





# **2016 12 Months Consolidated Results**

*7 February 2017*

## DISCLAMIER

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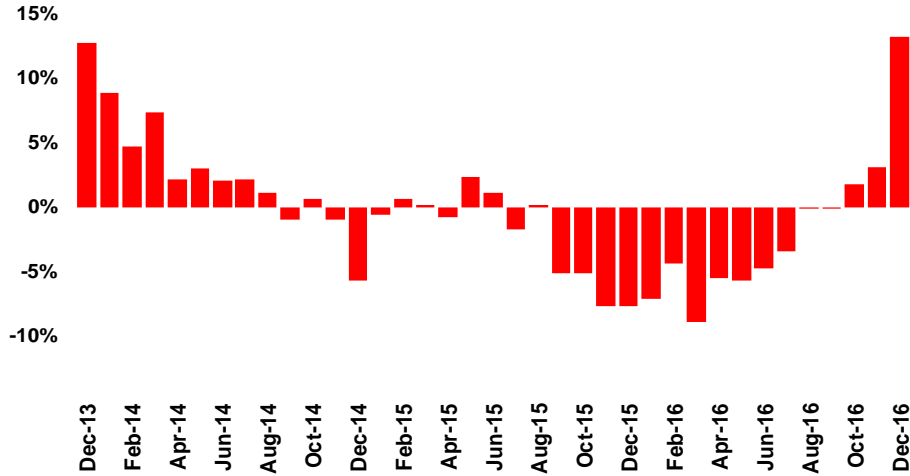


- > **2016 Market Overview**
- > 2016 12M Results

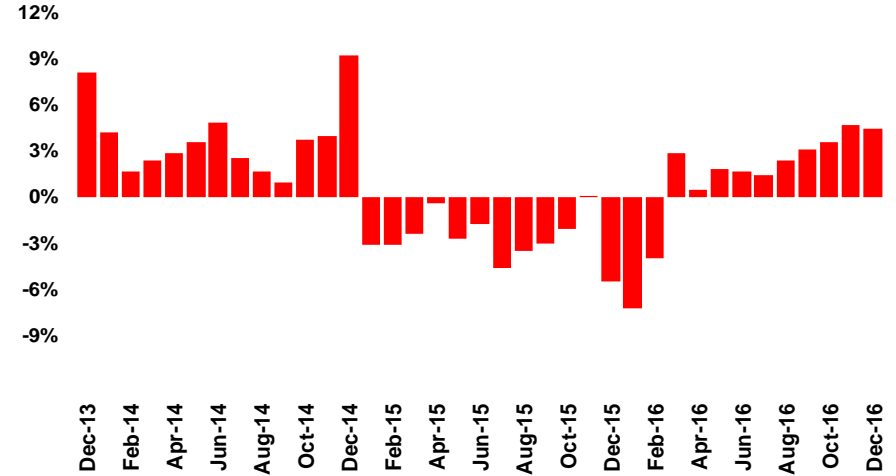


# In CIS, HRC price was 485 USD/ton as of January 2017

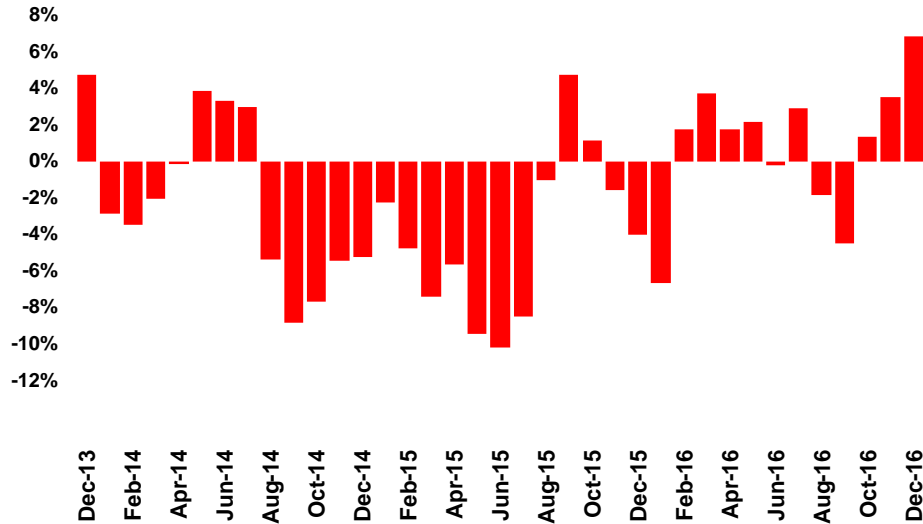
EU28 CRUDE STEEL PRODUCTION ( YoY % )\*



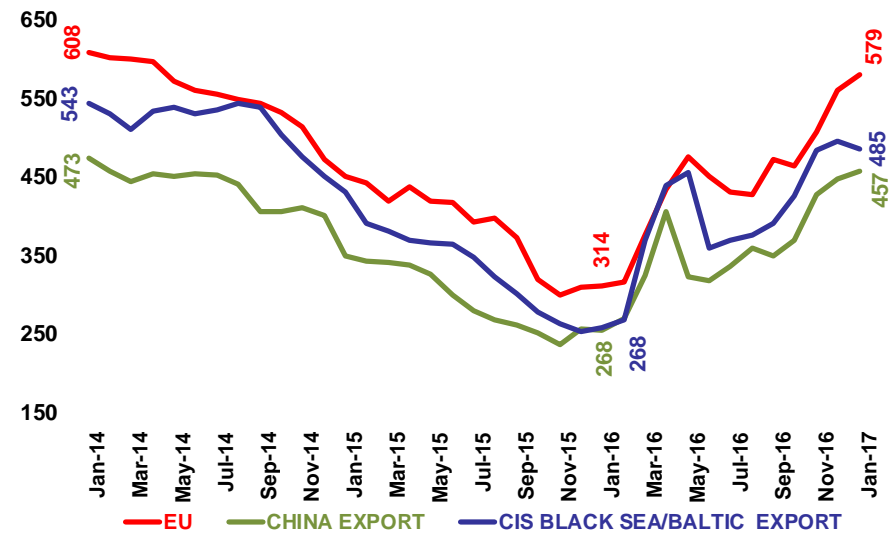
CHINA CRUDE STEEL PRODUCTION ( YoY % )\*



