



# WOWWC

**WOWWC**  
Presentation 2020



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## SUMMARY 2020

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### Turkey's Leading Second-Hand Car Platform

- Wowwo – established in 2016 as the leading second-hand car sales and market place for cars in Turkey.
- Business model built around high demand for quality second-hand cars in the Turkish market for individuals who do not meet the criteria for traditional auto loans.
- Fast & intelligent data-driven credit assessments grants a different risk profile in comparison to “traditional” banks and leasing companies.
- Provides secured lending for the car title with monthly instalments and a buy back option.

### Statistics as of 30.09.2020

- Average of 3,700 applications monthly.
- +350,000 registered members, +12m platform users and +300m website visitors.
- +15,000 current number of customers.
- 131 employees.
- Average 40% APR.
- <1% in default loans.
- 16,000 vehicles for sale.
- 2,000 member dealerships in 54 cities.
- 14 showrooms.





## SUMMARY 2020

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### Covid 19 Impact & Supply Shortages

- Turkey launched a 21 point stimulus package (Economic Stability Shield) worth 13.2 bn EUR to tackle the coronavirus pandemic. Turkey pledged a “series of measures” relating to Fiscal Policy, comprising of tax breaks and deferrals, along with credit guarantees and employee salary support scheme.
- Turkey surpassed European countries and became the only market that has managed to increase auto sales since January
- Supply shortages have increased demand in second-hand vehicles.
- Uncontrolled increase in prices benefitted sales and profit margin for Wowwo.

### Financial Highlights (TL)

	2018*	2019*	2020-1	2020-2
Interest and similar income	471,420,773.00	184,249,445.00	114,465,082.39	165,663,473.93
EBITDA	69,089,169.00	93,014,566.27	25,096,503.40	41,592,444.84
Net Profit	5,394,939.00	24,805,522.00	13,451,634.75	21,758,386.47
Net Loan Portfolio	358,603,674.17	293,592,197.04	390,188,043.31	384,386,204.29
Equity	108,570,283.17	133,375,805.17	131,186,680.43	139,493,432.15
Loan and Borrowings	362,738,373.00	285,601,578.00	216,378,511.05	194,191,497.99
Net Margin %	0.01	0.13	0.12	0.13
Return on Assets %	0.01	0.07	0.03	0.05

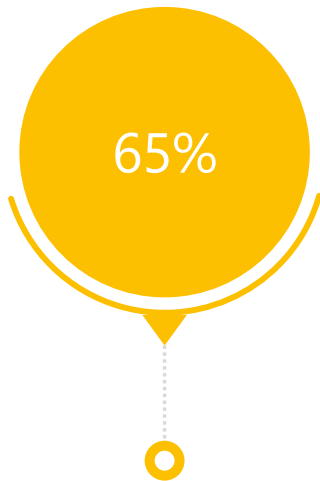
\*Audited Accounts Baker Tilly

- Wowwo’s rapid growth in 2018 stalled in 2019 due economic challenges. Banks increased interest rates to 30% and reduced credit lines for businesses. Wowwo increased its rates which reduced sales but resulted in higher profitability.



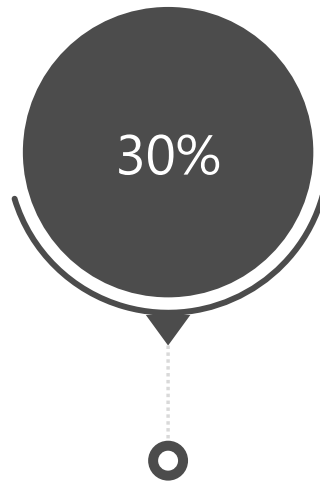
## BUSINESS MODEL HIGHLIGHTS

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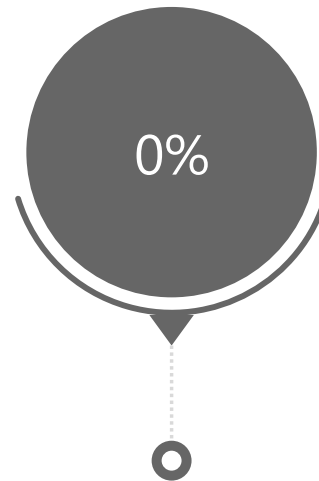
LTV

LTV is between 50%-70%.  
Averaging at 65%.



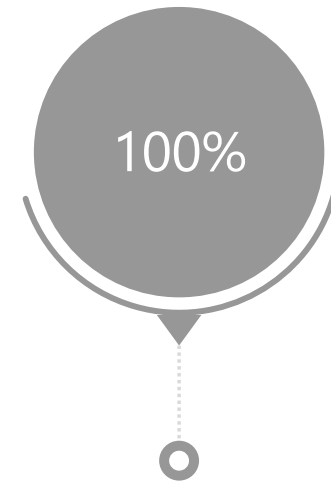
MINIMUM  
DOWN-PAYMENT

Wowwo takes 30-50% down-  
payment on every sale.



BAD DEBT

In case of default, Wowwo  
holds lien against the car  
title.



SECURITY

After repossessing the car,  
Wowwo will recover all monies  
owed to them including  
interest, fines and penalties.



## ABOUT WOWWO

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Wowwo positions itself as a dealer – lender – vector hybrid, solving the problem in each stage by its own approach to market. It's a dealer with trustable and guaranteed inventory through dealership partners; lender which does not mandate long frustrating procedures and a vector that dealers can list and buyers can search easily for the car they need.

Wowwo started its operations in 2016. Wowwo buys and sells second-hand cars with direct financing model to consumers in Turkey. Wowwo has a tech and internet based system which enables to run business theoretically with no inventory, leveraging inventories and transactions of dealers.

As a tech and internet-based business, Wowwo has invested in

IT Infrastructure, ERP and developed its own integrated platform that manages the whole business process, from customer inquiry to sales contract management and financial data reporting. The platform is also integrated with government and credit databases and receives information about customers and vehicles, leveraging real time risk management.



