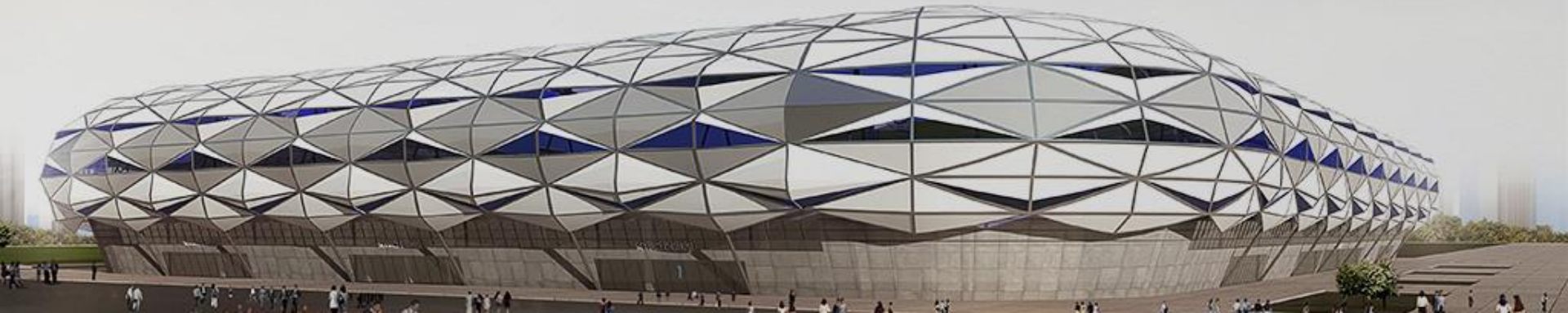


2018 9M Results
Umut Zenar, GM
Steffen Schebesta, CFO

Yeni Efsanelerin Temeli Atılıyor

BETON **SA**

*İzmir Alsancak Stadyumu,
Betonsa ile yeniden yükseliyor.*



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Key Highlights

▪ 2018 9M

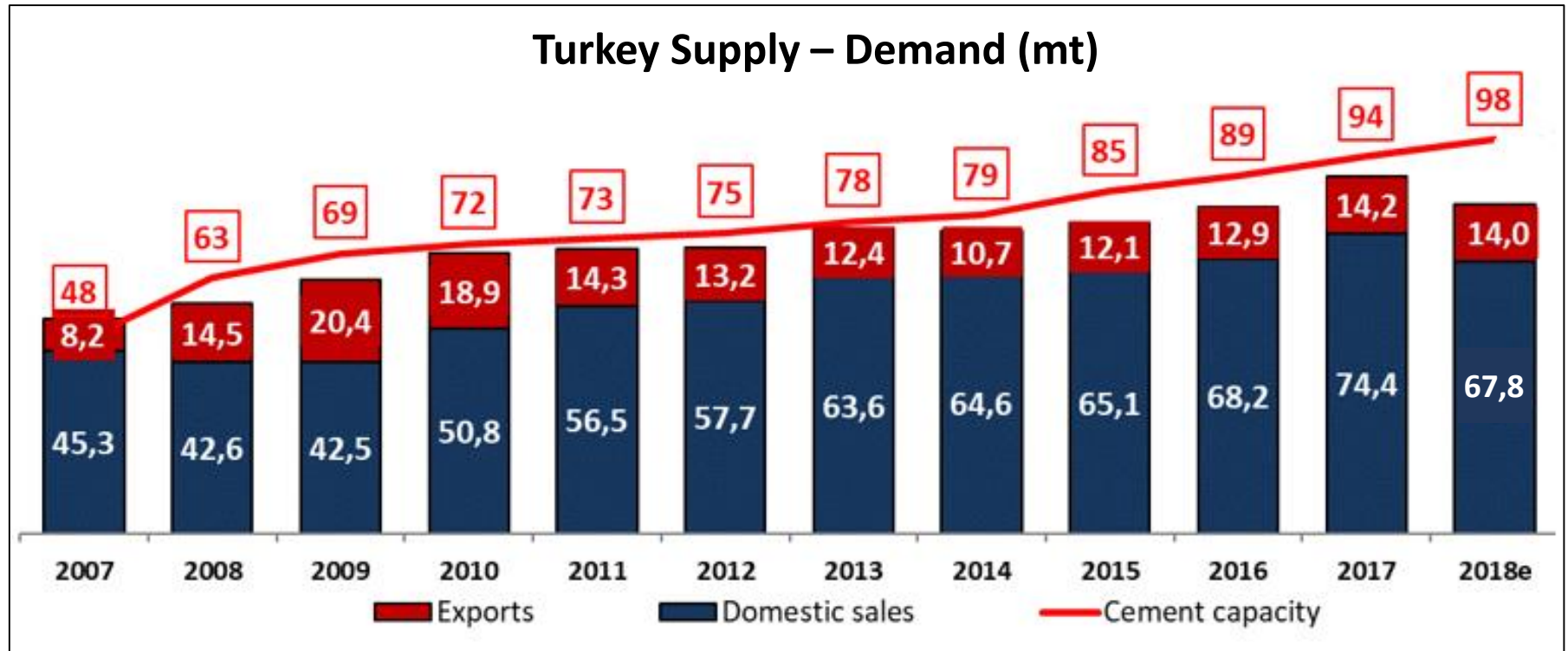
- ✓ Akçansa's domestic cement volumes declined by 6%, while cement exports increased by 11%; RMC volumes were in line with the prior year.
- ✓ Higher energy costs and devalued TL compared to 9M17 (fuel price +18%) were overcompensated by higher prices both in domestic and export markets.
- ✓ Operating income increased by 66% from 142.6 mTL to 236.6 mTL.

▪ 2018 Outlook

- ✓ Slower domestic demand growth in Q4 is expected to be partially offset by further increase in exports. Akçansa benefits from its ability to shift from domestic demand to export.
- ✓ Higher fuel and electricity prices as well as depreciation of TL will lead to a significant increase in variable costs in Q4.
- ✓ Higher interest rates are expected to increase financial expenses.