CIS CRUDE STEEL PRODUCTION ( YoY % )\*



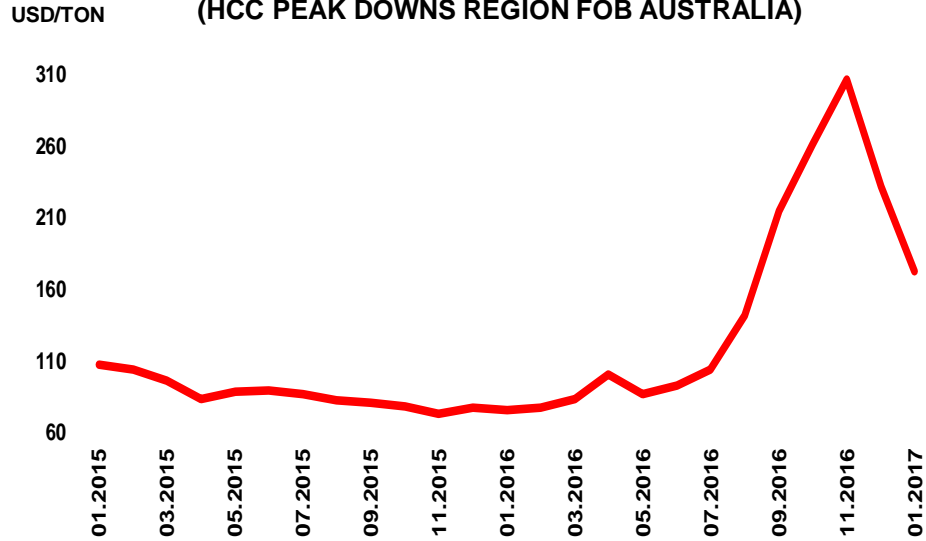
HRC PRICES ( USD/TON )\*\*



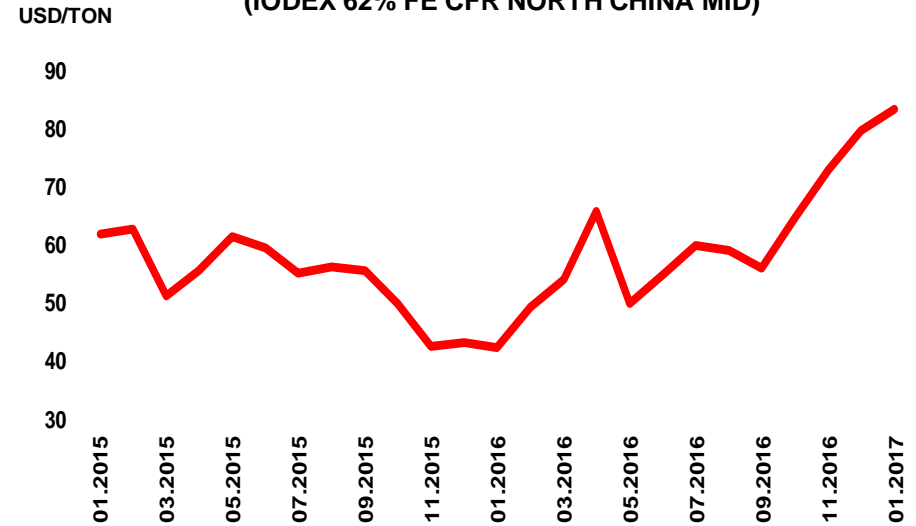


# Iron ore price increased to 83 USD/ton in January 2017

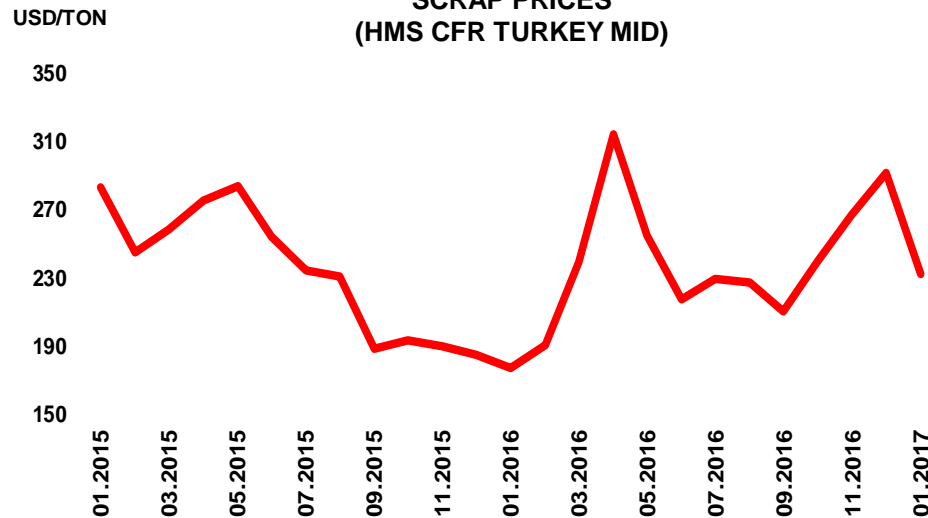
### COKING COAL PRICES (HCC PEAK DOWNS REGION FOB AUSTRALIA)



### IRON ORE PRICES (IODEX 62% FE CFR NORTH CHINA MID)

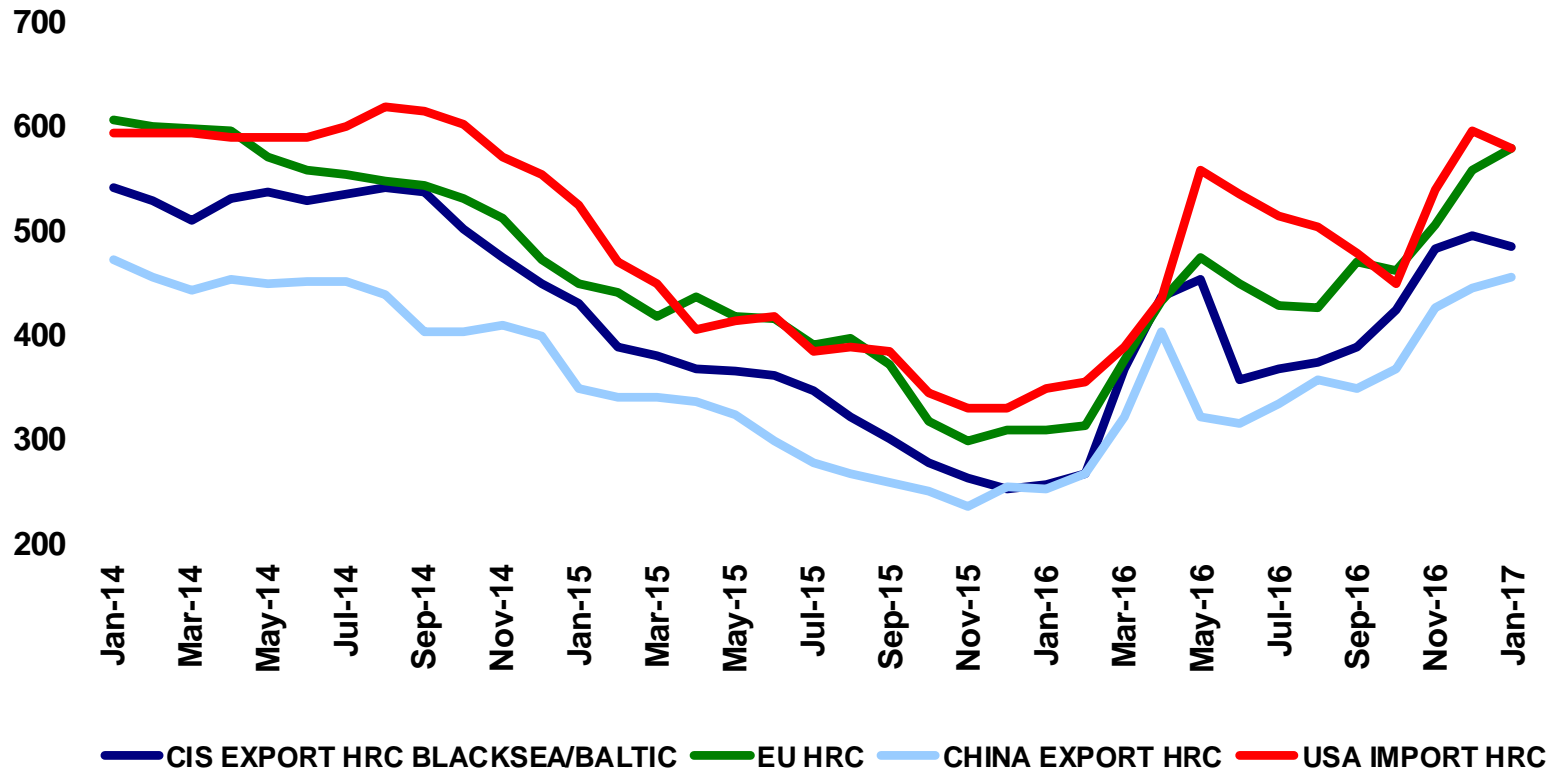


### SCRAP PRICES (HMS CFR TURKEY MID)



# HRC prices are increasing

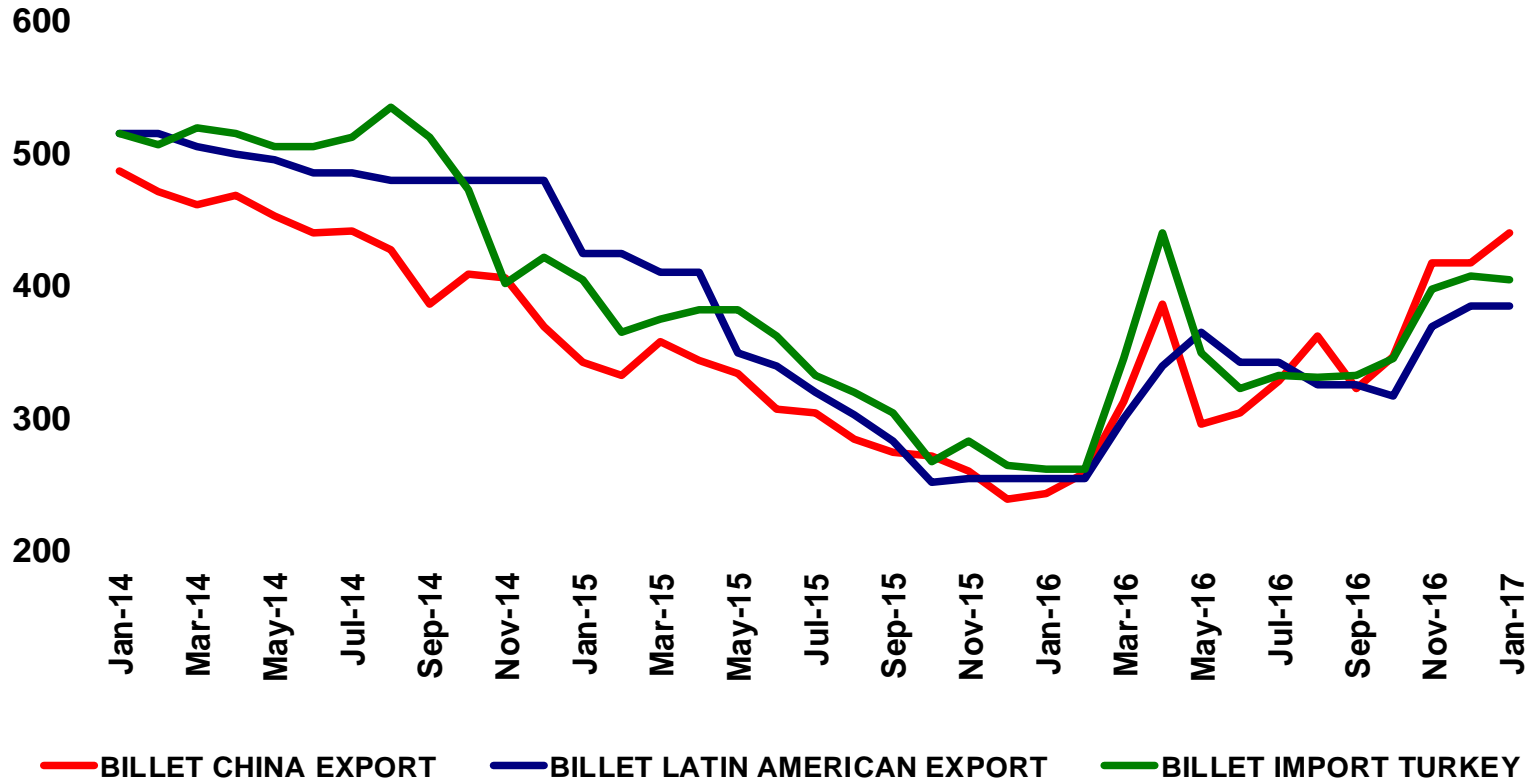
## HRC PRICES ( USD/Ton )



