



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

**ANALYST MEETING ON
Q1 23 FINANCIAL RESULTS**

27.04.2023

**Prysmian
Group**

**Linking
the Future**

AGENDA



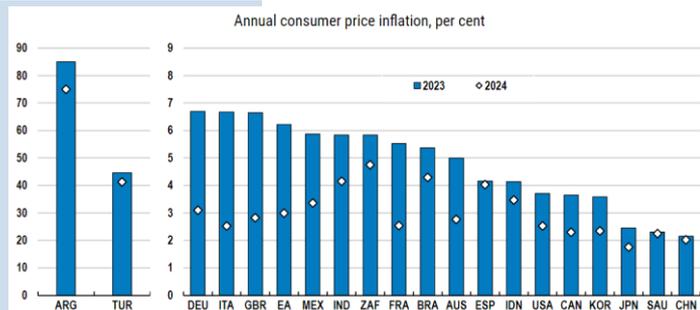
1. Macroeconomics, Business Environment & Our Performance

2. Q1 '23 Financial Results

3. Q2 '23 Financial Expectations

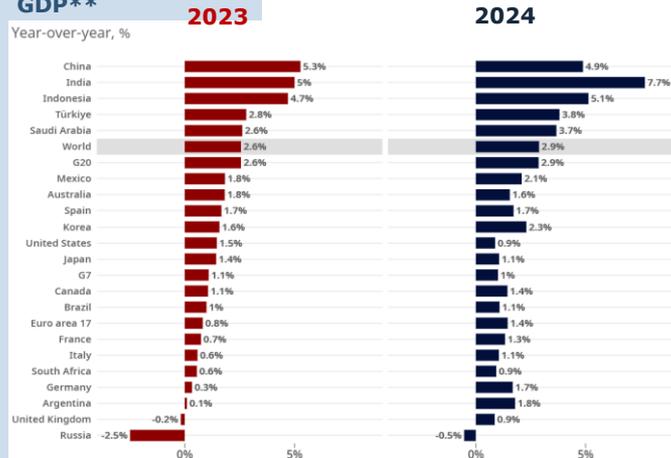
GLOBAL GROWTH HAS SLOWED DOWN SINCE THE START OF THE WAR

Inflation*



- All commodity prices (both energy and non-energy) have returned to the pre-Russian/Ukraine war levels.
- The pace of increase of the global inflation has slowed down but still remains high.
- Interest rates kept their increasing path globally in Q1 '23.
- The inability of some financial institutions to adjust to the fast pace of rate rises led to financial stability concerns (e.i. Credit Suisse)
- Bringing inflation down and maintaining growth while also preserving financial stability became more difficult.
- Global growth is projected at low rates in 2023 and 2024, 2.6% and 2.9% respectively.

