

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

30.06.2019 FINANCIAL RESULTS



AGENDA

- **Prysmian Group & Türk Prysmian Kablo Overview**
- **Macroeconomics & Business Environment**
- **1H 2019 Financial Results**

Prsymian Group & Türk Prysmian Kablo Overview

TURKEY IS ONE OF THE R&D CENTERS OF THE PRYSMIAN GROUP



+50
COUNTRIES



112
PLANTS



25 R&D
CENTERS



ABOUT **30,000**
EMPLOYEES



THE WORLDWIDE LEADER IN ENERGY AND TELECOM CABLE INDUSTRY

NORTH AMERICA



23
PLANTS



6 R&D
CENTERS



OVER **5,800**
EMPLOYEES

LATAM



15
PLANTS



3 R&D
CENTERS



OVER **4,200**
EMPLOYEES

EMEA



56
PLANTS



14 R&D
CENTERS



OVER **16,000**
EMPLOYEES

APAC



18
PLANTS

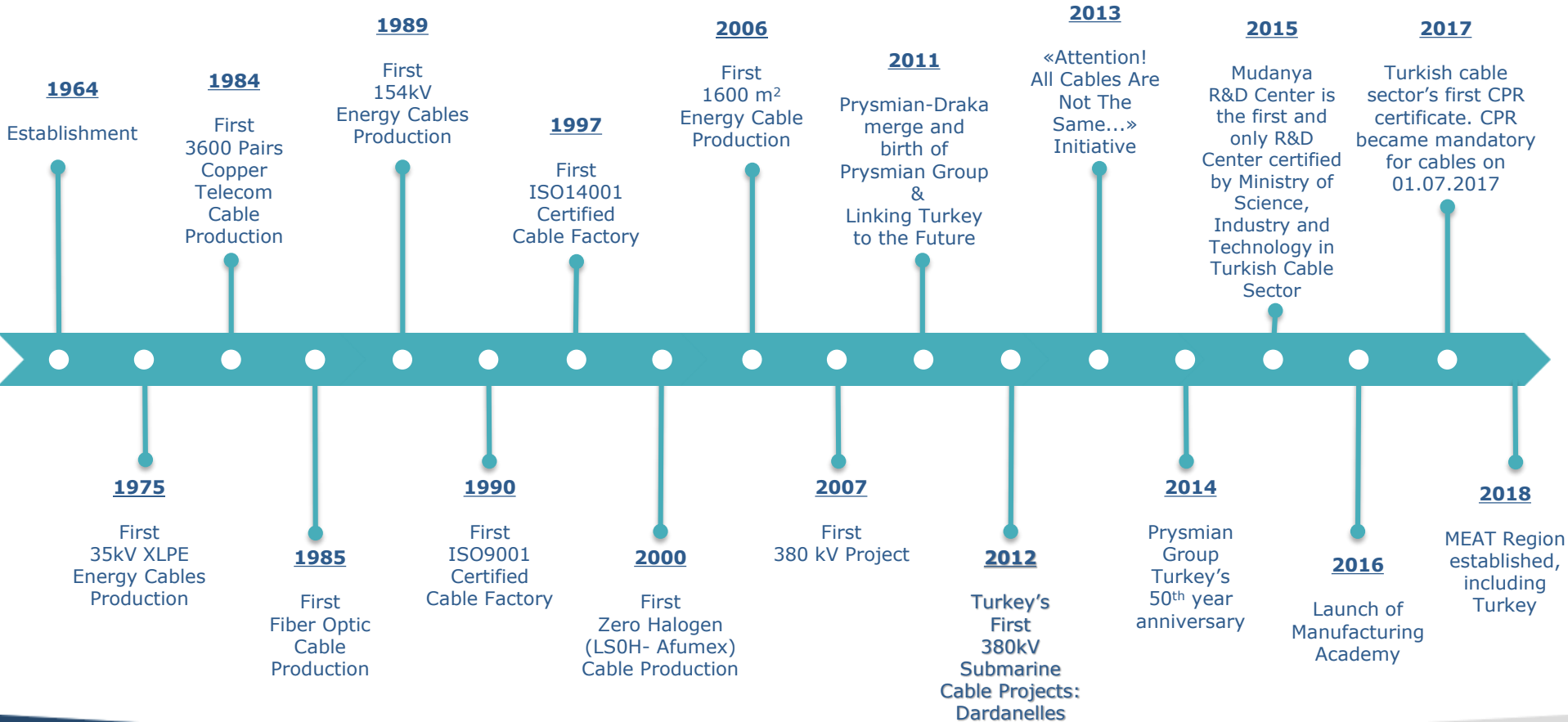


2 R&D
CENTERS



ABOUT **3,000**
EMPLOYEES

TÜRK PRYSMIAN, LINKING TURKEY TO THE FUTURE



PRESTIGIOUS PROJECTS – WORLDWIDE



Baku Olympics Stadium, Azerbaijan



Mercury City Tower, Russia



Ashgabat Airport, Turkmenistan



Dubai Metro



Ayada Maldives



Mecca Clock Tower, Saudi Arabia



Turkmenistan Presidential Palace



Shah Deniz Refinery Project, Azerbaijan



Palazzo Versace Hotel, Dubai

