

# NET HOLDING A.Ş.

## Earnings Review / 2018YE

March 12<sup>th</sup>, 2019

### Net Holding announces its 2018 YE results;

- Net Holding's consolidated EBITDA for 2018 rose to 307.1mn TL from 224.0mn TL in 2017 (+37.1%)
- Consolidated sales increased from 651.9mn TL in 2017 to 767.1mn TL in 2018, (+17.7%)
- The Cash position of the Company has increased from 295.1mn TL in 2017 YE to 324.8mn TL in 2018 YE (+10%)
- The Debt position of the Company has slightly increased to 208.3mn USD in 2018 YE versus 205.4mn USD in 2017 YE (+1.7%). The debt in TL terms increased by 42%, which is the result of the high surge in the dollar & euro appreciation against the Turkish Lira.
- Net Debt/EBITDA ratio slightly increased from 2,14 in 2017 to 2,52 in 2018. Compared to 3Q2018, Net Debt/EBITDA ratio declined from 4.44 to 2.52 at year-end.

### Regional Split of 2018 FY for EBITDA & Sales;

- Northern Cyprus EBITDA increased from 228.3mn TL in 2017 to 264.5mn TL in 2018 YE (+15.9%)
- Sales in Northern Cyprus Merit Hotels & Casinos increased from 563.8mn TL in 2017 to 655.2mn TL in 2018 (+16.2%).
- EBITDA of Merit Casinos in Balkans increased from 32.2mn TL in 2017 to 41.3mn TL in 2018 (+28.3)
- Sales in Balkans increased from 93.4mn TL in 2017 to 111.4mn TL in 2018 (+19.3%), indicating a growing pattern of revenues in the newly-entered destinations.

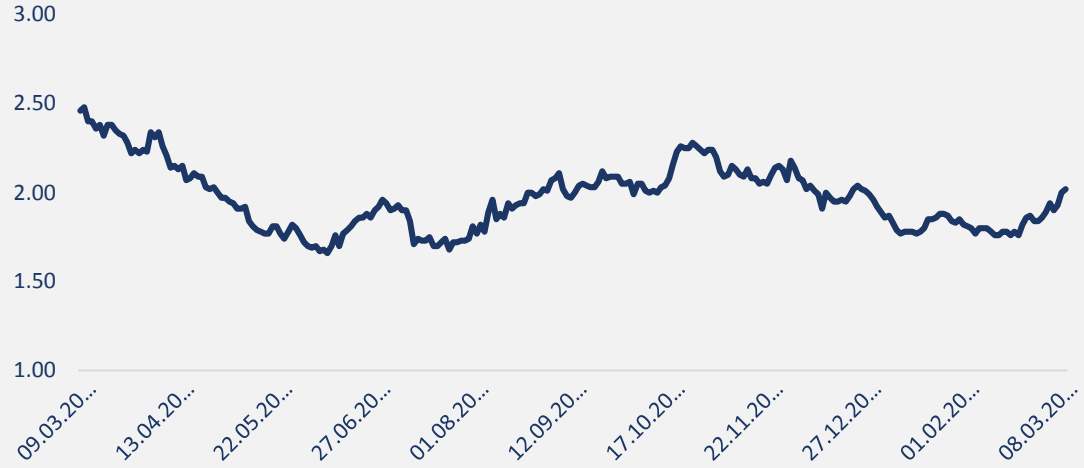
## SUMMARY (Continued)

### Other Important Balance Sheet & Income Statement Matters;

- The entire real estate portfolio of Net holding is revalued by a Turkish Capital Markets Board certified real estate appraisal company. The last appraisal was done in 2017 and a new one was for 2018. As per our expectations, the 2018 real estate appraisal of Net Holding's real estate portfolio has generated a robust appreciation led by strong positive momentum in Northern Cyprus real estate market.
- As a consequence, a total of 293mn USD of real estate appreciation has been booked as follows;
  - 212mn USD of appreciation to be added to the balance sheet under operational assets and
  - 81mn USD of appreciation booked to the income statement as income from investment activities for land
- In addition, the Shareholders' Equity of Net Holding reach to, approximately 4 billion TL in 2018 YE versus 2.9 billion TL in 2017 YE.
- The sizable 1.1mn TL of Shareholders' Equity growth was driven by the revaluation of Net Holding's real estate portfolio mostly composed in Northern Cyprus.
- For the first time, Voyager Kıbrıs Ltd the subsidiary of Net Holding operating the hotels and casinos in Northern Cyprus, pays its main company Net Holding 255mn TL dividend, which indicates that Voyager Kıbrıs Ltd, completed its main investments in Northern Cyprus (Merit Royal Garden is under construction, expected to be open by 2020) and now is able to distribute dividends.
- The steady policy of debt collection allowed the company to achieve better results in bad debt collection, which resulted in the contribution of 75mn TL in consolidated EBITDA in 2018.