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## OUR BUSINESS

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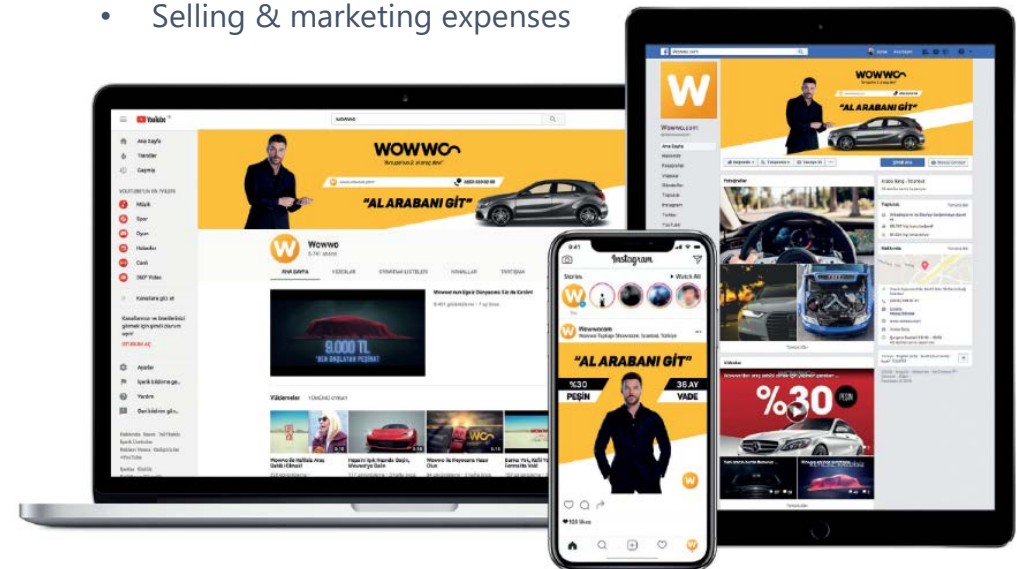
Wowwo markets cars across the country through its showrooms, dealers, web page, TV advertisements and social media channels. Member dealers are promoting Wowwo to the end customer as a new and easy way of purchasing a car.

Wowwo takes 30%-50% down payment over the sales price of the car and signs promissory notes with the final customer up to 36 months with an interest margin. Company generates its profit from the following:

- Interest income on Promissory Notes
- Mark-up on the buy & sell prices of the cars
- Value added services, such as insurance & title deed costs

While cost of company are mainly as follows:

- Cost of finance
- Cost of cars purchased
- Selling & marketing expenses





## MEET OUR TEAM

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**Engin Yeşil**

**Group Chairman**

- More than 45 years of establishing and managing 100m USD + companies.
- BS in Finance, University of Florida



**Alptekin Kekilli**

**COO**

- Led the entire operation in establishing Wowwo in 2016
- BS in Electrical and Electronics Engineering.
- Skilled in SIP, SS7, Data Center, Management.



**Kurt Akyüz**

**CFO**

- MBA Chicago Booth, LLB Law London Guildhall.
- Joined Wowwo in 2019.
- Over 20 years of experience in finance, operations and supply chain management in the UK.



**Yasin Sezer**

**CTO**

- BS in IT Engineering.
- Responsible for the Planning, design and development front-end, back-end company systems

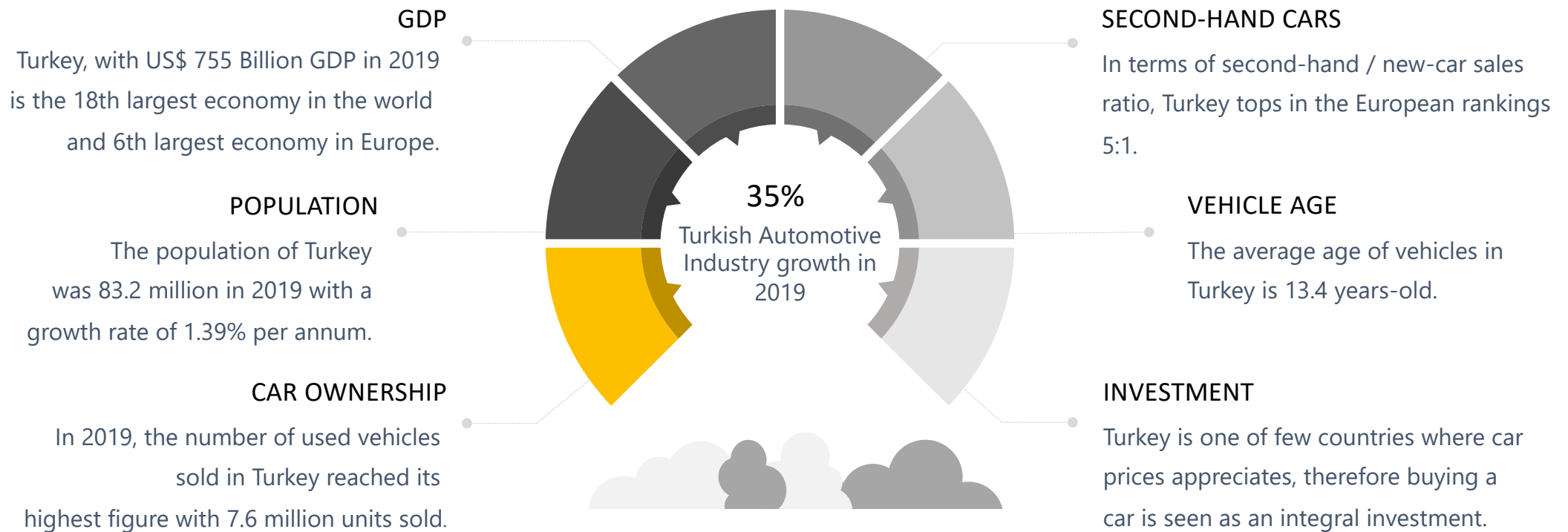
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## TURKEY LANDSCAPE OVERVIEW





## COVID-19 DRIVES UP DEMAND

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High demand coupled with supply shortages have pushed Turkish citizens toward secondhand vehicles, resulting in an uncontrolled increase in prices, a trend industry representatives project will continue until at least the end of the year.

