

NET HOLDING A.Ş.

Earnings Review / 2019 FY

March 11th, 2020

Net Holding announces its 2019 FY results;

- Net Holding's consolidated sales increased from 767.1mn TL (145.8mn USD) in 2018 FY, to 922.8mn TL (155.3mn USD) in 2019 FY. (+20.3% TL terms, +6.5% USD terms)
- Consolidated EBITDA for 2019 FY slightly rised to 311.7mn TL (52.5mn USD) from 307.1mn TL (58.4mn USD) in 2018 FY. (+1.5% TL terms, -10.1% USD terms)
- The Cash position of the Company escalated from 391.3mn TL (74.4mn USD) in 2018 FY, to 533.7mn TL (89.8mn USD) in 2019 FY. (+36.4% TL terms, +20.8% USD terms)
- The net financial expenses have significantly decreased from 253.3mn TL (48.1mn USD) in 2018 FY to 204.4mn TL (34.4mn USD) in 2019 FY. (-19.3% TL terms, -28.5% USD terms)
- The Net Debt position of the Company is in a decreasing trend; recorded as 672.9mn TL (113.3mn USD) in 2019 FY vs. 707.5mn TL (134.5mn USD) in 2018 FY. (-4.9% TL terms, -15.8% USD terms)
- **According to new CMB regulation, rent costs (including buildings in operation, equipment etc.) are now required to be recorded in balance sheet, in the asset side as «Right of Use Assets», and in the liabilities side as «Right of Use Liabilities». However, as per the requirements of CMB, rent costs are recorded as part of debt in the liabilities side instead of a separate item named «Right of Use Liabilities». To clarify, new regulation implementation resulted in an increase in total debt in B&S, however, this item is not a bank loan or any financial institution debt. In balance sheet, total debt of 1,489.5mn TL includes 1,206.7mn TL financial debt and 282.8mn TL «Right of Use Liabilities».**

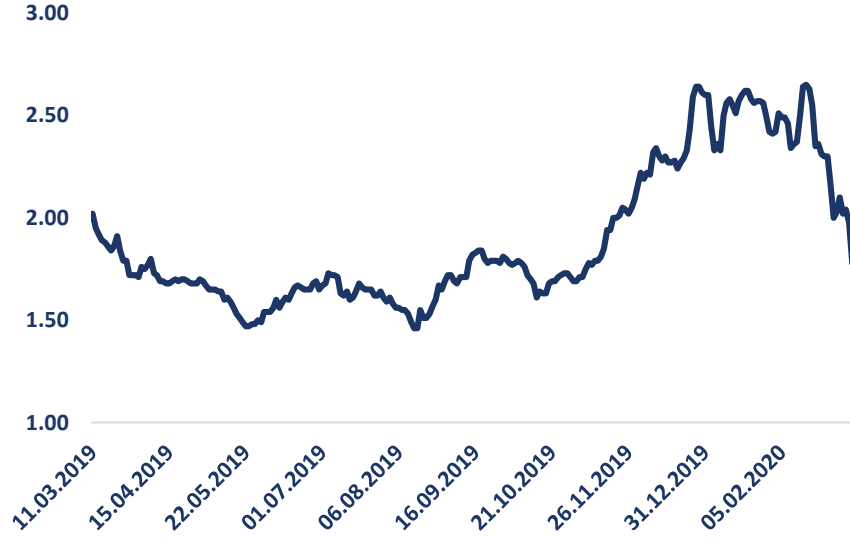
SUMMARY (Continued)

Regional Split of 2019 4Q for EBITDA & General Remarks;

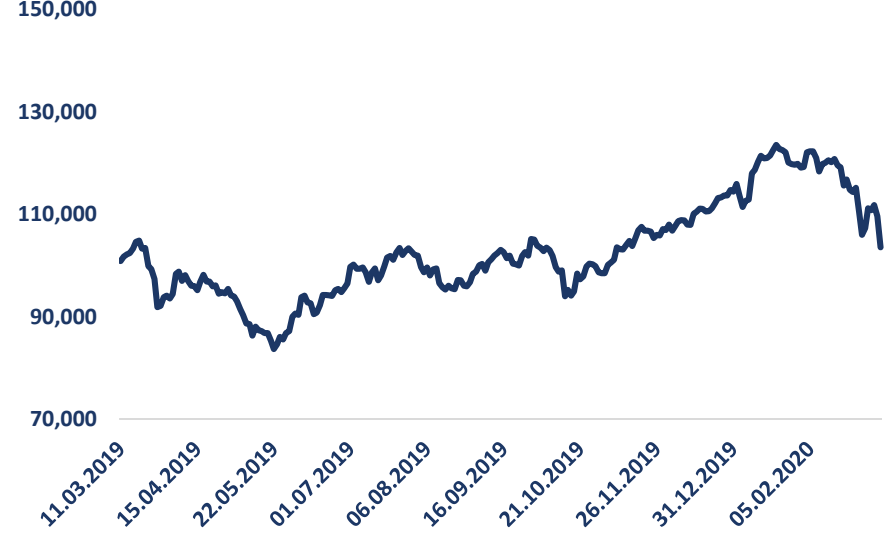
- EBITDA in Northern Cyprus Merit Hotels & Casinos is recorded as 264.5mn TL (50.3mn USD) in 2018 FY, 299.1mn TL (50.3mn USD) in 2019 FY, featuring a slightly increase in both TL and USD Dollar currencies. (+13.1% TL terms, +0.1% USD terms) Cyprus operations are still cash cow and flagship of the group.
- EBITDA of Merit Casinos in Montenegro decreased from 53.5mn TL (10.2mn USD) in 2018 FY to 11.3mn TL (1.9mn USD) in 2019 FY, which was the result of the big wins by the heavy hitters in the previous quarters and continues to affect the results in FY. This performance is also due to hard autumn (October & November) conditions.
- Effects of the shutdown of Merit Casino Grand Lav in Split, Croatia and cost cutting in Merit Casino Libertas in Dubrovnik, Croatia continues in the 4Q, resulting in an increase in EBITDA from -16.9mn TL (-3.2mn USD) in 2018 FY to 0.1mn TL (+0.02mn USD) in 2019 FY. Moreover, Hotel Libertas Dubrovnik is closed for renovation in November until April 2020, resulting only small fixed expenses on the casino P&L for the last quarter of the year since rent is also frozen during the renovation period.
- Merit Grand Mosta Hotel & Casino in Bulgaria, which opened in June 2018, continues to perform well, reaching 49.5mn TL (8.3 mn USD) in sales figures and 25.7mn TL (4.3 mn USD) in EBITDA.
- The new hotel construction (Merit Royal Garden) in Kyrenia, which will be connected to Merit Royal Hotel Casino and the expansion of the casino are both expected to be finished by the end of 2020.
- 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 2018 and a new one was for 2019. As a consequence, a total of **140.5mn USD** of real estate appreciation has been booked as follows, which was the total **293mn USD** appraisal in 2018. **As the slowly growth in Cyprus real estate market, this year's appraisal figures are lower than expected, and lower valuation figures show the bottom line in net profit is less than comparing with 2018 FY.**
 - 105.1mn USD of appreciation to be added to the balance sheet under operational assets and
 - 35.4mn USD of appreciation booked to the income statement as income from investment activities for land

