

ÇİMSA

EARNINGS PRESENTATION

Q2 2023

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Disruptive Market Environment and Uncertainty Prevailed in 1H2023



GLOBAL

- **Geopolitical challenges**
- Increasing **energy costs**
- **Supply risk**
- **Growing need for sustainable energy sources**
- **Slowdown in global growth;** in developed as well as developing countries like China.



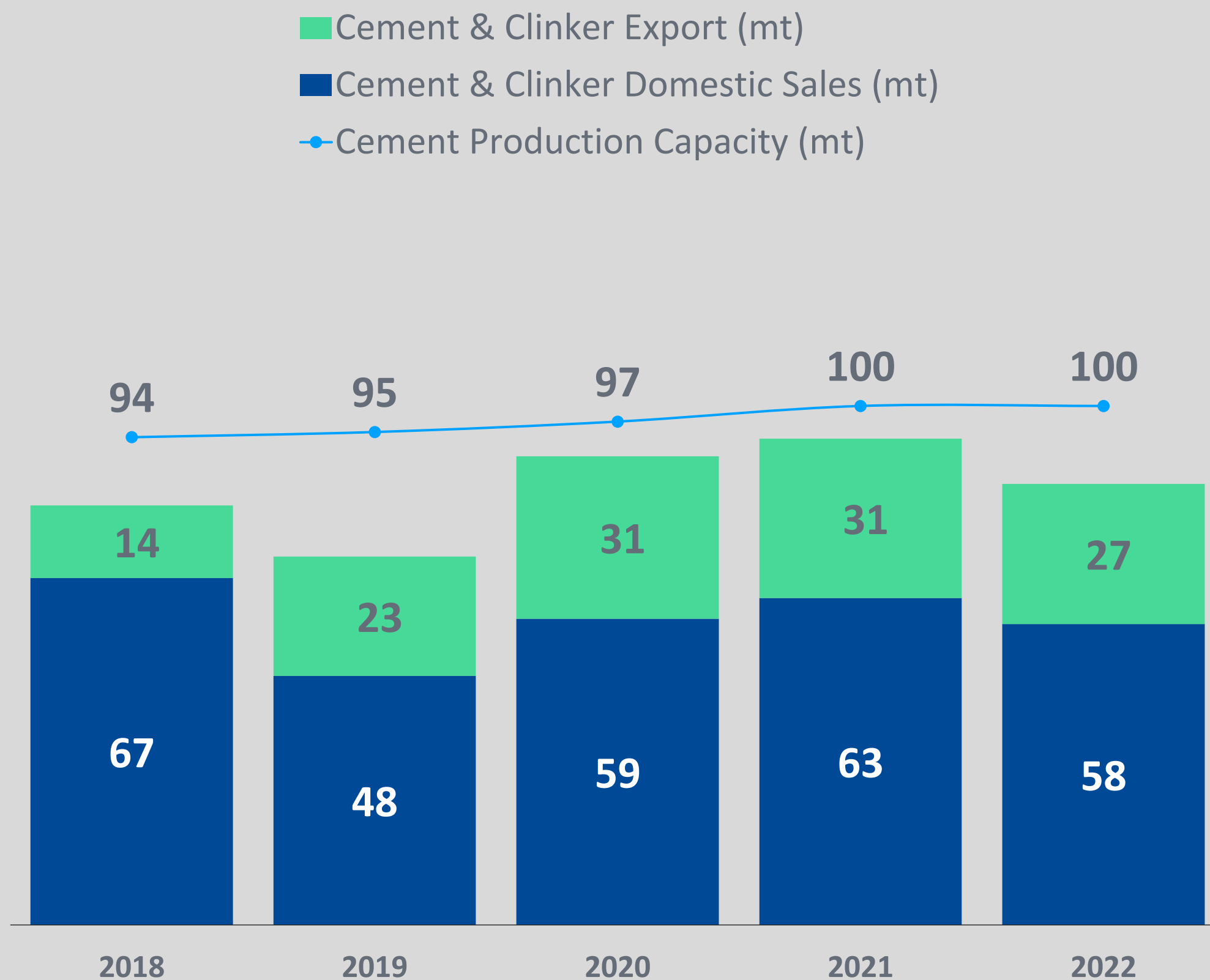
TURKEY

- **Macroeconomic dynamics**
- Social and operational impacts of the **earthquake**
- Increasing significance of **cash management**
- **Elections:** impact on monetary policy

Robust 1H2023 Results with Strategic Prioritization

- **Geographic sales mix & profit optimization in domestic and export operations**
- **Full capacity utilization at all plants**
- **Lower energy & fuel prices with optimized procurement & global dynamics**
- **Increasing alternative fuel usage**
- **Optimized working capital management**
- **Deleveraging of balance sheet**
- **Effective cash management and focus on currency risk**
- **Tax incentive**