Turkish Cement Industry

Domestic consumption increased by 9% in 2017; 2018 growth expected to be 2%



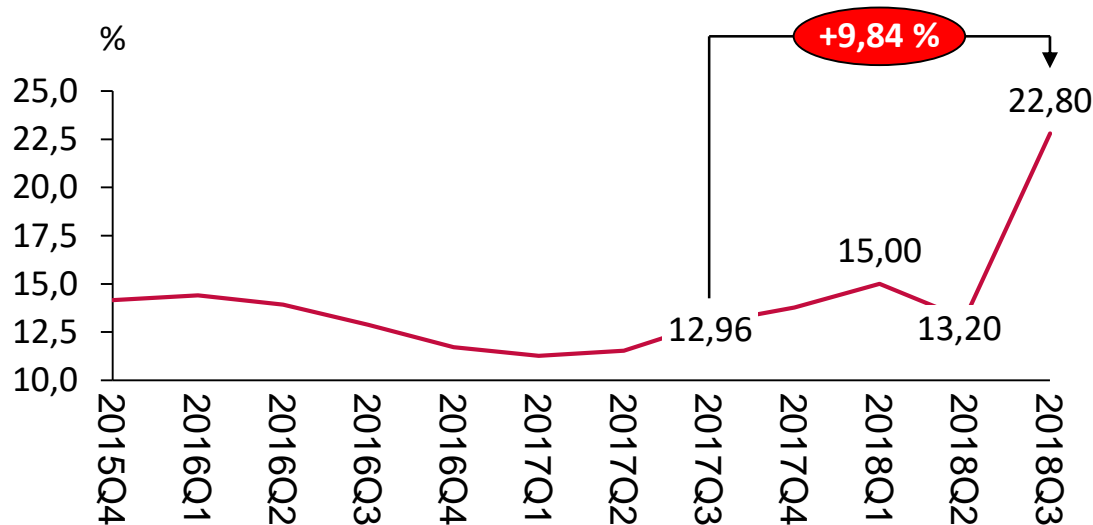
This presentation/report demonstrates "estimated results" of market research done by Akçansa Çimento Sanayi ve Ticaret A.Ş. in addition to Turkish Cement Manufacturers' Association figures

Construction Sector

Shift from residential sector to infrastructure expected to continue in 2018

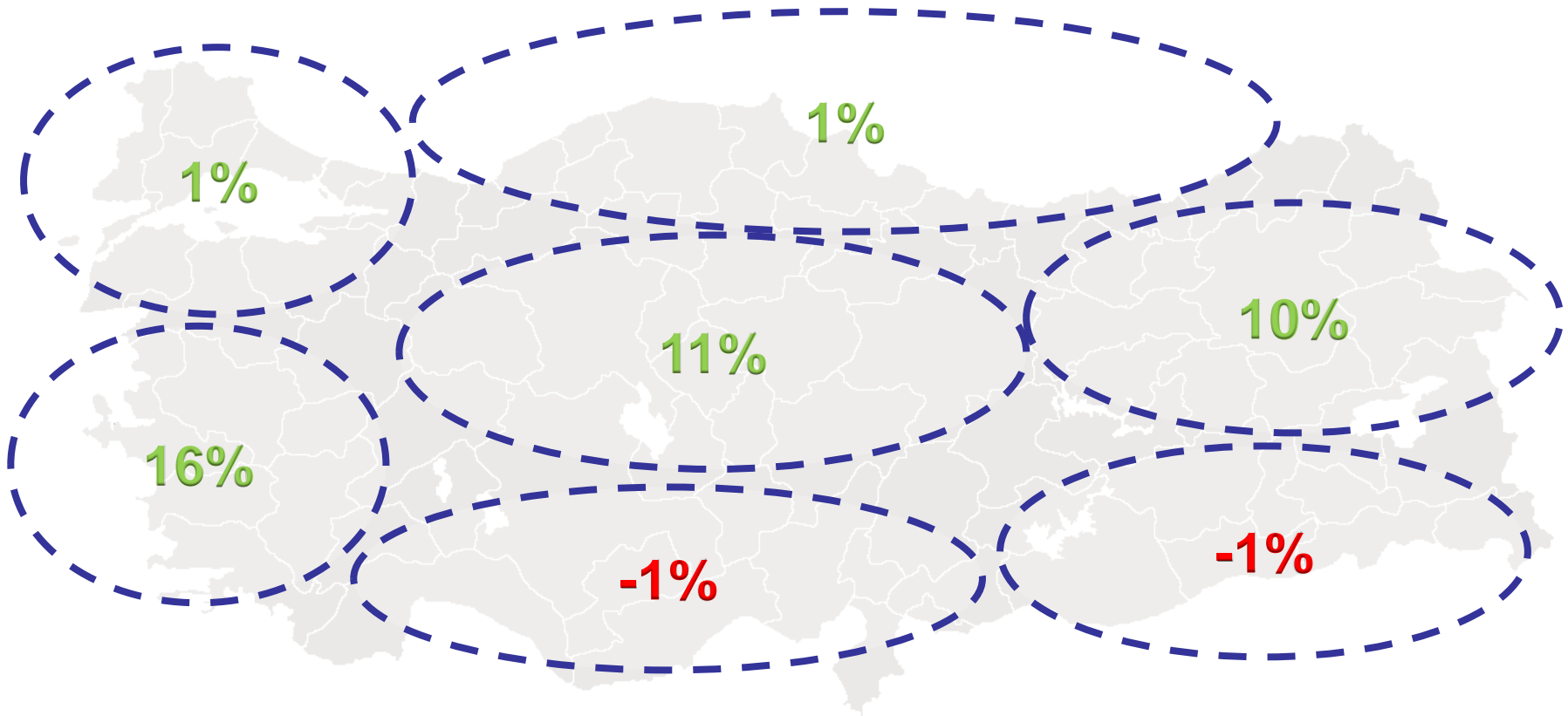
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018e
1. Private Housing	57%	50%	51%	54%	52%	53%	53%	51%	45%	45%	42%	41%
2. Commercial	16%	13%	9%	11%	10%	11%	9%	10%	9%	8%	8%	8%
3. Public	5%	5%	5%	5%	5%	5%	5%	5%	7%	6%	6%	7%
4. Infrastructure/Projects	22%	32%	35%	30%	33%	31%	33%	34%	39%	41%	44%	44%
Total cement consumption	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Annual Mortgage Interest Rate



Domestic Sales Volume Change (July YTD)

July YTD domestic market consumption increased by 4% in Turkey



Source: TCMA and Akçansa estimates

Volumes, Prices and Energy Costs

Increase in both domestic and export prices

Readymix	9M18 vs 9M17		3Q18 vs 3Q17	
	Volume	Price (TL/m³)	Volume	Price (TL/m³)
Average	➡	⬆	⬇	⬆
Marmara	⬆	⬆	⬇	⬆
Aegean	⬆	⬆	⬇	⬆
Black Sea	⬇	⬆	⬇	⬆

Domestic Cement	9M18 vs 9M17		3Q18 vs 3Q17	
	Volume	Price (TL/ton)	Volume	Price (TL/ton)
Average	⬇	⬆	⬇	⬆
Marmara	⬇	⬆	⬇	⬆
Aegean	⬇	⬆	➡	⬆
Black Sea	⬆	⬆	⬇	⬆

Export Cement	9M18 vs 9M17		3Q18 vs 3Q17	
	Volume	Price (\$/ton)	Volume	Price (\$/ton)
Export Cement	⬆	➡	⬆	⬆
Export Clinker	⬆	⬆	⬆	⬆

