

2017 FY Results

Şahap Sarier, GM
Steffen Schebesta, CFO



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Key Highlights

▪ 2017 Q4

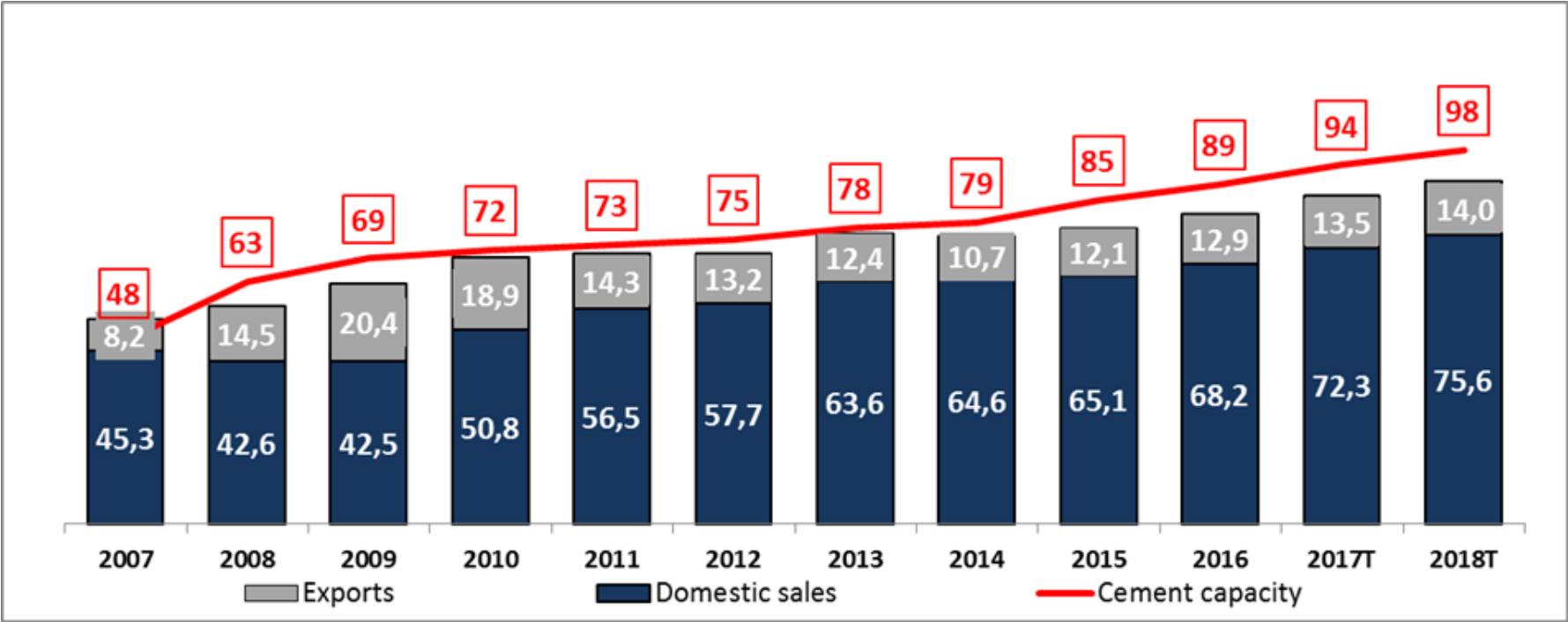
- ✓ Akçansa's domestic cement and clinker volumes up 7% in Q4 driven by good weather and strong demand
- ✓ Operating income 5% above compared to PY
- ✓ Positive effect of price increase starting from August
- ✓ Higher energy costs and devalued TL (fuel price +40%; electricity costs +14%) continued to put pressure on margins

▪ 2018 Outlook

- ✓ Substantial number of high volume projects in Akçansa's core market the Marmara region and good domestic demand at the beginning of the year 2018 confirm expectation of positive development in 2018
- ✓ Expect improved Q1'18 performance compared to Q1'17 assisted by favorable weather patterns and good demand
- ✓ First price increase of 2018 already realised in January
- ✓ Significant increase in the alternative fuels ratio and higher utilization of local fuel suppliers to minimize energy cost increase

Turkish Cement Industry

Domestic consumption increased by 6% November YTD; 2018 growth expected to be 4-5%



