

AKÇANSA

2021 Q2 Results

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# WELCOME





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# 01

## MARKET OVERVIEW



# KEY HIGHLIGHTS

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## 2021 Q2

- ❖ Increased domestic demand with better pricing and higher FX rates in 2Q21 resulted in better operating profitability (+87 %) and net income (+106 %) compared to 2Q20.
- ❖ Net financial expenses kept stable compared to 2Q20 despite increased interest rates.
- ❖ Strong balance sheet: Net Debt / EBITDA of 0.9x lower than prior year (1.3x)

## 2021 Outlook

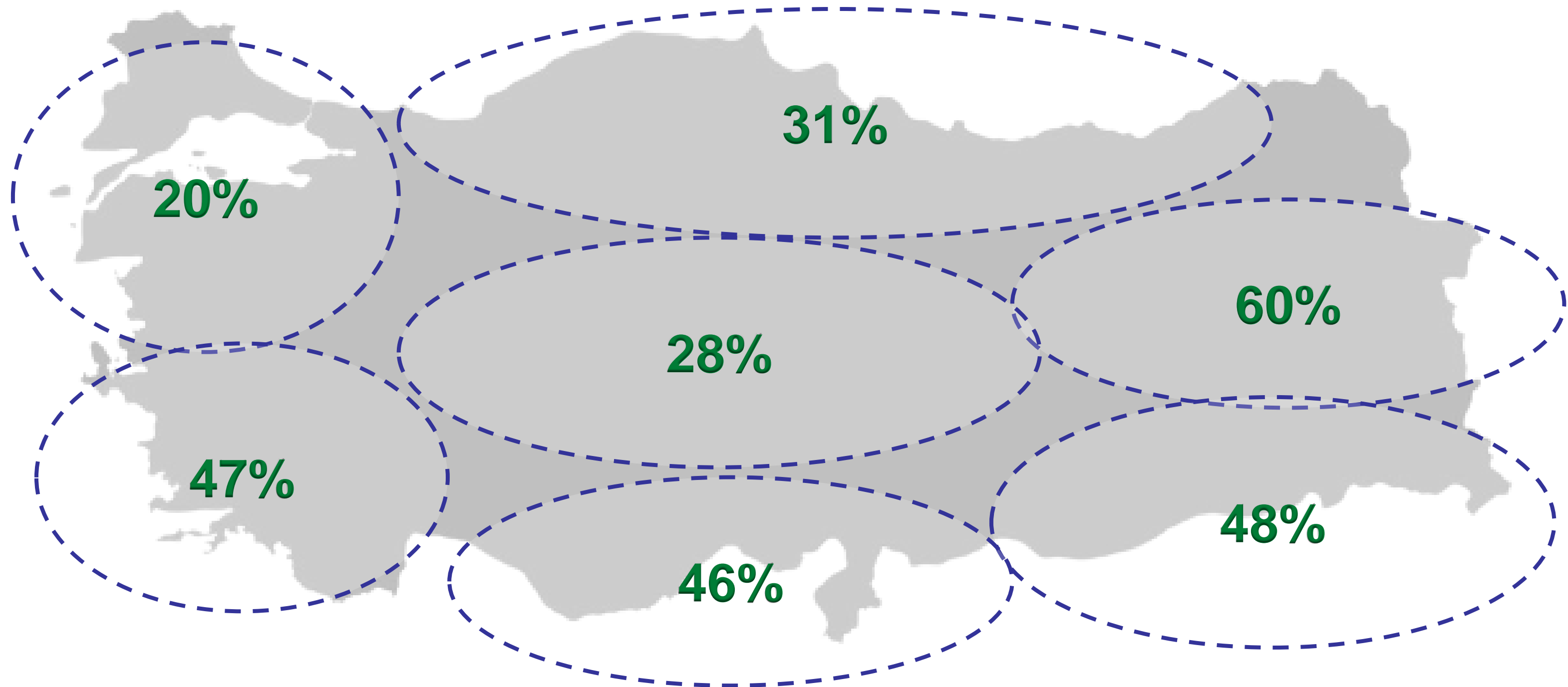
- ❖ Akçansa's total cementitious volumes are expected to be in line with 2020. Domestic sales are expected to increase by 10%, offset by lower exports due to full clinker capacity utilization.
- ❖ Improved domestic demand environment is expected to continue. Clinker stocks are at low levels.
- ❖ Significant increase in energy costs in H2 vs H1 will put pressure on margins.
- ❖ 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 ~25 mTL positive effect on H121 gross margin. These 25 mTL will be expensed in the following quarters.*



# TURKISH CEMENT MARKET, SALES VOLUMES CHANGE %

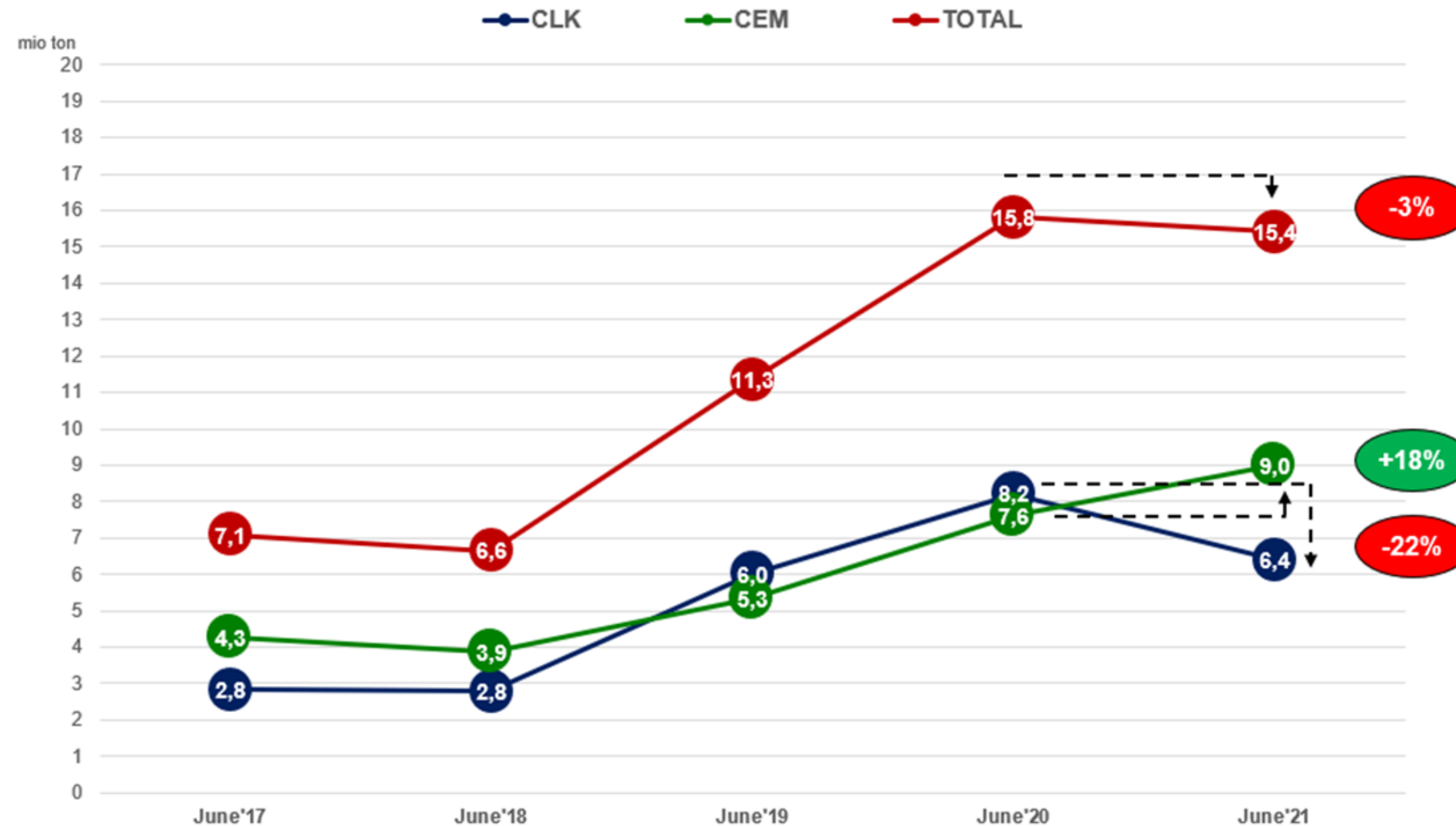
## 2021 vs 2020 (April YTD)