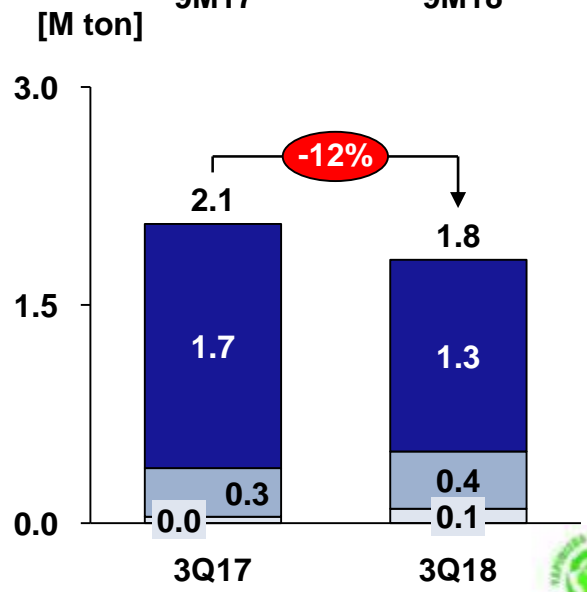
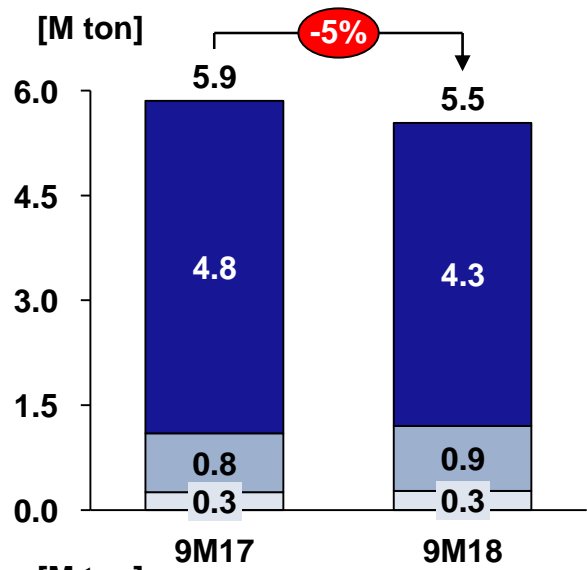
⬆	Increasing
➡	Slightly increasing
➡	Slightly decreasing
⬇	Decreasing
➡	Flat

Energy Price	9M17 vs 9M18
Coal (USD / ton)	➡
Petcoke (USD/ton)	⬆
Diesel (TL / Lt)	⬆
Electricity (TL / kwh)	⬆

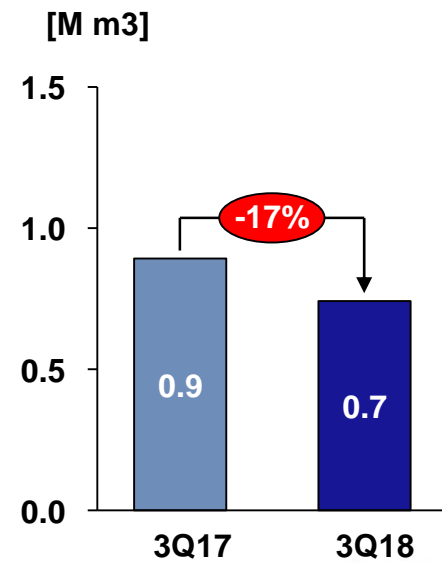
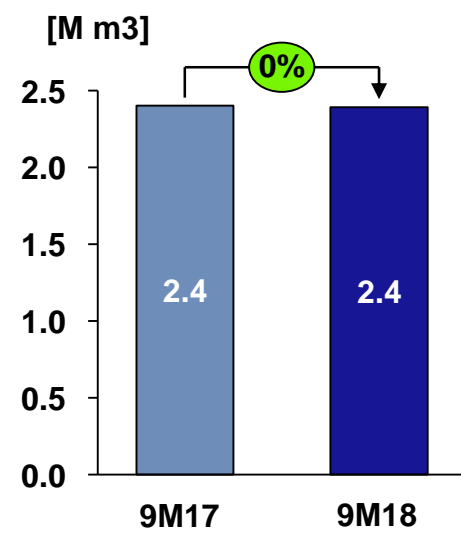
- Q3 volumes were down in all regions after a good H1
- Increase in 9M RMC prices in all regions to offset cost increases
- Higher domestic cement prices in all regions due to successful price increases
- Visible slowdown in domestic volumes in Q3
- Higher electricity prices, USD energy prices and TL depreciation lead to strong increase in energy costs
- Increase in alternative fuels ratio from 8% in 9M17 to 13% in 9M18 helps to minimize energy cost increase
- Higher export prices in 9M18, especially for clinker, driven by higher input costs and global clinker import demand increases