PRESTIGIOUS PROJECTS – IN TURKEY



Istanbul's New Airport



Kayseri OSB Solar Park



Avrasya Tunnel



Socar – Star Refinery



Dardanelles Strait Submarine Cable Projects



Eskişehir City Hospital



Skyland Istanbul



Yavuz Sultan Selim Bridge



Stadiums of Beşiktaş, Fenerbahçe, Galatasaray and Trabzonspor

22,000 CABLE TYPES IN 3 BUSINESS DIVISIONS

BUSINESS DIVISIONS

**Energy
Projects**

**Energy
Products**

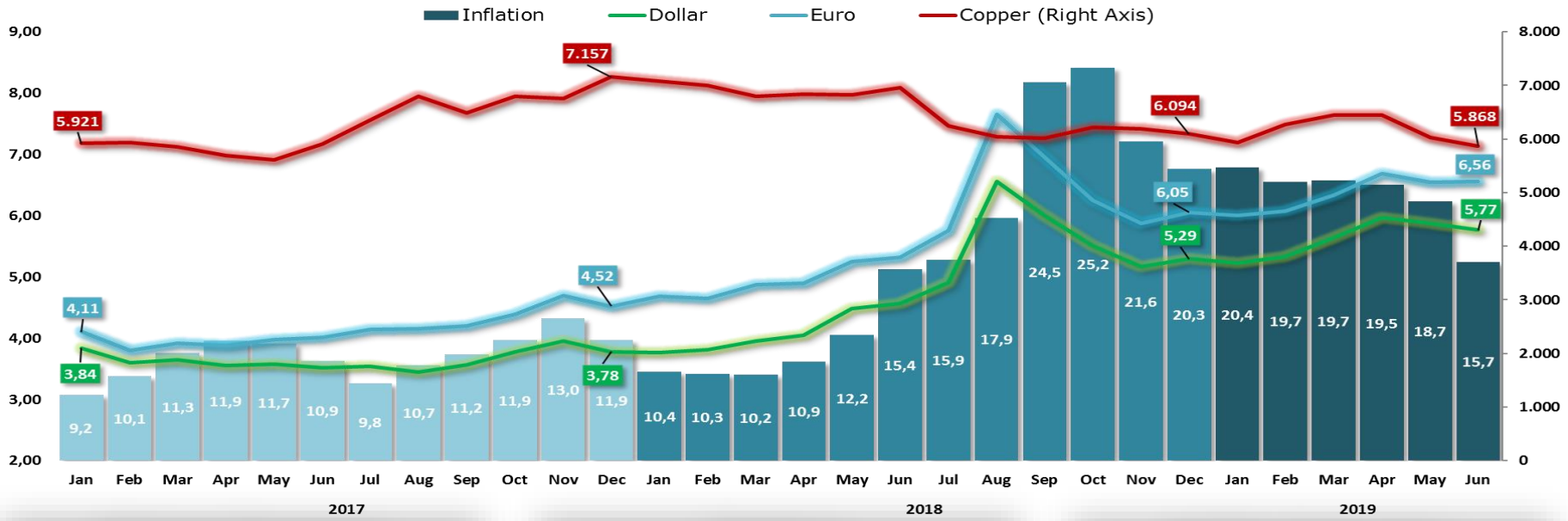
Telecom

PRODUCTS

- ✓ **Energy transmission**
- ✓ **Energy distribution**
- ✓ **Low voltage and building cables**
- ✓ **Specialties & OEM**
 - White & Brown Goods
 - Railways
 - Petrochemical plants
 - Solar
 - Wind
 - Marine
 - Mining
 - Nuclear
 - Other industrial applications
- ✓ **Cable Accessories**
- ✓ **Copper Telecom Solutions**
- ✓ **Fiber Optic Solutions**
- ✓ **MMS Solutions**

Macroeconomics & Business Environment

MACROECONOMICS & CABLE INDUSTRY – GOING THROUGH TOUGH TIMES



Global Markets

- Slow down on global growth
- Volatility due to less certain monetary policy political backdrop
- Trade wars (US – China)
- Oil price trend & impact on Middle East
- Increasing tension with Iran

