

TEKNOSA

Consumer Electronics Retail

BUY

Target Price: TRY 85.83 (+90%)

TECHNO RAVE

Previous Target Hit and Valuation Update

By the end of January 2024 Teknosa's stock reached its target price of TRY 40.18, generating approximately 95% return to its shareholders in one year. We believe that such performance was backed by outstanding results achieved throughout the year, including surged revenues (+130% y/y for the first 9 months), stabilized margins, and solid financial condition. With this updated valuation report we continue our coverage of Teknosa as we expect its stock to grow further, bringing more value to shareholders.

Hedge Against Inflation

During inflationary times, the retail segment acts as a safe harbor for investors due to its ability to transfer increased costs onto consumers, supporting its operating margins and profitability. Consumer electronics (CE) products are considered discretionary; however, continuous innovation and new product launches drive sales even in inflationary periods. Moreover, expectations of future price increases might stimulate current consumption even more.

Omnichannel Business

TKNSA's strength lies in its sales channel diversification as it operates classic physical stores and develops a modern CE e-commerce platform. In the context of the rapid growth of online sales, which were boosted during the COVID-19 pandemic, this approach opens a wide spectrum of growth opportunities, allowing the company to attract new customers and build a sound multiformat brand name.

Relative and Fundamental Undervaluation

We compared Teknosa with its direct peers, famous CE retailers (Fnac, Ceconomy, and Currys), and expanded sample with some classic retailers and large e-commerce platforms (Amazon, Walmart, Hepsiburada, etc.). The comparison indicated substantial discounts on major multiples (FWD24 EV/EBITDA - 66%, P/E - 46%), despite TKNSA's superior performance and stable financial position.

Fundamental valuation, based on DCF modeling, also revealed a more conservative upside potential of approximately 73%, which is still very attractive.

Summary

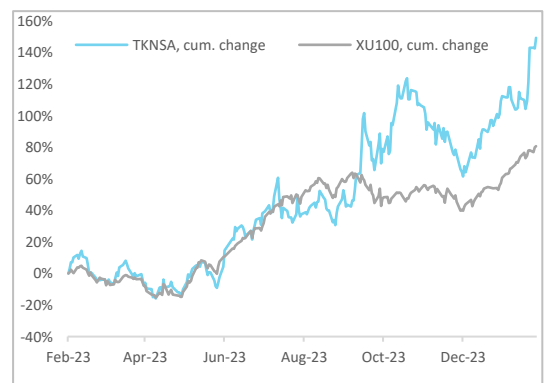
Overall, we issue another BUY recommendation on TKNSA with an updated 12M target price of TRY 85.83 per share, which implies a 90% upside potential. This target price follows from the implied fair value estimate of TRY 16.25 bn. Forward FY24 EV/EBITDA and P/E multiples are 1.69x and 6.45x, respectively.

TKNSA	TRY	USD
Share Price	45.14	1.46
Target Price	85.83	
Potential	90%	
Market Cap. (mn)	9,073	294
Target Market Cap. (mn)	17,253	
Enterprise Value (mn)	7,811	248
Free float	50%	
Weekly Return	20%	
Monthly Return	29%	
YY Return	148%	

Highlights	2022	TTM
Revenue (TRY mn)	17,441	31,514
Revenue growth	132%	136%
EBITDA growth	110%	117%
Net Profit growth	299%	79%
EBITDA Margin	8.2%	8.2%
Net Profit Margin	3.0%	2.5%
ROA	11.8%	10.4%
ROE	113.8%	84.7%

Debt (TRY mn)	2022	2023/09
Total Debt	620	921
Cash & Equivalents	1,604	2,183
Net Debt	-984	-1,262
Net Debt / EBITDA	-0.69	-0.49

Valuation Multiples	2022	TTM
EV/Sales	0.25	0.25
EV/EBITDA	3.04	3.02
P/S	0.31	0.29
P/B	7.00	6.77
P/E	10.15	11.57



Investment Thesis

During times of macroeconomic turmoil, equity of the retail sector businesses may serve as a safe harbor for investors, protecting them from inflation hikes and uncertainty. Teknosa, being the only company in the consumer electronics retail sector in Turkey with equity publicly available on the BIST exchange, could represent such an investment opportunity.

Teknosa is supported by a significant shareholder – Sabanci Holding, one of Turkey's largest industrial and financial conglomerates. Sabanci Holding controls a large stake in major companies, including Akbank, Enerjisa, and Cimsa, lending considerable credibility and stability to Teknosa.

We continue our coverage of TKNSA and raise the 12-month target price to TRY 85.83 per share, with 90% expected upside potential. The previous target price of TRY 40.18 was reached recently, generating approximately 95% return.

Our confidence in TKNSA is rooted in its robust financial performance, impressive potential for fundamental value growth (as indicated by DCF modeling), and key valuation multiples that are discounted relative to its main industry peers.

Catalysts

1. Omnichannel business: classic brick-and-mortar stores and developing e-commerce platform.
2. Stable operating margins, and superior EBITDA margin.
3. Strong financial position allows to raise debt at a lower cost in future.
4. Discounted multiples (EV/Revenue, EV/EBITDA, P/E), and fundamental valuation upside potential.
5. Expected stabilization in Turkey's economy should favorably affect CE demand, supporting the top-line.

Risks

- Extended macroeconomic turmoil affects costs of imports and purchasing power of domestic consumers.
- Global CE market slowdown, and global chip shortage in post-COVID economy.
- Recent difficulties with the world cargo shipping, negatively affecting availability of some products and costs.
- Potential limitations in consumer loans and installment plans in Turkey as part of counter-inflation policy.

Company Background

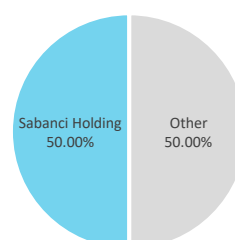
Teknosa İç ve Dis Ticaret Anonim Sirketi was founded in 2000 and, since then, became one of the leading and well-known consumer electronics retailers in Turkey. Teknosa offers a wide range of products, including smartphones, laptops, tablets, home appliances, and other electronic gadgets.

The company's revenue streams from 2 channels: Retailing (95%) and Iklimsa (5%). Retailing segment operates through the physical stores network (85% of revenue, 3Q report), and the e-commerce platform that generates approximately 10% of revenue. There are 184 stores in 64 cities, a total commercial area of 105 thousand sqm.

Shareholders

The major shareholder of Teknosa is Haci Omer Sabanci Holding A.S. (50% equity share) is one of the leading conglomerates in Turkey, with its operations in banking, financial services, energy, industrial, and retail sectors. Another 50% of equity is in free float, providing a high degree of liquidity.

Shareholder Structure



Source: Company Information

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A. Industry Overview

Consumer Electronics

Consumer electronics (CE) refers to a range of electronic devices that are widely used in everyday life, enhancing our productivity. The market provides customers and end-users with a broad range of gadgets and appliances: smartphones, PCs, drones, cameras, gaming consoles, white goods (major household appliances like refrigerators and washing machines), etc. The key market players and producers are worldwide-known companies such as: Apple, Samsung, Sony, Lenovo, LG, etc.

CE Market Outlook and Online Sales Evolution

The COVID-19 pandemic boosted sales of various CE products, including gaming consoles, tablets, personal computers, and laptops. Total market sales peaked at an all-time-high of ~1.06 trillion USD (+7.4%) in 2021.

At the same time, worldwide stay-at-home restrictions fueled sales volume on many e-commerce platforms. In 2021, the share of CE Online purchases peaked at 33.3%. Later, in 2022, the share rolled back slightly, as the restrictive policies got canceled, yet it never reverted to the pre-pandemia level completely.

