

ÇİMSA

Diversified Building Materials Player

Investor Presentation

June 2023



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Diversified Global Footprint in Building Materials Industry



Production Plants



Port Access –
Export Opportunity



R&D Center



Grinding Facility



International Assets

Leading Global Positions in Lucrative Segments

2nd Largest
Player in
White
Cement

3rd largest
producer in
Calcium
Alimunated
Cement

- ✓ A strong player with a balanced and diversified product portfolio, special focus on high profitable white cement and calcium alimunated cement
- ✓ Strong local and global sales network with strategically located terminals and long-term distributors
- ✓ Open to organic & inorganic growth initiatives together with Sabancı Holding through Sabancı Building Solutions BV
- ✓ ESG pioneer in Turkish Cement and building materials industry



Transforming to Global Building Materials Player



- ✓ Strategic partnership with Sabancı Holding
– **Establishment of Sabancı Building Solutions B.V. – 2020**
- ✓ **Acquisition of Bunol Plant** to strengthen leading position in Global White Cement Market –2021
- ✓ **Asset Optimisation in Domestic Market –** Kayseri & Niğde asset sale – 2022
- ✓ **CAC Investment**, 66 kton Additional Capacity-2022, to be completed in Q42023
- ✓ **Establishment of Sabancı Global Technology Center – 2022**

Creating Value Through Portfolio Optimization



Strong & Profitable Core in Grey

- Optimised grey operations through asset sales
- Target excellence and efficiency for sustainable competitive advantage
 - Increasing alternative fuel & Focus on sustainability investments
- Improve export capability in order to utilise excess capacity by concentrating on potential markets



Global Leader in White

- High-end product, export driven revenues
- Contributes Reduced CO2 Emmision Target
- Fully Leverage Bunol Plant to strengthen the position in Europe and America markets.



Highly Profitable Value Added Products

- Profitable and niche product in construction chemicals market, Stable against macroeconomic volatility
- Contributes to CO2 net zero targets via good CO2 emission per strength
- Capacity increase in Calcium Alimunated Cement – CAC
- Leverage Sabancı Building Solutions Technology Center for Global Competitiveness

Expanded Global Footprint And Grew Market Share With Cimsa Americas Investment & Bunol Plant Acquisition



STRATEGIC TERMINALS WITH PORT ACCESS

The World's Second Largest White Cement Player With Sales More Than 70 Countries



High Profitable – Value Added Product: Calcium Aluminates



- Contributes to CO₂ net zero targets via good CO₂ emission per strength
- Lower limestone consumption
- Ensures efficiency and longevity



- Profitable and niche product in construction chemicals market



- Higher stability & performance in comparison with cement in terms of resistance to heat, abrasion, chemicals and higher early strength

Additional Capacity Investment

42,5 MUSD

50kton

Current Capacity



116 Kton

4%

Current Market share



10% Market share

3rd largest producer in the World



Not just ready-mixed concrete,
“**Ready to fly concrete**”


Runways ready for landing in
3 hours with Flycrete by Çimsa



25 MPa strength in 3 hours
High abrasion resistance.

Flycrete offers an excellent solution for
airport runways and industrial floors,
providing speed and durability.

FLYCRETE
READY TO FLY CONCRETE



Sustainable Solutions and Innovative Technologies for Building Materials

Sabancı Global Technology Center GMBH is established in Technical University of Munich Campus.

- R&D activities with customers and Universities
- High customer satisfaction
- Increasing synergy with the R&D center located in Turkey

SGTC will play crucial role in Çimsa's transformation to leading innovative building materials player.

Dedicated Sustainability Strategy

Contributing to low-carbon economy transition through strong R&D, innovation and technological transformation.

Pioneering development of sustainable living spaces through our products.

Generating sustainable stakeholder value through our balanced and risk-sensitive governance model.

SBTI commitments made in 2023 have started to be realized

Sustainability Strategy



22%

Reduction in Net Specific CO2 Emissions

40%

Alternative Fuel Usage

0,30 m³/ton

Reduction in Water Consumption

50%

Sustainable Product Income/Total Income Ratio

80%


Renewable Energy Consumption

2030 Sustainability Targets

ESG Pioneer in Cement and Building Materials Industry



The First Cement Company in **BIST 25 Sustainability Index.**



140k Tons of CO2 Emissions were **Prevented** in Scope 2.



The Environmental Product Declaration **Certificate** for 3 Products.



Score of **"B"** in CDP Climate Change and Water Security reports in 2022.