SUMMARY

Net Holding Price Chart



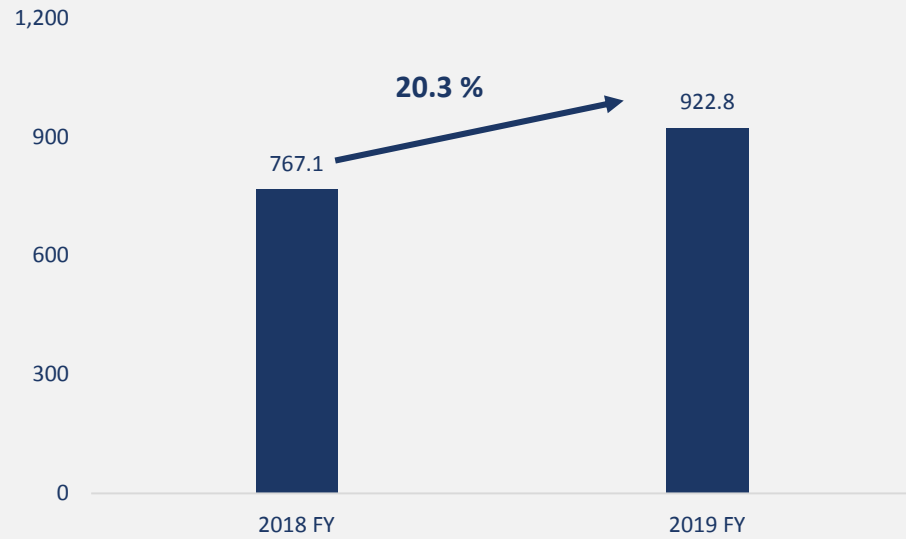
XU100 Chart



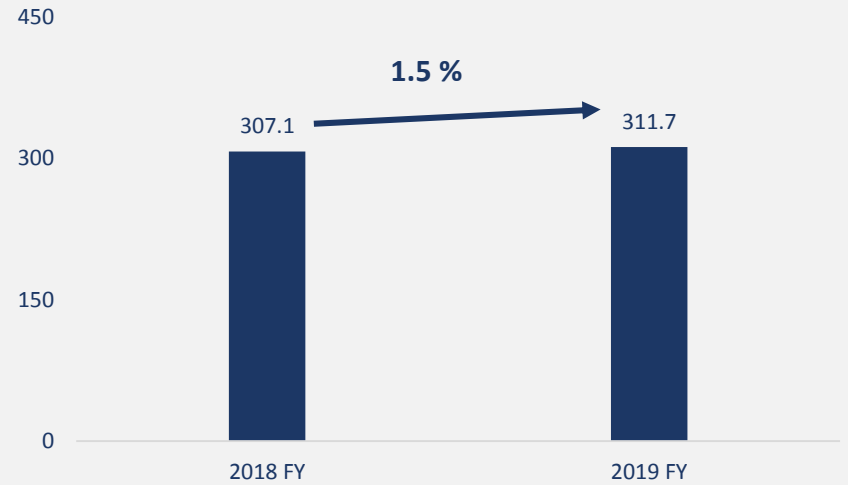
| Stock Data | March 10th 2019 |
|---|-----------------|
| Current Price | 1.71 |
| Current Mcap (mn TL) | 964.2 |
| Enterprise Value (mn TL) | 1,637.1 |
| Net Debt (mn TL) | 672.9 |
| Bloomberg Ticker | NTHOL:TI |
| Number of outstanding shares (mn) | 564 |
| Average daily volume in 12 months (mn TL) | 12.5 |
| High / Low Daiy Price Range (12M) | 2.65 - 1.46 |

FINANCIAL OVERVIEW (TL Terms)