As per 2023, the global CE market amounted to 1.05 trillion USD, with the largest sector being Telephony. In post-pandemic times an overall decline was spotted due to market oversaturation, global chip shortages, and macroeconomic turmoil caused by inflation hikes. Recovery is expected to begin in 2025, the global market revenue is estimated to grow at a 3.0% CAGR until 2028.

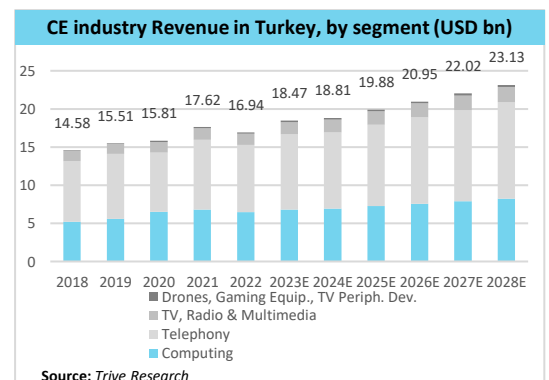
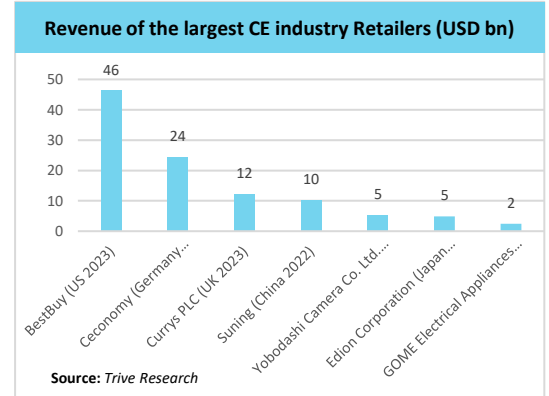
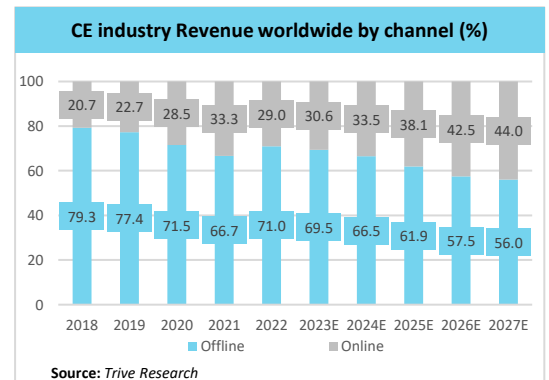
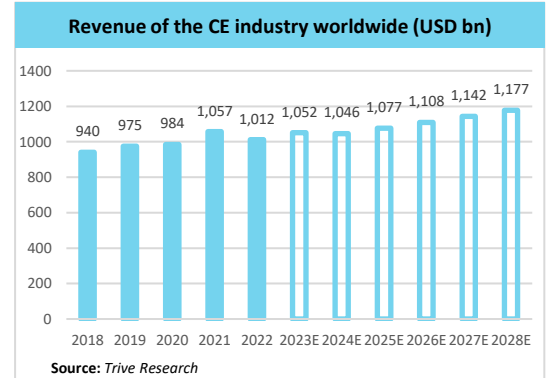
Speaking of Turkey, the total CE revenue in 2023 is estimated around 18.5 billion USD, and it is expected to grow with a 4.6% CAGR up to 23.1 billion USD in 2028. The share of Online sales currently is around 43.1%.

CE Retail Globally and in Turkey

Distribution and delivery of goods to the end users is an important part of any industry. As such, many CE producers distribute products through their own branded shop networks (Apple, Samsung, Sony, etc.). This, however, complicates business processes, and requires additional resources - here the turn comes to specialty retailers.

The largest global CE specialized retailers are: Best Buy, Ceconomy (MediaMarkt), Currys, Suning, and Fnac. A big stake of sales belongs to the e-commerce platforms: Amazon, Alibaba, and JD.com. Finally, there are old-school giant retailers such as Walmart and Costco, which operate both physical stores and online shopping platforms, providing various goods, including electronics.

Speaking of domestic market, Teknosa is not the only CE specialized retailer in Turkey. The competition is driven by a privately held Vatan Bilgisayar and the above-mentioned MediaMarkt that belongs to a German international retail company Ceconomy AG. Major e-commerce rivals are: Hepsiburada (since 2001), Trendyol (since 2010), N11 (since 2012), and Amazon Turkey (started its operations in 2018).



B. Financial Highlights

Sales Dynamics

Despite an overall slowdown of the consumer electronics sector in post-pandemic years, Teknosa delivered an exceptionally strong performance in 2023. The cumulative 9M23 **Revenue** amounted to TRY 24.86bn, a 130.4% growth (+12.5pp y/y) over the previous year. To compare, CPI increased by 61.53% as of September 2023.

The achieved topline performance outran inflation approximately 2 times. Despite that it is reasonable to expect further momentum in inflation-beating dynamics in 2024, we expect a normalization of growth rates and a reversal to industry averages in the longer term.

Operating Margins

Cumulative **Gross Margin** decreased to 17.0%, losing 0.5pp relative to the previous year. However, the most recent quarter demonstrated the best year performance, reaching 17.6%.

EBITDA Margin of 9M23 reached 8.4%, while the 3Q figure of 9.1% beat last year's margin by 0.6pp.

Net Profit amounted to TRY 0.59bn. 3Q **Net Margin** reached 2.8%, the highest in 2023, pulling the cumulative margin to 2.4%.

Earnings Per Share (EPS) for the 9-month period totaled TRY 2.94. The TTM EPS equals TRY 3.90.

Overall, it looks that the operating margins are experiencing some kind of consolidation around the current levels. However, it is worth warning about a potential drop in margins in the upcoming quarterly results and onwards. This will be caused by new inflation accounting policies, which must be implemented in financial statements starting from 4Q23.

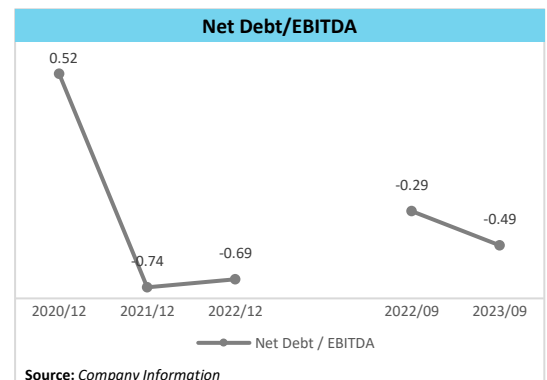
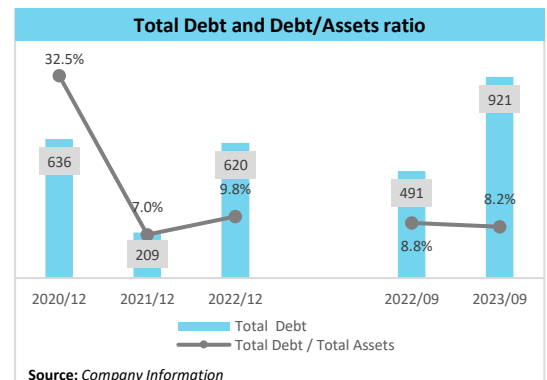
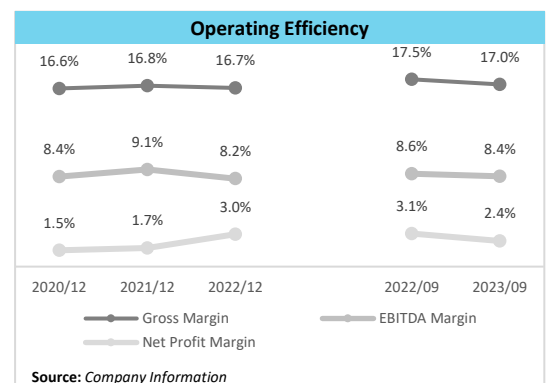
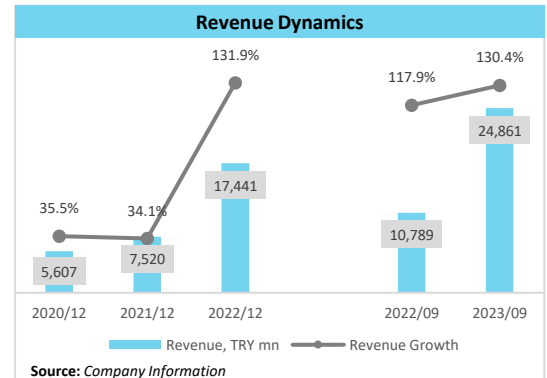
Financial Condition and Liquidity

