



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

**ANALYST MEETING ON
2022 FINANCIAL RESULTS**

22.02.2023

Prysmian
Group

Linking
the Future

AGENDA



1. Prysmian Group & Türk Prysmian Kablo Overview

2. Macroeconomics & Business Environment

3. Financial Results 2022

4. Outlook 2023

5. Q & A



Prysmian Turkey offers heartfelt condolences and steadfast support to the victims and their loved ones, following the devastating earthquakes in Turkey and Syria.

Prysmian
Group



Türk Prysmian Kablo Overview

**Tamer Yavuztürk
MEAT Marketing &
Communication Director**

**Prysmian
Group**

**Linking
the Future**



Türk Prysmian Kablo with **2022 figures:**

- **58**-year experience
- **7,187 MTL** total sales
- **18%** share of exports
- **596** employees
- Total factory area: **180,000** m²

2022 TÜRK PRYSMIAN DOMESTIC PROJECTS REFERENCE



Sakarya Offshore Gas Field



1915 Çanakkale Bridge



Tuz Gölü Underground Natural Gas Storage Project



TOGG Gemlik Plant



New PTA Complex in Adana



New Steel Plant in Iskenderun



Cement Plants Renovation

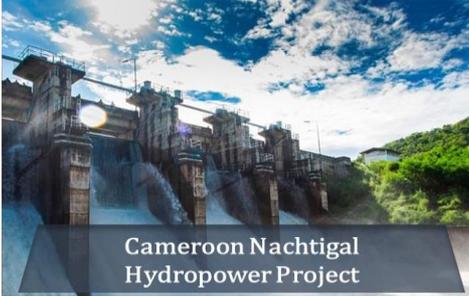


ASELSAN New Complex



ACIBADEM Ataşehir

2022 TÜRK PRYSMIAN EXPORT PROJECTS REFERENCE





Macroeconomics & Business Environment

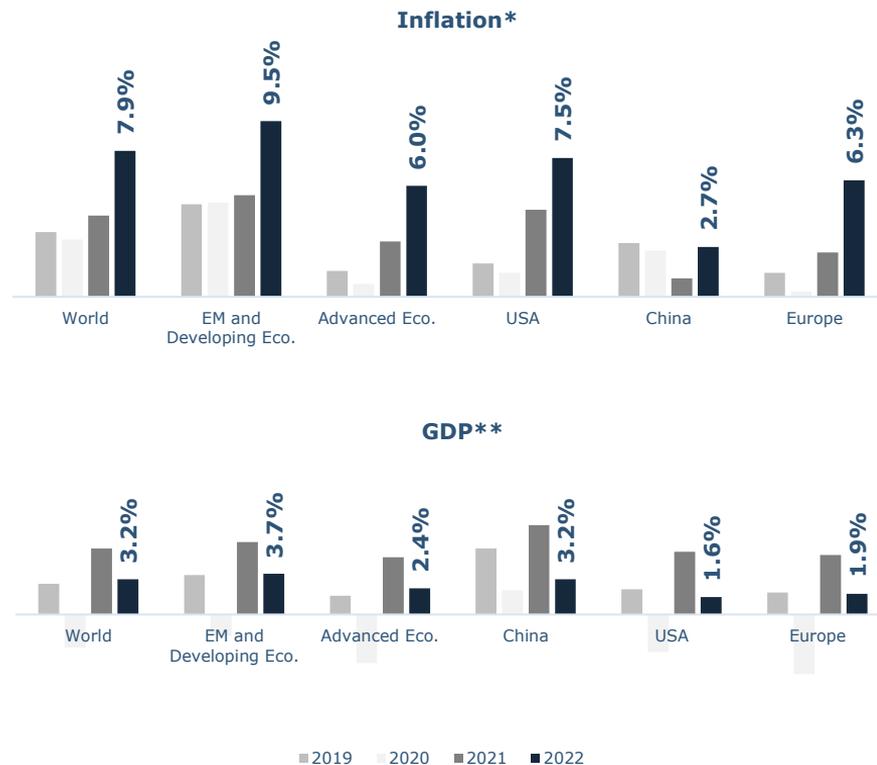
Ülkü Özcan
CEO

Prysmian
Group

Linking
the Future