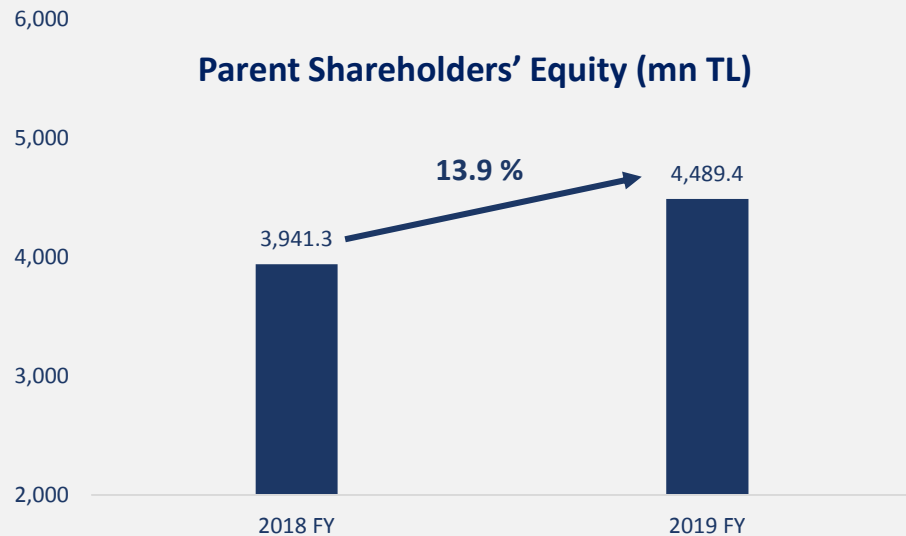
Sales (mn TL)



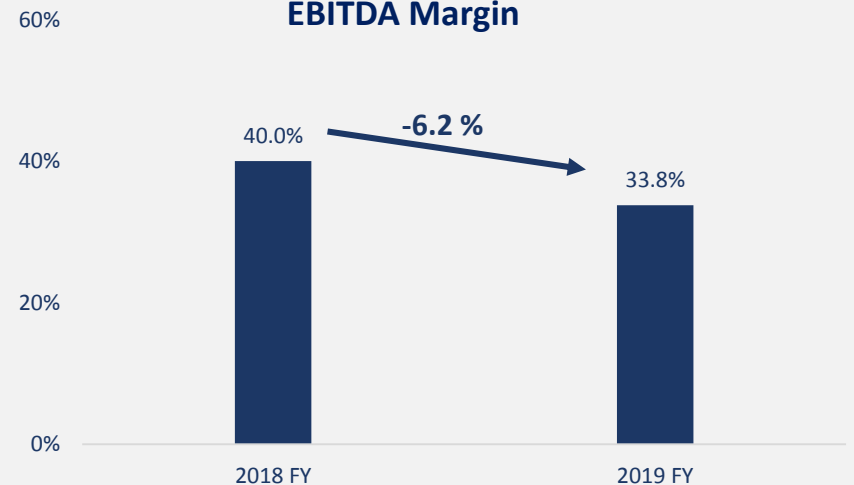
Consolidated EBITDA (mn TL)



Parent Shareholders' Equity (mn TL)

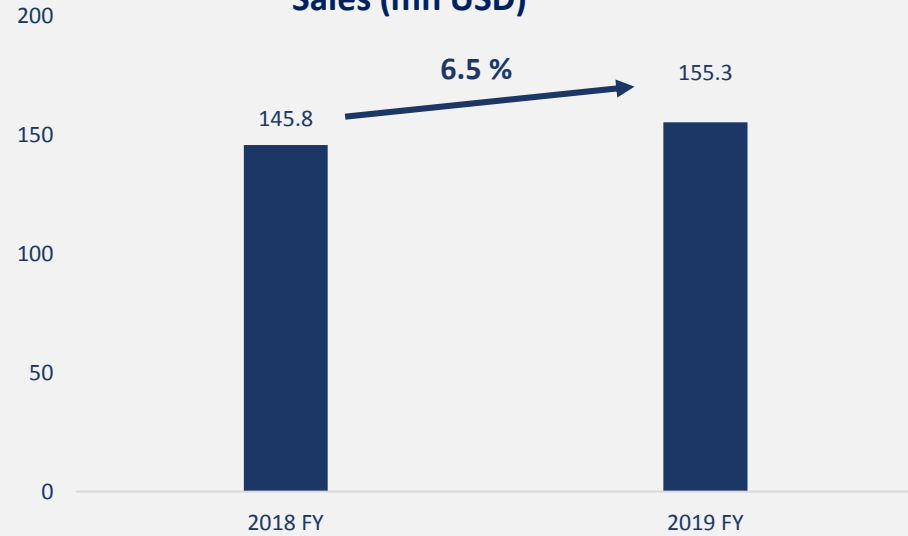


EBITDA Margin

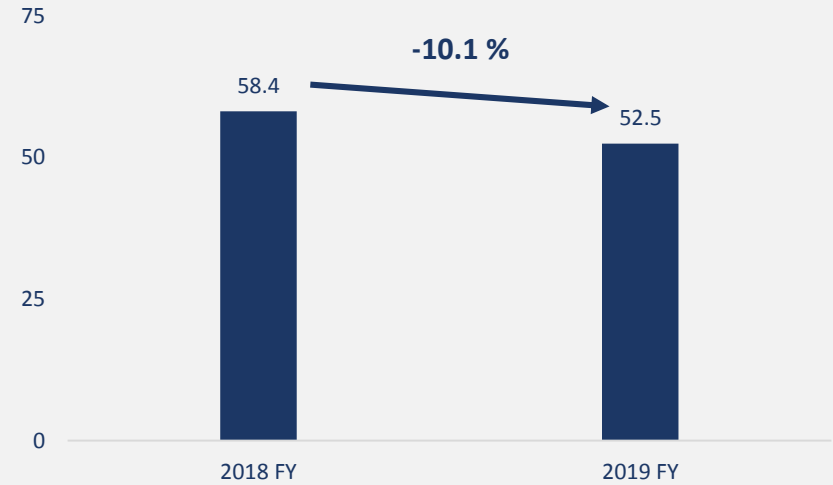


FINANCIAL OVERVIEW (USD Terms)

