



**NETAŞ TELEKOMÜNİKASYON A.Ş**  
**2020 YEAR-END**  
**EARNINGS RELEASE**



## FINANCIAL PERFORMANCE

### 2020 Year Summary;

- Consolidated orders booked was 1,970 million TL in 2020 with a 43% growth.
- Sales Revenue increased by 31% and reached to 1,733 million TL.
- Order on Hand was 1,276 million TL in 2020 with a 58% increase.

### Financial Highlights

<u>TL Million</u>	<u>2020 YE</u>	<u>2019 YE</u>	<u>y/y %</u>
<b>Revenue</b>	<b>1.733</b>	<b>1.328</b>	<b>31%</b>
Cost of Sales	(1.556)	(1.168)	<b>33%</b>
<b>Gross Profit</b>	<b>177</b>	<b>160</b>	<b>11%</b>
<i>Gross margin %</i>	<i>10%</i>	<i>12%</i>	<i>(184)</i>
<b>Operating Expenses</b>	<b>(178)</b>	<b>(192)</b>	<b>(8%)</b>
General Administrative Expenses	(71)	(88)	(19%)
Sales, Marketing & Distribution Expenses	(101)	(97)	4%
Research & Development Expenses	(6)	(7)	(24%)
Incentives	5	4	14%
<b>EBIT</b>	<b>4</b>	<b>(28)</b>	<b>n.m.</b>
<i>EBIT margin %</i>	<i>0%</i>	<i>-2%</i>	<i>235</i>
Depreciation	77	61	<b>26%</b>
<b>EBITDA</b>	<b>81</b>	<b>33</b>	<b>145%</b>
<i>EBITDA margin %</i>	<i>4,7%</i>	<i>2,5%</i>	<i>219</i>

*EBIT = Gross Profit – Sales, Marketing and Distribution Expenses - General Administrative Expenses – Research and Development Expenses + R&D Incentives*

*R&D Incentives: Disclosed under Other Income from Operating Activities in the financial statements prepared in accordance with the Capital Markets Board requirements.*

*EBITDA= EBIT + Depreciation and Amortization*

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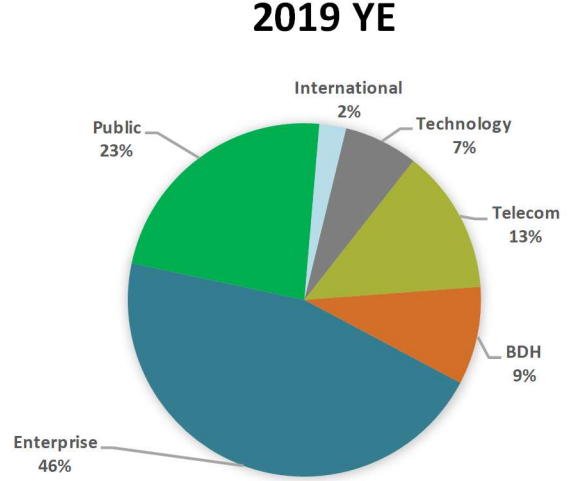
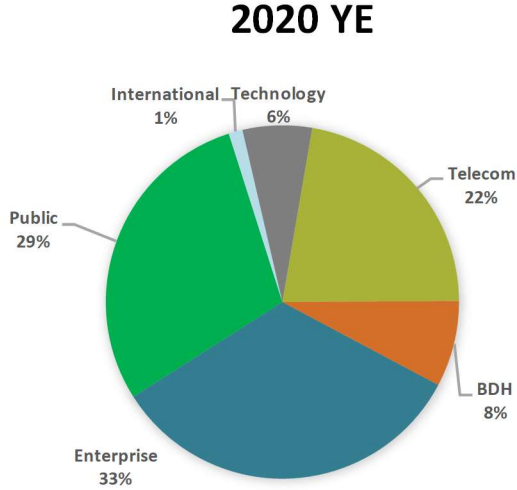
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## Orders & Sales Revenue

