



**TÜRK PRYSMIAN
KABLO VE SİSTEMLERİ A.Ş.**

1H 2022 FINANCIAL RESULTS

28.07.2022

**Prysmian
Group**

**Linking
the Future**

AGENDA



1. **Prysmian Group & Türk Prysmian Kablo Overview**
2. **Macroeconomics & Business Environment**
3. **1H 2022 Financial Results**
4. **3Q 2022 Expectations**
5. **Q & A**



Prysmian Group & Türk Prysmian Kablo Overview

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A TRULY GLOBAL GROUP

Prysmian Group:

World cable industry leader with total sales of

- 12.7 billion Euros in 2021
- 2.8 billion Euros in Q1 2021
- 3.7 billion Euros in Q1 2022
- (30.9% YoY growth)



+50 countries

108 plants

26 R&D centers

about 29.000 employees

4 cable-laying ships

NORTH AMERICA

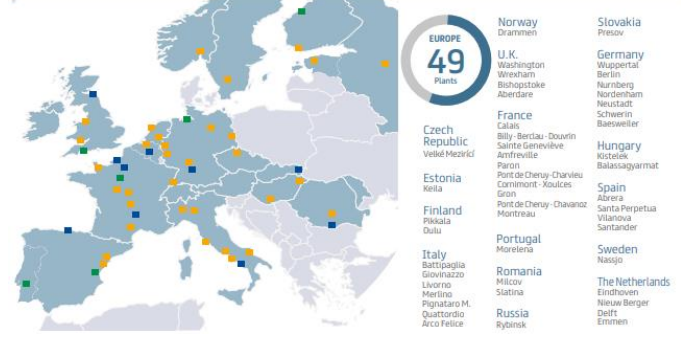


LATIN AMERICA

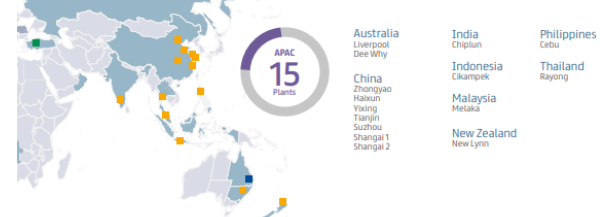


- Energy
- Telecom
- Shared

EUROPE



APAC



MEAT



SUSTAINABILITY IS IN OUR DNA

Highlights: Sustainability KPIs 2021



TÜRK PRYSMIAN KABLO - 58 YEARS IN THE TURKISH CABLE SECTOR



PROJECT REFERENCES IN TURKEY & PRYSMIAN GROUP



Istanbul Airport



YEKA, Konya



National Electric Train Set



Bursa, Eskisehir, Adana, Mersin, Isparta, Yozgat, Elazig City Hospitals



Shah Deniz Refinery Project, Azerbaijan



TOGG, Bursa



Galataport, Istanbul



Ankara - Niğde Smart Highway



