2016 1H Results

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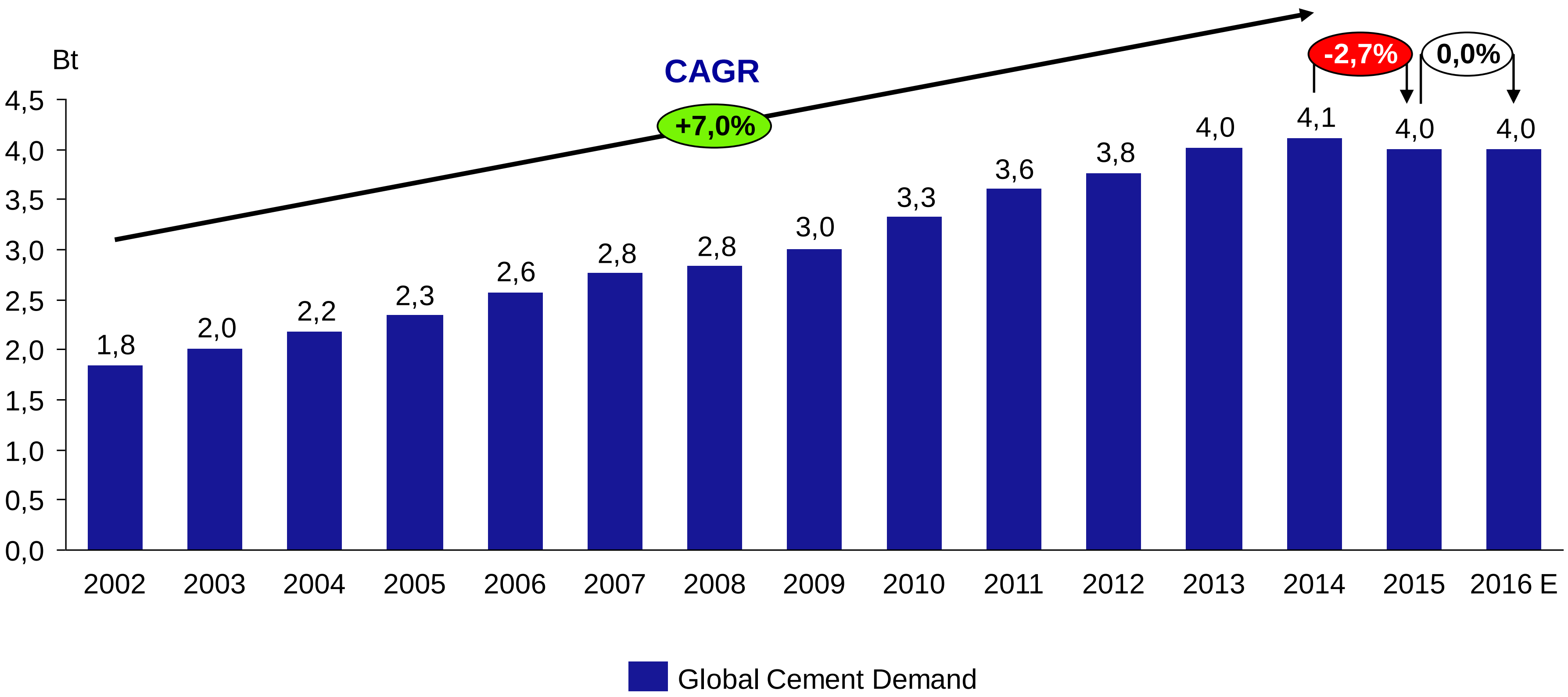
Global Market Trend (1/2)

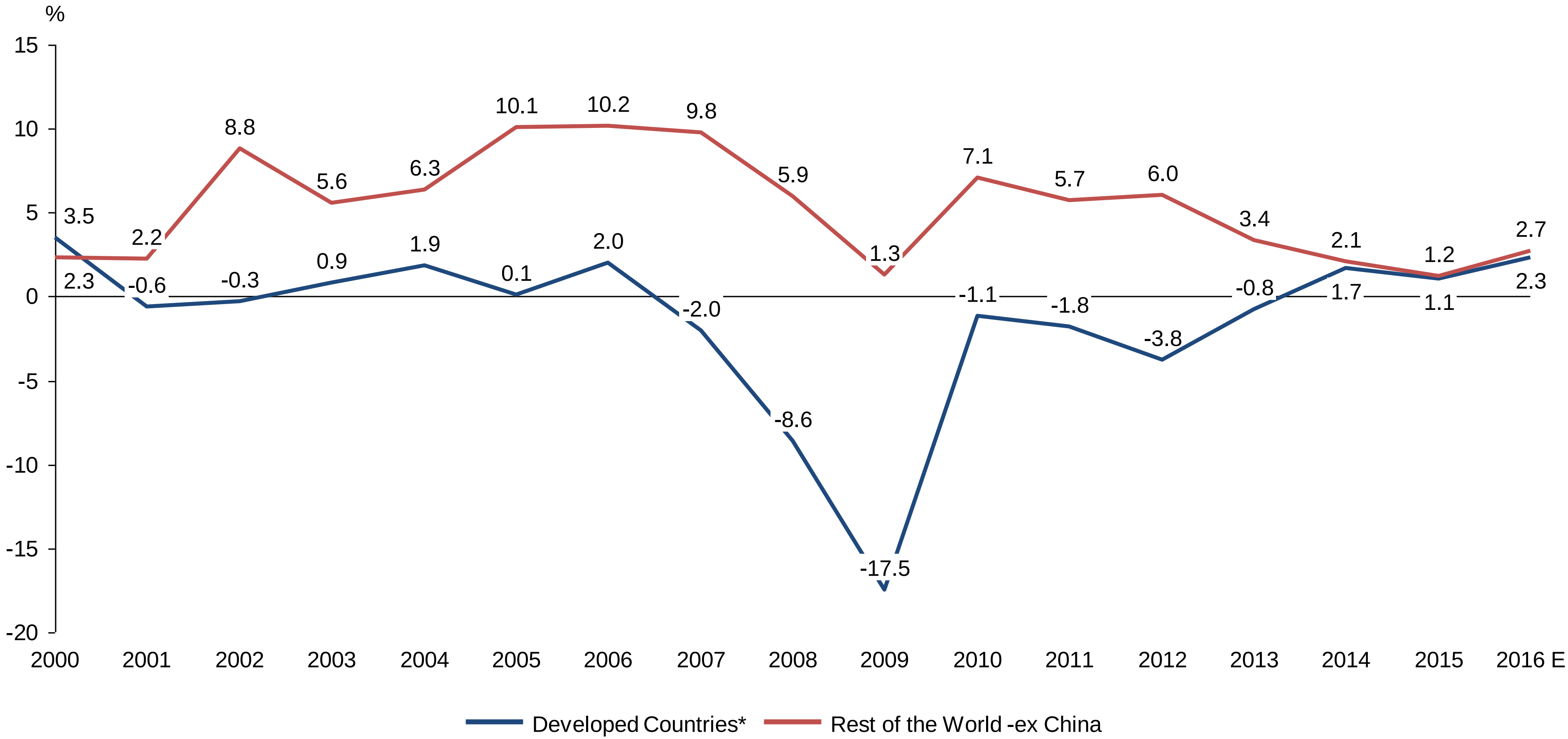
Global cement demand is expected to be 4b ton in 2016



Source: Global Cement Report 2015 11th Edition, CemWeek Monthly Reports

Global Market Trend (2/2)

In line growth performance of developed and other countries in recent years

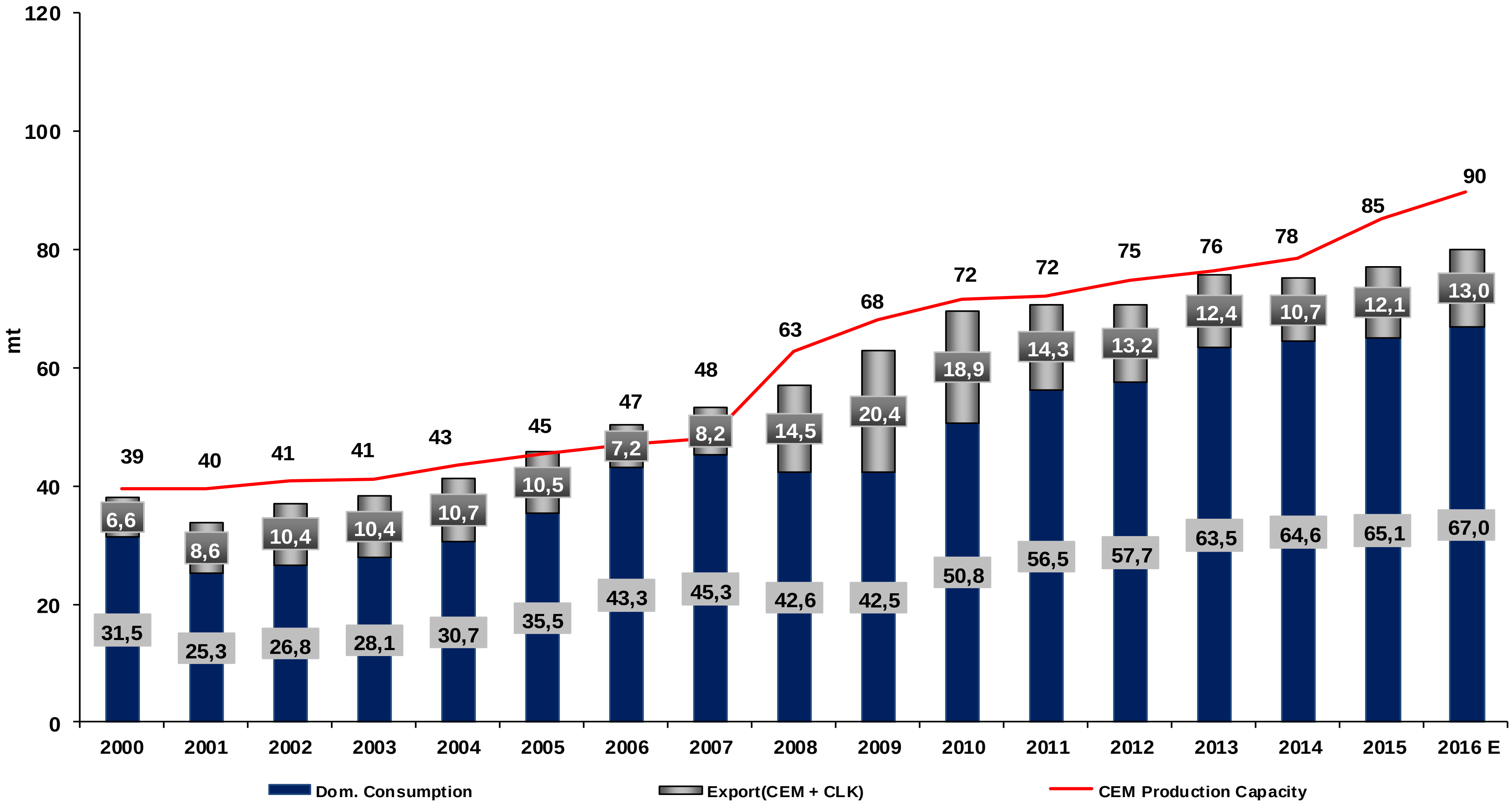


* Developed Countries: Western Europe, North America, Developed Far East, Australia & New Zealand

Source: Global Cement Report 2015 11th Edition, CemWeek Monthly Reports, Exane BNP Paribas Reports

Turkish Cement Industry

Domestic cement demand is expected to increase by 3% to hit 67mt in 2016



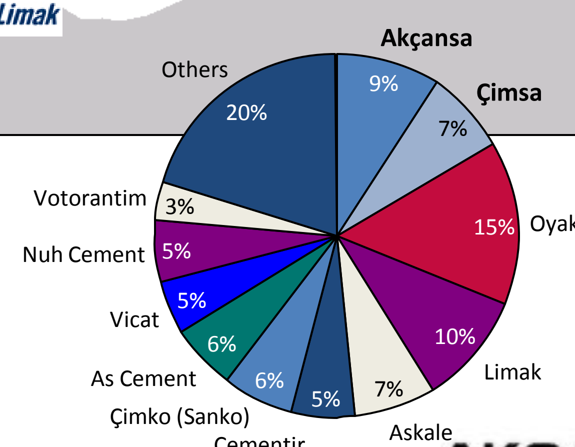
Source: TCMA and AKC estimations

This presentation/report demonstrates "estimated results" of market research done by Akçansa Çimento Sanayi ve Ticaret A.Ş. in addition to Turkish Cement Manufacturers' Association figures