The company holds a strong balance sheet as of 3Q23 end. Total Debt reached TRY 0.92bn, while the **Debt-to-Asset** ratio decreased to 8.2%. The Net Cash & Equivalents position is TRY 1.26bn. The **Net Debt/EBITDA** ratio fluctuates around 0, currently equal to -0.49x. **Liquidity ratios** are stable and in line with industry leaders.

Valuation and Returns

Currently TKNSA is traded at 3.02x and 11.57x EV/EBITDA and P/E multiples, which is somewhat above the 3Y historical averages of 2.62x and 10.28x respectively (Section H). However, we believe that the current valuation is below the fair levels, which is confirmed by relative valuation (see sections D and F).

Lastly, our estimated 2024E forward multiples of 1.69x and 10.28x, presented in DCF Valuation (Section E), are below the above-mentioned historical levels. A potential upside in share price, other things being equal, ranges from ~47% to ~55%.



C. Key Value Drivers

Hedging Against Inflation

Even though CE are generally considered discretionary purchases, continuous innovation and new product launches can drive sales even in inflationary times. Equity of such companies could be a good hedge against inflation. Additionally, expectations of future price increases might stimulate current consumption even more, which is indirectly confirmed by historical inflation and revenue dynamics of TKNSA.

Teknosa of New Generation

Since 2019 Teknosa is running its “New Generation Transformation” program targeting to become a digital-first omnichannel retailer with strong physical presence and an advanced e-commerce platform. Development of both formats attracts new customers, improves customer experience, empowers Teknosa’s brand recognition and builds customers’ loyalty.

According to the provided guidance, total CAPEX for FY23 is expected to reach TRY 0.5 bn, 40% of it would be spent on Stores and Logistics and 60% on Information Technology. It is planned to grow CAPEX even more, in FY24 it is expected to reach TRY 1.0 bn.

Better in-store experience

Traditional physical retail shops provide customers with the tangible experience of interacting with products and sales staff, which can be crucial in certain types of retail, especially electronics.

According to its transformation program, TKNSA is aiming to boost customer experience by maximizing in-store engagement with various advancements and store upgrades, such as: informational touchscreens, self-checkout terminals, experience spaces, digital labeling, and special sections for disabled customers.

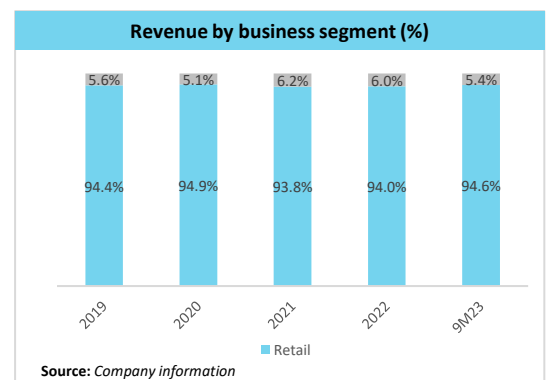
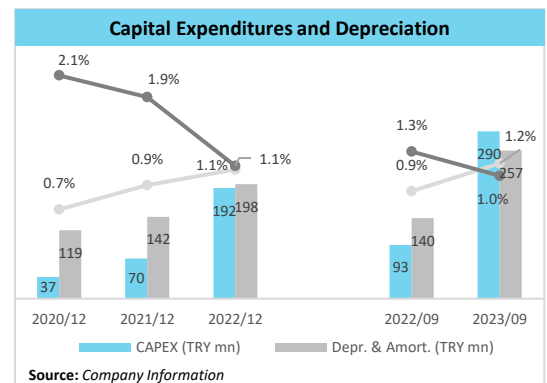
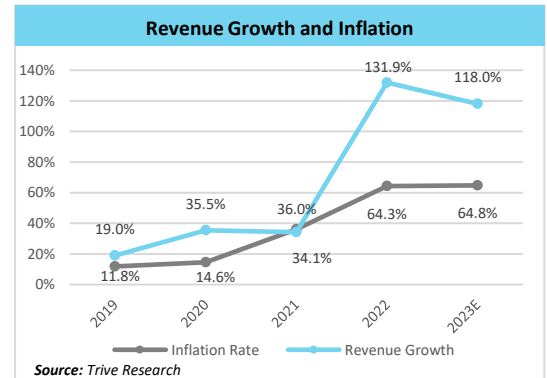
Online Segment Boom

It is expected by the company that the e-commerce gross merchandise value (GMV) will double in 2024, growing from TRY 7.5 bn to TRY 15.0 bn.

Development of a specialized e-commerce platform will diversify business and improve margins. We could, probably, expect movement in TKNSA’s margins closer to those of Amazon, Alibaba, and Jd.com. However, this is not a perfectly fair comparison, as these e-commerce platforms provide a broader range of products and more advanced ecosystem (warehouses, logistics, cloud services).

Other Growth Opportunities

Teknosa’s subsidiary Iklimsa (Heating-Cooling Systems) launched Solar Energy Systems Operations in 2022. Currently, the sales share is very low, however, it has a potential to expand on the back of synergies with wide dealer and service network, expertise, and client pool in the A/C sector.



D. Valuation Summary

We continue our coverage of TKNSA and raise the 12-month target price to TRY 85.83 per share, with 90% expected upside potential.

The target price estimate is a blended, weighted average, result of 2 valuation techniques: Relative valuation and DCF Valuation. Each technique produces its own target price estimate. The sensitivity table of target price and upside potential to each valuation approach is presented in the corresponding section below.

Relative Valuation

The peer sample consists of 11 companies. BBY, CEC, FNAC, and CURY have very similar business nature to TKNSA and belong to the CE retail segment. COST and WMT are taken as representatives of the broader retail segment. Finally, as TKNSA's online sales share increases, we expanded the sample with the adjacent e-commerce sector peers, such as Amazon, Alibaba, and Hepsiburada.

As for now, the majority of TKNSA's multiples, present (TTM) and forward-looking, are discounted relative to medians (Section F). This is coupled with superior EBITDA margin performance, and stronger revenue growth in real terms. Our blended relative valuation on forward multiples indicates a 108% upside potential.