NEW PTA COMPLEX PROJECT, Adana



1915 Çanakkale Bridge, Çanakkale



Baku Olympics Stadium, Azerbaijan



SUBMARINE PROJECTS Dardanelles, İzmit Gulf Crossing



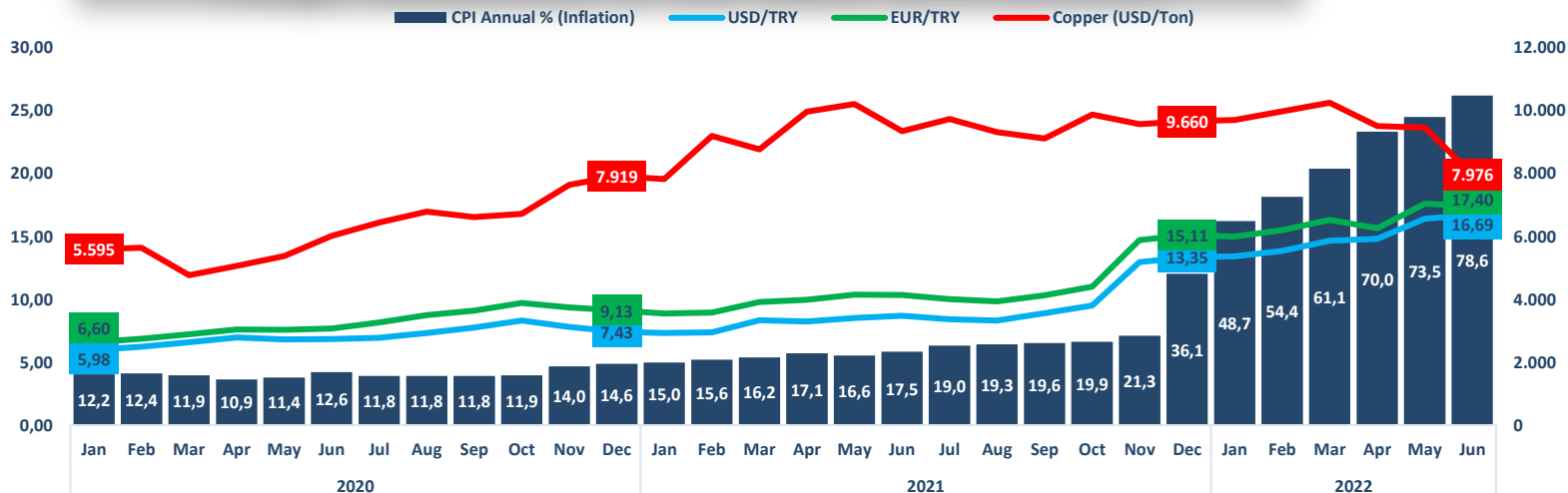
Macroeconomics & Business Environment

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MACROECONOMICS & CABLE INDUSTRY

Tough conditions in the cable environment



Global Markets

- Russia – Ukraine conflict effects the global macroeconomic environment.
- Covid-19 still posing threat on human health and economy
- The booster vaccination process continues all over the World
- Market conditions continue to be rough, raw material shortage / price increase
- Still higher freight cost & lack of container availability

Turkey

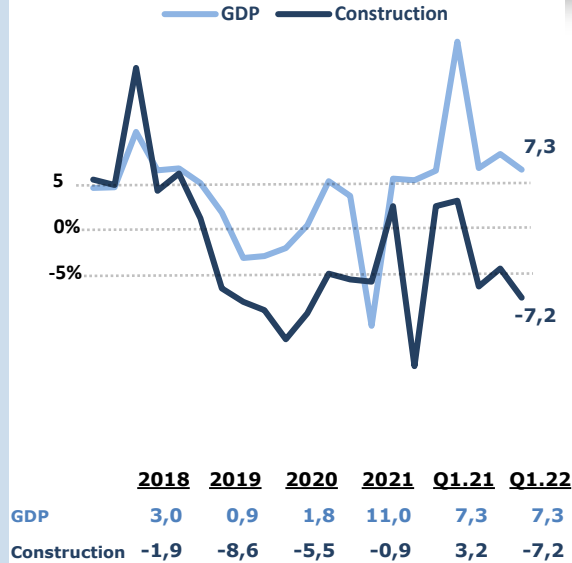
- Spread of the pandemic increased in 2Q
- Exchange rate volatility & TL depreciation
- Increasing inflation trend continues
- Consumer confidence index at historical low level
- BDDK decision limiting use of TRY denominated loans

Cable Industry

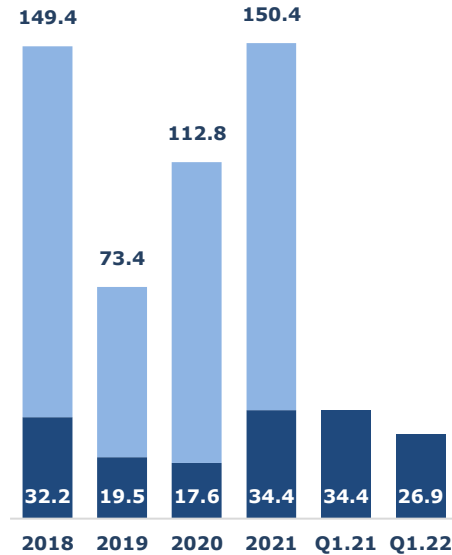
- Construction industry is under pressure due to high material prices and interest rates.
- High volatility leads to an increase in financial costs
- Longer payment terms and high default risk
- Increase in demand in solar business.