Turkey

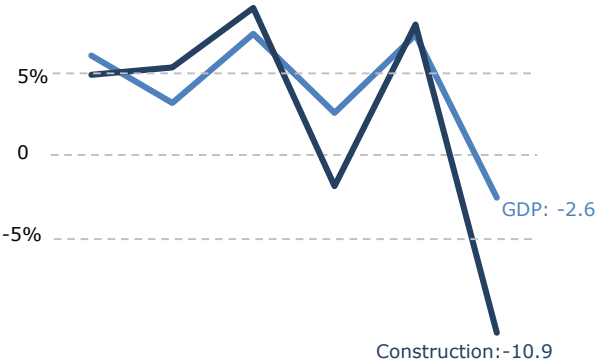
- Ongoing financial crisis
- Pressure on markets during elections in 1.half
- Tax and price increases after elections
- Highest unemployment rate since May 2009
- Downtrend in inflation due to low demand
- Turkey’s rating downgrade by Moody’s and Fitch

Cable Industry

- Uncertainty and slowdown in the market
- Price pressure due to unsaturated competitors
- Long payment term in a risky environment
- Collection issues and high bad debt risk
- Government related projects are on hold

ECONOMIC CRISIS HAD THE HARDEST HIT ON CONSTRUCTION SECTOR

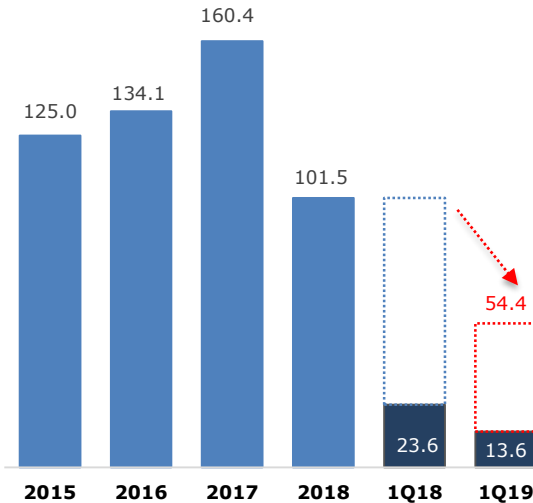
-10.9 CONTRACTION IN CONSTRUCTION



2015	2016	2017	2018	1Q'18	1Q'19
6.1	3.2	7.4	2.6	7.4	-2.6
4.9	5.4	9.0	-1.9	8.0	-10.9

42.5% DECREASE IN CONSTRUCTION PERMITS

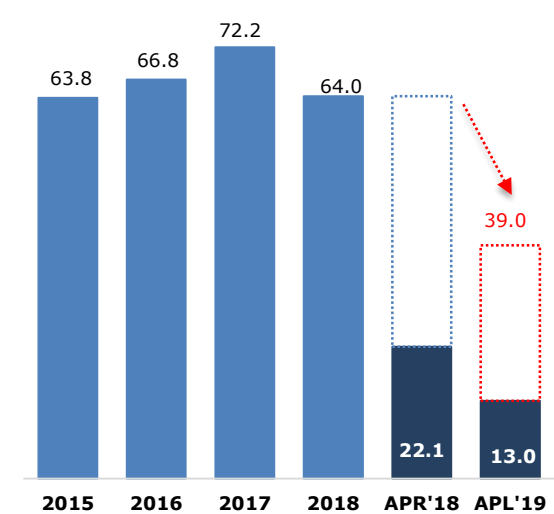
Thousand



..... Annualized Estimate

41.2% DECLINE IN CEMENT SALES IN TURKEY

Tons



..... Annualized Estimate

TARGET: AIMING TO MAINTAIN SIMILAR RESULTS TO THAT IN 2018

Defending Market Share

- Enlarging customer portfolio
- Becoming more aggressive in a selective way

1 POINT INCREASE IN MARKET SHARE

Sustaining Profitability

- Increasing hard currency orders
 - Exports (Algeria)
- Improving IC business
 - New IC flows on Energy
 - Ongoing telecom projects

