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# AKÇANSA

M. ZEKİ KANADIKIRIK, CEO  
JASON SOUTH, CFO

AKÇANSA



# WELCOME





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# MARKET OVERVIEW



# KEY HIGHLIGHTS

## 2022 Q3

- ❖ Domestic cement sales of Akçansa grew by 1%, while the weight of foreign sales on tonnage basis remained close to 45%.
- ❖ Operating income up close to 400% in 3Q22 by strong domestic demand, strategic shift away from clinker to cement exports with higher margin.
- ❖ Pressure on margins by energy costs increases in 3Q22 vs. 3Q21 continued
- ❖ Increase in net financial expenses due to higher interest rates and higher working capital requirement in 3Q22.
- ❖ Net debt / EBITDA decreased lowest level to 0.7x as of Q3-end since 4Q20 by effective WCAP management.
- ❖ Operating Income and Net Income are realized significantly above 2021 levels.
- ❖ Revaluation on fixed assets is applied for local accounts and has 609 M TL positive impact on 3Q22 net income via local and deferred taxes.
- ❖ Akçansa continues its development in the field of sustainability by increasing its ESG score from 60 in the first quarter of 2022 to 76 in the third quarter and of 2022 in the BIST Sustainability Index scoring system.

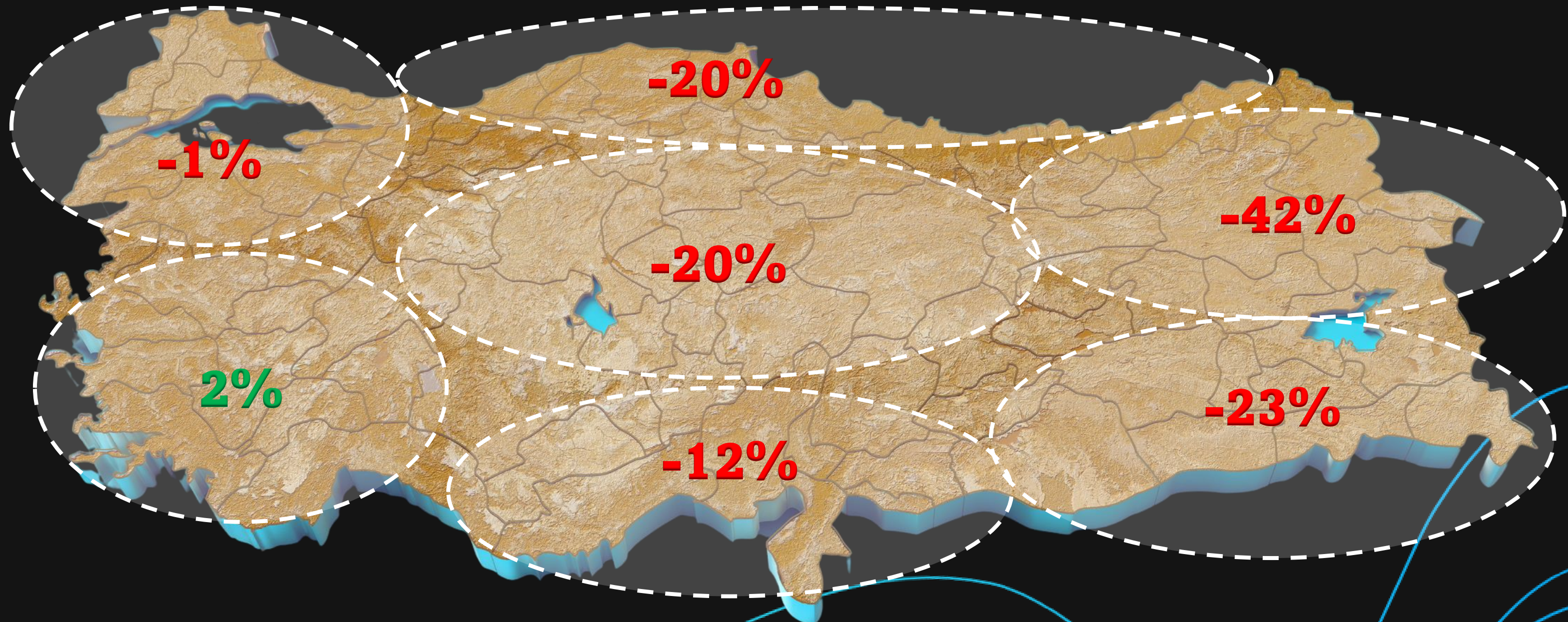
## 2022 OUTLOOK

- ❖ Total cementitious volume is expected to be inline with prior year.
- ❖ Continued USD long position due to exports.
- ❖ Moderate increase in financial expenses due to increased borrowing and higher interest rates.
- ❖ Higher capital expenditures mainly due to higher FX rate focusing on environment and improvement projects
- ❖ Operating Income is expected to be significantly above 2021 levels.



# TURKISH CEMENT MARKET, SALES VOLUMES CHANGE %

2022 VS 2021 (June YTD)

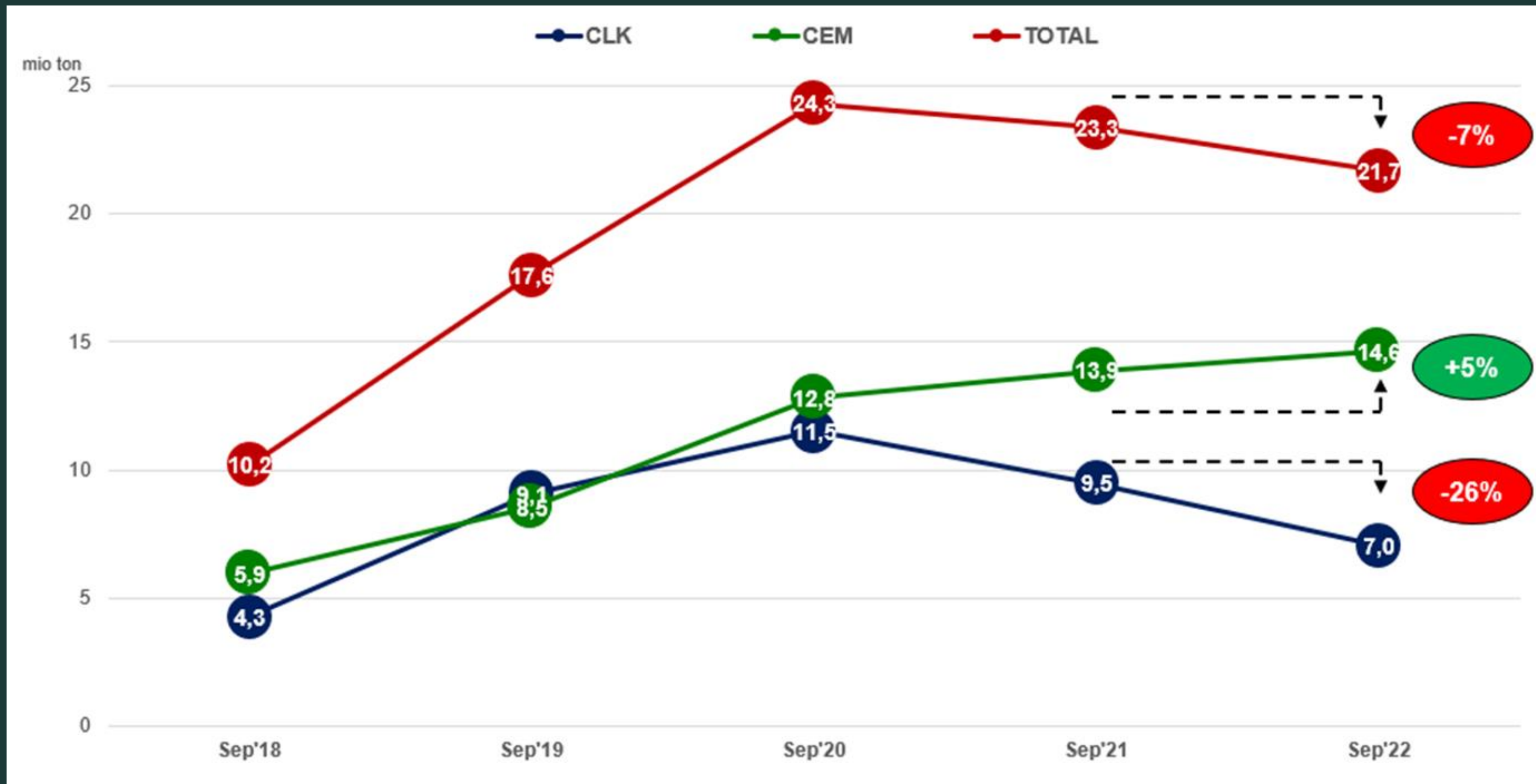


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Total cement demand in Turkey decreased by 15% in June YTD'22 vs '21 with 24,5 mio t mainly affected by tough weather conditions in Q1



