

# Presentation Q1 Results 2014

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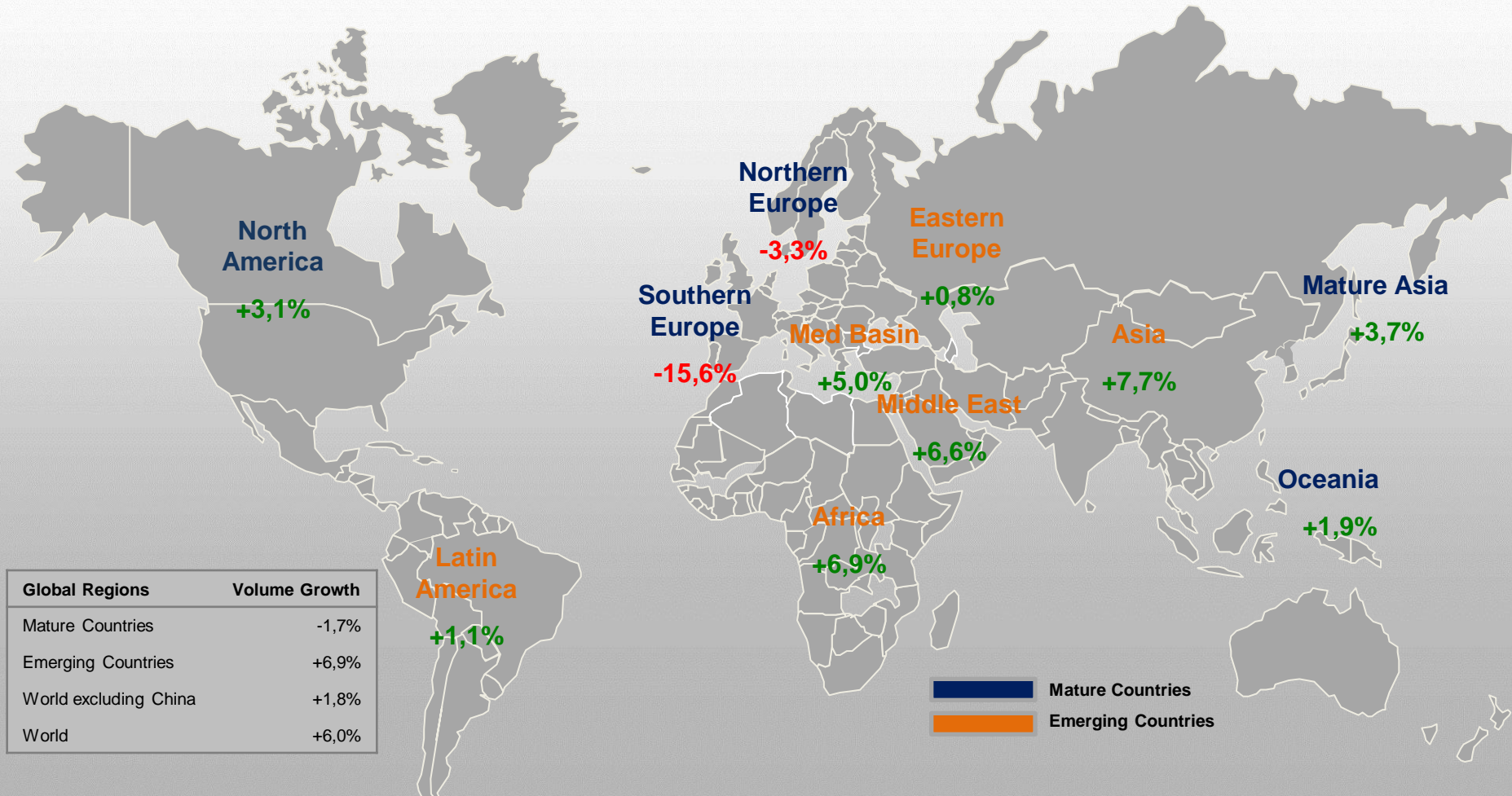


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# Cement Consumption Trends : Regional Consumption 2013 Estimate

China is still the main driver in cement consumption growth in the World



This presentation/report demonstrates "estimated results" of market research done by Akçansa Çimento Sanayi ve Ticaret A.Ş. in addition to sourcing from Exane BNP Paribas Survey report – Jan, 14.

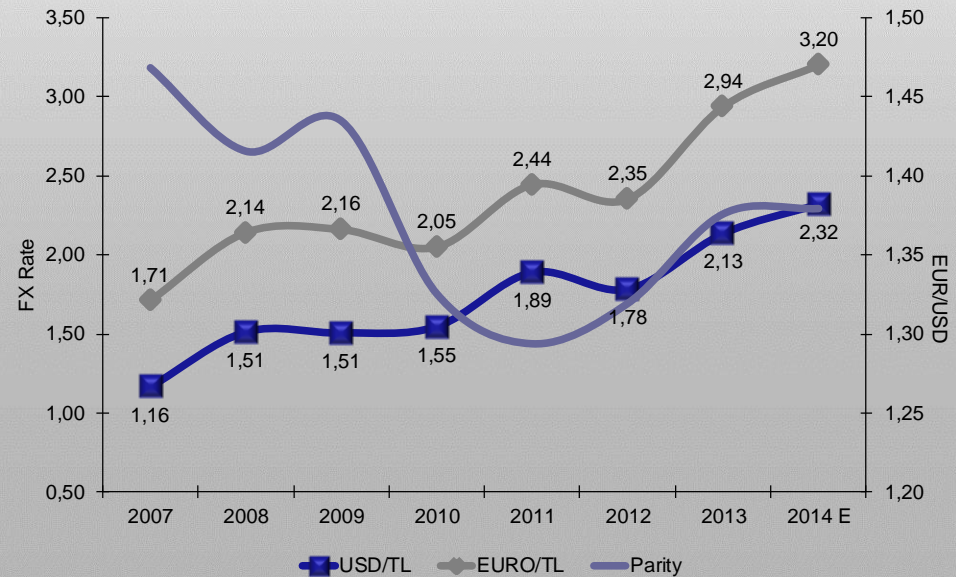


# Macroeconomic Assumptions for Turkey 2007 – 2014E

- **Inflation** expectation is revised based on revision of FX rate expectation
- **Interest rate** level is expected to increase which will effect on mortgage rates
- **Budget deficit** per capita has slight upside trend in the election year 2014

Turkey Macroeconomic Indicators			
Years	Government Budget Deficit/GDP	TR-3 Months Deposit Rate, Annual,%	Population (mio)
2007	-1,6%	17,5%	70,2
2008	-1,8%	20,0%	71,1
2009	-5,5%	9,3%	72,1
2010	-3,6%	7,6%	73,0
2011	-1,4%	10,7%	74,0
2012	-2,0%	7,9%	74,9
2013	-1,3%	8,9%	76,1
2014	-2,5%	11,6%	76,9

- **FX rate:** TL depreciation led to revize the expectations
- **USD** and **EUR** are expected to continue to appreciate in 2014 which would positively effect export revenues



Source: Sabancı Holding and Akçansa assumptions

# Macroeconomic Assumptions for Turkey 2007 – 2014E (Continued)

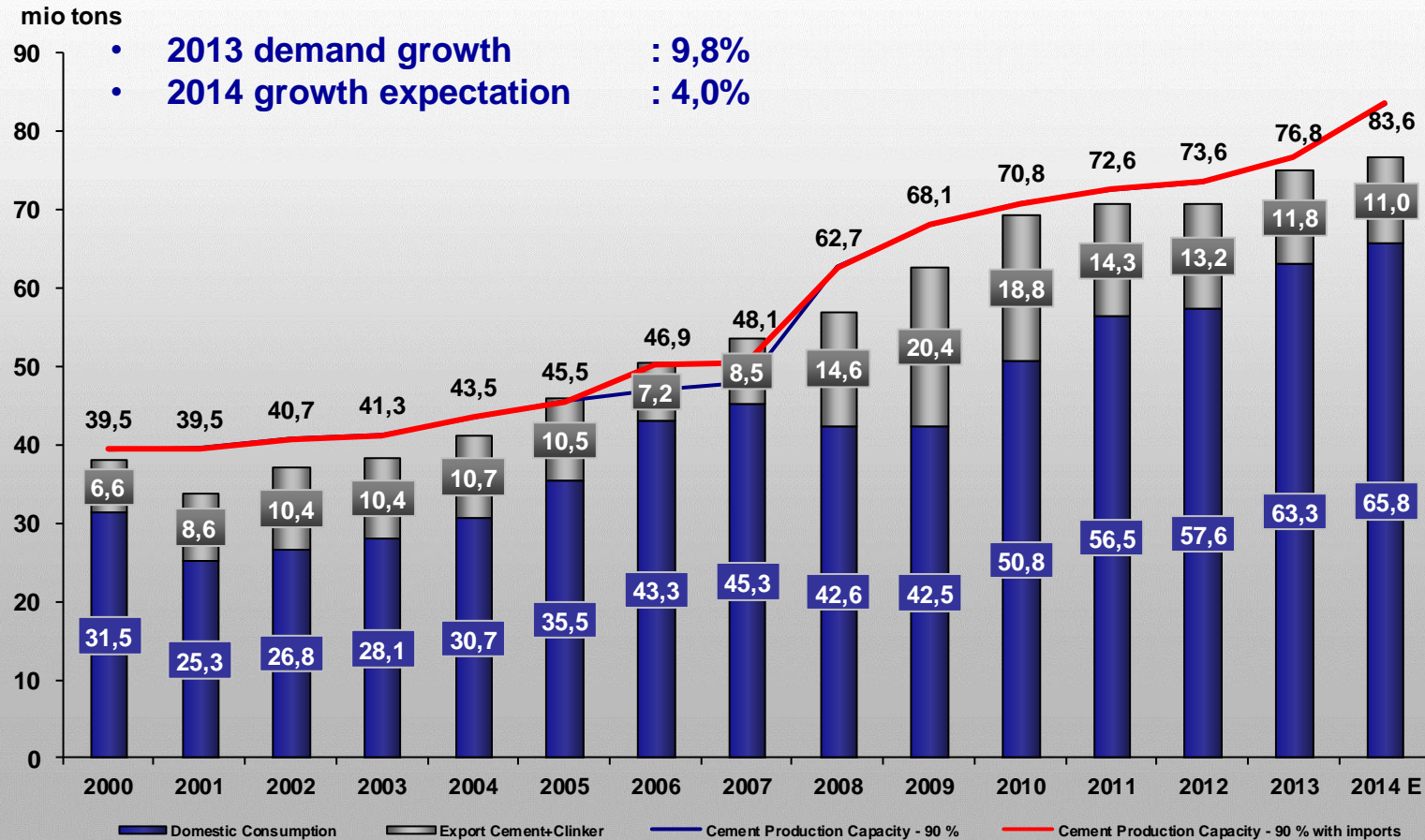


- **Real GDP growth** expected to return its 2012 level
- **Domestic cement demand growth** is expected to be stronger than GDP growth in 2014 due to continuing urban transformation and infrastructure activities
- TRL depreciation effects are expected to be reflected on **inflation** in 2014