▶ As of January 2017, EU HRC price was 580 USD, China HRC export price was 457 USD, CIS export HRC price was 485 USD. The prices were 310 USD, 253 USD, 258 USD respectively by the end of January 2016.

# Billet sales prices are increasing

## BILLET PRICES ( USD/Ton )

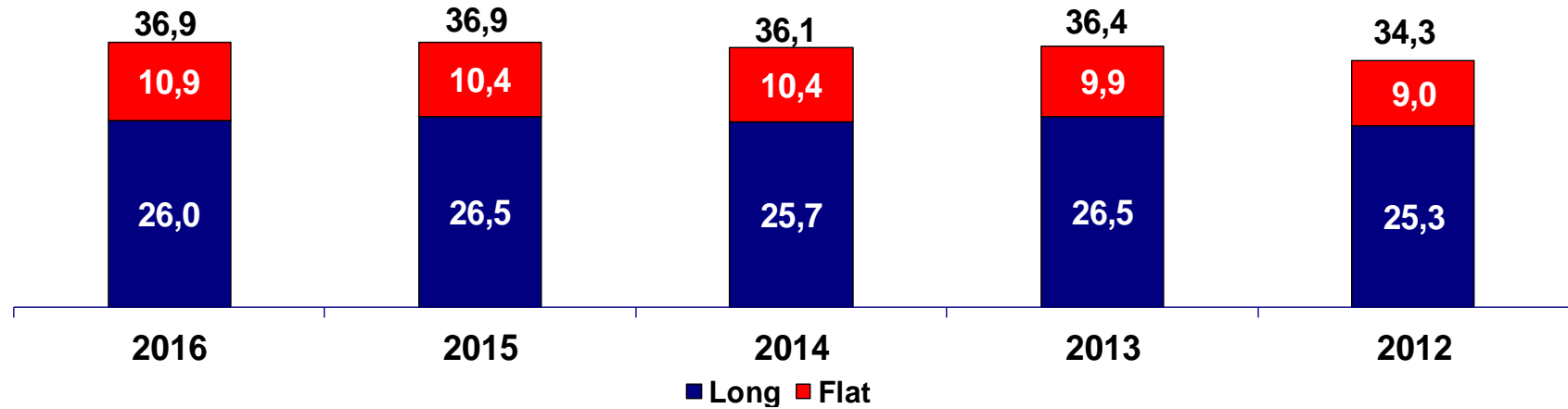


➔ As of January 2017, Turkey import price was 405 USD while it was 263 USD in January 2016.

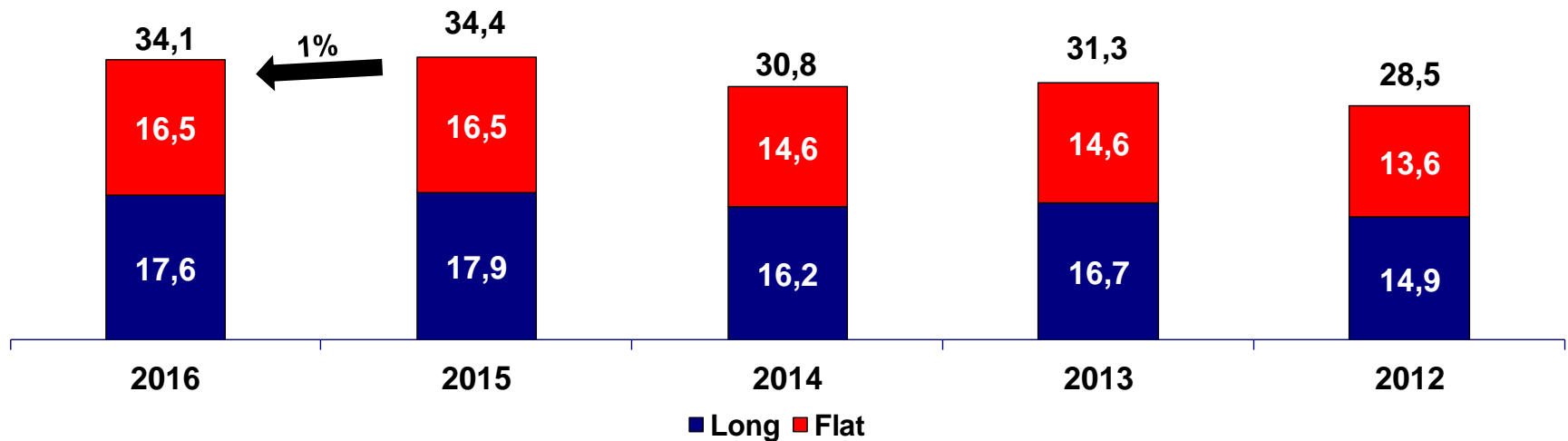


# Turkish steel consumption decreased by 1% in 2016 YoY

## PRODUCTION ( MILLION TONS )



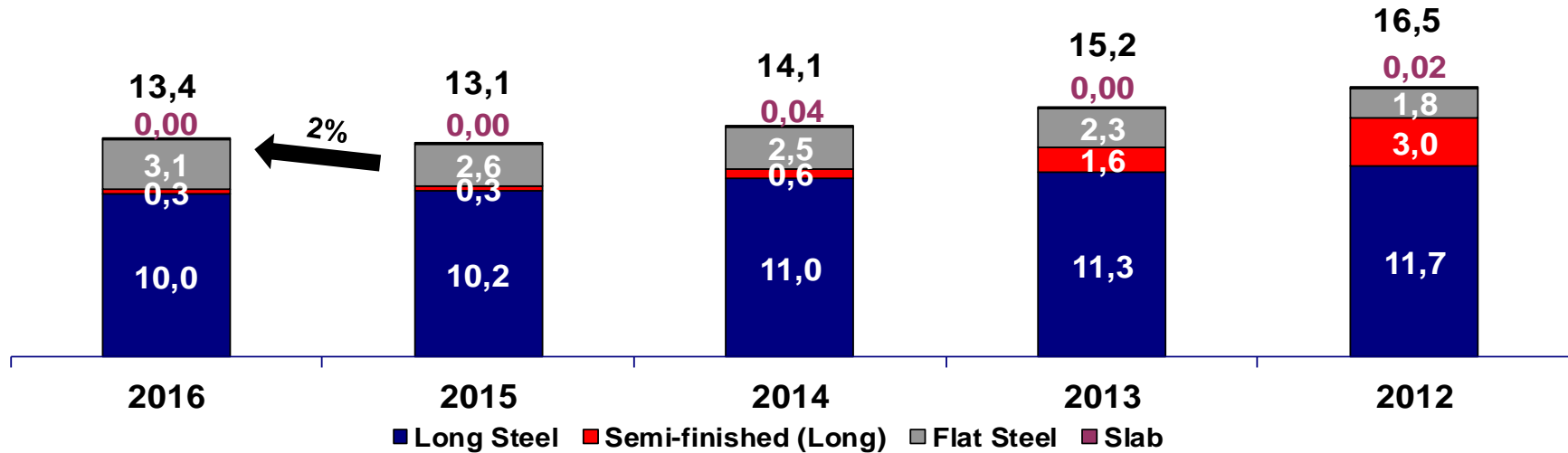
## CONSUMPTION ( MILLION TONS )