Sales Breakdown

Cement Shipments



RMC Shipments

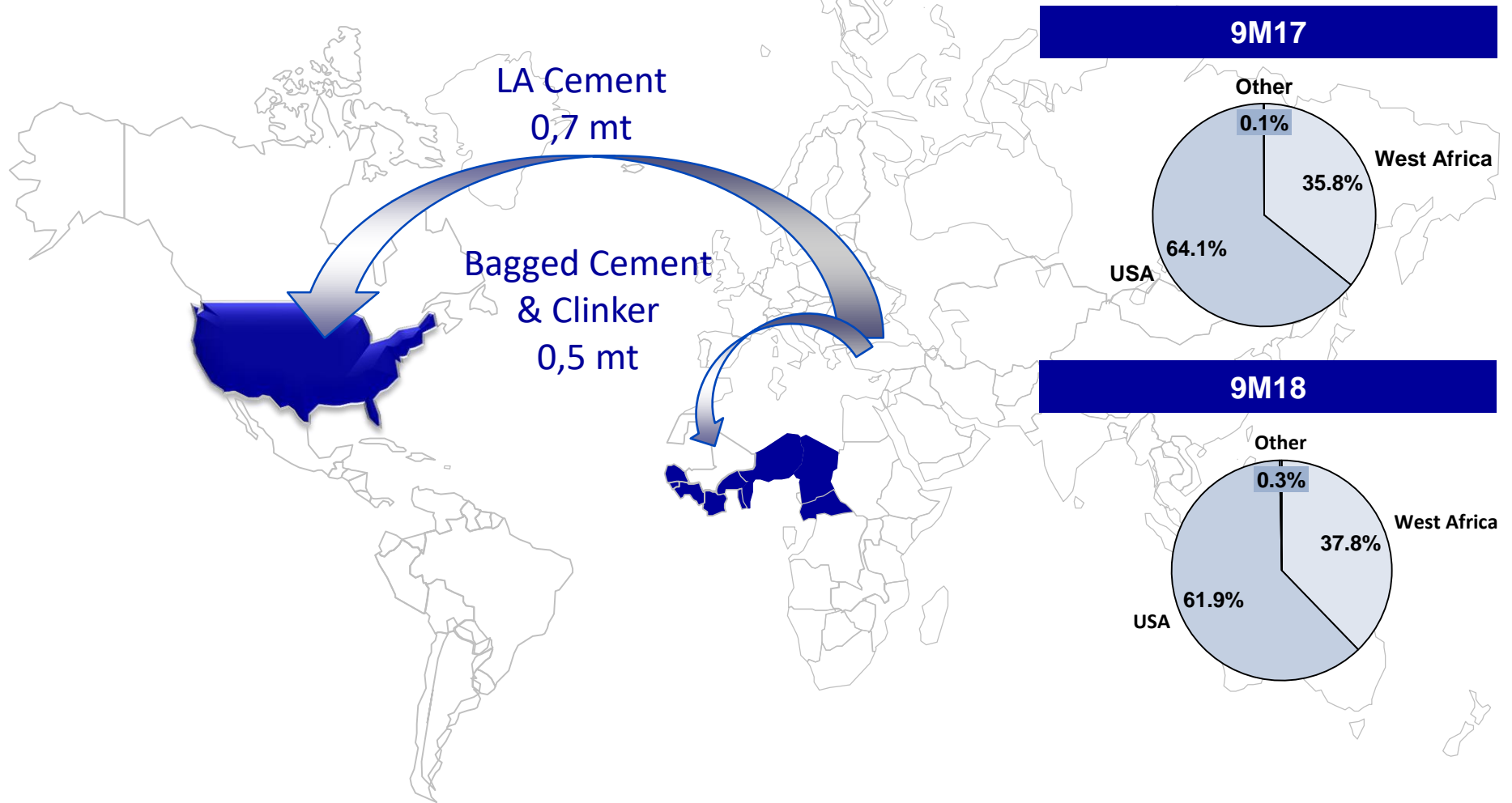


*) Domestic cement figures include Karçimsa and transfer to RMC
Source: AKC management report



Export Markets

West Africa and USA are the major export markets in 9M17 and 9M18



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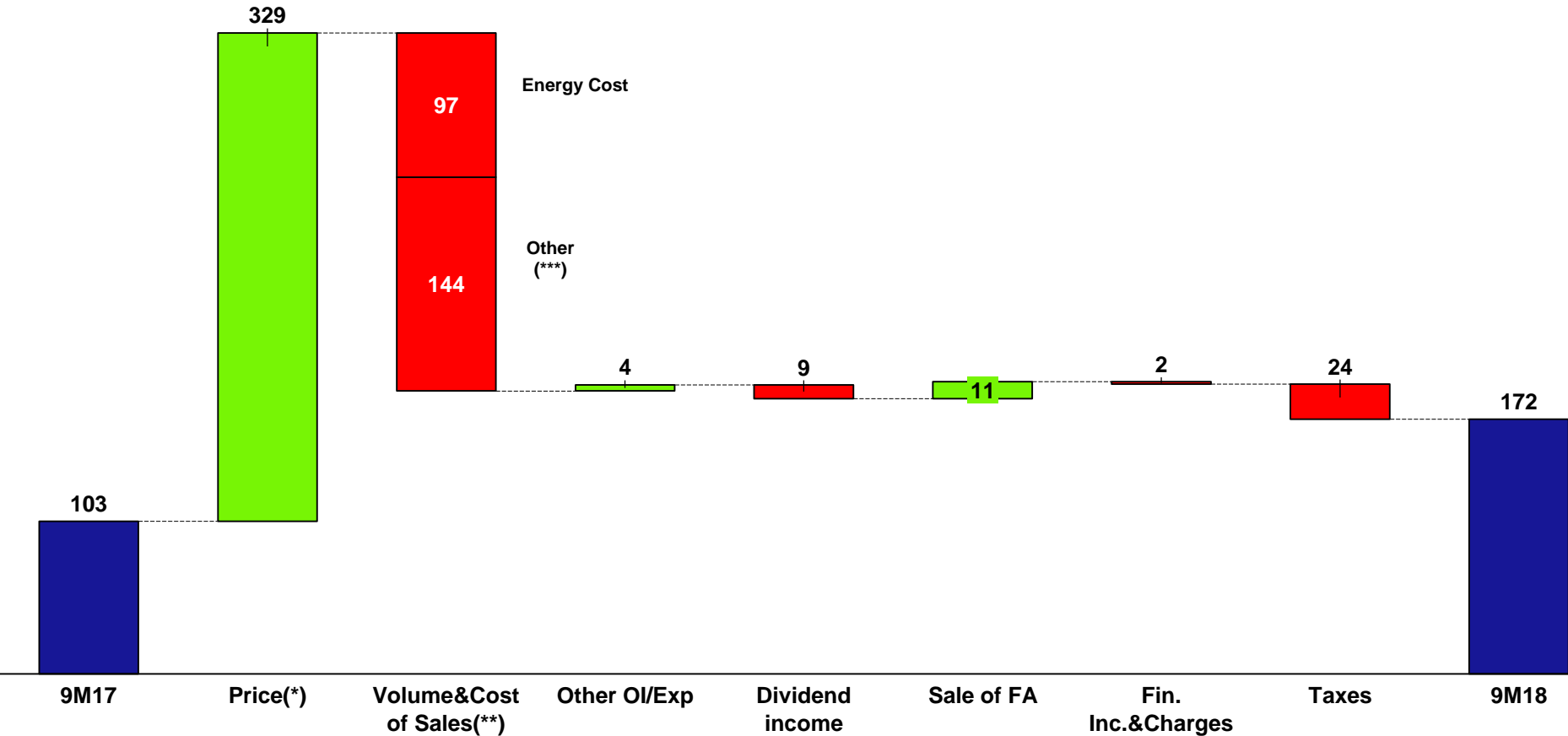
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Income Statement

Company (M TL)	9M17	9M18	% Ch. YTD	3Q17	3Q18	% Ch. Q
Net Sales	1.091,1	1.319,1	20,9%	401,6	469,0	16,8%
Cost of Sales	(878,9)	(1.008,1)	14,7%	(309,0)	(352,4)	14,1%
Gross Margin	212,2	310,9	46,5%	92,6	116,7	26,0%
Marketing&Sales Expense	(14,7)	(13,6)	-7,4%	(4,3)	(4,4)	4,2%
General Management Expenses	(45,2)	(49,8)	10,3%	(14,5)	(17,8)	22,9%
EBIT	152,3	247,5	62,5%	73,9	94,5	27,9%
Other Operating Income/Charges	(9,7)	(11,0)	-12,5%	(1,2)	(4,2)	-259,1%
Operating Income	142,6	236,6	65,9%	72,7	90,3	24,2%
Income/Losses from Investment Activities	26,1	26,2	0,4%	2,6	4,5	71,7%
Non-Operating Financial Income	8,6	19,9	131,9%	5,0	10,0	100,7%
Non-Operating Financial Charge	(55,3)	(68,2)	23,2%	(22,9)	(27,8)	21,2%
Profit/Loss before Taxes	121,9	214,4	75,9%	57,4	76,9	34,1%
Taxes On Income	(19,1)	(42,8)	124,0%	(11,0)	(17,0)	54,8%
Net Income/Loss	102,8	171,6	67,0%	46,4	60,0	29,3%
Minority Share	(0,1)	2,0		0,2	0,8	
Parent Company Share	102,9	169,7		46,2	59,2	
Gross Margin %	19,4%	23,6%		23,1%	24,9%	
EBITDA Margin %	18,7%	22,7%		23,3%	23,7%	
EBIT Margin %	14,0%	18,8%		18,4%	20,1%	
Net Income Margin %	9,4%	13,0%		11,6%	12,8%	