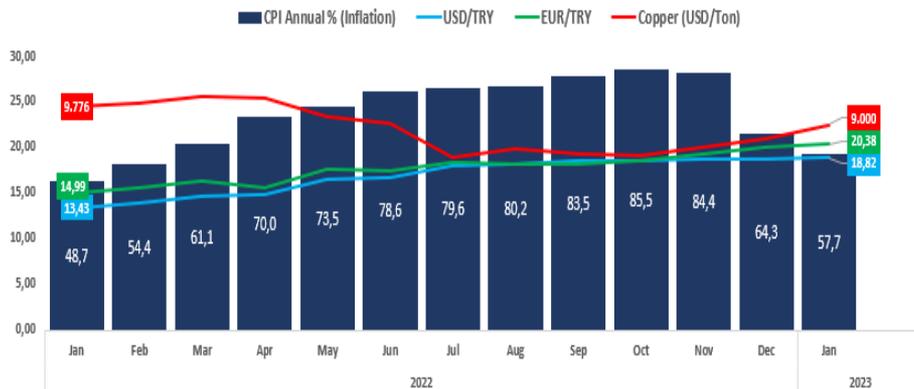
2022: A YEAR IN THE SHADE OF RISING INFLATION AND SLOWING GROWTH

- Russia's war against Ukraine has provoked a massive energy price shock not seen since the 1970s.
- Supply chain issues in terms of availability of raw materials continued throughout the year.
- Price pressure on commodity goods also started as of 2Q 2022.
- Global economies hit by inflation.
- The tight monetary policies restricted the performance of developing countries.
- Global GDP growth is slowing particularly in the USA and Europe.



ENERGY PRICE INCREASE CONTINUES WITH RISING INFLATION

CHALLENGING MACROECONOMIC ENVIRONMENT IN TURKEY

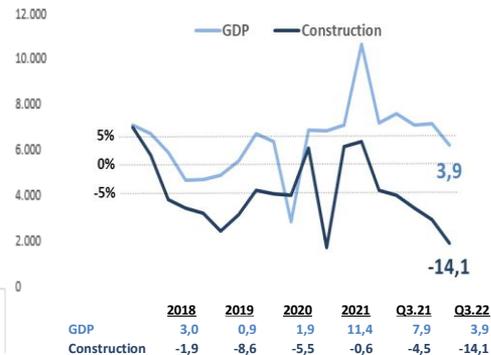


TURKEY

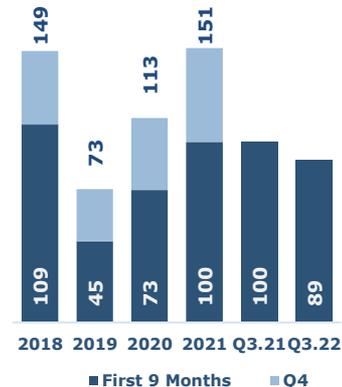
- Macroeconomic environment is vulnerable due to high real interest rates, rising inflation and depreciation of TRY against hard currencies.
- Inflation rate announced at 57.7% as of Jan'2023 hints to a decline due to the base effect. (2022 inflation rate is 64.3%)
- Despite high inflation, CBRT kept interest rate stable at 9.0% in Jan'23, meaning to a decrease compared to 14.0% in Jan'22 and 19.0% in Aug'21.
- Still, a moderate GDP growth of 3.9% is expected in 2022.
- The economic and social environment is exposed to ambiguity due to recent earthquake disaster, in the pre-election period.

