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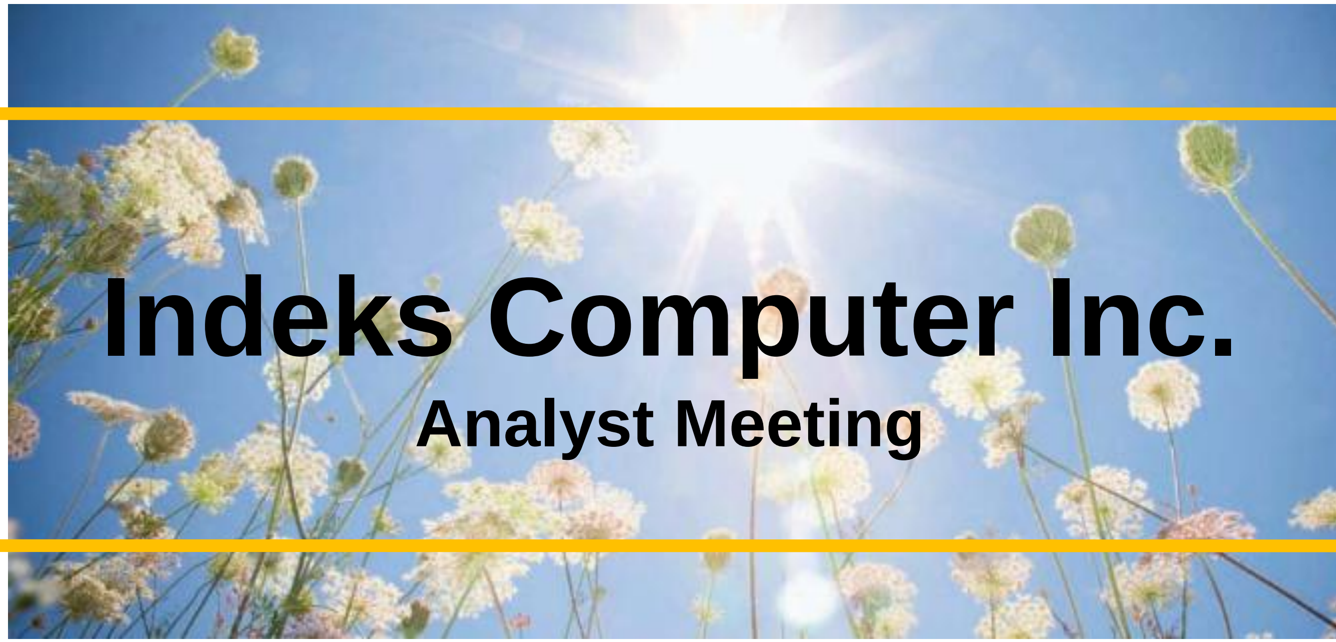

# Indeks Computer Inc.

## Analyst Meeting

Index Park, 09 December 2009

INDEX GRUP

# Table of Contents


- Turkish IT Market
- Index Group & Structure of Indeks Inc.
- Indeks Inc. 2008 -  2009 Developments
- Financial Performance
- 4th Q of 2009 & the year  of 2010 Expectations

# Turkish IT Market

**Year 2009, Turkey**

- **Population** : 70,5 million (2007)
- **Student Population** : 20 million
- **Total Education Budget** : 16 billion $
- **Literacy** : %90 +
- **Computer Literacy** : %25
- **Mobile Phone Subscribers** : 55 millions
- **Unemployment Rate** : %15 (Expected)
- **Average Age** : 28
- **Population**
  - **Under Age of 28** :**%50**
  - **Under Age of 15** :**±%30**

- **SMEs**
  - 1-9 employees : 1.630.000 corporations (%94,9)
  - 10-49 employees : 53.000 corporations (%3,1)
  - IT usage : %12

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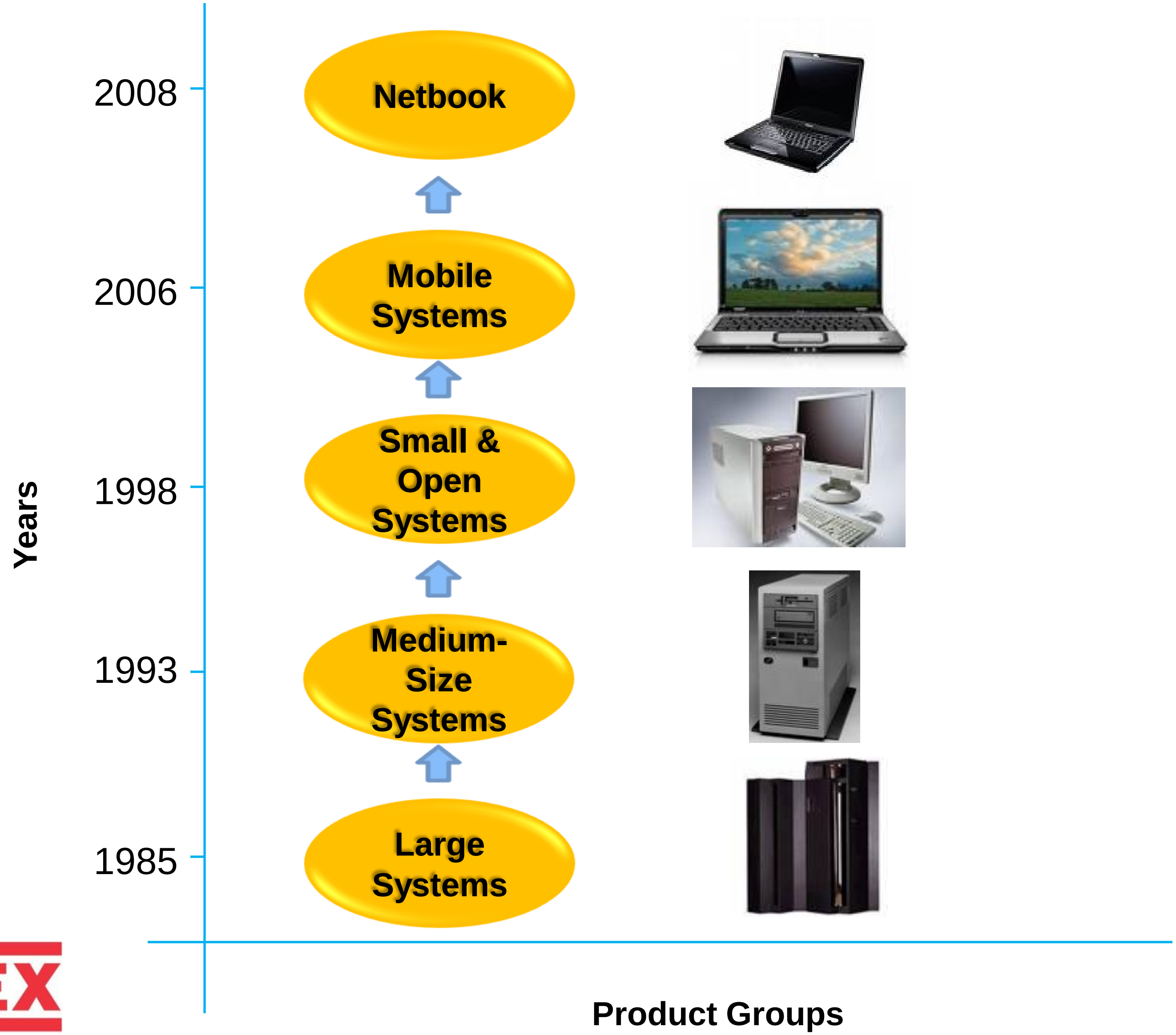
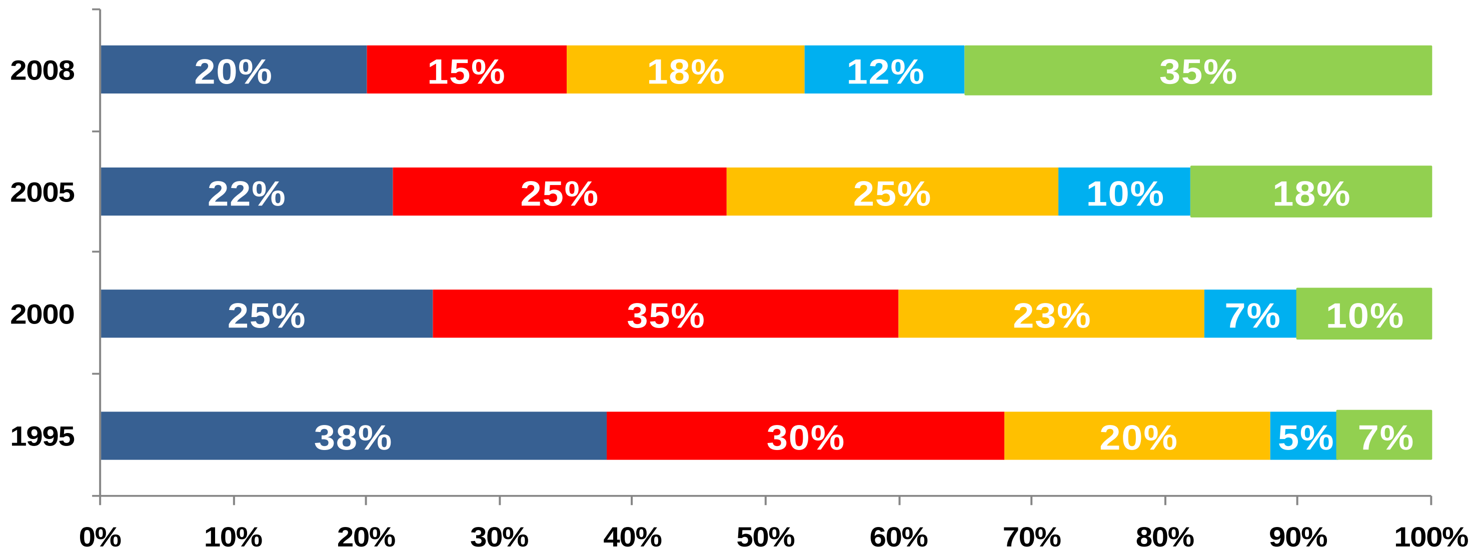
Turkish IT Market

