



Erdemir Group

2009

Consolidated Financial Results

22 February 2010



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Agenda



2009 Market Overview



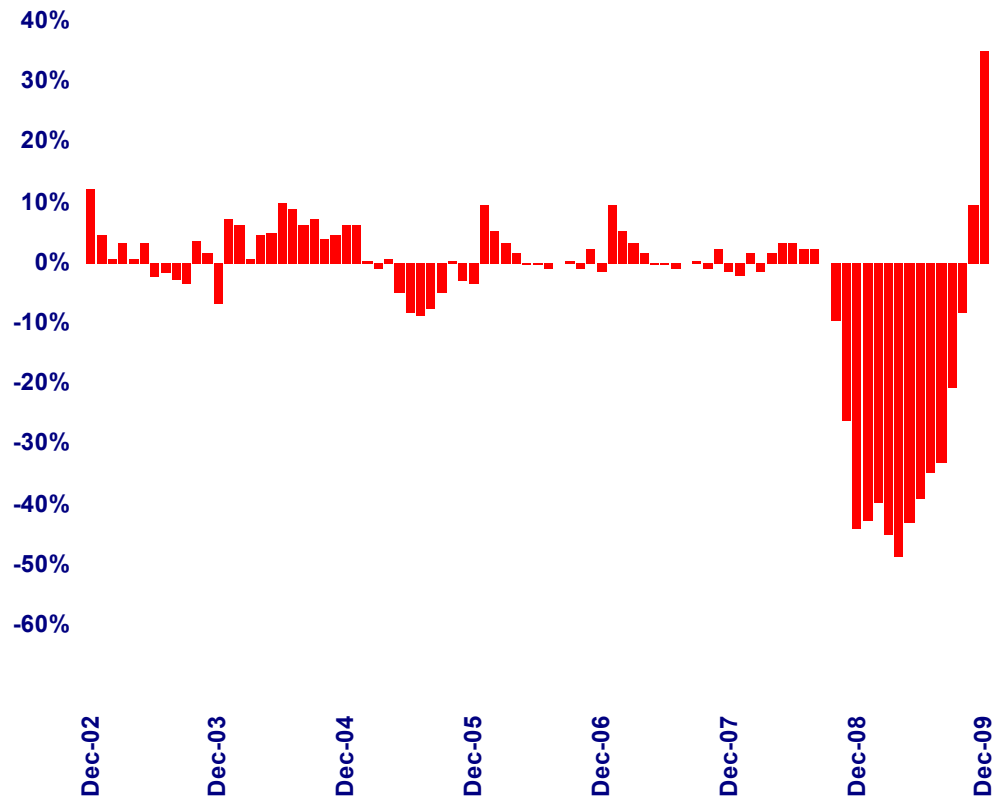
2009 Results



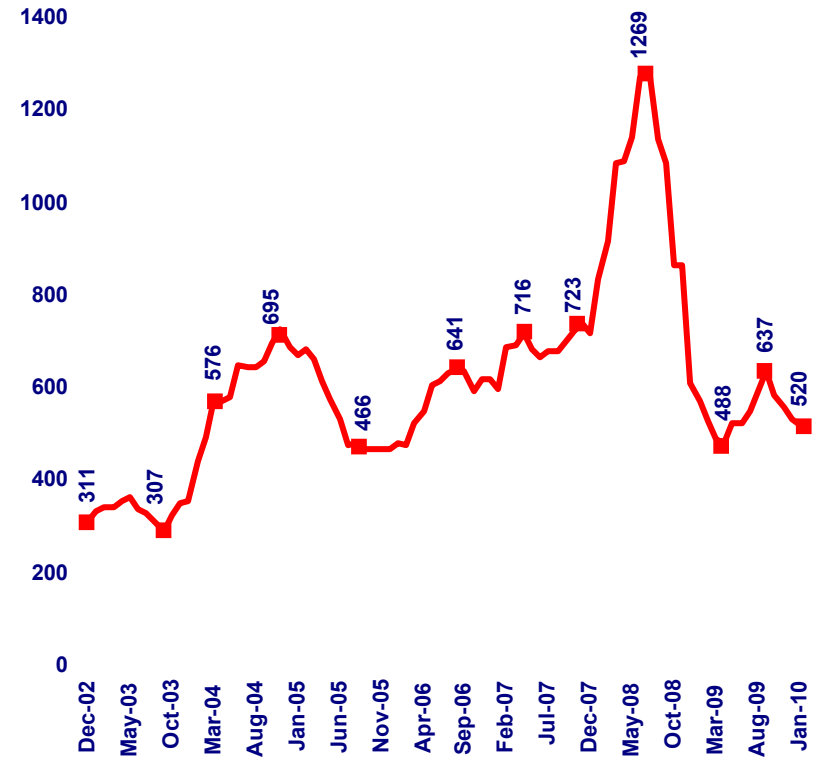
Management Policies and Measures Against Downturn and Results

In EU27 countries, crude steel production increased by 35% in December 2009 YoY.

EU27 CRUDE STEEL PRODUCTION (YoY %)*

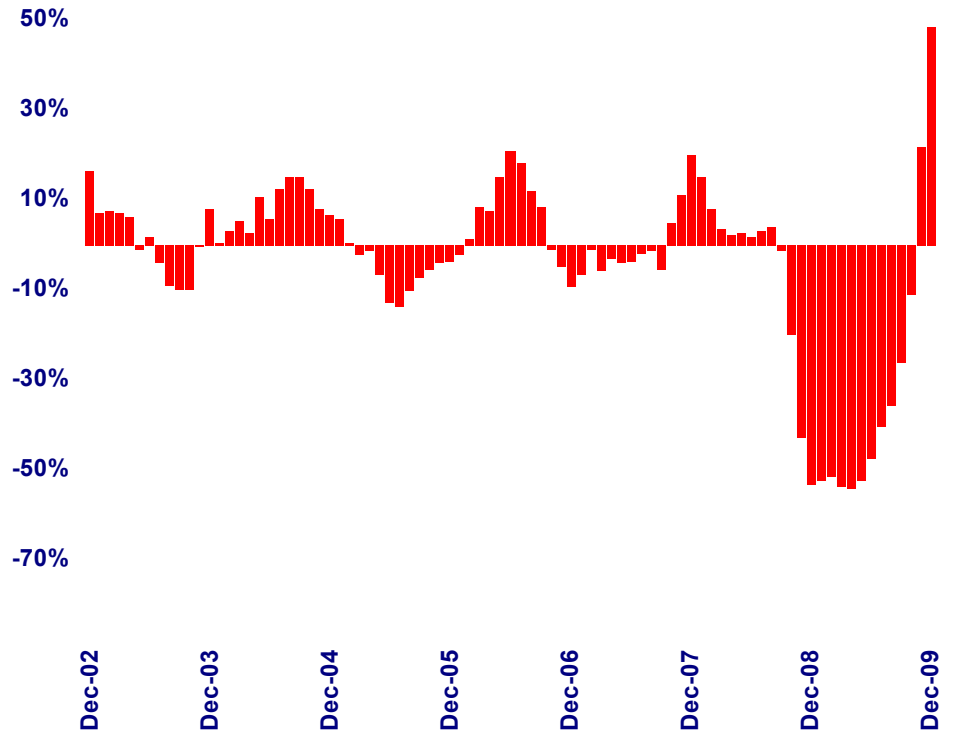


EU HRC PRICE (USD/TON)**

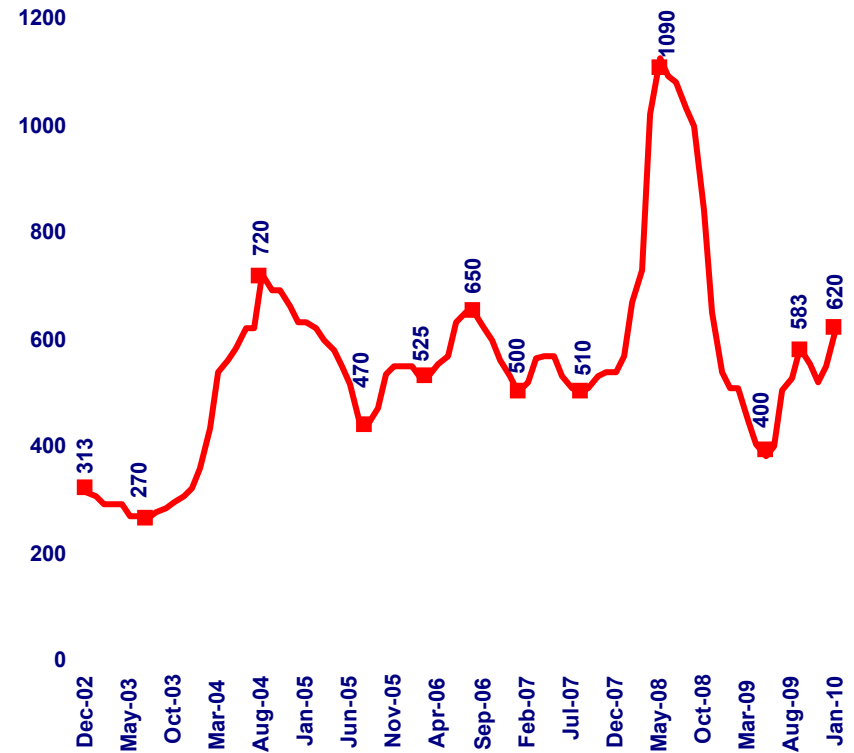


In USA, crude steel monthly production is higher than the previous year since November 2009.