Strong Domestic Demand Balances Declining Export Demand

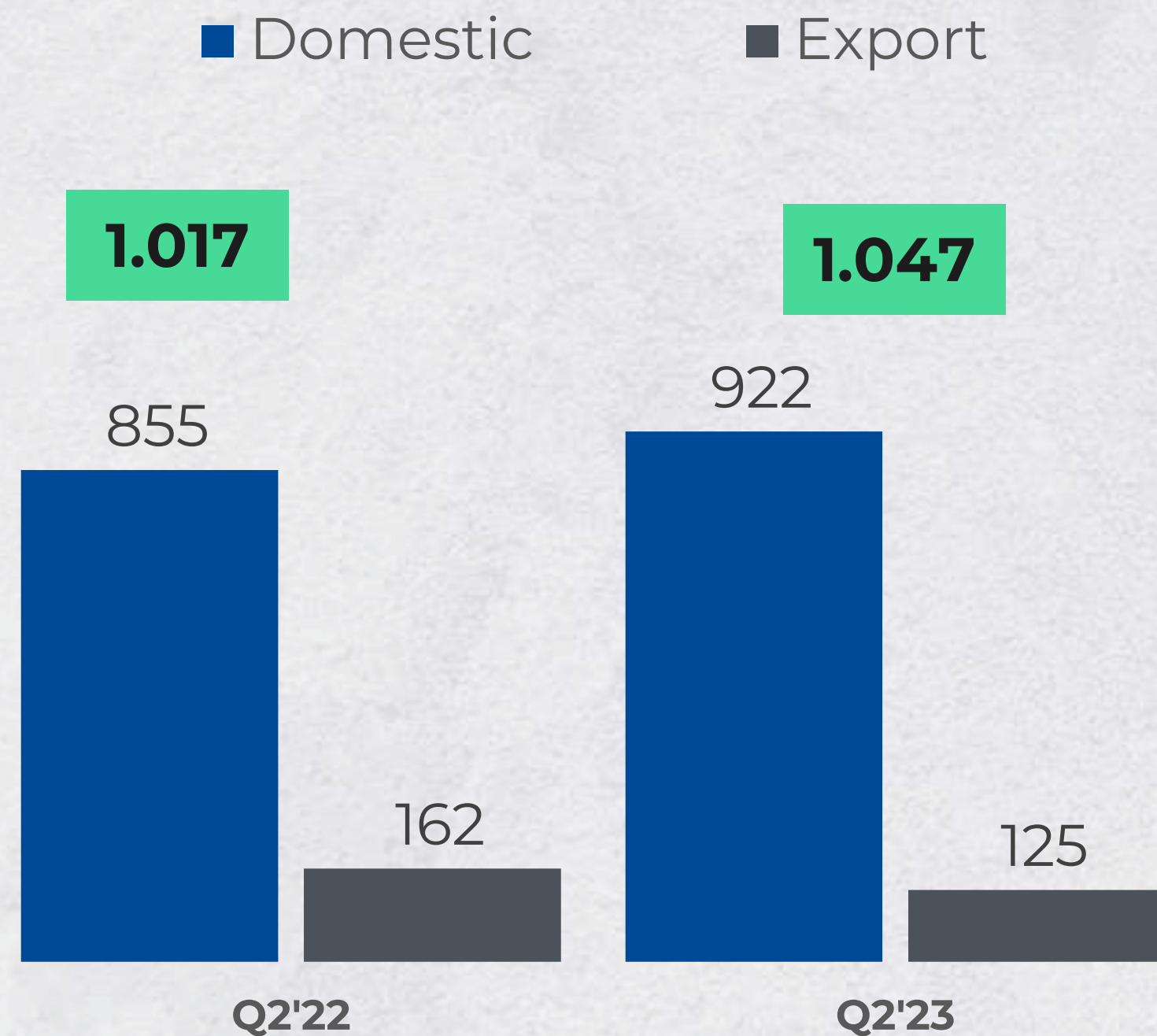


Source : Turkish Cement Manufacturers Association, Turkish Exporters Assembly

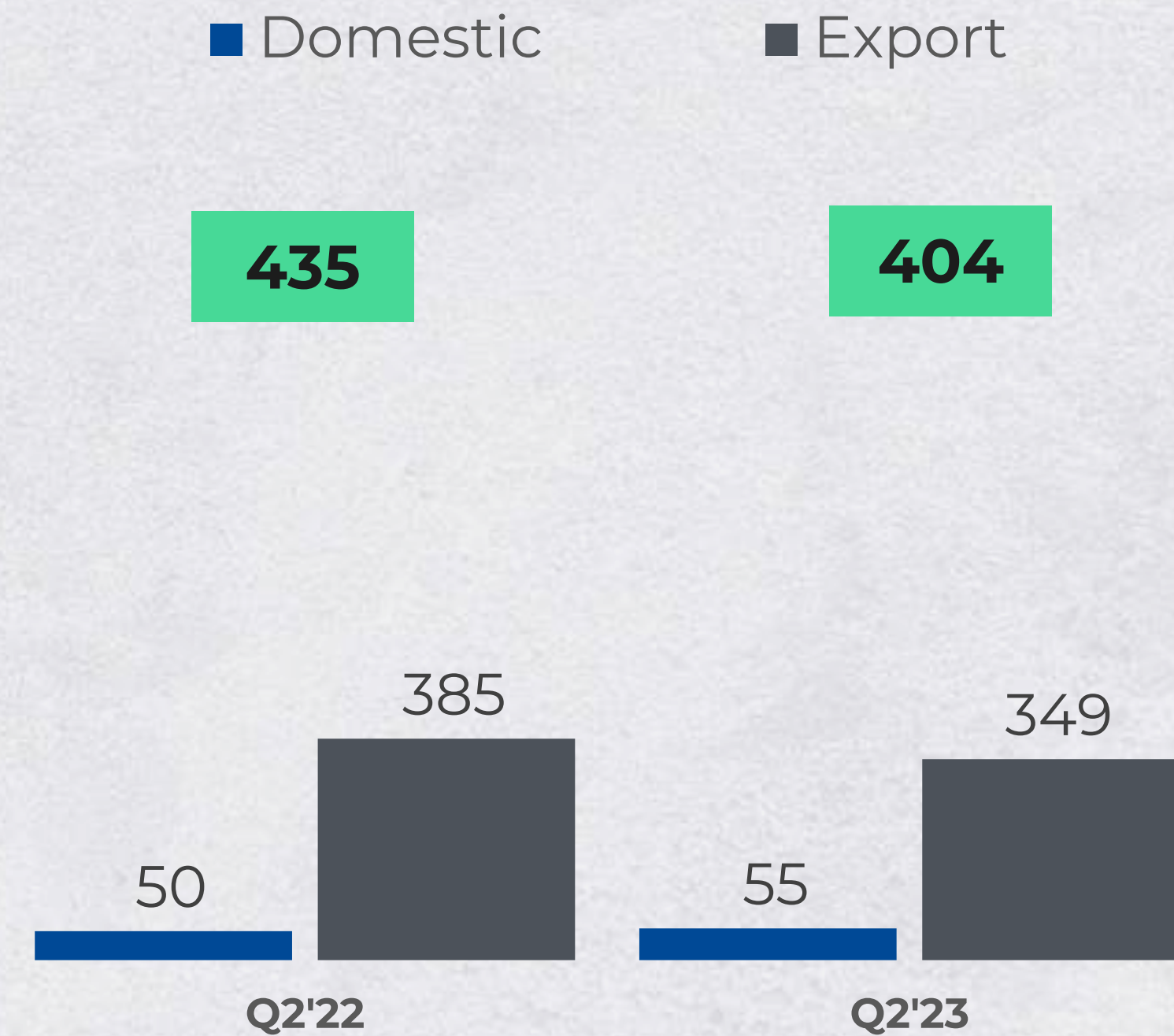
- Domestic cement consumption increased by **16,7%** May YTD, **expected to be stable in 2023**
- Increase in Çimsa regions:
 - Mediterranean: 20%
 - Central Anatolia: 30%
- Turkey's overall cement and clinker export was 10,2 mtons in 1H2023, **down by 32% (~4,8 mtons)** YoY.
- Europe and Africa are potential export markets for Turkey.

