

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

1H 2020 FINANCIAL RESULTS



AGENDA

- **Prysmian Group & Türk Prysmian Kablo Overview**
- **Macroeconomics & Business Environment**
- **1H 2020 Financial Results**

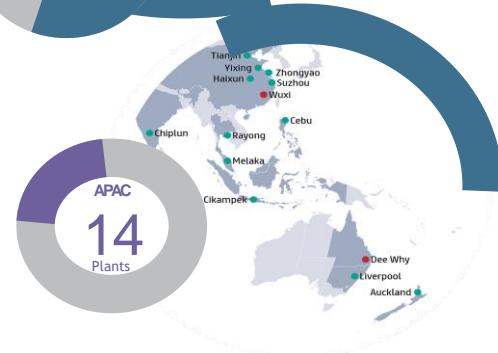
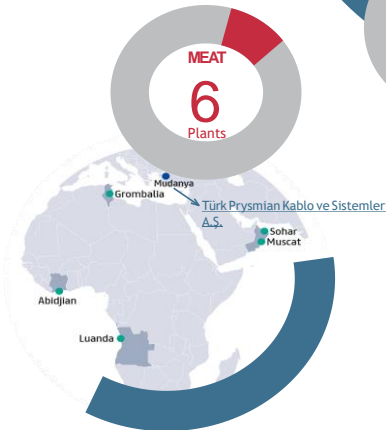
Prysmian Group & Türk Prysmian Kablo Overview

PRYSMIAN GROUP: WORLD'S LEADING CABLE COMPANY



- +50 COUNTRIES
- 106 PLANTS
- 25 R&D CENTERS
- 29,000 EMPLOYEES
- 3 SHIP EQUIPPED

- Energy
- Telecom
- Shared



PRYSMIAN GROUP UNDERSIGNS GLOBALLY PRESTIGIOUS PROJECTS



Burj Khalifa, Dubai

Cable installation world fastest and highest elevators



German Corridors Projects, DE

SuedOstLink, A-Nord ve SuedLink 525 kV extruded Energy Transitions Projects



Project Borwin2, Germany

Connection between Germany and offshore wind plants



Observation satellites

Customised wires & cables for climate change research



Australia

High speed communication cables bringing fiber to 93% of Australia's residential and business premises



Hudson River Project, New Jersey

Interconnection that can take power for 660 MW to the heart of Manhattan



Cauchari Solar Park Project, Shanghai

Solar cables and accessories for OBOR project



HVAC High Voltage Project, Singapore

High voltage cables & systems and PRY-CAM monitoring system



Airbus Project, France

Airbus Industrial Excellence Award 2017

PRYSMIAN TURKEY: 56 YEARS OF SUCCESS...



...IN TURKEY AND OVERSEAS



Istanbul's New Airport



OSB Solar Park, Kayseri



Baku Olympics Stadium, Azerbaijan



Palazzo Versace Hotel, Dubai



Socar - Star Refinery



Dardanelles Strait Submarine Cable Proj.