Source: Sabancı Holding and Akçansa assumptions

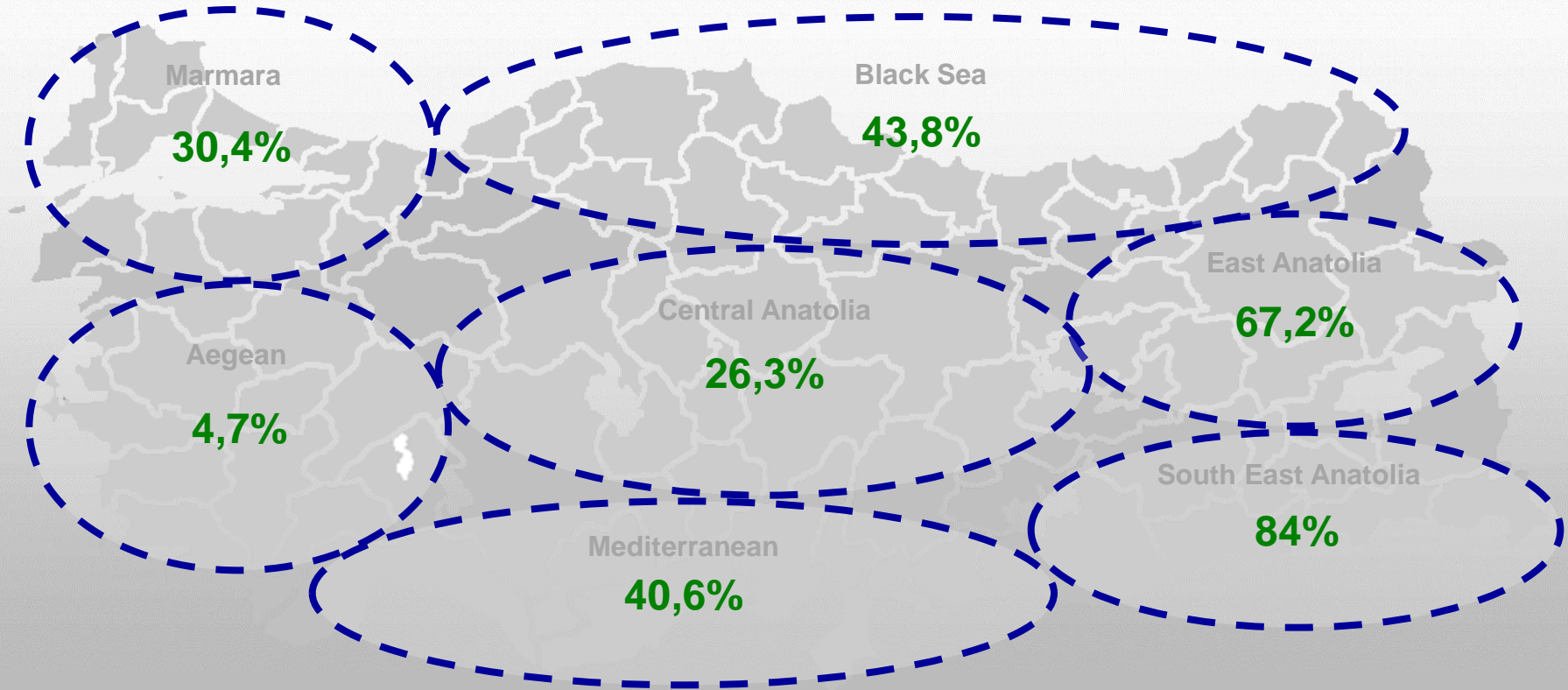


# Turkish Cement Sector (2000 – 2014E)



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.

## Domestic Sales Volumes Change (February YTD)

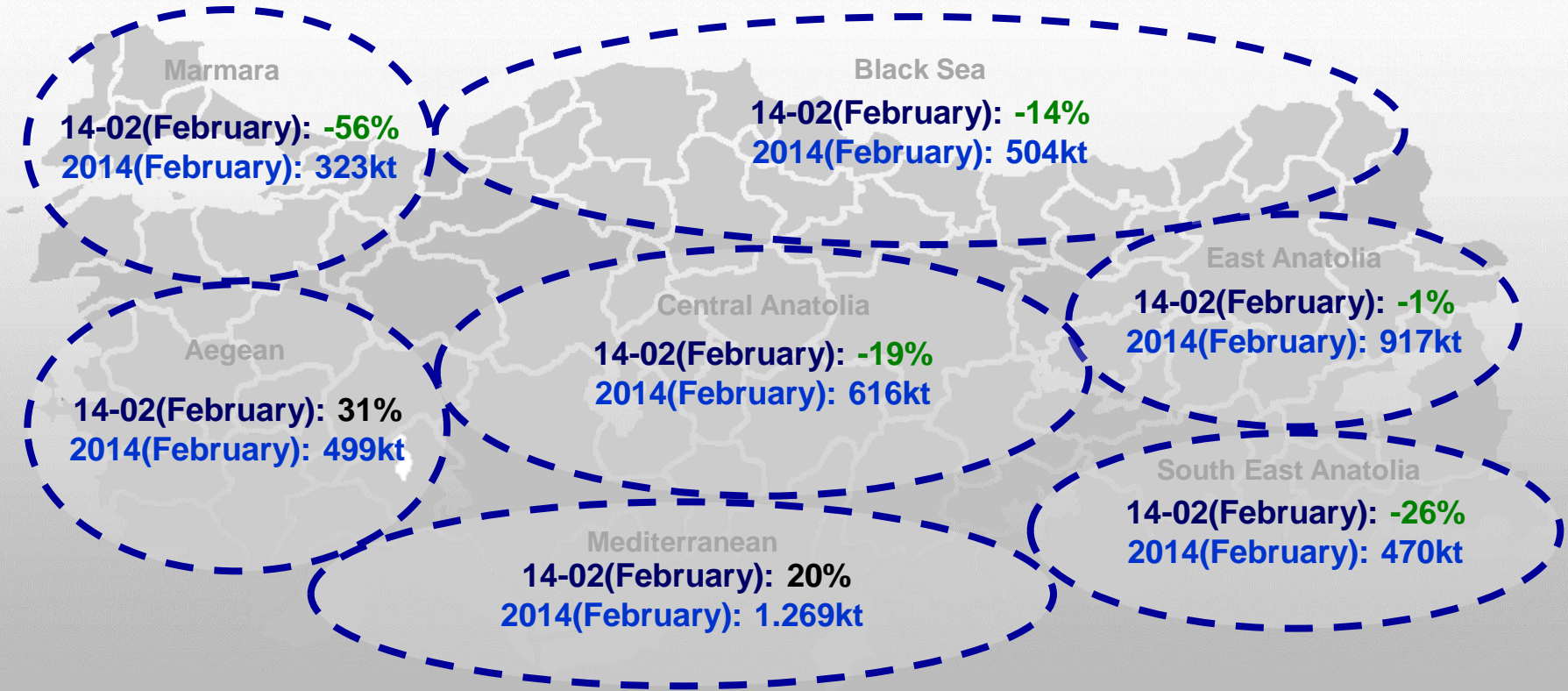


- Cement demand in Turkish domestic market is expected to increase by **42,4%**
- Cement and clinker export figures of Turkey decreased **27,5%**

This presentation/report demonstrates announcement of TCMA and Akçansa as of February'14  
Figures include non TCMA member figures



# Clinker Stock Level Change (February YTD)



- In Turkey, total clinker stocks are **4,6** mio tons and there is a **0,1%** decrease in stock level compared to the last year's figure

This presentation/report demonstrates announcement of TCMA as of February'14  
Figures do not include non TCMA members' figures

# Market Trends

1Q 14	Domestic	
	Volume	Price (TL/ton)
<b>Domestic Cement</b>	↑	↑
Marmara	↑	↑
Aegean	↓	↑
Black Sea	↑	↑

1Q 14	Export	
	Volume	Price (\$/ton)
Export Cement	↓	↑
Export Clinker	↓	↑

- Domestic volume increase exceeded export volume decrease

1Q 14	Readymix	
	Volume	Price (TL/m3)
<b>General</b>	↓	↑
Marmara	↑	↑
Aegean	↓	↑
Black Sea	↓	↑

- Slight decrease in RMC volume with higher prices

Energy Costs	1Q 14
Coal (USD / ton)	↓
Petcoke (USD/ton)	↓
Electricity (TL / kwh)	↑
Diesel (TL / Lt)	↑

- Favorable fuel, higher electricity and diesel prices

These figures include only Akçansa and Karçimsa results. These figures represent the management report view.



# Baltic Dry Index



***Last 5-year period***



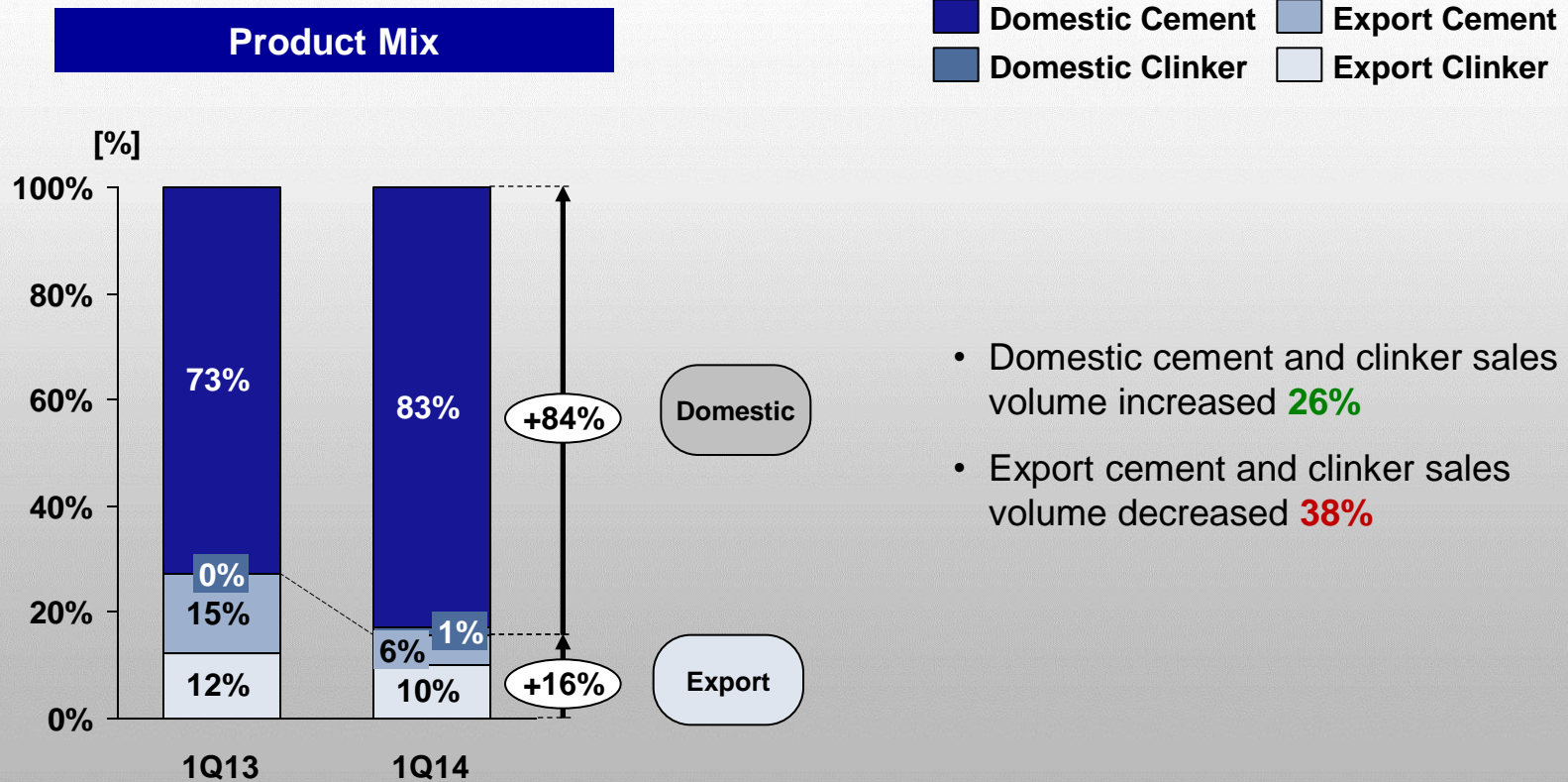
***Last 12-month period***

Parallel to previous year level

Index has returned to its 3Q13 level

[Source: Bloomberg](#)