Full Capacity Utilization Continues, Sales Volume Flat YoY

Grey Cement & Clinker Sales Volumes (K ton)



White Cement & Clinker Sales Volumes (K ton)

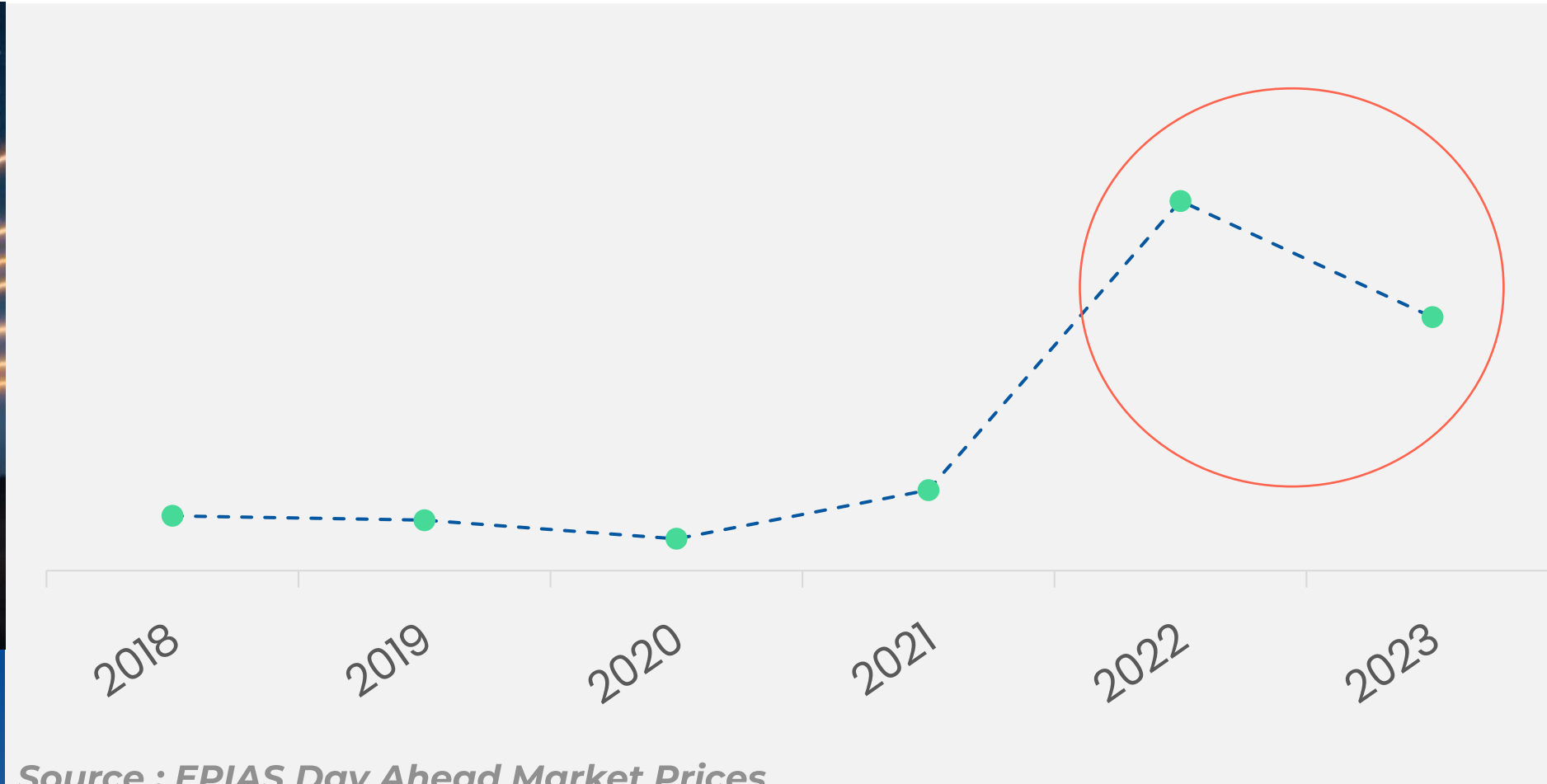


Note: The Sale of Kayseri-Niğde plants is completed as of July 2022; but volume impact of those plants is excluded from figures for comparison purposes.

Lower Energy and Fuel Prices in H1 2023 Post Record Levels in 2022



ENERGY

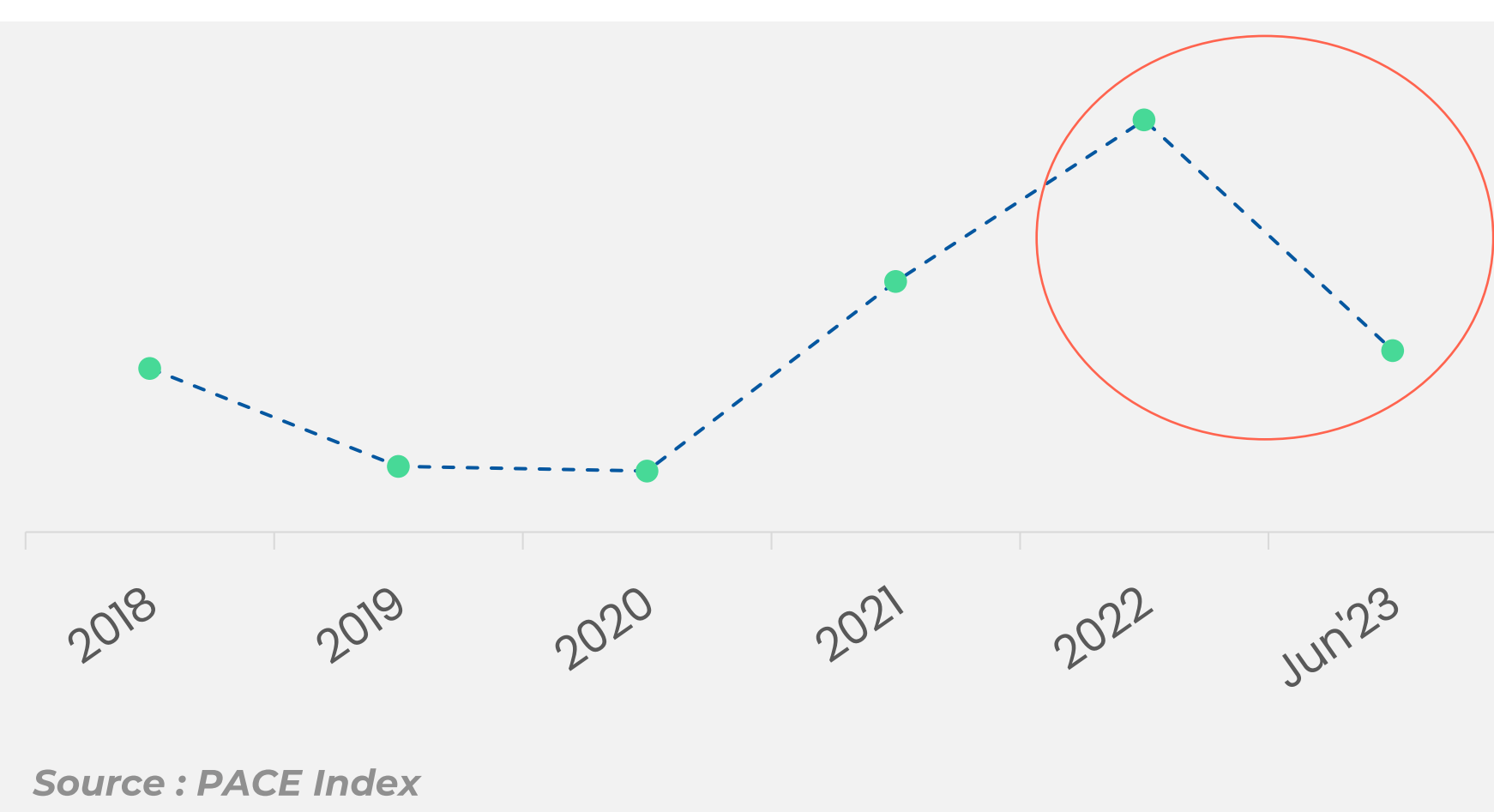


Source : EPIAS Day Ahead Market Prices

- Over 50% decline in electricity prices in 1H2023 compared to 2022-end.



