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AKÇANSA

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WELCOME



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01

MARKET OVERVIEW

KEY HIGHLIGHTS

2020 FY

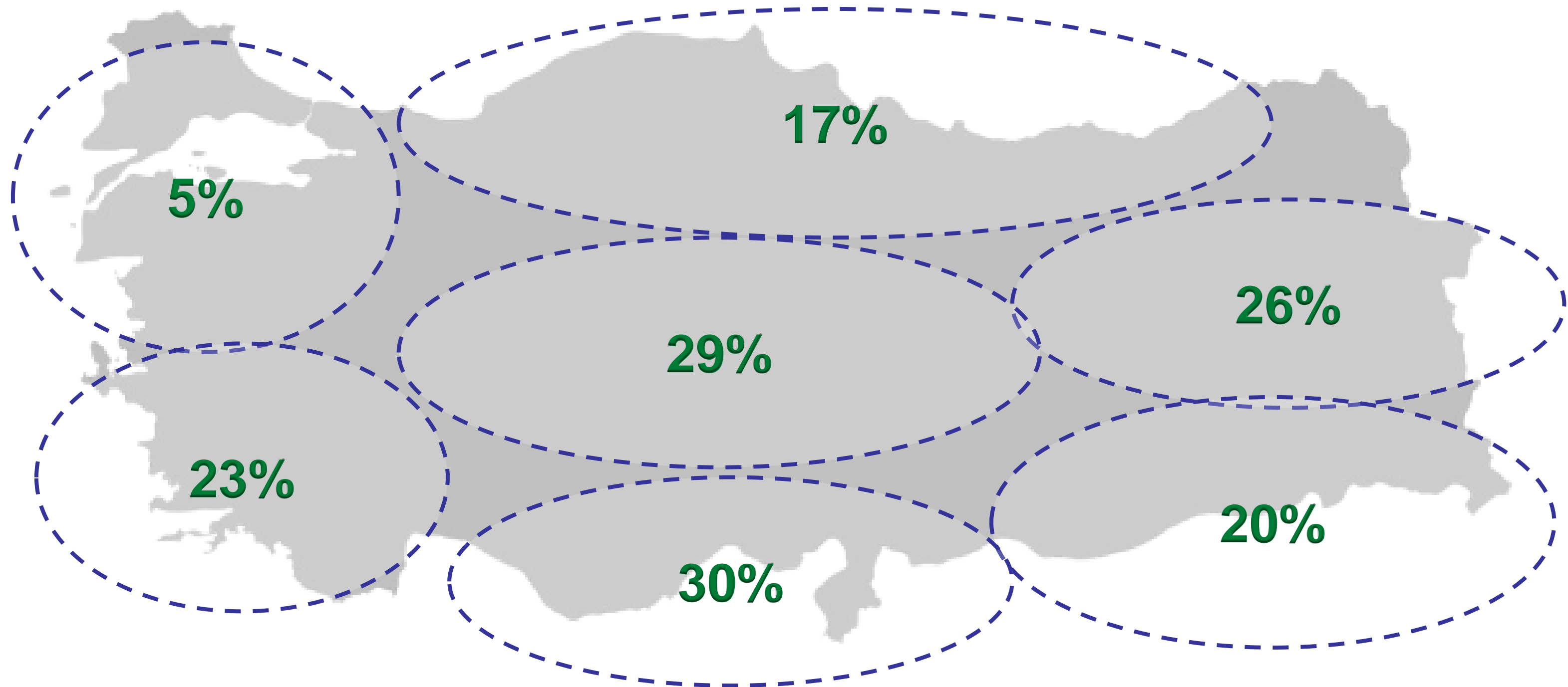
- ❖ 4Q20 gross margin up by 81% due to higher domestic volume and better pricing with higher FX rates compared to 4Q19.
- ❖ Total cementitious volumes up 3%.14% increase in cement/clinker exports.
- ❖ Operating profit up 24% and net income up 53% as a result of increased exports, pent up domestic demand after the lockdown and reduced interest expenses.
- ❖ Strong balance sheet: Net Debt / EBITDA of 0.7x. Net debt reduced by 47mTL vs. December 2019.

2021 Outlook

- ❖ Total cementitious volumes are expected to be in line with prior year. Domestic sales are expected to increase, offset by lower exports due to full clinker capacity utilization.
- ❖ Improved domestic demand environment is expected to continue, especially in the first half of the year. Clinker stocks are at very low levels.
- ❖ Continued USD long position due to exports.
- ❖ Moderate increase in financial expenses due to higher interest rates.
- ❖ Operating Income and Net Income are expected to be significantly above 2020 levels.

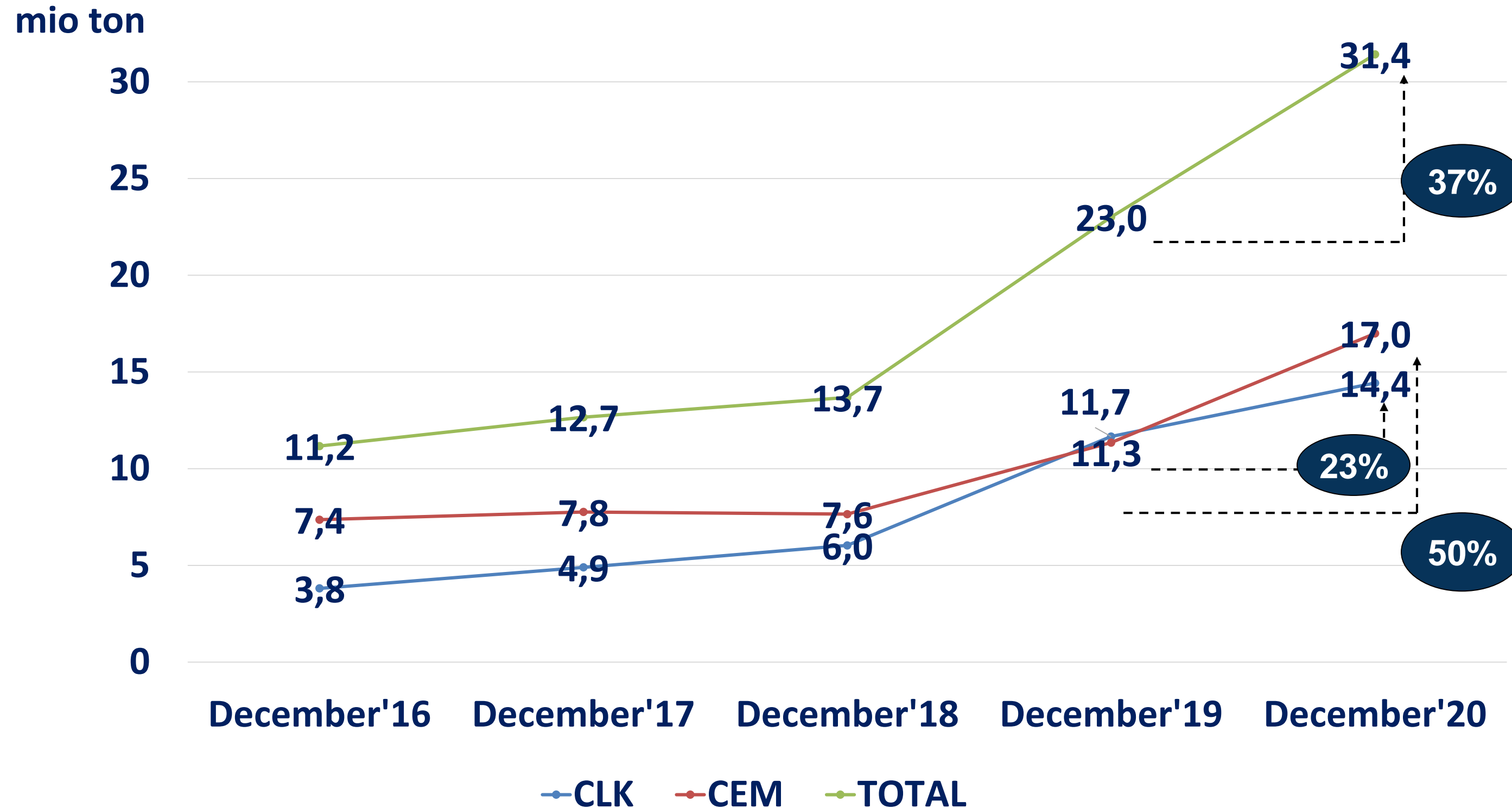
TURKISH CEMENT MARKET, SALES VOLUMES CHANGE %

2020 vs 2019 (November YTD)