# Akçansa Sales Volume Components

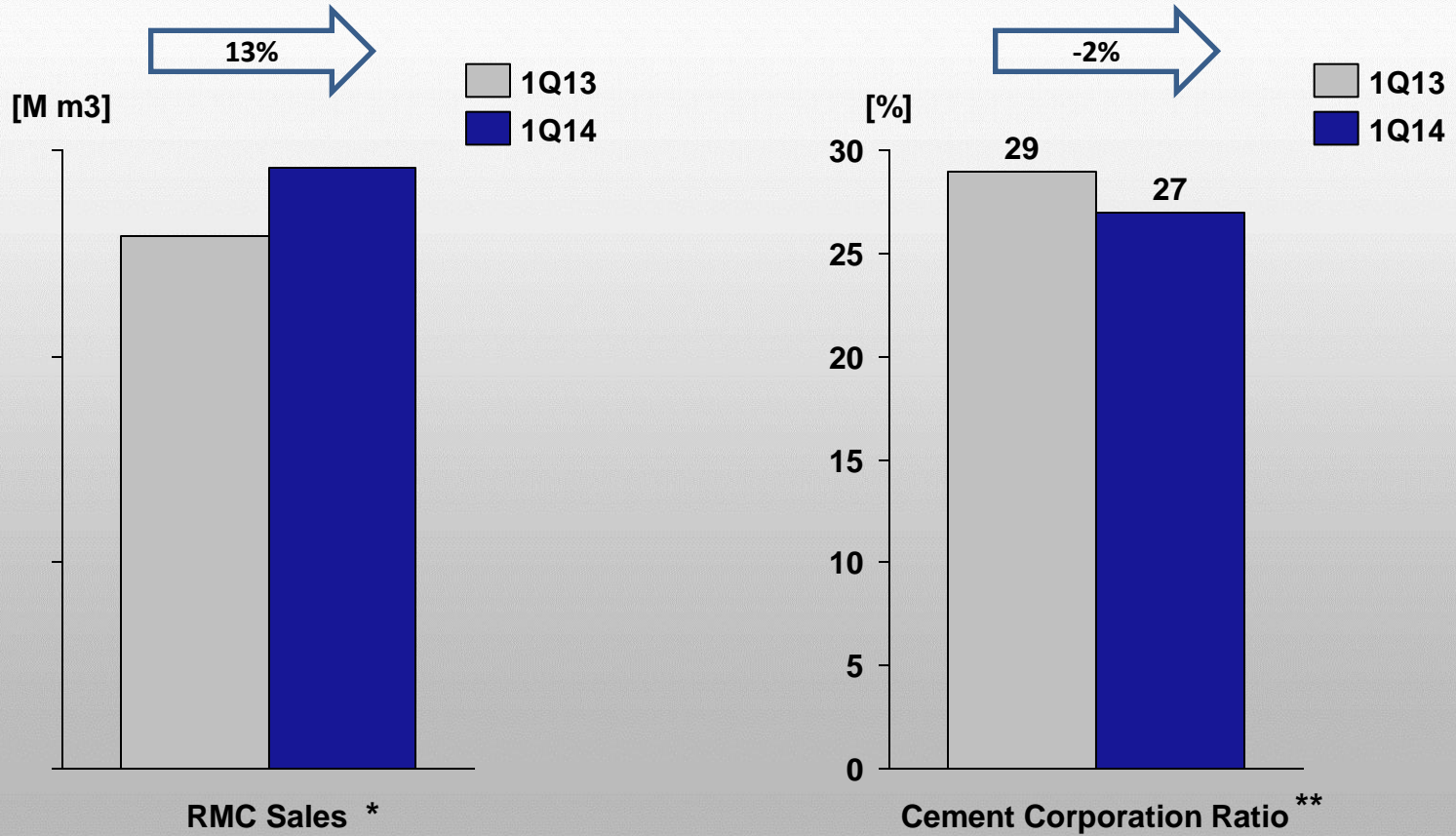


\*) Domestic cement figures include Karçimsa and transfer to RMC figures

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## Akçansa Sales Volumes (Continued)

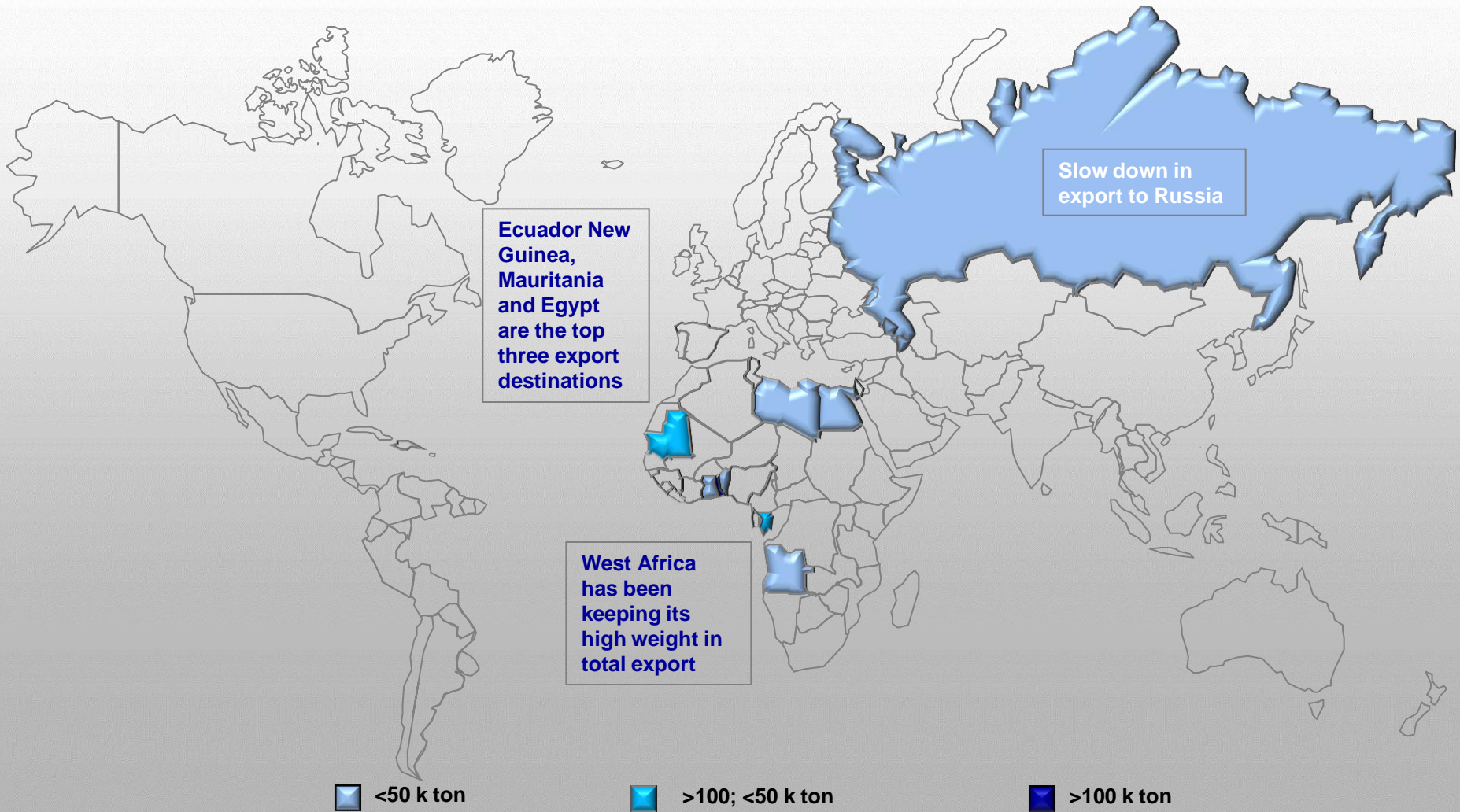


\*) RMX figures include RMX sales of Karçimsa

\*\*) Cement corporation ratio calculated by dividing the total cement used in RMX production to total RMX shipment.

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# Akcansa Export Regions (1Q14)





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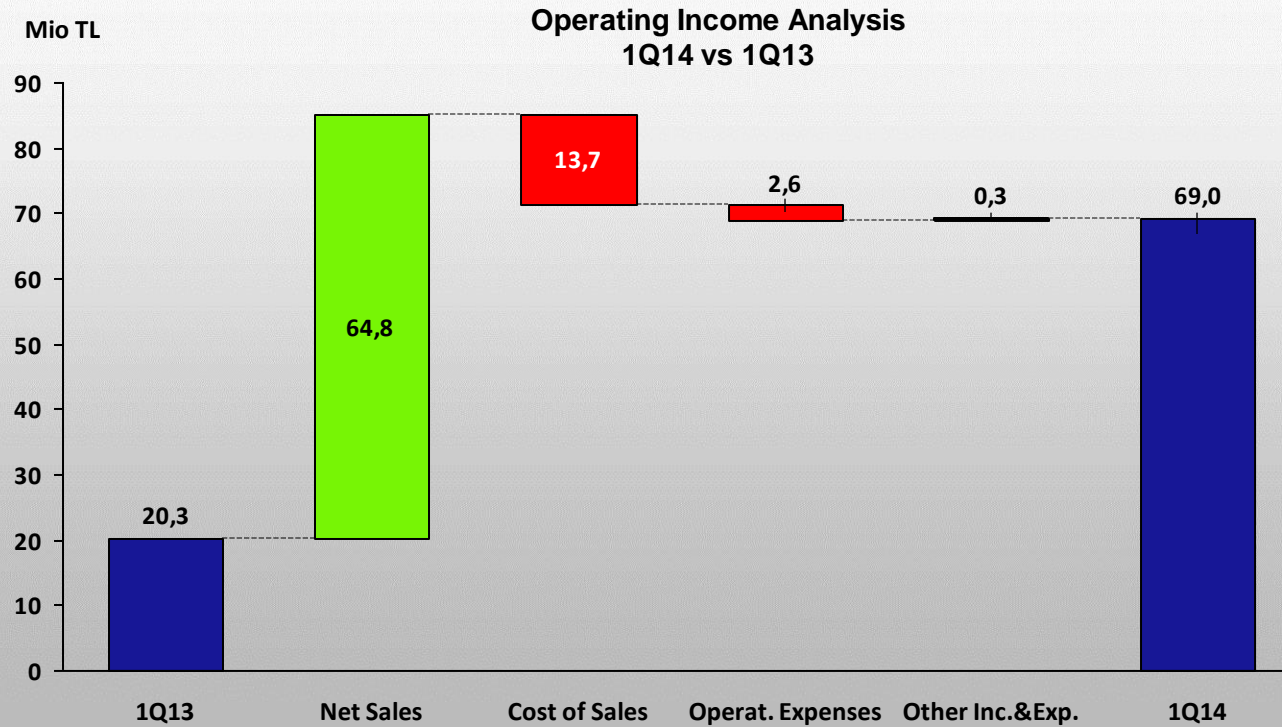
# Cement B/L Profit and Loss Accounts

Cement Mio TL	1Q13	1Q14	Var. 1Q14 vs. 1Q13	% Ch. Q
Net Sales	170,2	235,0	64,8	38,1%
Cost of Sales	(138,8)	(152,5)	(13,7)	9,9%
<b>Gross Margin</b>	<b>31,4</b>	<b>82,5</b>	<b>51,1</b>	<b>162,7%</b>
Operating Expenses	(9,9)	(12,6)	(2,6)	26,6%
Other Operating Income/Charges	(1,2)	(0,9)	0,3	-23,8%
<b>Operating Profit/Loss</b>	<b>20,3</b>	<b>69,0</b>	<b>48,7</b>	<b>240,3%</b>
Income/Losses from Investment Activities	10,9	17,7	6,8	62,0%
Non-Operating Financial Income/Charge	(3,8)	(4,8)	(1,0)	26,7%
<b>Profit/Loss before Taxes</b>	<b>27,4</b>	<b>81,9</b>	<b>54,5</b>	<b>198,8%</b>
<b>Gross Margin %</b>	<b>18,5%</b>	<b>35,1%</b>	<b>16,7%</b>	
<b>EBIT Margin %</b>	<b>12,6%</b>	<b>29,8%</b>	<b>17,1%</b>	
<b>EBITDA Margin %</b>	<b>19,9%</b>	<b>35,5%</b>	<b>15,6%</b>	

