



# 2014 Annual Results

Mehmet Hacıkamiloğlu, CEO and Dr. Carsten Sauerland, CFO



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# Macroeconomic Assumptions for Turkey 2007 – 2015E

•**Inflation** expectation is revised up based on revision of FX rate expectation

•**Interest rate** level is expected to be in a parallel band which will not affect the mortgage rates significantly

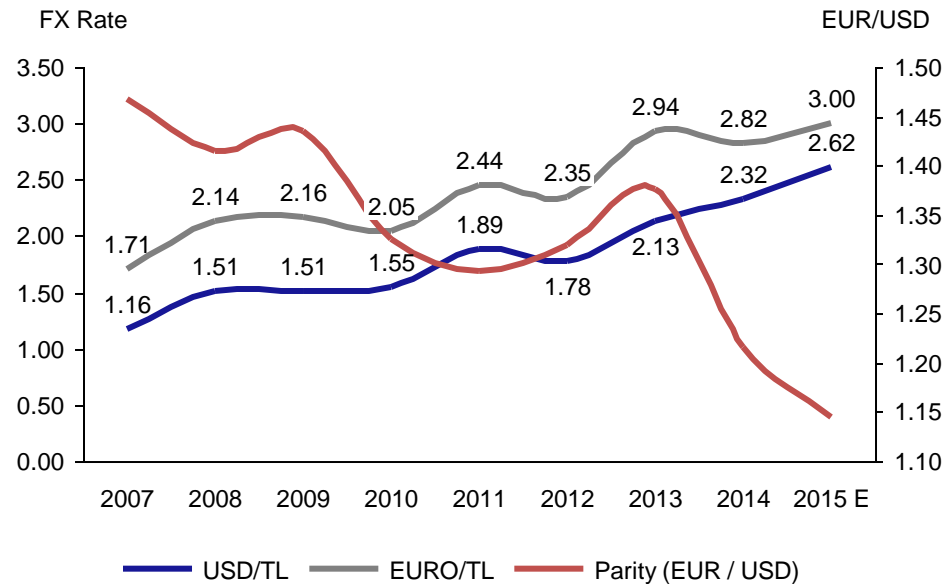
•**Budget deficit** per capita has slight upside trend in the election year 2015

| 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                            | -1,2%                         | 10,1%                              | 76,9             |
| 2015                            | -1,8%                         | 9,8%                               | 77,7             |

•**FX rate:** TL depreciation led to revise the expectations

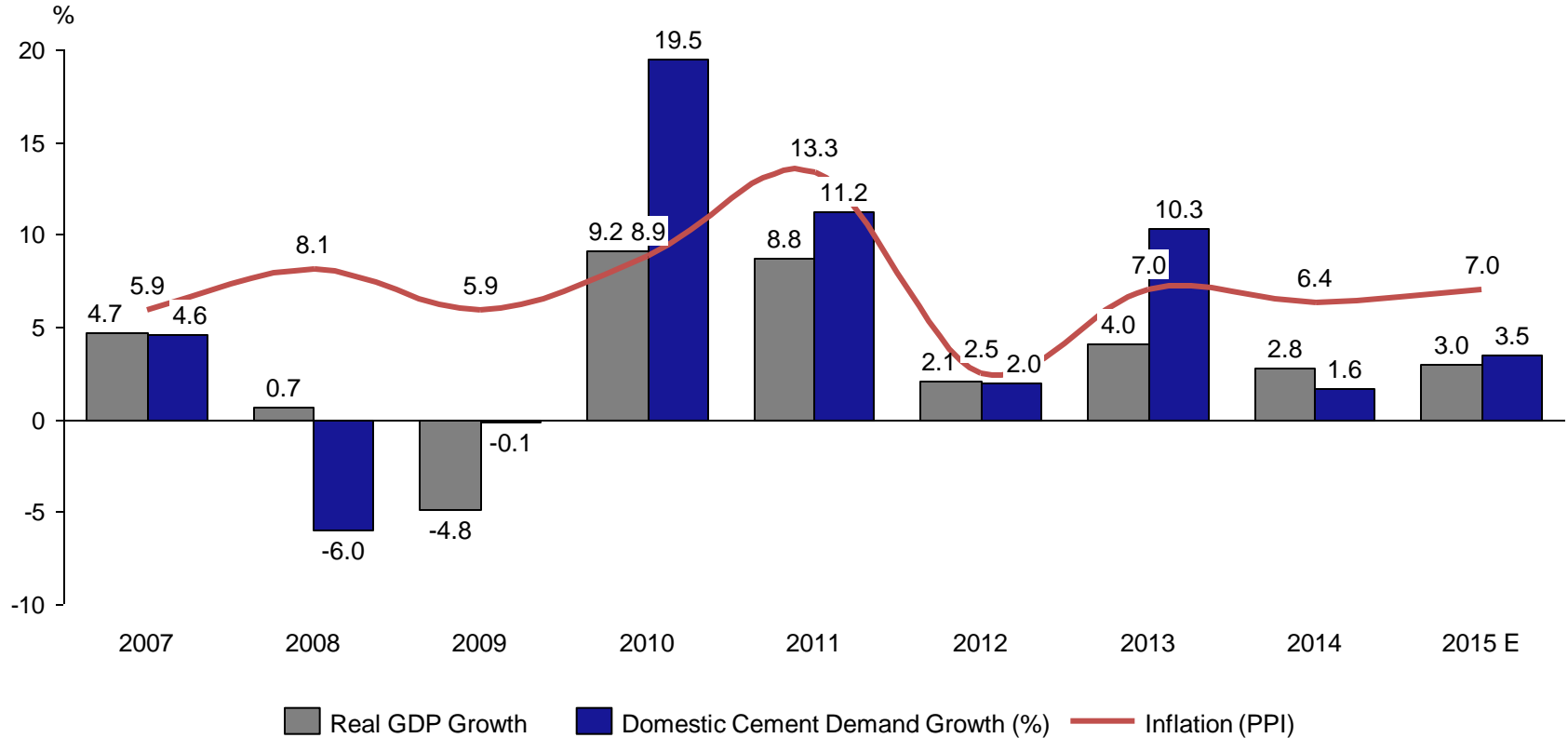
•**FX rate:** Volatility is expected to continue in 2015

•**USD** is expected to continue to be strong in remaining period of 2015 compared to all currency types



Source: Sabancı Holding and Akçansa assumptions

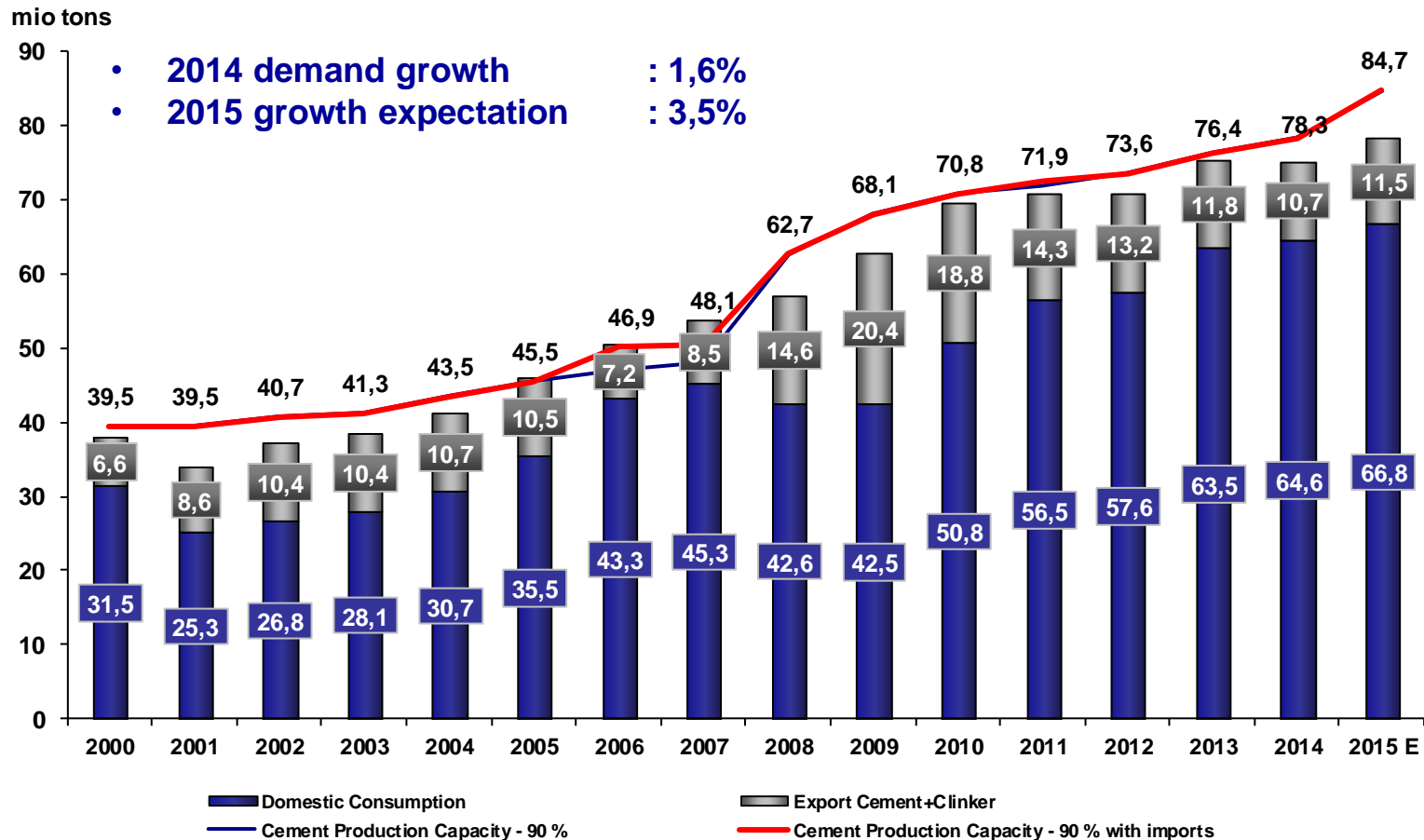
# Macroeconomic Assumptions for Turkey 2007 – 2015E (Continued)



- **Real GDP growth** expected to be parallel to 2014
- **Domestic cement demand growth** is expected to be stronger than GDP growth in 2015 due to continuing urban transformation and infrastructure activities
- Energy price decreases will be net-off TRL depreciation and its effects are expected to be reflected on **inflation** in 2015 with limited amount