Total cement demand in Turkey increased by 20% in November YTD'20 vs '19

TURKEY EXPORT VOLUMES TREND 2016-2020



EXPORT VOLUMES BY MAJOR COUNTRIES (KT)

Total Exports					
		2019	2020	Δ '20 vs '19	Trend
Clinker Exports	Ghana	2.406	3.567	48%	↑
	Ivory Coast	1.579	2.003	27%	↑
	Cameroon	678	880	30%	↑
	Guinea	925	824	-11%	↓
	Mauritania	649	615	-5%	↓
	Togo	362	583	61%	↑
	USA	475	574	21%	↑
	Belgium	248	541	119%	↑
	Senegal	585	460	-21%	↓
	Other	3.757	4.381	17%	↑
	Total Clinker	11.663	14.428	24%	↑
Cement Exports	USA	3.652	4.970	36%	↑
	Israel	2.103	2.558	22%	↑
	Syria	1.186	1.365	15%	↑
	Ukraine	209	979	369%	↑
	Haiti	320	758	137%	↑
	Libya	80	531	567%	↑
	Bulgaria	373	516	39%	↑
	Ghana	387	460	19%	↑
	Sierra Leone	217	398	84%	↑
	Other	2.821	4.456	58%	↑
	Total Cement	11.346	16.991	50%	↑
Total Export		23.009	31.419	37%	↑

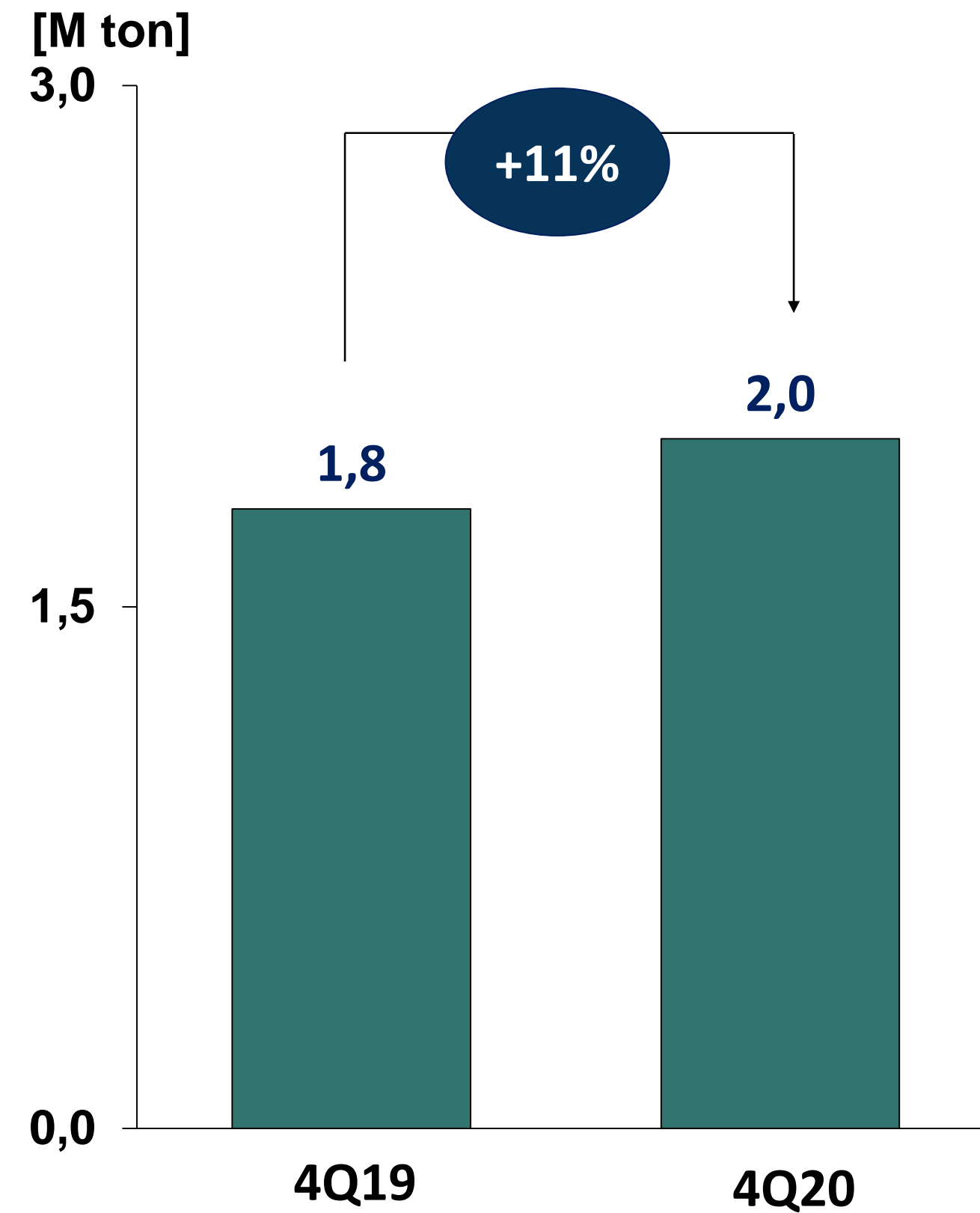
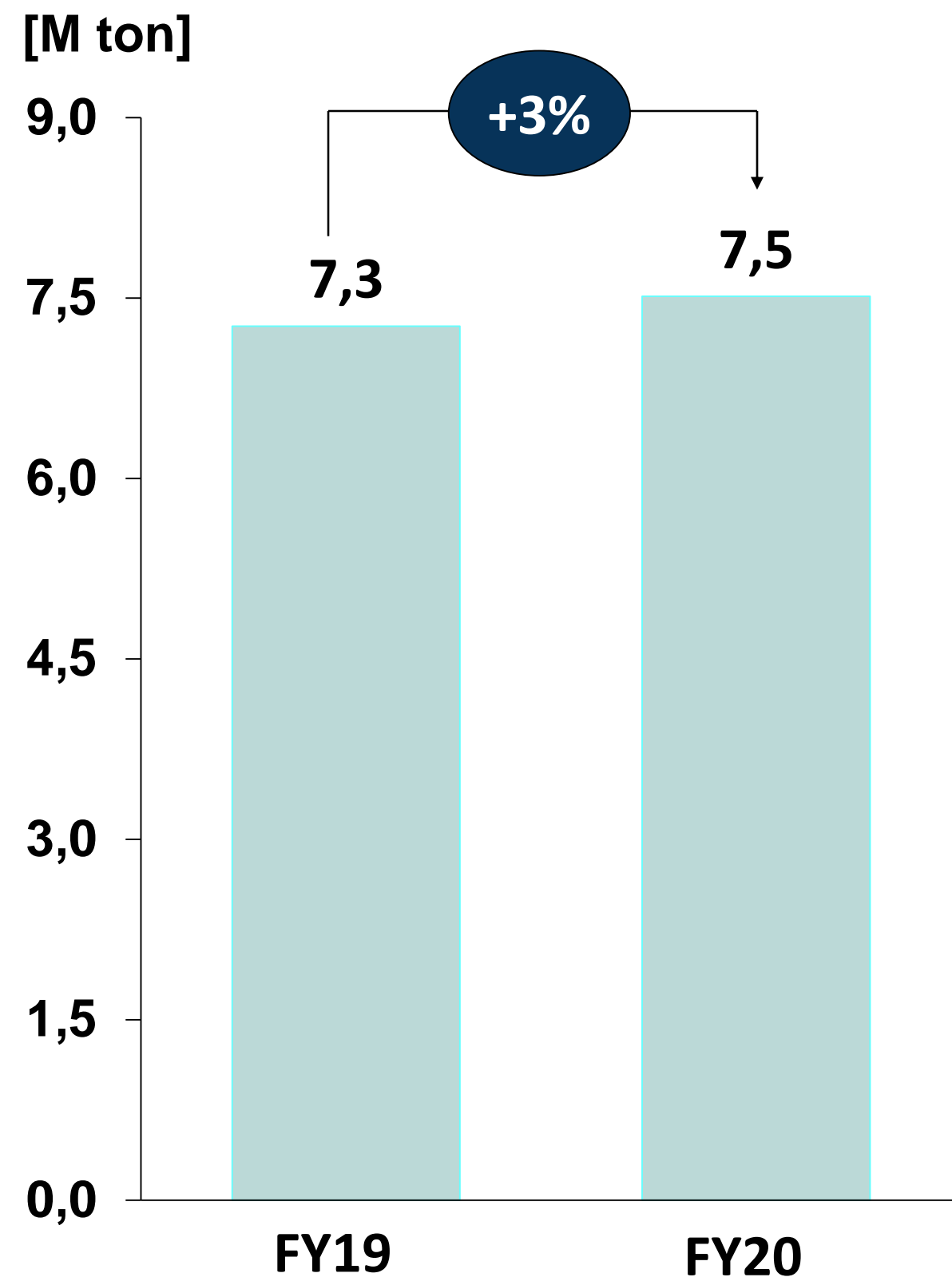
Sonmez Adana not included above
OAIB data - volumes include white CEM+CLK