Turkish Cement Industry on a Map

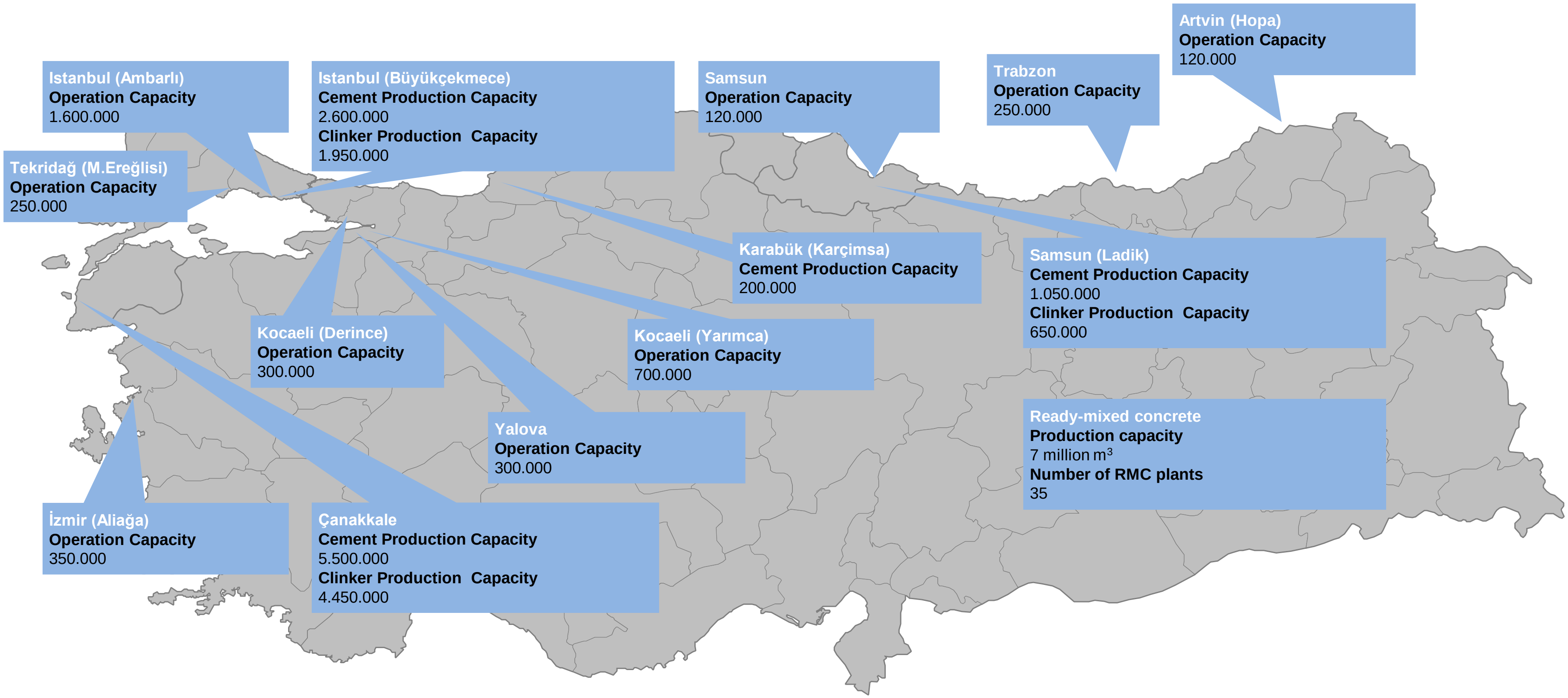
54 integrated plants, 18 grinding mills, 72 plants, 23 players and 40% of the Turkish cement capacity hold by top 3 groups

- **Sabancı Cement Group is the leader** of Turkish cement market with **16%** market share based on clinker capacity.



Source: TCMA, Sabancı Cement Group and Annual reports

Akçansa at a Glance

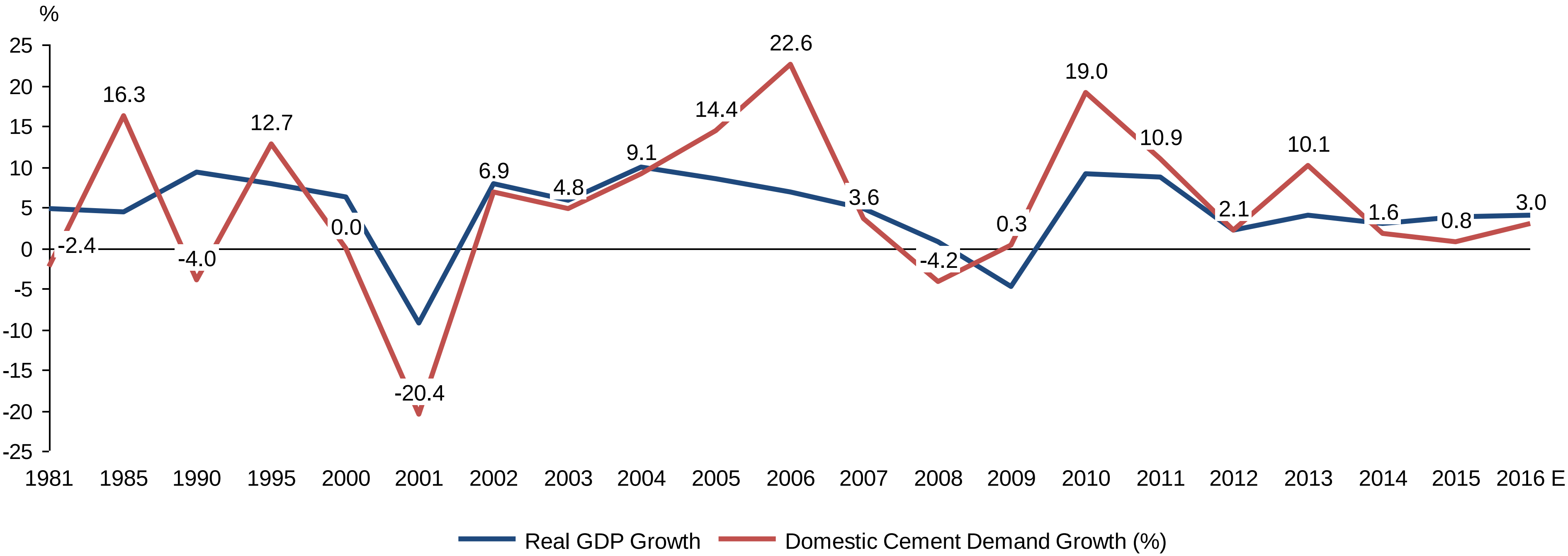


Key Operational Highlights

CEM	RMC	Ports	Terminals
• 3 cement plants • 7,0m ton clinker capacity • 9,3m ton cement capacity	• 35 RMC plants • 7 million m^3 RMC capacity	• 2 ports • Ambarlı & Çanakkale	• 9 domestic terminals • 4,0m ton total operating capacity

Cement Consumption & GDP Growth Relation in Turkey

Multiplier factor resulted less than «1» in 2014&2015 with same expectation for 2016



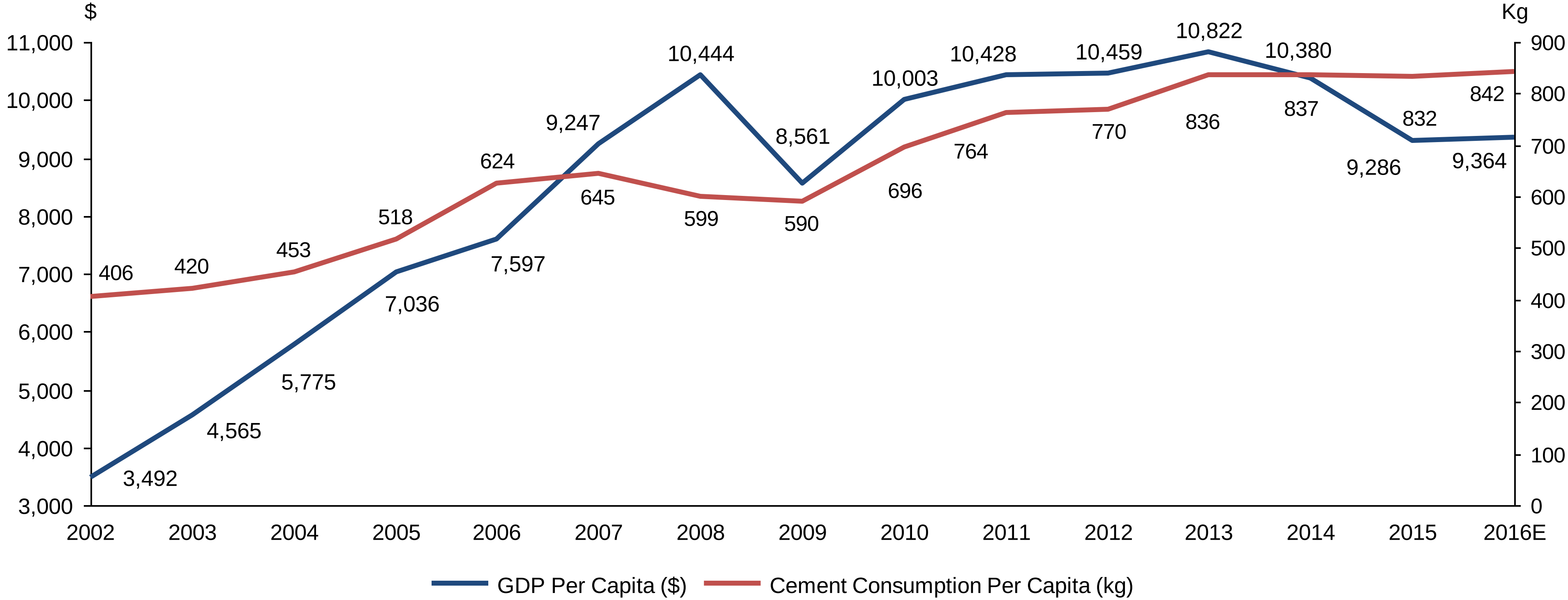
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E
Factor*	0,0	2,2	0,9	0,8	0,9	1,7	3,3	0,8	-6,0	-0,1	2,1	1,2	1,0	2,5	0,6	0,3	0,7

Factor: Cement consumption growth/GDP growth

Source: TCMA and AKC estimations

Cement Consumption & GDP Per Capita in Turkey

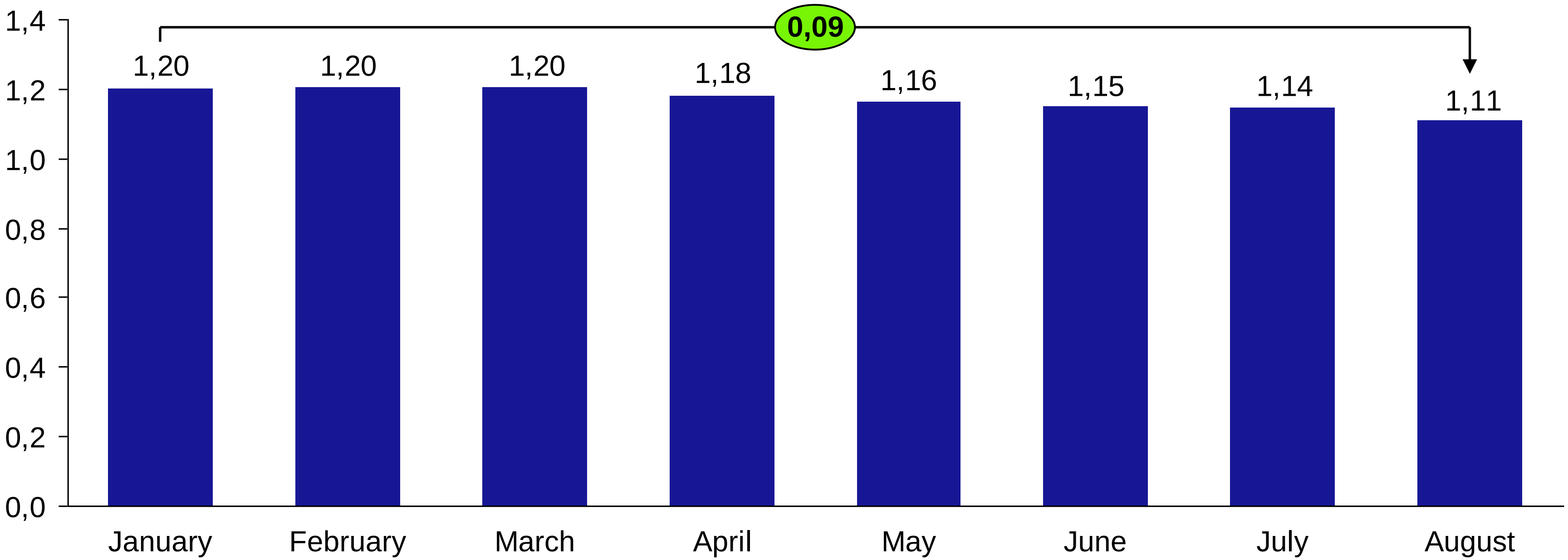
Positive correlation except 2014



Source: Sabancı Holding and Akcansa assumptions

Housing Loan Interest Rates

Decreasing trend observed during the year 2016 and expected to continue with the support of Government



- TOKİ started a campaign and supported by government banks with **lower interest rates and attractive payment schedules**
- **Housing stocks** are expected to be decreased with the decreasing trend of rates and government incentives
- **Mortgage interest rates** of many government and commercial banks are **below** 1% (p.m.)