50%

Secondhand car price increase in almost five months since March 2020

31%

Price increase for an average C-segment vehicle.

24%

the rate of those who prefer to use public transportation since COVID 19, down from 58%.

2.1m

Used-cars and light commercial vehicles were sold since January 2020

7%

Month-on-month increase average price for secondhand vehicles.

120,000 TL

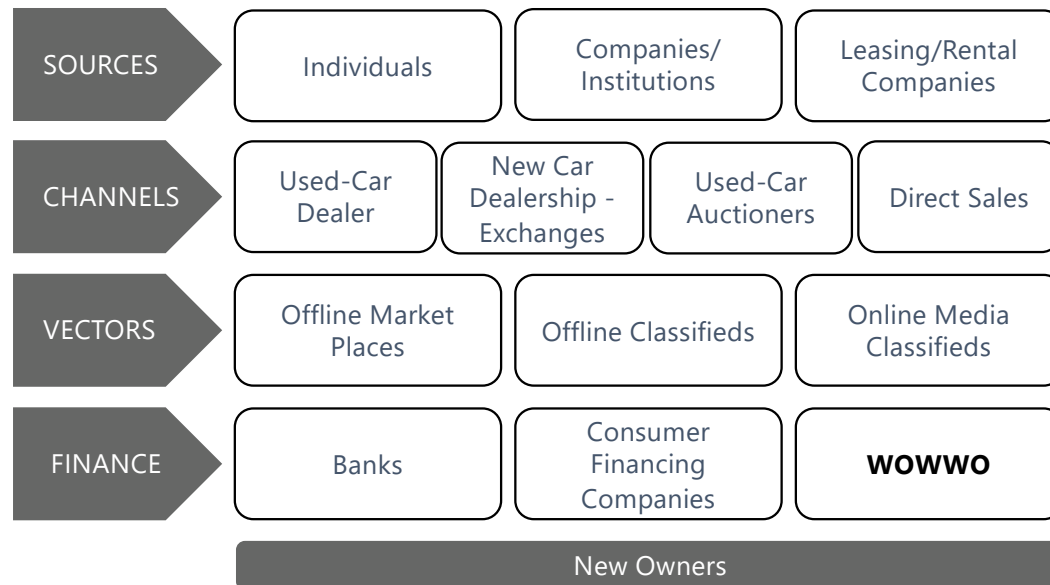
Average C-segment Vehicle price.

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## TRANSACTION OVERVIEW



Since May 2010, the second-hand car sales process is carried out through the Public Notaries in Turkey, via centralized online system.

The Notaries are the only institution authorized to conduct the official sale of car transactions and is connected to all related government entities for car title transfer. There is only one fee paid to the Notary.

The price of cars are paid in full or buyers can utilize car loans if they meet the strict criteria of Lenders.

Lender's finance cars that are maximum 5 years-old, therefore less than 30% of second-hand cars in Turkey is eligible for Lender financing.



## BUSINESS MODEL

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1. Wowwo markets cars through its showrooms, dealer network, and web page, driving sales through TV and social media advertisements



2. Potential clients search through Wowwo's website listings and find a car suited to their criteria. Once they select a car to purchase, the user registers their details on the platform.



3. The ID and financial viability of each customer is checked by Wowwo including real time AML checks.



4. After Wowwo's approval process, the request is directed to a dedicated Regional Sales Responsible (RSR) who will contact the dealership to negotiate the price of the car. Once Wowwo's sales price and mark-up is agreed, the RSR will contact the customer and arrange an appointment at the dealer location in order to complete the transaction.





## BUSINESS MODEL

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5. The customer arrives to inspect the car, test drive, review the expert report, and agrees to purchase.



6. A 30%-50% down payment is submitted, and legally binding Promissory Notes are signed over to Wowwo. Wowwo purchases the car title from the dealer and pays in full.



7. Wowwo sells the car to the customer, and the client takes the title at the notary.



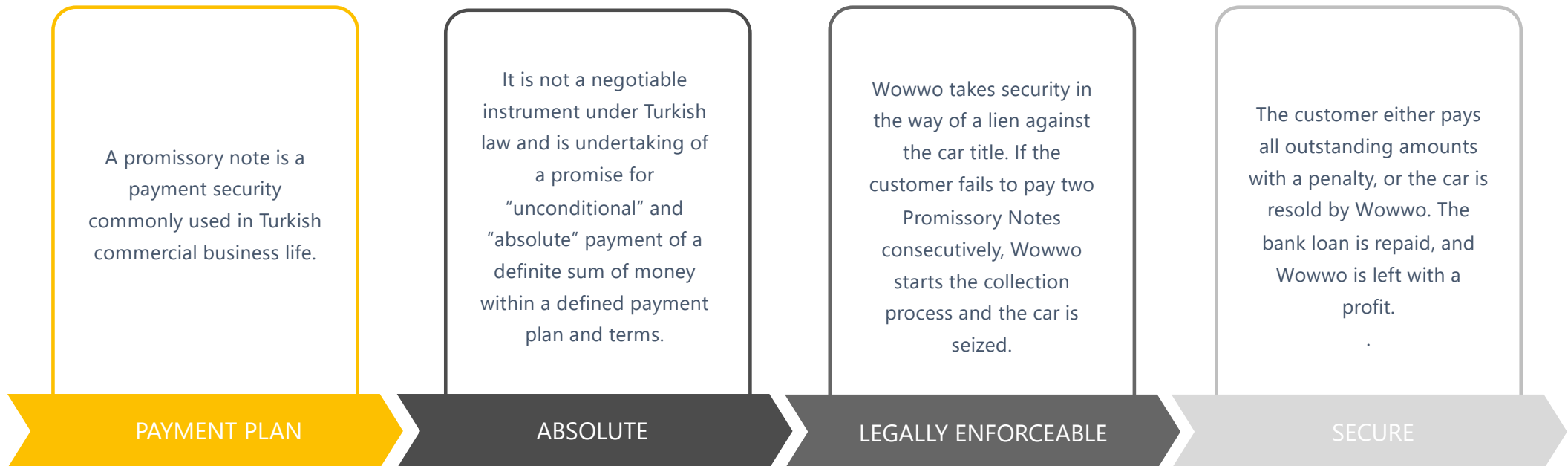
8. Wowwo takes the Promissory Notes, Insurance Documents, Notary Sales Documents to the bank (funder i.e Mintos) who then issues a collateral warranty on the Promissory Notes and in turn releases the funds to Wowwo.