AKÇANSA EXPORT MARKETS







West Africa and USA are the major export markets in FY20








CEMENTITIOUS SALES VOLUMES



ENERGY COSTS (FY19 VS FY 20)

Energy Price	FY20 vs FY19
Coal (USD/t)	
Coal (TL/t)	
Petcoke (USD/t)	
Petcoke (TL/t)	
Diesel (TL/lt)	
Electricity (TL/kwh)	

- ❖ Energy prices were higher in 2020 compared to last year with increase electricity and TL Petcoke prices.
- ❖ Lower fuel prices in the first half of 2020 were offset by accelerating fuel prices in the second half of the year.

	Increasing
	Slightly increasing
	Flat
	Slightly decreasing
	Decreasing

02

FINANCIAL REPORT

Financial
Report

INCOME STATEMENT

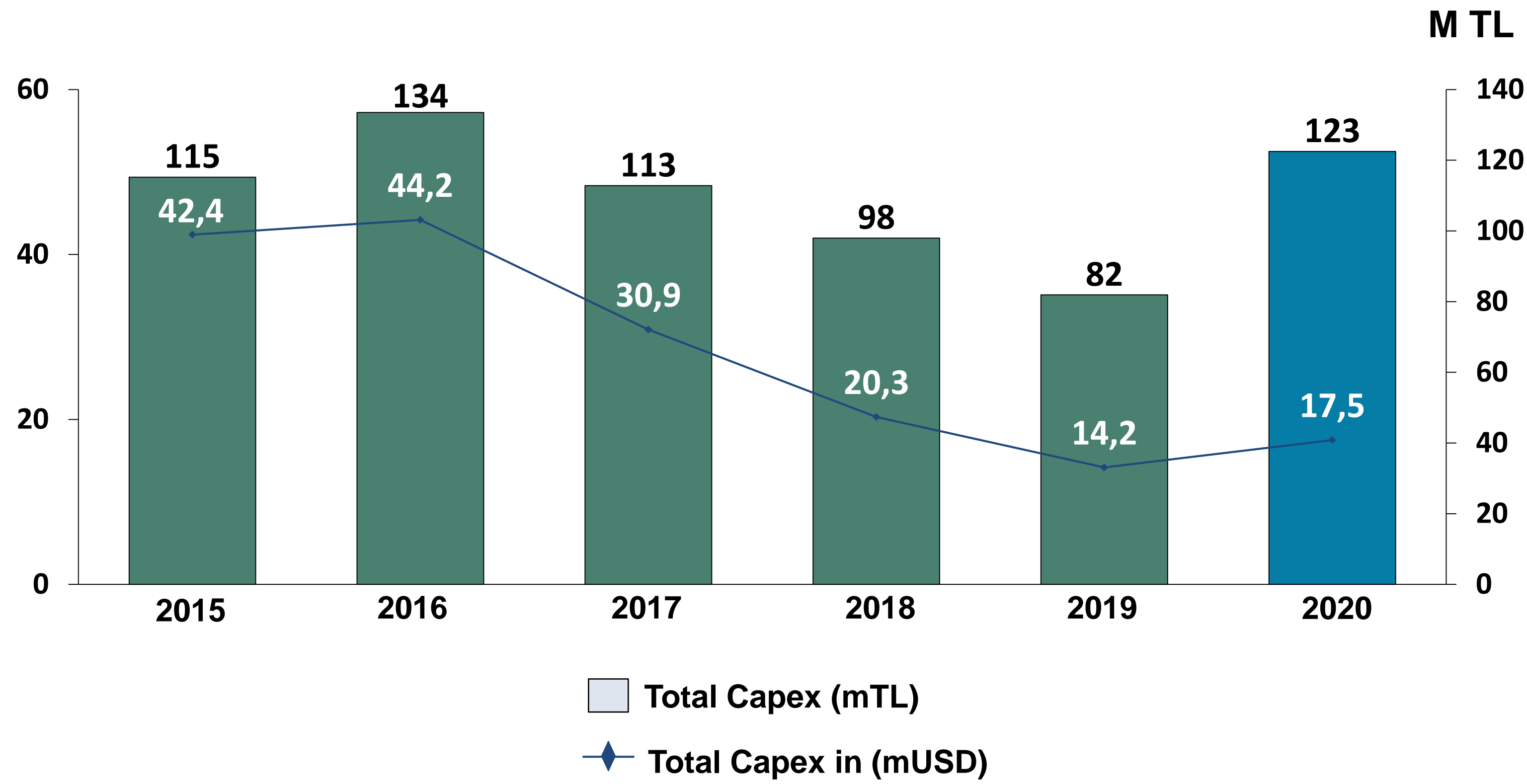
Company (M TL)	FY19	FY20	% Ch. YTD	4Q19	4Q20	% Ch. Q
Net Sales	1.826,1	1.967,1	7,7%	447,3	589,7	31,8%
Cost of Sales	(1.573,1)	(1.635,2)	3,9%	(388,1)	(482,2)	24,3%
Gross Margin	253,0	331,9	31,2%	59,3	107,5	81,4%
Marketing&Sales Expense	(23,3)	(17,3)	-25,7%	(5,4)	(4,9)	-9,8%
General Management Expenses	(82,5)	(92,6)	12,2%	(21,4)	(29,0)	35,7%
Other Operating Income/Charges	1,4	(38,4)	2934,8%	8,8	(9,8)	212,4%
Operating Income	148,6	183,7	23,6%	41,2	63,7	54,7%
Income/Losses from Investment Activities	70,6	3,1	-95,6%	11,3	(0,0)	-100,3%
Non-Operating Financial Income	23,1	57,1	147,2%	(18,7)	18,1	-196,6%
Non-Operating Financial Charge	(155,0)	(98,0)	-36,7%	(4,8)	(30,7)	545,1%
Profit/Loss before Taxes	87,3	145,9	67,0%	29,0	51,0	76,2%
Taxes On Income	(12,3)	(31,0)	151,2%	(7,3)	(9,9)	36,4%
Net Income/Loss	75,0	114,8	53,2%	21,7	41,1	89,4%
Minority Share	(0,3)	(0,2)		0,2	(0,3)	
Parent Company Share	75,2	115,0		21,6	41,4	
Gross Margin %	13,9%	16,9%		13,2%	18,2%	
EBITDA Margin* %	13,5%	14,5%		14,7%	15,2%	
Net Income Margin %	4,1%	5,8%		4,9%	7,0%	

