



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

1H 2021 FINANCIAL RESULTS

29.07.2021

**Prysmian
Group**

**Linking
the Future**

AGENDA



1. **Prysmian Group & Türk Prysmian Kablo Overview**
2. **Macroeconomics & Business Environment**
3. **1H 2021 Financial Results**
4. **3Q 2021 Expectations**
5. **Q & A**



Prysmian Group & Türk Prysmian Kablo Overview

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PRYSMIAN GROUP-AND THE SUSTAINABILITY IN THE DNA

Environmental

920,000 t CO₂
About
EMISSIONS GHG (Scope 1 - Scope 2 Location Based)

70%
Percentage of product families covered by the CARBON FOOTPRINT measurement

10,000,000 GJ
About
ENERGY CONSUMED

63%
Percentage of WASTE RECYCLED



Innovation

106 m€
investment in R&D and INNOVATION

5,881
PATENTS
and PATENT APPLICATIONS filed

50
About
Number of PARTNERSHIPS for innovation



Economic dimension

48%
Percentage of annual revenues from LOW CARBON enabling products



People & Communities

33%
About
Employees who participate in the YES PROGRAMME

740,000
HOURS OF TRAINING delivered during the year
About
Average hours of training per employee each year

1,745
EMPLOYEES under 30 hired during the year

65%
Employee Engagement Index (EI)

IF 1.30
Injury rate (IF)
About
80/610k €
INITIATIVES
Community development Initiatives supported by the Group



Ethics and Integrity

15 AUDIT
of sustainability audits carried out based on risks in the supply chain

1,124
Employees with classroom training on ANTI-CORRUPTION matters



Sustainability is an integral part of our business across the Group.

We are constantly reinforcing our technology offer in support of the energy transition.

We are committed to increase the percentage of sales from low carbon products to 50% by 2022.

