

AKÇANSA

2021 Q3 Results

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WELCOME



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01

MARKET OVERVIEW

KEY HIGHLIGHTS

2021 9M / 3Q

- ❖ Operating income up 81% in 9M21 driven by good domestic demand, better pricing and higher fx rate.
- ❖ Significant increase in energy costs in 3Q21 created pressure on margins and resulted in slightly lower operating income vs. 3Q20.
- ❖ Vigilant cost management: SG&A expenses increase below inflation compared to 3Q20.
- ❖ Strong balance sheet: Net Debt / EBITDA of 0.9x lower than prior year (1.0x).

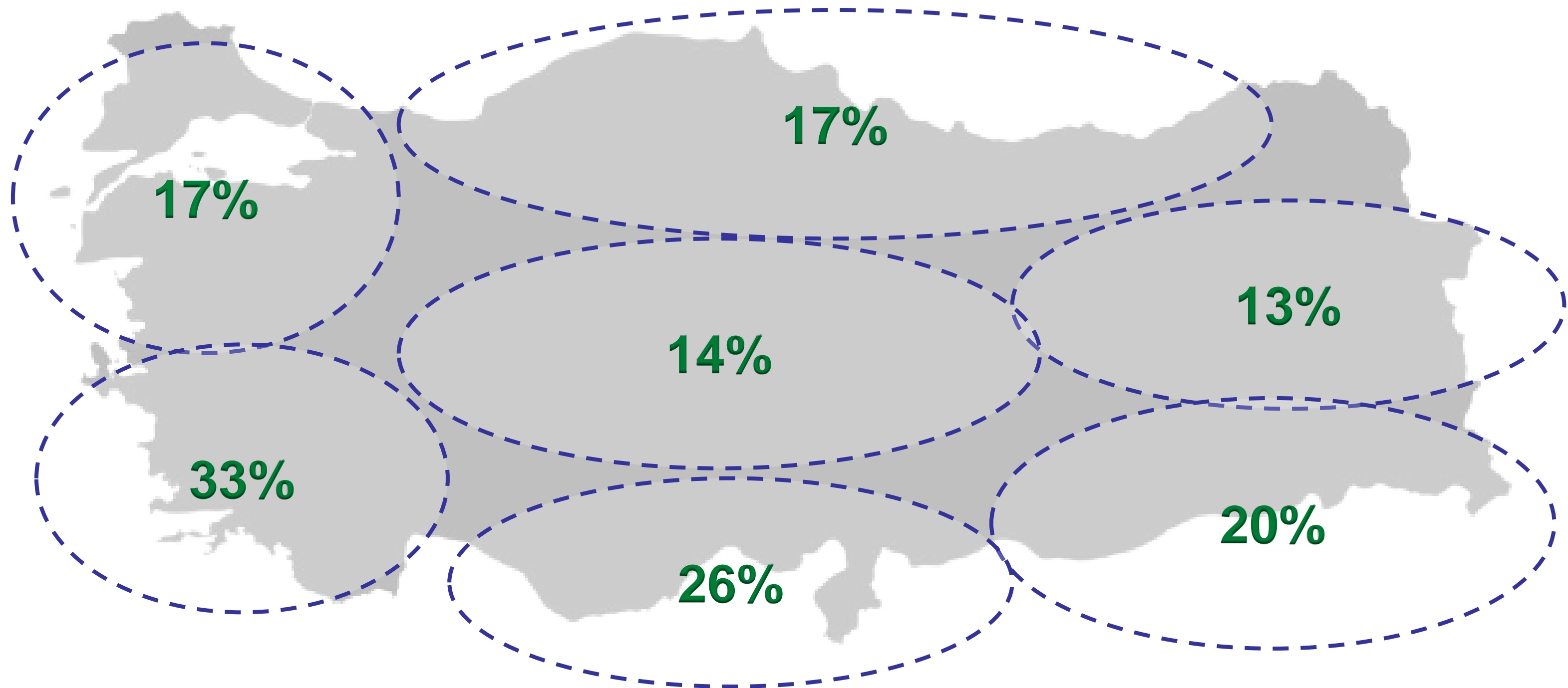
2021 Outlook

- ❖ Akçansa's total cementitious volumes are expected to be in line with 2020. Domestic sales are expected to increase by 5%, offset by lower exports due to full clinker capacity utilization.
- ❖ Significant increase in energy costs in H2 vs H1 will continue to put pressure on margins in the fourth quarter.
- ❖ Moderate increase in financial expenses due to higher interest rates.
- ❖ Divested 51% stake in Karçimsa Cement in October for ~25x EV/EBITDA. Sale will contribute 33.5 M TL to Q4 net income.
- ❖ 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 ~13 mTL positive effect on 9M21 gross margin. These 13 mTL will be expensed in the following quarter.

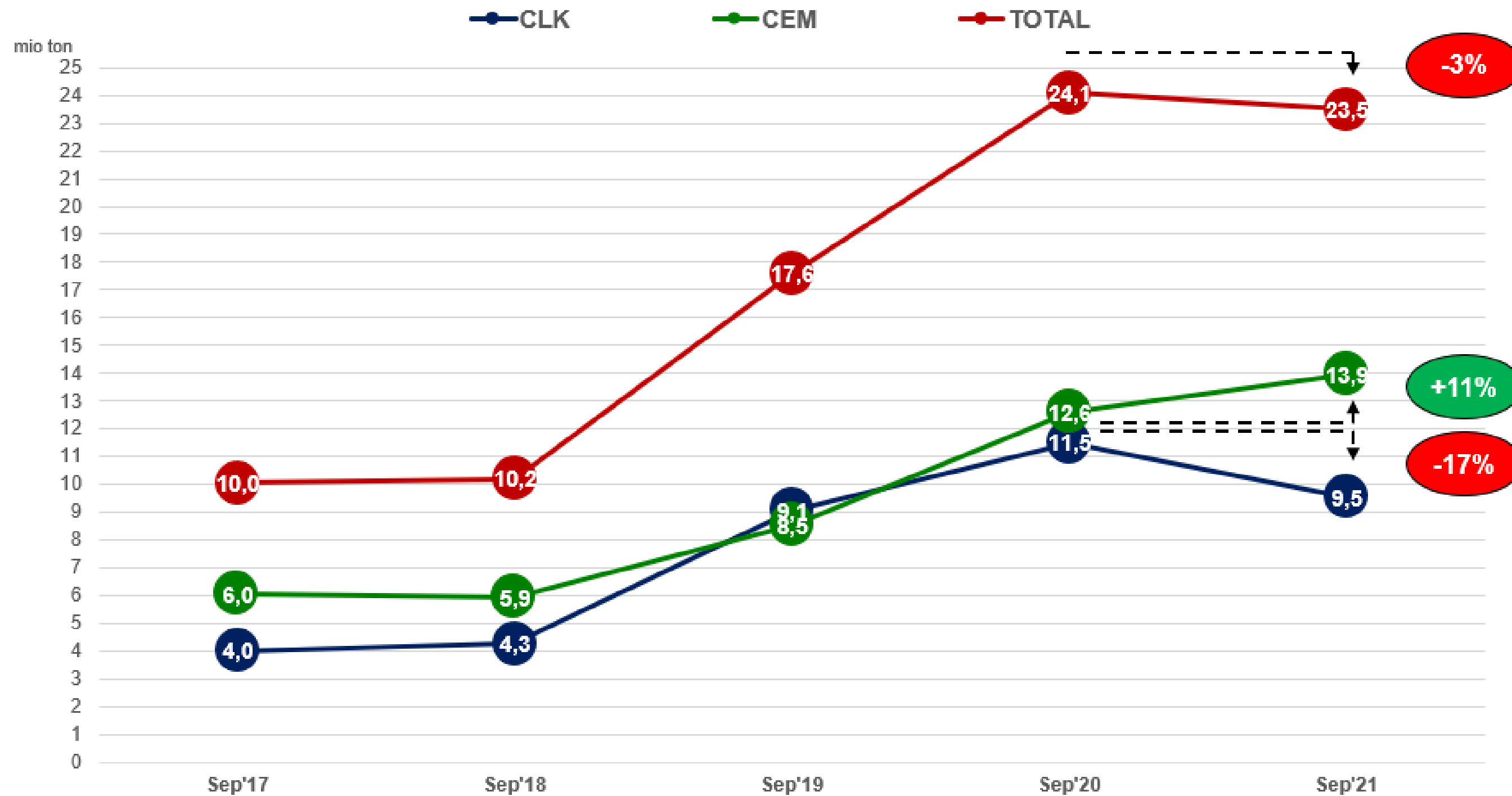
TURKISH CEMENT MARKET, SALES VOLUMES CHANGE %

2021 vs 2020 (July YTD)