**Total cement demand in Turkey increases by 35% as of April YTD'21 vs '20**



# 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	1.091	1.144	5%	↑
	Ghana	2.168	623	-71%	↓
	Guinea	546	599	10%	↑
	Cameroon	513	466	-9%	↓
	Israel	275	442	61%	↑
	Belgium	287	337	17%	↑
	Colombia	193	291	51%	↑
	Dominican Republic	169	284	68%	↑
	USA	282	202	-28%	↓
	Other	2.684	2.020	-25%	↓
	<b>Total Clinker</b>	<b>8.207</b>	<b>6.406</b>	<b>-22%</b>	<b>↓</b>
Cement Exports	USA	2.180	3.318	52%	↑
	Israel	1.154	1.462	27%	↑
	Syria	490	605	24%	↑
	Haiti	302	308	2%	↑
	Bulgaria	238	279	17%	↑
	Ghana	243	253	4%	↑
	Ukraine	517	243	-53%	↓
	Sierra Leone	140	229	64%	↑
	Italy	55	189	240%	↑
	Other	2.288	2.118	-7%	↓
	<b>Total Cement</b>	<b>7.607</b>	<b>9.003</b>	<b>18%</b>	<b>↑</b>
<b>Total Export</b>		<b>15.814</b>	<b>15.409</b>	<b>-3%</b>	<b>↓</b>

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

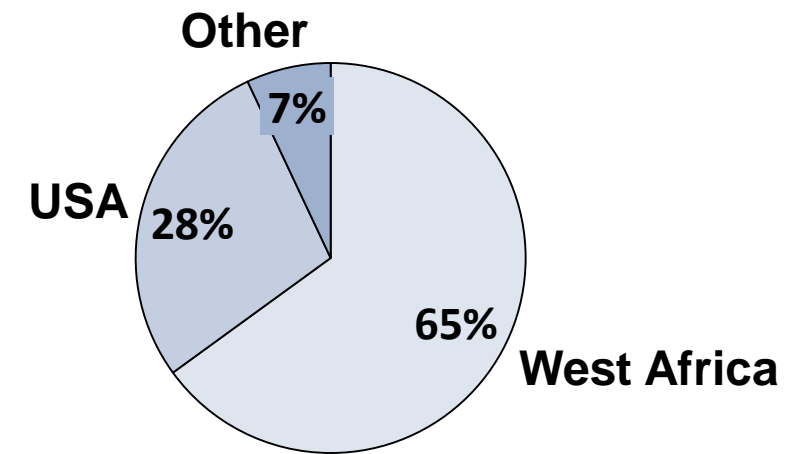


# AKÇANSA EXPORT MARKETS

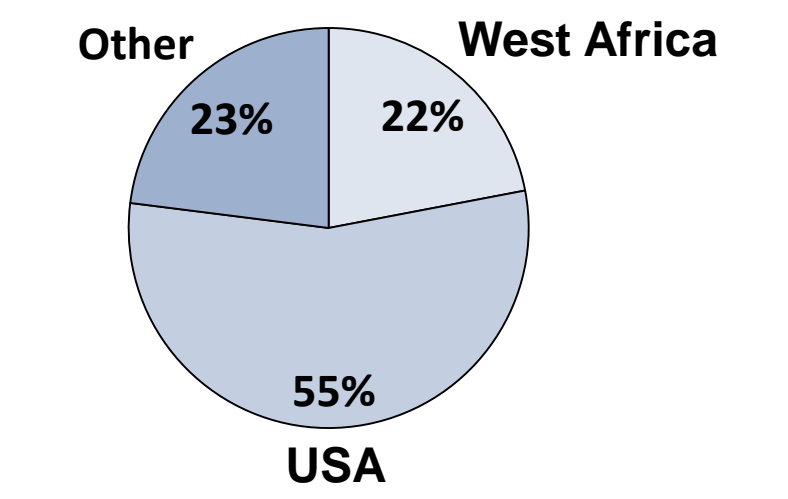
West Africa and USA are the major export markets in 2Q21



2Q20

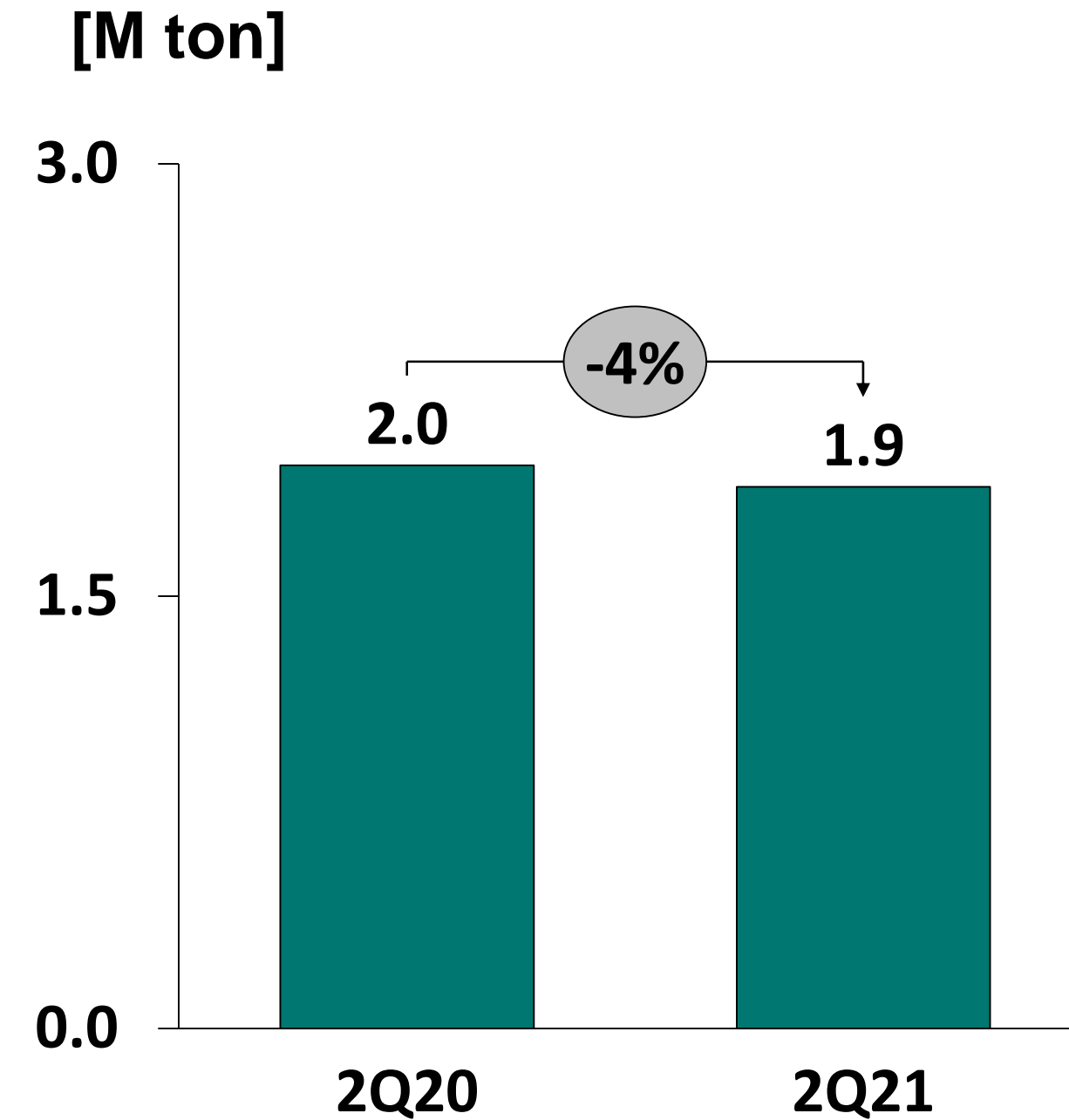
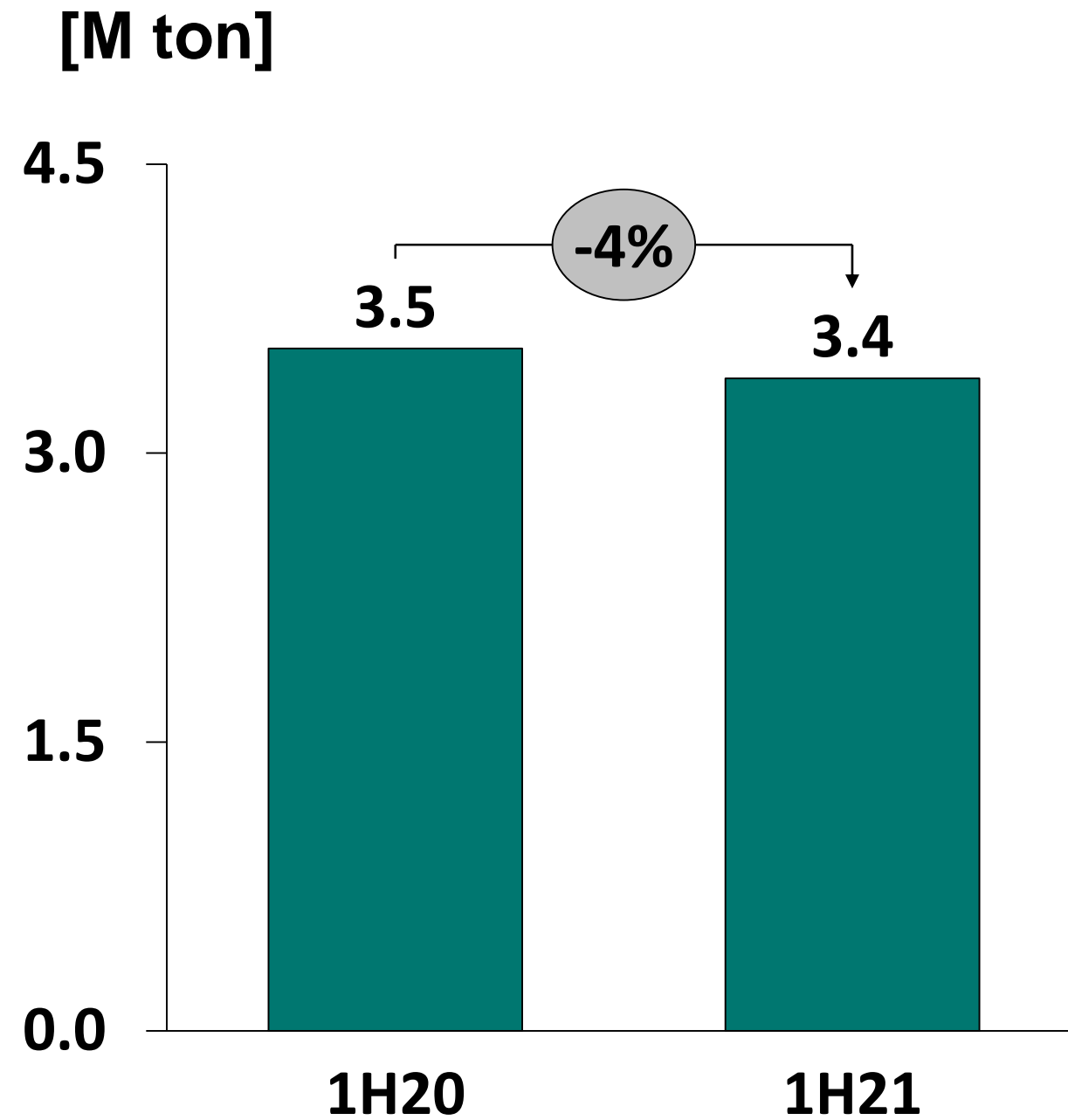