TÜRK PRYSMIAN KABLO-57 YEARS IN THE TURKISH CABLE SECTOR



TÜRK PRYSMIAN KABLO-PROJECTS IN TURKEY & WORLDWIDE



Istanbul Airport



Kıvaç GES, Mersin



National Electric Train Set



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



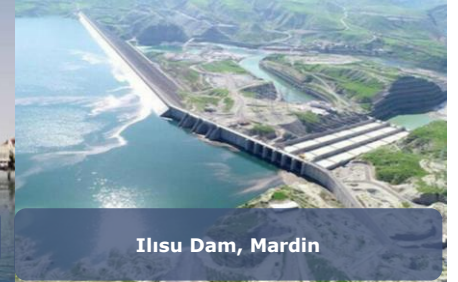
Merkez Ankara, Ankara



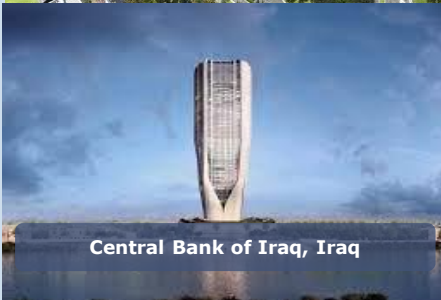
Dardanelles Strait Submarine Projects



Galataport, Istanbul



Iisu Dam, Mardin



Central Bank of Iraq, Iraq



Dubai Metro, UAE



Øyfjellet Project, Norway



Baku Tower, Azerbaijan



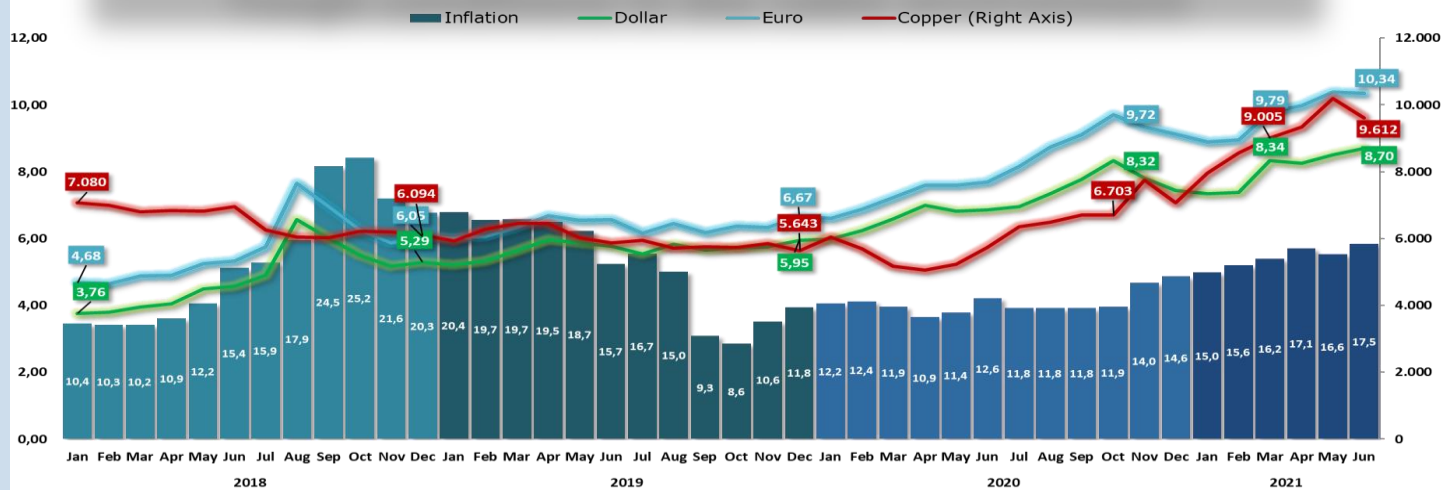
Macroeconomics & Business Environment

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MACROECONOMICS & CABLE INDUSTRY

Tough conditions in the cable environment



Global Markets

- Covid-19 still posing threat on human health and economy
- The vaccination process continues all over the World
- Market conditions continue to be rough, raw material shortage / price increase
- Sharp increases in freight cost & lack of container availability

Turkey

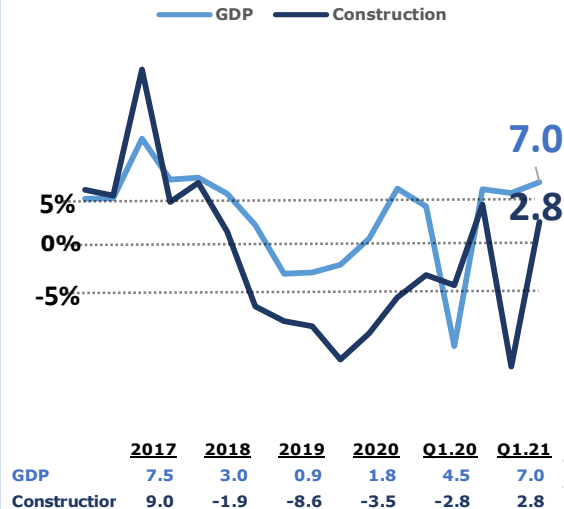
- Spread of the pandemic dramatically increased in 2Q
- Exchange rate volatility & sharp TL depreciation
- Increasing inflation trend continues
- CBRT kept the interest rates stable
- High interest rates lead to increase in financial costs

Cable Industry

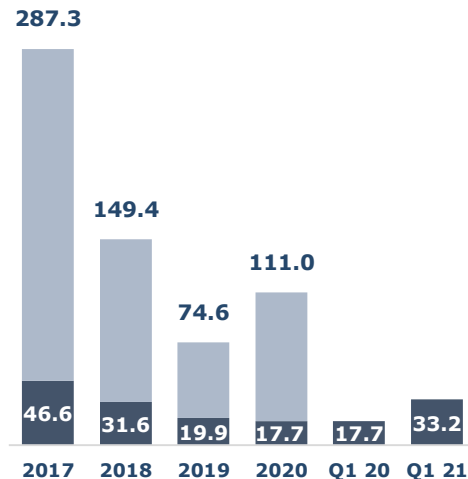
- Ongoing coronavirus effects the demand
- High interest rates are limiting the growth of construction industry
- Profitability is under risk due to high fx volatility and rapid change in raw material prices
- High volatility leads to an increase in financial costs
- Longer payment terms and high default risk