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



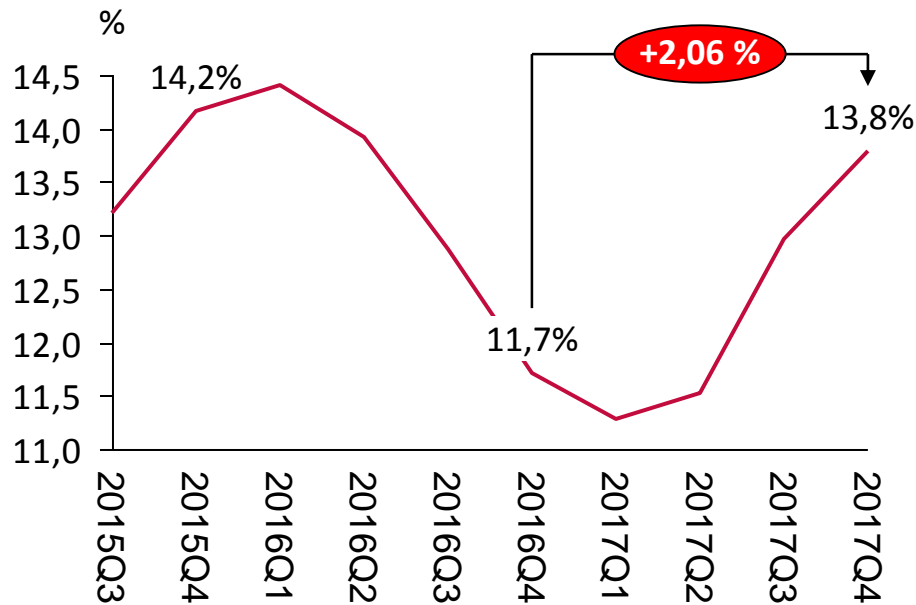
Source: TCMA and AKC estimations

Construction Permits

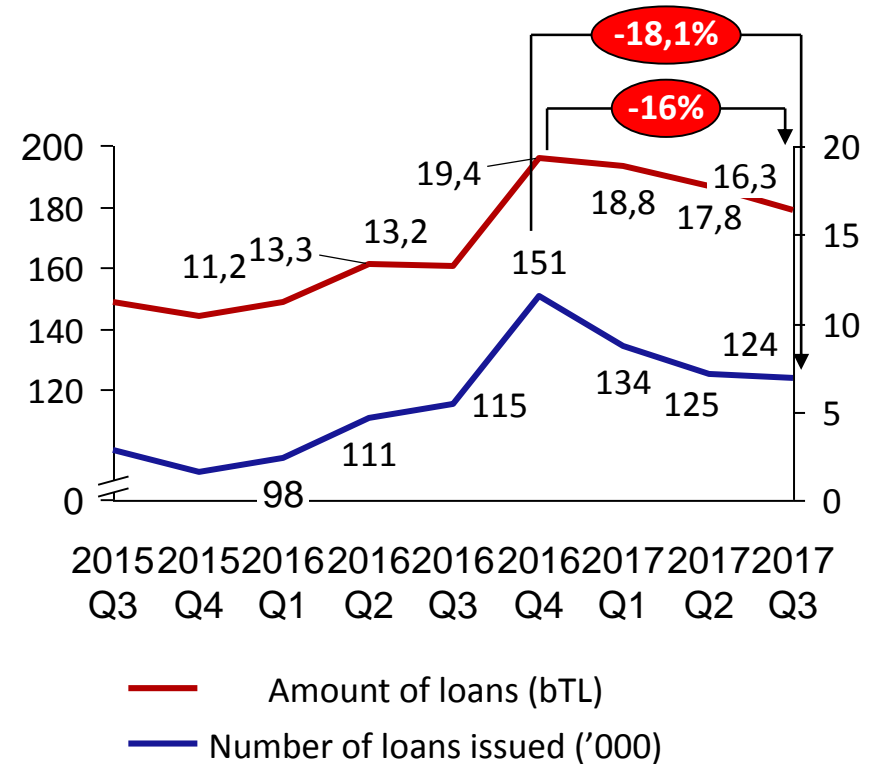
Cement consumption shifts from private housing to infrastructure

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e
1. Private Housing	62%	57%	50%	51%	54%	52%	53%	53%	51%	47%	49%	45%
2. Commercial	14%	16%	13%	9%	11%	10%	11%	9%	10%	9%	8%	8%
3. Public	4%	5%	5%	5%	5%	5%	5%	5%	5%	7%	7%	6%
4. Infrastructure/Projects	20%	22%	32%	35%	30%	33%	31%	33%	34%	37%	36%	41%
Total cement consumption	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Annual Interest Rate

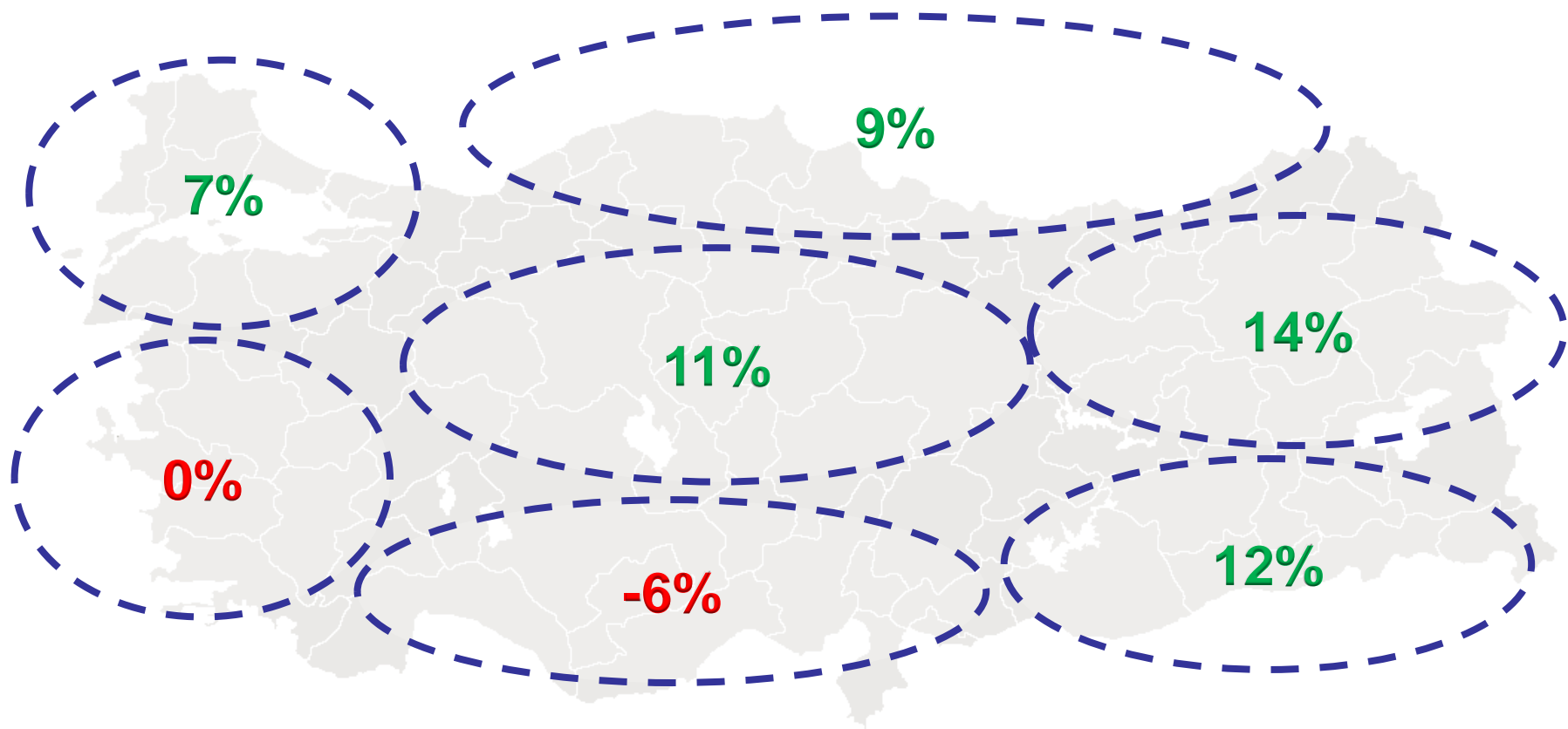


New house loans issued



Domestic Sales Volume Change (November YTD)

November YTD domestic market consumption increased by 6% in Marmara Region



Source: TCMA

Volumes, Prices and Energy Costs

Significant increase in energy costs vs. PY; export cement and clinker prices up in TL

Readymix	FY17 vs FY16		4Q17 vs 4Q16	
	Volume	Price (TL/m3)	Volume	Price (TL/m3)
Average	↓	↗	↑	↑
Marmara	↓	→	↗	↗
Aegean	→	↑	↑	↑
Black Sea	↓	↑	↗	↑

- Q4 RMC price above PY

Domestic Cement	FY17 vs FY16		4Q17 vs 4Q16	
	Volume	Price (TL/ton)	Volume	Price (TL/ton)
Average	↗	↗	↑	↑
Marmara	↗	↗	↑	↑
Aegean	↗	↑	↓	↑
Black Sea	→	↑	↓	↗

- Higher domestic cement prices in Q4 thanks to price increase in August

Export Cement	FY17 vs FY16		4Q17 vs 4Q16	
	Volume	Price (\$/ton)	Volume	Price (\$/ton)
Export Cement	↓	↘	↓	→
Export Clinker	↘	↓	↘	↗