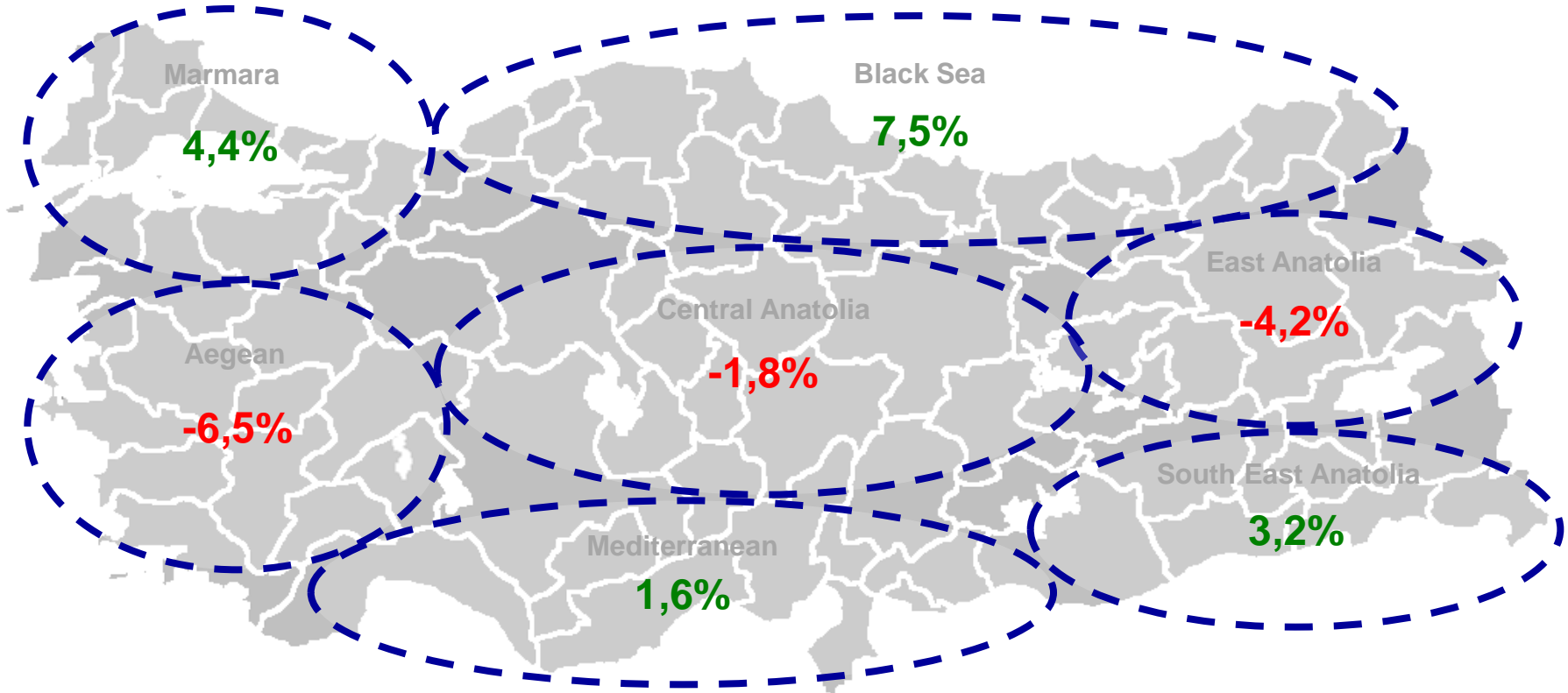
Source: Sabancı Holding and Akçansa assumptions

# Turkish Cement Sector (2000 – 2015E)



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.

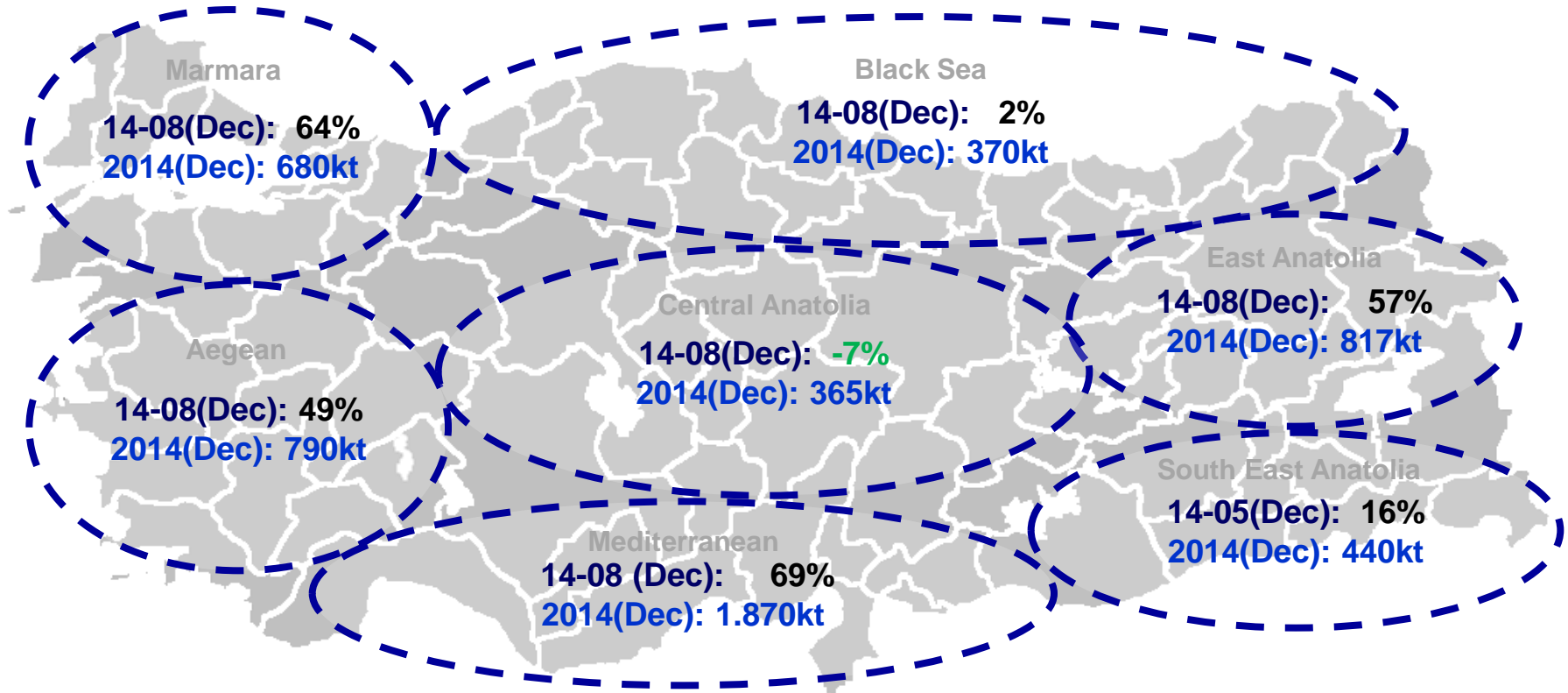
## Domestic Sales Volumes Change (December YTD)



- Cement demand in Turkish domestic market increased by **1,6%**
- Cement and clinker export figures of Turkey decreased **11,4%**

This presentation/report demonstrates announcement of TCMA as of December'14  
Figures doesn't include non TCMA member figures

# Clinker Stock Level Change (December YTD)



- In Turkey, total clinker stocks are **5,3** mio tons and there is a **44%** increase in stock level compared to the last year's figure

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



# Market Trends

| FY 14                  | Domestic |                |
|------------------------|----------|----------------|
|                        | Volume   | Price (TL/ton) |
| <b>Domestic Cement</b> | ↑        | ↑              |
| Marmara                | ↑        | ↑              |
| Aegean                 | ↓        | ↑              |
| Black Sea              | →        | ↑              |

| FY 14          | Readymix |               |
|----------------|----------|---------------|
|                | Volume   | Price (TL/m3) |
| <b>General</b> | ↓        | ↑             |
| Marmara        | ↑        | ↑             |
| Aegean         | ↓        | ↑             |
| Black Sea      | ↓        | ↑             |

- Decreasing RMC volume with higher prices

| FY 14          | Export |                |
|----------------|--------|----------------|
|                | Volume | Price (\$/ton) |
| Export Cement  | ↓      | →              |
| Export Clinker | ↓      | →              |

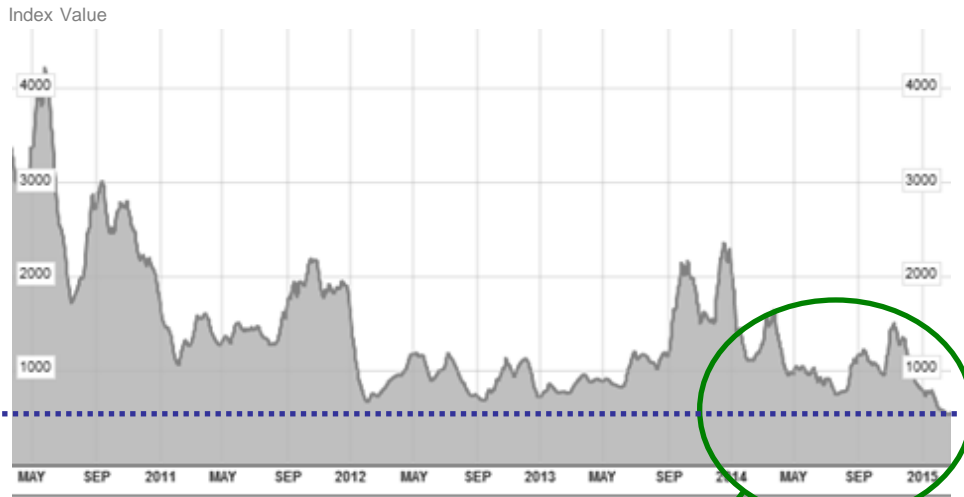
- Domestic volume increase while export volume decrease
- Marmara region was the driver of demand

| Energy Costs           | FY 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***