STAGNANT DEMAND IN THE CABLE INDUSTRY

CONSTRUCTION SECTOR CONTRACTED



BUILDING PERMITS SHRANK



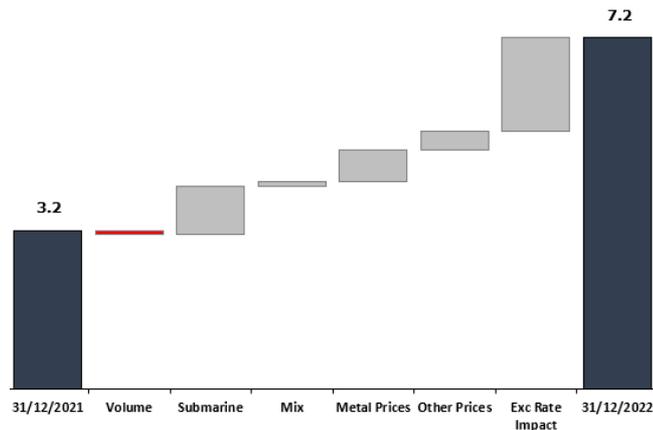
CABLE INDUSTRY

- Contraction in construction industry continues due to high energy and raw material prices.
- The new social residential project announced by the government is not expected to immediately revive demand.
- Domestic cable market is experiencing aggressive competitive prices and longer payment terms.
- The pressure on profitability is expected to prevail in 2023.
- Cable sector's contribution to Turkish Economy in 2022 stood at approximately US\$3 billion USD.

WE GREW OUR REVENUES...

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

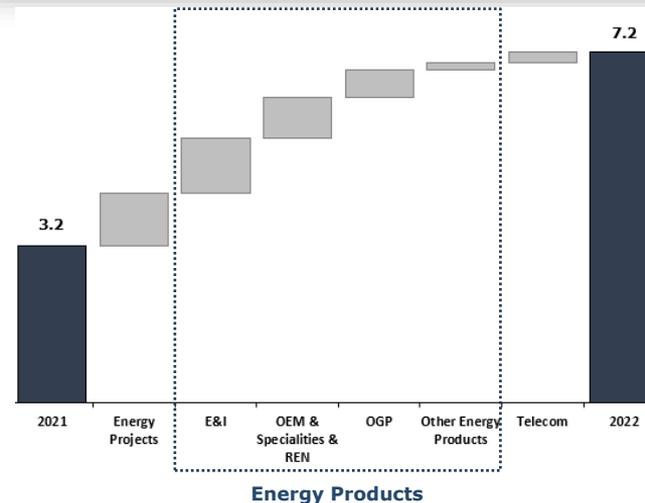
(TRY bln)



- Energy Projects revenues have increased significantly in 2022 due to the progress of the execution of Submarine Projects
- Exchange rate hugely impacted the top line (+65%)
- Copper price increase also played an important role in sales increase (+20%)

Strong Growth in E&I Unit & Submarine Projects

(TRY bln)



- Penetrated the new customer and distributor channels through "Growing Together" action plan
- Applied selective and secure sales strategy
- Managed order portfolio to respond new opportunities
- Focused on hard currency orders
- Used alternative raw materials through R&D studies to mitigate supply chain issues

EXECUTING OUR STRATEGIES SET FOR 2022

E&I

- Focused on securing profitability margin
- Further strengthened our relationship with A-team distributors

High Voltage

- Turnkey projects secured, to be executed in 2022 and 2023

Submarine

- Izmit Gulf and Can III Crossing Projects have progressed in their execution phase and are in line with the plans

OEM

- Focused to grow in special applications in Railways, Marine, Mining and Infrastructure cables, resulting in an improved profitability

Renewables

- Promoted high premium PV cables, being sole manufacturer of YEKA projects

Oil & Gas

- Strong performance mainly in domestic projects

Telecom

- Fiber optic cables manufactured at full capacity while copper cable sales increased.