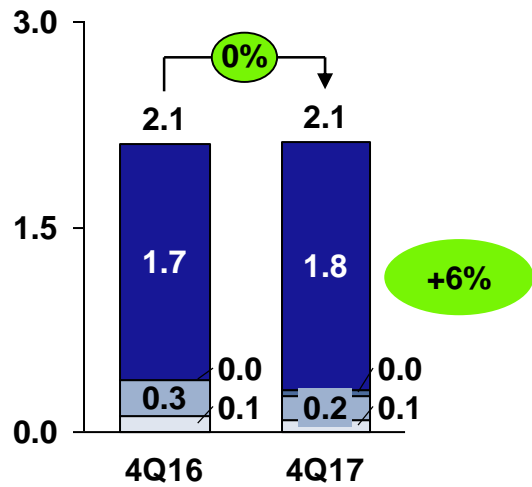
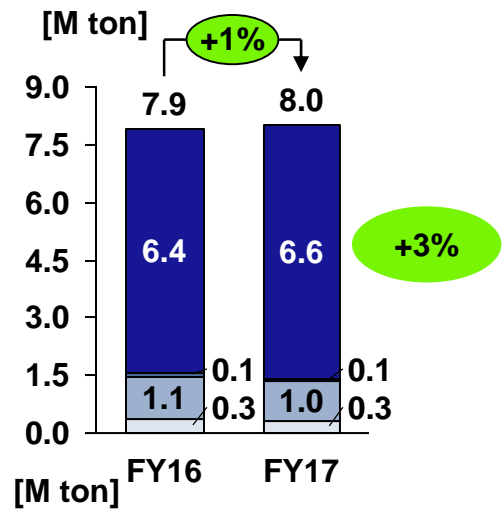
Energy Price	FY17 vs FY16
	FY
Coal (USD / ton)	↑
Petcoke (USD/ton)	↑
Diesel (TL / Lt)	↑
Electricity (TL / kwh)	↑

- Energy costs up significantly for the full year. Negative impact from increasing fossil fuel prices, electricity prices and devalued TL
- Export volumes down due to increased domestic demand (Akçansa plants run at full capacity)

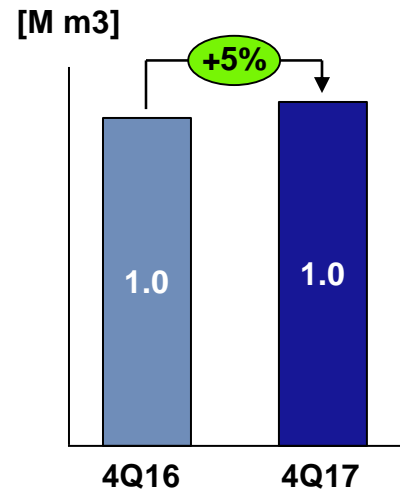
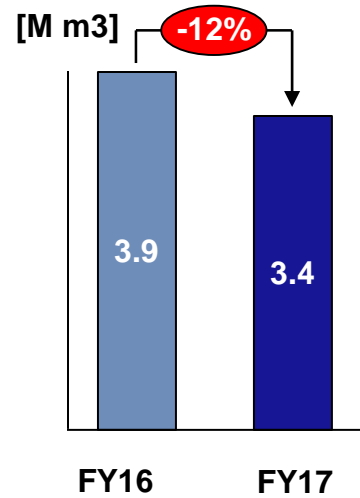
↑	Increasing
↗	Slightly increasing
↘	Slightly decreasing
↓	Decreasing
→	Flat

