



Erdemir Group
First Half 2009
Consolidated Financial Results

20 August 2009

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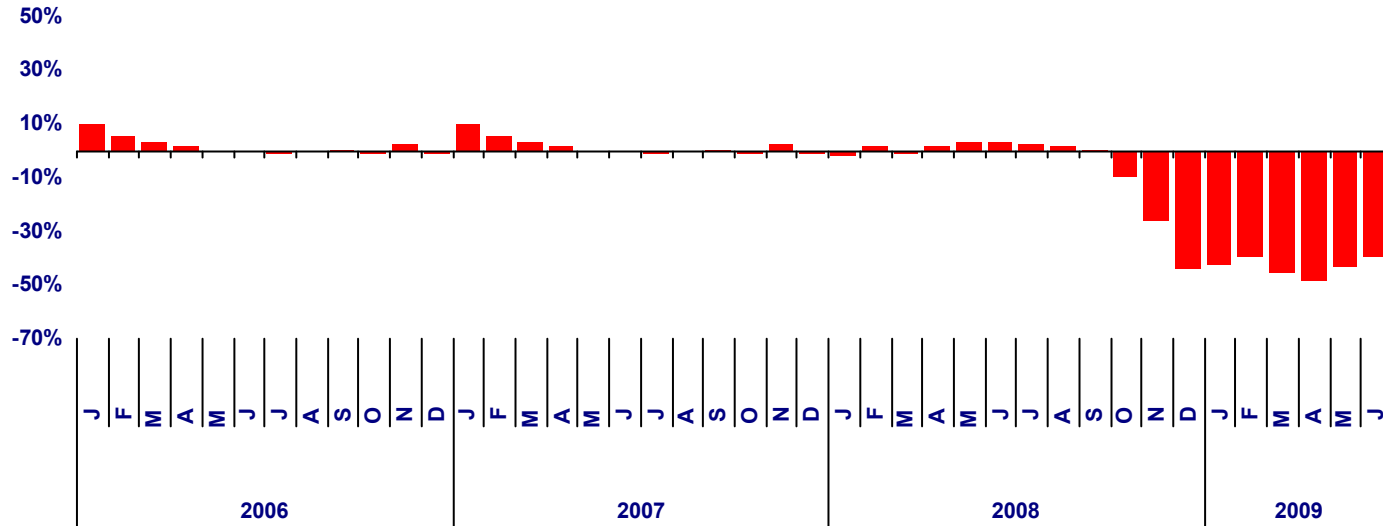
AGENDA:

➤ 2009 Market Overview

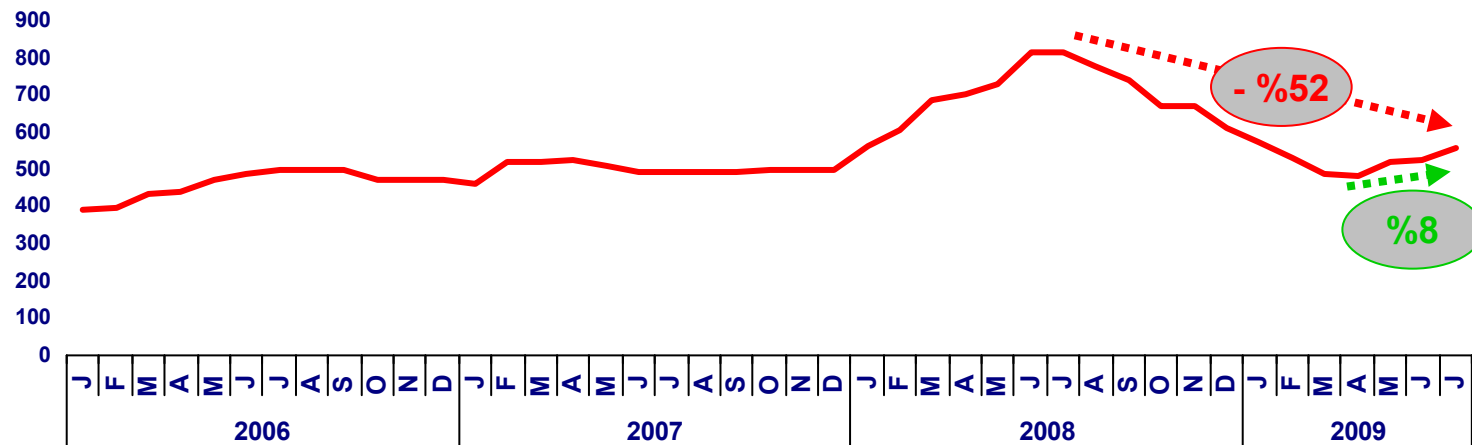
➤ 2009 First Half Financial Highlights and Management Guidance

In the European Union, prices are increasing. Crude steel production increased by 23,1% in June 2009 compared to December 2008.

EU27 CRUDE STEEL PRODUCTION (YoY %) *

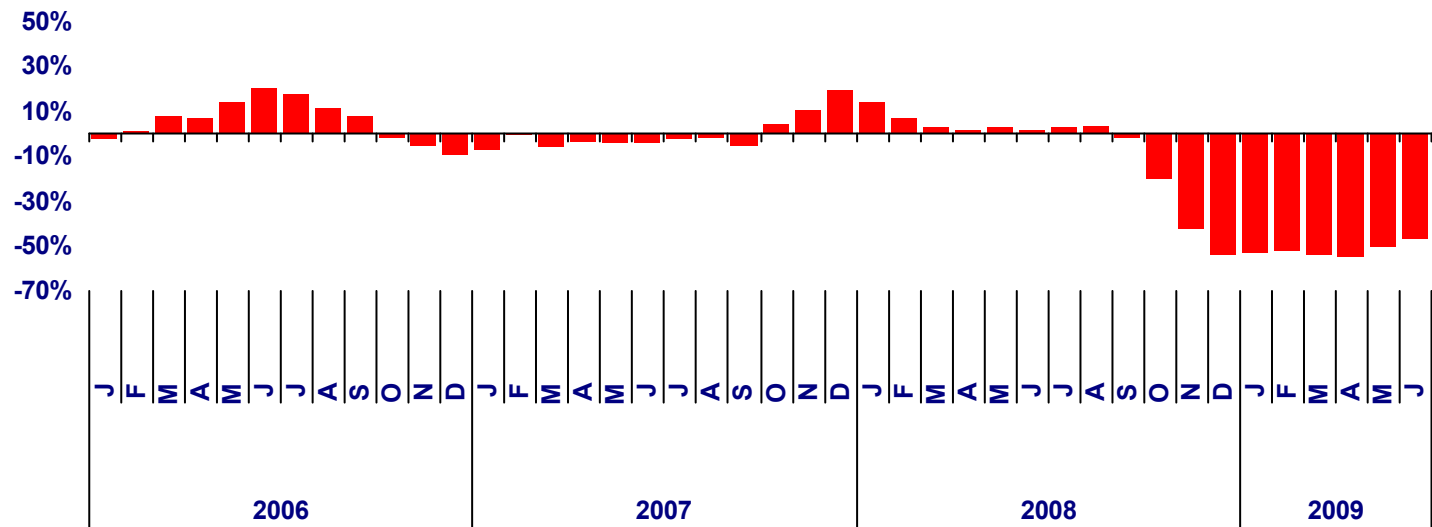


EU HRC PRICE (EURO/TON)**

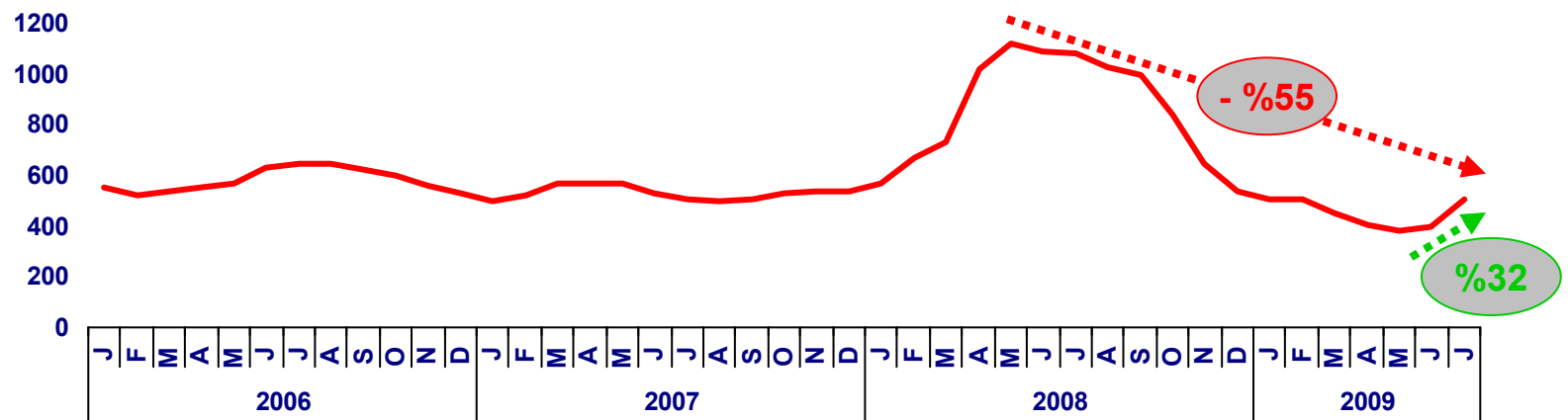


In North America; prices and production are increasing. Crude steel production increased by 13,5% in June 2009 compared to December 2008.