Source: TCMB, TOKI

Cement Consumption Components in Turkey

Cement consumption is expected to be triggered by housing and infrastructure investments in line with increasing urbanization



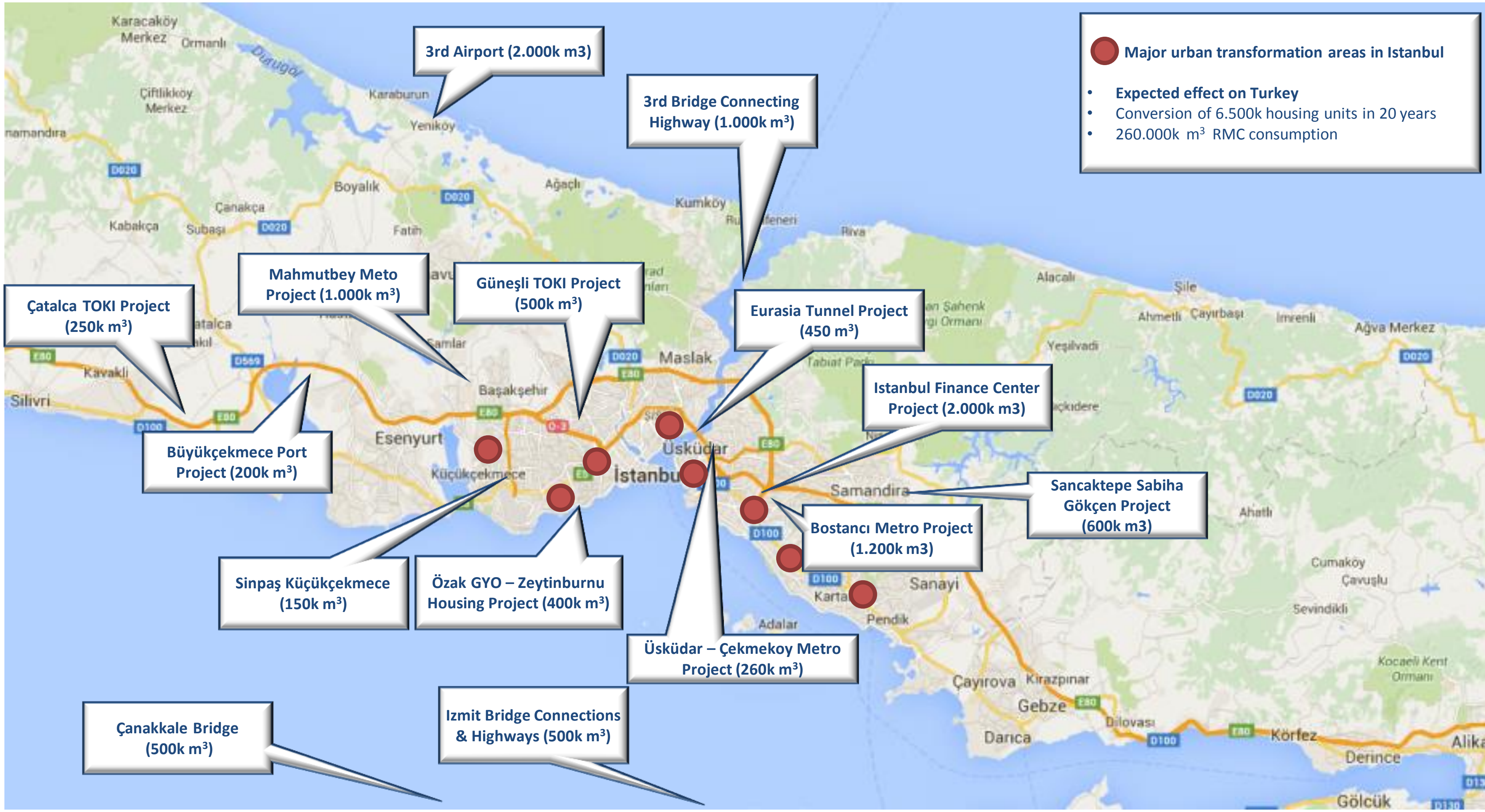
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E
1. Private Housing	62%	57%	50%	51%	54%	52%	53%	53%	51%	45%	45%
2. Commercial	14%	16%	13%	9%	11%	10%	11%	9%	10%	9%	9%
3. Public	4%	5%	5%	5%	5%	5%	5%	5%	5%	7%	7%
4. Infrastructure/Projects	20%	22%	32%	35%	30%	33%	31%	33%	34%	39%	39%
Total cement consumption	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**



Source: TUIK and TCMA

Major Investments on a Map

Akcansa is a big beneficiary of large infrastructure projects in Marmara because it's located closer than the peers



Concrete Roads «Yolbeton»

Tekirdağ and Çanakkale will follow the project started in Samsun

Please watch the video

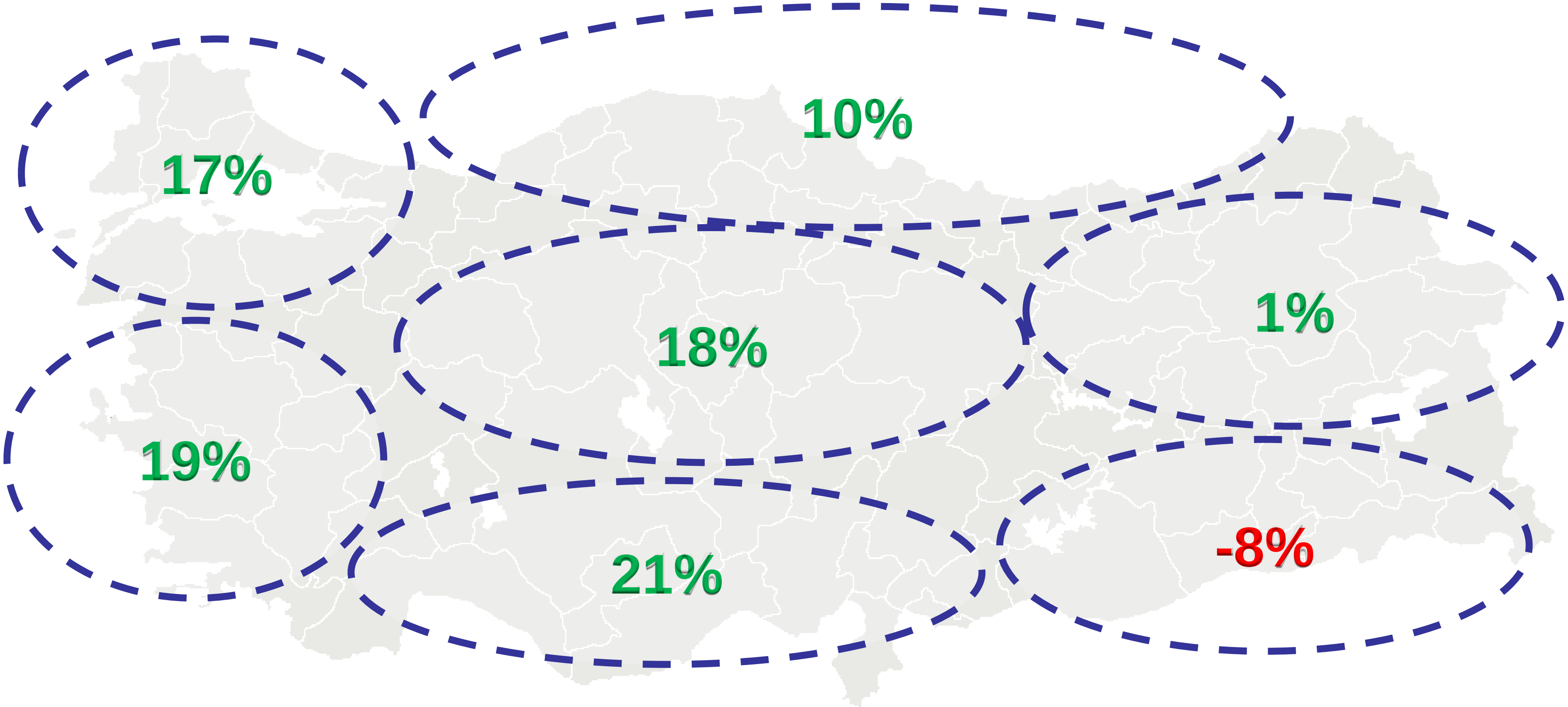
3rd Bridge will open at 26 August 2016

Please watch the video

Akçansa Port Operations

Domestic Sales Volume Change (May YTD)

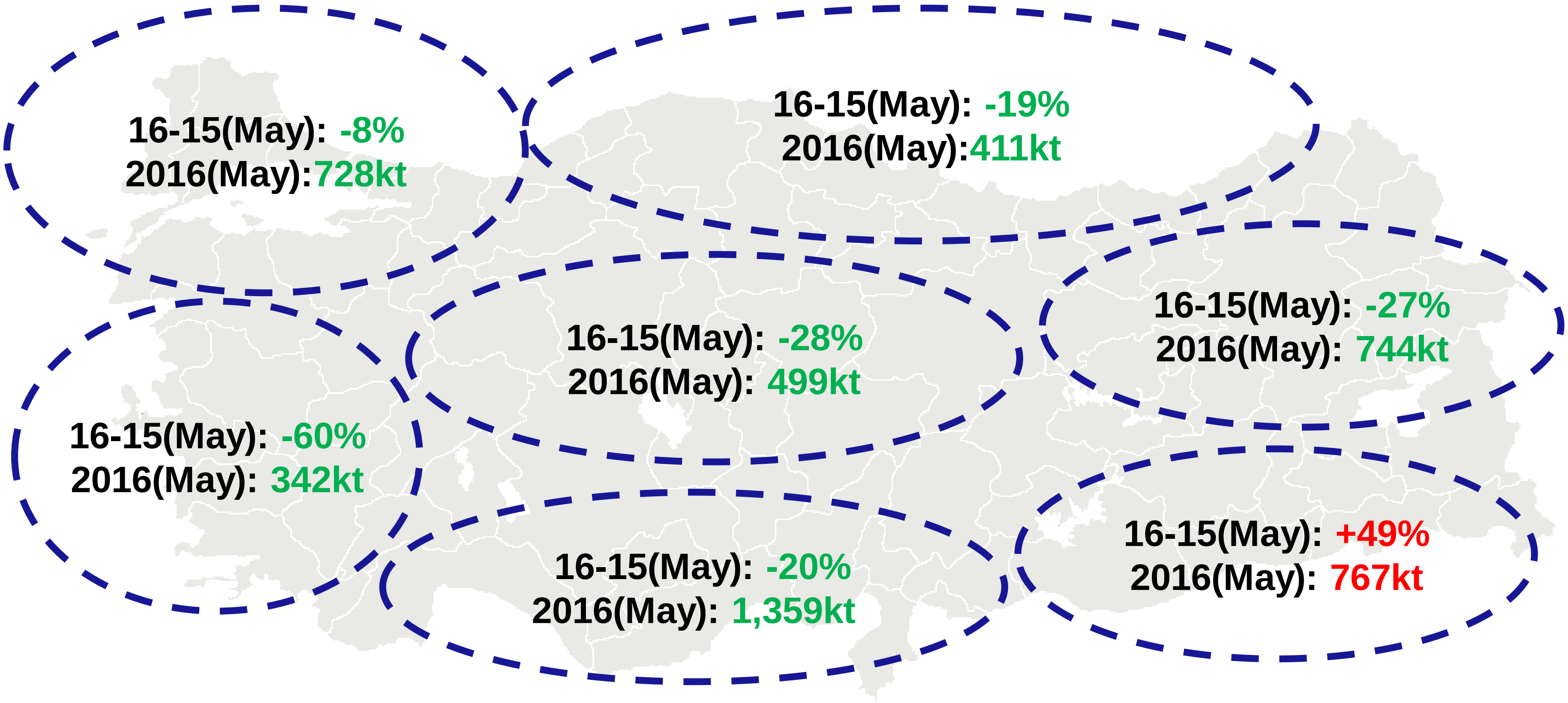
Cement demand in Turkish domestic market increased by 14% as at May 2016