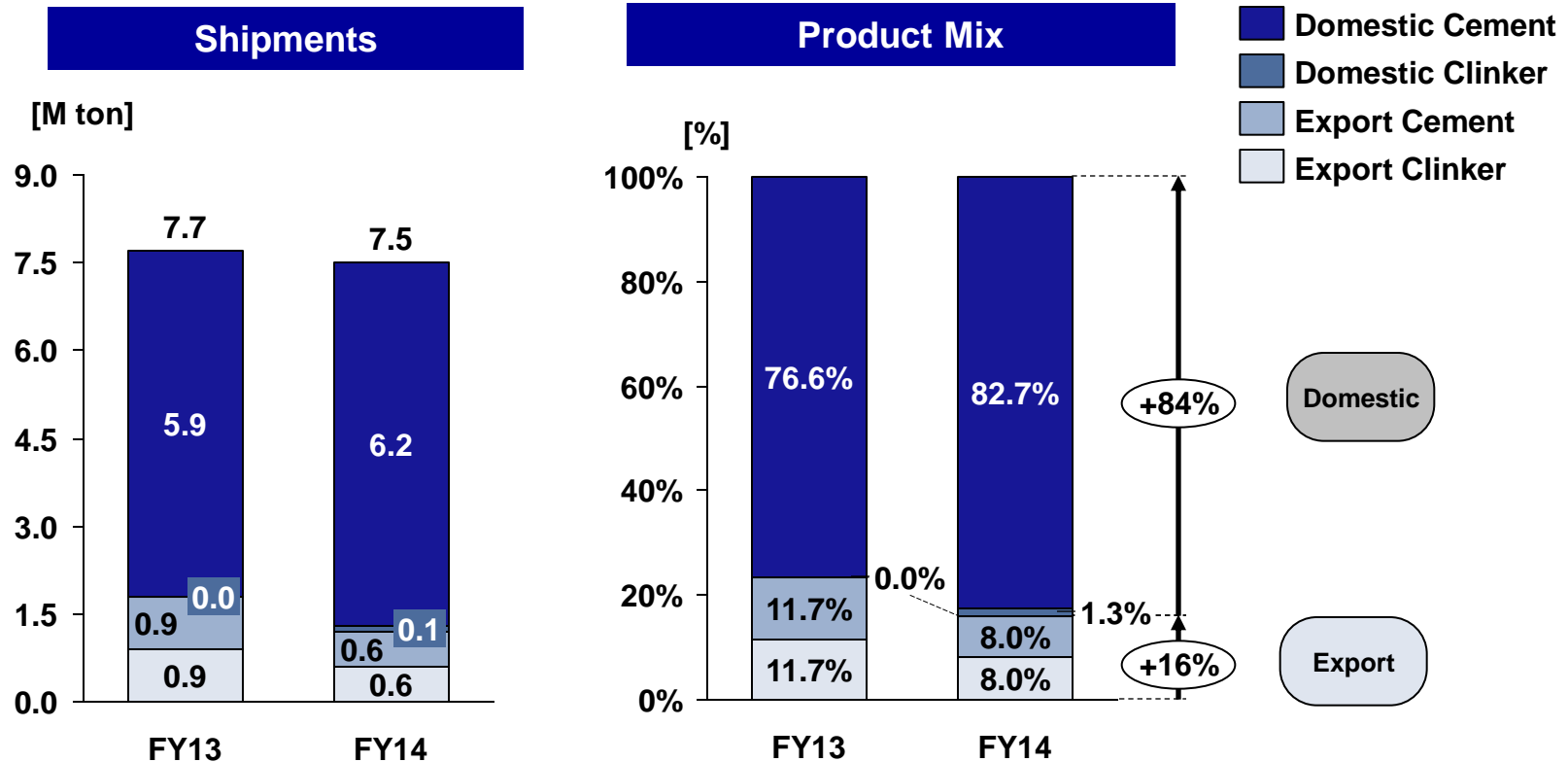
***Last 12-month period***

Index fluctuated more in 2014 compared to previous year

Index has reached its historic low level again in the first months of 2015

[Source: Bloomberg](#)

# Akçansa Sales Volume Components

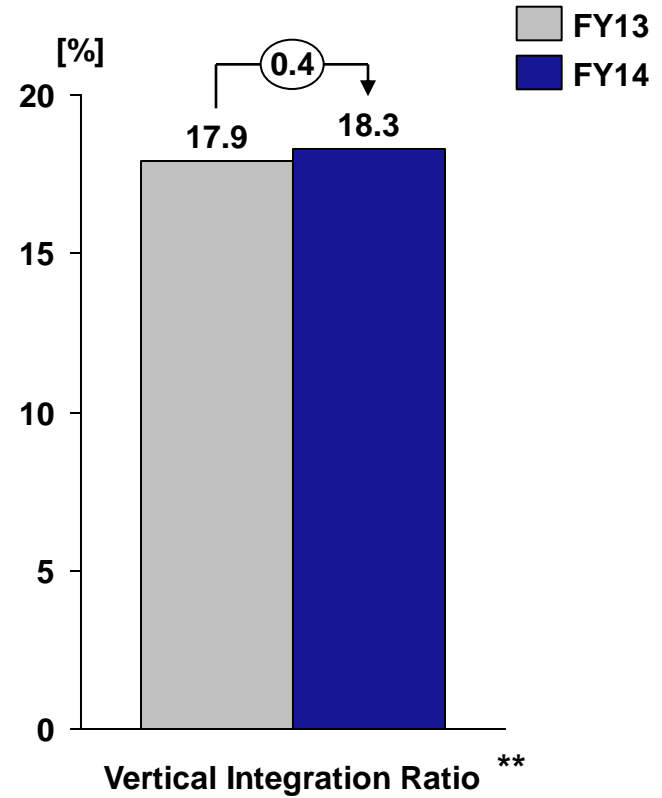
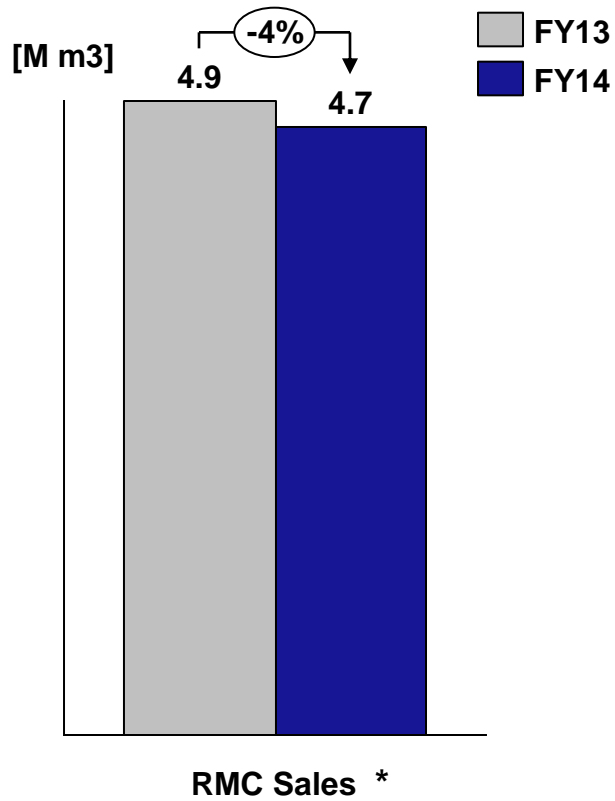


- Domestic cement and clinker sales volume increased **6%**
- Export cement and clinker sales volume decreased **31%**

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

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

## Akçansa Sales Volumes (Continued)

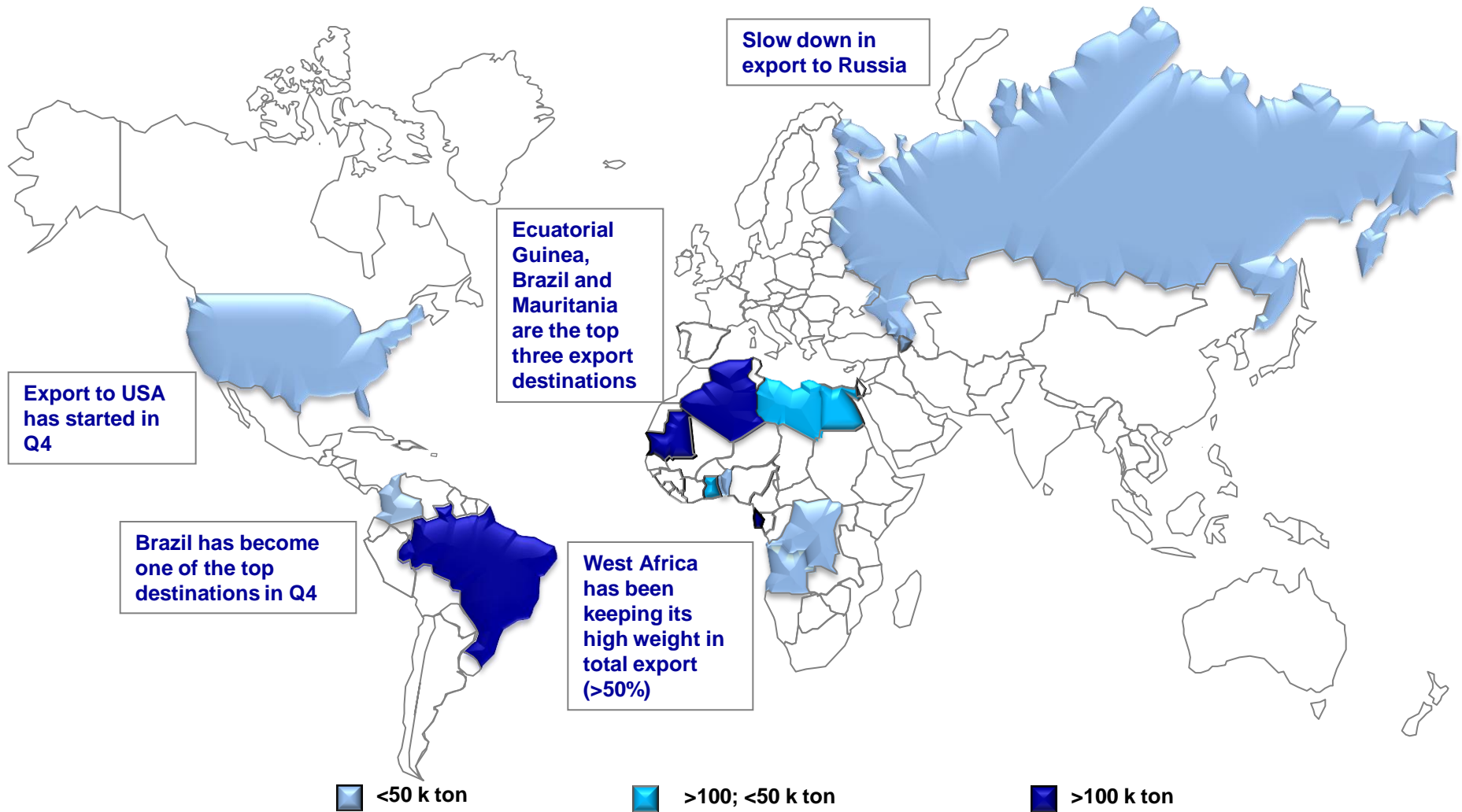


\*) RMC figures include RMC sales of Karçimsa

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

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

# Akcansa Export Regions (FY14)



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# Key Financial Messages

- EBITDA margin increased by 520 bps to 27,6%
- Tight working capital management reduces share of wcap to net sales down to 16.5%
- Stable payout ratio applied on higher income means dividend increase of over 55%
- Net debt reduced by approximately 70 mTL down to approximately 85 mTL
- Capital expenditure focused on spending for improvement at the expense of L&E and replacement