Dubai Metro, UAE



Ayada, Maldives



Avrasya Tunnel, Istanbul



Yavuz Sultan Selim Bridge, Istanbul



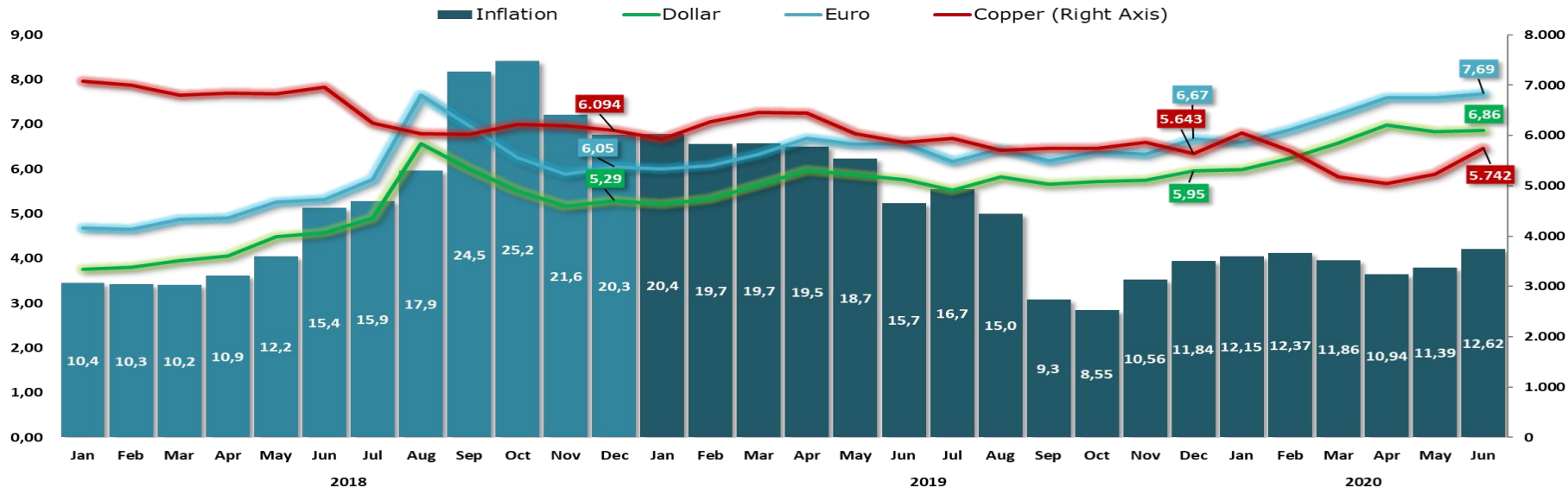
Yamal LNG Project, Siberia



South West Gas Field Dev. Proj., Algeria

Macroeconomics & Business Environment

MACROECONOMICS & CABLE INDUSTRY



Global Markets

- Global epidemic: Coronavirus and global effects
- Negative outlook for global growth forecasts
- Oil price and commodity price fluctuations
- Aggressive rate cuts from FED
- Governments announce support packages

Turkey

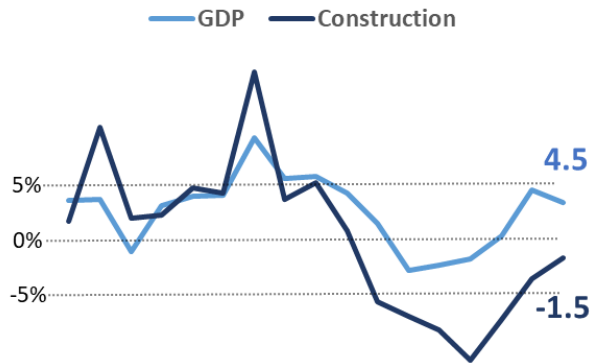
- Ongoing coronavirus effects and uncertainty on the market
- Devaluation in TRY and financial crisis effect
- Decreasing trend in inflation ceased
- CBRT decisions on interest rate cuts
- Unemployment at high levels (-1.2 mill jobs in 2020)

Cable Industry

- Ongoing coronavirus effects on the demand
- Restart in infrastructure & construction projects
- Price pressure due to low saturation in the market
- Longer payment terms in a risky environment
- High default risk after pandemic

DIFFICULT TIMES FOR CONSTRUCTION SECTOR

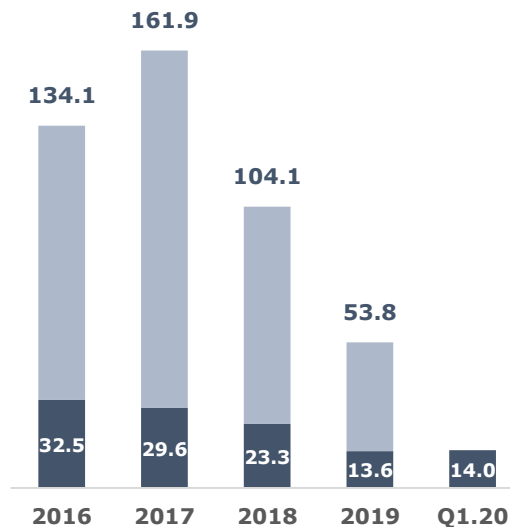
-1.5% CONTRACTION IN CONSTRUCTION



2016	2017	2018	2019	Q1 19	Q1 20
3.2	7.5	2.8	0.9	-2.3	4.5
5.4	9.0	-2.1	-8.6	-9.3	-1.5

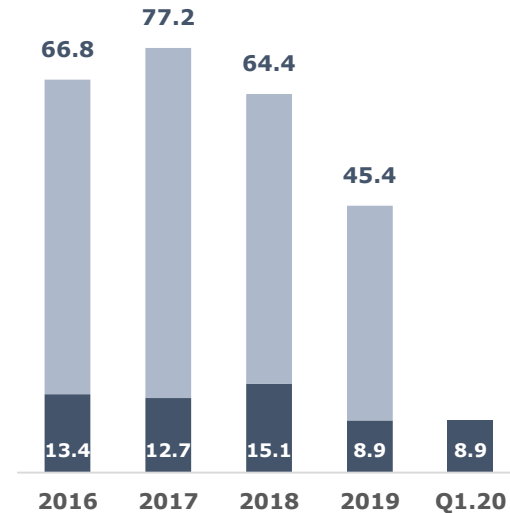
CONSTRUCTION PERMITS STEADY

Number of Building (Thousand)