## UNDERSTANDING PROMISSORY NOTES

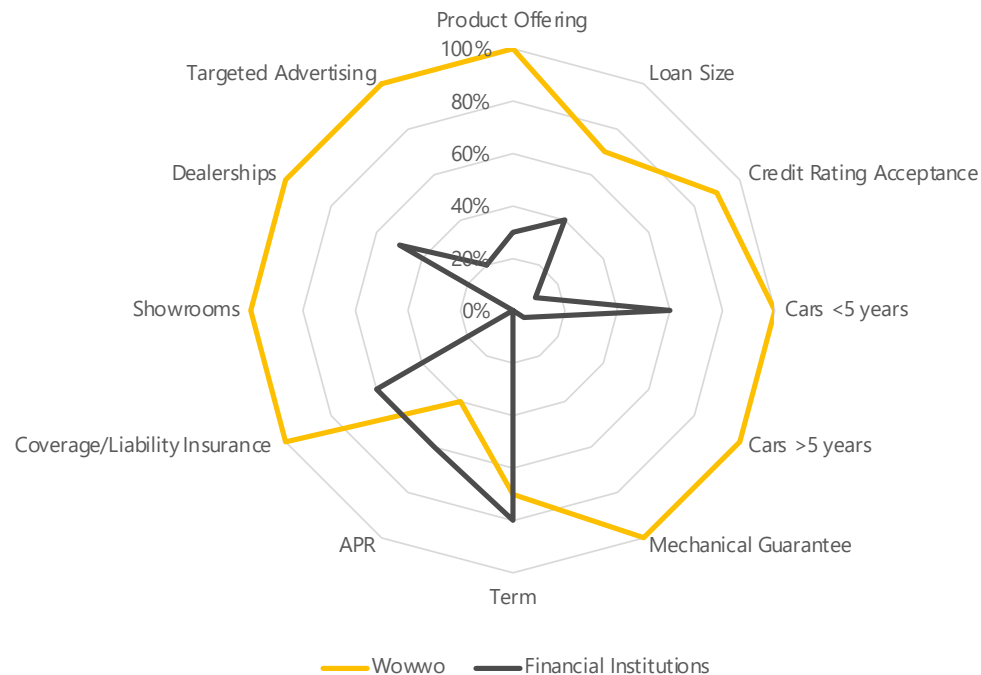
Wowwo is not a financial institution and does not provide “Loans”. Wowwo provides “secured payment plans” over a defined term with interest, using promissory notes.





## COMPETITIVE LANDSCAPE

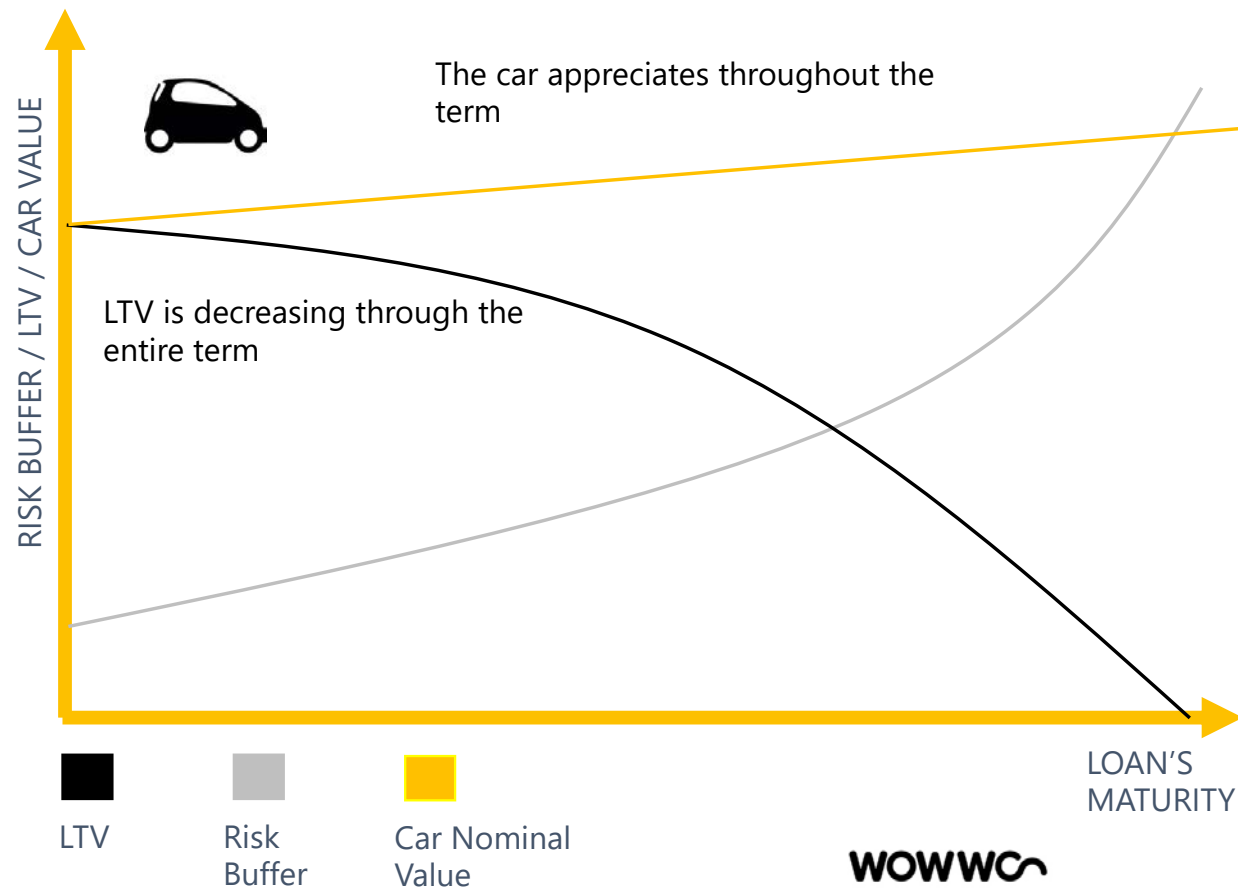
Our business model is based on the gaps and restrictions provided by Financial Institutions (FI). These gaps help create our market.