US CRUDE STEEL PRODUCTION (YoY %) *

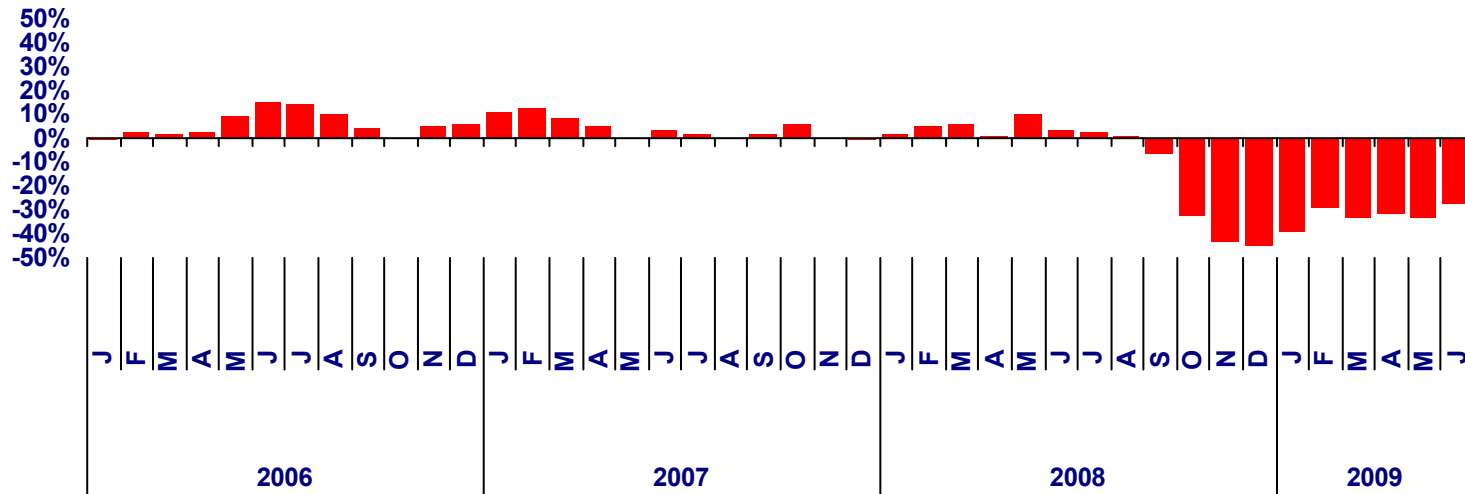


NORTH AMERICA HRC PRICE (FOB US MIDWEST MILL (USD/TON))**

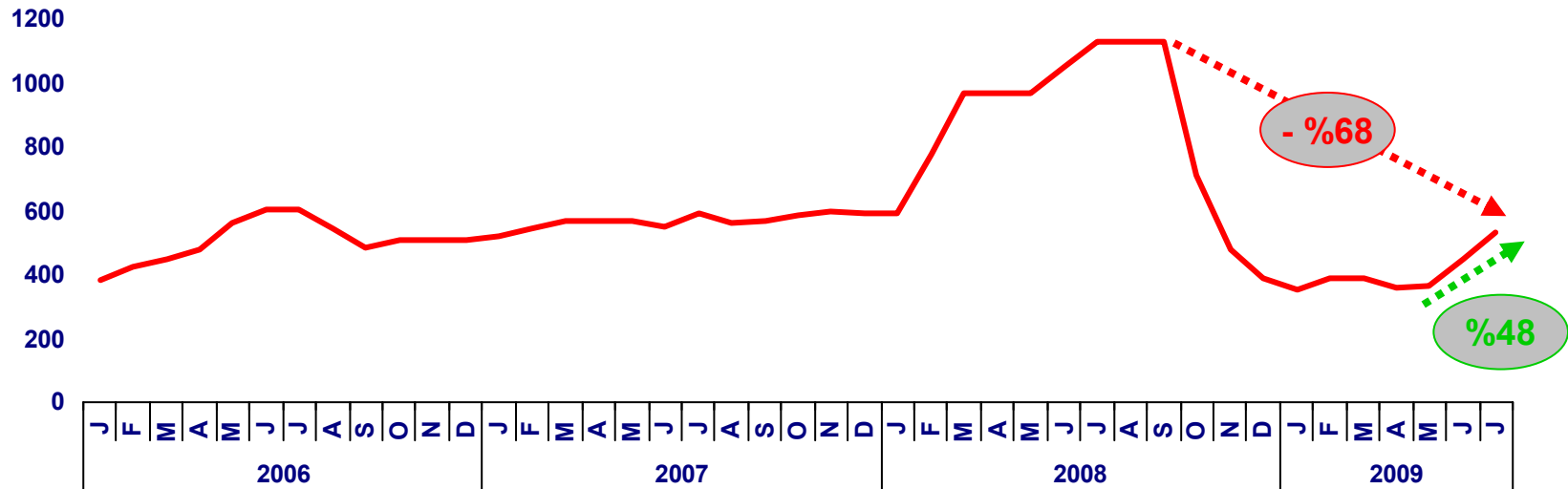


In CIS, prices has started to increase. Crude steel production increased by 34% in June 2009 compared to December 2008.

CIS CRUDE STEEL PRODUCTION (YoY %) *

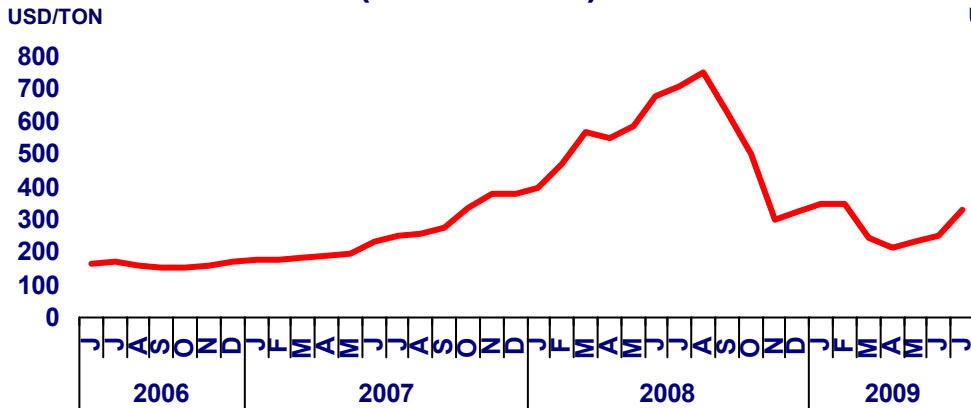


CIS BLACK SEA/BALTIC EXPORT HRC PRICE (FOB USD/TON)**

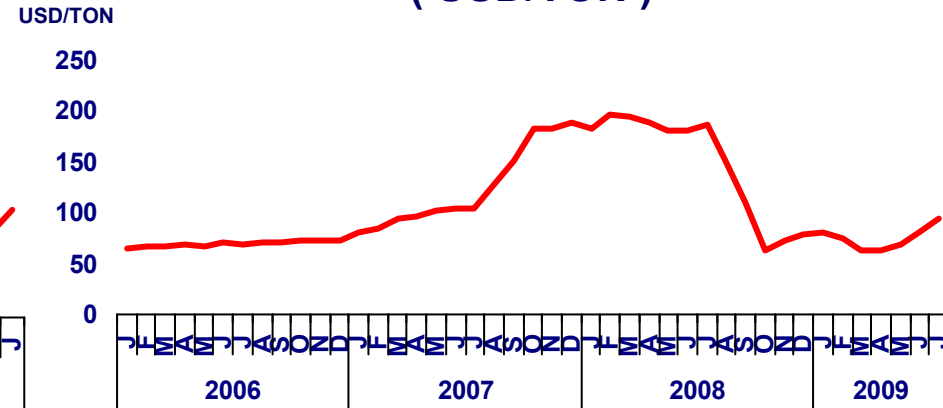


Raw material and finished goods prices are increasing.

CHINA 2ND QUALITY COKING COAL SPOT EXPORT PRICE (USD/TON)

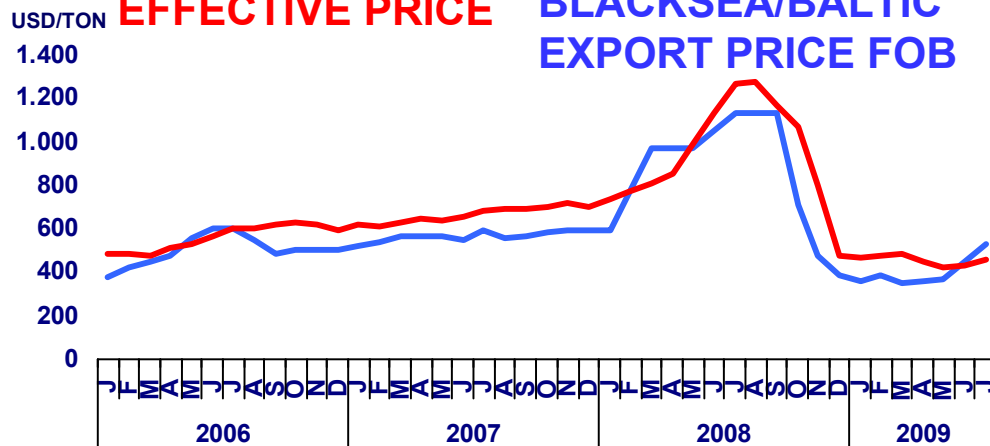


CHINA PORT FINE ORE PRICE CFR (USD/TON)



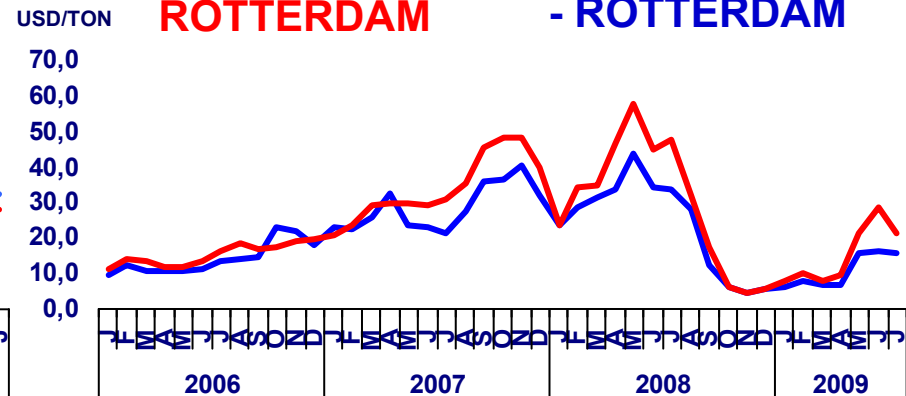
EREĞLİ HRC EFFECTIVE PRICE (USD/TON)

CIS HRC BLACKSEA/BALTIC EXPORT PRICE FOB (USD/TON)



BRAZIL TUBARAO - ROTTERDAM (USD/TON)

AUSTRALIA CAPE LAMBERT - ROTTERDAM (USD/TON)

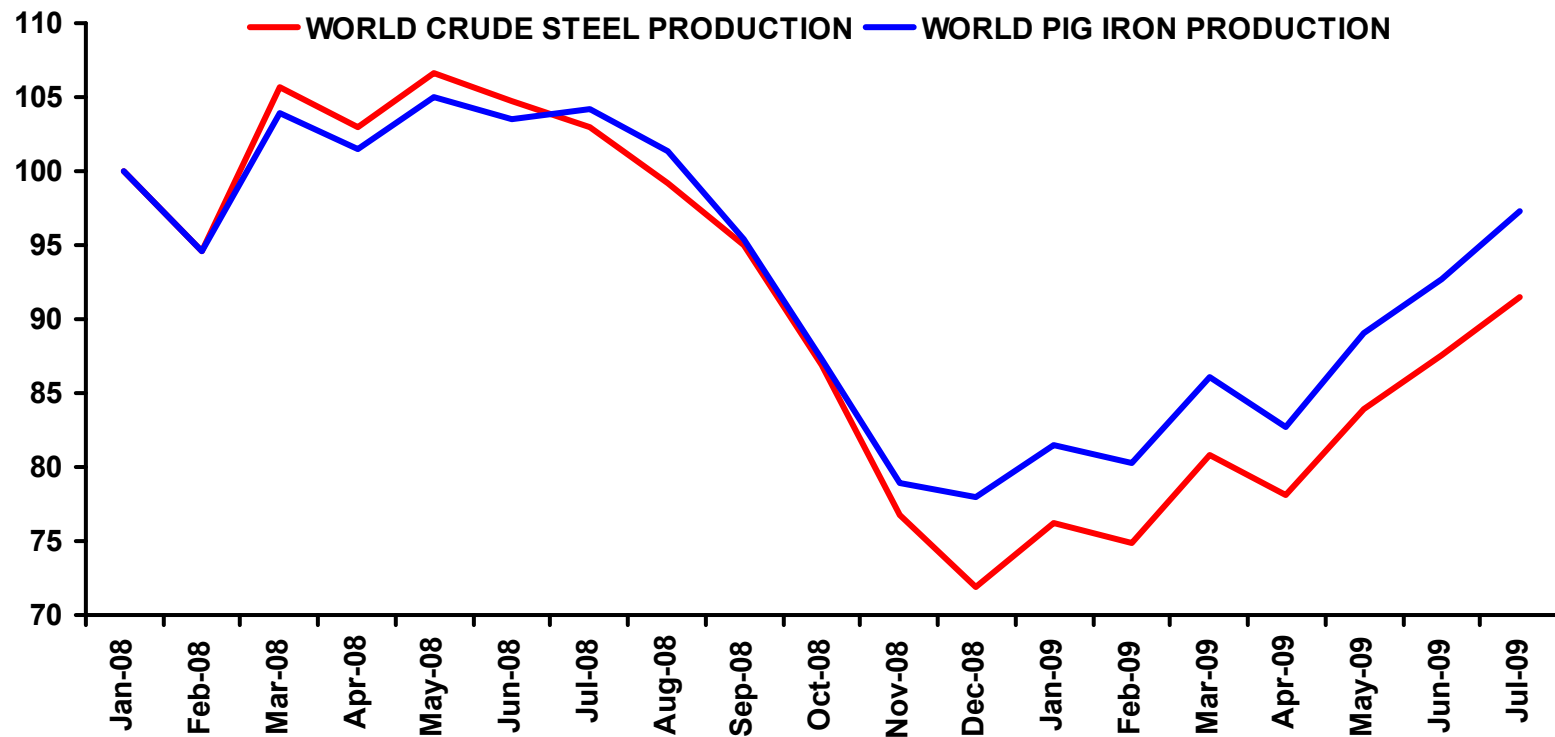


RAW MATERIAL PRICES (AUGUST 2008 – JULY 2009)

