

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

31.03.2019 FINANCIAL RESULTS



# AGENDA

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

# **Prsymain 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

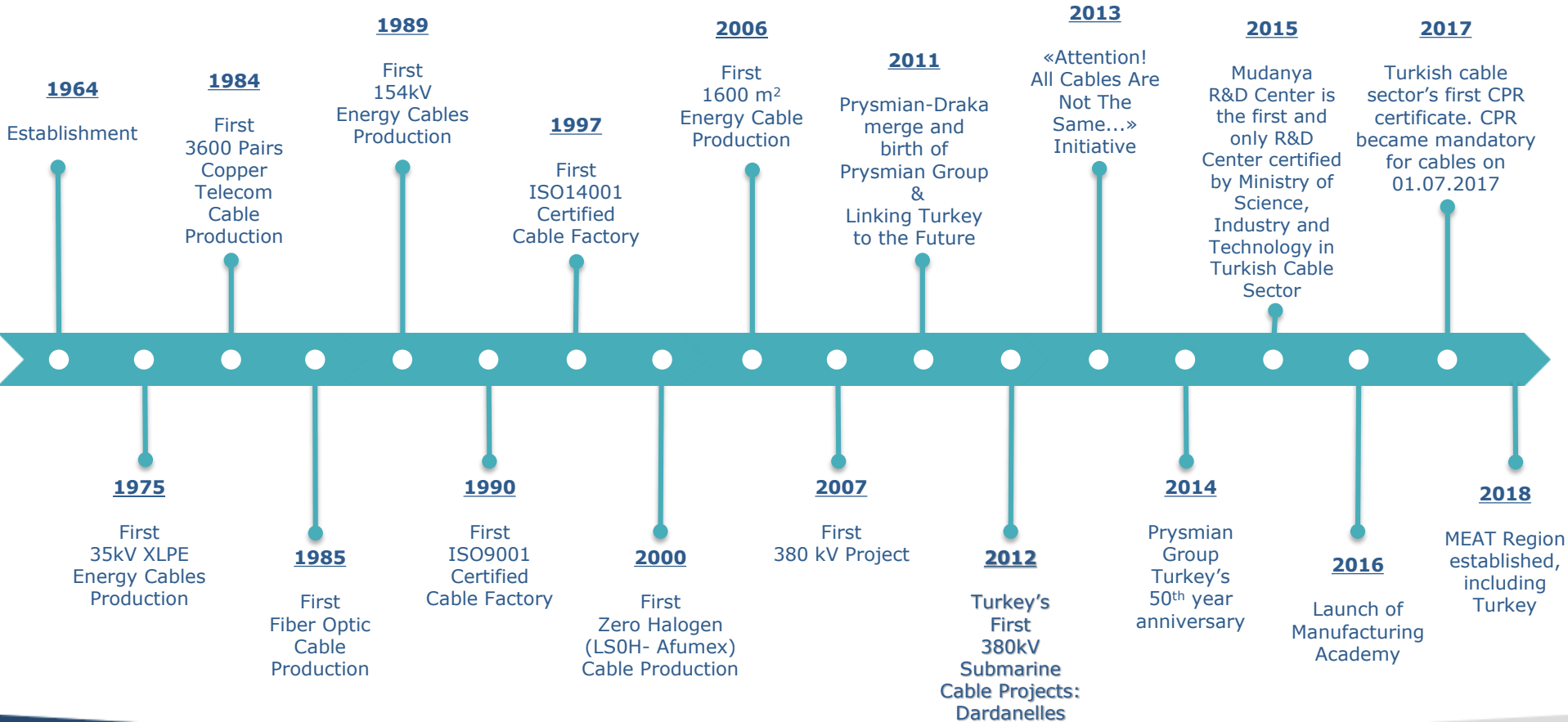


**2 R&D**  
CENTERS



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**

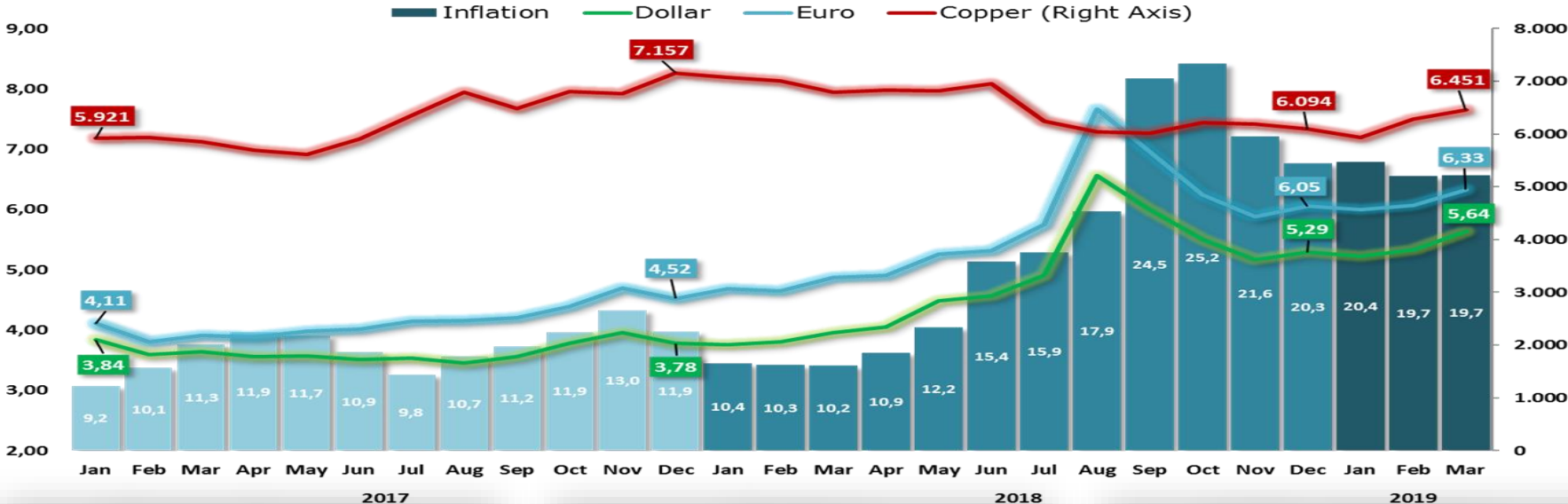
## PRODUCTS

- ✓ **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

# ECONOMIC VOLATILITY NEGATIVELY AFFECTED CABLE INDUSTRY



## Global Markets

- FED and ECB decisions
- Trade wars
- Brexit – Exit of UK from EU
- Oil price trend & impact on Middle East
- Slow down in US, EU and China economies

## Turkey

- Local elections & uncertainty
- Devaluation in TL
- High inflation
- Foreign trade balance & Government budget
- CBRT policy & interest decisions
- Liquidity issues & bankruptcies

## Cable Industry

- Uncertainty & slowdown in the market
- Price pressure due to unsaturated competitors
- Collection issues and high bad debt risk
- Long payment term in a risky environment
- Slow down in Solar (YEKA)

