TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

1Q 2021 FINANCIAL RESULTS

28.04.2021

Prysmian Group

Linking the Future

AGENDA

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

Prysmian Group
&
Türk Prysmian Kablo Overview

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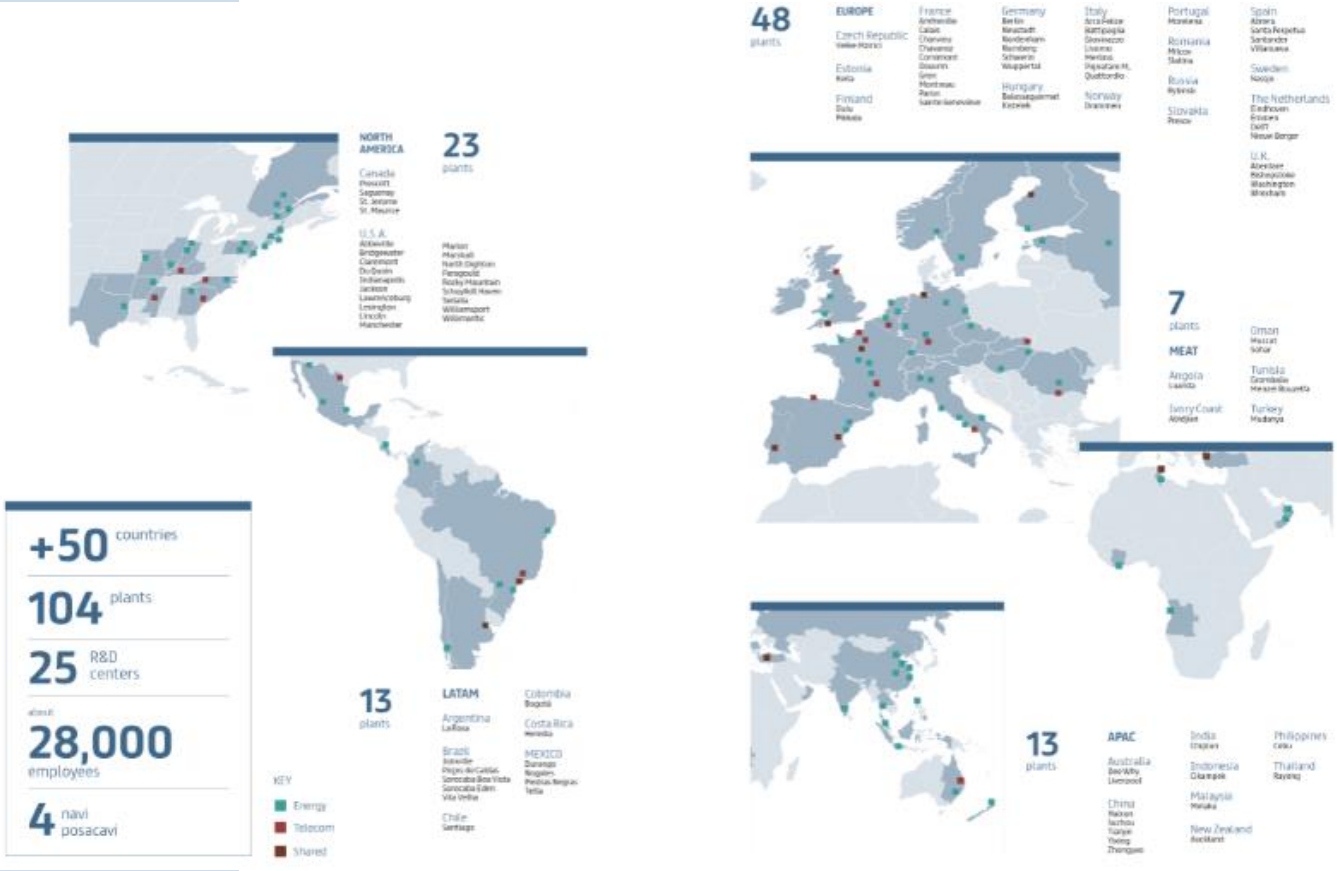
PRYSMIAN GROUP-WITH A TRULY GLOBAL PRESENCE