PELLET	↓ - 52 %	103 USD/TONS
IRON ORE	↓ - 34 %	95 USD/TONS
COKING COAL	↓ - 54 %	330 USD/TONS

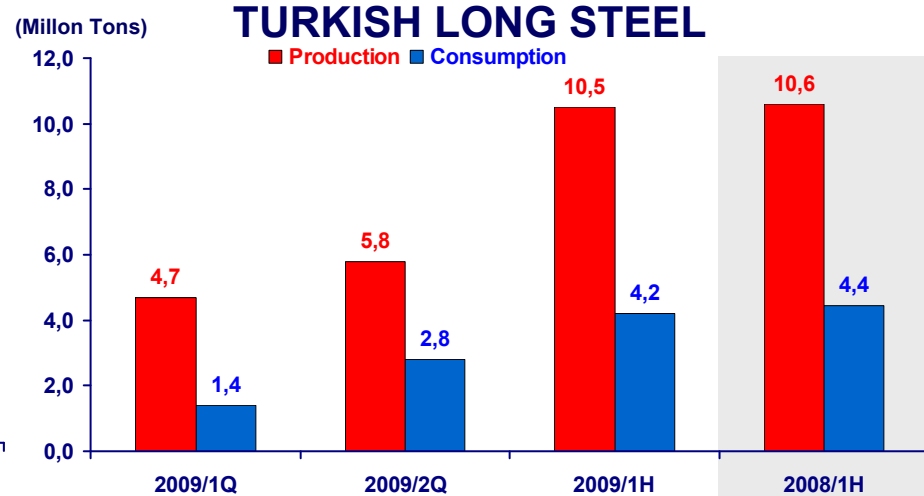
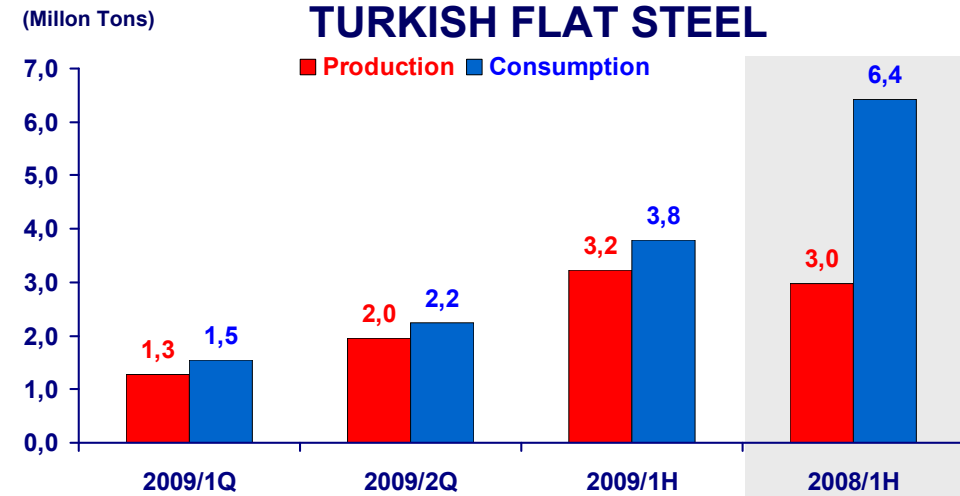


Idled capacities are restarting to produce again.



- ▶ World wide pig iron production is increasing rapidly in last months reaching to 78 million ton in July 2009 from 62 million tons in December 2008.
- ▶ Similarly, world wide crude steel production is up to 103 million tons in July 2009 from 81 million tons in December 2008.

The demand recovery continued in Q2 2009 with respect to Q4 2008 and Q1 2009.



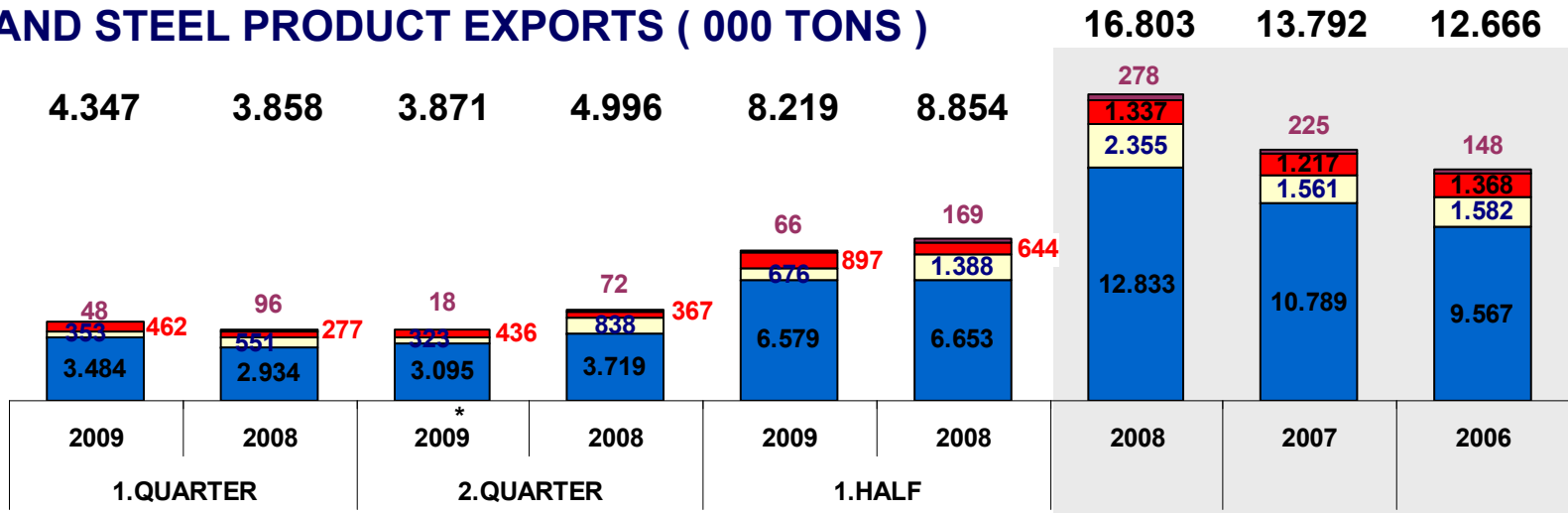
(Million tons)		2009/1.Q.	2009/2.Q.	2009/1.H.	2008/1.H.
(+)	Production	1,3	2,0	3,2	3,0
(+)	Import	1,0	1,3	2,3	4,8
(-)	Export	0,5	0,4	0,9	0,7
(-)	Re-Rollers	0,3	0,5	0,8	0,7
(=)	Consumption	1,5	2,2	3,8	6,4

(Million tons)		2009/1.Q.	2009/2.Q.	2009/1.H.	2008/1.H.
(+)	Production	4,7	5,8	10,5	10,6
(+)	Import	0,1	0,2	0,3	0,6
(-)	Export	3,5	3,1	6,6	6,7
(-)	Re-Rollers				
(=)	Consumption	1,4	2,8	4,2	4,4

- Q2 2009, flat steel production and consumption increased by 54% and 47% compared to Q1 2009.
- Long steel production and consumption in Q2 2009 increased by 23% and 101% compared to Q1 2009.

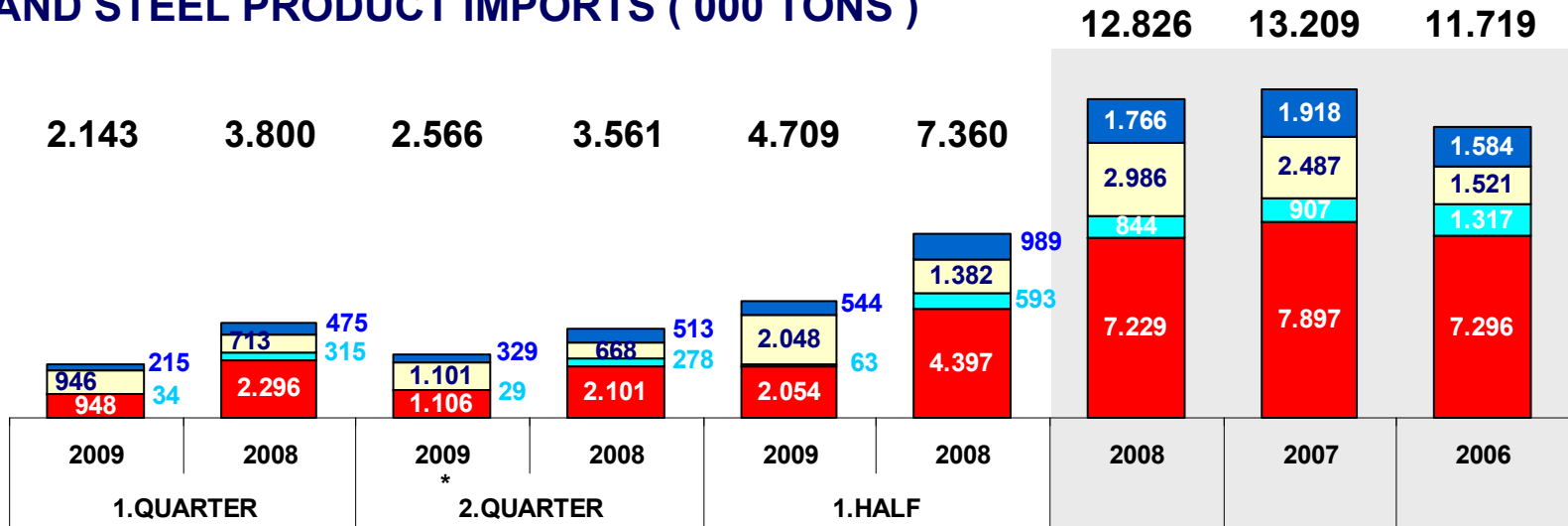
Exports and imports of steel products were down in H1 2009 YoY by 7% and 36% respectively whereas flat products exports increased by 39% YoY.

IRON AND STEEL PRODUCT EXPORTS (000 TONS)



■ LONG STEEL ■ BILLET-BLUM ■ FLAT STEEL ■ OTHER

IRON AND STEEL PRODUCT IMPORTS (000 TONS)

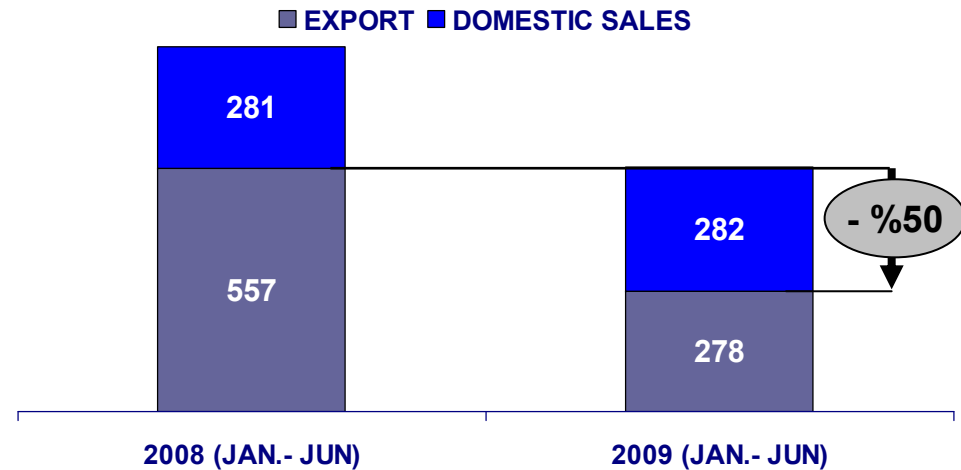
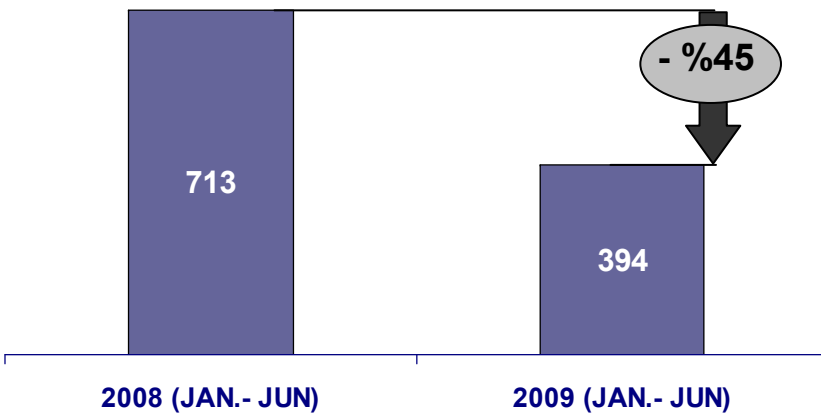


■ FLAT STEEL ■ SLAB ■ BILLET-BLUM ■ OTHER

Automotive production and exports increased by 76% and 29% respectively in Q2 2009 with respect to Q1 2009.

AUTOMOTIVE PRODUCTION (000 UNITS)

AUTOMOTIVE SALES (000 UNITS)



- Production, domestic sales and export sales contracted in the first six months of 2009 YoY.
- A decrease in private consumption tax positively affected the 1600cc or below vehicles sales.
- Capacity utilization ratio was 72% in June and 54 % in the first six months of 2009 in light vehicles production.