DCF Valuation

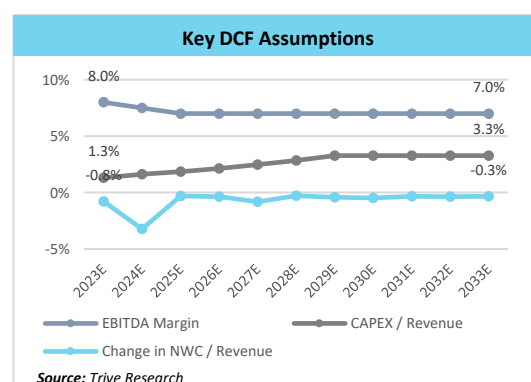
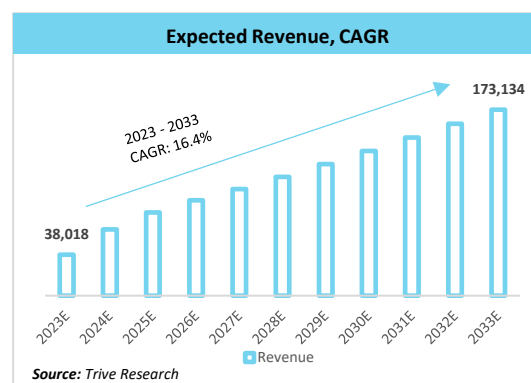
Revenue estimate for 2023E, requires us to project only the 4Q figure, which we expect to grow by 26.4% on a q/q basis (TRY 13.16 mn), leaving us with Total Revenue of TRY 38.02 mn in FY2023. The real growth of Revenue converges to the expected GDP's real growth rate by 2027 and stays identical in further years.

EBITDA margin assumptions are in line with the company's guidance (2023E and 2024E) of "high single digit" – 8.0% and 7.5%. For the years beyond FY24, it is set at the lowest value of the provided short-term guidance (~7.0%) to account for a potential cut in margins due to new 'inflation accounting' reporting standards. Unexpected spikes in the EBITDA margin would positively affect valuation.

Depreciation & Amortization for 2023 is set according to the 12-trailing months Depreciation/Revenue ratio. For further years we are using a 5-year rolling average figure; the same approach is applied for the **Net Working Capital** estimation (5Y av. NWC/Revenue).

Capital Expenditures for the next two years are set according to company's guidance: TRY 0.5 bn (2023E) and TRY 1.0 bn (2024E). Despite the ratio's historical fluctuation around 1%, we expect further growth up to 3.3% (e-commerce subsample median) by 2027.

Floating **WACC** approach is applied. Turkey's 2Y government bonds yield used as a **risk-free rate** proxy and continuously smoothed until the terminal year. **Terminal growth rate** is set at 5% (expected inflation). **Discount factors** are adjusted according to the assumption that fiscal year's FCFs are realized in the end of the 3Q. All present values are carried one year forward in accordance with the 12-months target price logic.



Valuation Method	Weight	Fair Value	Target Price
DCF	50%	15,674	77.98
Rel. Val. (blended)	50%	18,831	93.69
Target Price		17,253	85.83
Current Price (TRY)			45.14
Potential (%)			90%
Shares Outst. (mn)			201
Fair Value (TRY mn)			17,253
Market Cap. (TRY mn)			9,073

Source: Trive Research

E. DCF Valuation

All values in million Turkish Lira unless stated otherwise

TRY mn	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue	38,018	61,563	77,525	88,727	99,350	110,731	122,548	134,746	147,276	160,087	173,134
Revenue Growth	118.0%	61.9%	25.9%	14.5%	12.0%	11.5%	10.7%	10.0%	9.3%	8.7%	8.2%
Real Revenue Growth	32.3%	17.3%	9.3%	5.0%	3.2%	3.2%	3.2%	3.1%	3.1%	3.0%	3.0%
EBITDA	3,041	4,617	5,427	6,211	6,954	7,751	8,578	9,432	10,309	11,206	12,119
EBITDA Growth	113%	52%	18%	14%	12%	11%	11%	10%	9%	9%	8%
EBITDA Margin	8.0%	7.5%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
EBIT	2,661	3,791	4,528	5,175	5,740	6,441	7,119	7,816	8,555	9,295	10,051
EBIT Growth	116%	42%	19%	14%	11%	12%	11%	10%	9%	9%	8%
EBIT Margin	7%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Tax (-)	430	948	1,132	1,294	1,435	1,610	1,780	1,954	2,139	2,324	2,513
Effective Tax Rate	16%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
NOPAT	2,231	2,844	3,396	3,881	4,305	4,831	5,339	5,862	6,416	6,971	7,538
NOPAT Growth	93%	27%	19%	14%	11%	12%	11%	10%	9%	9%	8%
NOPAT Margin	5.9%	4.6%	4.4%	4.4%	4.3%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
D&A (+)	380	826	899	1,036	1,215	1,310	1,460	1,616	1,754	1,911	2,068
D&A / Capex	76%	83%	62%	54%	49%	42%	36%	37%	36%	36%	36%
D&A / Revenue	1.0%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Change in NWC (-)	-299	-1,984	-229	-322	-814	-308	-514	-614	-491	-570	-586
Change in NWC / Revenue	-0.8%	-3.2%	-0.3%	-0.4%	-0.8%	-0.3%	-0.4%	-0.5%	-0.3%	-0.4%	-0.3%
Net Working Capital (NWC)	-1,153	-3,137	-3,366	-3,688	-4,502	-4,810	-5,323	-5,937	-6,428	-6,998	-7,585
NWC / Revenue	-3.0%	-5.1%	-4.3%	-4.2%	-4.5%	-4.3%	-4.3%	-4.4%	-4.4%	-4.4%	-4.4%
CAPEX (-)	500	1,000	1,449	1,909	2,460	3,155	4,019	4,419	4,829	5,249	5,677
CAPEX / Revenue	1.3%	1.6%	1.9%	2.2%	2.5%	2.8%	3.3%	3.3%	3.3%	3.3%	3.3%
CAPEX / EBITDA	16%	22%	27%	31%	35%	41%	47%	47%	47%	47%	47%
Free Cash Flow	2,410	4,653	3,075	3,330	3,874	3,293	3,294	3,674	3,832	4,203	4,516
FCF / Revenue	6%	8%	4%	4%	4%	3%	3%	3%	3%	3%	3%
FCF / EBITDA	79%	101%	57%	54%	56%	42%	38%	39%	37%	38%	37%

Free Cash Flow (Remainder)	0	1,163	3,075	3,330	3,874	3,293	3,294	3,674	3,832	4,203	4,516
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WACC Calculation:

Risk Free Rate	43.3%	37.2%	31.9%	27.4%	23.5%	20.2%	17.4%	14.9%	12.8%	11.0%
Beta	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
Risk Premium	21.6%	18.6%	16.0%	13.7%	11.8%	10.1%	8.7%	7.5%	6.4%	5.5%
Cost of Equity	67.6%	58.0%	49.8%	42.8%	36.8%	31.6%	27.1%	23.3%	20.0%	17.2%
Cost of Debt After Tax	50.7%	43.5%	37.4%	32.1%	27.6%	23.7%	20.3%	17.5%	15.0%	12.9%
Equity Percentage	90.8%	90.8%	90.8%	90.8%	90.8%	90.8%	90.8%	90.8%	90.8%	90.8%
Debt Percentage	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
WACC	66.0%	56.7%	48.7%	41.8%	35.9%	30.8%	26.5%	22.8%	19.5%	16.8%

Present Value Calculation:

Cumulative Discount Factor (1Y FWD)	1.22	0.78	0.52	0.37	0.27	0.21	0.16	0.13	0.11	0.10
Discounted FCF (1Y FWD)	0	1,417	2,390	1,741	1,428	893	683	602	511	469

PV of FCF's (1Y FWD) 10,566

Terminal Growth 5.0%

Terminal Value 40,228

PV of Terminal Value (1Y FWD) 3,846

Enterprise Value (1Y FWD) 14,412

Net Debt -1,262

Fair Value (1Y FWD) 15,674

Shares Outstanding (mn) 201

12M Target Price (TRY) 77.98

Current Stock Price (TRY) 45.14

Potential (%) 73%

Implied Multiples	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
EV/Sales	0.21	0.13	0.10	0.09	0.08	0.07	0.06	0.06	0.05	0.05	0.05
EV/EBITDA	2.57	1.69	1.44	1.26	1.12	1.01	0.91	0.83	0.76	0.70	0.64
P/E	11.40	6.45	4.75	4.49	3.90	3.47	3.18	2.87	2.63	2.42	2.24