CONSTRUCTION SECTOR SIGNALS TO AN IMPROVEMENT

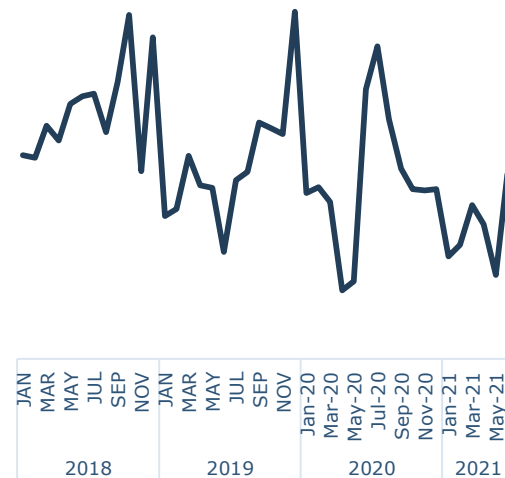
2.8% INCREASE IN CONSTRUCTION



RISE IN CONSTRUCTION PERMITS



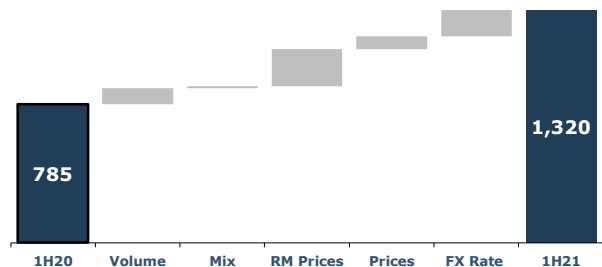
HOUSE SALES TRENDING UPWARD



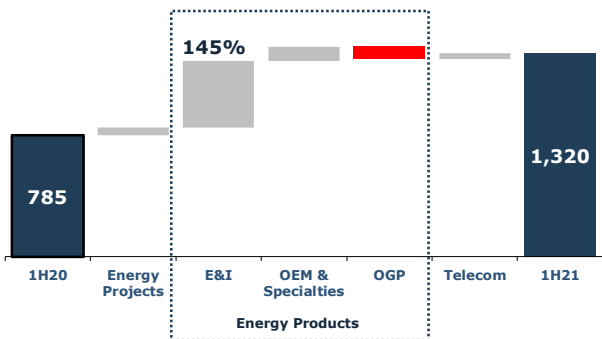
ALTHOUGH VOLATILITY PREVAILS, THE DATA SIGNALS TO AN IMPROVEMENT

WEATHERED THE STORM SUCCESSFULLY MAINLY BY DOMESTIC REVENUES

Revenue Growth Driven by Increasing Volume, RM Price and FX Rates



Strong Growth in E&I Unit Compensates for the OGP Projects



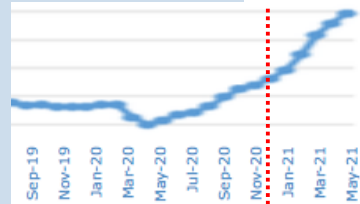
- Revenues impacted by RM price (27%) & fx rate (19%)
- Growing Together action plan bears fruit in the E&I business unit
- Increased market share in local market by 2 points
- Monitored effect of raw material price increases on order portfolio
- Capacity has been utilized through a smart pricing scheme
- Capacity utilization rate stood at 82% in 1H 2021

DESPITE ADVERSE EFFECTS OF SUPPLY CHAIN DISTRUPTION GLOBALLY



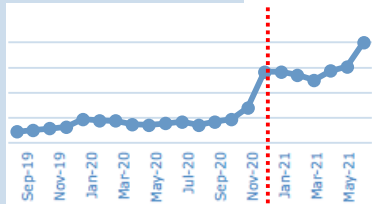
Increase in LLDPE price (Euro/Ton)

82%



Increase in PVC Resin price (Euro/Ton)

42%



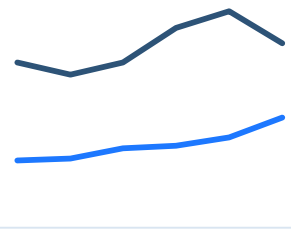
Increase in freight cost (USD/Container)

41%

6-Month Cost Fluctuation

Effectively Managed the Size of Order Portfolio

Open Order Revenue

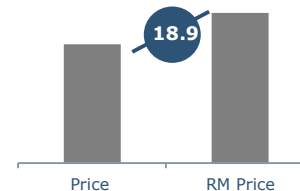


- ✓ Open order portfolio coincides to approx. 2,5 month revenue
- ✓ This volatile period has been managed through agile management by keeping the size of open orders as small as possible

Jan Feb March April May June

Raw Material Price Increase Reflected on Pricing on a Daily Basis

RM Price Increase Impact on 1H21 Profitability



- ✓ Increasing raw material price impact profitability of existing orders
- ✓ Increasing cost was reflected on new offers on a daily basis
- ✓ The impact of RM prices increase on profitability was limited by TRY18.9 mln in 1H21