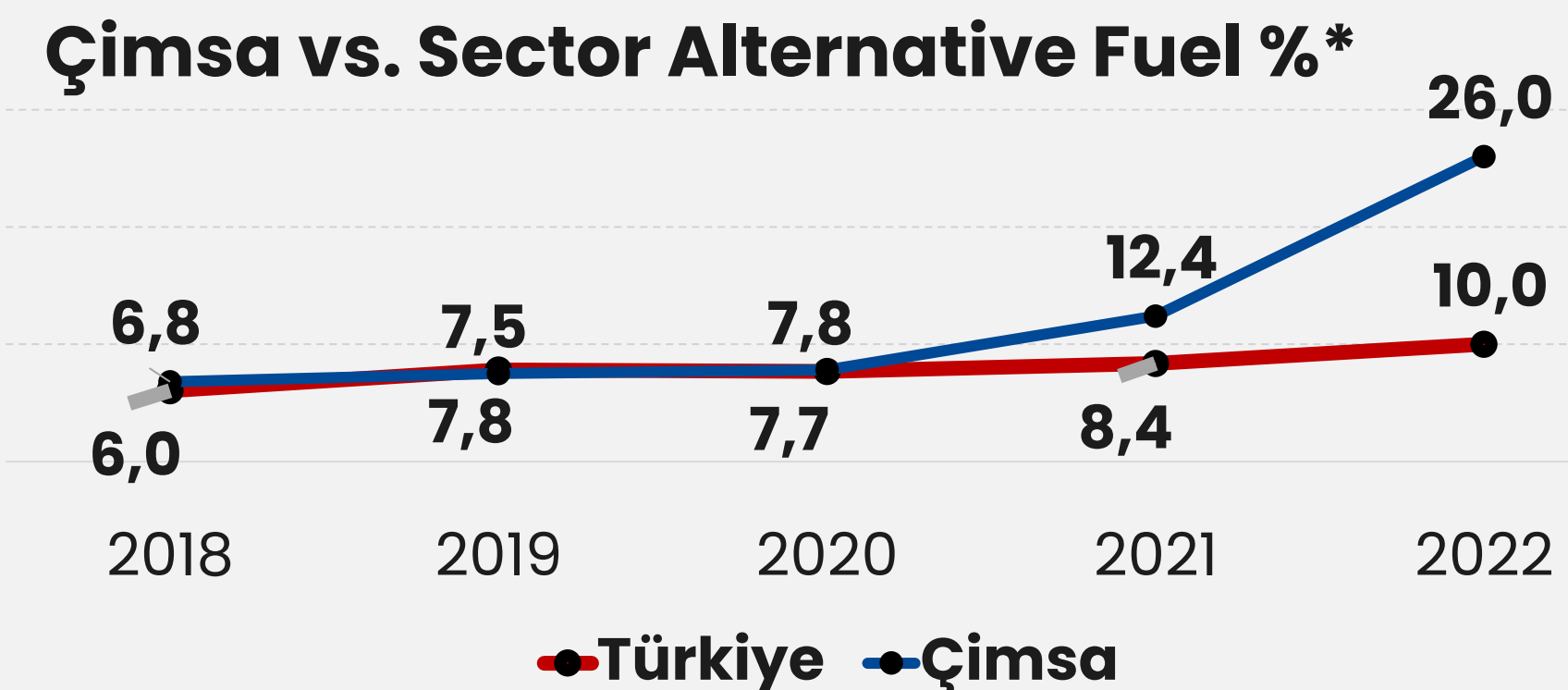


"Outstanding Alternative Fuels Project" **Award**



Gold Award for Grey to Green Project in Carbon Management Category

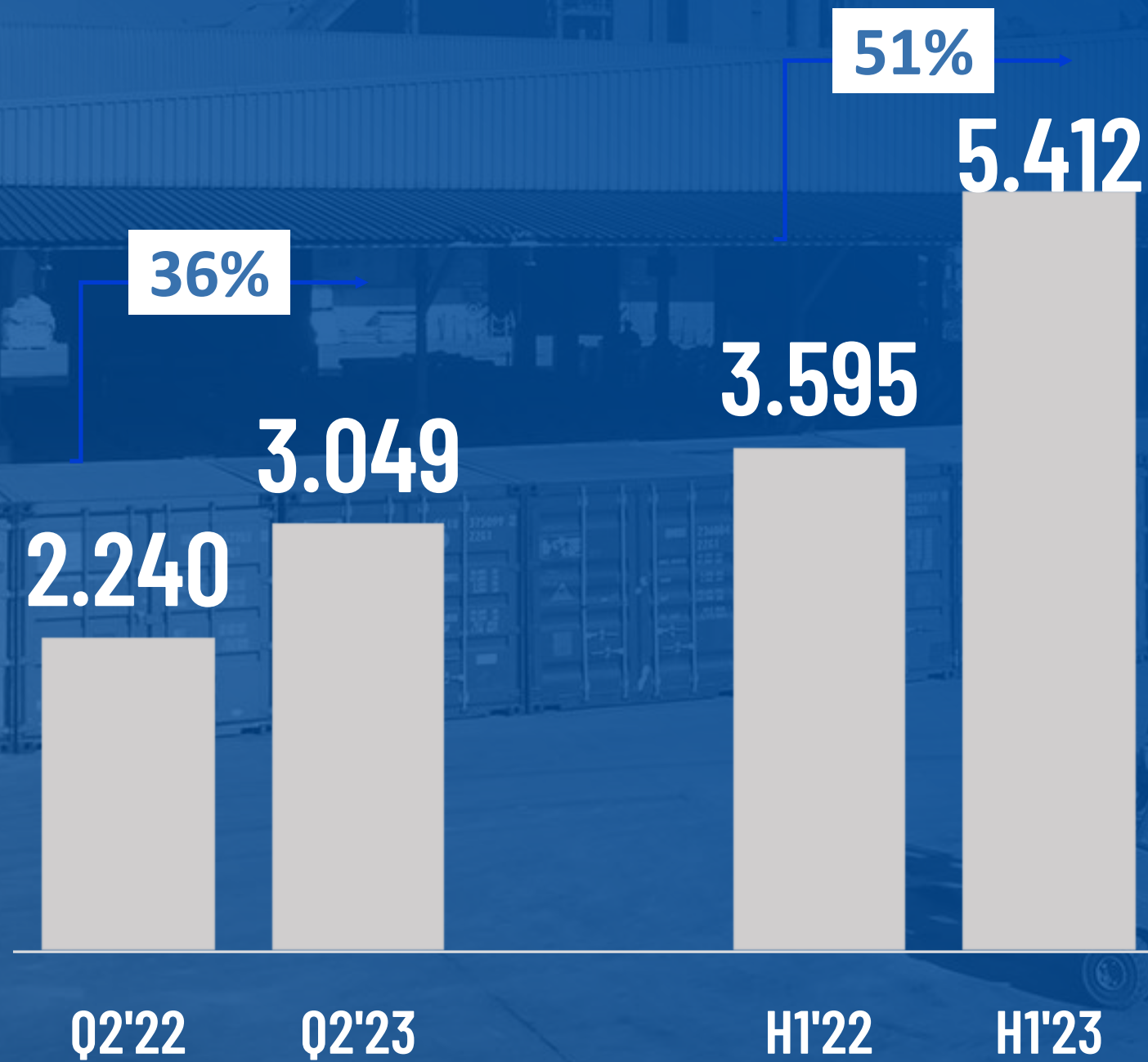
- ✓ **21% of CO2 emissions were saved in 2022**
- ✓ **Alternative fuel usage increased to 26% in 2022**
- ✓ **As of June 2023, the alternative fuel usage rate is around 31%**



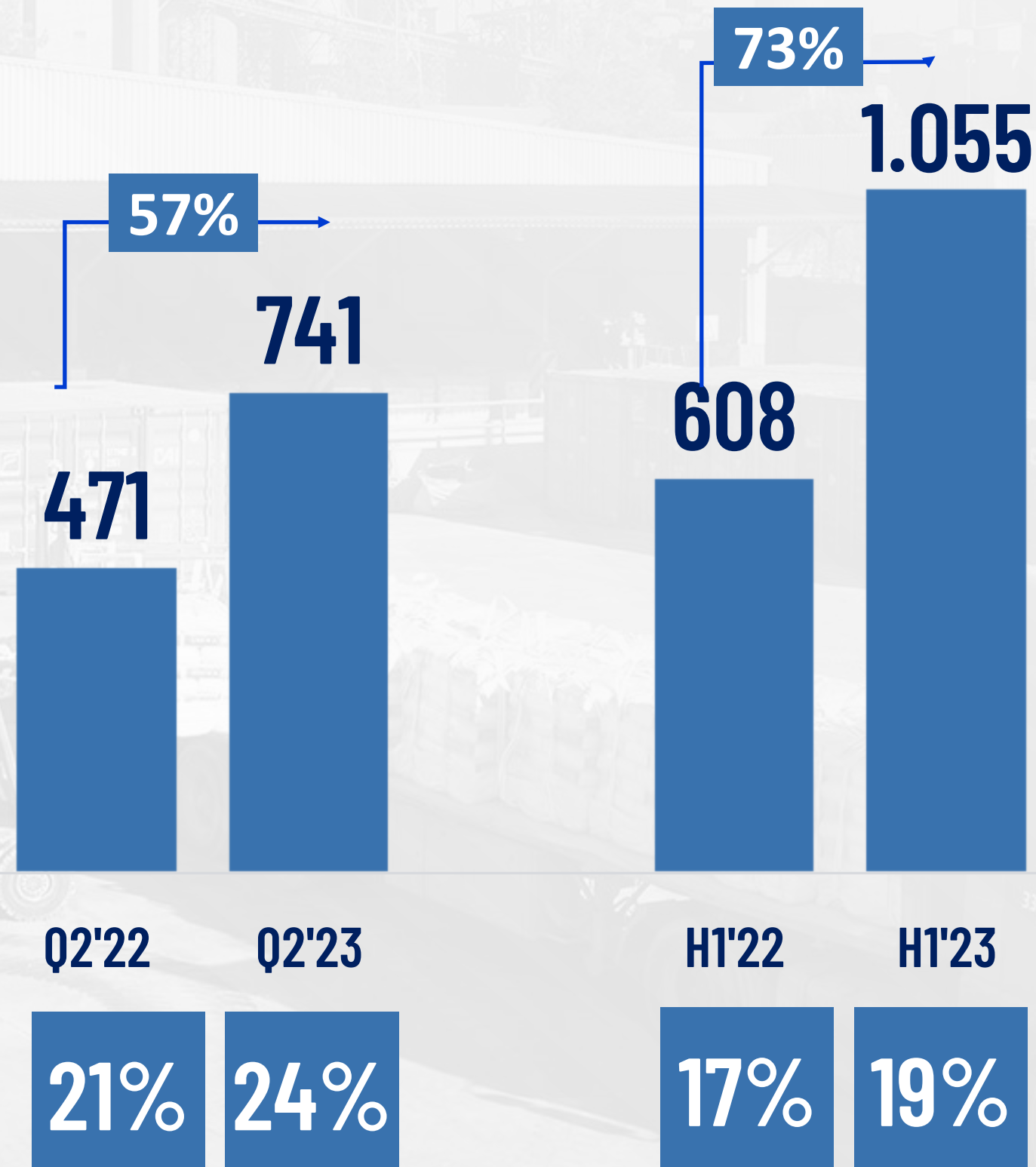
* Source : Turkish Republic Central Bank

Çimsa Historical Highest Ebitda & Net Income In H1 2023

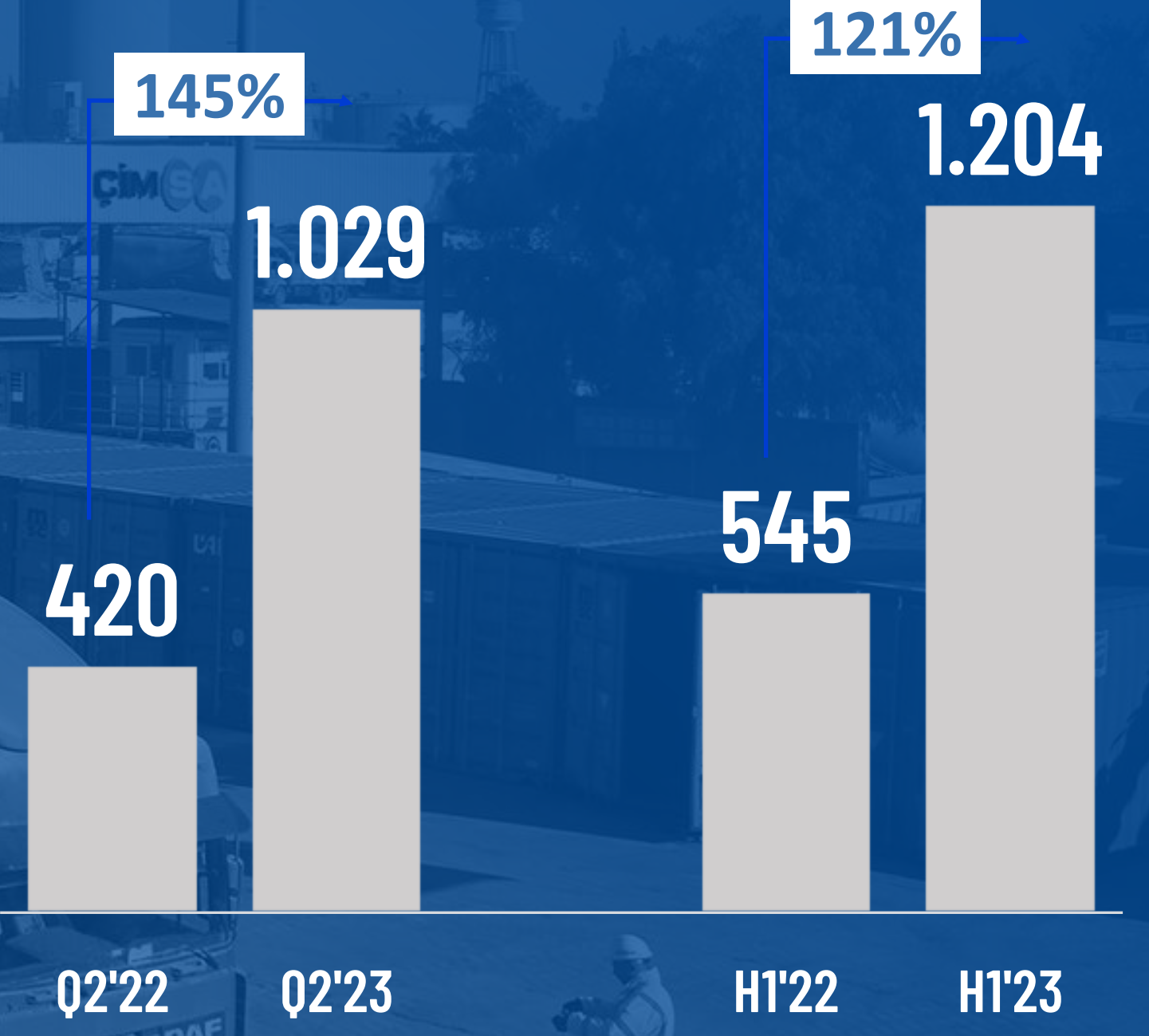
NET SALES (MTL)