USA CRUDE STEEL PRODUCTION (YoY %)*

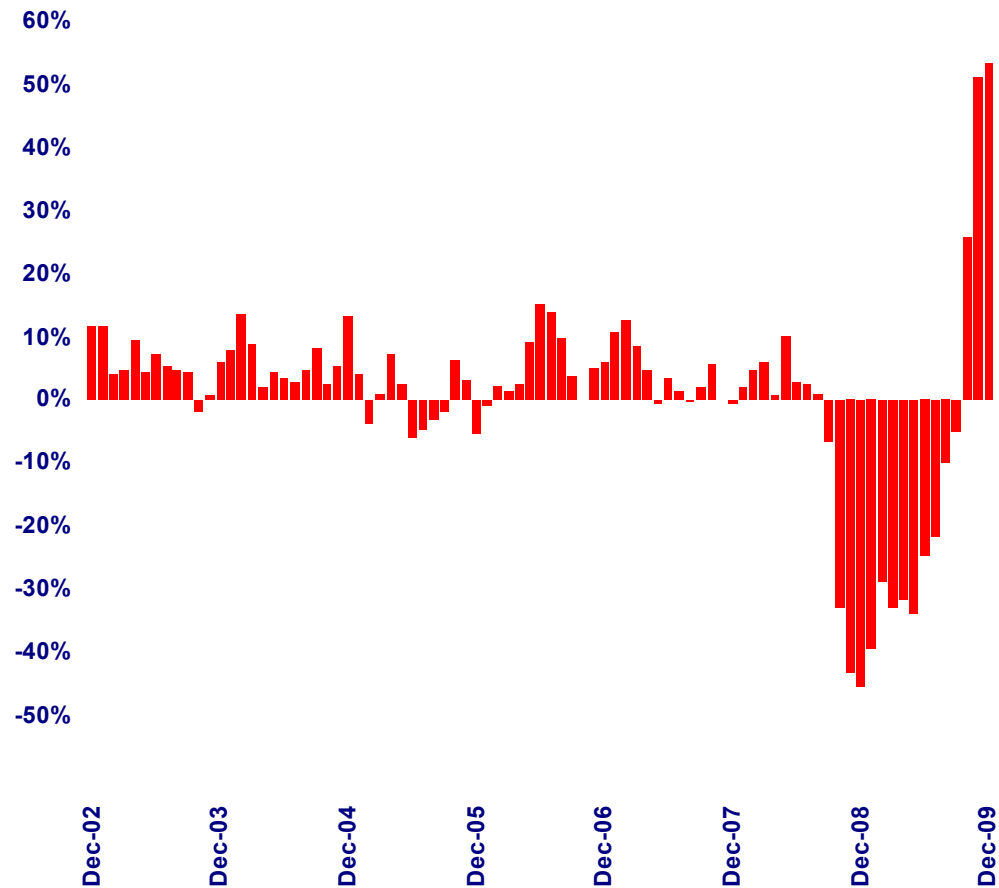


NORTH AMERICA HRC PRICE (FOB USD/TON)**

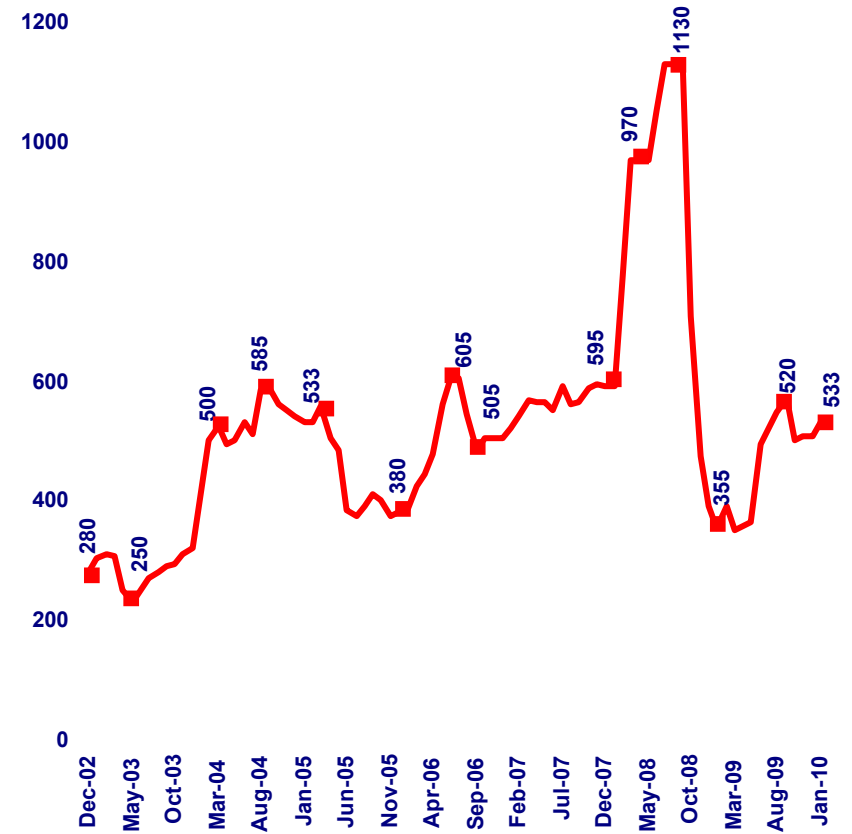


In CIS, there is an upward trend in falling prices since May 2009.

CIS CRUDE STEEL PRODUCTION (YoY %) *



CIS BLACK SEA/BALTIC EXPORT HRC PRICE (FOB USD/TON)**

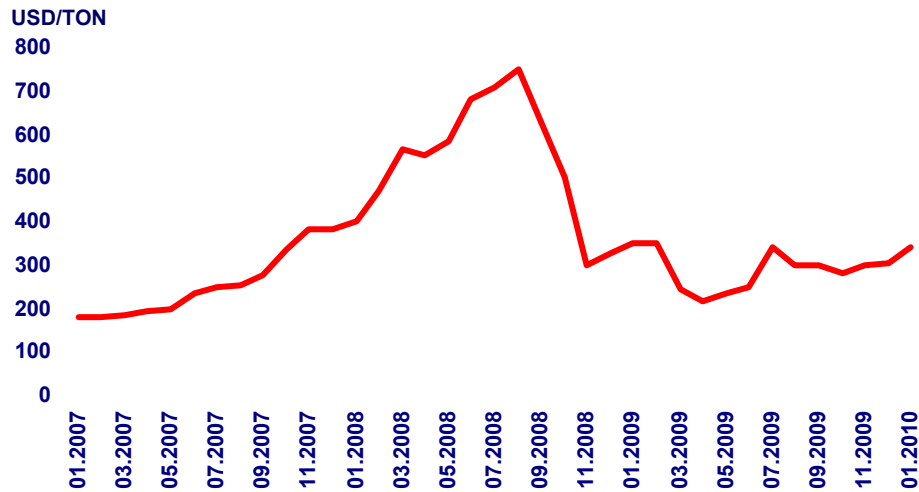


SOURCE: * WSA
** BLOOMBERG

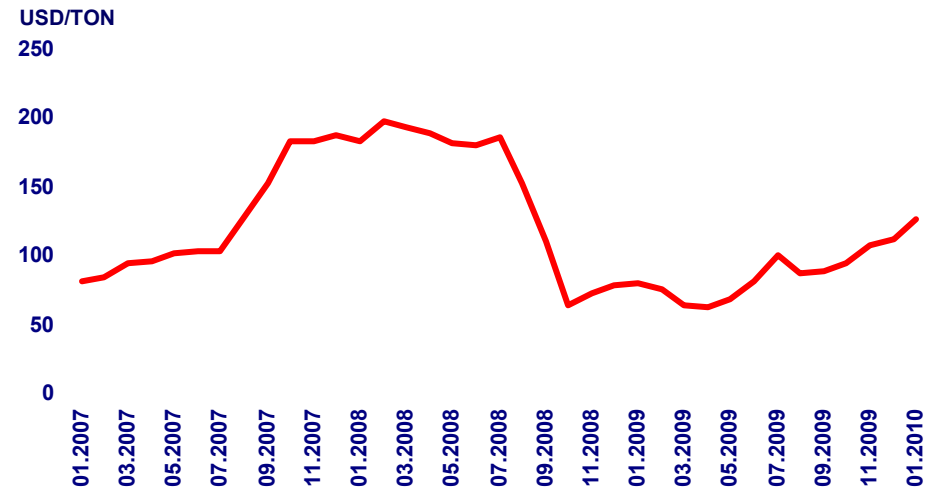


HRC prices are ramping up.

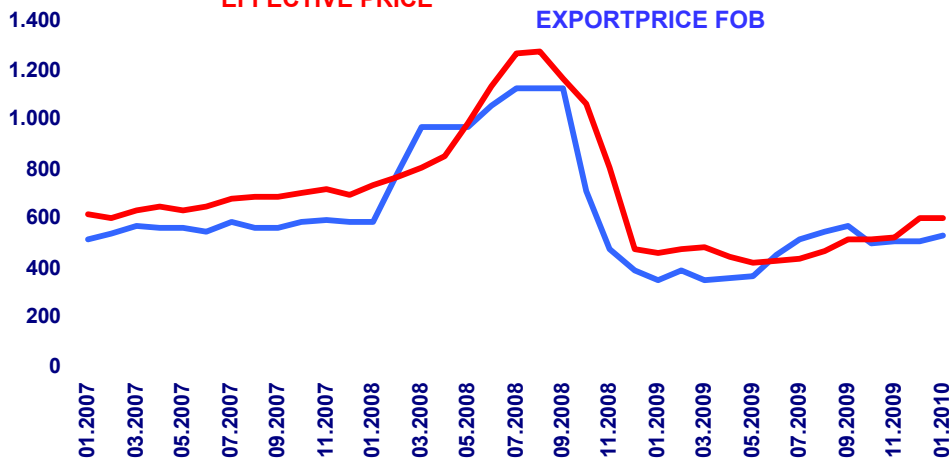
CHINA 2ND QUALITY COKING COAL SPOT EXPORT PRICE



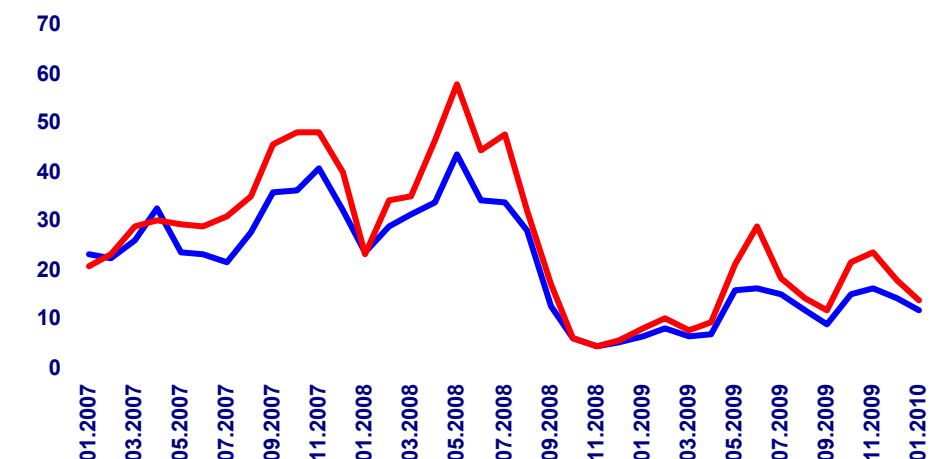
CHINA PORT FINE ORE PRICE CFR



EREĞLİ HRC EFFECTIVE PRICE (Red line)
CIS SLAB BLACKSEA/BALTIC EXPORTPRICE FOB (Blue line)



BRAZIL TUBARAO - ROTTERDAM FREIGHT (Red line)
AUSTRALIA CAPE LAMBERT - ROTTERDAM FREIGHT (Blue line)



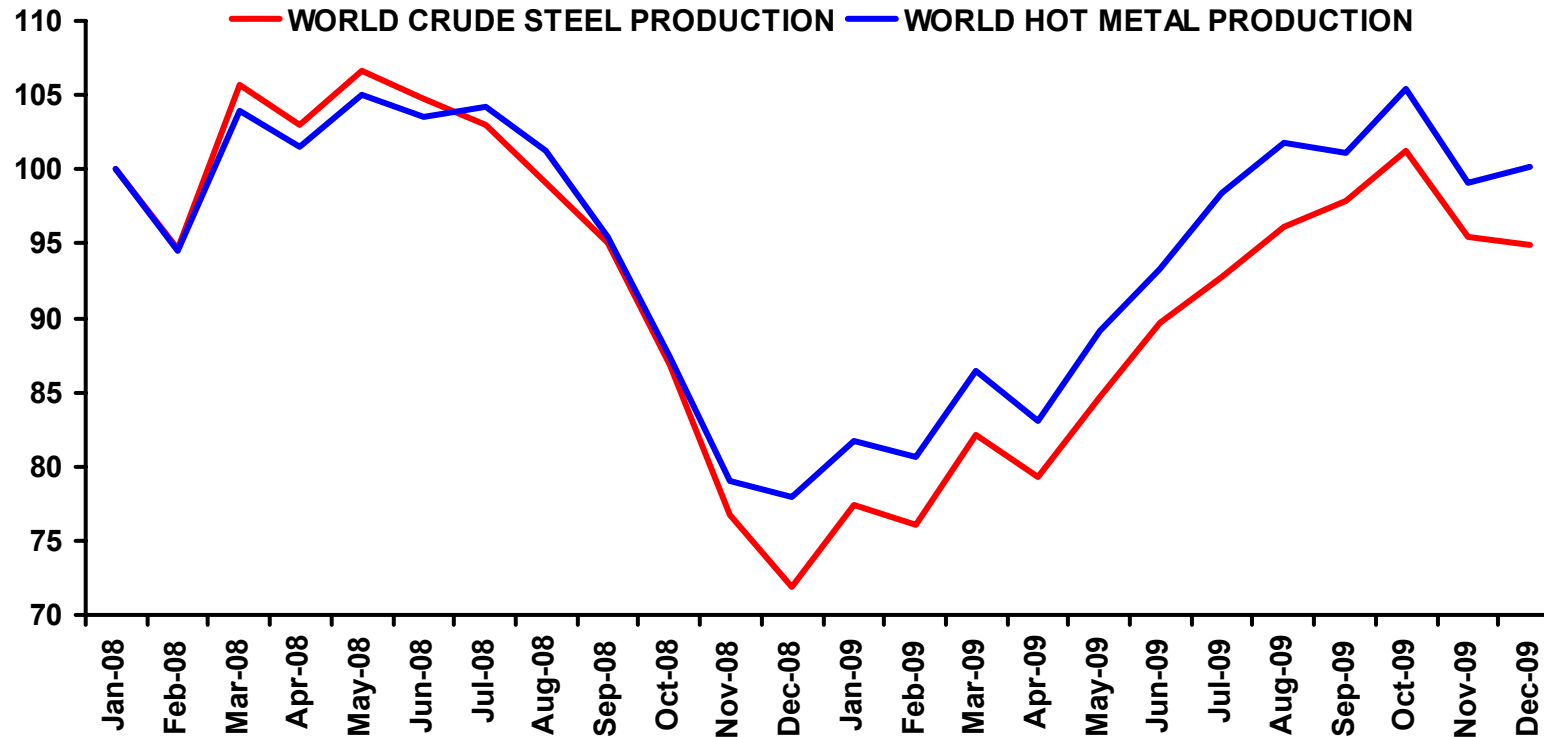
RAW MATERIAL PRICES (AUGUST 2008 - JANUARY 2010)

PELLET	↓	- 37 %	135 USD/TONS
IRON ORE	↓	- 13 %	126 USD/TONS
COKE	↓	- 52 %	340 USD/TONS



Idle capacities are being utilized again.