Source: TCMA

Clinker Stock Level Change (May YTD)

Total clinker stocks are 4,8mt with a 20% decrease in stock level compared to the last year's figure



Source: TCMA

Volume, Price and Energy Cost Trends of Akçansa

Increase in domestic cement sales volume with stable prices

1H16	Domestic Cement	
	Volume	Price (TL/ton)
Domestic Cement	↑	→
Marmara	↑	→
Aegean	↓	→
Black Sea	↑	→

1H16	Export	
	Volume	Price ($/ton)
Export Cement	↑	↓
Export Clinker	↓	↓

- Shift from export clinker to domestic cement means 5% increase in total cement volume

1H16	Readymix	
	Volume	Price (TL/m3)
General	↓	↑
Marmara	↓	↑
Aegean	↑	↑
Black Sea	↑	↑

Energy Costs	1H16
Coal (USD / ton)	↓
Petcoke (USD/ton)	↓
Diesel (TL / Lt)	↓
Electricity (TL / kwh)	↑

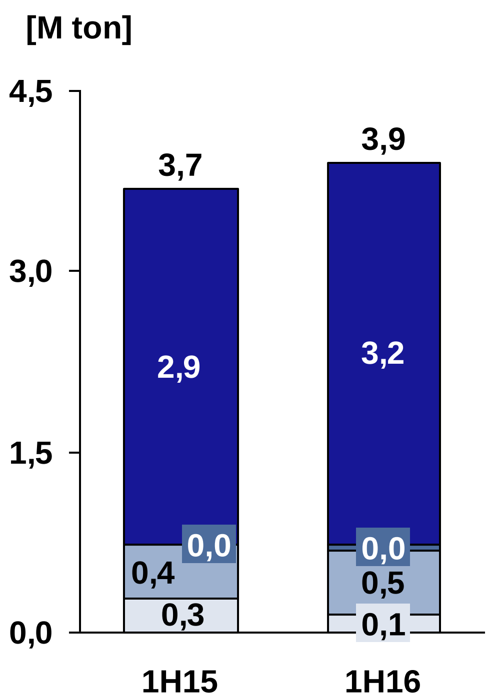
- Akçansa continues to benefit from **lower energy costs**
- We are in **fully hedged** position in petrocoke supply for FY16

Source: AKC management report

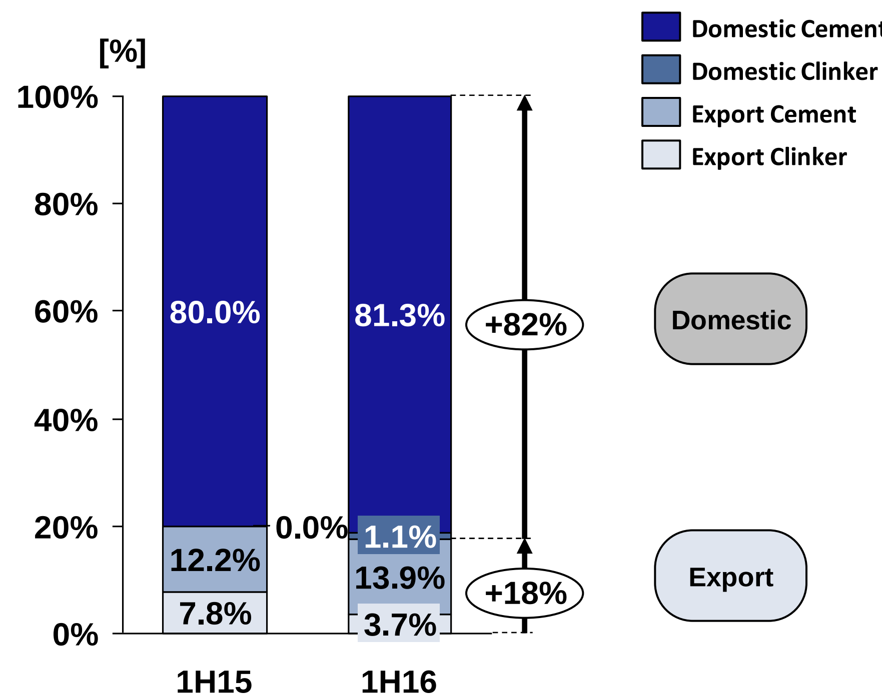
Cement Sales Breakdown

Higher domestic cement volume in 1H16

Shipments



Product Mix

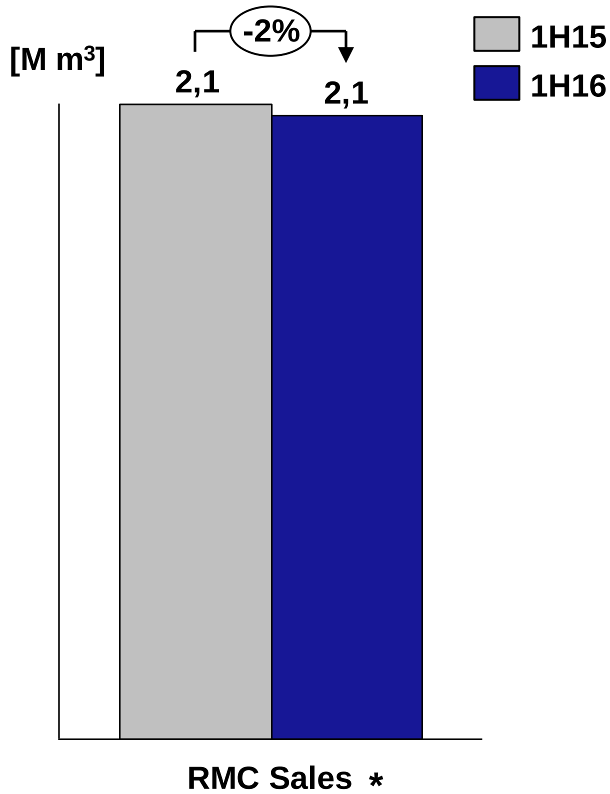


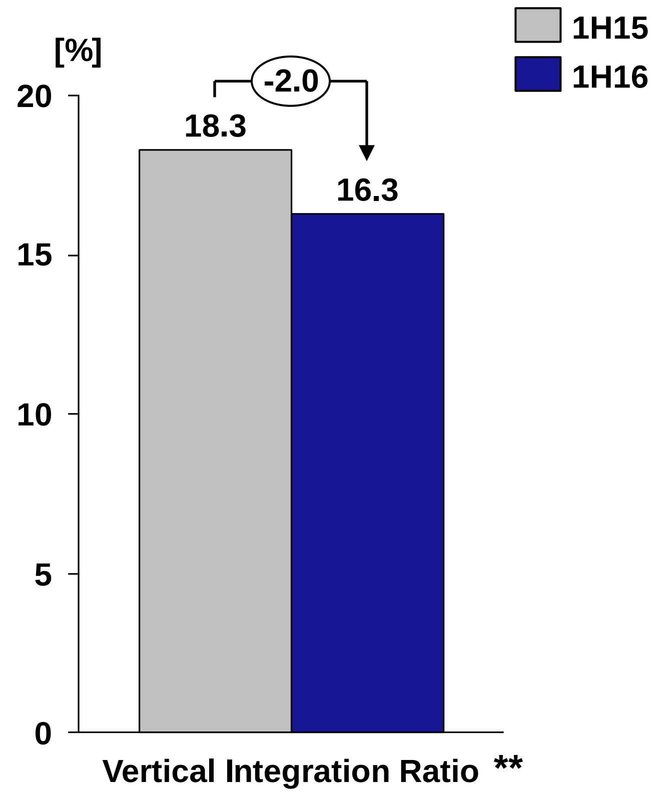
*) Domestic cement figures include Karçimsa and transfer to RMC

Source: AKC management report

Ready Mix Concrete Sales Breakdown

More strategic, innovation and pricing oriented sales strategy rather than volume in RMC



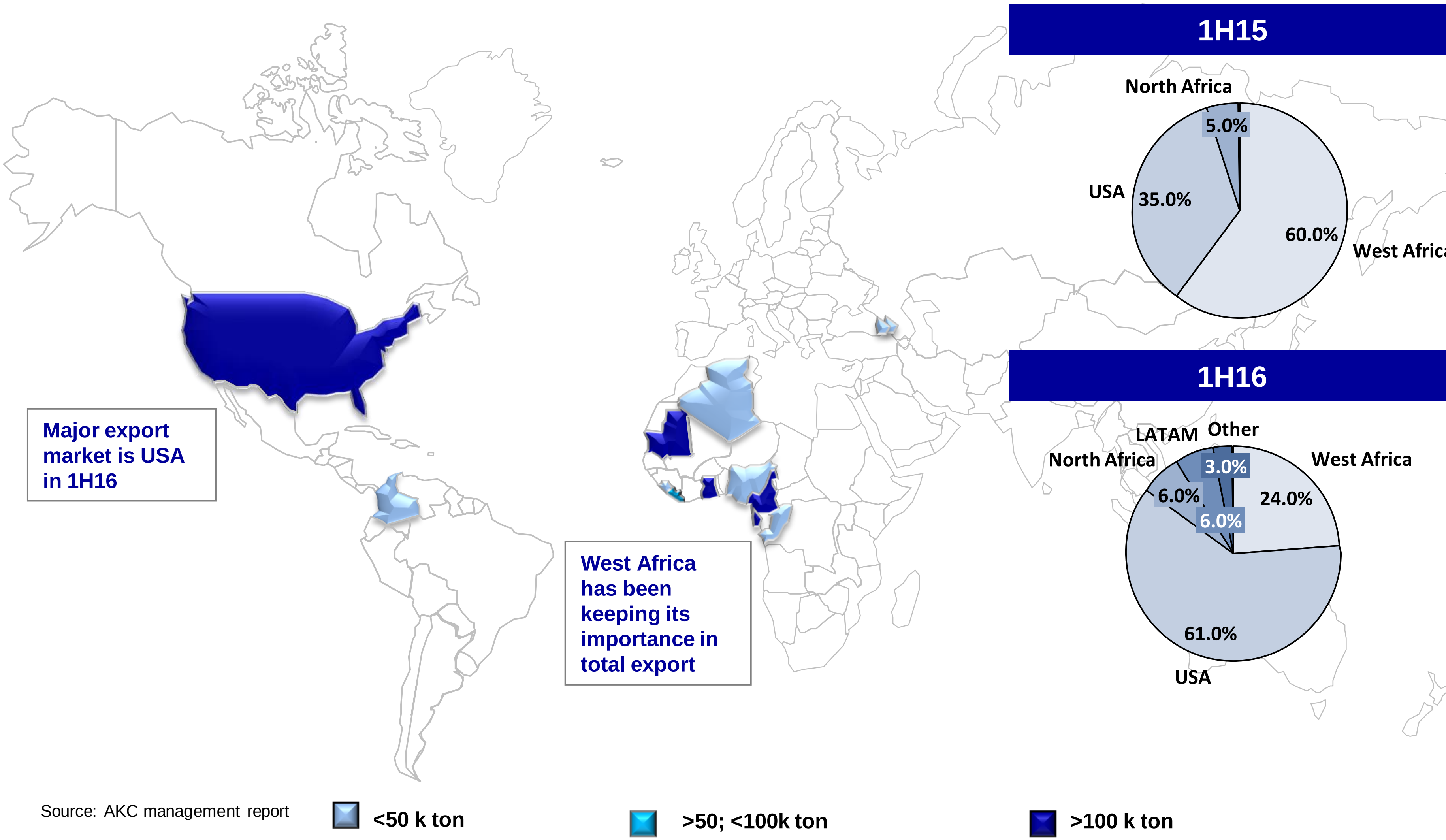


*) RMC figures include RMC sales of Karçimsa

**) Vertical integration ratio is calculated by dividing transfer of cement to RMX business line to total cement sales volume