BUSINESS ENVIRONMENT IN TURKEY HAS BEEN THROUGH

19%

Depreciation of TRY against USD

15%

Depreciation of TRY against Euro

19%

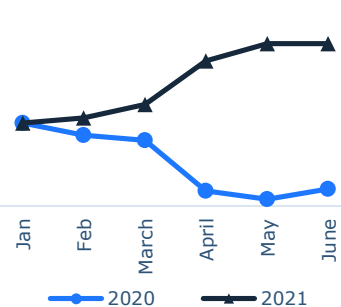
CBRT Policy Rate

38%

Fluctuation of copper prices

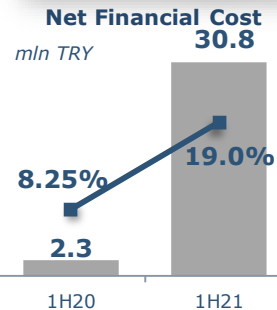
Increased Need for Hedging

Forward Contract Portfolio







- ✓ Strong recovery in E&I business unit resulted in higher TRY denominated receivables
- ✓ This led to a rise in forward contract portfolio on average:
- ✓ 1H 2020: 5.1 mln €
- ✓ 1H 2021: 31.2 mln €

Higher Financial Cost



- ✓ Financial costs adversely affect net profit

EXCEEDED EXPECTATIONS IN 2Q 2021

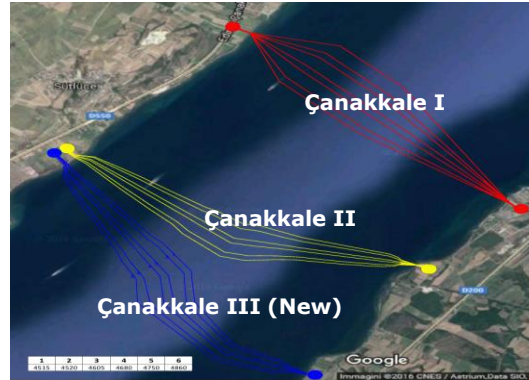
	2Q 2020	EXPECTATIONS	2Q 2021	Δ
REVENUE	404 M ^{TL}	55 – 65% inc.	747 M ^{TL}	 85 %
EBITDA	12.6 M ^{TL}	30 – 35% inc	26.6 M ^{TL}	 211%
EBITDA Margin	3.1%	2% - 3%	3.6 %	 0.5 p.p
GROUP WAIVER	0	0	0	

GOING FORWARD: WON €140 MLN SUBMARINE PROJECT TENDER



- 1 -

Çanakkale III Project:



Project 1: 400kV Çanakkale III Submarine Cable Project

Completion: Q3 2023

Value: €57 million (excl. VAT)

- 2 -

Izmit Gulf Project:



Project 2: 400kV İzmit Gulf Submarine Cable Project

Completion: Q3 2023

Value: €84 million (excl. VAT)

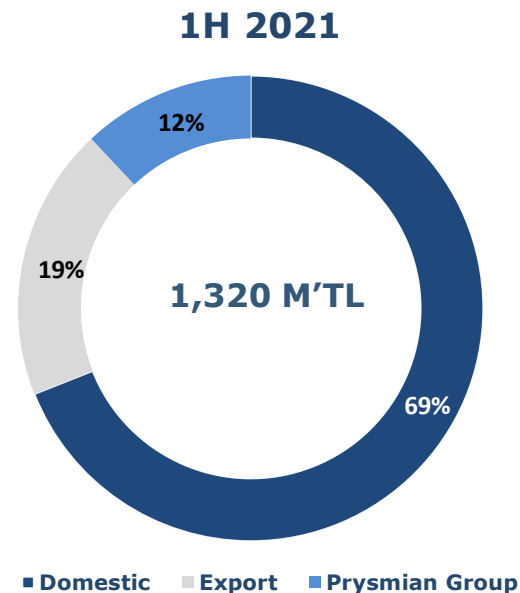
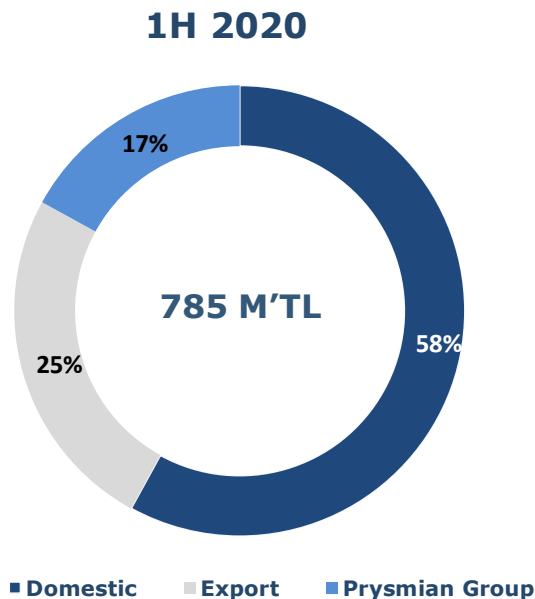