AGENDA:

➤ 2009 Market Overview

➤ **2009 First Half Financial Highlights and Management Guidance**

ERDEMİR GROUP KEY FIGURES

		2009/1.H.	2008/1.H.	2008	2007
Liquid Steel Production	<i>(000 Tons)</i>	3.085	3.162	6.121	5.486
Slab Production ⁽¹⁾	<i>(000 Tons)</i>	1.919	1.973	3.994	3.680
Flat Steel Production ⁽²⁾	<i>(000 Tons)</i>	2.187	2.358	4.158	4.206
Long Steel Production	<i>(000 Tons)</i>	1.077	1.150	2.033	1.917
Flat Steel Shipments ⁽³⁾	<i>(000 Tons)</i>	2.500	2.304	3.932	4.295
Long Steel Shipments	<i>(000 Tons)</i>	1.082	1.144	2.040	1.920
Net Sales Revenue	<i>(M. USD)</i>	1.434	2.947	5.246	4.117
EBITDA	<i>(M. USD)</i>	50	901	691	848
Net Profit/(Loss) For The Period	<i>(M. USD)</i>	(122)	697	175	541

All figures are on IFRS consolidated basis unless stated otherwise.

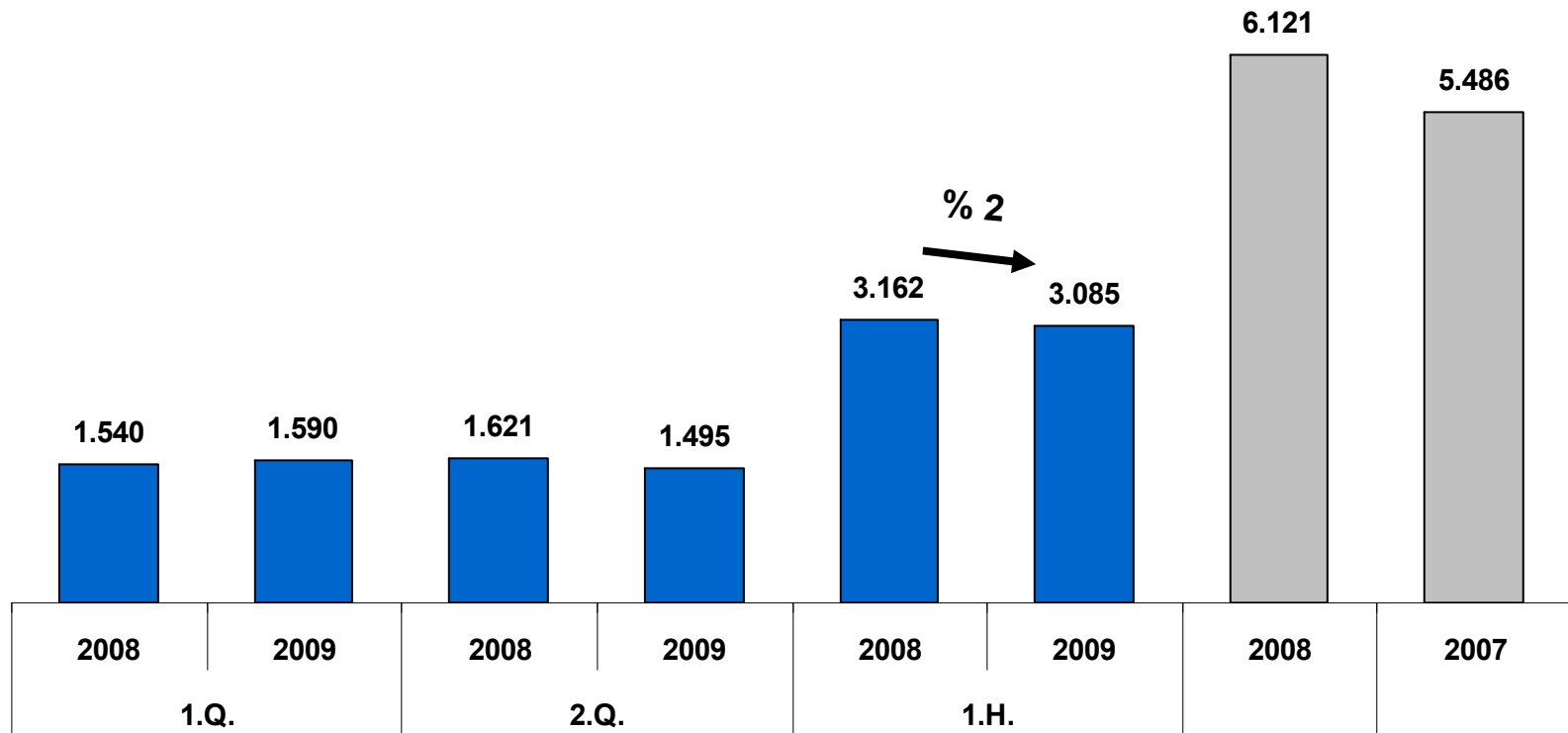
(1) Total slab production of Ereğli and İskenderun Plants.

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

(3) Total flat steel shipments of Ereğli and İskenderun Plants.

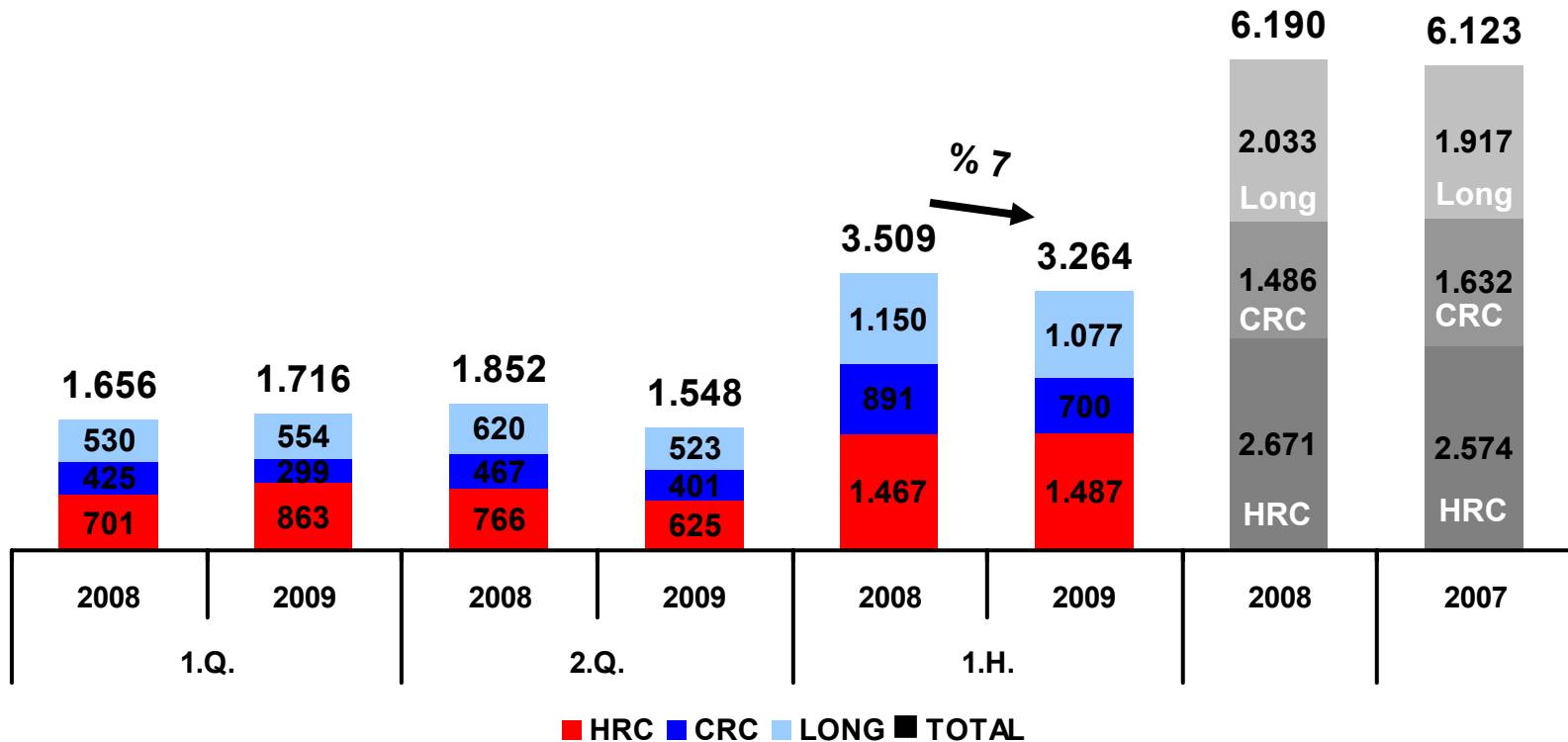
Liquid steel production in H1 2009 decreased by 2% compared to H1 2008.

LIQUID STEEL PRODUCTION (000 TONS)



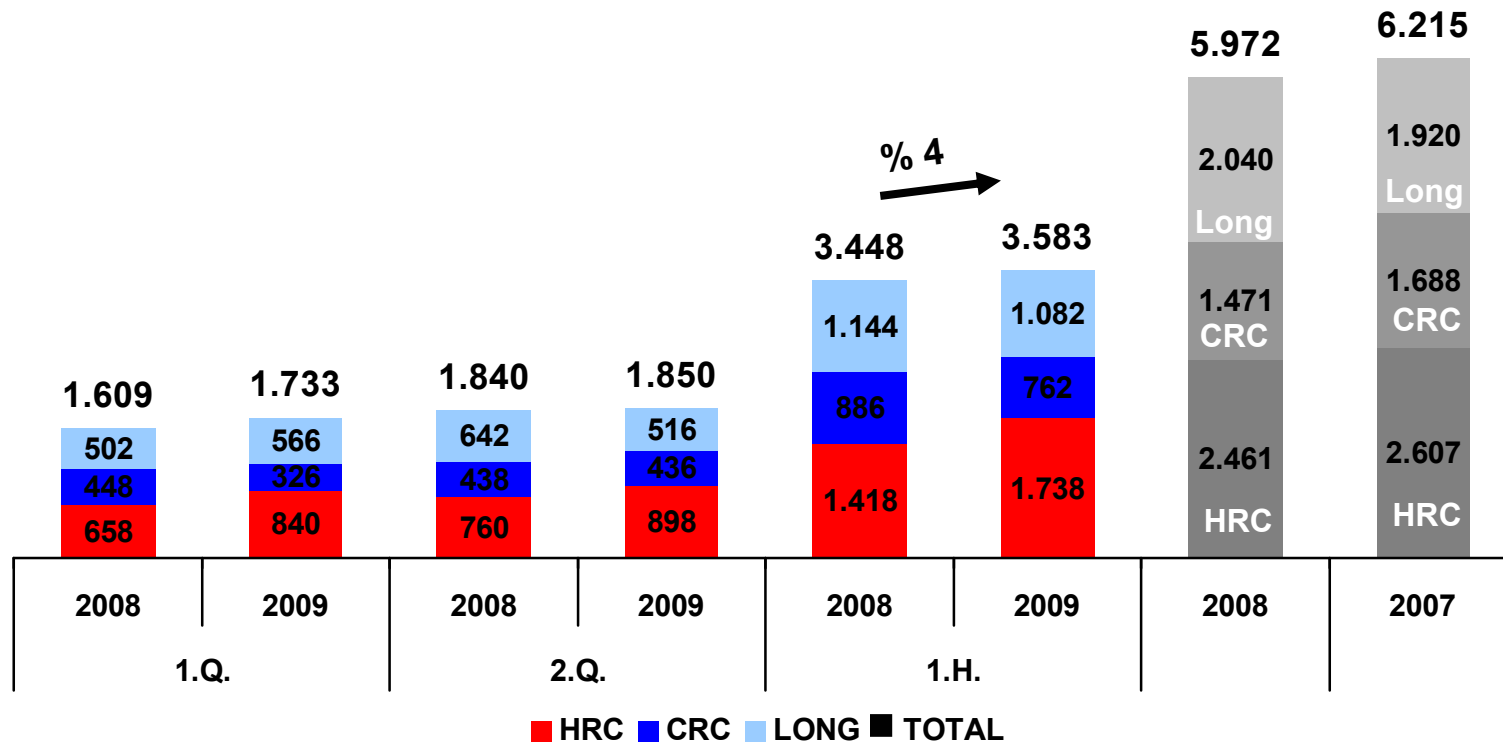
Finished goods output decreased by 7% in H1 2009 compared to H1 2008.