Source: Trive Research

F. Relative Valuation

Company	Ticker	Country	Market Cap. (USD mn.)	EV/Revenue TTM 2023E 2024E	EV/EBITDA TTM 2023E 2024E	P/E TTM 2023E 2024E	EBITDA Margin (%) TTM 2023E 2024E	Net Margin (%) TTM 2023E 2024E	CAPEX/ Revenue (%)	Net Debt/ EBITDA	ROA (%)	ROE (%)
Teknosa İç ve Dış Ticaret	TKNSA	Turkey	294	0.25 0.21 0.13 -44% -54% -72%	3.02 2.57 1.69 -45% -50% -66%	11.57 11.40 6.45 -25% -5% -46%	8.22 8.00 7.50 -12% 31% 19%	2.49 2.09 2.28 -6% -32% -24%	1.23 -30%	-0.49 -185%	10.37 65%	84.70 328%
Premium (+)/Discount (-)												
Retail Median				0.44 0.45 0.46	7.39 7.17 7.30	18.66 12.03 11.95	6.02 6.13 6.26	2.39 2.75 2.79	1.65	1.32	8.00	27.37
E-Commerce Median				0.67 0.68 0.59	3.55 5.13 4.20	12.31 12.08 13.48	15.81 12.99 13.56	6.61 4.95 5.39	3.28	-2.47	5.95	14.42
Global Median				0.44 0.45 0.46	5.50 5.14 5.00	15.40 12.03 11.95	9.36 6.13 6.29	2.65 3.06 2.99	1.75	0.57	6.29	19.79
Retail												
BEST BUY CO INC	BBY:US	US	15,965	0.44 0.45 0.46	7.39 7.17 7.30	12.51 12.03 11.95	6.02 6.22 6.26	2.93 3.06 3.15	1.94	1.29	8.00	44.84
CECONOMY AG	CEC:DEX	Germany	1,067	0.12 0.12 0.12	3.42 2.81 2.65	7.24 5.96	3.54 4.26 4.45	-0.18 0.60 0.72	0.79	1.71		
FNAC DARTY SA	FNAC:FR	France	723	0.31 0.31 0.30	2.03 4.71 4.41	7.95 7.10	15.09 6.52 6.84	-1.89 1.07 1.18	1.65	9.80		
CURRYS PLC	CURY:GB	UK	944	0.22 0.22 0.24	1.18 3.88 4.03	18.66 8.78 7.78	18.51 5.78 5.92	0.43 0.95 1.14	0.90	2.56	0.64	2.13
JB HI FILTD	JBH:AU	Australia	4,648	0.76 0.75 0.73	9.63 8.34 8.27	15.40 16.84 16.88	7.86 9.05 8.84	4.83 4.40 4.25	0.78	0.20	13.02	31.28
COSTCO WHOLESALE COR	COST:USN	US	320,825	1.27 1.23 1.15	29.81 27.61 25.25	49.23 46.02 42.53	4.27 4.46 4.57	2.65 2.75 2.79	1.75	-0.81	9.52	27.37
WALMART INC	WMT:USY	US	467,641	0.81 0.78 0.75	13.53 12.77 11.93	30.15 24.57 22.31	6.00 6.13 6.29	2.39 2.83 2.99	3.14	1.32	6.18	19.79
E-Commerce												
AMAZON.COM INC	AMZN:USN	US	1,751,209	3.13 2.80 2.51	20.86 13.60 11.66	57.56 41.02 31.84	15.01 20.61 21.53	5.29 6.65 7.67	8.37	0.57	6.29	17.81
ALIBABA GROUP HOLDING	9988:HK	China	191,292	1.07 1.08 1.00	5.50 5.14 5.00	13.45 8.45 8.22	19.43 20.96 19.93	10.82 17.34 16.47	3.74	-2.70	5.61	9.98
JD.COM INC	9618:HK	China	37,985	0.14 0.15 0.14	1.54 3.77 3.39	11.17 8.10 7.63	9.36 3.89 4.06	2.22 3.12 3.11	1.61	-4.70	4.07	11.02
D-MARKET ELECTRONIC SI	HEPS:USN	Turkey	482	0.27 0.28 0.19	1.60 5.12 2.62	6.24 15.71 18.75	16.61 5.37 7.19	7.92 3.25 1.87	2.82	-2.23	15.14	64.00

Source: Equity RT and Trive Research

Forward Valuation

EV/Revenue based Fair Value	
Revenue, 24E (TRY mn)	61,563
Median EV/Sales, 24E	0.46
Net Debt, 9M23	-1,262
Implied Fair Value (TRY mn)	29,377
Shares Outstanding (mn)	201
Implied Share Price (TRY)	146.15
Current Price (TRY)	45.14
Potential (%)	224%

Source: Trive Research

EV/EBITDA based Fair Value	
EBITDA, 24E (TRY mn)	4,617
Median EV/EBITDA, 24E	5.00
Net Debt, 9M23	-1,262
Implied Fair Value (TRY mn)	24,367
Shares Outstanding (mn)	201
Implied Share Price (TRY)	121.23
Current Price (TRY)	45.14
Potential (%)	169%

Source: Trive Research

P/E based Fair Value	
Net Income, 24E (TRY mn)	1,406
Median P/E, 24E	11.95
Implied Fair Value (TRY mn)	16,807
Shares Outstanding (mn)	201
Implied Share Price (TRY)	83.62
Current Price (TRY)	45.14
Potential (%)	85%

Source: Trive Research

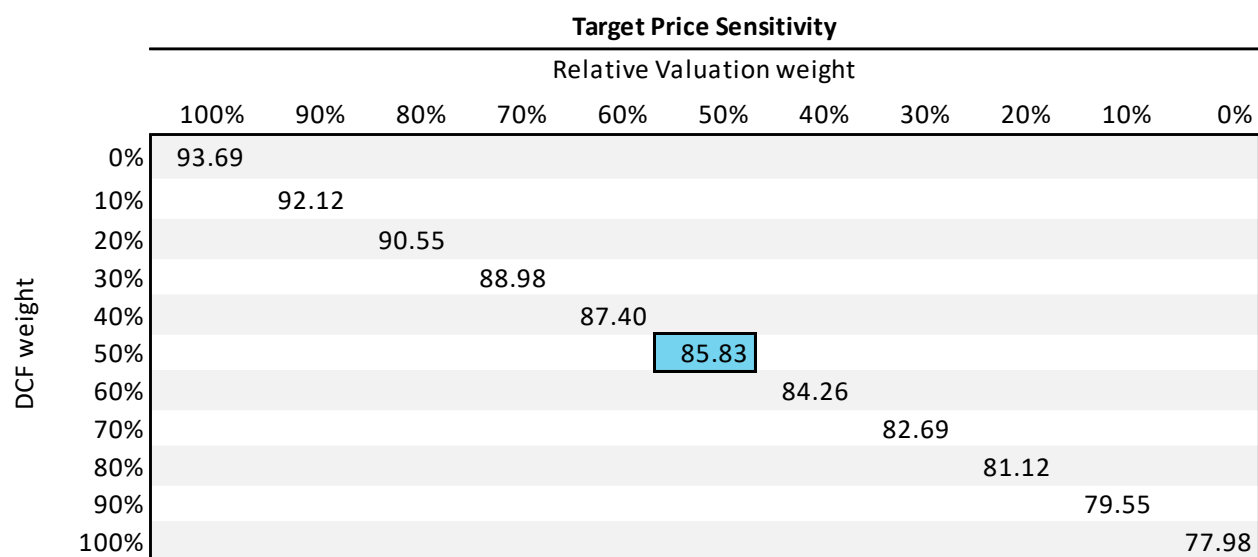
P/B based Fair Value	
Book Value (TRY mn)	1,341
Median P/B	3.56
Implied Fair Value (TRY mn)	4,773
Shares Outstanding (mn)	201
Implied Share Price (TRY)	23.74
Current Price (TRY)	45.14
Potential (%)	-47%