2Q21





# CEMENTITIOUS SALES VOLUMES



**Total volumes -4% lower than in 2020 due to low stocks.**

**Clinker capacity fully utilized.**



## ENERGY COSTS (Q2 21 VS Q2 20)

Energy Price	Q221 vs Q220
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 Q2 2020 +110%.
- ❖ Doubling of petcoke cost was partially 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)	1H20	1H21	% Ch. YTD	2Q20	2Q21	% Ch. Q
Net Sales	840,3	1.226,0	45,9%	455,3	698,6	53,4%
Cost of Sales	(731,8)	(1.001,1)	36,8%	(366,6)	(549,8)	50,0%
<b>Gross Margin</b>	<b>108,5</b>	<b>224,9</b>	<b>107,3%</b>	<b>88,7</b>	<b>148,9</b>	<b>67,8%</b>
Marketing&Sales Expense	(8,5)	(8,4)	-0,5%	(4,3)	(4,5)	3,9%
General Management Expenses	(44,3)	(47,8)	7,9%	(19,1)	(23,8)	24,6%
Other Operating Income/Charges	(14,4)	(25,9)	-79,9%	(7,3)	(11,8)	-60,8%
<b>Operating Income</b>	<b>41,3</b>	<b>142,8</b>	<b>245,5%</b>	<b>58,0</b>	<b>108,8</b>	<b>87,7%</b>
Income/Expenses from Investment Activities	1,6	0,8	-50,7%	1,1	0,0	-97,0%
Financial Income	17,9	36,6	104,1%	7,7	16,1	109,9%
Financial Expense	(48,8)	(56,4)	15,5%	(24,0)	(31,4)	31,1%
<b>Profit/Loss before Taxes</b>	<b>12,0</b>	<b>123,8</b>	<b>927,5%</b>	<b>42,8</b>	<b>93,5</b>	<b>118,4%</b>
Taxes On Income	(3,4)	(29,9)	768,2%	(9,4)	(24,5)	160,9%
<b>Net Income/Loss</b>	<b>8,6</b>	<b>93,9</b>	<b>991,4%</b>	<b>33,5</b>	<b>69,1</b>	<b>106,5%</b>
Minority Share	(0,1)	0,6		0,1	0,6	
Parent Company Share	8,7	93,3		33,4	68,5	
<b>Gross Margin %</b>	<b>12,9%</b>	<b>18,3%</b>		<b>19,5%</b>	<b>21,3%</b>	
<b>EBITDA Margin* %</b>	<b>11,0%</b>	<b>16,1%</b>		<b>18,4%</b>	<b>19,6%</b>	
<b>Net Income Margin %</b>	<b>1,0%</b>	<b>7,7%</b>		<b>7,3%</b>	<b>9,9%</b>	

Note: Change in accounting treatment of major overhaul expenses (annual distribution) has ~25 mTL positive effect on H121 gross margin. These 25 mTL will be expensed in the following quarters.