FUEL

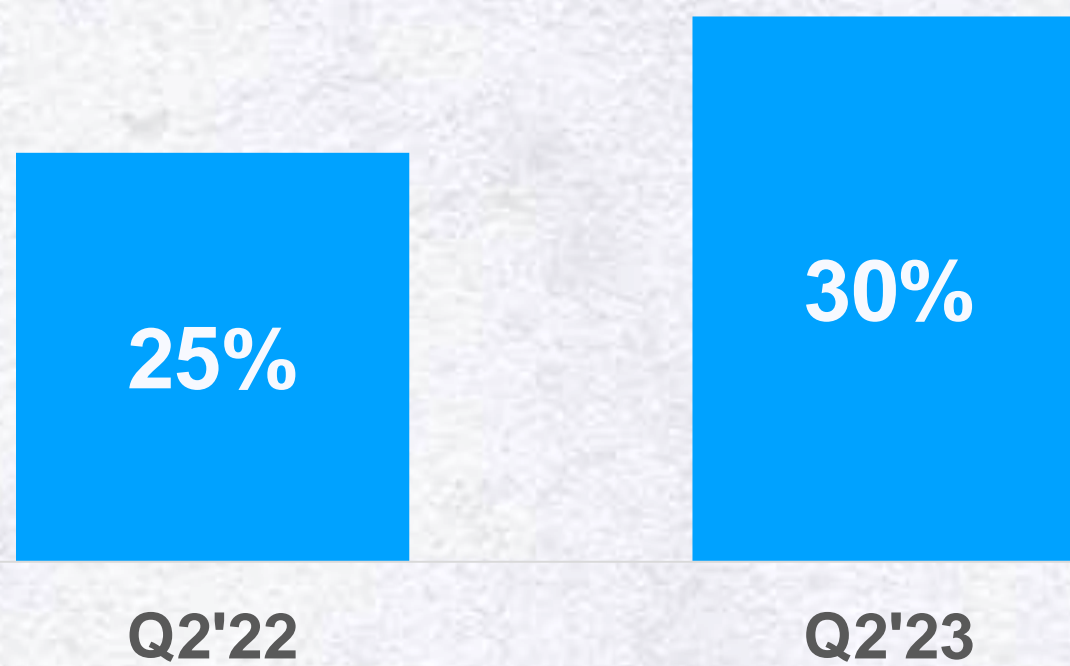


Source : PACE Index

- Petcoke prices are still higher than historical average, despite 45% decrease in 1H2023 compared to 2022-end.