Sales Breakdown

Cement Shipments



RMX Shipments

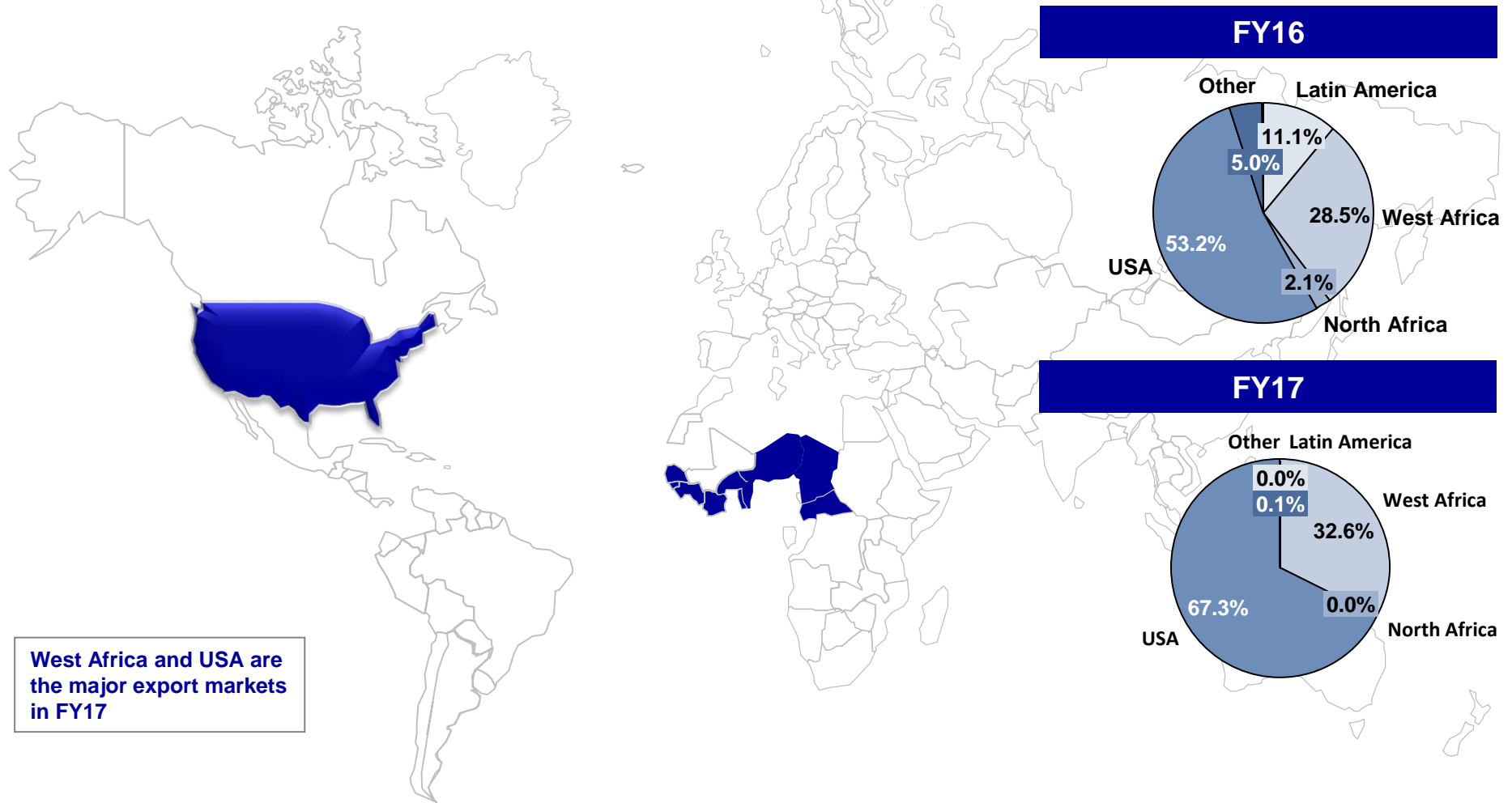


*) Domestic cement figures include Karçimsa and transfer to RMC

Source: AKC management report

Export Markets

Shift from Latin America to USA with higher Low Alkali Cement margins



Akcansa has by far the highest share in exports to the USA in FY 17

Seaborne Trade December YTD

EXPORT VOLUMES										
Volumes: kt	AKCANSA					OTHERS*				
	2016	2017	Δ 2016	Trend		2016	2017	Δ 2016	Trend	
	Bulk Cement	779	850	9,1%		↑	498	1.064	113,6%	↑
	-USA	759	850	12,0%		↑	0	35	100,0%	↑
	-Other countries	20	0	-		↓	498	1.029	106,6%	↑
Bagged Cement	351	169	-51,9%	↓	2.947	2.356	-20,0%	↓		
Total Cement	1.130	1.019	-9,8%	↓	3.445	3.420	-0,7%	↓		
Clinker	347	337	-2,9%	↓	3.385	4.405	30,1%	↑		
Total CEM+CLK	1.477	1.356	-8,2%	↓	6.829	7.825	14,6%	↑		

* Others don't include land exports and white CEM+CLK exports

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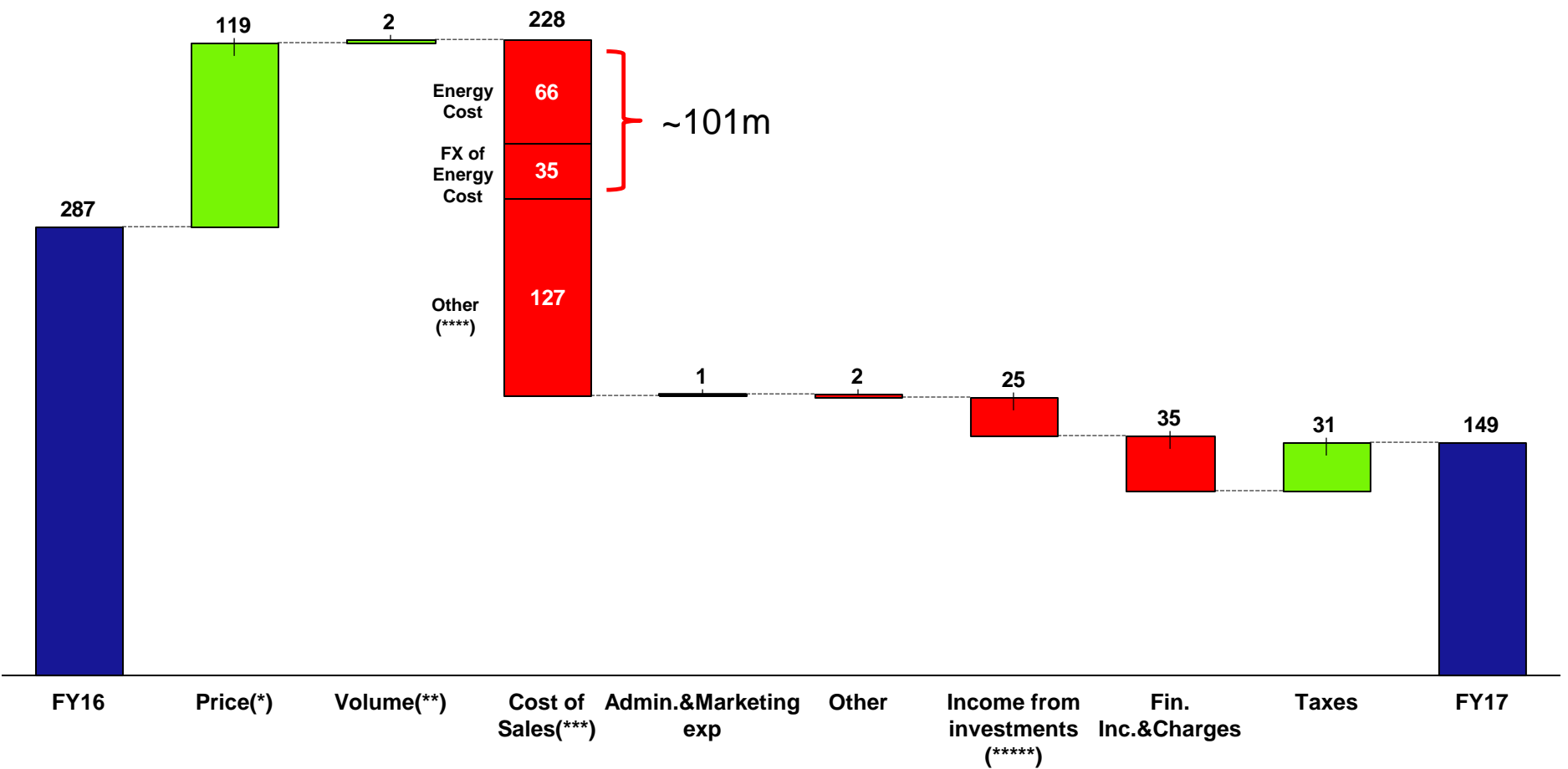
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Income Statement

Company (M TL)	4Q16	4Q17	% Ch. Q	FY16	FY17	% Ch. YTD
Net Sales	372,9	427,9	14,8%	1.461,1	1.519,0	4,0%
Cost of Sales	(277,0)	(334,3)	20,7%	(1.047,1)	(1.213,2)	15,9%
Gross Margin	95,9	93,6	-2,4%	413,9	305,8	-26,1%
Marketing&Sales Expense	(5,4)	(4,9)	-9,4%	(18,5)	(19,6)	6,0%
General Management Expenses	(19,8)	(15,6)	-21,6%	(62,7)	(60,7)	-3,1%
EBIT	70,7	73,2	3,5%	332,8	225,5	-32,2%
Other Operating Income/Charges	(1,2)	(0,5)	-55,6%	(7,9)	(10,3)	30,3%
Operating Income	69,4	72,6	4,6%	324,9	215,2	-33,8%
Income/Losses from Investment Activities	(0,3)	(0,0)	-98,0%	50,7	26,1	-48,6%
Non-Operating Financial Income	9,0	7,3	-19,0%	16,3	15,9	-2,6%
Non-Operating Financial Charge	(11,0)	(22,1)	101,3%	(43,3)	(77,4)	78,6%
Profit/Loss before Taxes	67,2	57,8	-14,0%	348,5	179,7	-48,4%
Taxes On Income	(14,1)	(11,8)	-16,7%	(61,5)	(30,9)	-49,8%
Net Income/Loss	53,0	46,0	-13,2%	287,0	148,8	-48,1%
Adjusted Net Income/Loss (*)	53,0	46,0	-13,2%	262,3	148,8	-43,3%
Gross Margin %	25,7%	21,9%		28,3%	20,1%	
EBITDA Margin %	24,2%	22,1%		27,9%	20,3%	
EBIT Margin %	19,0%	17,1%		22,8%	14,8%	
Net Income Margin %	14,2%	10,8%		19,6%	9,8%	

