

AKÇANSA

2021 Q1 Results

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WELCOME



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01

MARKET OVERVIEW

KEY HIGHLIGHTS

2021 Q1

- ❖ Increased domestic demand with better pricing, higher FX rates and lower revision expenses in 1Q21 resulted in better operating profitability compared to 1Q20.
- ❖ Significant increase in net income helped by ~10 M TL lower net financial expense compared to 1Q20.
- ❖ Strong balance sheet: Net Debt / EBITDA of 1,1x lower than prior year (1,3x)

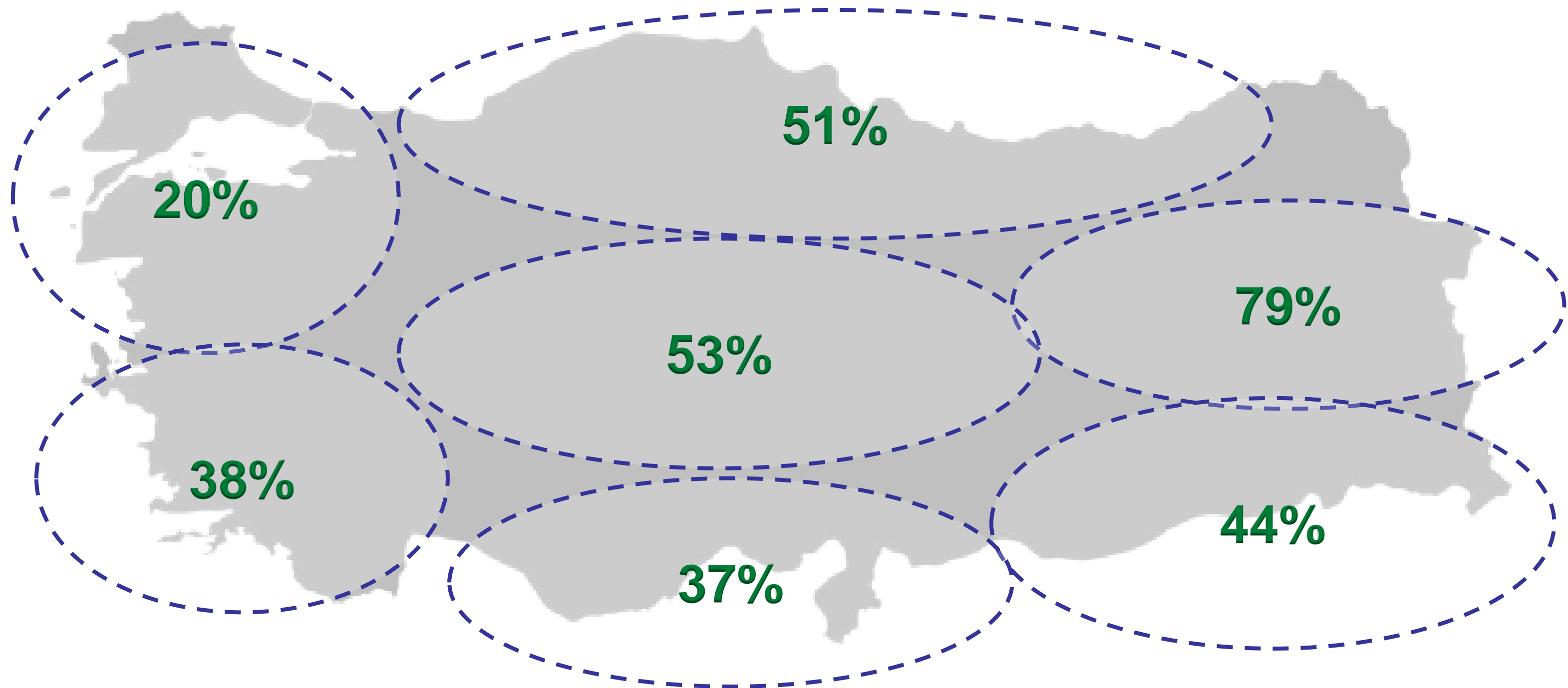
2021 Outlook

- ❖ Akçansa's total cementitious volumes are expected to be in line with 2020. Domestic sales are expected to increase by at least 4%, 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 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.

Note: Change in accounting treatment of major overhaul expenses (annual distribution) has ~38 mTL positive effect on 1Q21 gross margin. These 38 mTL will be expensed in the following quarters.

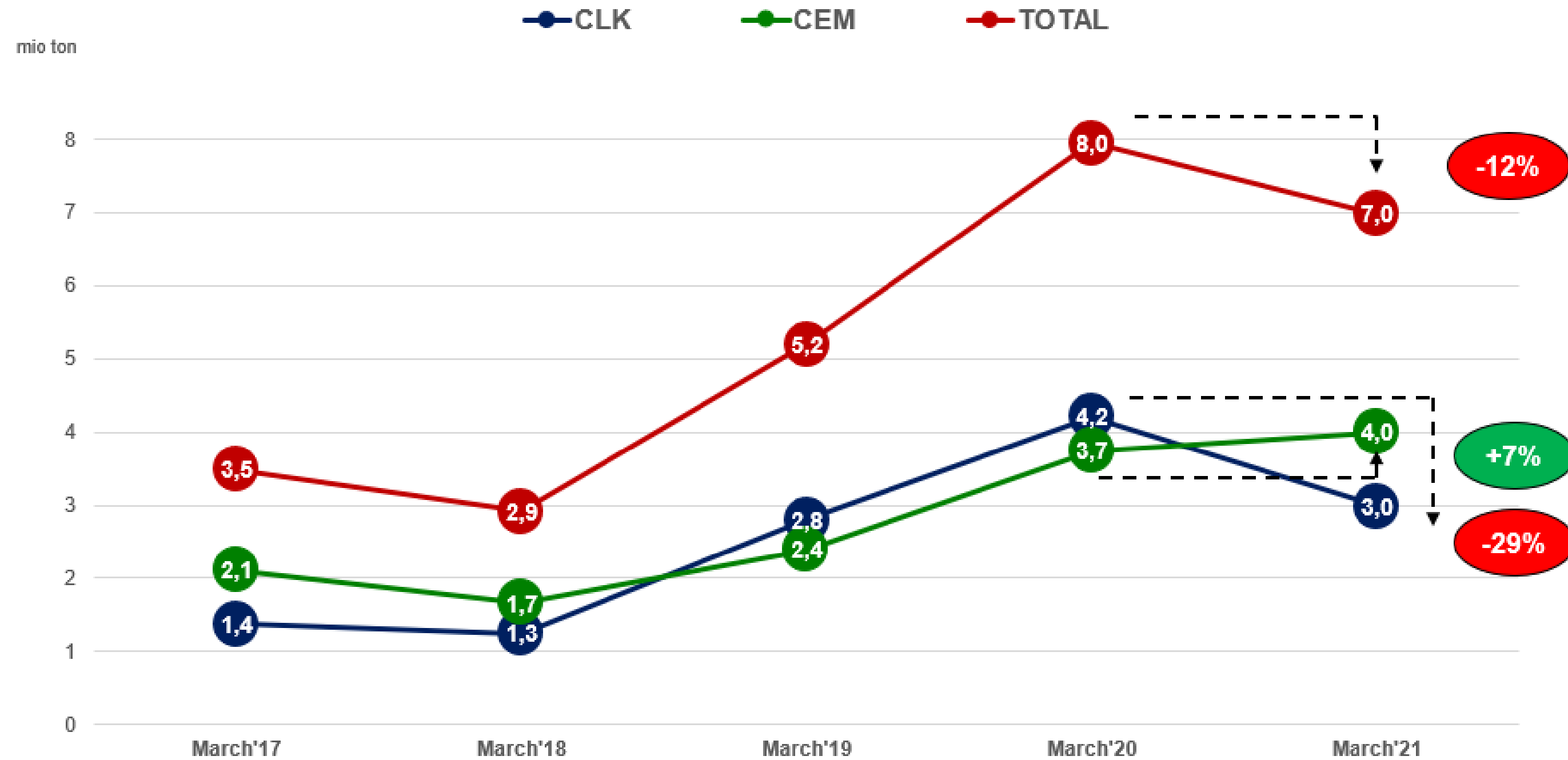
TURKISH CEMENT MARKET, SALES VOLUMES CHANGE %

2021 vs 2020 (January)