Source: Trive Research

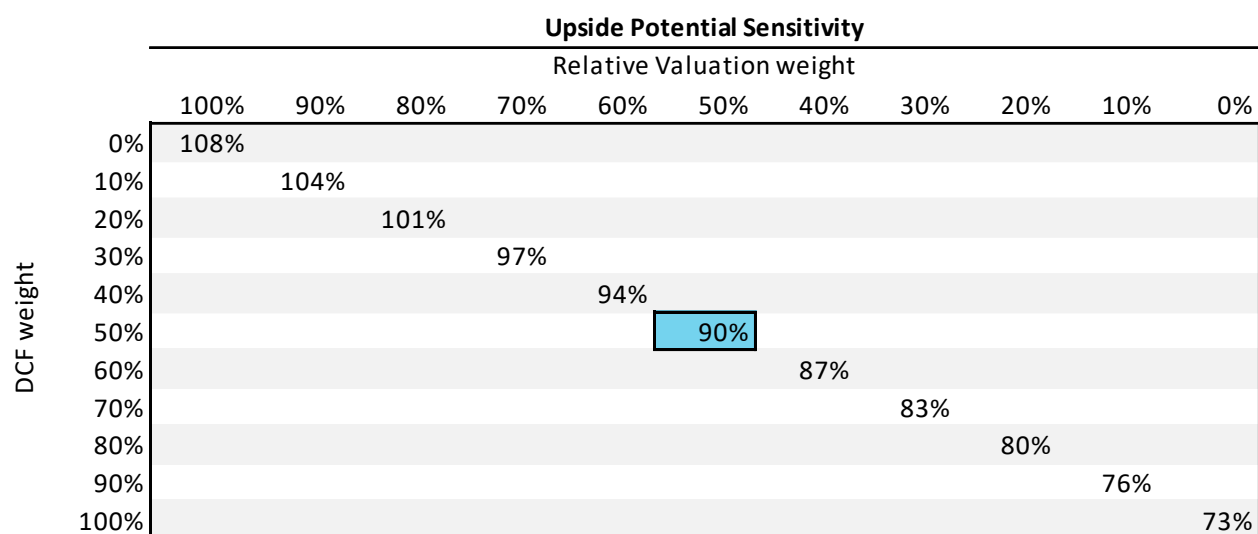
Relative Valuation (blended)	
Implied Fair Value (TRY mn)	18,831
Implied Share Price (TRY)	93.69
Potential (%)	108%

Source: Trive Research

G. Valuation Sensitivity Analysis

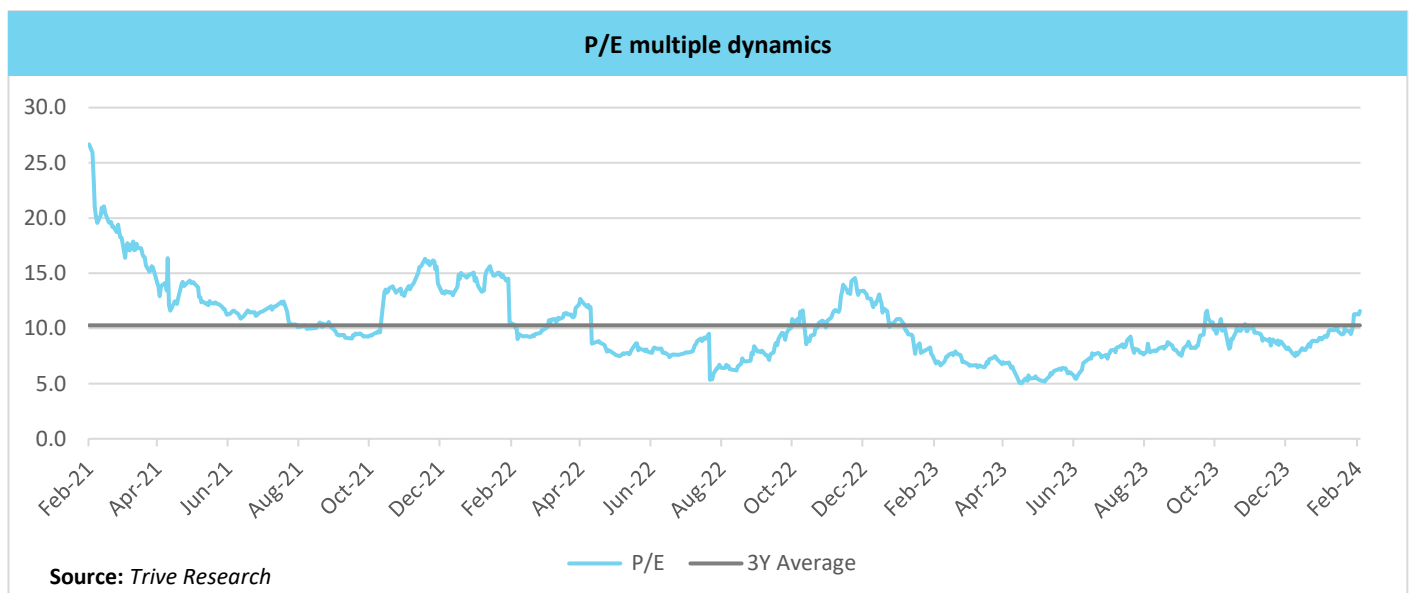
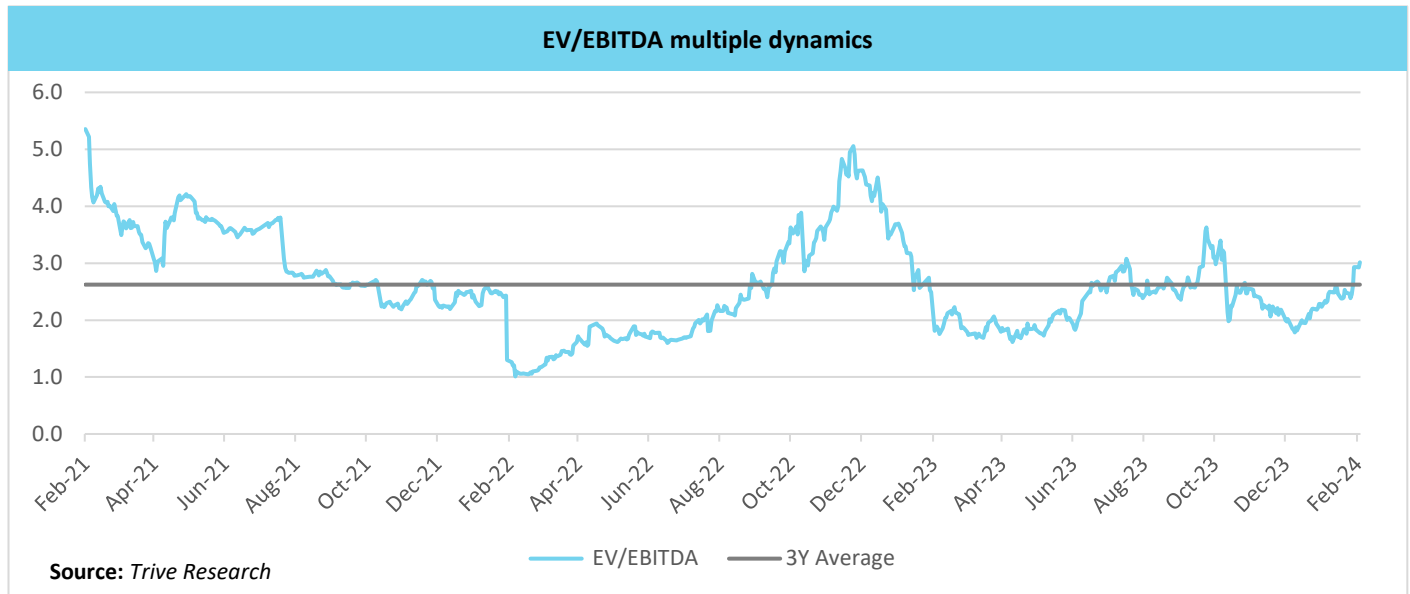