(*) Excluding extraordinary gain from sale of Hobim participation in the amount of 25mTL

Net Income Bridge



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

(*****) Sale of Hobim 26 mTL

Cash Flow

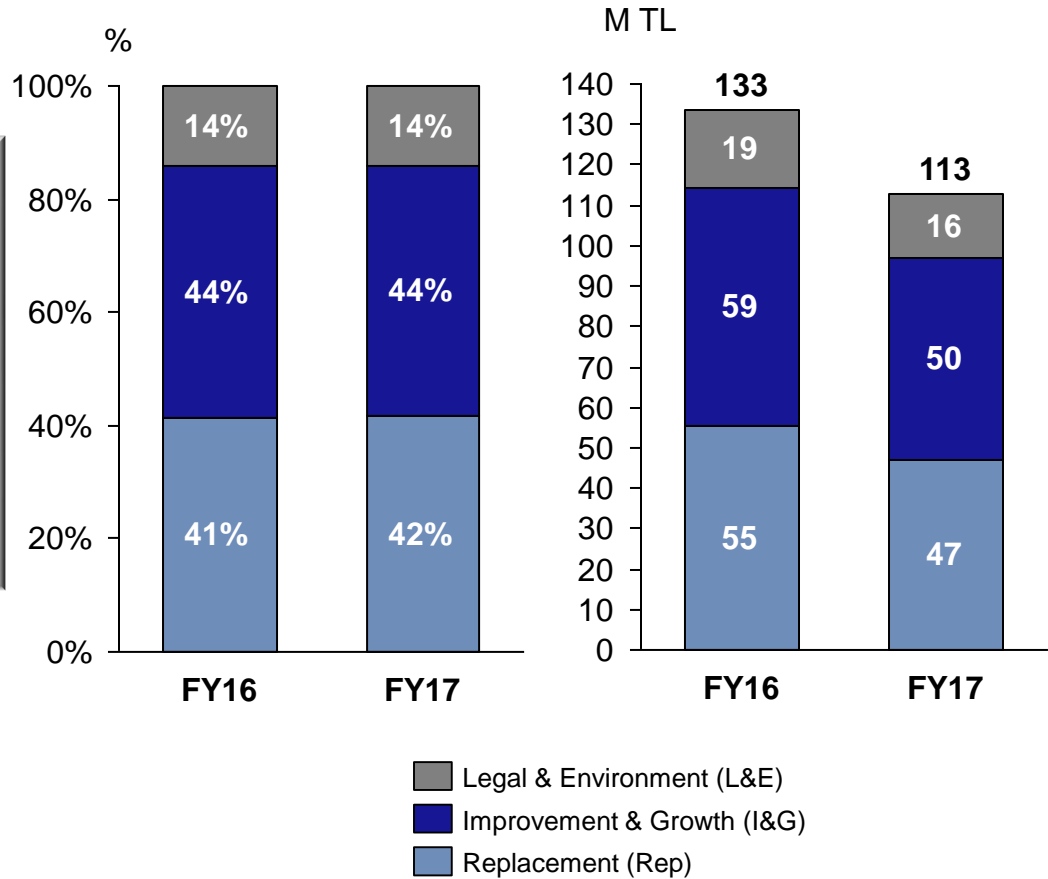
Company (M TL)	FY16	FY17
Cash flow from operating activities		
Operating income before the changes in working capital	418,7	307,3
Changes in working capital	(41,6)	(37,0)
Taxes paid	(62,9)	(30,7)
Other items	(12,4)	(0,3)
	301,8	239,3
Cash flow from investing activities		
Tangible and intangible fixed assets	(132,0)	(117,7)
Proceeds from fixed asset disposals	3,9	5,3
Dividends Received	23,1	22,9
	(104,8)	(89,6)
Cash flow from financing activities		
Dividend payments	(259,2)	(237,7)
Net proceeds from bonds and loans	95,3	167,7
Interest paid	(32,1)	(52,7)
Interest received	0,5	2,4
	(195,5)	(120,3)
Net change in cash and cash equivalents - continuing operations	1,5	29,4
Change in cash & cash equivalents	1,5	29,4
Cash & cash equivalents at 1 January	21,9	23,4
Cash & cash equivalents at 31 December	23,4	52,7