# SUMMARY

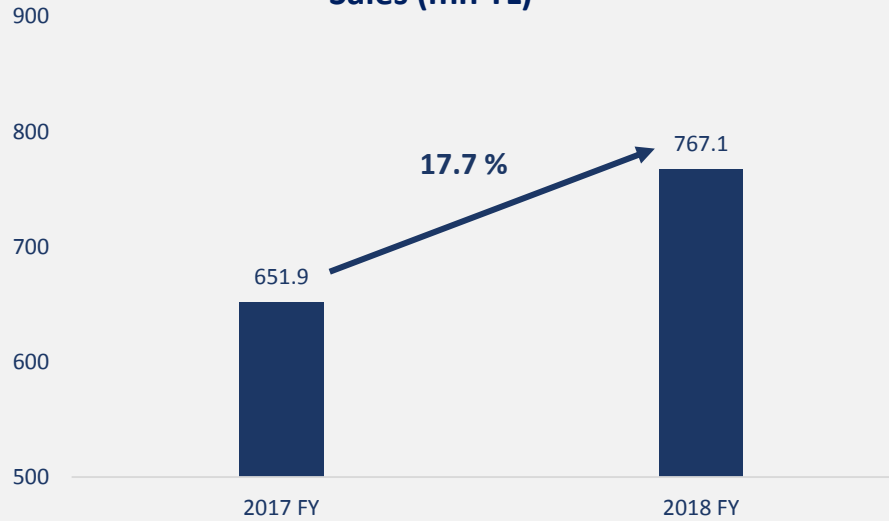
Net Holding Price Chart



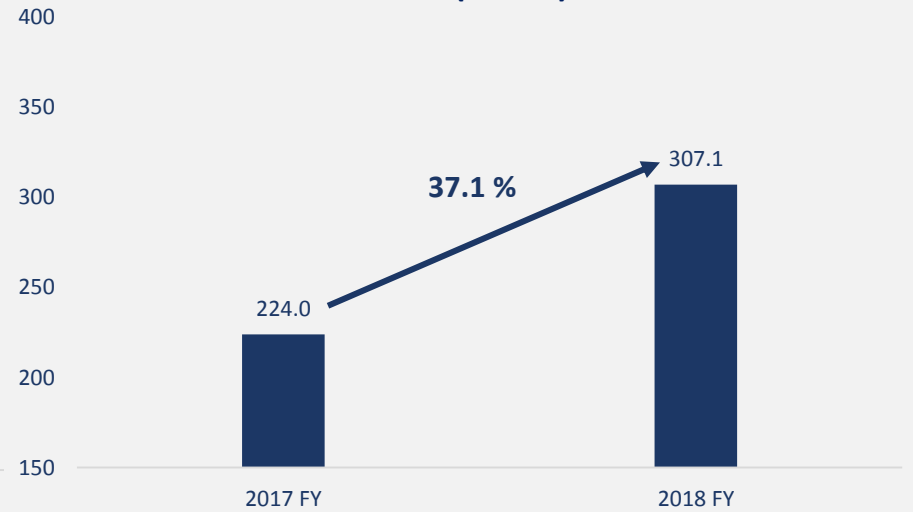
Stock Data	11 March 2019
Current Price	2.02
Current Mcap (mn TL)	1,139
Enterprise Value (mn TL)	1,914
Net Debt (mn TL)	775
Bloomberg Ticker	NTHOL:TI
Number of outstanding shares (mn)	564
Average daily volume in 2018 (mn TL)	9.6
High / Low Daiy Price Range (12M)	2.48 - 1.66

# FINANCIAL OVERVIEW

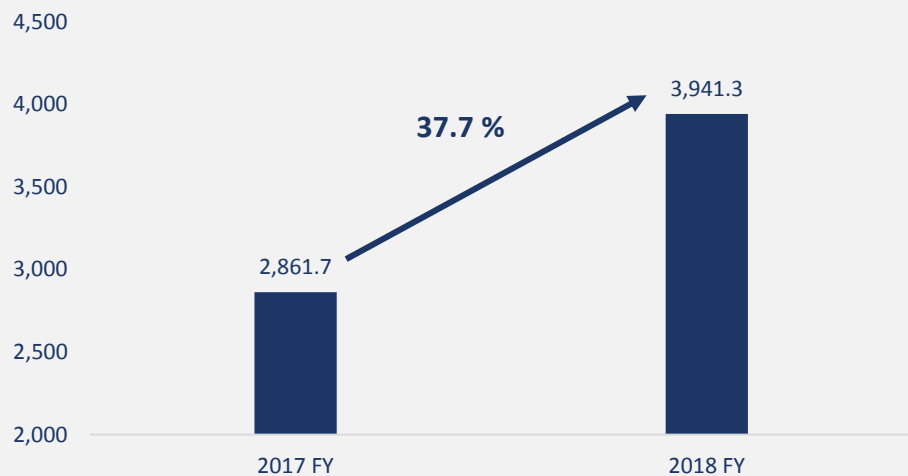
## Sales (mn TL)