Net income up significantly in both Q420: +89% and FY20: +53%

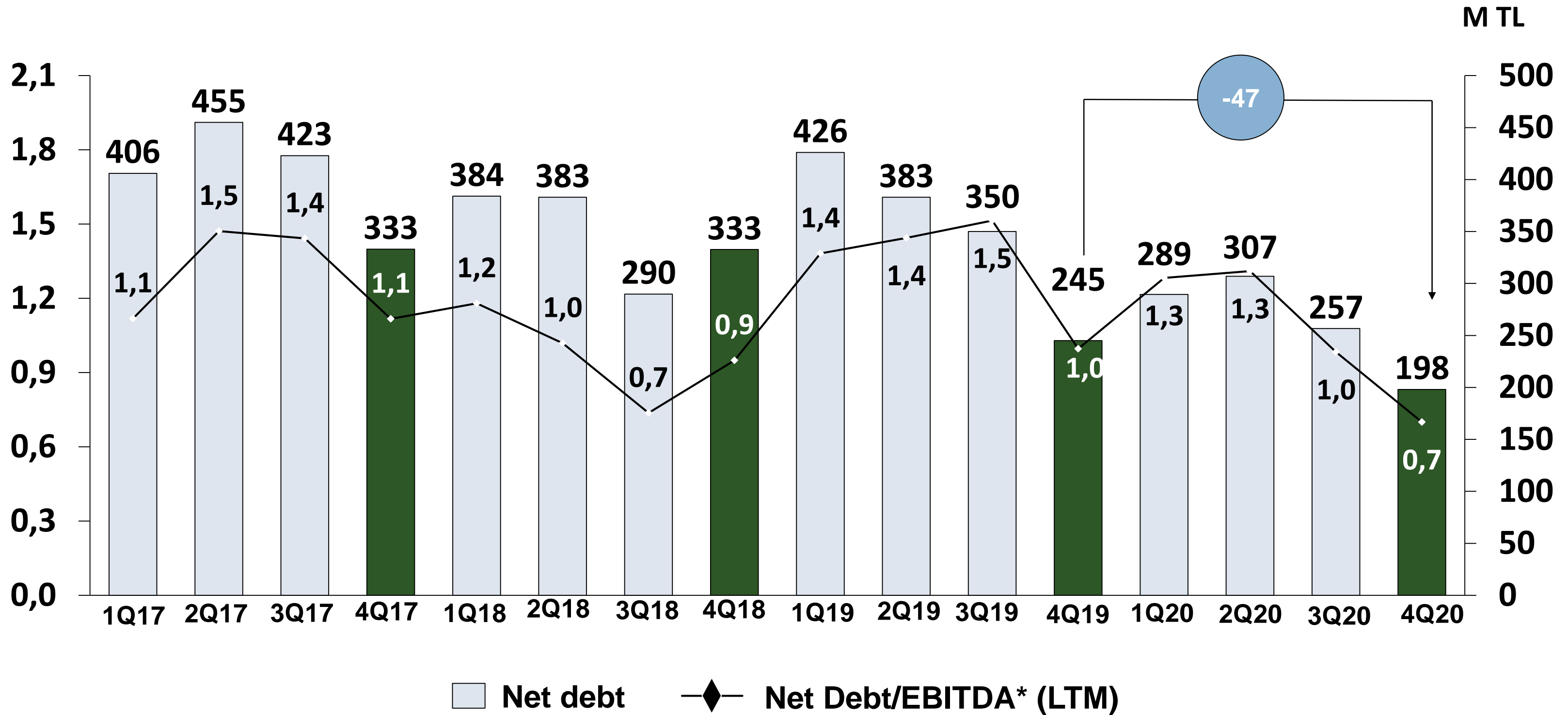
CASH FLOW

Company (M TL)	FY19	FY20
Cash flow from operating activities		
Operating income before the changes in working capital	256,3	330,0
Changes in working capital	116,2	(13,6)
Taxes paid	(6,5)	(29,7)
Other items	(15,1)	(9,7)
	350,9	277,0
Cash flow from investing activities		
Tangible and intangible fixed assets	(81,4)	(122,6)
Proceeds from fixed asset disposals	77,5	2,2
Dividends Received	9,9	1,4
	6,0	(119,0)
Free Cash Flow	357,0	158,0
Cash flow from financing activities		
Dividend payments	(154,2)	(46,6)
Net proceeds from bonds and loans	(146,6)	115,5
Interest paid	(175,6)	(73,4)
Interest received	12,7	14,9
Other items	(16,8)	(2,1)
	(480,4)	8,3
Net change in cash and cash equivalents - continuing operations	(123,4)	166,3
Change in cash & cash equivalents	(123,4)	166,3
Cash & cash equivalents at 1 January	275,4	152,0
Cash & cash equivalents at 31 December	152,0	318,4

CAPEX



NET DEBT / EBITDA



(*) EBITDA = Operating Income + Depreciation
 Net debt figures do not include lease liabilities

Net debt 47 mTL lower than prior year

BALANCE SHEET

Mio TL	12/31/2019	12/31/2020	Variance 2020 vs 2019
Current Assets	762,9	1.036,8	273,9
Cash & cash equivalents	152,0	318,4	166,3
Trade receivables	369,1	442,3	73,2
Inventories	181,2	180,1	(1,1)
Other current assets	60,6	96,1	35,5
Non-current Assets	1.246,8	1.395,1	148,2
Financial investments	160,0	265,7	105,8
Fixed Assets	826,1	852,8	26,7
Goodwill	130,1	130,1	-
Deferred tax assets	1,1	1,3	0,2
Other non-current assets	129,6	145,1	15,5
TOTAL ASSETS	2.009,7	2.431,9	405,5

Mio TL	12/31/2019	12/31/2020	Variance 2020 vs 2019
Current Liabilities	649,2	837,7	188,6
Financial Liabilities	246,8	316,3	69,5
Trade payables	355,8	443,9	88,1
Tax payable	4,6	14,9	10,3
Other current liabilities	42,0	62,6	20,6
Non-current Liabilities	319,5	387,1	67,6
Financial Liabilities	150,0	200,0	50,0
LT provisions	57,3	63,5	6,2
Deferred tax liabilities	41,4	42,1	0,7
Other non-current liabilities	70,8	81,5	10,7
Shareholders Equity	1.041,1	1.207,1	166,0
Paid in Capital	191,4	191,4	-
Retained earnings	672,5	701,4	28,9
Comprehensive income	89,7	187,5	97,8
Net income	75,2	115,0	39,8
Minority interest	12,2	11,7	(0,5)
TOTAL LIABLILITES & EQUITY	2.009,7	2.431,9	405,5

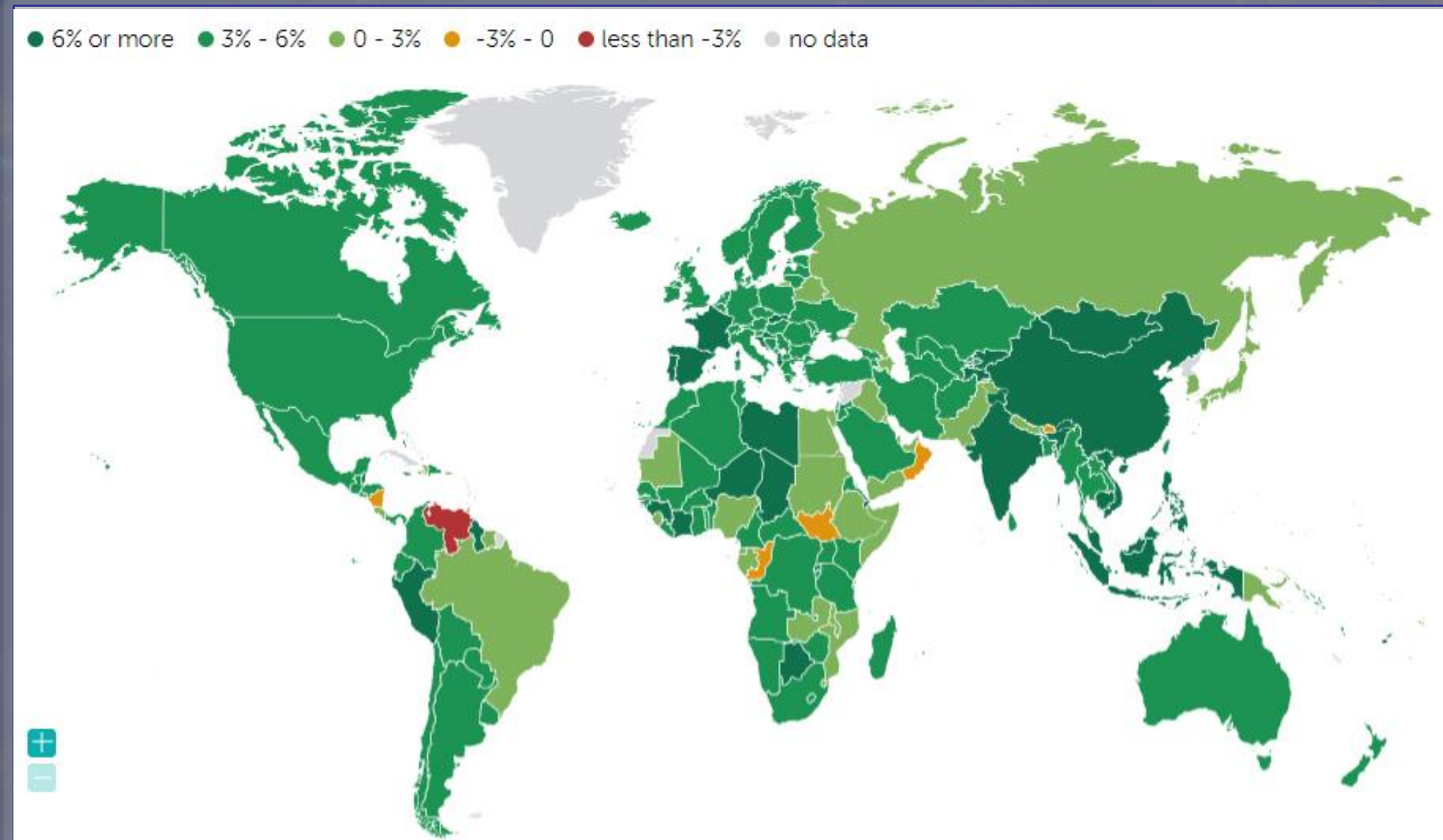
BS data and key ratios	12/31/2019	12/31/2020	Variance 2020 vs 2019
Working Capital	195	178	-16
Working Capital / Net Sales (LTM)	11%	9%	-2%
Net debt	245	198	-47
Net debt / EBITDA (LTM)	1,0x	0,7x	-0,3x
Net Debt / Equity	24%	16%	-7%