# Changes in Product Groups



# Changes in Market Share of End User




| | 1995 | 2000 | 2005 | 2008 |
|---|---|---|---|---|
| Public Institutions. | 38% | 25% | 22% | 20% |
| Finance Sector | 30% | 35% | 25% | 15% |
| Private Sector(Corporate) | 20% | 23% | 25% | 18% |
| SME | 5% | 7% | 10% | 12% |
| Individual Users | 7% | 10% | 18% | 35% |

*Source: Index Group*

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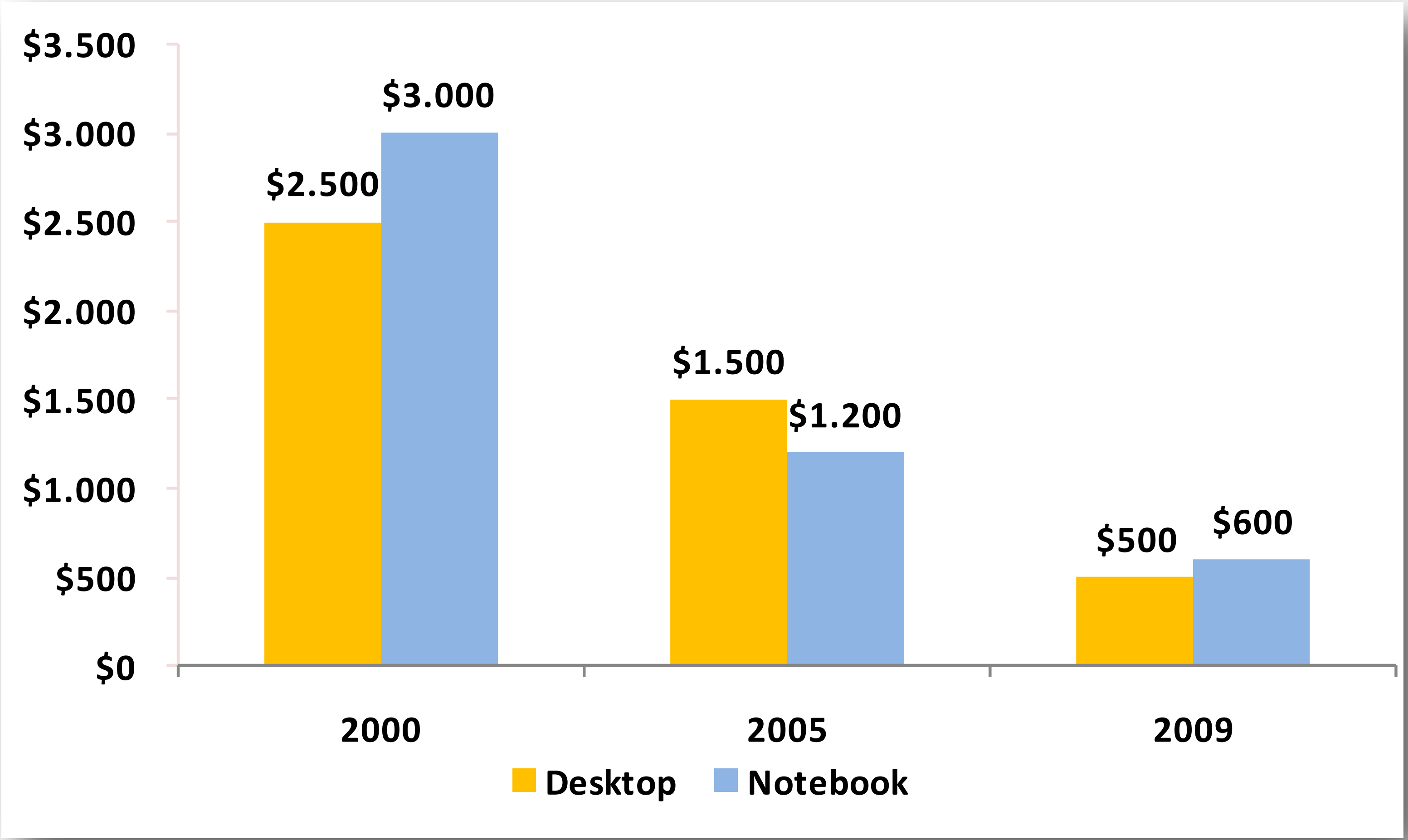
# Changes in Channel Structure

At the beginning, there were *“System Integrator companies”*.

- Firstly, *“producer companies”* started replacing with *“System Integrator companies”*,
- *Then, “Partial Regional Dealers”* started replacing with *“Sub Dealers”*,
- Furthermore, developments in Retail Shops were risen as follows,
  - *“Single Retail shops”* practically were removed from the market, *”Local Retail Chains”* were structured instead of that,
  - Almost, all of *“Foreign Retail Chains”* took their places in Turkey,
  - *“Best Buy”* and *“Media Markt”* will come and cross with each other first in Turkey in the world,
  - *“Food Chains” & “Alternative Channels*” became a “*Technology Retail Market Player”*,
- Finally, because of all that the companies which produce only HW started having difficulty thus, those companies started turning value–added-producers.

# Price Trends




Source: Index Group

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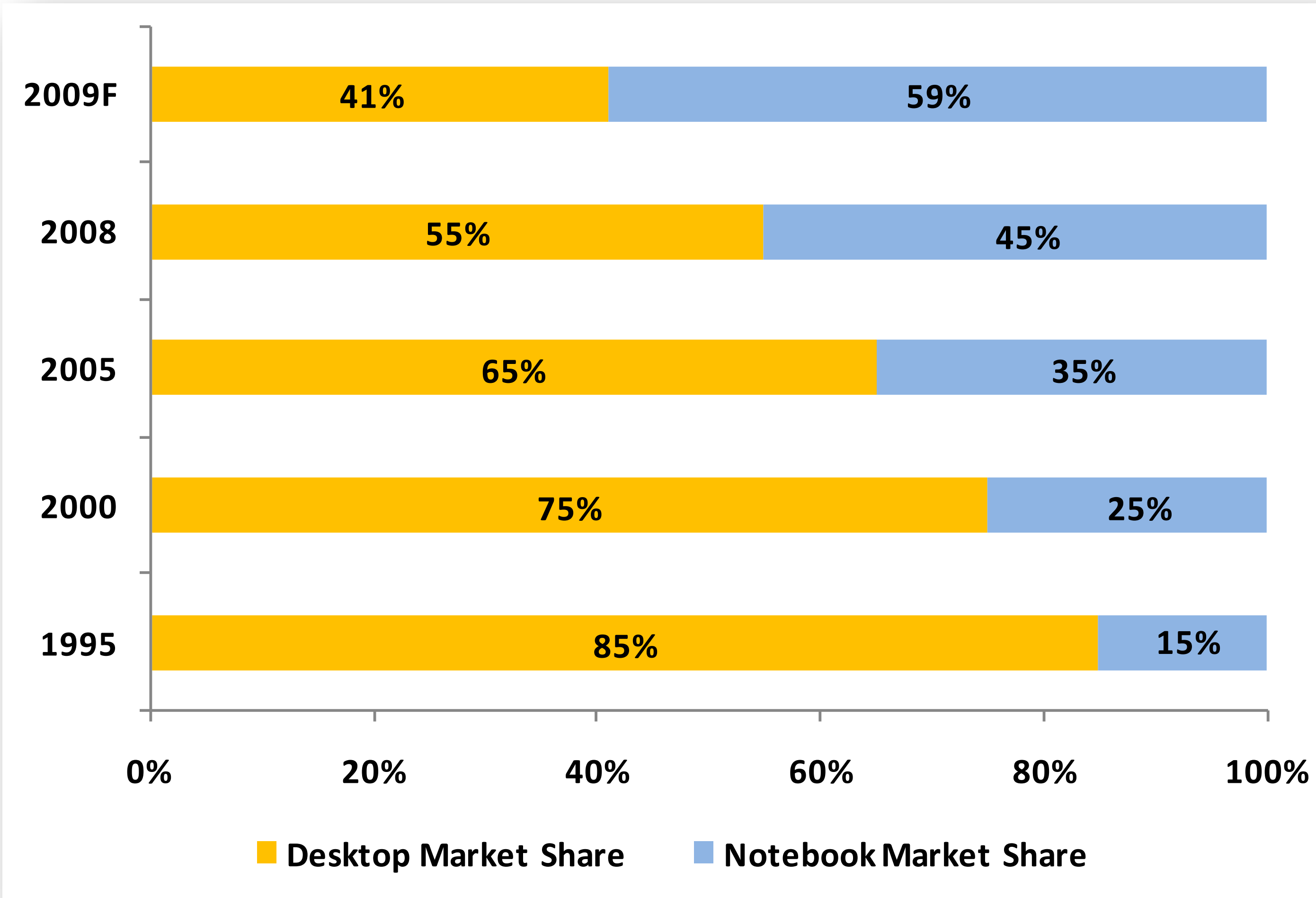
# Trends in Market Shares of Desktops & Notebooks