Source: Trive Research

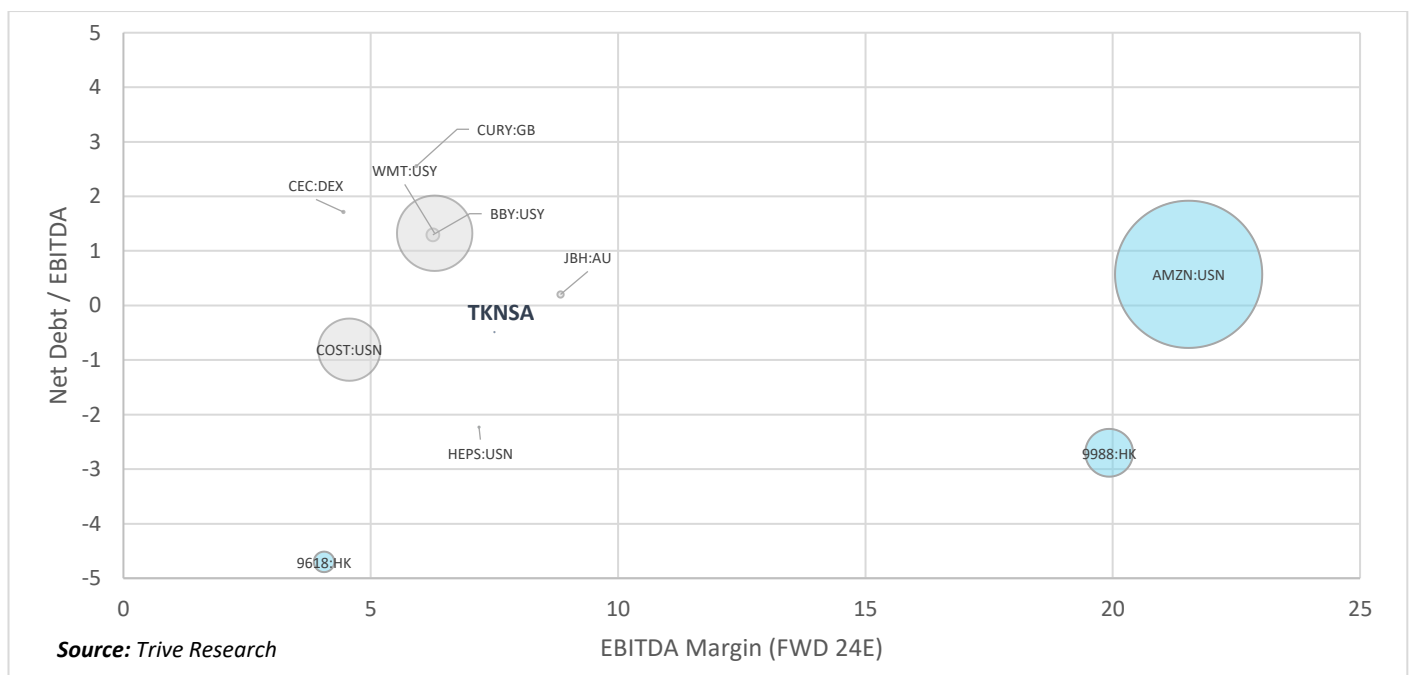
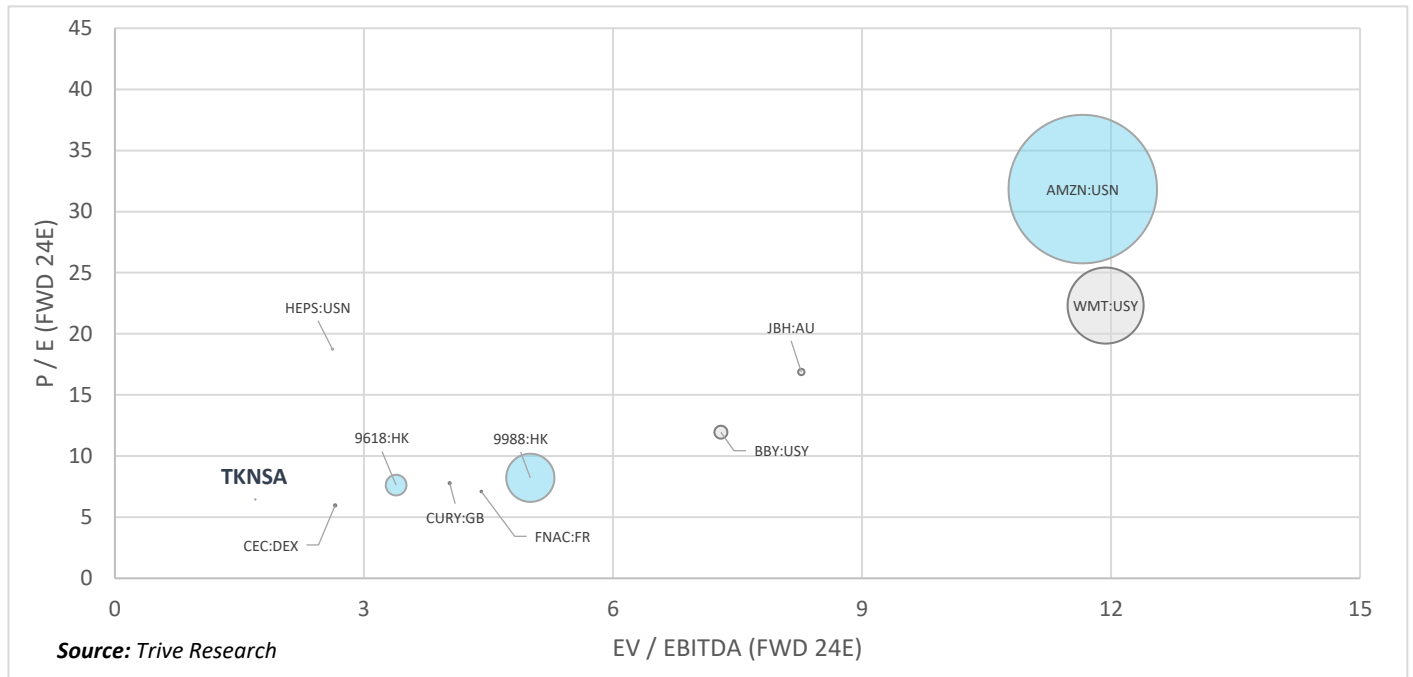


