	40	50	214	283	Earnings before taxes	-180	111	139	659	1.053
Other non-current assets	423	295	243	1.080	1.456	Tax expense	-29	26	8	136	305
Non-current assets	518	395	378	1.741	2.604	Net earnings - Parent	-151	86	131	523	748
Total assets	1.513	1.961	3.001	10.981	16.903	Cashflow statement					
Short-term financial loans	190	468	96	587	960	EBITDA	309	470	681	61	1.036
Accounts payables	1.233	1.386	2.428	7.515	11.407	Taxes on EBIT	28	82	31	-126	70
Other short-term payables	59	89	103	473	916	Capital expenditures	36	37	70	336	578
Current liabilities	1.482	1.944	2.627	8.575	13.283	Chg. in NWC	-53	32	-314	-774	215
Long-term financial loans	273	168	113	434	501	Free cashflows to firm	297	319	894	626	174
Other long-term payables	10	14	18	130	164	Growth & margins					
Non-current liabilities	283	182	131	564	666	Revenues	19%	36%	34%	335%	45%
Shareholders' equity	-252	-166	243	1.842	2.954	EBITDA	99%	52%	45%	-91%	1591%
Parent company	-252	-166	243	1.842	2.954	Net earnings	133%	-157%	54%	298%	43%
Minorities	0	0	0	0	0	Gross margin	17,3%	16,6%	16,8%	8,7%	10,7%
Total liabilities & equity	1.513	1.961	3.001	10.981	16.903	Operating margin	4,2%	6,3%	7,2%	-1,9%	0,5%
Net debt	426	244	-500	-1.622	-1.690	EBITDA margin	7,5%	8,4%	9,1%	0,2%	2,2%
Net working capital	-334	-302	-617	-1.391	-1.176	Net margin	-3,7%	1,5%	1,7%	1,6%	1,6%
Net working capital (Operating)	-306	-227	-553	-1.129	-713	Free cashflow margin	-3,7%	1,5%	1,7%	1,6%	1,6%
Invested Capital	-239	-202	-482	-730	-28	Per share (TL)					
Ratios						EPS	-0,75	0,43	0,65	2,60	3,72
Profitability						BVPS	-1,25	-0,82	1,21	9,16	14,70
ROE	85,2%	-41,0%	339,5%	50,2%	31,2%	DPS	0,00	0,00	0,00	0,00	0,00
Net margin	-3,7%	1,5%	1,7%	1,6%	1,6%	Valuation					
Asset turnover	3,6x	3,2x	3,0x	4,7x	3,4x	P/E	n.m.	88,0x	57,3x	10,1x	8,7x
Leverage	-6,4x	-8,3x	64,1x	6,7x	5,8x	P/BV	0,00x	0,00x	4,57x	6,80x	4,69x
ROA	-13,3%	4,9%	5,3%	7,5%	5,4%	EV/EBITDA	2,2x	4,3x	3,5x	2,4x	9,9x
ROIC	-69,5%	-127,7%	-125,9%	80,7%	-50,6%	EV/Sales	0,12x	0,31x	0,30x	0,21x	0,14x
Leverage						Dividend Yield	0,0%	0,0%	0,0%	0,0%	0,0%
Financial debt/Total assets	31%	32%	7%	9%	9%	Free cashflow yield	101,0%	37,5%	62,4%	26,4%	3,5%
Net debt/Equity	-1,69	-1,48	-2,06	-0,88	-0,57						
Net debt/EBITDA	1,38	0,52	-0,74	-26,46	-1,63						

Source: Bloomberg, Tacirler Investment

* All figures are stated in millions of TL unless otherwise stated.

TKNSA - TL mn	2023/1Q	2023/2Q	2023/3Q	2023/4Q	2024/1Q	y/y
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Revenue	11.418	7.831	10.409	22.460	14.614	28%
EBITDA	283	524	943	-1.056	358	27%
Net profit	291	157	293	156	-95	-
EBITDA Margin	2,5%	6,7%	9,1%	-4,7%	2,5%	0 pps
Net Margin	2,5%	2,0%	2,8%	0,7%	-0,6%	-3,2 pps

Important Disclosures

Rating Methodology

Stock ratings are based on absolute return potential of the stock, which is defined as the percentage change in target price from the current share price. All recommendations and target prices are set with a 12-month horizon. Target prices are set by using one or more of the following methodologies: DCF, Net Asset Valuation, sum of the parts model and multiple comparison.

Rating Definition

Strong Buy: The stock is expected to generate a return of more than 25% in TL terms.

Buy: The stock is expected to generate a return of 15-25% in TL terms.

Hold: The stock is expected to generate a return of less than 15% in TL terms.

Sell: The stock is expected to generate a negative return within the forecast horizon.

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