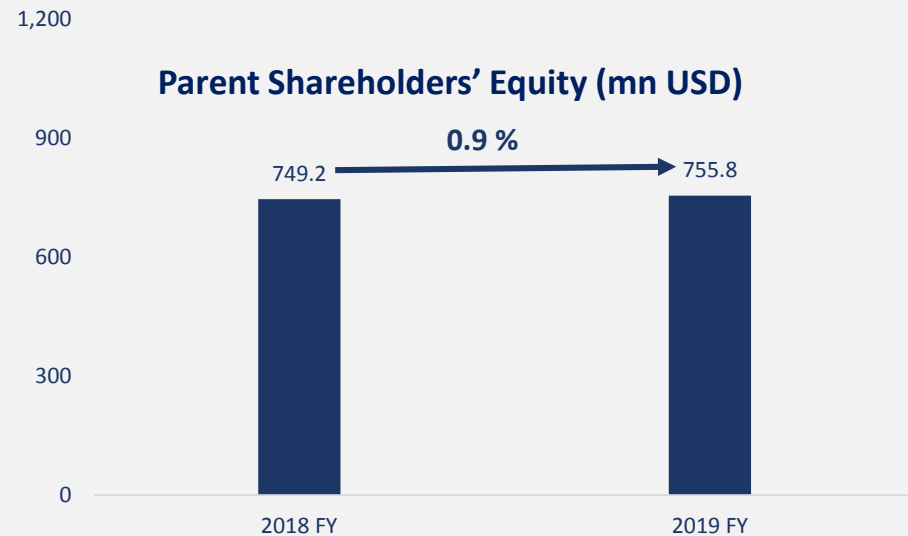
Sales (mn USD)



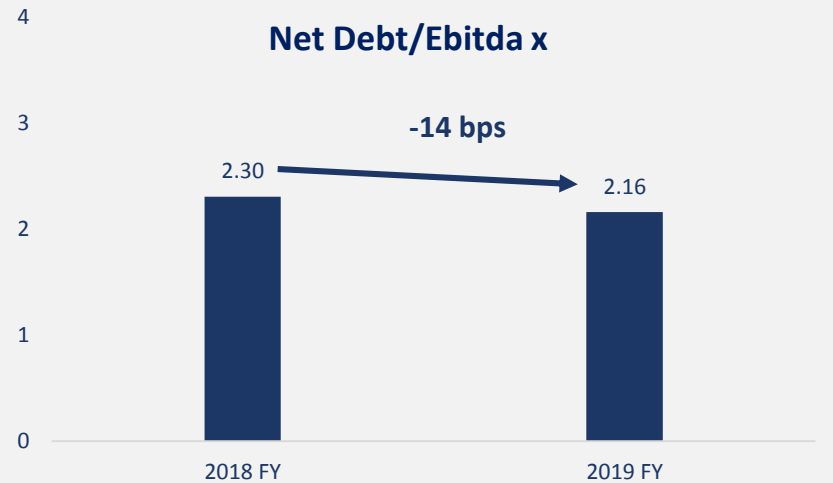
Consolidated EBITDA (mn USD)



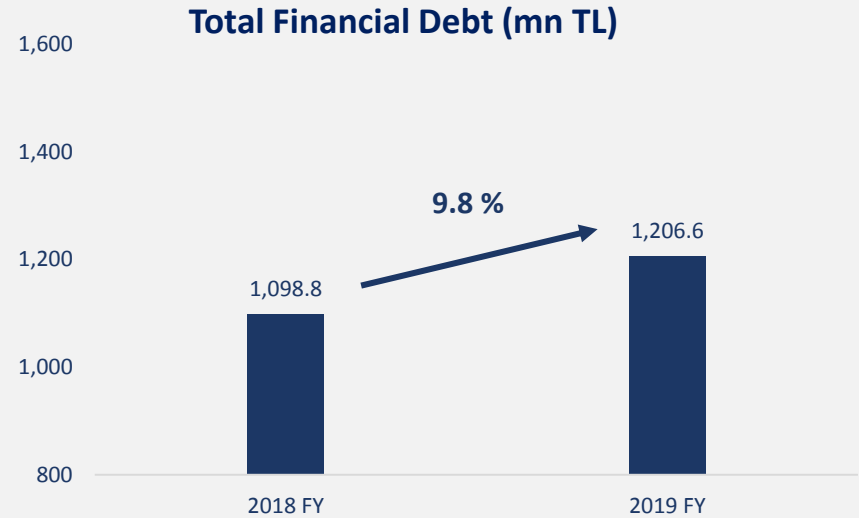
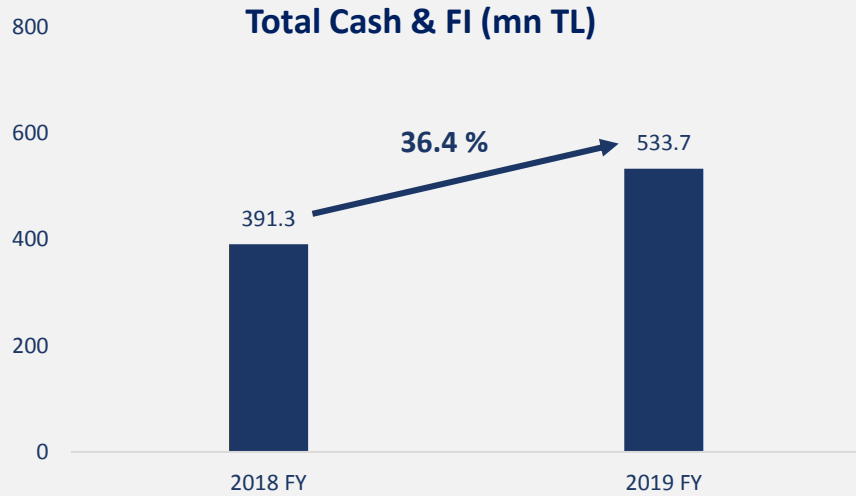
Parent Shareholders' Equity (mn USD)