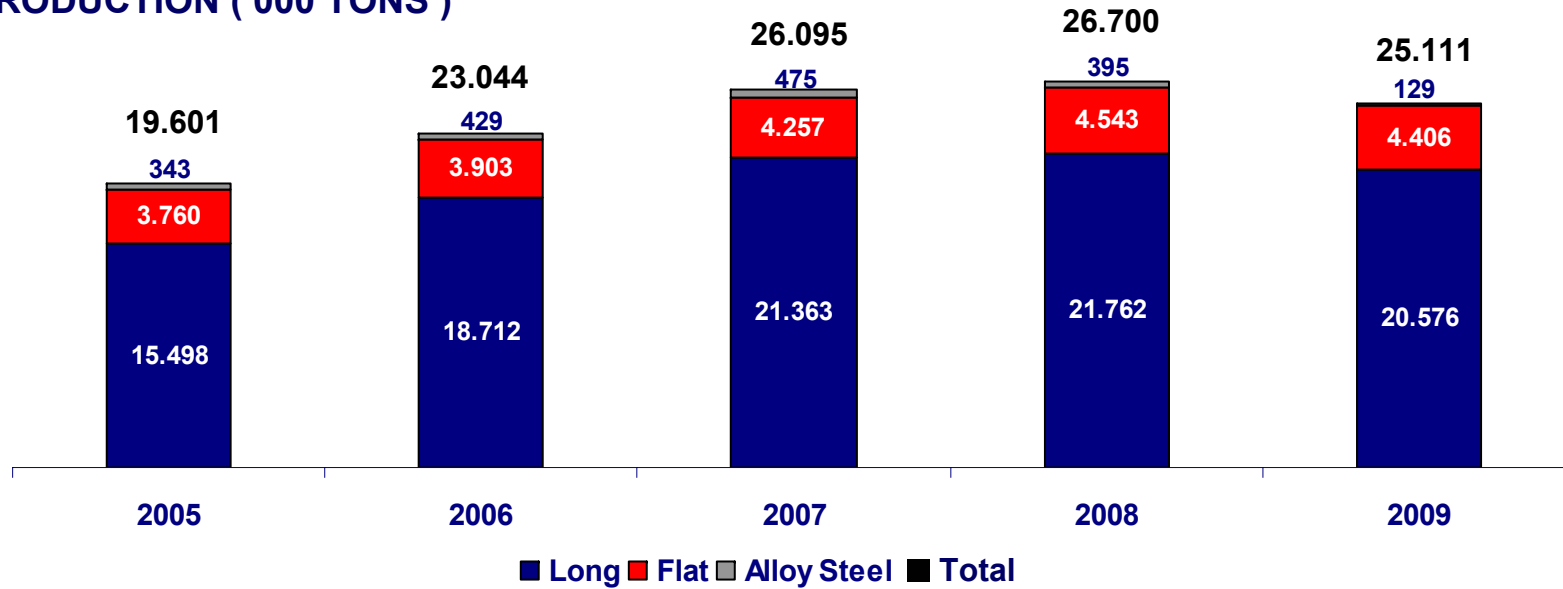
(January 2008:100)



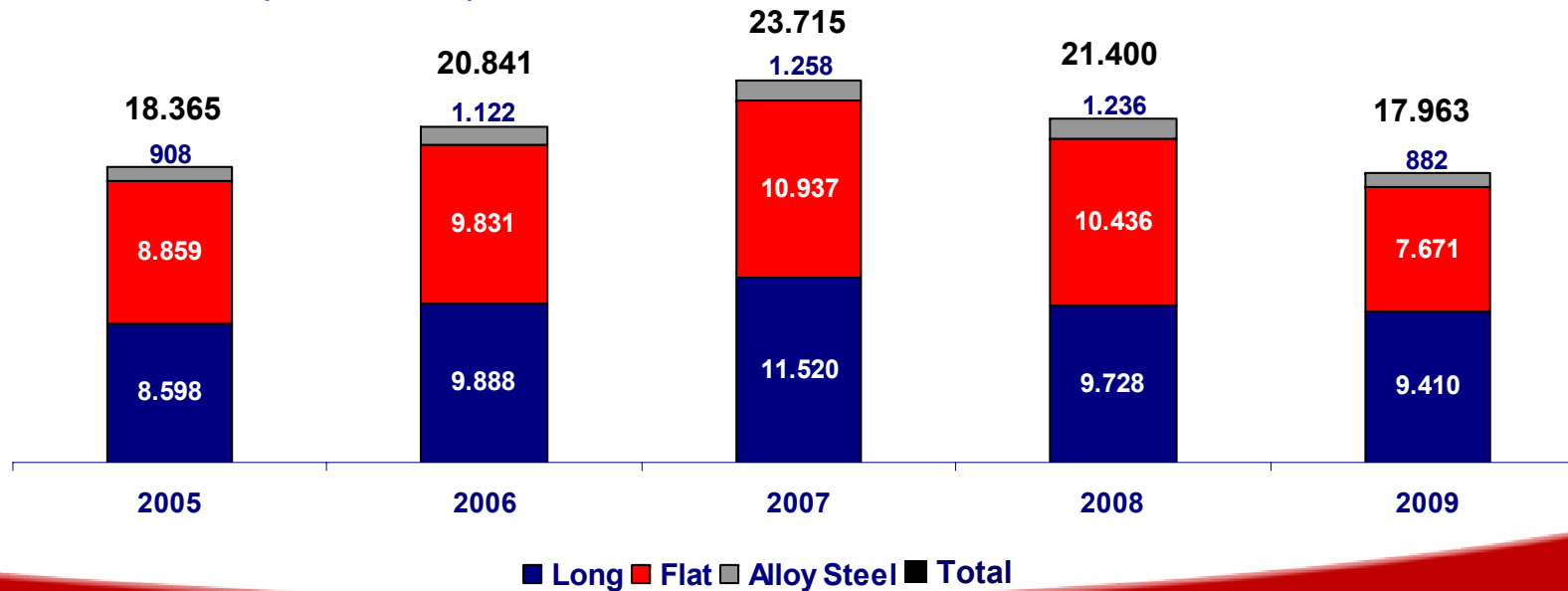
- World wide hot metal production is increasing rapidly in last months reaching to 80 million tons in December 2009 from 62 million tons in December 2008.
- Similarly, world wide crude steel production is up to 106 million tons in December 2009 from 81 million tons in December 2008.

Turkish steel market was rapidly developing until global downturn.

PRODUCTION (000 TONS)

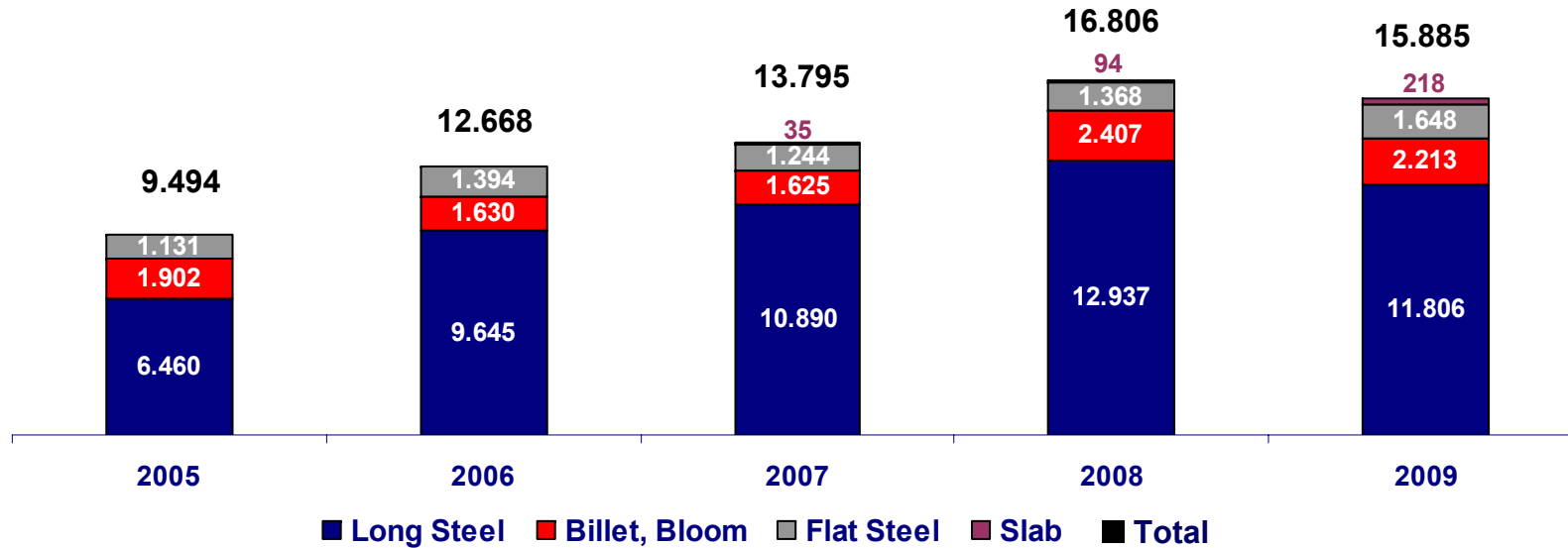


CONSUMPTION (000 TONS)

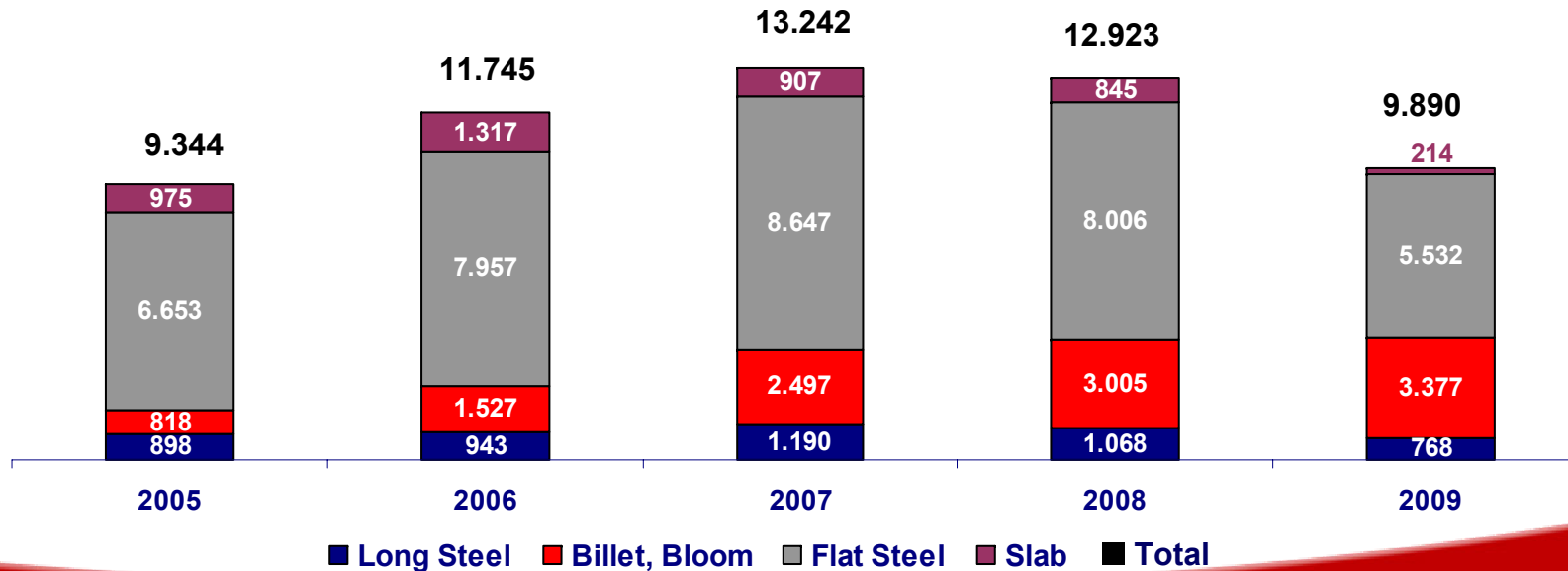


Turkish Steel Market (cont'd)