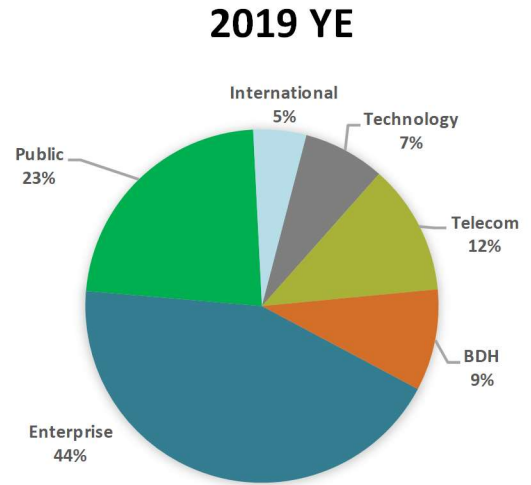
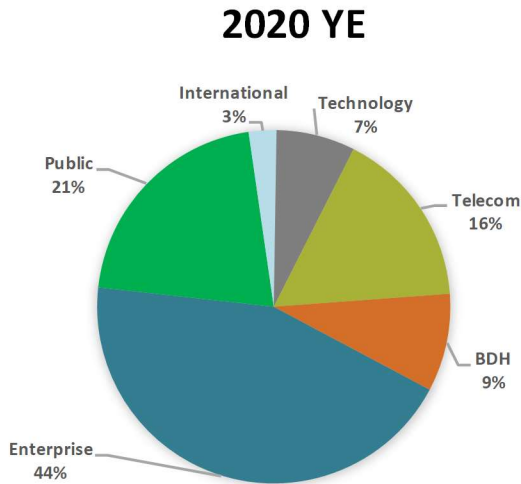
**Orders:** Orders booked in 2020 increased 43% year over year and recorded at 1,970 million TL (281 million USD). Orders on hand were 1,276 million TL (182 million USD) with a 58% increase.

**Sales Revenue:** 2020 year-end consolidated group revenues was recorded at 1,733million TL with a sharp 31% increase year over year.

### Breakdown of Orders Booked



### Sales Breakdown



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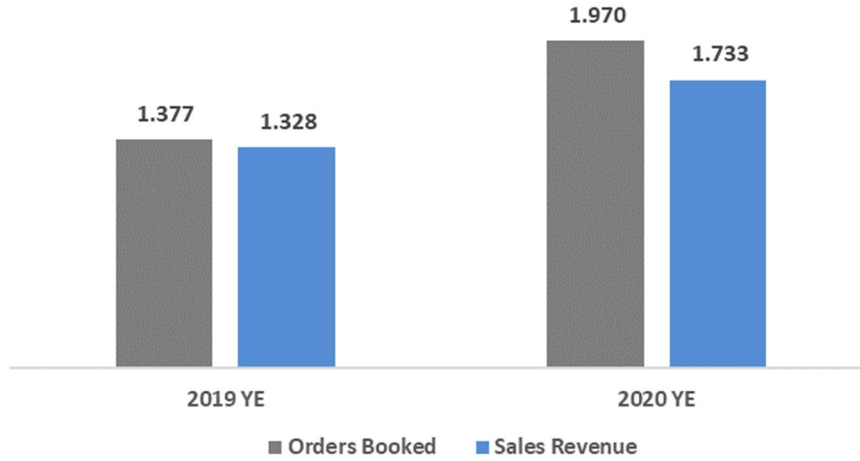
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## CONSOLIDATED FINANCIAL PERFORMANCE

The consolidated order amount of the Group increased by 43% in 2020 compared to the previous year and reached 1.970 million TL. In 2020, 46% and 94% dollar based respective increases in public and telecoms segments contributed to the increase in the amounts of orders received. On the other hand, the corporate segment still has the largest share with 33%, followed by the public and telecom segments with 29% and 22%.

The consolidated sales revenues of the Group increased by 31% on an annual basis in 2020 and amounted to 1,733 million TL. The breakdown of sales revenues among segments was realized in parallel with the order breakdown meaning corporate, public and telecom segments constituted 44%, 21% and 16% of sales revenues, respectively.

In 2020, the highest increase on sales revenues was realized in the telecom segment with 79%, and the turnover of the telecom segment reached 284 million TL from 159 million TL.



In 2020, the Group's gross line reflected an increase of 11% and gross profits realized at the level of 177 million TL.