CEMENT SALES STEADY

Domestic Cement Sales Ktons



THE RECOVERY IS FURTHER POSTPONED DUE TO COVID 19

MAINTAINED RESILIENT BUSINESS AMID COVID 19 PANDEMIC

Health & Safety

1

- ✓ Back Together plan in place
- ✓ Remote working still in place for 2/3 of employees rotatively
- ✓ 24 hours doctor on site
- ✓ Canteen/changing room re-opened with exceptional hygiene measures
- ✓ 1st cable company and 3rd in Turkey to obtain T.S.I. Safe Production Certificate

Employee Management

2

- ✓ Crisis Committee organized 'Back to Future' Panel (3 sessions) to give all employees clear direction and reliable info and to alleviate pandemic-related stress
- ✓ Reviewed safety procedures and instructions in line with Risk Assessment

Supply Chain

3

- ✓ Weekly planning
- ✓ Diversified the supply chain to reduce the risk of a supply shortage
- ✓ Re-evaluated inventory and safety stock levels, while assuring buffers and maintaining quality service

Operations

4

- ✓ Personal protection equipment: zero tolerance
- ✓ Anticipated annual leaves
- ✓ Strong costs reduction plan in place
- ✓ Daily management to retain the agility and to ramp up quickly if/when necessary

Cash & Liquidity

5

- ✓ Decreased forward contract cost by a further 3.3 p.p. through a recent 50 M'TL bank loan
- ✓ Reduced DIO despite an increase in main raw material safety stock levels held for a potential shortage
- ✓ Shortened DPO to avoid interest charges on payables

Customer Engagement

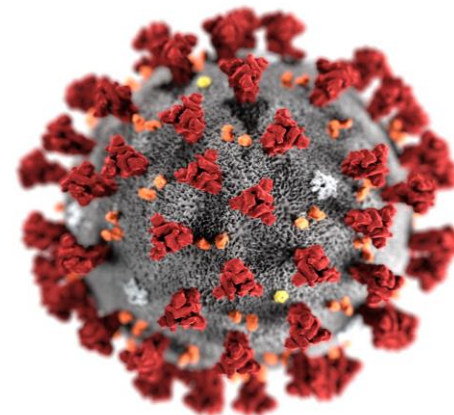
6

- ✓ Boosted customer bond by establishing a transparent, continuous communication line with our Customers
- ✓ Secured orders working with a corporate Customer base
- ✓ Avoided risk of order cancellations with binding contracts

Strategic Management

7

- ✓ Developed a scenario-based business forecast for the next 6 months
- ✓ Anticipated demand changes in different segments
- ✓ Focused on emerging segments
- ✓ Monitored metal risk daily
- ✓ Minimized credit default risk

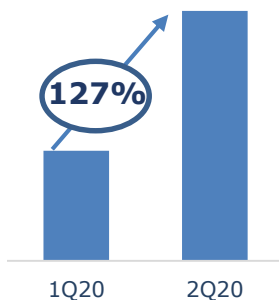


THROUGH HIGHER GROUP REVENUES AND COST RESTRUCTURING...

4 FOCUS AREAS

Increased Revenues

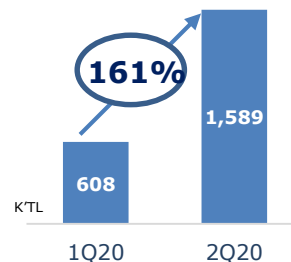
Group Revenues



- QoQ revenue increase by 5.9%
- Share of Group Revenues up by 10 p.p. to %17
- 127% increase in Group revenues vs Q1 '20

Contained Variable Costs

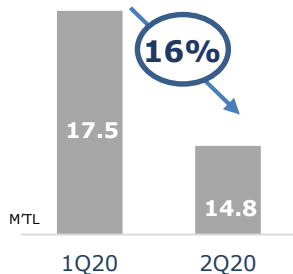
Variable Cost Efficiency



- 981 K'TL increase in variable cost efficiency

Structured Fixed Costs

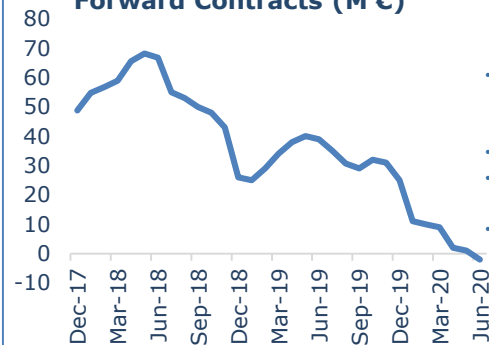
Fixed Costs



- Strict cost reduction measures to keep fixed cost under control

Reduced Financial Costs

Forward Contracts (M'€)