IRON AND STEEL PRODUCT EXPORTS (000 TONS)

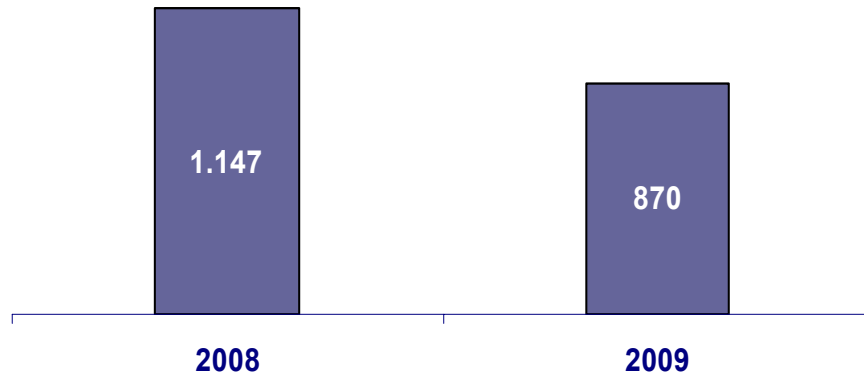


IRON AND STEEL PRODUCT IMPORTS (000 TONS)

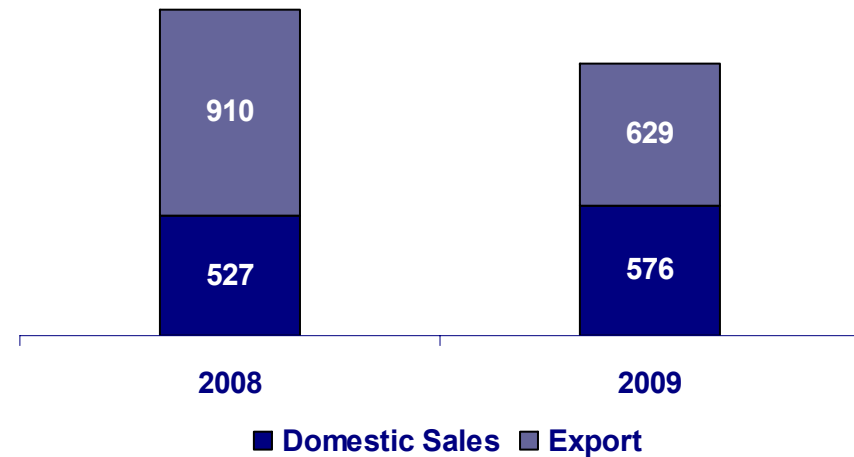


Automotive production and sales have decreased by 24% and 16% respectively in 2009 YoY.

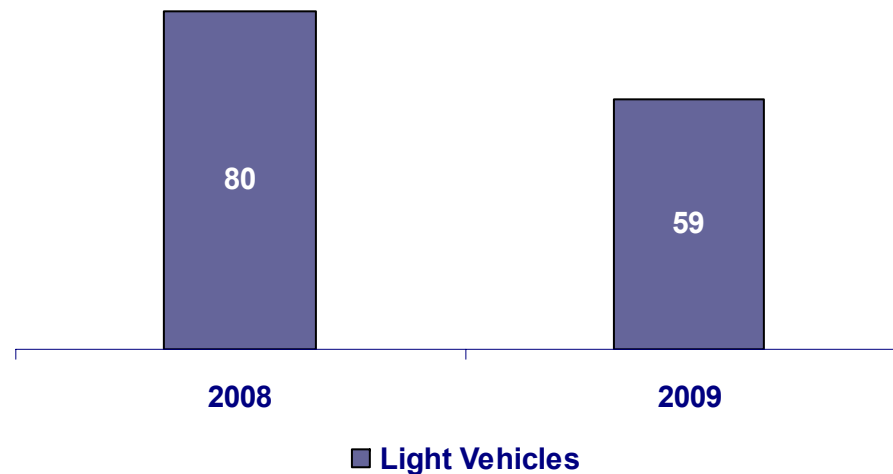
AUTOMOTIVE PRODUCTION (000 UNITS)



AUTOMOTIVE SALES (000 UNITS)

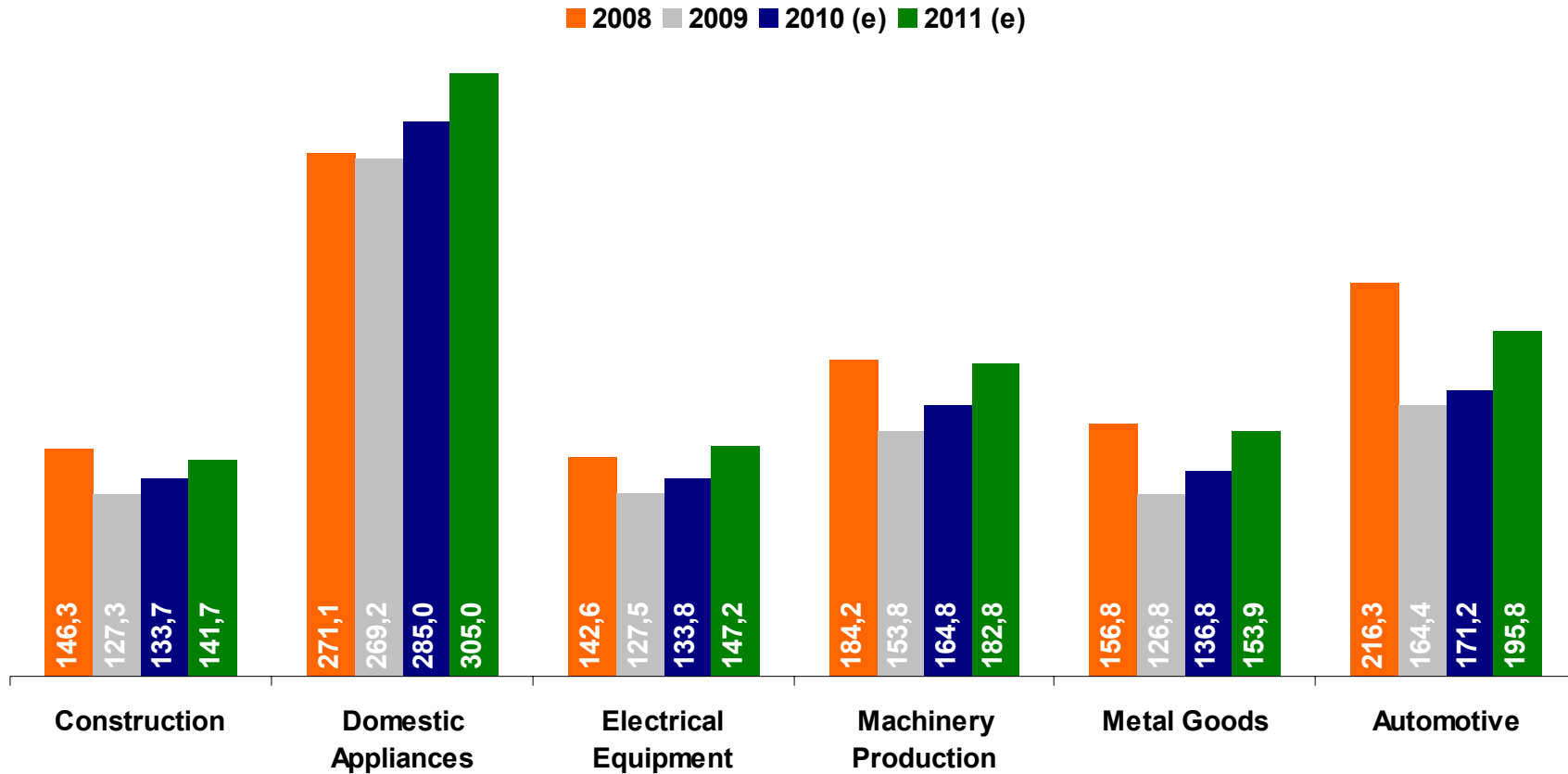


AUTOMOTIVE CAPACITY UTILIZATION RATIO (%)



After the contraction in 2009, growth is expected in all markets in 2010.

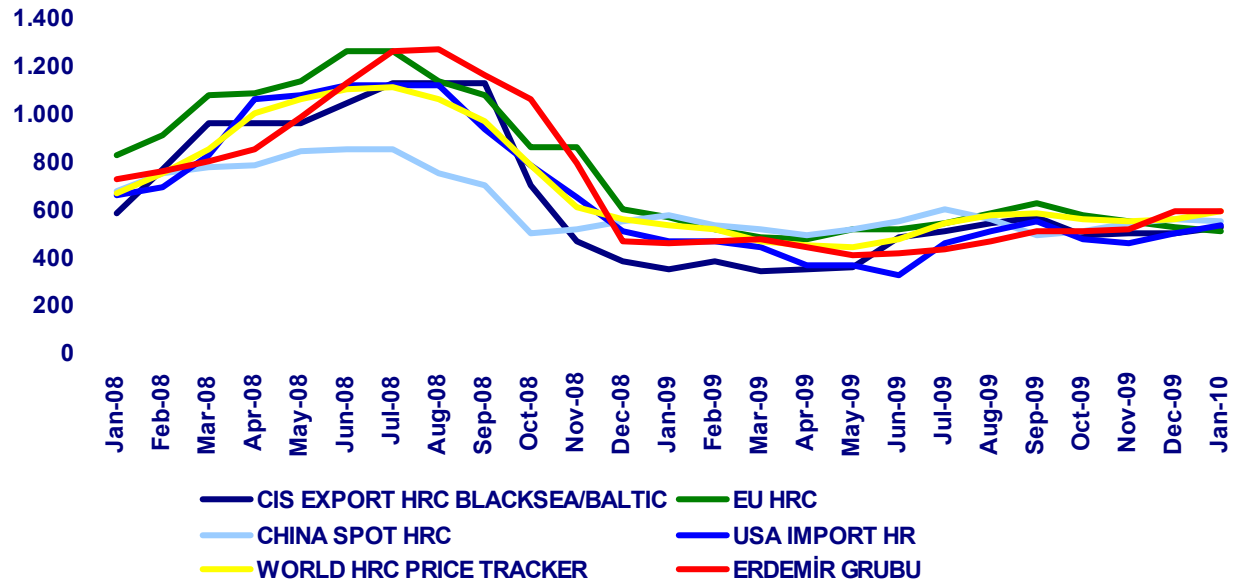
SECTOR DEVELOPMENT INDEX (2000:100)



- In 2009; all sectors have contracted as compared to 2008.
- In 2010 and 2011, all industries are expected to recover by 5-15%.