CONSTRUCTION SECTOR SIGNALS TO A SLOWDOWN

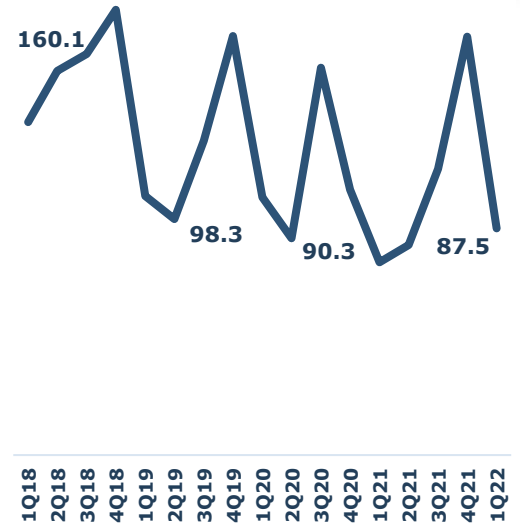
7.2% CONTRACTION IN CONSTRUCTION



DECLINE IN CONSTRUCTION PERMITS



HOUSE SALES TRENDING DOWNWARD

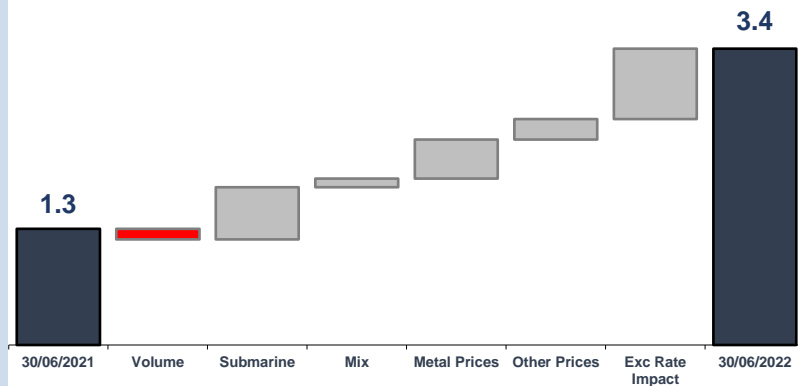


VOLATILITY PREVAILS, THE DATA SIGNAL TO A SLOWDOWN OR DECLINE

WE POSTED A STRONG REVENUE GROWTH OF 155% 1H'2022

Strong Growth Mainly Driven by Submarine Projects, Increasing RM Price and FX Rates

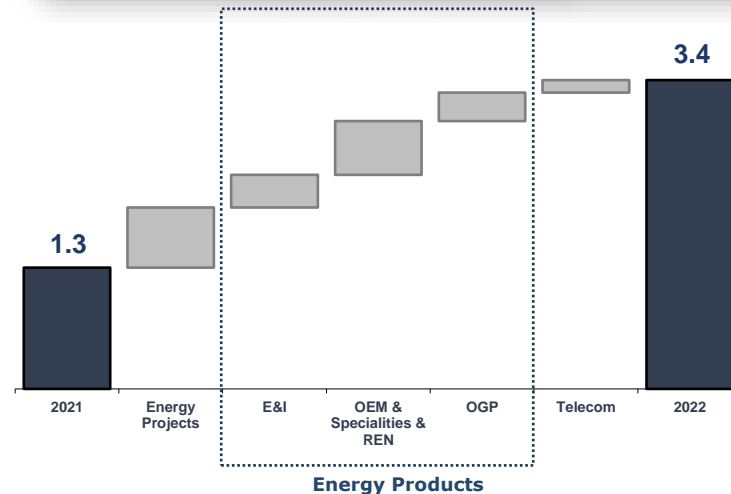
(TRY bln)