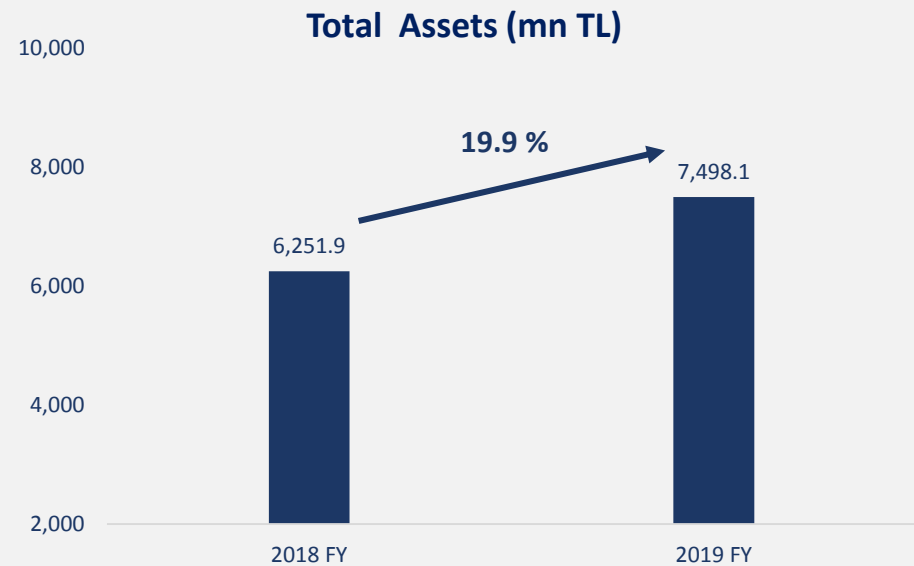
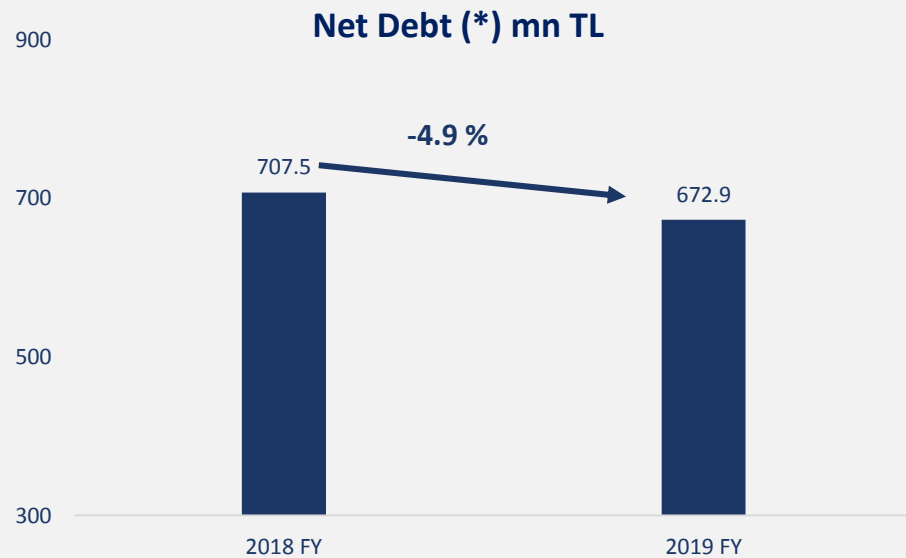
Net Debt/Ebitda x



FINANCIAL OVERVIEW (TL Terms)



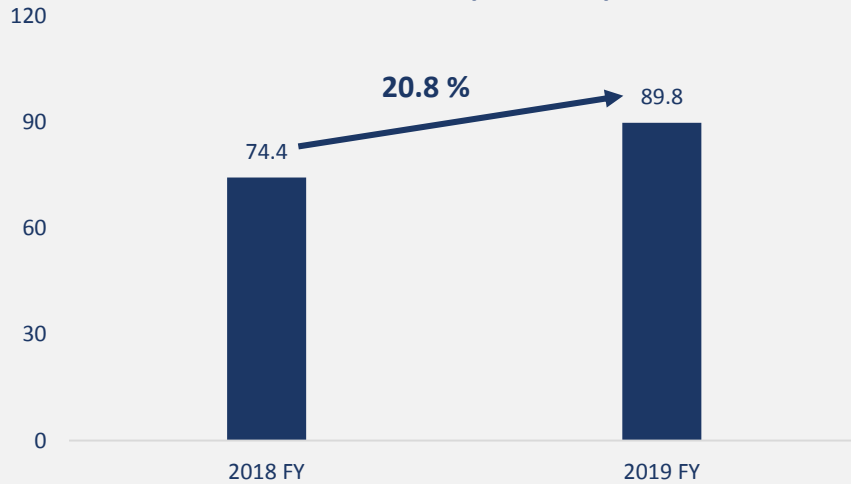
• Total financial debt is calculated for only bank and financial institutional loans. The right of use liabilities has not been showed.