# GDP AND CONSTRUCTION GROWTH (%)

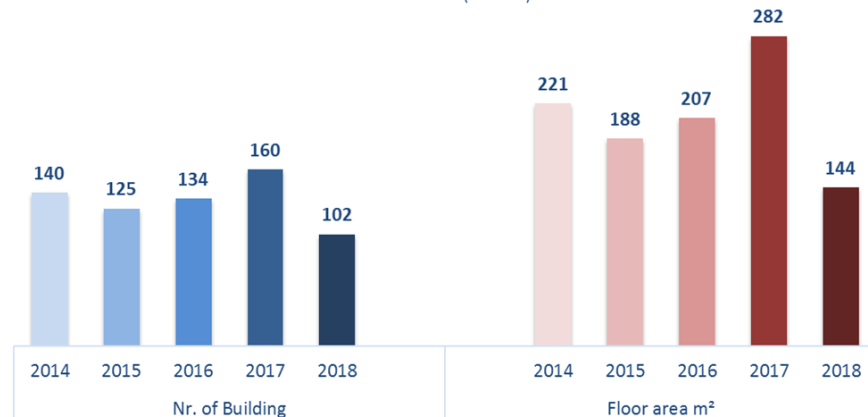
GDP Growth %



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2016				2017				2018			
GDP		3,18			7,42				2,57			
Construction	5,37				9,00				-1,92			

Construction Permits

Nr. of Building (thousands)  
Floor area m<sup>2</sup> (millions)



**Negative growth in Construction during 4th quarter (-8,7%)  
Construction permits are at lowest level since 2014,  
both in number of buildings and the floor area.**

# ONGOING STRATEGIC PRIORITIES IN A CHALLENGING ENVIRONMENT...

- ✓ Defend market share in a **challenging** and aggressive environment
- ✓ Sustain profitability during tough market conditions by increasing Exports & IC sales
- ✓ Focus on **hard currency orders**, be selective on TL orders
- ✓ Continue strong financial discipline, minimize **credit risk exposure** & proceed with **low risk profile**
- ✓ Enlarge the diversity of customer portfolio
- ✓ Exploit **advantage of being part of MEAT region**
- ✓ **Keep positive team spirit**

# REVENUES AND PROFITABILITY SUSTAINED IN A CHALLENGING ENVIRONMENT

## ACTIONS

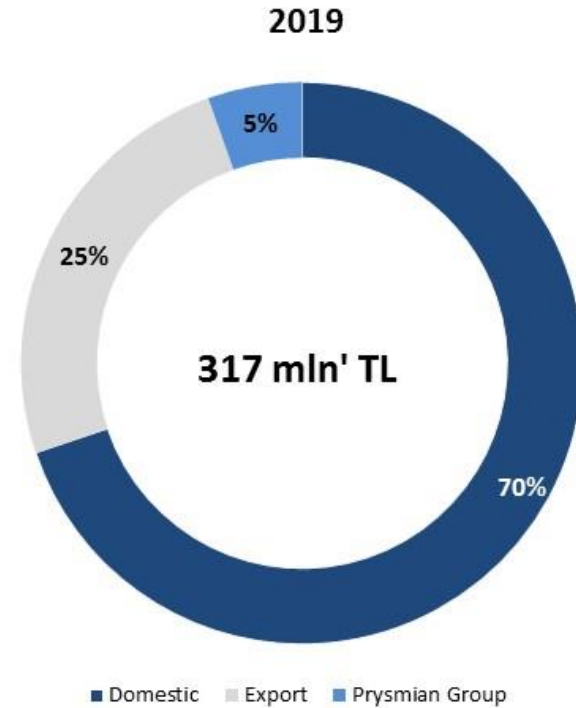
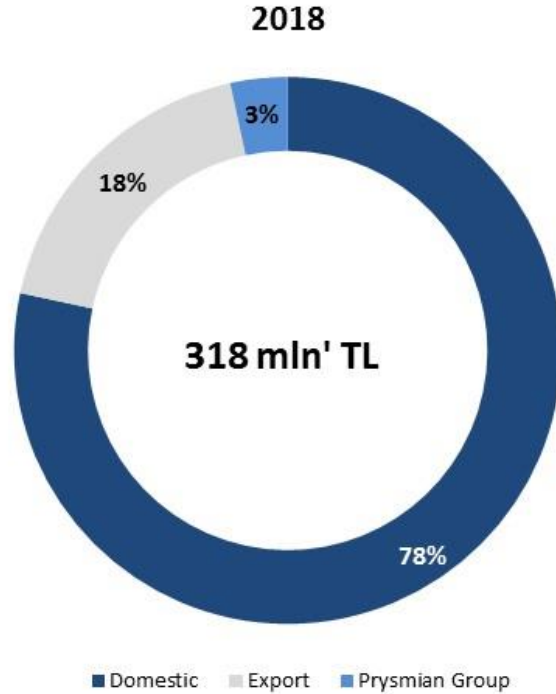
- ❖ Increased share of exports in revenues
- ❖ Improved group revenues
- ❖ Focused on hard currency orders
- ❖ Sustained profitability
- ❖ Minimized credit risk exposure
- ❖ Maintained financial discipline