03

OUTLOOK

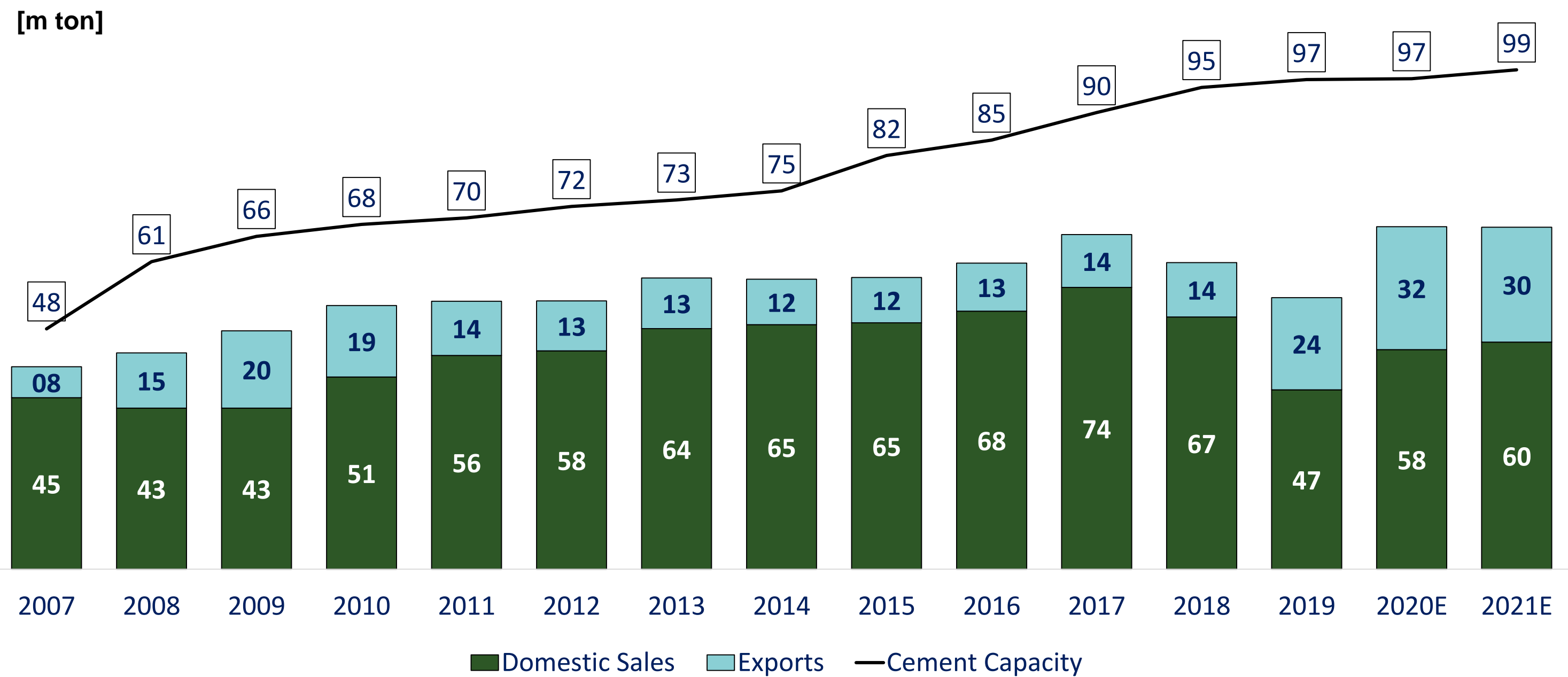


GLOBAL GDP GROWTH



- Monetary and fiscal support will continue
- Global growth in 2021 is expected to translate to increased building materials demand
- Emerging markets expected to continue to benefit from capital inflows

TURKISH CEMENT CONSUMPTION



Domestic demand is estimated to increase by ~4% in 2021 after an increase of ~22% in 2020

2021 OUTLOOK

Energy Price	PL21 vs FY20
Coal (USD/t)	↑
Coal (TL/t)	↑
Petcoke (USD/t)	↑
Petcoke (TL/t)	↑
Diesel (TL/lt)	↑
Electricity (TL/kwh)	↑

↑	Increasing
↗	Slightly increasing
→	Flat
↘	Slightly decreasing
↓	Decreasing

❖ Compared to 2020:

- ❖ Total cementitious volume expected to be in line with prior year.
- ❖ Domestic demand is expected to increase by at least 4% in 2021. Improved domestic demand environment is expected to continue, especially in the first half of the year. Clinker stocks are at very low levels.
- ❖ Energy costs expected to be substantially higher than prior year, mainly due to increased petcoke prices. Fuel mix will be optimized with more coal usage which has relatively lower price compared to petcoke.
- ❖ Moderate increase in financial expenses due to higher interest rates.
- ❖ Operating Income and Net Income are expected to be significantly above 2020 levels.

FOLLOW US

We are also rising together in the social networks.