1H 2021 Financial Results

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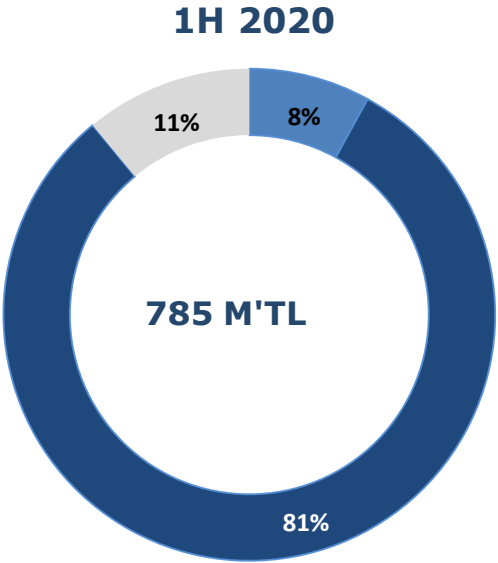
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REVENUE BY DISTRIBUTION CHANNEL

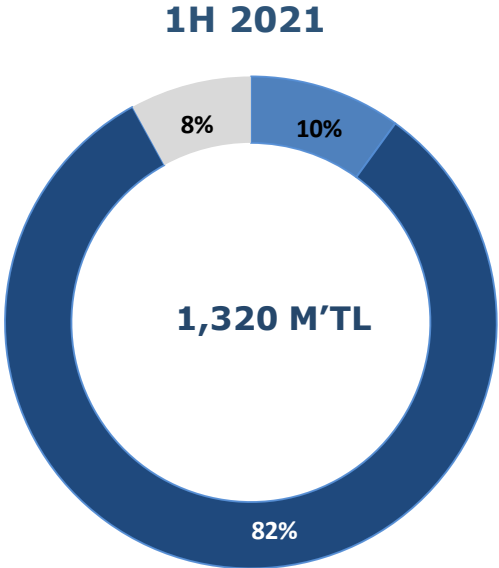


68% increase mainly due to strong domestic revenue growth

REVENUE BY SEGMENT



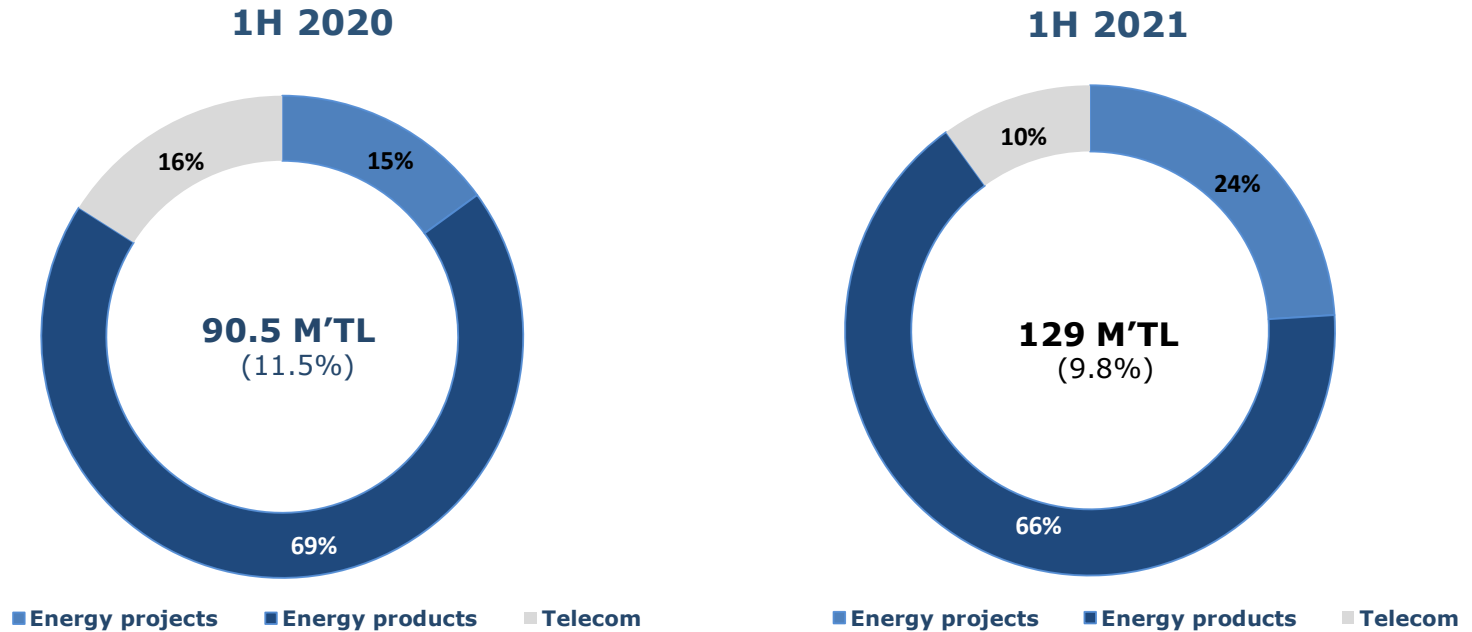
■ Energy projects ■ Energy products ■ Telecom