## RESULTS

- ❖ Share of exports in revenues increased by 7.0 p.p. to 25%
- ❖ 2.0 p.p. increase mainly driven by telecom
- ❖ Share of FX orders increased by 9.0 p.p. YoY
- ❖ Contribution margin up by 1 p.p.
- ❖ Zero bad debt
- ❖ 25 mln' EUR reduction in forward contracts

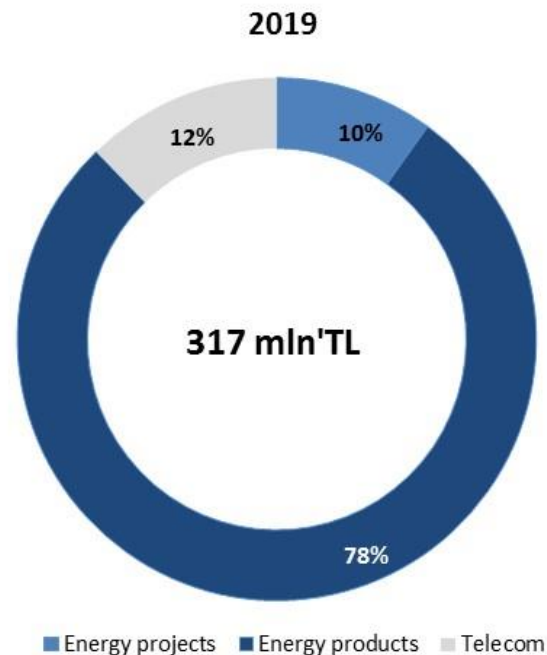
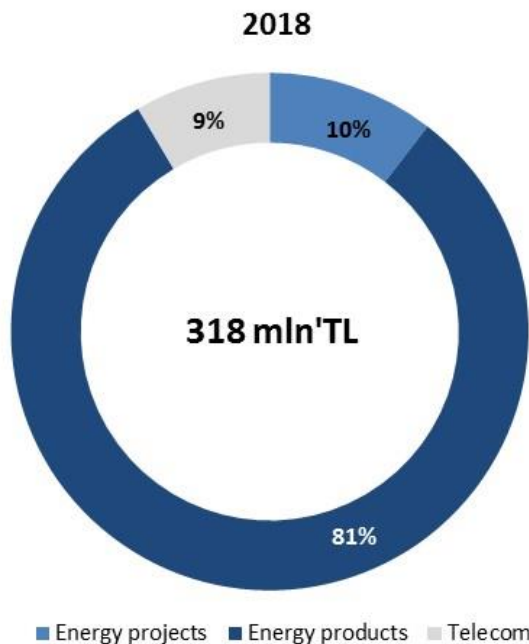
# 2019 1Q Financial Results