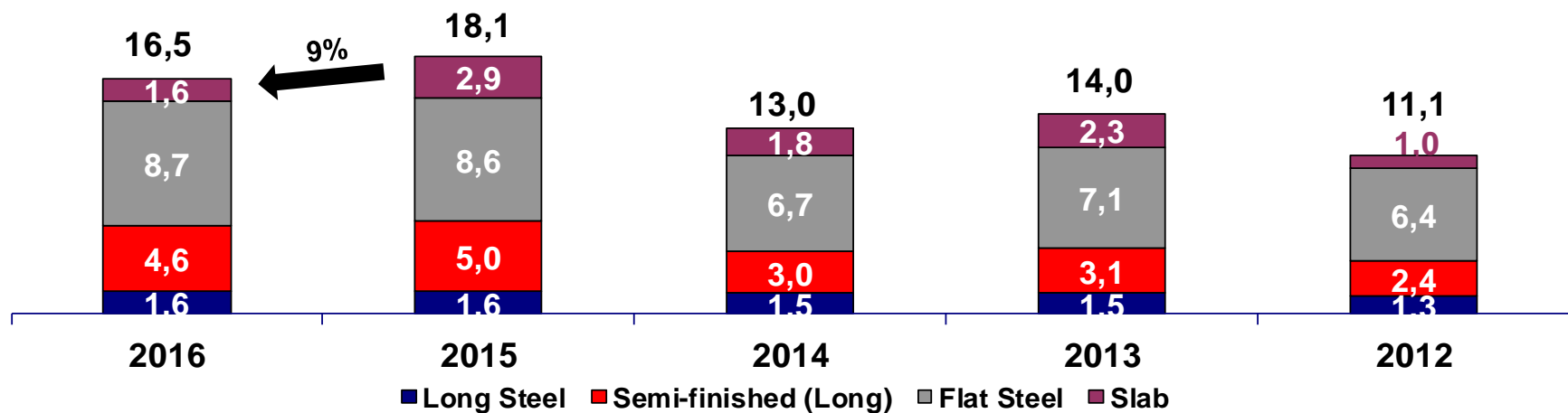
# Turkish iron and steel product exports increased by 2% in 2016 YoY



## IRON AND STEEL PRODUCT EXPORTS ( MILLION TONS )



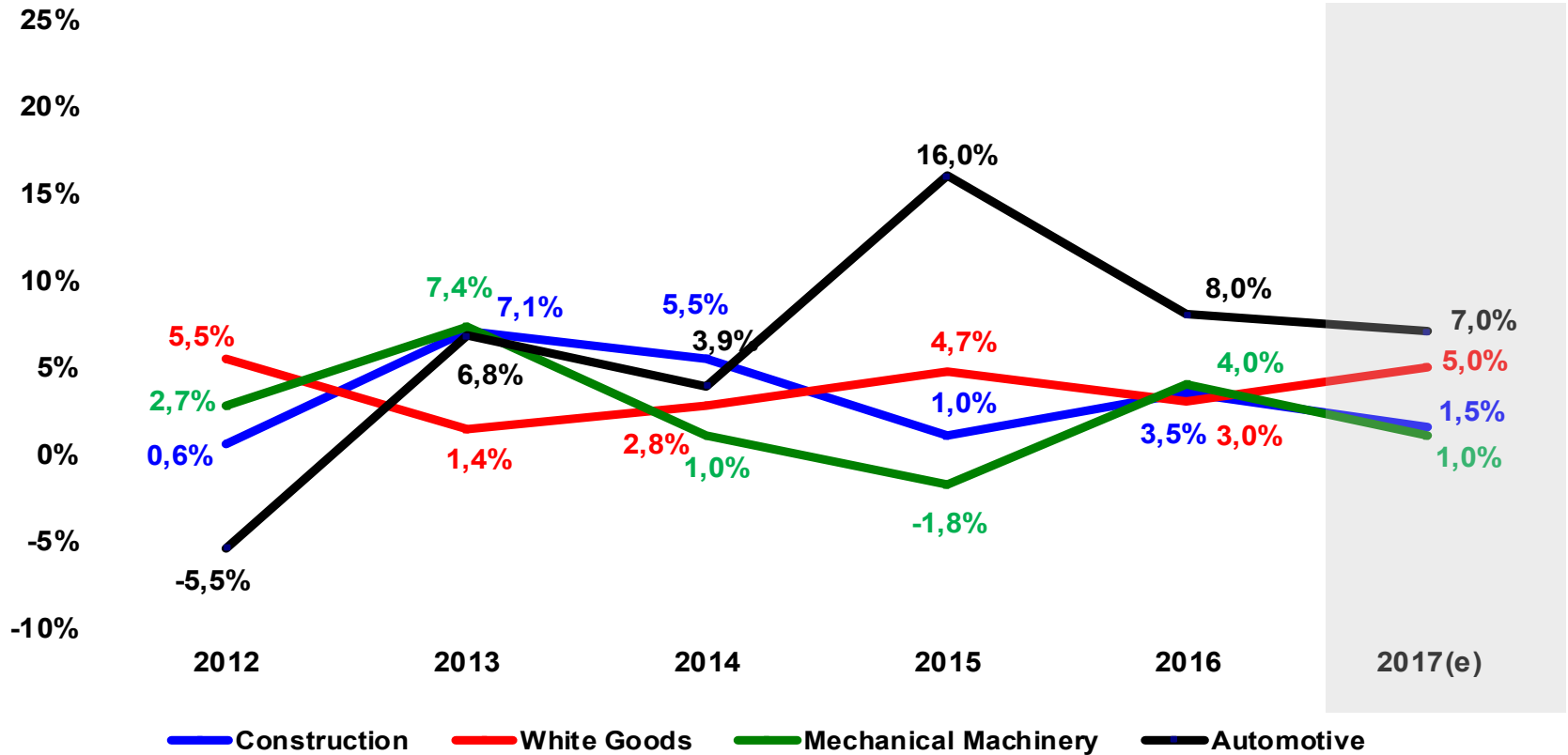
## IRON AND STEEL PRODUCT IMPORTS ( MILLION TONS )



# Acceleration in the white goods sector's growth rate is expected



## CHANGES IN SECTOR DEVELOPMENT INDEX (% YoY)





- > 2016 Market Overview
- > **2016 12M Results**

## ERDEMİR GROUP KEY FIGURES

			2016	2015	2014
<b>Liquid Steel Production</b>	<i>(000 Tons)</i>	↑	<b>9.373</b>	9.122	8.693
<b>Slab Production <sup>(1)</sup></b>	<i>(000 Tons)</i>	↑	<b>7.605</b>	7.349	7.363
<b>Flat Steel Production <sup>(2)</sup></b>	<i>(000 Tons)</i>	↓	<b>7.072</b>	7.400	6.954
<b>Long Steel Production</b>	<i>(000 Tons)</i>	↑	<b>1.572</b>	1.563	1.153
<b>Flat Steel Shipments</b>	<i>(000 Tons)</i>	↓	<b>7.163</b>	7.229	6.933
<b>Long Steel Shipments</b>	<i>(000 Tons)</i>	↑	<b>1.587</b>	1.552	1.163
<b>Net Sales Revenue</b>	<i>(M. USD)</i>	↓	<b>3.855</b>	4.382	5.252
<b>EBITDA</b>	<i>(M. USD)</i>	↑	<b>895</b>	770	1.136
<b>Net Profit For The Year</b>	<i>(M. USD)</i>	↑	<b>502</b>	414	732