■ Energy projects ■ Energy products ■ Telecom

Slow down in telecom business compensated by the energy product revenues

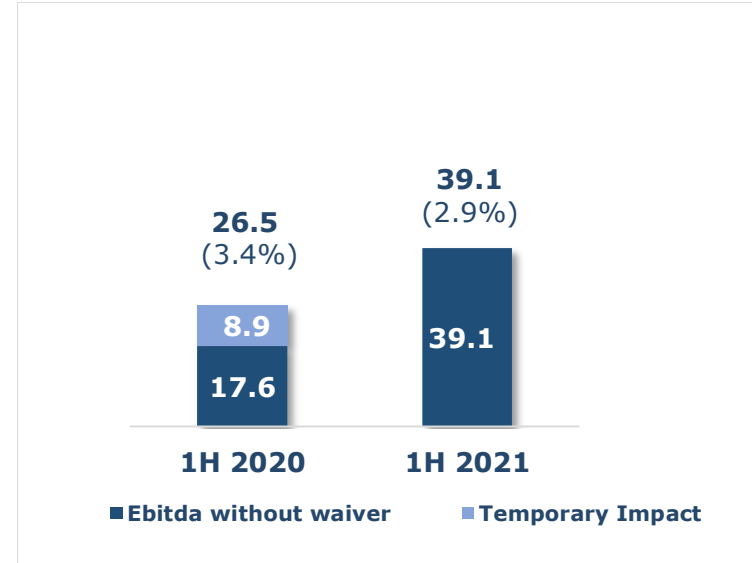
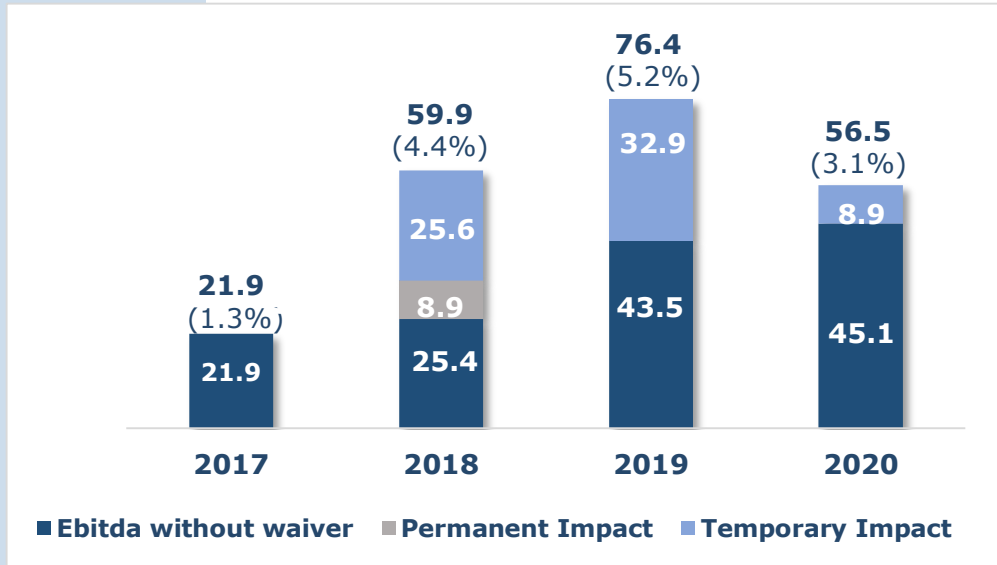
GROSS PROFIT BY SEGMENT



Gross profit margin decreased due to globally increasing raw material prices & decreasing optical fiber portion in telecom segment