Thanks to the 8% savings in total operating expenses due to the 19% and 24% decrease in general administrative expenses and research and development expenses, EBIT (Earnings Before Interest, Taxes), which was negative last year, was realized at the level of 4 million TL in year-end 2020. In the said period, the Group's EBITDA (Earnings Before Interest, Taxes and Depreciation) increased from 33 million TL in 2019 to 81 million TL by the end of 2020, and the EBITDA margin reached 4.7% from 2.5%.

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## FINANCIAL PERFORMANCE BASED ON SEGMENTS

2020 YE (Million TL)	Enterprise	Public	International	Technology	Telecom	BDH	Unallocated	Total
<b>Orders Booked</b>	654,4	573,0	25,1	125,0	437,2	155,1	-	1.969,7
<b>Sales Revenue</b>	762,1	363,4	44,0	125,0	283,7	155,1	-	1.733,2
Cost of Sales	(713,1)	(313,7)	(43,9)	(98,0)	(262,0)	(125,4)	-	(1.556,1)
<b>Gross Profit</b>	49,0	49,6	0,1	27,0	21,7	29,7	-	177,0
Sales, marketing and distribution expenses	(29,0)	(14,0)	(16,8)	-	(19,4)	(21,4)	-	(100,7)
General administrative expenses	-	-	-	-	-	-	(71,3)	(71,3)
Research and development expenses	-	-	-	(5,7)	-	-	-	(5,7)
<b>Operating profit/ (loss) of segment</b>	20,0	35,6	(16,7)	21,3	2,26	8,2	(71,3)	(0,6)
<b>Operating profit margin</b>	3%	10%	-38%	17%	1%	5%		0%

2019 YE (Million TL)	Enterprise	Public	International	Technology	Telecom	BDH	Unallocated	Total
<b>Orders Booked</b>	627,6	317,1	33,9	93,3	182,3	123,4	-	1.377,5
<b>Sales Revenue</b>	578,7	303,2	64,5	99,3	158,5	123,4	-	1.327,6
Cost of Sales	(539,8)	(246,9)	(54,1)	(77,8)	(147,8)	(101,2)	-	(1.167,6)
<b>Gross Profit</b>	38,9	56,4	10,4	21,5	10,8	22,2	-	160,0
Sales, marketing and distribution expenses	(36,9)	(11,1)	(13,8)	-	(13,1)	(22,5)	-	(97,2)
General administrative expenses	-	-	-	-	-	-	(87,6)	(87,6)
Research and development expenses	-	-	-	(7,4)	-	-	-	(7,4)
<b>Operating profit/ (loss) of segment</b>	1,99	45,3	(3,4)	14,1	(2,3)	(0,2)	(87,6)	(32,2)
<b>Operating profit margin</b>	0%	15%	-5%	14%	-1%	0%		-2%

### Enterprise Segment

In 2020, the Group's orders booked from the corporate segment increased by 4% compared to the previous year, while the sales revenues of this segment increased by 32% to 762.1 million TL.

In 2020, the corporate segment accounted for 44% of total revenues, accounting for the largest portion of sales as in the previous year. The corporate segment is also the largest in picking orders by segments, with a share of 33%.

On the other hand, operating profit of the corporate segment increased from 2 million TL to 20 million TL as of year-end 2020, with an operating margin of 3%.

### Public Segment

In 2020, orders received in public segment increased significantly by 81% and reached 573 million TL. In parallel with this increase, the share of public segment in the Group's total orders received has increased from 23% in 2019 to 29% by 2020.

The sales revenues of public segment increased by 20% compared to the previous year and reached 363.4 million TL.

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In addition, the public segment emerged as the segment with the highest operating profit, with an operating profit of 35.6 million TL generated in 2020.

### **International Segment**

In 2020, international segment reflected declines both on the amount of orders received and on the basis of sales revenues. Orders and sales revenues of the relevant segment in 2020 decreased by 26% and 32%, respectively, compared to the previous year.

The international segment has the smallest share in total in terms of order and sales revenues, with a share of 1% in orders received and 3% in sales revenues as of 2020. The international segment recorded an operating loss of 16.7 million TL as of the end of 2020.