Total cement demand in Turkey increased by 39% in January 2021 with 3.6 mt

TURKEY EXPORT VOLUMES TREND 2017-2021



Shift in export composition from clinker to cement

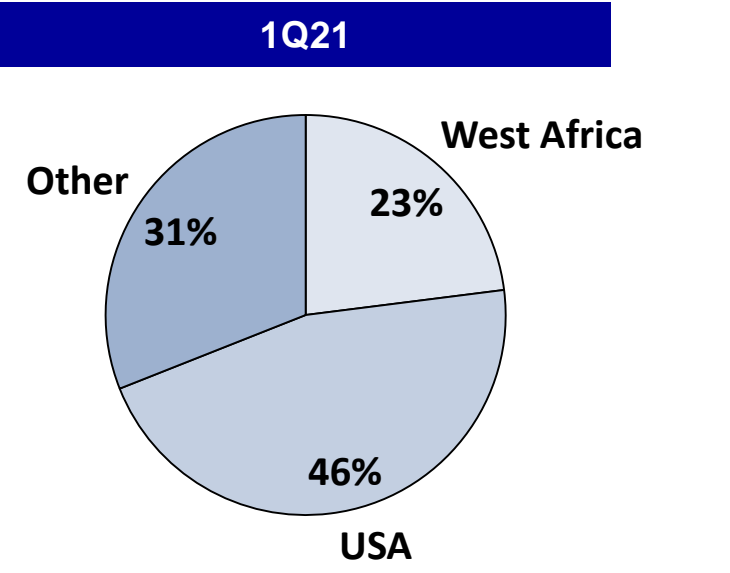
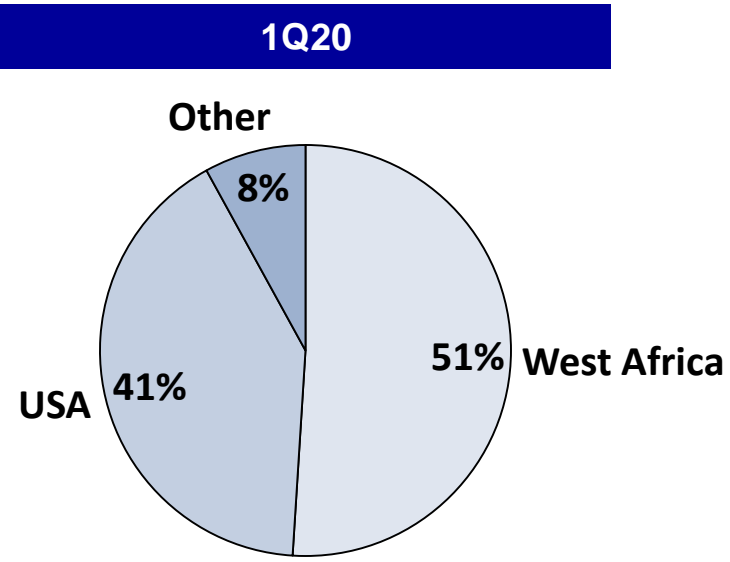
TURKEY EXPORT VOLUMES BY MAJOR COUNTRIES (KT)

Total Exports					
		2020	2021	Δ '21 vs '20	Trend
Clinker Exports	Ivory Coast	617	543	-12%	↓
	Guinea	305	359	17%	↑
	Cameroon	283	301	7%	↑
	Ghana	1.205	265	-78%	↓
	Israel	198	220	11%	↑
	Belgium	147	168	14%	↑
	Colombia	141	151	7%	↑
	Dominican Republic	33	135	310%	↑
	USA	89	102	14%	↑
	Other	1.191	744	-38%	↓
	Total Clinker	4.209	2.986	-29%	↓
Cement Exports	USA	1.178	1.312	11%	↑
	Israel	645	702	9%	↑
	Syria	215	313	46%	↑
	Sierra Leone	92	165	80%	↑
	Haiti	145	156	8%	↑
	Ghana	172	153	-11%	↓
	Bulgaria	89	104	16%	↑
	Italy	49	86	77%	↑
	Ukraine	164	78	-52%	↓
	Other	997	936	-6%	↓
	Total Cement	3.746	4.005	7%	↑
Total Export		7.955	6.991	-12%	↓

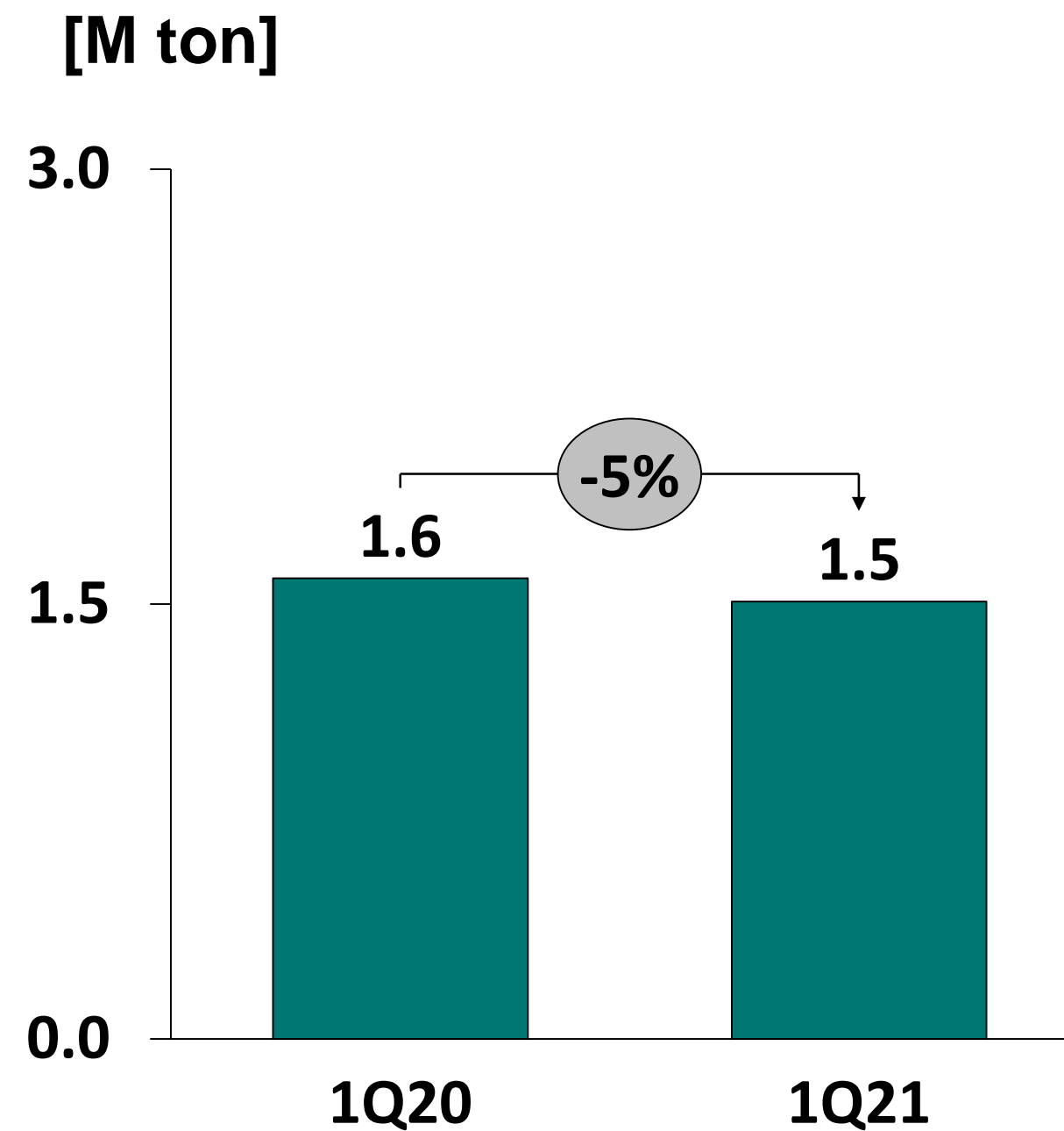
Sonmez Adana not included above
OAIB data - volumes include white CEM+CLK