WE EFFECTIVELY MANAGED OUR FINANCIAL COSTS

Though Macroeconomic Dynamics

64.3%*

CPI Rate

44%*

Depreciation of TRY against USD

35%*

Depreciation of TRY against Euro

9%**

CBRT Policy Rate

* Dec'22 vs Dec'21; ** Dec'22

Prysmian Approach to Cash Management

- Government introduced a regulation which makes it mandatory to settle local transaction in TL, leading to a significant reduction of the forward contract portfolio in EUR/USD from Q2 2022
- Financial costs have been kept under control thanks to effective management of the following items:
 - Supplier payment negotiations
 - Stock level kept as low as possible without compromising the service level to customers
 - Strict focus on timely cash collections continues

WE DELIVERED STRONG RESULTS AS PROMISED

	1Q GUIDANCE	1Q ACTUAL	2Q GUIDANCE	2Q ACTUAL	3Q GUIDANCE	3Q ACTUAL	4Q GUIDANCE	4Q ACTUAL
REVENUE	150 - 160% inc	 158%	150 - 160% inc	 151%	150 - 155% inc	 177%	45 - 54% inc	 54%
EBITDA	TRY43 - 45 mln	 TRY57.3 mln	TRY75 - 78 mln	 TRY100.3 mln	TRY64 - 74 mln	 TRY96.7 mln	TRY65 - 85 mln	 TRY86.5 mln
EBITDA Margin	3.0%	 3.9%	4.0%	 5.3%	3.5 - 4.0%	 4.8%	3.8% - 4.8%	 4.8%

WE ARE ON TRACK FOR FURTHER GROWTH OPPORTUNITIES IN 2023

ENERGY TRANSITION



RENEWABLES

- **Monitor new solar and wind projects** hinting growth potential
- **Emphasize quality** of Solar Cables
- Leverage on being the **Railways Excellence Center**, protecting market leader position in signaling cables
- Secure volume in metro projects with **Aluminum Medium Voltage cables**
- **Keep market share** in marine segment by improving service quality
- Target upcoming **Akkuyu Nuclear Power Plant tender**



HIGH VOLTAGE

- Monitor the **new TEIAS tenders** on the pipeline
- **Progress in the localization of 154kV HV cable** accessories
- Leverage on **opportunities** from the Prysmian Group

DIGITAL TRANSFORMATION



TELECOM

- Protect market share and **grow in export markets**
- **Strengthen relationship** with domestic customers
- **Increase market share** in the project business segment (Turksat, Turknet, Railway and Motorway)
- **Achieve successful performance** in MMS business with different product segments; i.e. copper data, coaxial cables, mobile network and fire resistance cables for inter-company projects

WHILE EXECUTING OUR VALUE-ADDED SUBMARINE PROJECTS ON TIME

SUBMARINE PROJECTS TO GENERATE MORE THAN 60 MILLION EUR REVENUE IN 2023

- 1 -

Izmit Gulf Project



Project 1: 400kV İzmit Gulf Submarine Cable Project

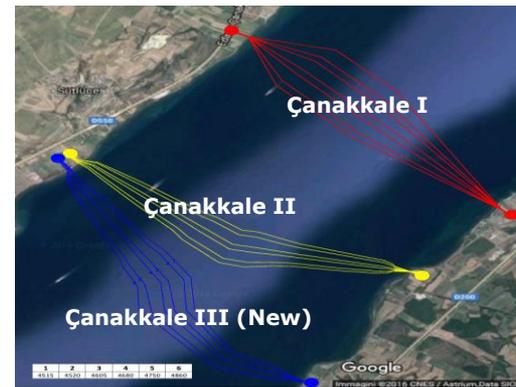
Completion date: Q3 2023

Contract Value: €84 million

COMPLETION RATIO*: 61 %

- 2 -

Çanakkale III Project



Project 2: 400kV Çanakkale III Submarine Cable Project

Completion date: Q3 2023

Contract Value: €57 million

COMPLETION RATIO*: 48 %

* As of December 31, 2022

FIRST LOCAL SUSTAINABILITY REPORT PUBLISHED IN NOV'2022



Report Link (TR): [Sürdürülebilirlik \(prysmiangroup.com\)](https://www.prysmiangroup.com/surdurulebilirlik)

Report Link (ENG): [Sustainability \(prysmiangroup.com\)](https://www.prysmiangroup.com/sustainability)

LINKING TURKEY TO A SUSTAINABLE FUTURE



Linking Turkey to a Sustainable Future with a vision of;

«being a responsible business by pursuing economic, environmental, and social sustainability for all stakeholders and the planet»

Eliminating Footprint

We want to operate with using less resources, convert our energy use to renewables and hence neutralise our footprint.