Source: AKC management report

Export Markets
Shift from West Africa to USA



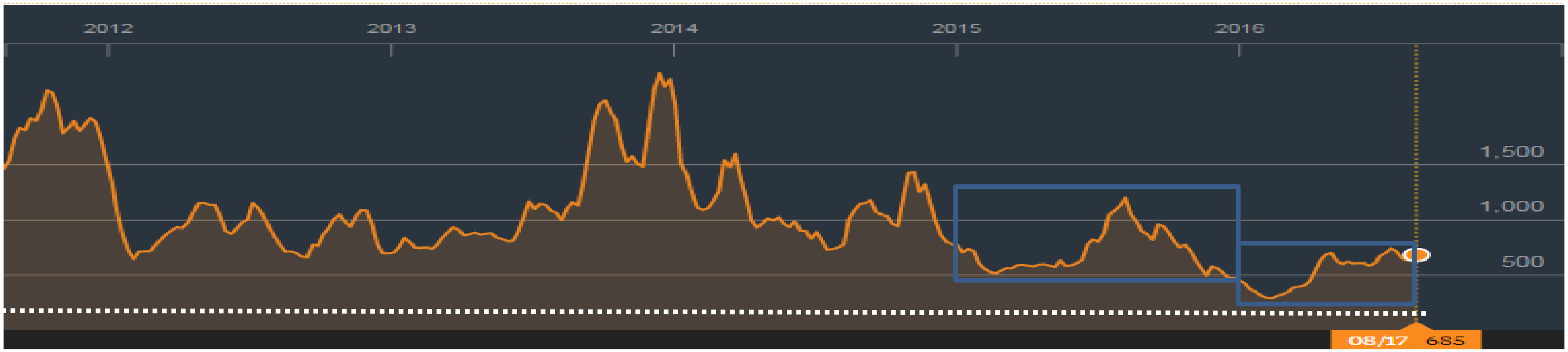
Source: AKC management report

Baltic Dry Index

Index is still lower than the 5 year average with an increasing trend in 1H16

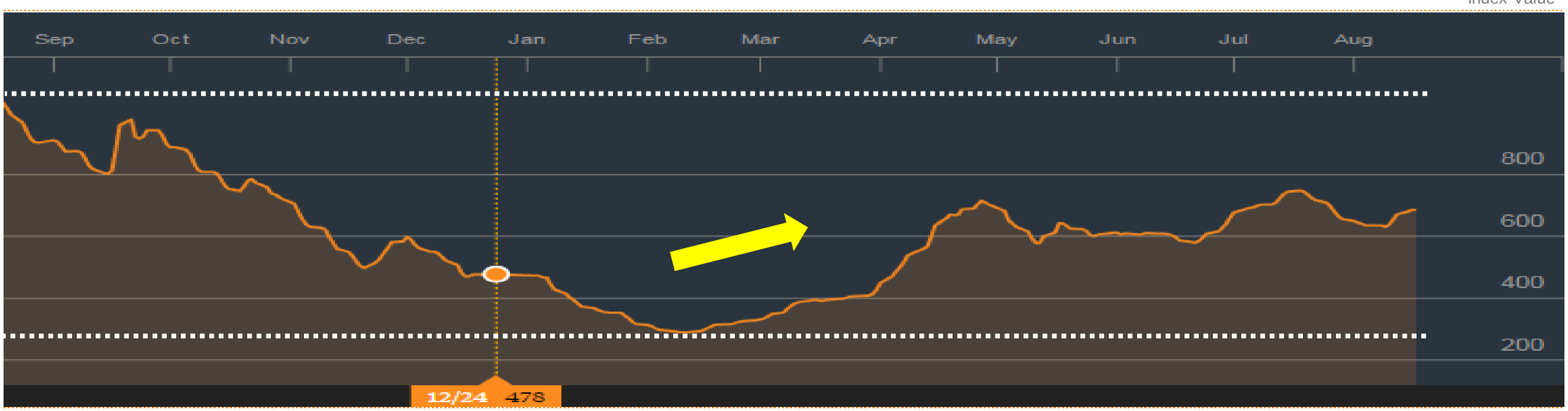
Last 5-year period

Index Value



Last 12 month period

Index Value



Source: Bloomberg

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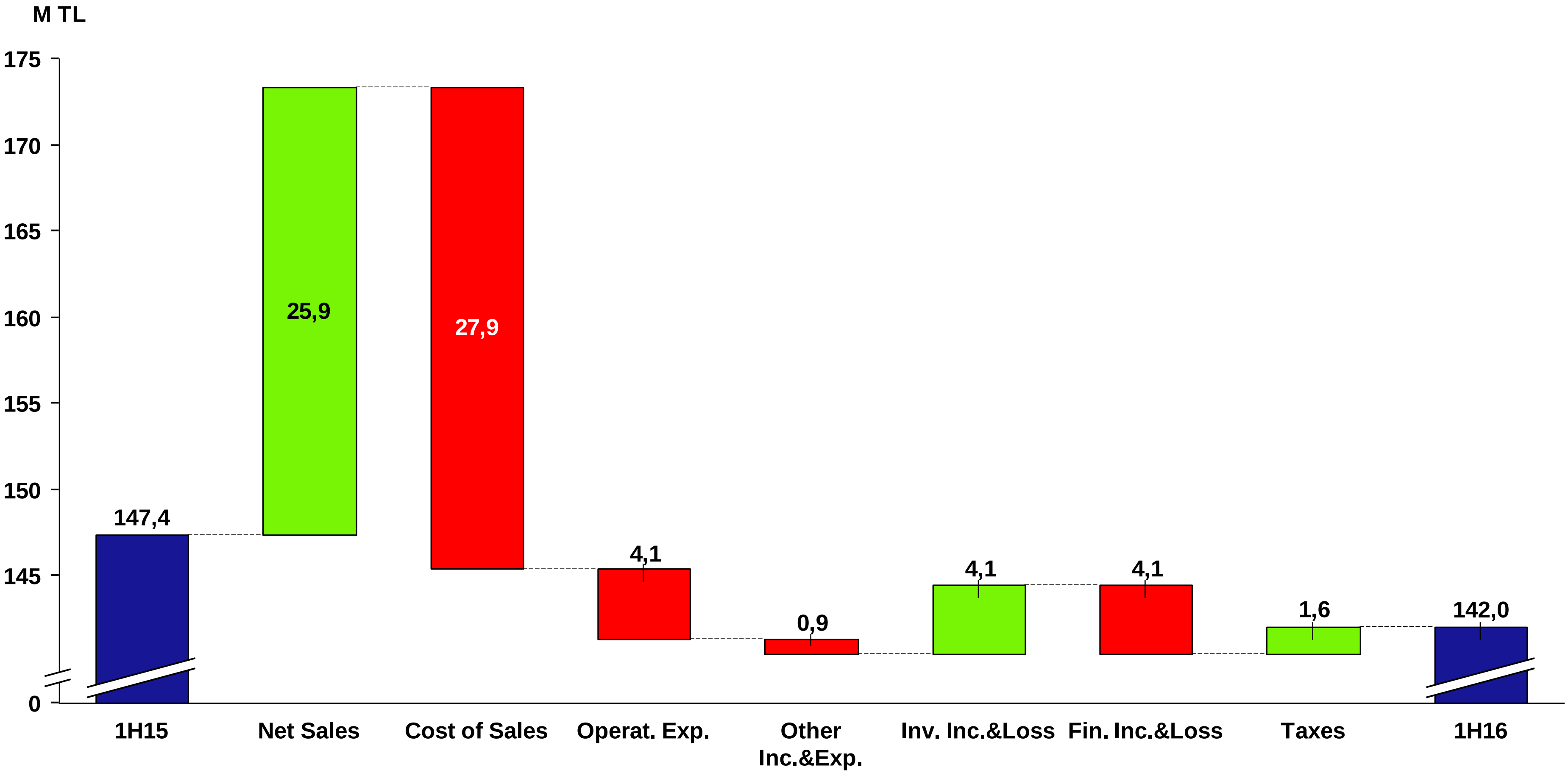
Income Statement

Company (M TL)	2Q15	2Q16	Var. 2Q16 vs. 2Q15	% Ch. Q	1H15	1H16	Var 1H16 vs.1H15	% Ch. YTD
Net Sales	411,1	406,9	(4,2)	-1,0%	710,0	735,9	25,9	3,7%
Cost of Sales	(282,1)	(282,6)	(0,5)	0,2%	(501,3)	(529,2)	(27,9)	5,6%
Gross Margin	**128,9**	**124,3**	**(4,6)**	**-3,6%**	**208,7**	**206,7**	**(1,9)**	**-0,9%**
Marketing&Sales Expense	(4,0)	(5,1)	(1,1)	27,5%	(8,6)	(9,5)	(0,9)	11,0%
General Management Expenses	(12,0)	(14,6)	(2,5)	21,2%	(25,3)	(28,4)	(3,2)	12,5%
EBIT	**112,9**	**104,7**	**(8,3)**	**-7,3%**	**174,8**	**168,8**	**(6,0)**	**-3,5%**
Other Operating Income/Charges	(3,6)	(2,3)	1,3	-36,4%	(3,3)	(4,2)	(0,9)	27,1%
Operating Income	**109,4**	**102,4**	**(7,0)**	**-6,4%**	**171,5**	**164,6**	**(6,9)**	**-4,0%**
Income/Losses from Investment Activities	(0,5)	0,2	0,7	-136,2%	20,0	24,1	4,1	20,4%
Non-Operating Financial Income	1,3	2,7	1,4	107,1%	2,4	3,7	1,3	54,1%
Non-Operating Financial Charge	(9,8)	(14,0)	(4,2)	43,4%	(14,6)	(20,0)	(5,4)	36,9%
Profit/Loss before Taxes	**100,4**	**91,3**	**(9,1)**	**-9,1%**	**179,3**	**172,4**	**(6,9)**	**-3,9%**
Taxes On Income	(20,3)	(18,3)	2,0	-9,8%	(31,9)	(30,4)	1,6	-4,9%
Net Income/Loss	**80,1**	**73,0**	**(7,1)**	**-8,9%**	**147,4**	**142,0**	**(5,4)**	**-3,6%**
Gross Margin %	***31,4%***	***30,5%***	***-0,8%***		***29,4%***	***28,1%***	***-1,3%***	
EBITDA Margin %	***31,7%***	***30,2%***	***-1,6%***		***29,5%***	***27,8%***	***-1,7%***	
EBIT Margin %	***27,5%***	***25,7%***	***-1,8%***		***24,6%***	***22,9%***	***-1,7%***	
Net Income Margin %	***19,5%***	***17,9%***	***-1,6%***		***20,8%***	***19,3%***	***-1,5%***	