- More resilient against fx fluctuations
- Capital increase
- Prysmian Group waiver contribution
- Financial discipline

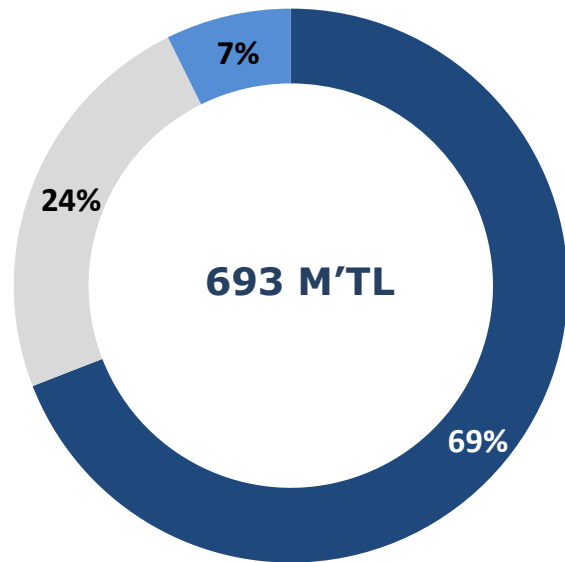
...EXCEEDED EXPECTATIONS IN 2Q 2020

	1Q 2020	EXPECTATIONS	2Q 2020	Δ
REVENUE	381.5 M'TL	 10-15%	404.2 M'TL	 5.9%
EBITDA	14.3 M'TL	 2-5 M'TL	16.6 M'TL	 2.3 M'TL
EBITDA Margin	3.8%	 0.6 – 1.4 p.p.	4.1%	 0.3 p.p.
GROUP WAIVER	8.9 M'TL	0	0	
NET INCOME	9.9 M'TL	NO GUIDANCE	10.0 M'TL	