/akcansa



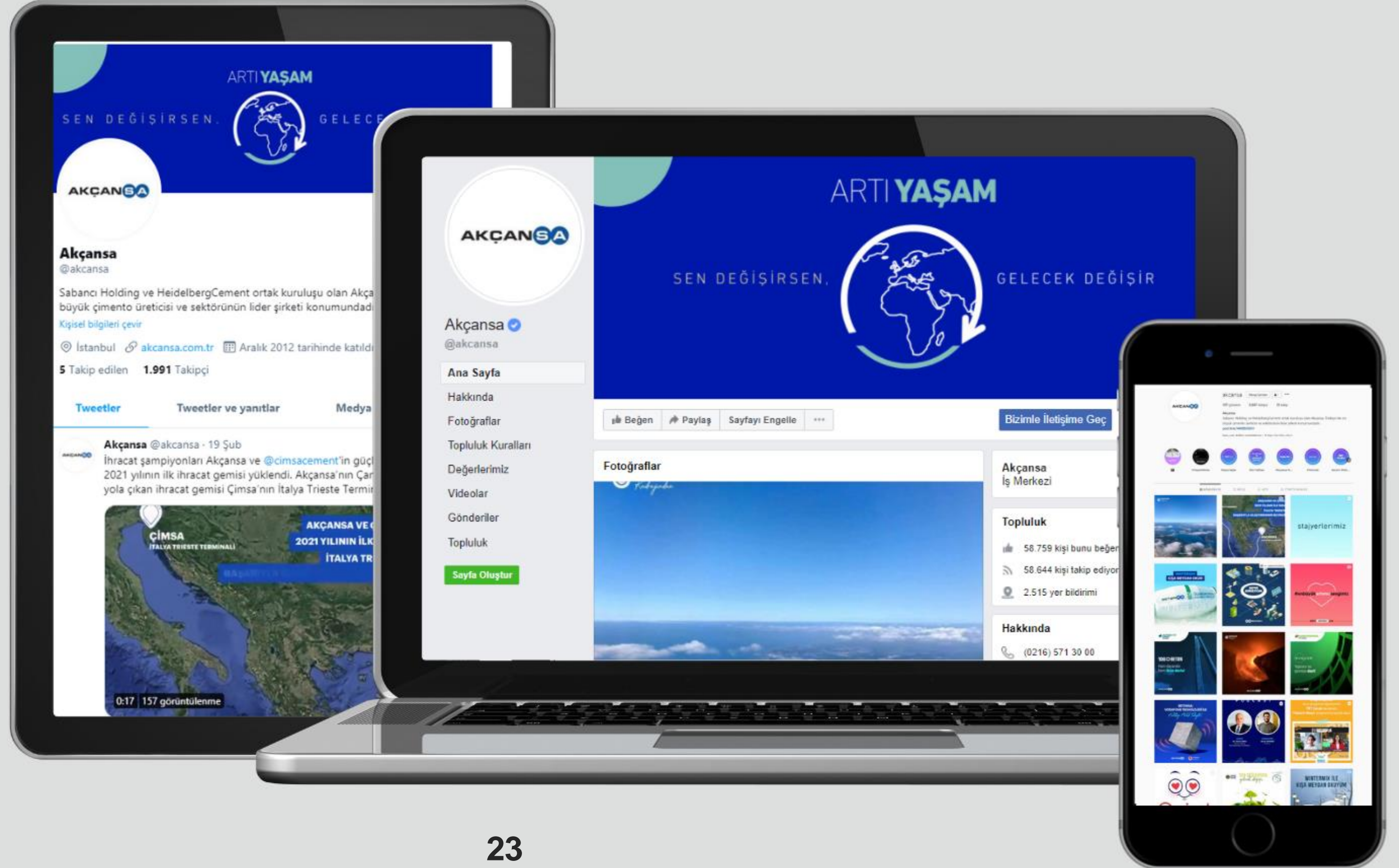
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05

MORE ABOUT US

SUSTAINABILITY DEVELOPMENTS

RESPONSIBLE SOURCING CERTIFICATE

The First Company in Turkey receiving the certificate by
“ **The International Concrete Sustainability Council**”

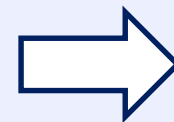
Cement Plants

- Büyükçekmece Plant
- Çanakkale Plant
- **Betonsa RMC Facilities**
- Betonsa Kemerburgaz
- Betonsa Gebze

ENVIRONMENTAL PRODUCT DECLARATION

The **first company in Turkey** to share the carbon footprint and responsible consumption of RMC products transparently.

Akcansa Sustainability Report for the years 2018-2019
is available online. Please click on icon to download it.



ENVIRONMENTAL PRODUCT DECLARATION

The **first company in Turkey** to share the carbon footprint and responsible resource consumption of RMC products transparently.

- Competitive Advantage in Exports
- Lower Carbon Footprint



VALUE ADDED PRODUCTS



SOLUTION PARTNER OF MEGA PROJECTS

1915
ÇANAKKALE
BRIDGE

100 + BETON

100 + BETON

1803
BETON

OUR AWARDS

Investors in People Gold March 2020



Only company with IIP Gold Standard in Turkey and among Sabancı & HeidelbergCement Group companies

Investors in People Global Awards, July 2020



Finalist out of 300 global companies in 2 categories:
Leadership Management & Social Responsibility

The Most Admired Company December 2020



Akçansa was named **The Most Admired Company** in Turkey by Capital for 19 consecutive years

OUR AWARDS

CSR Project “Benim Mahallem” December 2020



12. Corporate Social
Responsibility Association
Sustainable Development Goals
“Qualified Education”

Sabancı Golden Collar Awards October 2020



Finalist in 3 Categories out of
180 project applications
**Award winner in Lean
Manufacturing Category**