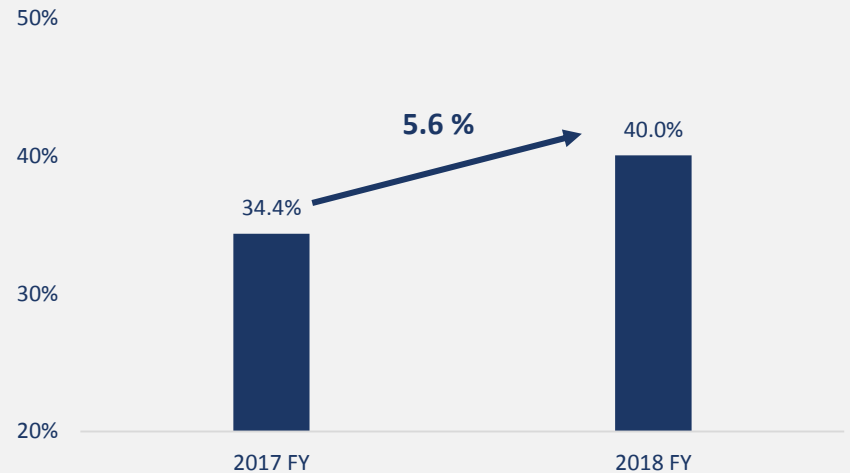
## EBITDA (mn TL)