1H 2020 Financial Results

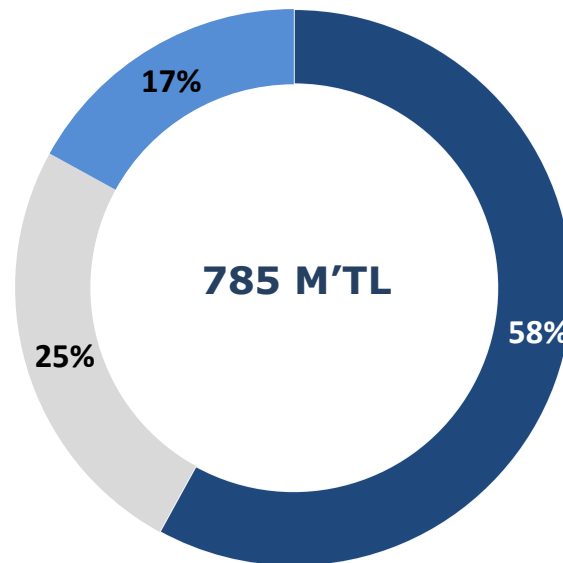
REVENUES BY DISTRIBUTION CHANNEL

1H 2019



■ Domestic ■ Export ■ Prysmian Group

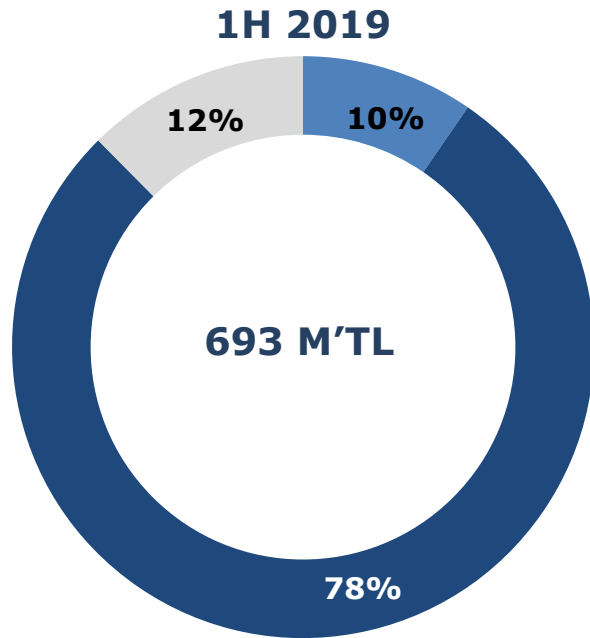
1H 2020



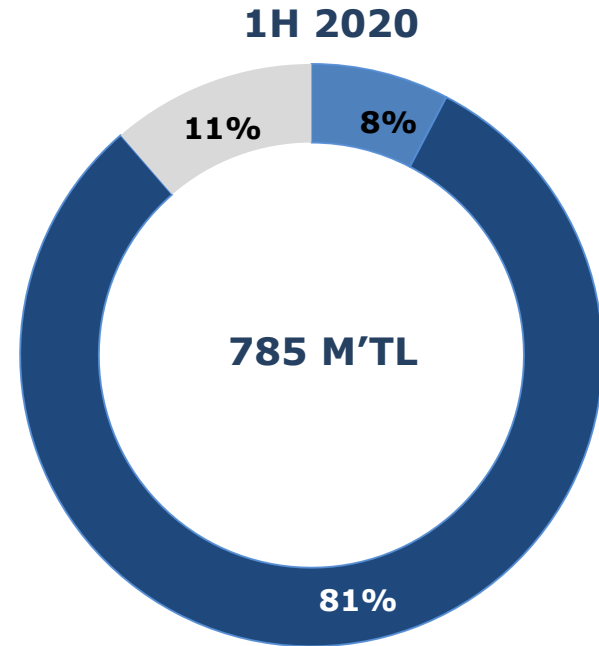
■ Domestic ■ Export ■ Prysmian Group

13% sales increase mainly supported by Prysmian Group revenues

REVENUES BY SEGMENT



■ Energy projects ■ Energy products ■ Telecom

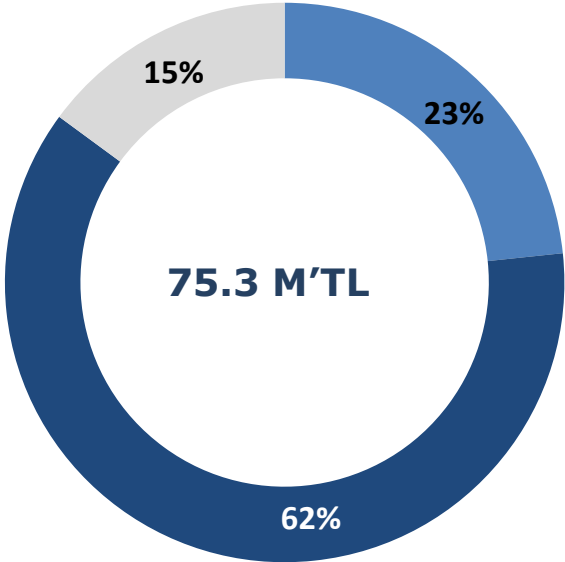


■ Energy projects ■ Energy products ■ Telecom

Slow down in energy projects due to curfew compensated by the energy product revenues