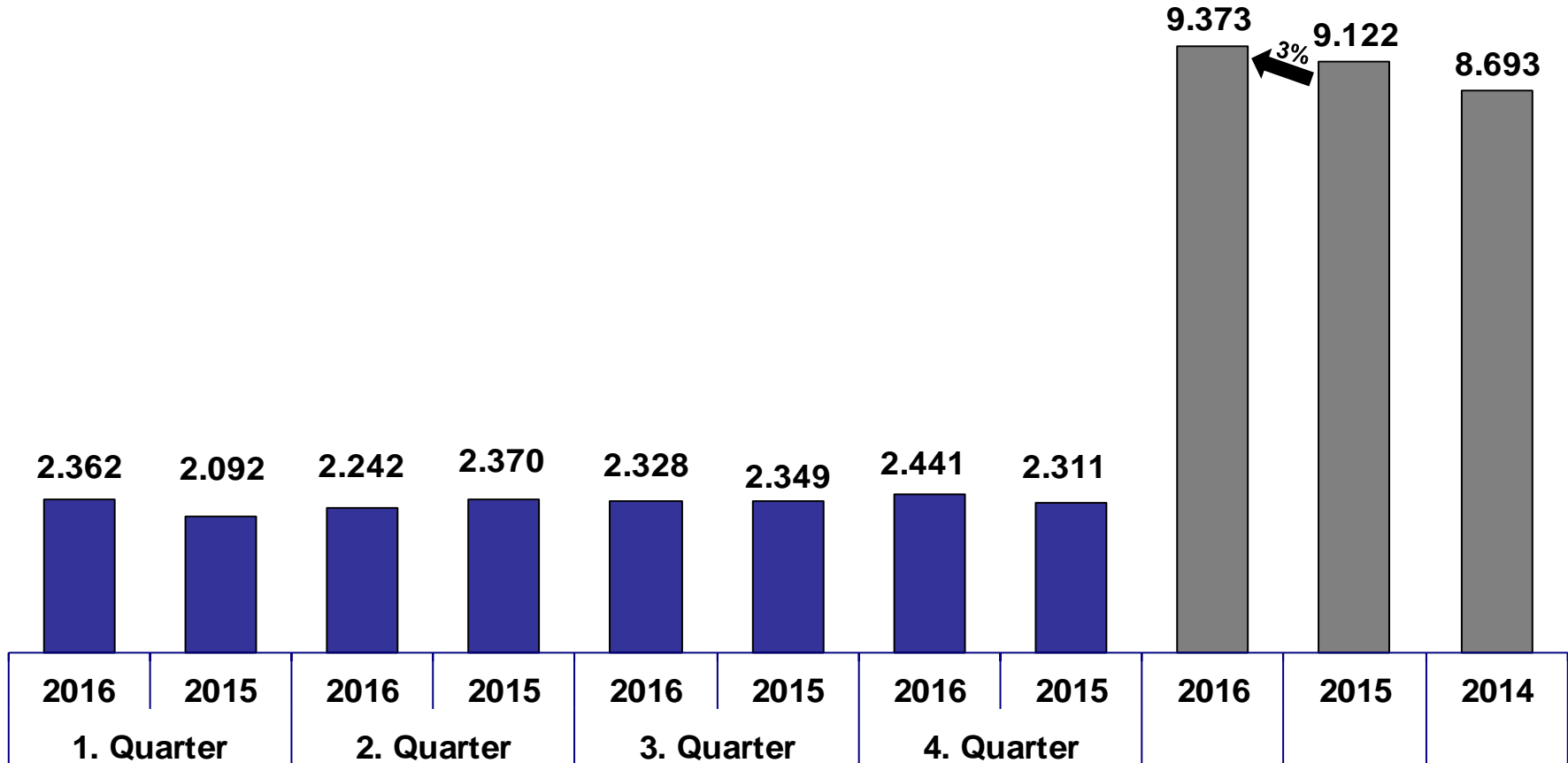
All figures are on IFRS consolidated basis unless stated otherwise.

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

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

# Liquid steel production increased by 3% in 2016 YoY

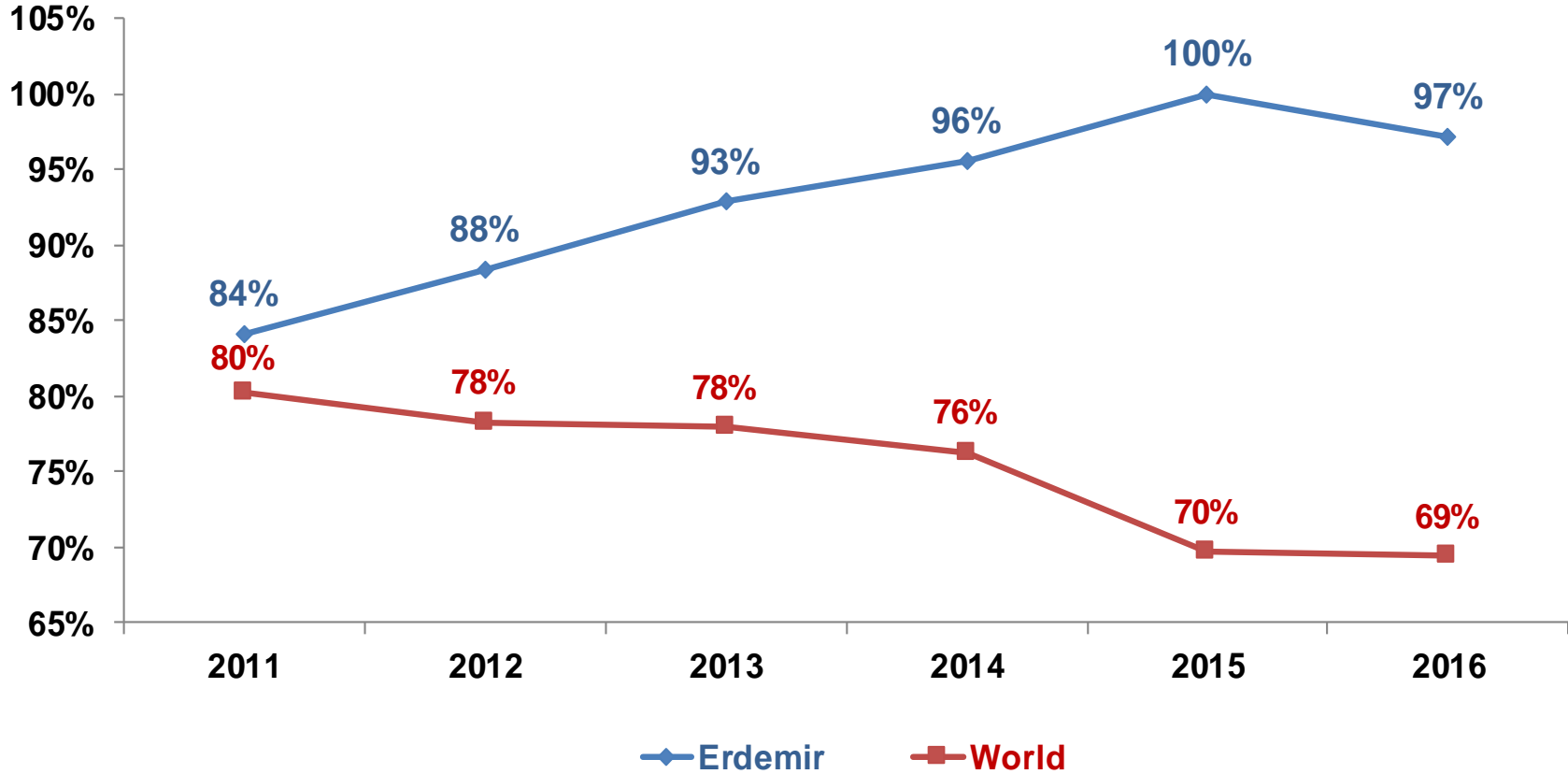
## LIQUID STEEL PRODUCTION ( 000 TONS )