+50 countries

104 plants

25 R&D centers

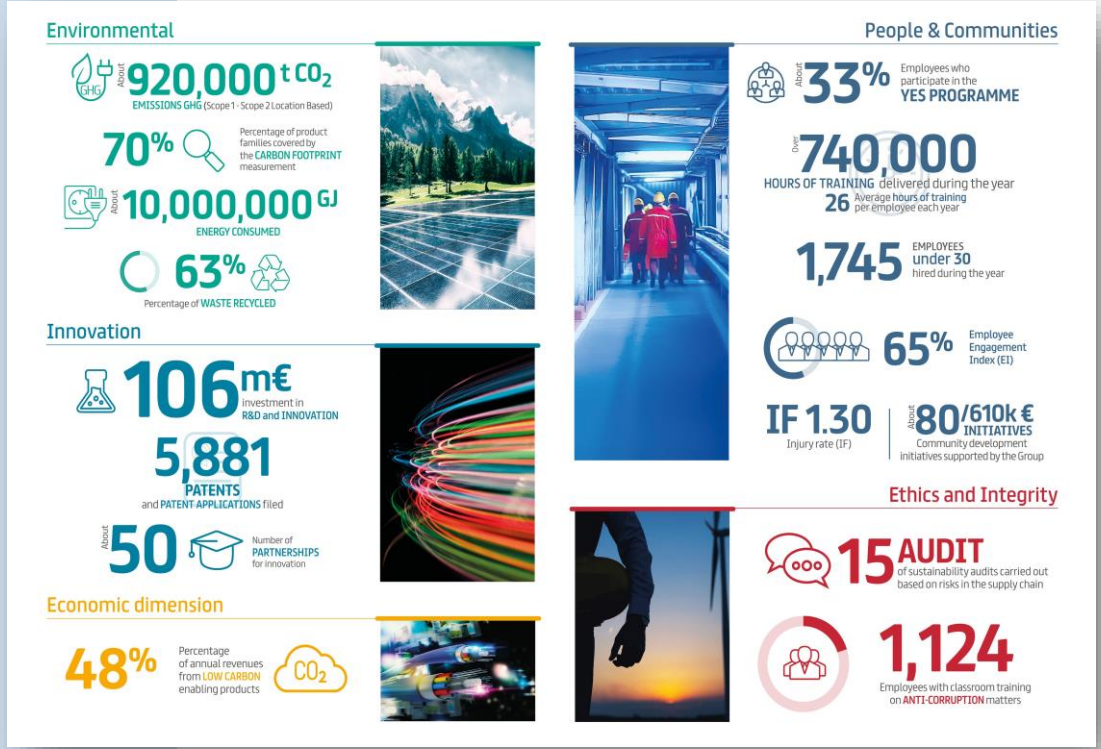
28,000 employees

4 navi posacavi

Spanning
+50 countries,
104 plants,
25 R&D centers,
28.000 employees,

We have a strategic footprint that allows us to service emerging markets and communities across the globe.

PRYSMIAN GROUP-AND THE SUSTAINABILITY IN THE DNA



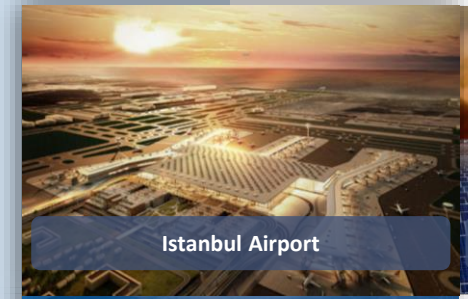
Sustainability is an integral part of our business across the Group.