PRYSMIAN GROUP SUPPORT DURING FINANCIAL CRISIS

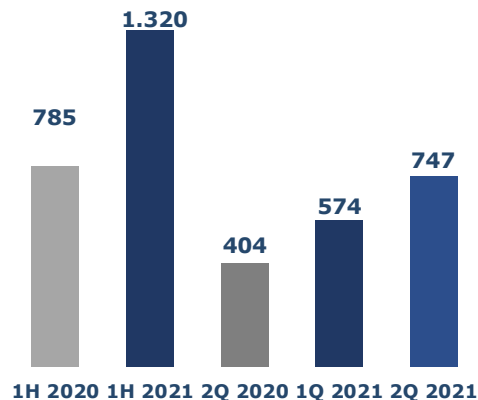
EBITDA & EBITDA MARGIN (M'TL & %)



Prysmian Group waiver not applicable since 2Q 2020

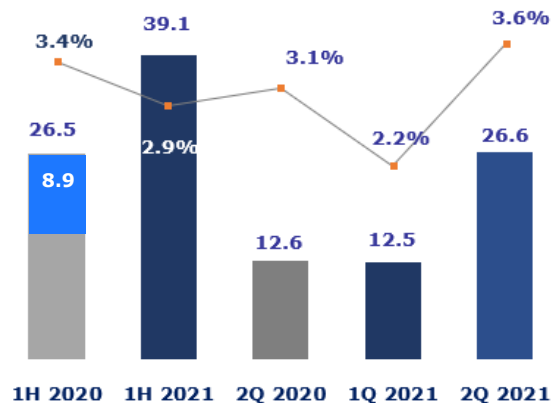
REVENUE, EBITDA & EBITDA MARGIN AND NET INCOME

REVENUE (M'TL)



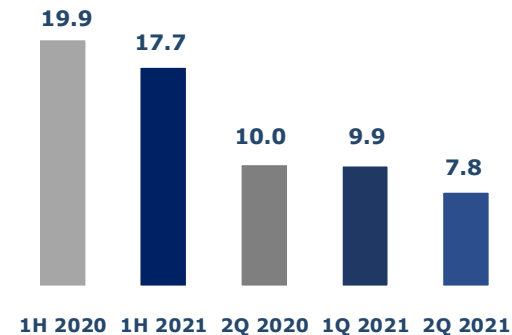
- 68% YoY increase in 1H 2021;
 - ✓ Increasing energy products sales
 - ✓ Exchange rate impact (19% increase)
 - ✓ Copper unit price increase impact on our sales (23%)

EBITDA & EBITDA MARGIN (M'TL)



- 48% YoY EBITDA increase in 1H 2021 despite the expiry of Prysman Group waiver: (1Q 2020 = 8.9 M'TL impact)
 - ✓ Mainly driven by top line growth

NET INCOME (M'TL)

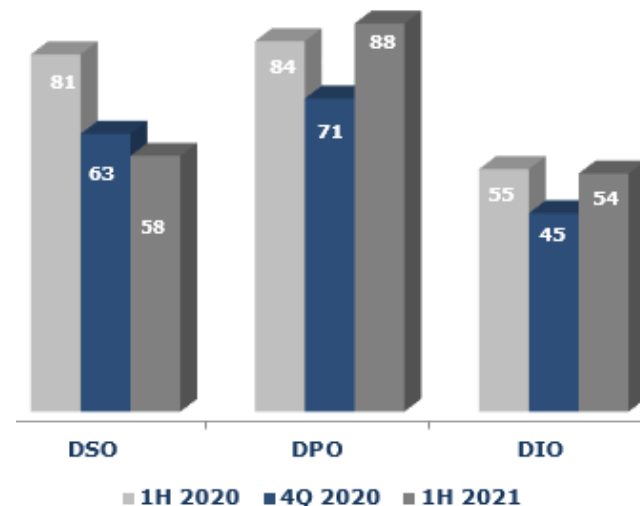


- 10% YoY Net income decrease in 1H 2021:
 - ✓ Due to the absence of Prysman Group waiver (8.9 M'TL)
 - ✓ Increased Forward agreement cost (27.6 M'TL YoY increase)

WORKING CAPITAL DAYS IMPROVED DESPITE TOUGH MARKET CONDITIONS

(k'TL)	1H 2020	4Q 2020	1H 2021
Cash & Cash Equivalents	150,016	146,429	218,429
Trade Receivables	382,811	428,580	559,511
Construction Contracts	-	16,114	-
Inventories	185,757	245,549	393,841
Other Current Assets	69,604	55,579	68,679
Non-Current Assets	144,487	170,771	198,397
TOTAL ASSETS	932,676	1,063,022	1,438,857
<i>Short Term Loans</i>	97,315	52,868	104,361
Trade Payables	346,318	470,853	755,317
Construction Contracts	2,787		13,992
Other Short Term Liabilities	82,163	113,277	126,663
SHORT TERM LIABILITIES	528,583	636,998	1,000,333
LONG TERM LIABILITIES	18,186	22,459	25,228
Paid in Capital	216,734	216,734	216,734
Net result of the period	19,863	42,419	17,704
Other	149,310	144,412	178,858
TOTAL LIABILITIES & EQUITY	932,676	1,063,022	1,438,857
NET CASH	52,701	93,561	114,068