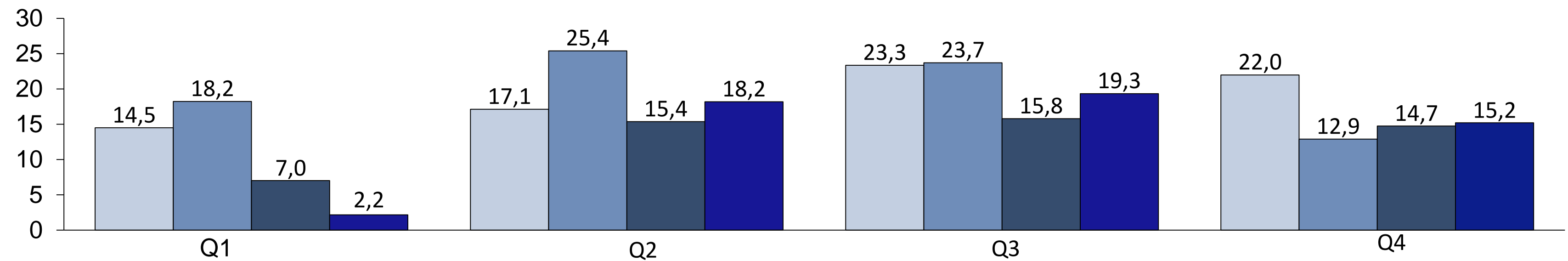
03

APPENDIX

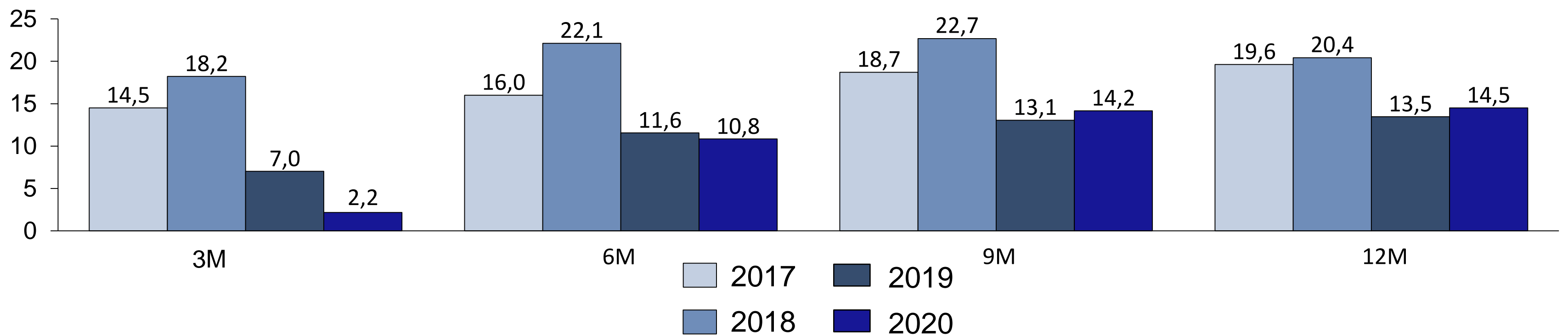
APPENDIX

EBITDA MARGINS

*EBITDA Margin - Quarterly



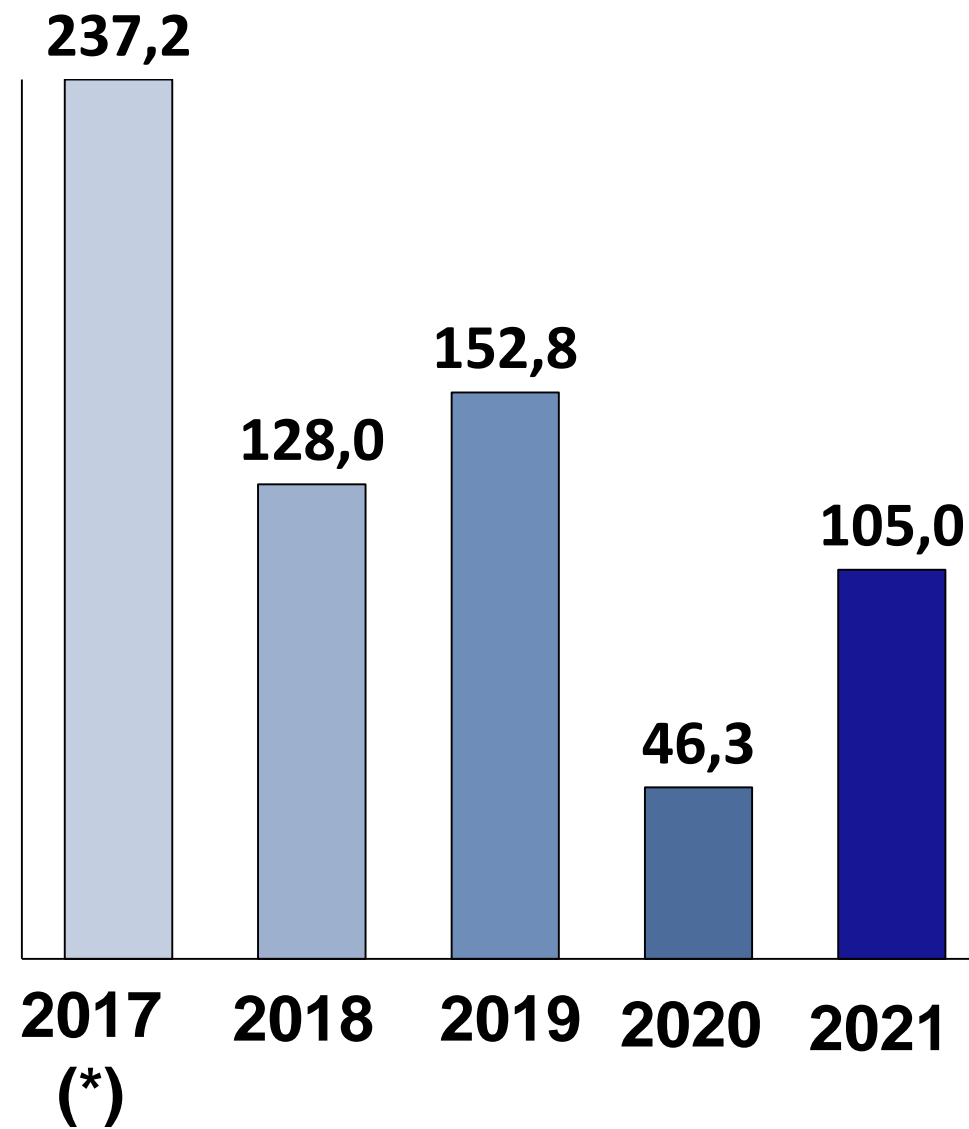
*EBITDA Margin - YTD



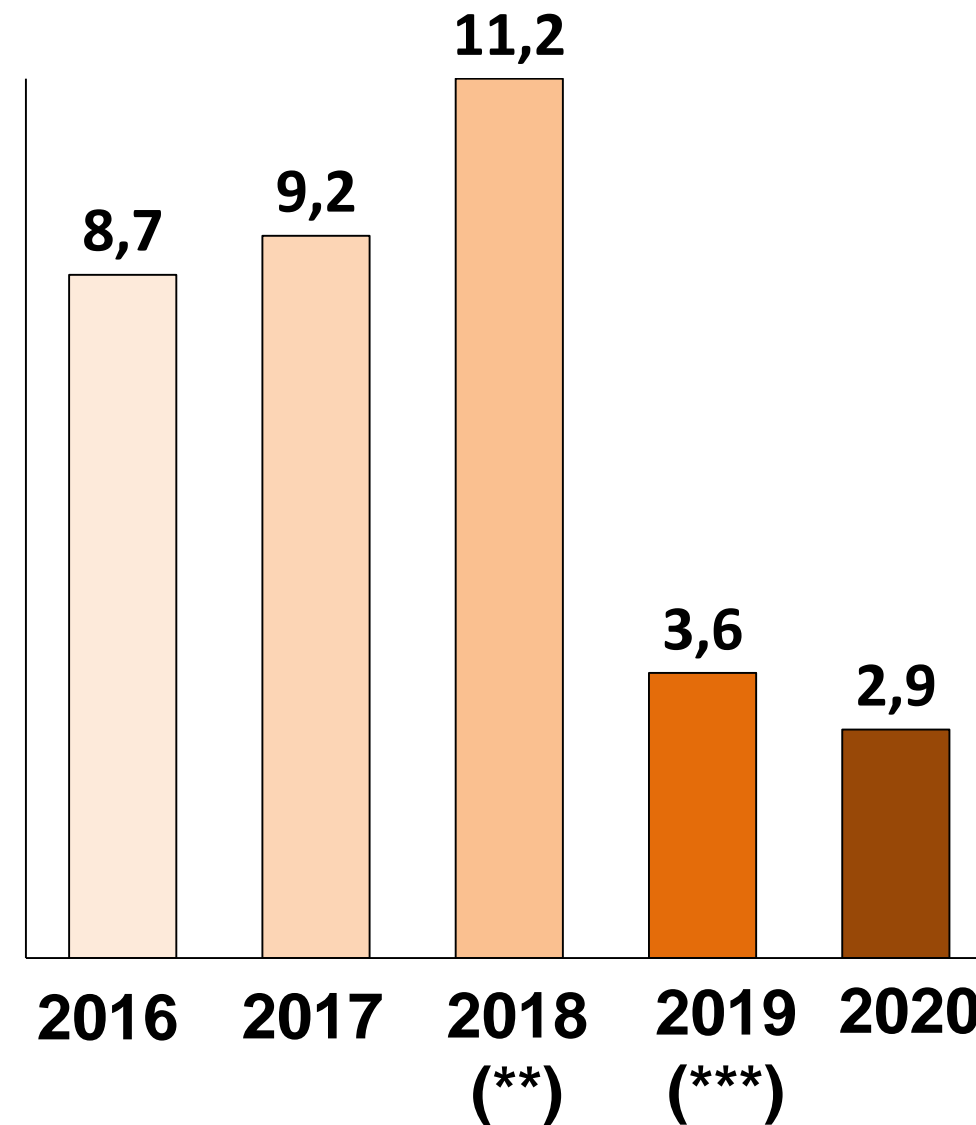
(*) EBITDA = Operating Income + Depreciation