# Crude steel capacity utilization ratio of ERDEMİR is higher than the world average

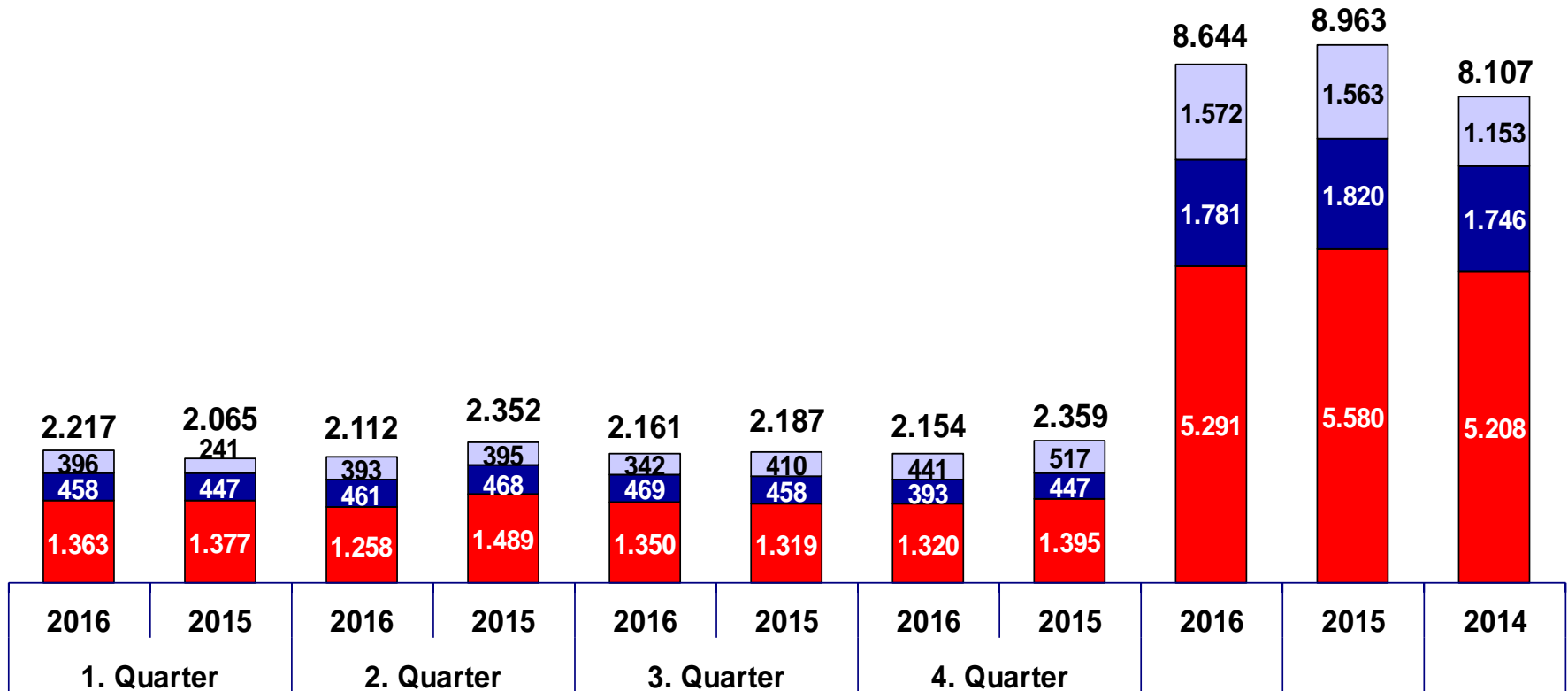


## CRUDE STEEL CAPACITY UTILIZATION RATIO



# Production was 8,6 million tons in 2016

## PRODUCTION VOLUMES ( 000 TONS )

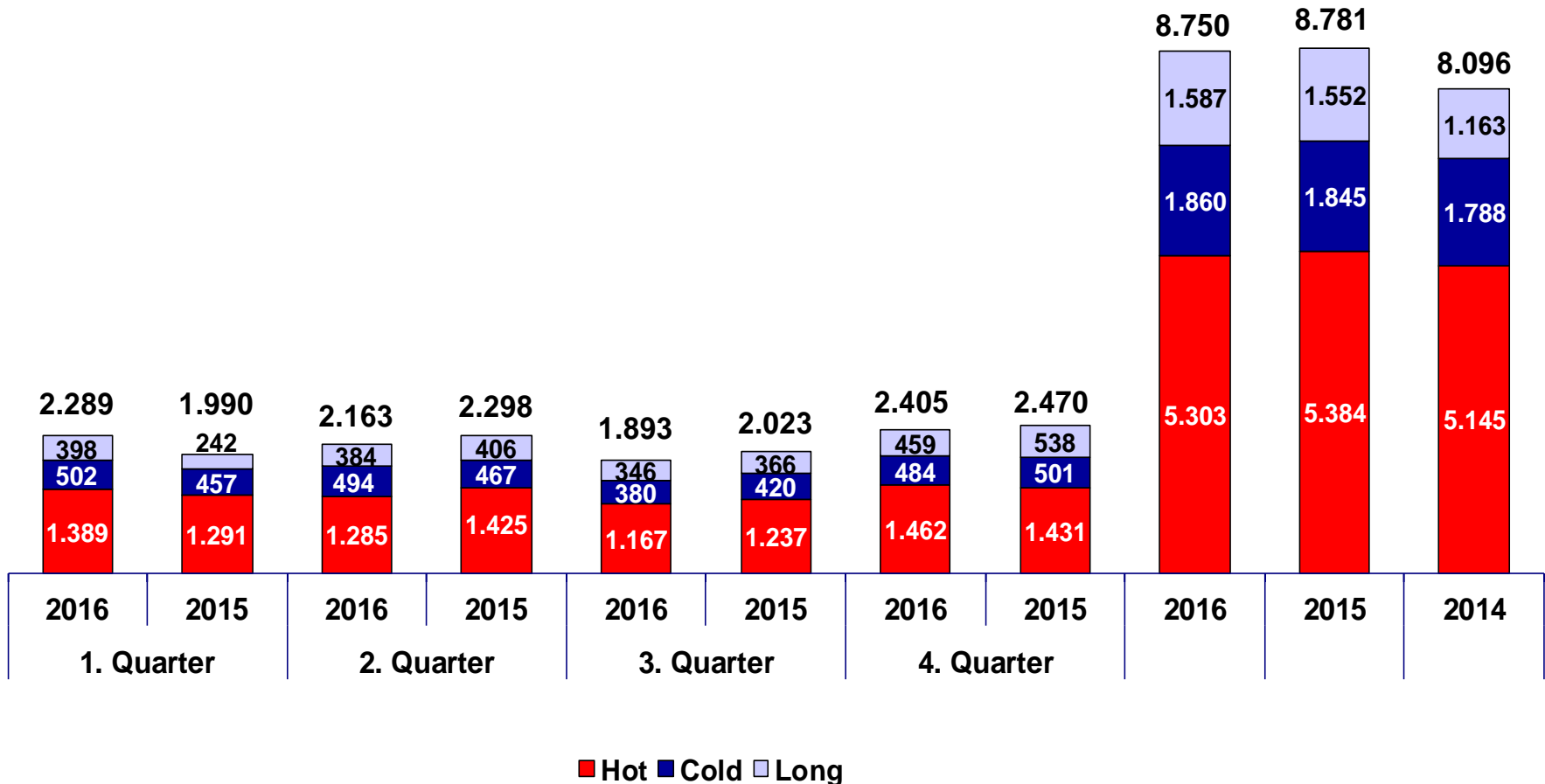


■ Hot ■ Cold ■ Long



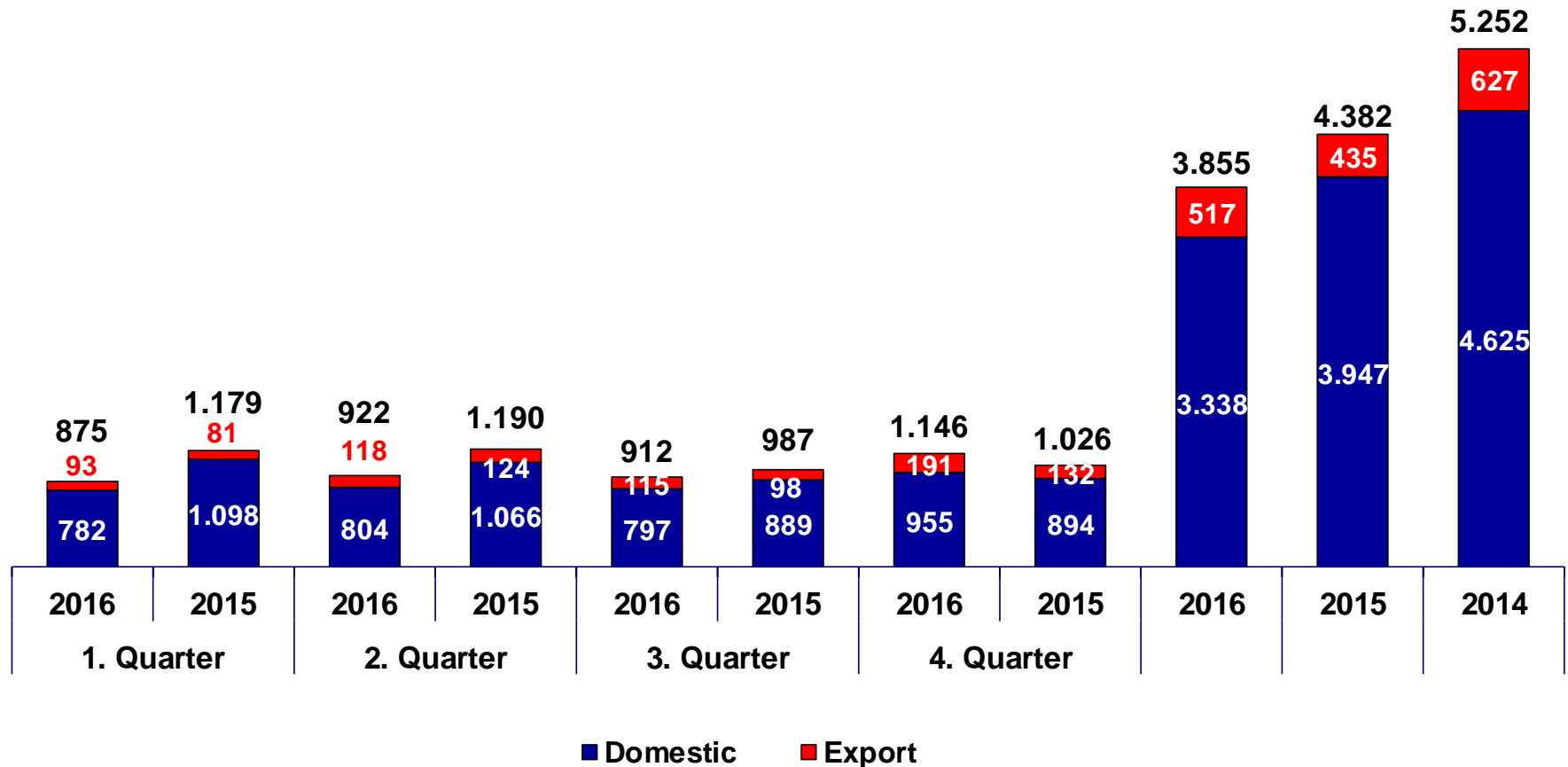
# Sales volume was 8,8 million tons in 2016