# Income Statement

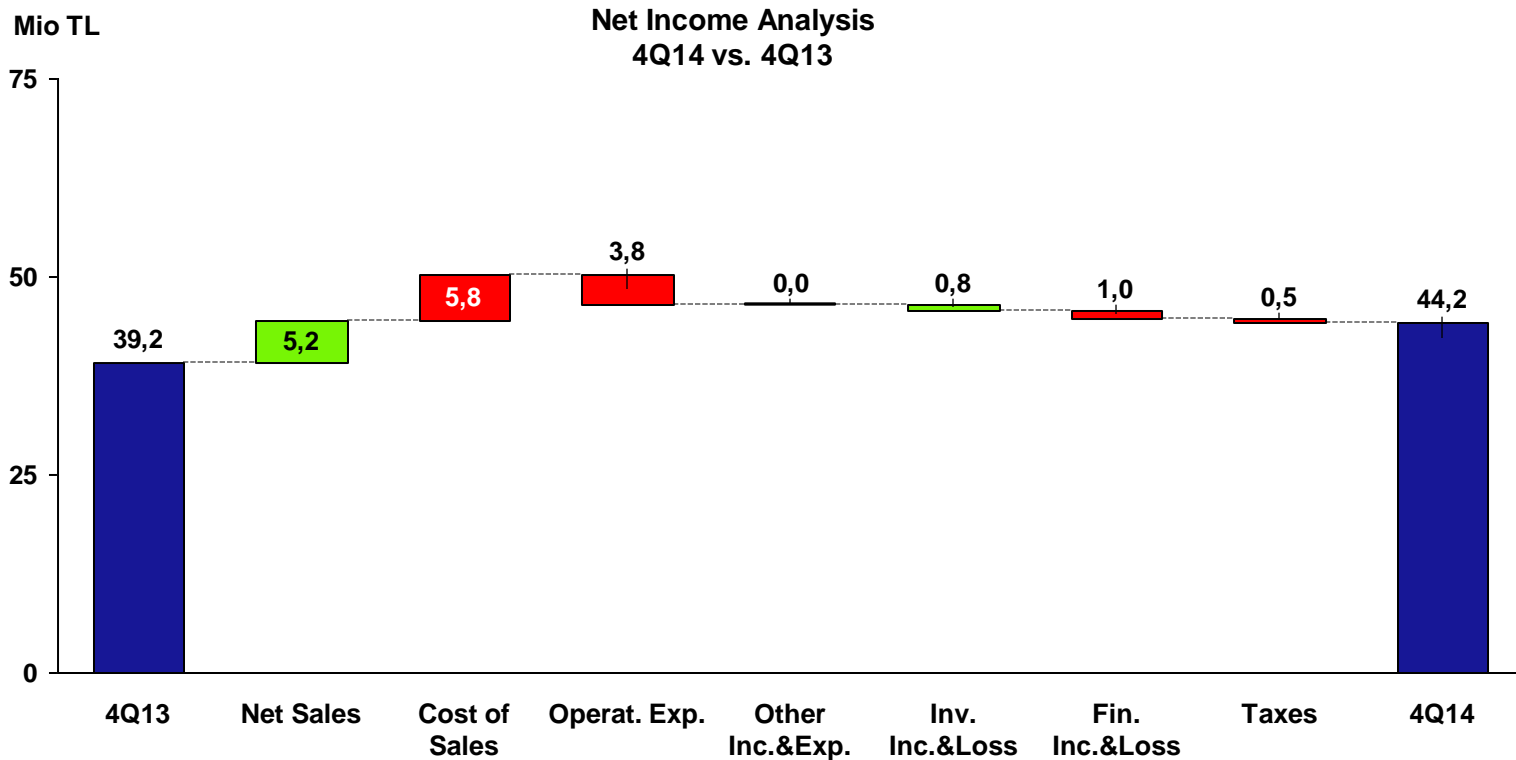
| Company Mio TL                           | 4Q13         | 4Q14         | Var.<br>4Q14 vs. 4Q13 | % Ch. Q      | FY13         | FY14         | Var<br>FY14 vs.FY13 | % Ch. YTD    |
|--|--------------|--------------|-----------------------|--------------|--------------|--------------|---------------------|--------------|
| Net Sales                                | 326,9        | 332,1        | 5,2                   | 1,6%         | 1.202,2      | 1.410,9      | 208,6               | 17,4%        |
| Cost of Sales                            | (253,8)      | (247,9)      | 5,8                   | -2,3%        | (938,6)      | (1.019,2)    | (80,6)              | 8,6%         |
| <b>Gross Margin</b>                      | <b>73,1</b>  | <b>84,2</b>  | <b>11,1</b>           | <b>15,2%</b> | <b>263,6</b> | <b>391,6</b> | <b>128,0</b>        | <b>48,6%</b> |
| Marketing&Sales Expense                  | (2,8)        | (5,0)        | (2,2)                 | 77,8%        | (12,6)       | (16,6)       | (4,0)               | 31,8%        |
| General Management Expenses              | (16,0)       | (17,7)       | (1,6)                 | 10,2%        | (45,2)       | (50,6)       | (5,4)               | 11,9%        |
| <b>EBIT</b>                              | <b>54,3</b>  | <b>61,5</b>  | <b>7,3</b>            | <b>13,4%</b> | <b>205,8</b> | <b>324,4</b> | <b>118,6</b>        | <b>57,6%</b> |
| Other Operating Income/Charges           | (0,4)        | (0,4)        | 0,0                   | -1,8%        | (2,5)        | (4,5)        | (2,0)               | 79,7%        |
| <b>Operating Income</b>                  | <b>53,8</b>  | <b>61,1</b>  | <b>7,3</b>            | <b>13,5%</b> | <b>203,3</b> | <b>320,0</b> | <b>116,6</b>        | <b>57,4%</b> |
| Income/Losses from Investment Activities | (0,2)        | (1,0)        | (0,8)                 | 326,7%       | 11,8         | 16,6         | 4,8                 | 40,6%        |
| Non-Operating Financial Income           | 2,0          | 1,9          | (0,1)                 | -6,9%        | 8,0          | 6,6          | (1,4)               | -17,5%       |
| Non-Operating Financial Charge           | (6,1)        | (7,0)        | (0,9)                 | 14,3%        | (26,2)       | (34,5)       | (8,3)               | 31,7%        |
| <b>Profit/Loss before Taxes</b>          | <b>49,5</b>  | <b>55,0</b>  | <b>5,5</b>            | <b>11,0%</b> | <b>196,9</b> | <b>308,7</b> | <b>111,8</b>        | <b>56,7%</b> |
| Taxes On Income                          | (10,3)       | (10,8)       | (0,5)                 | 4,5%         | (37,5)       | (58,4)       | (20,9)              | 55,7%        |
| <b>Net Income/Loss</b>                   | <b>39,2</b>  | <b>44,2</b>  | <b>5,0</b>            | <b>12,8%</b> | <b>159,4</b> | <b>250,3</b> | <b>90,8</b>         | <b>57,0%</b> |
| <b>Gross Margin %</b>                    | <b>22,4%</b> | <b>25,4%</b> | <b>3,0%</b>           |              | <b>21,9%</b> | <b>27,8%</b> | <b>5,8%</b>         |              |
| <b>EBITDA Margin % *</b>                 | <b>21,7%</b> | <b>23,5%</b> | <b>1,8%</b>           |              | <b>22,3%</b> | <b>27,6%</b> | <b>5,2%</b>         |              |
| <b>EBIT Margin %</b>                     | <b>16,6%</b> | <b>18,5%</b> | <b>1,9%</b>           |              | <b>17,1%</b> | <b>23,0%</b> | <b>5,9%</b>         |              |
| <b>Net Income Margin %</b>               | <b>12,0%</b> | <b>13,3%</b> | <b>1,3%</b>           |              | <b>13,3%</b> | <b>17,7%</b> | <b>4,5%</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.