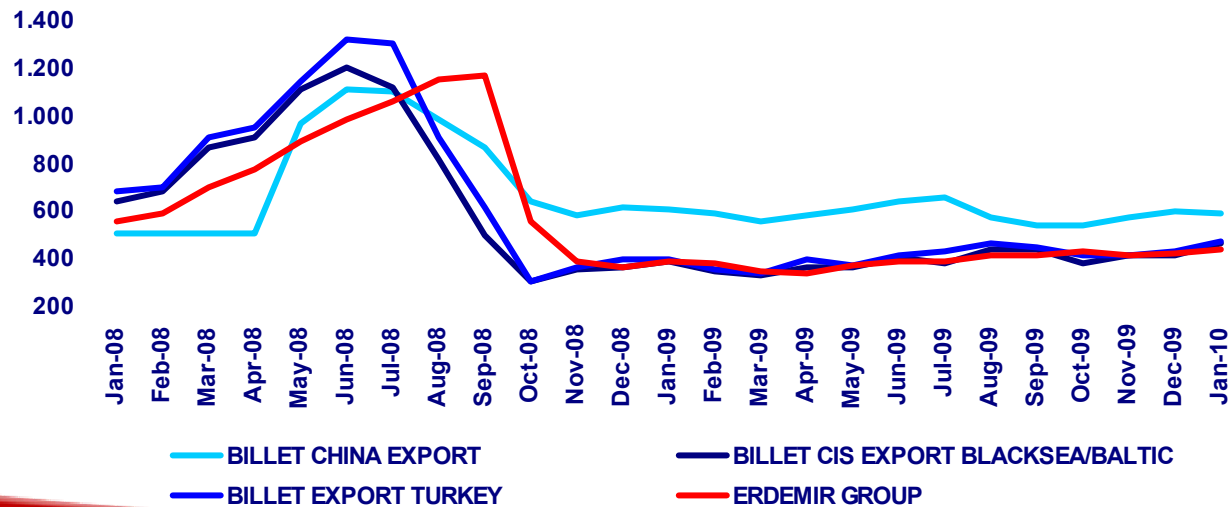
Sales prices were steady in 2009.

HRC PRICES (USD/Ton)



➡ Presently, CIS HRC export price is 575 USD, China HRC spot price is 558 USD, US export HRC price is 545 USD. The prices were 390 USD, 577 USD, 515 USD respectively by the end of 2008 .

BILLET PRICES (USD/Ton)



➡ CIS export price is reaching to 465 USD from 365 USD in December 2008.



Agenda



2009 Market Overview



2009 Results



Management Policies and Measures Against Downturn and Results

ERDEMİR GROUP KEY FIGURES

		2009	2008	2007
Liquid Steel Production	<i>(000 Tons)</i>	6.619	6.122	5.486
Slab Production ⁽¹⁾	<i>(000 Tons)</i>	4.569	3.995	3.680
Flat Steel Production ⁽²⁾	<i>(000 Tons)</i>	4.812	4.182	4.206
Long Steel Production	<i>(000 Tons)</i>	1.869	1.950	1.652
Flat Steel Shipments	<i>(000 Tons)</i>	5.128	3.932	4.295
Long Steel Shipments	<i>(000 Tons)</i>	1.858	1.963	1.652
Net Sales Revenue	<i>(M. USD)</i>	3.385	5.240	4.117
EBITDA	<i>(M. USD)</i>	247	597	843
Net Profit For the Year	<i>(M. USD)</i>	-109	175	541

All figures are on IFRS consolidated basis unless stated otherwise.

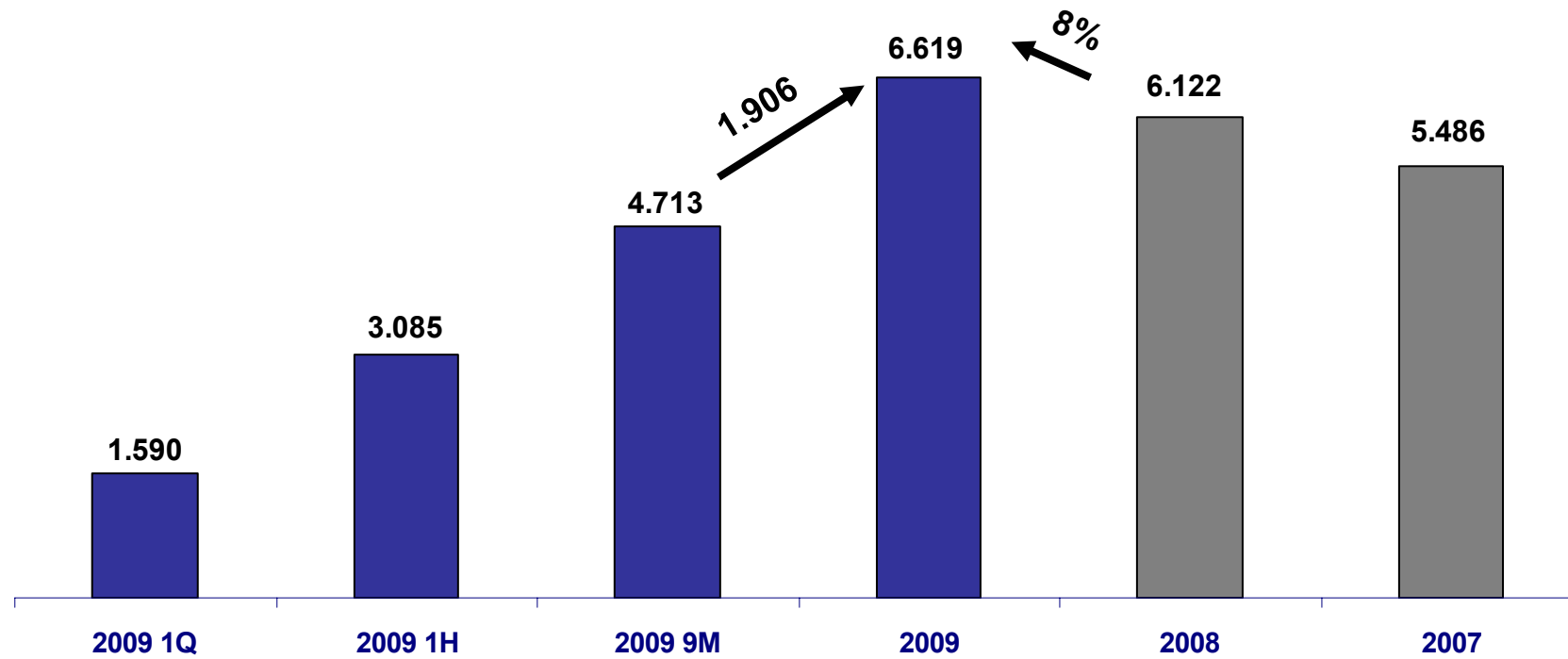
(1) Total slab production of Ereğli and İskenderun Plants.

(2) Total flat steel production of Ereğli and İskenderun Plants.



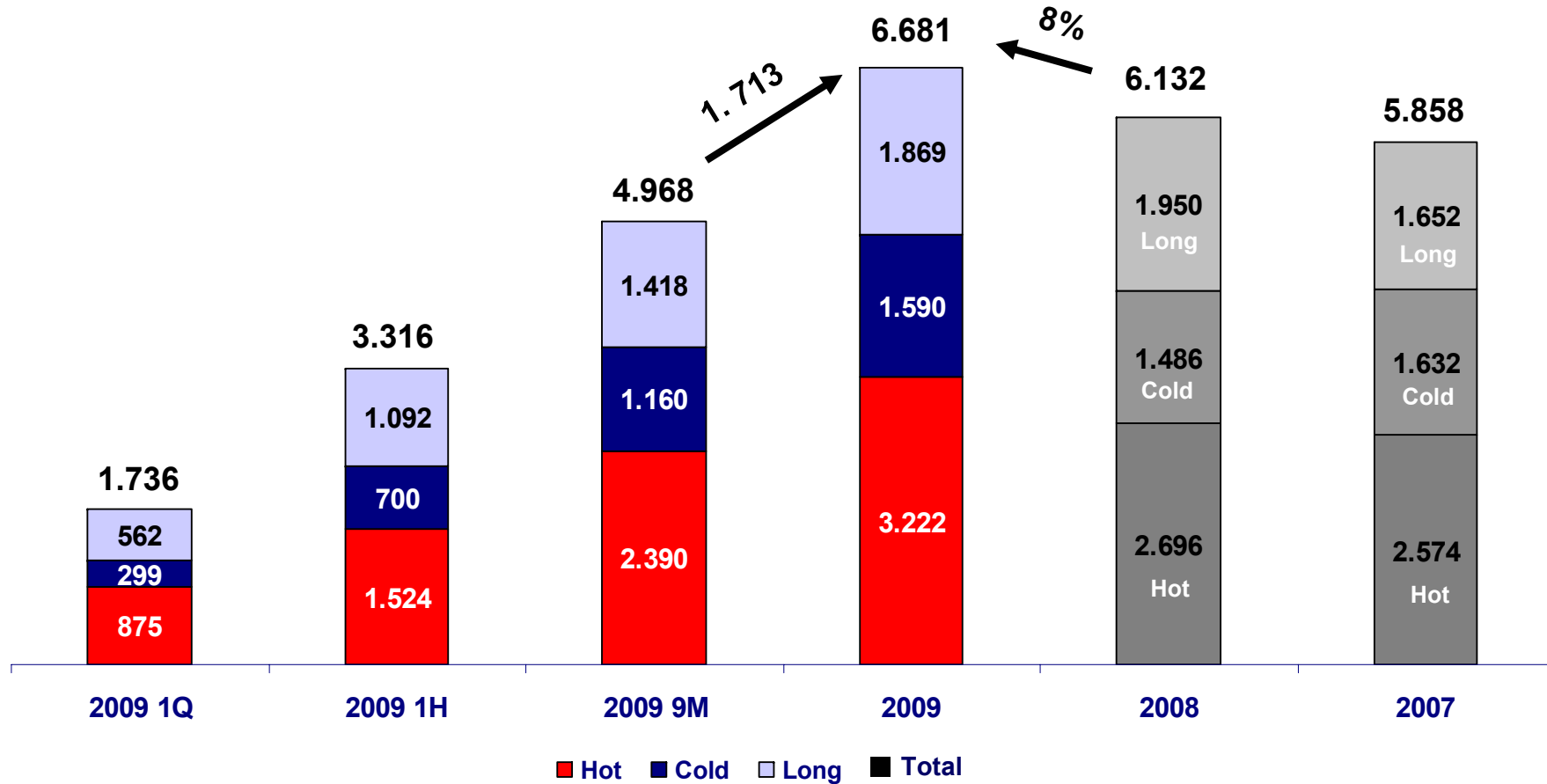
Liquid steel production increased by 8% in 2009 YoY.

LIQUID STEEL PRODUCTION (000 TONS)



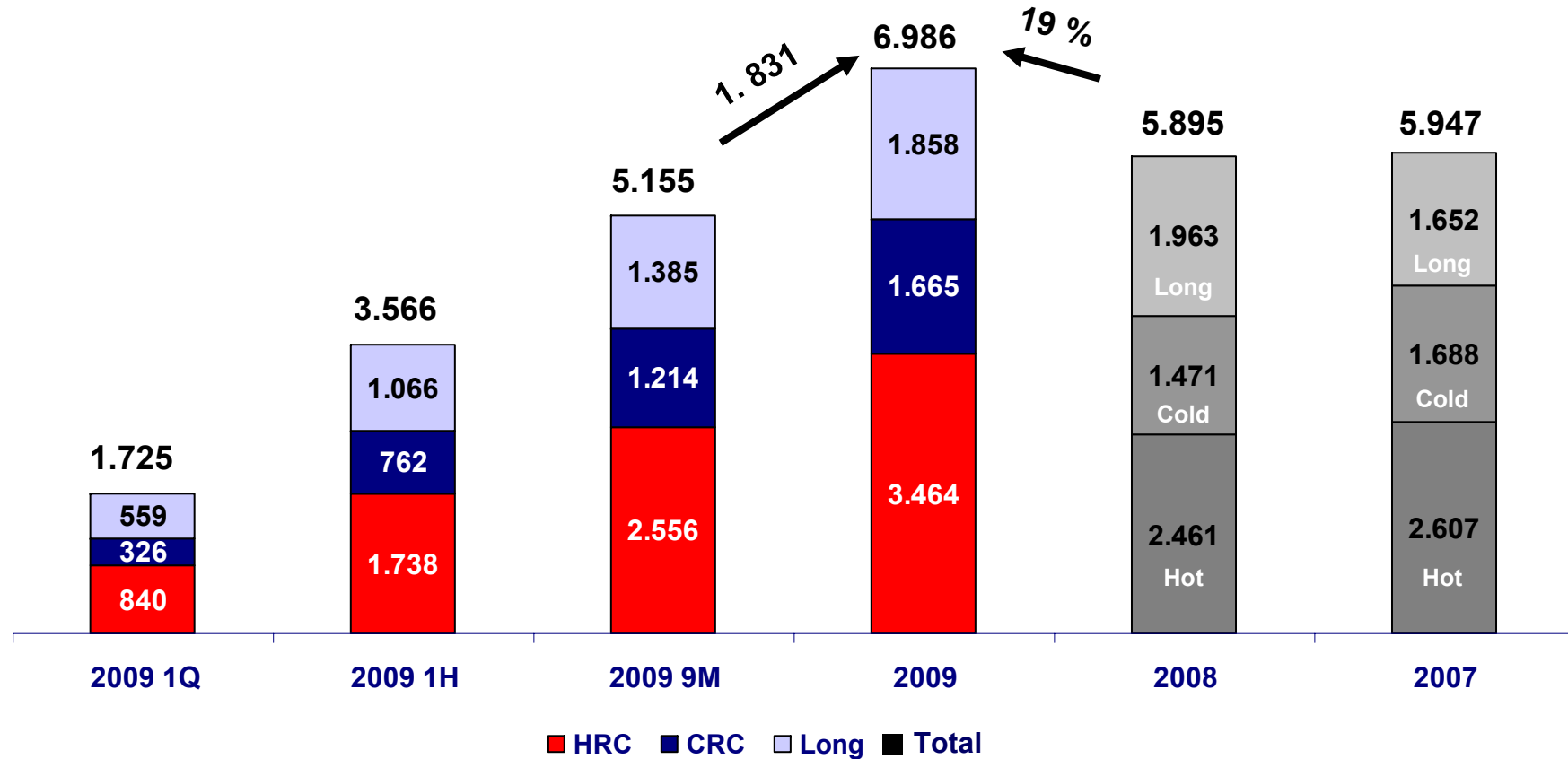
In 2009, finished goods production increased by 8% compared to 2008.