CONTRIBUTION MARGIN UP BY 1.0 POINT

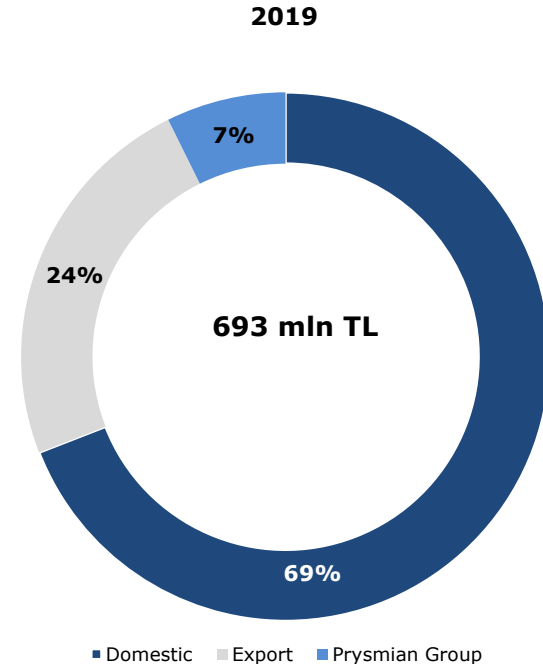
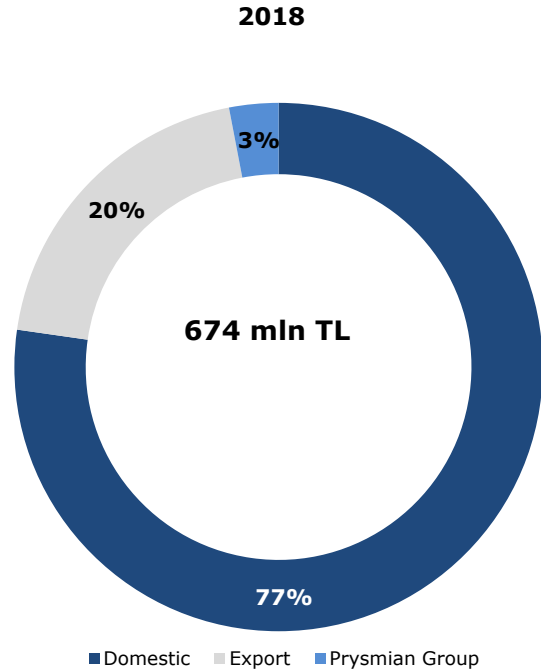
Focus on Financial Discipline

- Minimizing credit risk, focusing on low risk profile
- Effective NWC management

ZERO BAD DEBT

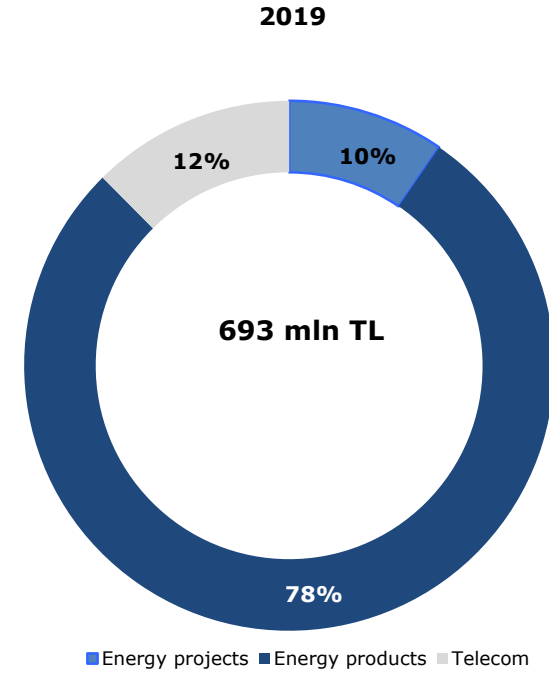
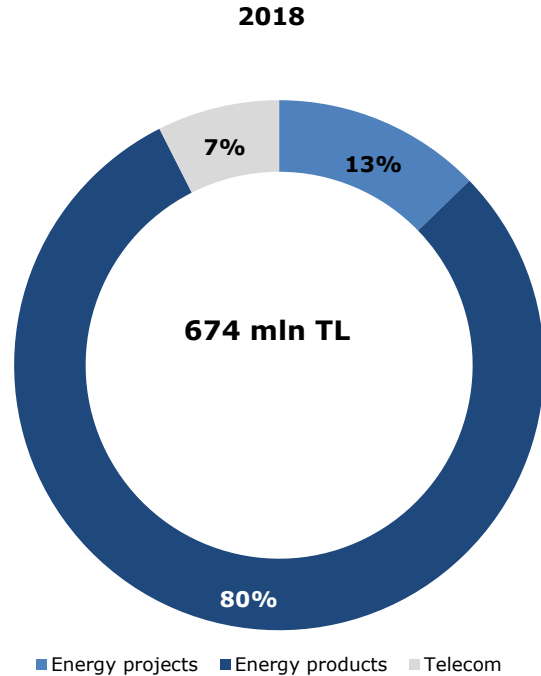
1H 2019 Financial Results