Circular Resource Use

We want to prevent depletion of natural resources and harming of the natural environment.



Enhancing Business Model

We want to engage with our stakeholders to deliver profitability and growth sustainability in all our operations (upstream, inhouse, downstream).



Developing Employees & Community

We want to be able to attract the talented and new generation employee force, develop our skills inhouse and hence serve the communities we work for with best-of-breed skills and approaches.



Sustainably manage natural resources by supporting circular economy



Contribute to combating climate change



Create value for and with our stakeholders



Contribute to local development



Encourage the professional development and commitment of all employees



Spread the ethics and integrity



Sign it.

For a better tomorrow

- Our journey, which began with the motto «**Sign it. For a Better Tomorrow**» has been inspired and guided by the Sustainable Development Goals (SDGs) set forth by the United Nations for the year 2030.
- We conducted a thorough analysis of the impacts of our 2030 vision and chose the standards we should use in 2030 based on the feedback from our stakeholders and the impetus of our material topics.



ELIMINATING FOOTPRINT



We will reduce **CO₂ emission** by
30%



We will **reduce** our consumption of;
Electric energy by **12.55%**



Diesel by **80%**



Natural gas by **10%**



We will use **renewable energy** by
30%



CIRCULAR RESOURCE USE



We will **reduce use of water**
50%



We will **reuse drums**
>75%



We **recycle our waste**
100%



ENHANCING BUSINESS MODEL



Zero and beyond

IF:0 IG:0



Annual revenues from low carbon-enabling products

39%



Sustainability Audits

20



DEVELOPING EMPLOYEES & COMMUNITY



Percentage of women executives

50%



Percentage of WC women hired with permanent contracts

50%



Percentage of WC women hired with permanent contracts (only Band D and above)

50%



Average hours of training per employee each year (h/employee)

40-45 h



Financial Results 2022

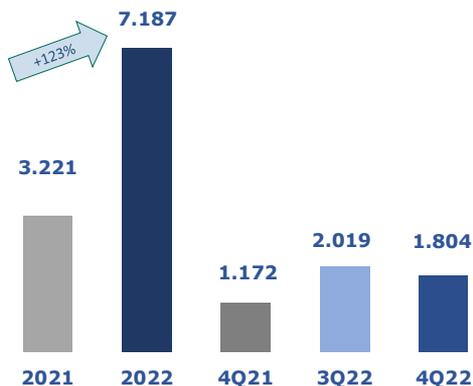
CFO
Mirko Beretta

Prysmian
Group

Linking
the Future

MAIN FINANCIAL KPIs

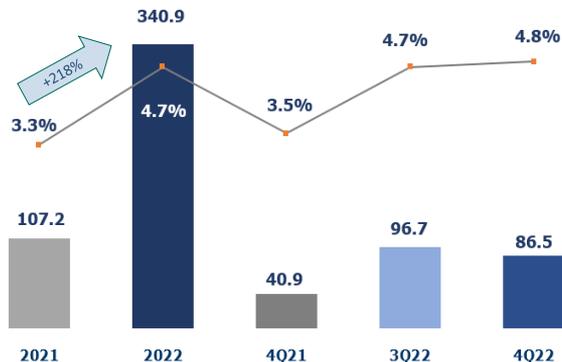
REVENUE (M'TL)



123% increase in FY22 vs FY21 (+54% in Q4):

- ❖ Energy Projects grew due to the progress of the execution of 2 Submarine Projects
- ❖ Volume decline in Energy Products (-7%), mainly due to E&I and OEM, partially offset by the increase in OG
- ❖ Telecom segment reported volumes in line with '21, thanks to the increase of Fiber Optic offsetting the shortfall in Copper Cables
- ❖ Revenues impacted by the significant increase of the TL/Eur Fx rate (17.4 avg '22 vs 10.46 in '21)

EBITDA & EBITDA MARGIN (M'TL)