Total cement demand in Turkey increased by 19% as of YTD July

TURKEY EXPORT VOLUMES TREND 2017-2021



Shift in export composition from clinker to cement

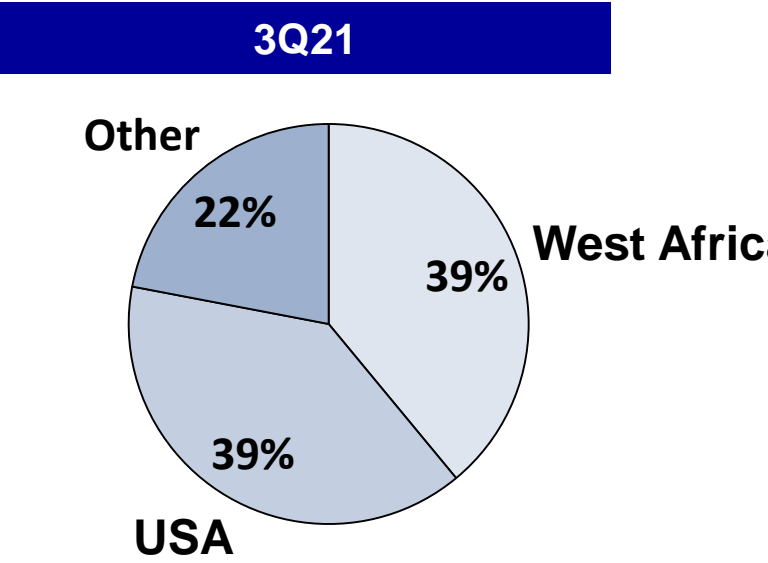
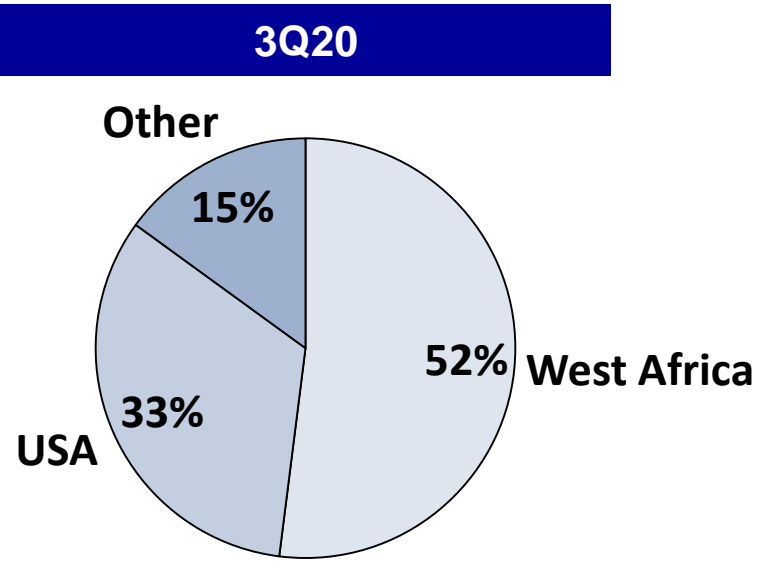
TURKEY EXPORT VOLUMES BY MAJOR COUNTRIES (KT)

Total Exports					
		2020	2021	Δ '21 vs '20	Trend
Clinker Exports	Ivory Coast	1.596	1.704	7%	↑
	Ghana	3.092	1.002	-68%	↓
	Guinea	627	802	28%	↑
	Israel	323	522	62%	↑
	Belgium	389	521	34%	↑
	Cameroon	708	546	-23%	↑
	Dominican Republic	235	501	113%	↑
	Romania	277	410	48%	↑
	Colombia	342	397	16%	↑
	Other	3.915	3.130	-20%	↓
	Total Clinker	11.504	9.536	-17%	↓
Cement Exports	USA	3.683	5.223	42%	↑
	Israel	1.770	2.176	23%	↑
	Syria	948	1.120	18%	↑
	Haiti	578	579	0%	↑
	Bulgaria	378	456	21%	↑
	Ukraine	860	443	-48%	↓
	Italy	81	285	253%	↑
	Sierra Leone	259	286	10%	↑
	Russia	114	141	23%	↑
	Other	3.917	3.237	-17%	↓
	Total Cement	12.587	13.946	11%	↑
Total Export		24.091	23.482	-3%	↓

