

# Akcansa Results 2011

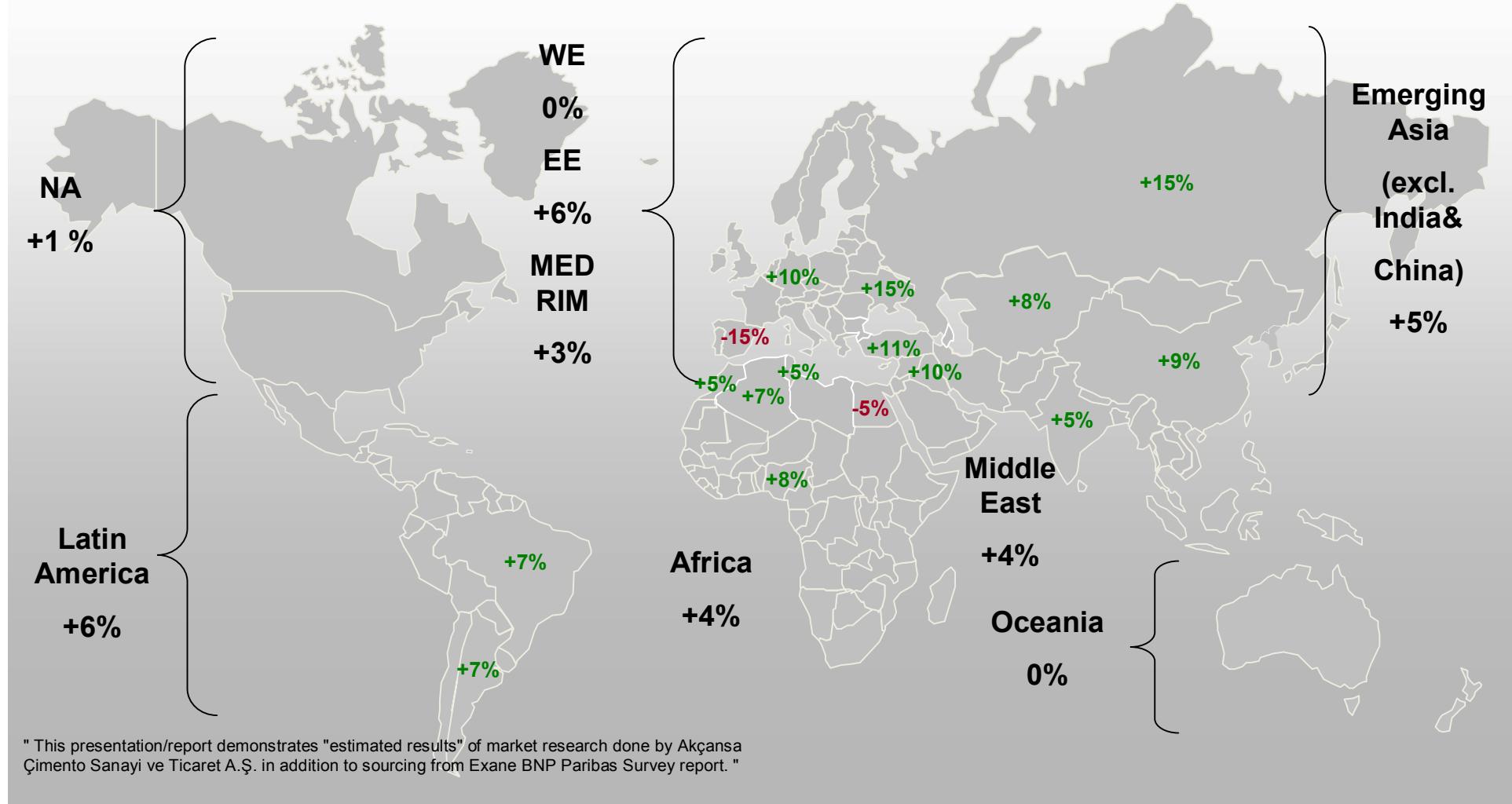


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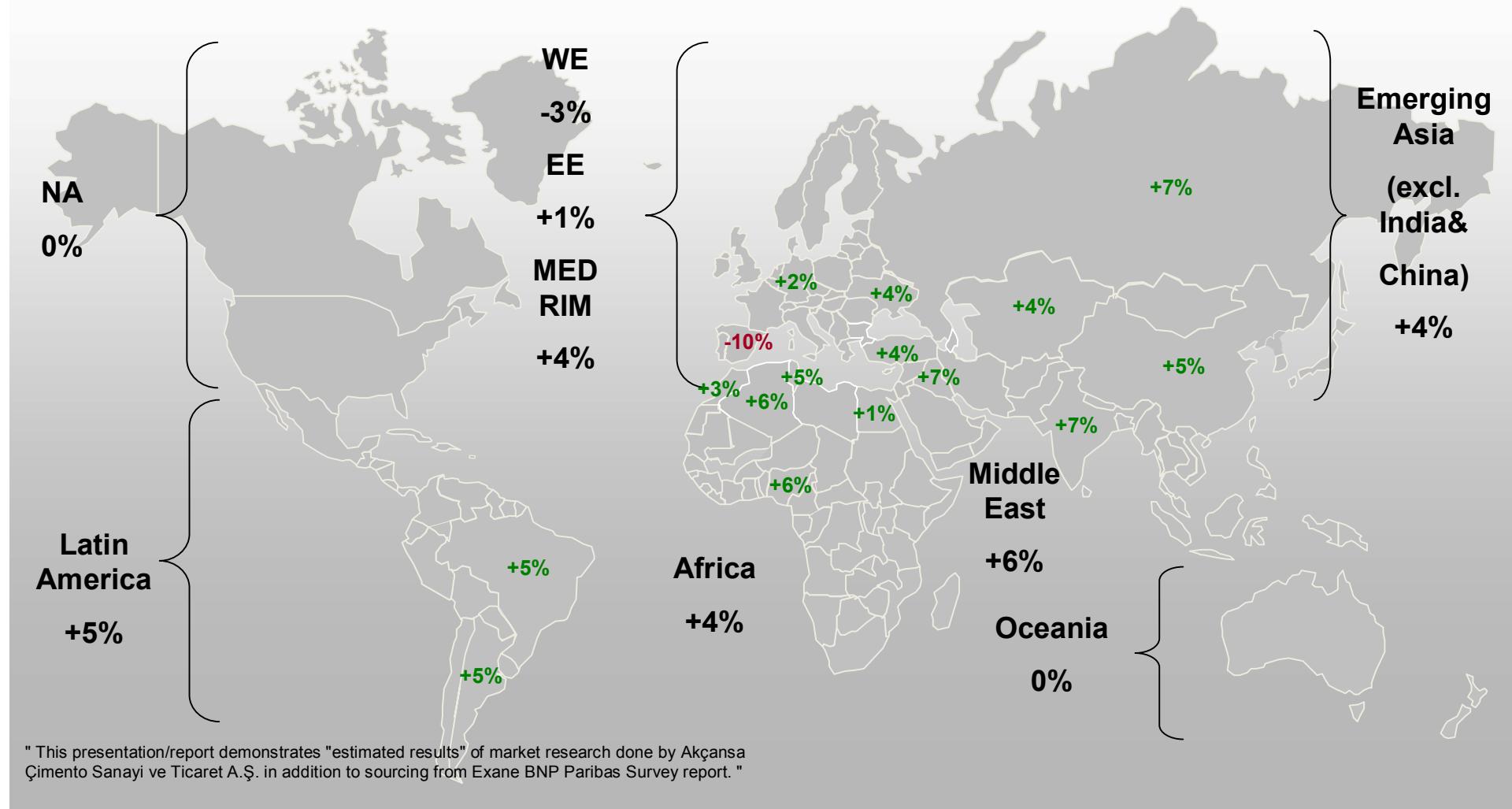
# Cement Consumption Trends : Regional Consumption 2011 Estimate

Mature markets: -1%; Emerging markets excl. China: +5%, inc. China: +8; Global: +7%



## Cement Consumption Trends : Regional Consumption 2012 Estimate

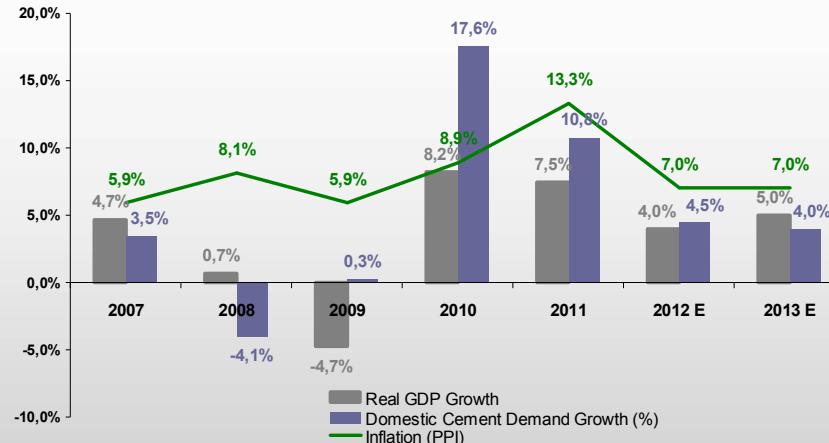
Mature markets: -1%; Emerging markets excl. China: +5%, inc. China: +9; Global: +4%



" This presentation/report demonstrates "estimated results" of market research done by Akçansa Cimento Sanayi ve Ticaret A.S. in addition to sourcing from Exane BNP Paribas Survey report. "

# Turkey Macroeconomic Assumptions 2007-2013

Turkey Macroeconomic Indicators			
Years	Government Budget Deficit/GDP	TR-3 Months Deposit Rate, Annual, %	Population (mio)
2007	-1,6%	17,5%	70,2
2008	-1,8%	20,0%	71,1
2009	-5,5%	9,3%	72,1
2010	-3,6%	7,6%	73,0
2011	-1,7%	9,8%	74,0
2012	-1,5%	9,8%	74,9
2013	-1,4%	10,1%	75,8