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# Cement B/L Profit and Loss Accounts (Continued)



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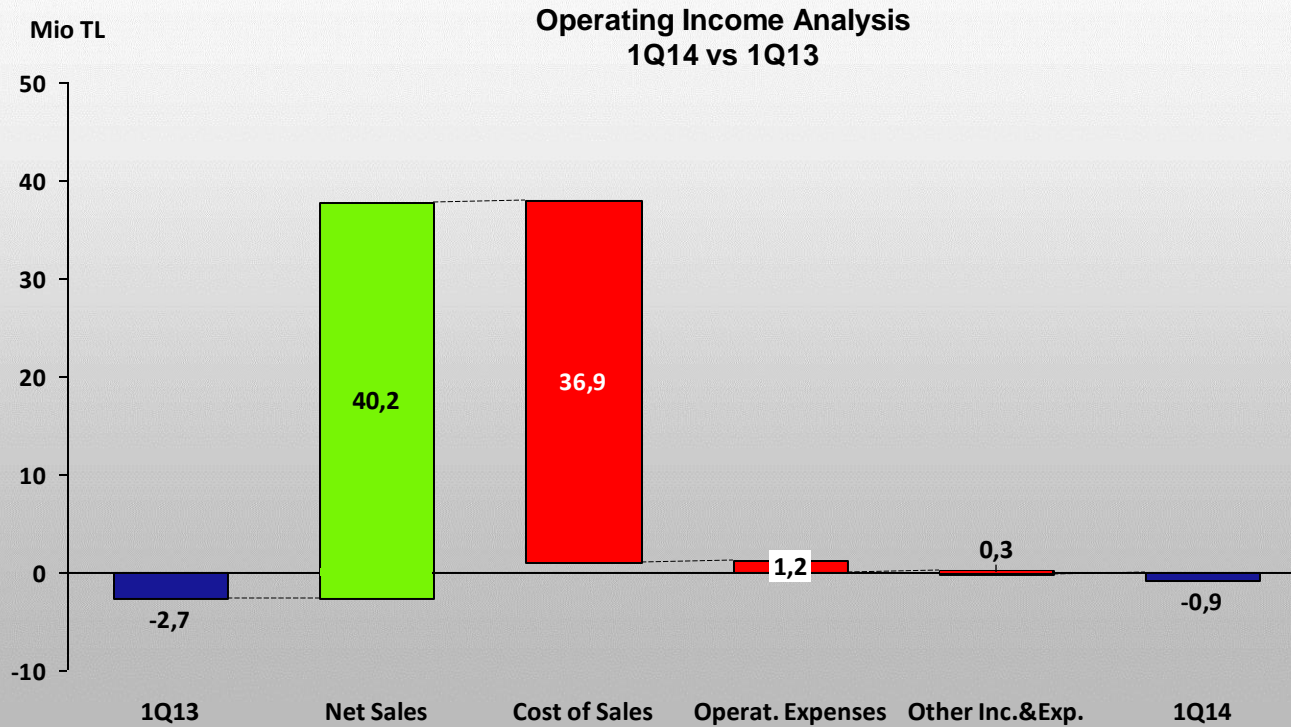
# Readymix B/L Profit and Loss Accounts

Readymix Mio TL	1Q13	1Q14	Var. 1Q14 vs. 1Q13	% Ch. Q
Net Sales	90,2	130,5	40,2	44,6%
Cost of Sales	(90,4)	(127,2)	(36,9)	40,8%
<b>Gross Margin</b>	<b>(0,2)</b>	<b>3,2</b>	<b>3,4</b>	<b>-2030,7%</b>
Operating Expenses	(2,5)	(3,7)	(1,2)	49,2%
Other Operating Income/Charges	(0,1)	(0,4)	(0,3)	297,6%
<b>Operating Profit/Loss</b>	<b>(2,7)</b>	<b>(0,9)</b>	<b>1,8</b>	<b>-66,9%</b>
Income/Losses from Investment Activities	1,1	(0,1)	(1,2)	-106,5%
Non-Operating Financial Income/Charge	(0,0)	0,3	0,3	-5793,2%
<b>Profit/Loss before Taxes</b>	<b>(1,7)</b>	<b>(0,7)</b>	<b>1,0</b>	<b>-57,3%</b>
<b>Gross Margin %</b>	<b>-0,2%</b>	<b>2,5%</b>	<b>2,6%</b>	
<b>EBIT Margin %</b>	<b>-2,9%</b>	<b>-0,4%</b>	<b>2,6%</b>	
<b>EBITDA Margin %</b>	<b>-0,8%</b>	<b>1,2%</b>	<b>2,0%</b>	

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# Readymix B/L Profit and Loss Accounts (Continued)



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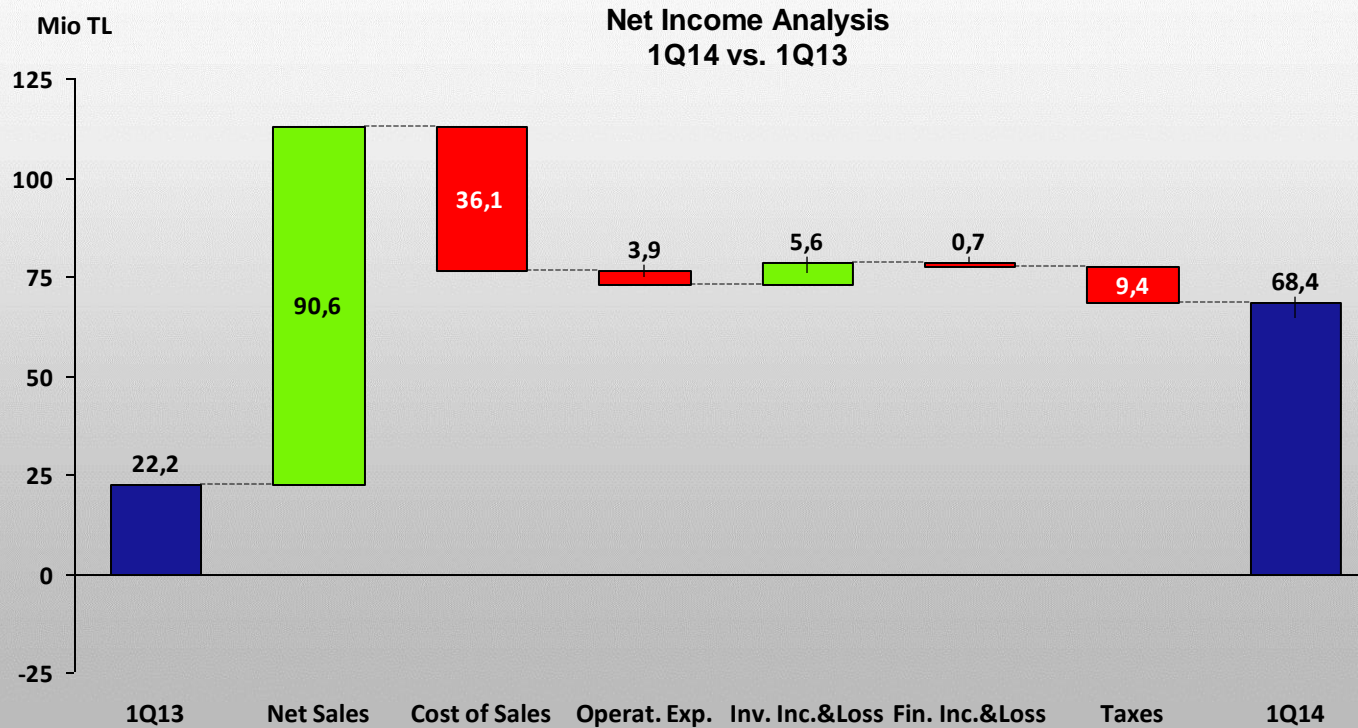
# Income Statement

Company Mio TL	1Q13	1Q14	Var. 1Q14 vs. 1Q13	% Ch. Q
Net Sales	234,3	324,9	90,6	38,7%
Cost of Sales	(203,1)	(239,2)	(36,1)	17,8%
<b>Gross Margin</b>	<b>31,3</b>	<b>85,7</b>	<b>54,5</b>	<b>174,3%</b>
Marketing&Sales Expense	(2,7)	(4,9)	(2,2)	82,4%
General Management Expenses	(9,7)	(11,3)	(1,6)	16,8%
<b>EBIT</b>	<b>18,9</b>	<b>69,5</b>	<b>50,6</b>	<b>268,4%</b>
Other Operating Income/Charges	(1,3)	(1,4)	(0,0)	3,0%
<b>Operating Income</b>	<b>17,5</b>	<b>68,1</b>	<b>50,6</b>	<b>288,4%</b>
Income/Losses from Investment Activities	12,0	17,6	5,6	46,8%
Non-Operating Financial Income	2,2	2,3	0,0	2,0%
Non-Operating Financial Charge	(6,0)	(6,8)	(0,8)	13,1%
<b>Profit/Loss before Taxes</b>	<b>25,8</b>	<b>81,2</b>	<b>55,5</b>	<b>215,4%</b>
Taxes On Income	(3,5)	(12,9)	(9,4)	266,5%
<b>Net Income/Loss</b>	<b>22,2</b>	<b>68,4</b>	<b>46,1</b>	<b>207,3%</b>
<b>Gross Margin %</b>	<b>13,3%</b>	<b>26,4%</b>	<b>13,0%</b>	
<b>EBITDA Margin % *</b>	<b>14,4%</b>	<b>26,2%</b>	<b>11,9%</b>	
<b>EBIT Margin %</b>	<b>8,1%</b>	<b>21,4%</b>	<b>13,3%</b>	
<b>Net Income Margin %</b>	<b>9,5%</b>	<b>21,0%</b>	<b>11,5%</b>	

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

These figures include only Akçansa and Karçimsa results. These figures represent the management report view.

# Company Profit and Loss Accounts (Continued)



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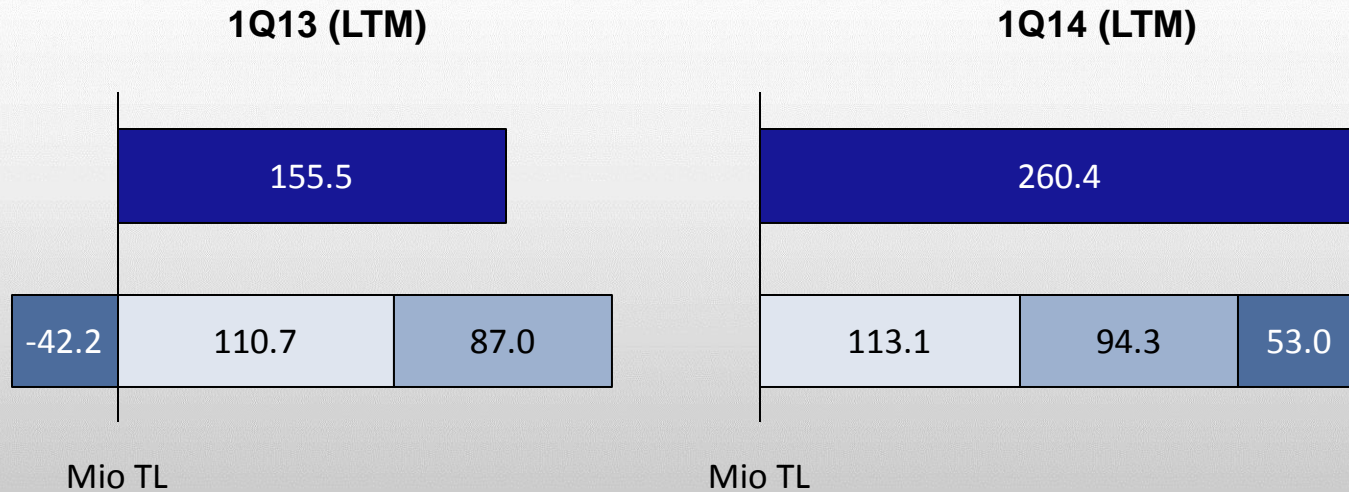