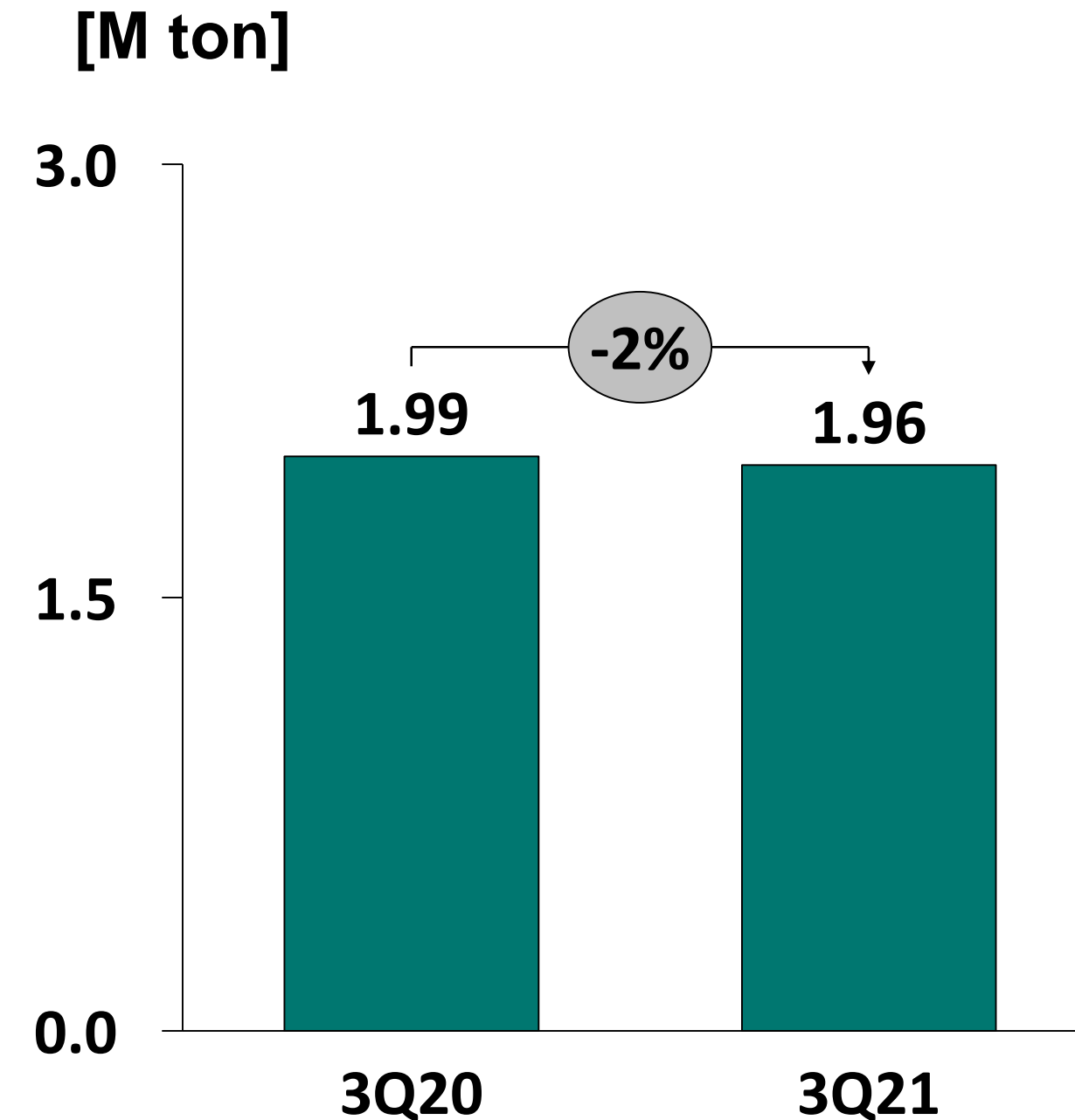
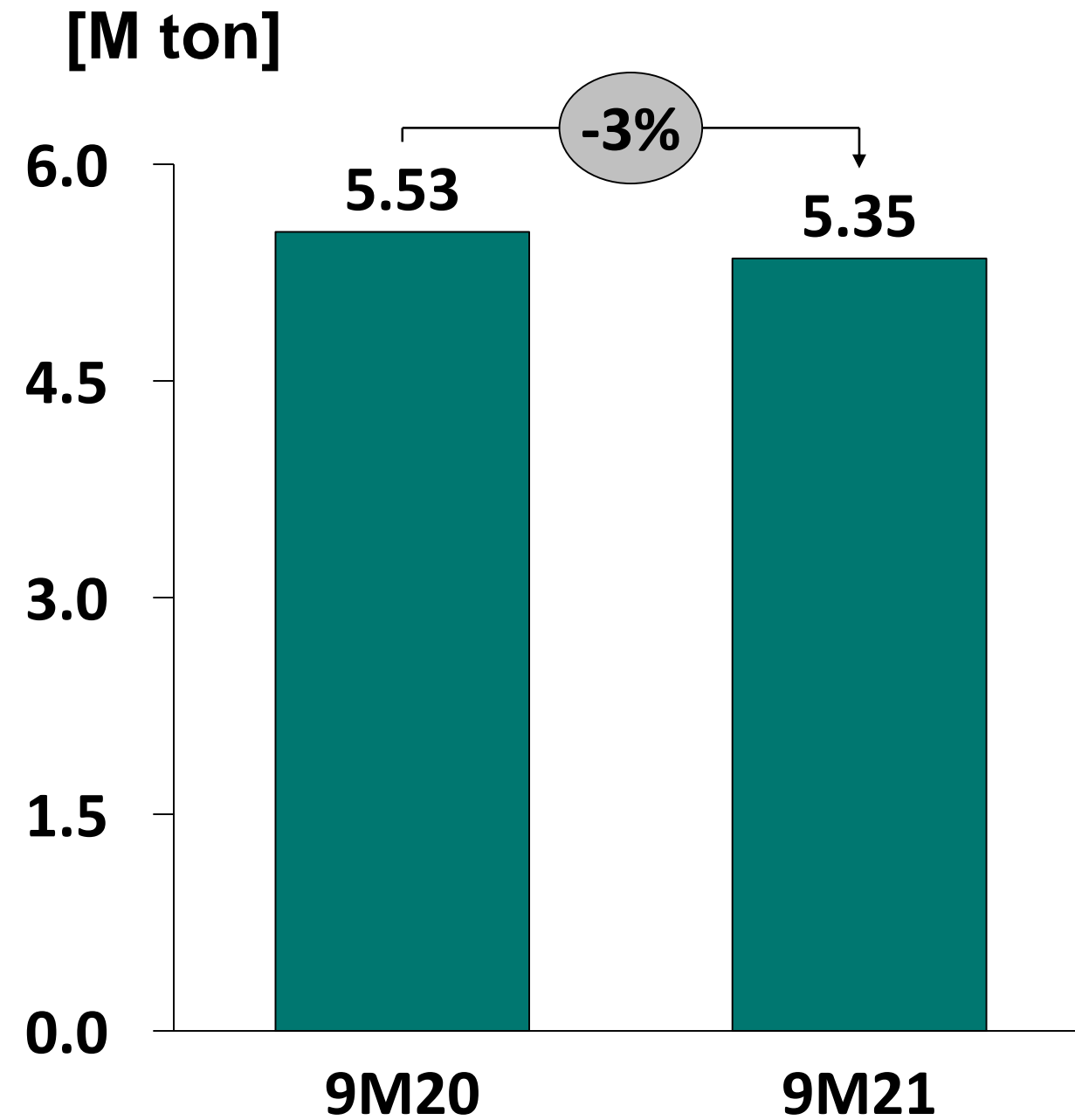
Sonmez Adana not included above
OAIB data - volumes include white CEM+CLK

AKÇANSA EXPORT MARKETS

West Africa and USA are still the major export markets in 3Q21



CEMENTITIOUS SALES VOLUMES



Total volumes -3% lower than in 2020 due to low stocks.

Clinker capacity fully utilized.

ENERGY COSTS (Q3 21 VS Q3 20)

Energy Price	3Q21 vs 3Q20
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

- ❖ Over 80% increase in fuel costs and 30% increase in electricity costs on TL per ton basis compared to Q3 2020.
- ❖ Dramatic increase in petcoke price was partially offset by switching to local coal and by alternative fuel usage.
- ❖ Increased utilization of local petcoke due to lower transport cost and tax advantages.

02

FINANCIAL REPORT

Financial
Report

INCOME STATEMENT

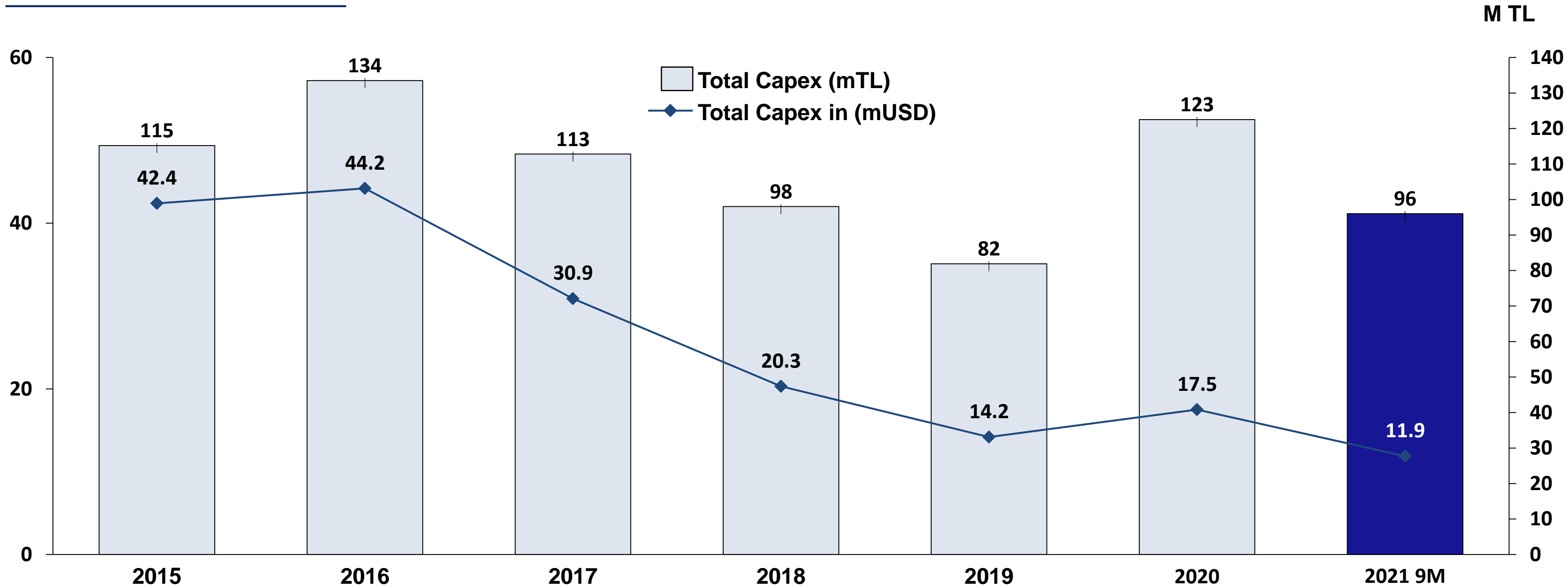
Company (M TL)	9M20	9M21	% Ch. YTD	3Q20	3Q21	% Ch. Q
Net Sales	1.377,4	1.976,9	43,5%	537,1	750,9	39,8%
Cost of Sales	(1.152,9)	(1.649,2)	43,0%	(421,2)	(648,1)	53,9%
Gross Margin	224,4	327,7	46,0%	115,9	102,8	-11,3%
Marketing&Sales Expense	(12,4)	(12,0)	-3,3%	(4,0)	(3,6)	-9,4%
General Management Expenses	(63,5)	(71,0)	11,8%	(19,2)	(23,2)	20,6%
Other Operating Income/Charges	(28,5)	(27,1)	5,0%	(14,1)	(1,2)	91,5%
Operating Income	119,9	217,6	81,4%	78,6	74,8	-4,8%
Income/Expenses from Investment Activities	3,2	0,8	-75,2%	1,6	(0,0)	-100,1%
Financial Income	39,0	45,8	17,3%	21,1	9,1	-56,6%
Financial Expense	(67,3)	(90,2)	34,0%	(18,5)	(33,8)	82,9%
Profit/Loss before Taxes	94,8	173,9	83,5%	82,8	50,1	-39,4%
Taxes On Income	(21,1)	(43,6)	106,4%	(17,7)	(13,7)	-22,7%
Net Income/Loss	73,7	130,3	76,9%	65,1	36,5	-44,0%
Minority Share	0,1	1,5		0,2	0,9	
Parent Company Share	73,6	128,8		64,9	35,5	
Gross Margin %	16,3%	16,6%		21,6%	13,7%	
EBITDA Margin* %	14,2%	15,2%		19,3%	13,6%	
Net Income Margin %	5,4%	6,6%		12,1%	4,9%	