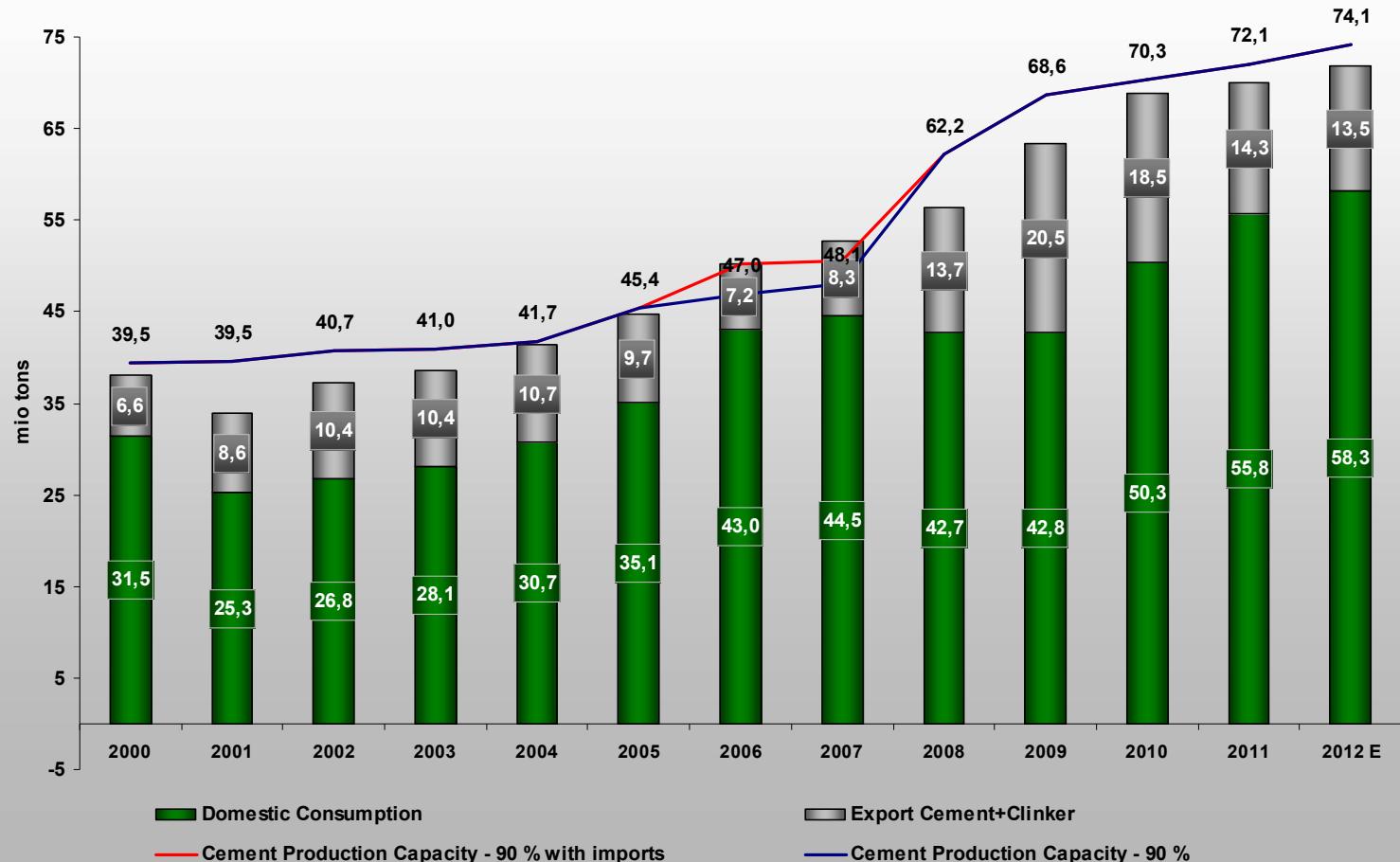


- **Inflation** is expected to be stable for the coming two years
- Positive **growth** expectations for 2012 and 2013
- **FX rates** increase with decreasing EUR/USD parity
- Steadily decreasing **budget deficit** per capita



Source: Sabancı Holding and Undersecretary of Treasury – November, 2011

# Turkish Cement Sector (2000 – 2012E)



" 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. "

# Turkish Cement Market (Expectations)

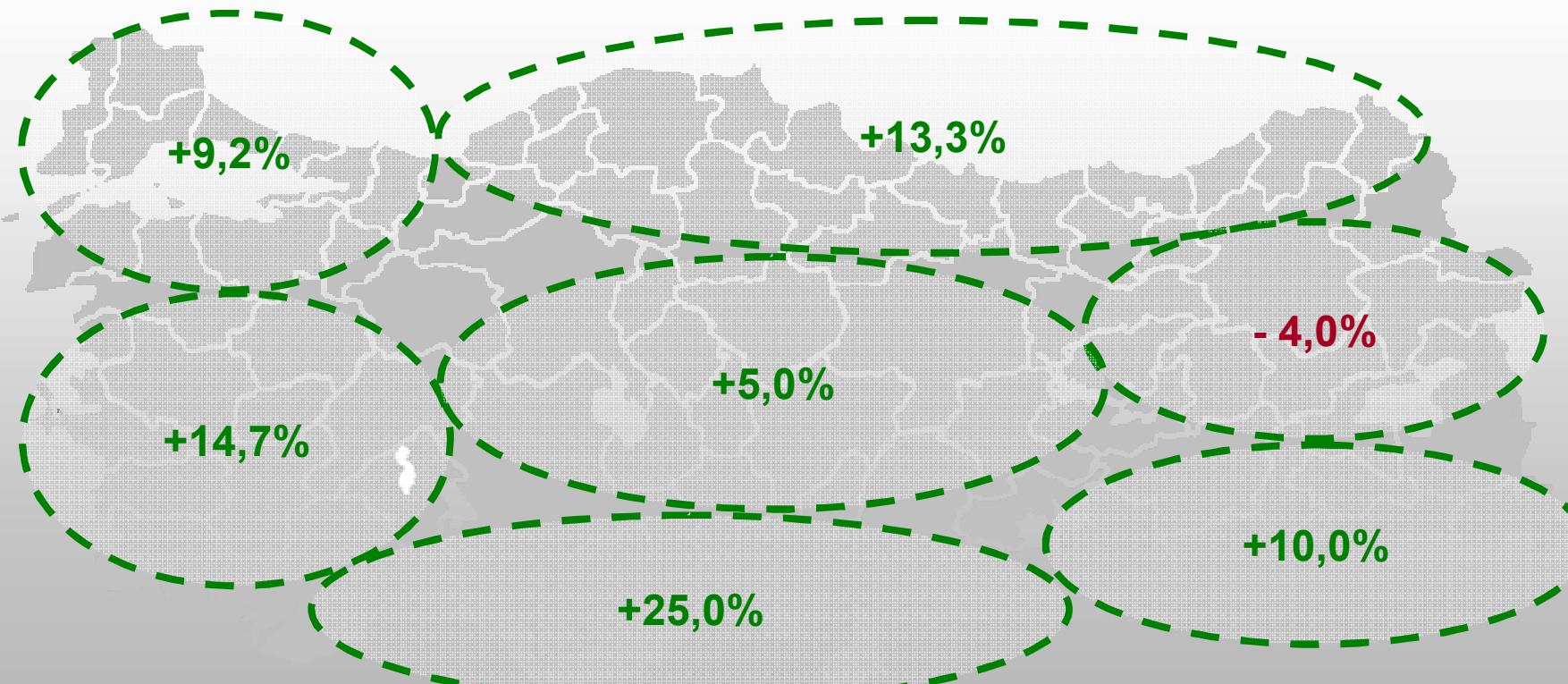


	2006	2007	2008	2009	2010	2011E	2012E
1. Private Housing	66%	61%	53%	55%	53%	<b>53%</b>	<b>52%</b>
2. Commercial	13%	15%	12%	8%	11%	<b>11%</b>	<b>11%</b>
3. Public	3%	4%	4%	4%	5%	<b>5%</b>	<b>5%</b>
4. Infrastructure/Projects	17%	20%	30%	33%	30%	<b>31%</b>	<b>32%</b>



Source: TUIK and TCMA

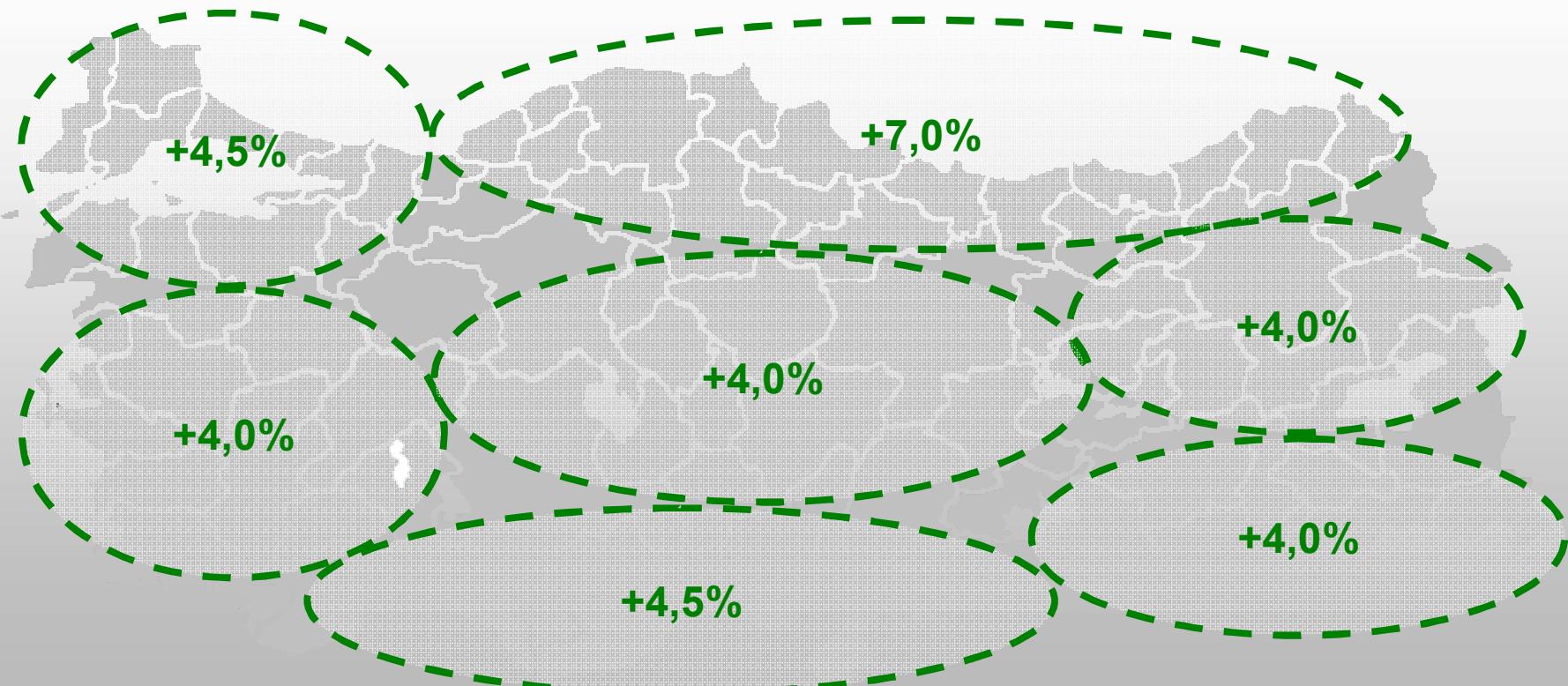
# Turkish Cement Market, Sales Volumes Change %, (2011)