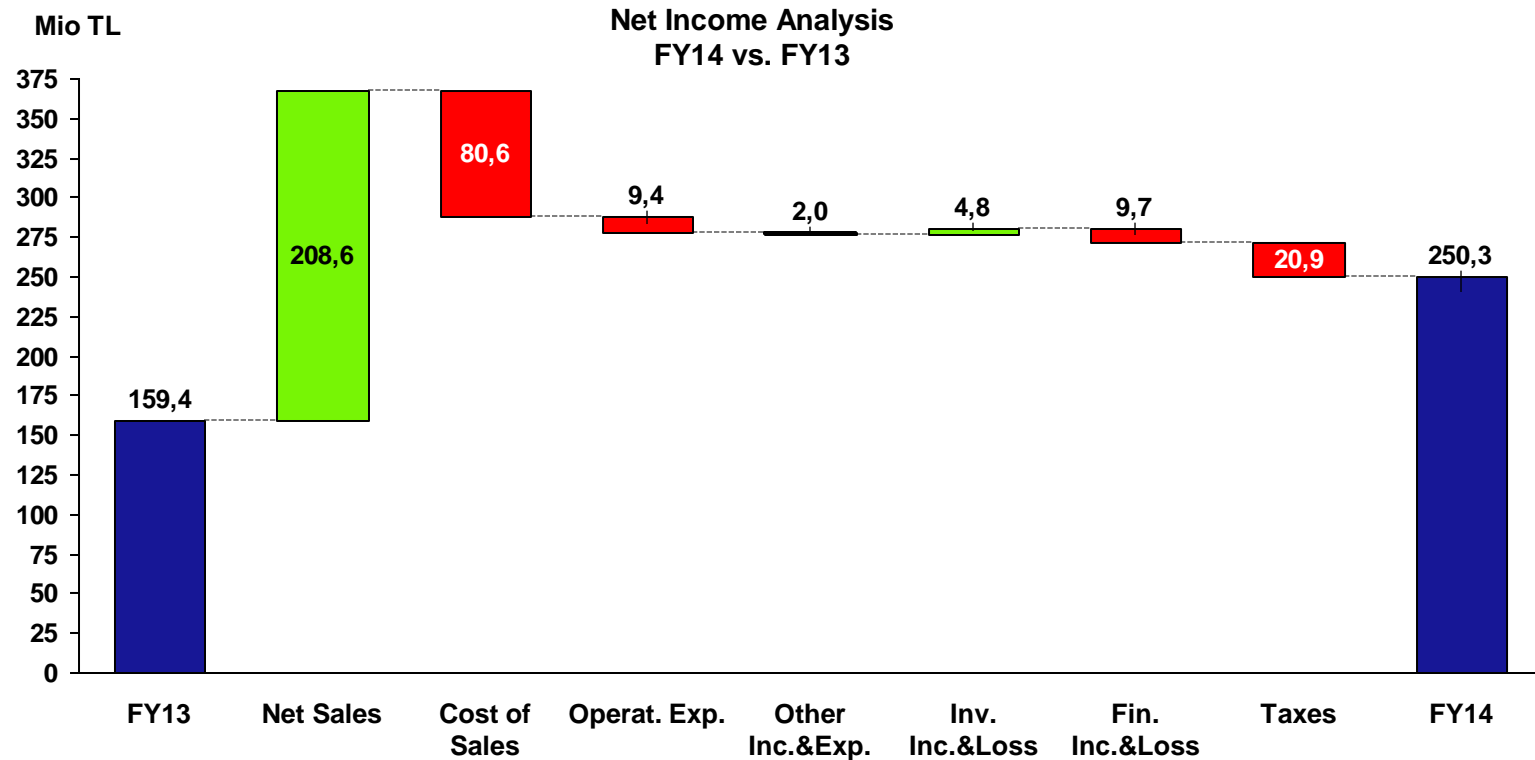


# Company Profit and Loss Accounts (Q4)



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

# Company Profit and Loss Accounts (FY)



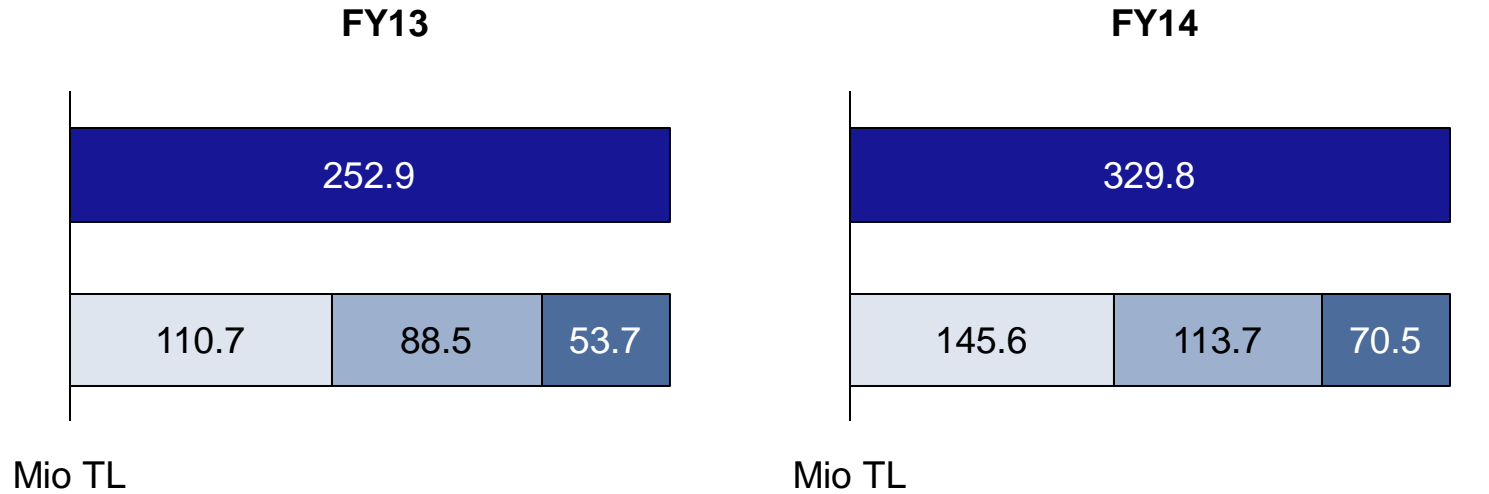
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# Cash Flow Statement

| Company Mio TL   | FY13           | FY14           |
|--|----------------|----------------|
| <b>Cash flow from operating activities</b>                             |                |                |
| Operating income before the changes in working capital                 | 284,6          | 401,0          |
| Changes in working capital   | 2,2            | 14,2           |
| Taxes paid   | (35,4)         | (58,8)         |
| Other items  | 0,5            | (12,4)         |
|  | <b>251,9</b>   | <b>344,0</b>   |
| <b>Cash flow from investing activities</b>                             |                |                |
| Tangible and intangible fixed assets                                   | (88,5)         | (113,7)        |
| Financial assets   | (0,2)          | (0,1)          |
| Proceeds from fixed asset disposals                                    | 1,8            | 2,5            |
| Dividends Received   | 10,9           | 17,7           |
|  | <b>(75,9)</b>  | <b>(93,5)</b>  |
| <b>Cash flow from financing activities</b>                             |                |                |
| Dividend payments  | (110,7)        | (145,6)        |
| Net proceeds from bonds and loans                                      | (51,6)         | (73,1)         |
| Interest paid  | (12,0)         | (35,1)         |
| Other items  | 0,4            | 0,7            |
|  | <b>(173,8)</b> | <b>(253,1)</b> |
| <b>Net change in cash and cash equivalents - continuing operations</b> | <b>2,2</b>     | <b>(2,6)</b>   |
| <b>Change in cash &amp; cash equivalents</b>                           | <b>2,2</b>     | <b>(2,6)</b>   |
| Cash & cash equivalents at 1 January                                   | 13,7           | 15,8           |
| Cash & cash equivalents on 31 December                                 | 15,8           | 13,3           |

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# Cash Flow Usage

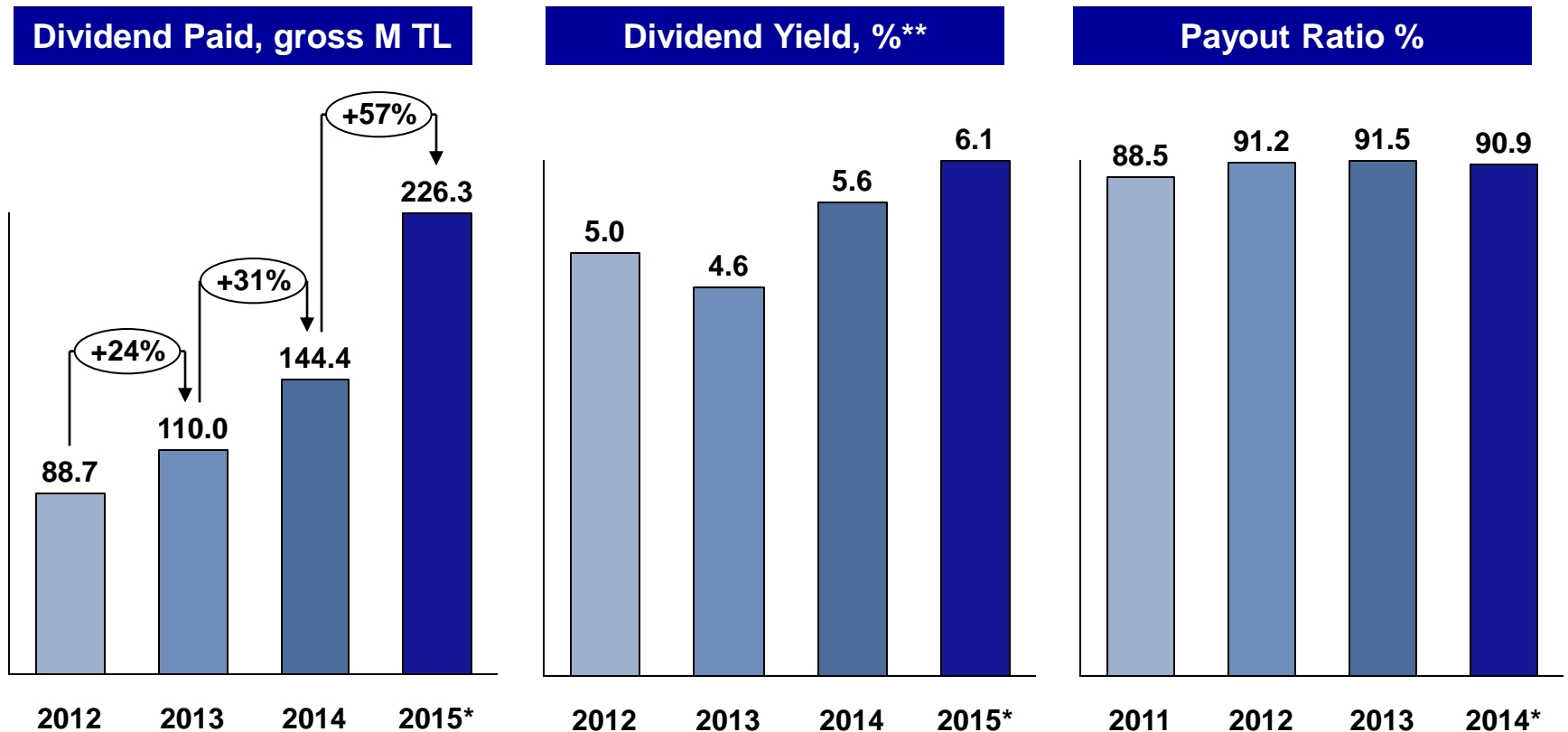


Adj. operating cash flow \* 
  Dividend paid 
  CAPEX 
  Net debt reduction

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

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# Dividend Paid, Dividend Yield and Payout Ratio



\*) The figures are based on the Board of Directors dividend payment proposal which will be submitted to the General Assembly for approval

\*\*) Akçansa closing share price as of 13 March 2015 is used for 2015 dividend yield calculation

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

# Total Capex Distribution

## Key Investments in FY14:

1. (I&G) New cooler and preheater for Line1 in order to increase kiln efficiency (CNK)\*
2. (L&E) Closed stockhalls (BCM)\*\* and replacement of electronics by bag filter (LDK)\*\*\* in order to reduce dust emissions
3. (I&G) Increase of TDF\*\*\*\* shredding (CNK) and DSS\*\*\*\*\* burning (BCM) capacity in order to increase alternative fuel rate