EBITDA (MTL)



NET INCOME (MTL)*



* Equity Holders, Excluding one off items

Strong Cash Management With Significant Deleveraging

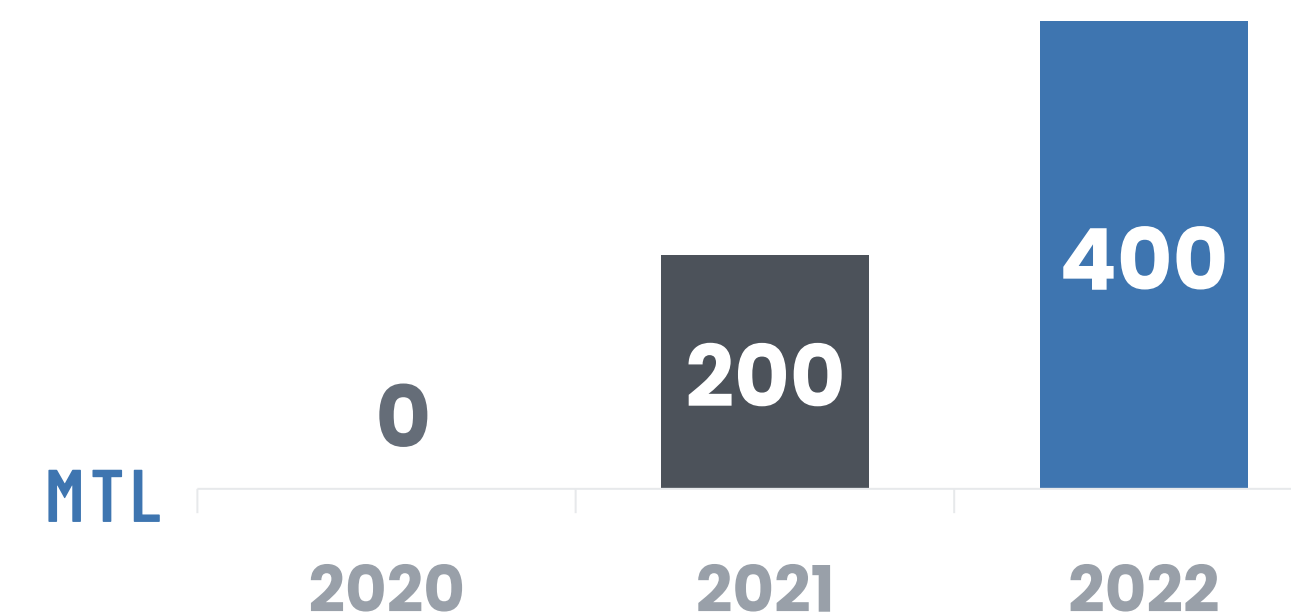
Net Debt/EBITDA ▶ **0,7X**

NWC/SALES* ▶ **15%**

13 month average NWC/ LTM Sales

- ✓ Optimization of production to manage inventory levels
- ✓ Strict overdue receivable management
- ✓ Payment term negotiations with suppliers

- ✓ Increasing Dividend Focus



APPENDIX: 2023 Q2

Market & Operations

March 2023

Source: TÜİK, Turkish Cement Manufacturers' Association.

Turkey's GDP growth realized 5,6% growth in 2022.



Decrease in Turkey domestic cement consumption is recorded 7,0% in 2022.



Source: TÜİK, Turkish Cement Manufacturer Association

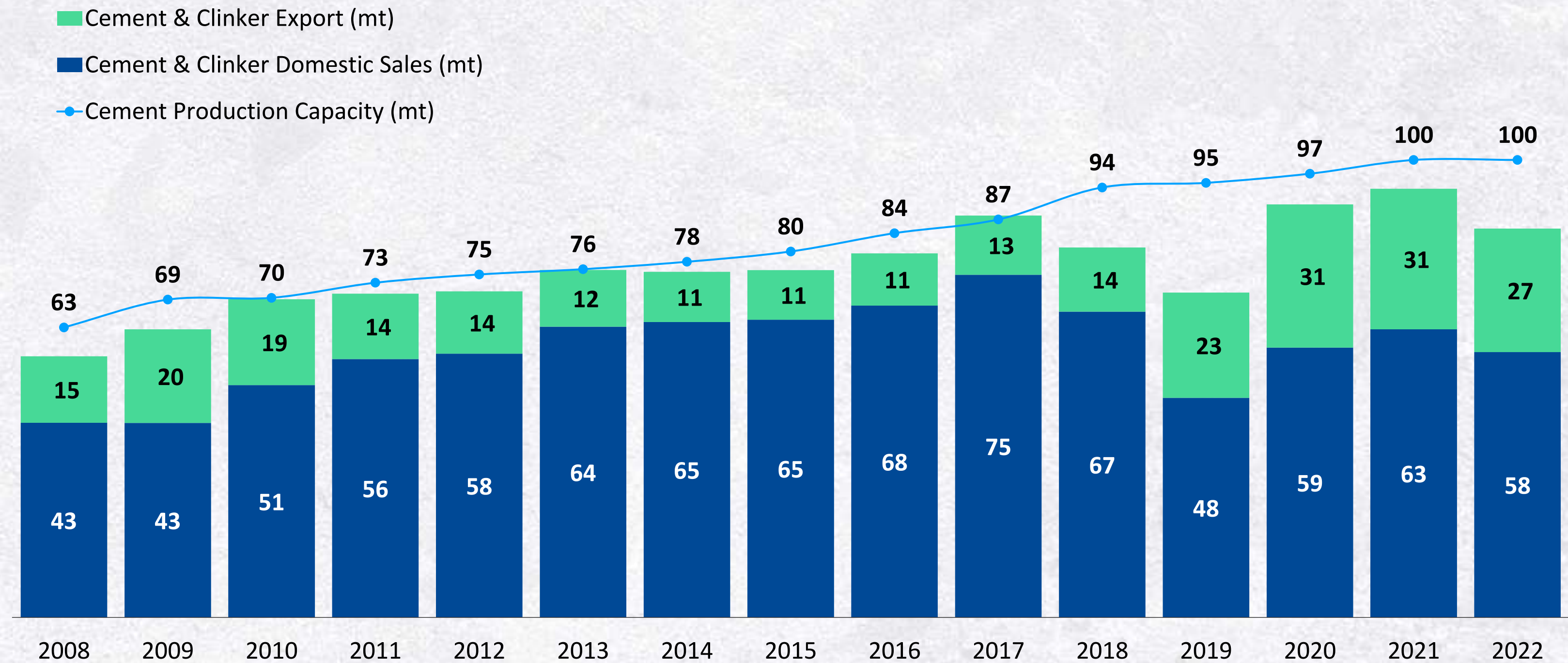


TURKISH CEMENT MARKET



Source: Turkish Cement Manufacturers' Association, Turkish Exporters Assembly, Turkcimento

Turkey is the biggest cement producer in Europe, with high capacity utilization rates.
Turkey has also 2nd place in World cement export.



TURKISH CEMENT MARKET



100 Mt

Turkey's total cement production capacity is 100 Mt in 2022.