Leading AF Rate and Procurement Optimization Drive EBITDA Margin Growth

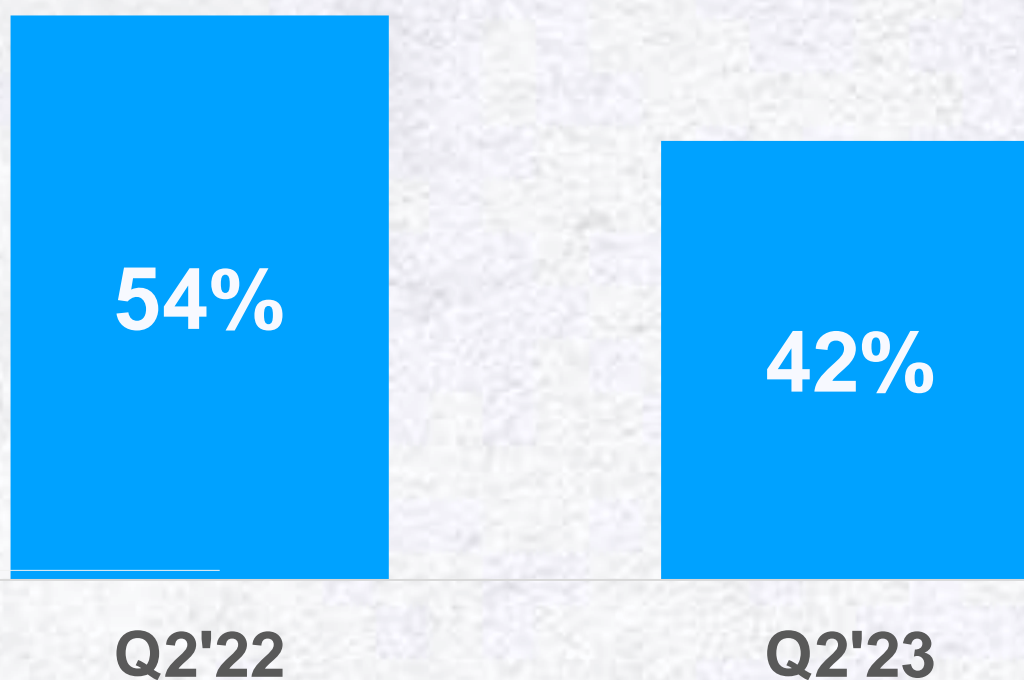
Çimsa Alternative Fuel Usage



Alternative fuel usage reached 30% in Q2, 5pp higher YoY

- Turkey average : 10%
- Global peers: 25%

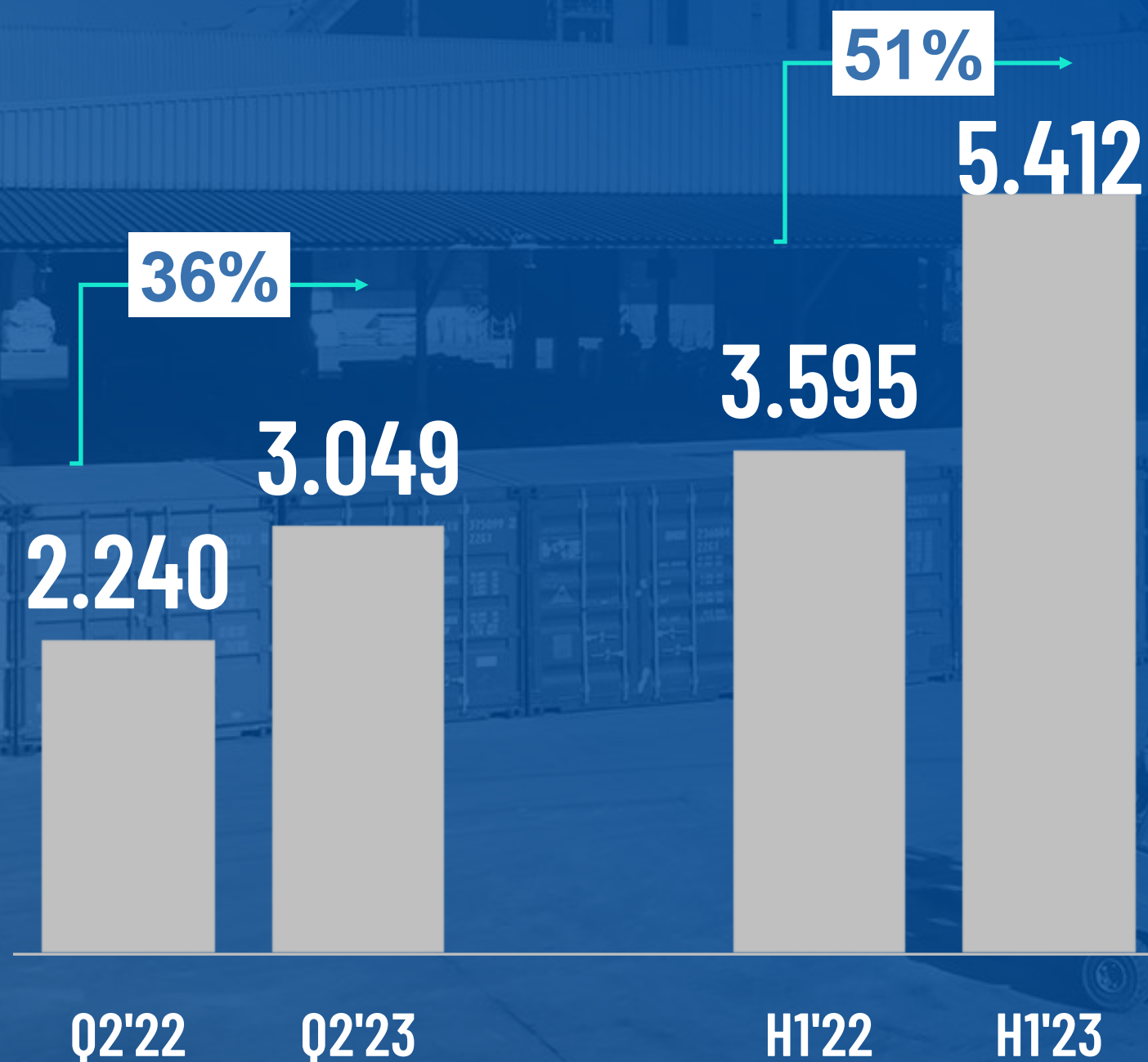
Fuel & Energy (% of Total Cost)



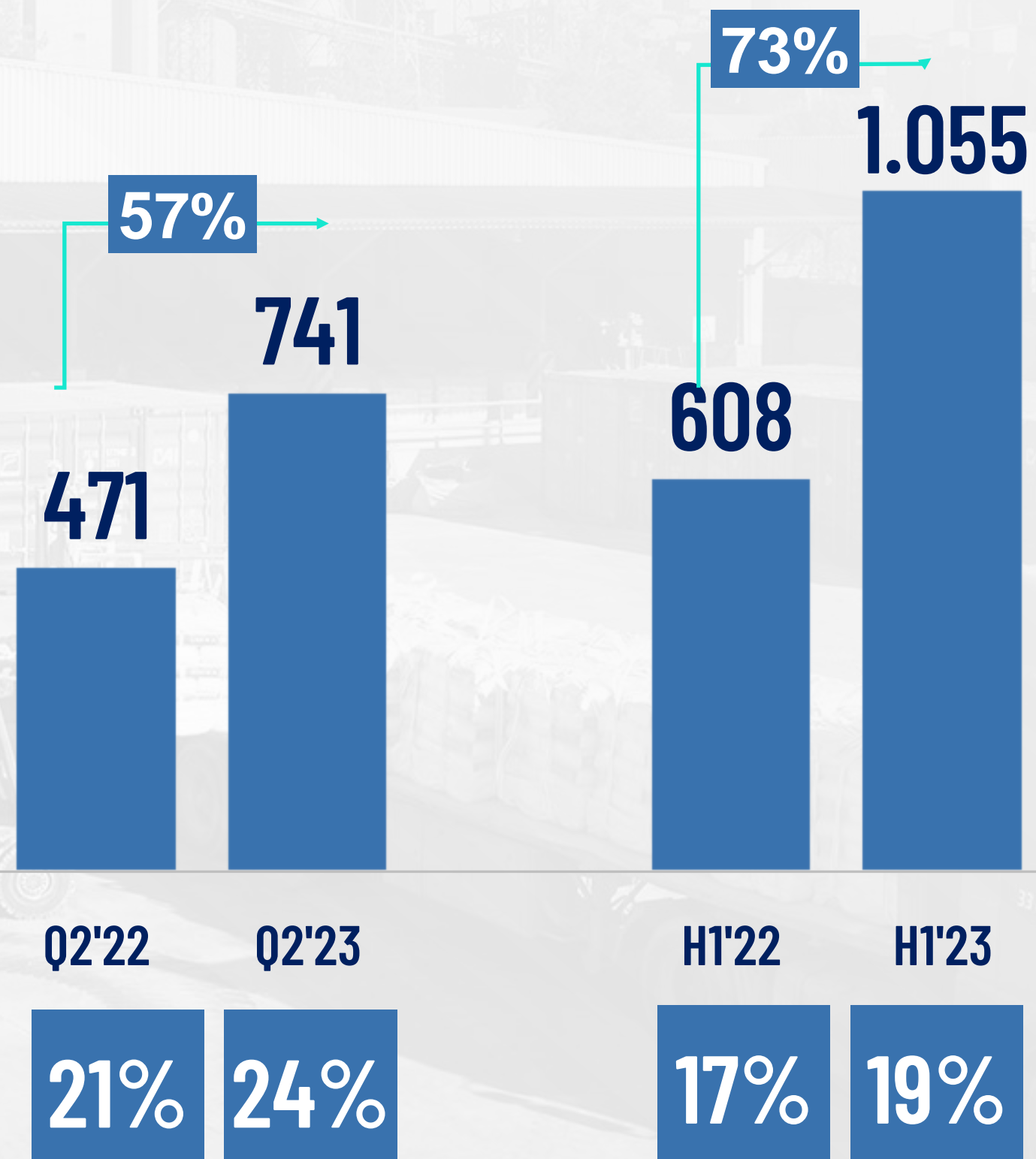
Share of fuel & energy in total production cost declined 12 pps YoY thanks to lower-priced procurement contracts.