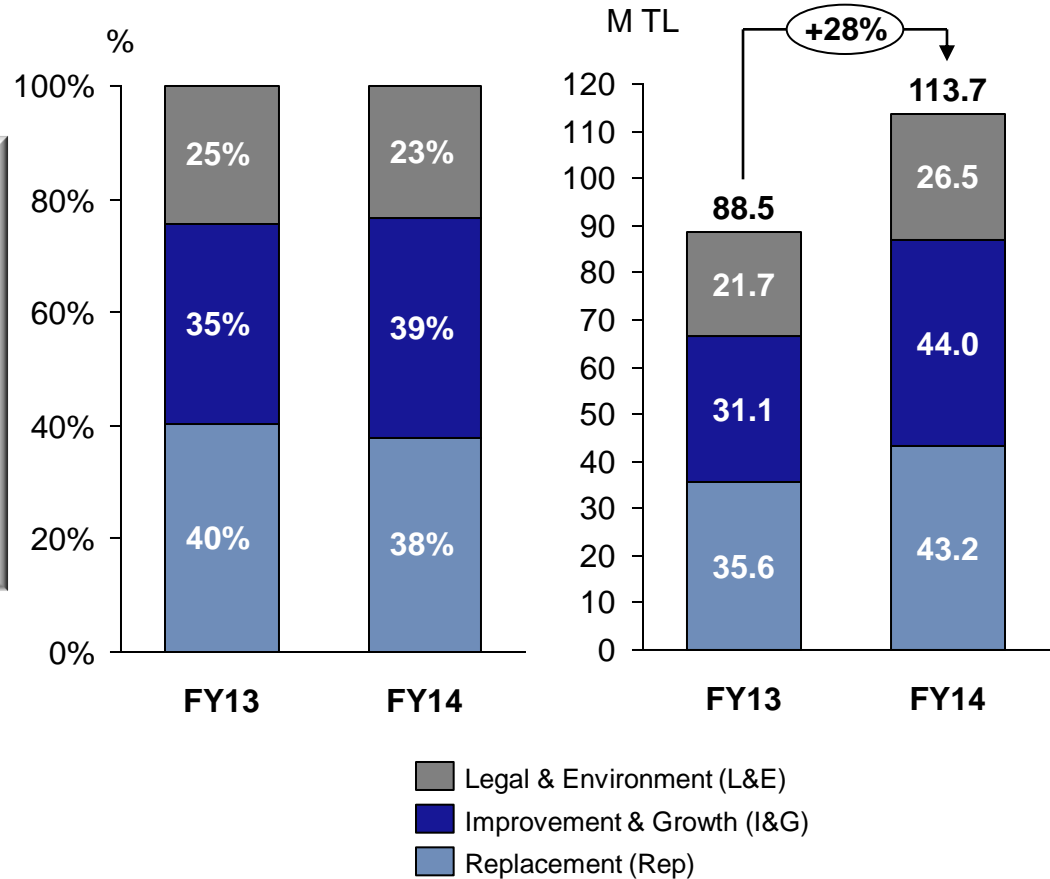
\*) Çanakkale Plant

\*\*) Büyükçekmece Plant

\*\*\*) Ladik Plant

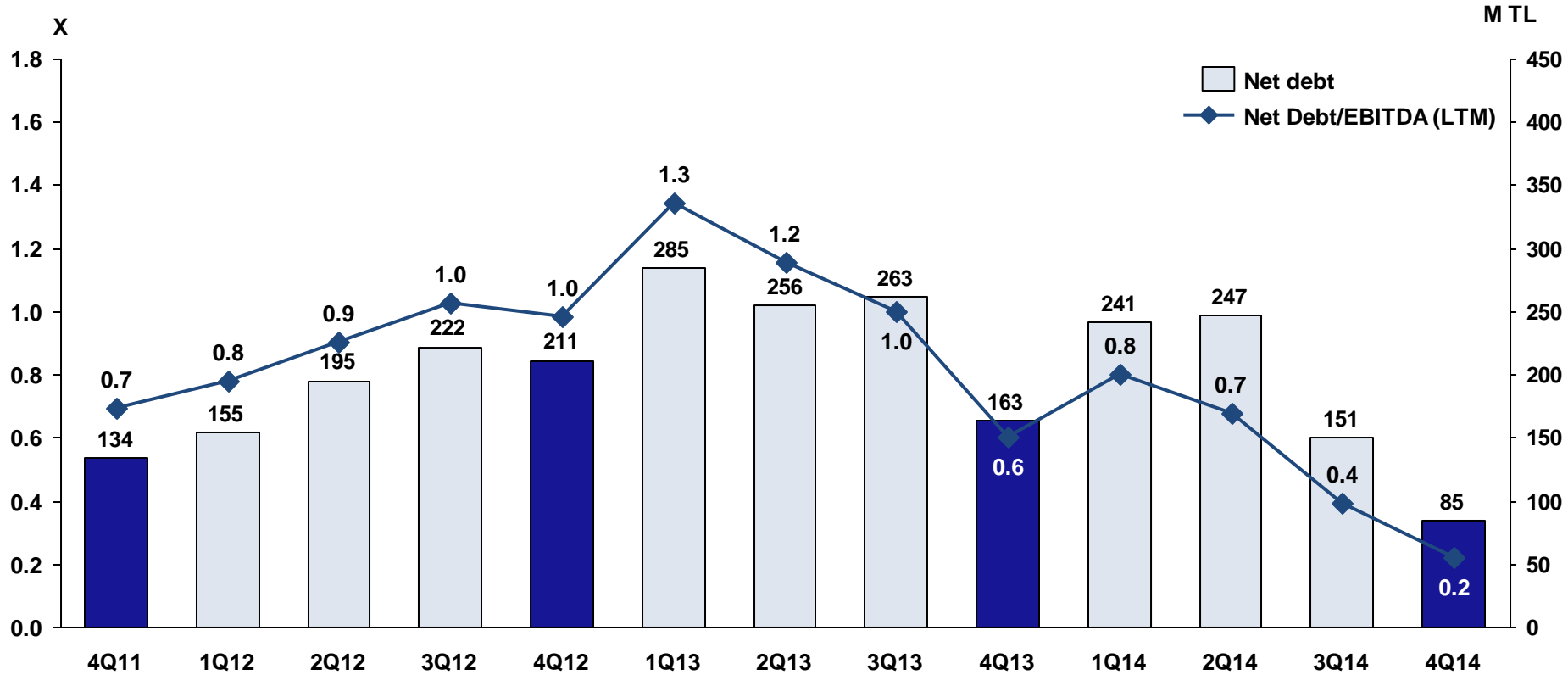
\*\*\*\*) Tire Derived Fuel

\*\*\*\*\*) Derived Sewage Sludge



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# Net Debt / EBITDA



# Balance Sheet

| Mio TL                  | 31.12.2013   | 31.12.2014   | Variance<br>FY14 vs FY13 |
|-------------------------|--------------|--------------|--------------------------|
| <b>Current Assets</b>   | <b>478,7</b> | <b>500,8</b> | <b>22,1</b>              |
| Cash & cash equivalents | 15,8         | 13,3         | (2,6)                    |
| Trade receivables       | 326,6        | 332,8        | 6,3                      |
| Inventories             | 117,1        | 138,8        | 21,8                     |
| Other current assets    | 19,2         | 15,9         | (3,4)                    |

|                           |              |                |              |
|---------------------------|--------------|----------------|--------------|
| <b>Non-current Assets</b> | <b>998,5</b> | <b>1.101,7</b> | <b>103,2</b> |
| Financial investments     | 164,9        | 220,8          | 55,9         |
| Fixed Assets              | 700,3        | 745,0          | 44,7         |
| Goodwill                  | 129,5        | 129,5          | -            |
| Deferred tax assets       | 1,1          | 1,1            | (0,1)        |
| Other non-current assets  | 2,8          | 5,4            | 2,7          |

| Mio TL                     | 31.12.2013   | 31.12.2014   | Variance<br>FY14 vs FY13 |
|----------------------------|--------------|--------------|--------------------------|
| <b>Current Liabilities</b> | <b>381,1</b> | <b>324,3</b> | <b>(56,7)</b>            |
| Financial Liabilities      | 149,4        | 48,2         | (101,2)                  |
| Trade payables             | 192,7        | 238,9        | 46,1                     |
| Tax payable                | 9,9          | 9,5          | (0,4)                    |
| Other current liabilities  | 29,0         | 27,8         | (1,3)                    |

|                                |             |              |             |
|--------------------------------|-------------|--------------|-------------|
| <b>Non-current Liabilities</b> | <b>96,1</b> | <b>122,3</b> | <b>26,2</b> |
| Financial Liabilities          | 29,9        | 50,1         | 20,2        |
| LT provisions                  | 21,8        | 25,5         | 3,7         |
| Deferred tax liabilities       | 44,3        | 46,6         | 2,3         |
| Other non-current liabilities  | -           | -            | -           |

|                            |                |                |              |
|----------------------------|----------------|----------------|--------------|
| <b>Shareholders Equity</b> | <b>1.000,1</b> | <b>1.155,9</b> | <b>155,8</b> |
| Paid in Capital            | 191,4          | 191,4          | -            |
| Retained earnings          | 518,8          | 532,3          | 13,5         |
| Comprehensive income       | 119,5          | 170,5          | 51,0         |
| Net income                 | 157,9          | 248,8          | 90,9         |
| Minority interest          | 12,5           | 12,9           | 0,3          |

|                     |                |                |              |
|---------------------|----------------|----------------|--------------|
| <b>TOTAL ASSETS</b> | <b>1.477,2</b> | <b>1.602,5</b> | <b>125,3</b> |
|---------------------|----------------|----------------|--------------|

|                                       |                |                |              |
|---------------------------------------|----------------|----------------|--------------|
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>1.477,2</b> | <b>1.602,5</b> | <b>125,3</b> |
|---------------------------------------|----------------|----------------|--------------|

| <b>BS data and key ratios</b>     | <b>31.12.2013</b> | <b>31.12.2014</b> | <b>Variance<br/>FY14 vs FY13</b> |
|-----------------------------------|-------------------|-------------------|----------------------------------|
| Working Capital                   | 250,9             | 232,8             | (18,1)                           |
| Working Capital / Net Sales (LTM) | 20,9%             | 16,5%             | -4,4%                            |
| Net debt                          | 163,5             | 85,0              | (78,5)                           |
| Net debt / EBITDA (LTM)           | 0,6x              | 0,2x              | -0,4x                            |
| Net Debt / Equity                 | 16,3%             | 7,4%              | -9,0%                            |

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# Outlook 2015

## Economic Activities

- Slightly increase in domestic demand
  - Further price increase in 2015
  - Export share in total sales will increase compared to 2014
- Construction based growth:
  - Strong urban transformation activity with infrastructure projects
  - Highway connections for 3rd bridge project on the European side will continue in 2015
  - Stable West & North African demand
  - American Continent demand will have higher weight in total export
  - 3rd airport construction

## Energy

- Stabilizing the alternative energy supply:
  - Continue to import shredded tire
  - Wind mill investment in Canakkale plant
  - Planned to have RDF import licence like shredded tire

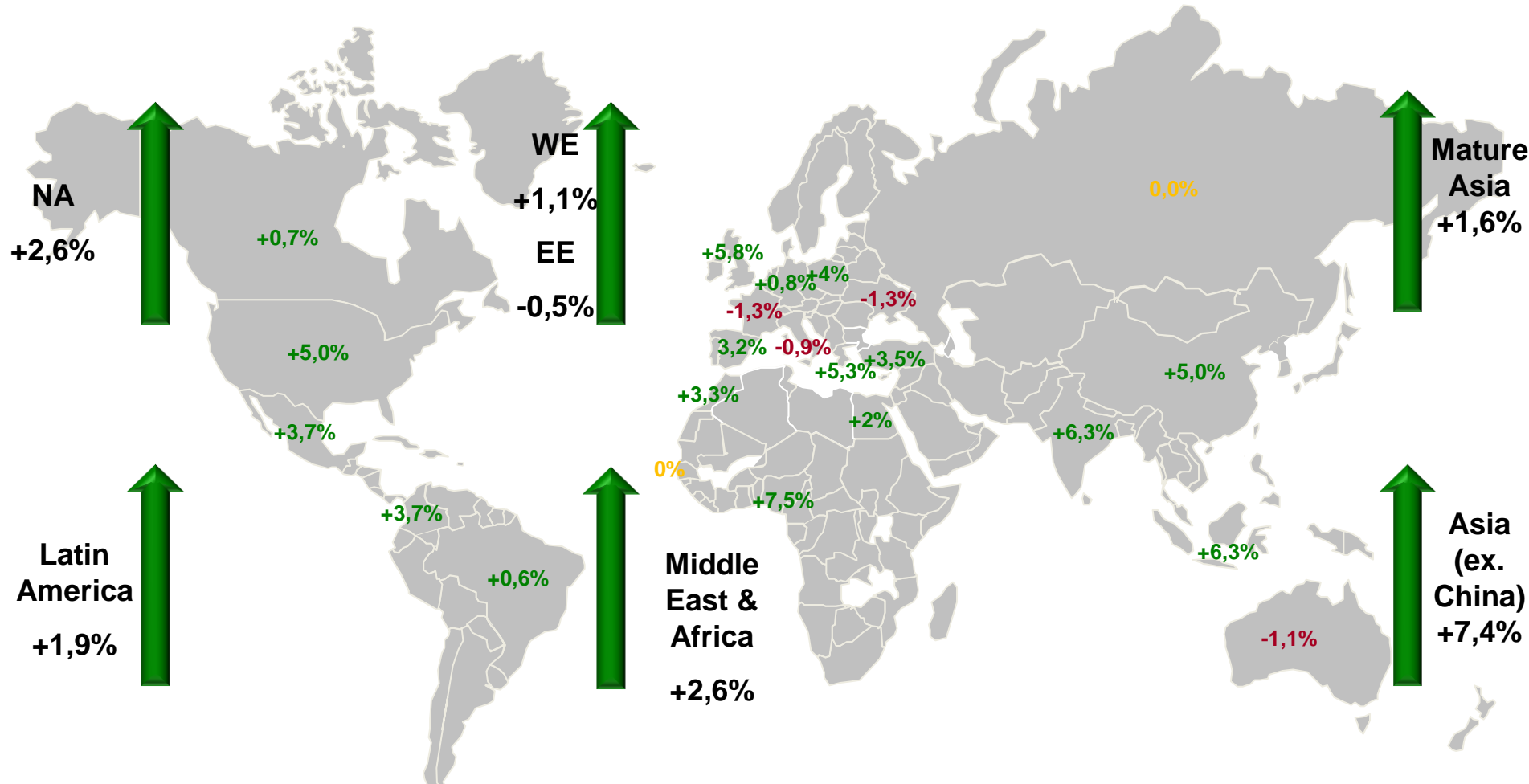
## Operations

- Continued focus on margin enhancement in RMC business line
- Focus on added value products in RMC



