

Çimsa Çimento

Q3 2023 Financial Results

06 November 2023

Çimsa , Global brand of Sabancı Holding, realized 3.808 million TL revenue in Q3 with 57% increase compared to prior year.

Çimsa , recorded a 57% increase in revenue, reaching 3.808 million TL, and a 145% increase in EBITDA, totaling 947 million TL in the third quarter of the year compared to the same period last year, while focusing on value-added and sustainable business areas, continued its operational excellence efforts

The positive impact from the Company's operations was supported by strong balance sheet and deferred tax revenue due to revaluation, therefore Çimsa recorded 832 million TL profit in Q3 attributable to equity holders, excluding one off items.

Developments on Financials and Operations:

- According to sectoral data disclosed in August, domestic growth realized as 20% compared to prior year, while export market is decreasing.
The Company sustained its high capacity usage while focusing on product-geography optimization based on profitability
- The useage of alternative fuels, which holds a critical importance in supporting the Company's operational profitability and sustainability goals, was realized at 30% in the third quarter of the year. The Company's EBITDA margin was realized at 25%.
- As a result of increasing operational profitability and effective cash management of the Company, Net debt/EBITDA realized as 0.4x at the end of September.

The limited change in the Turkish lira and increasing cost of financing together resulted in a limited increase in the Company's financing expenses in the third quarter. Cumulatively, approximately 200 million TL income from financing was recorded by the end of September.

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Developments on Financials and Operations (continued):

- Investments accounted under equity method (Exsa and Sabancı Building Solutions BV) contributed to net profit positively by 171 million TL on third quarter.
- Çimsa has revalued its real estates and their corresponding depreciations in accordance with the General Communiqué on the Tax Procedure Law published by the Ministry of Treasury and Finance. However, in the TFRS financial statements, it continues accounting with the cost method. Currently, the deferred tax asset/liability being calculated based on the temporary difference between the Tax Procedure Law and TFRS financial statements has been re-evaluated using the updated Tax Procedure Law values due to the revaluation impact, and any resulting deferred tax income, to the extent that the recoverability of such tax advantage is deemed possible, has been accounted for in the income statement at once due to this practice. With the implementation of inflation accounting in the TFRS financial statements, real estates in the TFRS financial statements will also need to be revalued. Consequently, as the temporary difference related to real estates between the Tax Procedure Law and TFRS financial statements will cease to exist, there will be a consideration for tax expenses.

Investments and Strategic Developments:

- CAC capacity increase investment in Mersin Plant started in second quarter of 2022, continues according to plan and it will be operational within the year.
- The Company maintains its dedication to addressing climate change and enhancing energy efficiency,, persisting in new technology investments that support low carbon emissions. In this context, one of the sector's largest solar energy plants was commissioned in Afyon in September.
- Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa), in which Çimsa holds a 32.9% stake, will merge as a whole with Sabancı Holding, consolidating all its assets and liabilities. Following the completion of the merger, Sabancı Holding shares will be issued to Çimsa instead of Exsa shares. The approval process regarding the merger is ongoing through the CMB (Capital Markets Board).
- At Çimsa's board meeting dated 28.07.2023, it was decided to increase the Company's issued capital of 135,084,442 TL entirely through internal resources to 810,506,652 TL, by a bonus issue at a rate of 600%, raising it to 945,591,094 TL. In this context, existing shareholders of the Company were provided with 6 new shares of Çimsa for each lot of Çimsa shares they held, completing the capital increase within the reporting period.
- By taking into account the reduced need of Hacı Ömer Sabancı Holding A.Ş.'s (Sabancı Holding) financial support for the existing and ongoing investments of Sabancı Building Solutions BV (SBS) as well as the strengthened financial position of Çimsa Çimento Sanayi ve Ticaret A.Ş. (Çimsa), for the purposes of consolidating global building materials investments managed under the roof of SBS so to provide increased operational efficiency, the Board of Directors of Çimsa has had the following resolutions in its meeting held in 23 October 2023,-18,887,000 shares representing 10.1% of the share capital of SBS, in which Sabancı Holding

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currently holds shall be transferred to Çimsa with the transfer price of EUR 25,280,098. Upon completion of the necessary legal procedures, the transfer of shares will be executed.

Summary of Financial Results:

Çimsa Çimento Financial Results	Q3 2023	Q3 2022	9M 2023	9M 2022	Change Q3%	Change 9M%
Revenue	3.808	2.431	9.220	6.026	57%	53%
Gross profit (MTL)	1.068	443	2.310	1.126	141%	105%
Gross profit %	28%	18%	25%	19%	9,84pp	6,36pp
Operating profit (MTL)(excluding other income/expense)	895	337	1.863	879	165%	112%
Operating profit %	24%	14%	20%	15%	9,64pp	5,62pp
Operating profit (MTL)(including other income/expense)	892	418	2.205	1.106	113%	99%
Operating profit %	23%	17%	24%	18%	6,23pp	5,56pp
Depreciation (MTL)	53	50	140	116	6%	20%
EBITDA (MTL)(excluding other income/expense)	947	387	2.002	995	145%	101%
EBITDA %	25%	16%	22%	17%	8,97pp	5,21pp
EBITDA (MTL)(including other income/expense)	945	468	2.345	1.222	102%	92%
EBITDA %	25%	19%	25%	20%	5,56pp	5,15pp
Net profit (MTL)(parent shares)	951	1.992	2.209	2.975	-52%	-26%
Net profit %	25%	82%	24%	49%	-56,97pp	-25,40pp
Net profit (MTL)(parent shares)-excluding one off items	832	369	2.036	914	125%	123%

* The transfer of Niğde Integrated Cement Plant, Kayseri Integrated Cement Plant, Ankara Cement Grinding Facility, as well as Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli, and Kahramanmaraş Ready-Mix Concrete Plants, including the fixed assets in these facilities and related assets, for a total of 110 million Euros excluding VAT, to Ferpa İnşaat Sanayi Petrol Ürünleri Tic. and Paz. Ltd. Şti. was completed as of July 28, 2022. The impact of the sale of these assets, completed in the financials for the first 9 months of 2022, is also reflected.

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