Note: Change in accounting treatment of major overhaul expenses (annual distribution) has ~13 mTL positive effect on 9M21 gross margin.
These 13 mTL will be expensed in the following quarter.

CASH FLOW

Company (M TL)	9M20	9M21
Cash flow from operating activities		
Operating income before the changes in working capital	235,9	334,1
Changes in working capital	(56,8)	(172,6)
Taxes paid	(12,5)	(37,7)
Other items	(9,0)	(12,6)
	157,5	111,2
Cash flow from investing activities		
Purchase of property plant and equipment	(74,8)	(96,0)
Proceeds from fixed asset disposals	2,8	1,8
	(70,7)	(94,2)
Cash flow from financing activities		
Dividend payments	(46,4)	(105,0)
Net proceeds from bonds and loans	115,4	(25,3)
Interest paid	(59,6)	(71,7)
Interest received	7,7	13,4
Other items	-	1,0
	17,2	(187,6)
Net change in cash and cash equivalents - continuing operations	104,0	(170,6)
Net change in cash and cash equivalents - discontinued operations		
Change in cash & cash equivalents	104,0	(170,6)
Cash & cash equivalents at 1 January	152,0	318,4
Cash & cash equivalents at 30 September	256,1	147,8

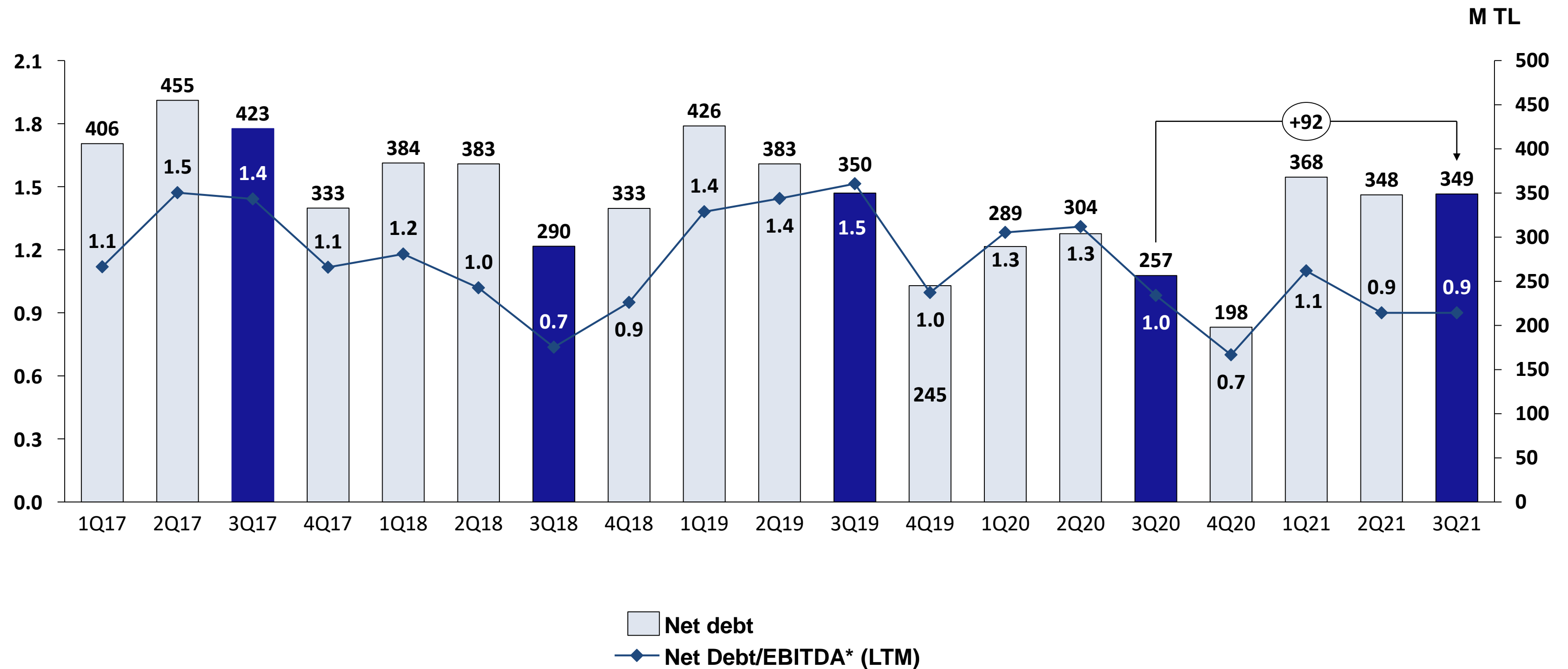
CAPEX



FY 2021 Capex expected to be slightly above 2020 levels in USD.

Investment in a tire shredder to increase AF-rate and accelerating roll-out of Expert System will lead to higher capex than usual in Q4.

NET DEBT / EBITDA



Net debt / EBITDA declines by 0.1x vs. Q3'20

BALANCE SHEET

Mio TL	30/09/2020	31/12/2020	30/09/2021	Variance 2021 vs 2020
Current Assets	920,4	1.036,8	1.181,1	144,3
Cash & cash equivalents	256,1	318,4	147,8	(170,6)
Trade receivables	408,6	442,3	519,1	76,8
Inventories	188,3	180,1	389,8	209,8
Other current assets	67,5	96,1	124,4	28,3

Non-current Assets	1.330,9	1.395,1	1.538,8	143,7
Financial investments	228,1	265,7	383,9	118,2
Fixed Assets	836,7	852,8	880,8	28,0
Goodwill	130,1	130,1	130,1	-
Deferred tax assets	1,0	1,3	1,3	(0,0)
Other non-current assets	135,0	145,1	142,7	(2,4)

TOTAL ASSETS	2.251,3	2.431,9	2.719,9	468,6
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Mio TL	30/09/2020	31/12/2020	30/09/2021	Variance 2021 vs 2020
Current Liabilities	740,4	837,7	1.181,0	343,2
Financial Liabilities	307,1	316,3	496,1	179,8
Trade payables	348,4	443,9	588,2	144,3
Tax payable	17,9	14,9	12,3	(2,6)
Other current liabilities	67,1	62,6	84,4	21,8

Non-current Liabilities	377,8	387,1	194,2	(192,8)
Financial Liabilities	200,0	200,0	-	(200,0)
LT provisions	59,1	63,5	66,1	2,6
Deferred tax liabilities	40,1	42,1	44,6	2,5
Other non-current liabilities	78,6	81,5	83,5	2,0

Shareholders Equity	1.133,1	1.207,1	1.344,7	137,6
Paid in Capital	191,4	191,4	191,4	-
Retained earnings	701,6	701,4	711,5	10,1
Comprehensive income	154,5	187,5	299,7	112,2
Net income	73,6	115,0	128,8	13,8
Minority interest	12,0	11,7	13,2	1,5