## SALES VOLUMES ( 000 TONS )



# Net sales revenue was 3,9 billion USD in 2016

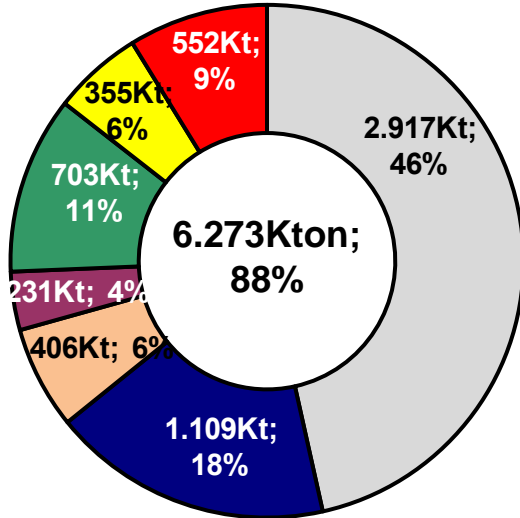
## NET SALES REVENUE ( MILLION USD )



# Sales to automotive and white goods sectors increased in 2016 YoY

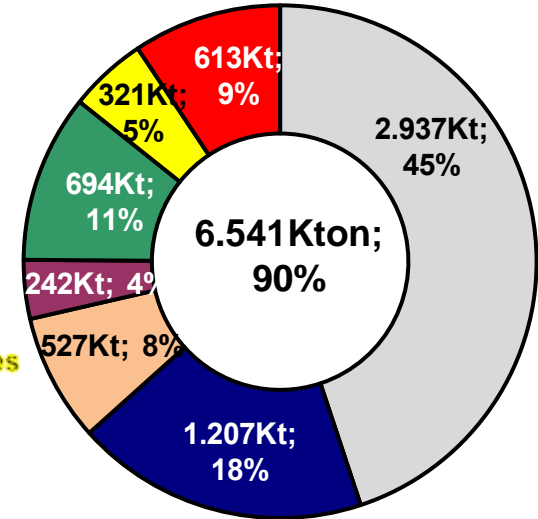


2016 FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

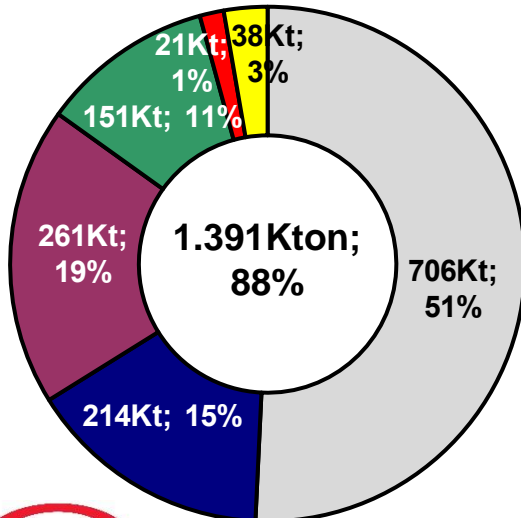


- Pipe&Profile Producers and Re-rollers
- Distribution Chains
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

2015 FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

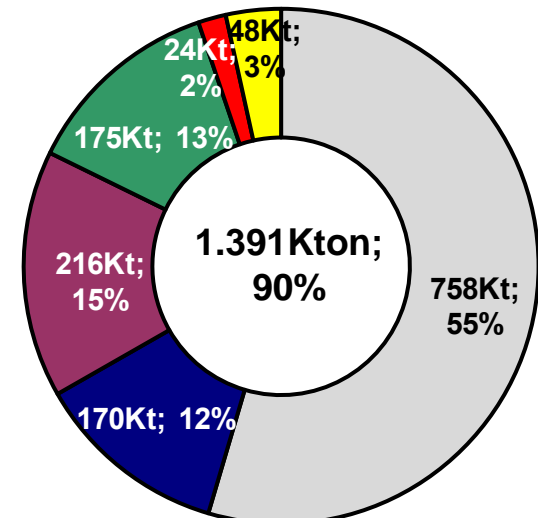


2016 LONG STEEL DOMESTIC SALES BREAKDOWN (%)



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

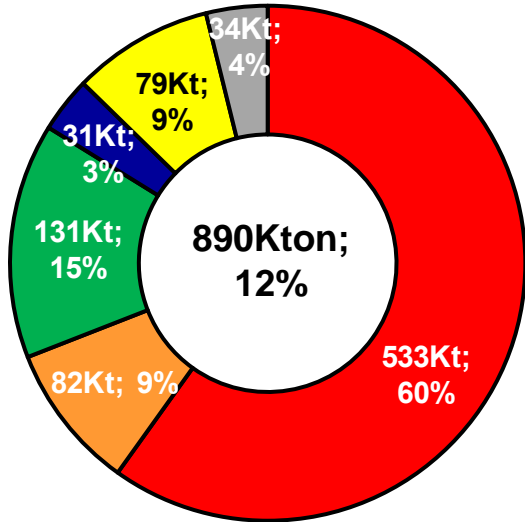
2015 LONG STEEL DOMESTIC SALES BREAKDOWN (%)



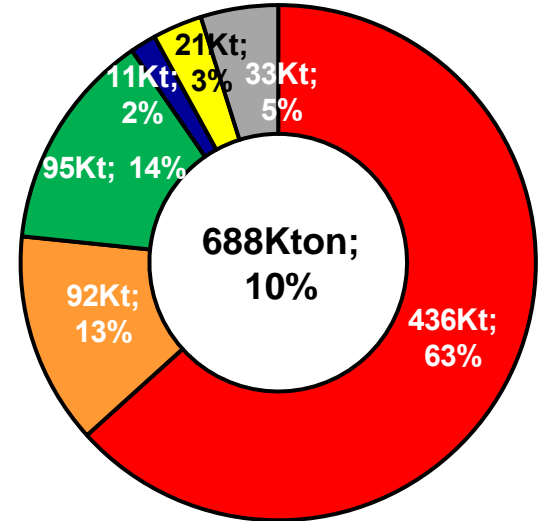
# Flat steel sales to EU countries was 60% of our flat export in 2016