Operational Efficiency and Effective Cash Management Yield Strong Financial Performance

NET SALES (MTL)



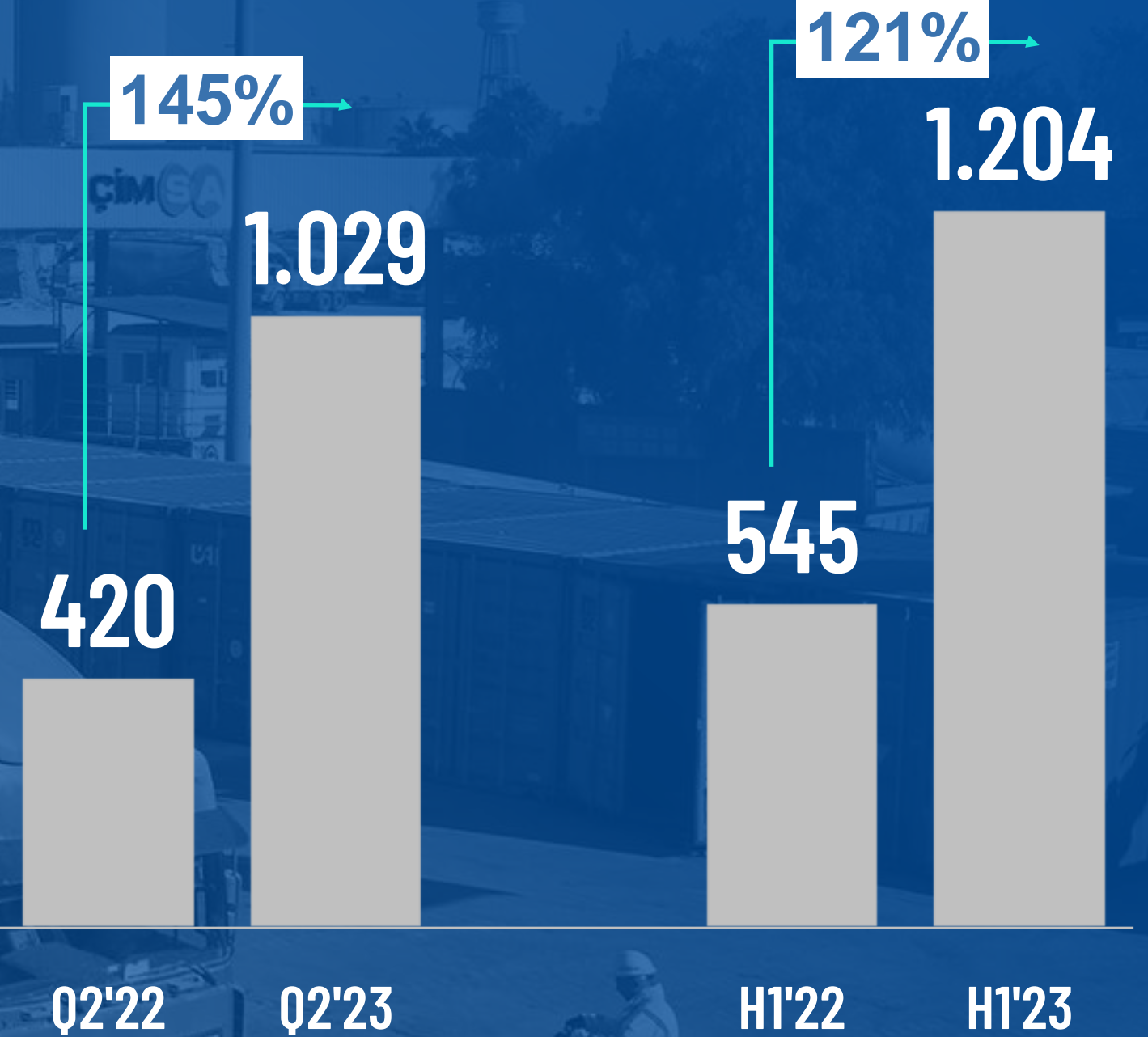
EBITDA (MTL)



21% 24%

17% 19%

NET INCOME (MTL)*



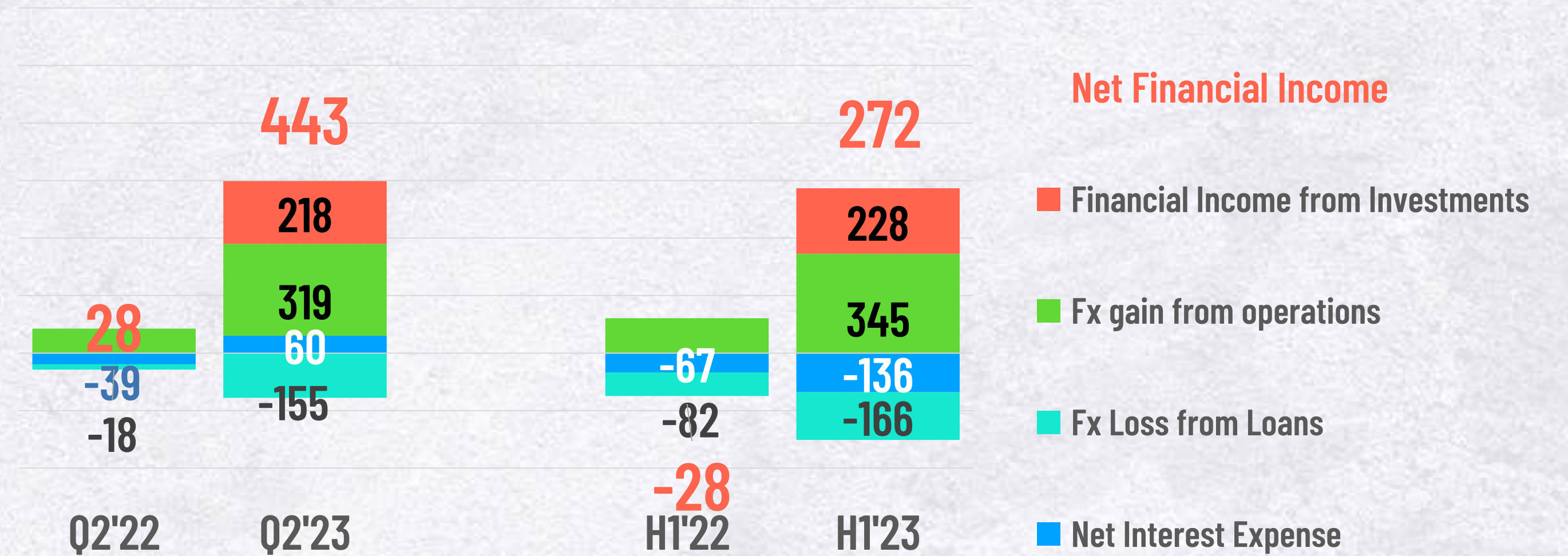
* Equity Holders, Excluding one off items