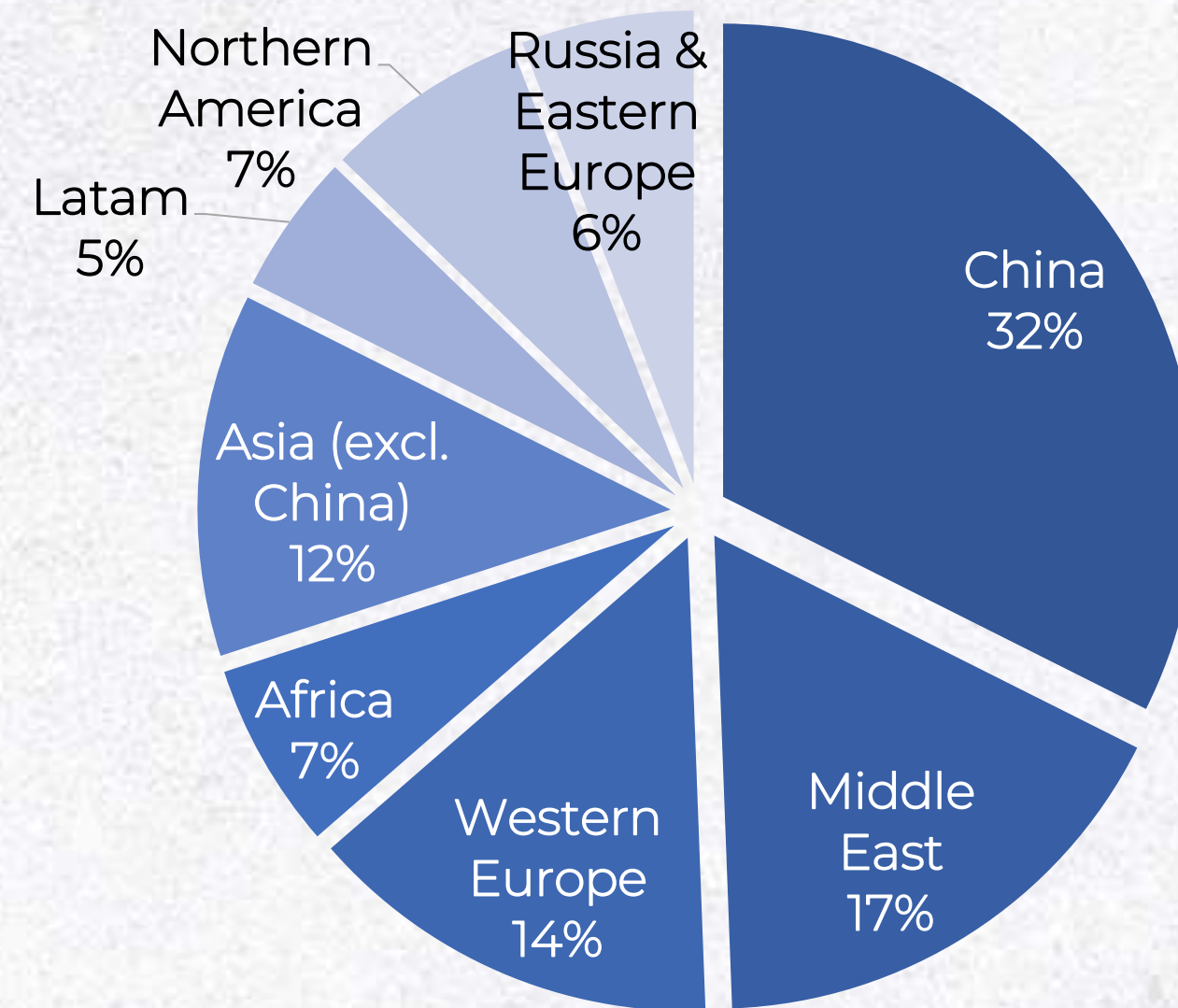
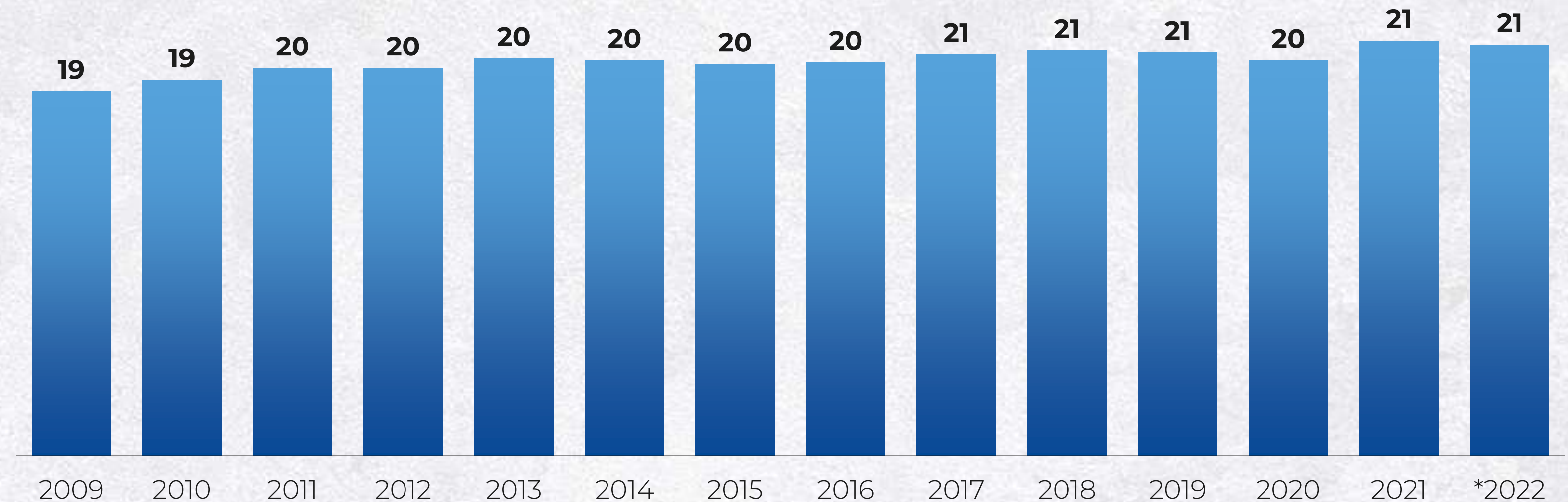
85 Mt

Total Domestic Sales and Export in 2022.



Source : Turkish Cement Manufactureres Association, Turkish Exporters Assembly

Global white cement demand is forecasted to be around 21 mt in 2021 & 2022

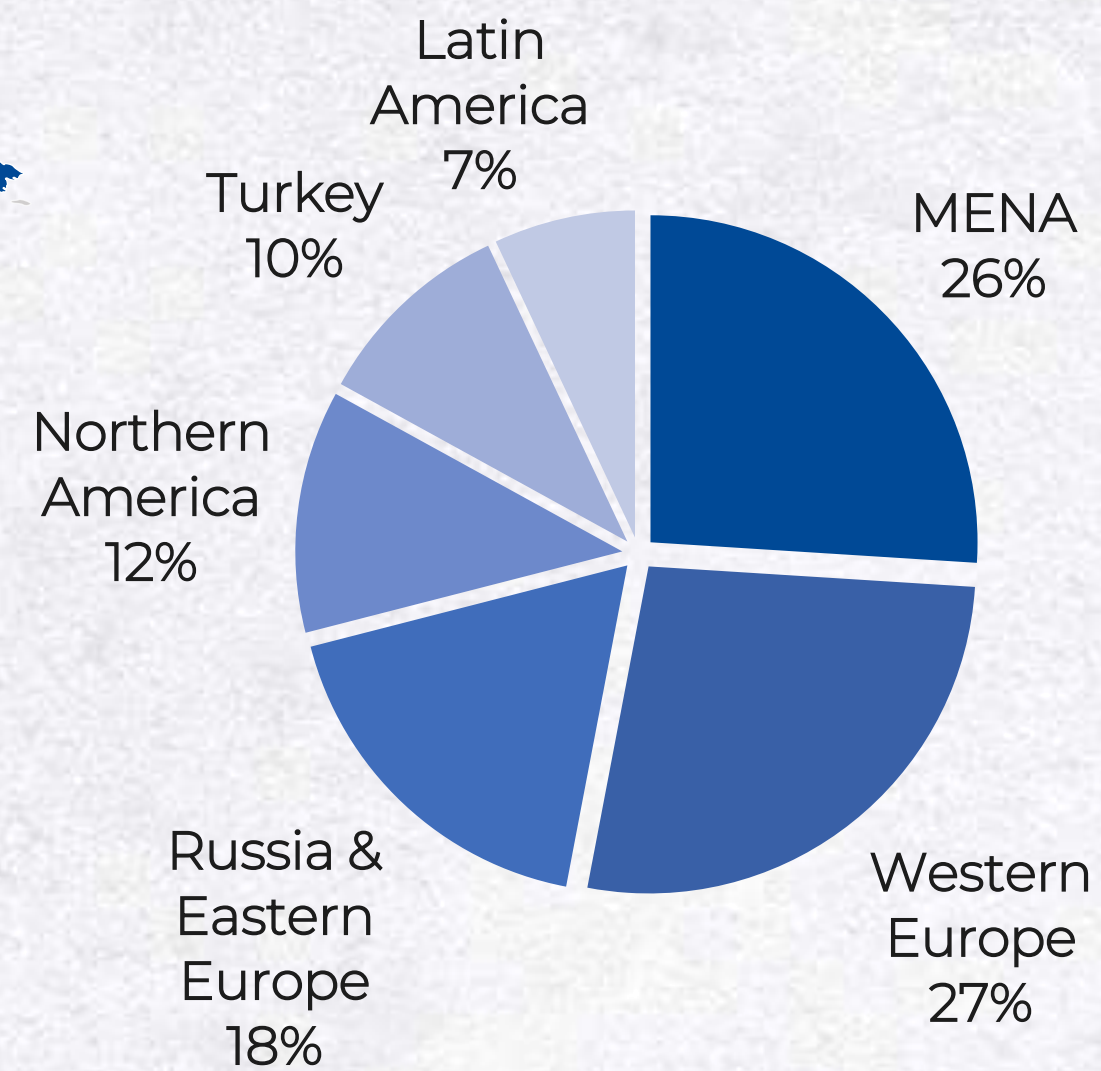


- Global white cement production capacity reached to **33,9 Mt CC**, while global white cement consumption is **20,9 Mt**.
- **China** and **Middle East** regions have the highest white cement consumption.
- Turkey has **10% share** in global white cement production capacity.