*Source: Index Group*

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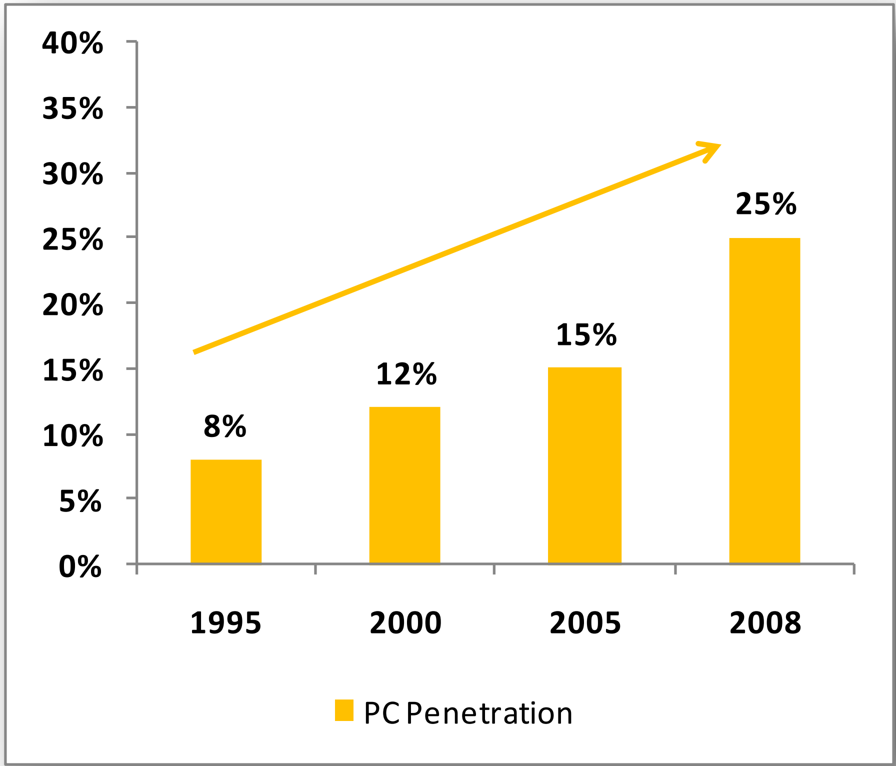
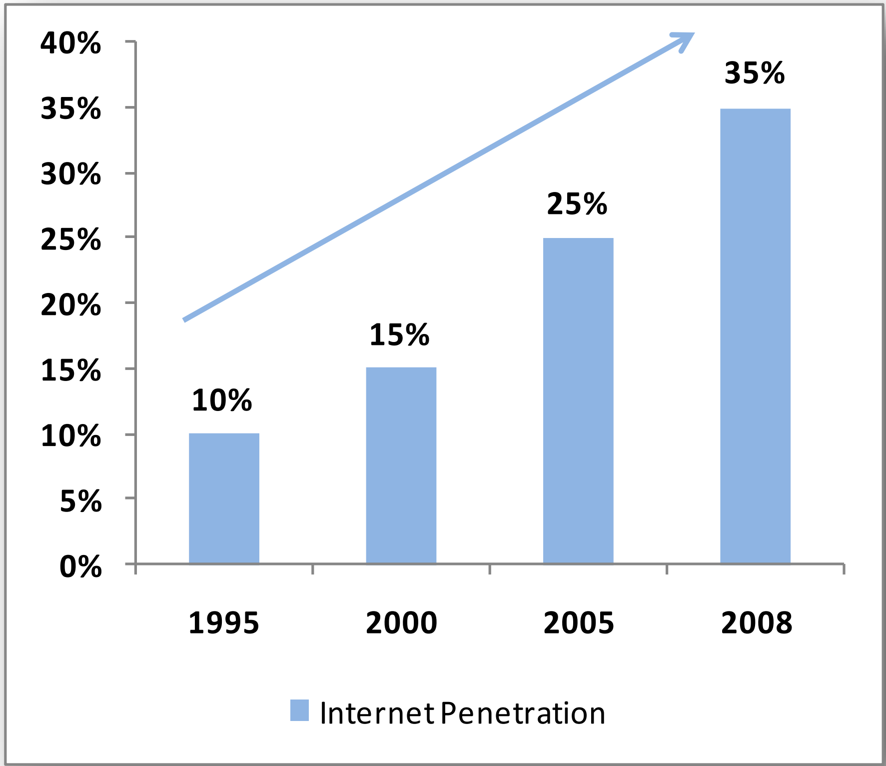
# Trends in Internet & PC Penetrations








*Source: Index Group*

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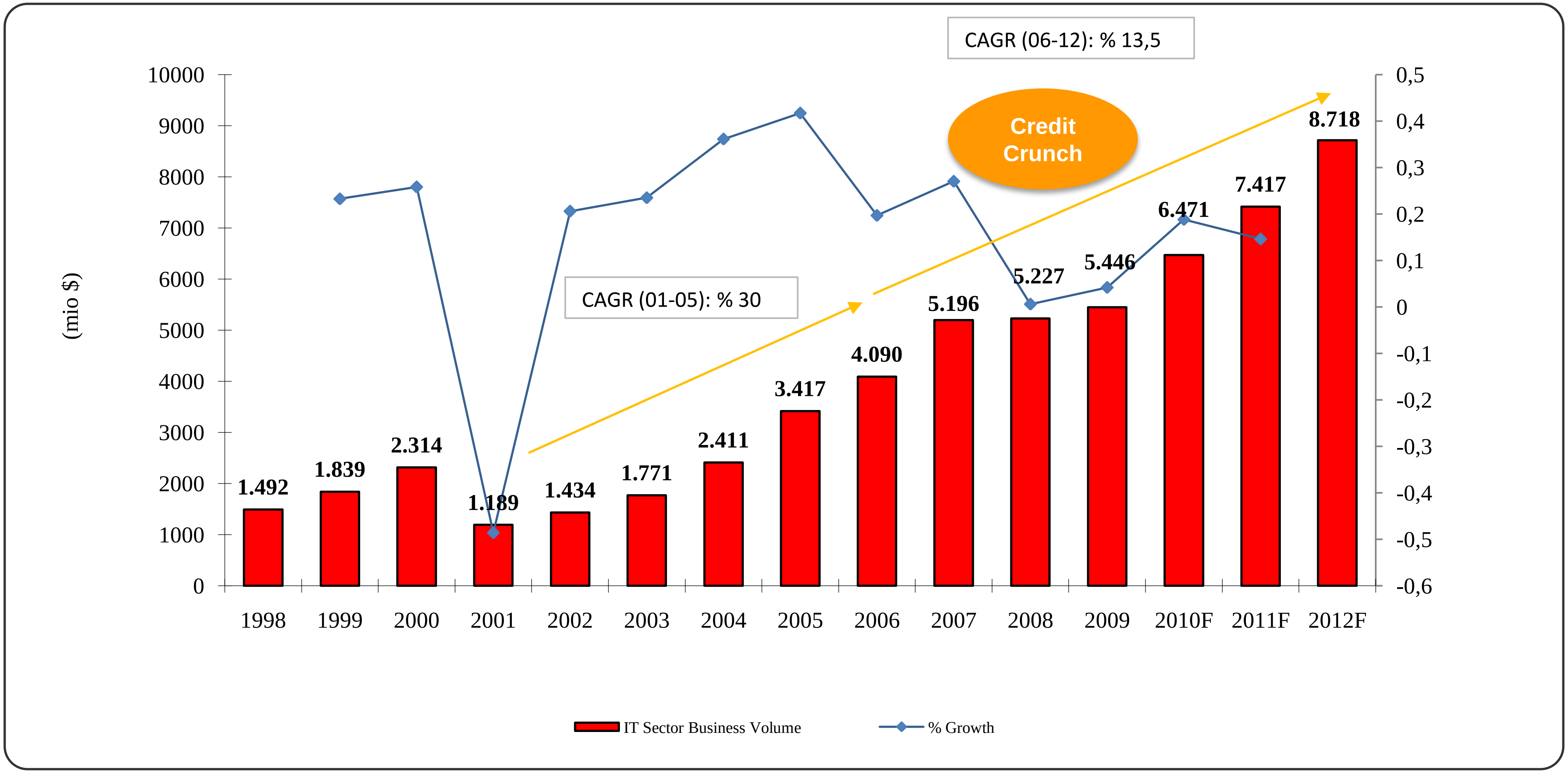
# Turkish IT Market 1998 – 2012 (Mio US$)

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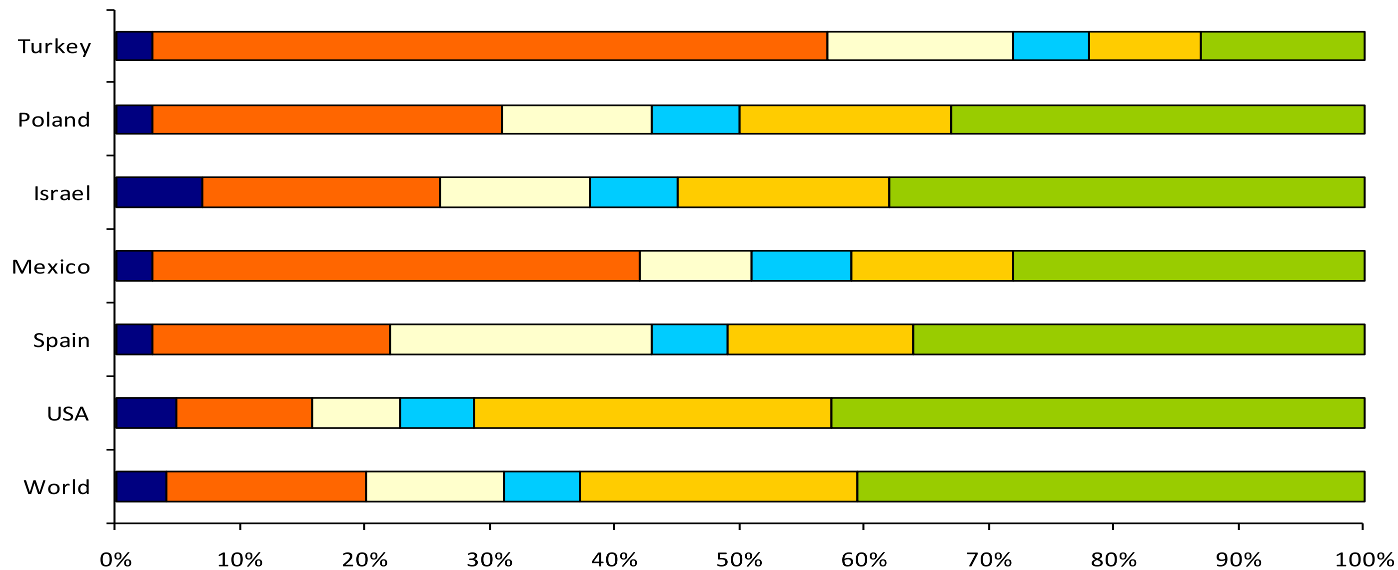
# Sub-Group Based IT Analyses Between Countries




| | World | USA | Spain | Mexico | Israel | Poland | Turkey |
|---|---|---|---|---|---|---|---|
| Multi Users Systems | 4% | 5% | 3% | 3% | 7% | 3% | 3% |
| Single User Systems | 16% | 11% | 19% | 39% | 19% | 28% | 54% |
| Other Hardware | 11% | 7% | 21% | 9% | 12% | 12% | 15% |
| Data Communication HW | 6% | 6% | 6% | 8% | 7% | 7% | 6% |
| Software | 22% | 29% | 15% | 13% | 17% | 17% | 9% |
| IT Service | 40% | 43% | 36% | 28% | 38% | 33% | 13% |

*Source: IDC*

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# Index Group & Indeks Inc.