Net Income Bridge

Net income significantly above PY



Source: CMB financials and AKC calculations

*) Change in NSP/t x old volume

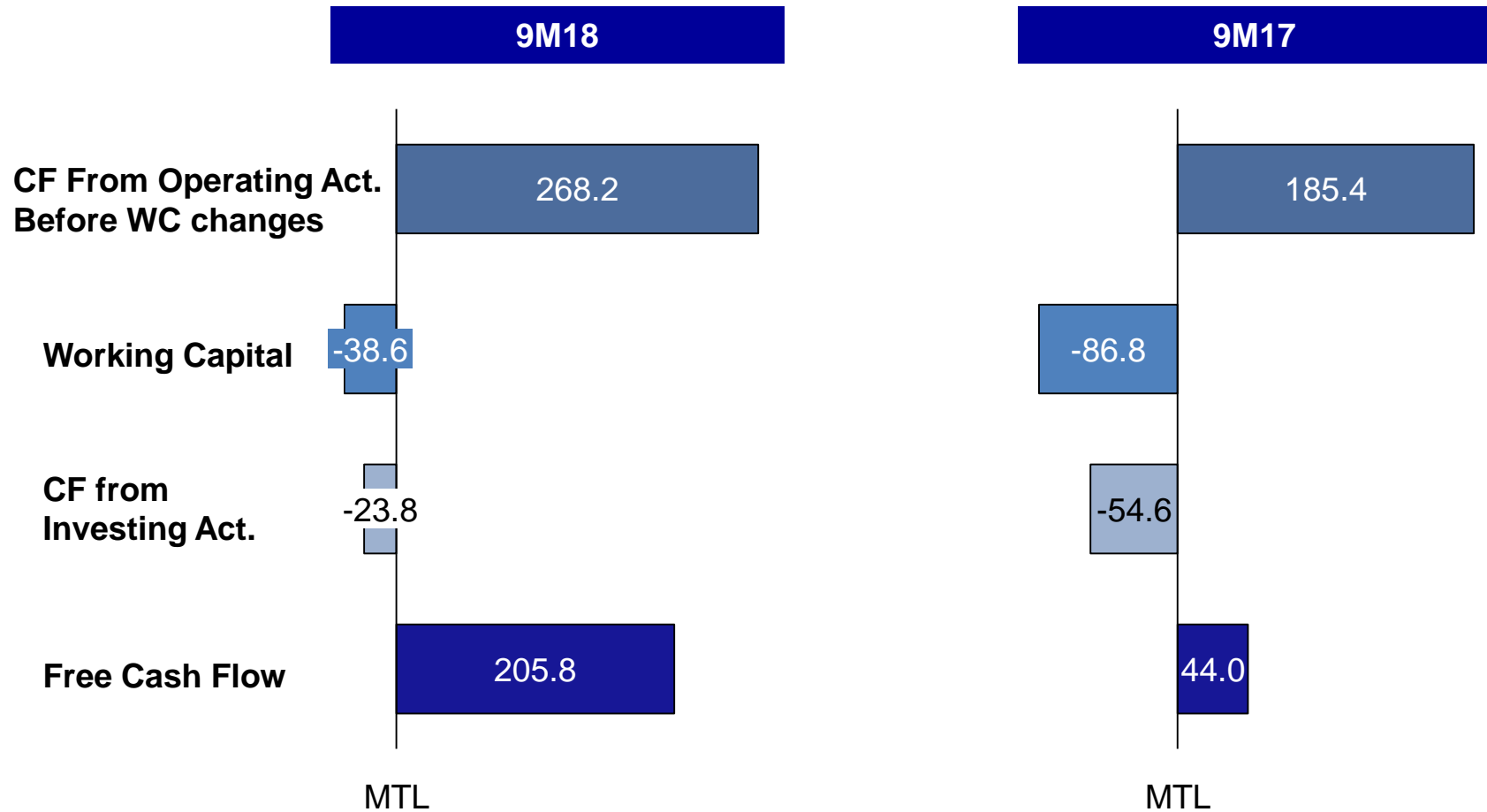
**) Change in volume x new GM/t+Change in Cost of sales/t x old volume

(***) Other includes raw material, consumables, packaging, transportation and other variable&fixed costs

Cash Flow

Company (M TL)	9M17	9M18
Cash flow from operating activities		
Operating income before the changes in working capital	212,0	309,0
Changes in working capital	(86,8)	(38,6)
Taxes paid	(21,0)	(36,6)
Other items	(5,6)	(4,2)
	98,6	229,6
Cash flow from investing activities		
Tangible and intangible fixed assets	(82,2)	(77,1)
Sale of financial investment	-	26,0
Proceeds from fixed asset disposals	4,6	13,6
Dividends Received	22,9	13,6
	(54,6)	(23,8)
Cash flow from financing activities		
Capital increase		
Dividend payments	(237,7)	(128,0)
Net proceeds from bonds and loans	276,5	156,3
Interest paid	(43,6)	(32,1)
Interest received	0,4	3,3
	(4,4)	(0,4)
Net change in cash and cash equivalents - continuing operations	39,6	205,4
Change in cash & cash equivalents	39,6	205,4
Cash & cash equivalents at 1 January	23,4	52,7
Cash & cash equivalents at 30 September	63,0	258,1