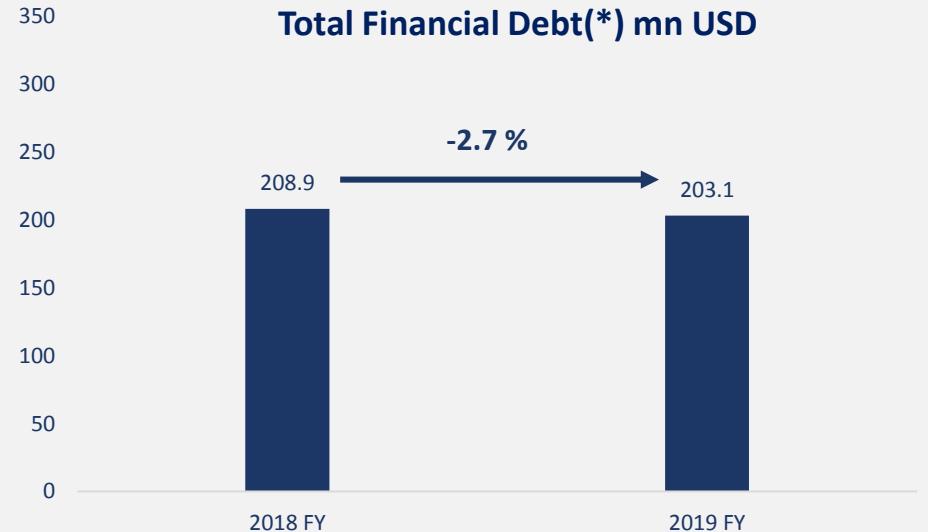
• Net debt is calculated for only bank and financial institutional loans minus total cash and FI. The right of use liabilities has not been showed.

FINANCIAL OVERVIEW (USD Terms)

Total Cash & FI (mn USD)