TOTAL LIABILITIES & EQUITY	2.251,3	2.431,9	2.719,9	468,6
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BS data and key ratios	30/09/2020	31/12/2020	30/09/2021	Variance 2021 vs 2020
Working Capital	248	178	321	72
Working Capital / Net Sales (LTM)	14%	9%	12%	-1%
Net debt	251	198	348	97
Net debt / EBITDA (LTM)	1,0x	0,7x	0,9x	-0.3x
Net Debt / Equity	22%	16%	26%	4%

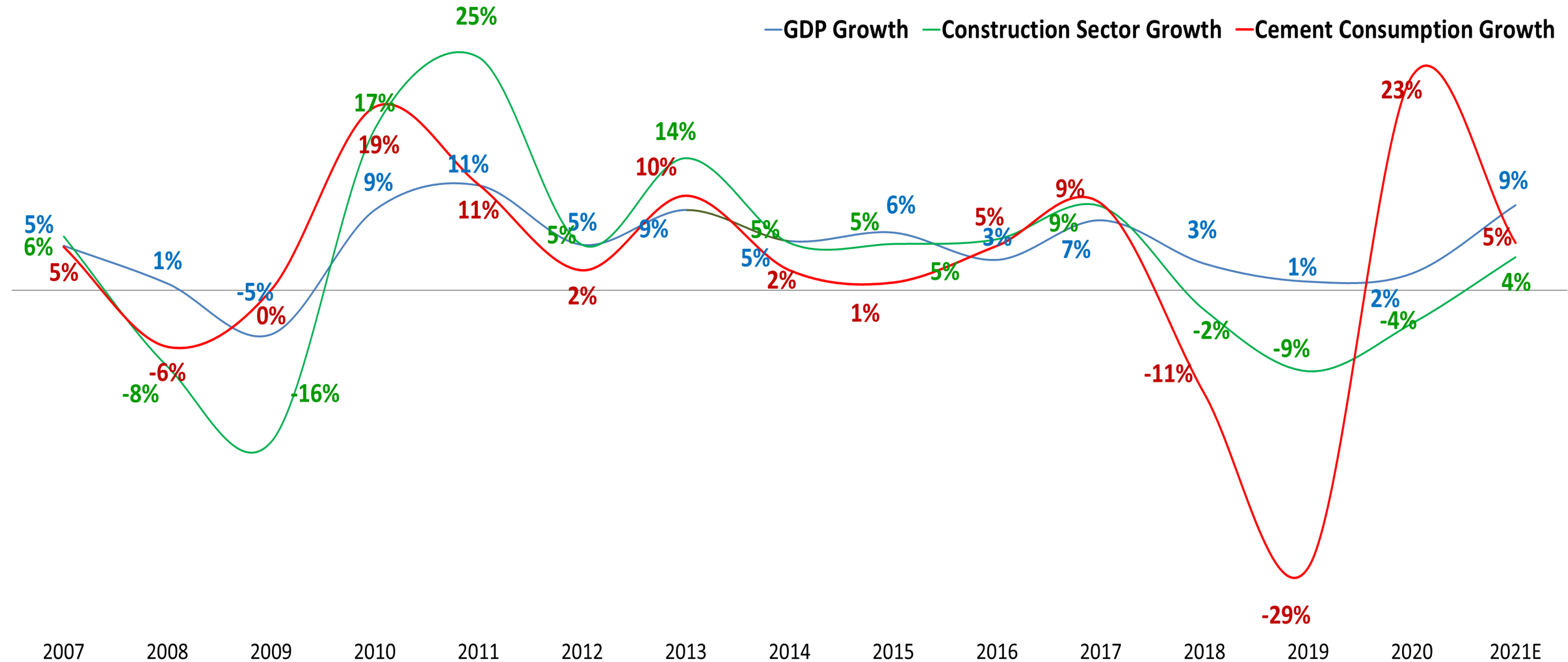
(*) Net Debt excludes lease liabilities

WCAP = Trade Receivables + Inventories – Trade Payables

03 OUTLOOK

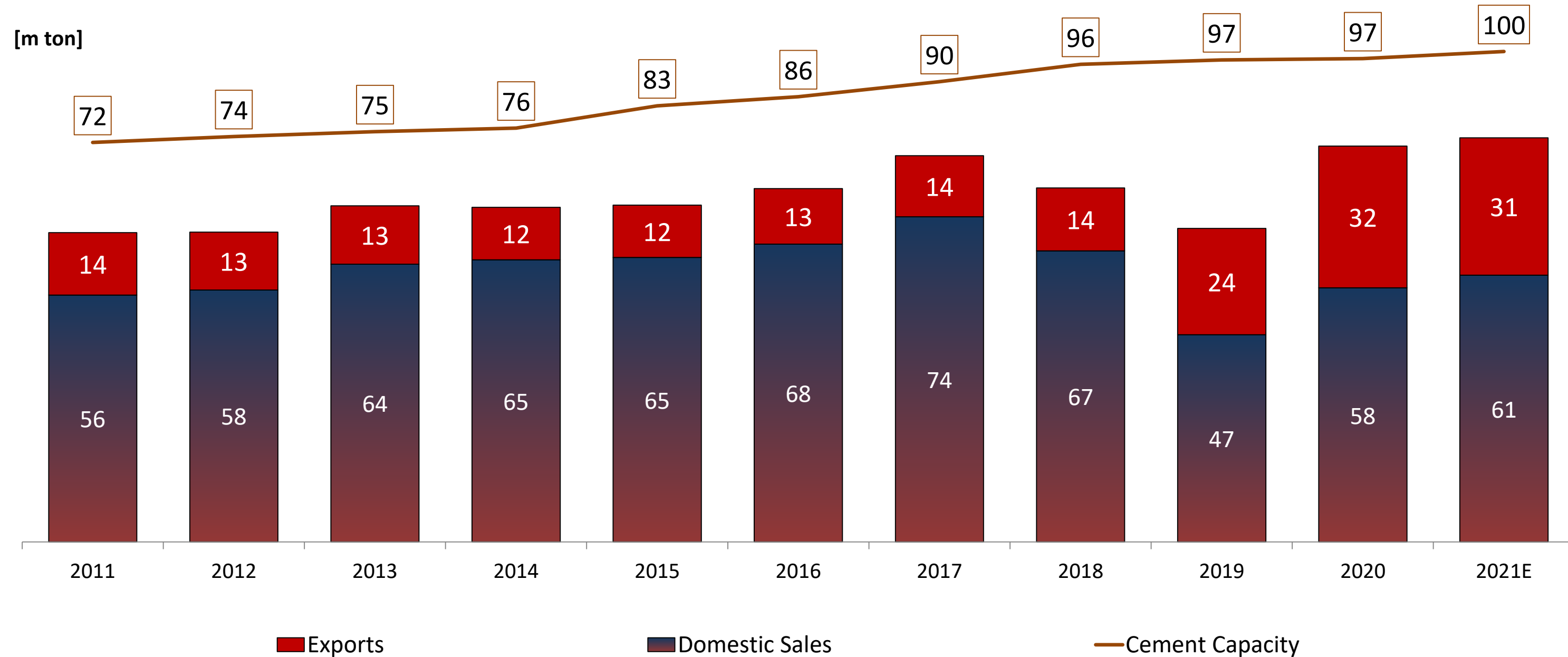


GROWTH OUTLOOK - TURKEY



Cement consumption growth is expected to be lower than GDP growth

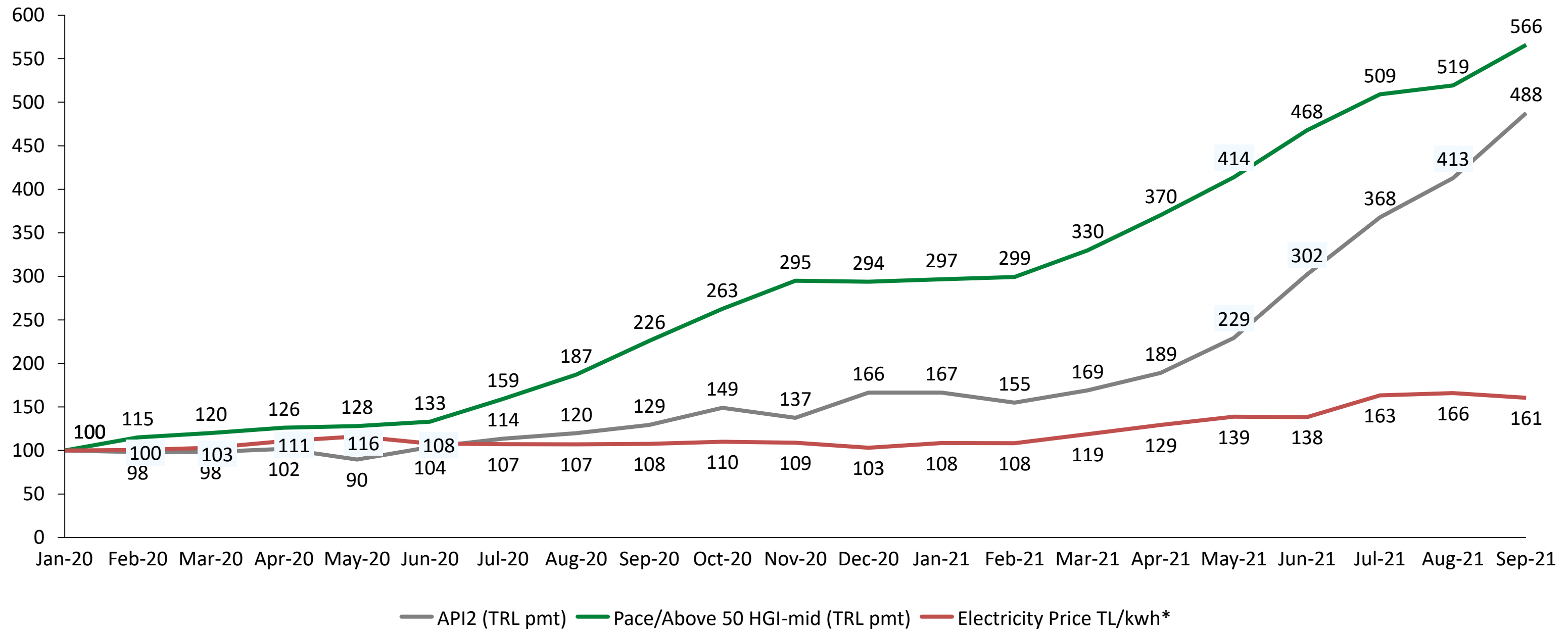
TURKISH CEMENT CONSUMPTION



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

Domestic demand is estimated to increase by 5% 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 5% in 2021.
- ❖ Energy costs are expected to be substantially higher than prior year, mainly due to increased petcoke, coal and electricity prices. Effect will continue in the last quarter of 2021 and is exacerbated by recent increase in electricity prices.