# Cash Flow Statement

Company Mio TL	1Q13	1Q14
<b>Cash flow from operating activities</b>		
Operating income before the changes in working capital	32,5	83,2
Changes in working capital	16,1	(33,3)
Decrease in provisions through cash payments	(8,5)	(11,5)
	<b>40,1</b>	<b>38,4</b>
<b>Cash flow from investing activities</b>		
Tangible and intangible fixed assets	(16,0)	(21,8)
Financial assets	-	(0,1)
Proceed from fixed asset disposals	1,3	0,2
Dividend Received	10,9	17,7
	<b>(3,8)</b>	<b>(4,0)</b>
<b>Cash flow from financing activities</b>		
Dividend payments	(110,7)	(113,1)
Net proceeds from bonds and loans	102,8	133,6
Interest received	0,1	0,4
	<b>(7,7)</b>	<b>20,8</b>
<b>Net change in cash and cash equivalents - continuing operations</b>	<b>28,6</b>	<b>55,2</b>
<b>Change in cash &amp; cash equivalents</b>	<b>28,6</b>	<b>55,2</b>
Cash & cash equivalents at 1 January	13,7	15,8
Cash & cash equivalents on 31 March	42,3	71,0

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# Cash Flow Statement (Continued)



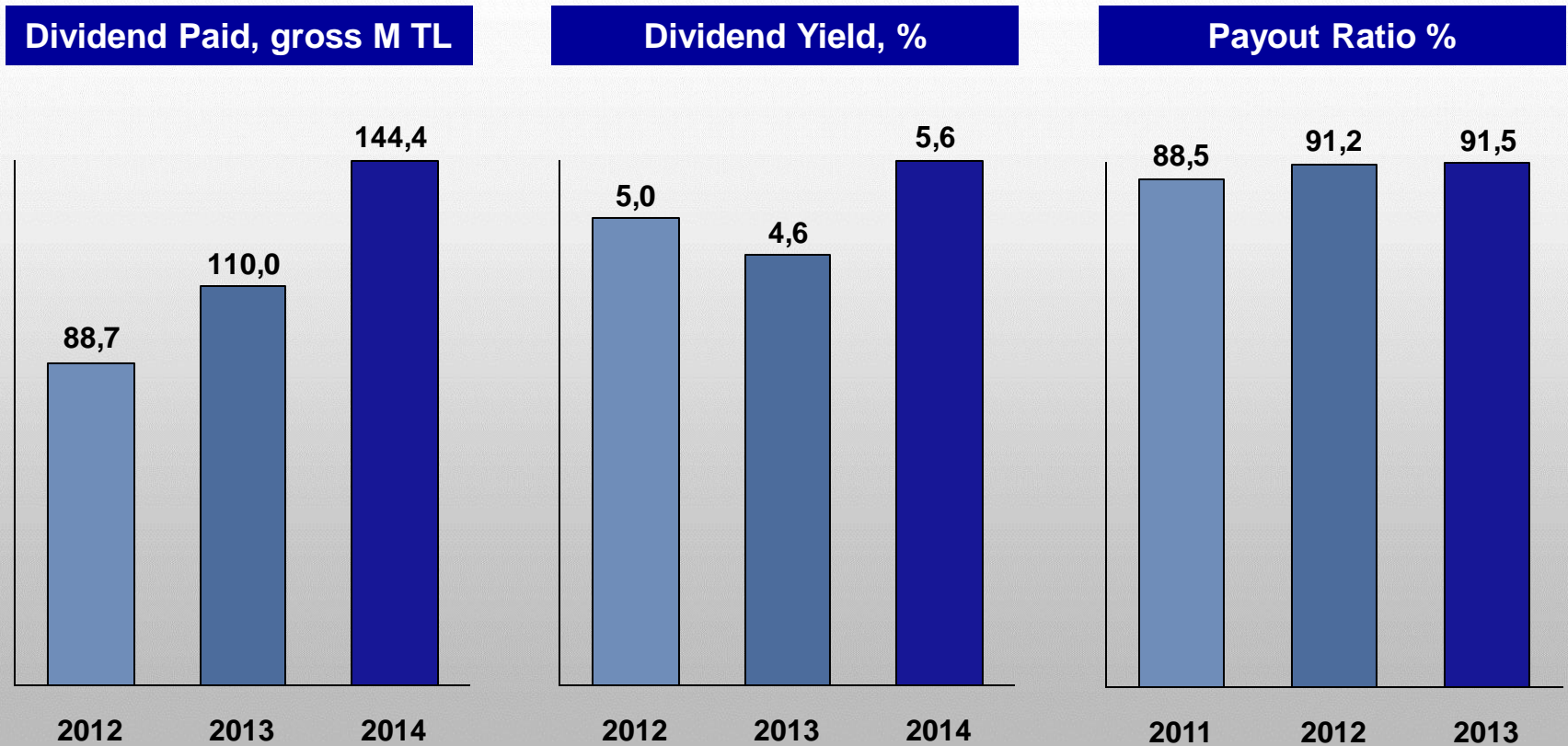
Adj. operating cash flow \*
  Dividend paid
  CAPEX
  Net debt reduction

\*) Operating cash flow is adjusted for dividend received and other items.

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# Dividend Paid, Dividend Yield and Payout Ratio



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

# Total Capex Distribution

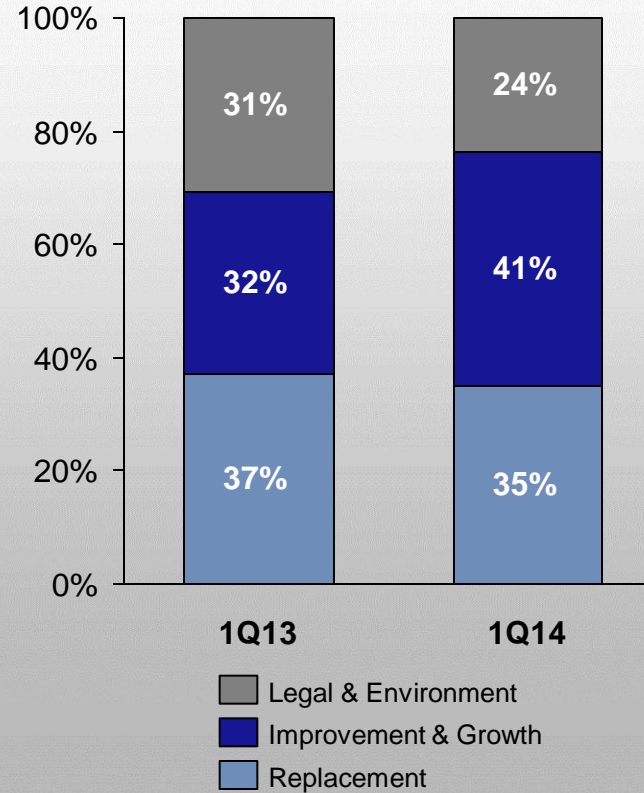
## Major capex expenditures in 1Q14:

1. Dynamic separator for cement mill (BCM)\*
2. Increasing capacity of tire shredding (CNK)\*\*
3. Sewage sludge burning system (BCM)

Significant (36%) increase in total capex expenditure for 1Q14 compared to previous year (from 16,0 to 21,8 mio TL)

\*) Büyükçekmece Plant

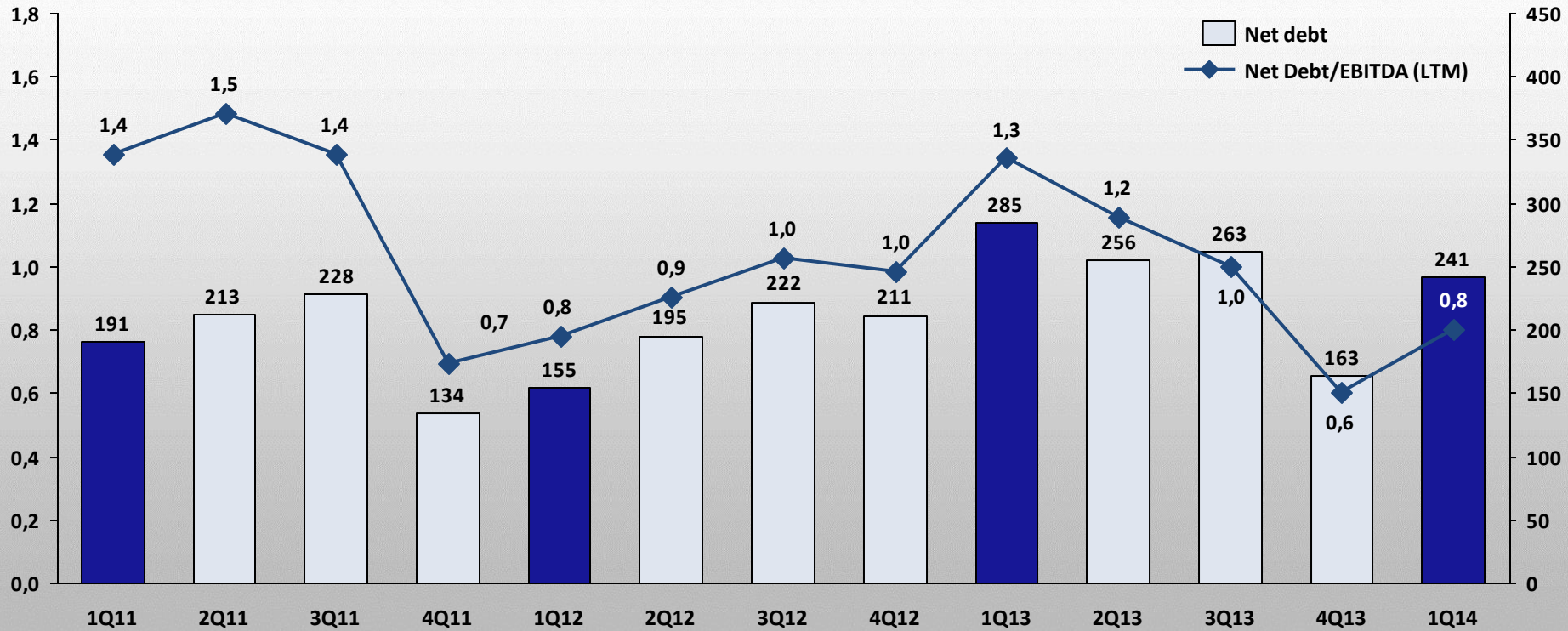
\*\*) Çanakkale Plant



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# Net Debt / EBITDA



# Balance Sheet

Mio TL	31.03.2013	31.12.2013	31.03.2014	Variance 1Q14 vs 1Q13
<b>Current Assets</b>	<b>453,5</b>	<b>478,7</b>	<b>555,5</b>	<b>76,8</b>
Cash & cash equivalents	42,3	15,8	71,0	55,2
Trade receivables	267,3	326,6	347,4	20,8
Inventories	123,6	117,1	126,9	9,8
Other current assets	20,3	19,2	10,2	(9,1)

<b>Non-current Assets</b>	<b>972,3</b>	<b>998,5</b>	<b>1.002,1</b>	<b>3,6</b>
Financial investments	161,0	164,9	161,9	(2,9)
Fixed Assets	676,9	700,3	705,9	5,6
Goodwill	129,5	129,5	129,5	-
Deferred tax assets	1,2	1,1	1,1	(0,0)
Other non-current assets	3,8	2,8	3,7	1,0