- Wowwo is a fully dedicated second-hand car platform focused on a consumer segment who do not meet the criteria for traditional auto loans unlike FI's. Our security is held against the car title.
- Considering that the average car age in Turkey is 13 years, Wowwo offers up to 70% loan of the total value. FI's only offer loans to new or second-hand cars up to 5 years old with 50-60% upfront payment based on the insurance value.
- Wowwo provides a complete "car search-to-delivery" service incorporating a wide product offering from Insurance to Mechanical Guarantee. These services can also be paid in instalments.
- Car dealerships rely on the terms of the bank to provide loans to customers. In the case of Wowwo, every partner dealership can sell their car with flexibility through our payment plans.



## RISK PROFILE



- The used quality cars have been increasing in their value.
- The borrowers are redeeming the loan month by month. In return, the LTV of the loan is decreasing constantly.
- In case of default, Wowwo holds a lien against the car title.
- After re-possessing the car, Wowwo will recover the initial loan amount (taking account of all the cash flows received through the agreement).





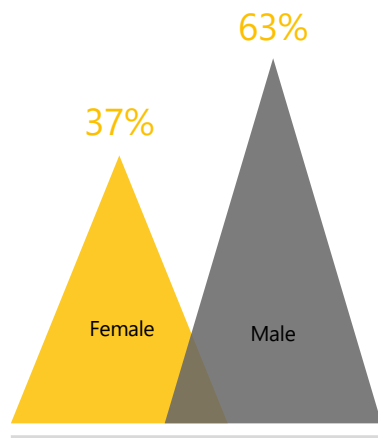


## CLEAR PRODUCT OFFER

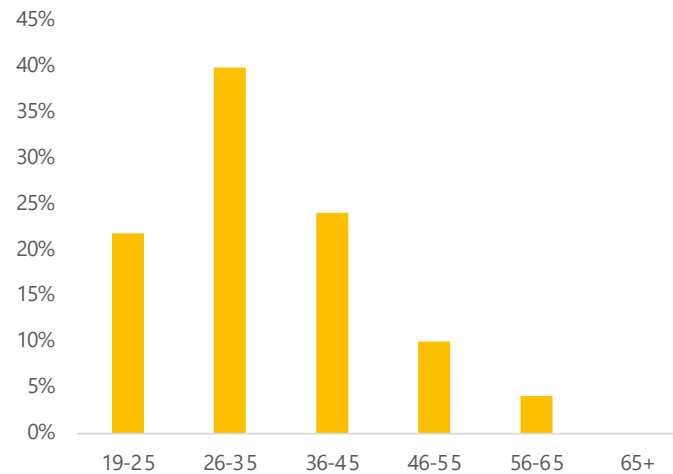
Products	Car Sales	Full Coverage Car Insurance Sales	Mandatory Liability Car Insurance Sales	Car Mechanical Guarantee Sales
Share of Portfolio Revenue	96.5%	2.1%	0.87%	0.53%
Payment Structure	Monthly	Monthly	In Advance	Monthly
Average Term	28 Months	12 Months	12 Months	12 Months
Mark-Up	4-10%	14%	10%	10%
Average Range	20-50%	20-50%	-	20-50%
Channels	Online Offline Dealership Partners Showrooms	Online Offline Dealership Partners Showrooms	Online Offline	Online Offline



