

Çimsa Çimento

Q3 2024 Financial Results

Bulletin

24 October 2024

Çimsa posted TRY18,490 million revenue in 9M 2024 and increased its net profit by 74.0% y/y to TRY3,305.

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 September 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 September 30, 2024.

The closing procedures regarding the transfer of 10.1% of Cimsa Building Solutions BV's (formerly Sabancı Building Solutions) 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 Cimsa Building Solutions BV has been retrospectively fully consolidated from the earliest opening balance sheet.

All the information regarding 3Q 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, Türkiye's cement consumption increased 17% y/y in the first seven months of 2024 on a cumulative basis, while exports fell by 20% in the same period.
- Çimsa maintained high capacity utilization in 9M 2024 and increased its sales volume by 3.2% y/y in the same period. Nevertheless, with a 7.7% y/y decline, Çimsa delivered TRY18,490 million consolidated revenue in the first nine months of 2024. In the third quarter of 2024, the consolidated revenue was TRY5,928 million.
- Çimsa's 3Q 2024 consolidated EBITDA was TRY1,660 million. EBITDA margin expanded significantly by 1,458 bps y/y to 28.0% thanks mainly to higher consolidated sales volumes and eased energy and fuel prices. In the nine months of 2024, EBITDA increased by 14.2% y/y to TRY3,898 million. Also, EBITDA margin in the same period expanded by 403 bps y/y to 21.1%.
- Thanks to its strong balance sheet management, Çimsa recorded approximately TRY406 million lower financial expenses in 9M 2024 (including FX and interest impacts), compared to the same period last year.
- Increased operational profitability, lower financial expenses and higher monetary gains resulted in significantly higher net income in 9M 2024. Çimsa's net income rose by 74% y/y to TRY 3,305 million in 9M 2024. Thus, net income margin improved by 838 bps y/y to 17.9% in 9M 2024. For the third quarter of 2024, Çimsa's net income was TRY 1,212 million.
- By the end of September 2024, consolidated net debt stood at TRY 2,743 million, with leverage maintained at a healthy 0.50x, supported by robust cash generation driven by strong profitability.

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Investments and Strategic Developments:

- It has been decided to increase the capital of our Netherlands-based subsidiary Cimsa Building Solutions B.V. ("CBS BV") by its General Assembly, primarily to be used for the acquisition of Mannok, as well as for its ongoing investments. The capital increase transaction has been completed on 26.09.2024, by paying to CBS BV a total of 150,000,000 Euros, of which 107,486,502 Euros consist of paid-in capital and 42,513,498 Euros consist of share premium. H.Ö. Sabancı Holding A.Ş., the holder of the remaining shares in CBS BV, did not participate in the aforementioned capital increase and following the capital increase, our Company's share in CBS BV capital increased from 50.1% to 68.31%.
- Çimsa has completed the acquisition of 94.7% of the share capital of Mannok Holdings DAC ("Mannok") on October 2nd, 2024. In accordance with the agreement, the total enterprise value for 100% of the share capital in Mannok is amounting to EUR 330 million, and the purchase price for 94.7% of the shares after deducting for financial debt and other adjustments determined as 253,481,140 EUR. Since the acquisition was finalized after the reporting period, the payment had no effect on the leverage as of 9M 2024. Additionally, Mannok's financials will be consolidated under Çimsa starting in Q4 2024.

Summary of Financial Results - Restated due to Inflation Accounting and Business Combination:

Çimsa Çimento Financial Results	3Q 2024	3Q 2023	9M 2024	9M 2023	Change 3Q%	Change 9M%
Revenue	5,928	6,328	18,490	20,022	-6%	-8%
Gross Profit (MTL)	1,773	906	4,386	3,690	96%	19%
Gross Profit %	30%	14%	24%	18%	15.59pp	5.29pp
Operating Profit (MTL) (excluding other income /expenses)	1,293	537	2,745	2,343	141%	17%
Operating Profit (%)	22%	8%	15%	12%	13.32pp	3.14pp
Operating Profit (MTL) (including other income /expenses)	1,600	667	3,272	3,173	140%	3%
Operating Profit (%)	27%	11%	18%	16%	16.46pp	1.85pp
Depreciation (MTL)	368	313	1,153	1,070	18%	8%
EBITDA (MTL) (excluding other income /expenses)	1,660	850	3,898	3,413	95%	14%
EBITDA %	28%	13%	21%	17%	14.58pp	4.03pp
EBITDA (MTL) (including other income /expenses)	1,968	980	4,424	4,243	101%	4%
EBITDA %	33%	15%	24%	21%	17.72pp	2.74pp
Income from Investing Activities (MTL)	(56)	113	456	540	-149%	-15%
Net Profit (MTL)	1,212	(109)	3,305	1,900	n.m.	74%
Net Profit %	20%	-2%	18%	9%	22.17pp	8.38pp

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