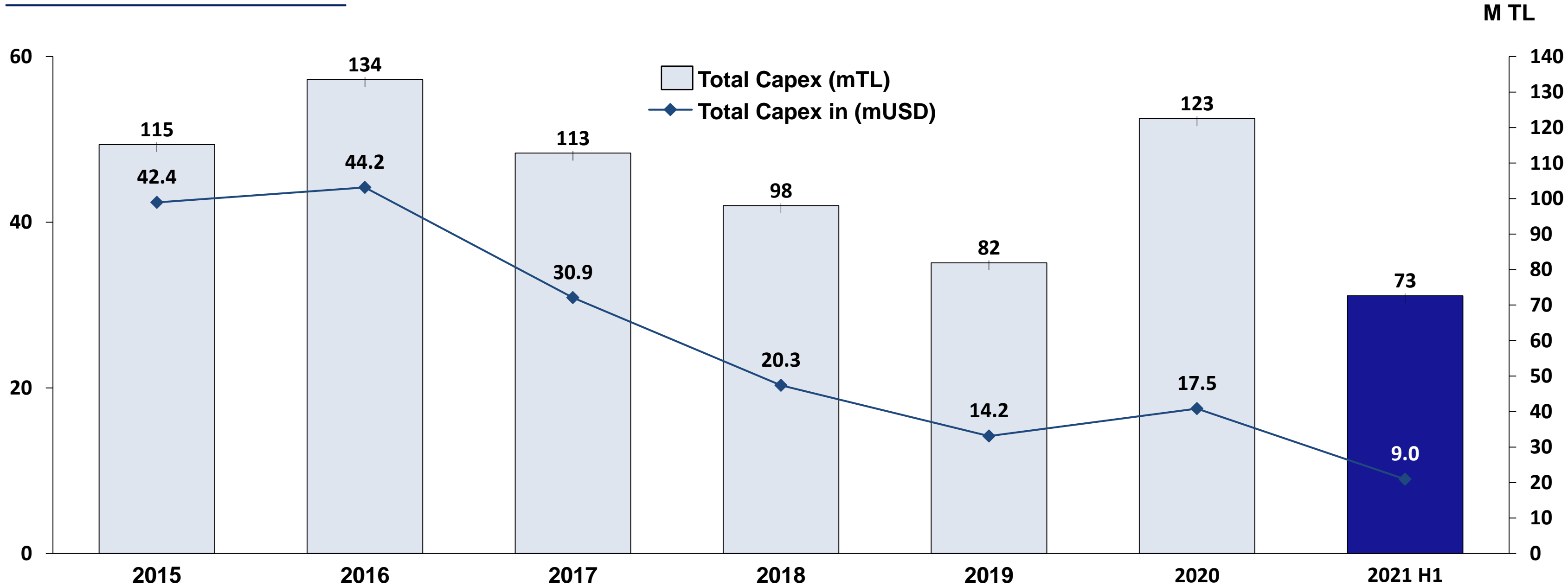


# CASH FLOW

Company (M TL)	1H20	1H21
<b>Cash flow from operating activities</b>		
Operating income before the changes in working capital	108,7	221,8
Changes in working capital	(14,5)	(137,7)
Taxes paid	(5,2)	(13,3)
Other items	(7,7)	(11,1)
	<b>81,2</b>	<b>59,7</b>
<b>Cash flow from investing activities</b>		
Purchase of property plant and equipment	(61,9)	(72,6)
Proceeds from fixed asset disposals	2,5	1,8
	<b>(59,4)</b>	<b>(70,9)</b>
<b>Cash flow from financing activities</b>		
Dividend payments	(46,4)	(105,0)
Net proceeds from bonds and loans	190,5	(8,1)
Interest paid	(45,3)	(47,9)
Interest received	3,8	11,7
Other items	-	1,4
	<b>102,5</b>	<b>(147,9)</b>
<b>Net change in cash and cash equivalents - continuing operations</b>	<b>124,3</b>	<b>(159,1)</b>
Net change in cash and cash equivalents - discontinued operations		
<b>Change in cash &amp; cash equivalents</b>	<b>124,3</b>	<b>(159,1)</b>
Cash & cash equivalents at 1 January	152,0	318,4
Cash & cash equivalents at 30 June	276,3	159,3



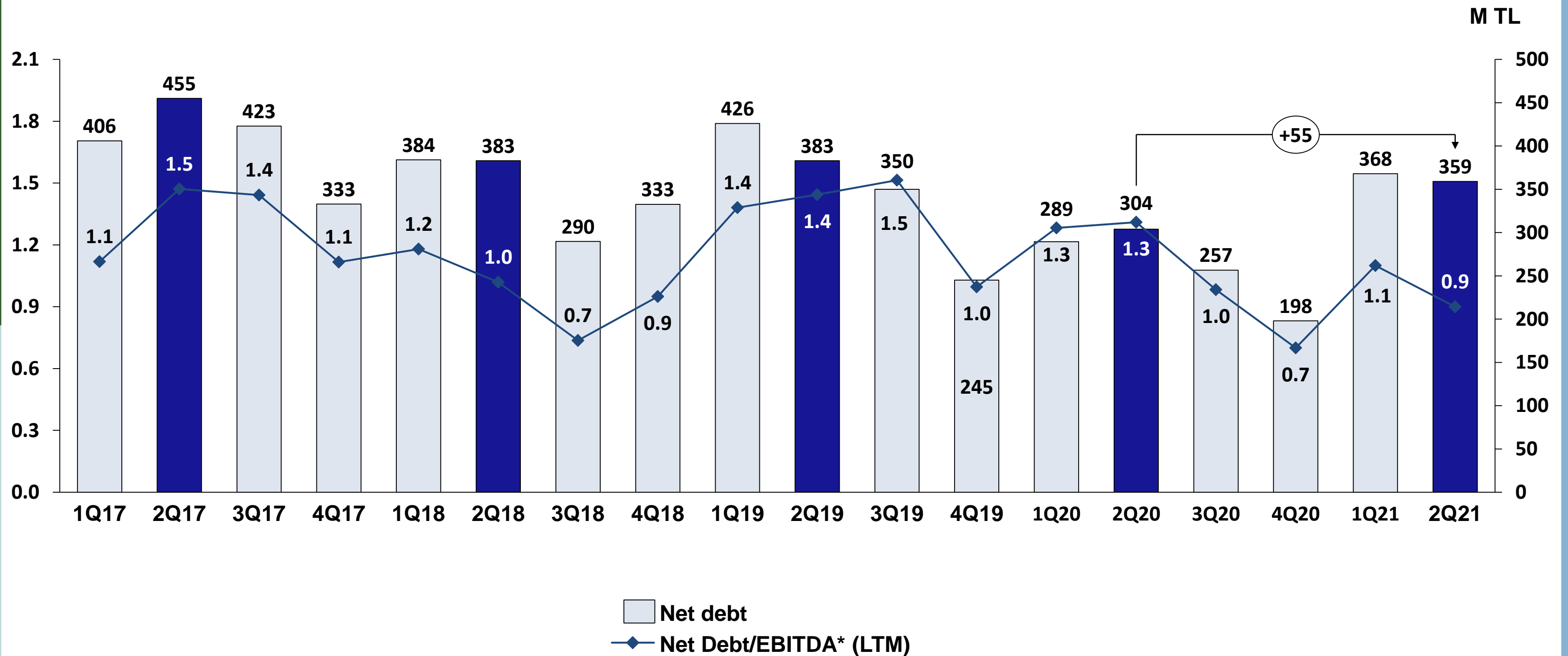
# CAPEX



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	6/30/2020	12/31/2020	6/30/2021	Variance 2021 vs 2020
<b>Current Assets</b>	<b>865,8</b>	<b>1.036,8</b>	<b>1.133,5</b>	<b>96,7</b>
Cash & cash equivalents	276,3	318,4	159,3	(159,1)
Trade receivables	351,5	442,3	501,1	58,8
Inventories	160,5	180,1	333,0	152,9
Other current assets	77,5	96,1	140,1	44,1
<b>Non-current Assets</b>	<b>1.280,4</b>	<b>1.395,1</b>	<b>1.462,5</b>	<b>67,4</b>
Financial investments	170,2	265,7	305,8	40,0
Fixed Assets	845,2	852,8	879,4	26,6
Goodwill	130,1	130,1	130,1	-
Deferred tax assets	1,1	1,3	1,2	(0,0)
Other non-current assets	133,9	145,1	146,0	0,8
<b>TOTAL ASSETS</b>	<b>2.146,2</b>	<b>2.431,9</b>	<b>2.595,9</b>	<b>449,7</b>

Mio TL	6/30/2020	12/31/2020	6/30/2021	Variance 2021 vs 2020
<b>Current Liabilities</b>	<b>756,8</b>	<b>837,7</b>	<b>1.169,2</b>	<b>331,4</b>
Financial Liabilities	380,6	316,3	518,7	202,4
Trade payables	315,6	443,9	562,5	118,6
Tax payable	6,9	14,9	15,7	0,8
Other current liabilities	53,7	62,6	72,2	9,7
<b>Non-current Liabilities</b>	<b>376,5</b>	<b>387,1</b>	<b>192,8</b>	<b>(194,3)</b>
Financial Liabilities	200,0	200,0	-	(200,0)
LT provisions	58,6	63,5	64,2	0,7
Deferred tax liabilities	37,9	42,1	44,4	2,3
Other non-current liabilities	80,1	81,5	84,2	2,7
<b>Shareholders Equity</b>	<b>1.012,9</b>	<b>1.207,1</b>	<b>1.234,0</b>	<b>26,9</b>
Paid in Capital	191,4	191,4	191,4	-
Retained earnings	701,6	701,4	711,5	10,1
Comprehensive income	99,4	187,5	225,5	38,0
Net income	8,7	115,0	93,3	(21,7)
Minority interest	11,8	11,7	12,3	0,6
<b>TOTAL LIABLILITES &amp; EQUITY</b>	<b>2.146,2</b>	<b>2.431,9</b>	<b>2.595,9</b>	<b>449,7</b>