WORKING CAPITAL DAYS



NWC / Annualized Sales

1H 2020	4Q 2020	1H 2021
16.9%	13.1%	8.1%

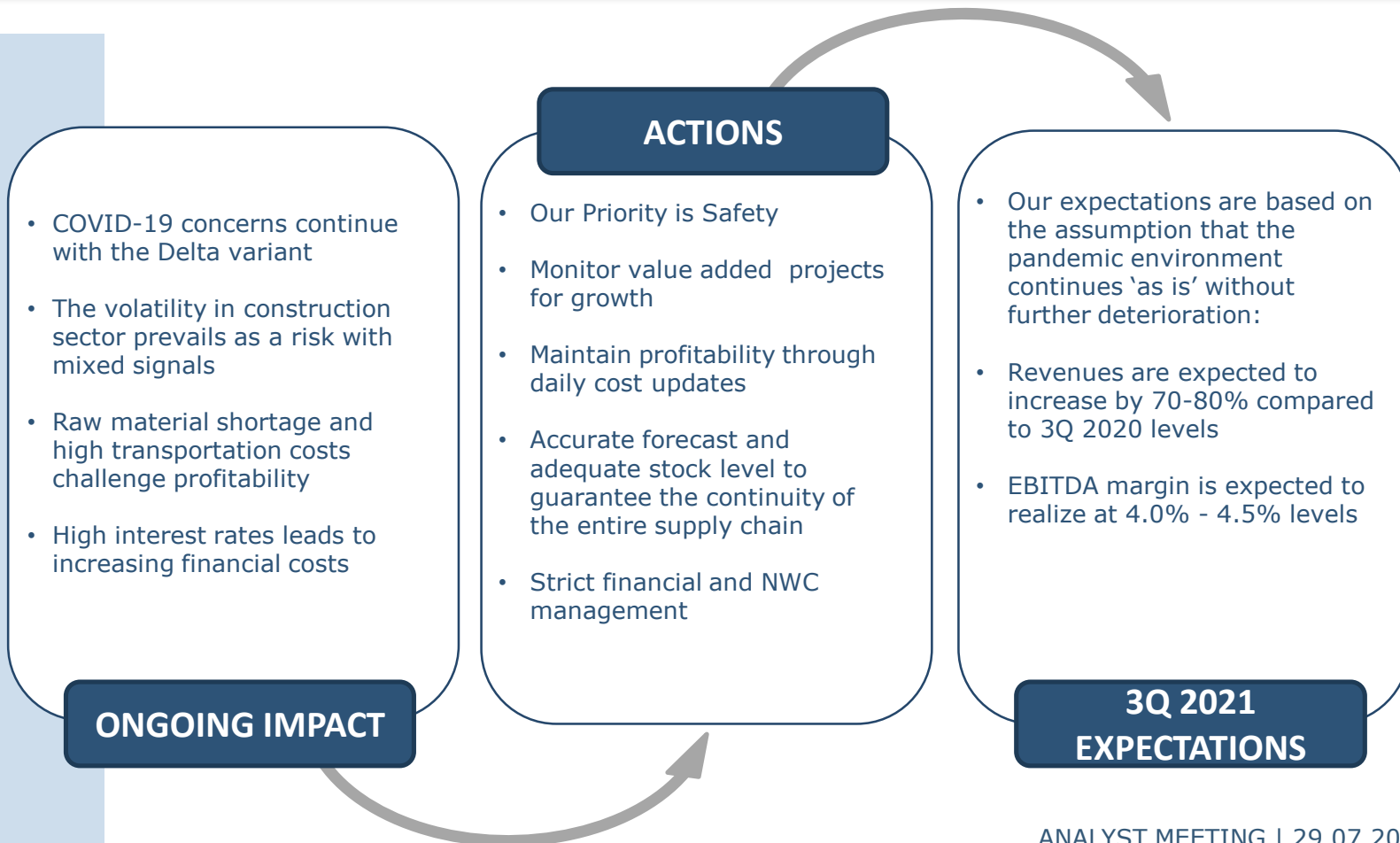


3Q 2021 Expectations

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3Q 2021 EXPECTATIONS





Thank you

Q & A

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