- Cement demand in Turkish domestic market increased by 10,8%

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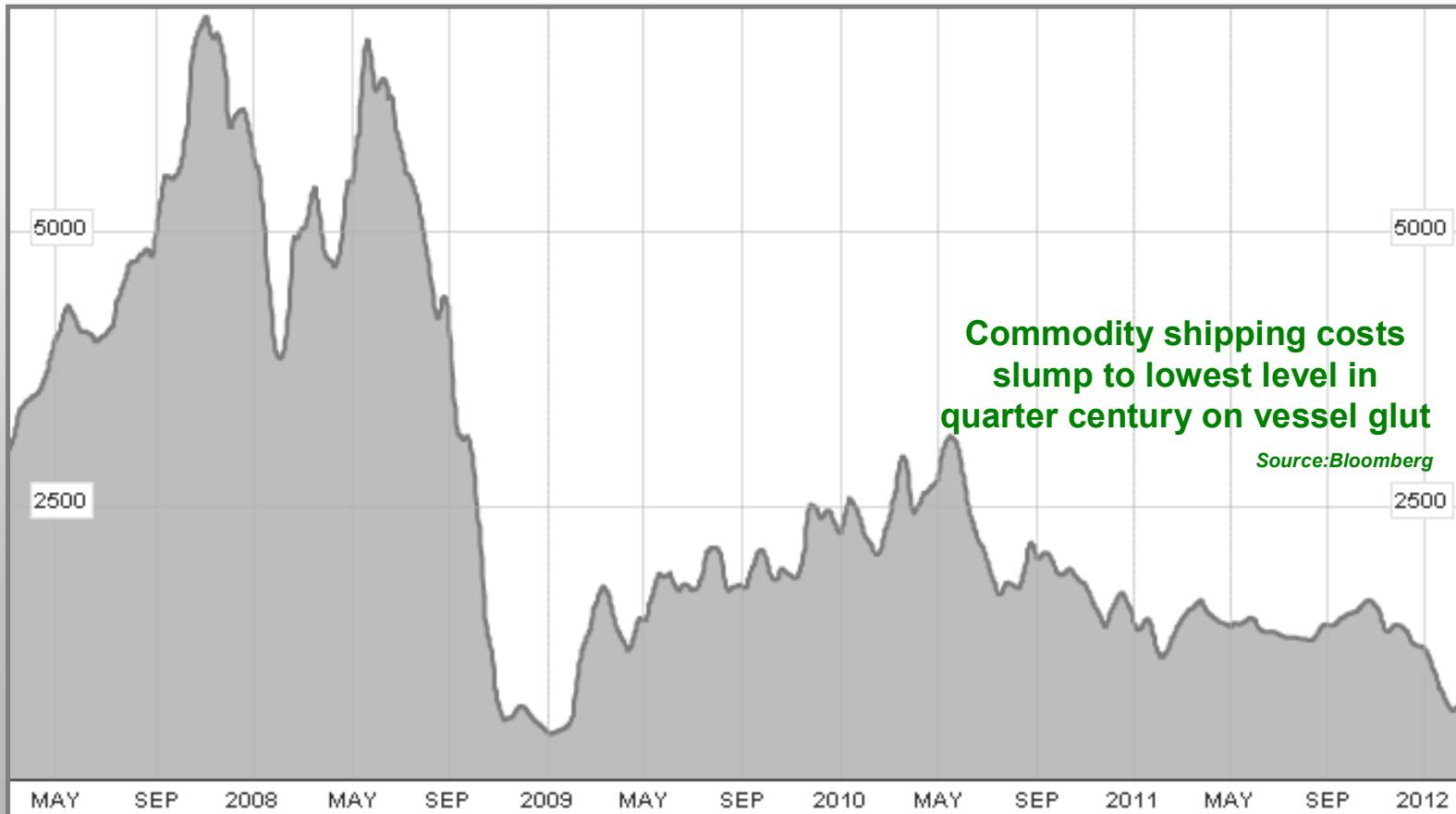
# Turkish Cement Market, Sales Volumes Change %, (2012 - Expected)



- Cement demand in Turkish domestic market is expected to increase by 4,5% in 2012

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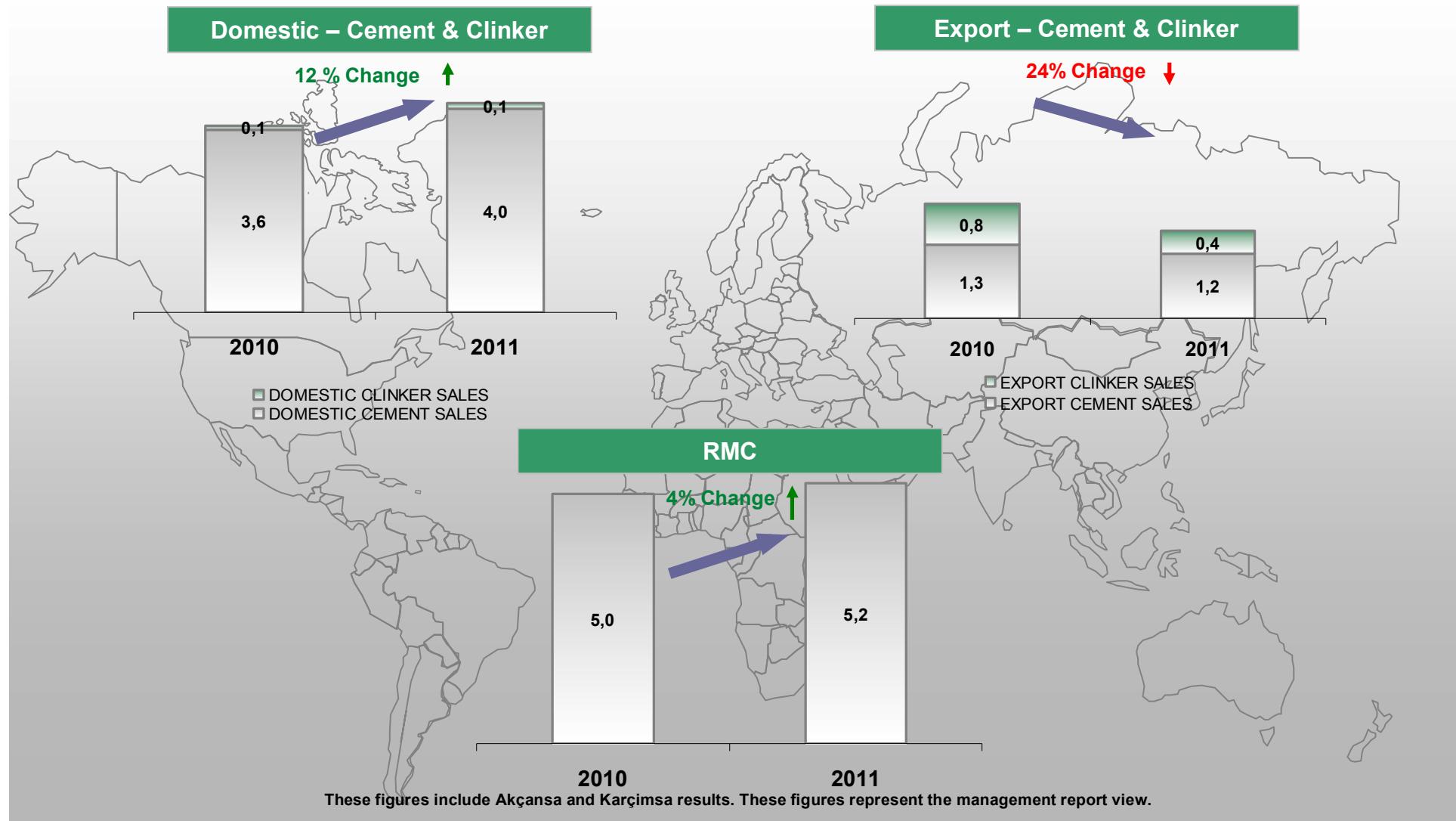
## Baltic Supramex Index