PRODUCTION VOLUMES (000 TONS)



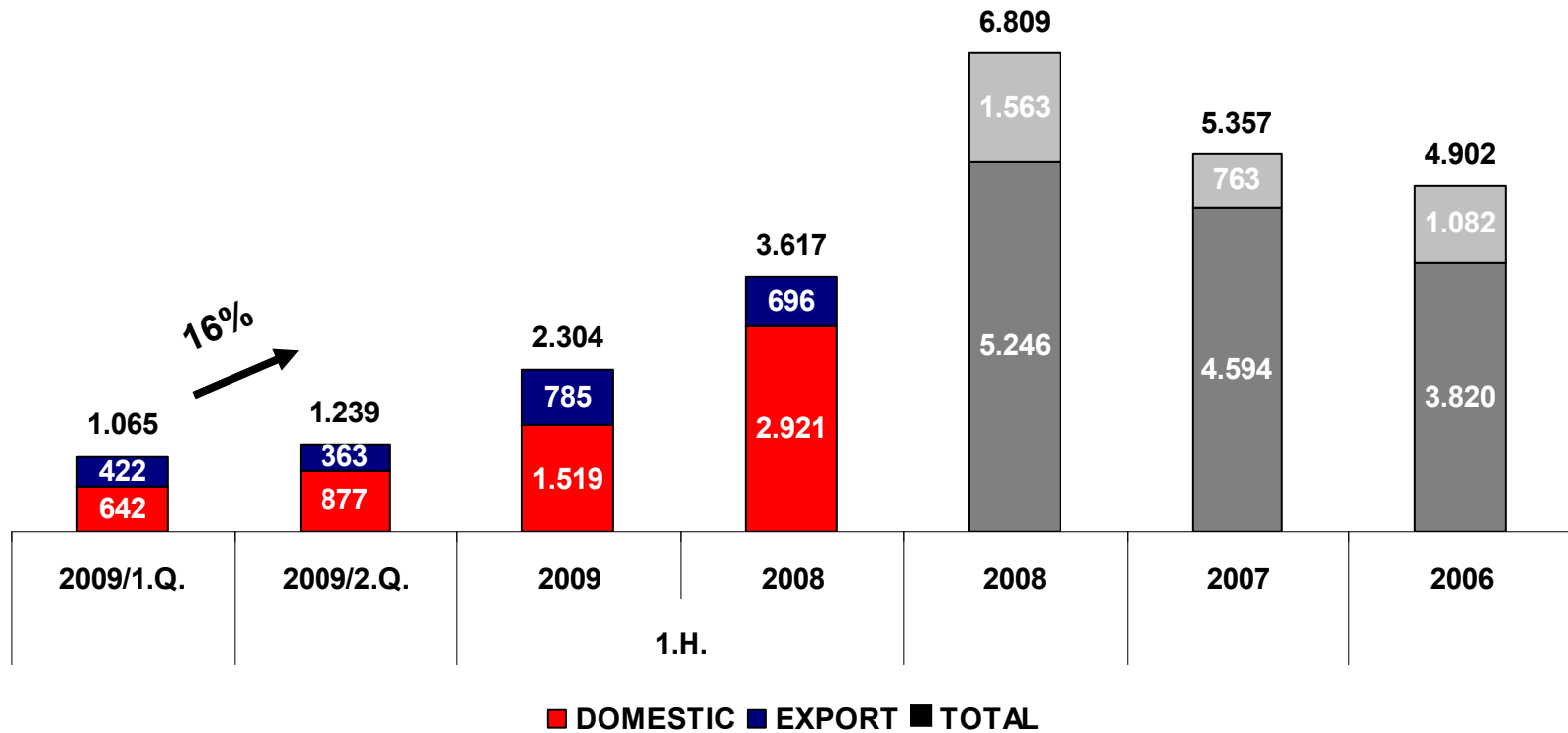
Sales volume increased in H1 2009 compared to H1 2008 by 4%.

SALES VOLUME (000 TONS)



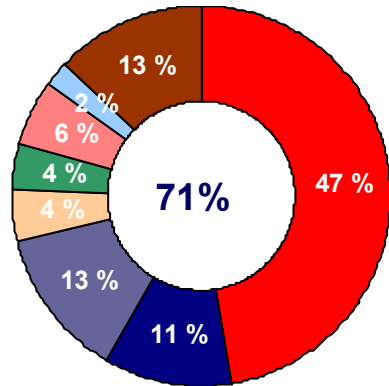
Net sales revenue in Q2 2009 increased by 16% compared to Q1 2009.

NET SALES REVENUE (MILLION TL)



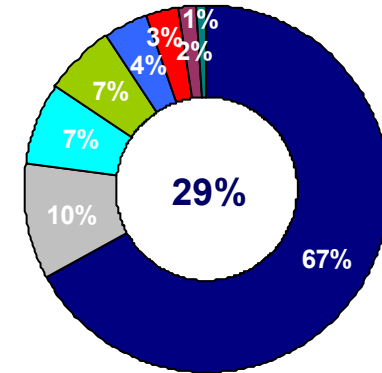
Sales to Automotive and Components and Household Appliances industries increased by 169% and 188% respectively in Q2 2009 compared to Q1 2009*.

FLAT STEEL DOMESTIC SALES BREAKDOWN (%)



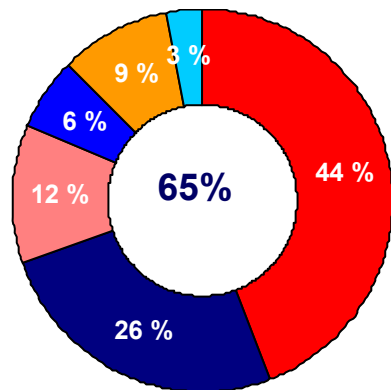
- PIPE and PROFILE INDUSTRY
- TRADERS
- PACKAGING INDUSTRY
- HOUSEHOLD APPLIANCES
- STEEL SERVICES CENTERS
- AUTOMOTIVE and COMPONENTS
- HEATING EQUIPMENT
- OTHER

FLAT STEEL EXPORT SALES BREAKDOWN (%)



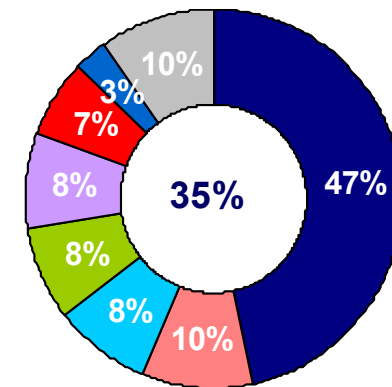
- EU
- EGYPT
- USA
- INDIA
- OTHER
- BRAZIL
- CHINA
- BOSNIA HERZEGOVINA

LONG STEEL DOMESTIC SALES BREAKDOWN (%)



- DEBAR PRODUCERS
- COMMERCIAL QUALITIES
- OTHERS
- PROFILE PRODUCERS
- HIGH CARBON QUALITIES
- SPECIAL THIN WIRE QUALITIES

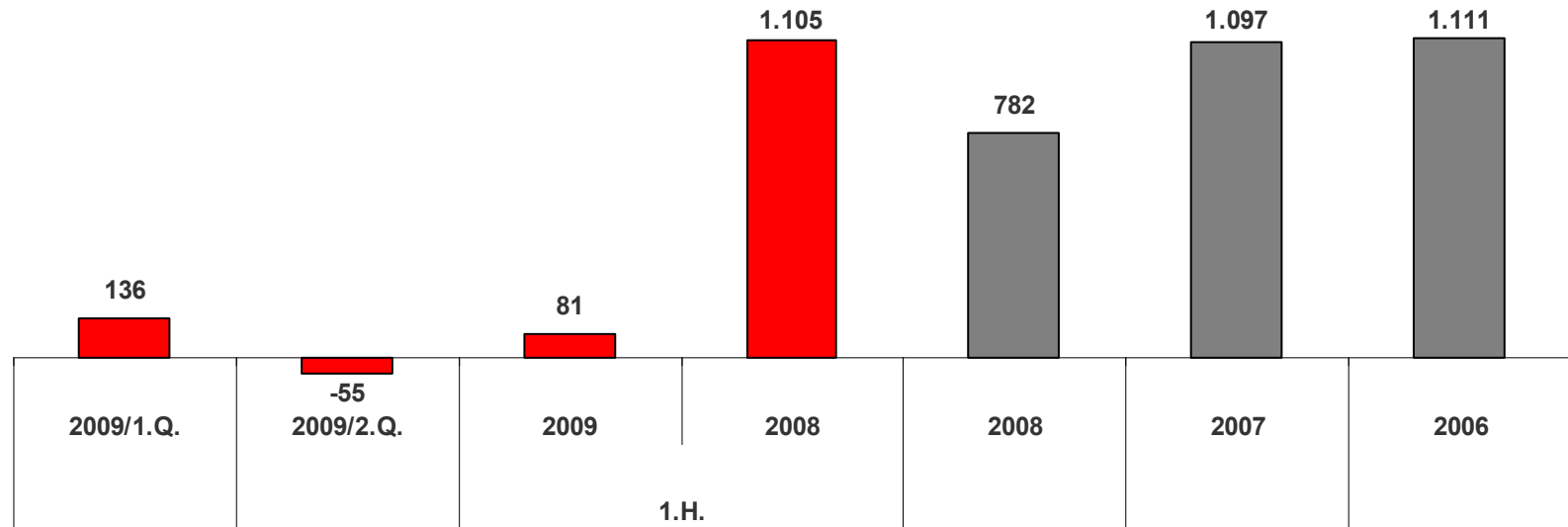
LONG STEEL EXPORT SALES BREAKDOWN (%)



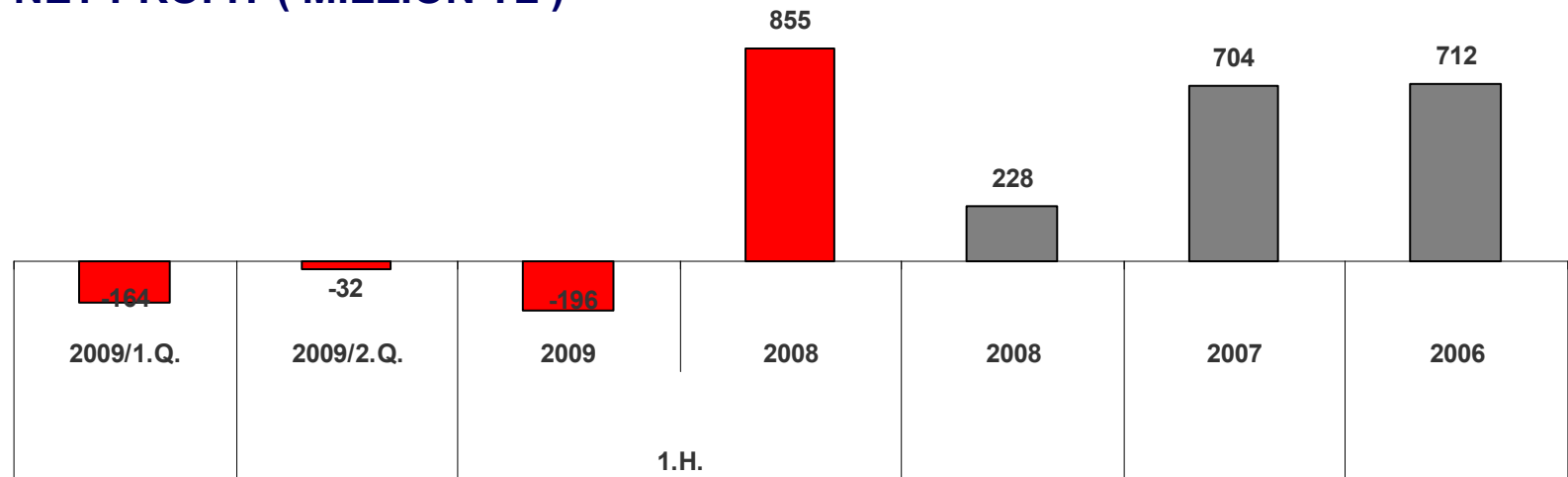
- EGYPT
- ISRAEL
- DJIBOUTI
- INDONESIA
- SAUDI ARABIA
- OTHER
- INDIA
- EU

Net profit had a significant recovery in the 2Q 2009 compared to 1Q 2009.