<b>TOTAL ASSETS</b>	<b>1.425,8</b>	<b>1.477,2</b>	<b>1.557,6</b>	<b>80,4</b>
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Mio TL	31.03.2013	31.12.2013	31.03.2014	Variance 1Q14 vs 1Q13
<b>Current Liabilities</b>	<b>501,0</b>	<b>381,1</b>	<b>482,1</b>	<b>101,1</b>
Financial Liabilities	327,5	149,4	222,3	73,0
Trade payables	106,1	192,7	181,0	(11,7)
Tax payable	4,6	9,9	14,2	4,2
Other current liabilities	62,8	29,0	64,6	35,6

<b>Non-current Liabilities</b>	<b>67,5</b>	<b>96,1</b>	<b>155,4</b>	<b>59,3</b>
Financial Liabilities	-	29,9	90,0	60,1
LT provisions	24,3	21,8	22,4	0,6
Deferred tax liabilities	43,1	44,3	43,0	(1,3)
Other non-current liabilities	-	-	-	-

<b>Shareholders Equity</b>	<b>857,3</b>	<b>1.000,1</b>	<b>920,1</b>	<b>(80,0)</b>
Paid in Capital	191,4	191,4	191,4	-
Retained earnings	518,8	518,8	532,3	13,5
Comprehensive income	113,9	119,5	116,6	(2,9)
Net income	22,1	157,9	68,2	(89,7)
Minority interest	11,2	12,5	11,5	(1,0)

<b>TOTAL LIABLILITES &amp; EQUITY</b>	<b>1.425,8</b>	<b>1.477,2</b>	<b>1.557,6</b>	<b>80,4</b>
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<b>BS data and key ratios</b>	<b>31.03.2013</b>	<b>31.12.2013</b>	<b>31.03.2014</b>	<b>Variance 1Q14 vs 1Q13</b>
Working Capital	284,8	250,9	293,3	8,6
Working Capital / Sales (LTM)	27,1%	21,8%	25,5%	-1,6%
Net debt	285,2	163,5	241,3	(43,9)
Net debt / EBITDA (LTM)	1,3x	0,6x	0,8x	-0,5x
Net Debt / Equity	33,3%	16,3%	26,2%	-7,0%

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# Outlook 2014

## Economic Activities

- Domestic demand is growing and prices are rising
  - Further price increase in 2014
- Construction based growth will continue
  - Strong urban transformation activity
  - 3rd bridge and highway on the European side project will continue in 2014
  - Stable West and North African demand

## Operations

- Continued focus on margin enhancement
- Focus on added value products in RMC
- To be the partner of green building projects
  - 2020 target: To be the solution partner for 30% of green building projects in Marmara region

## Energy

- Stabilizing the alternative fuel supply
  - Continue to import shredded tire
  - Planned to have RDF import licence like shredded tire
  - Agreement with Recydia Waste Management Company:
    - Over 100 k ton waste will be supplied per year





# Outlook 2014 (Continued)

## 3rd Bridge and European Highway Project

### Basic Info:

- Groundbreaking ceremony was held on 29 May 2013.
- İctas Construction Industry Trade Corp.-Astaldi Joint Initiative Group won the project
- Construction:
  - The tallest suspension bridge of world
  - 8 lanes highway
  - 2 lanes railway
  - Width 59 m
  - Height 320 m
    - 1st Bridge height 165 m
    - 2nd Bridge height 102 m
  - Highway length 115 km

### Operational Info

- Estimated cost is 2,5 bio USD
- Will be built in 3 years
- 3rd bridge and highway on the European side project will continue in 2014
- Consumption for total project :
  - Volume:~1,2 m m3 RMX and ~0,25 mt CEM
  - 3rd Bridge; Volume : 2013-2014 : ~ 200 k m3
  - Highway; Volume : 2013-2015 : ~1000 k m3



# Outlook 2014 (Continued)

## Urban Transformation in Turkey

- Transformation of 253 thousand units was achieved in 2013
- Transformation of 500 thousand independent units is planned to be completed in 2014
- 20-year goal is the conversion of 6.5 million housing units.

## Urban Transformation in Istanbul

- 20 thousand urban transformation report for buildings was given across the country in 2013
- 15 thousand of total is given to the buildings in Istanbul
- In January of 2013, the number of buildings entering the system was 50. However this figure was 1,500 in January of 2014
- Monthly figures are expected to be 2,500 by the end of year.
- The biggest demand has come from Kadıköy, Esenyurt and Küçükçekmece respectively

## Urban Transformation Effect on RMC Demand

- In 10 year period, 300 million cubic meters of ready-mix concrete will be needed for urban renewal.
- The annual requirement is expected to be 30 million cubic meters.



### 2013 Realized transformation

**İSTANBUL → 150 K Buildings**

**6,0 mio m<sup>3</sup>**



**13,5 mio m<sup>3</sup>**

**1.8 mio ton**



**4.2 mio ton**

### 2014 Targeted transformation

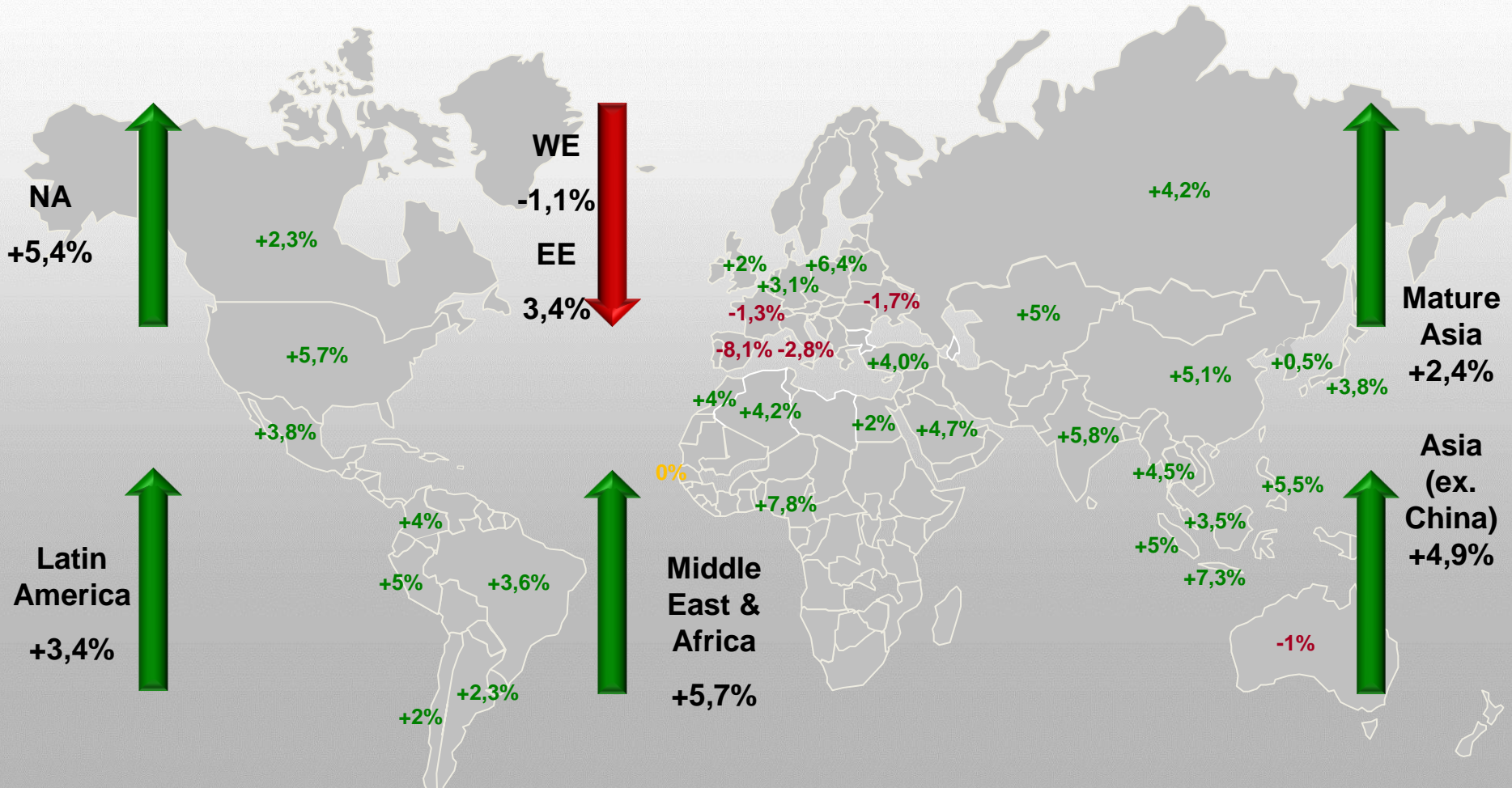
**İSTANBUL → 350 K Buildings**

Sources: Ministry of Environment and Urban Planning, Istanbul Urban Regeneration Association, Turkey Ready Mixed Concrete Association



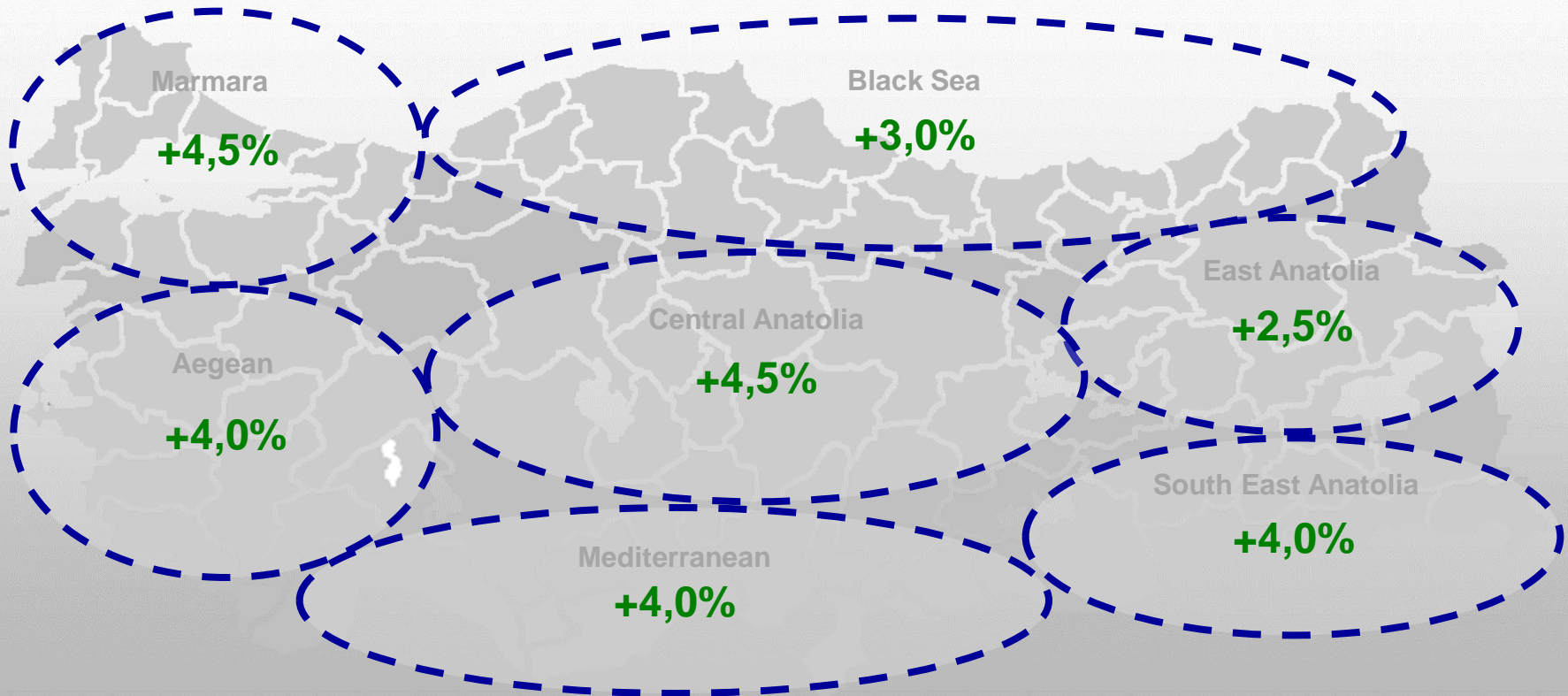
# Cement Consumption Trends : Regional Consumption 2014 Estimate

Positive cement demand in the world except Europe in 2014 like 2013



This presentation/report demonstrates "estimated results" of market research done by Akçansa Çimento Sanayi ve Ticaret A.Ş. in addition to sourcing from Exane BNP Paribas Survey report – Jan, 13.