Total Capex Distribution

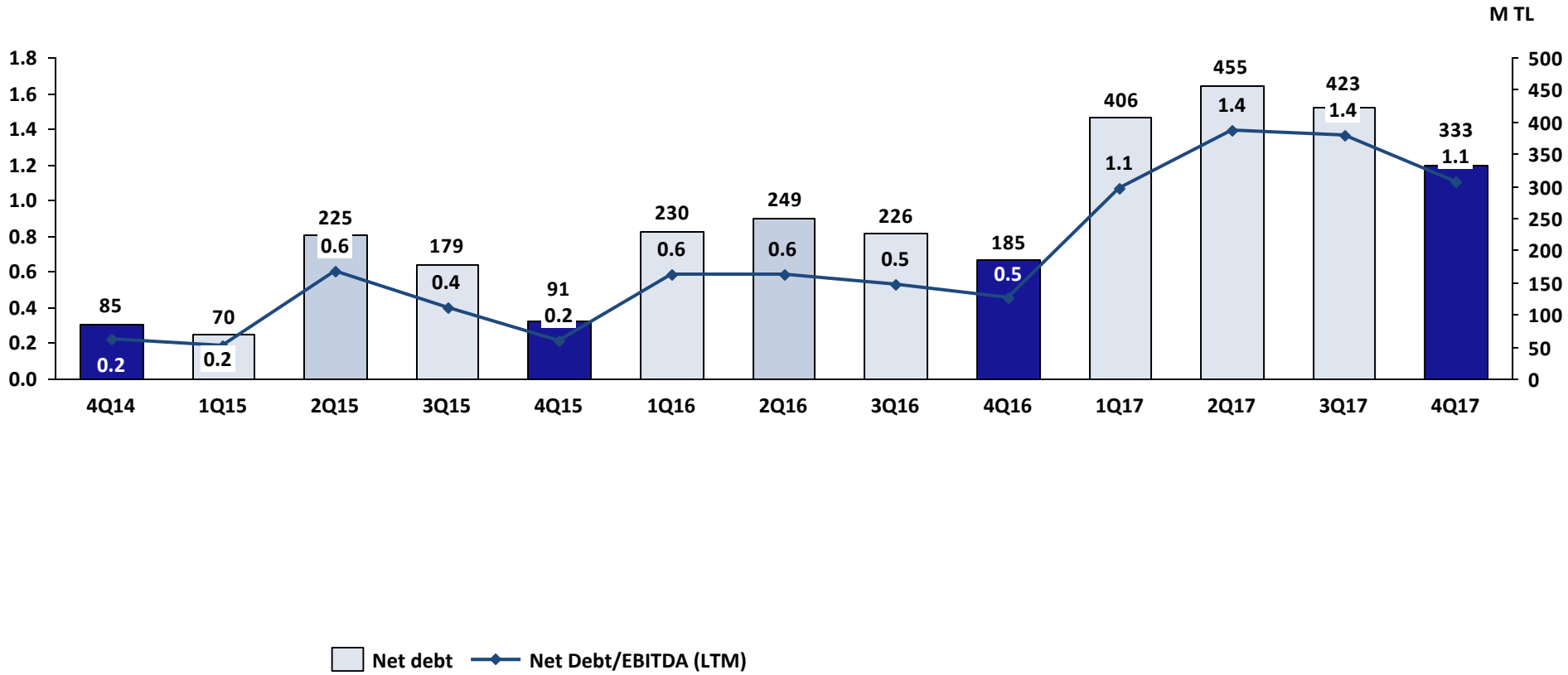
Total capex 20 mTL below FY 2016

Key Growth Investments in FY17:

- 1. (I&G) Purchasing of professional cargo loaders for Ambarlı Port
- 2. (I&G) Purchasing of mobile crane for Ambarlı Port



Net Debt / EBITDA



Balance Sheet

Mio TL	31.12.2016	31.12.2017	Variance 2017 vs 2016
Current Assets	644,3	713,1	68,8
Cash & cash equivalents	23,4	52,7	29,4
Trade receivables	416,8	470,0	53,2
Inventories	159,8	151,0	(8,8)
Other current assets	44,3	39,4	(5,0)

Non-current Assets	1.198,9	1.203,1	4,2
Financial investments	218,9	193,2	(25,7)
Fixed Assets	840,8	872,8	32,0
Goodwill	129,5	130,1	0,6
Deferred tax assets	1,0	1,0	(0,0)
Other non-current assets	8,7	6,0	(2,7)

TOTAL ASSETS	1.843,2	1.916,2	73,0
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Mio TL	31.12.2016	31.12.2017	Variance 2017 vs 2016
Current Liabilities	528,2	715,1	186,9
Financial Liabilities	208,5	385,4	176,9
Trade payables	276,4	287,5	11,1
Tax payable	10,6	8,8	(1,8)
Other current liabilities	32,6	33,3	0,8

Non-current Liabilities	87,6	92,2	4,6
Financial Liabilities	-	-	-
LT provisions	39,7	44,8	5,1
Deferred tax liabilities	47,9	47,3	(0,5)
Other non-current liabilities	-	-	-

Shareholders Equity	1.227,5	1.108,9	(118,6)
Paid in Capital	191,4	191,4	-
Retained earnings	578,3	627,4	49,1
Comprehensive income	158,9	129,3	(29,6)
Net income	286,4	148,7	(137,7)
Minority interest	12,5	12,0	(0,4)

TOTAL LIABILITES & EQUITY	1.843,2	1.916,2	73,0
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BS data and key ratios	31.12.2016	31.12.2017	Variance 2017 vs 2016
<i>Working Capital</i>	300	333	33
<i>Working Capital / Net Sales (LTM)</i>	21%	22%	1%
<i>Net debt</i>	185	333	148
<i>Net debt / EBITDA (LTM)</i>	0.5x	1.1x	0.6x
<i>Net Debt / Equity</i>	15%	30%	15%

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2018 Outlook





Better performance in FY2018, assuming normal weather patterns

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

(*) 18E compared to AC17

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

(*) 18E compared to AC17

	Increasing
	Slightly increasing
	Slightly decreasing
	Decreasing

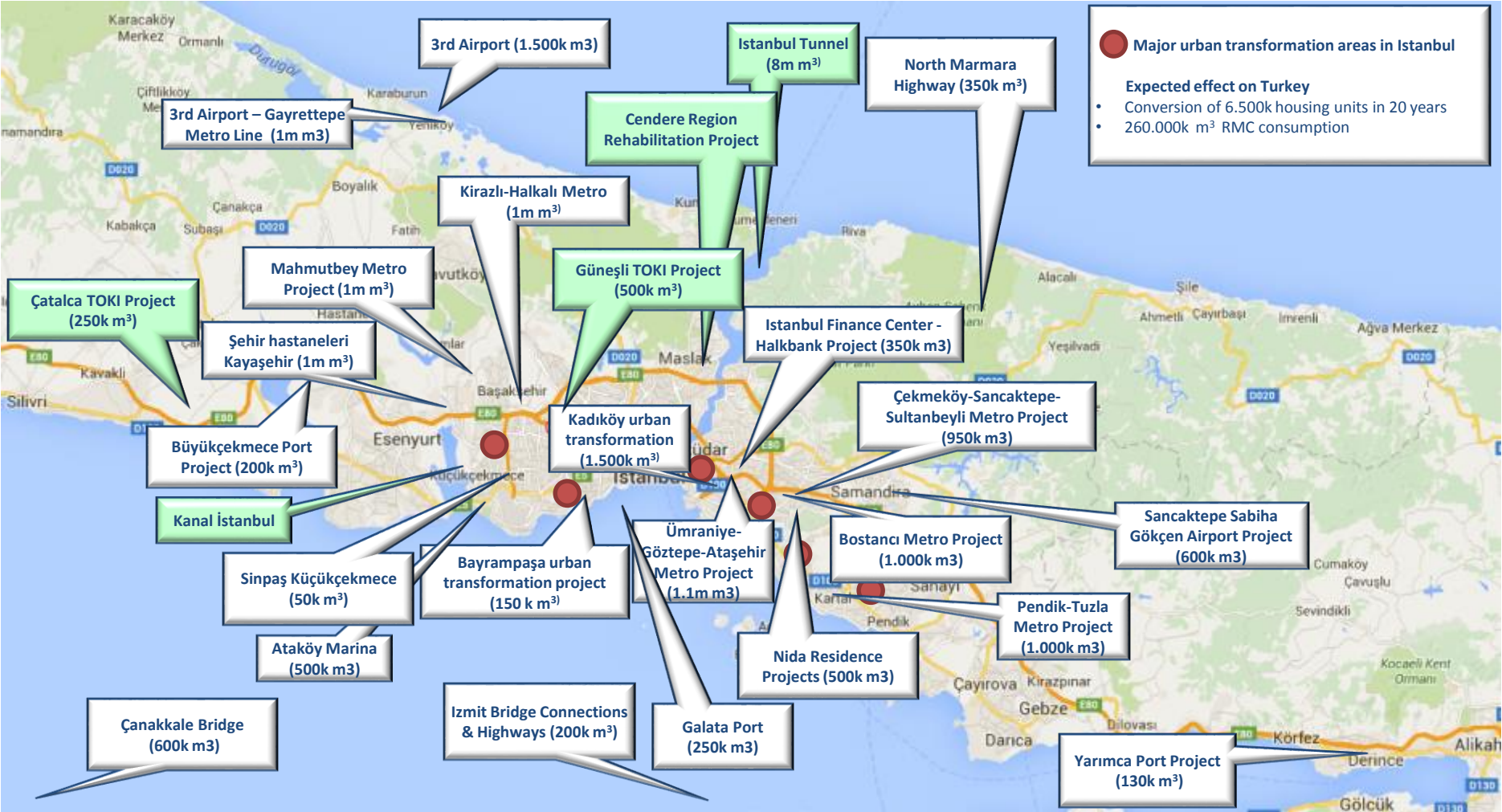
Compared to AC17:

- GDP and construction sector outlook continue to be positive
- Domestic cement volumes expected to moderately increase
- Akçansa will continue to fully utilize its cement capacity
- Domestic cement prices above 2018 compensating for cost inflation
- Export cement prices in USD and TL expected to be above prior year
- RMC volumes are expected to be above 2018
- Moderate increase in electricity and fuel costs

Overview of Major Projects

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

Projects 0-2 years
Projects 3-5 years



1915 Canakkale Bridge Project

Akçansa provides concrete for Canakkale Bridge!



- Longest span suspension bridge in the world
- Estimated RMX consumption: ~325 km³
- Project will be started on March 2018 and ended in 2021
- Ready-mixed concrete plants established

Canal İstanbul Project

Akçansa has the closest plant to the project



- Estimated cement consumption: ~10 mton
- Estimated RMX consumption: ~35 mm3

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Awards, PR and Other Activities

Supporting innovative and creative ideas

Ses Getiren Bir Fikir Ver!

Sen de "Ses getiren bir fikrim var!" diyorsan, Türkiye'nin lider yapı malzemeleri şirketi Akçansa; sektöre fark yaratacak sosyal sorumluluk, pazarlama, dijital, mimari, sürdürülebilirlik, ürün geliştirme, verimlilik alanlarında birçok disiplini barındıran inovatif ve uygulanabilir fikirlerini bekliyor.

9. Geleneksel Betonik Fikirler Proje Yarışması'na katıl, harcına yaratıcılığını kattığın o çok sağlam fikrini konuştur!

Başvuru Tarihleri:
15 Ocak - 15 Şubat

Proje Teslim Tarihleri:
15 Şubat - 31 Mart

Ödül Töreni:
Mayıs 2018

Birincilik Ödülü:
Macbook Air

İkincilik Ödülü:
iPad Pro

Üçüncülük Ödülü:
Apple Watch

9. BETONİK FİKİRLER PROJE YARIŞMASI

Özgenlik %30 **Uygulama Kolaylığı %20** **Şirket Marka İmaja ve Sürdürülebilirliğe Katkı %25** **Topluma ve Çevreye Katacağı Değer %25**

BETONSA

HEIDELBERGCEMENT **SA** **AKÇANSA**

"Biyçeşitlilik Proje Yarışması"yla

Biyçeşitliliği Artır, Doğal Hayata Değer Kat

Sen Başvuru Tarihi
20 Kasım
2017

BİZE KATILIN

3. kez **30.000**
Euro'ya varan ödül

THE QUARRY LIFE AWARD

Yarışmamıza katılın ve maden sahalarında biyçeşitliliği destekleyin!

26 ülkenin katıldığı yarışmamızda siz de Türkiye'den bir maden sahası seçin ve maden sahalarında biyçeşitliliği destekleyen bir proje geliştirin.

Bilimsel Araştırma kategorisine dahil olan altı proje kategorileri:
Biyçeşitlilik Yönetimi
Habitat ve Türlerin Araştırılması
Maden saha sınırlarının ötesinde biyçeşitlilik yönetimi

Sosyal Fayda kategorisine dahil olan altı proje kategorileri:
Biyçeşitlilik ve eğitim
Maden sahaları ile yerel toplulukları birleştirmek
Öğrenci saha/projesi (ilk ve orta dereceli öğrenciler için)

KATILIN VE 30.000 EURO'YA KADAR PARA ÖDÜLÜ KAZANIN!
Seçilen katılımcılar, projelerini 2018 yılında gerçekleştirecek ve ulusal seviyede 5.000 Euro'ya kadar ve uluslararası seviyede 10.000 Euro'ya kadar para ödülünün sahibi olacak. En iyi genel proje, 30.000 Euro'luk para ödülü kazanacak.

DAHA FAZLA BİLGİ VE İLHAM ALMAK İÇİN
www.quarrylifeward.com

HEIDELBERGCEMENT **SA** **AKÇANSA**

Awards, PR and Other Activities

Benim mahallem project was rewarded by Stevie award



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HEIDELBERGCEMENT SA AKÇANSA



16.yıl

Çimento sektörünün kalbi
bizimle atıyor.