# TURKEY EXPORT VOLUMES TREND 2017-2021



Shift in export composition from clinker to cement continued in 2022



# TURKEY EXPORT VOLUMES BY MAJOR

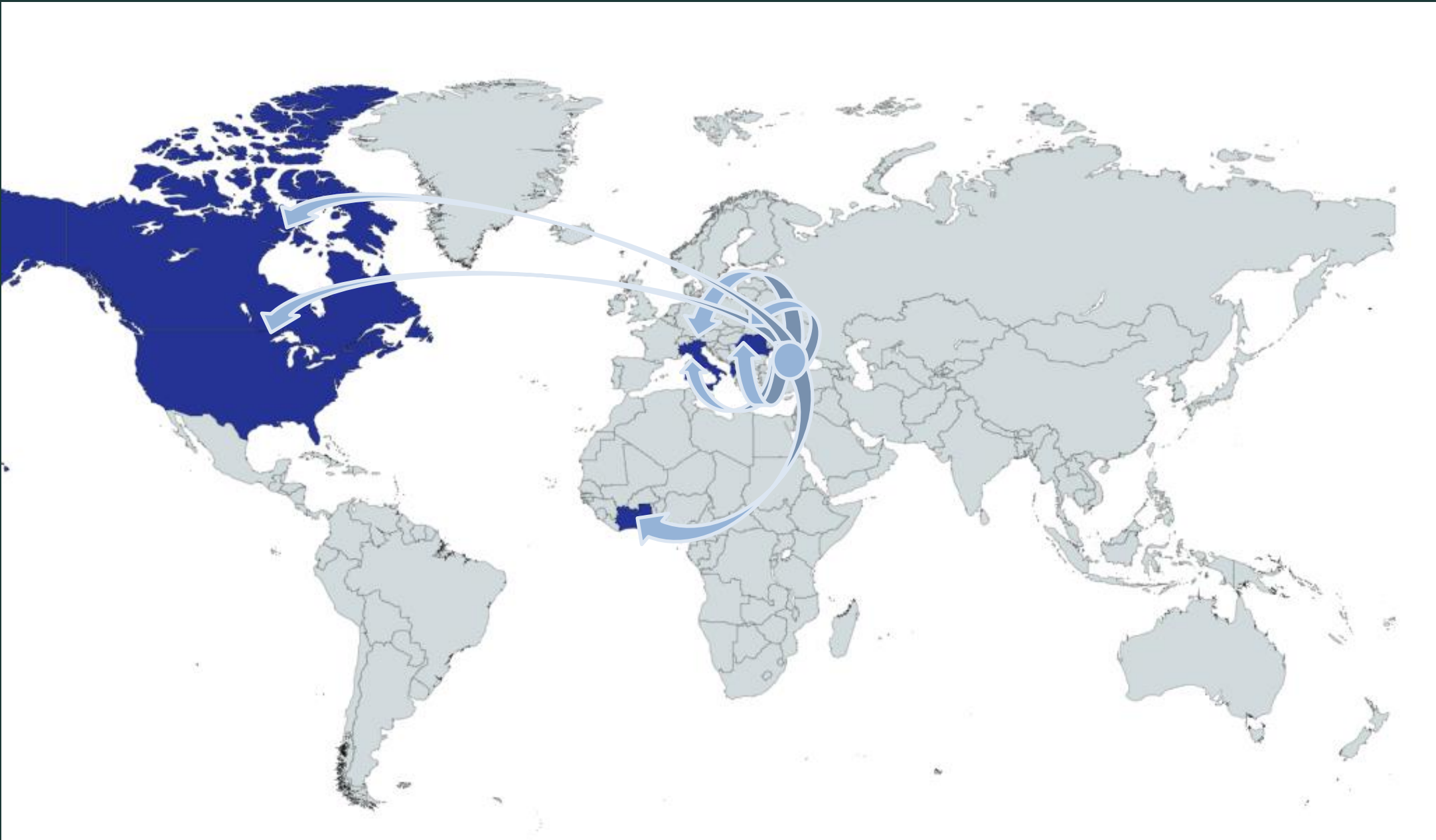
Total Exports					
		2021	2022	Δ '22 vs '21	Trend
Clinker Exports	Ivory Coast	1.704	1.215	-29%	↓
	Ghana	1.002	601	-40%	↓
	Israel	522	505	-3%	↓
	Belgium	521	499	-4%	↓
	Dominican Republic	501	458	-8%	↓
	Spain	200	431	116%	↑
	Italy	273	346	26%	↑
	Cameroon	546	331	-39%	↓
	Romania	380	316	-17%	↓
	Other	3.827	2.341	-39%	↓
	<b>Total Clinker</b>	<b>9.476</b>	<b>7.043</b>	<b>-26%</b>	<b>↓</b>
Cement Exports	USA	5.380	7.734	44%	↑
	Israel	2.176	1.896	-13%	↓
	Syria	1.118	1.109	-1%	↓
	Bulgaria	456	423	-7%	↓
	Haiti	579	418	-28%	↓
	Sierra Leone	270	221	-18%	↓
	Romania	194	184	-5%	↓
	Ghana	278	173	-38%	↓
	Italy	285	169	-41%	↓
	Other	3.138	2.287	-27%	↓
	<b>Total Cement</b>	<b>13.873</b>	<b>14.613</b>	<b>5%</b>	<b>↑</b>
<b>Total Export</b>		<b>23.349</b>	<b>21.656</b>	<b>-7%</b>	<b>↓</b>

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

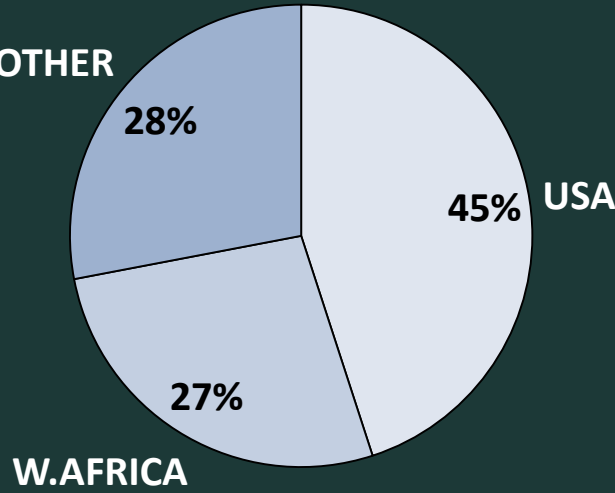


# AKÇANSA EXPORT MARKETS

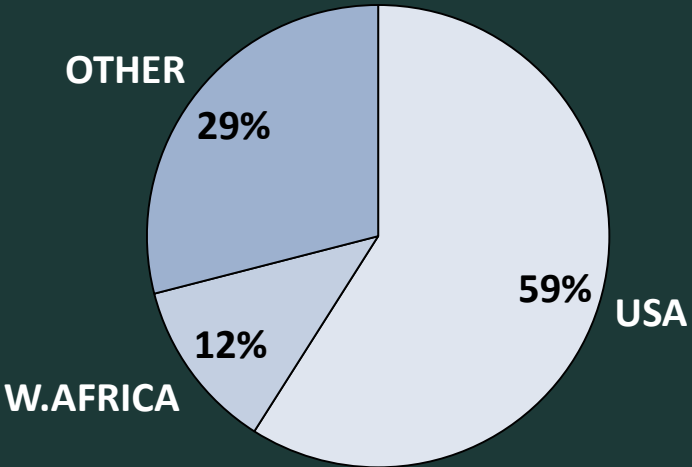
USA increased its share significantly in 9M22 compared to 9M21



9M21

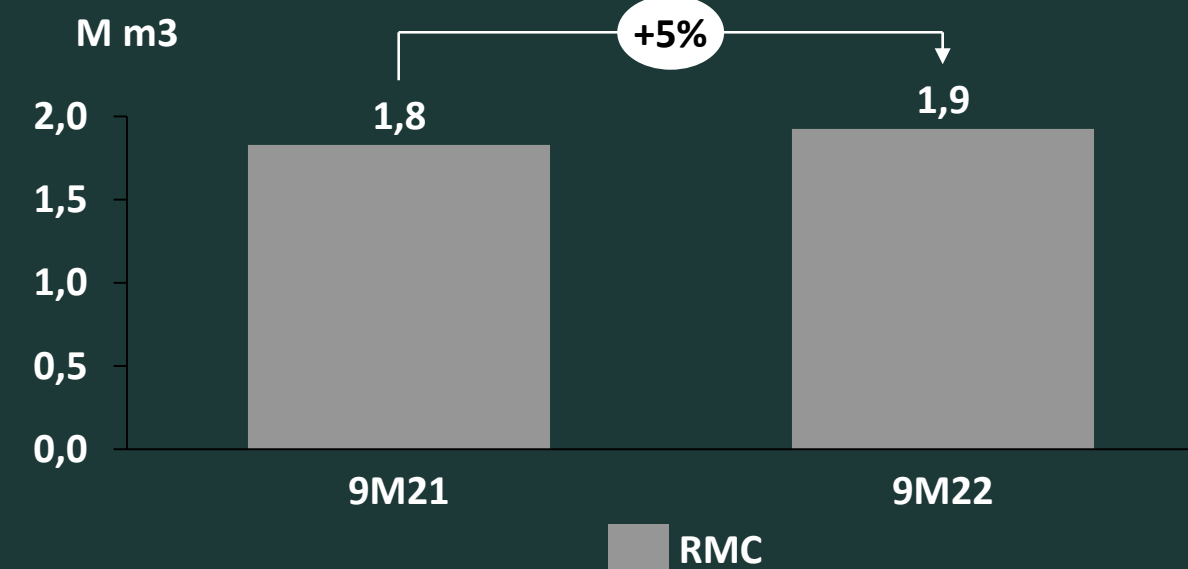
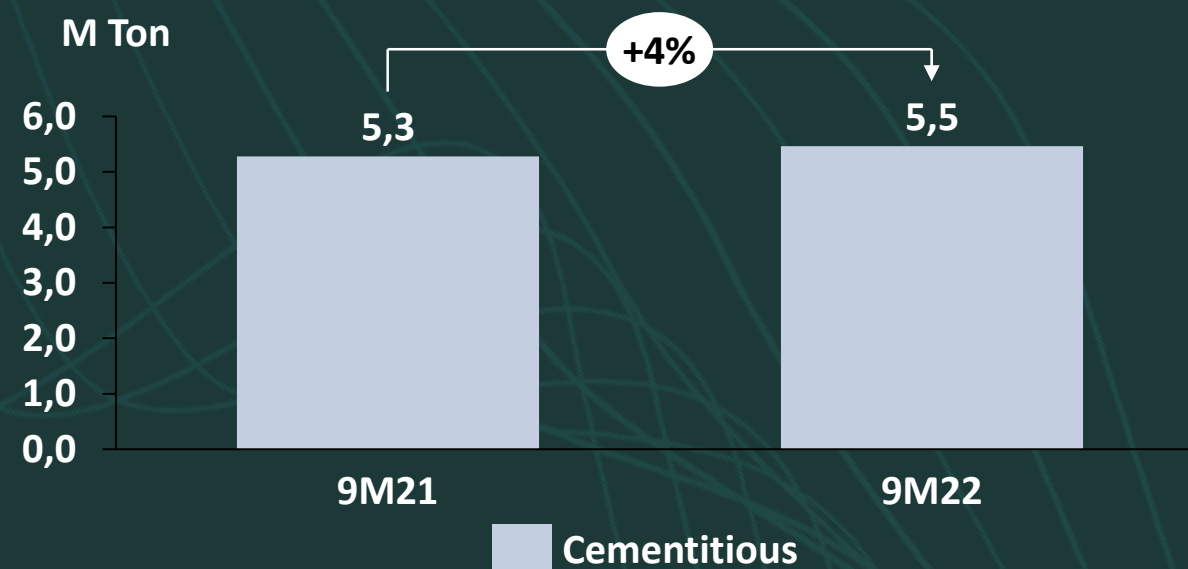
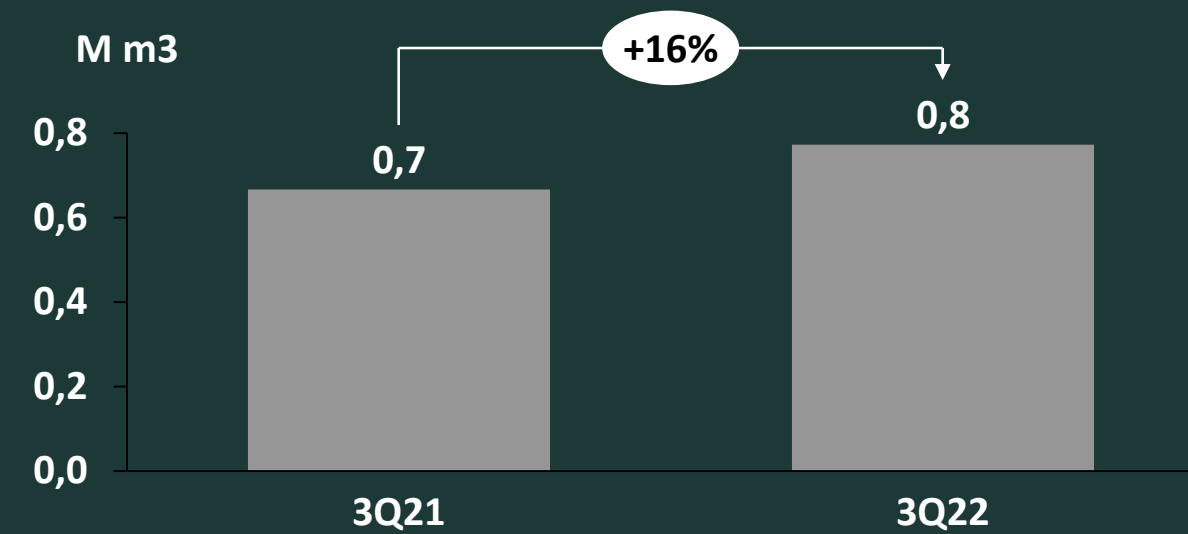
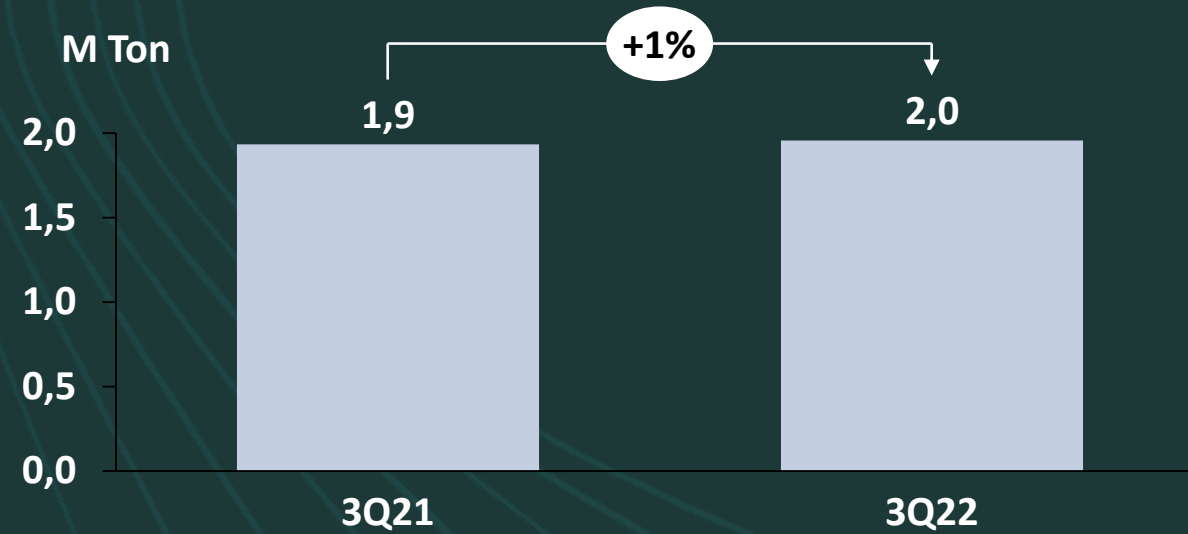