GLOBAL WHITE CEMENT MARKET

MARKET POSITIONING



Çimsa's market share in global white cement market improved from 5,3% to 7,2% in last decade.

Çimsa's white cement sales network expands to over 70 countries through strategically located terminals and long-term distributors.

ÇİMSA WHITE
MARKET
POSITIONING

3 INTEGRATED PLANTS IN MERSİN, ESKİŞEHİR, AFYON



3.6 Mt GREY
Clinker Capacity

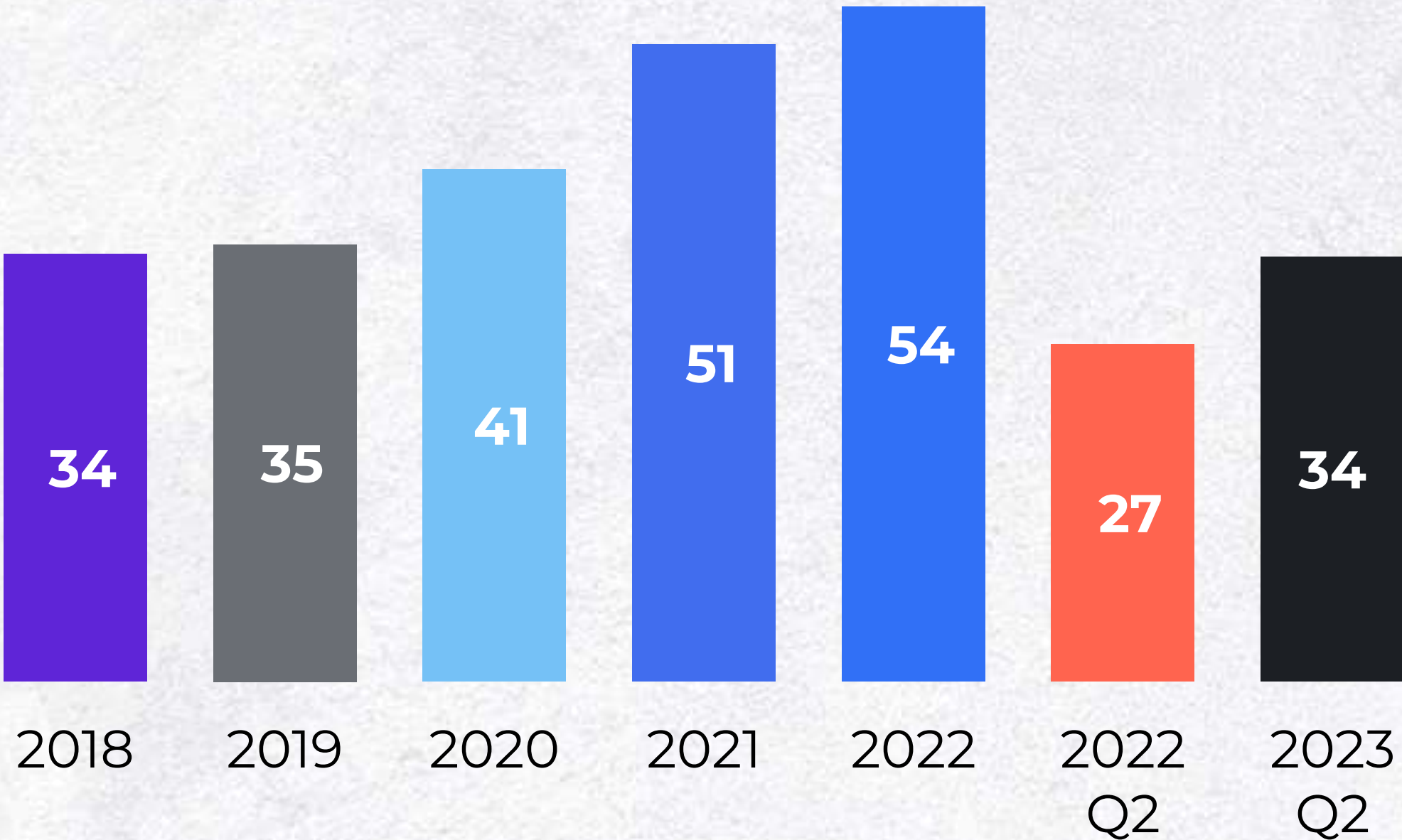
1.7 Mt WHITE
Clinker Capacity

ÇİMSA GREY
SOLID NETWORK

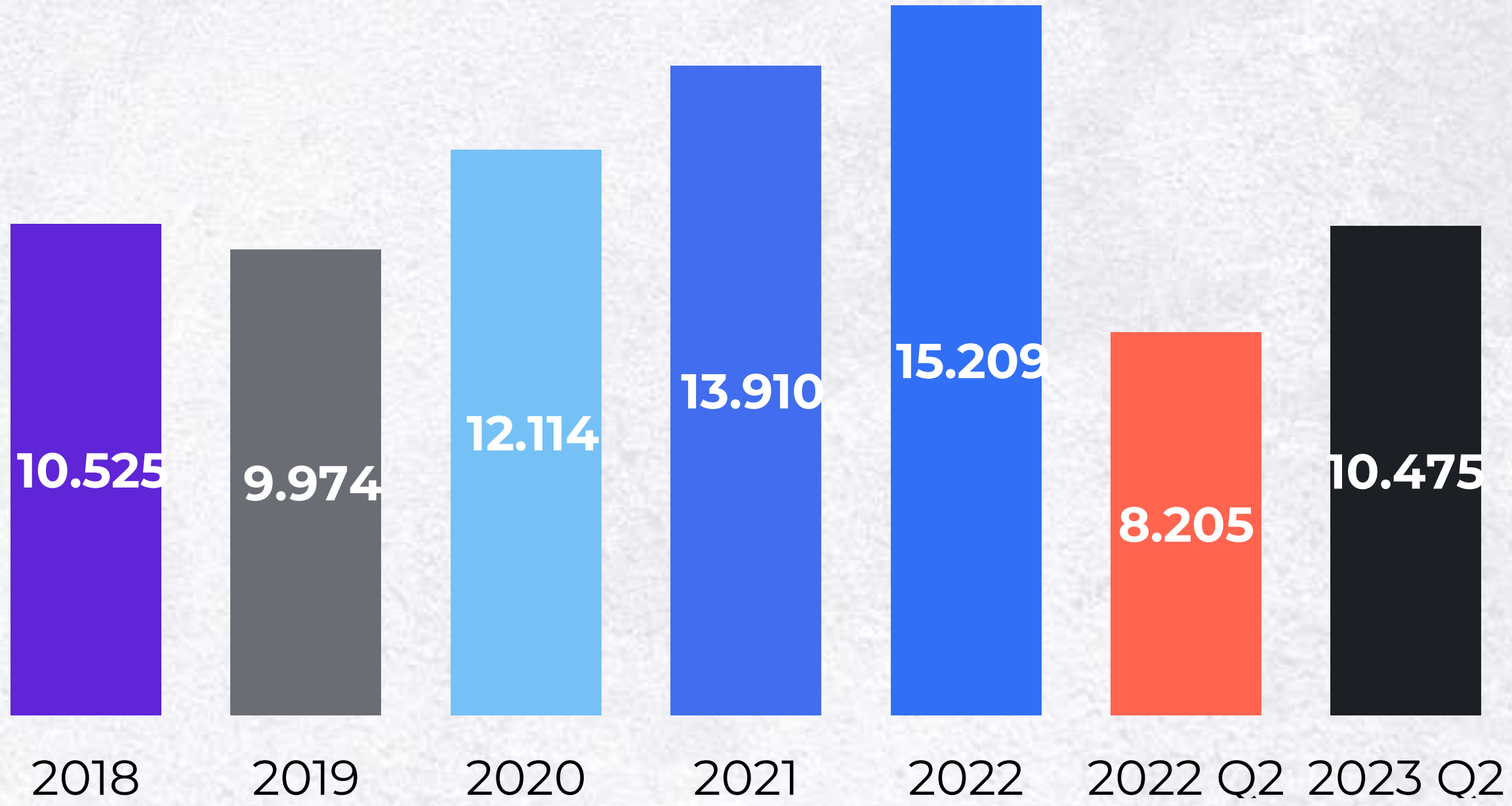
SPECIAL PRODUCTS

Calcium Alimunate Cement

CAC Sales (Kton)