BS data and key ratios	6/30/2020	12/31/2020	6/30/2021	Variance 2021 vs 2020
Working Capital	196	178	272	75
Working Capital / Net Sales (LTM)	11%	9%	12%	0%
Net debt	304	198	359	55
Net debt / EBITDA (LTM)	1,3x	0,7x	0,9x	-0.3x
Net Debt / Equity	30%	16%	29%	-1%

(\*) Net Debt excludes lease liabilities

WCAP = Trade Receivables + Inventories – Trade Payables



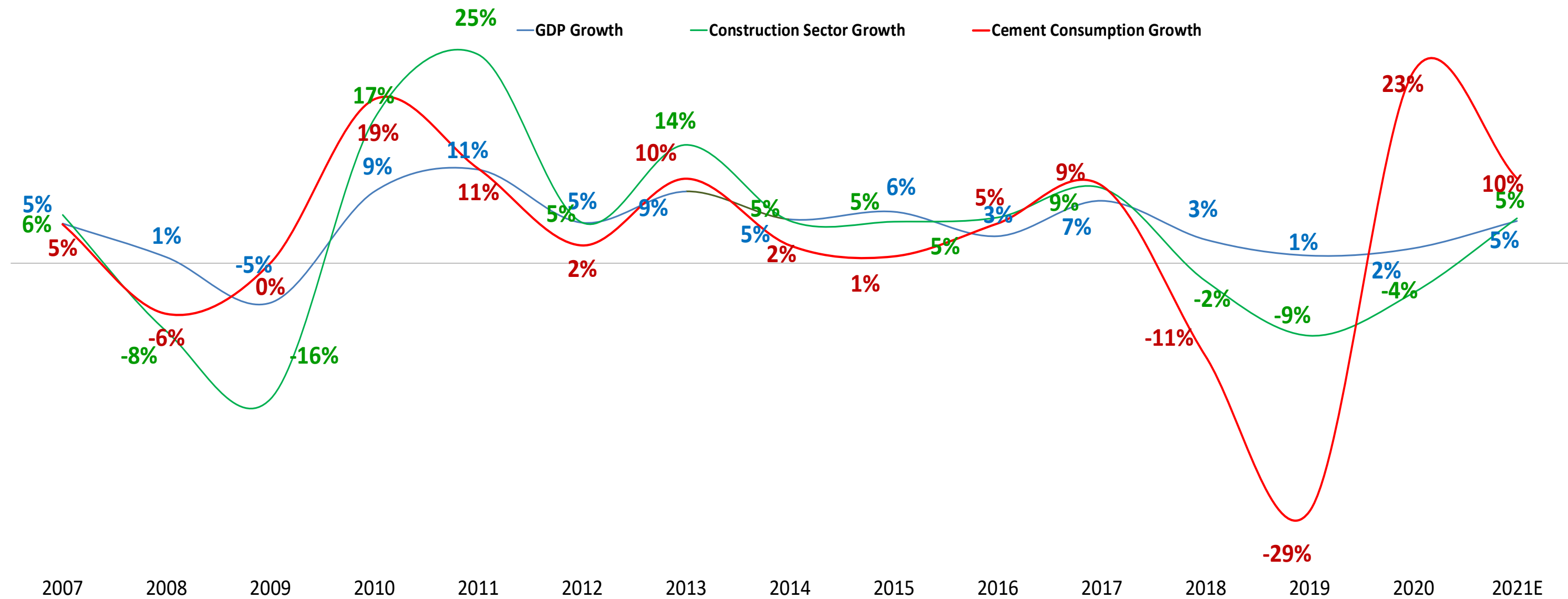
# 03

## OUTLOOK





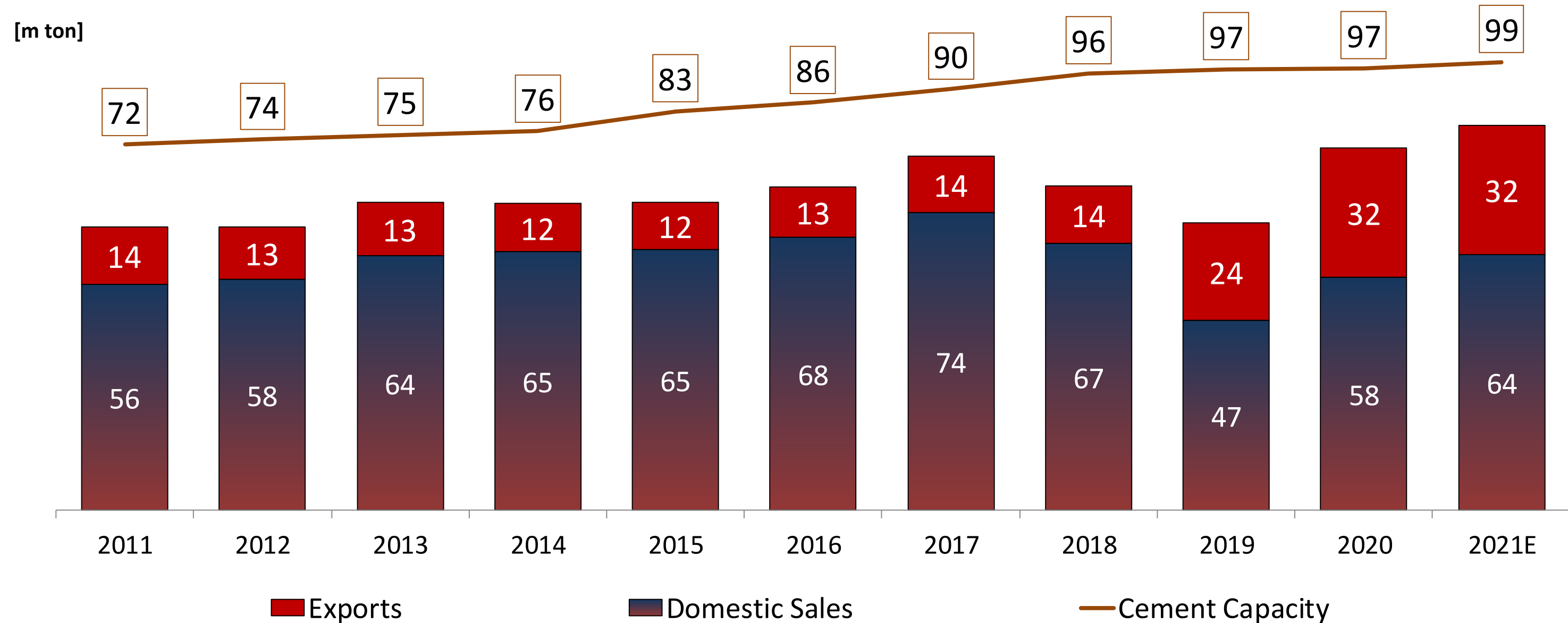
# GROWTH OUTLOOK - TURKEY



Cement consumption growth is expected to be higher than GDP growth



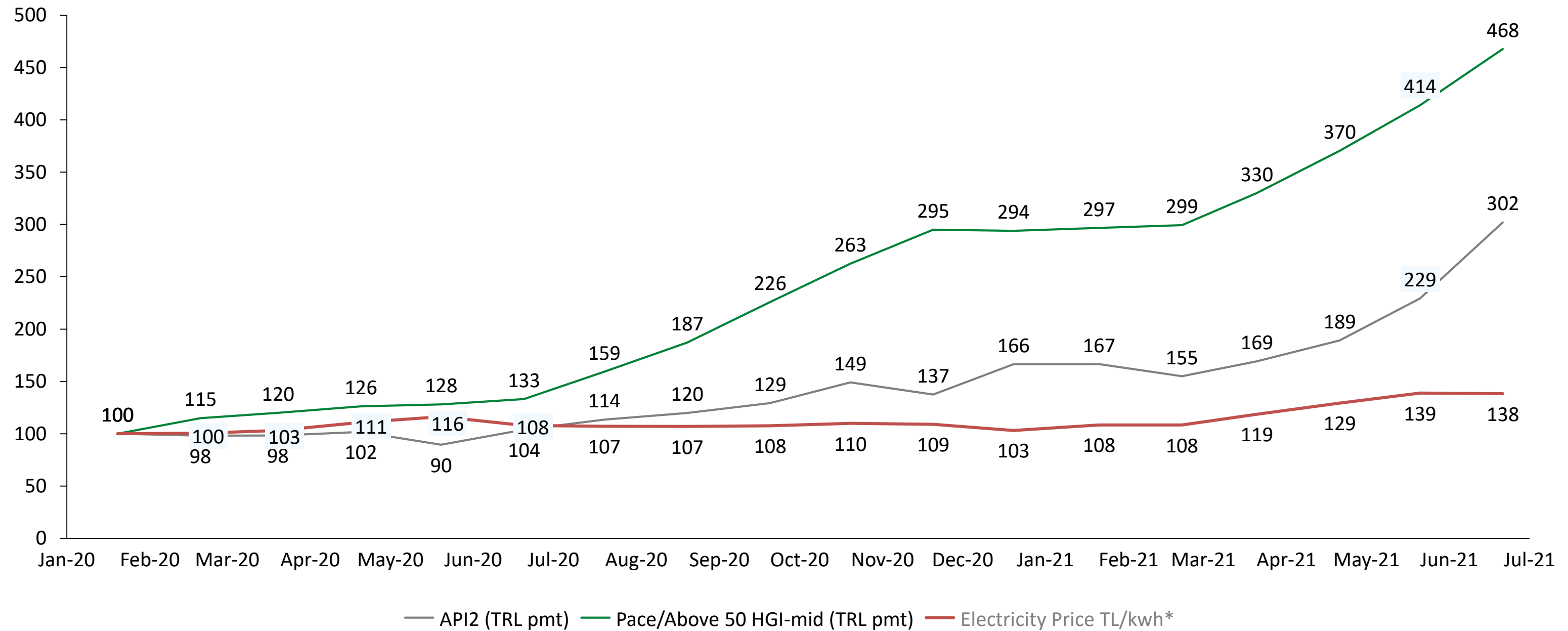
# TURKISH CEMENT CONSUMPTION



*Clinker exports are considered with a clinker incorporation rate of 1 in cement capacity calculation.*

Domestic demand is estimated to increase by 10% in 2021.

# ENERGY PRICES



Energy costs have increased significantly in 2021

Note: Figures are indexed to January 2020

\*Electricity price consists of DAP and FIT



## 2021 OUTLOOK

Energy Price	2021e
	FY