AKÇANSA EXPORT MARKETS

West Africa and USA are the major export markets in 1Q21



CEMENTITIOUS SALES VOLUMES



Total volumes -5% lower than in 2020 due to annual overhauls in Q1 and low stocks.

Clinker capacity fully utilized.

ENERGY COSTS (Q1 21 VS Q1 20)

Energy Price	Q121 vs Q120
Coal (USD/t)	↑
Coal (TL/t)	↑
Petcoke (USD/t)	↑
Petcoke (TL/t)	↑
Diesel (TL/lt)	↑
Electricity (TL/kwh)	↑

- ❖ Significant increase in fuel costs compared to Q1 2020 +65%.
- ❖ Doubling in petcoke cost was offset by switching to coal and alternative fuel usage.
- ❖ Increased utilization of local petcoke due to lower transport cost and tax advantages.

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

02

FINANCIAL REPORT

Financial
Report

INCOME STATEMENT

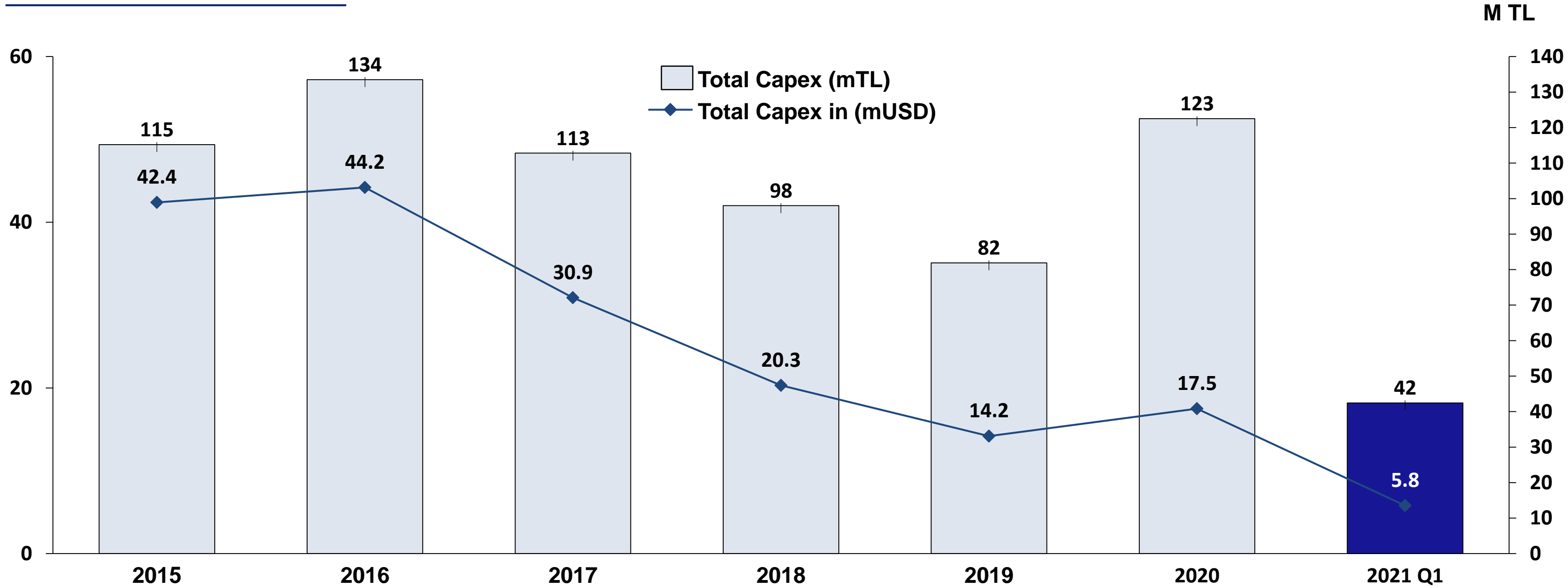
Company (M TL)	1Q20	1Q21	% Ch. YTD
Net Sales	385,0	527,3	37,0%
Cost of Sales	(365,2)	(451,3)	23,6%
Gross Margin	19,8	76,0	284,5%
Marketing&Sales Expense	(4,2)	(3,9)	-5,2%
General Management Expenses	(25,2)	(24,0)	-4,7%
Other Operating Income/Charges	(7,1)	(14,1)	-99,7%
Operating Income	(16,6)	34,0	-
Income/Losses from Investment Activities	0,5	0,8	63,0%
Non-Operating Financial Income	10,2	20,5	99,9%
Non-Operating Financial Charge	(24,8)	(24,9)	0,3%
Profit/Loss before Taxes	(30,8)	30,3	-
Taxes On Income	5,9	(5,5)	-191,9%
Net Income/Loss	(24,8)	24,8	-
Minority Share	(0,2)	(0,0)	
Parent Company Share	(24,7)	24,9	
Gross Margin %	5,1%	14,4%	
EBITDA Margin* %	2,2%	11,4%	
Net Income Margin %	-6,5%	4,7%	

Note: Change in accounting treatment of major overhaul expenses (annual distribution) has ~38 mTL positive effect on 1Q21 gross margin.
These 38 mTL will be expensed in the following quarters.