- ❖ Higher alternative fuel usage (+2,5%).
- ❖ Investment in a tire shredder to increase AF-rate and accelerating roll-out of Expert System will lead to slightly higher capex than planned in Q4.
- ❖ Moderate increase in financial expenses due to higher interest rates.
- ❖ Sale of Karcimsa Cement shares will have 33,5 M TL positive effect on net income compared to 2020.
- ❖ Operating Income and Net Income are expected to be significantly above 2020 levels.

FOLLOW US

We are also rising together in the social networks.



/akcansa



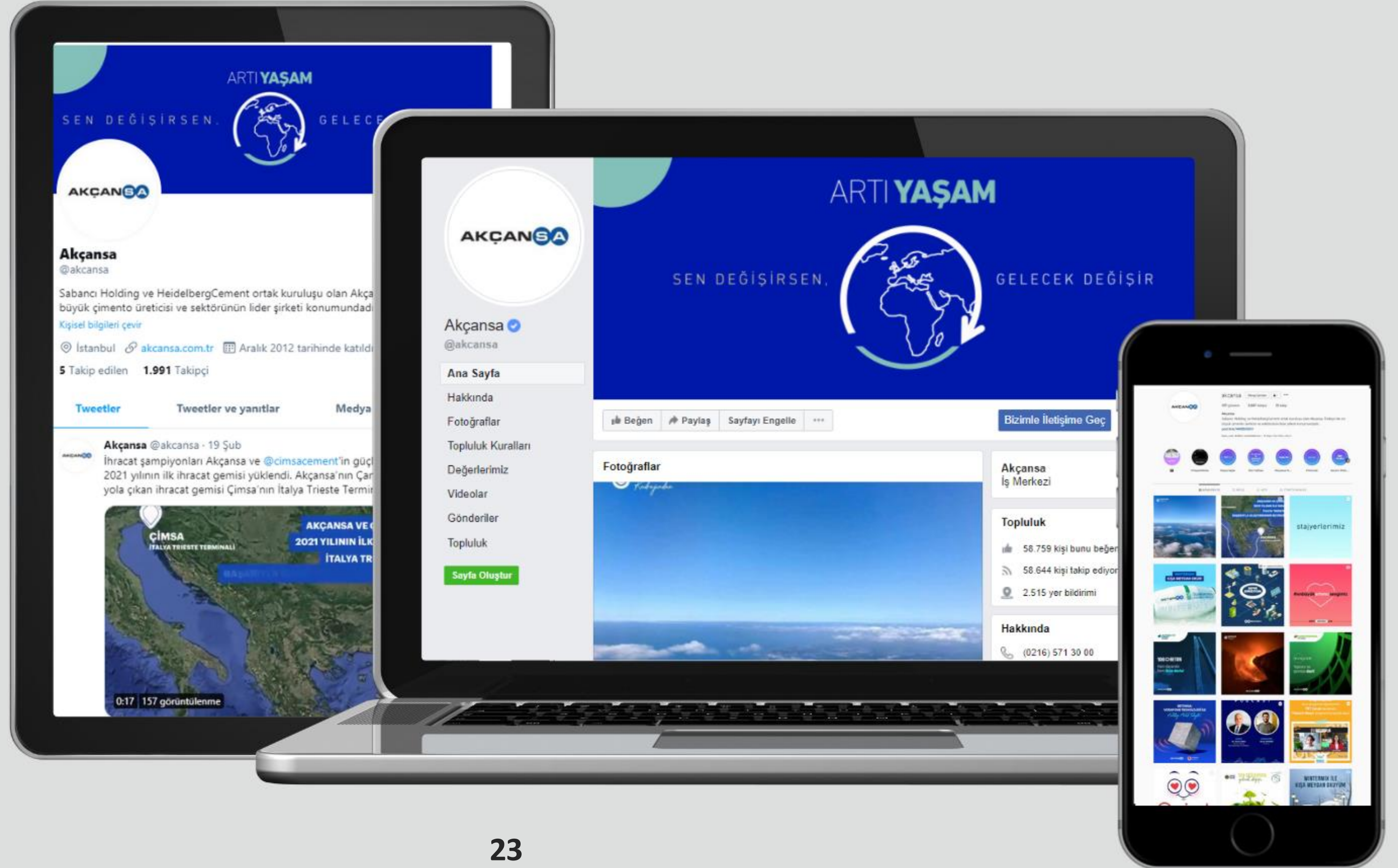
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05

MORE ABOUT US

SUSTAINABILITY DEVELOPMENTS

RESPONSIBLE SOURCING CERTIFICATE

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

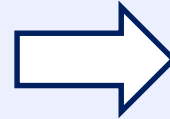
Cement Plants

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

ENVIRONMENTAL PRODUCT DECLARATION

The **first company in Turkey** to share the carbon footprint and responsible 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