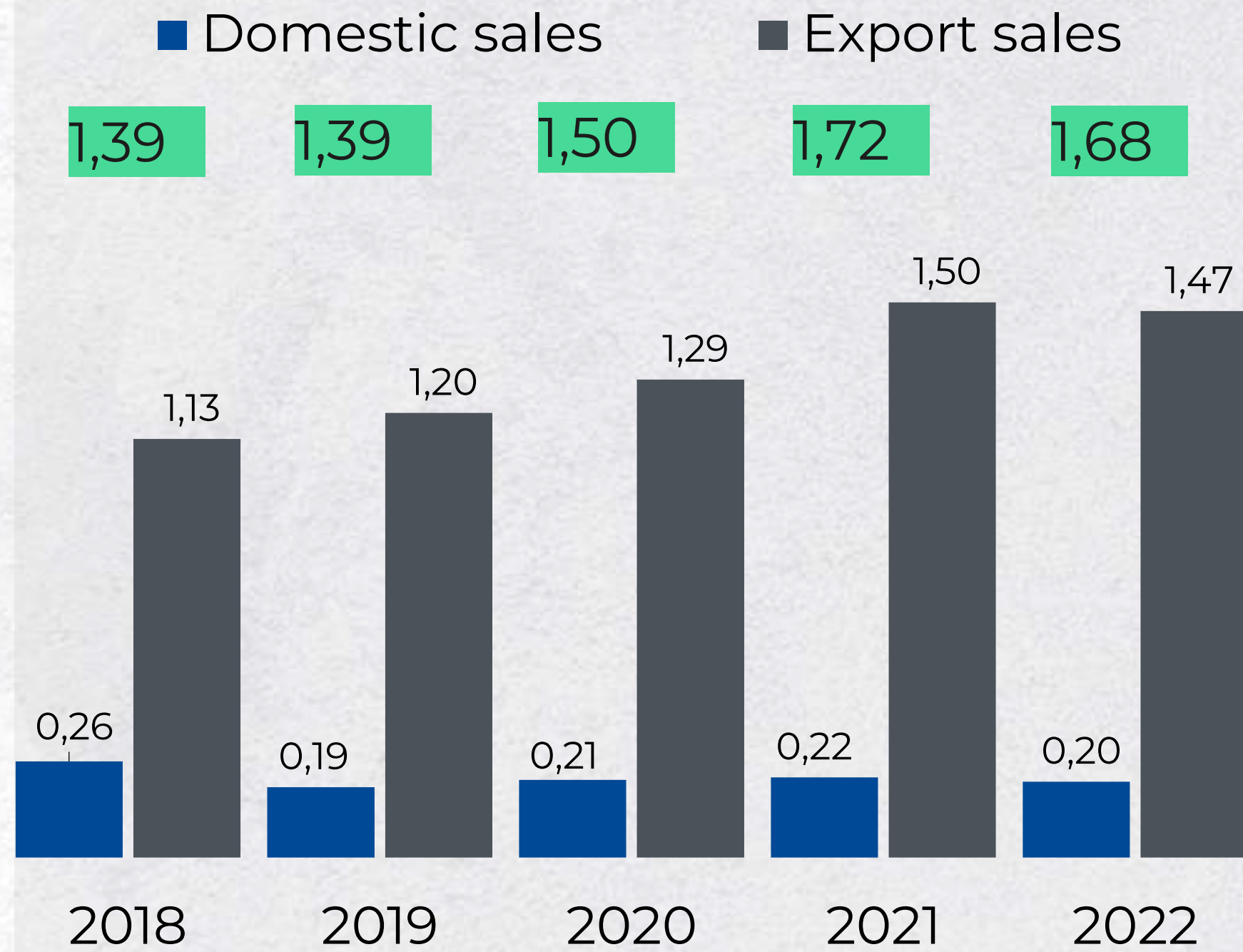


CAC Sales (KUSD)



OPERATIONAL RESULTS*

White Cement & Clinker Sales Volumes (M ton)

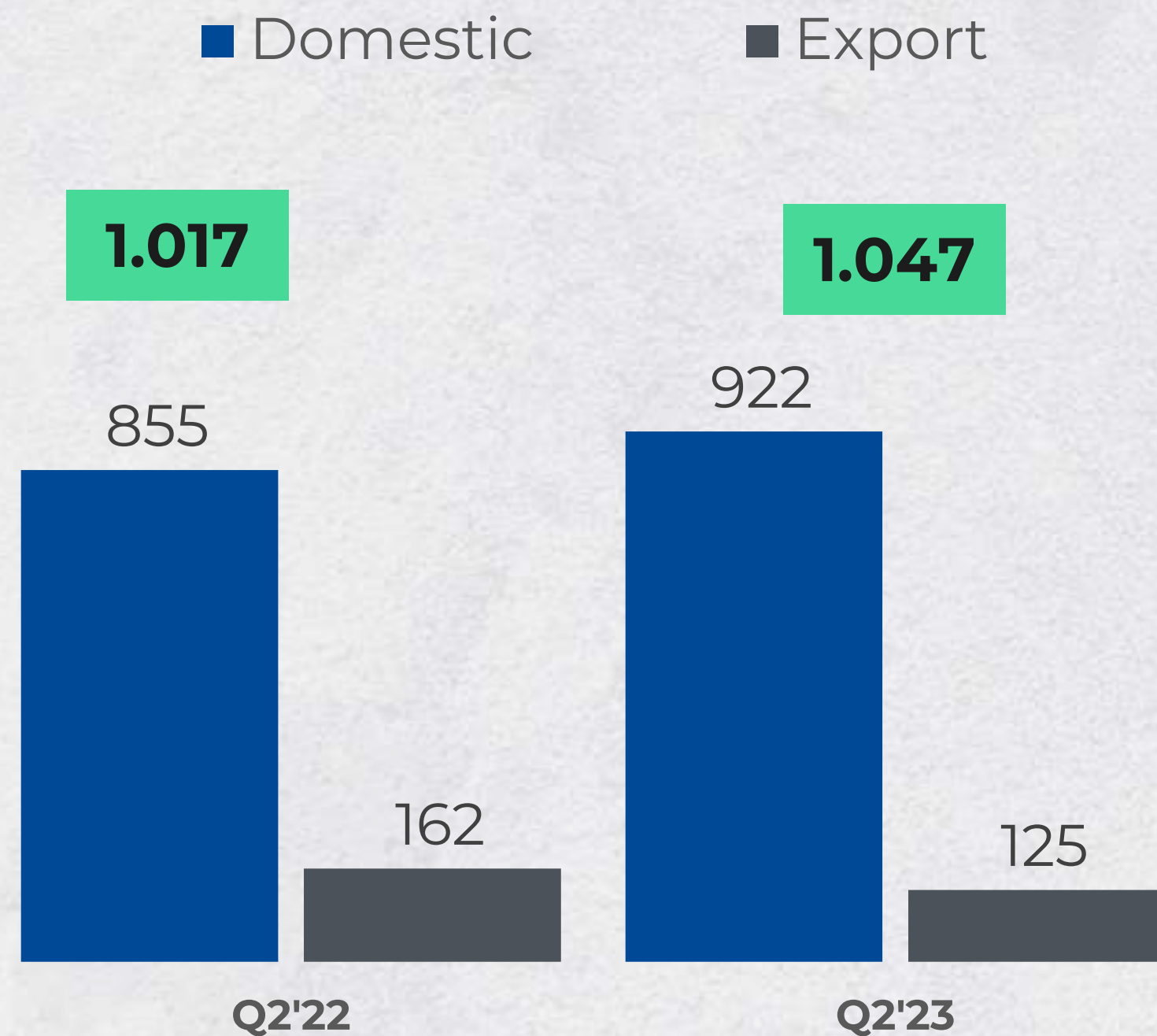


Grey Cement & Clinker Sales Volumes (M ton)