Effective Cash Management Supports Financial Performance

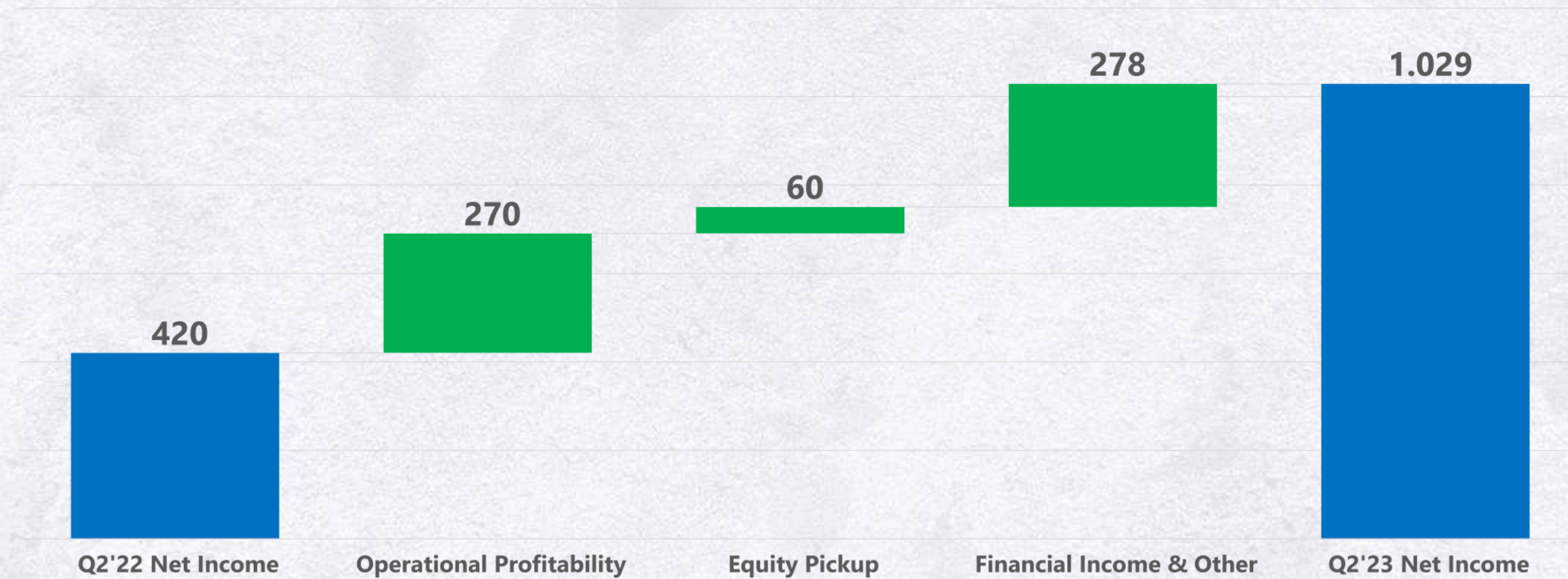
Net Debt/EBITDA ▶ **0,7X**

NWC/SALES* ▶ **15%**

13 month average NWC/ LTM Sales



Strong Q2 Net Income Growth Supported with Financial Income



STRATEGIC DEVELOPMENTS FOR GROWTH & PROFITABILITY

Solar Energy Power Investment in Afyon Plant Continues

Among Turkey's biggest solar power plant investments

Will support sustainability targets and cost efficiency upon completion

3.3 MW Capacity

4.2 Million kWh Electric Energy

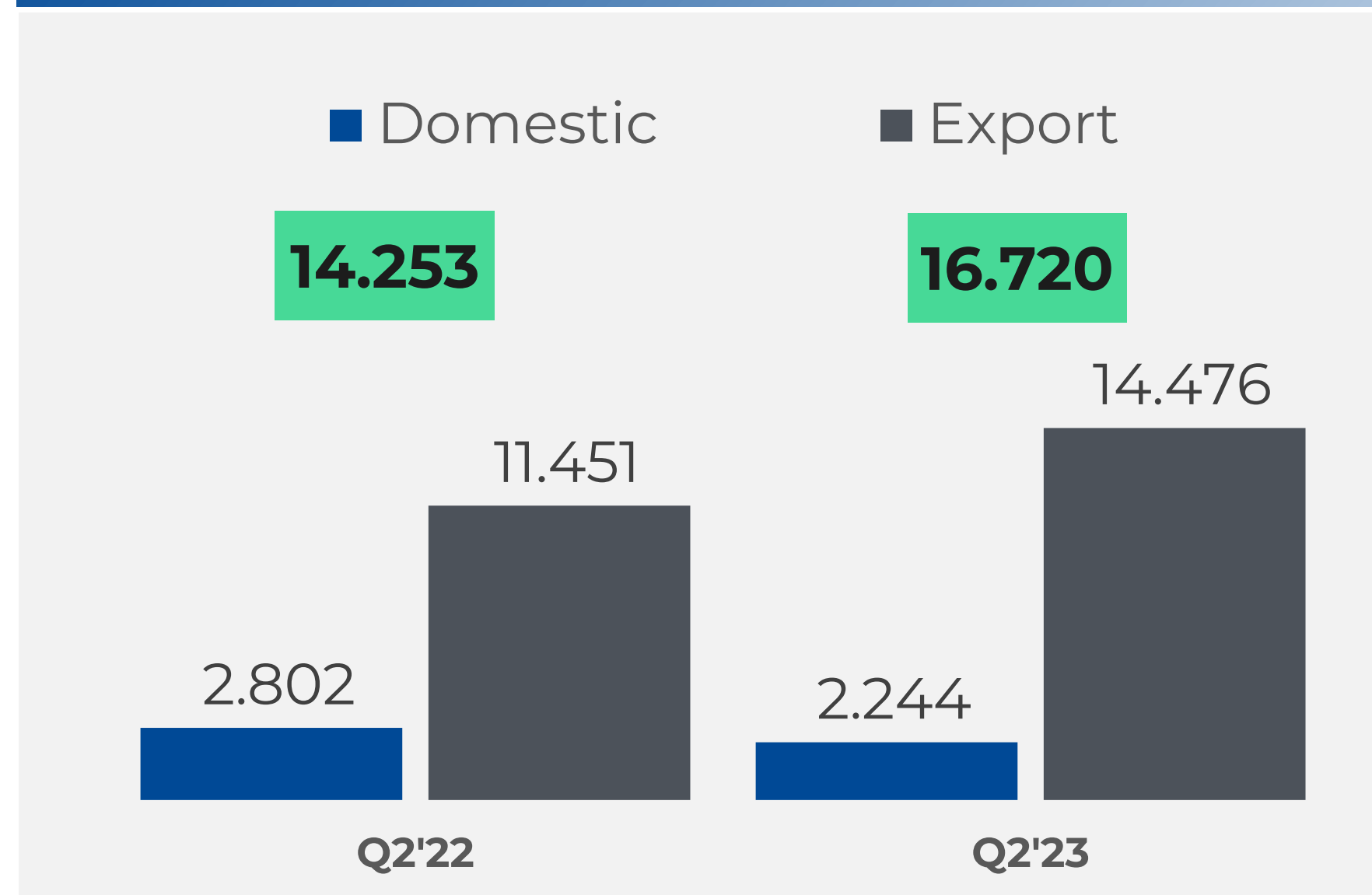
2000 Ton/Year CO₂ Saving

2 Million Trees Neutralizing Capacity

High Profitable – Value Added Product: Calcium Aluminates Investment on Track

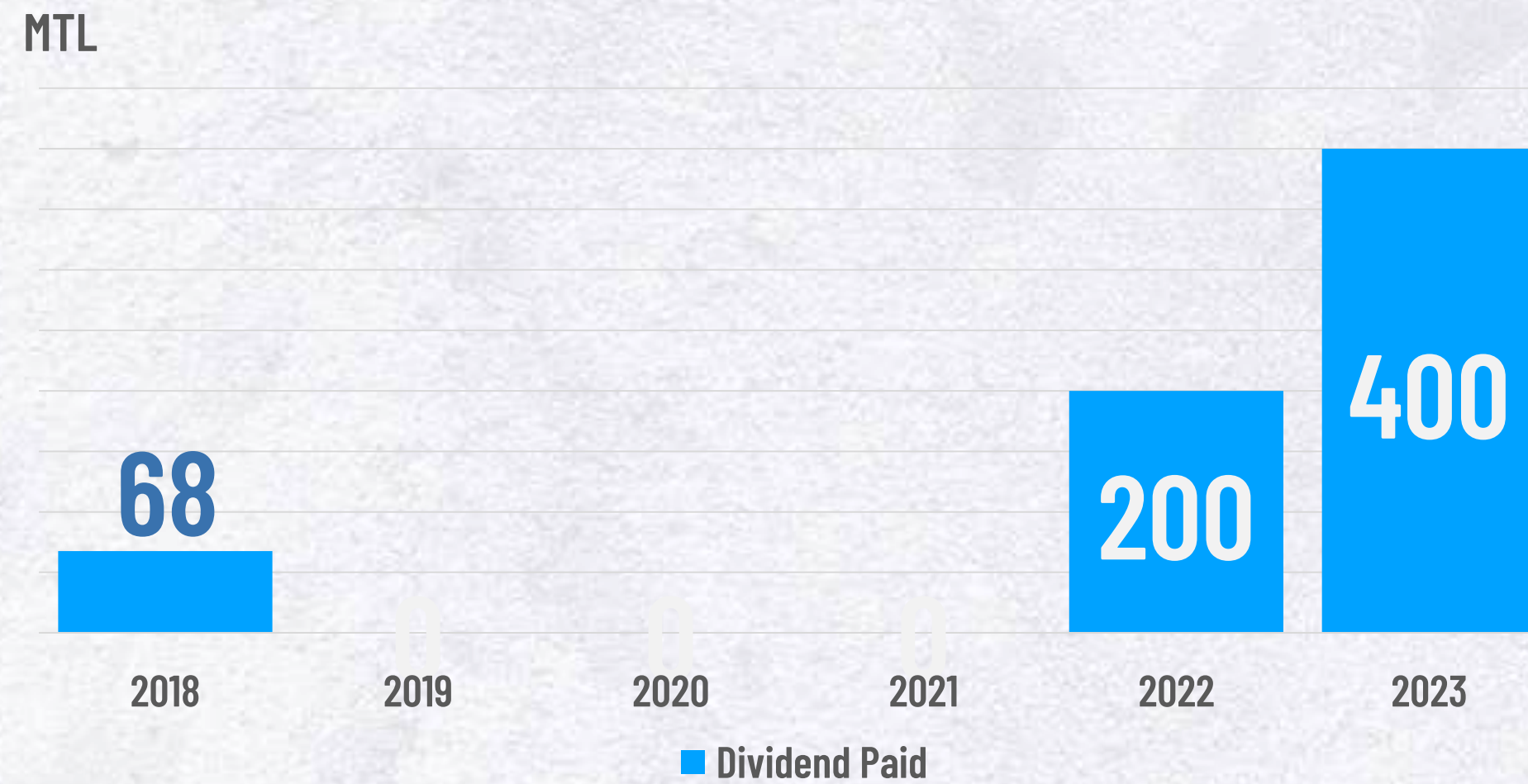


CAC Sales Volumes (ton)



Focus on Increasing Shareholder Value

- Growing dividend



- **Bonus issue** with 600% from internal resources is announced
- CMB applications done
- **Exsa** merger with Sabancı Holding
- CMB approval process in progress
- Çimsa to acquire SAHOL shares after merger

Q&A

Financial Statement Q2'23

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			

Income Statement H1'23

Income Statement (MTL)	2023 H1			
	2023	2022	Q2 2023	Q2 2022
Sales	5.412	3.595	3.049	2.240