## Shareholders' Equity (mn TL)

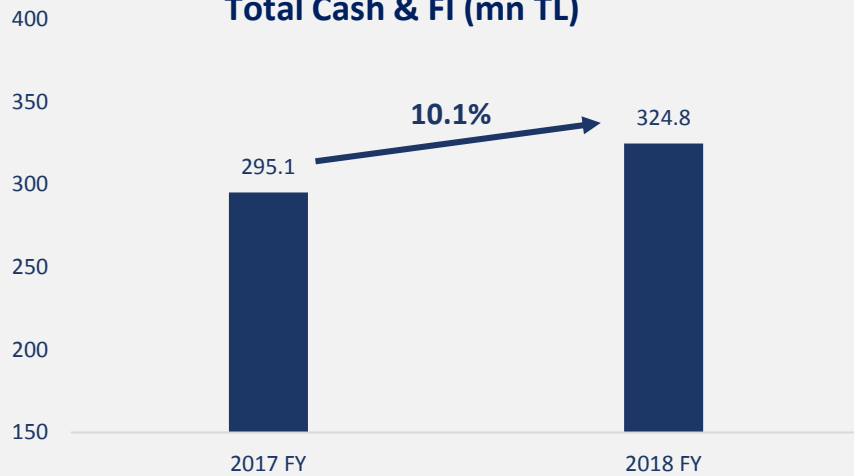


## Ebitda Margin

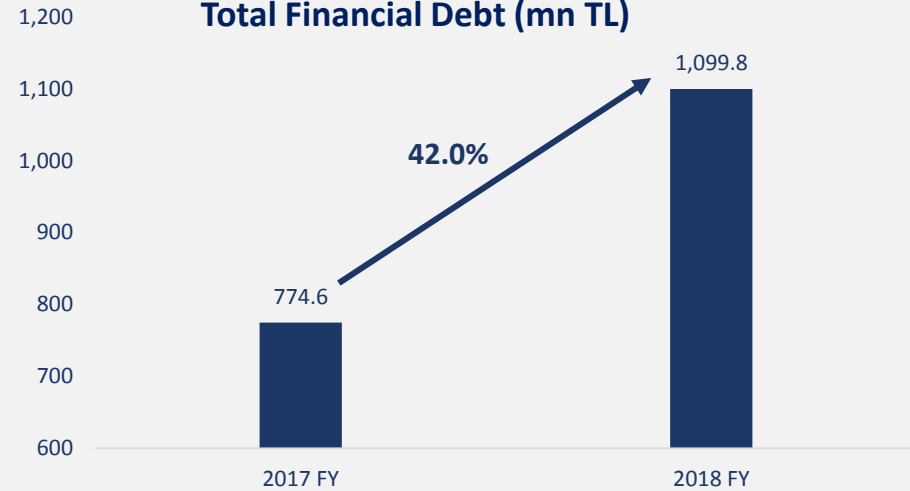


## FINANCIAL OVERVIEW (Continued)

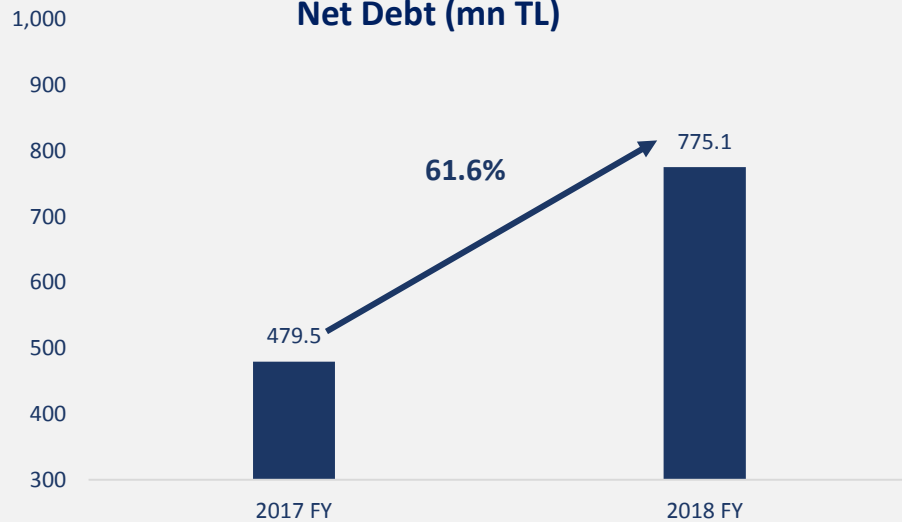
**Total Cash & FI (mn TL)**



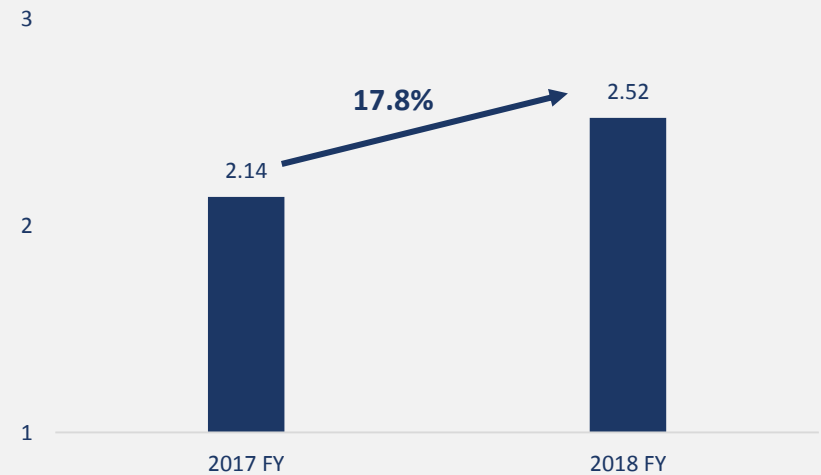
**Total Financial Debt (mn TL)**



**Net Debt (mn TL)**

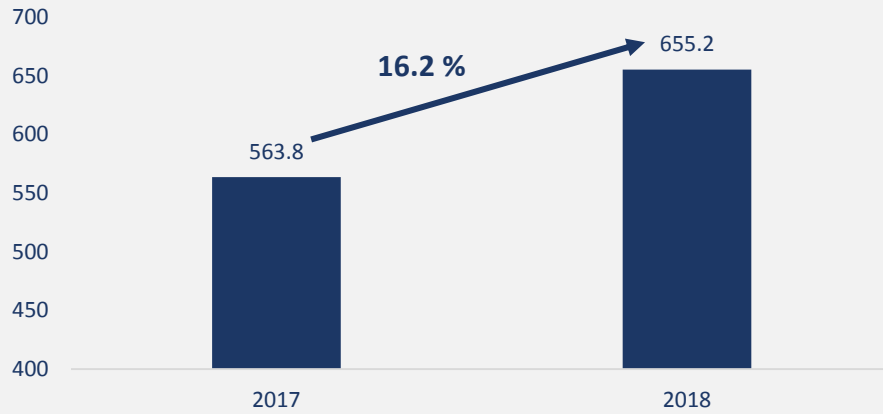


**Net Debt/Ebitda x**

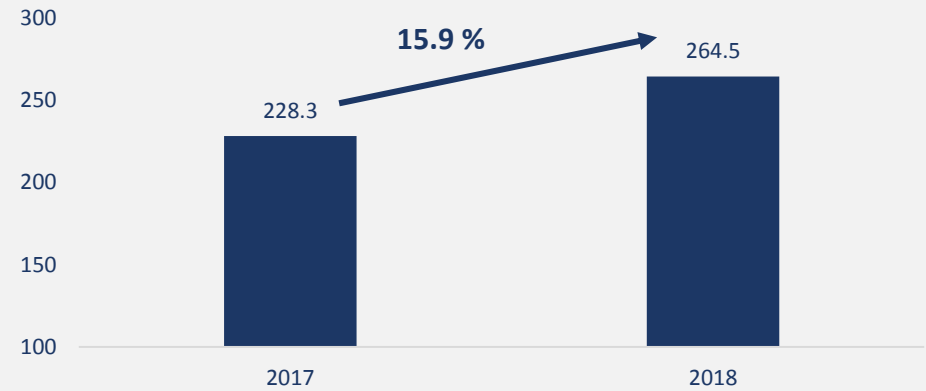


# OPERATIONAL OVERVIEW

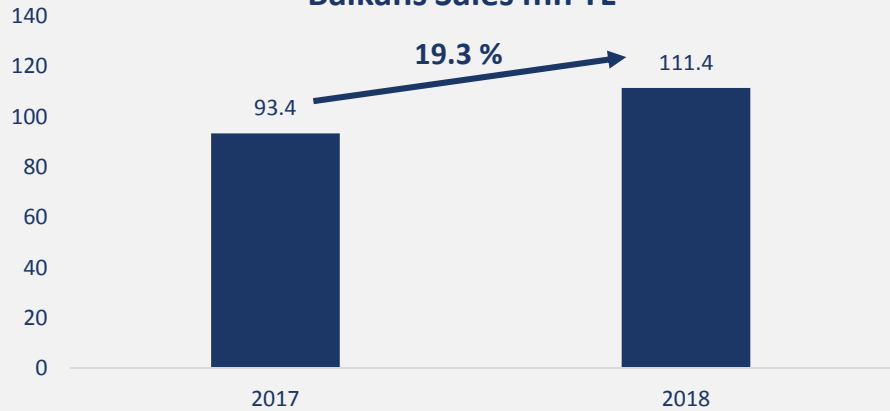
TRNC Sales mn TL



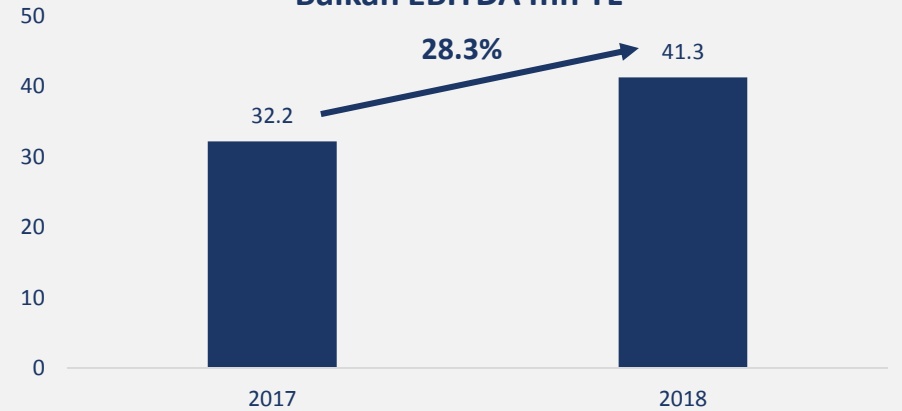
TRNC EBITDA mn TL



Balkans Sales mn TL



Balkan EBITDA mn TL



# GEOGRAPHICAL FOOT PRINT



\*Main Target Markets

\*Merit Operations

## Disclaimer

Any statements set forth herein that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements can be recognized by the use of words such as "expects," "plans," "will," "could," "estimates," "projects," "intends," or words of similar meaning. Such forward-looking statements speak only as of the date of this press release, and are not guarantees of future performance. Such forward-looking statements involve risks and uncertainties that may cause actual results, performance or financial condition to materially differ from those expressed or implied in the forward-looking statements as a result of various factors and assumptions.

The Company undertakes no obligation to revise forward-looking statements to reflect events or circumstances after the date of this press release. Potential risks and uncertainties including changes in applicable regulations, and other information detailed from time to time in the Company's filings and future filings with the BIST or the Turkish Capital Markets Board. Accordingly, although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.