REVENUES BY DISTRIBUTION CHANNEL



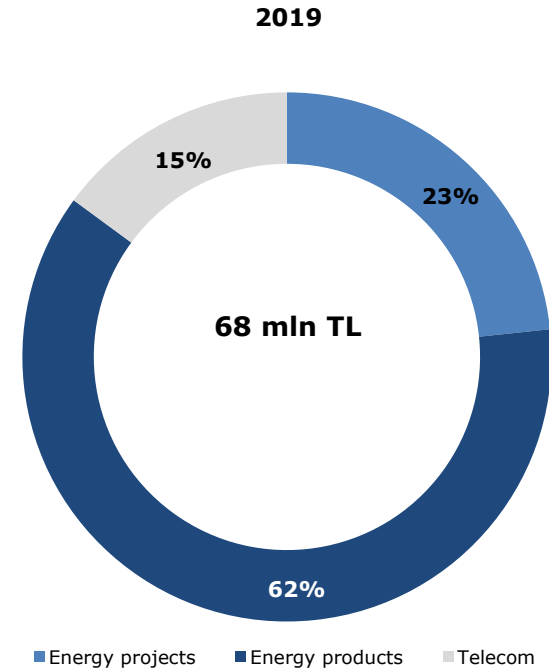
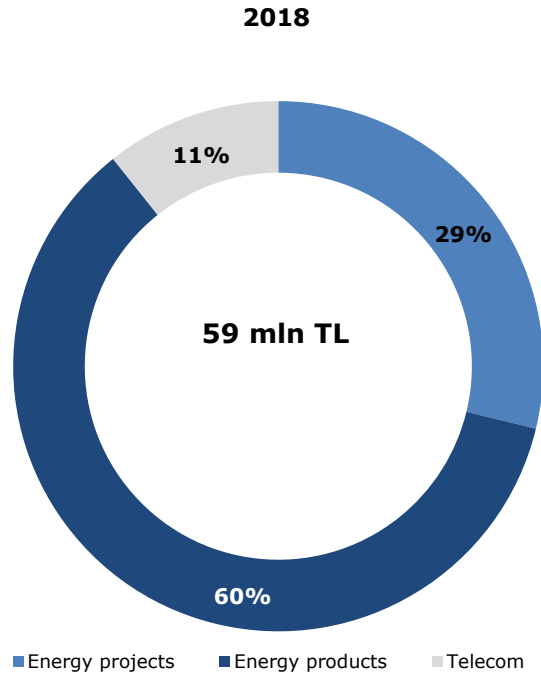
Domestic volume contraction compensated by exports and IC sales

REVENUES BY SEGMENT



Increasing IC revenues due to energy flows and telecom projects

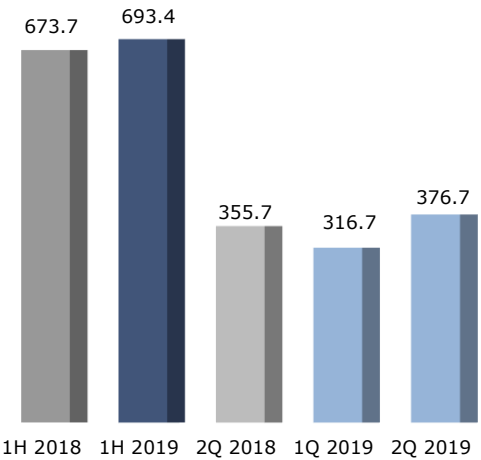
CONTRIBUTION MARGIN BY SEGMENT



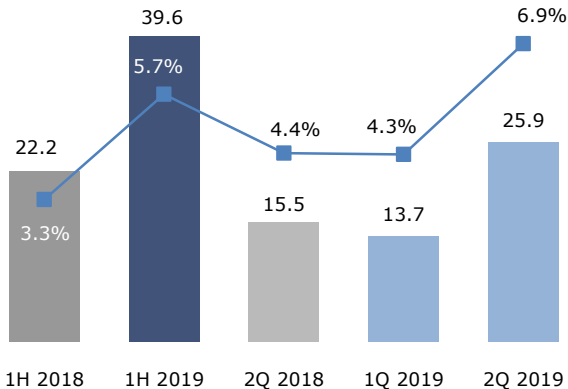
Value added telecom projects

REVENUE, EBITDA & EBITDA MARGIN AND NET INCOME

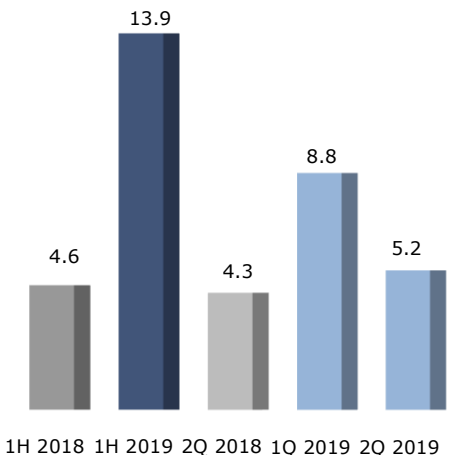
REVENUE (MTL)