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

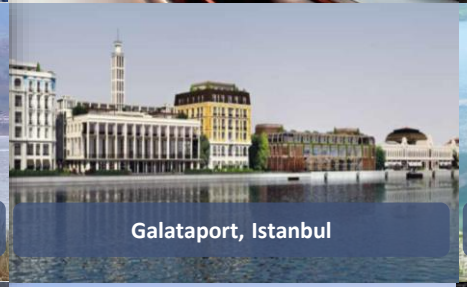
Kıvanç GES, Mersin

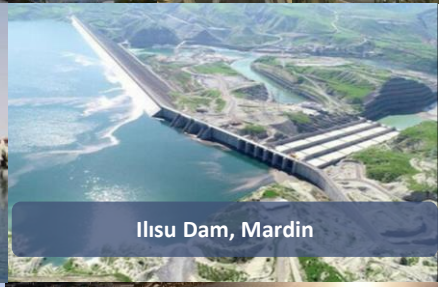
National Electric Train Set

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

Socar – Star Refinery, İzmir

Dardanelles Strait Submarine Projects


Galataport, Istanbul


Ilısu Dam, Mardin

Port of Valetta, Malta

Dubai Metro, UAE

Øyfjellet Project, Norway

Baku Olympics Stadium, Azerbaijan

Macroeconomics
&
Businness Environment

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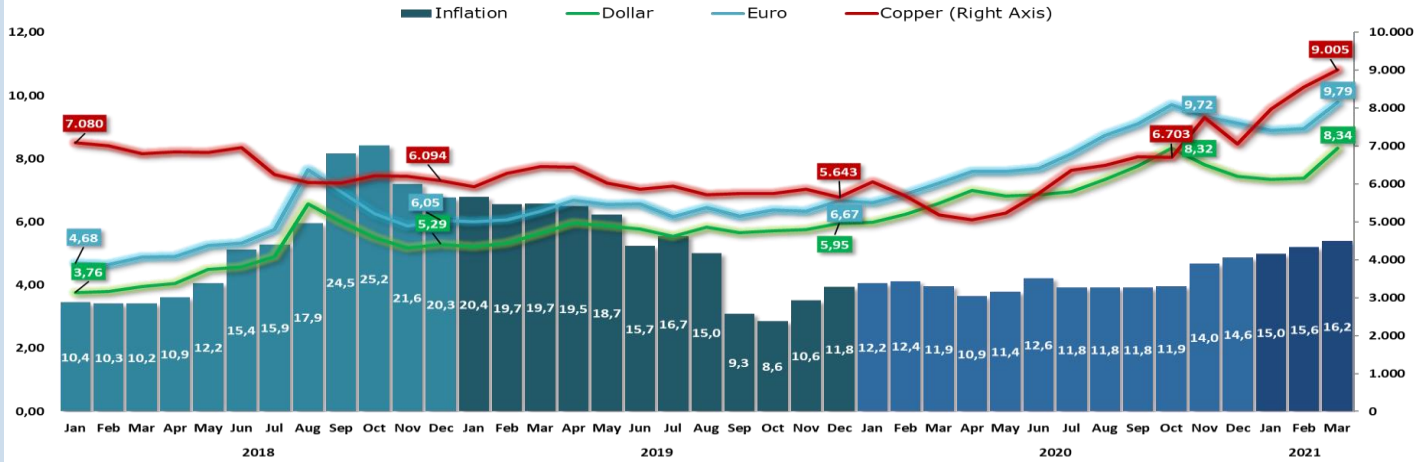
MACROECONOMICS & CABLE INDUSTRY

Tough conditions in the cable environment



Global Markets

- Mutations speed up Covid-19's spread globally
- The vaccination process continues all over the World
- Increasing tension in Black Sea and Iran nuclear agreement issue
- Chip and various material shortages in many sector
- Sharp increases in freight cost
- 2021 global growth forecasts revised up

Turkey

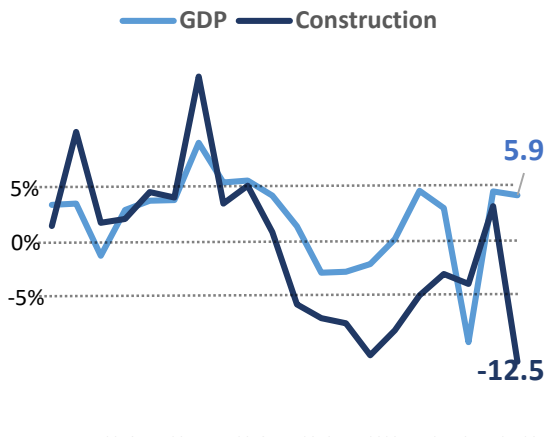
- Spread of the pandemic is dramatically increasing
- Ongoing coronavirus effects and uncertainty on the market
- The assignment of new CBRT governor and effects on the market
- Exchange rate volatility & sharp TL depreciation
- Increasing inflation trend continues
- Economic reforms action plan announced

Cable Industry

- Ongoing coronavirus effects the demand
- Uncertainty of revival for construction & infrastructure and potential tenders
- Shortage and increase in raw material prices
- Profitability risk due to rapid change in material prices
- High volatility leads to an increase in financial costs
- Longer payment terms and high default risk