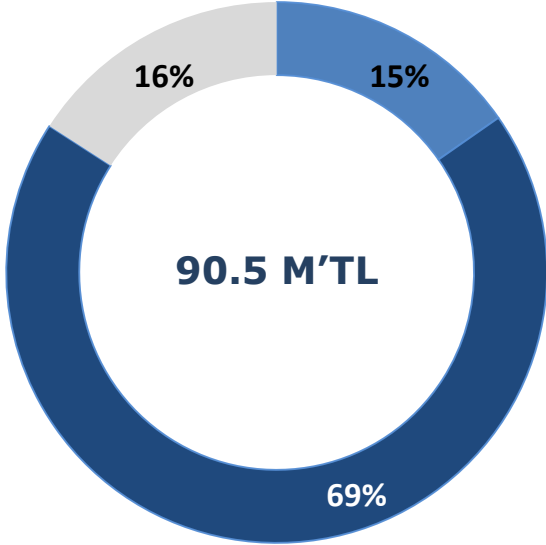
GROSS PROFIT BY SEGMENT

1H 2019



■ Energy projects ■ Energy products ■ Telecom

1H 2020

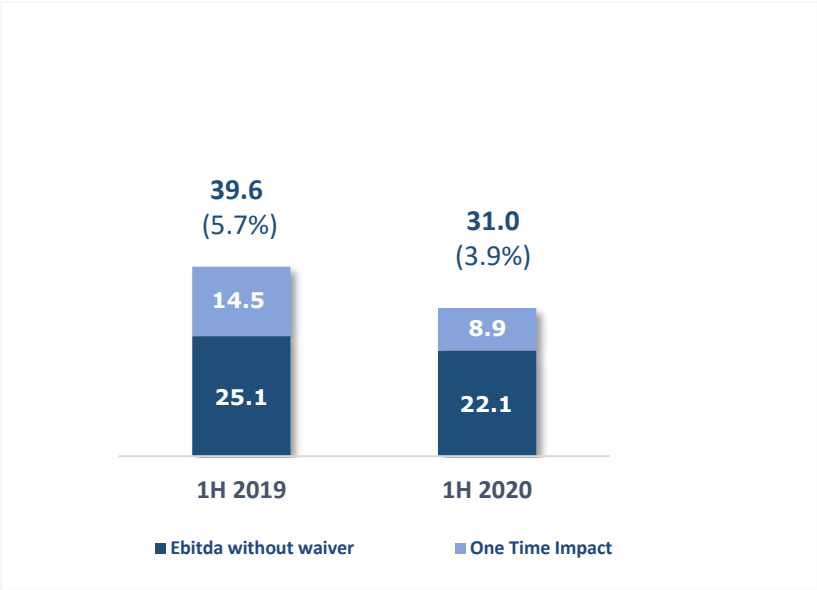
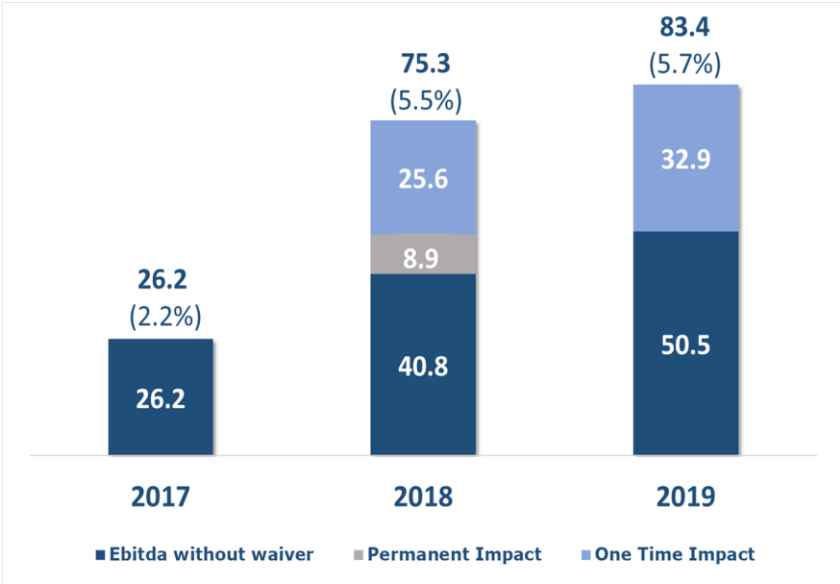


■ Energy projects ■ Energy products ■ Telecom

Gross profit increased due to improved cost structure and new value added products

PRYSMIAN GROUP SUPPORT DURING FINANCIAL CRISIS

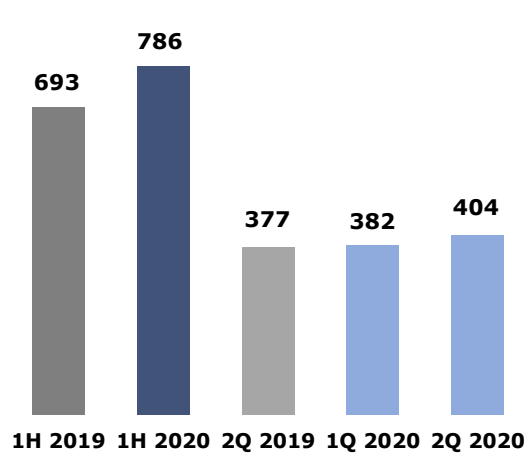
EBITDA & EBITDA MARGIN (M'TL & %)



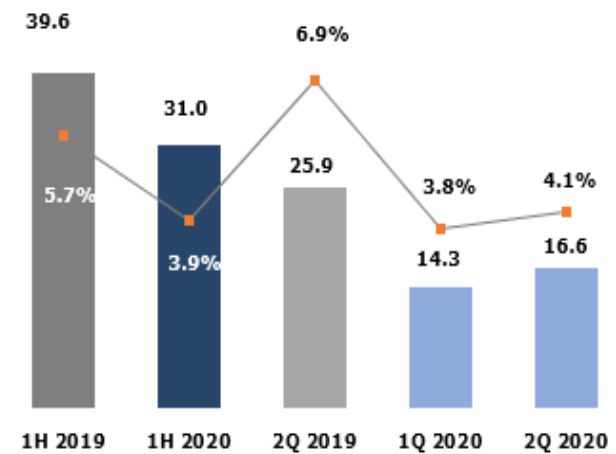
Prysmian Group waiver not applicable for the second quarter