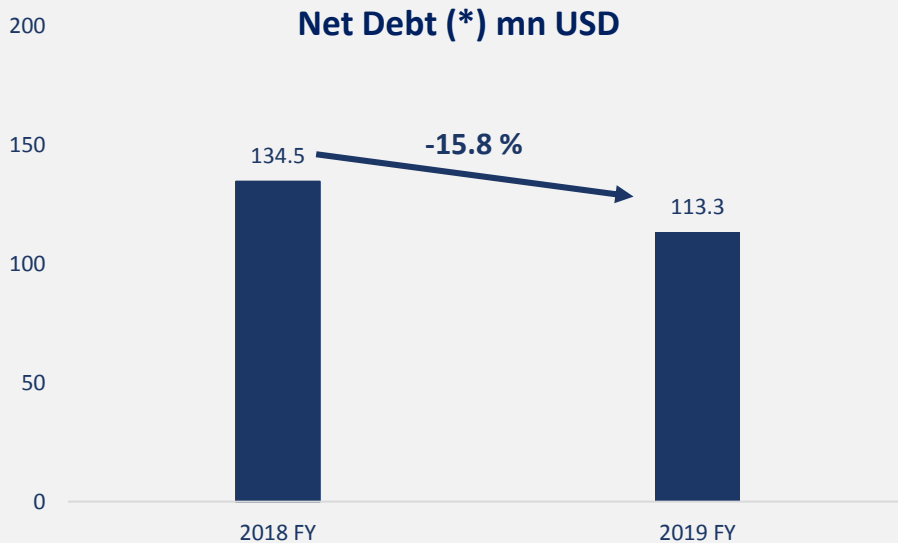


Total Financial Debt(*) mn USD

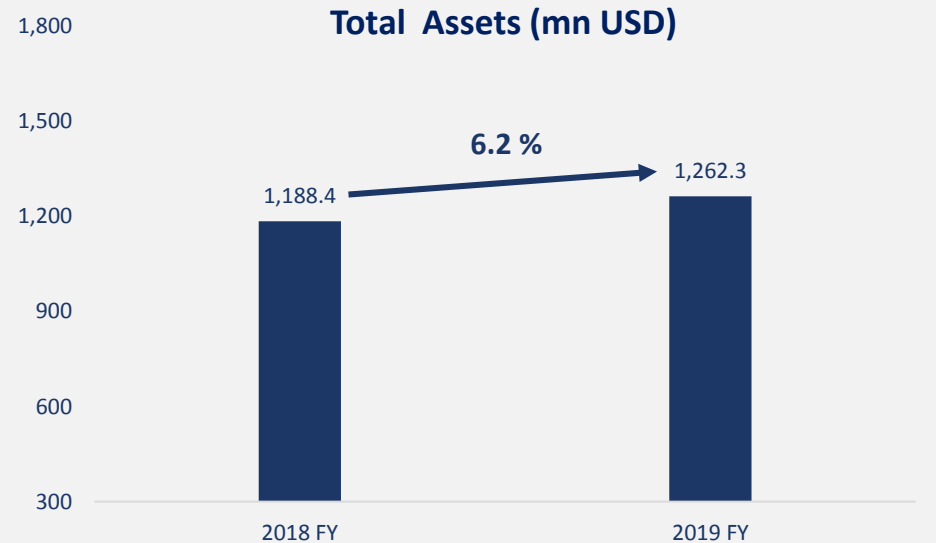


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Net Debt (*) mn USD



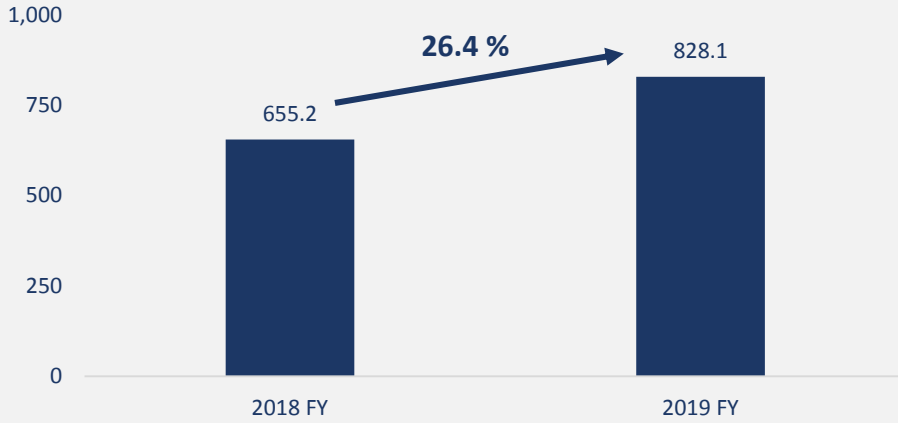
Total Assets (mn USD)



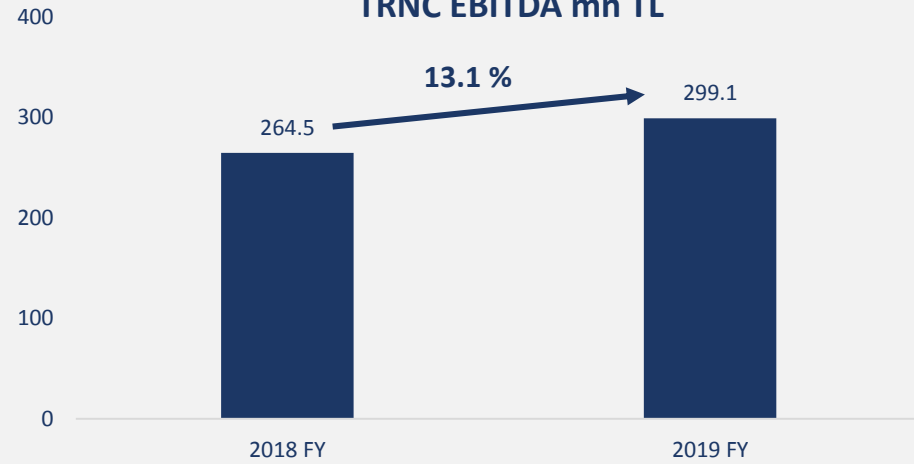
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OPERATIONAL OVERVIEW (TL Terms)