CASH FLOW

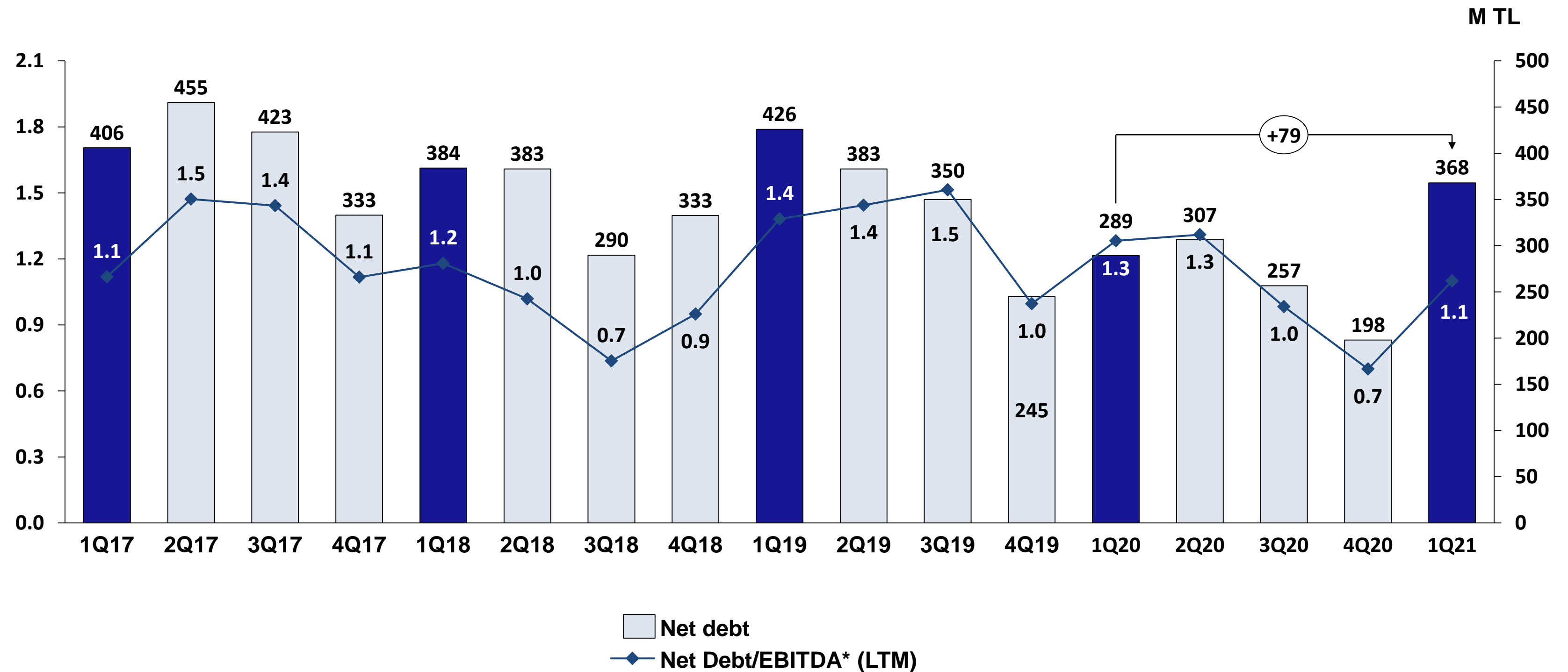
Company (M TL)	1Q20	1Q21
Cash flow from operating activities		
Operating income before the changes in working capital	17,8	72,1
Changes in working capital	40,2	(64,7)
Taxes paid	(4,6)	(10,6)
Other items	(3,5)	(9,1)
	49,9	(12,3)
Cash flow from investing activities		
Tangible and intangible fixed assets	(34,0)	(44,4)
Proceeds from fixed asset disposals	0,6	1,7
	(33,4)	(42,7)
Free Cash Flow	16,5	(55,0)
Cash flow from financing activities		
Dividend payments	(46,4)	(105,0)
Net proceeds from bonds and loans	190,4	(0,0)
Interest paid	(22,6)	(17,6)
Interest received	1,5	7,3
Other items	-	1,1
	122,9	(114,2)
Net change in cash and cash equivalents - continuing operations	139,3	(169,2)
Change in cash & cash equivalents	139,3	(169,2)
Cash & cash equivalents at 1 January	152,0	318,4
Cash & cash equivalents at 31 March	291,4	149,2

CAPEX



FY 2021 Capex expected to be close to 2020 levels in USD.

NET DEBT / EBITDA



Net debt / EBITDA level is lower than prior year

BALANCE SHEET

Mio TL	12/31/2020	3/31/2021	Variance 2021 vs 2020
Current Assets	1.036,8	1.005,1	(31,7)
Cash & cash equivalents	318,4	149,2	(169,2)
Trade receivables	442,3	463,1	20,9
Inventories	180,1	233,1	53,0
Other current assets	96,1	159,6	63,6

Non-current Assets	1.395,1	1.445,6	50,6
Financial investments	265,7	296,3	30,6
Fixed Assets	852,8	874,5	21,6
Goodwill	130,1	130,1	-
Deferred tax assets	1,3	1,2	(0,0)
Other non-current assets	145,1	143,5	(1,6)

TOTAL ASSETS	2.431,9	2.450,7	424,4
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Mio TL	12/31/2020	3/31/2021	Variance 2021 vs 2020
Current Liabilities	837,7	900,1	62,3
Financial Liabilities	316,3	317,1	0,7
Trade payables	443,9	486,6	42,7
Tax payable	14,9	11,1	(3,8)
Other current liabilities	62,6	85,2	22,7

Non-current Liabilities	387,1	394,7	7,6
Financial Liabilities	200,0	200,0	-
LT provisions	63,5	64,6	1,2
Deferred tax liabilities	42,1	46,3	4,1
Other non-current liabilities	81,5	83,8	2,3

Shareholders Equity	1.207,1	1.155,9	(51,1)
Paid in Capital	191,4	191,4	-
Retained earnings	701,4	711,5	10,1
Comprehensive income	187,5	216,5	29,0
Net income	115,0	24,9	(90,2)
Minority interest	11,7	11,7	(0,0)

TOTAL LIABLILITES & EQUITY	2.431,9	2.450,7	424,4
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BS data and key ratios	12/31/2020	3/31/2021	Variance 2021 vs 2020
Working Capital	178	210	31
Working Capital / Net Sales (LTM)	9%	10%	1%
Net debt	198	368	170
Net debt / EBITDA (LTM)	0,7x	1,1x	0,4x
Net Debt / Equity	16%	32%	15%

(*) Lease liabilities are excluded from Net Debt.

