

# Çimsa Çimento

## 2023 Financial Results

28 March 2024

Çimsa's 2023 year-end and comparative periods' financial results contains the effects of the business combination following the acquisition of majority shares in Sabancı Building Solutions BV and inflation accounting.

Çimsa delivered a 72% increase in EBITDA, reaching 3.7 million TL, in accordance with inflation accounting.

The net profit for the year 2023 amounted to 3.1 billion TL, representing a 37% increase, excluding the effects of asset sales in the previous year.

*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 the year ended December 31, 2023, 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 December 31, 2023.*

*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.*

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## Developments on Financials and Operations:

- According to sectoral data disclosed by Türk Çimento, domestic growth realized as 19% compared to previous year.
- Çimsa has optimized its production portfolio through asset sales during 2022. Parallel to the previous year, Mersin, Eskişehir, and Afyon factories continued to operate at high capacity in 2023. The company's sales amounted to 20 billion TL in 2023, remained flattish compared to a year ago. *(Financials of SBS is fully consolidated and its functional currency is EUR. In compliance with TAS 29, 2022 financial results of SBS have been indexed with 2023 prices. The depreciation of TRY against EUR was below inflation in 2023, thus it created an adverse impact on the adjusted TL representation of SBS's 2023 financials.)*
- While focusing on value-added and sustainable business areas, Çimsa continued its operational efficiency efforts. In 2023, Çimsa's EBITDA increased by 72% on a yearly basis to 3.7 billion TL and EBITDA margin expanded by 7.6 bps on a yearly basis to 18%.
- The useage of alternative fuels, which has significant importance in supporting the Company's operational profitability and sustainability goals, was realized at 30% in grey clincker production in Turkey and at 28% in white clincker production in Spain, in 2023.
- Çimsa's consolidated net debt as of 31.12.2023 was 1.9 billion TRY and the leverage was 0.5x.
- Strong operational results is supported by solid balance sheet and low indebtedness. The net profit for the year 2023, excluding the effects of asset sales in the previous year, amounted to 3.1 billion TL, representing a 37% year on year increase.

## Investments and Strategic Developments:

- CAC capacity increase investment in Mersin Plant started in second quarter of 2022, has been completed in accordance with the planned timeline and has started its commercial activities.
- 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. Following the completion of this project, it is aimed to meet 25% of the factory's annual electricity consumption.
- At the board meeting of Çimsa dated 28.07.2023, it was decided to increase the Company's issued capital of 135,084,442 TL by 810,506,652 TL through a bonus issue at a rate of 600%, to 945,591,094 TL, to be funded entirely with internal resources. In this context, existing

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shareholders of the Company were provided with 6 new shares of Çimsa for each lot of Çimsa shares they held.

- 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), with the aim of consolidating and managing the global building materials investments under the roof of SBS within Çimsa, thereby increasing operational efficiency and simplifying management and control processes; at the board meeting of Çimsa dated 23.10.2023, it was decided to acquire a 10.1% stake of SBS from Sabancı Holding for 25 million EUR. The transaction was completed as of December 8, 2023.
- Çimsa revalued its PP&E and their depreciations within the scope of the General Communiqué on Tax Procedure Law issued by the Ministry of Treasury and Finance. The positive impact of deferred tax income recorded on temporary differences between the Tax Procedure Law (VUK) and Turkish Financial Reporting Standards (TFRS) financial statements in 2022 and 2023, as previously stated, has been eliminated with the application of inflation accounting.

#### **Events After Balance Sheet Date:**

- The merger transaction process where all of the assets and liabilities of Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa), in which Çimsa holds a 32.9% stake, be acquired as a whole by Sabancı Holding, has been completed as of January 15, 2024, due to the necessary permissions and approvals being completed after the reporting period. After the merger, payment was made to shareholders of Exsa by giving Sabancı Holding shares, excluding Sabancı Holding itself, in exchange for their Exsa shares and the process was completed with the registration dated January 15, 2024. Issuance document approved by the Capital Markets Board regarding the shares to be issued by our Company due to capital increase and to be allocated to other partners of Exsa other than our Company was received on February 2, 2024 and the merger process is completed on the clearance of the shares on February 5, 2024.

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## Summary of Financial Results:

Çimsa Çimento Financial Results	2023	2022	Change %
Revenue	20,505	20,820	-2%
Gross Profit (MTL)	4,029	2,381	69%
Gross Profit %	20%	11%	8.22pp
Operating Profit (MTL) (excluding other income/expense)	2,521	1,091	131%
Operating Profit (%)	12%	5%	7.06pp
Operating Profit (MTL) (including other income/expense)	3,365	1,584	112%
Operating Profit (%)	16%	8%	8.80pp
Depreciation (MTL)	1,138	1,042	9%
EBITDA (MTL) (excluding other income/expense)	3,660	2,133	72%
EBITDA %	18%	10%	7.60pp
EBITDA (MTL) (including other income/expense)	4,503	2,626	72%
EBITDA %	22%	13%	9.35pp
Income from Investing Activities (MTL)	416	2,135	-81%
Net Profit (MTL)	3,079	4,232	-27%
Net Profit %	15%	20%	-5.31pp
Net Profit (MTL) - excluding one-off impacts	3,079	2,248	37%

\* 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, is also reflected on 2022 financials.

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