EBITDA & EBITDA MARGIN (MTL)



NET INCOME (MTL)



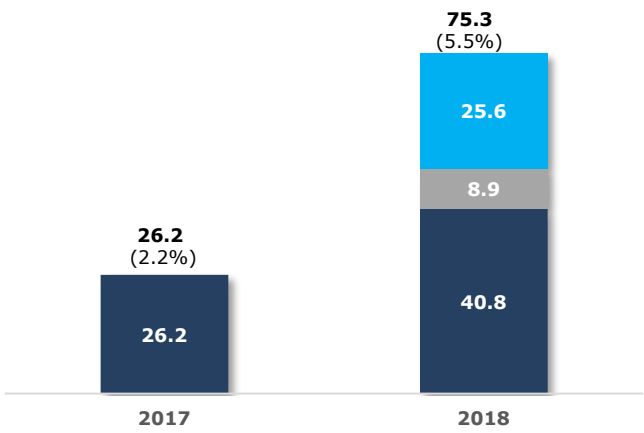
- 18.9% QoQ increase in 2Q 2019 due to
 - ✓ Increasing share of exports
 - ✓ Increasing share of value added telco products
 - ✓ Increasing sales prices

- 78.7% YoY increase in 1H 2019 Ebitda (2.43 point increase in Ebitda margin)
 - ✓ Royalty ratio adjustment
 - ✓ Royalty + service fee waiver (14.5 m^{TL})
 - ✓ 2.3 point increase effect due to the Royalty+service fee waiver

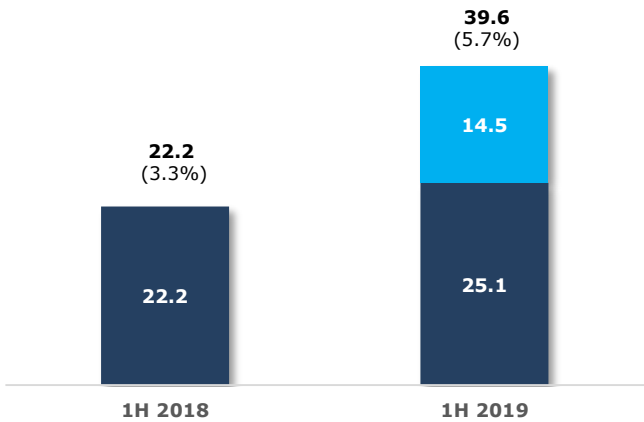
- 19.2% YoY increase in 2Q 2019 despite increasing fx expense of forward contracts
 - ✓ Improved operational performance
 - ✓ Financial discipline

PRYSMIAN GROUP SUPPORT DURING FINANCIAL CRISIS

EBITDA & EBITDA MARGIN (MTL & %)



EBITDA & EBITDA MARGIN (MTL & %)