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



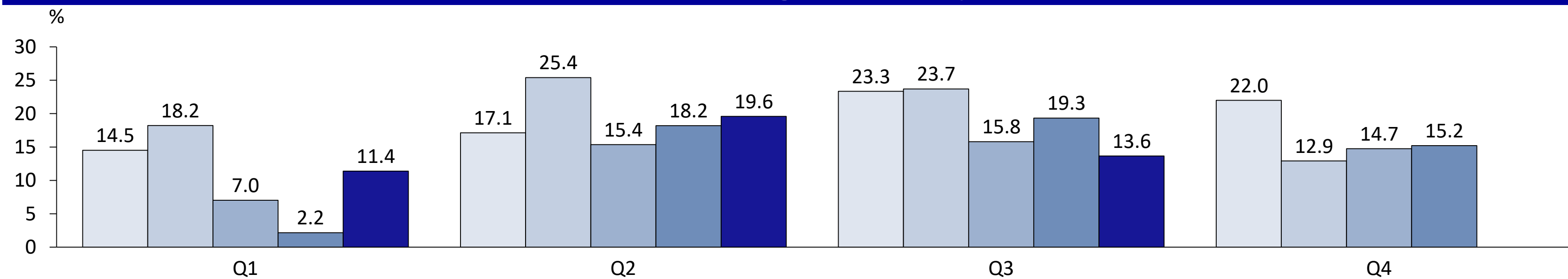
Finalist in 3 Categories out of
180 project applications
**Award winner in Lean
Manufacturing Category**

03 APPENDIX

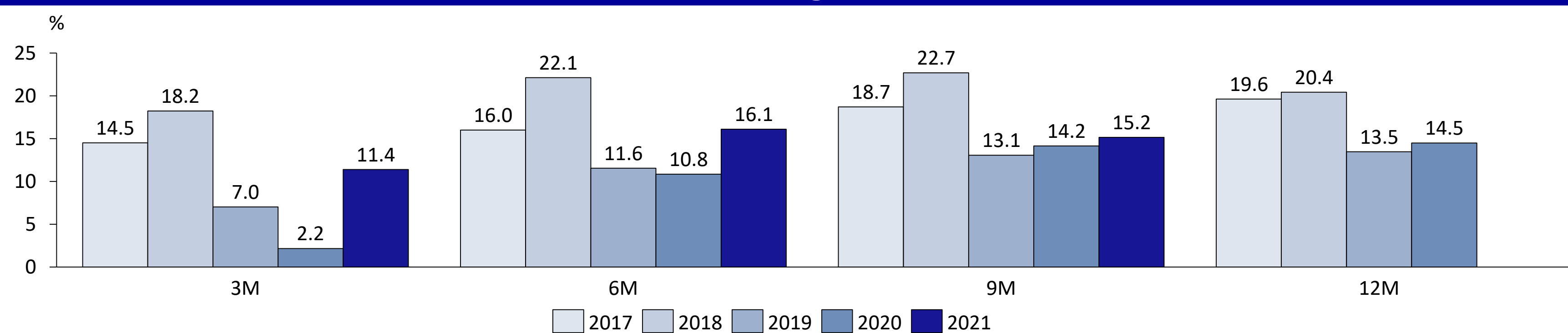
APPENDIX

EBITDA MARGINS

***EBITDA Margin - Quarterly**



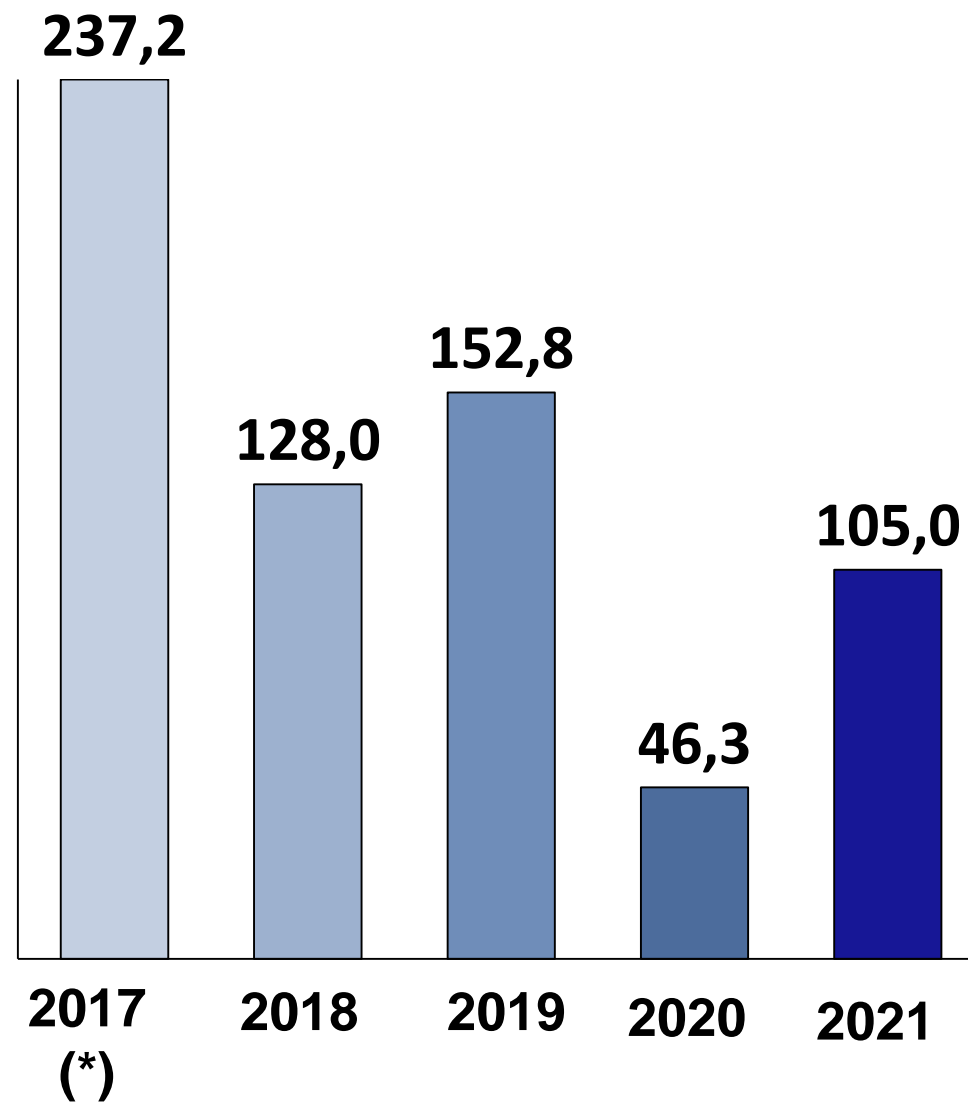
***EBITDA Margin - YTD**



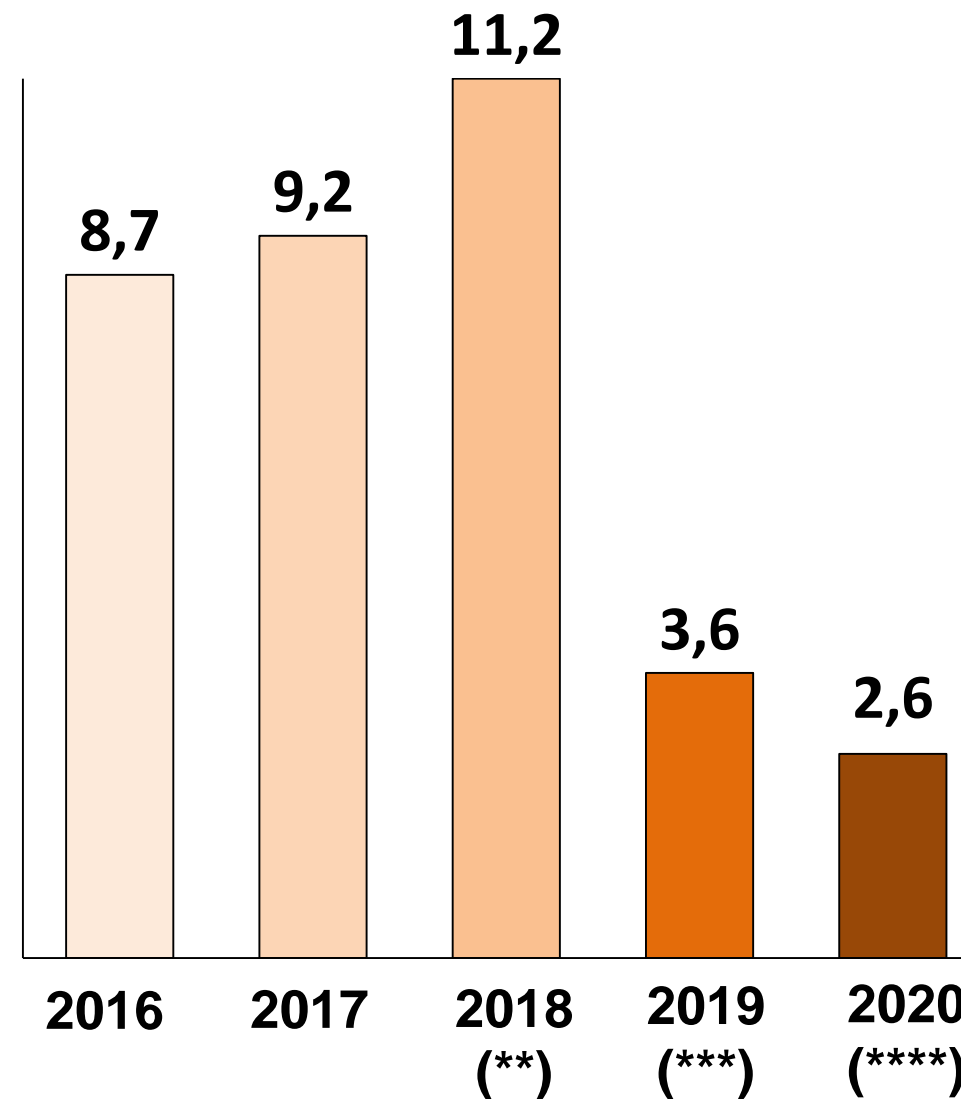
(*) EBITDA = Operating Income + Depreciation