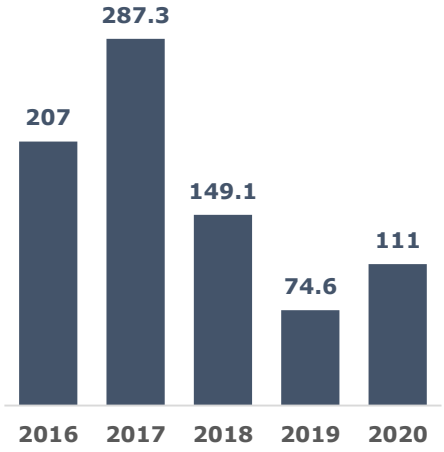
CONSTRUCTION SECTOR REMAINED VOLATILE

12.5% DECLINE IN CONSTRUCTION

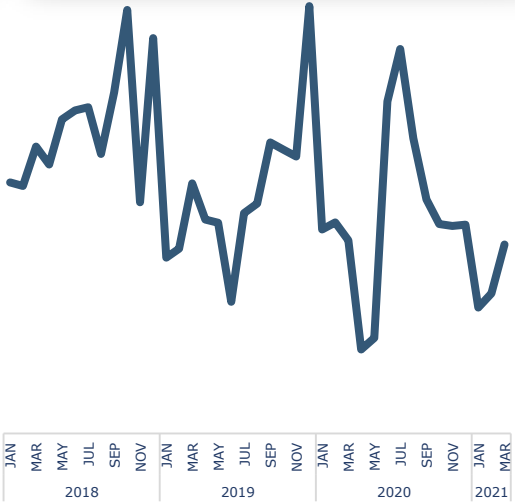


	2016	2017	2018	2019	2020	Q4.19	Q4.20
GDP	3.2	7.5	3.0	0.9	1.8	6.4	5.9
Construction	5.4	9.0	-1.9	-8.6	-3.5	-5.2	-12.5

RISE IN CONSTRUCTION PERMITS



34% YoY FALL IN HOUSE SALES IN 2021



VOLATILE MARKET WITH MIXED SIGNAL OF IMPROVEMENT IN CONSTRUCTION SECTOR

BUSINESS ENVIRONMENT HAS BEEN THOUGH

13% *Depreciation of TRY against USD*

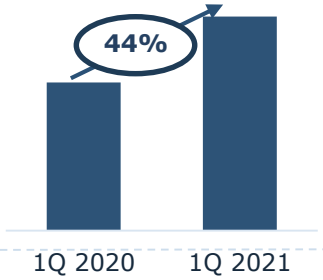
24% *Fluctuation of copper prices in Q1*

85% *Increase in freight cost per ton*

19% *CBRT Policy Rate*

Increased Raw Material Cost

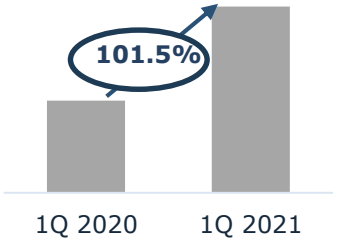
Share of Raw Material Cost in Revenues (%)



- ✓ There is shortage of raw material due to the shut down of some facilities in the US
- ✓ High transportation costs lead to a break in the supply chain

Increased Financial Cost

Net Financial Cost

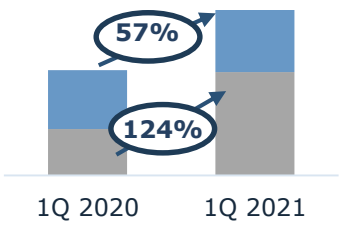


- ✓ Depreciation of TRY against USD and EUR lead to an increase in financial costs
- ✓ Costs rise despite strict financial management

MANAGED OUR OPERATIONS SUCCESSFULLY

Growth in Domestic Revenues

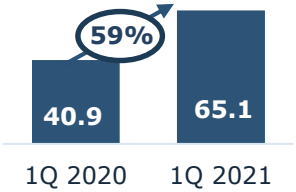
Domestic Revenues



- ✓ Domestic revenues grew by 57%
  - ✓ 124% revenue increase of E&I business unit
- ✓ Share of E&I Unit in domestic revenues increased by 18.7 p.p.
  - ✓ 1Q 2020: 43.8%
  - ✓ 1Q 2021: 62.5%

Strong Group Revenues

Group Revenues



- ✓ Prysmian Group's support through project purchases continue
- ✓ Share of Group Revenues in total remained flat at 11% in 1Q 2021

- *Initiated Growing Together action plan 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*
- *Actively managed raw material cost increase*
- *Capacity has been utilized through a smart pricing scheme*
- *Capacity utilization rate stood at 81% in 1Q 2021*
- *Intercompany opportunities captured, when capacity is available*

EXCEEDED EXPECTATIONS IN 1Q 2021

	1Q 2020	EXPECTATIONS	1Q 2021	Δ
REVENUE	382 M'TL	25 – 30% inc.	574 M'TL	↑ **50.3%**
EBITDA	5.1 M'TL (excl. 8.9 M'TL waiver)	30 – 35% inc	12.5 M'TL	↑ **145.0%**
EBITDA Margin	1.3% (excl. waiver impact)	1.3 - 1.4%	2.2 %	↑ **0.8 – 0.9 p.p.**
GROUP WAIVER	8.9 M'TL	0	0	↔