- ✓ Energy Projects revenues have increased significantly in 1H 2022 vs 1H 2021 with the contribution of submarine projects
- ✓ Exchange rate impact (61% increase)
- ✓ Copper unit price increase impact on our sales (34%)

Revenue Growth in Each Business Line With a Focus on Profitability

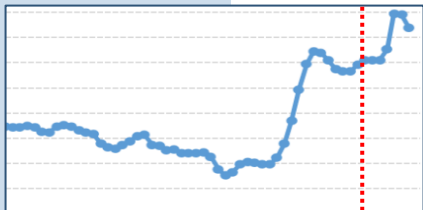
(TRY bln)



- ✓ Energy Projects: Ongoing submarine projects
- ✓ OEM: Particularly through railway projects
- ✓ OGP: New PTA plant project in Turkey
- ✓ Renewal: Sustainability driven approach
- ✓ Telecom: Back in business with TT

WE INCREASED PROFITABILITY EFFECTIVELY MANAGING RAW MATERIAL

Jan'22



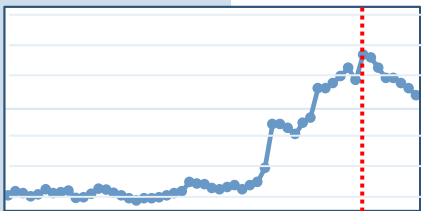
Increase in LLDPE price (Euro/Ton)

21%



Increase in PVC Resin price (Euro/Ton)

13%



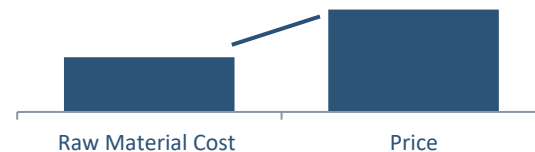
Increase in freight cost (USD/Container)

-22%

6-Month
Cost Fluctuation

Effective Pricing

Price vs RM



- ✓ RM cost increases in the market were closely monitored and reflected to the cost structure in real time.
- ✓ Dynamic pricing mechanism established (especially for TRY orders) to protect company from daily shocks.

WE CONTIUNED OUR FOCUS ON FINANCIAL DISCIPLINE

28%

Depreciation of TRY against USD

19%

Depreciation of TRY against Euro

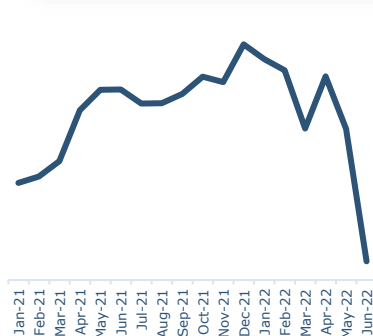
14%

CBRT Policy Rate

*Jun'22

Change on Hedging Scenario

Forward Contract Portfolio



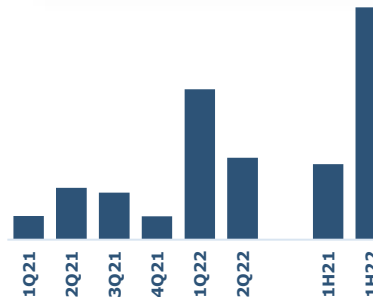
Forward Contract Portfolio in Average :

- ✓ 1.H '21 → 31 m'EUR
- ✓ 1.H '22 → 34 m'EUR

After new regulatory adjustments, Company has converted local purchases to TL currency, which is visible in the graph with a sharp decrease.