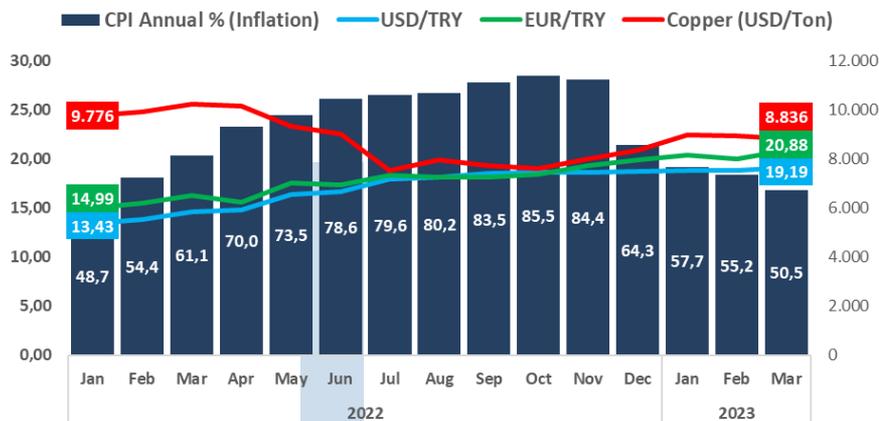
GDP**



Source: * OECD; ** OECD

A LOWER GLOBAL INFLATION ENVIRONMENT IS EXPECTED IN 2023

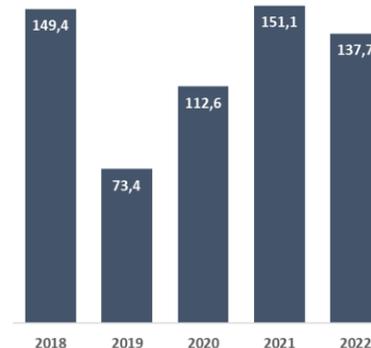
CHALLENGING MACROECONOMIC ENVIRONMENT IN TURKEY CONTINUES



CONSTRUCTION SECTOR CONTRACTED



BUILDING PERMITS SHRANK



TURKEY MACROECONOMICS

- Macroeconomic environment is still vulnerable due to high real interest rates, rising inflation and depreciation of TRY against hard currencies.
- Inflation rate at 50.5% as of Mar'23 hints to a decline due to the base effect.
- Despite high inflation, interest rate cuts of CBRT continues (8.5% in Feb'23)
- IMF expects GDP to grow by 2.7% in 2023. (2022: 5.6%)
- The economic and social environment is exposed to ambiguity due to recent earthquake disaster, in the pre-election period.

CABLE INDUSTRY

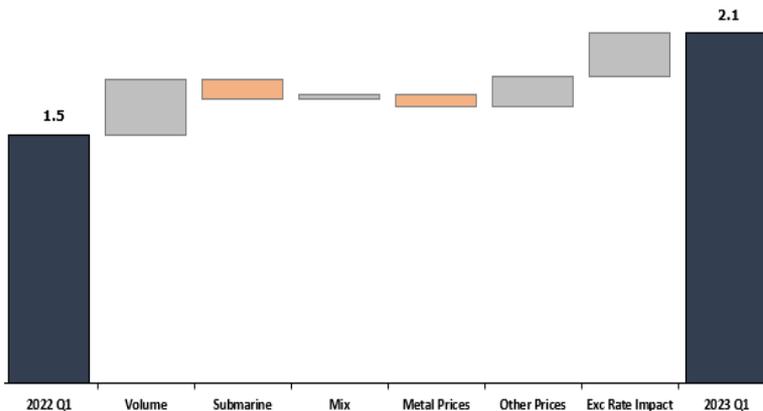
- Contraction in construction industry continues due to high energy and raw material prices.
- Government's intention to start building 200,000 TOKİ houses (Housing Development Administration) and 70,000 village houses in the earthquake zone may led to a revival in the months to come.
- Domestic cable market is experiencing aggressive competitive prices and longer payment terms.
- The pressure on profitability is expected to prevail in 2023.

STAGNANT DEMAND IN THE CABLE INDUSTRY

WE GREW OUR REVENUES...

Strong Growth mainly driven by volumes and FX rates increase

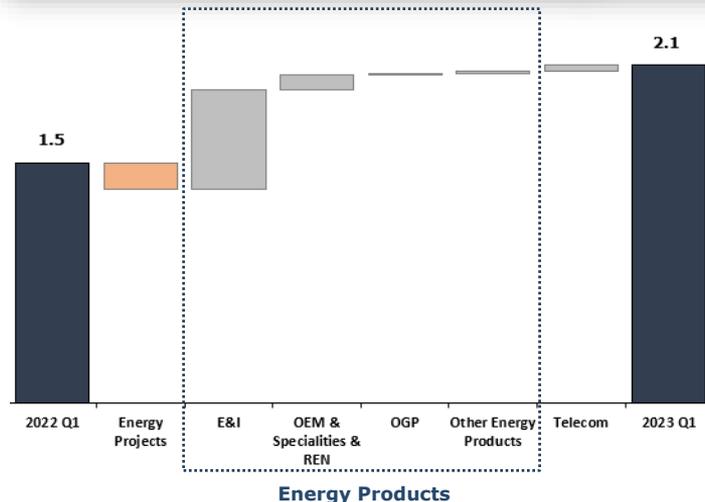
(TRY bln)



- Exchange rate significantly impacted the top line (+18%).
- The volume were higher in some business, mainly E&I.
- Submarine revenues were lower as a consequence of the different phasing of the execution of projects.
- Copper price was on average lower than last year, leading to a decline in sales prices.
- The increase in other raw material prices were reflected to the market, positively impacting the top line.

Strong organic growth in E&I, more than offsetting shortfall in projects (phasing)

(TRY bln)



- Energy Project revenues were lower compared to last year, in line with the planned execution of the 2 Submarine Projects
- Significant revenue increase in Energy Products, mainly driven by volumes, almost doubling in E&I business unit
- Telecom revenues slightly increased thanks to higher volumes in Optical Fiber.