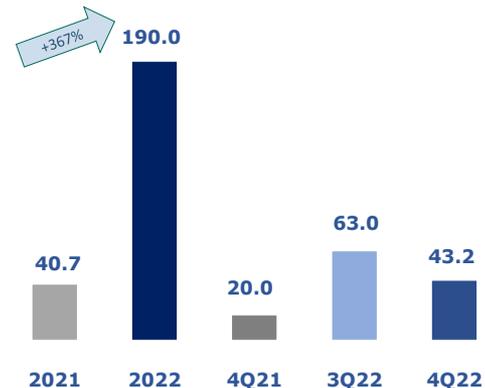


218% increase in '22 vs '21 (+111% Q4) despite the negative effect of the regulatory change introduced in April '22 (local payments to be settled in TL, moving costs classification from financials to operating).

Main factors:

- ❖ Better mix: Submarine progress and profitability
- ❖ Energy Products offset the volume decline with higher profitability (+1%), in line with the strategy to focus on the high margin segments
- ❖ Pricing management, promptly reflecting the raw material cost increases

NET INCOME (M'TL)



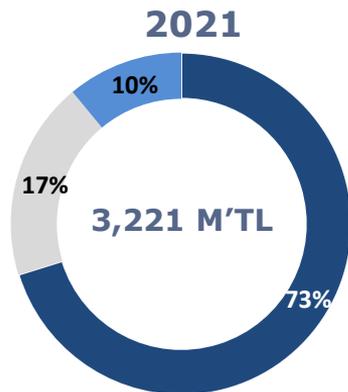
+367% '22 vs '21 (+116% Q4):

- ❖ Focus on financial expenses, limiting the impact of interest rate increase
- ❖ Solid relationship with the banks helped getting good pricing terms for forward currency contract

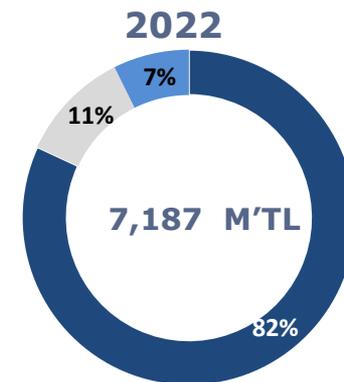
REVENUE BREAKDOWN

By distribution channel

- Strong increase of domestic sales, mainly due to O&G Projects and Copper Telecom
- Decline in export volumes, mainly due to E&I and OG
- Intragroup nominal revenue stable



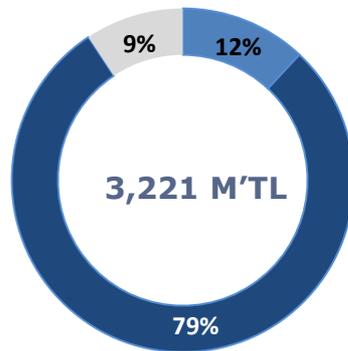
■ Domestic ■ Export ■ Prysmian Group



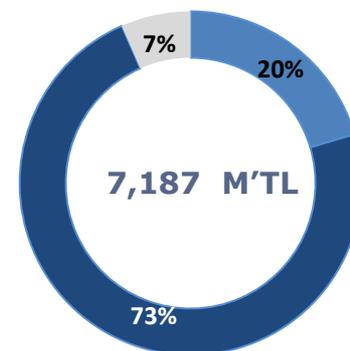
■ Domestic ■ Export ■ Prysmian Group

By business segment

- Energy Projects spike due to the execution of the 2 Submarine Projects
- Telecom nominal revenues stable
- The slight decline in the volume of Energy Products compensated by mix and price