9M22





# CEMENTITIOUS & RMC SALES VOLUMES



Total cementitious volume 4% higher than in 2021 due to better domestic demand and shift from clinker export to cement.



# PORT OPERATIONS

## Technical Details of Ambarlı Port

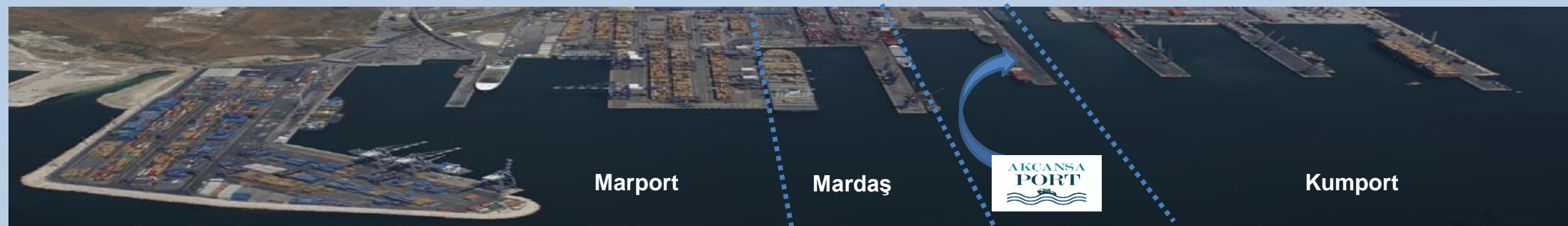
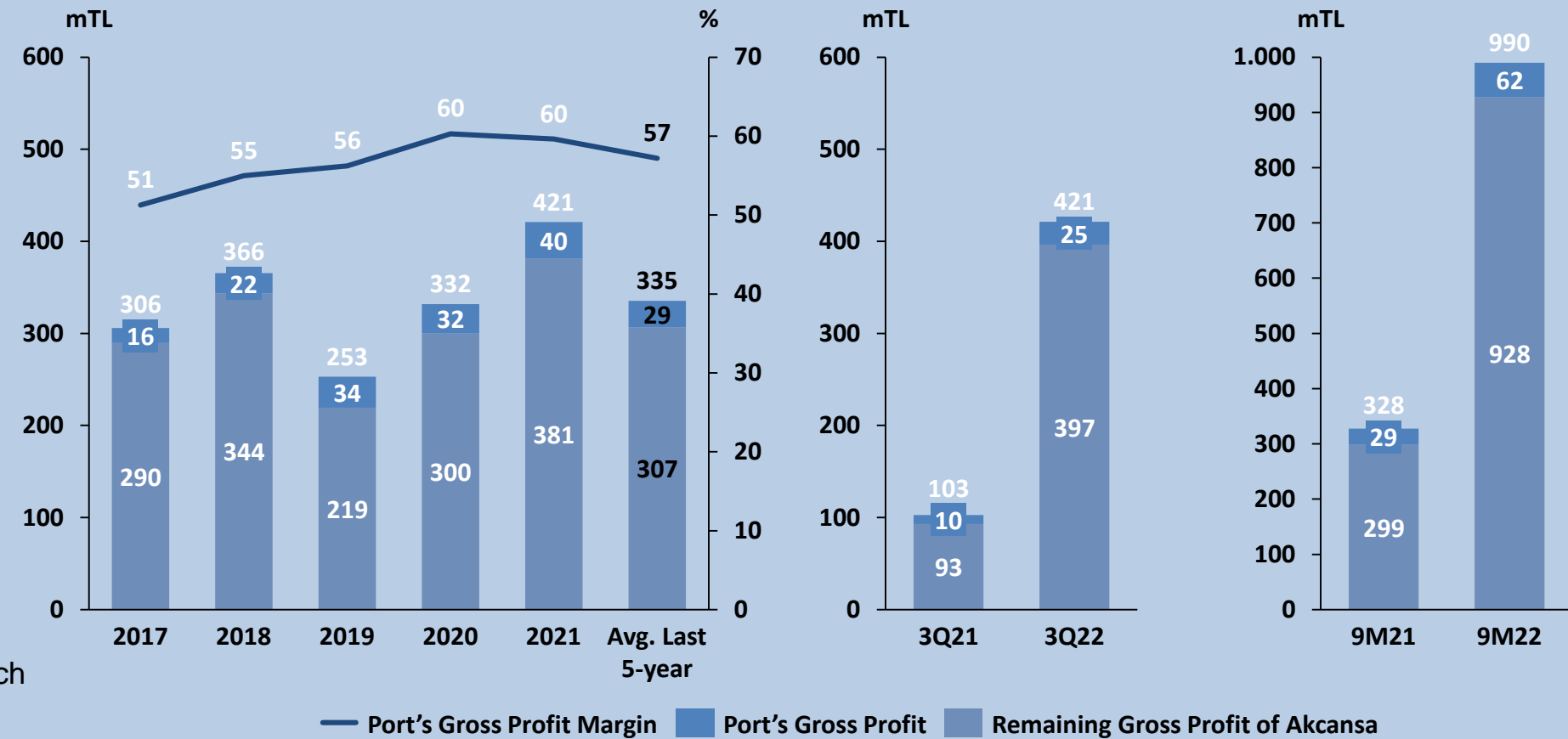
- Total Area: 90 k m2, (14 km2 is rented out)
- Closed warehouse: 3 k m2
- Container Stock Capacity: 45 k TEU
- Total Berthing Length: 915 m

## Akçansa Port Services to 3rd Parties

- Container Services & Close Warehouse
- Screw Conveyor Discharge System for Cement and Slag
- Bulk & General Cargo Services
- Project Cargo Services
- Cabotage Ro-Ro
- International Ro-Ro

## Major Financial and Operational info:

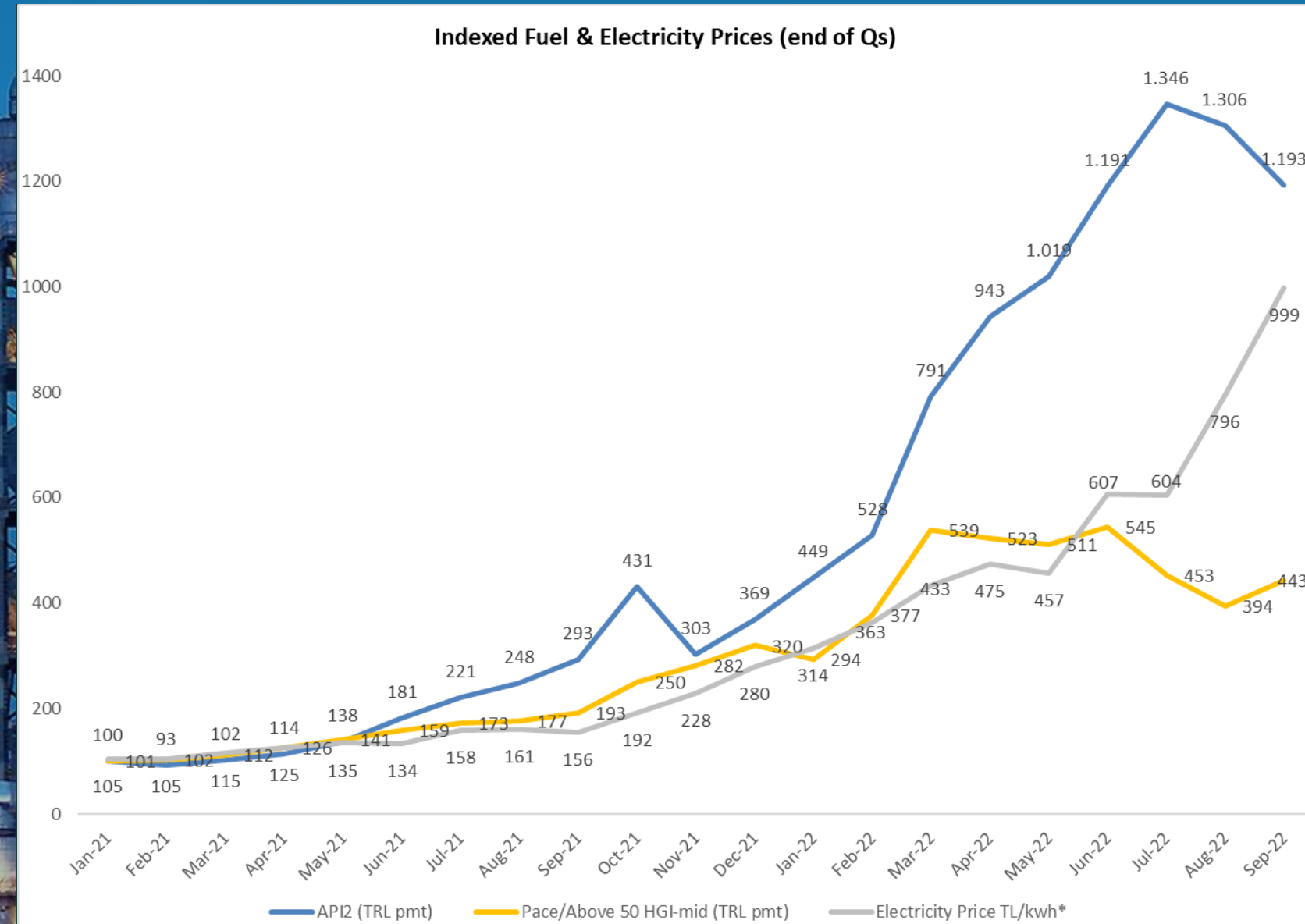
- Akçansa Port has strong market shares in Ambarlı Port complex for Bulk-General and Ro-Ro.
- Port's total full year fixed costs in 2020 and 2021 were 6 mTL and 7 M TL respectively. These figures kept EBITDA margin over 45% in these years which is valid for 1Q22 and 1H22 as well.