DIVIDEND PAID, DIVIDEND YIELD AND PAYOUT RATIO

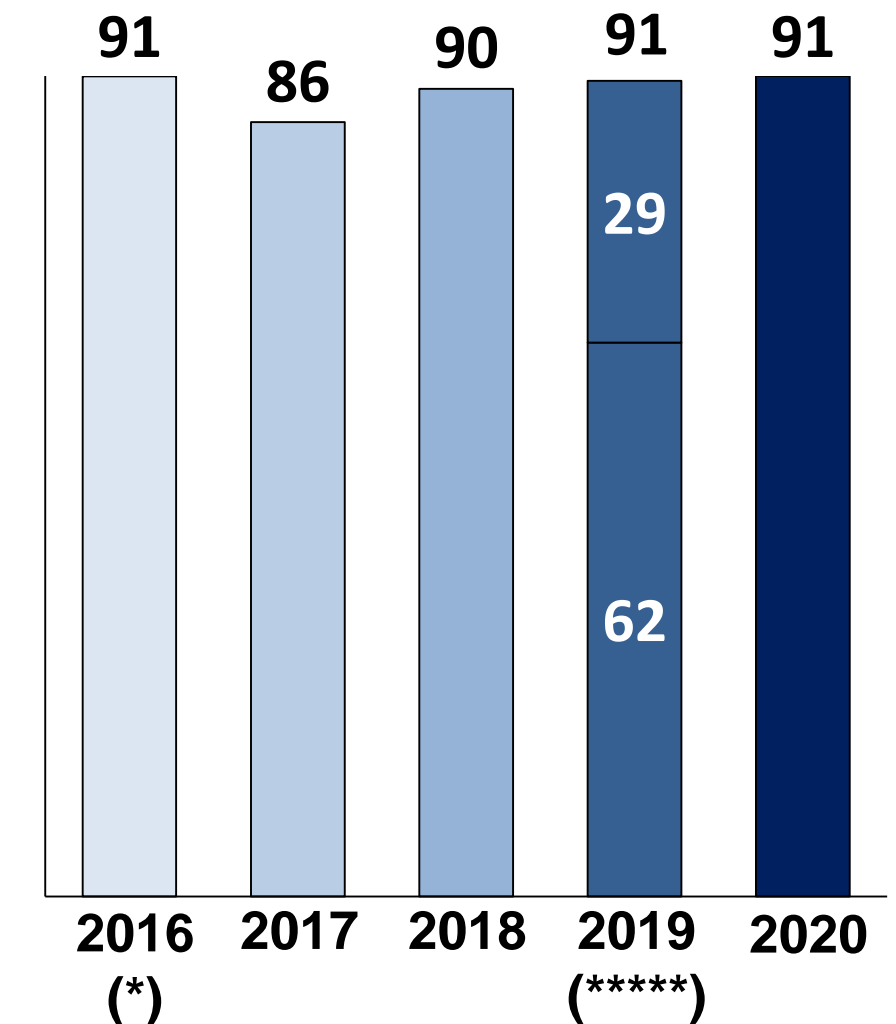
Dividend Paid



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)

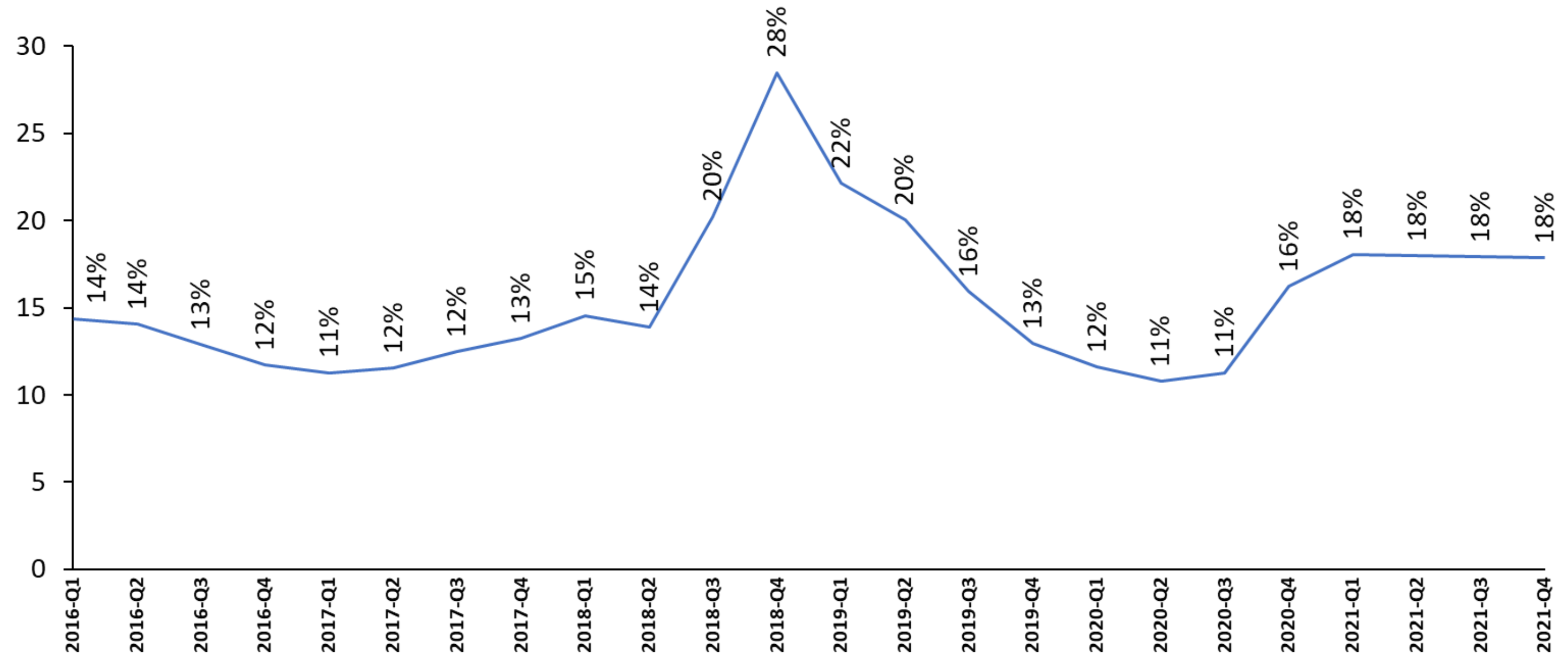
**) Akcansa closing share price as of 27 March 2019 is used for dividend yield calculation

***) 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 105-110 k ton petcoke or 130-135 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, 55-60% of producing 1 ton of clinker
- ❖ 1% increase in alternative fuel usage provides approximately 2,5-3,0 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 3,5-4,0 mTL based on current electricity prices
- ❖ Contribution of one windmill (capacity: 2,4 MW/h)
 - ❖ 2-3% of Çanakkale Plant electricity consumption
 - ❖ 3,5-4 mTL yearly saving