REVENUE, EBITDA & EBITDA MARGIN AND NET INCOME

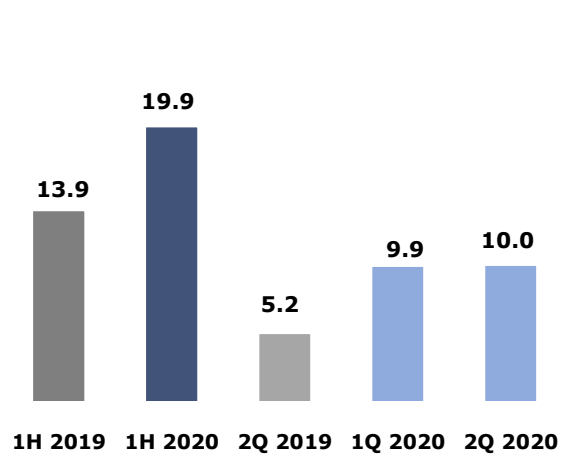
REVENUE (M'TL)



EBITDA & EBITDA MARGIN (M'TL)



NET INCOME (M'TL)



- 13.4% YoY sales increase in 1H 2020;

- ✓ Increasing Prysmian Group revenues
- ✓ Exchange rate impact (15% increase)
- ✓ Copper unit price reduction (-12.4%)

- 21.7% YoY EBITDA decrease in 1H 2020;

- ✓ Prysmian Group waiver not applicable for the second quarter (-7.7 M'TL impact)
- ✓ COVID-19 related expenses amounting to 1.7 M'TL

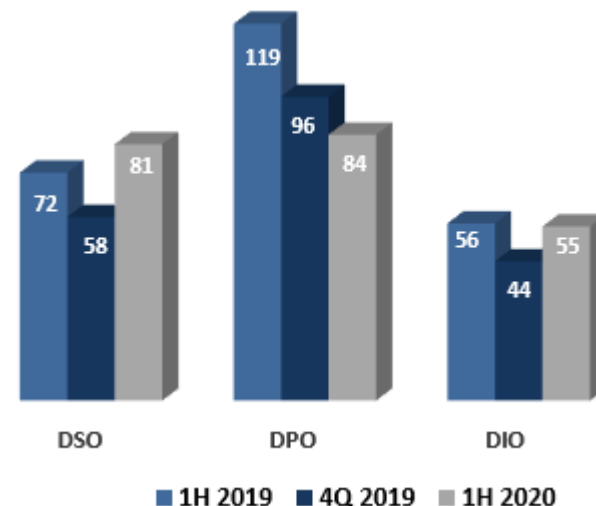
- 43.2% YoY rise in net income in 1H 2020;

- ✓ Reduced forward contract costs (22.1 M'TL)

EFFECTIVE NWC MANAGEMENT DESPITE TOUGH MARKET CONDITIONS

(k'TL)	1H 2019	4Q 2019	1H 2020
Cash & Cash Equivalents	87,366	210,506	150,016
Trade Receivables	320,841	284,744	382,811
Construction Contracts	-	12,062	-
Inventories	197,583	174,711	185,757
Other Current Assets	75,600	83,680	69,604
Non-Current Assets	115,522	122,130	144,487
TOTAL ASSETS	796,913	887,832	932,676
<i>Short Term Loans</i>	22,776	1,275	97,315
Trade Payables	403,781	447,965	346,318
Construction Contracts	6,593	-	2,787
Other Short Term Liabilities	73,987	50,975	82,163
SHORT TERM LIABILITIES	507,137	500,216	528,583
LONG TERM LIABILITIES	12,297	17,279	18,186
Paid in Capital	141,734	216,734	216,734
Net result of the period	13,921	35,971	19,863
Other	121,825	117,633	149,310
TOTAL LIABILITIES & EQUITY	796,913	887,832	932,676
NET CASH	64,591	209,231	52,701