Ambarlı Port is perfectly located in the high-growth area, very near to Büyükçekmece Plant



# ENERGY PRICES

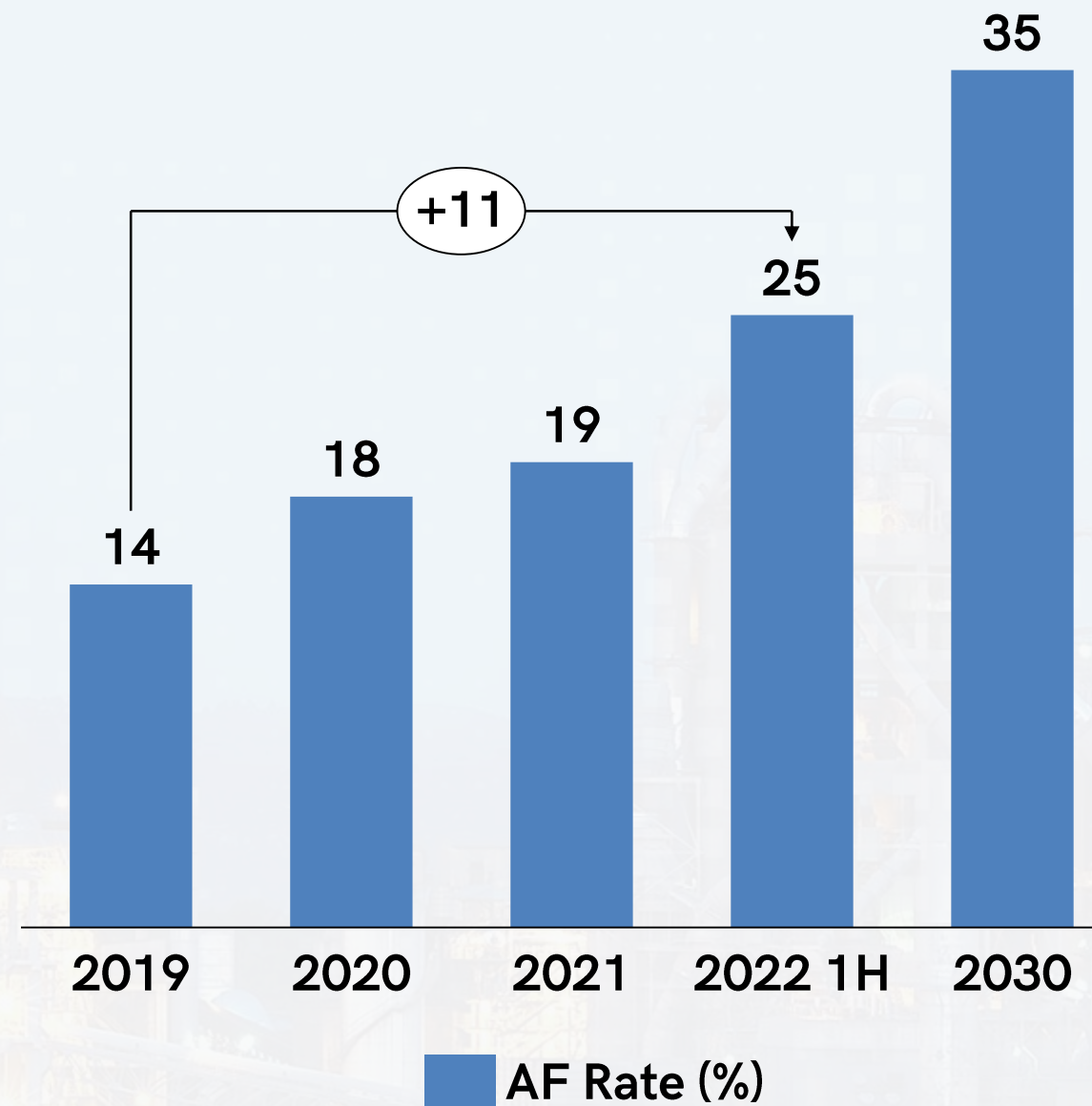
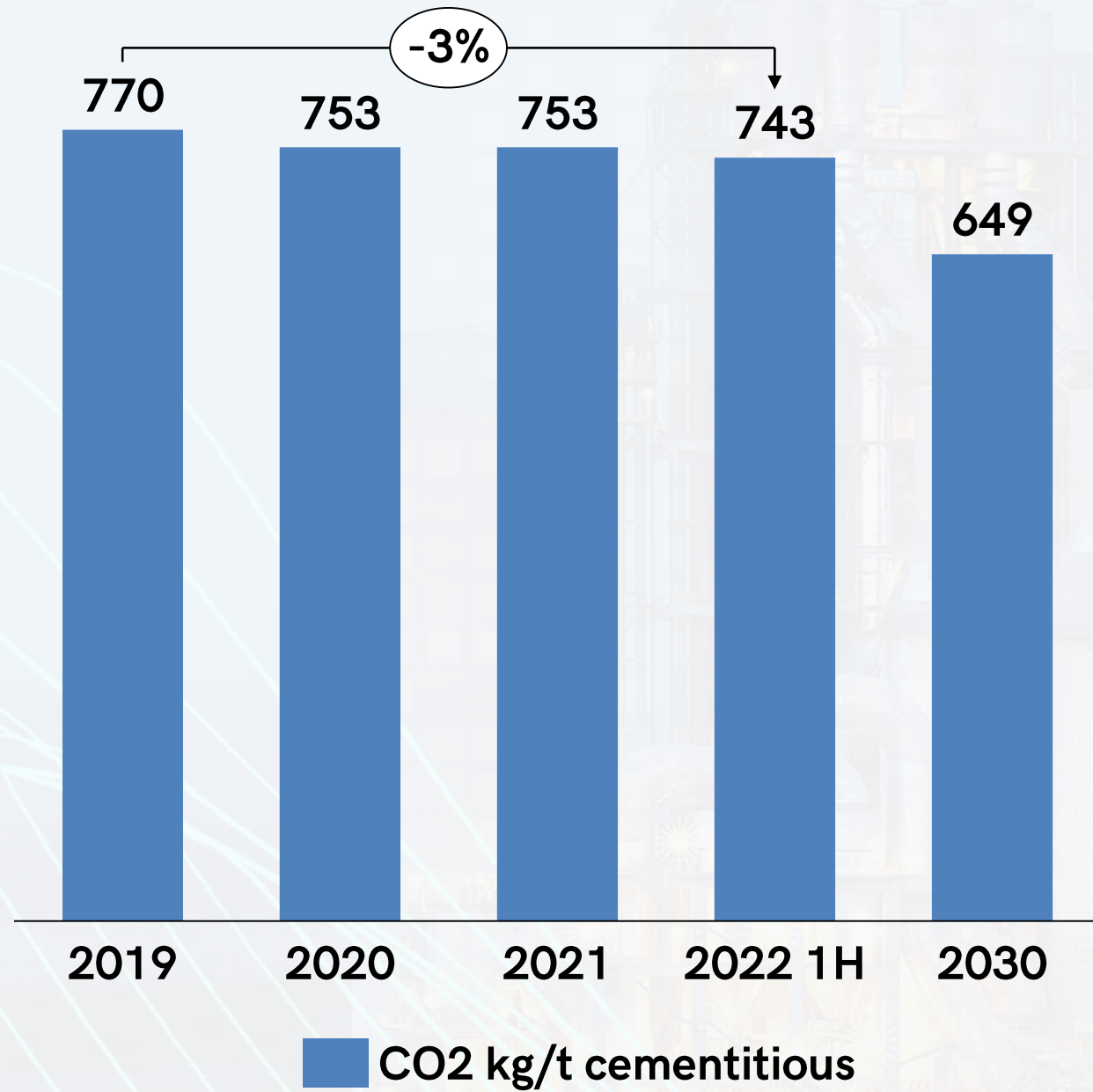


Electricity costs have continued to increase in Q3

Note: Figures are indexed to January 2021  
\*Electricity price consists of DAP and FIT



# CO<sub>2</sub> Management



2021 Score

Climate Change



Water Security



Continuous efforts on CO<sub>2</sub> reduction

Note: Publicly Disclosed figures on Akçansa Sustainability Report - 2021



# ENERGY COSTS (2Q22 vs 2Q21)

Energy Price	2Q22 vs 2Q21
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

- ❖ In the second quarter of 2022, fuel cost per ton production increased more than 200% and electricity cost increased more than 300% compared to same period of last year.
- ❖ Dramatic increase in fuel price increase was partially offset by mixing 2021 year-end fuel stock with local coal and higher alternative fuel usage. (9M21: 18%; 9M22: 23%)



# FINANCIAL REPORT



# INCOME STATEMENT

Company (M TL)	9M21	9M22	% Ch. YTD	3Q21	3Q22	% Ch. Q
Net Sales	1.976,9	5.870,1	196,9%	750,9	2.585,6	244,3%
Cost of Goods Sold	(1.649,2)	(4.880,1)	-195,9%	(648,1)	(2.164,5)	-234,0%
<b>Gross Margin</b>	<b>327,7</b>	<b>990,0</b>	<b>202,1%</b>	<b>102,8</b>	<b>421,1</b>	<b>309,6%</b>
Sales&Marketing Expenses	(12,0)	(26,5)	-120,6%	(3,6)	(11,0)	-207,8%
General Administration Expenses	(71,0)	(124,0)	-74,6%	(23,2)	(48,6)	-109,4%
Other Operating Income/Charges	(27,1)	(34,8)	-28,4%	(1,2)	12,9	1167,4%
<b>Operating Income</b>	<b>217,6</b>	<b>804,6</b>	<b>269,8%</b>	<b>74,8</b>	<b>374,4</b>	<b>400,5%</b>
Income/Expenses from Investment Activities	0,8	19,4	2372,7%	(0,0)	1,6	-76027,3%
Financial Income	45,8	85,4	86,5%	9,1	17,8	94,4%
Financial Expense	(90,2)	(229,4)	-154,4%	(33,8)	(90,4)	-167,2%
<b>Profit/Loss before Taxes</b>	<b>173,9</b>	<b>680,0</b>	<b>290,9%</b>	<b>50,1</b>	<b>303,4</b>	<b>505,3%</b>
Taxes On Income	(43,6)	479,1	1198,9%	(13,7)	521,9	3920,2%
<b>Net Income/Loss</b>	<b>130,3</b>	<b>1.159,1</b>	<b>789,3%</b>	<b>36,5</b>	<b>825,4</b>	<b>2163,4%</b>
Minority Share	1,5	-		0,9	-	
Parent Company Share	128,8	1.159,1		35,5	825,4	
<b>Gross Margin %</b>	<b>16,6%</b>	<b>16,9%</b>		<b>13,7%</b>	<b>16,3%</b>	
<b>EBITDA Margin* %</b>	<b>15,2%</b>	<b>15,3%</b>		<b>13,5%</b>	<b>15,7%</b>	
<b>Net Income Margin %</b>	<b>6,6%</b>	<b>19,7%</b>		<b>4,9%</b>	<b>31,9%</b>	