1Q 2021 Financial Results

Prysmian Group

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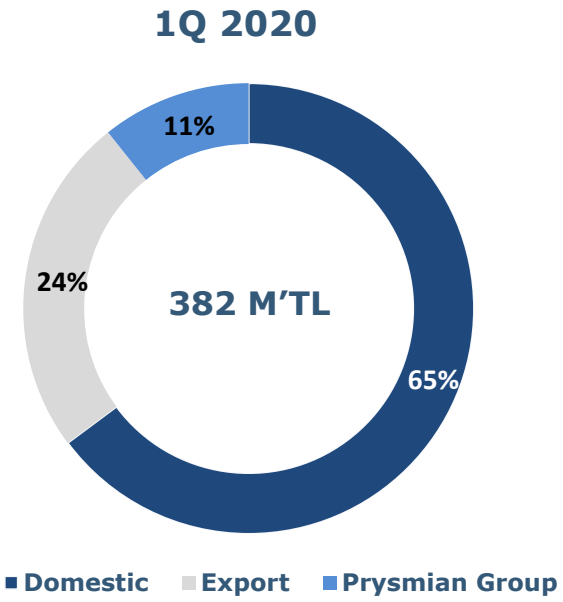
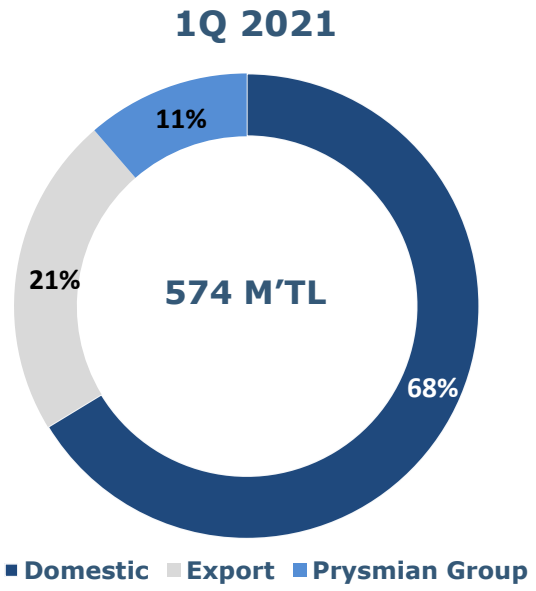
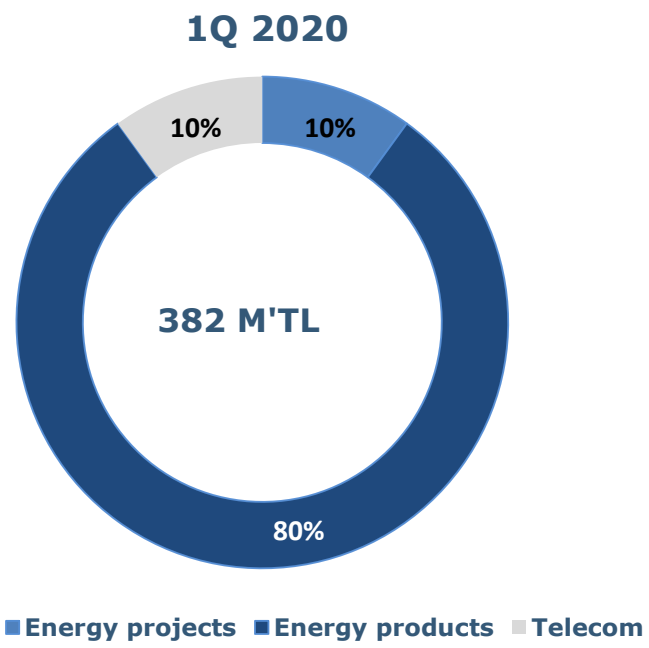
REVENUE BY DISTRIBUTION CHANNEL