EBITDA (MILLION TL)

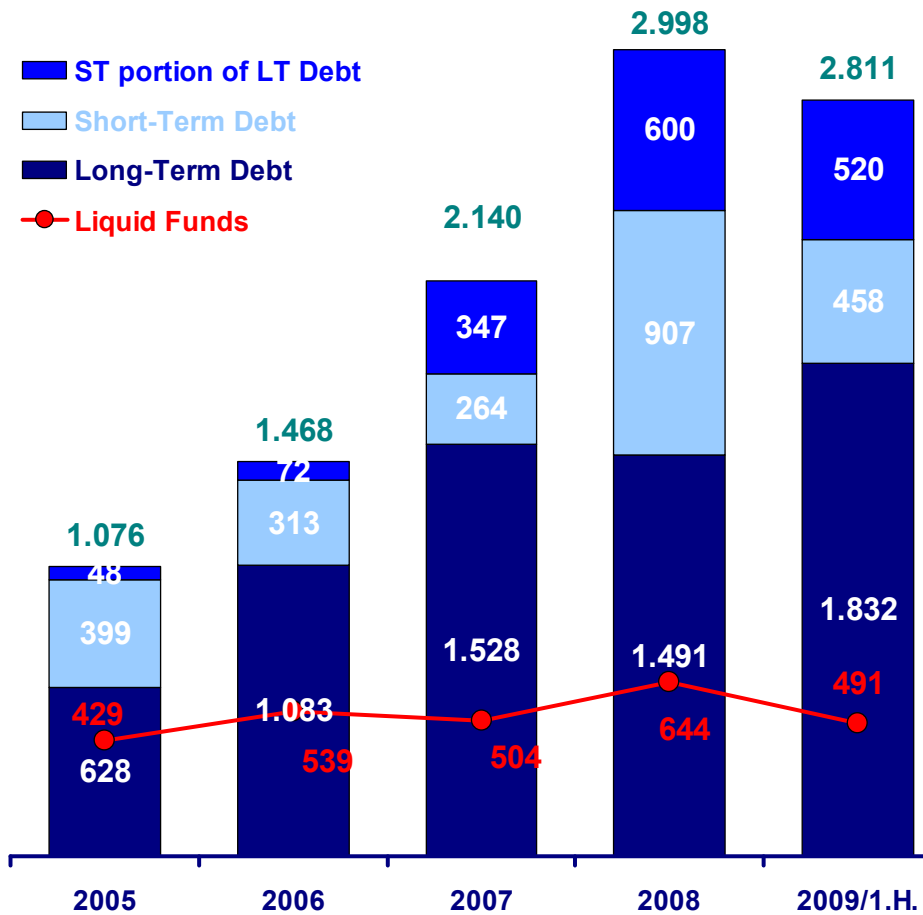


NET PROFIT (MILLION TL)



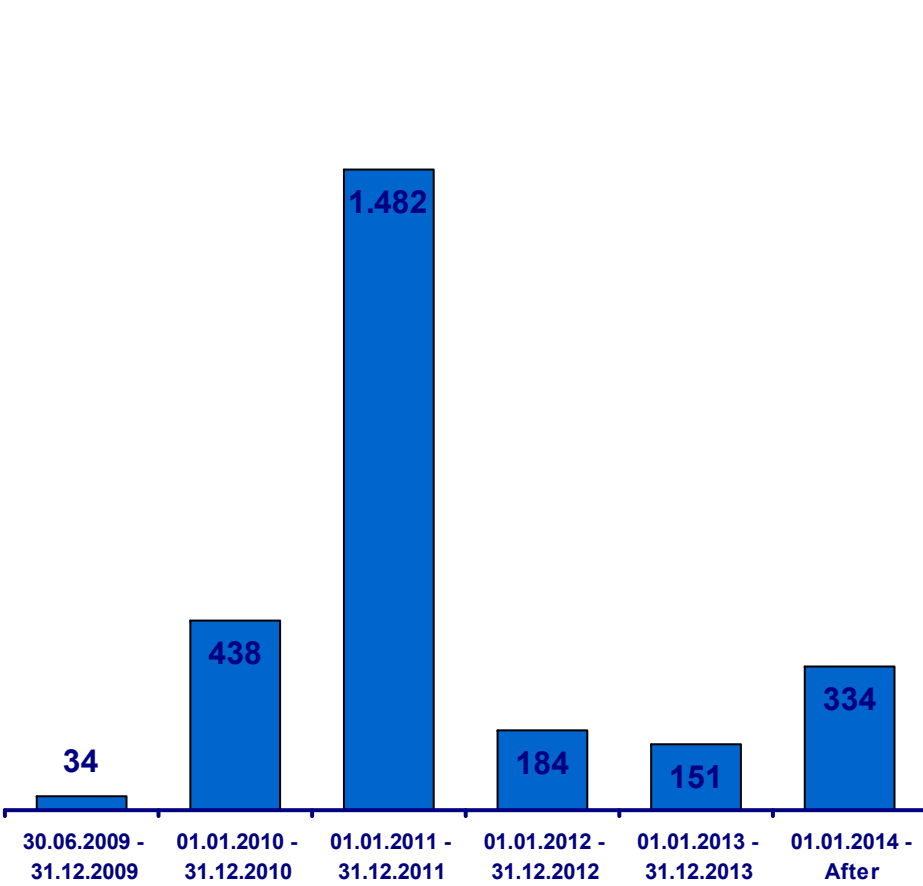
Medium term liquidity risk was significantly reduced through refinancing of all of the 1.1 billion USD principal repayments due in the rest of 2009 and year 2010.

BORROWINGS (MILLION USD)



BORROWINGS MATURITY PROFILE*

(MILLION USD)



*As of July 08, 2009

Approximate values calculated according to IFRS.



Capacity utilization rates increased.

CAPACITY UTILIZATION RATES *

EREĞLİ

PLANTS	CUR - %
Coke Plant	96,2
Sinter Plant	91,6
Blast Furnaces	96,7
BOF	107,6
Continuous Slab Casting	107,6
Hot Rolling Mill No:1	96,2
Hot Rolling Mill No:2	83,1
Plate Mill	10,0
Cold Rolling Mill No:1	49,7
Cold Rolling Mill No:2	79,8
HDG Line	75,2
ETC Line	55,7
TOTAL CAPACITY UTILIZATION RATIO %	93,1

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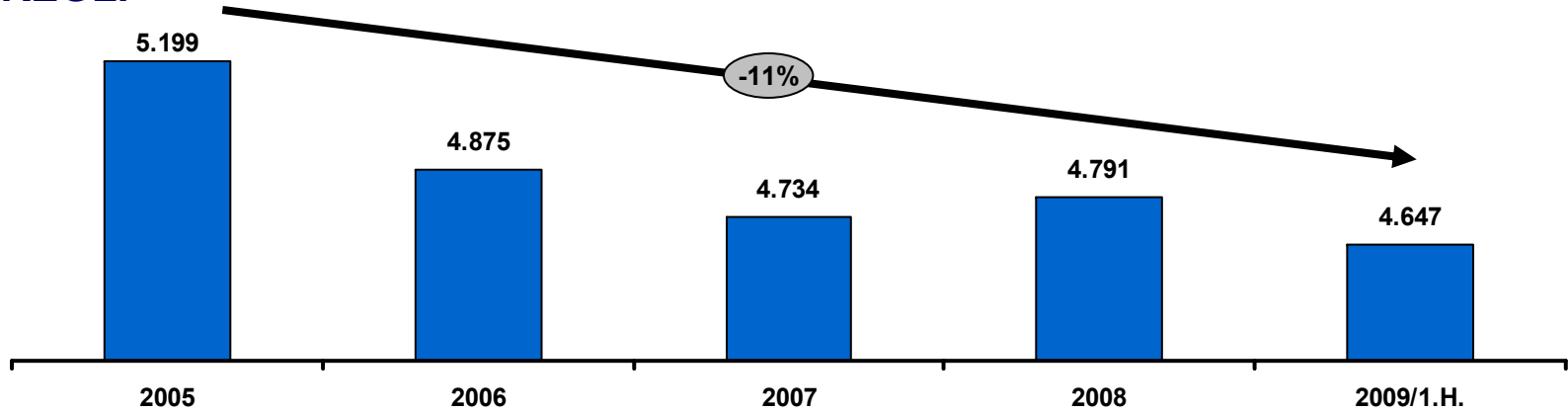
PLANTS	CUR - %
Coke Plant	72,0
Sinter Plant	64,7
Blast Furnaces	59,8
BOF	69,5
Continuous Billet Casting	88,5
Continuous Slab Casting	3,6
Wire Rod Mill	102,9
TOTAL CAPACITY UTILIZATION RATIO %	54,3

* CALCULATIONS BASED ON THE FIRST SIX MONTHS OF 2009 EFFECTIVE CAPACITY FIGURES

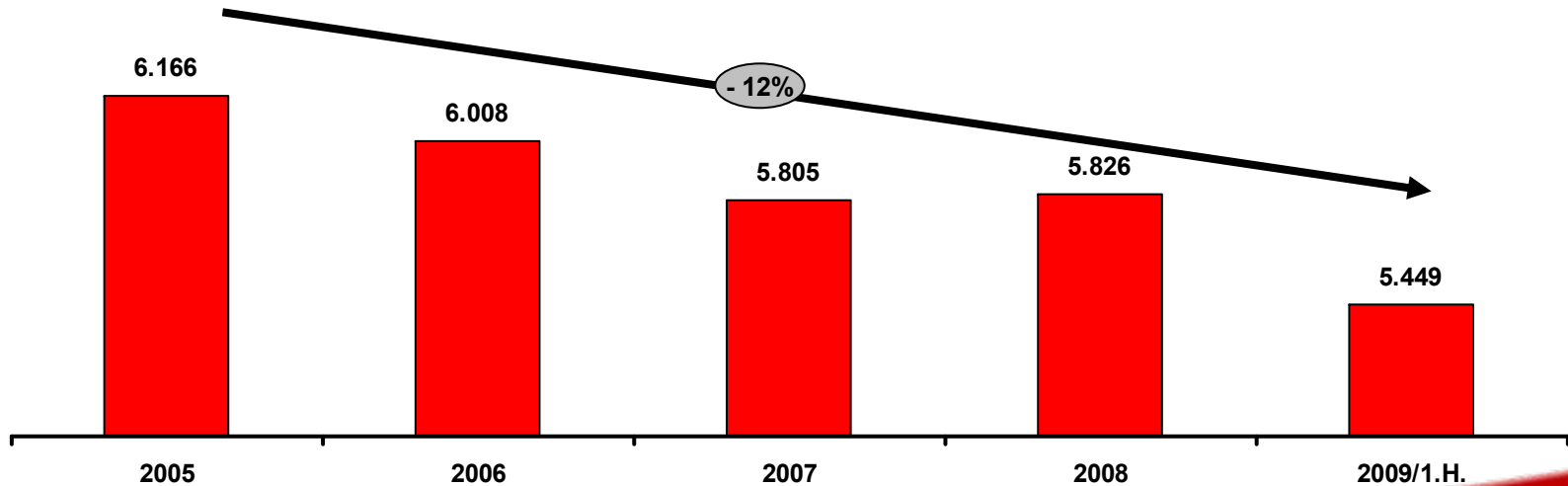
Specific energy consumption is decreasing despite the low capacity utilization and production cuts.