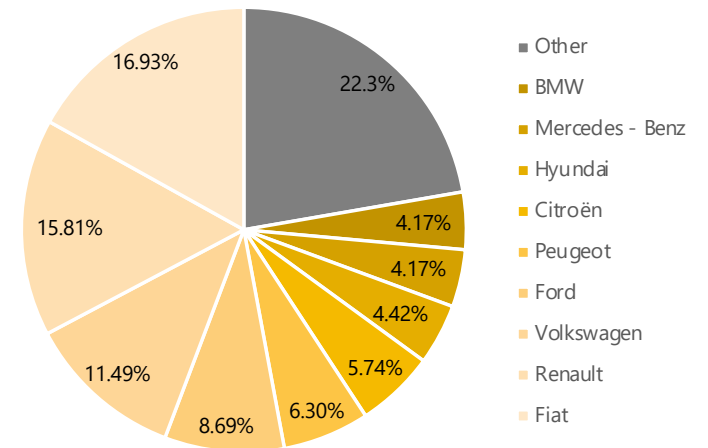
# CUSTOMER PROFILE 2020



Customer by Gender



Customer by Age Group

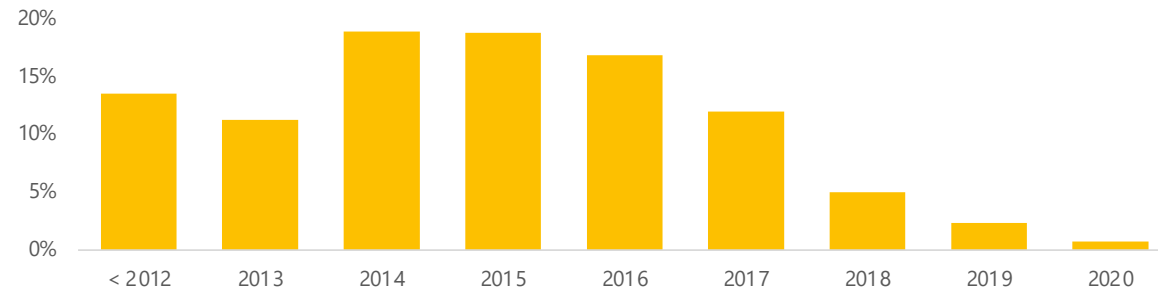


Customer by Brand of Car Purchased

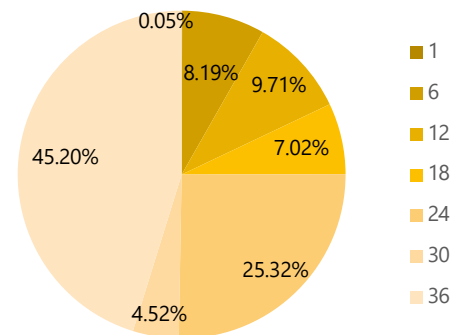


## PORTFOLIO ANALYSIS 2020

Car Manufacture Date (By Year)



Term (Months)

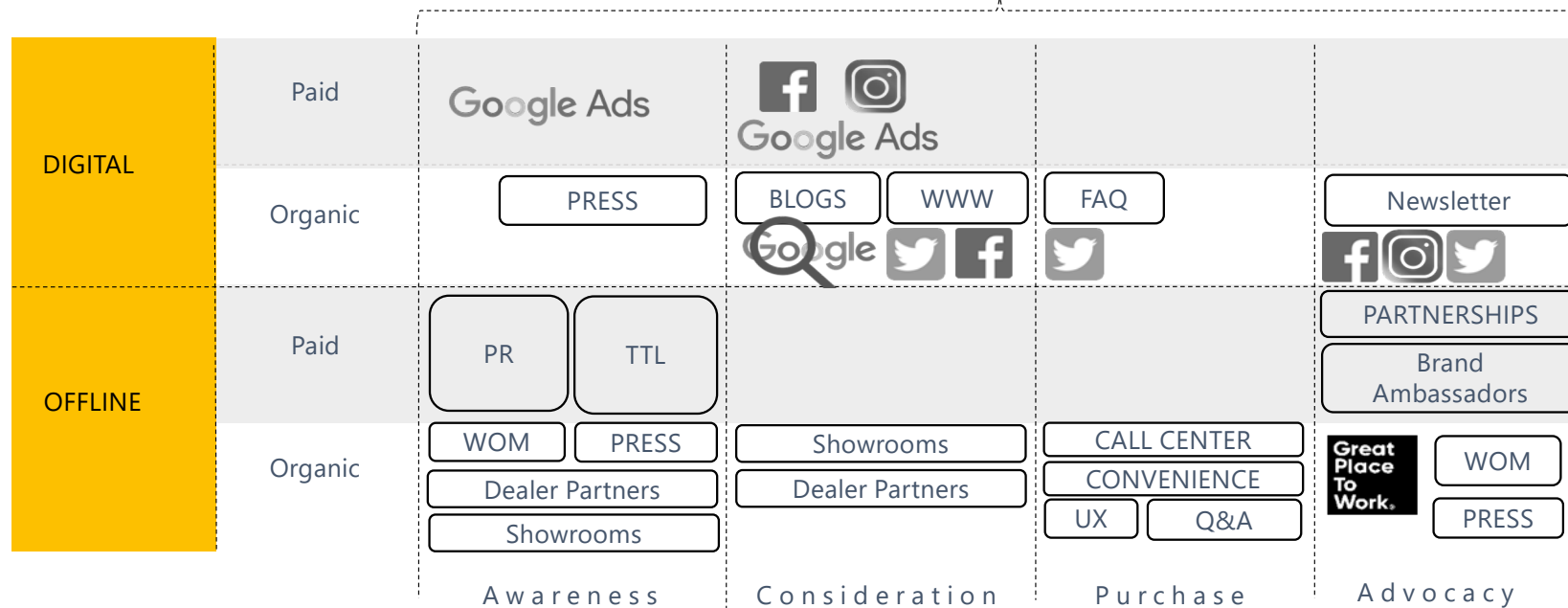


Product	Vehicle Sale
Average Price of Car	120,000 TL
Average Term	26 months
Average Car Age	5-6 years
Average LTV	65%
Annual Interest Rate	20-50%
Re-payment Schedule	Monthly