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# Index Group Companies & Affiliates Structure

| Company Name | Business Distribution Model | % |
|---|---|---|
| Indeks Inc. * | Broadliner Dist. | 100 |
| Datagate Inc. ** | OEM Components Dist. | 59,2 |
| Despec Inc. | Consumables Dist. | - |
| Neteks Inc. *** | Network Products Dist. | 50 |
| Neotech Inc. | Consum. & Home Elec. Dist. | 80 |
| Teklos Inc. | IT Logistic & Service | 100 |

* : Listed in Istanbul Stock Exchange on 24.06.2004.
** : Listed in Istanbul Stock Exchange on 09.02.2006.
*** : %50 of Its Shares Acquired by Westcon Group (5 May 2007)

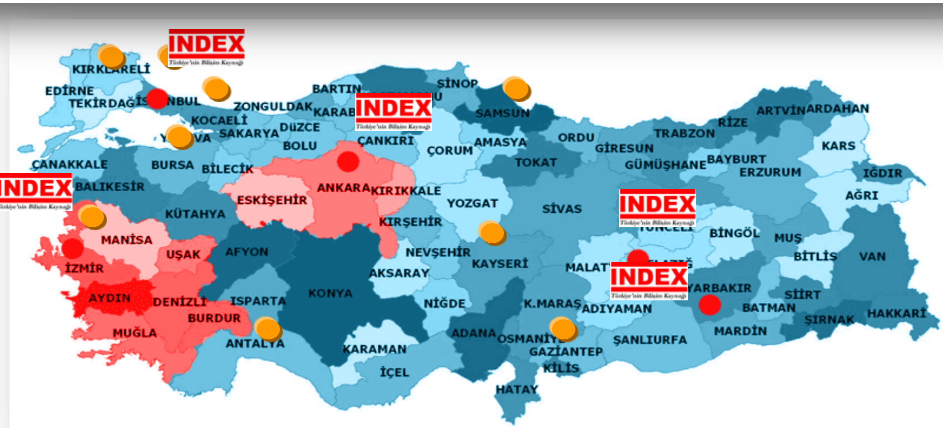
# Company Profile & Our Regions

## Company Profile

| | |
|---|---|
| Name of the Company | Indeks Computer Inc. |
| Establishment | 1989 |
| Legal Status | Public Company (ISE) |
| Chairman | Erol BILECIK |
| General Manager | Atilla KAYALIOGLU |

| Head Office/Branch | Establishment Date | City | Number of Employees |
|---|---|---|---|
| **Head Office** | Jul.89 | Istanbul | **177** |
| **Branch** | Apr.92 | Ankara | **17** |
| **Branch** | Apr.95 | Izmir | **17** |
| **Contact Office** | Jul.98 | Elazıg | **1** |
| **Contact Office** | May.99 | Diyarbakır | **1** |
| | | | **213** |

## Our Regions

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# Indeks Inc. 2008 – 2009 Developments

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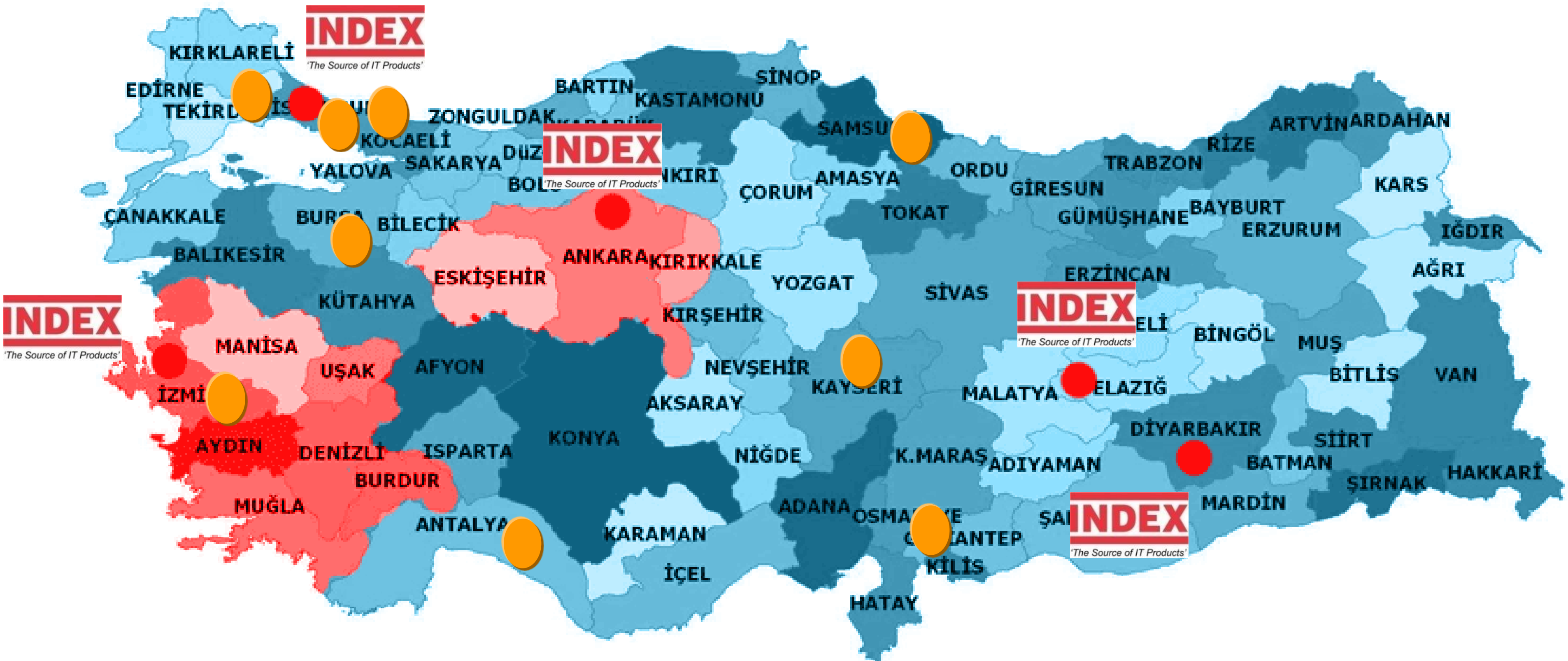
# Indeks Computer Inc. / Regional Offices & Operation Areas

## Our Regions




Mobile Channel Teams

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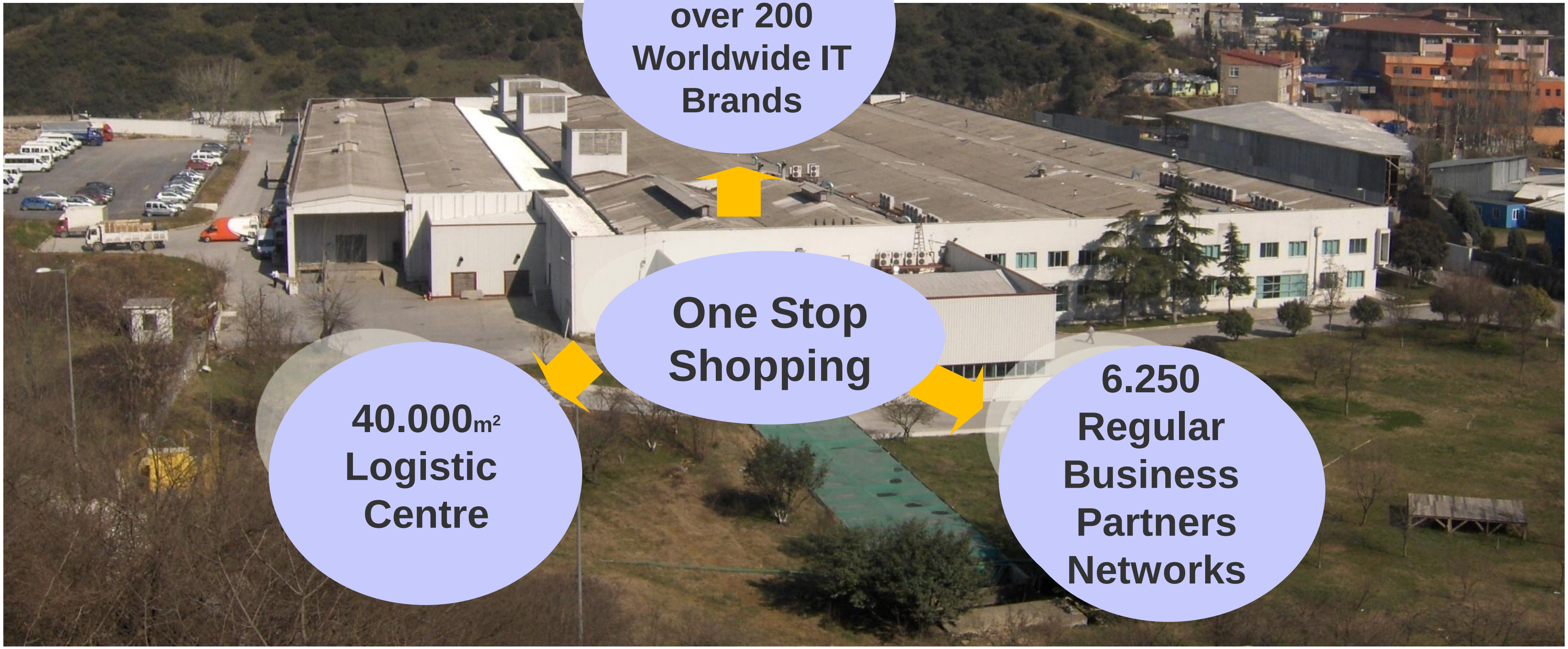
# Business Model