Continued Focus on Financial Cost

Net Financial Cost



- ✓ Increasing hedging costs and interest rates in the market had an impact on Financial cost in 1H. 2022

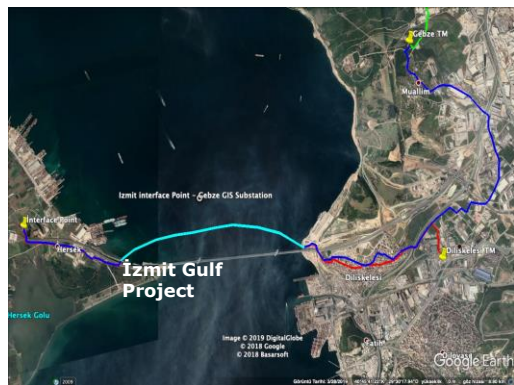
EXCEEDED EXPECTATIONS IN 2Q 2022

	2Q 2021	EXPECTATIONS	2Q 2022	Δ
REVENUE	747 M'TL	150% – 160% inc.	1.879 M'TL	 151%
EBITDA Margin	3.6%	4%	5.34 %	 1.74 p.p
EBITDA	26.6 M'TL	75 – 78 M'TL	100.3 M'TL	 277%

SUCCESSFUL SUBMARINE PROJECT EXECUTION

- 1 -

Izmit Gulf Project



Project 1: 400kV İzmit Gulf Submarine Cable Project

Completion: Q3 2023

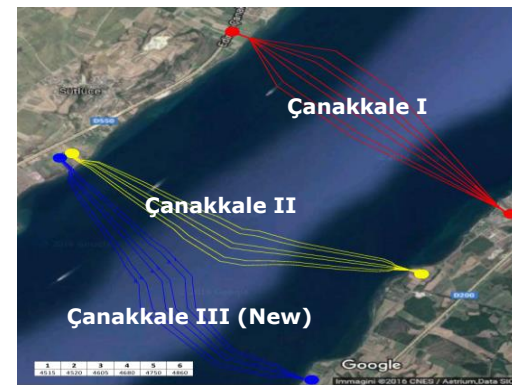
Value: €84 million (excl. VAT)

COMPLETION RATIO 34%

- **DEC 2021 : 9%**
 - **1Q 2022: 18%**
 - **2Q 2022: 7%**
- **JUN 2022 : 34%**

- 2 -

Çanakkale III Project



Project 2: 400kV Çanakkale III Submarine Cable Project

Completion: Q3 2023

Value: €57 million (excl. VAT)

COMPLETION RATIO 29%

- **DEC 2021 : 11%**
 - **1Q 2022: 5%**
 - **2Q 2022: 13%**
- **JUN 2022 : 29%**

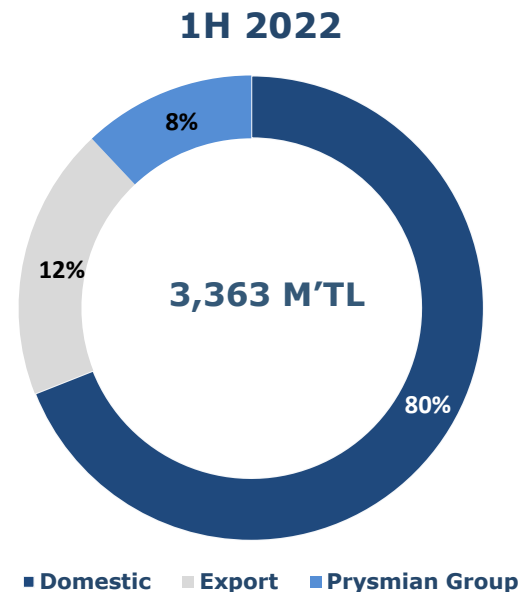
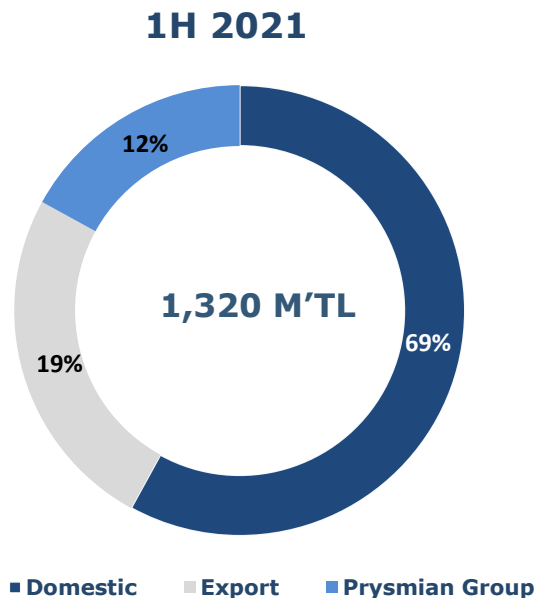