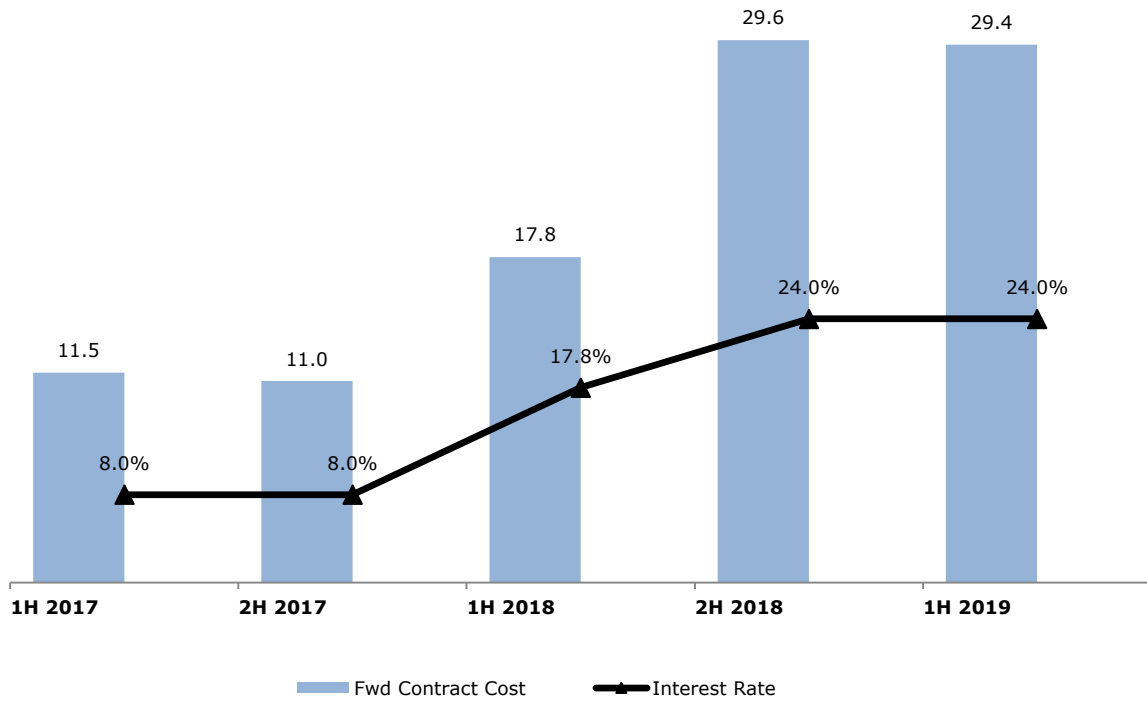


One-time Impact
 Royalty + Service Fee Waiver
 2018= 25.6 MTL

Permanent Impact:
 2018=8.9 MTL

One-time Impact
 Royalty + Service Fee Waiver
 1H 2018= 0
 1H 2019=14.5 MTL

1H 2019 NET INCOME NEGATIVELY AFFECTED BY FORWARD CONTRACT COSTS



On the back of increasing interest rates

2019/2018 1H. P&L STATEMENT – CMB FORMAT (TL)

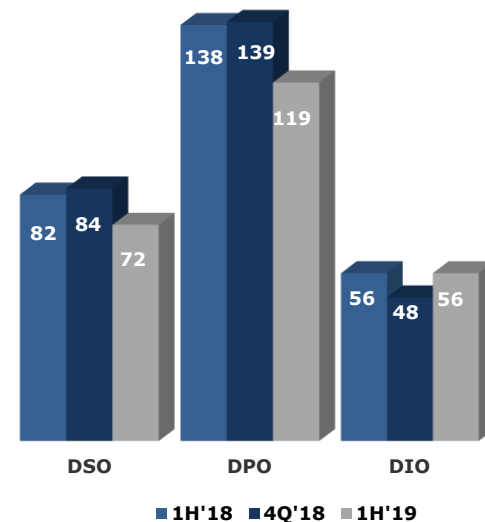
	January 1 - June 30, 2019	January 1 - June 30, 2018	Diff	April 1 - June 30, 2019	April 1 - June 30, 2018	Diff
Revenues	693,366,580	673,650,703	2.9%	376,689,313	355,668,970	5.9%
Cost of sales	(618,062,188)	(607,721,828)	1.7%	(335,999,204)	(322,759,848)	4.1%
GROSS PROFIT	75,304,392	65,928,875	14.2%	40,690,109	32,909,122	23.6%
<i>Gross profit / Revenues</i>	10.9%	9.8%		10.80%	9.3%	
General Administrative Expenses	(9,999,798)	(19,015,167)	-47.4%	(5,276,526)	(6,185,718)	-14.7%
Marketing Expenses	(27,095,401)	(25,946,246)	4.4%	(10,203,943)	(11,682,184)	-12.7%
R & D Expenses	(2,273,601)	(1,868,186)	21.7%	(1,413,500)	(1,024,994)	37.9%
Operating income/expenses net	(19,951,538)	(14,086,162)	41.6%	(16,883,675)	(8,479,019)	99.1%
	15,984,054	5,013,114	218.8%	6,912,465	5,537,207	24.8%
<i>Operating gain/loss</i>	2.3%	0.7%		1.8%	1.6%	
Revenue from Investments	5,483	594,513	-99.1%	5,483	-	0.0%
Finance Income/Expense (net)	389,800	422,009	-7.6%	(282,567)	67,145	-520.8%
PROFIT BEFORE TAX	16,379,337	6,029,636	171.6%	6,635,381	5,604,352	18.4%
<i>Profit before tax</i>	2.4%	0.9%		1.8%	1.6%	11.8%
Tax Expense/Income	(2,458,362)	(1,419,881)	73.1%	(1,473,257)	(1,271,725)	15.8%
NET PROFIT	13,920,975	4,609,755	202.0%	5,162,124	4,332,627	19.1%
<i>Net profit / Revenue</i>	2.0%	0.7%		1.4%	1.2%	