ENERGY CONSUMPTION (MCAL / TON CRUDE STEEL)

EREĞLİ



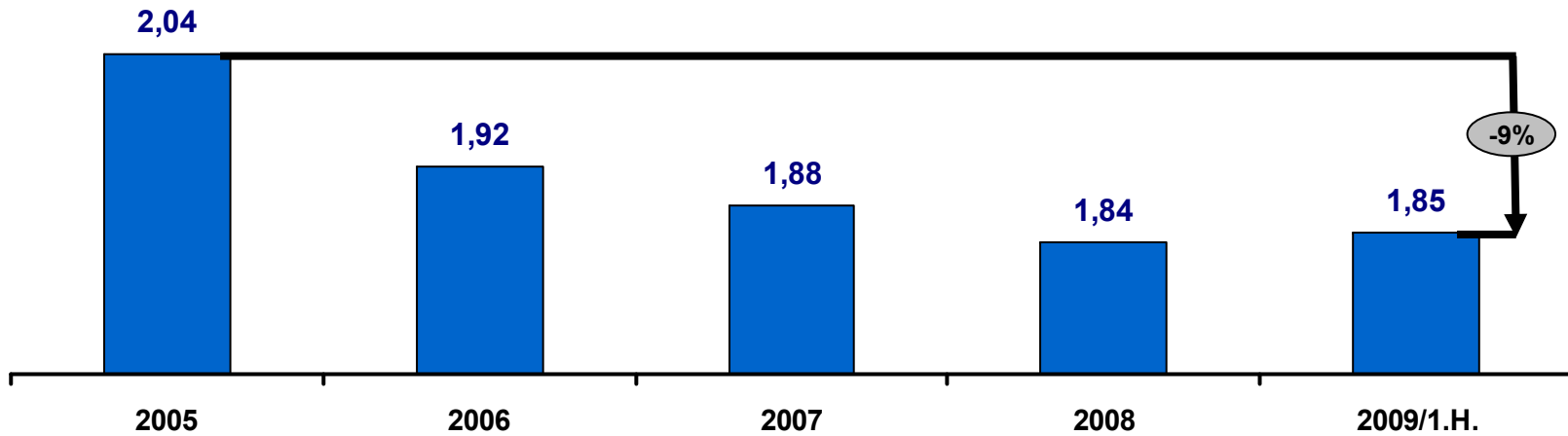
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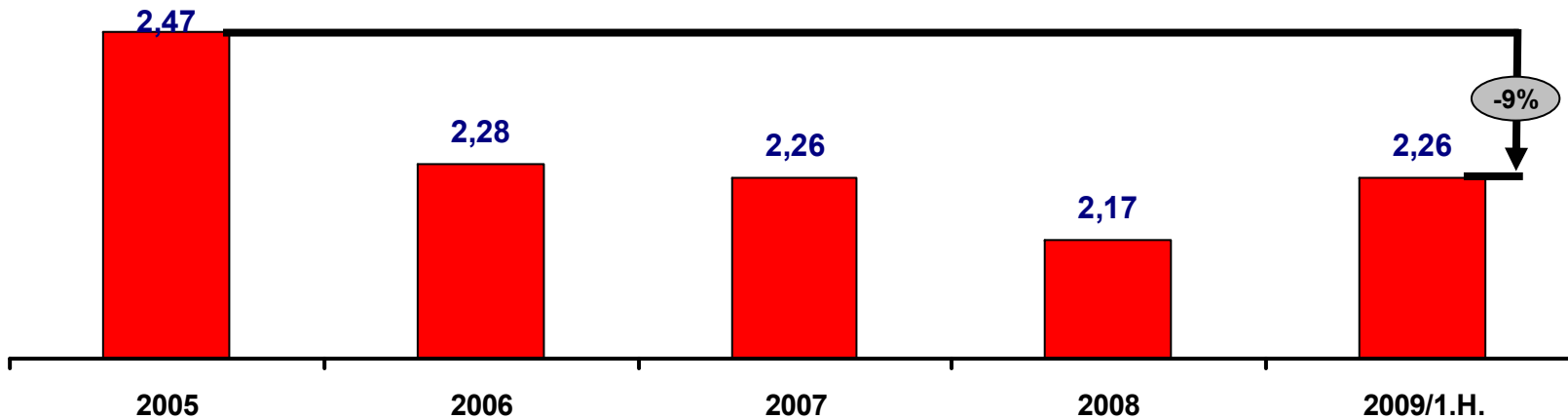
CO₂ emissions remain under international reference values despite production cuts.

CO₂ EMISSIONS (KG/TCS)

EREĞLİ



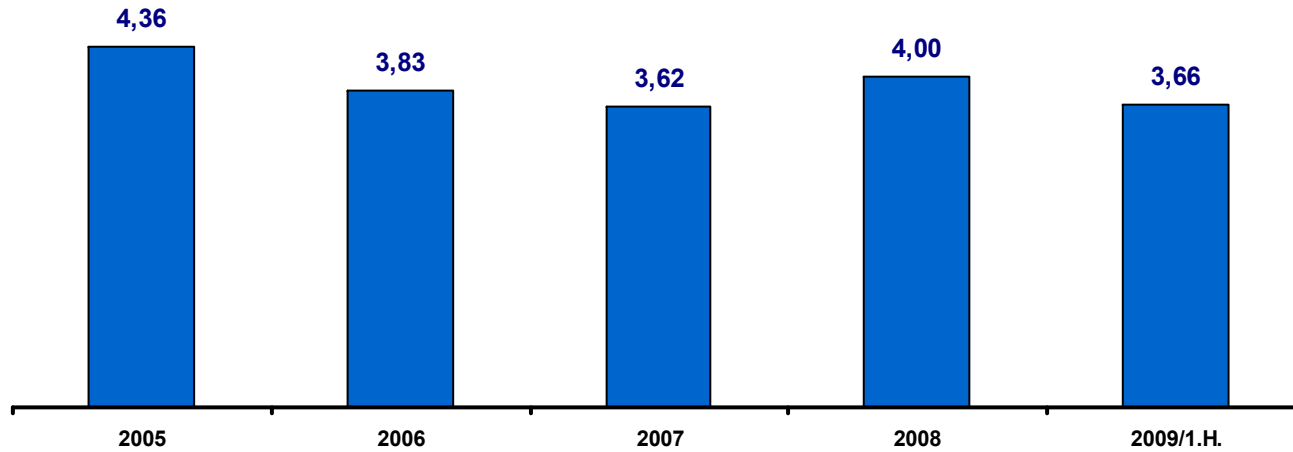
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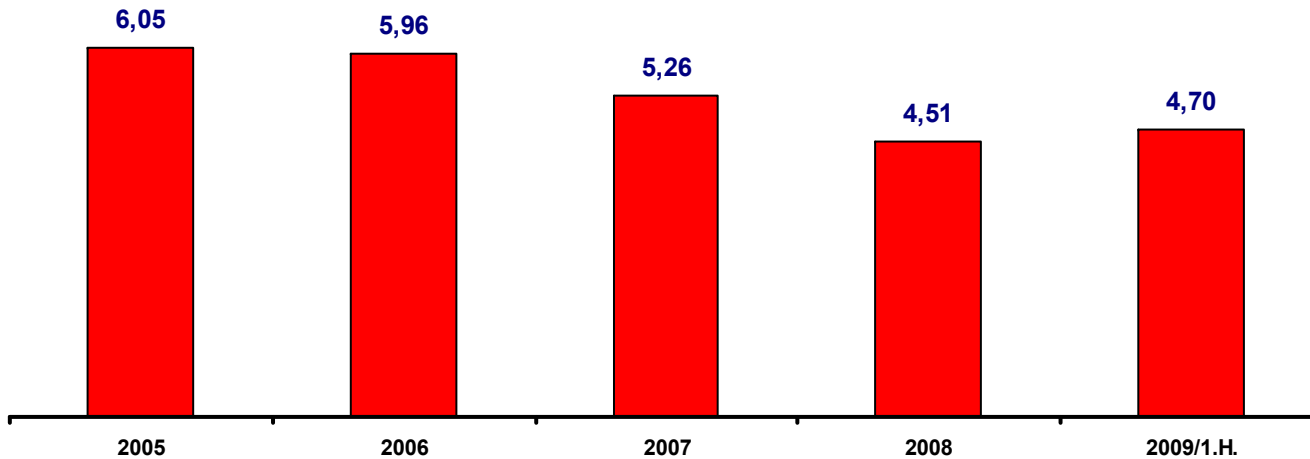
Despite low production levels the decline of labor productivity is marginal.

LABOR PRODUCTIVITY (MAN-HOUR/TON)

EREĞLİ

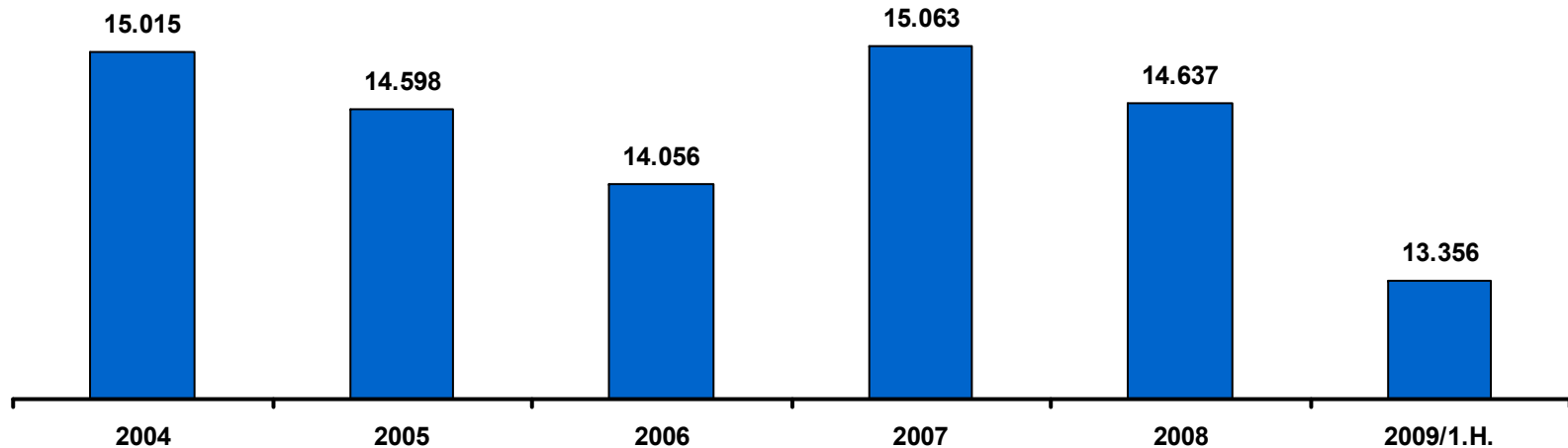


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Number of employees decreased by about 9% since 2008, primarily through voluntary redundancies and retirements.

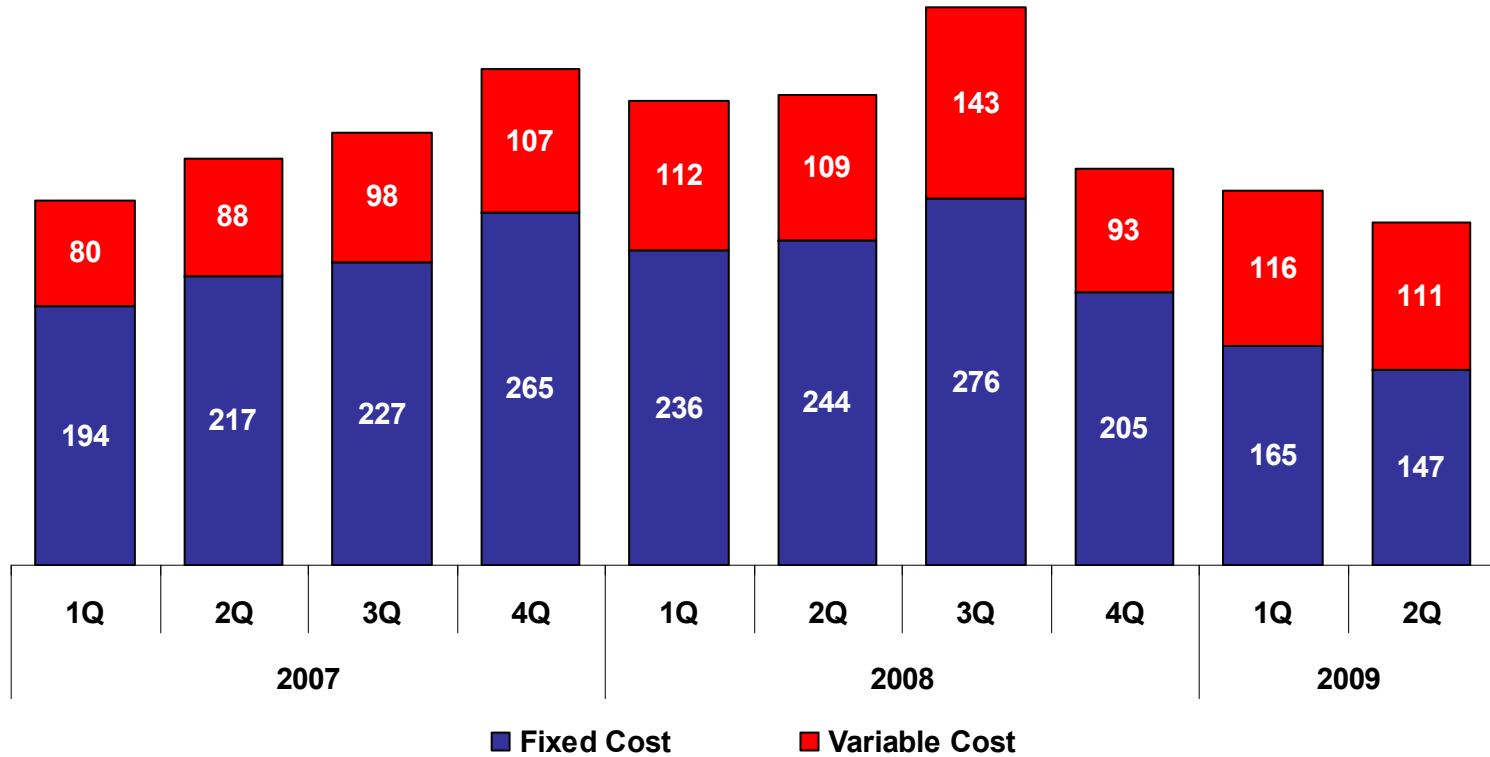
NUMBER OF EMPLOYEES



- In March 2009, about 800 employees have left the Group through the voluntary redundancy program.
- The labor unions and the Group agreed to cut all wages and salaries in several group companies by 35% for a period of 16 months. A total savings of around 350 million TL is expected.