1H 2022 Financial Results

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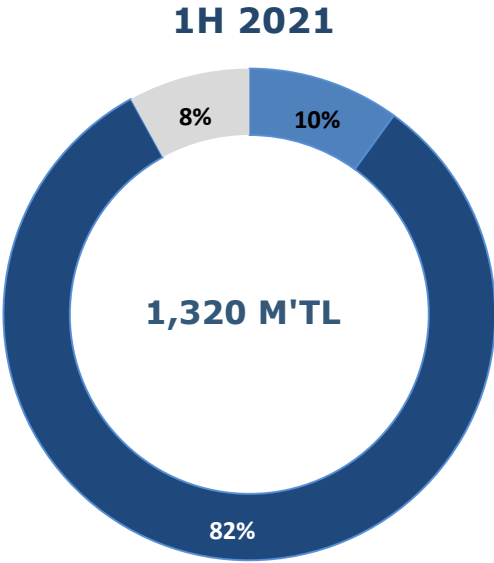
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REVENUE BY DISTRIBUTION CHANNEL

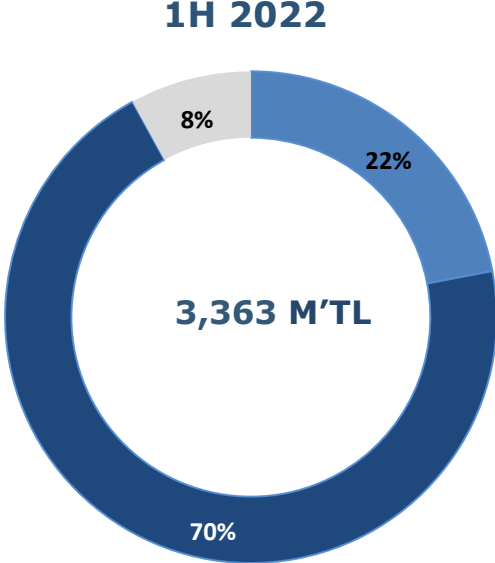


155% increase in revenues mainly driven by in domestic market.