### **Technology Segment**

In the technology segment, the amount of orders received in 2020 increased by 34%, and sales revenues grew by 26%, reaching 125 million TL. In addition, technology segment stood out as the second segment that constitutes the highest operating profit after the public segment with an operating profit margin of 17%, and the contribution of the segment to the Group's operating profitability was realized as 21.3 million TL.

### **Telecom Segment**

New projects purchased with ZTE products led to an increase in the volume of the segment. The amount of orders received in 2020 increased by 140% and reached 437.2 million TL. The increase in the sales revenues of the segment was realized at the level of 79%, enabling sales revenues to reach 283.7 million TL. As a result, the share of the telecom segment in total orders and sales revenues increased, reaching 22% and 16%. However, the operating profit margin of the segment remained limited at 1% in 2020.

### **BDH**

Compared to the same period of the previous year, the amount of orders received and sales revenues of BDH increased by 26% in 2020 and reached 155.1 million TL. The operating profitability of BDH was realized at the level of 8.2 million TL.

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## DEBT STRUCTURE & NET WORKING CAPITAL

As of the end of 2020, the Group's cash and cash equivalents are 307.2 million TL and net debt is 219.3 million TL. The Group's net debt position improved significantly in 2020, and its net debt position, which was 408 million TL at the end of 2019, contracted by 46% to 219.3 million TL.

As of the end of 2020, the Group's total financial debt is 526.5 million TL. As of year-end 2020, 96% of the Group's financial debt consist of short-term financial borrowings.

<b>(million TL)</b>	<b>Consolidated Total Financial Debt</b>	<b>Cash and Cash Equivalents</b>	<b>Net Debt</b>
<b>2020</b>	526,5	307,2	219,3
<b>2019</b>	603,3	195,3	408,0

<b>2020</b>	<b>TL</b>	<b>USD</b>
Short Term Financial Debt (Bank Loans)	505,1	68,8
Long Term Financial Debt (Bank Loans)	21,4	2,9
<b>Total Debt</b>	<b>526,5</b>	<b>71,7</b>

The Group's net working capital \* (including long-term trade receivables and payables) decreased from 578 million TL at the end of 2019 to 342 million TL at the end of 2020.

*\*Net Working Capital = (Total Current Assets - Cash & Cash Eq. + Non-current Trade Receivables)- (Total Short Term Liabilities – Financial Liabilities + Long Term Trade Payables)*

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## ABOUT NETAS

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Netaş Telekomünikasyon A.Ş. («Netaş» or «Company») **provides innovative end-to-end value added systems integration and technology services in the fields of information and communications technologies (ICT)**. Its customers range from telco providers to public and private enterprises in domestic and international markets. Netas' constant increase in productivity is based on its next generation competencies around technology skillset and expertise. **The company holds a track-record of 53 years** and continues its foray in the field of information technologies, supported by with its experienced, best of breed research and development department. Netas also plays an important role in the modernization of the Turkish Armed Forces defense communication networks.

Netas provides extensive and goal oriented services, ranging from technology consultancy to post-sale assistance for government entities, companies and defense contractors in the Asia-Pacific, CIS and North African territories.

As of December 31, 2020, Netas' majority shareholders were **ZTE Cooperatief U.A.** ("ZTE Cooperatief") with 48,05% and The **Turkish Armed Forces Foundation** with 15%. The remaining shares of 36,95% are traded on Borsa Istanbul (BIST).

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## **ACCOUNTING PRINCIPLES**

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The Company maintains its books of account in accordance with accounting principles set by Turkish Commercial Code ("TCC") and tax legislation.

The subsidiaries in foreign countries prepares their accounting and financial tables in their currency and according to the laws and regulations of their countries.

The consolidated financial statements and disclosures have been prepared in accordance with the communique numbered II-14.1 "Communique on the Principles of Financial Reporting in Capital Markets" ("the Communique") announced by the Capital Markets Board (CMB) (hereinafter will be referred to as "the CMB Accounting Standards"). on 13 June 2013 which is published on Official Gazette numbered 28676.

## **ENQUIRIES**

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For financial reports and further information regarding Netas, please visit our website at [www.netas.com.tr](http://www.netas.com.tr) or you may contact;

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