Distribution of over 200 Worldwide IT Brands

One Stop Shopping

40.000m² Logistic Centre

6.250 Regular Business Partners Networks

**Leader IT Group of Turkey**

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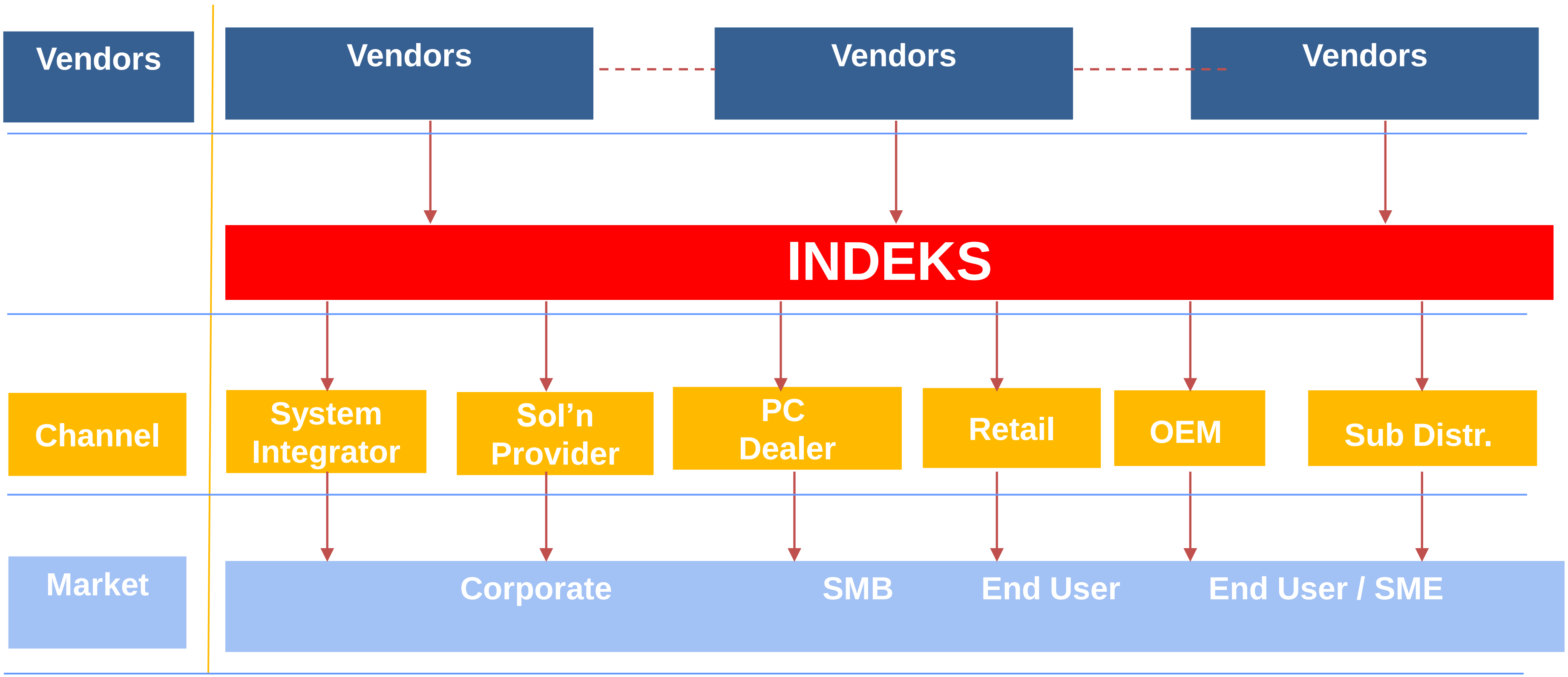
# Strategy Formulation for Entering the Market

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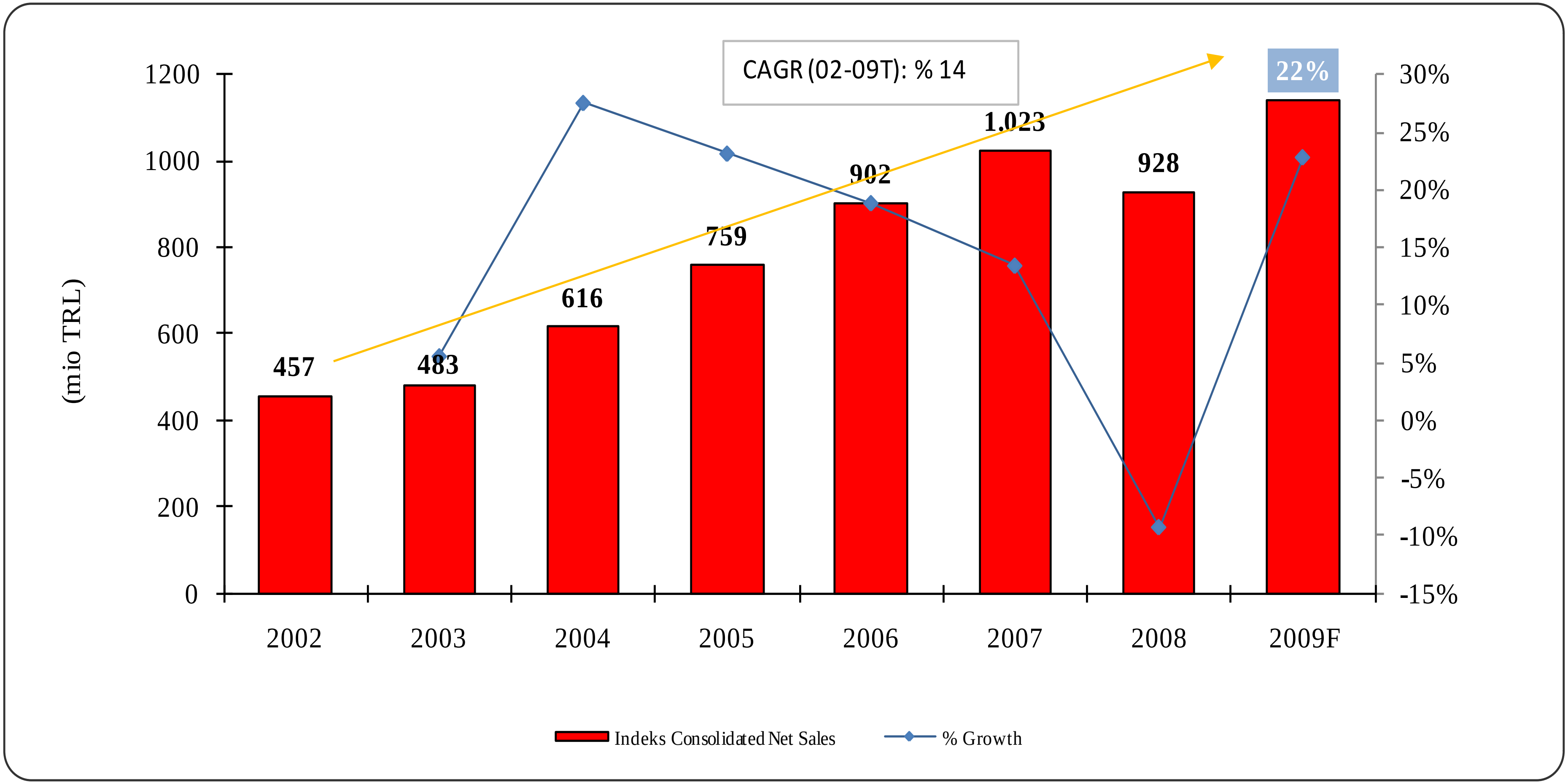
# Major Producers

hp invent
IBM
CISCO
intel
TOSHIBA
Microsoft
DELL
lenovo
acer
LG Life's Good
SONY VAIO
ASUS
FUJITSU
Canon
Kingston TECHNOLOGY
MSI
Maxtor
EPSON
APC
NOKIA Connecting People
SONY
OKI
KINGMAX Memory Technology Leader
3com
HES CABLING SYSTEMS
NORTEL
iomega an EMC company
symantec. Securing a Connected World
TippingPoint a division of 3Com
AirTies wireless networks
WD Western Digital
NEC
eserver iSeries
eserver pSeries
Seagate We turn on ideas
BELKIN.
CHECK POINT Software Technologies Ltd.
SIEMENS
imation
LINKSYS
TREND MICRO
LITEON
Novell.
TARGUS
VERITECH
VERITAS
CORNING
wacom
AVAYA
PANDUIT
Juniper NETWORKS
Avocent

# Index - B2B (www.indexpazar.com)

| INDEX pazar | 2007 | 2008 | 2009F |
|---|---|---|---|
| Number of E-Dealers | 6.850 | 7.150 | 7.500 |
| Shares in Net Sales (%) | 23 | 26 | 30 |
| Number of E-Orders out of Total Orders (%) | 61 | 65 | 69 |