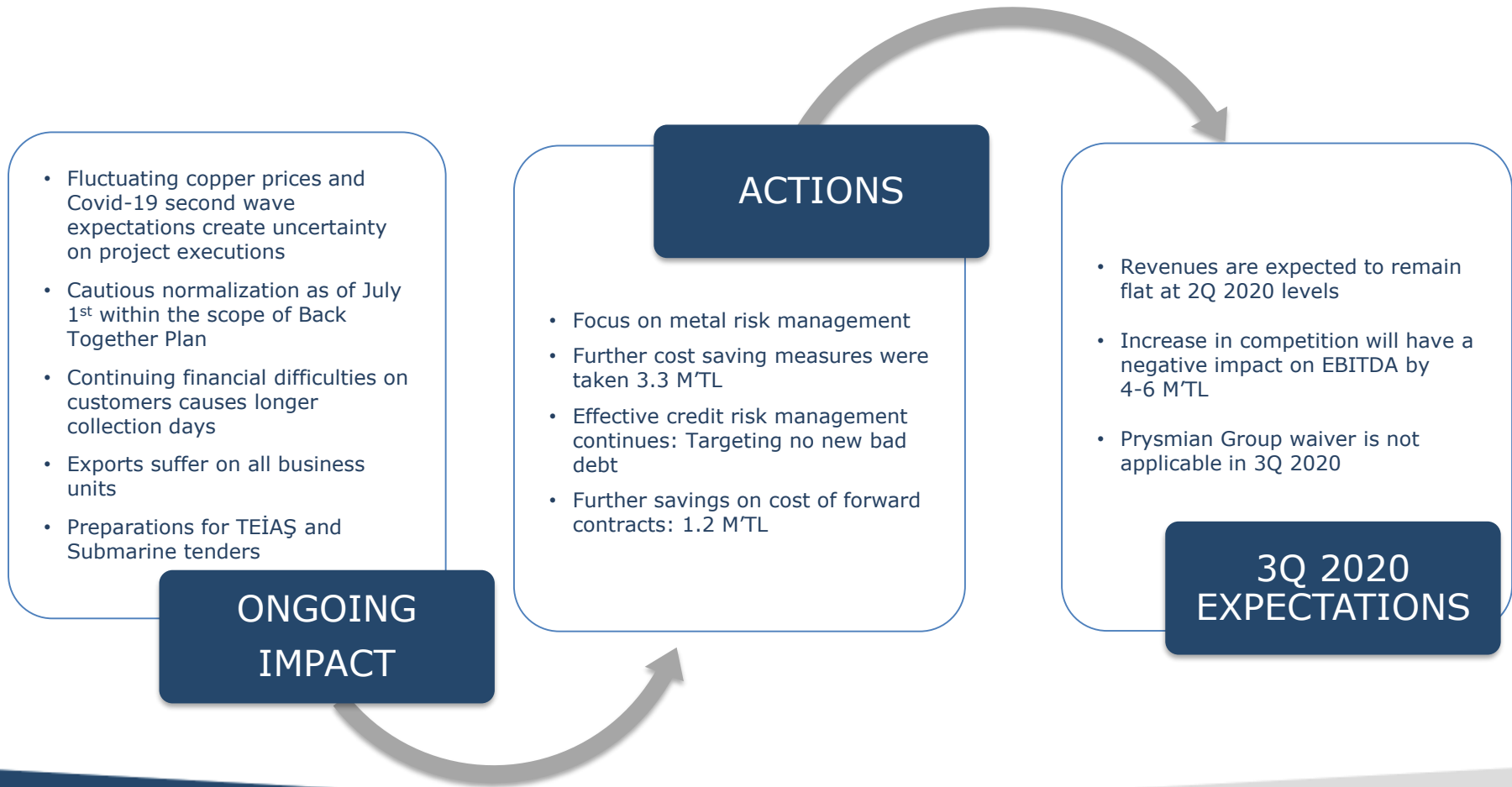
WORKING CAPITAL DAYS



NWC / Annualized Sales

1H 2019	4Q 2019	1H 2020
10.7%	6.8%	16.9%

MANAGING RISKS IN AN UNCERTAIN BUSINESS ENVIRONMENT 2020



ONGOING FOCUS FOR 2020: CHALLENGING THE NEW NORMAL

Hub for Europe

- Differentiation in certain business units to become a production hub for the European tenders

Optimization Projects

- Optimization on certain production lines to improve profitability and competitiveness

Distribution Cost Efficiency

- Review of entire supply chain to increase competitiveness

Sustainability

- Sustainability Planning Report for 2020-2030 for a longer vision for the whole Group

Waste Management

- Relocation of waste area to further reduce the impact on people and environment

Energy Efficiency

- Detailed analysis of energy consumption in the Plant to identify potential improvement areas

Diversity & Inclusion

- Establishing an environment to enable people grow and express themselves at their best and that generates innovation through inclusion

Manufacturing Academy

- 'Step 2 - On the Job Learning Program' to bring broad understanding of manufacturing processes and key leadership skills in our Group culture

Thank you

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