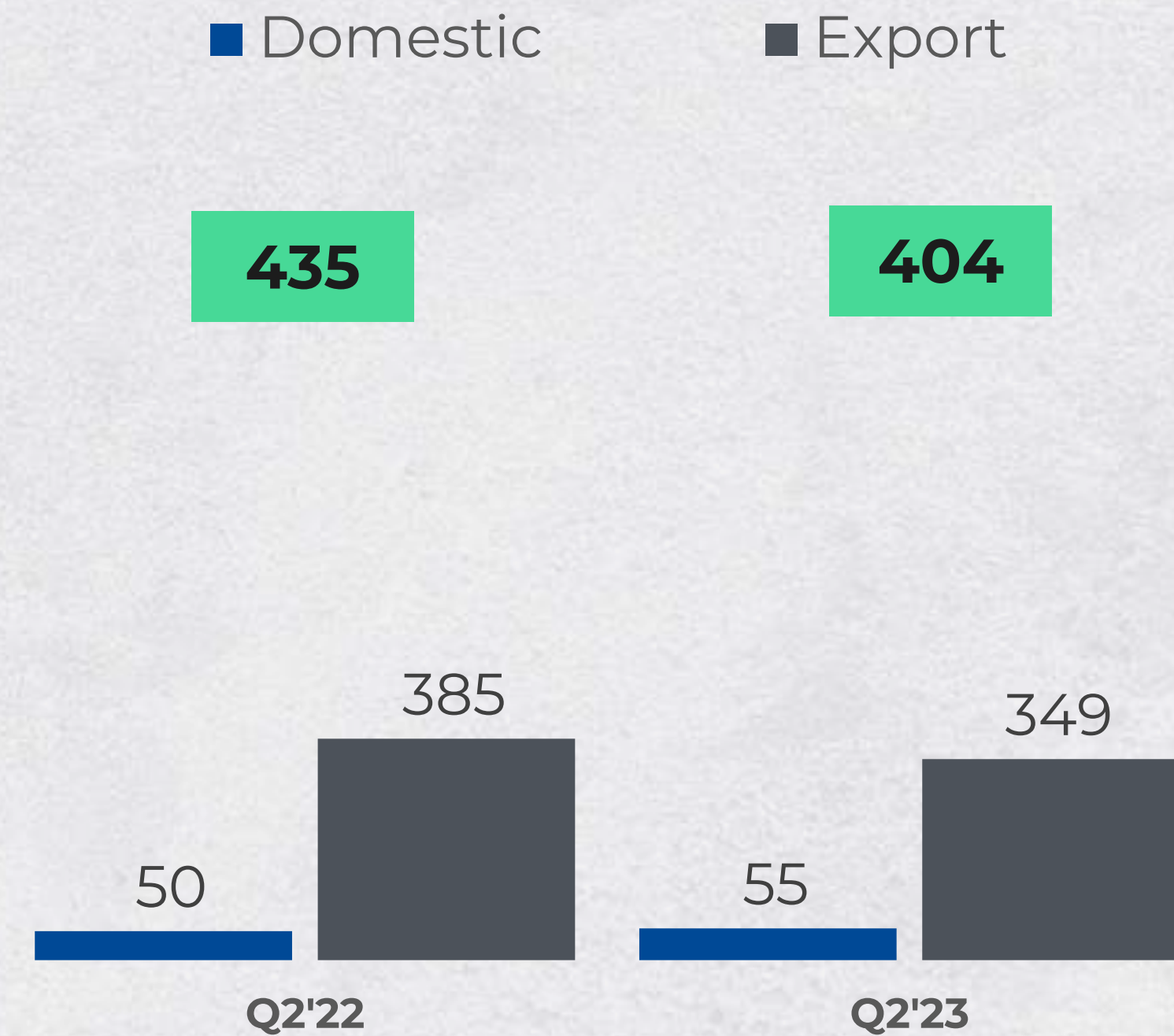


OPERATIONAL RESULTS* – Quarterly

Grey Cement & Clinker Sales Volumes (K ton)



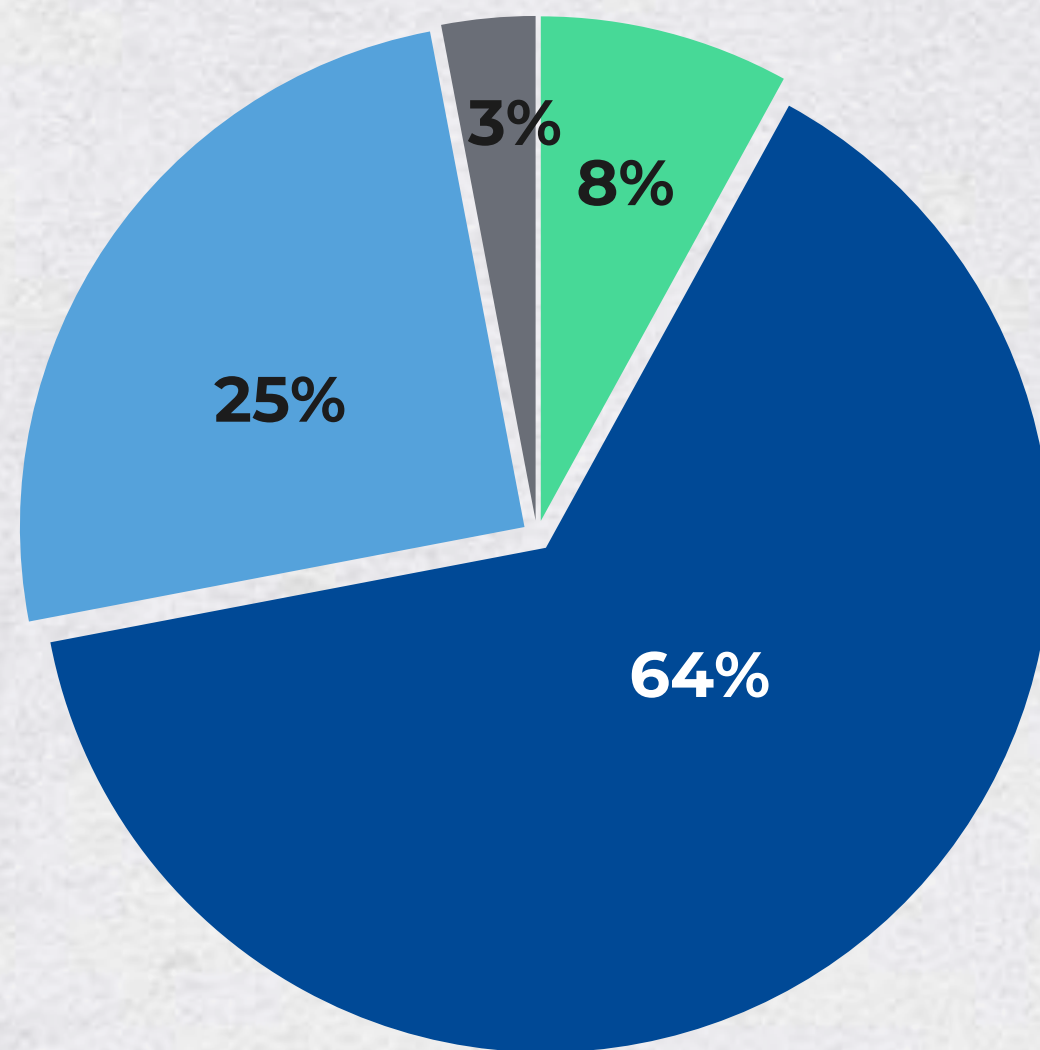
White Cement & Clinker Sales Volumes (K ton)



Note: The Sale of Kayseri-Niğde plants is completed as of July 2022; but volume impact of those plants is excluded from figures for comparison purposes.