# Our Yearly Sales (MioTRL)

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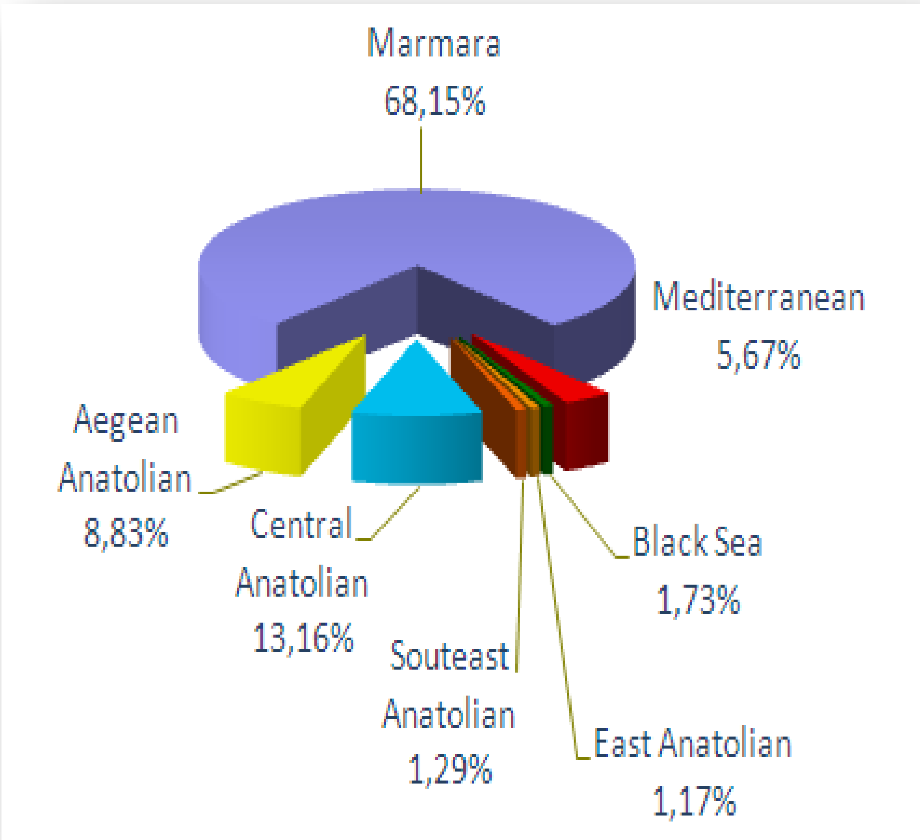
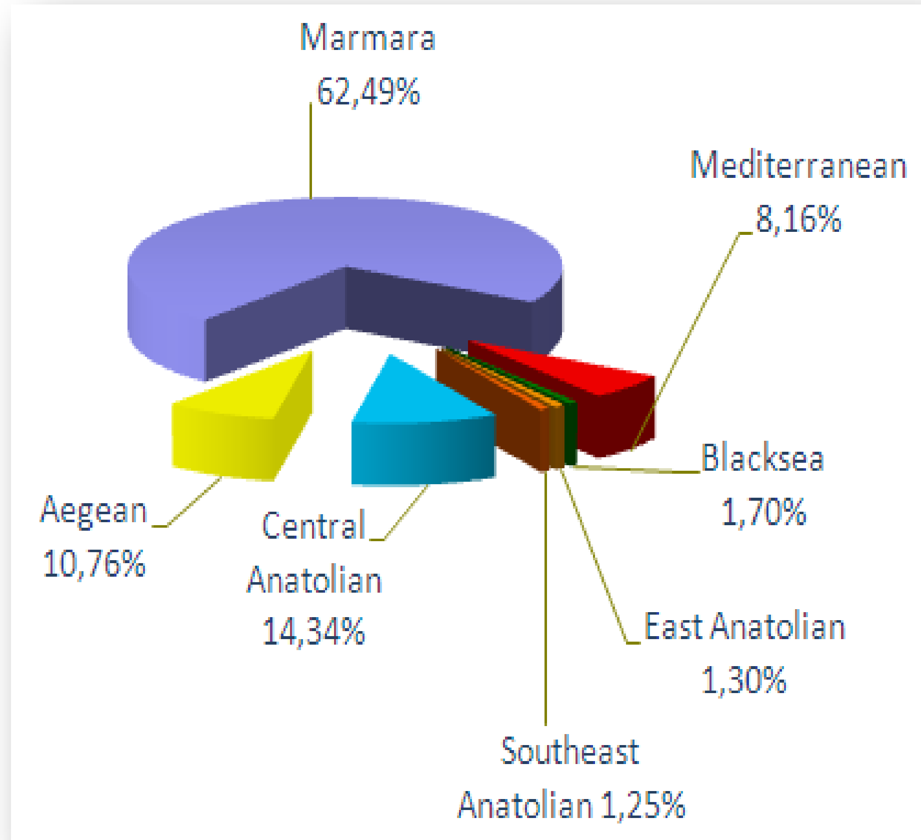
# Regional Based Distribution of the Revenue

**9 Months 2009**




**9 Months 2008**

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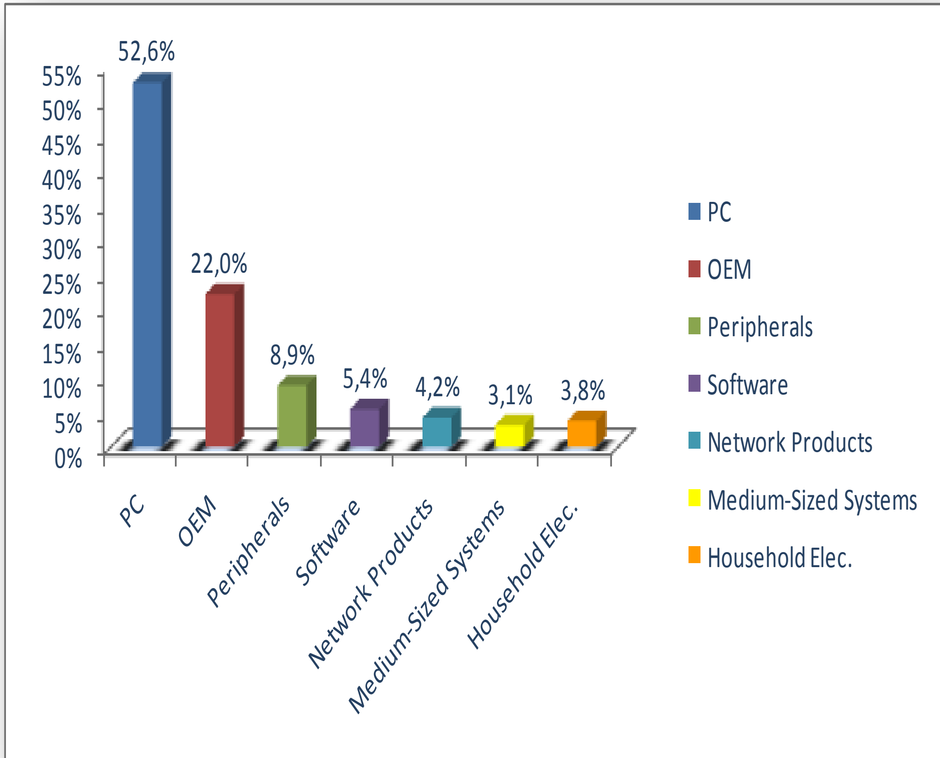
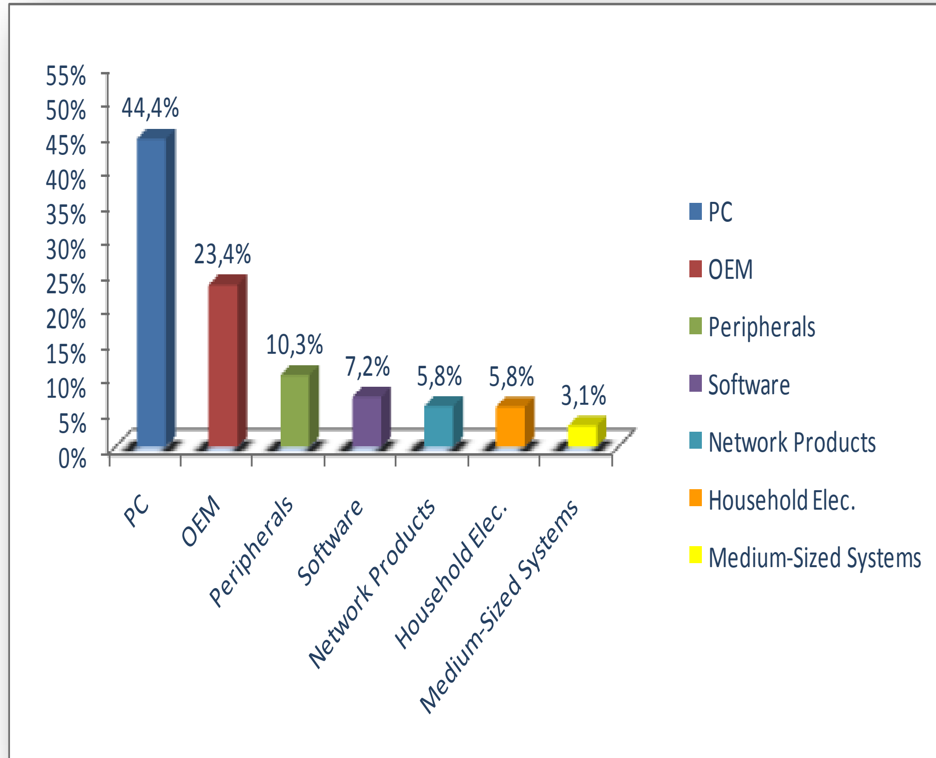
# Product Categories Based Distribution (TRL)

## 9 Months 2009




## 9 Months 2008

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# Most Preferred Products During 2008-2009

- Laptops

- External HDD Units


- SD & USB Memories


- All-in-One Printers

- LCD TV

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# 2008 Interpro Results

| 2008, Top 10 ICT Companies Revnue Range (Sales Revenue) | | |
|---|---|---|
| 2008 Range | Company | US$ (Mio) |
| 1 | Turkish Telecom | 7,909 |
| 2 | Turkcell | 6,861 |
| 3 | Vodafone | 2,100 |
| 4 | Avea | 1,639 |
| 5 | KVK | 1,592 |
| 6 | Gen-pa | 1,395 |
| 7 | Indeks Computer Inc. | 720 |
| 8 | Hewlett-Packard | 682 |
| 9 | Teknosa | 598 |
| 10 | Digiturk | 549 |