# Turkish Cement Market, Sales Volumes Change %, (2014 - Expected)



- Cement demand in Turkish domestic market is expected to grow **4%** in 2014

This presentation/report demonstrates "estimated results" of market research done by Akçansa Çimento Sanayi ve Ticaret A.Ş.

# Market Trends

FY 14	Expectations	
	Volume	Price
Domestic Cement (TL/t)	→	↑
Export Cement (\$/t)	↓	↑
Export Clinker (\$/t)	↑	→
RMC (TL/m3)	↑	↑

(\*) Compared to FY 13

Energy Price	2014
	YE
Coal (USD / ton)	↑
Petcoke (USD/ton)	↑
Electricity (TL / kwh)	↑
Diesel (TL / Lt)	↑

(\*) Compared to 1Q 2014

## Compared to FY 13:

- Stable domestic but decreasing export cement sales
- Continuing RMC and cement price increase
- Stronger RMC sales and clinker export

## Compared to 1Q14:

- Limited unfavorable energy pricing conditions
- USD appreciation effect will be reflected on energy prices

These figures include only Akçansa and Karçimsa results. These figures represent the management report view.



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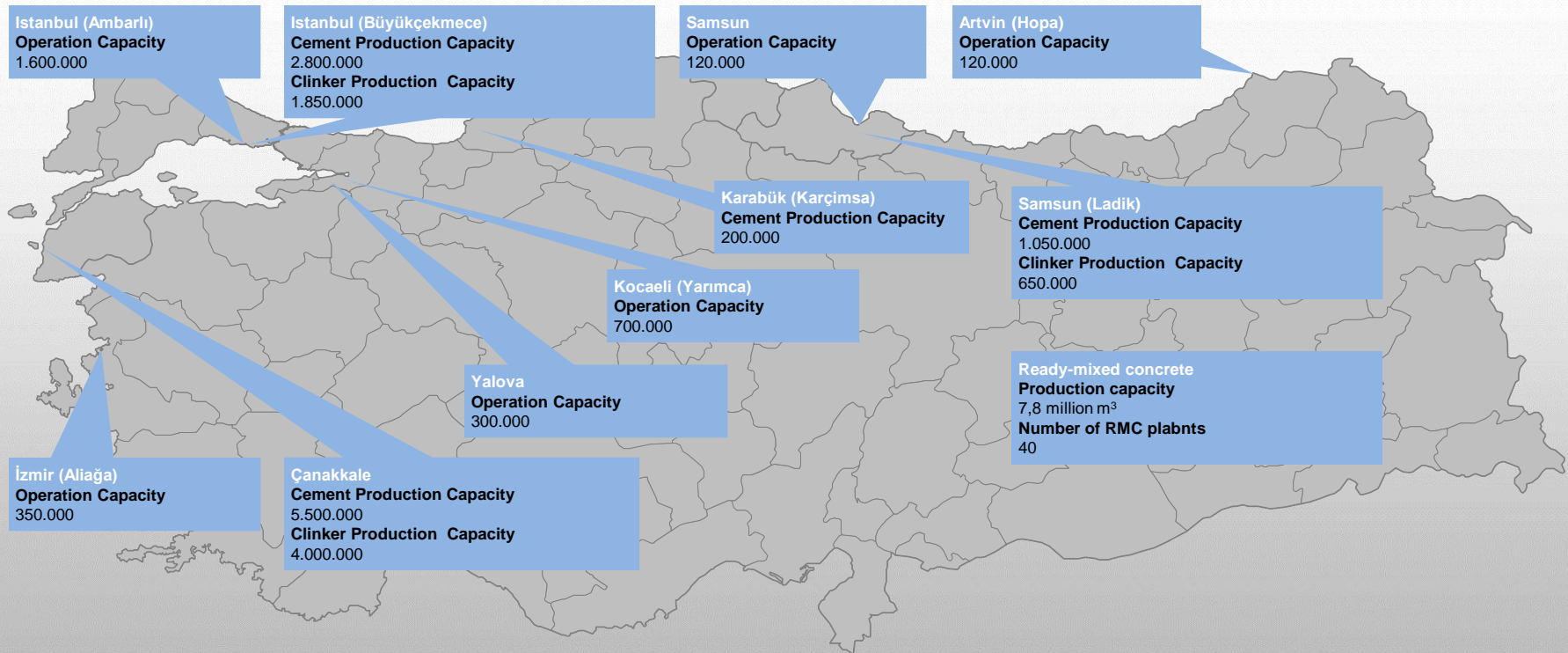
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# Appendix

# Akcansa at a glance

## Operations in Turkey



## Key Operational Highlights

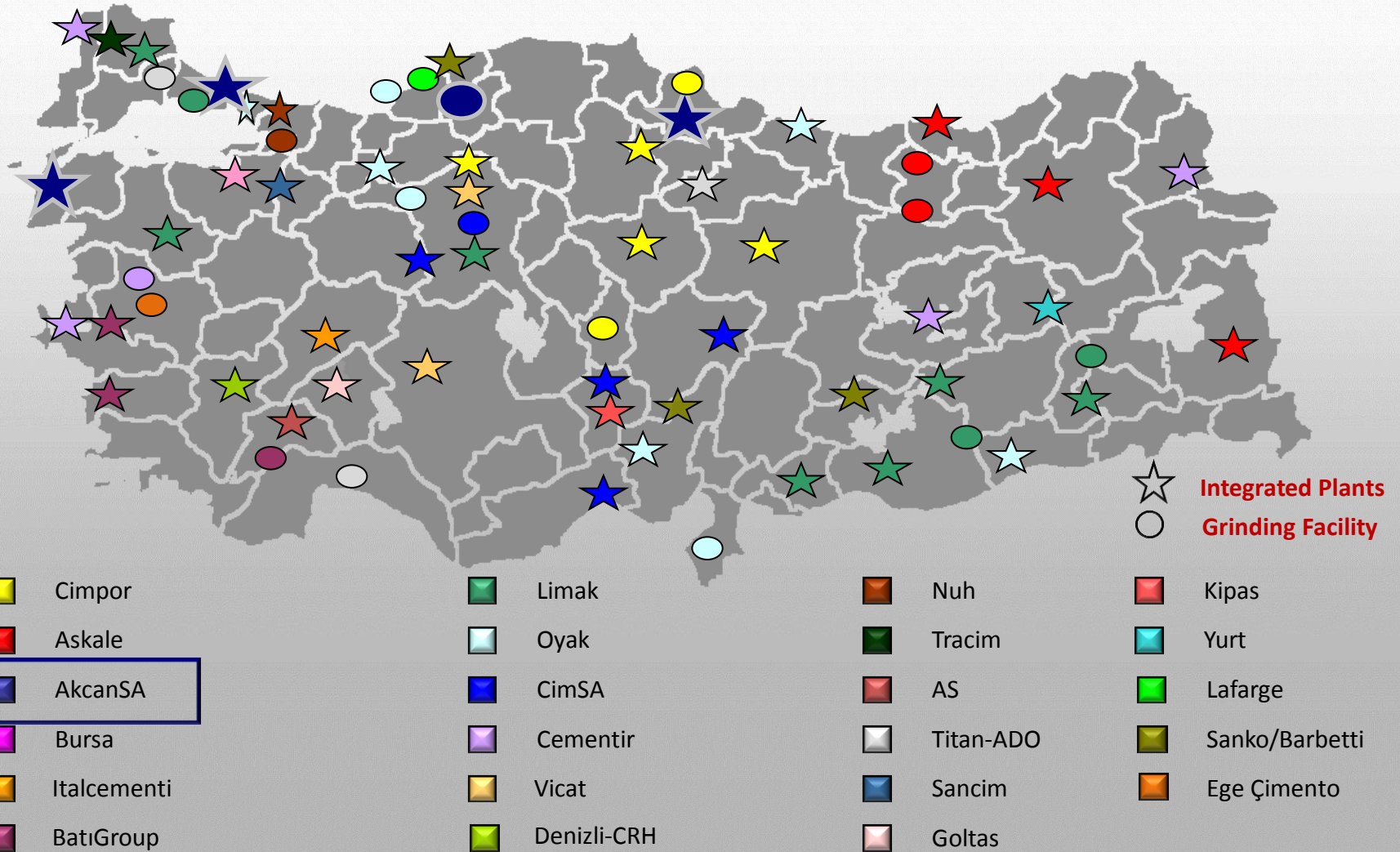
CEM	RMC	Ports	Terminals
<ul style="list-style-type: none"> <li>• 3 cement plants</li> <li>• 6,5 m ton clinker capacity</li> <li>• 9,0 m ton cement capacity</li> </ul>	<ul style="list-style-type: none"> <li>• 40 RMC terminals</li> <li>• 7,8 million m<sup>3</sup> RMC capacity</li> </ul>	<ul style="list-style-type: none"> <li>• 2 ports</li> <li>• Ambarlı &amp; Çanakkale</li> </ul>	<ul style="list-style-type: none"> <li>• 6 domestic terminals</li> <li>• 3,2 m ton total operating capacity</li> </ul>

These figures include only Akçansa and Karşımsa results. These figures represent the management report view.



# Cement Sector Distribution in Turkey

48 integrated plants, 20 grinding mills, 68 plants, 23 players



# Cement Sector Distribution in Turkey

48 integrated plants, 20 grinding mills, 68 plants, 23 players

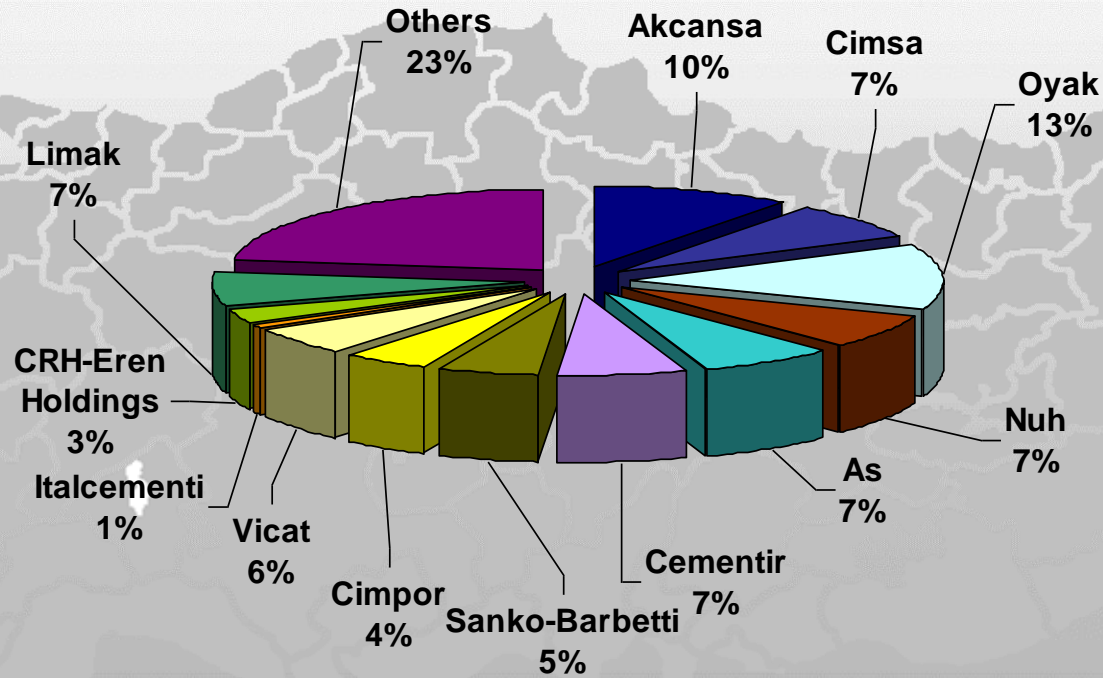


- ★ Grinding Facility (20)
- Integrated Plants (48)
- \* Non TCMA members (2)