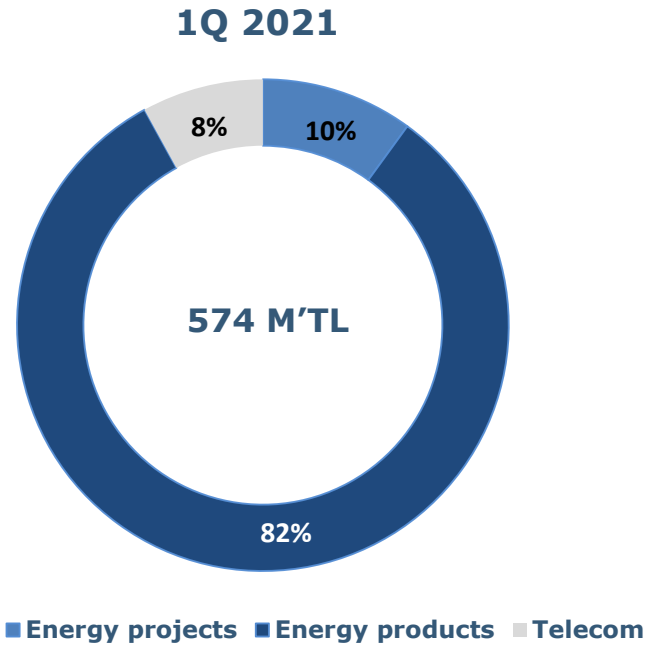




50.3% increase mainly due to rising metal prices & exchange rate

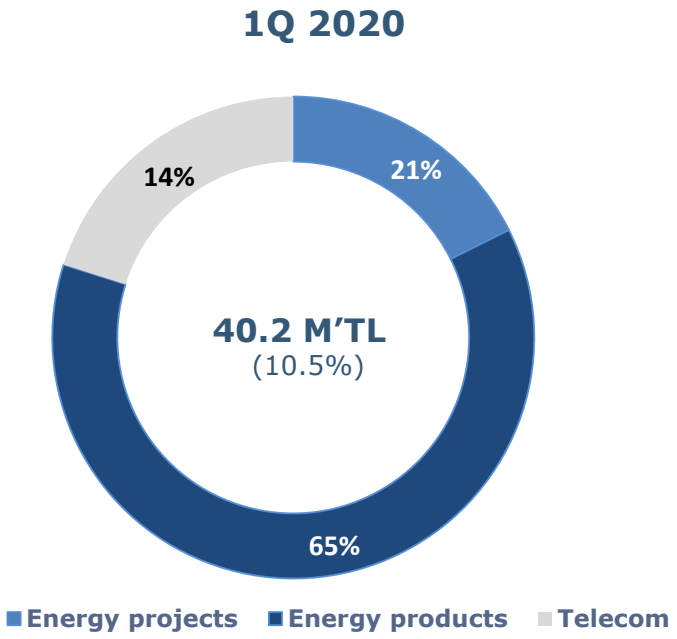
REVENUE BY SEGMENT

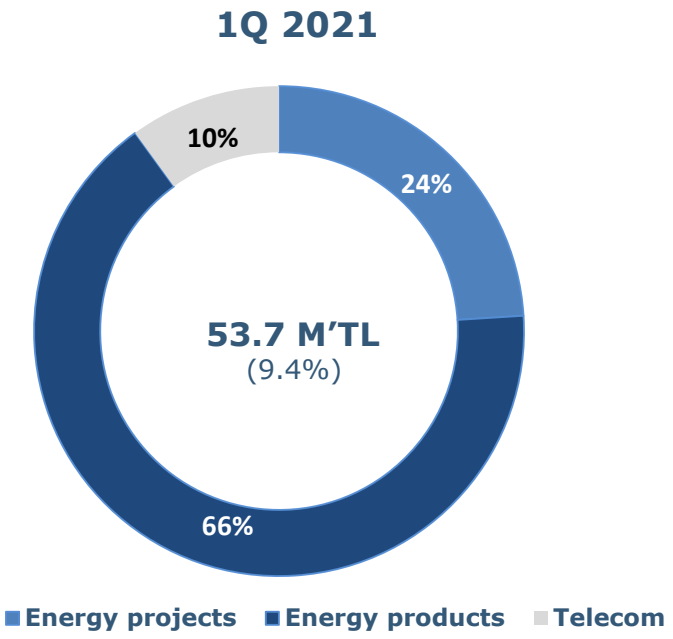




Slow down in telecom business compensated by the energy product revenues

GROSS PROFIT BY SEGMENT

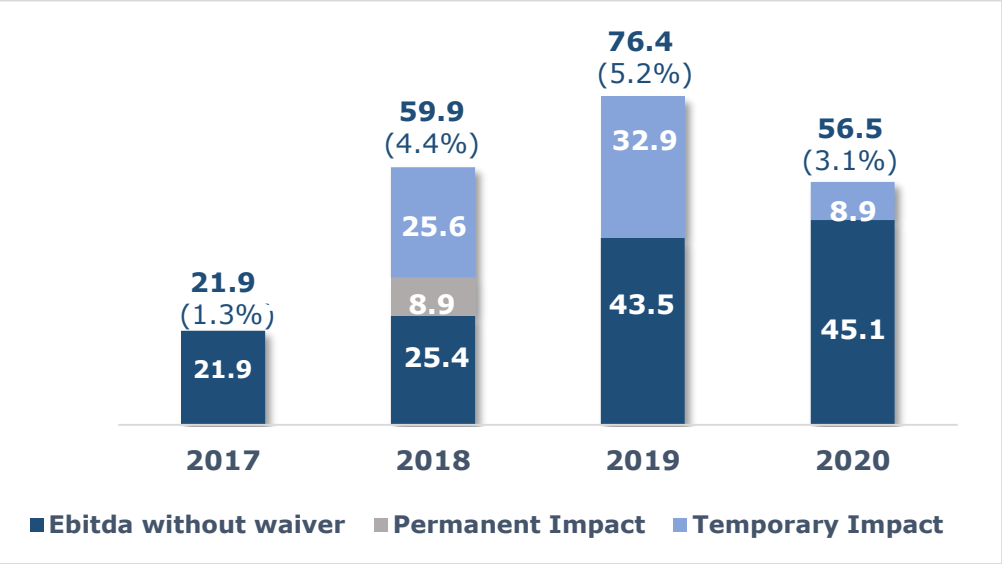


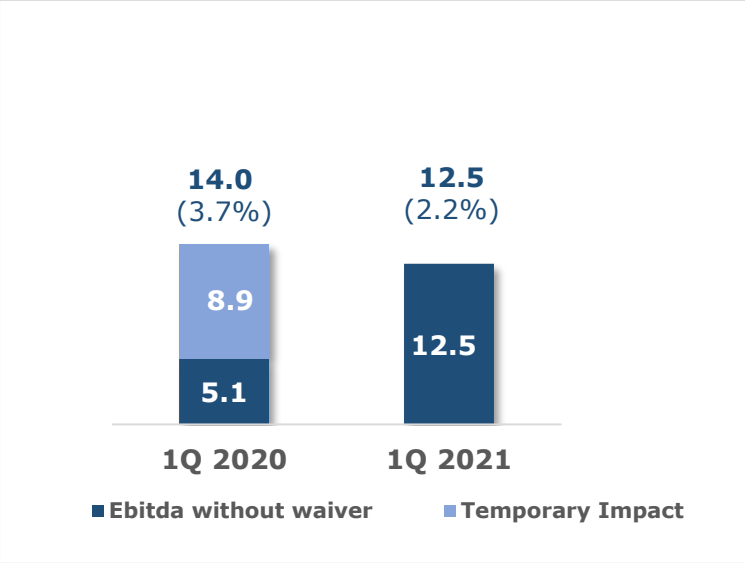