Effect of deferred tax impact due from revaluation of assets and dividend income from investments reflected in net income

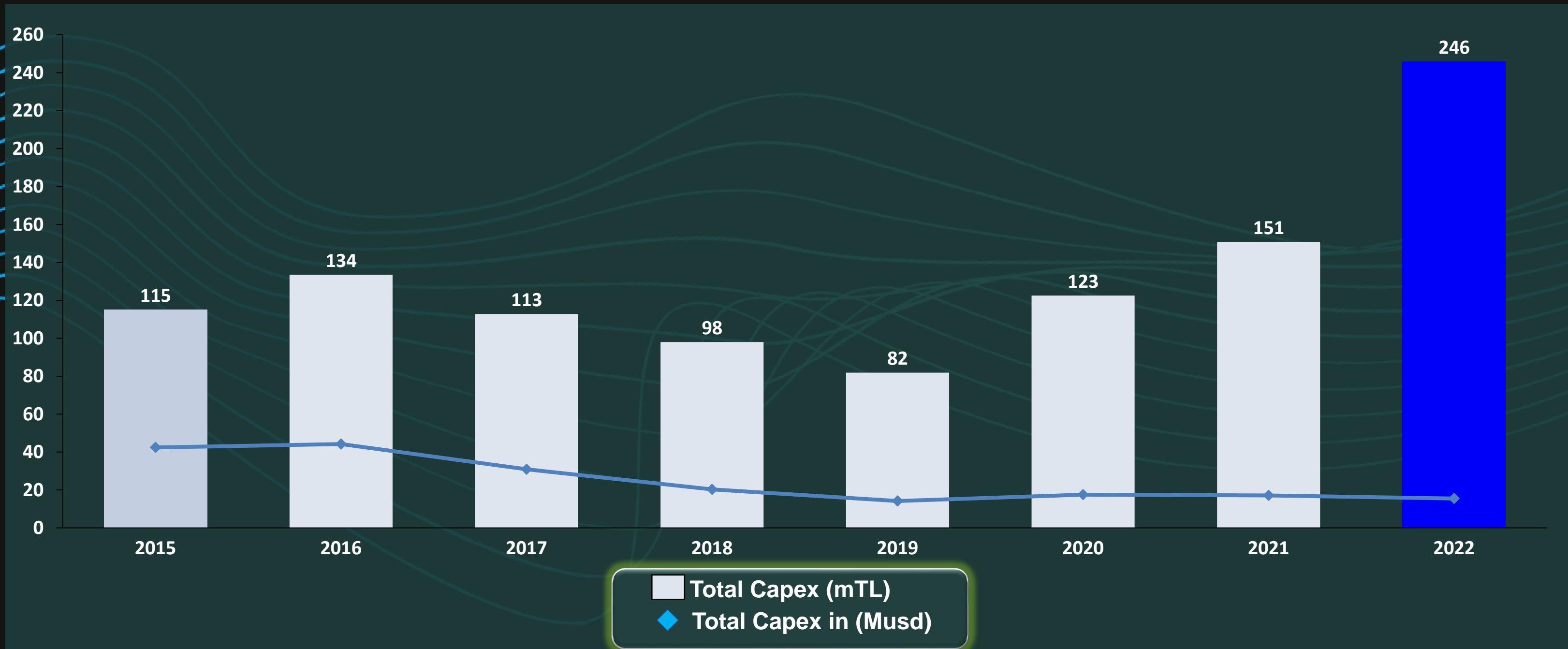


# CASH FLOW

Company (M TL)	9M21	9M22
<b>Cash flow from operating activities</b>		
Operating income before the changes in working capital	334,1	978,1
Changes in working capital	(172,6)	(614,7)
Taxes paid	(37,7)	(72,1)
Other items	(12,6)	(19,3)
	<b>111,2</b>	<b>271,9</b>
<b>Cash flow from investing activities</b>		
Purchase of property plant and equipment	(96,0)	(246,0)
Proceeds from fixed asset disposals	1,8	0,1
Dividends Received	-	19,6
	<b>(94,2)</b>	<b>(226,4)</b>
<b>Cash flow from financing activities</b>		
Dividend payments	(105,0)	(91,9)
Net proceeds from bonds and loans	(25,3)	689,0
Interest paid	(71,7)	(143,5)
Interest received	13,4	6,7
Other items	1,0	(8,0)
	<b>(187,6)</b>	<b>452,4</b>
<b>Net change in cash and cash equivalents - continuing operations</b>	<b>(170,6)</b>	<b>497,9</b>
<b>Change in cash &amp; cash equivalents</b>	<b>(170,6)</b>	<b>497,9</b>
Cash & cash equivalents at 1 January	318,4	265,0
Cash & cash equivalents at 30 September	147,8	762,9



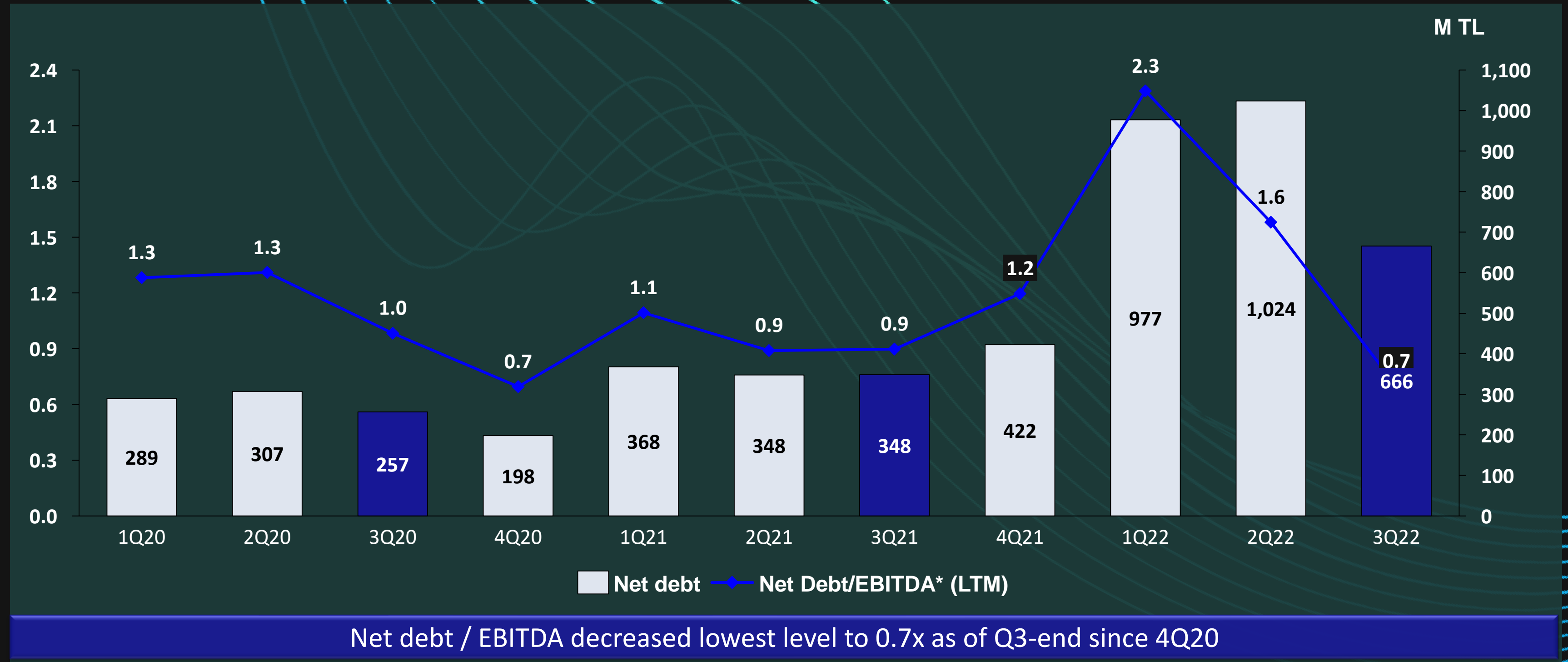
# CAPEX



FY 2022 Capex is expected to be similar with 2018 levels in USD.



# NET DEBT / EBITDA





# BALANCE SHEET

Mio TL	30.09.2021	31.12.2021	30.09.2022	Variance 2022 vs 2021
<b>Current Assets</b>	<b>1.181,1</b>	<b>1.795,3</b>	<b>3.571,9</b>	<b>2.390,7</b>
Cash & cash equivalents	147,8	265,0	762,9	615,1
Trade receivables	519,1	562,6	1.588,6	1.069,5
Inventories	389,8	772,7	948,7	558,9
Other current assets	124,4	195,1	271,6	147,3
<b>Non-current Assets</b>	<b>1.538,8</b>	<b>1.707,9</b>	<b>2.785,1</b>	<b>1.246,4</b>
Financial investments	383,9	430,7	761,8	377,9
Fixed Assets	923,5	948,8	1.118,5	195,1
Goodwill	130,1	130,1	130,1	-
Deferred tax assets	1,3	72,6	638,6	637,4
Other non-current assets	100,1	125,7	136,0	36,0
<b>TOTAL ASSETS</b>	<b>2.719,9</b>	<b>3.503,2</b>	<b>6.357,0</b>	<b>3.637,1</b>
<b>BS data and key ratios</b>	<b>30.09.2021</b>	<b>31.12.2021</b>	<b>30.09.2022</b>	<b>Variance 2022 vs 2021</b>
Working Capital	321	319	895	575
Working Capital / Net Sales (LTM)	12%	11%	12%	-0,6%
Net debt	348	422	666	317
Net debt / EBITDA (LTM)	0,9x	1,2x	0,7x	-0.2x
Net Debt / Equity	26%	27%	23%	-3%

Mio TL	30.09.2021	31.12.2021	30.09.2022	Variance 2022 vs 2021
<b>Current Liabilities</b>	<b>1.181,0</b>	<b>1.796,3</b>	<b>2.892,1</b>	<b>1.711,1</b>
Financial Liabilities	496,1	687,2	1.078,5	582,4
Trade payables	588,2	1.015,8	1.641,9	1.053,7
Tax payable	12,3	9,5	29,8	17,5
Other current liabilities	84,4	83,8	142,0	57,6
<b>Non-current Liabilities</b>	<b>194,2</b>	<b>164,3</b>	<b>540,5</b>	<b>346,2</b>
Financial Liabilities	-	-	350,0	350,0
LT provisions	66,1	74,2	88,3	22,2
Deferred tax liabilities	44,6	-	-	(44,6)
Other non-current liabilities	83,5	90,1	102,2	18,6
<b>Shareholders Equity</b>	<b>1.344,7</b>	<b>1.542,6</b>	<b>2.924,4</b>	<b>1.579,8</b>
Paid in Capital	191,4	191,4	191,4	-
Retained earnings	711,5	709,6	921,3	209,8
Comprehensive income	299,7	338,0	652,6	352,9
Net income	128,8	303,6	1.159,1	1.030,3
Minority interest	13,2	-	-	(13,2)
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2.719,9</b>	<b>3.503,2</b>	<b>6.357,0</b>	<b>3.637,1</b>