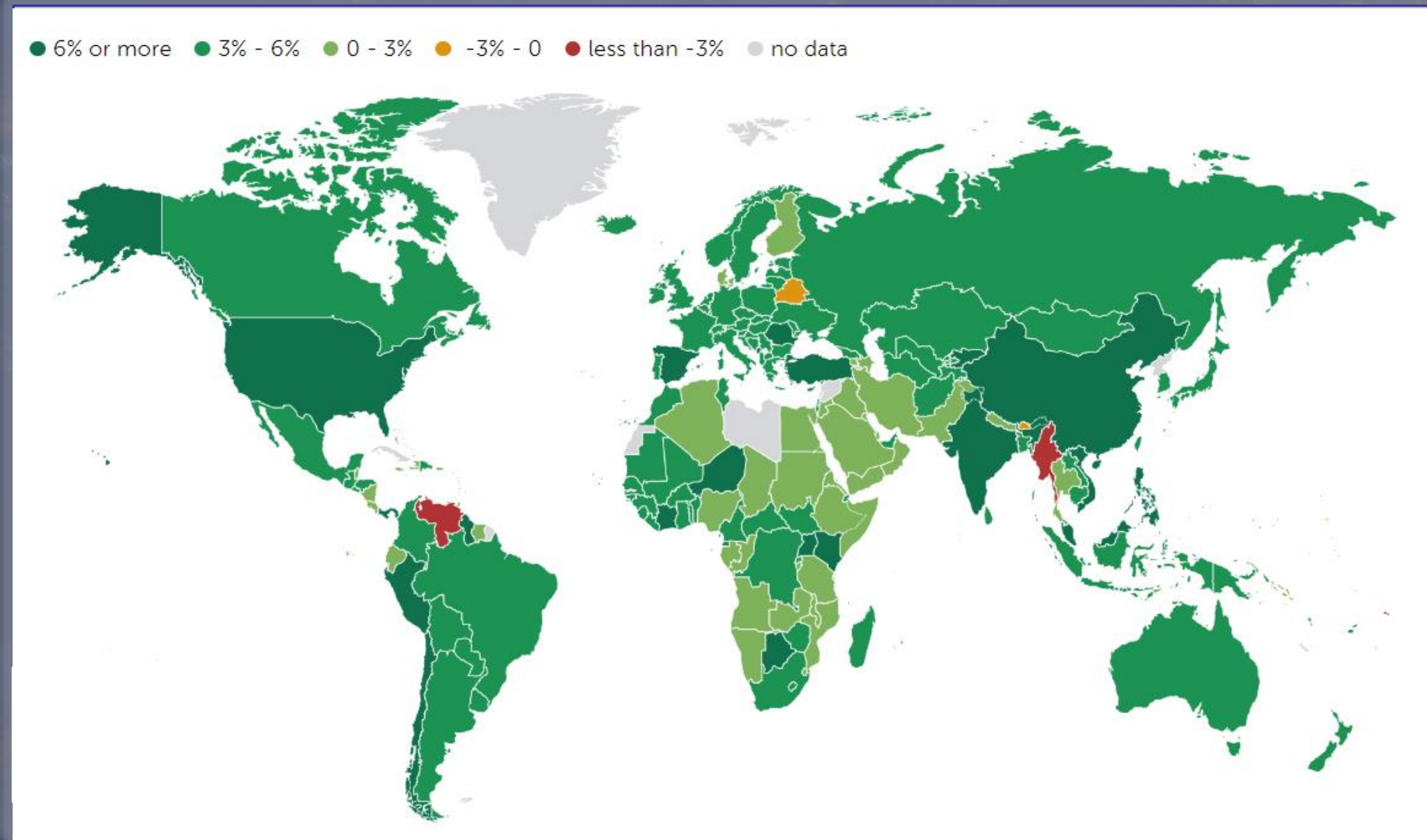
WCAP = Trade Receivables + Inventories – Trade Payables

03

OUTLOOK

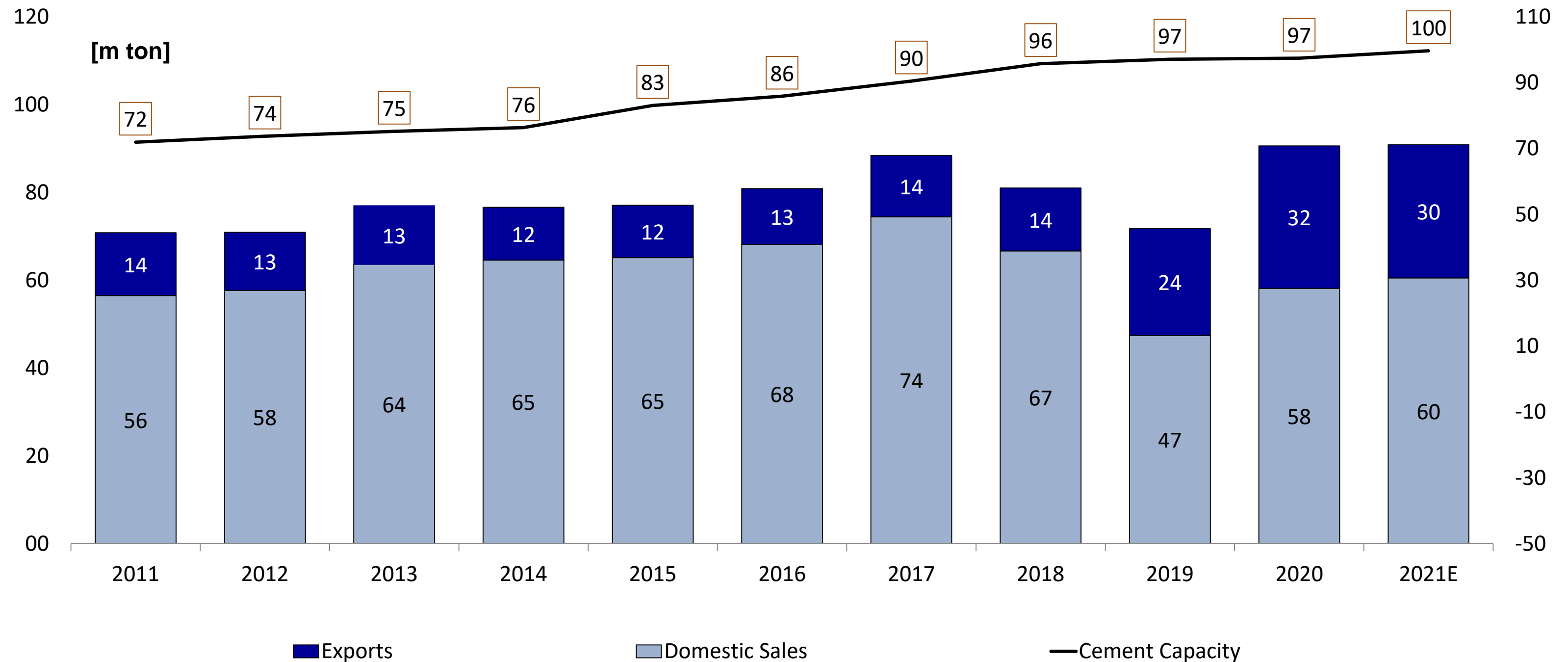


GLOBAL GDP GROWTH



- Monetary and fiscal support will continue
- Global growth in 2021 is expected to translate to increased building materials demand

TURKISH CEMENT CONSUMPTION



Domestic demand is estimated to increase by ~4% in 2021

2021 OUTLOOK

Energy Price	FA21 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 low levels.
- ❖ Energy costs are 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 a relatively lower price compared with petcoke.
- ❖ Moderate increase in financial expenses due to higher interest rates.
- ❖ Operating Income and Net Income are expected to be significantly above 2020 levels.
- ❖ Major revision expenses occurred in Q1 will be distributed over the fiscal year to have less fluctuation in operational profitability. Positive effect in Q1 2021 compared to 2020 will be offset in the following quarters.

FOLLOW US

We are also rising together in the social networks.