Gross profit margin decreased due to globally increasing raw material prices

PRYSMIAN GROUP SUPPORT DURING FINANCIAL CRISIS

EBITDA & EBITDA MARGIN (M'TL & %)

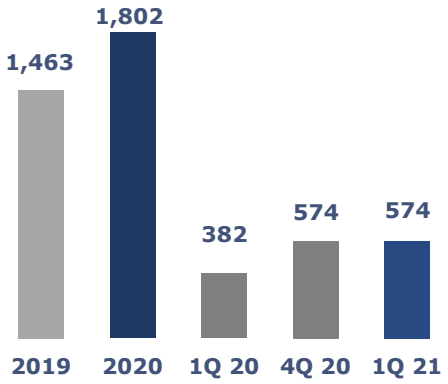




Prysmian Group waiver not applicable since 2Q 2020

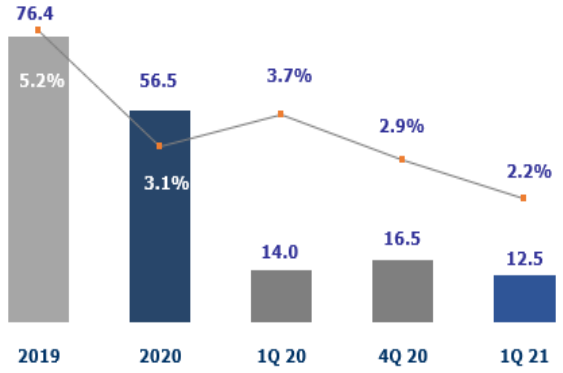
REVENUE, EBITDA & EBITDA MARGIN AND NET INCOME

REVENUE (M'TL)