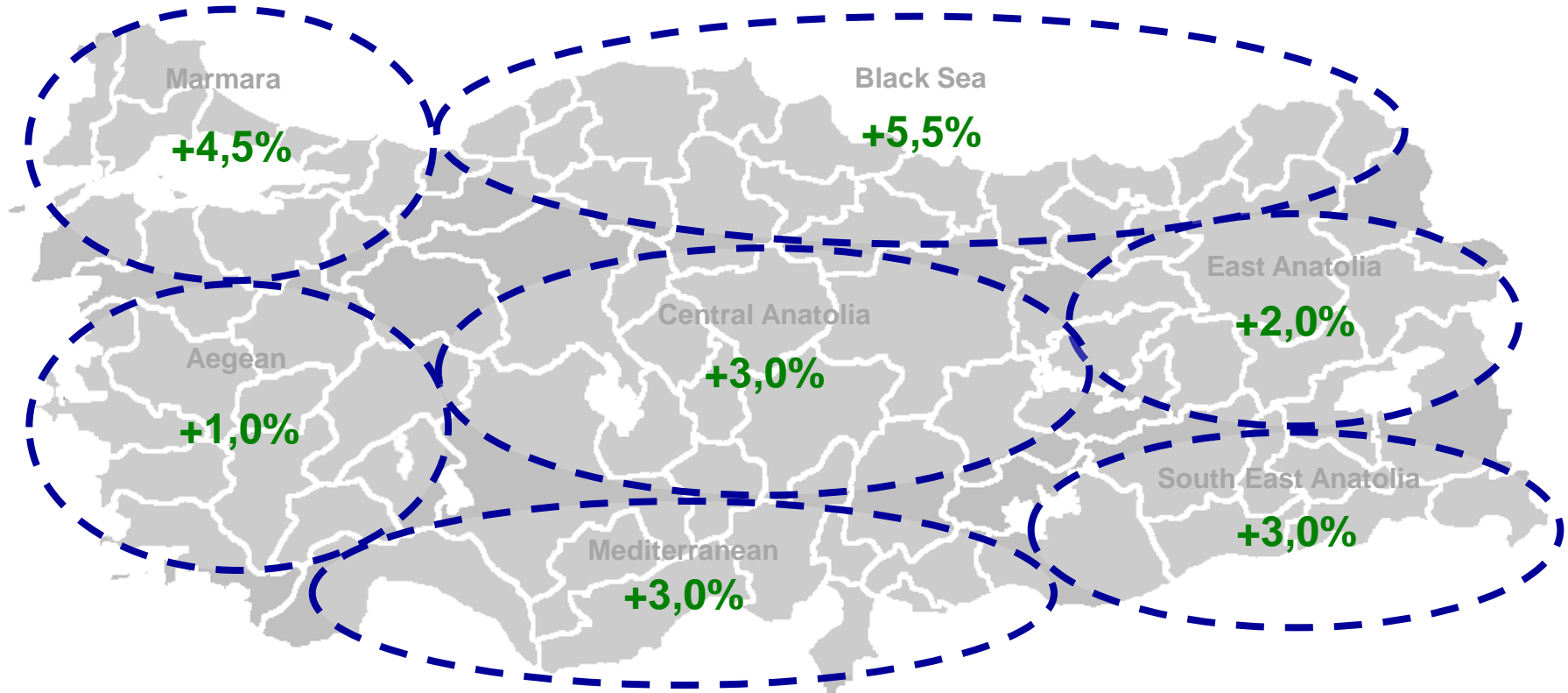
# Cement Consumption Trends : Regional Consumption 2015 Estimate

Positive cement demand in the world except Eastern Europe in 2015



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 Building Materials report – Sep, 14.

# Turkish Cement Market, Sales Volumes Change %, (2015 - Expected)



- Cement demand in Turkish domestic market is expected to grow **3,5%** in 2015

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

# Market Trends

| FY 15                  | Expectations |       |
|------------------------|--------------|-------|
|                        | Volume       | Price |
| Domestic Cement (TL/t) | →            | →     |
| Export Cement (\$/t)   | ↑            | →     |
| Export Clinker (\$/t)  | ↑            | ↓     |
| RMC (TL/m3)            | →            | →     |

(\*) Compared to FY 14

| Energy Price           | 2015 |
|------------------------|------|
|                        | YE   |
| Coal (USD / ton)       | →    |
| Petcoke (USD/ton)      | →    |
| Electricity (TL / kwh) | ↑    |
| Diesel (TL / Lt)       | ↑    |

(\*) Compared to 12M14

## Compared to FY 14:

- Stable domestic but increasing export sales
- Stable export cement prices
- Stable RMC sales

## Compared to 12M14:

- Stable coal and petcoke pricing conditions
- USD appreciation effect will be reflected on diesel and electricity prices

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

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## **Contacts**

### **Dr. Carsten Sauerland, CFO**

Phone +90 216 571 30 20

Fax +90 216 571 30 21

[carsten.sauerland@akcansa.com.tr](mailto:carsten.sauerland@akcansa.com.tr)

### **Dinçer Bulan, IR Executive**

Phone +90 216 571 31 14

Cell phone +90 530 522 69 11

Fax +90 216 571 30 31

[dincer.bulan@akcansa.com.tr](mailto:dincer.bulan@akcansa.com.tr)

### **Banu Üçer, Corporate Communication Executive**

Phone +90 216 571 30 13

Fax +90 216 571 30 11

[banu.ucer@akcansa.com.tr](mailto:banu.ucer@akcansa.com.tr)

**Info Adress:** [IR-info@akcansa.com.tr](mailto:IR-info@akcansa.com.tr)

## **Websites**

[www.akcansa.com.tr](http://www.akcansa.com.tr)

[www.betonsa.com.tr](http://www.betonsa.com.tr)

[www.sabanci.com.tr](http://www.sabanci.com.tr)

[www.heidelbergcement.com](http://www.heidelbergcement.com)



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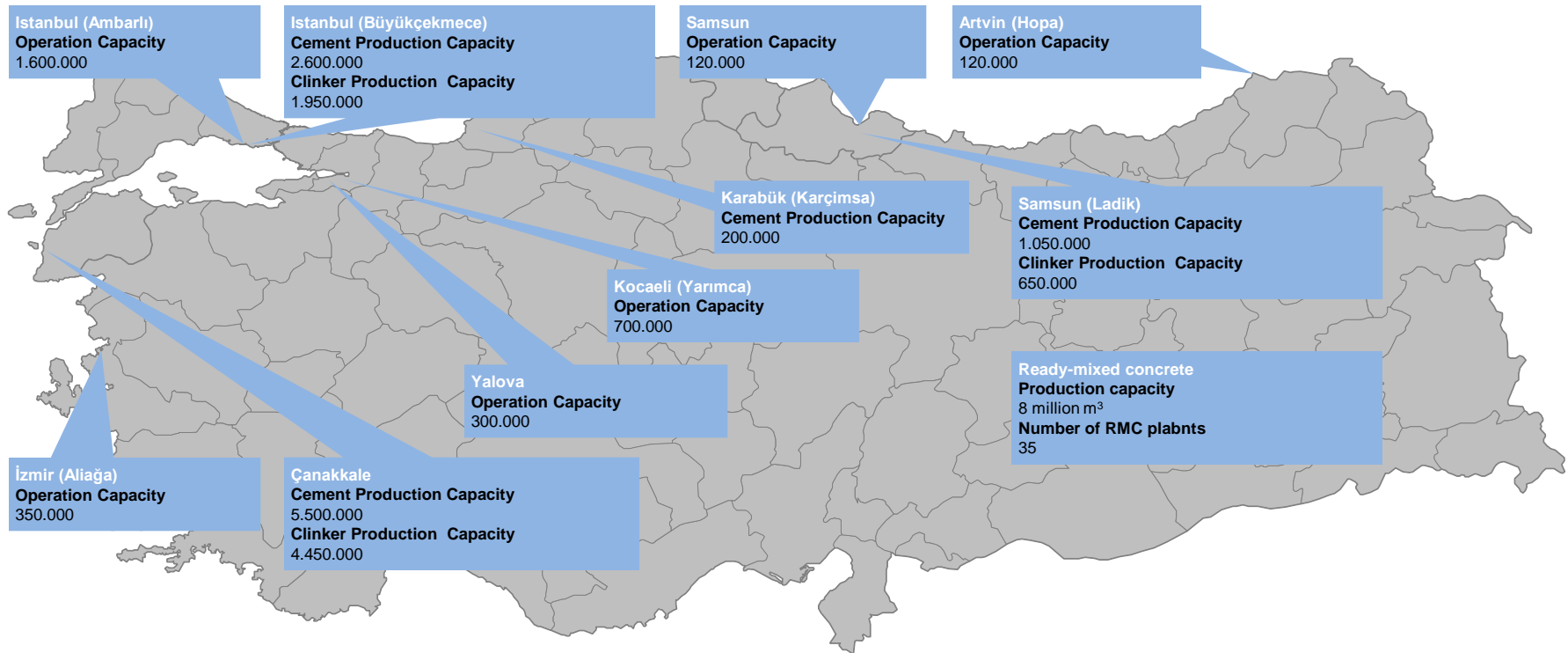
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# Appendix