(\*) Net Debt excludes lease liabilities

WCAP = Trade Receivables + Inventories – Trade Payables

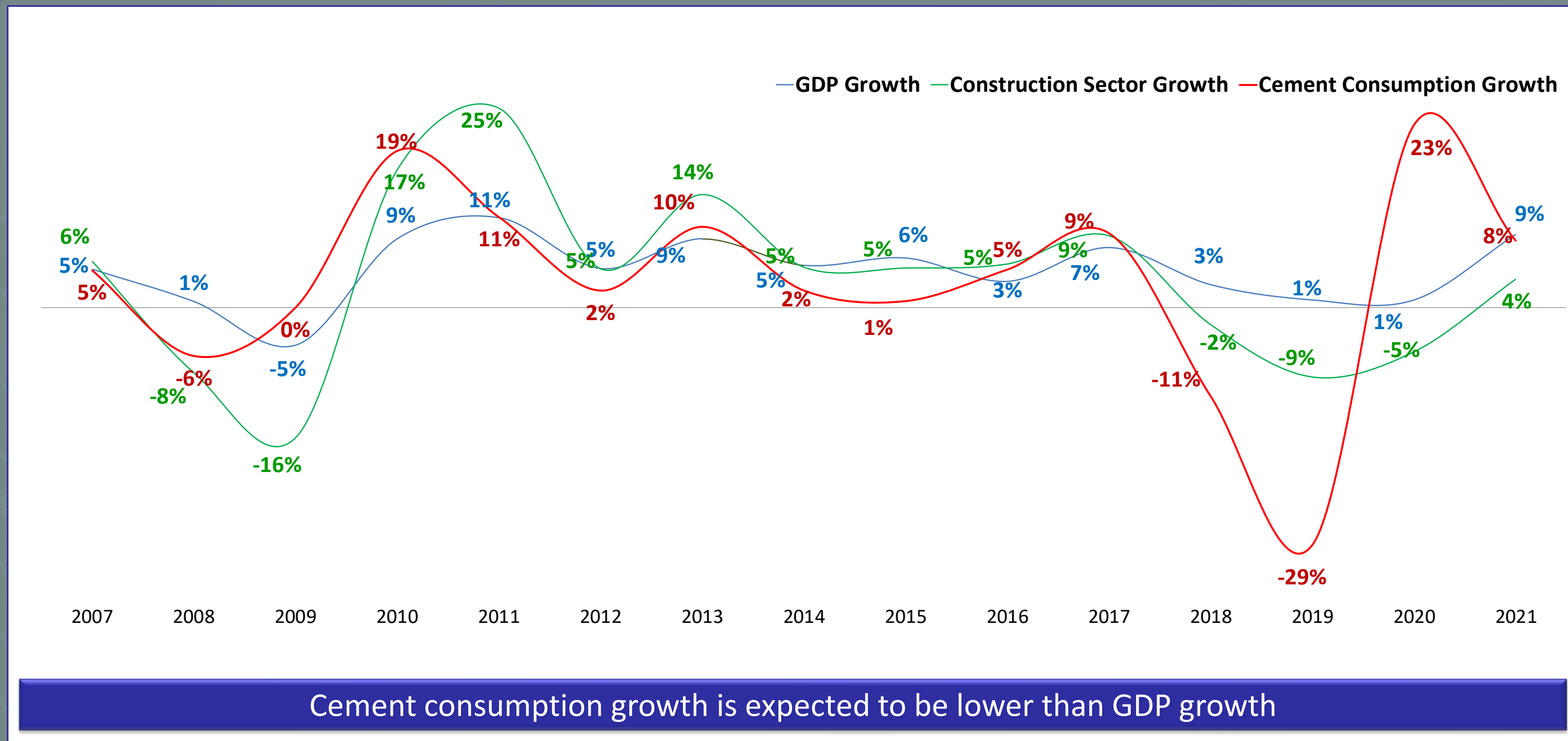




**OUTLOOK**

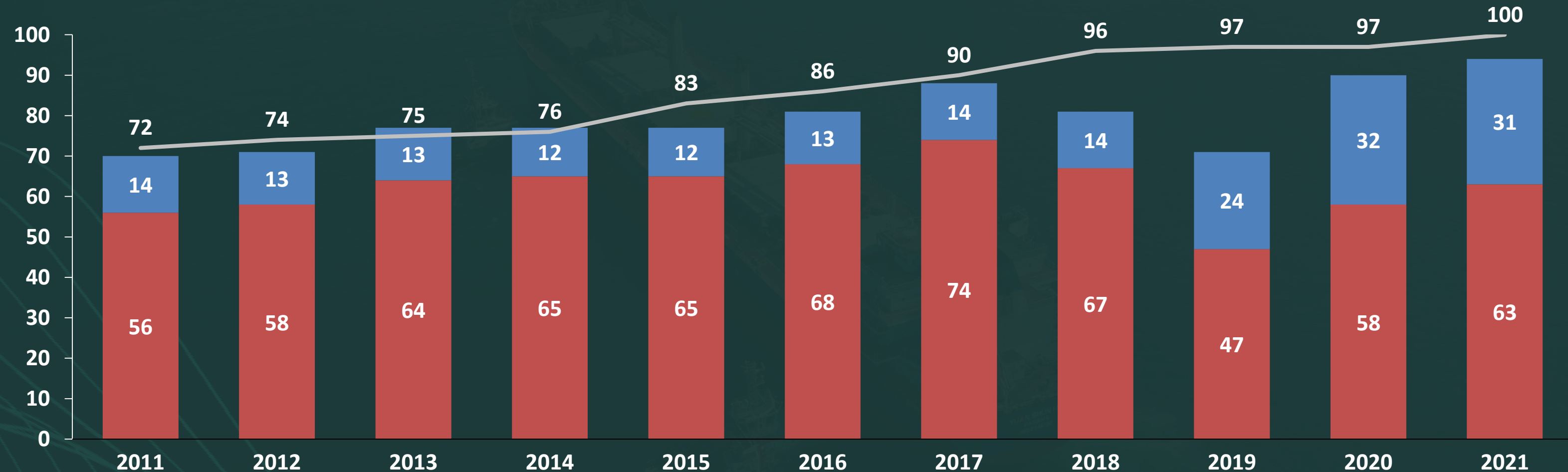


# GROWTH OUTLOOK - TURKEY





# TURKISH CEMENT - CONSUMPTION



— Clinker Capacity Exports Domestic Sales

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

Domestic demand increased by around 8% in 2021 but it may contract slightly in 2022.



# 2022 OUTLOOK

Energy Price	2022e FY
Coal (USD/t)	↑
Coal (TL/t)	↑
Petcoke (USD/t)	↑
Petcoke (TL/t)	↑
Diesel (TL/lt)	↑
Electricity (TL/kwh)	↑

↑	Increasing
↗	Slightly increasing
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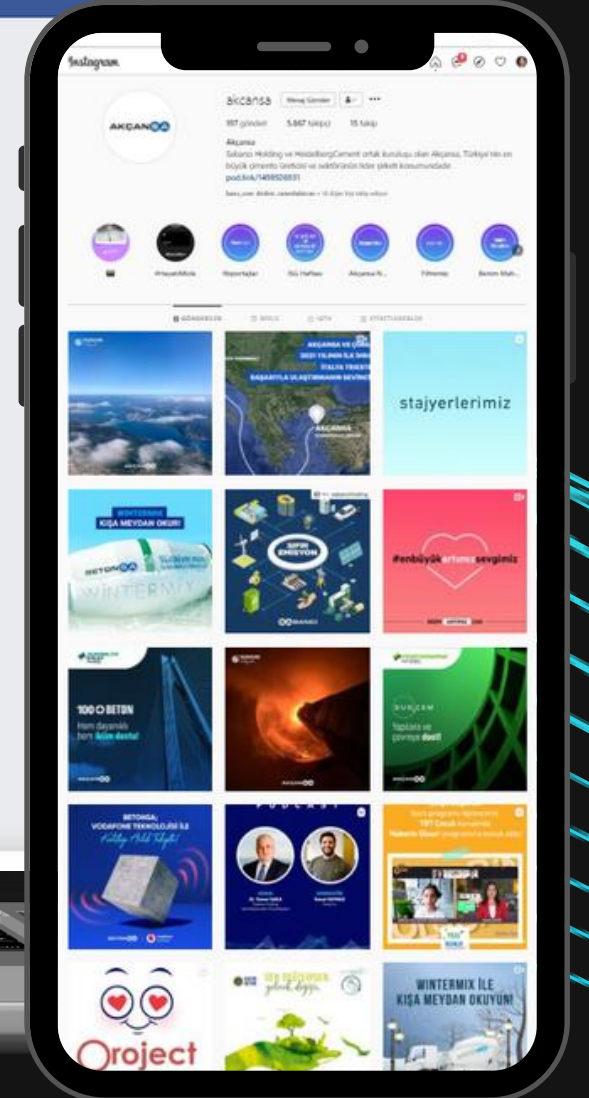
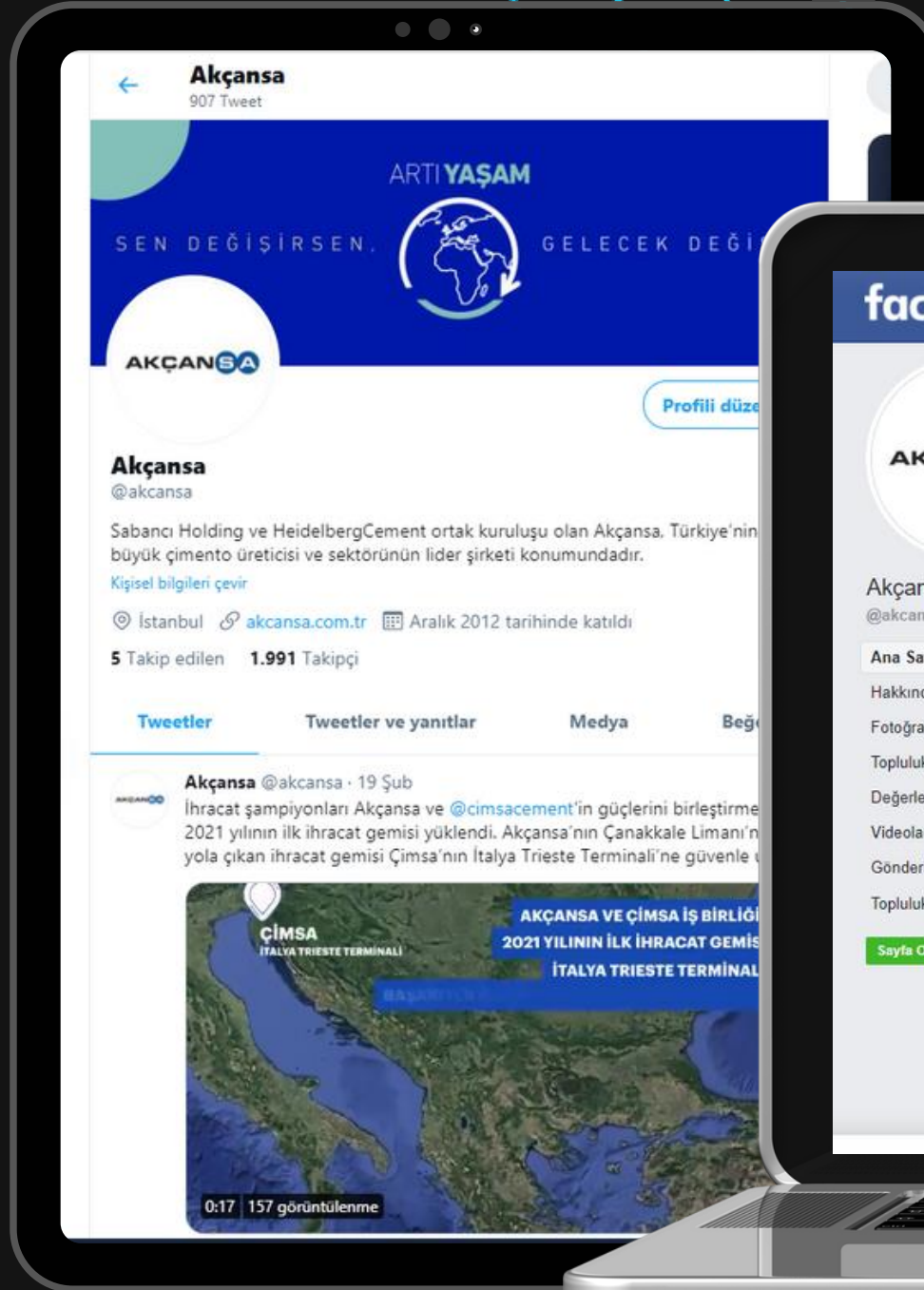
## Compared to 2021:

- ❖ Total cementitious volume expected to be in line with prior year.
- ❖ Energy costs are expected to be substantially higher than prior year, mainly due to increased petcoke, coal and electricity prices.
- ❖ Higher alternative fuel usage (+3%).
- ❖ Higher CAPEX expenditures mainly due to higher FX rate focusing on environment and improvement projects such as AF related ones (fly ash and tire shredder) and kiln improvement projects
- ❖ Higher operating income and net income even increasing interest rate environment (excluding one-offs) is available.
- ❖ Strong balance sheet with lower net debt / EBITDA level



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# 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

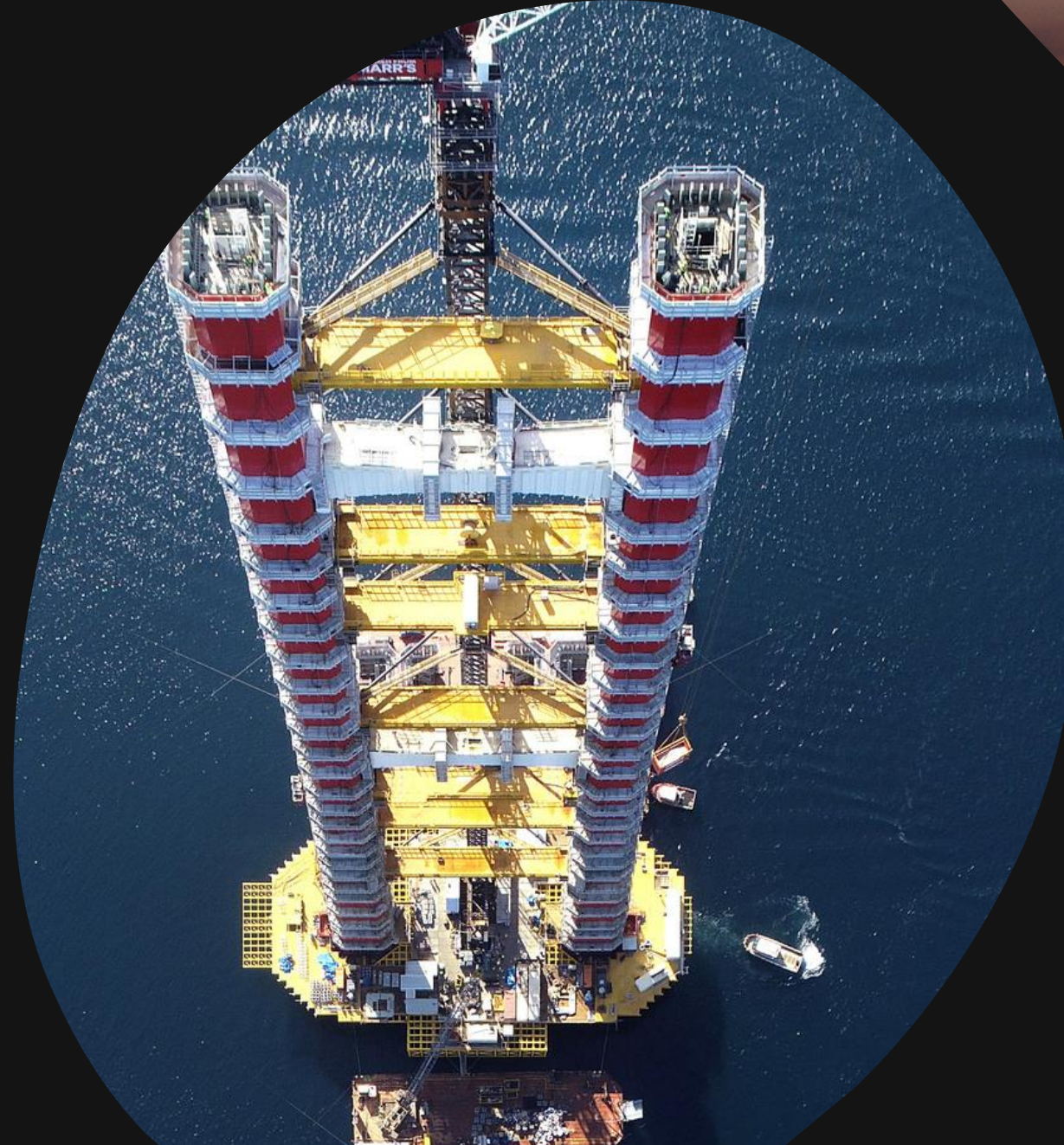




SOLUTION PARTNER OF MEGA  
PROJECTS

100+ BETON

100+ BETON





# Our Awards

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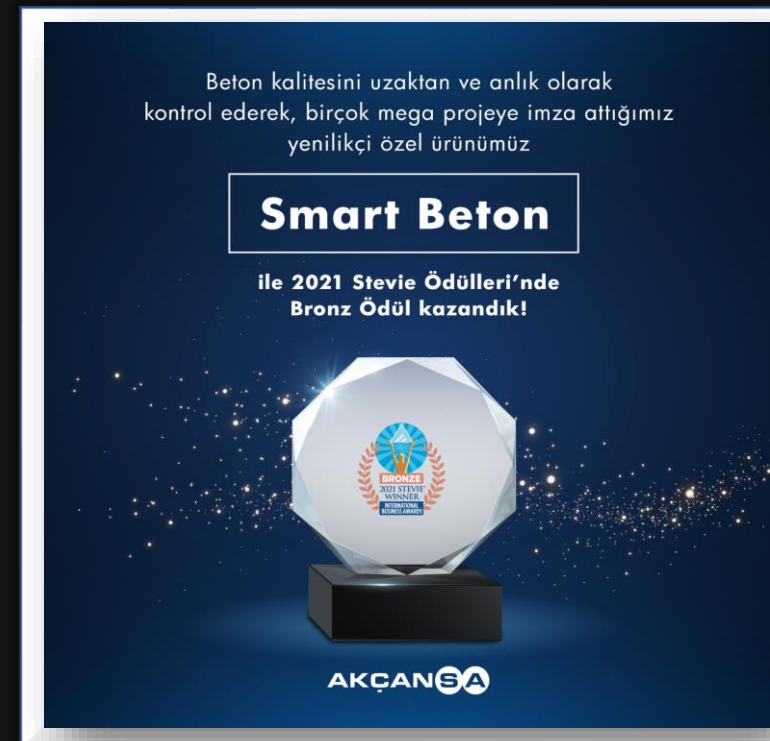


We were awarded three awards from Turkey IMSAD Future Investment Awards.

- Environment - We are the Solution Partner of Istanbul's Waste - 1st Place
- Economy - Smart Concrete - 1st place
- Social - My Neighborhood 2nd Place



As a result of the "Turkey's Most Admired Companies 2020" research conducted by Capital, the Business and Economy Magazine, Akçansa has been named the "Most Admired Company" as it has been for 19 years.



## Stevie Awards

We were awarded the Bronze Award in the Consumer Products - Durability category of the 2021 International Stevie Awards with Smart Beton, our innovative product that we inspire the sector in the fields of digitalization and innovation.



## LACP Awards

The '2020 Annual Report' which we prepared to draw attention to responsible resource use for a sustainable future was awarded silver award at the LACP Awards.



# Our Awards

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We won the "Cement Industry Occupational Health and Safety Performance Award for the Year 2020" in the 2nd year of our Samsun Ladik Factory without any lost time accident.



We became the export champion of 2020 in the Clinker category at the Champions of **Export Award** Ceremony organized by the Cement, Glass, Ceramics and Soil Products Exporters' Association (ÇCSİB) for the third time!



In The Globee Awards we got the highest score in the category '**Best Employer of the Year in Europe**'.



Within the scope of **DnA Awards**, the most successful analytical projects implemented in 2021 were awarded.



**APPENDIX**

APPENDIX

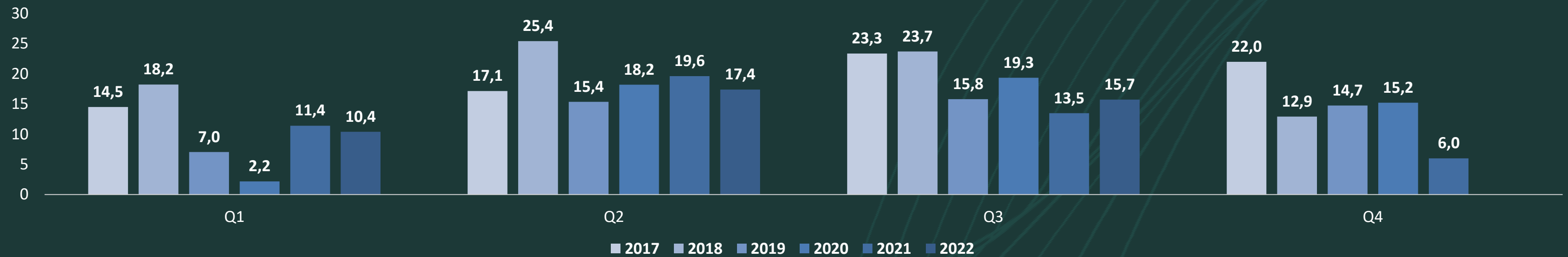
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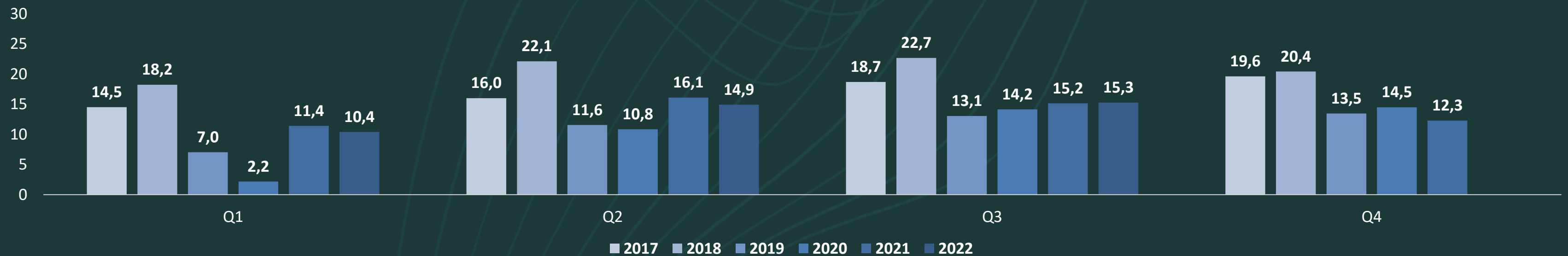
# EBITDA MARGINS