REVENUE BY SEGMENT



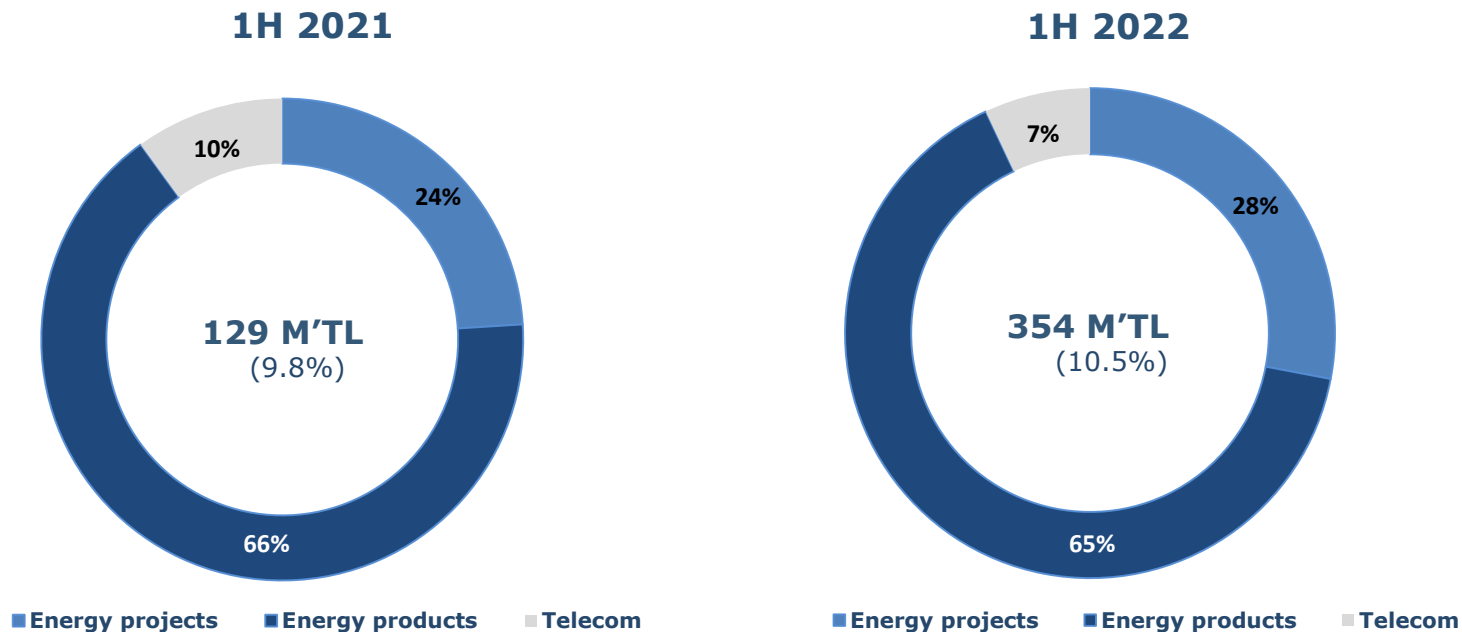
■ Energy projects ■ Energy products ■ Telecom



■ Energy projects ■ Energy products ■ Telecom

Higher energy project revenues positively contributed to total sales revenue.

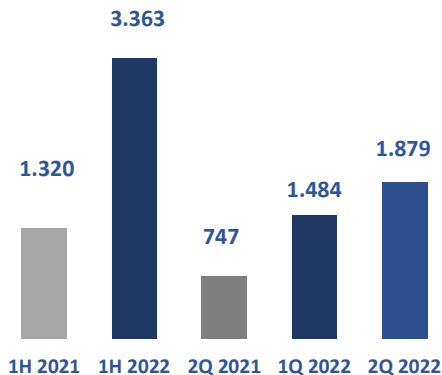
GROSS PROFIT BY SEGMENT



Gross profit margin increased due to progress on submarine projects and effective price management

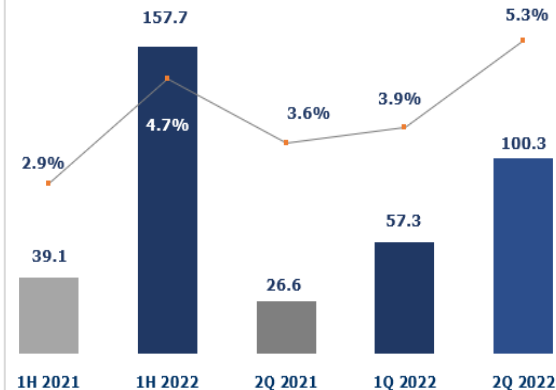
REVENUE, EBITDA & EBITDA MARGIN AND NET INCOME

REVENUE (M'TL)



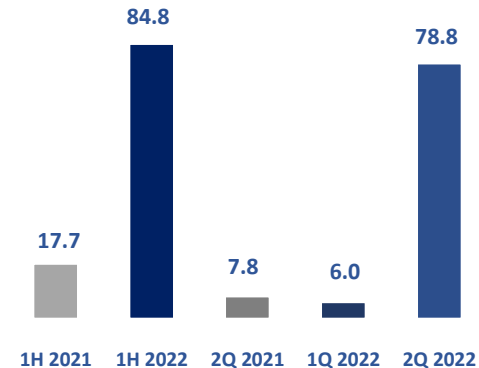
- 155% YoY increase in 1H 2022;
 - ✓ Energy project growth (45%)
 - ✓ Exchange rate impact (61%)
 - ✓ Copper unit price increase impact on our sales (34%)

EBITDA & EBITDA MARGIN (M'TL)



- 303% YoY EBITDA increase in 1H 2022
 - ✓ Mainly driven by energy project contribution and higher value-added energy products.