# Akcansa at a glance

## Operations in Turkey



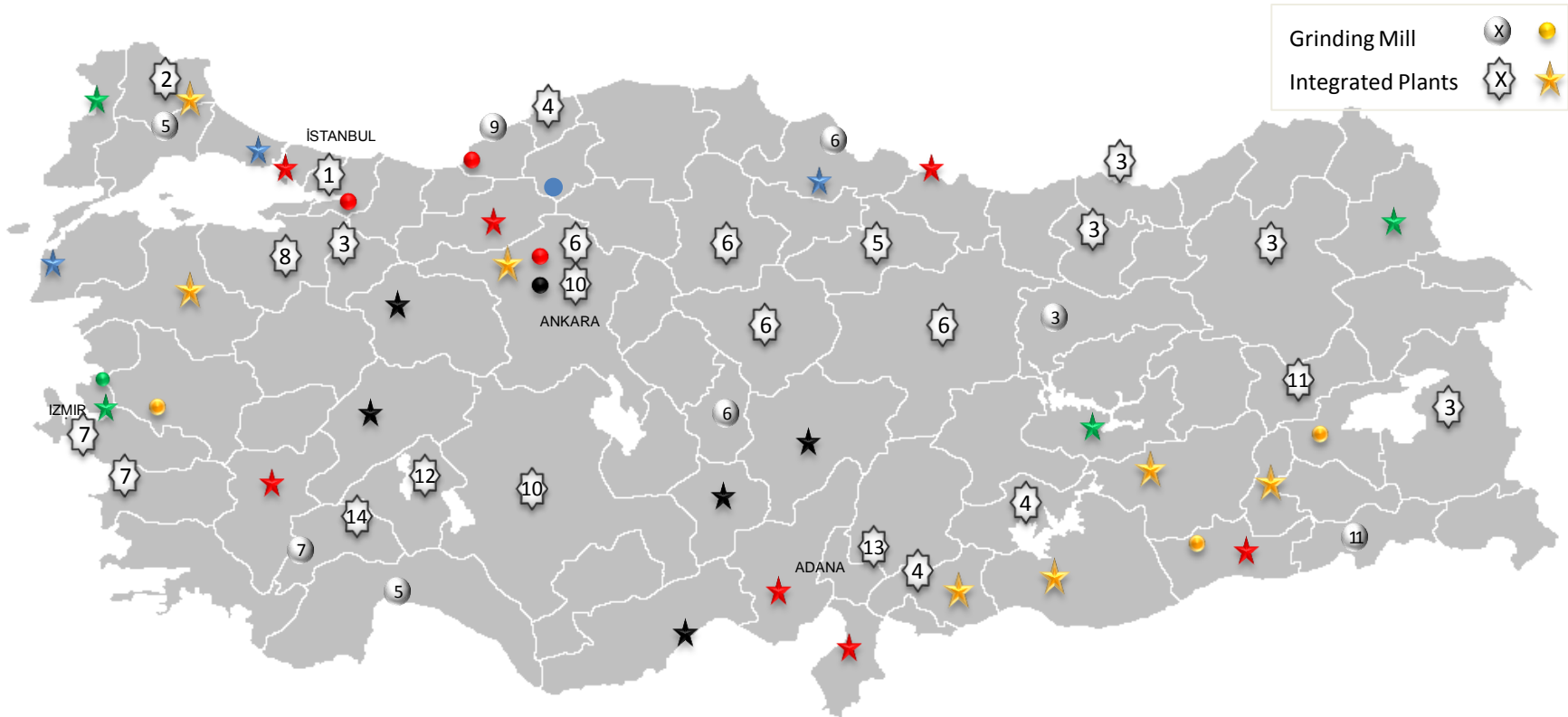
## Key Operational Highlights

| CEM  | RMC  | Ports  | Terminals  |
|--|--|--|--|
| <ul style="list-style-type: none"> <li>• 3 cement plants</li> <li>• 7,0 m ton clinker capacity</li> <li>• 9,1 m ton cement capacity</li> </ul> | <ul style="list-style-type: none"> <li>• 35 RMC terminals</li> <li>• 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, 18 grinding mills, 66 plants, 20 players



**AKÇANSA** ★  
**OYAK** ★  
**ÇİMENTAŞ** ★  
**LİMAK** ★  
**ÇİMSA** ★

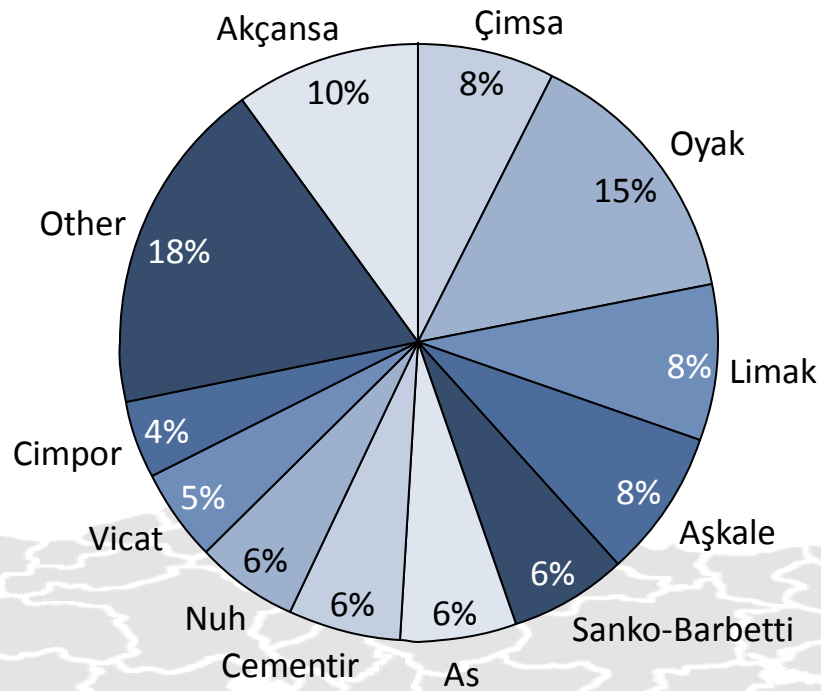
1. Nuh Çimento  
 2. Traçim  
 3. Aşkale  
 4. Çimko (Sanko)  
 5. Titan (ADO)

6. Votorantim  
 7. Batıgrup  
 8. Bursa  
 9. Çimko (Sanko)\*  
 10. Vicat

11. Yurt  
 12. Goltas  
 13. Kipas  
 14. AS

\*) Previously owned by Lafarge

# Turkey Clinker Capacity Distribution



First 3 groups form 40% of the Turkish Cement Capacity

Source: TCMA

# Turkish Cement Market (Expectations)



|                            | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015E      |
|----------------------------|------|------|------|------|------|------|------|------|------|------------|
| 1. Private Housing         | 62%  | 57%  | 50%  | 51%  | 54%  | 52%  | 53%  | 53%  | 51%  | <b>50%</b> |
| 2. Commercial              | 14%  | 16%  | 13%  | 9%   | 11%  | 10%  | 11%  | 9%   | 10%  | <b>9%</b>  |
| 3. Public                  | 4%   | 5%   | 5%   | 5%   | 5%   | 5%   | 5%   | 5%   | 5%   | <b>6%</b>  |
| 4. Infrastructure/Projects | 20%  | 22%  | 32%  | 35%  | 30%  | 33%  | 31%  | 33%  | 34%  | <b>35%</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

# Urban Transformation (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 independent units**

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

**1.8 mio ton**



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

**4.2 mio ton**

### 2014 Targeted transformation

**İSTANBUL → 350 K independent units**

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



# 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 RMC 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>

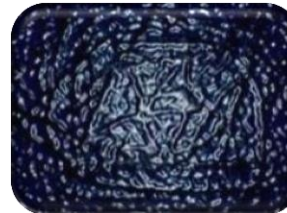


Source: [Todayszaman](http://www.todayszaman.com), CNBC-e Business, June'12  
Ha: Hectare

# 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

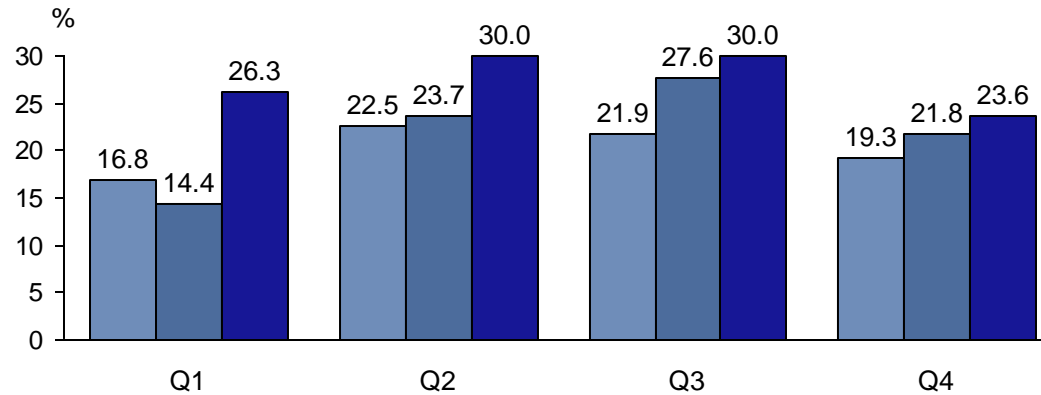


## Alternative

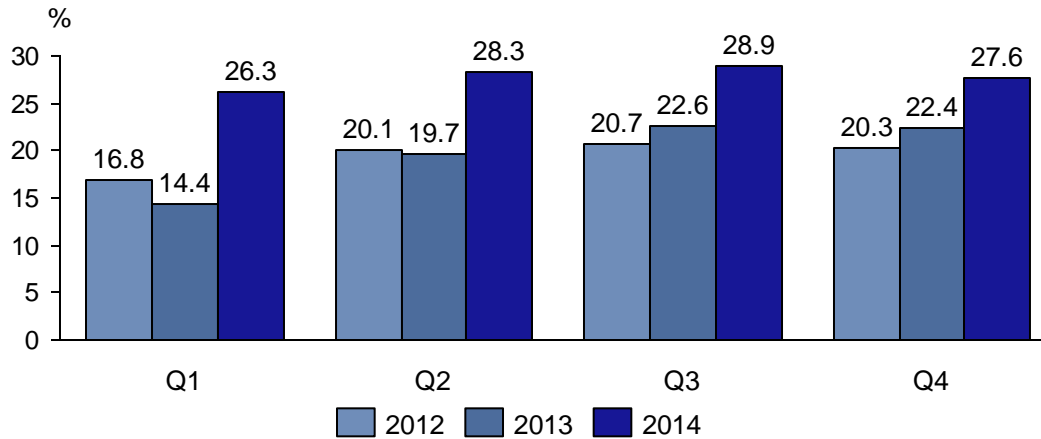


# EBITDA Margins

## EBITDA Margin - Quarterly



## EBITDA Margin - YTD



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

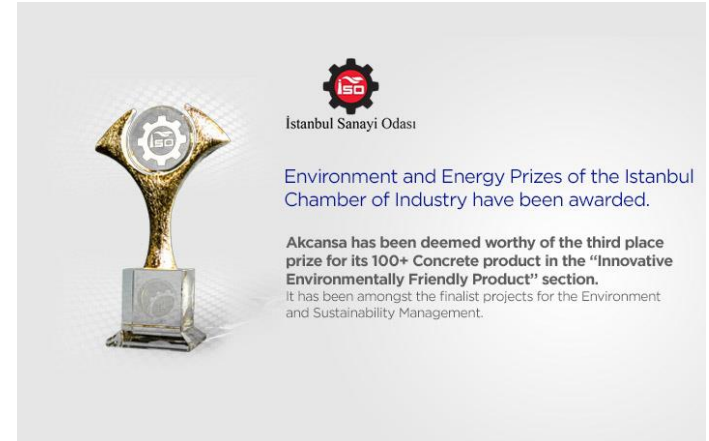
- GRI Approval, January 2011
- First report in its sector
- 2nd report was approved as of June 2012
- 3rd report was approved as of November 2014

[2010-2011 Report](#)

[2012-2013 Report](#)

# Awards

- **Environment and Energy Prizes**
  - (100+ Concrete product)
  - **Istanbul Chamber of Industry**
- **The Most Admired Cement Company 2014**
  - **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