PRODUCTION VOLUMES (000 TONS)



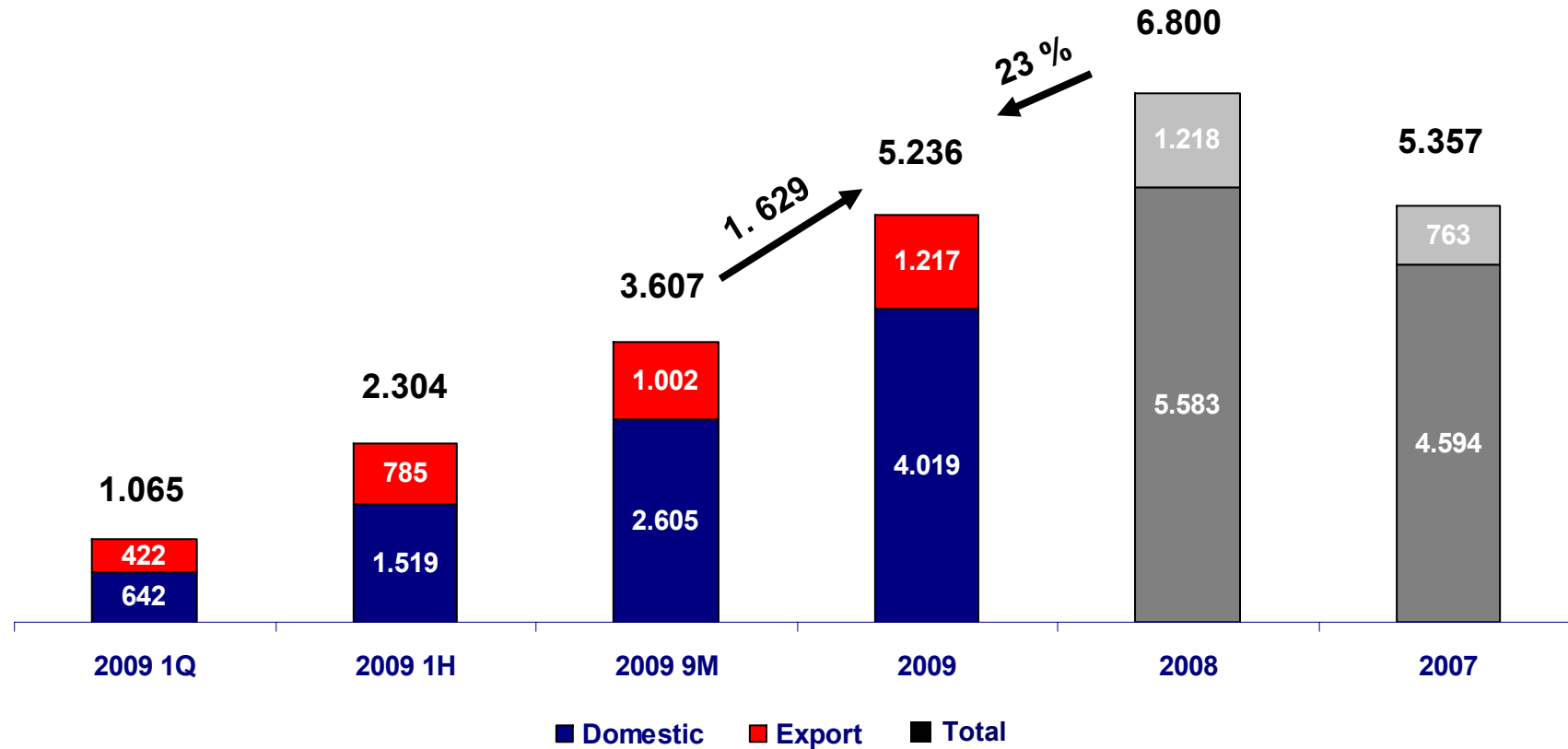
Sales volume increased by 19% in 2009 YoY.

SALES VOLUME (000 TONS)



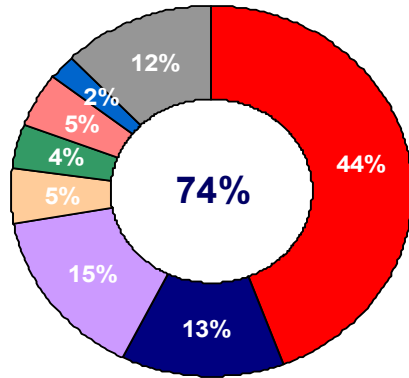
31% of sales revenue of 2009 was recorded in 4Q09.

NET SALES REVENUE (MILLION TL)



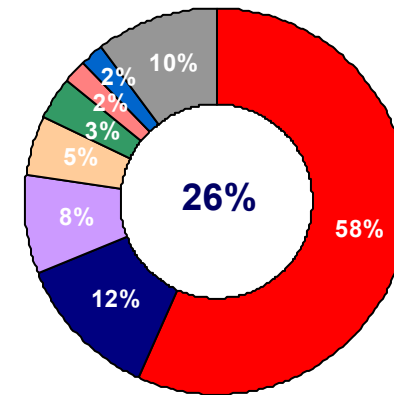
Sales to pipe and profile industry increased while sales to automotive, components and household appliances decreased in 2009.

FLAT STEEL DOMESTIC SALES BREAKDOWN (%)



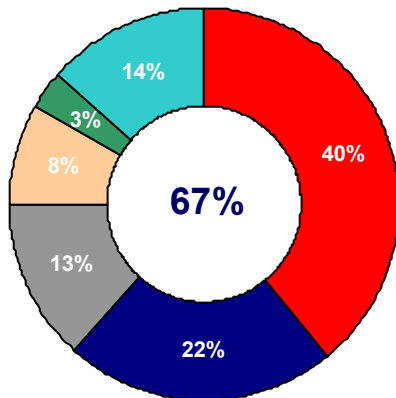
- Pipe and Profile Industry
- Steel Services Centers
- Traders
- Automotive and Components
- Packaging Industry
- Heating Equipment
- Household Appliances
- Other

FLAT STEEL EXPORTS BREAKDOWN (%)



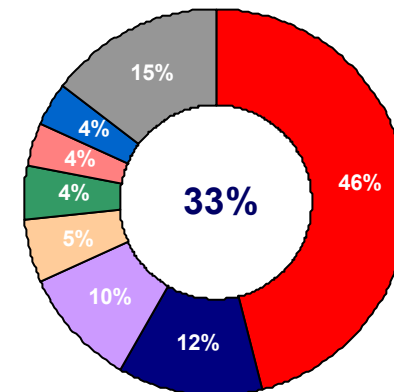
- EU
- India
- Brazil
- Egypt
- Vietnam
- China
- USA
- Other

LONG STEEL DOMESTIC SALES BREAKDOWN (%)



- Debar Producers
- Profile Producers
- Commercial Qualities
- High Carbon Qualities
- Special Qualities
- Other

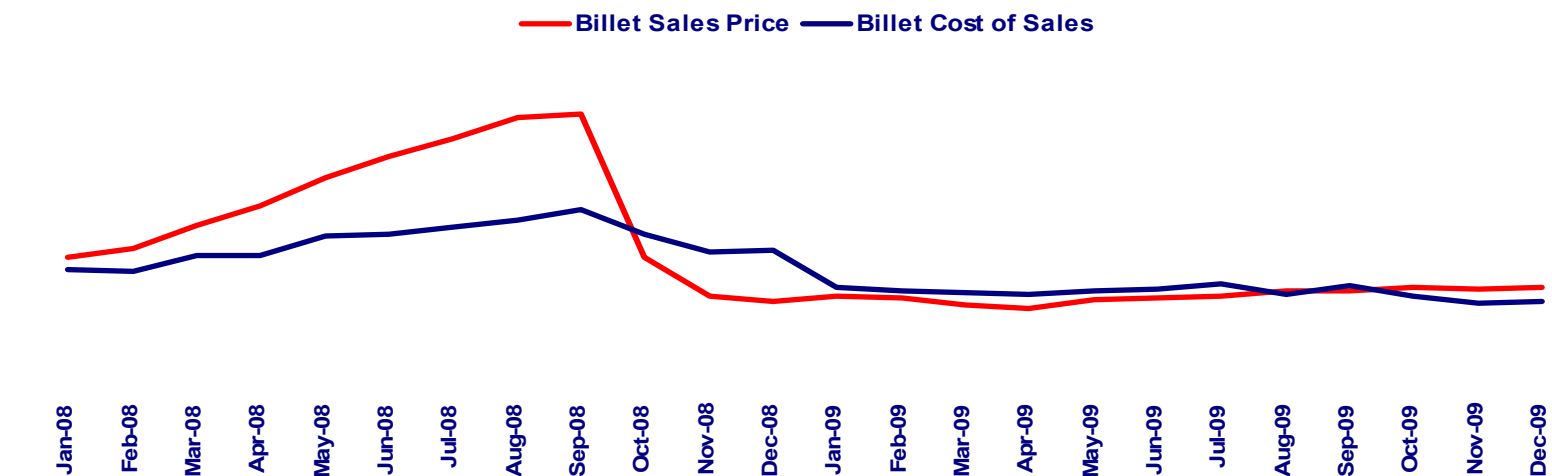
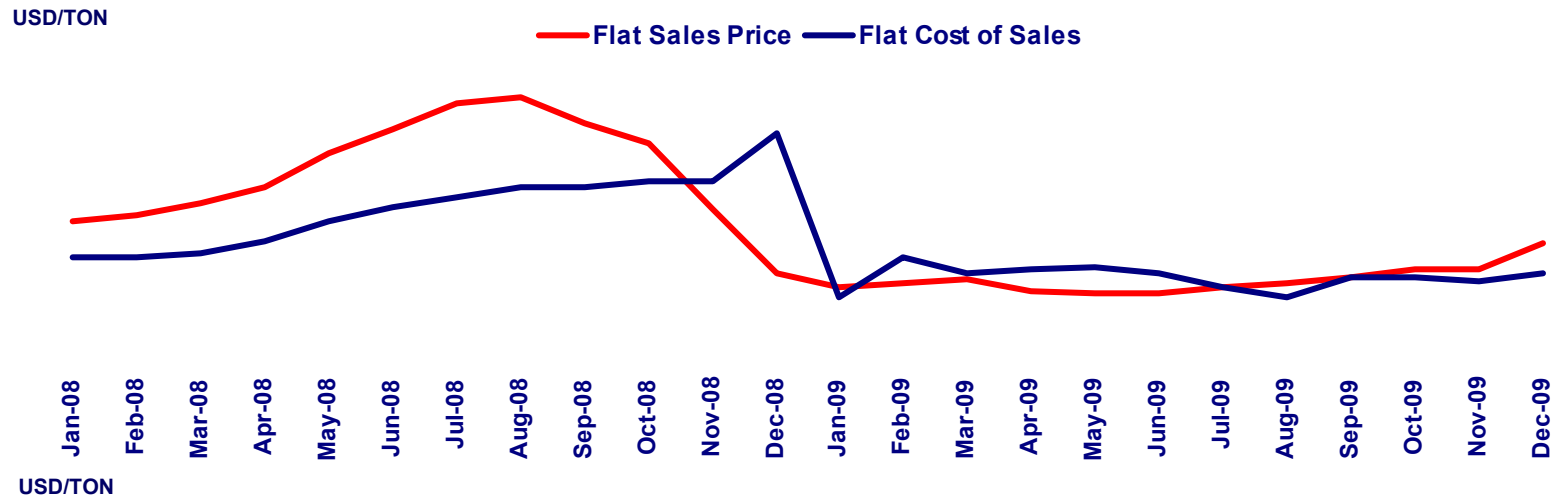
LONG STEEL EXPORTS BREAKDOWN (%)



- Egypt
- Israel
- Saudi Arabia
- EU
- Iran
- Syria
- Indonesia
- Other



In 2009, Erdemir Group average flat and long steel prices were 518 USD/ton and 439 USD/ton respectively.