WE EFFECTIVELY MANAGED OUR FINANCIAL COSTS

Though Macroeconomic Dynamics

50.5%* *CPI Rate*

31%* *Depreciation of TRY against USD*

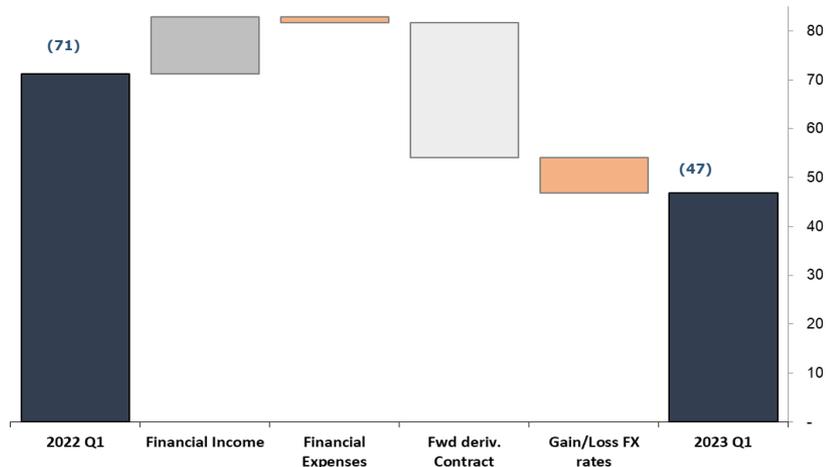
28%* *Depreciation of TRY against Euro*

8.5%** *CBRT Policy Rate*

* Mar'23 vs Mar'22; ** Mar'23

Effective Cash Management Significantly Contributed to Profitability

FINANCIAL COSTS (MTL)



- Profitability protection thanks to:
 - Dynamic pricing based on hard currency wherever possible
 - Increasing the customer proximity
- Financial costs kept under control due to effective management of:
 - Supplier payment negotiations
 - Constant monitoring of inventory
 - Strict focus on timely cash collections continues
 - Negotiation of advance payment from customers

PERFORMED IN LINE WITH THE EXPECTATIONS IN 1Q 2023

	1Q 2022	EXPECTATIONS	1Q 2023	Δ
REVENUE	TRY1,484 mln	40 - 50% inc	TRY2,106 mln	~
EBITDA	TRY57.3 mln	TRY80-95 mln	TRY85.6 mln	~
EBITDA Margin	3.9%	3.9% - 4.2%	4.1%	~



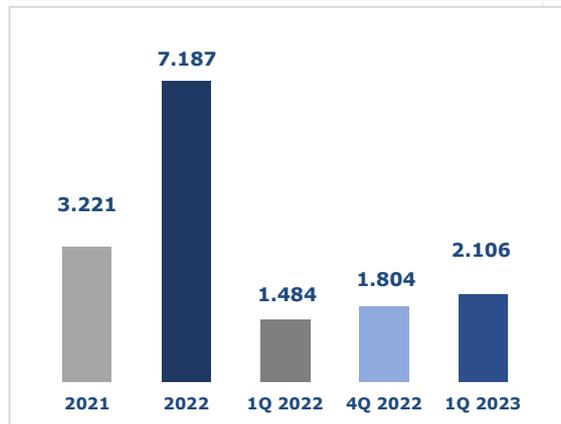
Q1 2023 Financial Results

Prysmian
Group

Linking
the Future

MAIN FINANCIAL KPIs

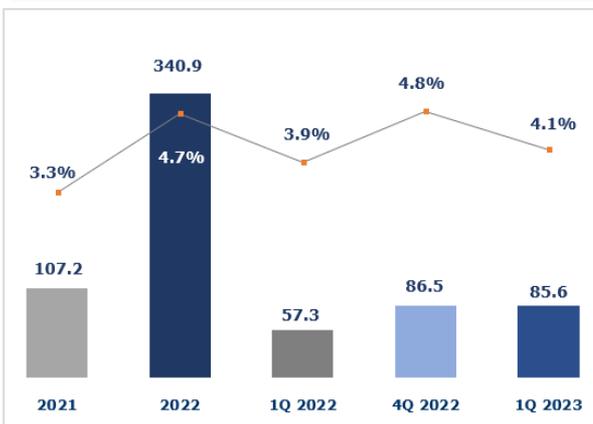
REVENUE (M'TL)



42% increase in 1Q23 vs 1Q22 :

- ❖ Energy Project revenues recorded lower than last year in line with the planned execution of the 2 Submarine Projects; the main progress will be in Q2 and Q3 in 2023
- ❖ Volume increase in Energy Products (+29%), mainly thanks to E&I (+86%) and Renewables (+54%), partially offset by the reduction in OEM
- Telecom segment reported higher volumes than previous year, mainly Fiber Optic (+67%)
- ❖ Revenues largely impacted by the significant increase of the TL/Eur Fx rate (20.25 avg '23 vs 17.4 in '22)