Contacts

Steffen Schebesta, CFO

Phone +90 216 571 30 20
Fax +90 216 571 30 21

Ülgen Eryürek Aslan, IR Manager

Phone +90 216 571 30 17
Fax +90 216 571 30 31

ulgen.eryurek@akcansa.com.tr
IR.info@akcansa.com.tr

Esra Sulubacak Altan, IR Specialist

Phone +90 216 571 30 62
Fax +90 216 571 30 31

esra.sulubacak@akcansa.com.tr
IR.info@akcansa.com.tr

Banu Üçer, Corporate Communication Executive

Phone +90 216 571 30 13
Fax +90 216 571 30 11

banu.ucer@akcansa.com.tr

Websites

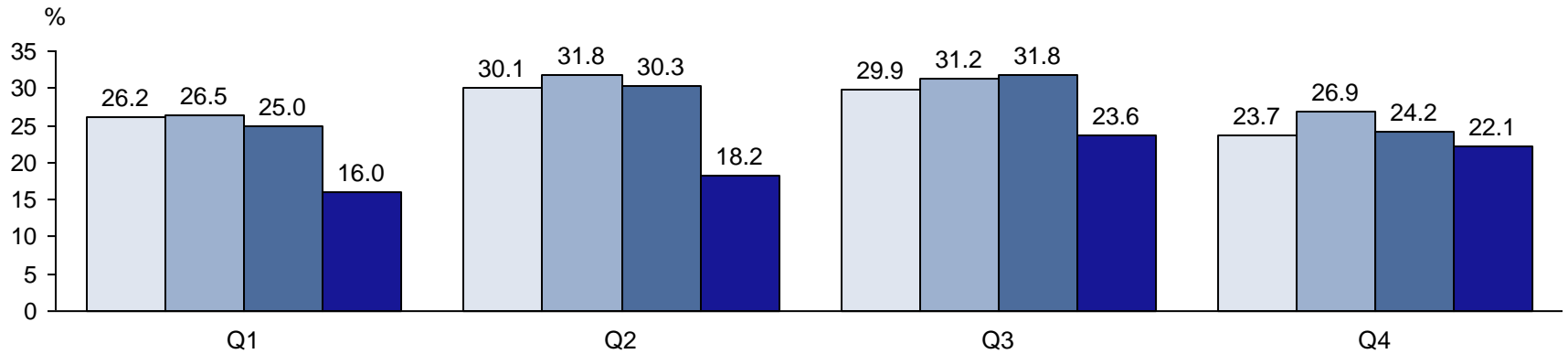
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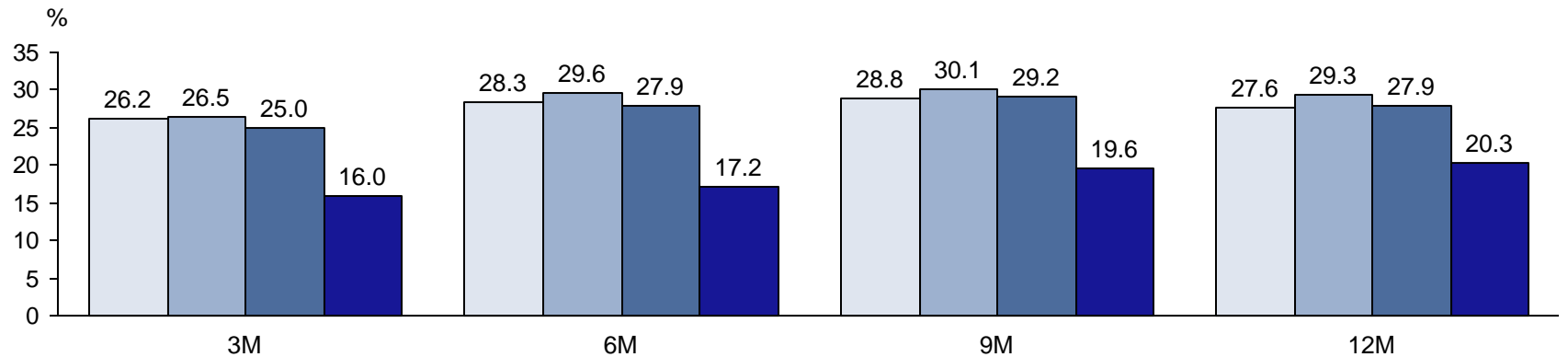
Appendix

EBITDA Margins

EBITDA Margin - Quarterly



EBITDA Margin - YTD

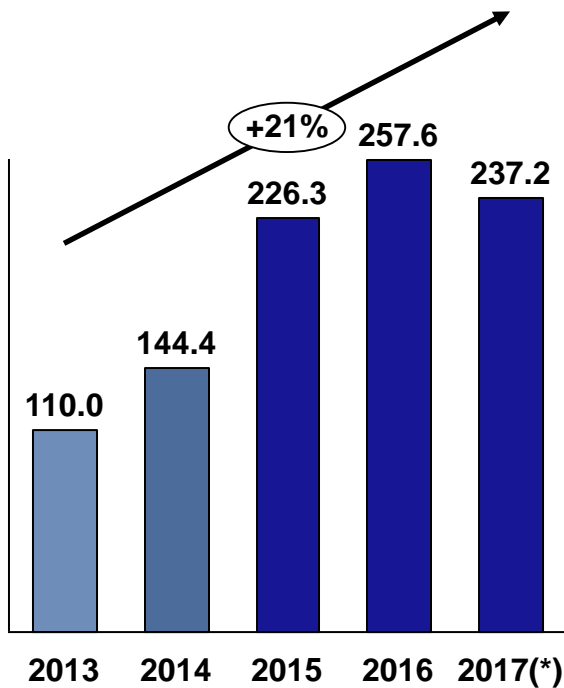


2014 2015 2016 2017

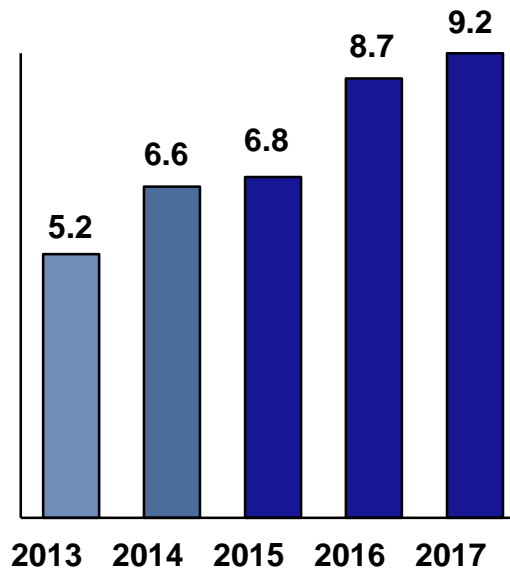
Source: AKC management report

Dividend Paid, Dividend Yield and Payout Ratio

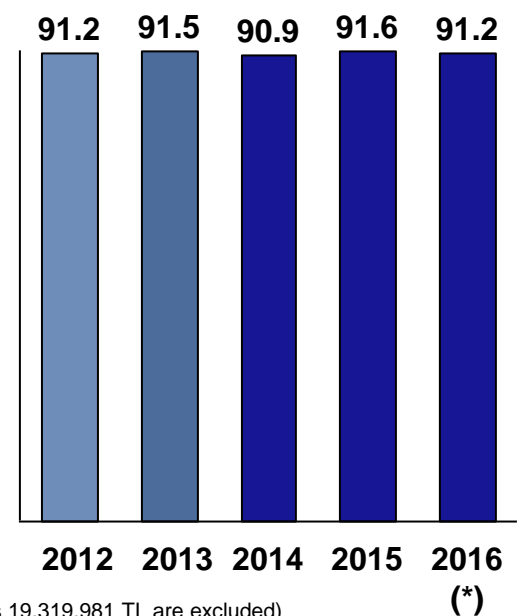
Dividend Paid



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 : 75-80% variable and 20-25% fixed costs

Fuel

- A cement plant of 1 mio ton clinker capacity may consume 100 k ton petcoke or 130 k ton coal, or a mix of both
- 7.500 kcal/ton in petcoke vs. 6.000 kcal/ton in coal.
- Fuel accounts for 30-35% of the variable cost of producing 1 ton of cement
- 1% increase in alternative fuel usage provides a 1.5-2 mTL cost advantage per year

Electricity

- Electricity accounts for 25-30% of the variable cost of producing 1 ton of cement.
- 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
 - 33% of Çanakkale Plant electricity consumption
 - Monthly contribution to P&L of Akçansa is around 1-1.5m TL based on current electricity prices
- Contribution of one windmill
 - 1.7% of Çanakkale Plant electricity consumption
 - 1.4-1.6m TL saving
 - Capacity is 3.5 MW