/akcansa



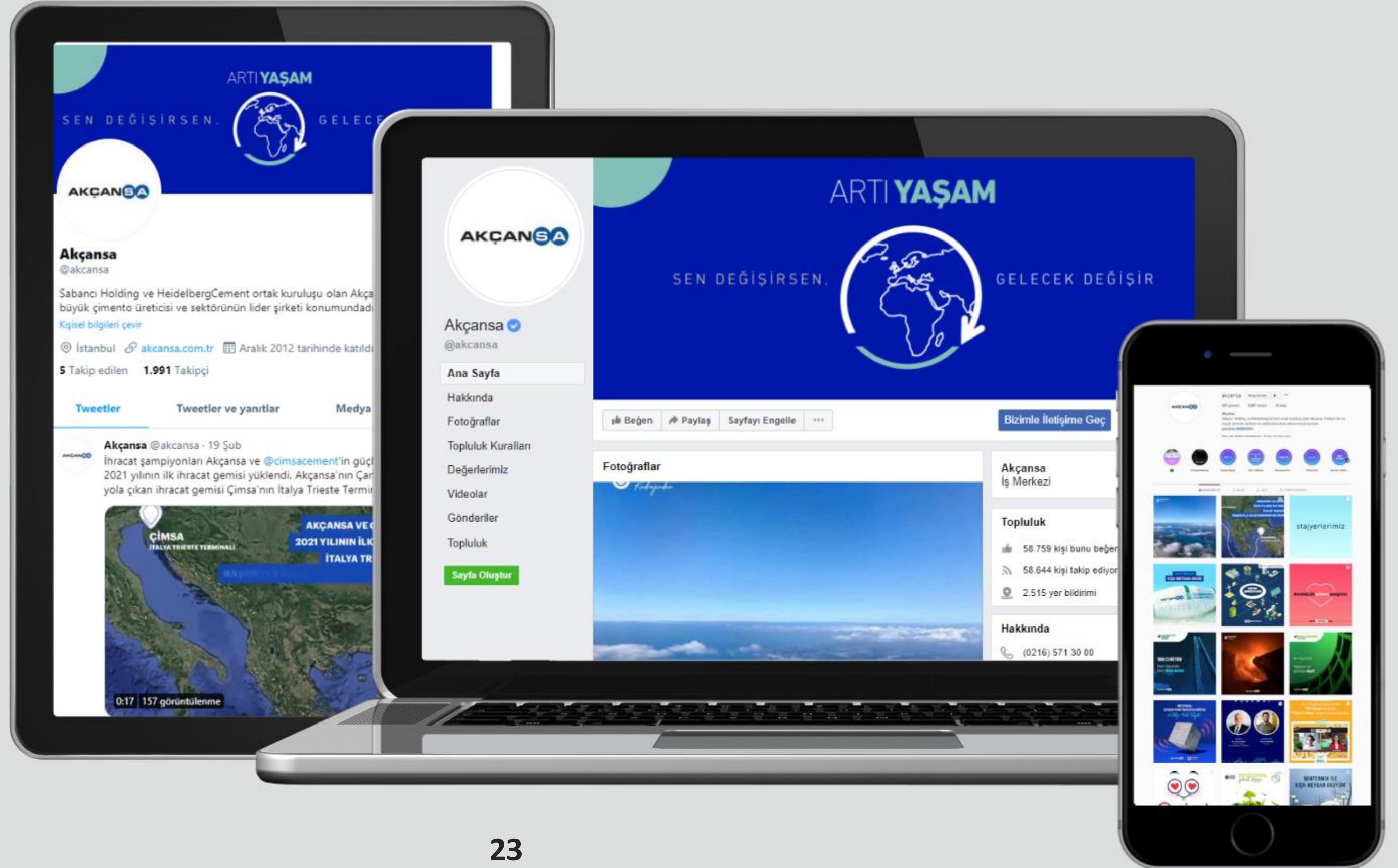
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05

MORE ABOUT US

SUSTAINABILITY DEVELOPMENTS

RESPONSIBLE SOURCING CERTIFICATE

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

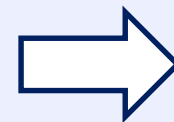
Cement Plants

- 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 resource 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**