# REVENUE BY DISTRIBUTION CHANNEL – 1ST QUARTER



**Revenues remained flat with higher contribution of exports**

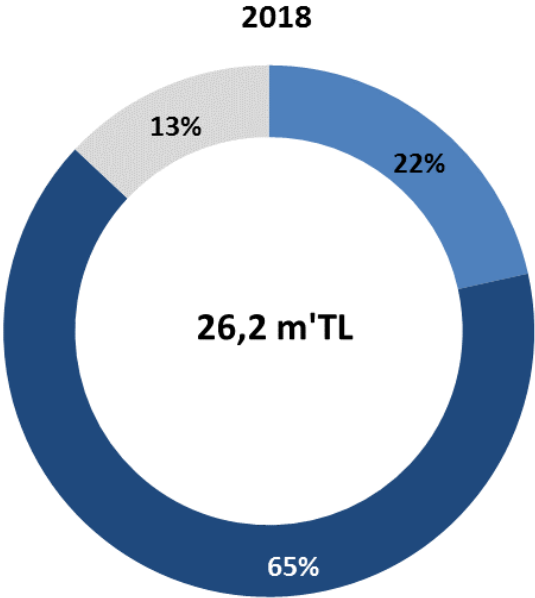
# REVENUE BY SEGMENT - 1ST QUARTER



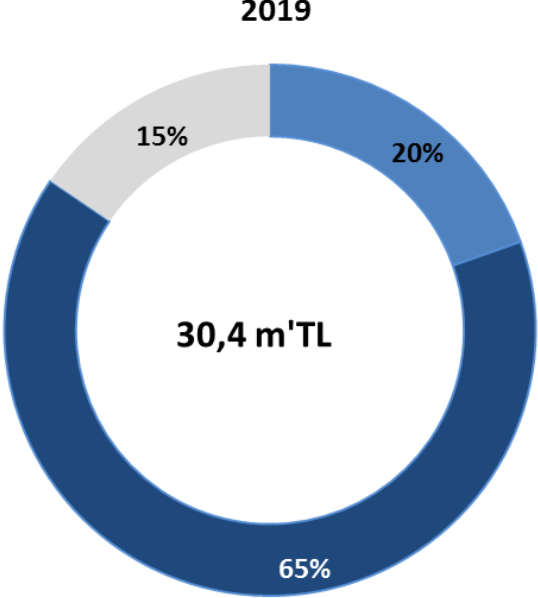
**Increasing share of telecom mainly supported by IC business**



# CONTRIBUTION MARGIN BY SEGMENT - 1ST QUARTER



■ Energy projects ■ Energy products ■ Telecom

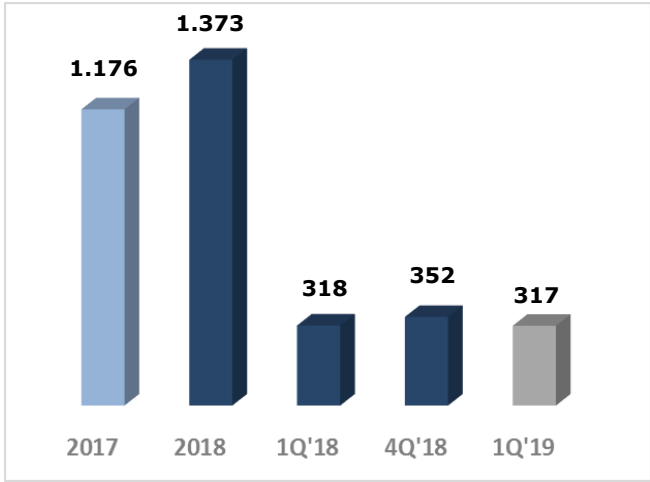


■ Energy projects ■ Energy products ■ Telecom

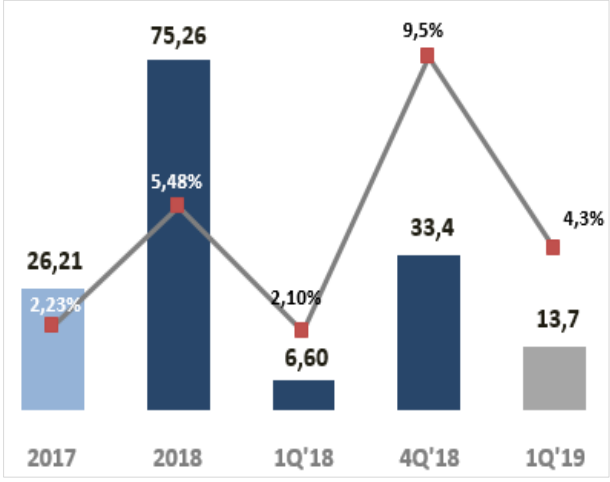
**Improved profitability in a challenging environment**