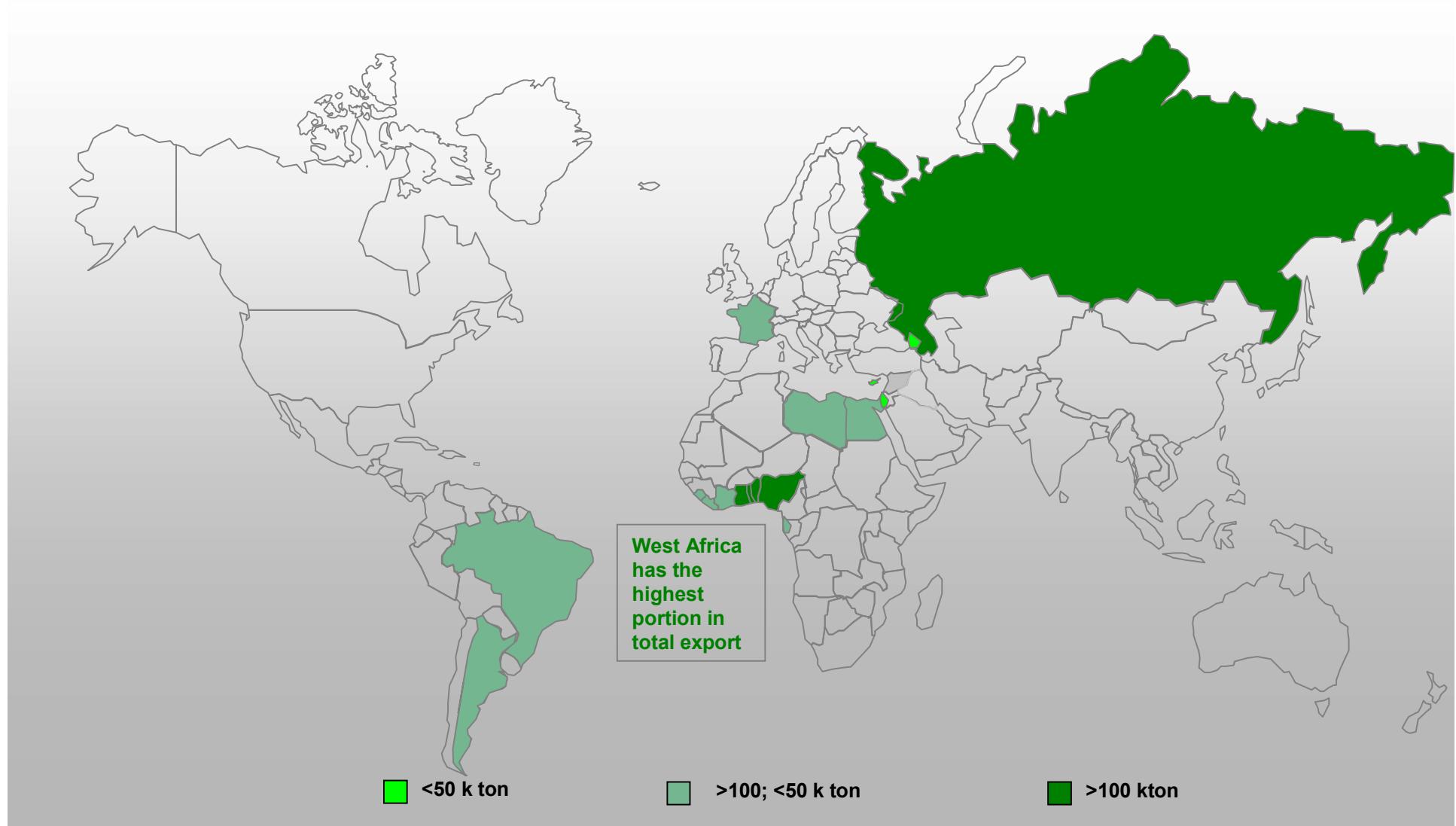
## Financial Highlights

- Full year comparison
  - 2011 turnover is up by 22% against 2010
  - Operating income in 2011 is 86% higher than 2010
  - Net income in 2011 increased by 70% compared to 2010
- Q4 comparison:
  - Q4 turnover is up by 29% against Q4 in 2010
  - Operating income in Q4'11 is 173% higher than Q4'10
  - Net income for Q4'11 increased by 217% compared to Q4'10
- Margins improved due to the following reasons;
  - Increase in domestic sales prices and volume
  - Better export mix
  - Decline in fuel prices
  - Increase in alternative fuel consumption
  - Positive impact of Waste Heat Investment on energy

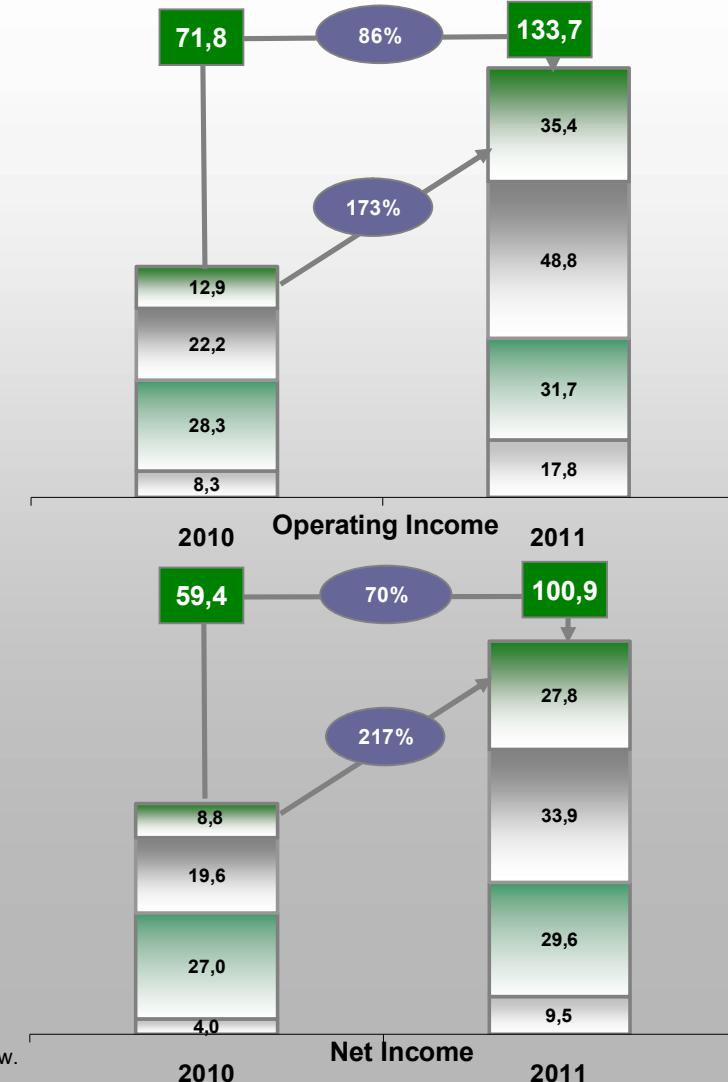
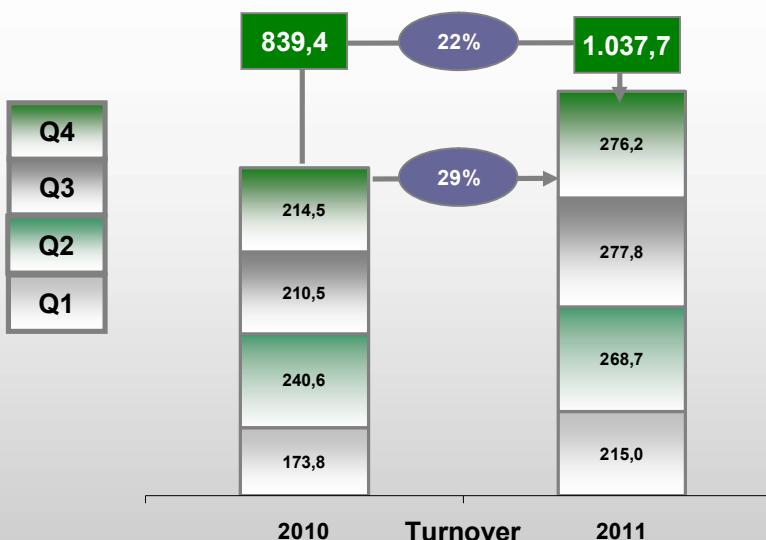
# Akçansa Sales Volumes (YTD 2011 vs. YTD 2010)



## Akcansa Export Regions (2011)



## Key Figures (million TL) (YTD 2011 vs YTD 2010)



- Increased volume and better prices reflected within better operating income and net profit results.
- Higher operating income in 2011;
  - volume and price growth,
  - active cost management through optimising fuel purchases and fuel mix, increasing alternative fuel consumption, waste heat project go live

\* These figures include Akçansa and Karçimsa results. These figures represent the management report view.

# Market Trends in 2011 and 2012

2011	Cement	
	Volume	Price (TL/ton)
Domestic Cement	↗	↗
North Marmara	↗	↗
South Marmara	↗	↗
East Marmara	↗	↗
Aegean	↗	↗
Black Sea	↗	↗

(\*) Compared to 2010 YTD

2011	Readymix	
	Volume	Price (TL/m3)
General	↗	↗
Europe	↗	↗
Asia	↗	↗
Thrace	↔	↗
Aegean	↗	↗
Black Sea	↗	↗

(\*) Compared to 2010 YTD

2011	Cement	
	Volume	Price (\$/ton)
Export Cement	↘	↗
Export Clinker	↘	↗

(\*) Compared to 2010 YTD

Energy	2011	2012
	YE	YE
Coal	↘	↘
Petcoke	↘	↘
Electricity	↗	↗
Diesel	↗	↗

(\*) Compared to end of 2010 and 2011

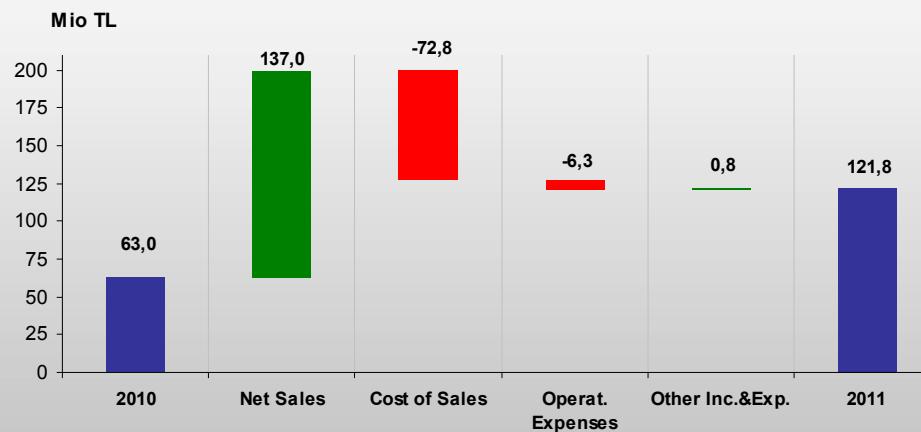
2012	Expectations	
	Volume	Price
Domestic Cement (TL/t)	↗	↗
Export Cement (\$/t)	↗	↔
Export Clinker (\$/t)	↗	↔
RMC (TL/m3)	↔	↗