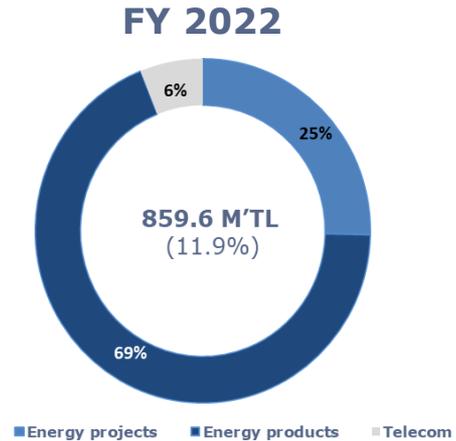
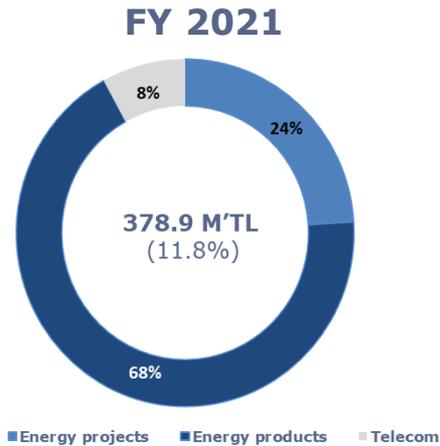


■ Energy projects ■ Energy products ■ Telecom



■ Energy projects ■ Energy products ■ Telecom

GROSS PROFIT BY SEGMENT



Main factors:

- ✓ Submarine Projects contributed to increase the operating profit vs '21
- ✓ Organic Growth in specific business lines, mainly Oil & Gas and Copper Telecom
- ✓ Profitability increased thanks to:
 - Tight control over the costs along all the supply chain
 - Dynamic pricing mechanism acting as a shield against currency fluctuations and production costs increase

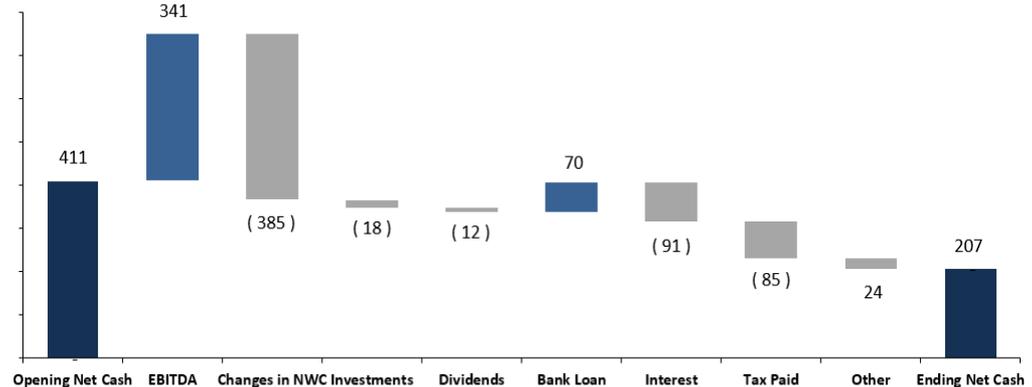
BALANCE SHEET AND CASH FLOW

(k'TL)	2021	2022
Cash & Cash Equivalents	411.994	280.399
Trade Receivables	733.966	1.119.794
Construction Contracts	211.741	802.680
Inventories	452.315	767.962
Other Current Assets	216.936	393.281
Non-Current Assets	255.779	479.878
TOTAL ASSETS	2.282.731	3.843.994
Short Term Loans	919	72.972
Trade Payables	1.327.123	2.051.575
Other Short Term Liabilities	490.785	1.066.013
SHORT TERM LIABILITIES	1.818.827	3.190.560
LONG TERM LIABILITIES	25.94	48.607
Paid in Capital	216.734	216.734
Net result of the period	40.733	190.006
Other	180.497	198.087
TOTAL LIABILITIES & EQUITY	2.282.731	3.843.994
NET CASH	411.075	207.427

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: '21 to '22 (mTL)





2023 Expectations and Guidance Q1 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 24-year highs
- High fx volatility and interest rates lead to an increase in financial costs
- Copper procurement still affected by Russia-Ukraine conflict
- Domestic market getting 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
- Focus on the energy transition programs
- 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

	1Q2022 ACTUAL	1Q23 GUIDANCE
REVENUE	TRY1,484 mln	40 - 50% Inc.
EBITDA	TRY57.3 mln	TRY80 - 95 mln
EBITDA Margin	3.9%	3.9% - 4.2%



THANK YOU

Prysmian
Group

Linking
the Future