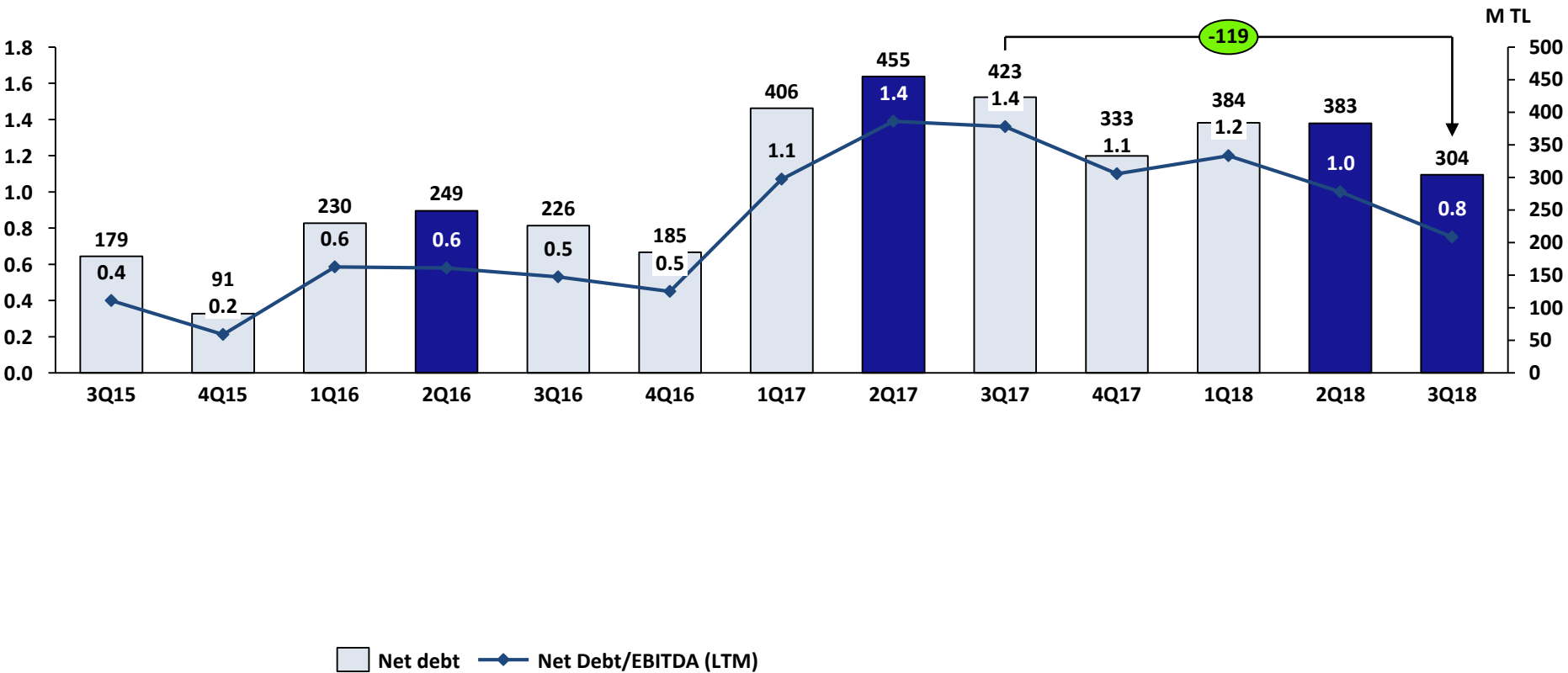
Significant Increase in Free Cash Flow Generation



CF From Operating Act. Before WC changes
 WC
 CF from Inv. Act.
 FCF

Net Debt / EBITDA

Net debt 119mTL lower than in Q3'17

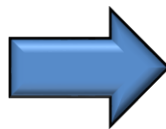
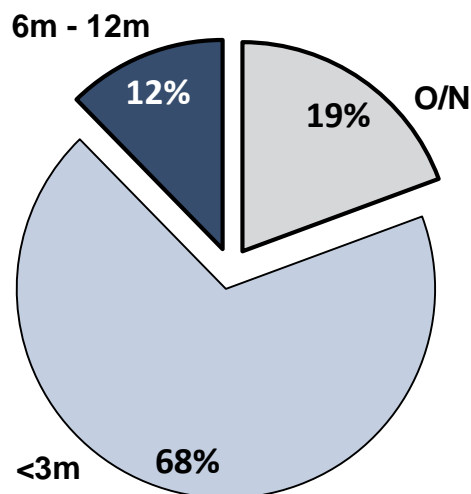


Akçansa gross debt composition from 2017 9M to 2018 9M

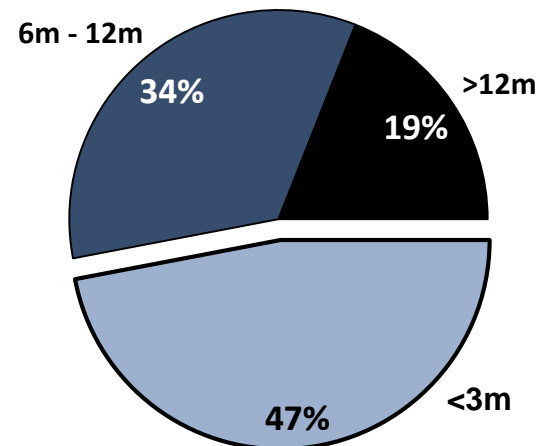
Shift to longer maturities and more liquidity in 2018 – currently no overnight loans

Split By Days to Maturity

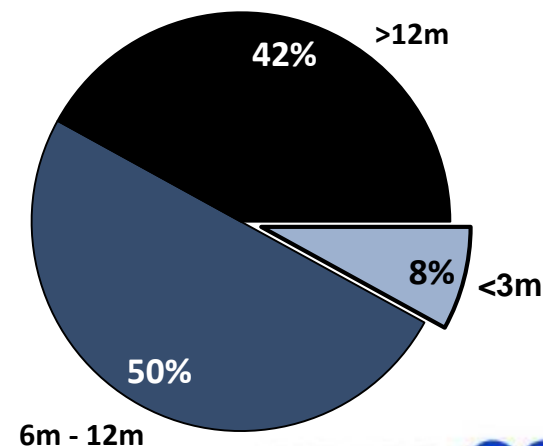
2017 9M



2018 9M



Pro-forma as of 9th October 2018



Balance Sheet

Mio TL	30.09.2017	31.12.2017	30.09.2018	Variance 2018 vs 2017
Current Assets	736,0	713,0	1.021,2	308,2
Cash & cash equivalents	63,0	52,7	258,1	205,4
Trade receivables	468,3	470,0	506,2	36,2
Inventories	160,8	151,0	238,2	87,3
Other current assets	44,0	39,3	18,6	(20,6)

Non-current Assets	1.196,2	1.203,2	1.191,7	(11,5)
Financial investments	199,1	193,2	169,5	(23,7)
Fixed Assets	860,1	872,9	886,1	13,2
Goodwill	129,5	130,1	130,1	-
Deferred tax assets	1,0	1,0	1,0	(0,0)
Other non-current assets	6,5	6,0	5,1	(0,9)

TOTAL ASSETS	1.932,2	1.916,2	2.212,9	296,7
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Mio TL	30.09.2017	31.12.2017	30.09.2018	Variance 2018 vs 2017
Current Liabilities	770,2	715,1	894,8	179,7
Financial Liabilities	486,1	385,4	461,8	76,4
Trade payables	245,4	287,5	377,2	89,7
Tax payable	9,6	8,8	19,0	10,1
Other current liabilities	29,1	33,3	36,8	3,5

Non-current Liabilities	88,3	92,2	188,9	96,8
Financial Liabilities	-	-	100,0	100,0
LT provisions	42,3	44,8	46,9	2,1
Deferred tax liabilities	46,0	47,3	42,0	(5,3)
Other non-current liabilities	-	-	-	-