# REVENUE, EBITDA & EBITDA MARGIN AND NET INCOME

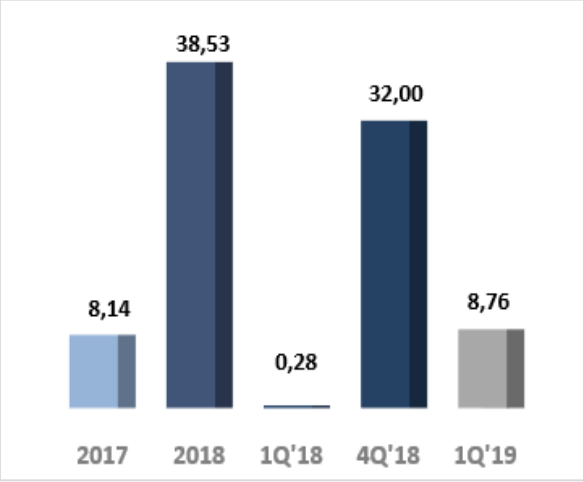
REVENUE (MTL)



EBITDA & EBITDA MARGIN (MTL)



NET INCOME (MTL)



- Revenue sustained despite volume decrease mainly due to,
  - ✓ Exchange rate
  - ✓ Product mix

- Ebitda increase mainly due to;
  - ✓ Royalty ratio adjustment (2,3 m'TL)
  - ✓ Royalty + service fee waiver (7,1 m'TL)

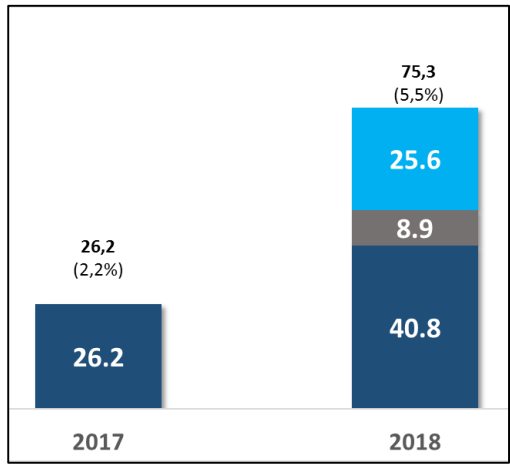
- Net income increase mainly due to;
  - ✓ Royalty ratio adjustment
  - ✓ Royalty + service fee waiver
  - ✓ Financial discipline

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

	January 1 - March 31, 2019	January 1 - March 31, 2018	<i>Diff</i>
Revenues	316.677.267	317.981.733	-0,4%
Cost of sales	(282.062.984)	(284.961.980)	-1,0%
<b>GROSS PROFIT</b>	<b>34.614.283</b>	<b>33.019.753</b>	<b>4,8%</b>
<i>Gross profit / Revenues</i>	<i>10,9%</i>	<i>10,4%</i>	
General Administrative Expenses	(4.723.272)	(12.829.449)	-63,2%
Marketing Expenses	(16.891.458)	(14.264.062)	18,4%
R & D Expenses	(860.101)	(843.192)	2,0%
Operating income/expenses net	(3.067.863)	(5.607.143)	-45,3%
	<b>9.071.589</b>	<b>(524.093)</b>	<b>-1830,9%</b>
<i>Operating gain/loss</i>	<i>2,9%</i>	<i>-0,2%</i>	
Revenue from Investments	-	594.513	-100,0%
Finance Income/Expense (net)	672.367	354.864	89,5%
<b>PROFIT BEFORE TAX</b>	<b>9.743.956</b>	<b>425.284</b>	<b>2191,2%</b>
<i>Profit before tax</i>	<i>3,1%</i>	<i>0,1%</i>	
Tax Expense/Income	(985.105)	(148.156)	564,9%
<b>NET PROFIT</b>	<b>8.758.851</b>	<b>277.128</b>	<b>3060,6%</b>
<i>Net profit / Revenue</i>	<i>2,8%</i>	<i>0,1%</i>	