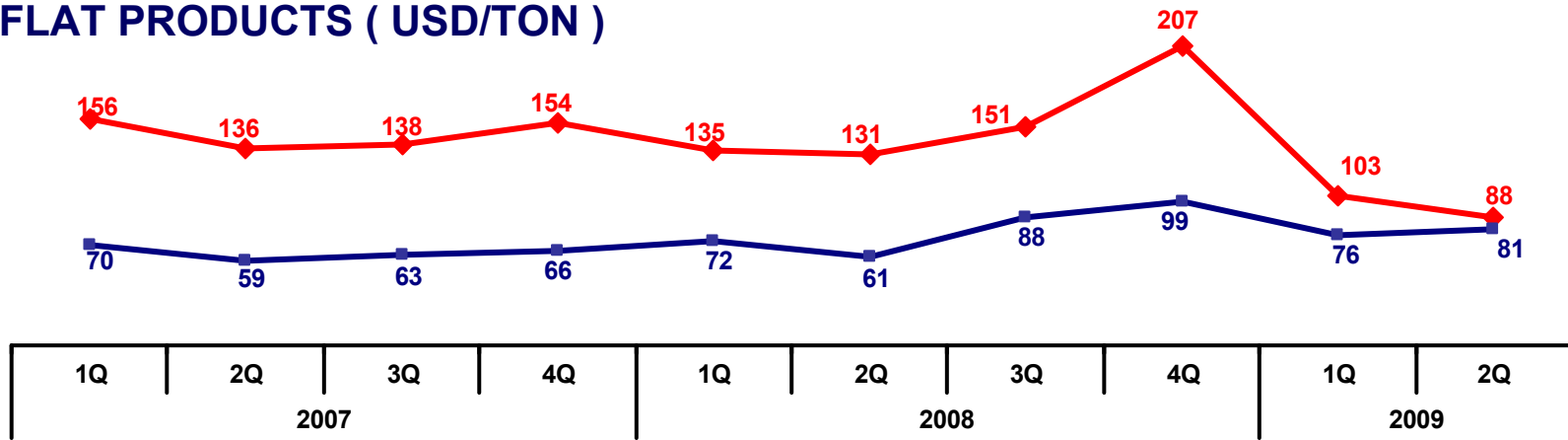
Fixed and variable costs (excluding raw material charges) decreased in the first two quarters.

(MILLION USD)



Fixed and variable operating costs, excluding raw material charges decreased for flat products. The increase in long products is caused by lower a capacity utilization rate during the first six months of 2009.

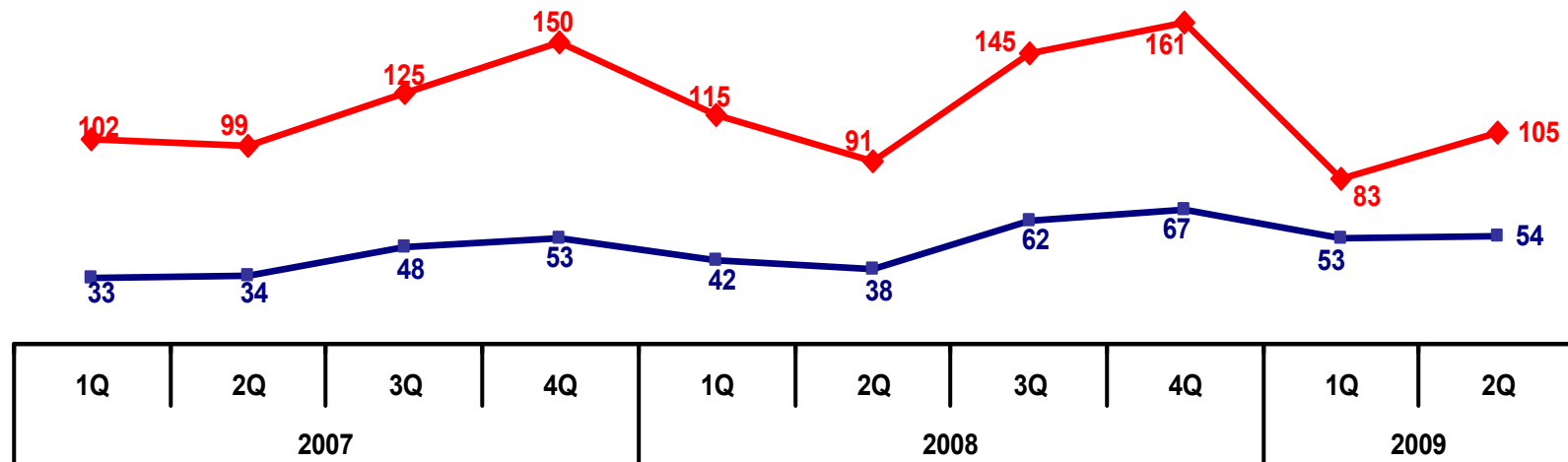
FLAT PRODUCTS (USD/TON)



◆ Fixed Cost per Ton

■ Variable Cost per Ton

LONG PRODUCTS (USD/TON)

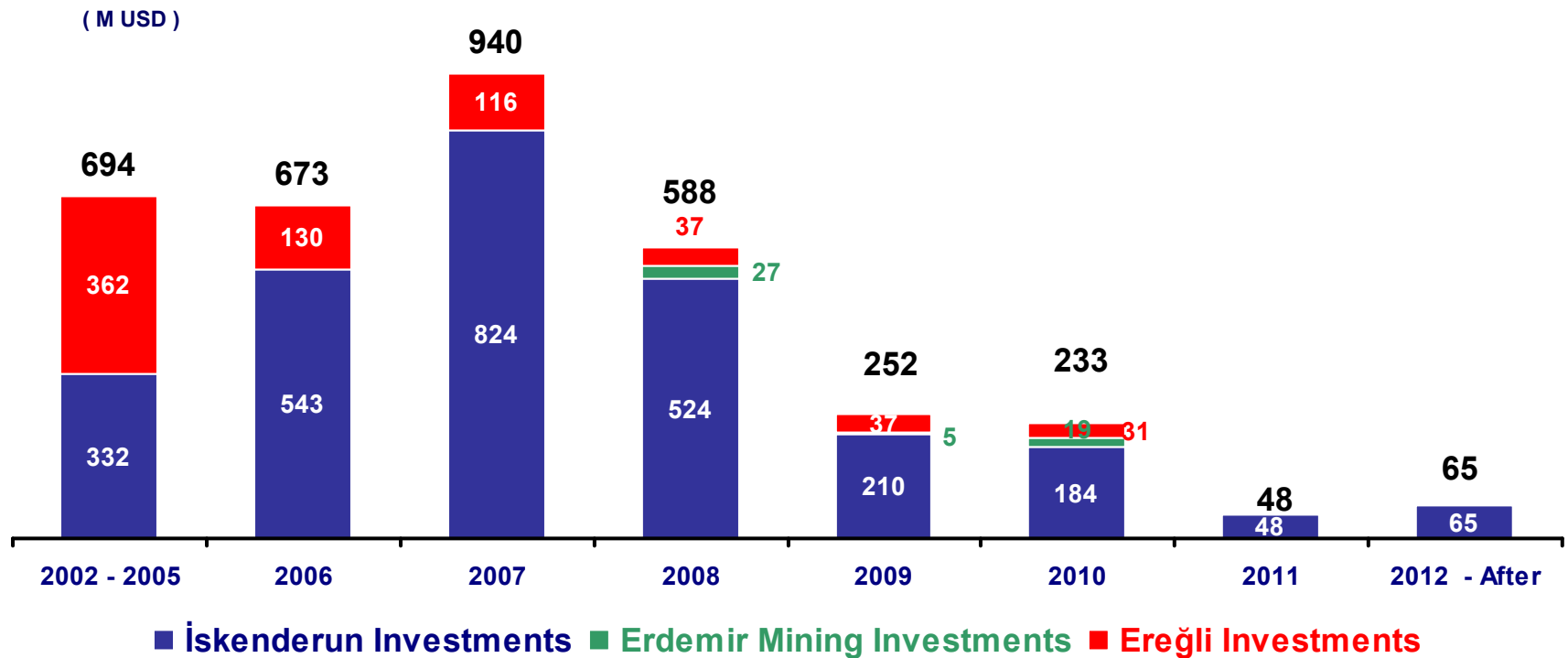


◆ Fixed Cost per Ton

■ Variable Cost per Ton



Erdemir Group completed a large portion of its current investment program.

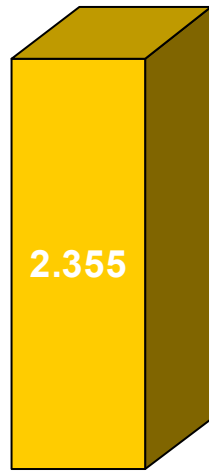


➔ As of June 2009, capital expenditures worth 3.0 billion USD have been completed and 0.4 billion USD are yet to be completed.

➔ Erdemir Group completed approximately 90% of the Board approved investment program as of June 2009.

Net debt is expected to remain stable.

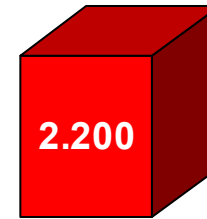
NET DEBT (MILLION USD)



31.12.2008

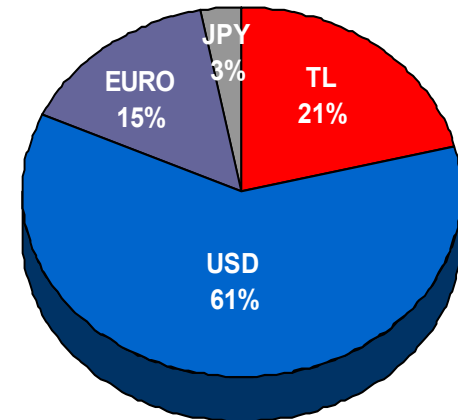
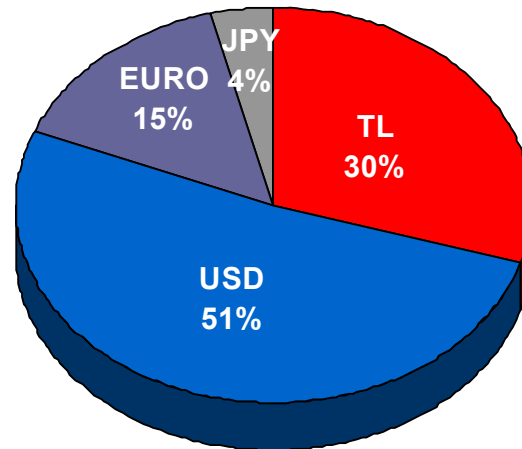
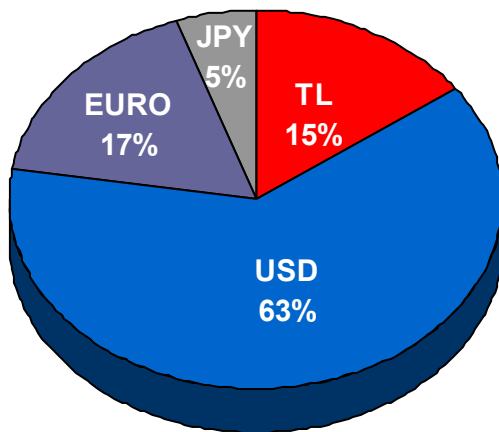


30.06.2009



31.12.2009(E)

DEBT COMPOSITION



Price recovery and an increase in sales volume are expected in the next four months.

ERDEMİR GROUP SALES FORECASTS