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**\*EBITDA Margin - Quarterly**



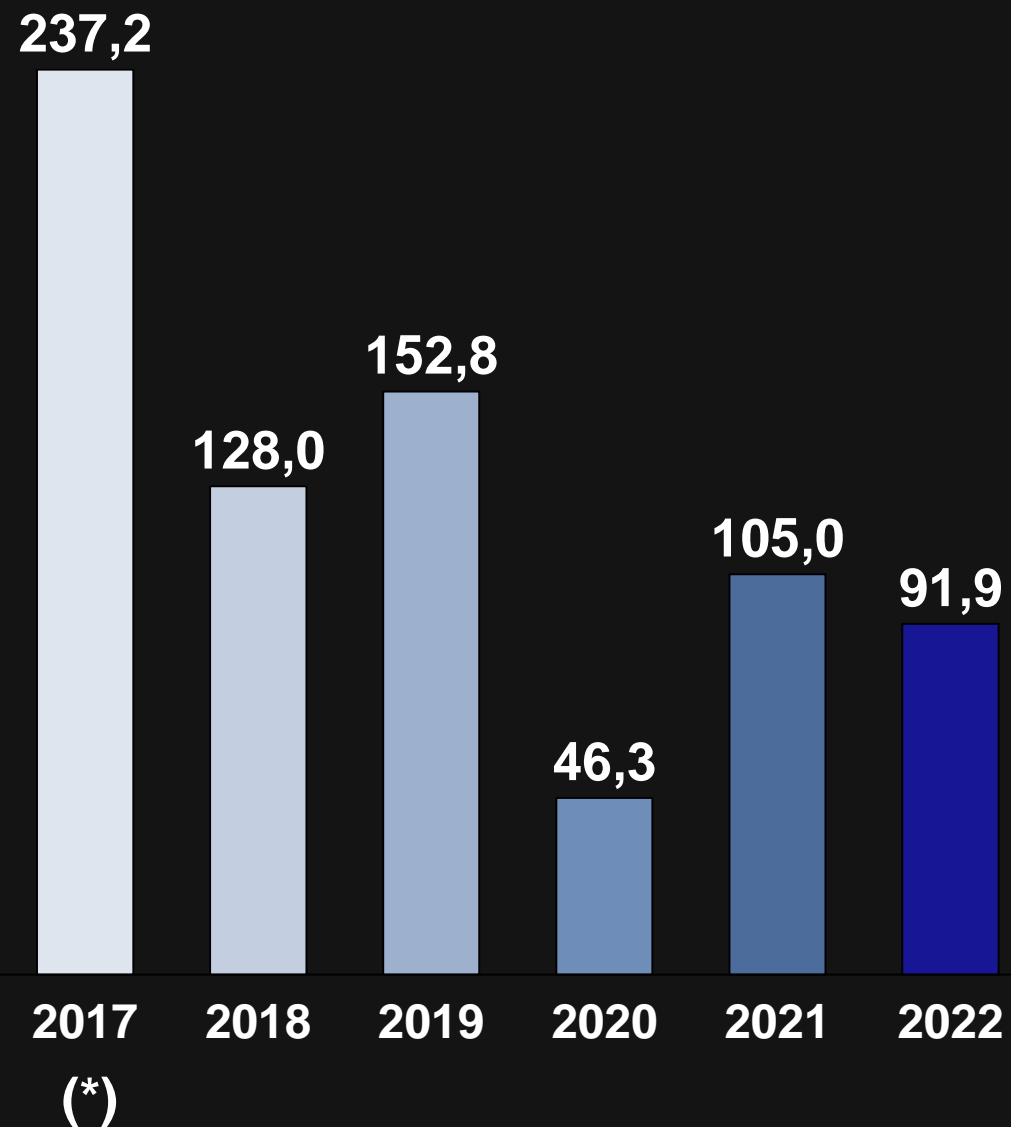
**\*EBITDA Margin - YTD**



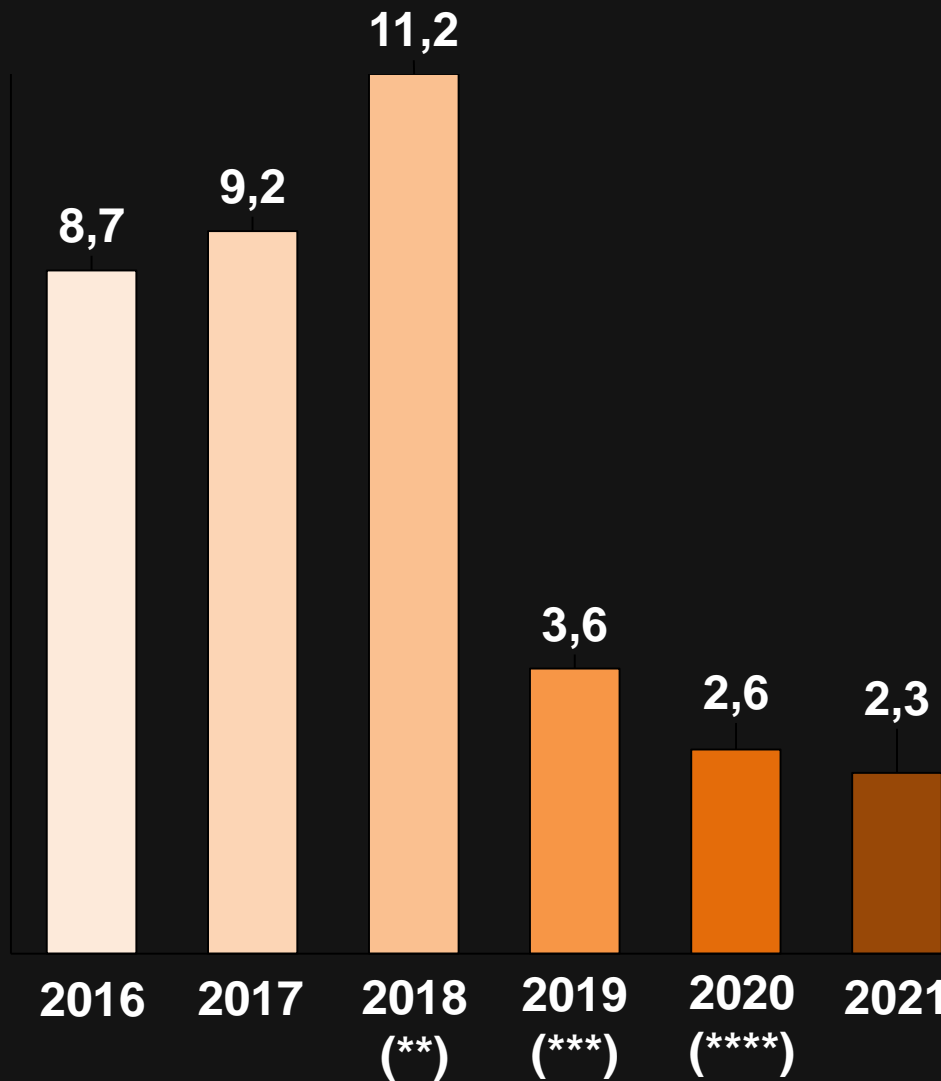


# DIVIDEND PAID, DIVIDEND YIELD AND PAYOUT RATIO

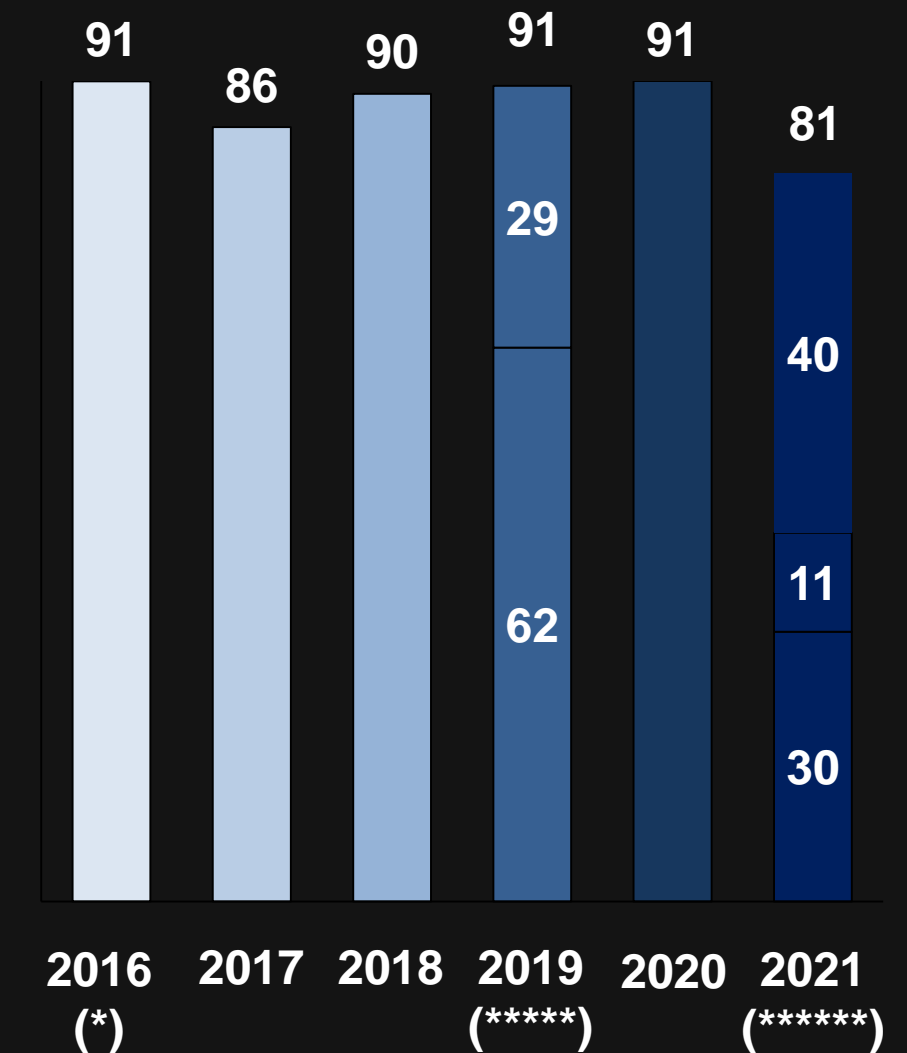
## Dividend Paid



## 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

\*\*\*\*\*) Decrease in the payout ratio due to allocation of profit from investment sales to reserves (35 mTL) to take advantage of tax deductibility. Around 11% effect on payout ratio. Revaluation impact on net profit via deferred tax is 120 mTL and has 40% effect on payout ratio. No change in payout policy



# GENERAL BASICS ABOUT CEMENT and RMC PRODUCTION

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## 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 : 90-95% variable and 5-10% 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 45-50% of the variable cost of producing 1 ton of cement, 60-65% of producing 1 ton of clinker
- ❖ 1% increase in alternative fuel usage provides approximately 10 mTL cost advantage per year

## Electricity

- ❖ Electricity accounts for 30-35% 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 12,0-12,5 mTL based on current electricity prices
- ❖ Contribution of one windmill (capacity: 2,4 MW/h)
  - ❖ 2-3% of Çanakkale Plant electricity consumption
  - ❖ 1,0-1,5 mTL monthly saving