Shareholders Equity	1.073,7	1.108,9	1.129,1	20,2
Paid in Capital	191,4	191,4	191,4	-
Retained earnings	627,5	627,4	647,2	19,8
Comprehensive income	140,1	129,3	106,7	(22,6)
Net income	102,9	148,7	169,7	21,0
Minority interest	11,8	12,0	14,0	2,0

TOTAL LIABILITIES & EQUITY	1.932,2	1.916,2	2.212,9	296,7
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BS data and key ratios	30.09.2017	31.12.2017	30.09.2018	Variance Sep.18 vs Dec.17
Working Capital	384	333	367	34
Working Capital / Net Sales (LTM)	25%	22%	21%	-1%
Net debt	423	333	304	-29
Net debt / EBITDA (LTM)	1.1x	1.1x	0.8x	-0.3x
Net Debt / Equity	22%	17%	14%	-4%

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2018 Outlook

FY17 vs FO 18	Expectations	
	Volume	Price
Domestic Cement (TL/t)	↓	↑
Export Cement (\$/t)	↑	↑
Export Clinker (\$/t)	↑	↑
RMC (TL/m3)	↓	↑

Energy Price	2018E
	FY
Coal (USD / ton)	↑
Petcoke (USD/ton)	↑
Diesel (TL / Lt)	↑
Electricity (TL / kwh)	↑

Compared to AC17:

- Construction sector to grow more slowly in Q4
- Shift from domestic cement volume to export
- Domestic cement prices above 2017 compensating for cost inflation
- USD export cement and clinker prices above prior year
- RMC prices expected to be above for 2018
- Higher fuel- and electricity prices as well as depreciation of TL will visibly increase variable costs, particularly in H2

(*) 2018 estimation compared to AC17

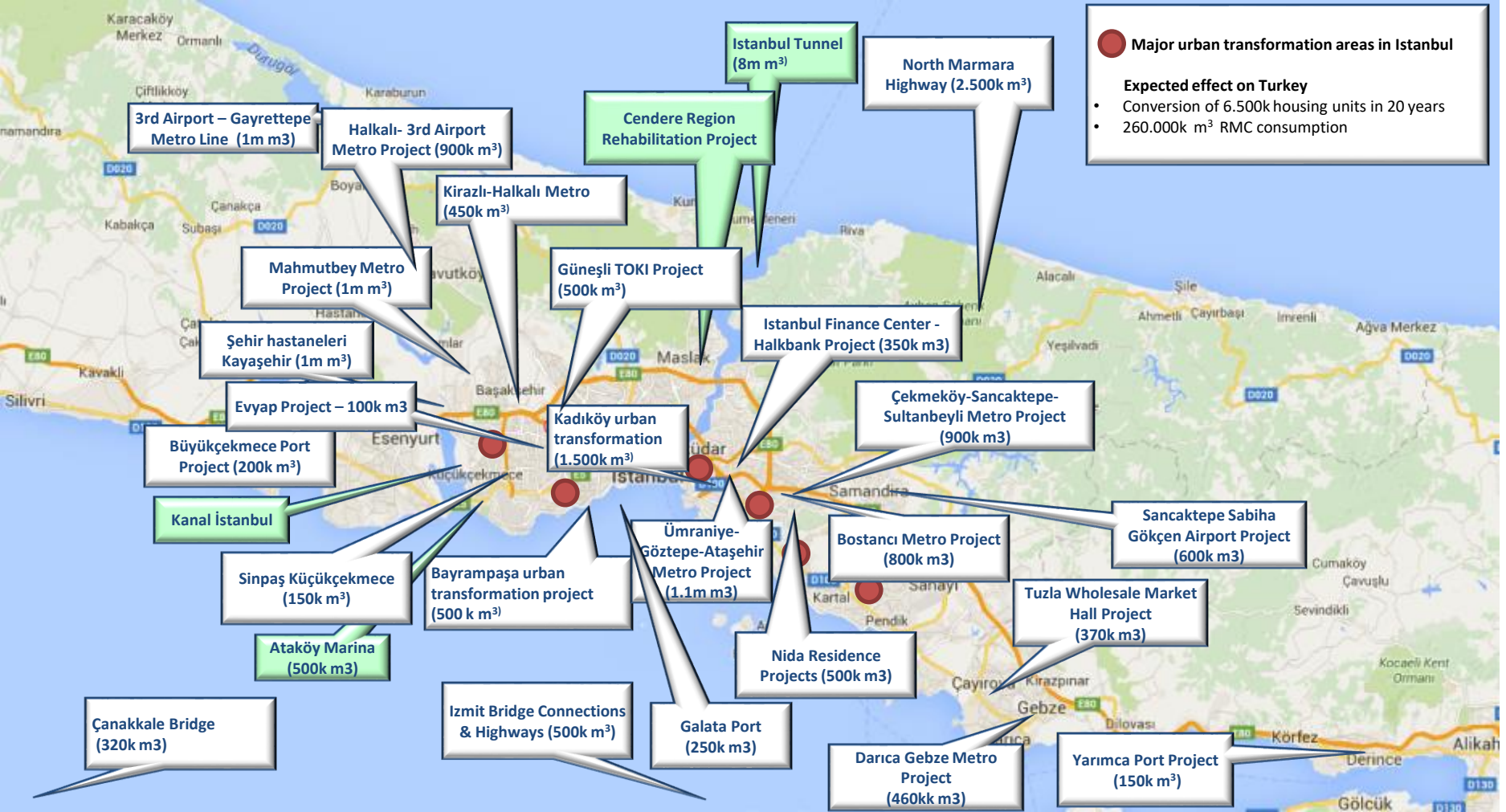
↑	Increasing
↗	Slightly increasing
↘	Slightly decreasing
↓	Decreasing

Overview of Major Projects

Substantial number of high volume projects in Akçansa's core region Marmara


Projects 0-2 years

Projects 3-5 years



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16.yıl

Çimento sektörünün kalbi
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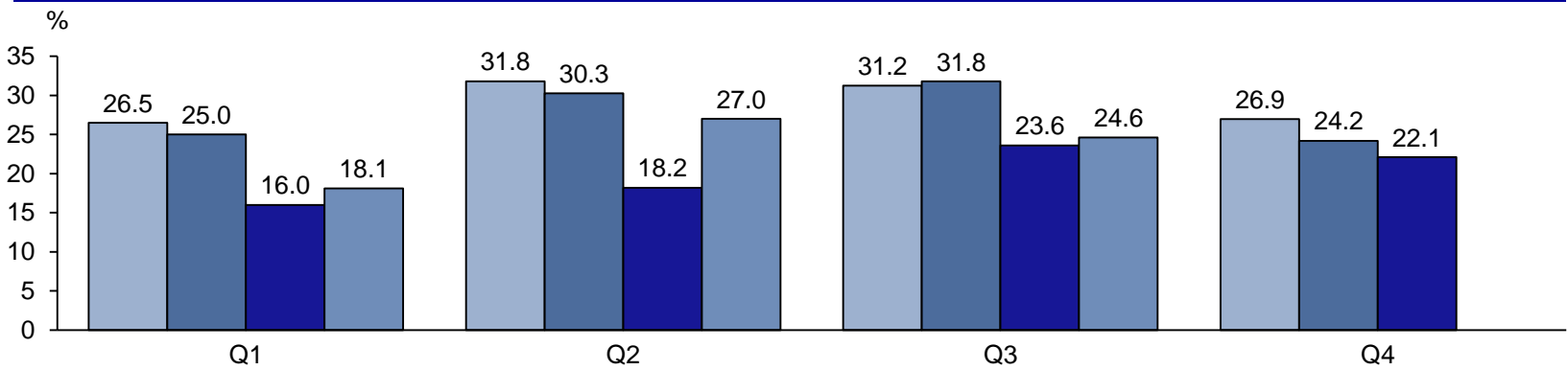
www.heidelbergcement.com