Source: CMB financials and AKC calculations

Net Income Bridge



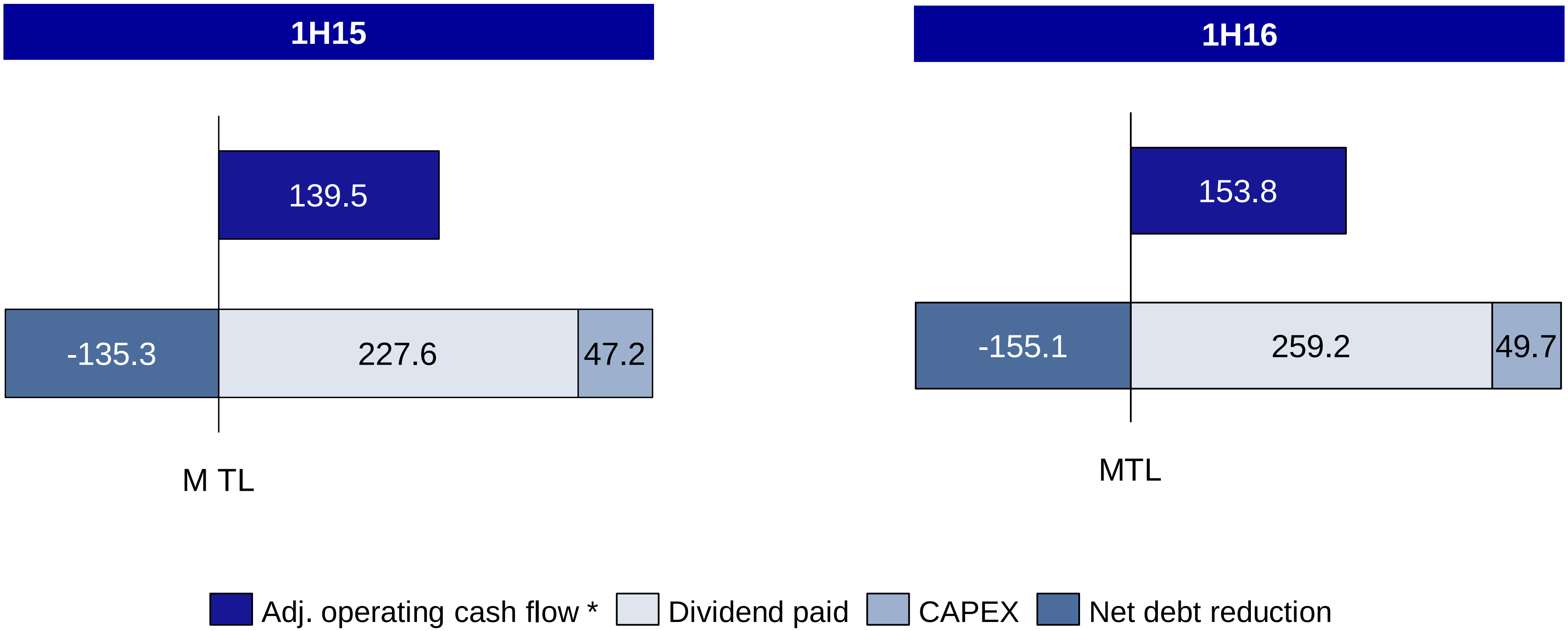
Source: CMB financials and AKC calculations

Cash Flow

Company (M TL)	1H15	1H16
Cash flow from operating activities		
Operating income before the changes in working capital	211,8	207,0
Changes in working capital	(62,5)	(43,6)
Taxes paid	(21,6)	(26,9)
Other items	(3,4)	4,1
	124,3	**140,5**
Cash flow from investing activities		
Tangible and intangible fixed assets	(47,2)	(49,7)
Financial assets	(0,1)	-
Proceeds from fixed asset disposals	3,0	2,2
Dividends Received	19,9	23,1
	(24,4)	**(24,5)**
Cash flow from financing activities		
Dividend payments	(227,6)	(259,2)
Net proceeds from bonds and loans	174,1	179,8
Interest paid	(7,9)	(12,2)
Other items	0,2	0,2
	(61,1)	**(91,4)**
Net change in cash and cash equivalents - continuing operations	**38,8**	**24,6**
Change in cash & cash equivalents	**38,8**	**24,6**
Cash & cash equivalents at 1 January	13,3	21,9
Cash & cash equivalents on 30 June	52,1	46,5

Source: CMB financials and AKC calculations

Cash Flow Usage

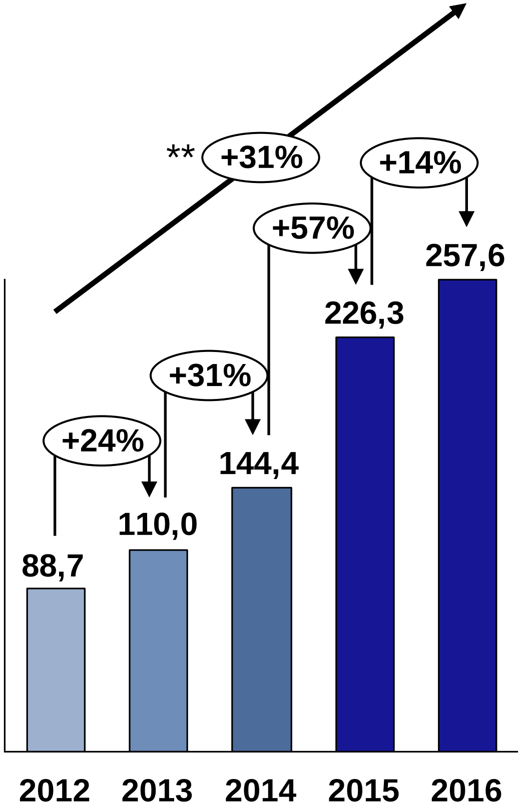


*) Operating cash flow is adjusted for dividends received, interest paid and other items

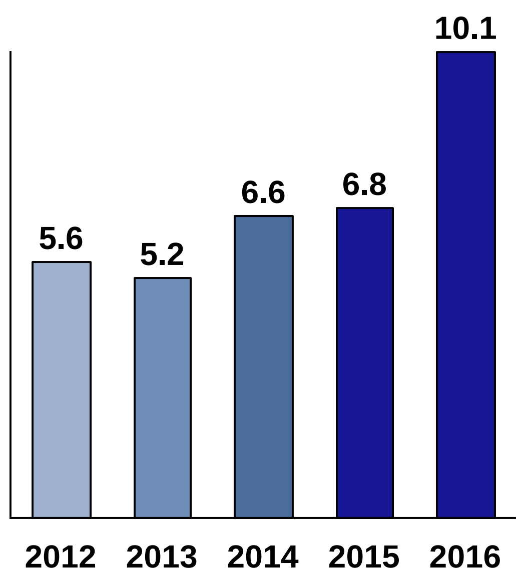
Source: CMB financials and AKC calculations

Dividend Paid, Dividend Yield and Payout Ratio

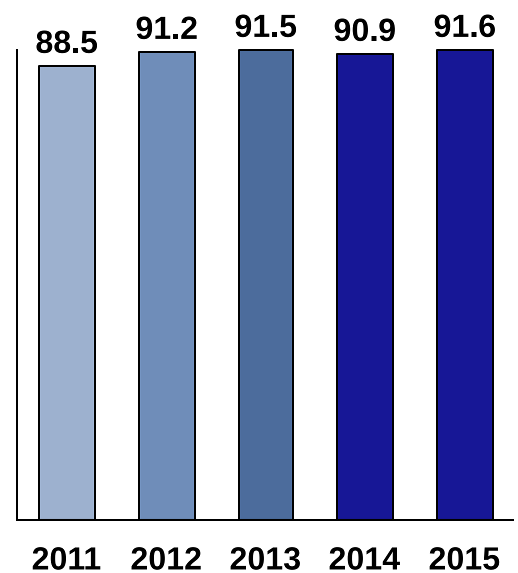
Dividend Paid, gross M TL



Dividend Yield, %*



Payout Ratio %



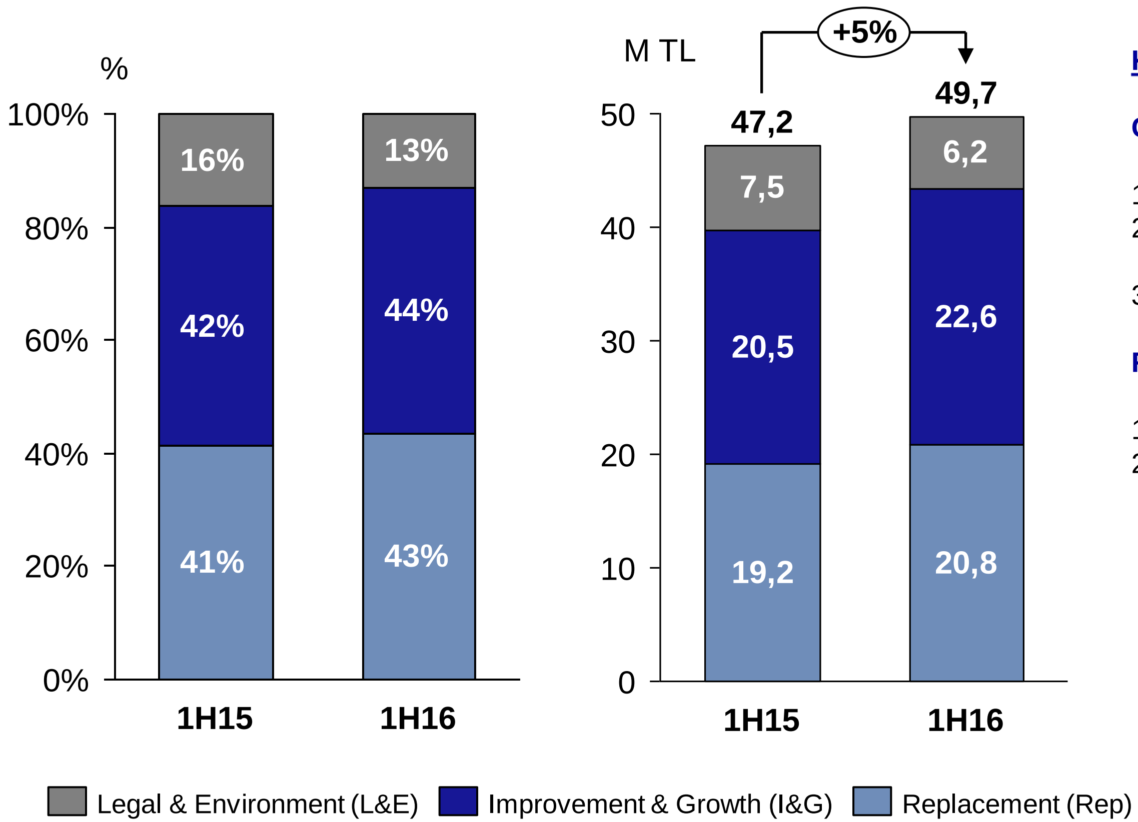
*) Dividend yield calculations are based on gross dividend amounts

**) CAGR (Compound Annual Growth) of dividend paid amount for the last four years

There has not been any change in dividend payment policy throughout years

Source: CMB financials and AKC calculations

Capex Distribution



Key Investments in 1H16:

Cement Business Line:

1. (I&G) Wind turbine investment (CNK)*
2. (L&E) Process automation of kiln, raw and coal mill (BCM)**
3. (I&G) Modification of kiln ESP dust conveying (CNK)*

Ready Mix Concrete (RMC) Business Line:

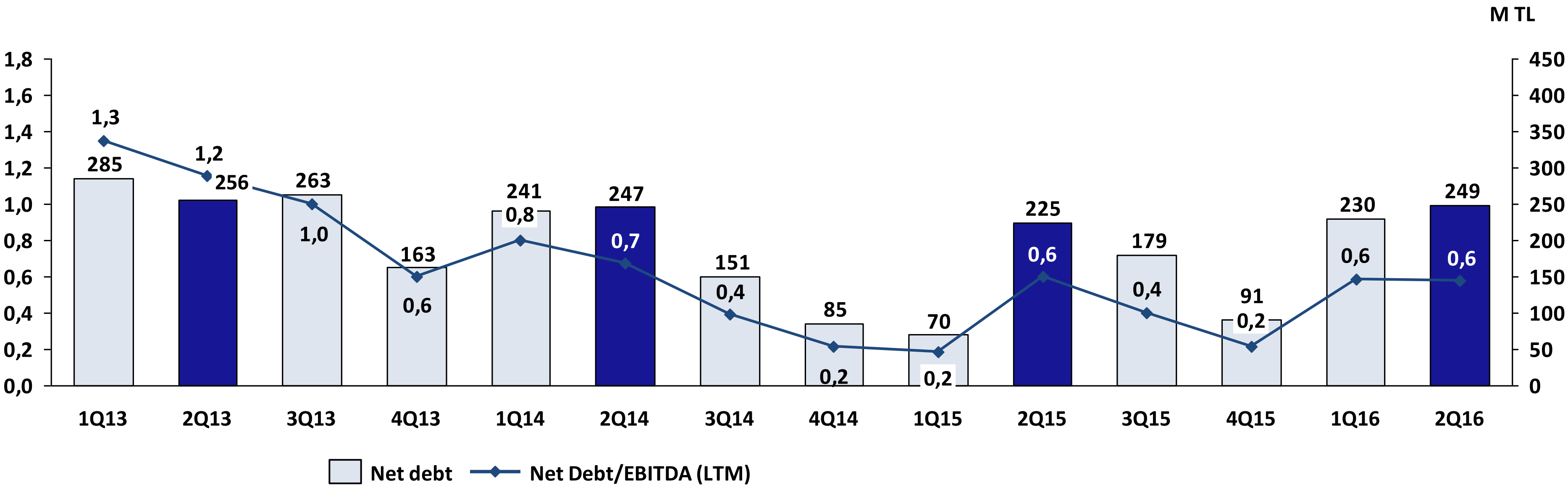
1. (I&G) New RMC plant investments in Gebze and Çatalca
2. (I&G) Capacity increase and relocation of RMC Plant in BCM** Plant