Source: Trive Research

H. Historical Valuation Multiples



I. Market Mapping



J. Financial Summary

	2020/12	2021/12	2022/12	Cumulative		TTM	
				2022/09	2023/09	2022/09	2023/09
TTM Operations (TRY mn)							
Revenue	5,607	7,520	17,441	10,789	24,861	13,357	31,514
Gross Profit	931	1,267	2,904	1,883	4,224	2,335	5,245
EBITDA	470	681	1,429	933	2,093	1,193	2,589
Core Oper. Profit	352	539	1,231	793	1,836	1,013	2,274
Operating Profit	310	368	955	614	1,330	763	1,671
Net Profit	85	131	525	332	591	437	784
Other:							
CAPEX	37	70	192	93	290	129	389
CAPEX / Revenue	0.7%	0.9%	1.1%	0.9%	1.2%	1.0%	1.2%
Depr. & Amort.	119	142	198	140	257	179	315
D&A / Revenue	2.1%	1.9%	1.1%	1.3%	1.0%	1.3%	1.0%
D&A / CAPEX	317.7%	202.5%	103.5%	150.1%	88.5%	138.3%	81.1%
TTM Margins							
Gross Margin	16.6%	16.8%	16.7%	17.5%	17.0%	17.5%	16.6%
EBITDA Margin	8.4%	9.1%	8.2%	8.6%	8.4%	8.9%	8.2%
Core Oper. Margin	6.3%	7.2%	7.1%	7.3%	7.4%	7.6%	7.2%
Operating Margin	5.5%	4.9%	5.5%	5.7%	5.3%	5.7%	5.3%
Net Profit Margin	1.5%	1.7%	3.0%	3.1%	2.4%	3.3%	2.5%
TTM Growth, Y/Y							
Revenue	35.5%	34.1%	131.9%	117.9%	130.4%	94.1%	135.9%
Gross Profit	30.2%	36.1%	129.3%	131.2%	124.4%	102.5%	124.6%
EBITDA	52.5%	44.7%	110.0%	121.6%	124.3%	92.4%	117.1%
Core Oper. Profit	100.7%	53.2%	128.4%	149.2%	131.5%	108.0%	124.3%
Operating Profit	-59.4%	-51.8%	25.2%	181.0%	116.7%	0.0%	119.1%
Net Profit	-157.4%	54.1%	299.3%	1147.8%	78.0%	355.0%	79.3%
Indebtedness							
Short Term Debt	468	96	356	232	551	232	551
Long Term Debt	168	113	264	259	370	259	370
Total Debt	636	209	620	491	921	491	921
ST Debt / Total Debt	73.6%	45.9%	57.5%	47.2%	59.8%	47.2%	59.8%
LT Debt / Total Debt	26.4%	54.1%	42.5%	52.8%	40.2%	52.8%	40.2%
Total Assets	1,961	3,001	6,298	5,564	11,191	5,564	11,191
Total Debt / Total Assets	32.5%	7.0%	9.8%	8.8%	8.2%	8.8%	8.2%
Cash & Cash Equivalents	392	709	1,604	834	2,183	834	2,183
Net Debt	244	-500	-984	-343	-1,262	-343	-1,262
Net Debt / EBITDA	0.52	-0.74	-0.69	-0.29	-0.49	-0.29	-0.49
Liquidity							
Current ratio	0.81	1.00	1.05	1.04	1.05	1.04	1.05
Quick ratio	0.25	0.33	0.39	0.24	0.30	0.24	0.30
Cash ratio	0.20	0.27	0.31	0.18	0.23	0.18	0.23
Working Capital							
Receivables Days	5.3	6.0	5.7			5.7	5.6
Inventory Days	70.3	81.0	66.3			75.8	63.2
Payables Days	93.4	95.0	82.9			90.2	75.9
Cash Cycle	-17.8	-8.0	-10.9			-8.8	-7.0
Net Working Capital	-227	-553	-854			-403	-956
12M Average NWC	-215	-116	-391			-229	-426
NWC / Revenue	-3.83%	-1.54%	-2.24%			-1.72%	-1.35%

Source: Trive Research

K. Financial Statements

Balance Sheet (TRY mn)	2020	2021	2022	9M22	9M23
Current Assets	1,565	2,624	5,439	4,898	9,878
Cash and cash equivalents	392	709	1,604	834	2,183
Derivative instruments	-	1	-	1	1
Trade Receivables	103	156	441	309	652
Inventories	1,057	1,719	3,265	3,536	6,685
Prepayments	8	9	81	68	135
Other Current Assets	5	29	47	149	223
Non-Current Assets	395	378	859	667	1,312
Other Receivables	1	1	1	1	1
Investment property	30	35	92	35	92
Property, plant and equipment	60	84	221	125	408
Right-of-Use Assets	220	166	374	361	562
Intangible Assets and Goodwill	40	50	78	63	107
Prepaid expenses	0	4	17	11	7
Deferred tax assets	45	37	76	70	135
Total Assets	1,961	3,001	6,298	5,564	11,191
Short-Term Liabilities	1,944	2,627	5,204	4,705	9,396
Short-term borrowings	370	-	202	90	304
Short-term portion of long-term borrowings	98	96	154	142	247
Trade payables	1,386	2,428	4,561	4,248	8,293
Payables related to employee benefits	14	30	63	49	147
Other payables	3	5	8	8	11
Derivative instruments	-	-	3	3	1
Deferred revenue	24	32	78	66	131
Current tax liabilities	-	-	33	37	102
Short-term provisions	29	33	99	61	151
Other short-term liabilities	20	2	4	2	8
Long-Term Liabilities	182	131	332	294	453
Long Term Debt	168	113	264	259	370
Noncurrent Employee Benefit Obligations	14	-	69	-	83
Long Term Provisions	-	18	-	35	-
Total Liabilities	2,126	2,758	5,536	4,999	9,849
Equity attributable to owners of the parent	(166)	243	761	566	1,341
Paid in Capital	110	201	201	201	201
Treasury Shares (-)	-	-	-	-	-
Share Premium	-	185	185	185	185
Other Accum. Compr. Inc. Not To Be Recl. In P/L	25	26	22	18	8
Other Accum. Compr. Inc. That Will Be Recl. As P/L	-	0	(2)	(1)	(0)
Restricted Reserves Appropriated From Profits	9	9	9	9	20
Retained Earnings	(401)	(316)	(184)	(184)	330
Net Income/Loss for the Period	85	131	525	332	591
Inflation Adjustments On Capital	7	7	7	7	7
Non-controlling interests	-	-	-	-	-
Total Equity	(166)	243	761	566	1,341
Total Equity and Liabilities	1,961	3,001	6,298	5,564	11,191

Source: Company Information

Income Statement (TRY mn)	2020	2021	2022	9M22	9M23	TTM 1Y ago	TTM
Total Revenue	5,607	7,520	17,441	10,789	24,861	13,357	31,514
Revenue (TRY, mn)	5,607	7,520	17,441	10,789	24,861	13,357	31,514
Revenue from FSO	-	-	-	-	-	-	-
Total Cost of Revenue	4,676	6,253	14,537	8,906	20,637	11,022	26,268
Cost of Revenue	4,676	6,253	14,537	8,906	20,637	11,022	26,268
Cost of Revenue from FSO	-	-	-	-	-	-	-
Total Gross Profit	931	1,267	2,904	1,883	4,224	2,335	5,245
Gross Profit	931	1,267	2,904	1,883	4,224	2,335	5,245
Gross Profit from FSO	-	-	-	-	-	-	-
Operating Expenses	579	728	1,674	1,090	2,388	1,322	2,972
Core Operating Profit	352	539	1,231	793	1,836	1,013	2,274
Other Operating Income	72	85	161	100	493	141	554
Other Operating Expense	114	257	436	279	1,000	392	1,157
Other Operating Gains/(Losses)	-	-	-	-	-	-	-
Operating Profit	310	368	955	614	1,330	763	1,671
Investment Profit/(Loss)	9	19	110	31	120	46	200
Finance Profit/(Loss)	-208	-248	-464	-267	-739	-324	-936
Profit Before Tax	111	139	601	378	712	485	935
Tax Expense	26	8	76	45	120	47	151
Effective Tax Rate	23.3%	5.7%	12.7%	12.0%	16.9%	9.8%	16.2%
Total Profit/(Loss)	85	131	525	332	591	437	784
Profit/(Loss) To Noncontr. Interests	-	-	-	-	-	-	-
Profit/(Loss) To Owners Of Parent	85	131	525	332	591	437	784
Source: Company Information							

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