

Çimsa Çimento

Q1 2024 Financial Results

Bulletin

27 May 2024

Çimsa posted TRY5,324mn revenue in Q1 2024 with a 11% increase compared to a year ago.

According to the announcement made by the Public Oversight, Accounting and Auditing Standards Authority (KGK) on November 23, 2023, and the publication of 'Practice Guide on Financial Reporting in Hyperinflationary Economies', Çimsa prepared its financial statements for March 31, 2024, applying the TAS 29 Financial Reporting in Hyperinflationary Economies' Standard. The comparative amounts in the aforementioned financial statements and previous periods have been adjusted for the changes in the purchasing power of the Turkish Lira in accordance with TAS 29, and ultimately expressed in terms of the purchasing power of the Turkish Lira as of March 31, 2024.

The closing procedures regarding the transfer of 10.1% of Sabancı Building Solutions BV's (SBS) share capital from our parent company Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), at the amount of EUR 25 million have been completed as of December 8, 2023. With this transaction, which qualifies as a merger of business combination subject to common control, the financials of Sabancı Building Solutions BV has been retrospectively fully consolidated from the earliest opening balance sheet.

All the information regarding 1Q 2024 and comparative periods include business combination effects and inflation accounting effects.

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Developments on Financials and Operations:

- According to sectoral data released by TCMA, cycling the low base, Türkiye's cement production and consumption increased by 24% and 35% y/y, respectively, in the first two months of 2024 on a cumulative basis, while exports fell by 12.0% in the same period.
- Çimsa delivered TRY5,324mn consolidated revenue with a real growth of 10.9% y/y mainly supported by higher sales volumes in Türkiye market.
- Çimsa's 1Q 2024 consolidated EBITDA decreased by 24% compared to a year ago, and reached 578 million TL with an 11% margin.
- As of the end of March 2024, consolidated net debt was TRY3.4bn and the leverage was 0.85x.
- Thanks to its low leverage and strong balance sheet management, Çimsa recorded approximately 100 million TL lower financial expenses in 1Q 2024 (including FX and interest impacts) compared to the same period last year. The decreasing operating profit due to inflation was offset by these impacts.
- Çimsa registered a net profit of 396 million TL with an annual increase of 16% in 1Q 2024.

Investments and Strategic Developments:

- 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, solar power plant investment in Bunol plant, started in Q2 2023, became operational in May, 2023. With this investment amounted at EUR4.2 million, 18% of total energy need of the plant is expected to be met through solar power. This new solar power plant is expected to reduce CO₂ emissions by over 3000t/year. In addition to Bunol solar power plant investment, the Company has announced another significant investment initiative on April, 2023. Accordingly, the Company decided to install solar power plant with an installed capacity of approximately 14,2 MWp DC in Eskişehir plant. This investment is planned to be started the second quarter of 2024 and is expected to be completed by the second quarter of 2025. With the commissioning of the investment, the electricity to be generated from SPP is expected to meet 14% of the

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total annual electricity consumption of the plant. With the solar power plant investment and the commissioning of the previously announced ongoing investment in generating electricity from waste heat, approximately 40% of the electricity needs of our Eskişehir factory will be met from the electricity it produces.

- Çimsa committed to determine the near-term science-based emission reduction target to SBTi on March 30, 2023, while the Company continue to work for reducing carbon emissions in line with its road map. Following the completion of its validation, SBTi, on 24 May, 2024, has registered targets which are in line with the 1.5°C scenario and covering the greenhouse gas emissions resulting from Çimsa's activities. As Çimsa, within the scope of our near-term goals;
 - o Çimsa commits to reduce gross scope 1 and 2 GHG emissions 42.1% per ton of cementitious product by 2033 from a 2021 base year*. And within this target, Çimsa commits to reduce gross scope 1 GHG emissions 39.3% per ton of cementitious product and gross scope 2 GHG emissions 86.8% per ton of cementitious product within the same timeframe**.
 - o Çimsa also commits to reduce gross scope 3 GHG emissions from purchased cement and clinker 43.4% per purchased ton by 2033 from a 2022 base year.
- Çimsa continued to create value for its shareholders. With the decision of the General Assembly dated 25.04.2024, it was decided to distribute TRY1 billion as dividend (TRY1.06 gross dividend per share), and the distribution was made on 2nd of May.

** The target boundary includes land-related emissions and removals from bioenergy feedstocks.*

*** Cement products include all clinkers produced by the reporting company for cement production or direct clinker sales, as well as all clinker substitutes consumed for gypsum, limestone, cement kiln dust (CFT) and mixing, and all cement substitutes.*

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Summary of Financial Results:

Çimsa Çimento Financial Results	1Q 2024	1Q 2023	Change %
Revenue	5,324	4,798	11%
Gross Profit (MTL)	709	815	-13%
Gross Profit %	13%	17%	-3.68pp
Operating Profit (MTL)(excluding other income/expense)	193	378	-49%
Operating Profit %	4%	8%	-4.26pp
Operating Profit (MTL)(including other income/expense)	360	463	-22%
Operating Profit %	7%	10%	-2.88pp
Depreciation (MTL)	386	384	1%
EBITDA (MTL)(excluding other income/expense)	578	762	-24%
EBITDA %	11%	16%	-5.02pp
EBITDA (MTL)(including other income/expense)	746	846	-12%
EBITDA %	14%	18%	-3.63pp
Income from Investing Activities (MTL)	252	17	1409%
Net Profit (MTL)	396	342	16%
Net Profit %	7%	7%	0.33pp

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