

Çimsa Çimento

Q2 2024 Financial Results

Bulletin

15 August 2024

Çimsa posted TRY11,533 million revenue in 1H 2024 while increased its net profit by 4.2% y/y to TRY1,921.

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 June 30, 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 June 30, 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 2Q 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 18% and 26% y/y, respectively, in the first five months of 2024 on a cumulative basis, while exports fell by 11% in the same period.
- Çimsa delivered TRY11,533 million consolidated revenue in the first half of 2024 with an annual contraction of 8.3% despite continued strong capacity utilisation. In the second quarter of 2024, the consolidated revenue was TRY5,762 million.
- Çimsa's 2Q 2024 consolidated EBITDA was TRY1,427 million. EBITDA margin expanded by 403bps y/y to 24.8% thanks mainly to eased energy and fuel prices. In the first half of 2024, EBITDA reached to TRY2,054 million with a margin of 17.8%.
- As of the end of June 2024, consolidated net debt was TRY4,311 million and the leverage was 1.01x.
- Thanks to its strong balance sheet management, Çimsa recorded approximately TRY262 million and TRY370 million lower financial expenses in 2Q 2024 and 1H 2024 (including FX and interest impacts) respectively, compared to the each same period last year.
- Lower financial expenses, higher investment income thanks to SAHOL shares and higher monetary gains resulted in improved net income in both 2Q 2024 and 1H 2024. Çimsa's net income rose by 1.2% y/y to TRY 1,492 million in 2Q 2024 and by 4.2% y/y to TRY 1,921 million in the first half of 2024. Thus, net income margin improved by 589bps y/y to 25.9% in 2Q 2024 and 199bps y/y to 16.7% in 1H 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, Çimsa signed a loan agreement with the European Bank for Reconstruction and Development (EBRD) on 24 June 2024 for a total of 25 million Euros with a 5-year maturity. This loan agreement will be the first long-term funding source provided by the EBRD to a cement company in Türkiye. The proceeds from the loan will be used to finance our solar power plant, waste heat recovery plant and in other energy

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and efficiency investments in our Eskişehir plant within the scope of our target to achieve net-zero emissions in greenhouse gas emissions by 2050.

- Çimsa is included in the FTSE4Good Emerging Markets Index which is designed to measure the performance of companies in emerging markets within the scope of Global ESG (Environmental, Social and Governance) standards.
- As a testament to its strong financial performance and its innovative and sustainable growth, Çimsa significantly improved its rankings in highly prestigious lists. Çimsa overtook 55 places to 100th place in the Fortune 500 Türkiye list and climbed 44 places in the Capital 500 list.

Summary of Financial Results:

Çimsa Çimento Financial Results	2Q 2024	2Q 2023	H1 2024	H1 2023	Change 2Q%	Change H1%
Revenue	5,762	7,370	11,533	12,572	-22%	-8%
Gross Profit (MTL)	1,630	1,672	2,399	2,556	-2%	-6%
Gross Profit %	28%	23%	21%	20%	5.61pp	0.47pp
Operating Profit (MTL) (excluding other income /expenses)	1,125	1,248	1,334	1,659	-10%	-20%
Operating Profit (%)	20%	17%	12%	13%	2.58pp	-1.63pp
Operating Profit (MTL) (including other income /expenses)	1,144	1,799	1,535	2,301	-36%	-33%
Operating Profit (%)	20%	24%	13%	18%	-4.56pp	-4.99pp
Depreciation (MTL)	302	279	720	695	8%	4%
EBITDA (MTL) (excluding other income /expenses)	1,427	1,528	2,054	2,354	-7%	-13%
EBITDA %	25%	21%	18%	19%	4.03pp	-0.91pp
EBITDA (MTL) (including other income /expenses)	1,446	2,078	2,255	2,996	-30%	-25%
EBITDA %	25%	28%	20%	24%	-3.11pp	-4.28pp
Income from Investing Activities (MTL)	361	373	634	392	-3%	62%
Net Profit (MTL)	1,492	1,474	1,921	1,844	1%	4%
Net Profit %	26%	20%	17%	15%	5.89pp	1.99pp

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