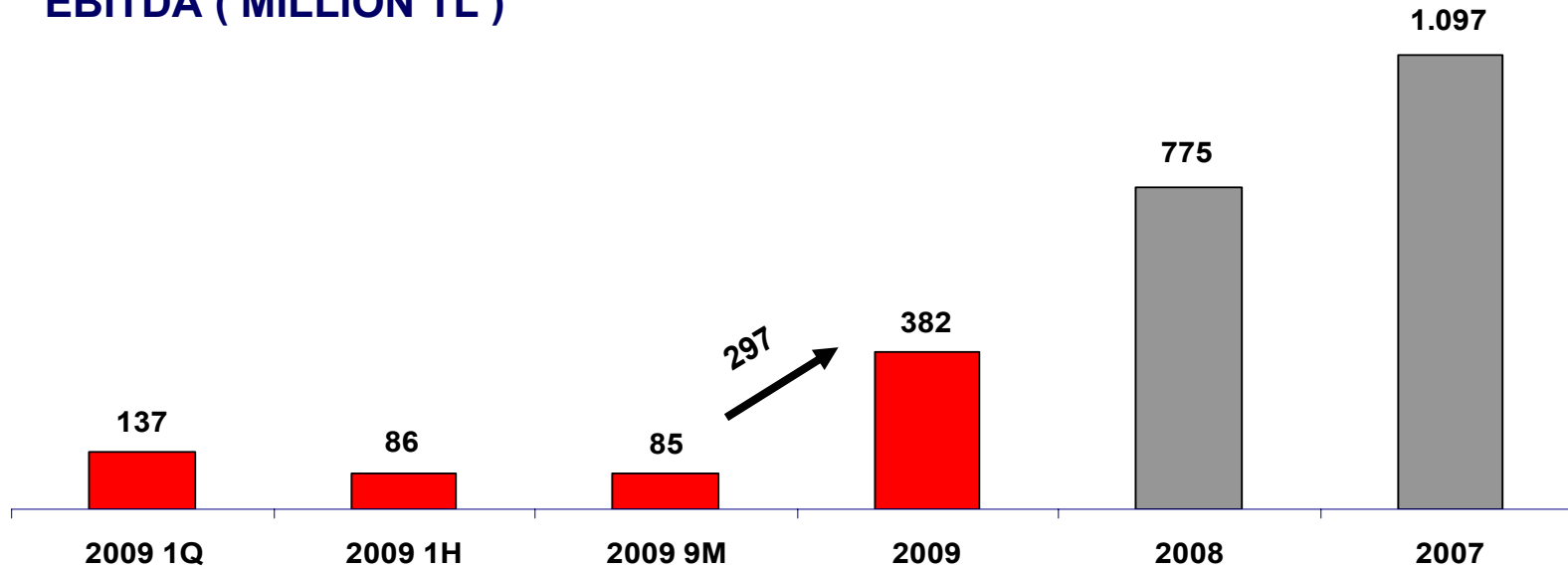


- Flat steel prices increased by 31% on average during 12 months of 2009.
- Increase in average flat product price was 18% in last quarter of 2009.

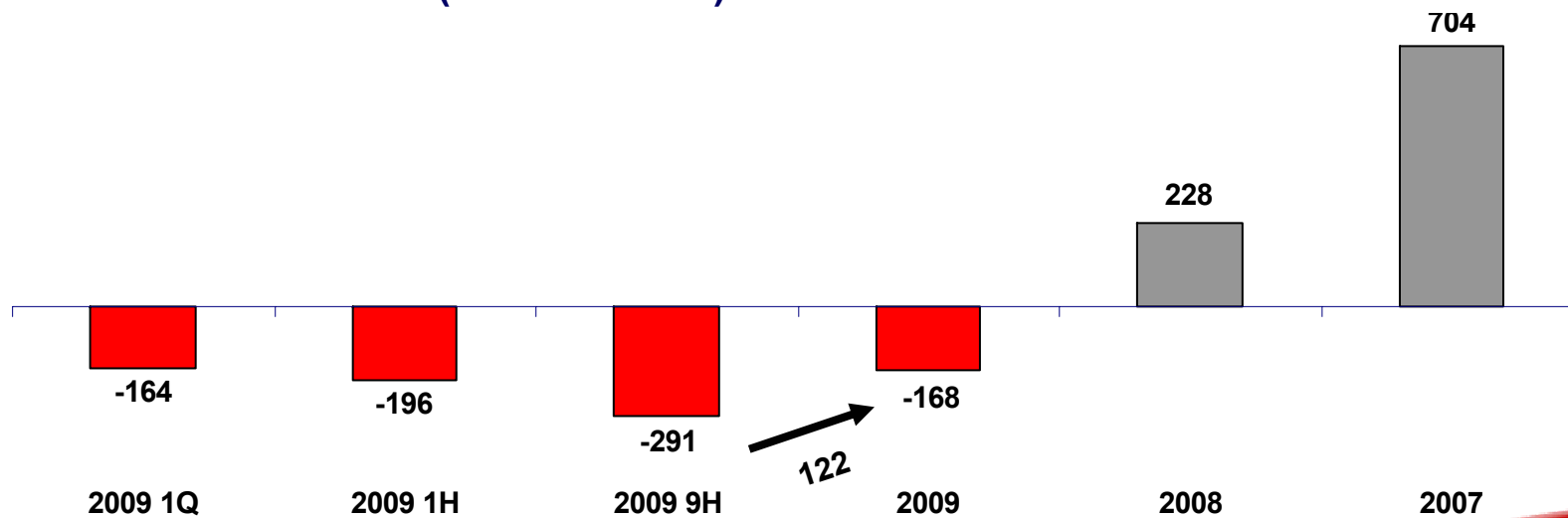


78% of total EBITDA is generated in 4Q09.

EBITDA (MILLION TL)

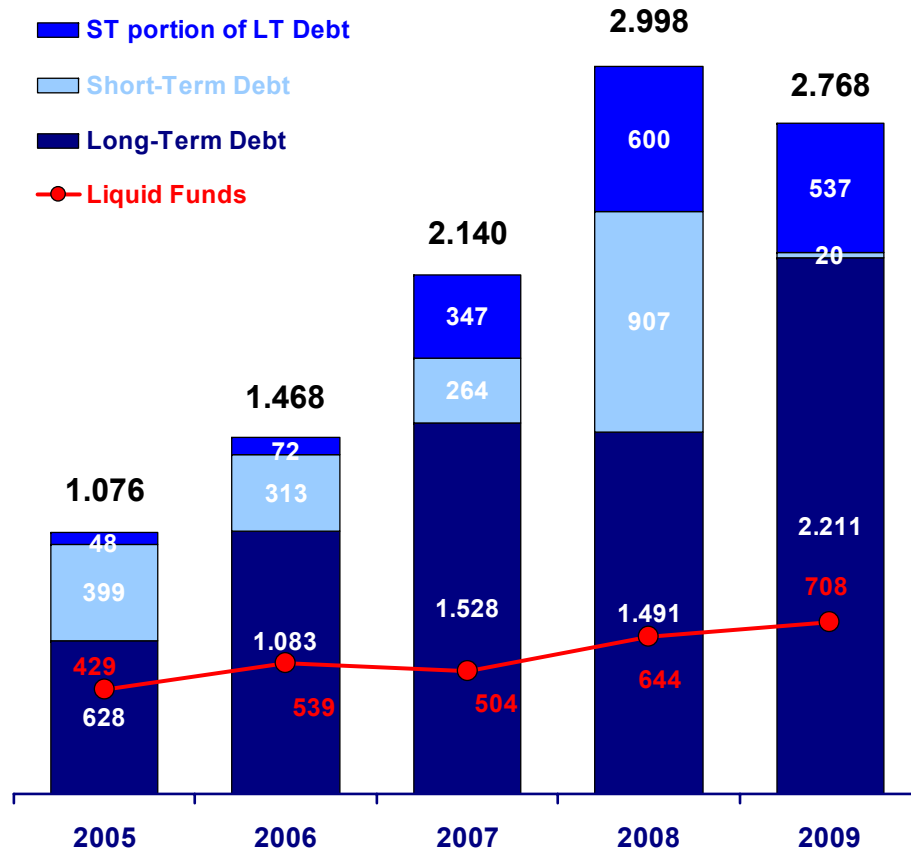


NET PROFIT/LOSS (MILLION TL)

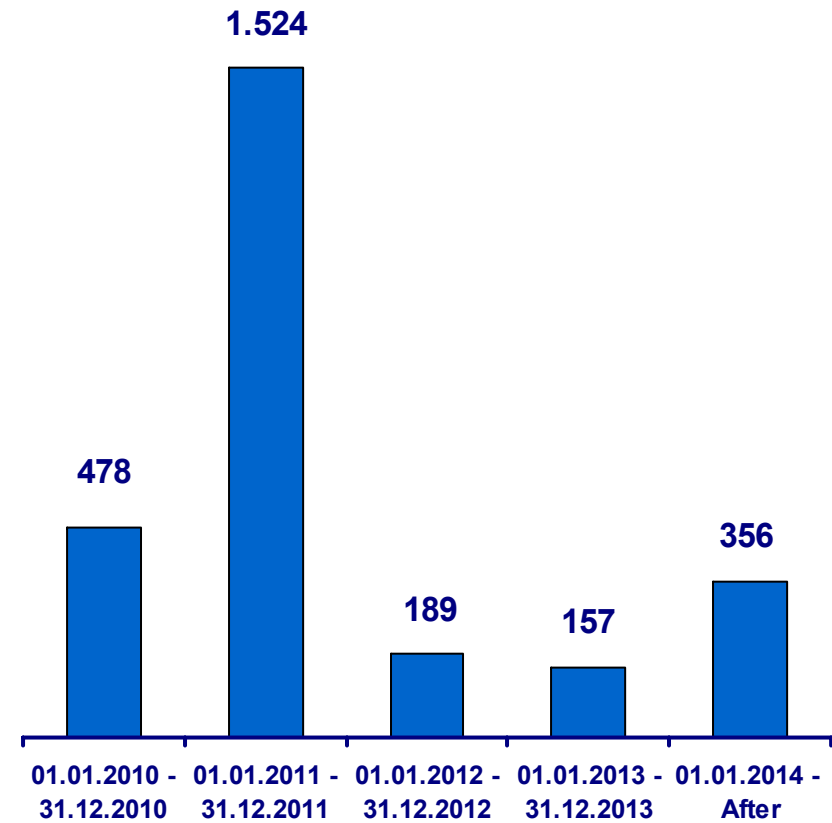


In 2009, borrowings started to decline for the first time in the last 5 years.