(\*) Compared to 2011 YTD

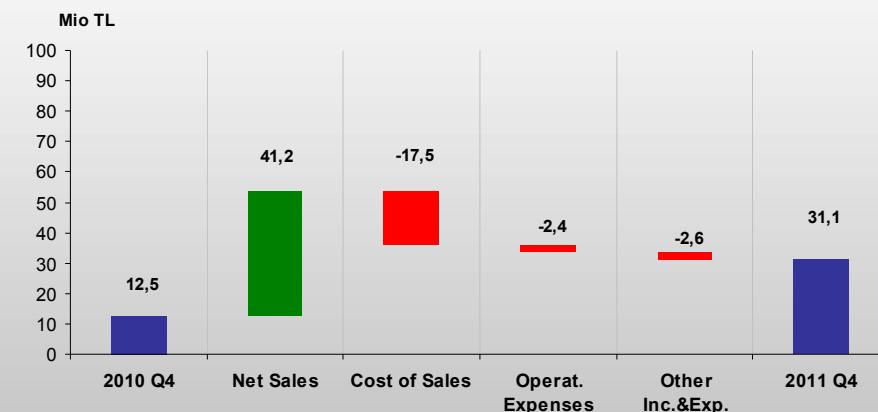
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# Cement B/L Profit and Loss Accounts YTD & Q4

Operating Income Analysis  
YTD - 2011 vs 2010

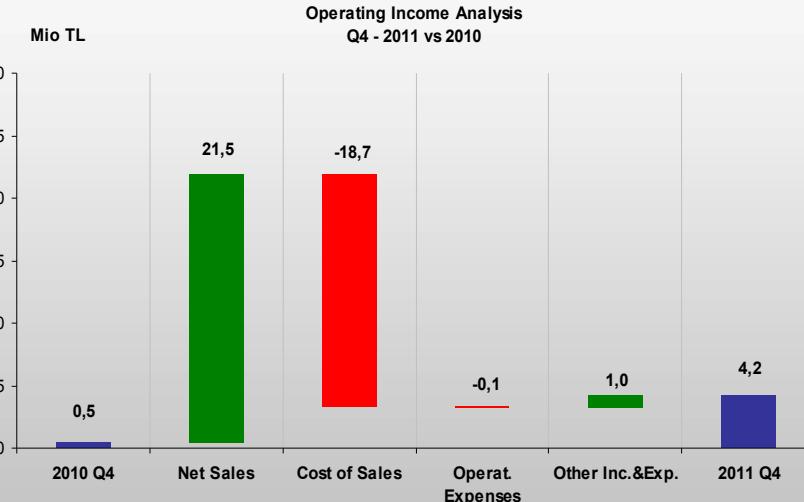
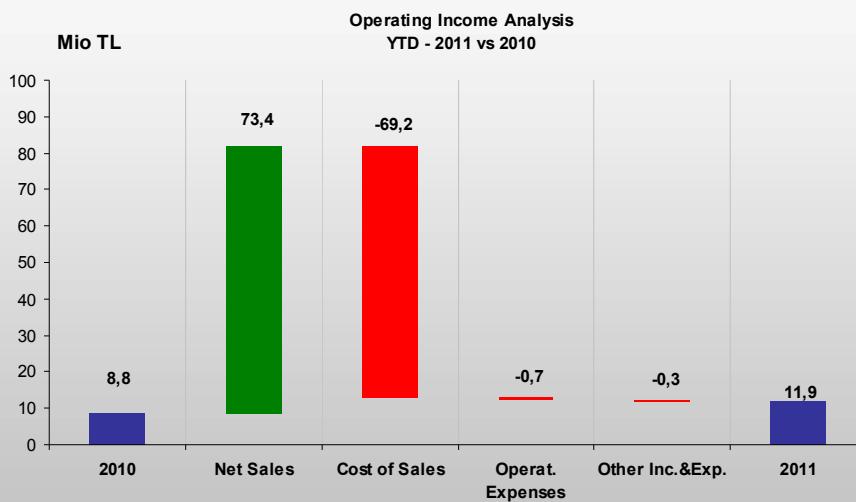


Operating Income Analysis  
Q4 - 2011 vs 2010



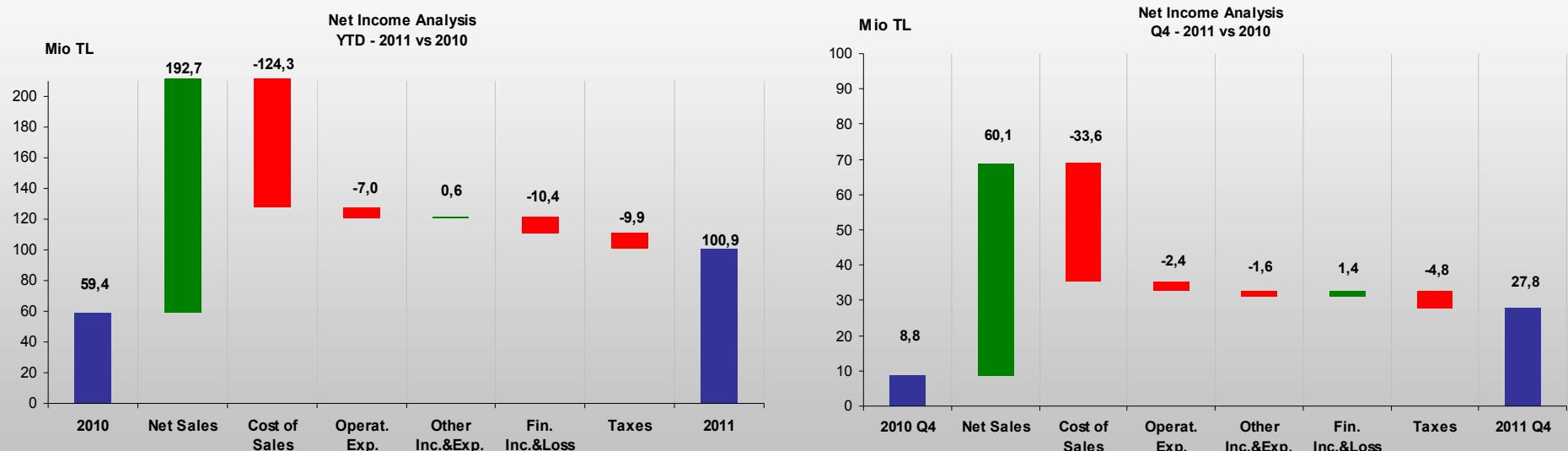
\* These figures include only Akçansa and Karcımsa results. These figures represent the management report view.

# Readymix B/L Profit and Loss Accounts YTD & Q4



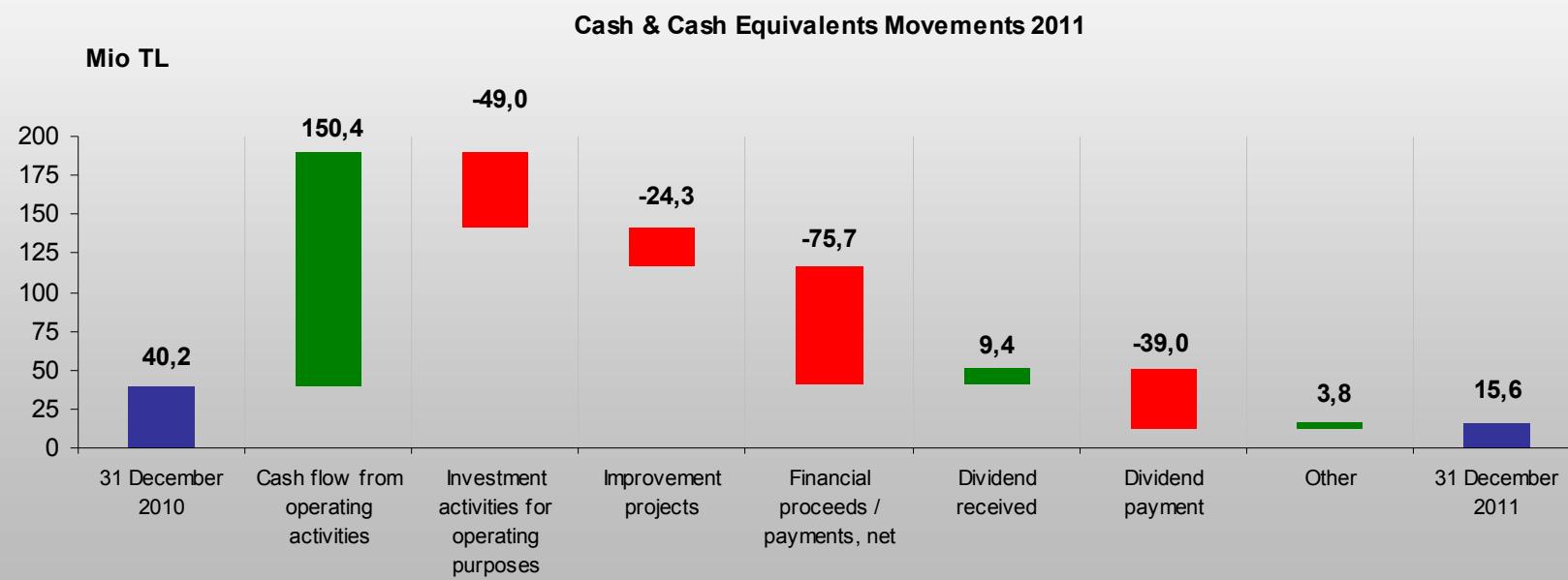
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# Company Profit and Loss Accounts YTD & Q4