Cost of sales (-)	-4.171	-2.912	-2.232	-1.733
GROSS PROFIT	1.242	683	818	507
General and administrative expense (-)	-256	-131	-119	-64
Marketing, selling and distribution expense (-)	-14	-6	-6	-3
Research and development expense (-)	-4	-4	1	-2
Other operating income	640	361	570	222
Other operating expenses (-)	-295	-215	-257	-125
OPERATING PROFIT	1.313	688	1.006	534
Income from investment activities	228	13	218	6
Profit/(loss) from investments accounted by equity method	192	179	168	107
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE	1.733	880	1.392	647
Financial income	175	13	114	8
Financial expenses (-)	-506	-168	-342	-70
PROFIT BEFORE TAXATION	1.402	725	1.164	586
Tax income / (expense) from continuing operations	-14	307	-81	315
- Current period tax expense	-153	-59	-153	-59
- Deferred tax income / (expense)	139	366	72	374
NET PROFIT from continued operations	1.388	1.032	1.083	901
NET PROFIT from discontinued operations	0	0	0	0
NET PROFIT	1.388	1.032	1.083	901
Profit/loss for the period attributable to				
- Non-controlling interests	130	49	76	42
- Equity holders of the parent	1.259	983	1.007	858
Earnings per share				
Earnings per share from continuing operations	9,32	7,27	7,45	6,35

Cash Flow Statement H1'23

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