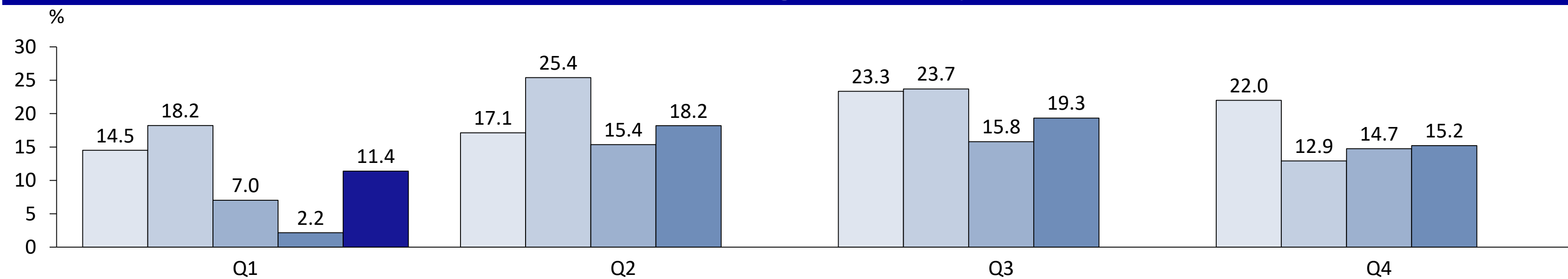
03

APPENDIX

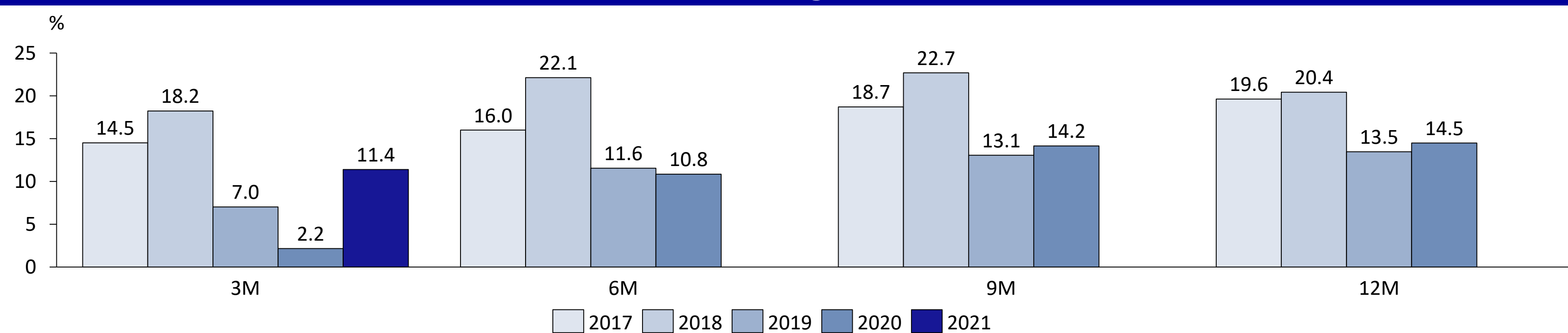
APPENDIX

EBITDA MARGINS

***EBITDA Margin - Quarterly**



***EBITDA Margin - YTD**

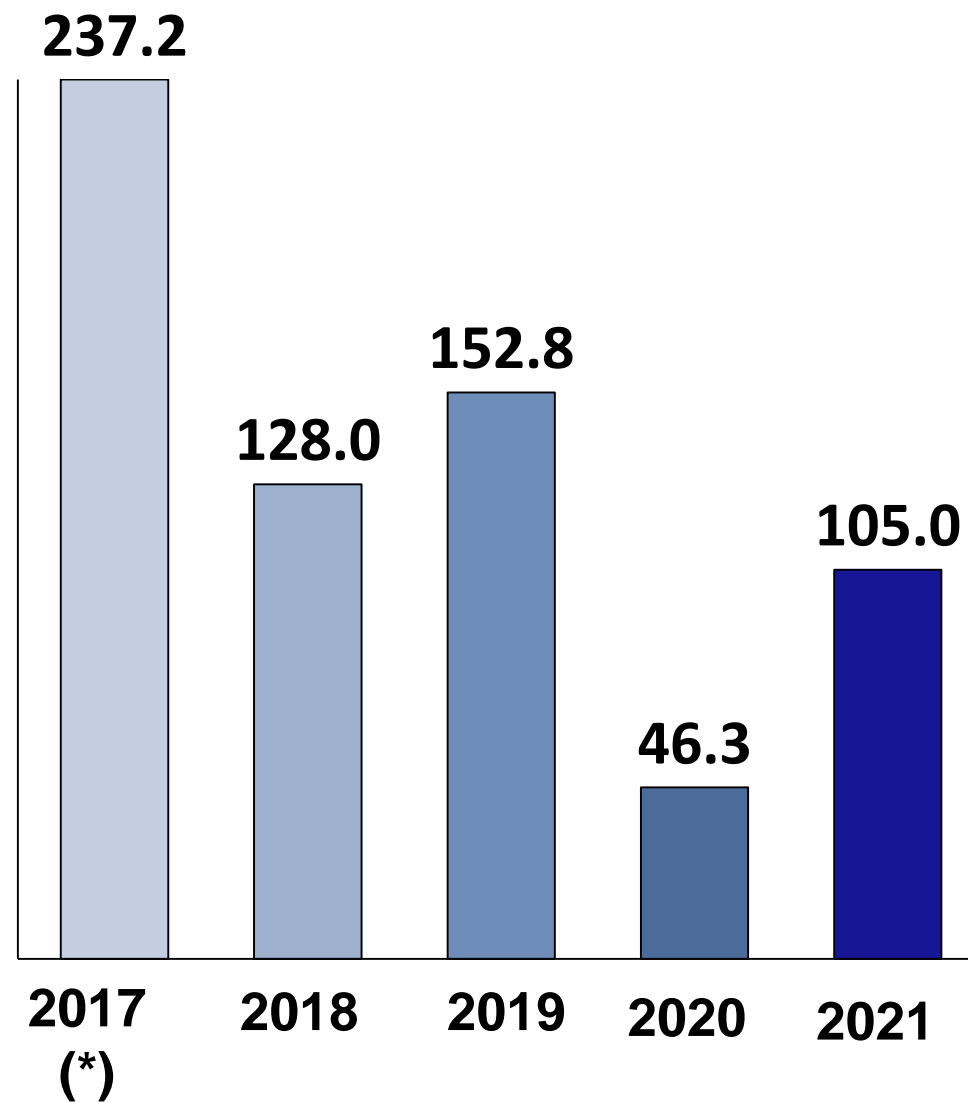


Note: Change in accounting treatment of major overhaul expenses (annual distribution) has ~38 mTL positive effect on 1Q21 gross margin which has ~7% positive impact on EBITDA margin. This 7% will be offset in the following quarters.

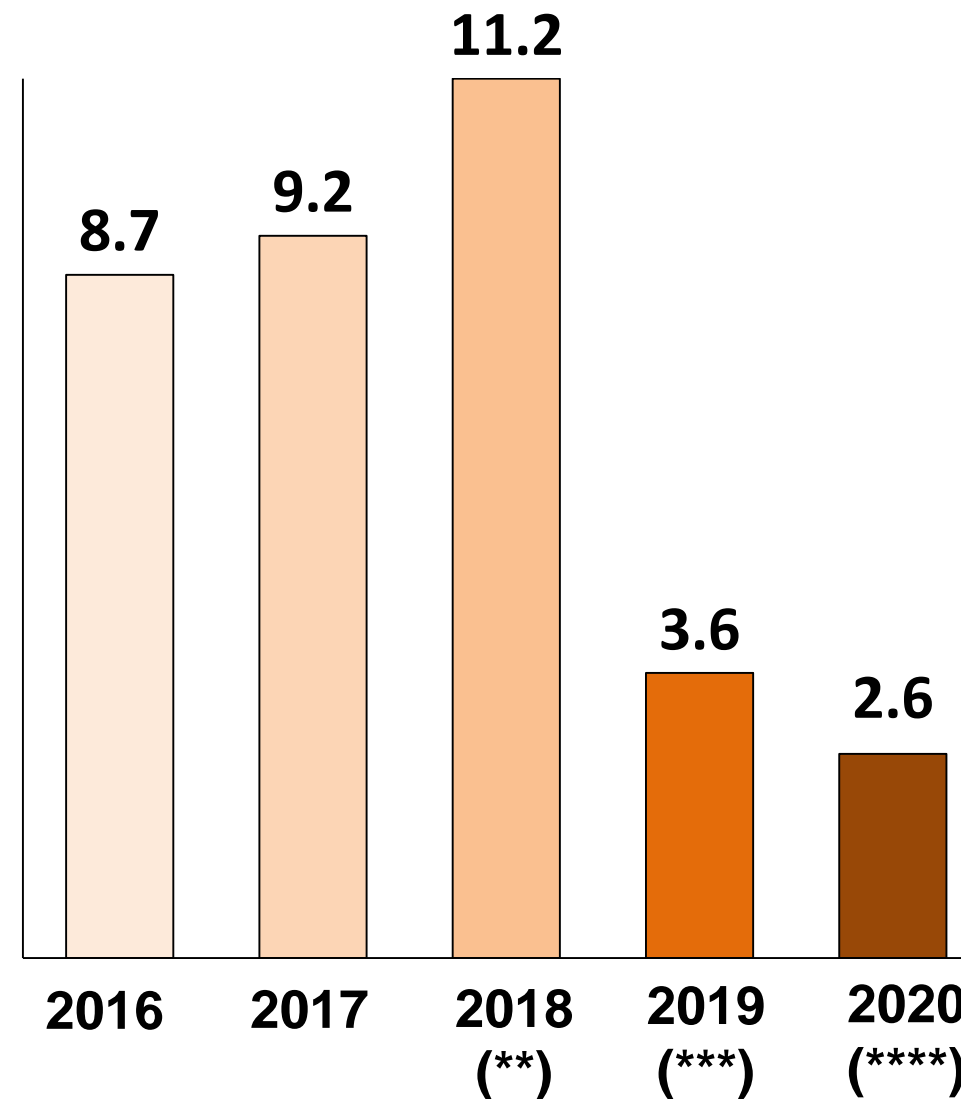
(*) EBITDA = Operating Income + Depreciation