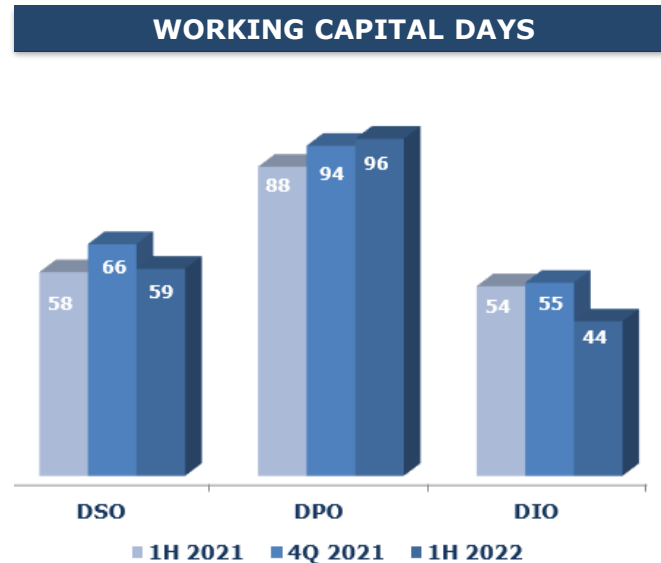
NET INCOME (M'TL)



- 379% YoY Net income increase in 1H 2022 due to strong performance on energy projects and products.
- High focus on financial cost has contributed on net income improvement in 2Q 2022

WORKING CAPITAL DAYS IMPROVED DESPITE TOUGH MARKET CONDITIONS

(k'TL)	1H 2021	4Q 2021	1H 2022
Cash & Cash Equivalents	218,429	411,994	407,830
Trade Receivables	559,511	733,966	1,254,806
Construction Contracts	-	211,741	805,118
Inventories	393,841	452,315	680,765
Other Current Assets	68,679	216,936	256,894
Non-Current Assets	198,397	255,779	352,131
TOTAL ASSETS	1,438,857	2,282,731	3,757,544
<i>Short Term Loans</i>	104,361	919	477,875
Trade Payables	755,317	1,327,123	1,727,356
Construction Contracts	13,992		
Other Short Term Liabilities	126,663	490,785	1,011,480
SHORT TERM LIABILITIES	1,000,333	1,818,827	3,216,712
LONG TERM LIABILITIES	25,228	25,940	30,572
Paid in Capital	216,734	216,734	216,734
Net result of the period	17,704	40,733	83,791
Other	178,858	180,497	209,735
TOTAL LIABILITIES & EQUITY	1,438,857	2,282,731	3,757,544
NET CASH	114,068	411.075	-70,045



NWC / Annualized Sales

1H 2021	4Q 2021	1H 2022
8.1%	-1.3%	6.7%



3Q 2022 Expectations

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3Q 2022 EXPECTATIONS

ONGOING IMPACT

- New variants of coronavirus continue to be a global concern
- Projects are under risk due to macroeconomic dynamics in Turkey and the Russia-Ukraine conflict
- Growth potential in construction sector is limited due to high input costs
- Inflation at 24-year highs
- High fx volatility and interest rates leads to an increase in financial costs

ACTIONS

- Health & safety first
- Priority on profitability
- Submarine project on track
- Focusing on value added projects and products
- Accurate forecast and adequate stock level to guarantee the continuity of the entire supply chain
- Containing financial costs successfully managing NWC and fx order portfolio

3Q 2022 EXPECTATIONS* (YoY)

REVENUE 150% - 155%

EBITDA Margin 3.5% - 4%

EBITDA 64 - 74 M'TL

* Pandemic environment is assumed to continue as is



Thank you

Q & A

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