# PRYSMIAN GROUP SUPPORT DURING FINANCIAL CRISIS

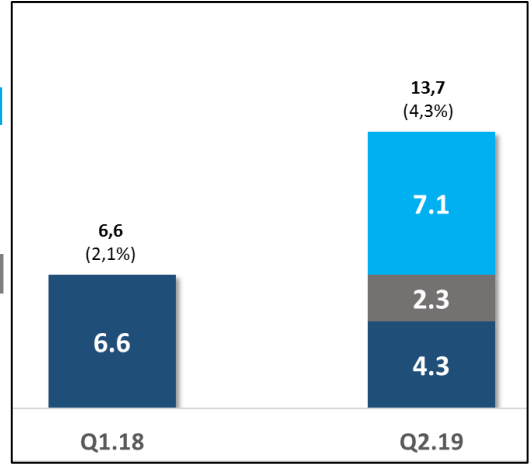
EBITDA & EBITDA MARGIN (MTL & %)



**One-time Impact**  
 Royalty + Service Fee Waiver  
 2018= 25,6 MTL  
 1Q'19=7,1 MTL

**Permanent Impact**  
 Royalty Ratio Change  
 (2% to 1,25%)  
 2018= 8,9 MTL  
 1Q'19=2,3 MTL

EBITDA & EBITDA MARGIN (MTL & %)

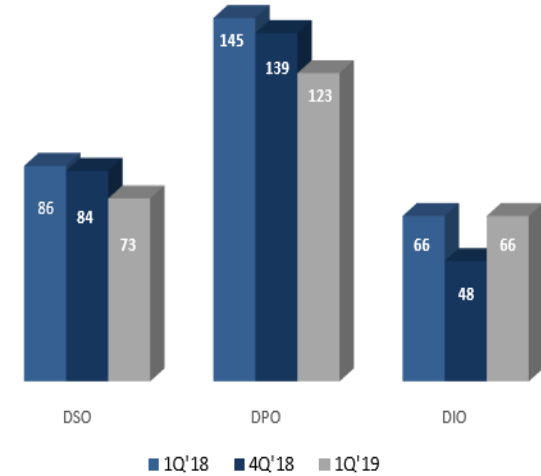


# BALANCE SHEET

TRY (mln)	1Q'18	4Q'18	1Q'19
Cash & Cash Equivalents	53.203.195	229.542.230	92.582.214
Trade Receivables	343.377.665	344.812.931	287.857.533
Other Receivable	72.204	10.659	766.738
Inventories	185.790.375	148.636.363	186.933.776
Non-Current Assets	97.256.670	72.566.148	102.660.733
<b>TOTAL ASSETS</b>	<b>768.784.444</b>	<b>899.297.070</b>	<b>773.713.612</b>
Short Term Loans	19.504.400	49.518.160	23.738.250
Trade Payables	443.276.286	466.262.966	377.396.557
LONG TERM LIABILITIES	7.489.643	8.839.841	9.069.801
Paid in Capital	141.733.652	141.733.652	141.733.652
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>768.784.444</b>	<b>899.297.070</b>	<b>773.713.612</b>

<b>NET CASH</b>	<b>33.698.795</b>	<b>180.024.070</b>	<b>68.843.964</b>
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## WORKING CAPITAL DAYS



## NWC / Annualized Sales

11,7%

1,9%

11%

# EXPLOITING OPPORTUNITIES IN A CHALLENGING YEAR

- Order portfolio confirms a slow down in 2019
- Contracting construction sector
- 16% decline in house sales in first quarter of 2019 vs 2018

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

# Thank you

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