# MARKETING STRATEGY

CUSTOMER JOURNEY STAGE

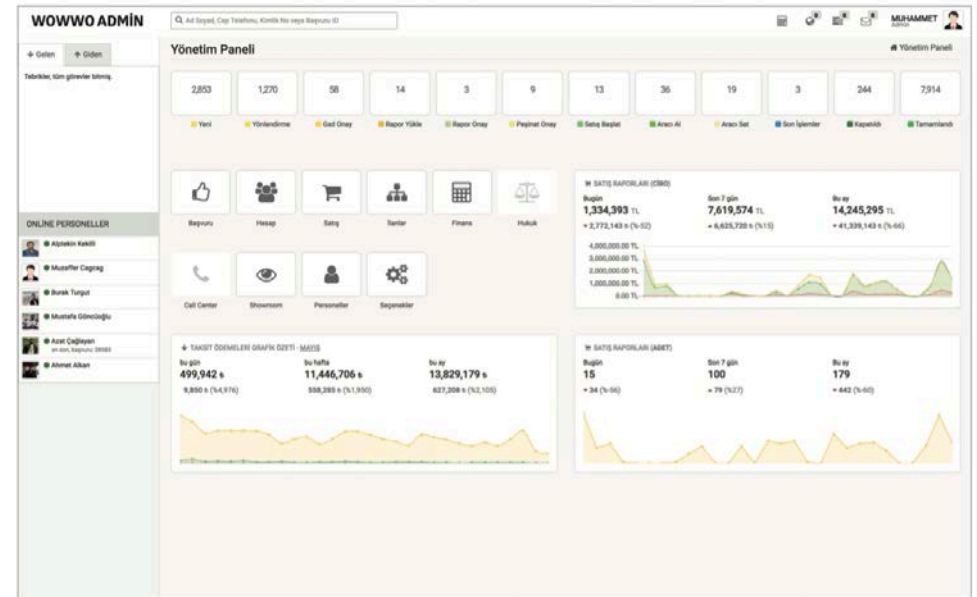




## PROPRIETARY SOFTWARE

Wowwo's own proprietary software WOWWO ADMIN is at the heart of all Wowwo operations. Wowwo prioritizes investment in technology to streamline and maximise the efficiency of operational processes. Developed over the past five years, WOWWO ADMIN ensures that Wowwo effortlessly monitors the entire operations from vehicle inventory to sales contracts, tracking receivables and banknotes.

WOWWO ADMIN is also integrated with institutions such as the Turkish e-government gateway services, civil registry, notary public and Findeks credit rating. One of the key features of the system is that it maintains Wowwo's profitability by offering more than 60 thousand different payment plans according to customer profile, vehicle specifications and price.



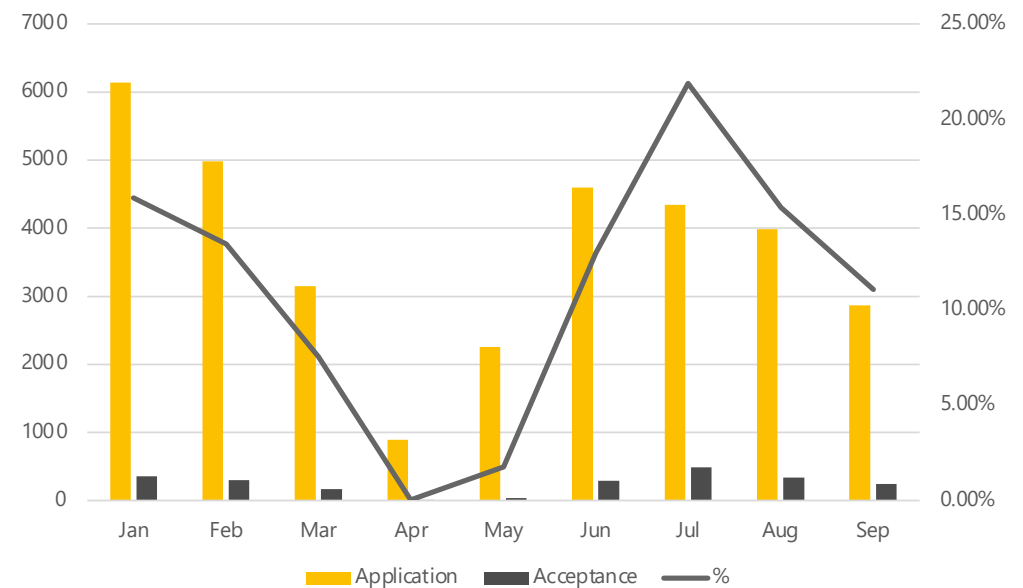


## CUSTOMER ACQUISITION

Wowwo call center makes a call to customer to confirm the payment plan and breakdown costs as outlined by the ERP system. The customer is then referred to a Regional Sales Responsible (RSR) who then negotiates the purchase price with the auto dealer that owns the vehicle. If Wowwo's mark-up is agreed, the RSR will contact the customer and arrange an appointment at the dealers.

If the price is not agreed, the RSR will direct the customer to alternative options. The ERP System sends the customer a SMS confirming the details of the appointment which is also registered in the system.

TOTAL APPLICATIONS vs. TOTAL ACCEPTANCE 2020:





# DATA DRIVEN

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## CUSTOMER SCORING & FRAUD PREVENTION

Regular dealer partner review is carried out. All cars listed are checked against the State Transport Authority Database.

Detailed technical information about the car is provided.

All personal data is referenced through the national civil registry system, credit score checks are carried out.

WOWWO ADMIN ensures all criteria is complete and data is logged.

## CLIENT: SALES PROCESS AND AUTOMATED SCORING

A potential customer visits wowwo.com and will find more than 16,000 vehicles are listed for sale. By using a search filter, they enter the brand (example: Renault) and price range of the car (TRY 40,000 -70,000) and all the options offered across Turkey will be listed.

They will find a list of vehicles fitting their requirements and select one. They view the details of the vehicle they wish to purchase and click the "Buy Now" button to make a purchase where they register their personal details.

Checks are made at this point by clicking "Run a Query" button. Each check is a personalized process, so they will need to complete all of their personal information before clicking the "Next step" button

They enter the confirmation code they receive on their phone and click proceed to the next step.

The application procedure is completed.



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## CUSTOMER CARE

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### PERSONAL SERVICE

Wowwo ERP provides customer care, sales and marketing services through its dedicated showroom and call center answering more than 2,000 enquiries every day.



### MEMBER DEALERS

Wowwo Support Unit provides sales support to our member dealers and customers with its 30 highly trained employees.