DIVIDEND PAID, DIVIDEND YIELD AND PAYOUT RATIO

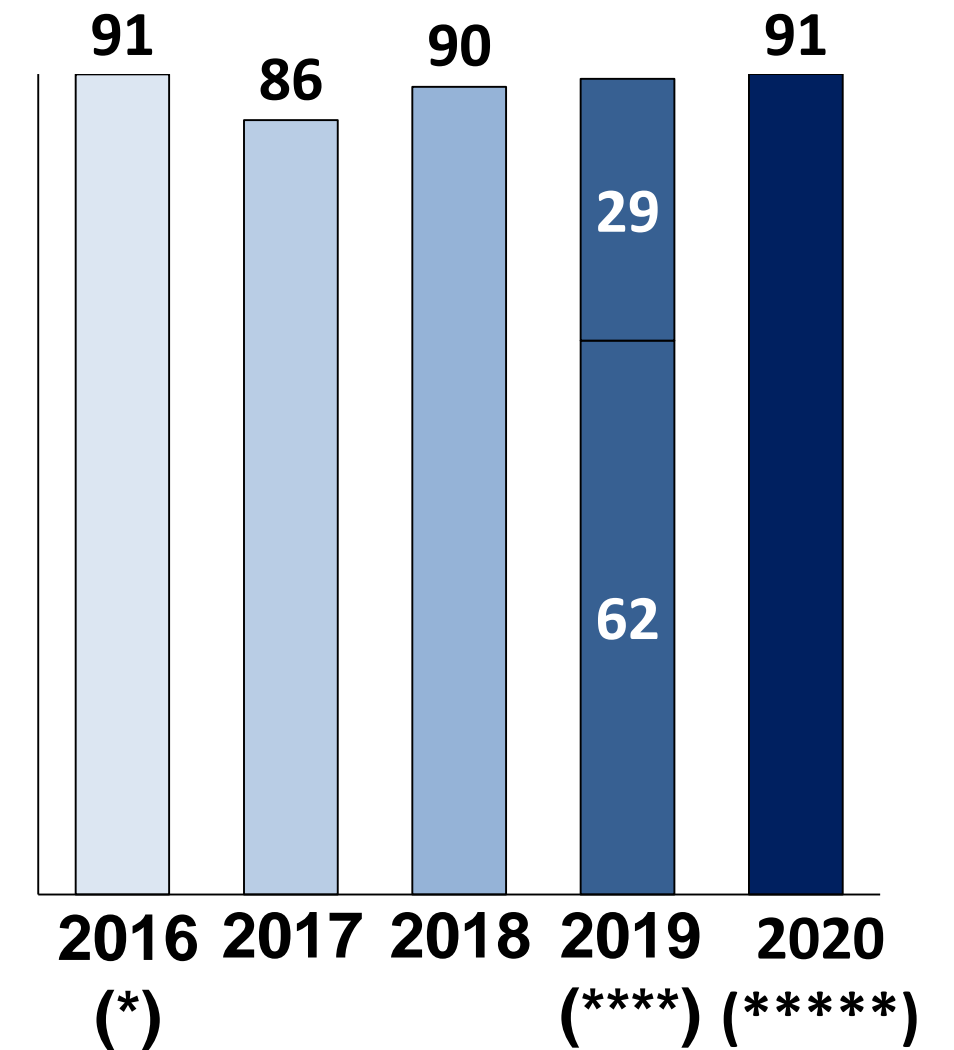
Dividend Paid



Dividend Paid



Payout Ratio %



(*) Adjusted for extraordinary gain from sale of Hobim shares (Income from Hobim sale amounted to 26 mTL and special reserves 19,3 mTL are excluded)

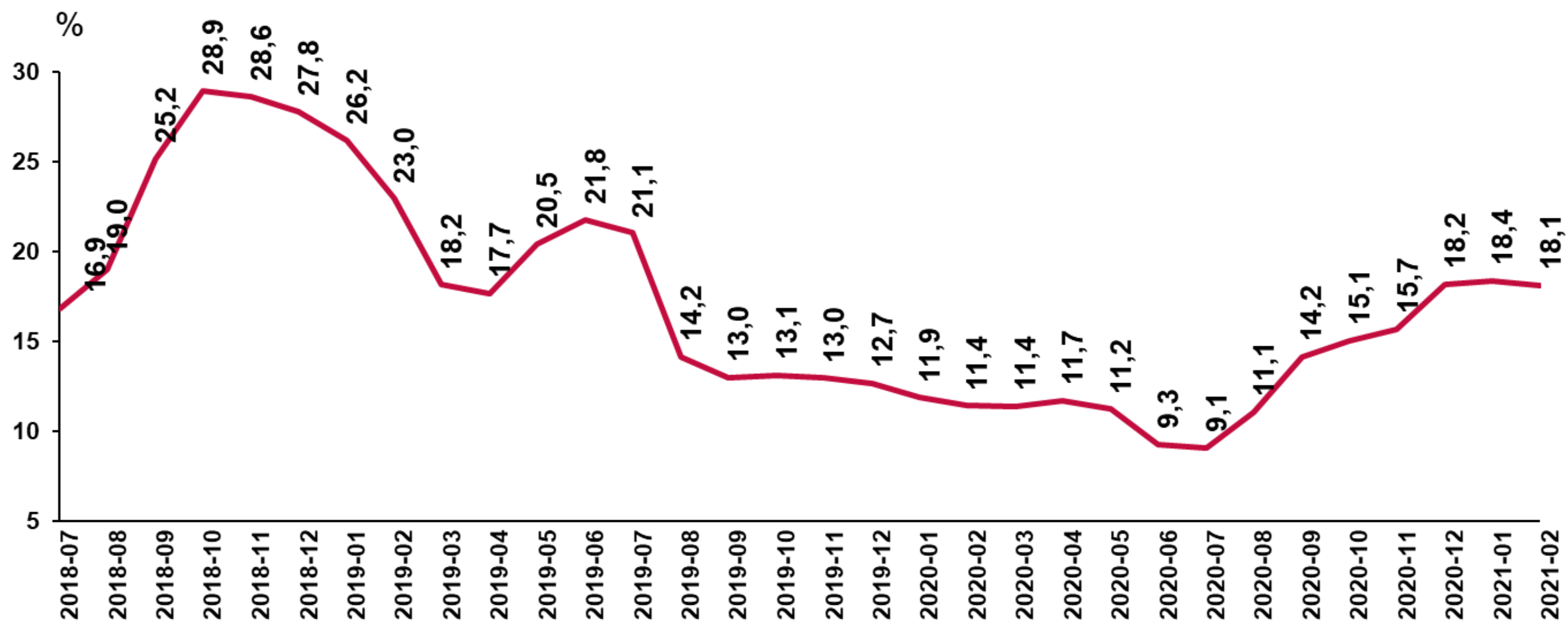
(**) Akcansa closing share price as of 27 March 2019 is used for dividend yield calculation

(***) Akcansa closing share price as of 24 March 2020 is used for dividend yield calculation. Taking into account the share price compared to prior year, dividend yield decrease is proportional to net income decrease.

(****) Main reason of decrease in the payout ratio is the allocation half of profit from fixed asset sales to reserves (28 mTL) to take advantage of tax deductibility. It has over 29% effect on payout ratio. Akcansa has been continuing to apply the same dividend payment policy as in prior years.

(*****) 2021 dividend amount is used as dividend proposal to general assembly and share price is used as of 23 February 2021

ANNUAL MORTGAGE INTEREST RATES



Mortgage rates were at substantially lower levels in 2020 vs. 2019 with rates below 10% in June and July and then steady at 18% currently.

GENERAL BASICS ABOUT CEMENT AND RMC PRODUCTION

Production

- ❖ 85-90% clinker is consumed to produce 1 ton of cement (%89,2)
- ❖ 250-300 kg of cement in 1 m³ RMC produced
- ❖ 1.5-2.0 ton of aggregate in 1 m³ RMC produced depending on the type of RMC produced
- ❖ Distribution of cement production cost : 80-85% variable and 15-20% fixed costs (Without Depreciation: %85 Variable and %15 Fixed, With Depreciation: %79 Variable, %14 Fixed, %6 Depreciation)

Fuel

- ❖ A cement plant of 1 mio ton clinker capacity may consume 110 k ton petcoke or 135 k ton coal, or a mix of both
- ❖ (Petcoke: 105 k ton Coal: 132 k ton)
- ❖ 8.200 kcal/ton in petcoke vs. 6.000 kcal/ton in coal. (8.200 vs 6.500)
- ❖ Fuel accounts for 30-35% of the variable cost of producing 1 ton of cement, 45-50% of producing 1 ton of clinker
- ❖ (Cement: %33, Clinker: %48)
- ❖ 1% increase in alternative fuel usage provides approximately 1 mTL cost advantage per year (1.2 mTL)

❖ Electricity

- ❖ Electricity accounts for 25-30% of the variable cost of producing 1 ton of cement, 25-30% of producing 1 ton of clinker
- ❖ (Cement: %29 Clinker: %24)
- ❖ 0,01 TL increase in cost of 1 kwh electricity corresponds to 1-1,5 TL cost increase in 1 ton of cement. (1,15 TL)
- ❖ Contribution of waste heat project
 - ❖ 20-25% of Çanakkale Plant electricity consumption (%23)
 - ❖ Monthly contribution to P&L of Akcansa is around 3-3,5 mTL based on current electricity prices
- ❖ Contribution of one windmill (3.2 mTL)
 - ❖ 1,5-2% of Çanakkale Plant electricity consumption (%1,8)
 - ❖ 3-3,5 mTL yearly saving (3.1 mTL)
 - ❖ Capacity is 2,4 MW/h (2,4)