Source: TCMA



# Turkey Clinker Capacity Distribution



First 3 groups form 37% of the Turkish Cement Capacity

Source: TCMA

# Turkish Cement Market (Expectations)



	2006	2007	2008	2009	2010	2011	2012	2013	2014E
1. Private Housing	62%	57%	50%	51%	54%	52%	53%	53%	<b>52%</b>
2. Commercial	14%	16%	13%	9%	11%	10%	11%	9%	<b>9%</b>
3. Public	4%	5%	5%	5%	5%	5%	5%	5%	<b>5%</b>
4. Infrastructure/Projects	20%	22%	32%	35%	30%	33%	31%	33%	<b>34%</b>



Source: TUIK and TCMA



# Construction Projects in Turkey

## Ongoing Projects

### Akcansa

- Çekmeköy Metro Line
- Via Trans - Meydanbey Project
- Garanti Bank - Banking Campus
- Özdilek AVM (Continuing, 200 k m3)
- Zeytinburnu Varyap Project - Student Dormitory (Continuing, 80 k m3)
- Sinpaş Bosphorus City Project (Continuing, 500 k m3)
- Sinpaş GYO Akasya Project (Continuing, 450 k m3)
- Varyap Meridian Project (Continuing, 260 k m3)
- Innovia Project (Continuing, 500 k m3)

For further information about our projects please visit our web site:  
[www.betonsa.com.tr](http://www.betonsa.com.tr)

### Turkey

#### ▪New Metro Routes (Project Period: 2010-13)

- Kabataş – Mahmutbey; 2,4 bio TL
- Beylikdüzü – Bakırköy; 2,2 bio TL
- Üsküdar Ümraniye; 1,9 bio TL
- Bakırköy – Kirazlı; 0,8 bio TL

## Projects in the Pipeline

#### ▪İzmit – İzmir Highway;

- Highway (421 km)
- İzmit Bridge; Length 1,7 km; Cost : 2 bio TL
- Four tunnels (7,4 km)
- 30 viaducts (18,2 km)

#### ▪Çanakkale Bridge; project

- Çanakkale Bridge (2,2 km)
- Highway (13,7 km)
- 2 mio ton cement excluding the accommodation consumption

#### ▪Third Bridge; project

- İctas Construction Industry Trade Corp.-Astaldi Joint Initiative Group won the project
- Estimated cost is \$2,5 bio
- Will be built in 3 years
- 1 mio ton cement excluding the accommodation consumption

#### ▪The Bosphorus Tunnel, project

- 5,4 km
- Highway
- 1,1 bio USD

#### ▪Tunnels Construction in İstanbul, project

- 140 km
- 2 mio ton cement

#### ▪Urban transformation:

- 4 bio USD per year (for the following 10 years)

#### ▪Third airport project in İstanbul

- Capacity: 150 mio people per year

# Urban Transformation in Istanbul

Istanbul will be reconstructed in the following ten years and outline of the project is as below:

## Environment

- Prince Islands Project
- Haydarpasha Train Station Project
- Pedestrianization of Taksim Square
- Pedestrianization of Kadıköy Square
- Beyoğlu Kasımpaşa Hasköy Highway Rehabilitation
- Levent – Champs-Élysées Project
- Beşiktaş Square
- Üsküdar Square
- Cendere Teknopark Project
- Two new city hospital
- Two new city project
- Galataport
- Channel Istanbul Project
- Çamlıca TV Tower
- İstanbul Finance Center Project
- İstanbul Municipality Headquarter

## Transportation

- Marmaray
- Tube channel for rubber tyred vehicles
- 3rd bridge and North Marmara Highway
- Ankara – İstanbul high speed train
- İstanbul – Edirne high speed train
- 3rd airport
- New metro lines
- New metrobus lines
- Airway trains
- Ro-Ro Line
- Da-Vinci Bridge
- Telpher line for Bosphorus and Golden Horn
- Touristic express trailway

## Urban Transformation

- Tarlabaşı (278 houses)
- Sulukule (354 parcels)
- Fikirtepe (131 ha)
- Okmeydanı (176 ha)
- Bayrampaşa (11,3 ha, 4 k houses)
- Zeytinburnu Sümer District (1.536 houses)
- Kayabaşı (60 k houses)
- Kartal (330 ha, 5 bio USD)
- Maltepe-Dragos (32 ha)
- Ayamama (230 ha)
- Küçükçekmece – Ayazma (6,5 k houses)
- Avcılar (180 ha)
- Beyoğlu – Perşembe Pazarı (8,5 ha)
- Süleymaniye (94 ha)

Source: CNBC-e Business, June'12  
Ha: Hectare



# Big Infrastructure Projects in Istanbul

Biggest projects for Istanbul are as below:



## 3rd Airport

- The largest airport in the world -- or at least challenge regional rival Dubai
- Capacity: 150 mio passengers per year
- Will be constructed on Istanbul's European side between the Black Sea regions of Yeniköy and Akpınar
- Creating an estimated 120,000 jobs
- Contractors will be bidding on a 25-year build-and-operate contract for the airport
- Project cost would be around 8.7 bio USD

## Urban Transformation

- 4 bio USD per year for the following 10 years
- Major areas for the urban transformation are:
  - Fikirtepe (131 ha)
  - Okmeydanı (176 ha)
  - Kartal (330 ha, 5 bio USD)
  - Ayamama (230 ha)
  - Küçükçekmece – Ayazma (6,5 k houses)
  - Avcılar (180 ha)
  - Süleymaniye (94 ha)

Source: [Todayszaman](http://Todayszaman), CNBC-e Business, June'12  
Ha: Hectare

# Big Infrastructure Projects in Istanbul (Continued)

Biggest projects for Istanbul are as below:

## 3rd Bridge

- Groundbreaking ceremony was held on 29 May 2013.
- Ictas Construction Industry Trade Corp.-Astaldi Joint Initiative Group won the project
- Estimated cost is 2,5 bio USD
- Will be built in 3 years
- **Consumption for total project** : Volume:
  - ~1,2 m m3 RMX and ~0,25 mt CEM
- **3rd Bridge**: Volume :
  - 2013 -2014: ~200 k m<sup>3</sup>
- **Highway**: Volume:
  - 2013 -2015: ~1000 k m<sup>3</sup>



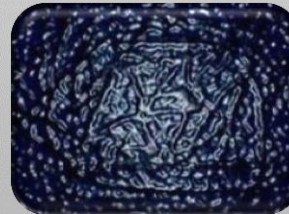
Source: [Todayszaman](http://www.todayszaman.com), CNBC-e Business, June'12  
Ha: Hectare



# Energy always matters

- To increase efficiency on energy usage
  - Flexibility in use of petrocake and coal
  - Use of import channels of HC Trading firms
  - High-sulfur petrocake usage permit
  - Hedging coal purchases to minimize cost inflation risk
  - Active electricity portfolio management
  - Canakkale Plant has started the shredded tire importation in the second quarter of 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

## Primary



## Alternative



# OIBD & OI

Company Mio TL	1Q13	1Q14	Var. 1Q14 vs. 1Q13	% Ch. Q
Net Sales	234,3	324,9	90,6	38,7%
OIBD *	32,6	84,0	51,5	157,9%
Depreciation & Amortization **	15,0	15,9	0,9	5,8%
OI ***	17,5	68,1	50,6	288,4%
<b>OIBD Margin %</b>	<b>13,9%</b>	<b>25,9%</b>	<b>12,0%</b>	
<b>OI Margin %</b>	<b>7,5%</b>	<b>21,0%</b>	<b>13,5%</b>	

\*) OIBD : Operating Income Before Depreciation and Amortization

\*\*) Represent the total depreciation and amortization amount booked in P&L

\*\*\*) OI : Operating Income

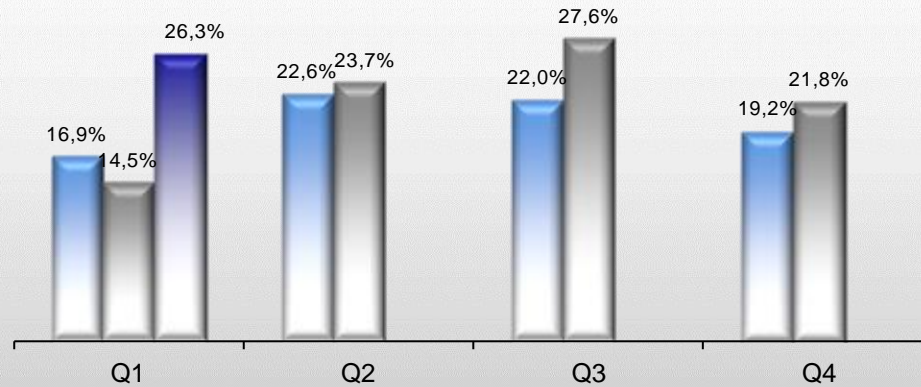
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# EBITDA Margins

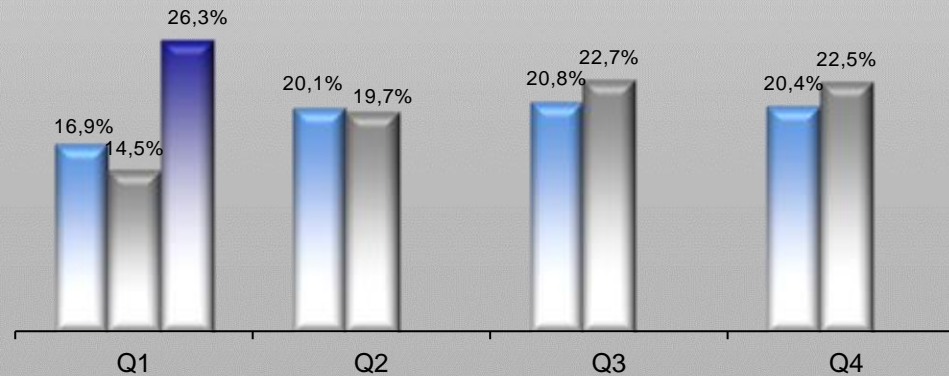
EBITDA Margin - Quarterly

■ 2012 ■ 2013 ■ 2014



EBITDA Margin - YTD

■ 2012 ■ 2013 ■ 2014



These figures include only Akçansa and Karçimsa results. These figures represent the management report view.

# Akçansa Sustainability Approach

Sustainability  
Committee

Biodiversity

Sustainable  
Construction

Energy  
&  
Fuel

CO<sub>2</sub>

Reporting

- GRI Approval, 19.01.2011
- First report in its sector
- 2nd report was approved as of 12 June 2012

[Homepage of The Report](#)

[2010-2011 Report](#)



# Awards

- **Golden Collar Award for Invest in Human Capital category**
  - **By Sabancı Holding**
- **The Most Admired Cement Company 2013**
  - **By Capital Business Magazine**
- **Environmental Award**
  - **Çanakkale Waste Heat Facility**
  - **By Istanbul Chamber of Industry**
- **Sustainable Waste Management and Communication Award**
  - **(One Carbon Double Oxygen Project)**
  - **By CSR Europe**



# 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 m3 RMC produced depending on the type of RMC produced

## Fuel

- A cement plant of 1 mio ton clinker capacity may consume 100 k ton petrocok or 130 k ton coal, or a mix of both
- 7.500 kcal/ton in petrocok vs. 6.000 kcal/ton in coal.
- Fuel accounts for 30-40% of the variable cost of producing 1 ton of cement
- 1% increase in alternative fuel usage have 1,5-2 mio TL 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 Akçansa will be around 1-1,5 mio TL based on current electricity prices