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# Cash Flow Statement 2011



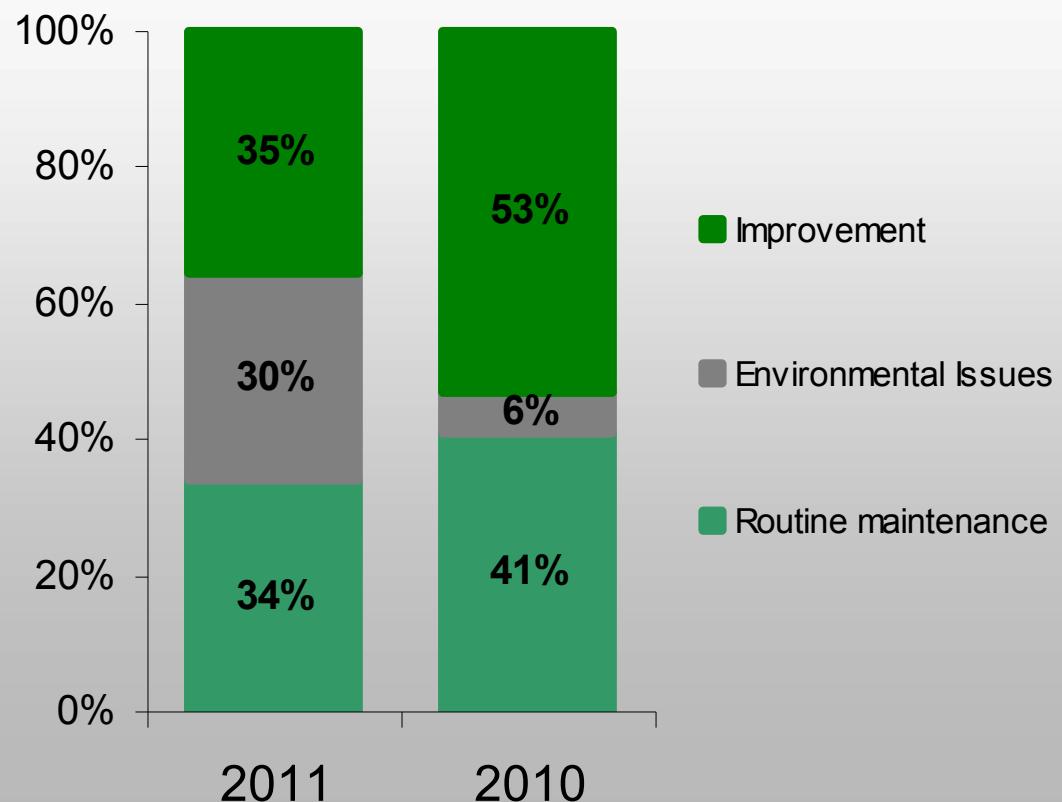
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# Balance Sheet as of December 2011 and 2010

Mio TL	31.12.2011	31.12.2010	Mio TL	31.12.2011	31.12.2010
<b>Current Assets</b>	<b>372,4</b>	<b>310,0</b>	<b>Current Liabilities</b>	<b>299,7</b>	<b>175,5</b>
Cash & cash equivalents	15,6	40,2	Financial Liabilities	111,5	49,1
Trade receivables	253,6	183,1	Trade payables	161,7	110,3
Inventories	93,9	76,5	Tax payable	6,3	1,5
Other current assets	9,4	10,2	Other current liabilities	20,3	14,5
<b>Non-current Assets</b>	<b>906,0</b>	<b>921,8</b>	<b>Non-current Liabilities</b>	<b>104,6</b>	<b>215,2</b>
Financial investments	117,9	147,7	Financial Liabilities	38,2	151,6
Fixed Assets	653,1	636,2	ETB provision	18,7	16,5
Goodwill	129,5	129,5	Deferred tax liabilities	44,4	44,5
Deferred tax assets	1,6	1,9	Other non-current liabilities	3,3	2,6
Other non-current assets	4,0	6,5			
<b>TOTAL ASSETS</b>	<b>1.278,5</b>	<b>1.231,8</b>	<b>Shareholders Equity</b>	<b>874,1</b>	<b>841,1</b>
<b>BS data and key ratios</b>			Paid in Capital	191,4	191,4
<i>Working Capital</i>	<i>185,8</i>	<i>149,3</i>	Retained earnings	497,2	476,9
<i>Net debt</i>	<i>134,1</i>	<i>160,5</i>	Comprehensive income	74,0	102,6
<i>Current ratio</i>	<i>1,24</i>	<i>1,77</i>	Net income	100,3	59,3
<i>Debt to equity ratio</i>	<i>0,46</i>	<i>0,46</i>	Minority interest	11,2	10,8
<i>Net financial debt to assets</i>	<i>0,10</i>	<i>0,13</i>	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1.278,4</b>	<b>1.231,8</b>

\* These figures include only Akçansa and Karçimsa results. These figures represent the management report view.

## Capex Distribution 2011 vs 2010



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# Prospects 2012

## Economic Activities

- Domestic market remains strong
- Construction based growth plans of the government
  - New regulations in force in relation to residential build (in response to Earthquake)
  - Urban transformation: 40 bio USD per year (for the following 10 years)
  - Increase in construction activities because of new law about lands under the specification of 2B.

## Operations

- Continued focus on margin enhancement
- Focus on added value products in RMC

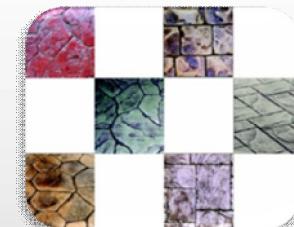
## Energy

- Full year utilizing waste heat project (~15 mio TL gain)
- Continuous and steady increase in alternative fuel usage going forward
- And ...

Viskobeton



Dekobeton



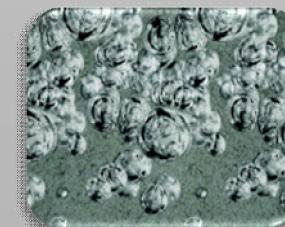
Drabeton



Fiberbeton



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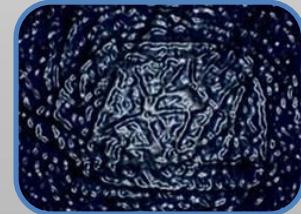
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# Energy matters...

- To increase efficiency on energy usage
  - Flexibility in use of pet coke and coal
  - Use of import channels of HC Trading firms
  - High-sulfur pet coke usage permit
  - Hedging coal purchases to minimize cost inflation risk
  - Active electricity portfolio management
- To increase alternative fuel usage
  - Alternative fuel feeding system investment in Canakkale Plant

Primary



Alternative



# Akçansa Sustainability Approach



# Awards in 2011

- The Best Admired Cement Company 2011
  - By Capital Business Magazine

- Environmental Award
  - Çanakkale Waste Heat Facility
  - By Istanbul Chamber of Industry

- Sustainable Waste Management and Communication Award
  - (One Carbon Double Oxygen Project)
  - By CSR Europe



# Thank you !



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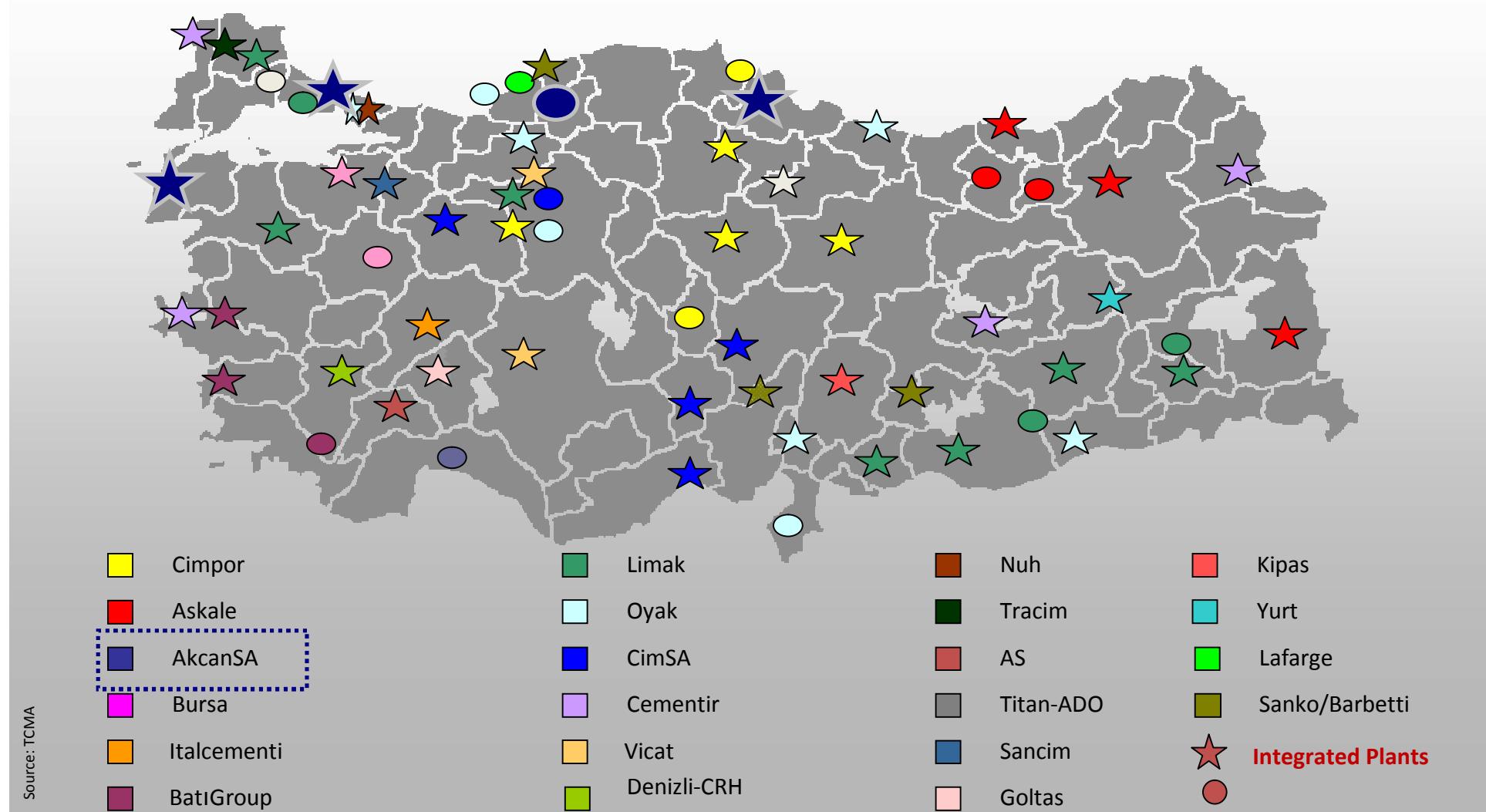
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# Appendix