**WOWWO**

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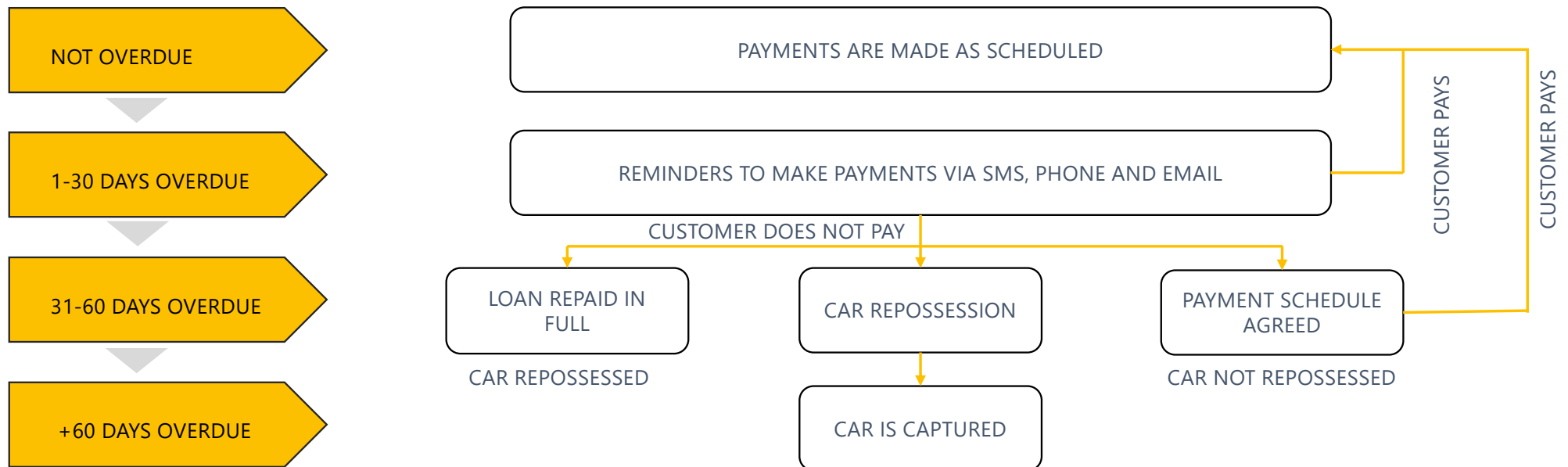


### EMPLOYEES

Operating under Wowwo ERP, the Call Center has 60 employees ranging from Call Agents, Project Managers, and Team Leaders to Quality Controllers, Operation and Collection Teams.



## DEBT COLLECTION



- All debt collection is fully compliant with regulation.
- Dedicated in-house debt recovery team.
- Support is given to customers to find solution for loan repayment including an offer to re-purchase the vehicle.
- Sale of repossessed car takes up to 90 days on average.



# FINANCIALS

## Balance Sheet

	2018	2019	2020-Q1	2020-Q2
Net Loan Portfolio	358,603,674 TL	293,592,197 TL	390,188,043 TL	384,386,204 TL
Cash And Cash Equivalents	8,813,733 TL	16,812,162 TL	16,216,820 TL	15,770,277 TL
Other Assets	155,068,916 TL	139,583,329 TL	16,655,497 TL	32,562,175 TL
<b>Total Assets</b>	<b>522,486,323 TL</b>	<b>449,987,688 TL</b>	<b>423,060,360 TL</b>	<b>432,718,656 TL</b>
<b>Total Equity</b>	<b>108,570,283 TL</b>	<b>133,375,805 TL</b>	<b>131,186,680 TL</b>	<b>139,493,432 TL</b>
Loans And Borrowings	362,738,373 TL	285,601,578 TL	216,378,511 TL	194,191,498 TL
Other Liabilities	51,177,667 TL	31,010,305 TL	75,495,169 TL	99,033,726 TL
<b>Total Liabilities</b>	<b>413,916,040 TL</b>	<b>316,611,883 TL</b>	<b>291,873,680 TL</b>	<b>293,225,224 TL</b>
<b>Total Equity And Liabilities</b>	<b>522,486,323 TL</b>	<b>449,987,688 TL</b>	<b>423,060,360 TL</b>	<b>432,718,656 TL</b>

Key Ratios	2018	2019	2020-Q1	2020-Q2
Capital To Assets	0.21	0.30	0.31	0.32
Capital To Net Loan Portfolio	0.30	0.45	0.34	0.36
Return On Equity	7.13%	24.41%	9.74%	14.90%
Return On Assets	1.48%	7.24%	3.02%	4.80%



# FINANCIALS

## Income Statement

	2018	2019	2020-Q1	2020-Q2
Interest Income And Similar Income	471,420,773 TL	184,249,445 TL	114,465,082 TL	165,663,474 TL
Sales Cost	-356,765,490 TL	-140,542,490 TL	-83,753,248 TL	-123,691,611 TL
Interest Expense And Similar Expenses	-30,777,547 TL	-23,448,717 TL	-11,225,043 TL	-22,212,275 TL
<b>Net Interest Income And Similar Income</b>	<b>83,877,736 TL</b>	<b>20,258,238 TL</b>	<b>19,486,792 TL</b>	<b>19,759,588 TL</b>
General Administrative And Selling Expenses	-54,181,466 TL	-28,683,655 TL	-12,446,147 TL	-17,863,625 TL
Other (Expense)/Income	-21,953,643 TL	40,986,509 TL	5,732,402 TL	18,883,911 TL
<b>Profit Before Tax</b>	<b>7,742,627 TL</b>	<b>32,561,092 TL</b>	<b>12,773,047 TL</b>	<b>20,779,874 TL</b>
Tax	2,347,688	7,755,570	678,588 TL	978,513 TL
<b>Net Profit</b>	<b>5,394,939 TL</b>	<b>24,805,522 TL</b>	<b>13,451,635 TL</b>	<b>21,758,386 TL</b>
<b>Total Comprehensive Income Of The Year</b>	<b>5,394,939 TL</b>	<b>24,805,522 TL</b>	<b>13,451,635 TL</b>	<b>21,758,386 TL</b>
Key Ratios	2018	2019	2020-Q1	2020-Q2
EBITDA	69,089,169 TL	93,014,566 TL	25,096,503 TL	41,592,445 TL
EBITDA Margin-%	15%	50%	22%	25%
Net Margin-%	1%	13%	12%	13%



# CONTACT US

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