EBITDA & EBITDA MARGIN (M'TL)

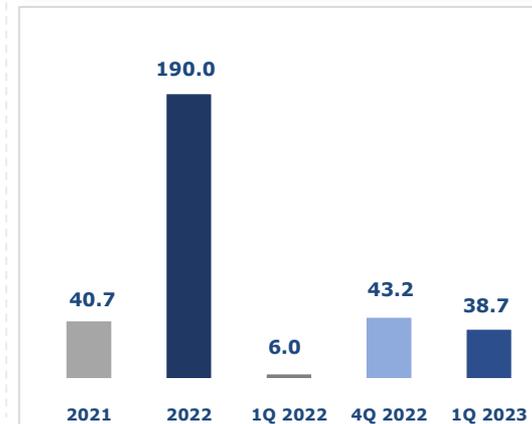


49% increase in 1Q23 vs 1Q22 despite the negative effect of the regulatory change introduced in April '22 (local payments to be settled in TL, moving costs classification from financials to operating)

Main factors:

- ❖ Better mix: higher contribution from most profitable businesses (e.g. Renewables) and better portfolio order than '22 in OG
- ❖ Energy Products volume increase associated with higher profitability in some segments, mainly Renewables and OG
- ❖ Pricing management, promptly reflecting the raw material cost increases

NET INCOME (M'TL)



+545% increase 1Q23 vs 1Q22:

- ❖ Focus on financial expenses, limiting the impact of interest rate increase
- ❖ Good pricing terms for forward currency contract through an effective treasury management

REVENUE BREAKDOWN

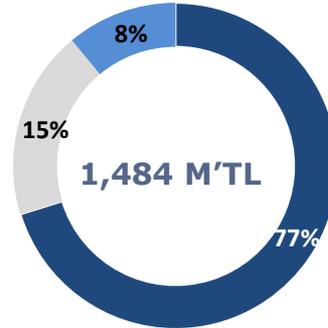
By distribution channel

- Strong increase in domestic revenues, mainly due to E&I, OG and Optical Fiber business lines
- Moderate increase in export volumes, mainly E&I, offsetting the decrease in OG and OEM
- Nominal Intragroup revenues remained flat

By business segment

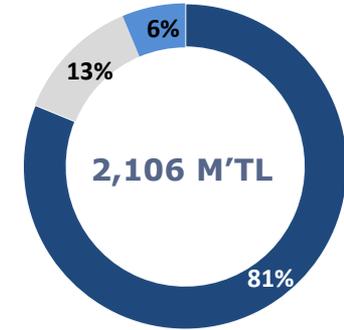
- Energy Projects' share declined significantly in line with the execution plan of the 2 Submarine Projects in Q1 '23 compared to Q1 '22
- Nominal Telecom revenues remained flat
- Energy Products' share increased significantly thanks to the higher volumes, mainly E&I and REN

1Q 2022

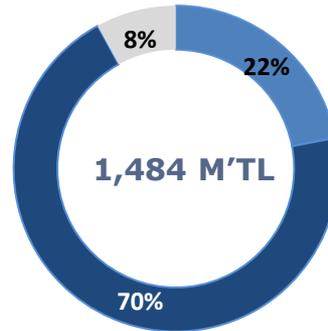


■ Domestic ■ Export ■ Prysman Group

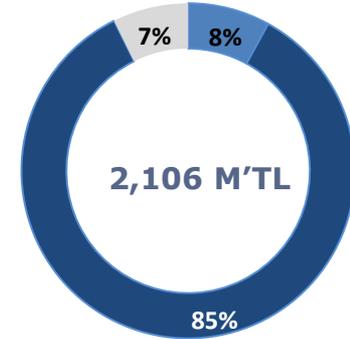
1Q 2023



■ Domestic ■ Export ■ Prysman Group

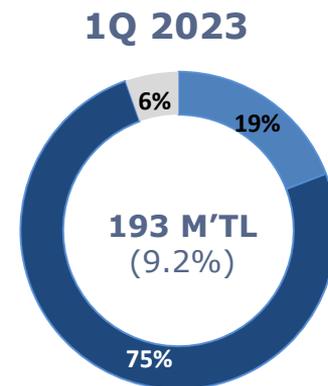
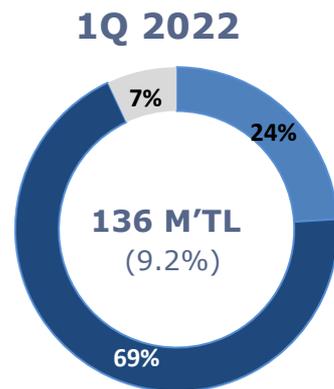