*Source: Interpro First 500 IT Companies Reseach for Turkey 2008*

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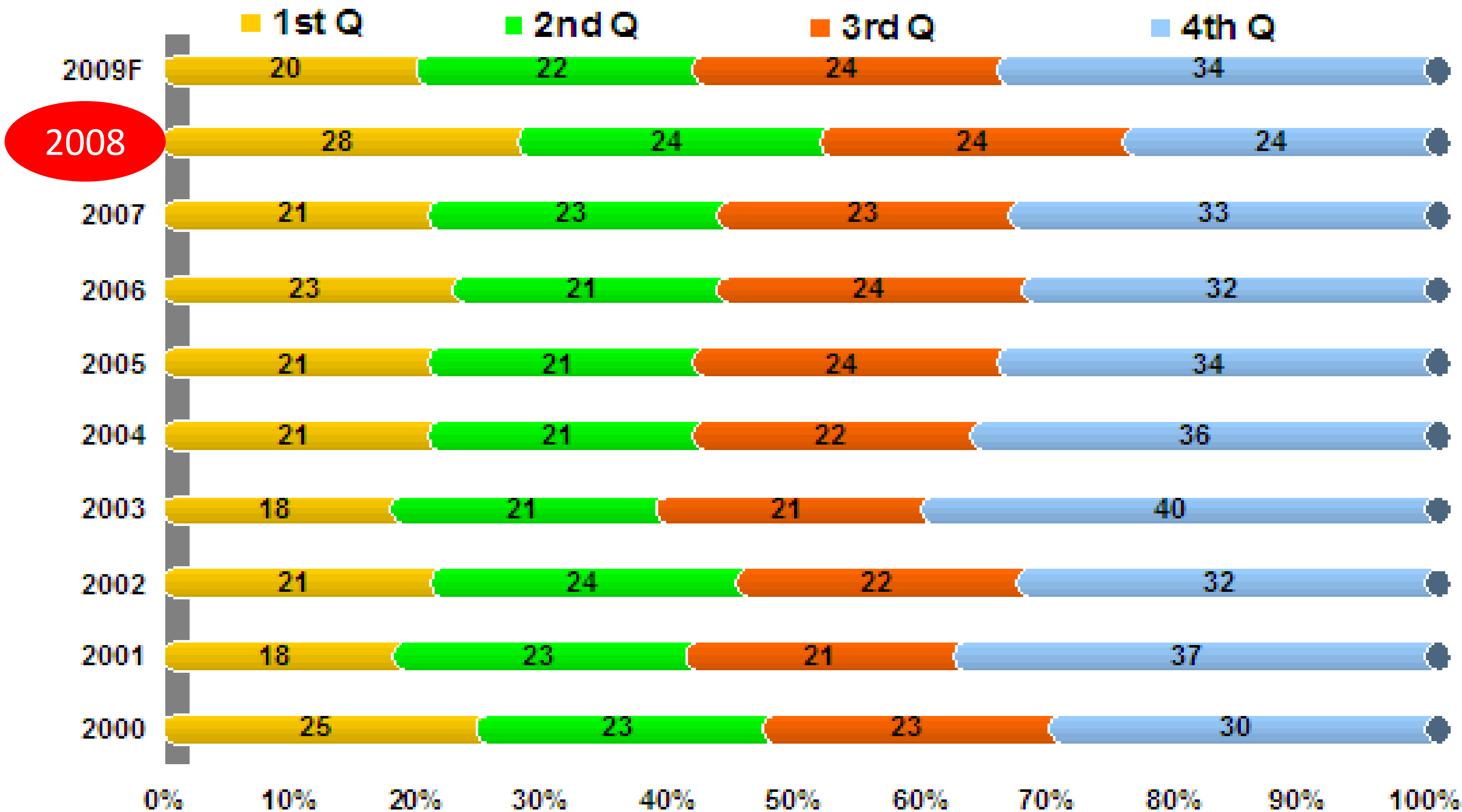
# Logistic Data

| | 2006 | 2007 | 2008 | 2009 F |
|---|---|---|---|---|
| Number of Invoices | 422.105 | 498.083 | 499.176 | 604.000 |
| Number of Boxes Distributed | 7.591.305 | 9.805.321 | 11.895.618 | 14.550.000 |
| Delivery Points / Quantity | 6.832 | 7.803 | 8.021 | 9.000 |
| Lenght of Distance Done (km) | 803.265 | 965.328 | 1.073.442 | 1.250.000 |

# Seasonal Distribution of Sales

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# Financial Performance

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# Revenue & Gross Profit (TRL)

| (000) TRL | 9 Months 2009 | 9 Months 2008 | % |
|---|---|---|---|
| **Indeks - Consolidated** | **758.024** | **690.070** | **9,8** |
| Gross Profit | 46.633 | 33.677 | 38,5 |
| **Gross Profitability (% )** | **6,2** | **4,9** | **26,1** |
| Indeks - Solo | 639.347 | 512.117 | 24,8 |
| Datagate | 204.671 | 164.424 | 24,5 |
| Neteks | 39.074 | 35.210 | 11,0 |
| Neotech | 48.014 | 82.548 | (41,8) |
| Teklos | 3.532 | 2.101 | 68,1 |
| **Total** | **934.638** | **796.399** | **17,4** |

# P/L Statement – 3rd Quarter, 2009 (TRL)

| (000) TRL | 3rd Q 2009 | 3rd Q 2008 | % |
|---|---|---|---|
| **Net Sales** | **270.519** | **216.450** | **25,0** |
| Gross Profit | 14.805 | 9.420 | 57,2 |
| margin % | 5,5 | 4,4 | 25,8 |
| EBITDA | 7.855 | 3.293 | 138,5 |
| margin % | 2,9 | 1,5 | 90,9 |
| Operational Profit | 7.697 | 3.172 | 142,7 |
| margin % | 2,8 | 1,5 | 94,2 |
| Net Profit | 4.024 | 1.767 | 127,7 |
| margin % | 1,5 | 0,8 | 82,2 |

# P/L Statement - First 9 months, 2009 (TRL)

| (000) TRL | 9 Months 2009 | 9 Months 2008 | % |
|---|---|---|---|
| **Net Sales** | **758.024** | **690.070** | **9,8** |
| Gross Profit | 46.633 | 33.677 | 38,5 |
| margin % | 6,2 | 4,9 | 26,1 |
| EBITDA | 30.206 | 15.181 | 99,0 |
| margin % | 4,0 | 2,2 | 81,1 |
| Operational Profit | 29.679 | 14.696 | 102,0 |
| margin % | 3,9 | 2,1 | 83,9 |
| Net Profit | 11.068 | 4.177 | 165,0 |
| margin % | 1,5 | 0,6 | 141,2 |

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# Summarized Balance Sheet

| (000) TRL | 9 M 2009 | 2008 | % | | 9 M 2009 | 2008 | % |
|---|---|---|---|---|---|---|---|
| **Current Assets** | **323.251** | **305.465** | **5,8** | **Short Term Liabilities** | **235.230** | **229.281** | **2,6** |
| Cash | 16.518 | 9.127 | 81,0 | Financial Liabilities | 7.291 | 29.314 | (75,1) |
| Trade Receivables | 185.679 | 183.628 | 1,1 | Trade Payables | 209.785 | 182.536 | 14,9 |
| Inventories | 69.649 | 74.612 | (6,7) | Provisions for Tax | 3.145 | 1.581 | 98,9 |
| Inventories in Transit | 23.402 | 5.594 | 318,3 | Prov. for Other Payables | 3.382 | 2.812 | 20,3 |
| Other | 28.003 | 32.504 | (13,8) | Other | 11.627 | 13.038 | (10,8) |
| **Non-Current Assets** | **30.610** | **31.095** | **(1,6)** | **Long Term Liabilities** | **10.949** | **12.147** | **(9,9)** |
| Fixed Assets | 27.544 | 27.838 | (1,1) | Financial Liabilities | 10.317 | 11.645 | (11,4) |
| Goodwill | 2.467 | 2.467 | 0,0 | Prov. for Empl. Term. İndem. | 632 | 502 | 25,8 |
| Other | 599 | 790 | (24,1) | **Capital** | **107.682** | **95.132** | **13,2** |
| **Total Assets** | **353.861** | **336.560** | **5,1** | **Total Liabilities and Capital** | **353.861** | **336.560** | **5,1** |

| | 9 M 2009 | 2008 |
|---|---|---|
| Net Financial Debt/ Capital | 0,01 | 0,33 |
| Current Ratio | 1,37 | 1,33 |
| Gearing Ratio | 0,70 | 0,72 |
| Short Term Financial Debt/ Total Fin. Debt | 0,41 | 0,72 |