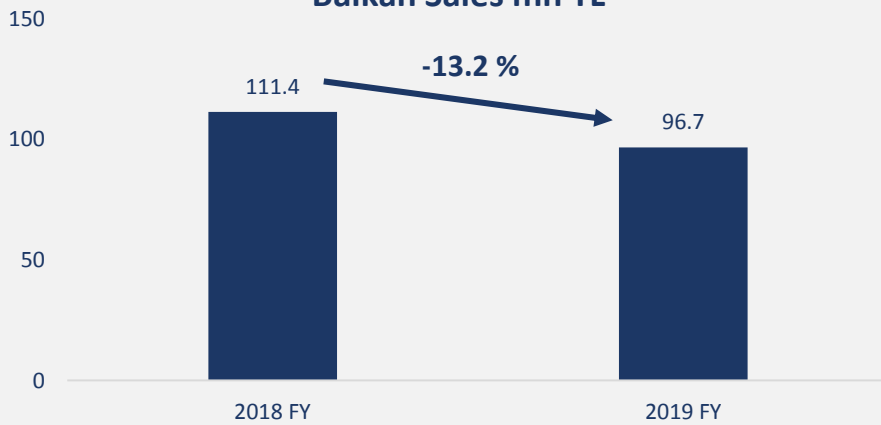
TRNC Sales mn TL



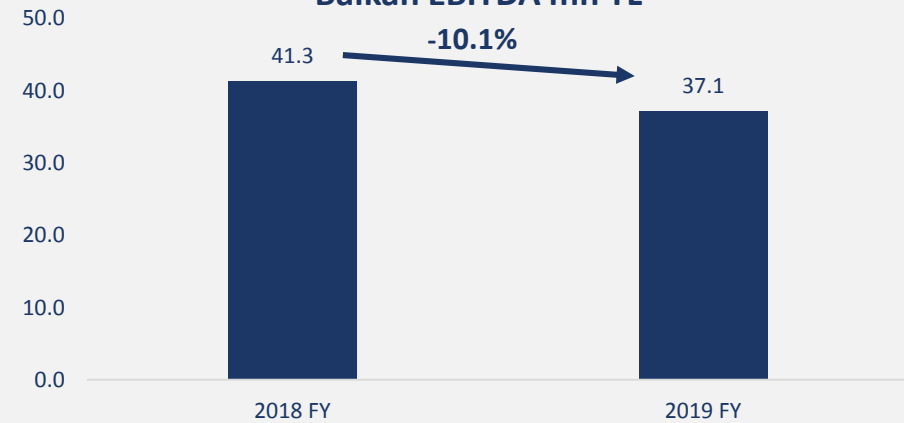
TRNC EBITDA mn TL



Balkan Sales mn TL

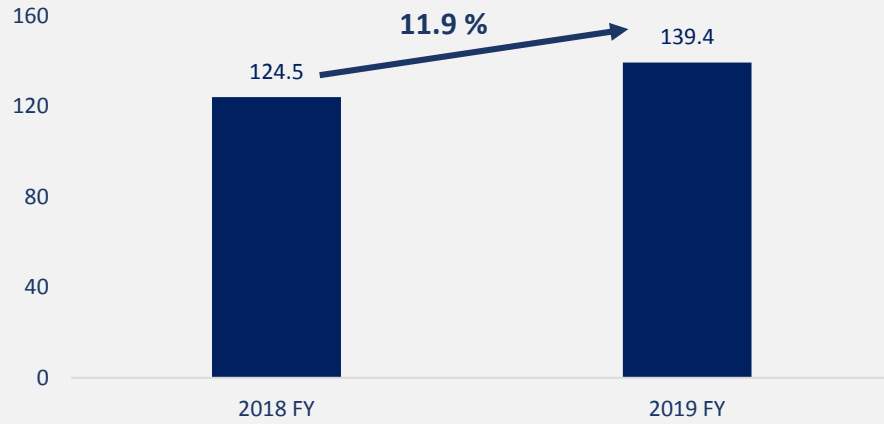


Balkan EBITDA mn TL

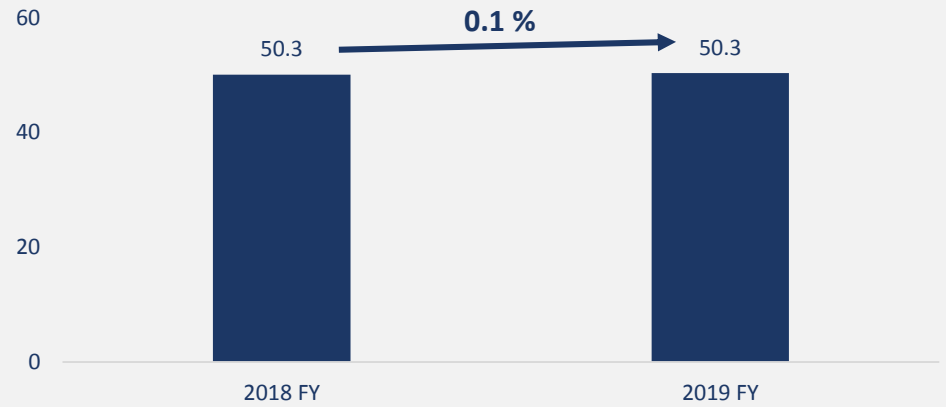


OPERATIONAL OVERVIEW (USD Terms)

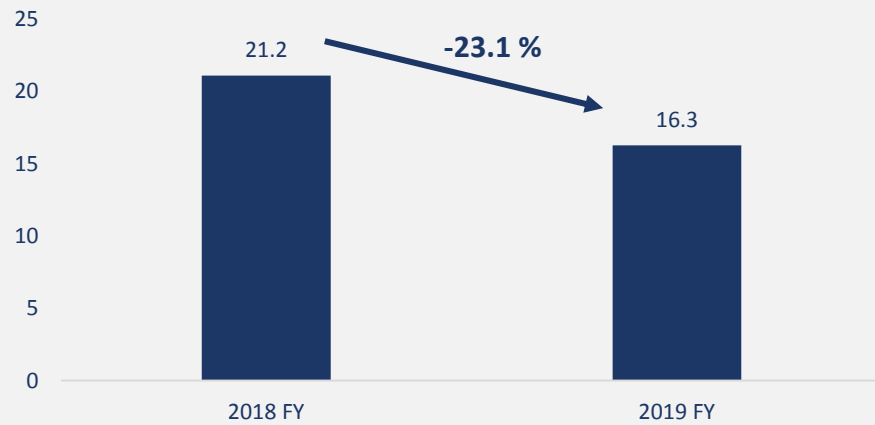
TRNC Sales mn USD



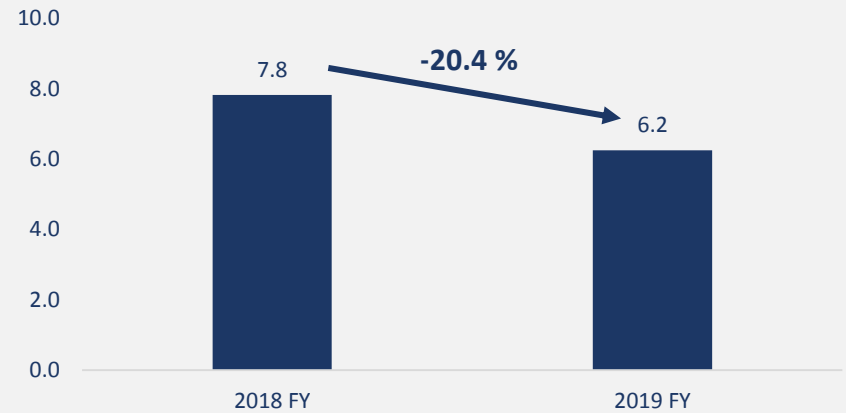
TRNC EBITDA mn USD



Balkan Sales mn USD



Balkan EBITDA mn USD



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*Merit Operations

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.