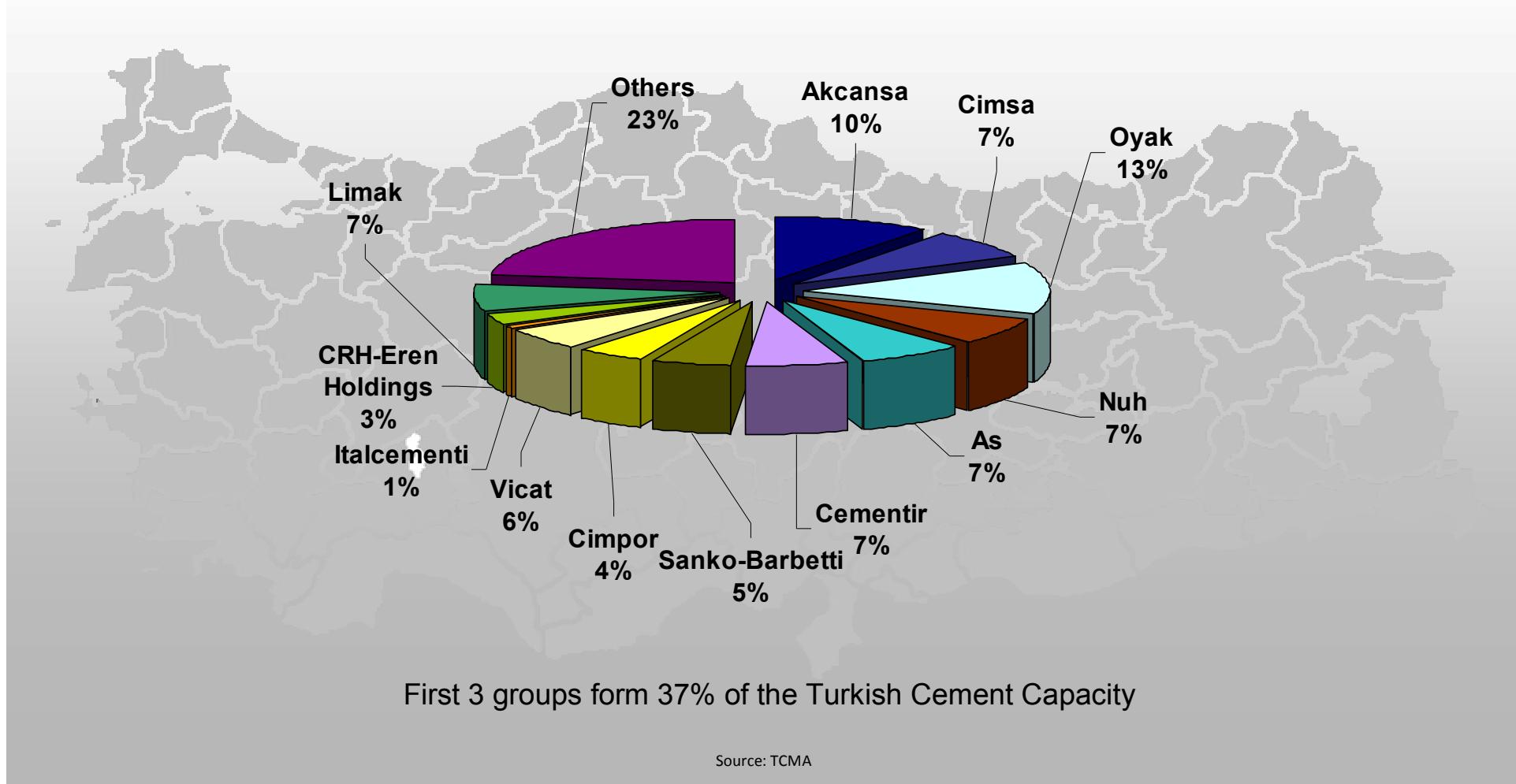


# Cement Sector Distribution in Turkey

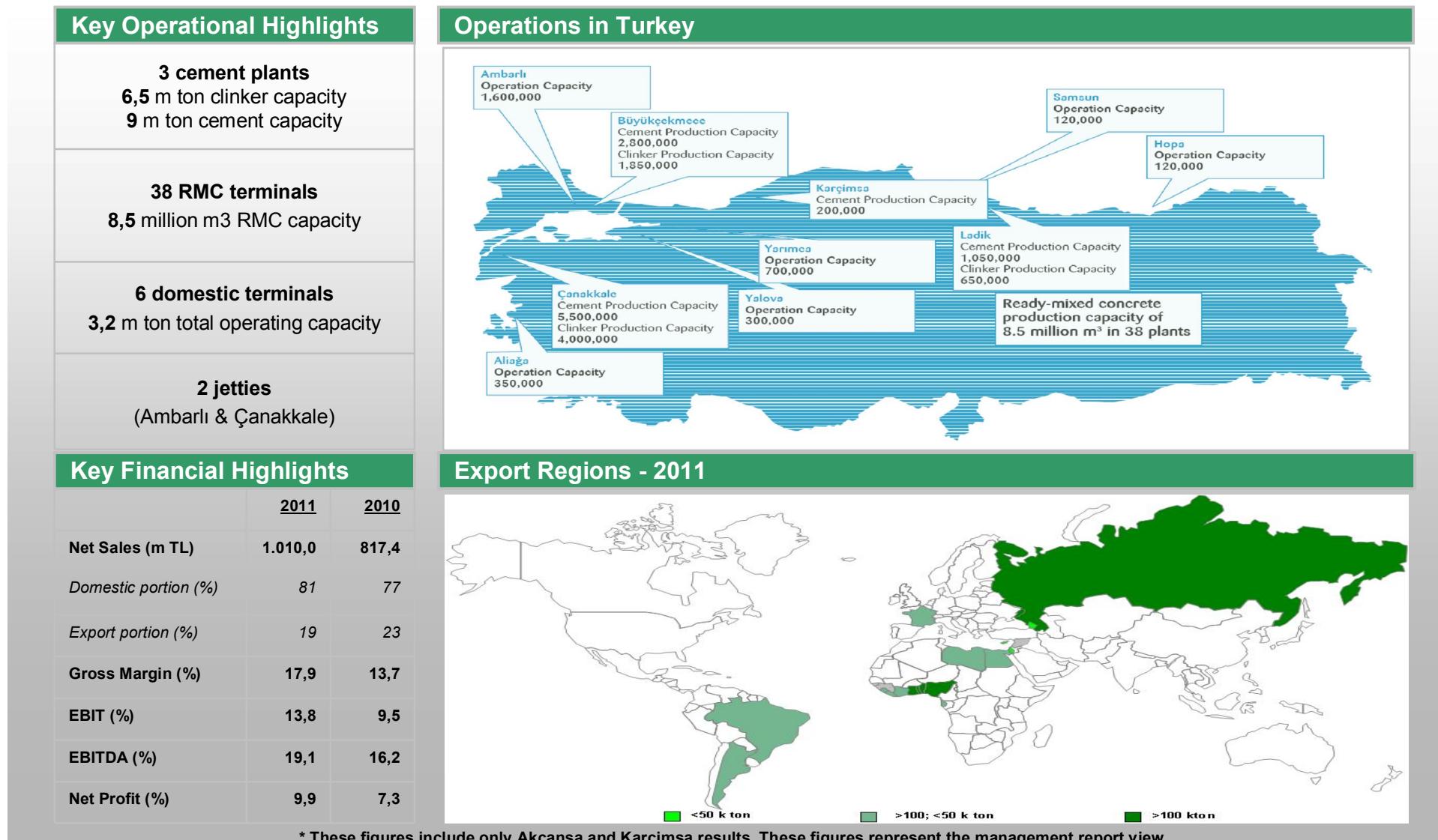
48 integrated plants, 17 grinding mills, 65 plants, 22 players



# Turkey Clinker Capacity Distribution



# Akcansa at a glance



# Cement B/L Profit and Loss Accounts 2011 YTD & Q4

Cement Mio TL	YTD 2011	Var YTD'11 vs. YTD'10	Q4 2011	Var. Q4'11 vs. Q4'10
Net Sales	704,7	137,0	187,7	41,2
Cost of Sales	(545,1)	(72,8)	(141,7)	(17,5)
<b>Gross Margin</b>	<b>159,6</b>	<b>64,2</b>	<b>46,0</b>	<b>23,7</b>
Operating Expenses	(33,6)	(6,3)	(10,2)	(2,4)
Other Operating Income/Charges	(4,2)	0,8	(4,7)	(2,6)
<b>Operating Profit/Loss</b>	<b>121,8</b>	<b>58,8</b>	<b>31,1</b>	<b>18,7</b>
Non-Operating Financial Income/Charge	(0,1)	5,8	0,6	4,7
<b>Profit/Loss before Taxes</b>	<b>121,7</b>	<b>64,5</b>	<b>31,8</b>	<b>23,4</b>

- Turnover increased in 2011 compared to 2010 due to increasing prices and favorable mix.
- Cost pressures remain, notably in energy especially because of diesel prices.

\* These figures include only Akçansa and Karçimsa results. These figures represent the management report view.