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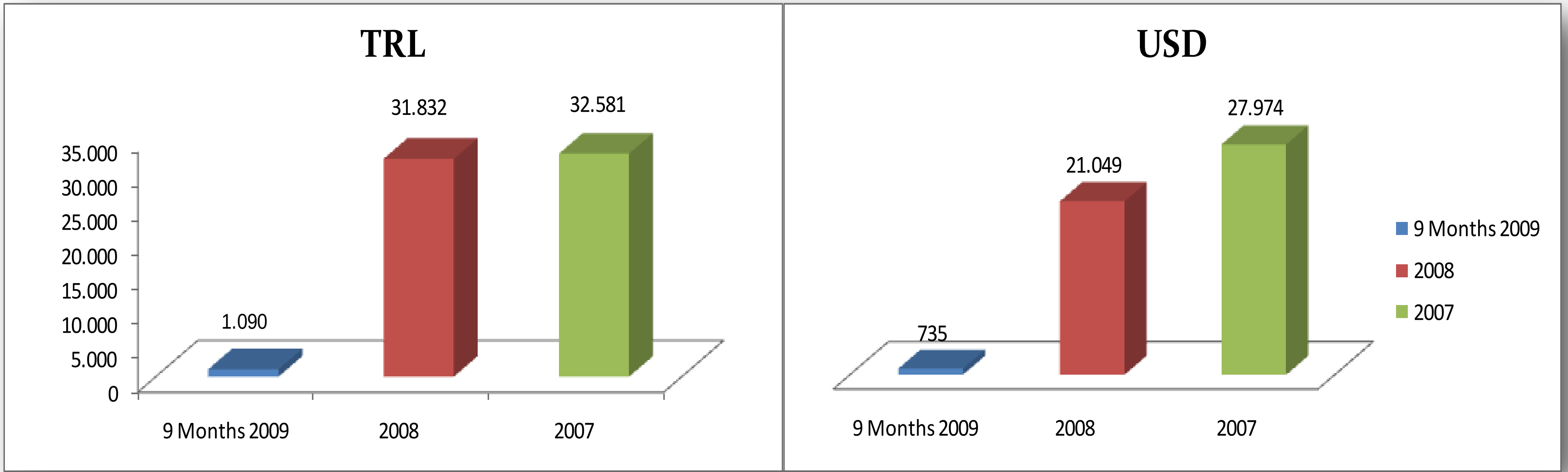
# Basic Financial Ratios

| LIQUIDITY RATIOS | 30.09.2009 | 31.12.2008 |
|---|---|---|
| Current Ratio | 1,37 | 1,33 |
| Quick Ratio | 0,98 | 0,98 |
| | | |
| **THE WORKING CAPITAL RATIOS (*)** | **30.09.2009** | **31.12.2008** |
| Receivables Days | 62 | 66 |
| Payebles Days | 72 | 74 |
| Inventory Days | 28 | 34 |
| | | |
| **FİNANCIAL STRUCTURE RATIOS** | **30.09.2009** | **31.12.2008** |
| Capital / Total Liabilities & Capital | 30% | 28% |
| Short T. Debts / Total Liabilities & Capital | 67% | 68% |
| Long T. Debts / Total Liabilities & Capital | 3% | 4% |
| Financial Debts / Total Debts | 7% | 17% |
| | | |
| **PROFITABILITY RATIOS** | **30.09.2009** | **30.09.2008** |
| Gross Profit Margin | 6,15% | 4,88% |
| Operational Profit Margin | 3,92% | 2,13% |
| Net Profit / Sales | 1,46% | 0,61% |
| Earning Before Tax | 2,09% | 0,70% |

(*) For the last 3 quartes's financial statements were taken into consideration while calculating above figures.

# Net Financial Debt (000 TRL & USD)

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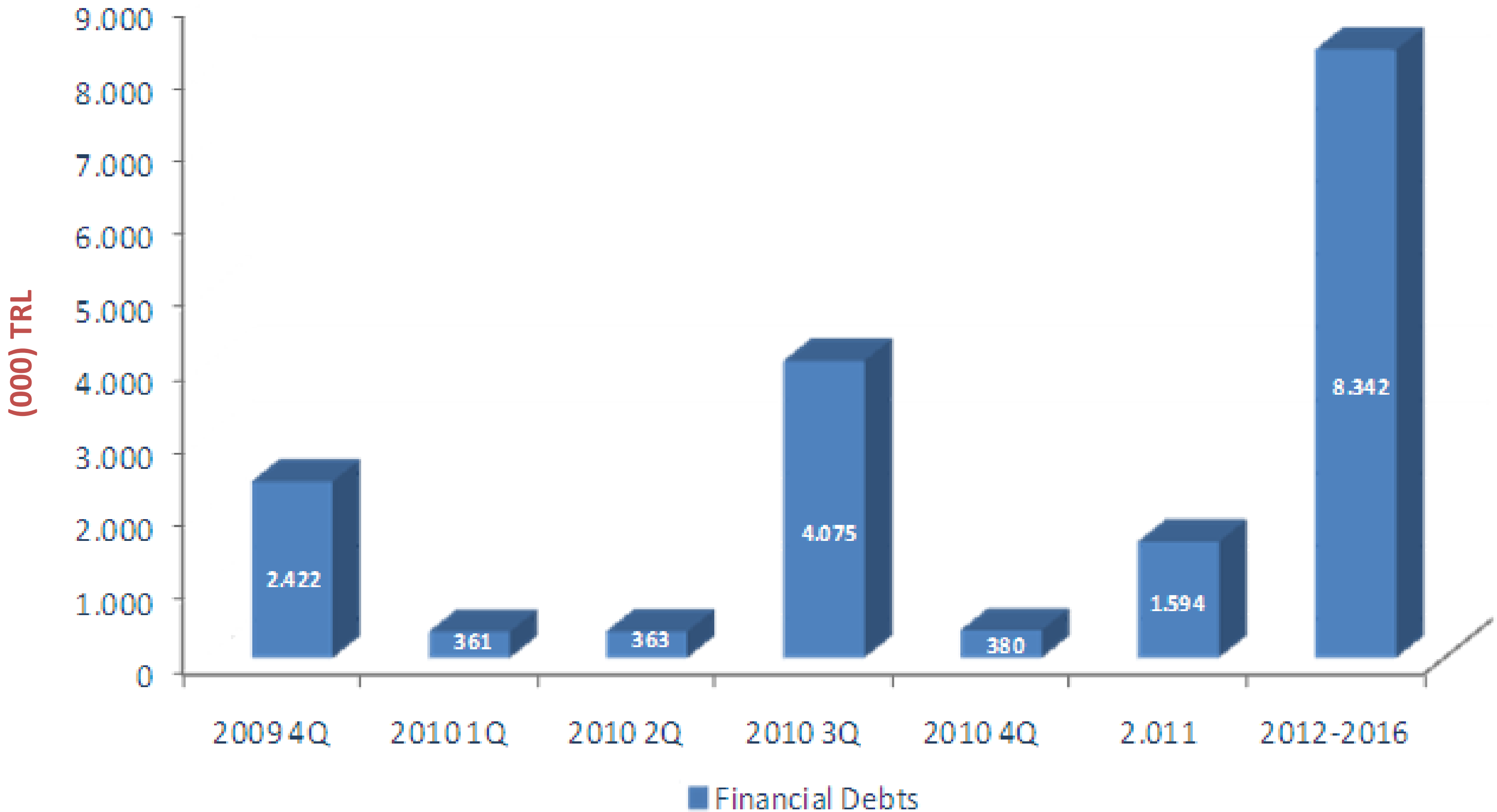
# Loan Term Range

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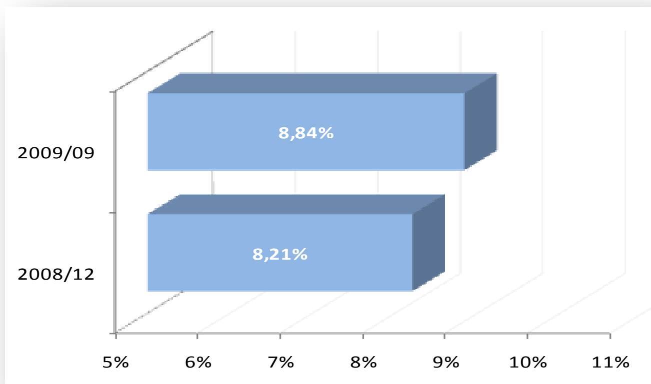
# Working Capital

| (000) TRL | 9 M 2009 | 2008 | % | (000) TRL | 9 M 2009 | 2008 | % |
|---|---|---|---|---|---|---|---|
| Short. T. Trade Receivables | 185.679 | 183.628 | 1,1 | Short.T. Trade Payables | 209.785 | 182.536 | 14,9 |
| Inventories | 93.051 | 80.206 | 16,0 | Short.T. Financial Debts | 7.291 | 29.314 | (75,1) |
| Cash & Cash Equivalents | 16.518 | 9.127 | 81,0 | Other Debts | 18.155 | 17.430 | 4,2 |
| Other Receivables | 28.003 | 32.504 | (13,8) | **Total Short.T. Liabilities** | **235.231** | **229.280** | **2,6** |
| **Total Current Assets** | **323.251** | **305.465** | **5,8** | **Net Working Capital** | **88.020** | **76.185** | **15,5** |

## Working Capital / Net Sales



# Cash Flow

| (000) TRL | 30.09.2009 | 30.09.2008 |
|---|---|---|
| **Beginning of Term Balance** | **9.127** | **7.133** |
| Activity of Net Cash Flow | 30.956 | (11.589) |
| Investment Activities | (215) | (428) |
| Changes in Cash | 30.741 | (12.017) |
| Changes in Financial Debts | (23.350) | 12.249 |
| **End of Term Balance** | **16.518** | **7.365** |

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# Developments Affecting the Profitability in 2009, Quarter 3

**Operational Discipline**

- Sales measurement structure in the company,
- Moving to common channel with *“Newly Structured Mobile Channel Team”*,
- Decreases on receivables days positively,
- Efficient stock management,

**Financial Discipline**

- Making better cost calculation,
- Effective cash flow & risk management,

# Expectations for the 4th Q, 2009 & the year of 2010

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# Expectations

## Sector Expectations

- Increasing the volume of sales in the 4th Quarter, 2009 in IT sector traditionally;
- 3G
- Increasing market share of laptop products,
- Increasing market share of end user (Home Users),

## Operational Expectations

- Distribution of 12 world brand server & PC producers,
- New business contracts,
- Common channel sales programme,
- Continuing reductions on financial expenses,

# Targets

| Topics | 4th Q, 2009 | 2009 | 2010 |
|---|---|---|---|
| **Turkish Market*** | ▪ %40 | ▪ %2 - 3 | ▪ %6-8 |
| **Retail Market Share*** | ▪ %32 | ▪ %28-30 | ▪ %40 |

* : Source : Index Group

| | | | |
|---|---|---|---|
| **Indeks Growth** | ▪ % 60-%70 | ▪ %22-24 | ▪ %10 |

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# Thank you….

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**Onur Kara**
Investor Relations
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**www.index.com.tr**

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