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 10% in 2021. Good domestic demand environment is expected to continue. Clinker stocks are at low levels.
- ❖ Energy costs are expected to be substantially higher than prior year, mainly due to increased petcoke, coal and electricity prices. Effect will be particularly pronounced in the second half of 2021.
- ❖ Higher alternative fuel usage (+2%)
- ❖ Moderate increase in financial expenses due to higher interest rates.
- ❖ Operating Income and Net Income are expected to be significantly above 2020 levels.



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## We are also rising together in the social networks.



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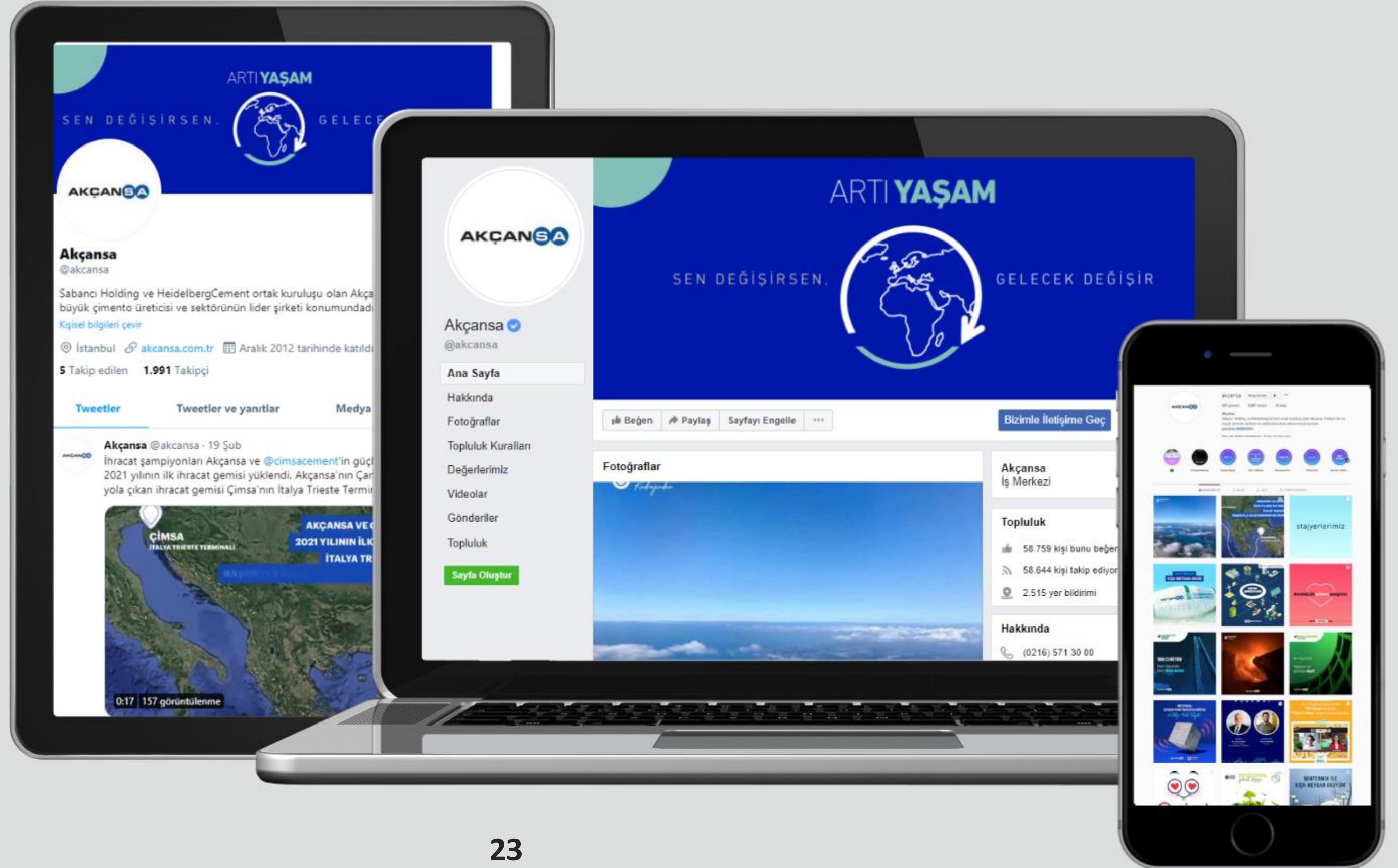
/company/ akcansa



/akcansa



/akcansa







# 05

## MORE ABOUT US



# SUSTAINABILITY DEVELOPMENTS

## RESPONSIBLE SOURCING CERTIFICATE

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

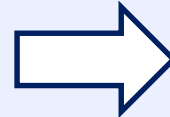
### Cement Plants

- 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 year 2020**  
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