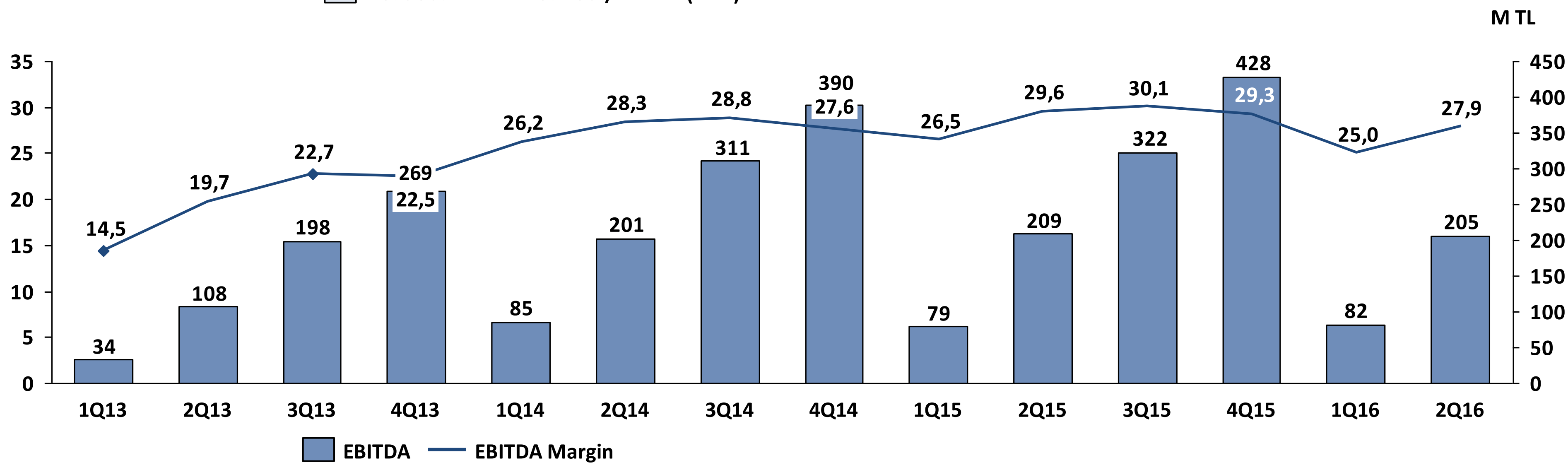
*) Çanakkale Plant

**) Büyükçekmece Plant

Source: CMB financials and AKC calculations

Net Debt / EBITDA & EBITDA Margins





Balance Sheets

M TL	30.06.2015	31.12.2015	30.06.2016	Variance 1H16 vs FY15
Current Assets	580,8	569,3	614,9	45,7
Cash & cash equivalents	52,1	21,9	46,5	24,7
Trade receivables	378,8	398,9	426,4	27,5
Inventories	125,0	135,2	134,1	(1,1)
Other current assets	24,9	13,3	7,9	(5,4)
Non-current Assets	1.100,1	1.135,8	1.145,1	9,3
Financial investments	210,6	212,9	211,0	(1,8)
Fixed Assets	754,1	786,4	798,5	12,0
Goodwill	129,5	129,5	129,5	-
Deferred tax assets	1,0	1,0	1,0	0,0
Other non-current assets	5,0	6,0	5,1	(0,9)
TOTAL ASSETS	**1.680,9**	**1.705,1**	**1.760,1**	**55,0**

M TL	30.06.2015	31.12.2015	30.06.2016	Variance 1H16 vs FY15
Current Liabilities	432,5	326,7	555,5	228,8
Financial Liabilities	166,8	12,4	250,3	237,9
Trade payables	210,0	271,1	256,6	(14,4)
Tax payable	20,4	14,0	18,8	4,8
Other current liabilities	35,3	29,2	29,7	0,5
Non-current Liabilities	182,5	177,8	122,9	(54,9)
Financial Liabilities	109,9	100,5	45,0	(55,6)
LT provisions	27,1	30,0	32,1	2,1
Deferred tax liabilities	45,5	47,2	45,8	(1,4)
Other non-current liablities	-	-	-	-
Shareholders Equity	1.065,9	1.200,6	1.081,7	(118,9)
Paid in Capital	191,4	191,4	191,4	-
Retained earnings	554,8	554,8	578,3	23,5
Comprehensive income	160,7	159,8	158,1	(1,7)
Net income	146,4	281,1	141,8	(139,3)
Minority interest	12,5	13,4	12,1	(1,3)
TOTAL LIABLILITES & EQUITY	**1.680,9**	**1.705,1**	**1.760,1**	**55,0**

BS data and key ratios	30.06.2015	31.12.2015	30.06.2016	Variance 1H16 vs FY15
Working Capital	293,8	263,1	303,9	40,8
Working Capital / Net Sales (LTM)	*21,2%*	*17,9%*	*20,3%*	*2,4%*
Net debt	224,7	91,1	248,8	157,7
Net debt / EBITDA (LTM)	*0,6x*	*0,2x*	*0,6x*	*0,4x*
Net Debt / Equity	21,1%	7,6%	23,0%	15,4%

Source: CMB financials and AKC calculations

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2016 Outlook

No major change expected both in sales prices and input costs

FY16	Expectations	
	Volume	Price
Domestic Cement (TL/t)	↑	→
Export Cement ($/t)	↑	↓
Export Clinker ($/t)	↓	↓
RMC (TL/m3)	→	↑

(*) Latest FY forecast compared to FY15

Compared to FY15:

- **Higher cement volume with** stable prices in domestic market while export prices are decreasing
- No change in volume of **RMC** but **higher sales prices**

Energy Price	2016E
	FY
Coal (USD / ton)	→
Petcoke (USD/ton)	→
Diesel (TL / Lt)	↑
Electricity (TL / kwh)	→

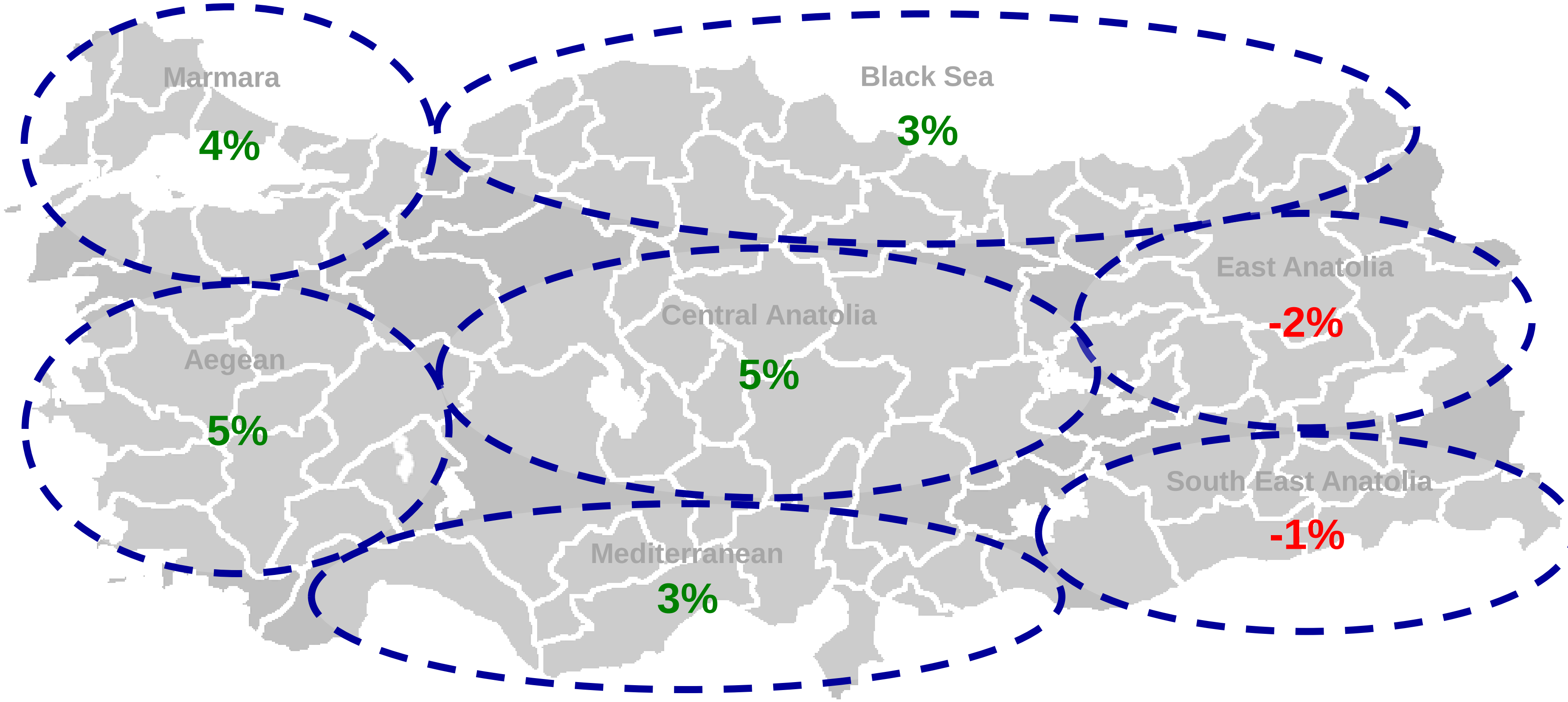
(*) Latest forecast compared to 1H16

Compared to 1H16:

- **No major price changes** in energy supply expected
- **100% of petrocoke requirement hedged** for 2016

Regional Sales Volumes - 2016 Expectation

Cement demand in Turkish domestic market is expected to grow by 3% in 2016



Source: AKC estimations based on TCMA data

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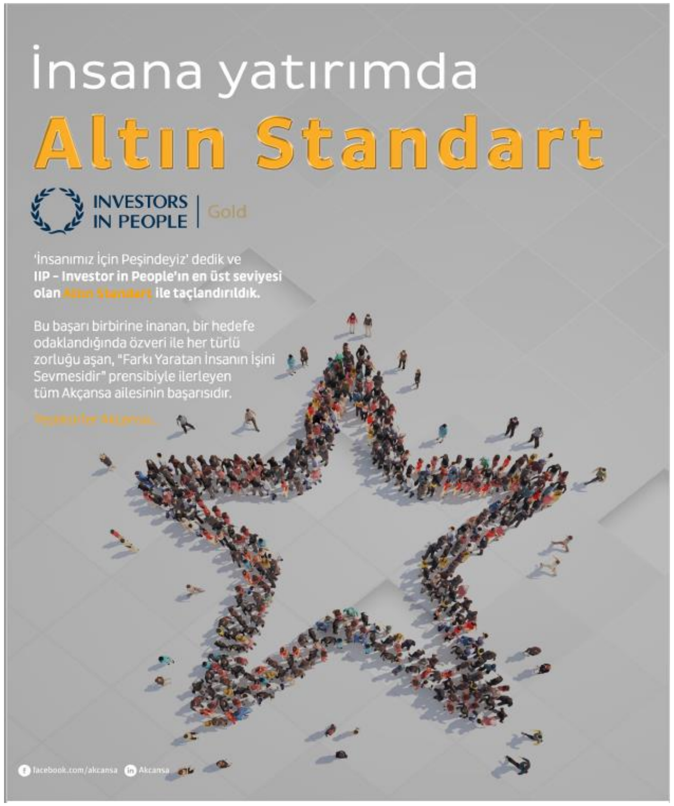
Awards, PR and Other Activities

Awards, PR and Other Activities (continued)



Awards, PR and Other Activities (continued)

Awards, PR and Other Activities (continued)