BORROWINGS (MILLION USD)



BORROWINGS MATURITY PROFILE (MILLION USD)

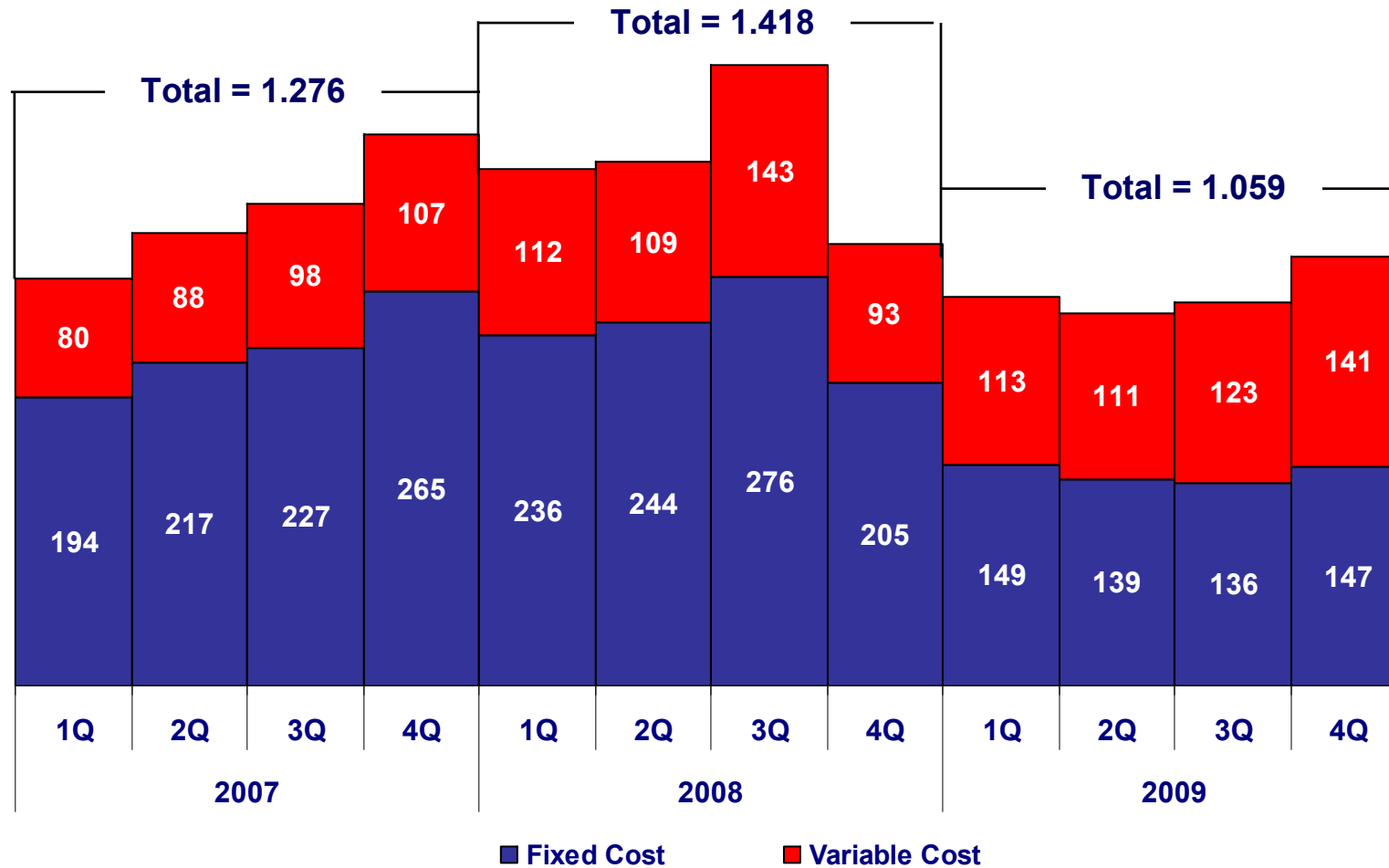


Agenda

- ➡ 2009 Market Overview
- ➡ 2009 Results
- ➡ **Management Policies and Measures Against Downturn and Results**

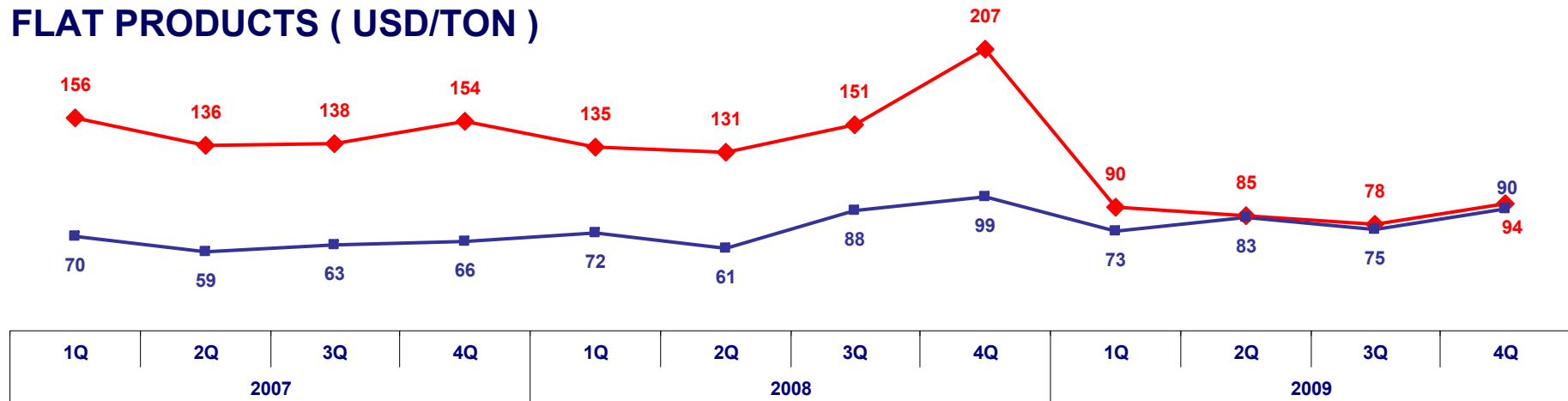
Lowest level of fixed costs was attained in the year 2009.

(MILLION USD)



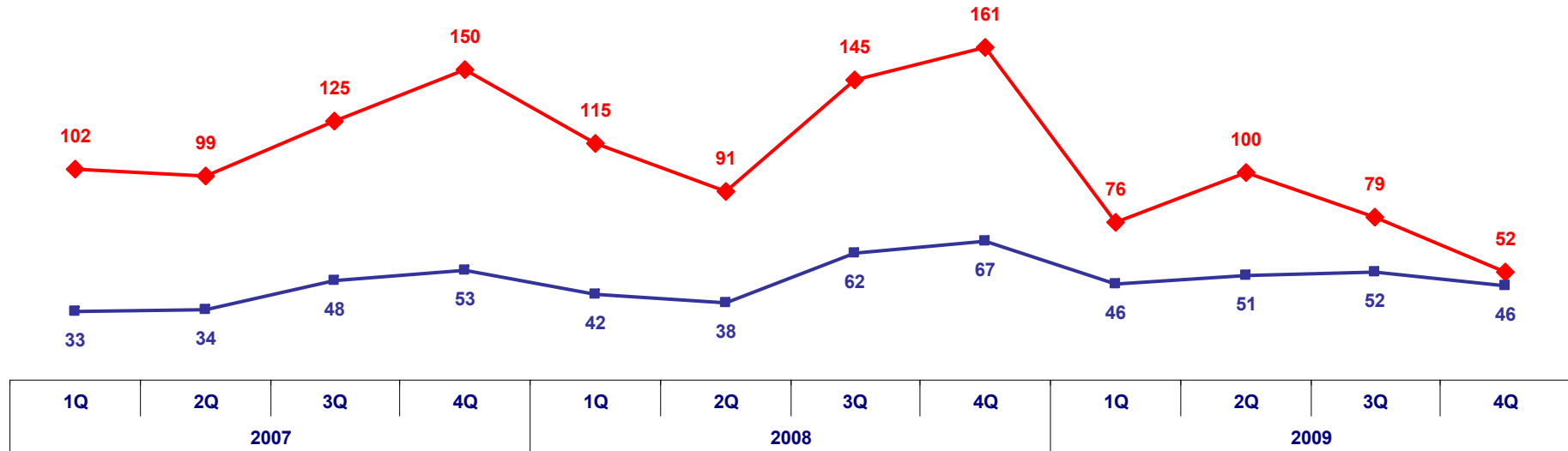
Fixed and variable costs decreased in 2009 YoY.

FLAT PRODUCTS (USD/TON)



◆ Fixed Cost per Ton ■ Variable Cost per Ton

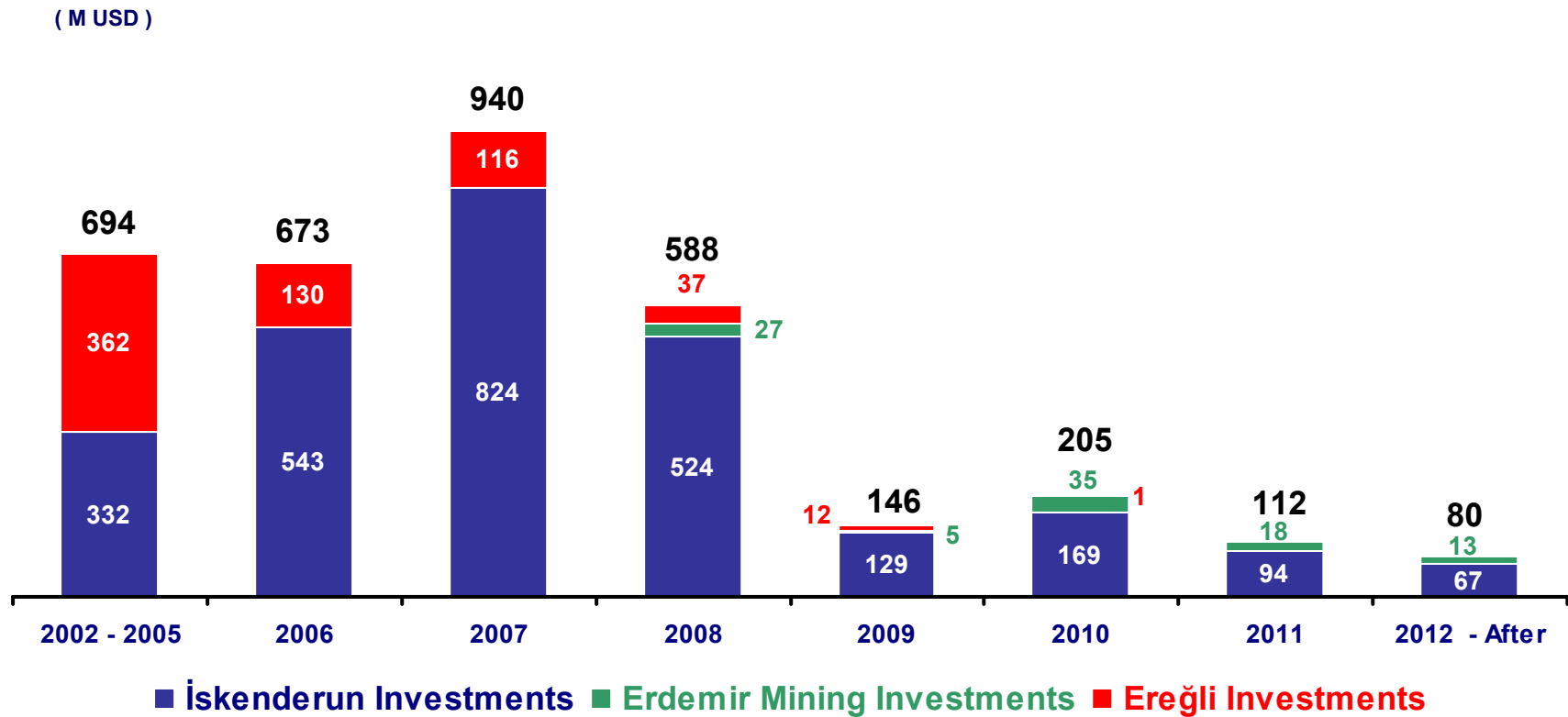
LONG PRODUCTS (USD/TON)



◆ Fixed Cost per Ton ■ Variable Cost per Ton



No major capex in 2009 due to the completion of a greater portion of investments in 2008.



➤ As of 2009 year-end, capital expenditures worth 3.0 billion USD have been completed and 0.3 billion USD yet to be completed.

Number of employees decreased about 10% YoY and 13% since 2007 due to voluntary redundancies and retirements.

NUMBER OF EMPLOYEES