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

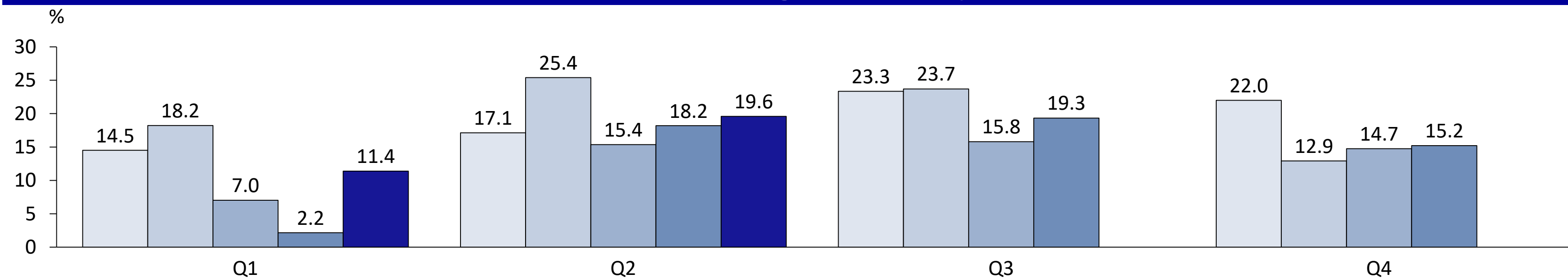
## APPENDIX

APPENDIX

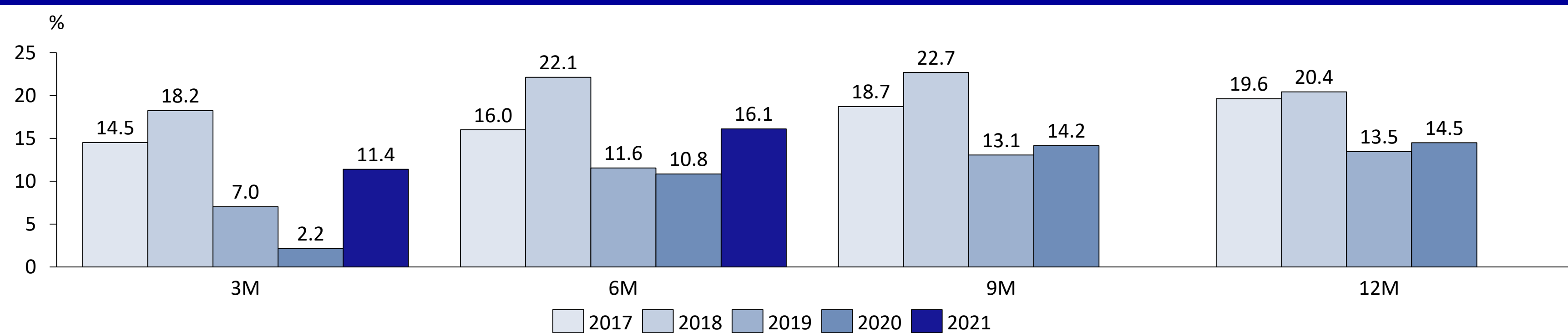


# EBITDA MARGINS

\*EBITDA Margin - Quarterly



\*EBITDA Margin - YTD

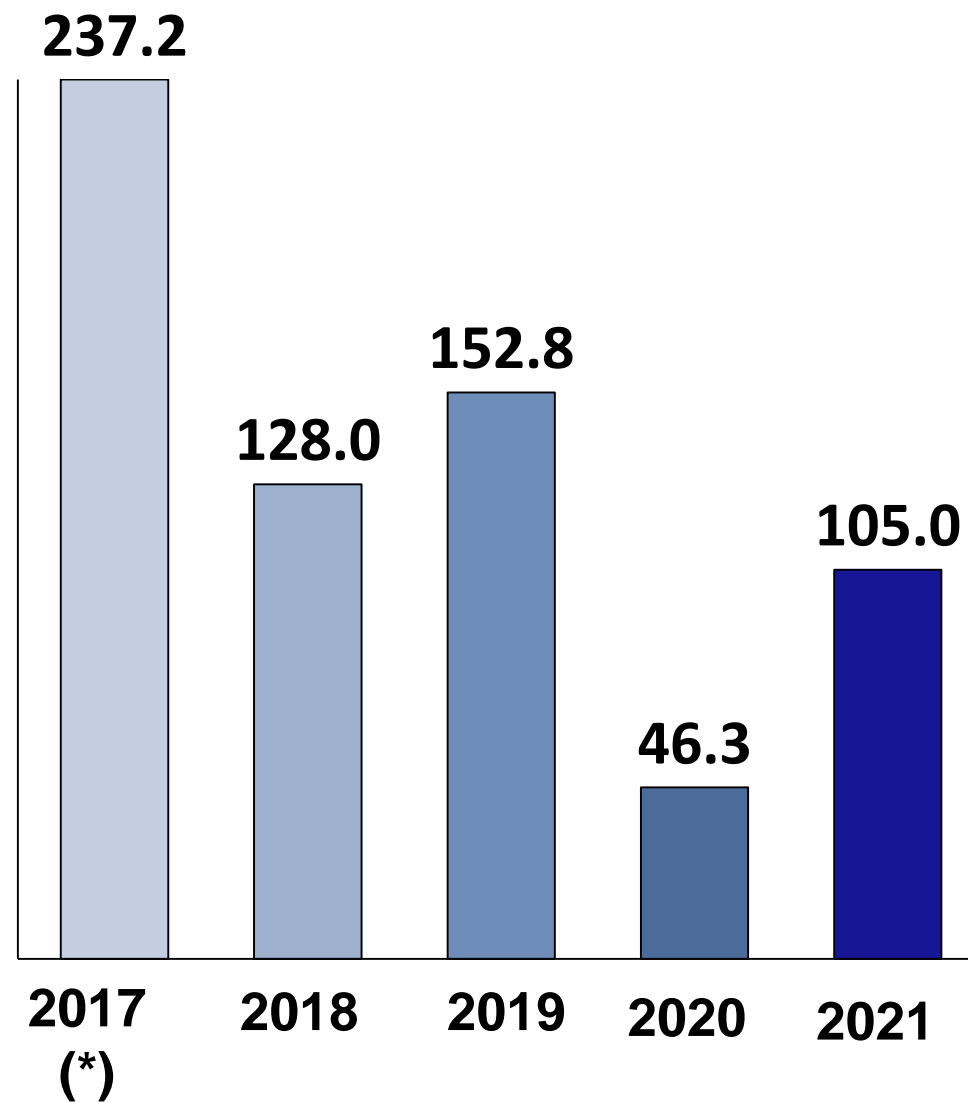


(\*) EBITDA = Operating Income + Depreciation

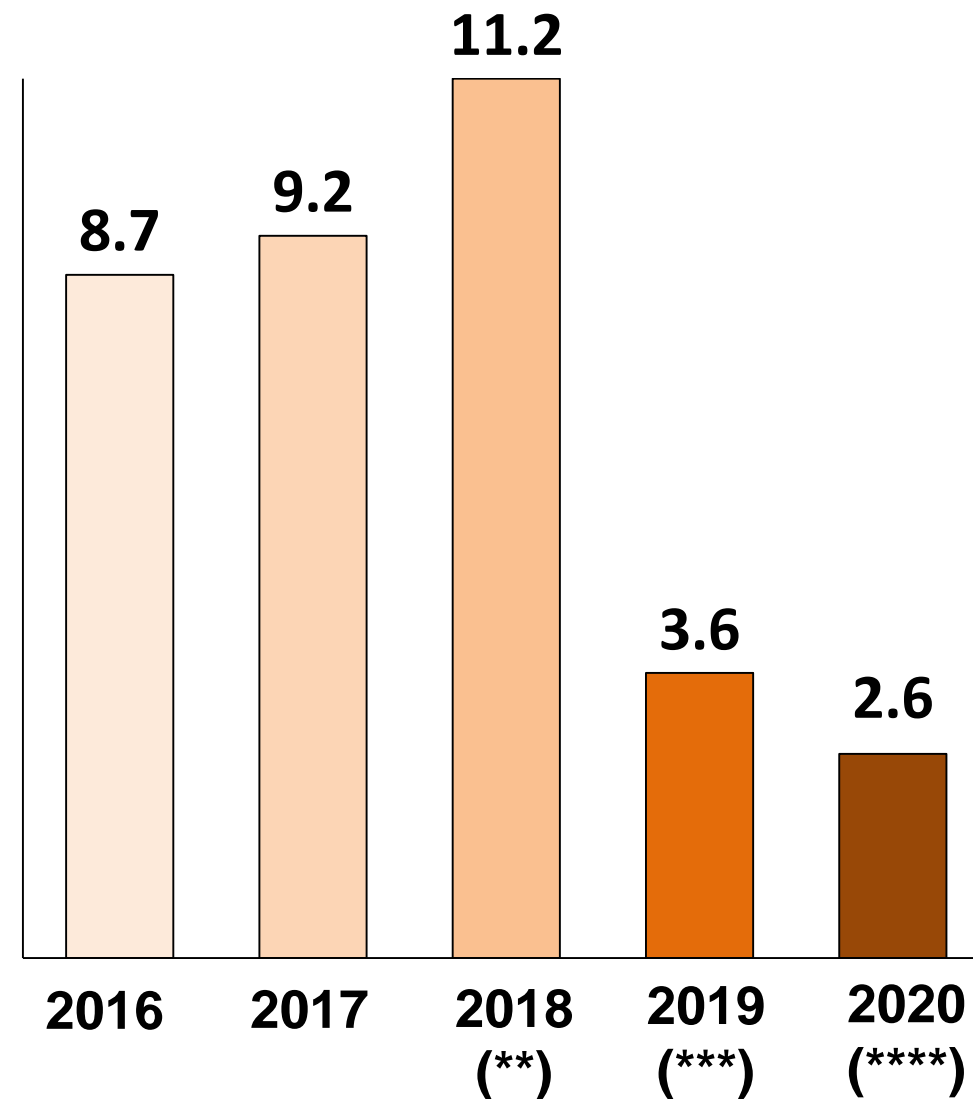


# DIVIDEND PAID, DIVIDEND YIELD AND PAYOUT RATIO

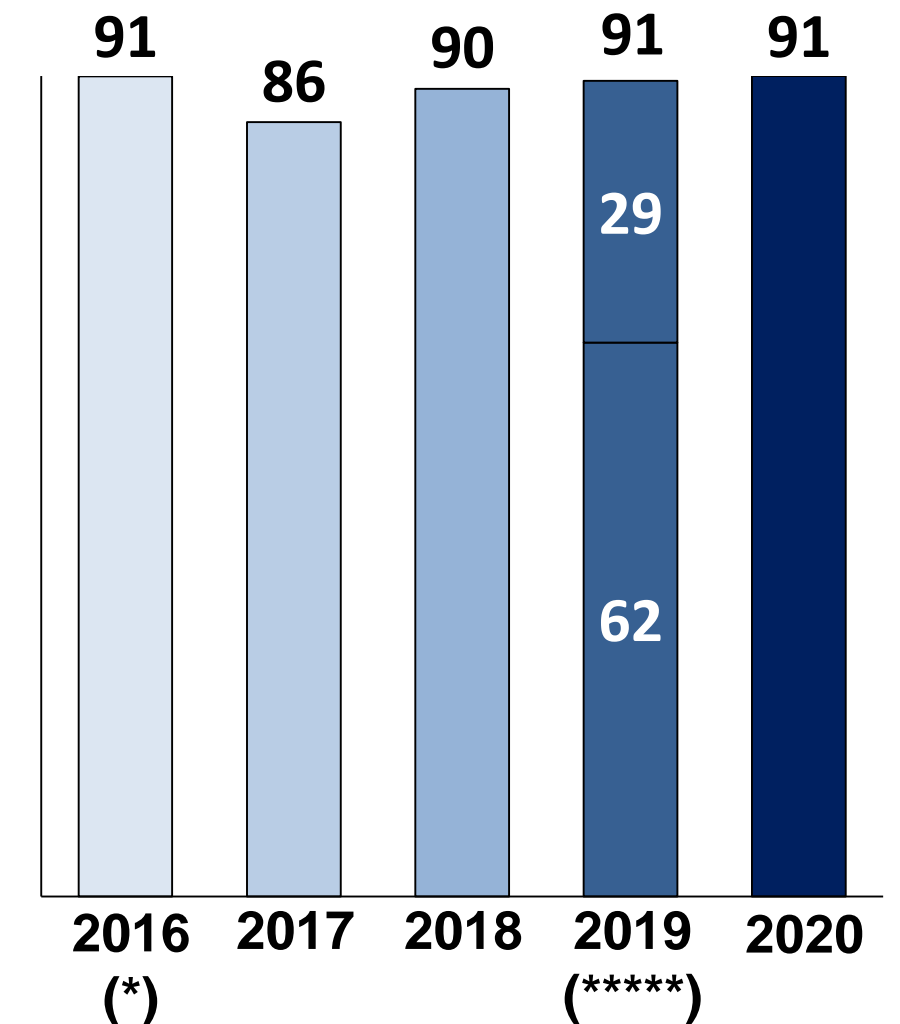
## Dividend Paid



## Dividend 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

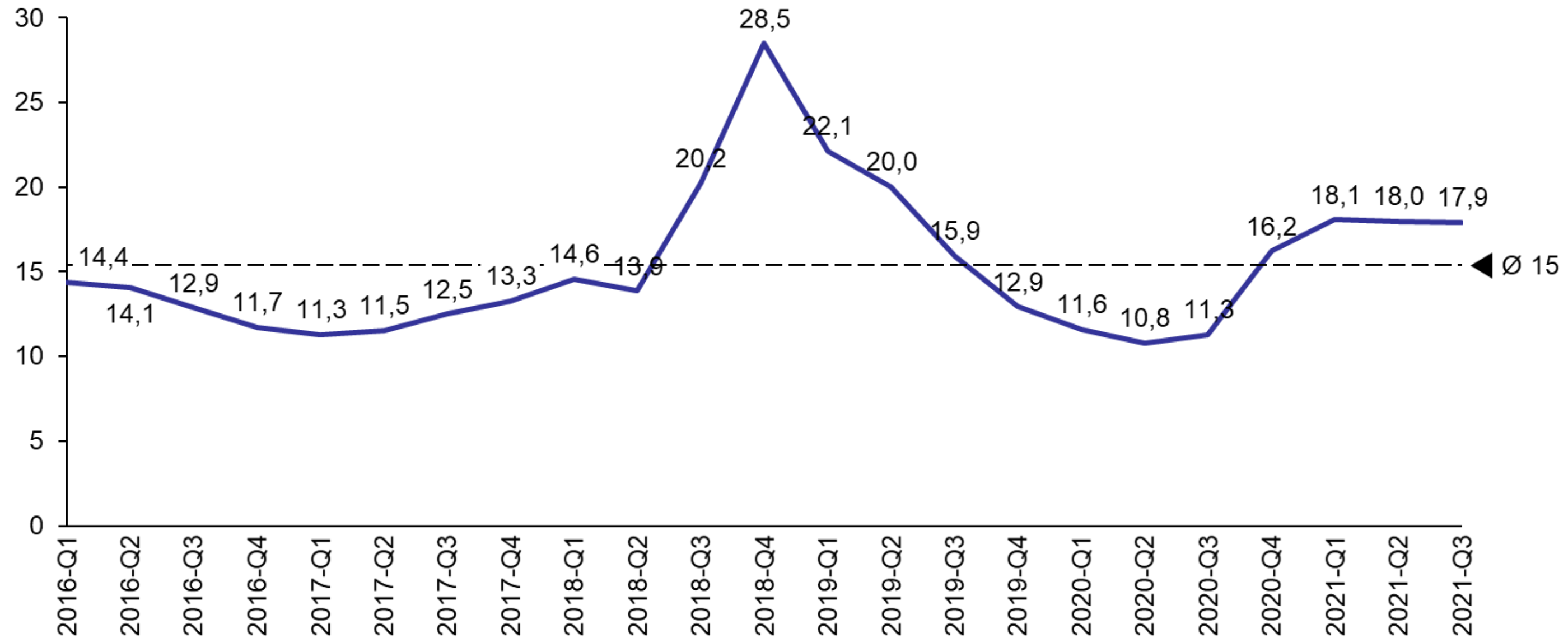
\*\*\*) Akcansa closing share price as of 24 March 2020 is used for dividend yield calculation. Taking into account the share price compared to prior year, dividend yield decrease is proportional to net income decrease.

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

\*\*\*\*\*) Decrease in the payout ratio due to allocation of profit from fixed asset sales to reserves (29 mTL) to take advantage of tax deductibility. Around 29% effect on payout ratio. No change in payout policy



# 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 2 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