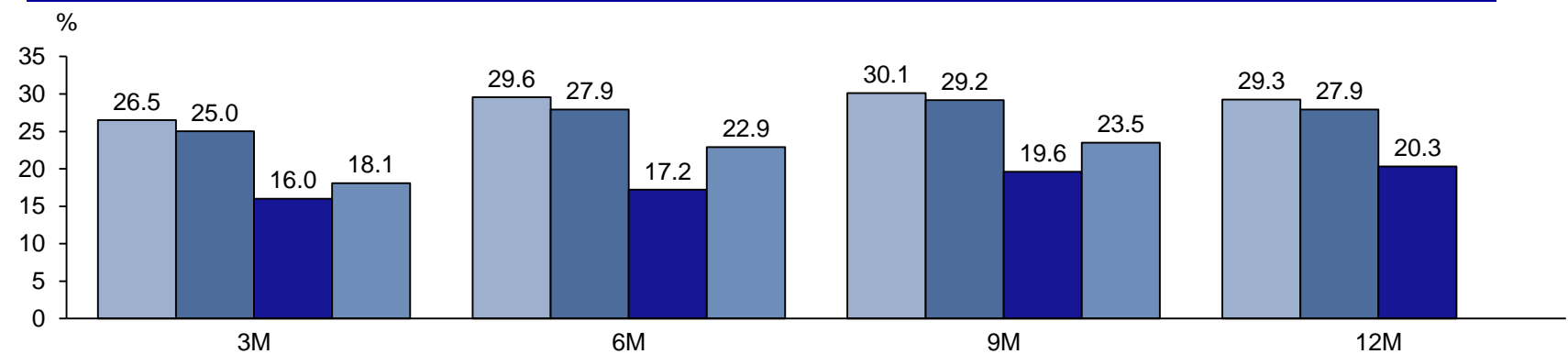
Appendix

EBITDA Margins

EBITDA Margin - Quarterly



EBITDA Margin - YTD



2015 2016 2017 2018

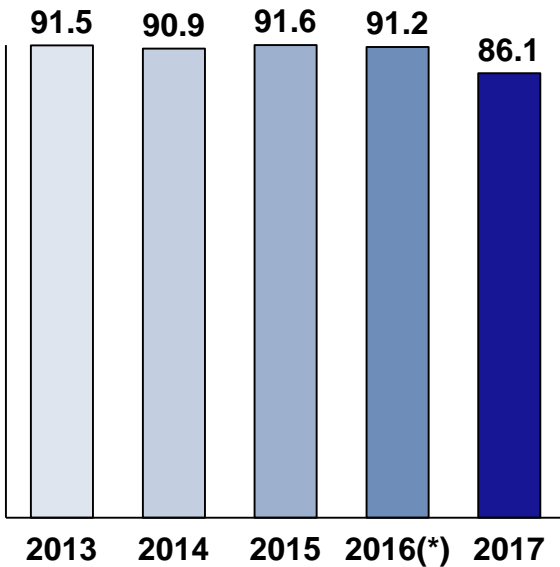
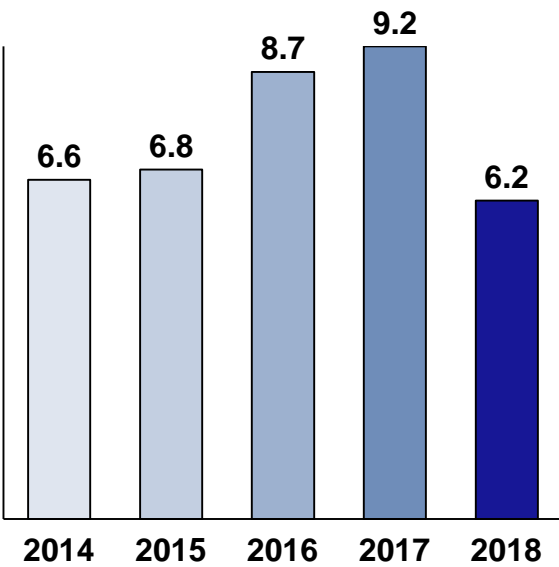
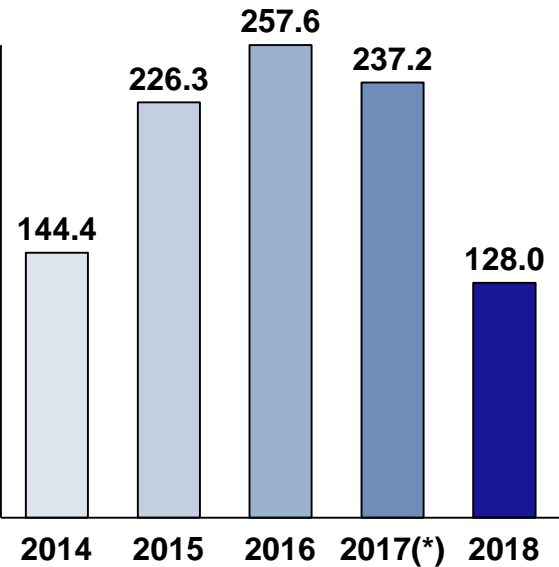
Source: AKC management report

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 26,000,000 TL and special reserves 19,319,981 TL are excluded)

**) CAGR (Compound Annual Growth) of dividend per share for the last four years

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

Source: CMB single financials and AKC calculations

General Basics About Cement and RMC Production

Production

- 1.6 ton of limestone are 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
- 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 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 35-40% 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 a 2.0-2.5 mTL cost advantage per year

Electricity

- Electricity accounts for 15-20% of the variable cost of producing 1 ton of cement, 15-20% of producing 1 ton of clinker
- 0.01 TL increase in cost of 1 kwh electricity corresponds to 1.5-2.0 TL cost increase in 1 ton of cement.
- Contribution of waste heat project
 - 20-25% of Çanakkale Plant electricity consumption
 - Monthly contribution to P&L of Akçansa is around 2-2.5m TL based on current electricity prices
- Contribution of one windmill
 - 1-1.5% of Çanakkale Plant electricity consumption
 - 2.0-2.5m TL yearly saving
 - Capacity is 2.4 MW/h