DIVIDEND PAID, DIVIDEND YIELD AND PAYOUT RATIO

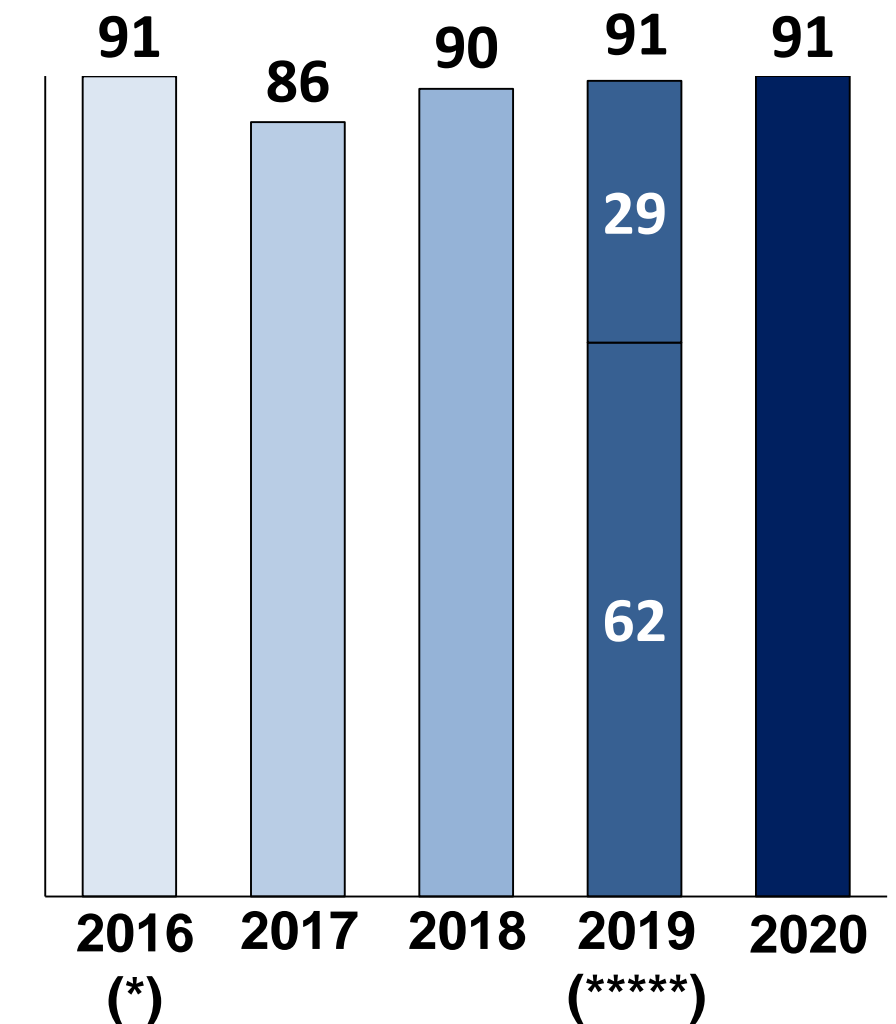
Dividend Paid



Dividend Yield



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)

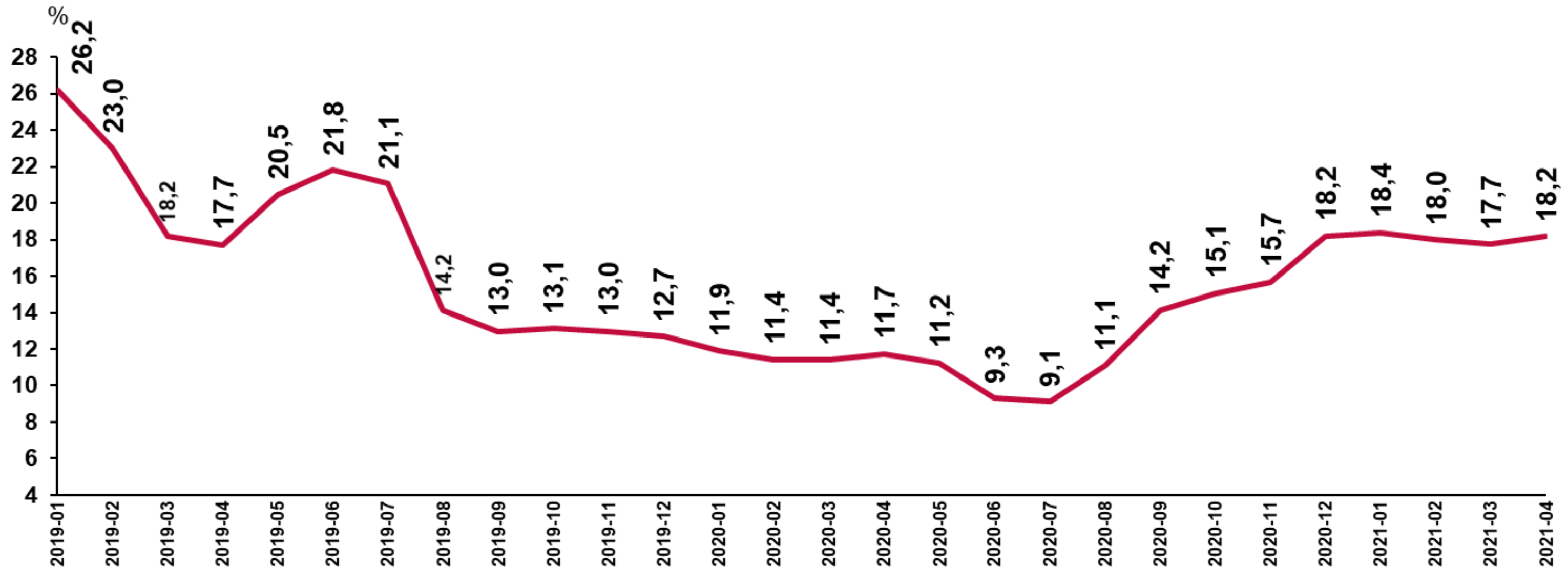
**) Akcansa closing share price as of 27 March 2019 is used for dividend yield calculation

***) 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.

****) Share price as of 29 March 2021 is used.

*****) 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.

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 steadying at 18% currently.

GENERAL BASICS ABOUT CEMENT AND RMC PRODUCTION

Production

- ❖ 85-90% 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
- ❖ Distribution of cement production cost : 80-85% variable and 15-20% fixed costs

Fuel

- ❖ A cement plant of 1 mio ton clinker capacity may consume 106 k ton petcoke or 132 k ton coal, or a mix of both
- ❖ 8.200 kcal/ton in petcoke vs. 6.500 kcal/ton in coal.
- ❖ Fuel accounts for 40-45% of the variable cost of producing 1 ton of cement, 50-55% of producing 1 ton of clinker
- ❖ 1% increase in alternative fuel usage provides approximately 3 mTL cost advantage per year

Electricity

- ❖ Electricity accounts for 25-30% of the variable cost of producing 1 ton of cement, 20-25% of producing 1 ton of clinker
- ❖ 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
 - ❖ 15-20% of Çanakkale Plant electricity consumption
 - ❖ Monthly contribution to P&L of Akcansa is around 3-3,5 mTL based on current electricity prices
- ❖ Contribution of one windmill
 - ❖ 2,5-3% of Çanakkale Plant electricity consumption
 - ❖ 3,5-4 mTL yearly saving
 - ❖ Capacity is 2,4 MW/h