BALANCE SHEET

TL (MN)	1H'18	4Q'18	1H'19
Cash & Cash Equivalents	119,588,331	229,542,230	87,366,374
Trade Receivables	363,247,471	344,812,931	320,841,326
Inventories	171,025,859	148,636,363	197,583,332
Non-Current Assets	76,020,464	103,728,738	77,151,560
TOTAL ASSETS	845,013,472	899,297,070	796,913,154
Short Term Loans	46,273,560	49,518,160	22,775,727
Trade Payables	504,817,808	466,262,966	403,780,691
Construction Contracts	4,402,206	8,894,372	6,593,441
LONG TERM LIABILITIES	7,749,124	8,839,841	12,296,780
Paid in Capital	141,733,652	141,733,652	141,733,652
TOTAL LIABILITIES & EQUITY	845,013,472	899,297,070	796,913,154

NET CASH	73,314,771	180,024,070	64,590,647
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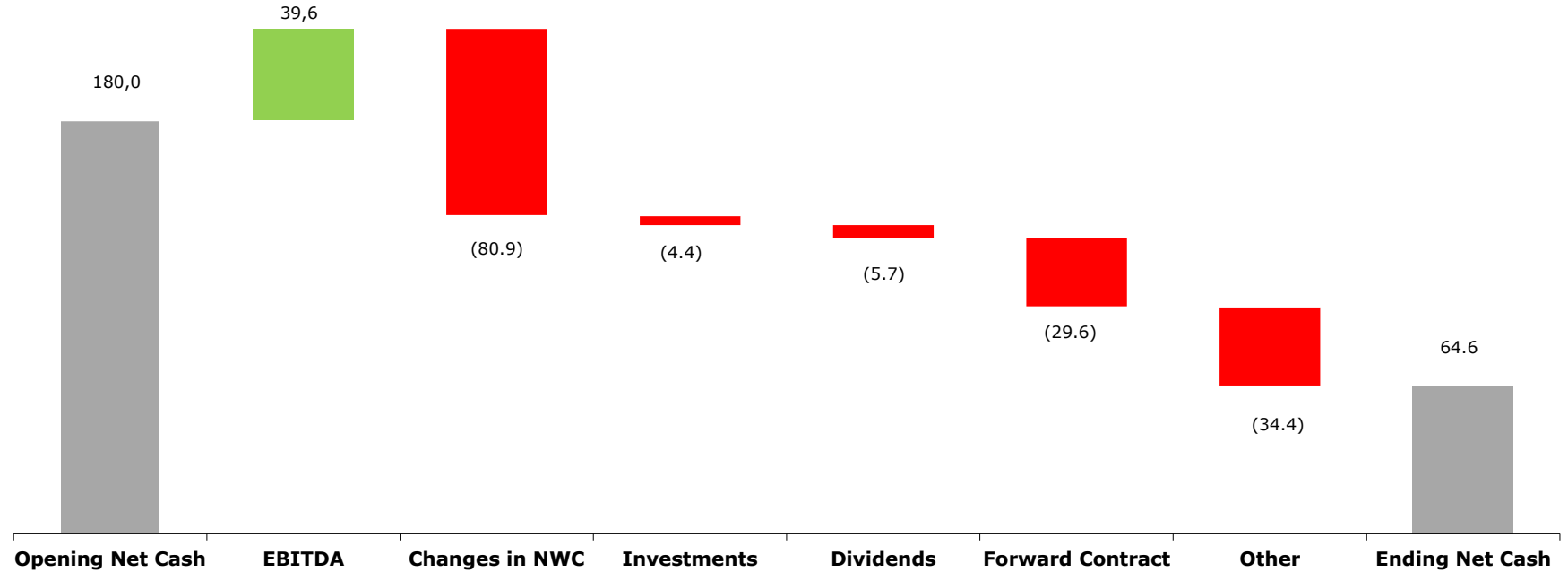
WORKING CAPITAL DAYS



NWC / Annualized Sales

1H'18	4Q'18	1H'19
12.4%	12.7%	15.3%

CASH FLOW



* Other includes Fx. reevaluation expenses and other Financial costs.

EXPLOITING OPPORTUNITIES IN A CHALLENGING YEAR

- Delay on government related projects
- Construction permits hint to continued slow down
- Domestic cable demand to prevail at current levels

- Opportunities :
 - Higher export volume
 - Intercompany business
 - Higher volume in telecom
- Our target is to maintain similar results to that in 2018.

Thank you

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