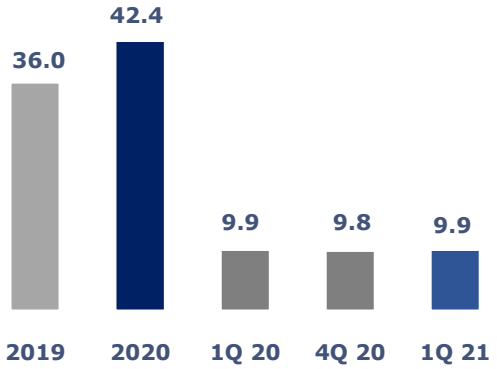
- 50.3% YoY increase in 2021;
  - ✓ Increasing energy products sales
  - ✓ Exchange rate impact (21% increase)
  - ✓ Copper unit price increase impact on our sales (15%)

EBITDA & EBITDA MARGIN (M'TL)



- 10.7% YoY EBITDA decrease in 2021;
  - ✓ Expiry of Prysmian Group waiver: (1Q 2020 =8.9 M'TL impact)

NET INCOME (M'TL)

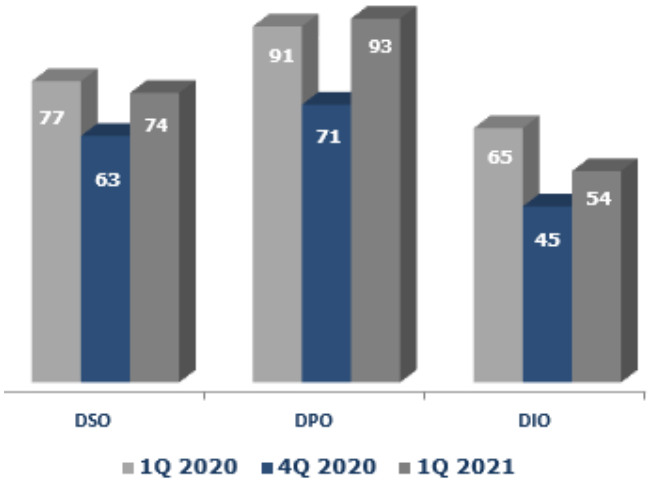


- Net income remained flat:
  - ✓ Despite the absence of Prysmian Group waiver (8.9 M'TL)
  - ✓ 4.9 M'TL deferred tax impact (1Q 20: 2.9 M'TL)

WORKING CAPITAL DAYS IMPROVED DESPITE TOUGH MARKET CONDITIONS

(k'TL)	1Q 2020	4Q 2020	1Q 2021
Cash & Cash Equivalents	141,378	146,429	230,368
Trade Receivables	349,024	428,580	516,429
Construction Contracts	5,111	16,114	-
Inventories	232,576	245,549	290,338
Other Current Assets	101,459	55,579	102,281
Non-Current Assets	124,738	170,771	173,940
TOTAL ASSETS	954,286	1,063,022	1,313,356
Short Term Loans	80,835	52,868	124,907
Trade Payables	407,618	470,853	637,340
Construction Contracts	-		739
Other Short Term Liabilities	67,762	113,277	113,143
SHORT TERM LIABILITIES	556,215	636,998	876,129
LONG TERM LIABILITIES	17,786	22,459	23,713
Paid in Capital	216,734	216,734	216,734
Net result of the period	9,947	42,419	9,949
Other	153,604	144,412	186,831
TOTAL LIABILITIES & EQUITY	954,286	1,063,022	1,313,356
NET CASH	60,543	93,561	105,461

WORKING CAPITAL DAYS



NWC / Annualized Sales

1Q 2020	4Q 2020	1Q 2021
17.9%	13.1%	10.0%

2Q 2021 Expectations

Prysmian Group

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2Q 2021 EXPECTATIONS

ONGOING IMPACT

- A mutation speeds up COVID 19's spread globally
- Raw material shortage impacts capability to capture the last minute opportunities
- Depreciating TRY exerts a pressure on profitability
- Fluctuating copper prices with highly volatile fx rates lead to an uncertainty in demand due to projects taken on hold

ACTIONS

- Our Priority is Safety
- Focus on new orders in hard currency
- Accurate forecast and adequate stock level to guarantee the continuity of the entire supply chain
- Focusing on improving profitability
- Selectively grow through value added product groups

2Q 2021 EXPECTATIONS

- Our expectations are based on the assumption that the pandemic environment continues ‘as is’ without further deterioration:
- Revenues are expected to increase by 55-65% compared to 2Q 2020 levels
- Prysmian Group waiver is not applicable in 2Q 2021 (2Q 2020 =0)
- EBITDA margin is expected to realize at 2.0% - 3.0% levels

Thank you

Q & A

Prysmian Group

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