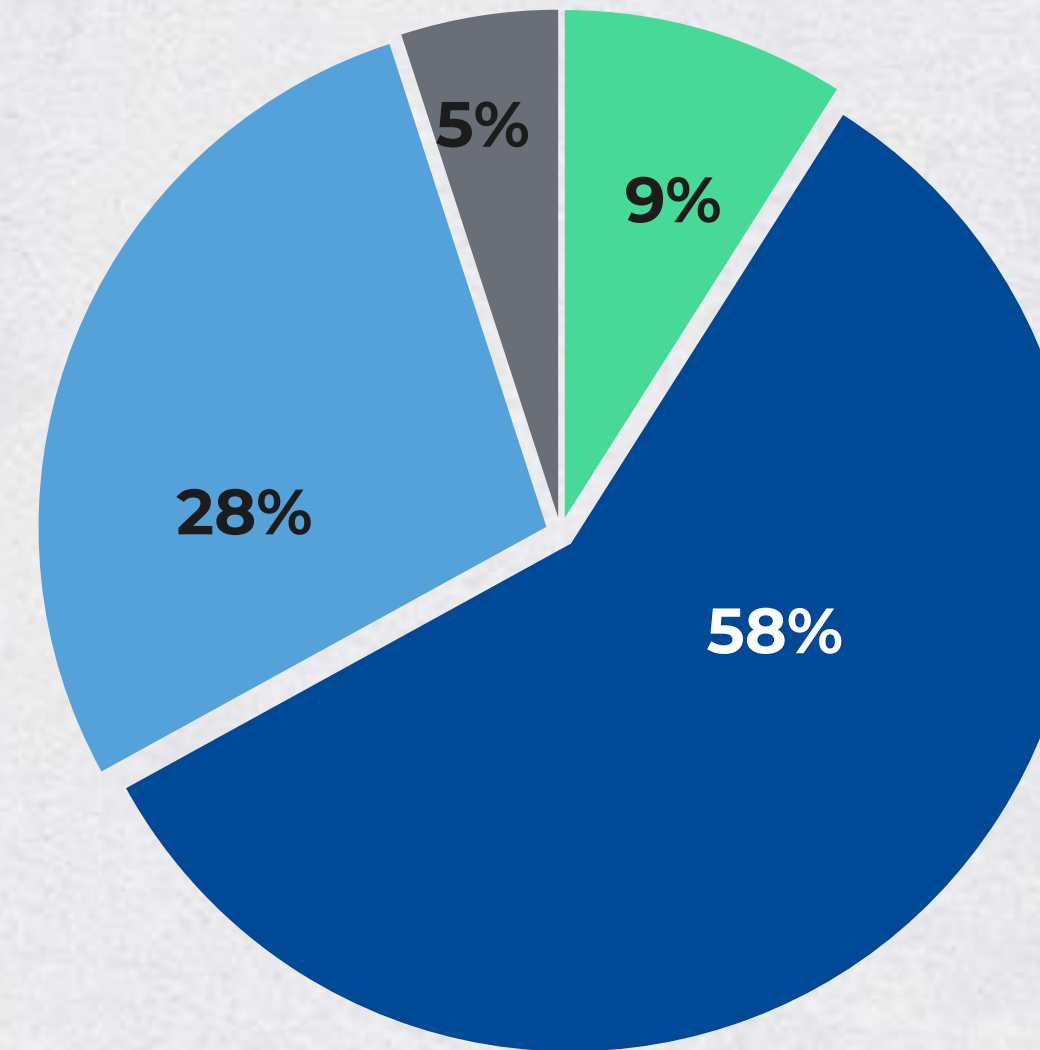
ÇİMSA GREY CLINKER VARIABLE COST STRUCTURE

2022 Q2



Raw Material Fuel Electricity Other

2023 Q2



Raw Material Fuel Electricity Other

BALANCE SHEET

MTL	2023 H1	2022 YE	MTL	2023 H1	2022 YE
Current Assets	6.752	5.938	Current Liabilities	4.506	4.990
Cash and cash equivalents	1.910	1.603	Borrowings*	2.691	2.796
Trade receivables	2.546	1.869	Trade payables	1.185	1.829
Other receivables	1	1	Derivative financial liabilities	0	0
Derivative financial instruments	89	0	Deferred income	65	32
Inventories	1.285	1.126	Current income tax liability	37	2
Financial investments	722	0	Other current liabilities	528	332
Other current assets	199	1.339	Non Current Liabilities	1.661	500
Non Current Assets	7.159	5.661	Long-term borrowings *	1.184	52
Investments accounted under equity method	3.325	2.426	Other non-current liabilities	477	448
Property, plant and equipment	2.329	1.760	TOTAL LIABILITIES	6.166	5.490
Intangible assets	244	172	EQUITY	7.745	6.109
Prepaid expenses	117	343	TOTAL LIABILITIES & EQUITY	13.912	11.599
Deferred tax assets	1.087	921			
Other non-current assets	57	40			
TOTAL ASSETS	13.912	11.599			

Borrowing including IFRS16*

INCOME STATEMENT

Income Statement (MTL)

Sales
Cost of sales (-)
GROSS PROFIT
General and administrative expense (-)
Marketing, selling and distribution expense (-)
Research and development expense (-)
Other operating income
Other operating expenses (-)
OPERATING PROFIT
Income from investment activities
Profit/(loss) from investments accounted by equity method
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE
Financial income
Financial expenses (-)
PROFIT BEFORE TAXATION
Tax income / (expense) from continuing operations
- Current period tax expense
- Deferred tax income / (expense)
NET PROFIT from continued operations
NET PROFIT from discontinued operations
NET PROFIT
Profit/loss for the period attributable to
- Non-controlling interests
- Equity holders of the parent
Earnings per share
Earnings per share from continuing operations

2023 H1			
2023 H1	2022 H1	Q2 2023	Q2 2022
5.412	3.595	3.049	2.240
-4.171	-2.912	-2.232	-1.733
1.242	683	818	507
-256	-131	-119	-64
-14	-6	-6	-3
-4	-4	1	-2
640	361	570	222
-295	-215	-257	-125
1.313	688	1.006	534
228	13	218	6
192	179	168	107
1.733	880	1.392	647
175	13	114	8
-506	-168	-342	-70
1.402	725	1.164	586
-14	307	-81	315
-153	-59	-153	-59
139	366	72	374
1.388	1.032	1.083	901
0	0	0	0
1.388	1.032	1.083	901
130	49	76	42
1.259	983	1.007	858
9,32	7,27	7,45	6,35

CASH FLOW

MTL	2023 Q2	2022 YE
A. CASH FLOWS FROM OPERATING ACTIVITIES	350	152
Profit before taxation	1.402	725
Adjustments to reconcile net profit/loss for the period	316	23
Changes in working capital	(1.177)	(582)
Cash flows from operations	540	166
Payments related to employee benefits, seniority and vacation	(74)	(14)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(485)	(251)
Cash out flow related to purchases of tangible assets	(410)	(444)
Proceeds related to sales of tangible and intangible assets		14
Cash out flow related to purchases of intangible assets	(75)	(1)
C. CASH FLOWS FROM FINANCING ACTIVITIES	521	460
Proceeds from borrowings	2.452	1.783
Repayment of borrowings	(1.752)	(1.059)
Interest paid	345	-
Interest income	(260)	(68)
Cash inflow/(outflow) from other financing expenses	(175)	13
Dividend paid	(439)	(209)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	386	362
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1.598	258
Currency translation differences (net)	(73)	25
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1.910	644

APPENDIX: SUSTAINABILITY

March 2023

OVERVIEW OF ÇİMSA'S SUSTAINABILITY ROADMAP & TARGETS

The main targets included in Çimsa's agenda within the scope of Sabancı Holding's sustainability roadmap are given below:

Reaching zero work accident with international standards in Occupational Health and Safety practices

01

Being Net Zero Emissions and Zero Waste by 2050

02

Reviewing our processes with a circular economy perspective and increase the use of alternative fuels/raw materials

03

Developing sustainable products, services and business models by using technology, R&D and innovation power

04

The Future of Work: Presenting development opportunities and experiences

05

Being a sector leader in equality, diversity and inclusion

06

Realizing measurable and high-impact social projects

07

Adopting an effective sustainability governance model

08



SCIENCE BASED TARGETS



COMMIT ✓

Submit a letter establishing your intent to set a science-based target

- On March 30 2023, a commitment was made to set a near-term reduction target for carbon emissions in accordance with climate science.



DEVELOP ⌚

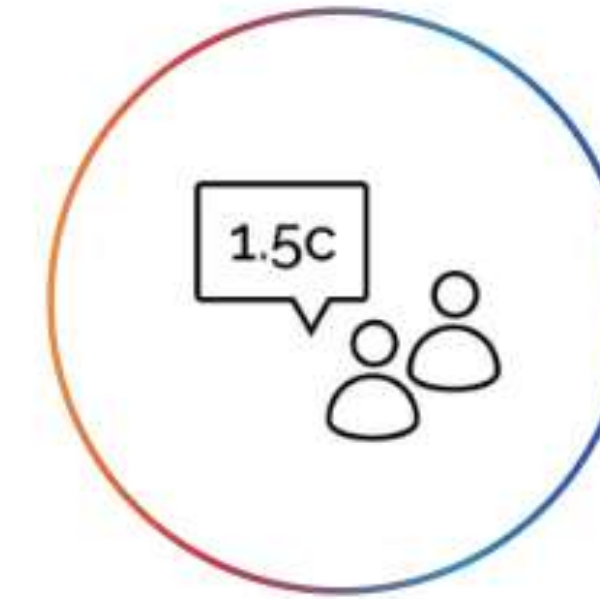
Work on an emissions reduction target in line with the SBTi's criteria

- Goal development and validation processes during Q2-Q4
- Time to deliver target after commitment: 24 months
 - *Teams: Technical Team, Environment and Sustainability*



SUBMIT

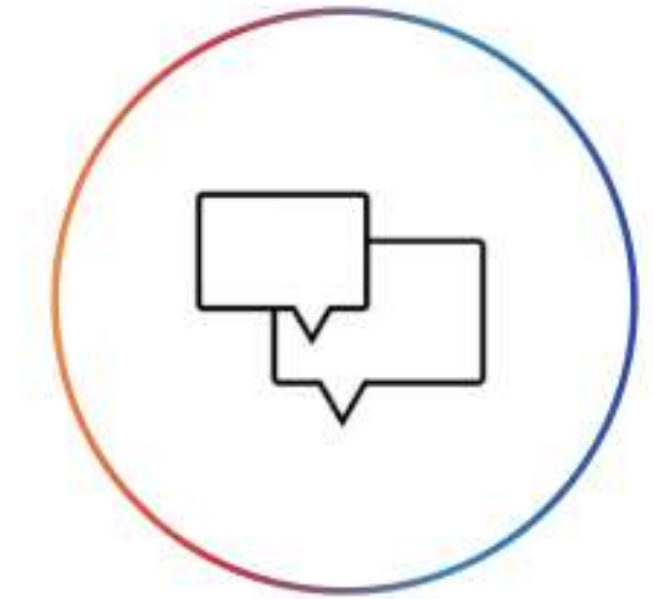
Present your target to the SBTi for official validation



COMMUNICATE

Announce your target and inform your stakeholders

- Target communication studies after SBTi approval



DISCLOSE

Report company-wide emissions and progress against targets on an annual basis

- Annual emission reporting

THANK YOU

March 2023

Our 2030 Sustainability Targets	Climate Crisis and Sustainable Business Models	Society and Human Focus	Governance and Digitalization
<p>We create sustainable stakeholder value through low-carbon economy-supporting products for the development of sustainable living spaces.</p> <p>We shape today for tomorrow.</p>	<p>22% Reduction of net specific CO2 emissions on cementitious product basis</p> <hr/> <p>40% Ratio of alternative fuel</p> <hr/> <p>>%80 Consumption of renewable electric energy</p> <hr/> <p>0,30 m³/ton cement Specific water consumption</p> <hr/> <p>Ratio of sustainable product and services income to total income >50%</p>	<p>Zero Fatal Accidents</p> <hr/> <p>Zero Lost time injury frequency rate</p> <hr/> <p>Achieved through inclusion programs</p> <p>10.000 person</p> <hr/> <p>80% Employee engagement</p> <hr/> <p>30% Ratio of white collar woman employees</p>	<p>Reaching</p> <p>90 point in ESG scoring mechanics</p>