■ Energy projects ■ Energy products ■ Telecom



■ Energy projects ■ Energy products ■ Telecom

GROSS PROFIT BY SEGMENT



■ Energy projects ■ Energy products ■ Telecom

■ Energy projects ■ Energy products ■ Telecom

Main factors:

- ✓ Submarine Projects increased the profitability vs '22, despite lower revenues, resulting from different execution progress
- ✓ Organic growth achieved in specific business lines, mainly E&I, Oil & Gas and Renewables
- ✓ Gross Profit Margin maintained at the same level, thanks to the actions put in place to promptly reflect the raw material cost increase to the market

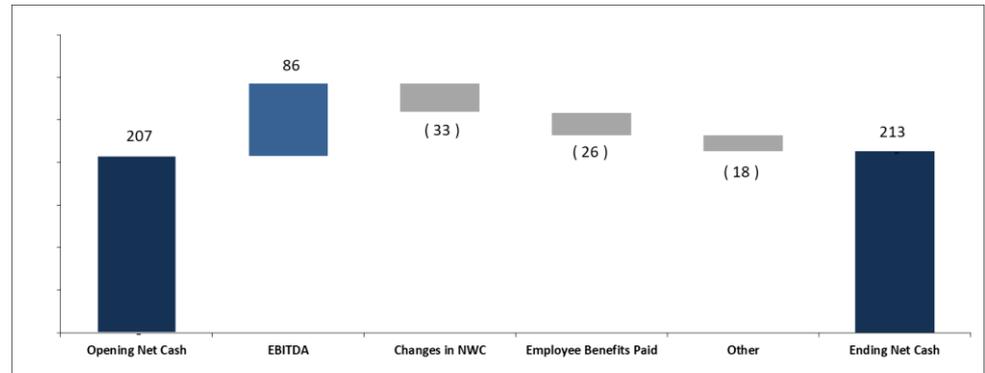
BALANCE SHEET AND CASH FLOW

(k'TL)	1Q 2022	2022	1Q 2023
Cash & Cash Equivalents	603.656	280.399	288.270
Trade Receivables	924.103	1.119.794	1.426.858
Construction Contracts	488.554	802.680	855.779
Inventories	655.215	767.962	872.769
Other Current Assets	192.941	393.281	424.915
Non-Current Assets	302.920	479.878	479.439
TOTAL ASSETS	3.167.389	3.843.994	4.348.030
Short Term Loans	325.844	72.972	74.957
Trade Payables	1.682.084	2.051.575	2.511.194
Construction Contracts	-	-	-
Other Short Term Liabilities	685.550	1.066.013	1.090.038
SHORT TERM LIABILITIES	2.693.478	3.190.560	3.676.189
LONG TERM LIABILITIES	29.923	48.607	28.335
Paid in Capital	216.734	216.734	216.734
Net result of the period	6.025	190.006	38.680
Other	221.229	198.087	387.689
TOTAL LIABILITIES & EQUITY	3.167.389	3.843.994	4.348.030
NET CASH	277.812	207.427	213.313

Main topics:

- ✓ Trade Receivables and Trade Payables increased due to the volume growth
- ✓ Inventory increased to support rising volumes in Energy Products
- ✓ Construction contract amount higher due to the progress of the Submarine Projects

Net Cash Flow: Dec'22 to Mar'23 (mTL)





2023 Expectations and Guidance Q2 2023

Prysmian
Group

Linking
the Future

2023: KEEP ON FOCUSING ON PROFITABILITY AND CASH GENERATION

ONGOING IMPACT

- Deterioration in construction sector prevails
- Inflation at its 25-year highs
- High fx volatility and interest rates lead to an increase in financial costs
- Domestic market getting more and more competitive
- Solar business continues to be on rise
- Profitability in Telecom Business is under pressure

ACTIONS

- Emphasize value added products
- Execute Submarine Projects
- Explore new export markets for High Voltage AC business
- Expand Telecom Business customer base (in export markets)
- Effectively manage costs and net working capital requirement
- Guarantee adequate inventory for business continuity
- Focus on financial cost and cash management

TARGETS

	2022 ACTUAL	2023 GUIDANCE
REVENUE	TRY1,879 mln	15 - 25% Inc.
EBITDA	TRY100.3 mln	5 - 10% Inc.
EBITDA Margin	5.3%	4.5% - 5.0%



THANK YOU

Prysmian
Group

Linking
the Future