# Readymix Profit and Loss Accounts 2011 YTD & Q4

Readymix Mio TL	YTD 2011	Var YTD'11 vs. YTD'10	Q4 2011	Var. Q4'11 vs. Q4'10
Net Sales	423,9	73,4	109,4	21,5
Cost of Sales	-403,1	-69,2	-104,0	-18,7
<b>Gross Margin</b>	<b>20,9</b>	<b>4,1</b>	<b>5,4</b>	<b>2,8</b>
Operating Expenses	-7,7	-0,7	-2,1	-0,1
Other Operating Income/Charges	-1,3	-0,3	1,0	1,0
<b>Operating Profit/Loss</b>	<b>11,9</b>	<b>3,1</b>	<b>4,2</b>	<b>3,8</b>
Non-Operating Financial Income/Charge	0,3	0,4	0,1	0,5
<b>Profit/Loss before Taxes</b>	<b>12,2</b>	<b>3,5</b>	<b>4,3</b>	<b>4,3</b>

- Strong volume throughout 2011

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# Company Profit and Loss Accounts 2011 YTD & Q4

Company Mio TL	YTD 2011	Var YTD'11 vs. YTD'10	Q4 2011	Var. Q4'11 vs. Q4'10
Net Sales	1.010,0	192,7	268,8	60,1
Cost of Sales	(829,6)	(124,3)	(217,4)	(33,6)
<b>Gross Margin</b>	<b>180,5</b>	<b>68,4</b>	<b>51,4</b>	<b>26,5</b>
Marketing&Sales Expense	(9,9)	(1,8)	(2,9)	(0,6)
General Management Expenses	(31,4)	(5,3)	(9,4)	(1,8)
Other Operating Income/Charges	(5,4)	0,6	(3,7)	(1,6)
<b>Operating Profit/Loss</b>	<b>133,7</b>	<b>61,9</b>	<b>35,4</b>	<b>22,4</b>
Non-Operating Financial Income	73,5	35,6	21,9	10,9
Non-Operating Financial Charge	(83,4)	(46,0)	(22,5)	(9,4)
<b>Profit/Loss before Taxes</b>	<b>123,8</b>	<b>51,5</b>	<b>34,8</b>	<b>23,8</b>
Taxes On Income	(22,9)	(9,9)	(6,9)	(4,8)
<b>Net Income/Loss</b>	<b>100,9</b>	<b>41,5</b>	<b>27,8</b>	<b>19,1</b>
<b>Gross Margin %</b>	<b>17,9%</b>	<b>4,2%</b>	<b>19,1%</b>	<b>7,2%</b>
<b>EBIT Margin %</b>	<b>13,8%</b>	<b>4,3%</b>	<b>14,5%</b>	<b>7,3%</b>
<b>Net Income Margin %</b>	<b>10,0%</b>	<b>2,7%</b>	<b>10,4%</b>	<b>6,2%</b>
<b>EBITDA Margin %</b>	<b>19,1%</b>	<b>2,9%</b>	<b>19,7%</b>	<b>6,0%</b>

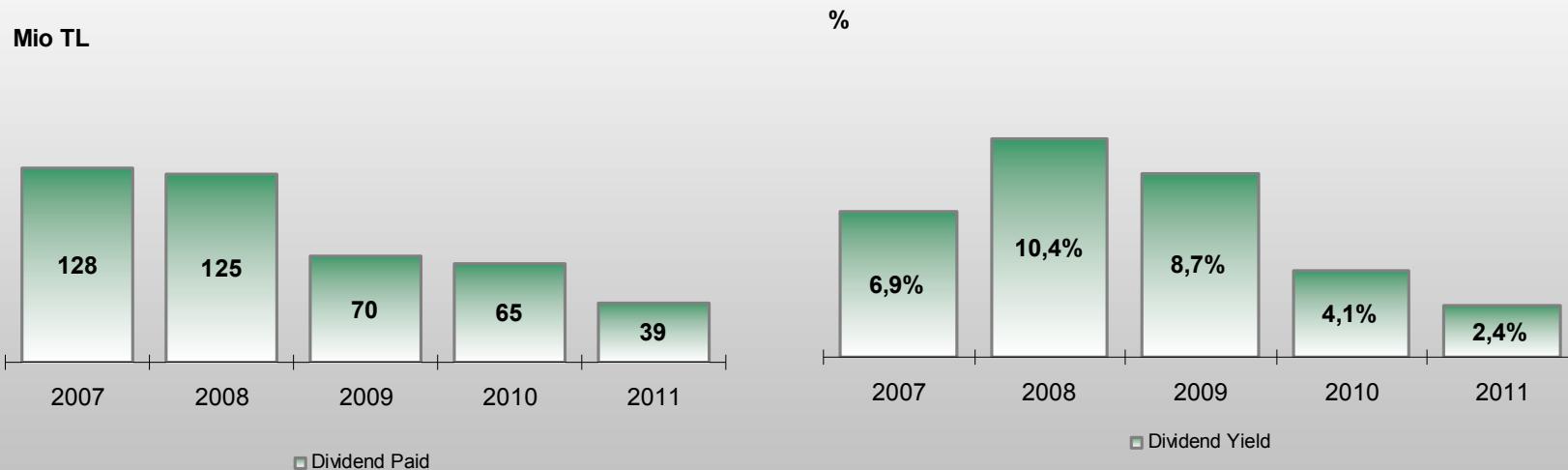
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# Cash Flow Statement 2011 and 2010

Company Mio TL	YTD 2011	YTD 2010
<b>Cash flow from operating activities</b>		
Operating income before the changes in working capital	200,2	130,0
Changes in working capital	(46,6)	(19,0)
Decrease in provisions through cash payments	(3,2)	(2,5)
	<b>150,4</b>	<b>108,6</b>
<b>Cash flow from investing activities</b>		
Tangible and intangible fixed assets	(73,3)	(51,9)
Financial assets	-	1,4
Proceed from fixed asset disposals	3,8	0,8
Dividend Received	9,4	8,2
	<b>(60,2)</b>	<b>(41,5)</b>
<b>Cash flow from financing activities</b>		
Dividend payments	(39,0)	(65,4)
Net proceeds from bonds and loans	(75,7)	(1,5)
	<b>(114,8)</b>	<b>(66,9)</b>
<b>Change in cash &amp; cash equivalents</b>		
Cash & cash equivalents at 1 January	40,2	40,1
Cash & cash equivalents on 31 December	15,6	(24,6)
	<b>40,2</b>	<b>0,1</b>

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## Dividend Paid and Dividend Yield

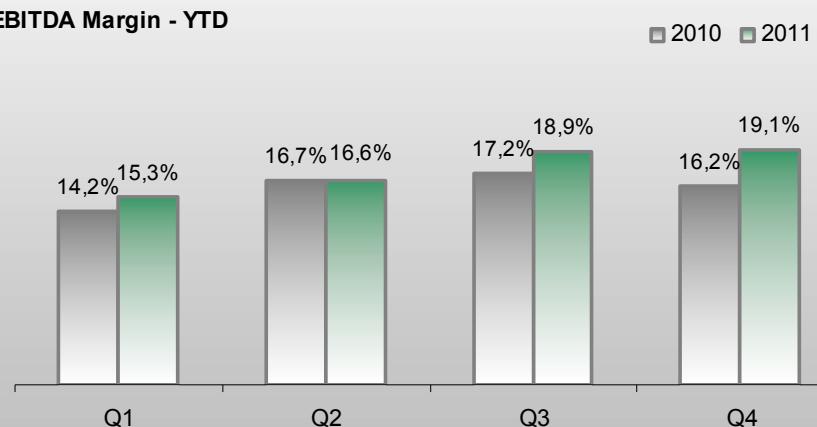


There has not been any change in dividend payment policy throughout years

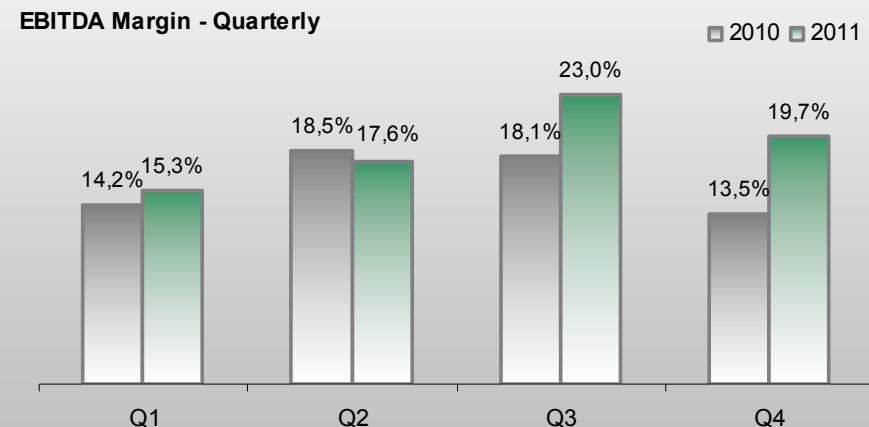
\* These figures include only Akçansa and Karçimsa results. These figures represent the management report view.

# EBITDA Margins

EBITDA Margin - YTD



EBITDA Margin - Quarterly



\* These figures include only Akçansa and Karçimsa results. These figures represent the management report view.

# Construction Projects in Turkey

## Ongoing Projects

### Akcansa

- Özdilek AVM (Continuing, 200 k m3)
- Zeytinburnu Varyap Project - Student Dormitory (Continuing, 80 k m3)
- Sinpaş Bosphorus City Project (Continuing, 500 k m3)
- Sinpaş GYO Akasya Project (Continuing, 450 k m3)
- Varyap Meridian Project (Continuing, 260 k m3)
- Innova Project (Continuing, 500 k m3)

For further information about our projects please visit our web site:  
[www.betonsa.com.tr](http://www.betonsa.com.tr)

### Turkey

- **New Metro Routes (Project Period: 2010-13)**
  - Kabataş – Mahmutbey; 2,4 bio TL
  - Beylikdüzü – Bakırköy; 2,2 bio TL
  - Üsküdar Ümraniye; 1,9 bio TL
  - Bakırköy – Kirazlı; 0,8 bio TL

## Projects in the Pipeline

### İzmit – İzmir Highway; signed, not started

- Highway (421 km)
- İzmit Bridge; Length 1,7 km; Cost : 2 bio TL
- Four tunnels (7,4 km)
- 30 viaducts (18,2 km)

### Çanakkale Bridge; project

- Çanakkale Bridge (2,2 km)
- Highway (13,7 km)
- 2 mio ton cement excluding the accommodation consumption

### Third Bridge; project

- 1 mio ton cement excluding the accommodation consumption

### The Bosphorus Tunnel, project

- 5,4 km
- Highway
- 1,1 bio USD

### Tunnels Construction in İstanbul, project

- 140 km
- 2 mio ton cement

### Urban transformation:

- 40 bio USD per year (for the following 10 years)

# General Basics About Cement and RMC Production

## Production

- 1,6 ton limestone is 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 m<sup>3</sup> RMC produced
- 1,5-2,0 ton of aggregate in 1 m<sup>3</sup> RMC produced depending on the type of RMC produced

## Fuel

- A cement plant of 1 mio ton clinker capacity may consume 100 k ton pet coke or 130 k ton coal, or a mix of both
- 7.500 k/ton in pet coke vs. 6.000 kcal/ton in coal.
- Fuel accounts for 30-40% of the variable cost of producing 1 ton of cement

## Electricity

- Electricity accounts 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 Akcansa will be around 1-1,5 mio TL based on current electricity prices

## Betonik Ideas Contest

- 3rd year of the contest
- Target population is university students
- Alternative usage of cement and RMC for naturally energy efficient living areas
- Visit [www.betonifikirler.com](http://www.betonifikirler.com) website