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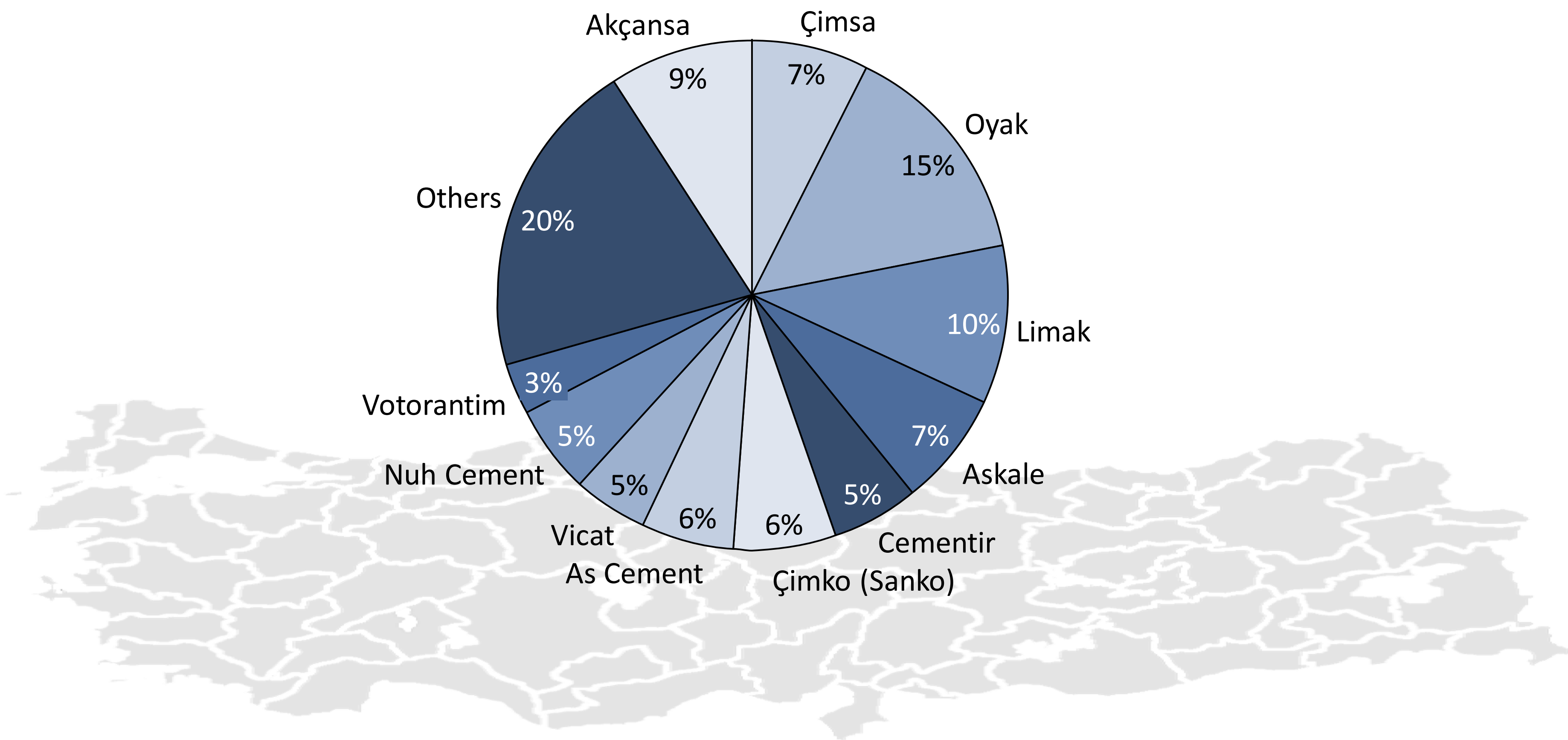
Appendix

Turkey Clinker Capacity Distribution

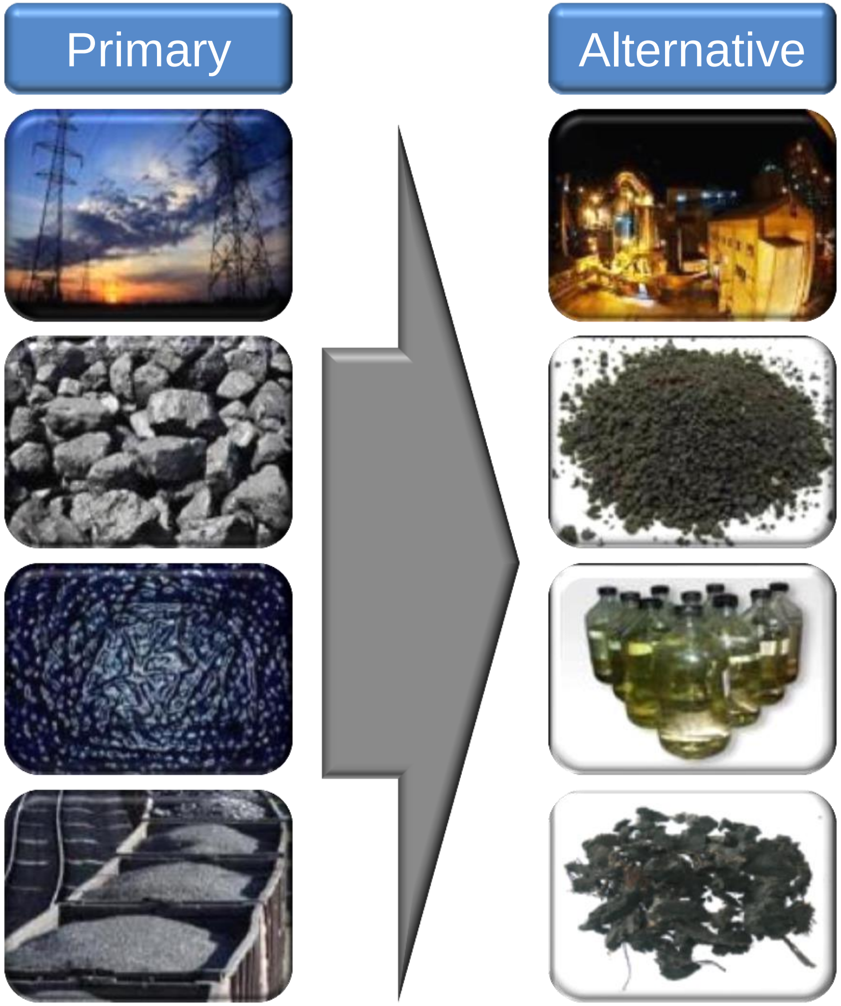


First 3 groups form 40% of the Turkish Cement Capacity

Source: TCMA

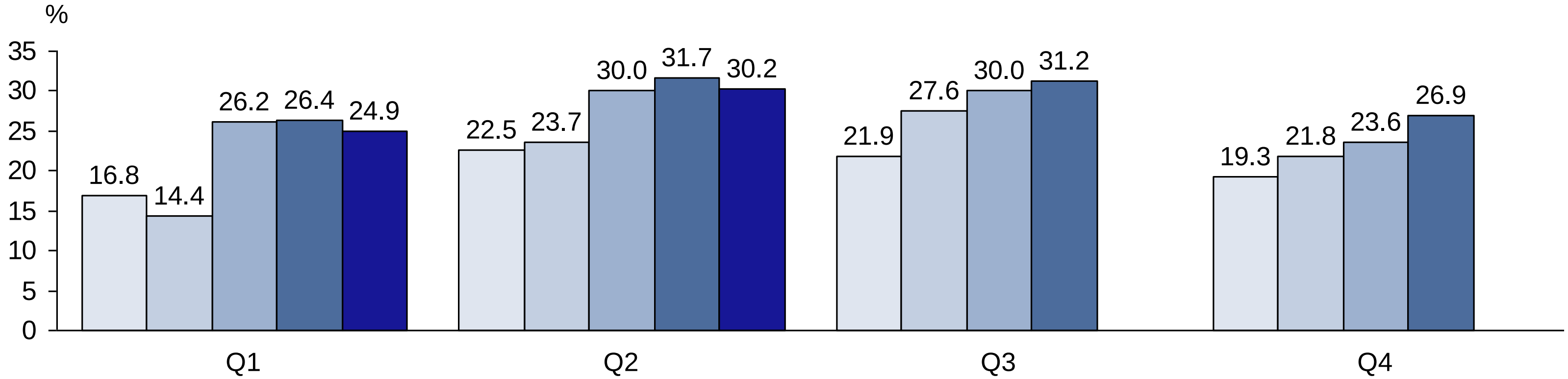
Energy Always Matters

- To increase efficiency on energy usage
  - Flexibility in use of petrocoke and coal
  - Use of import channels of HC Trading firms
  - High-sulfur petrocoke usage permit
  - Hedging coal purchases to minimize cost inflation risk
  - Active electricity portfolio management
  - Canakkale Plant has been using shreded tire as alternative fuel since 2012
- To increase alternative fuel usage
  - Alternative fuel feeding system investment in Canakkale Plant
  - Agreement with Recydia Waste Management Company
  - Continue to import shredded tire
  - Planned to have RDF import license like shredded tire

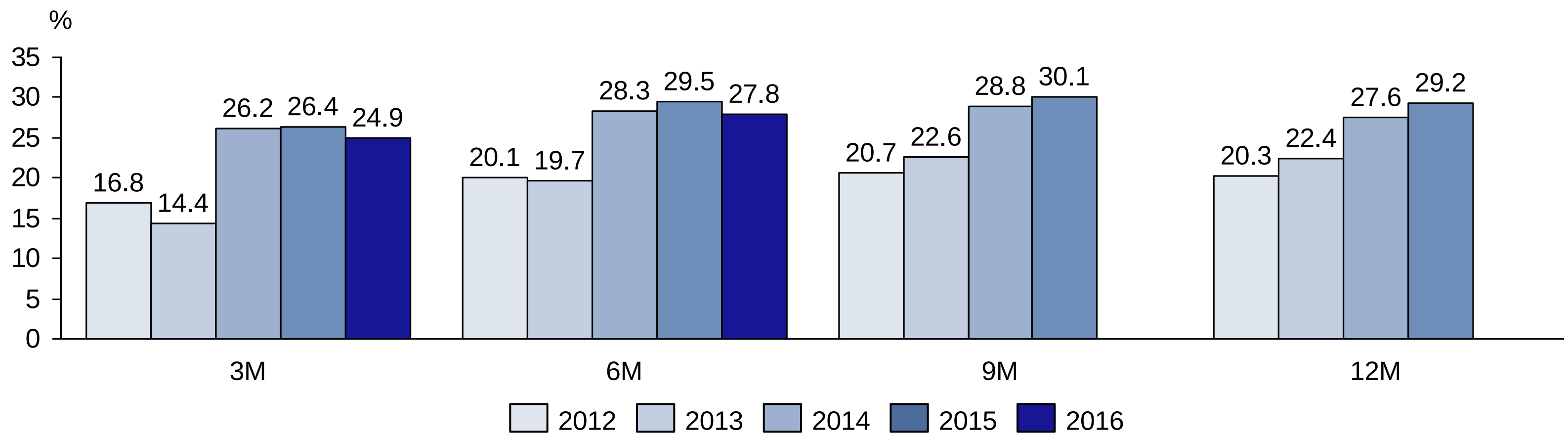


EBITDA Margins

EBITDA Margin* - Quarterly



EBITDA Margin* - YTD



*) Excludes the depreciation and amortization amount attributable to other operating expenses.

Source: AKC management report

Akçansa Sustainability Approach

Sustainability Committee

- GRI Approval, January 2011
- First report in its sector
- 2nd report was approved as of June 2012
- 3rd report was approved as of November 2014
- Microalg pool in Canakkale Plant

General Basics About Cement and RMC Production

Production

- 1,6 ton limestone is consumed to produce 1 ton of clinker
- 75-90% clinker is consumed to produce 1 ton of cement
- 250-300 kg of cement in 1 m3 RMC produced
- 1,5-2,0 ton of aggregate in 1 m^3 RMC produced depending on the type of RMC produced
- Distribution of cement production cost : 75-80 variable and 20-25% fixed costs

Fuel

- A cement plant of 1 mio ton clinker capacity may consume 100 k ton petrocoke or 130 k ton coal, or a mix of both
- 7.500 kcal/ton in petrocoke vs. 6.000 kcal/ton in coal.
- Fuel accounts for 30-35% of the variable cost of producing 1 ton of cement
- 1% increase in alternative fuel usage have 1,5-2 mTL cost advantage per year

Electricity

- Electricity accounts 25-30% of the variable cost of producing 1 ton of cement.
- 0,01 TL increase in cost of 1 kwh electricity corresponds to 1-1,5 TL cost increase in 1 ton of cement.
- Contribution of waste heat project
    - 33% of Çanakkale Plant electricity consumption
    - Monthly contribution to P&L of Akcansa will be around 1-1,5m TL based on current electricity prices