2016 FLAT STEEL EXPORTS BREAKDOWN (%)

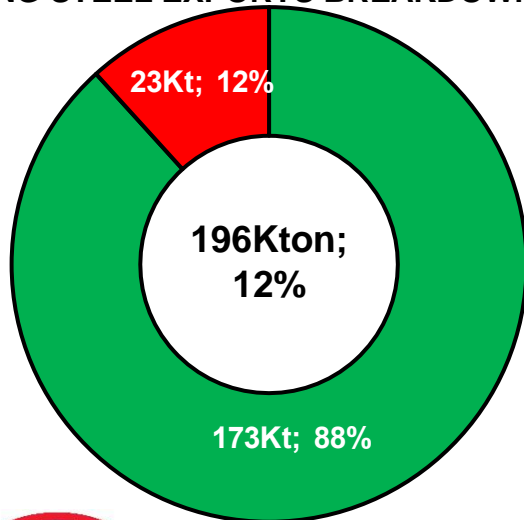


2015 FLAT STEEL EXPORTS BREAKDOWN (%)

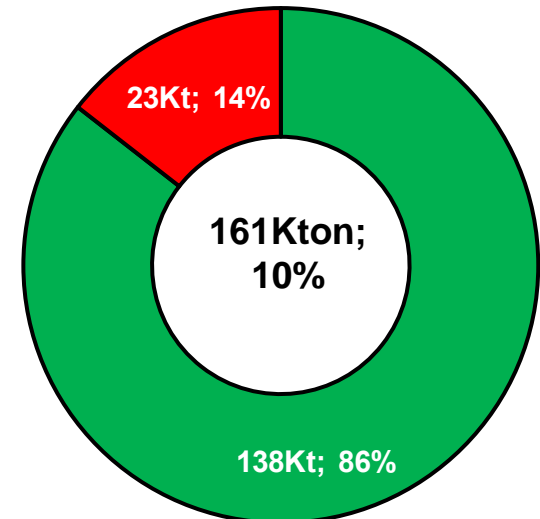


- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

2016 LONG STEEL EXPORTS BREAKDOWN (%)



2015 LONG STEEL EXPORTS BREAKDOWN (%)



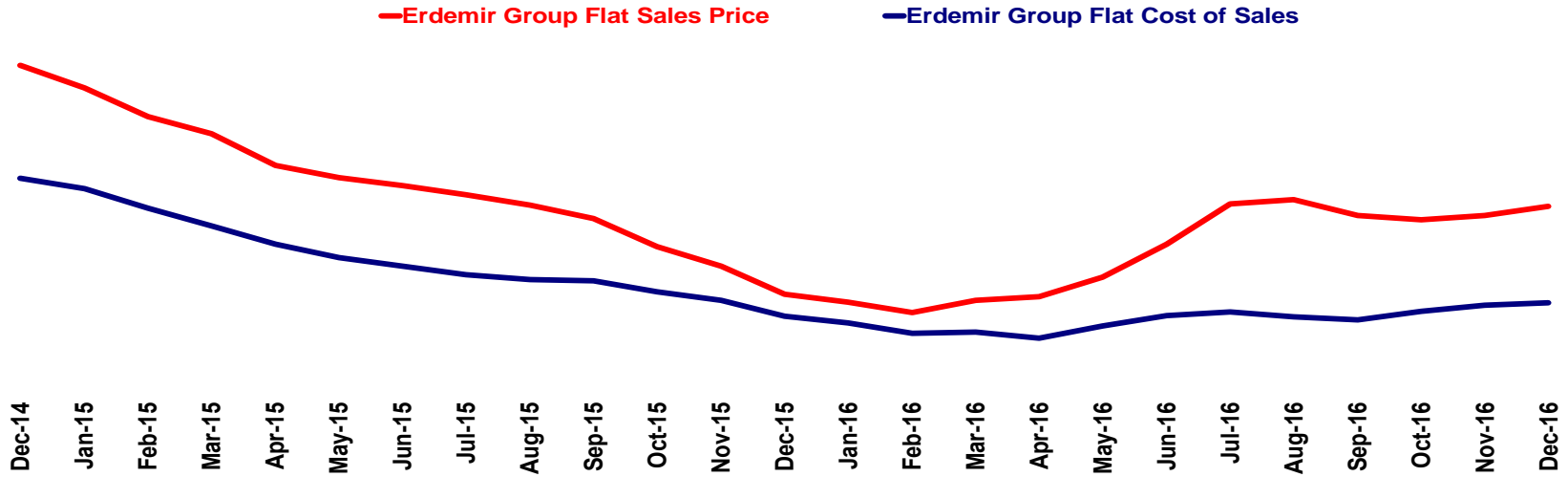
- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other



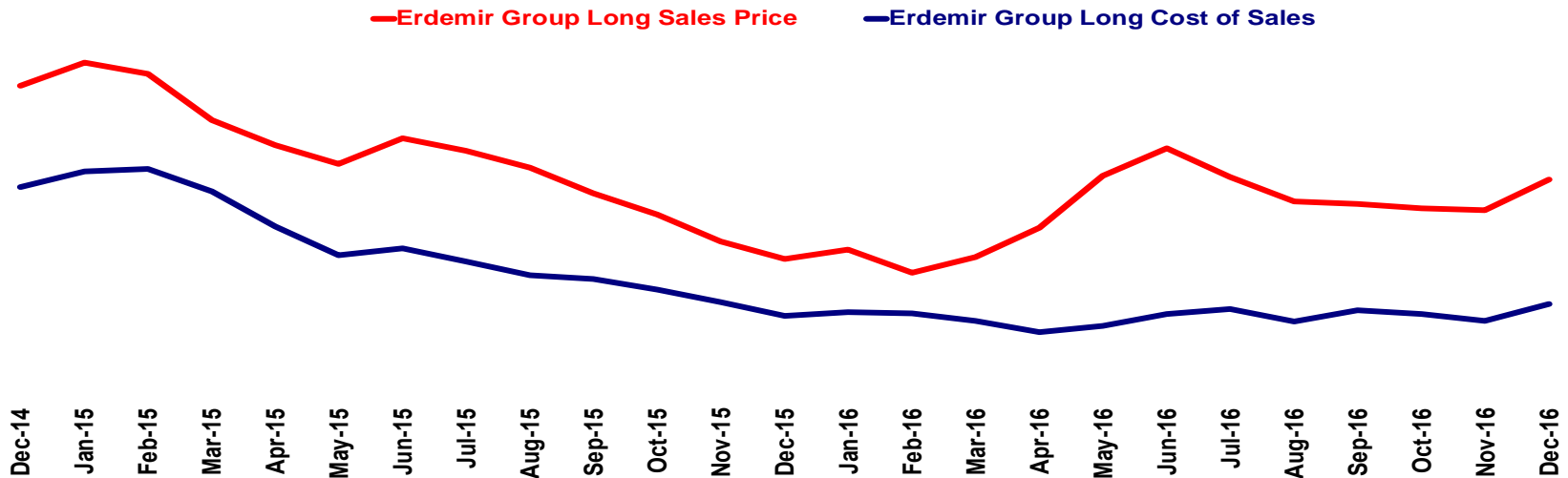
# In 2016, Erdemir's average flat and long steel prices were 446 USD/ton and 371 USD/ton respectively



USD/TON

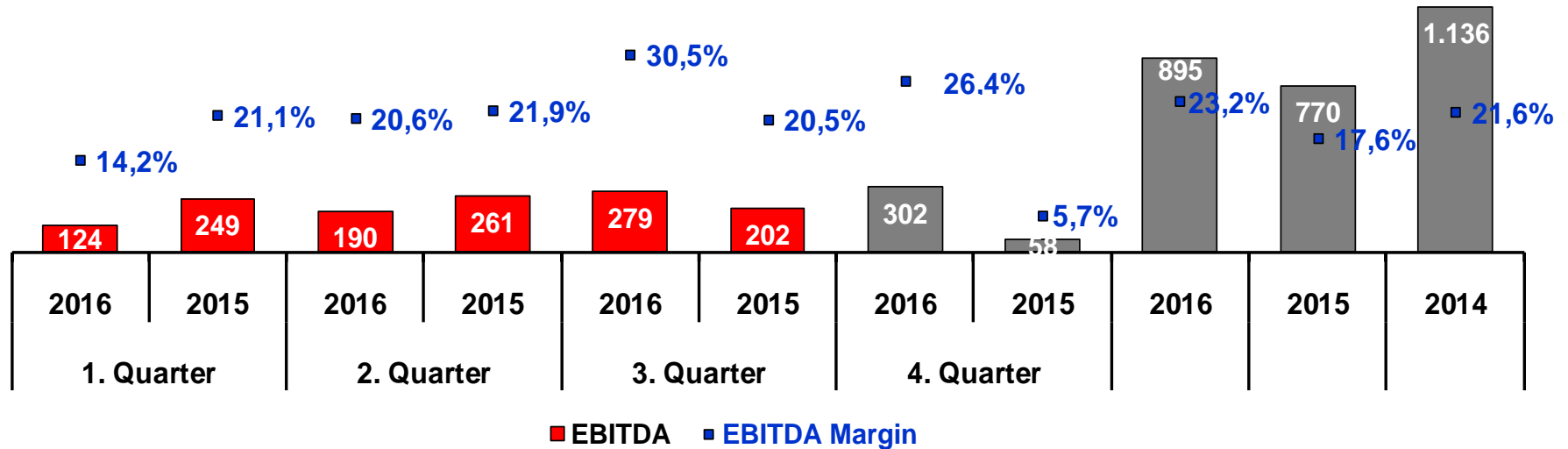


USD/TON

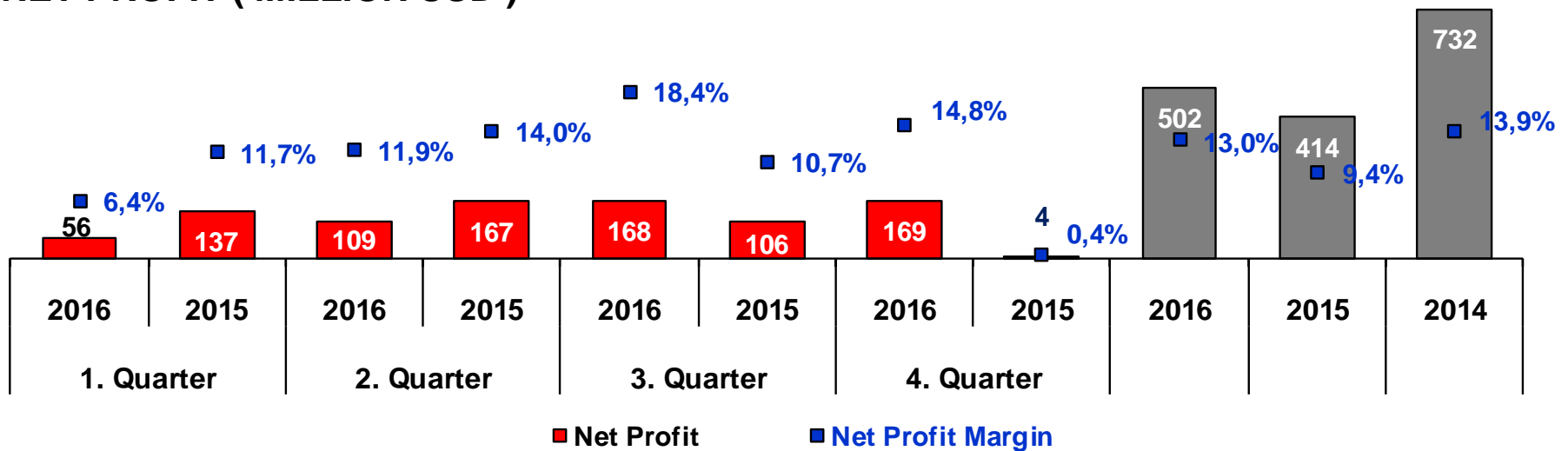


# Net profit increased by 21% in 2016 YoY

## EBITDA ( MILLION USD )

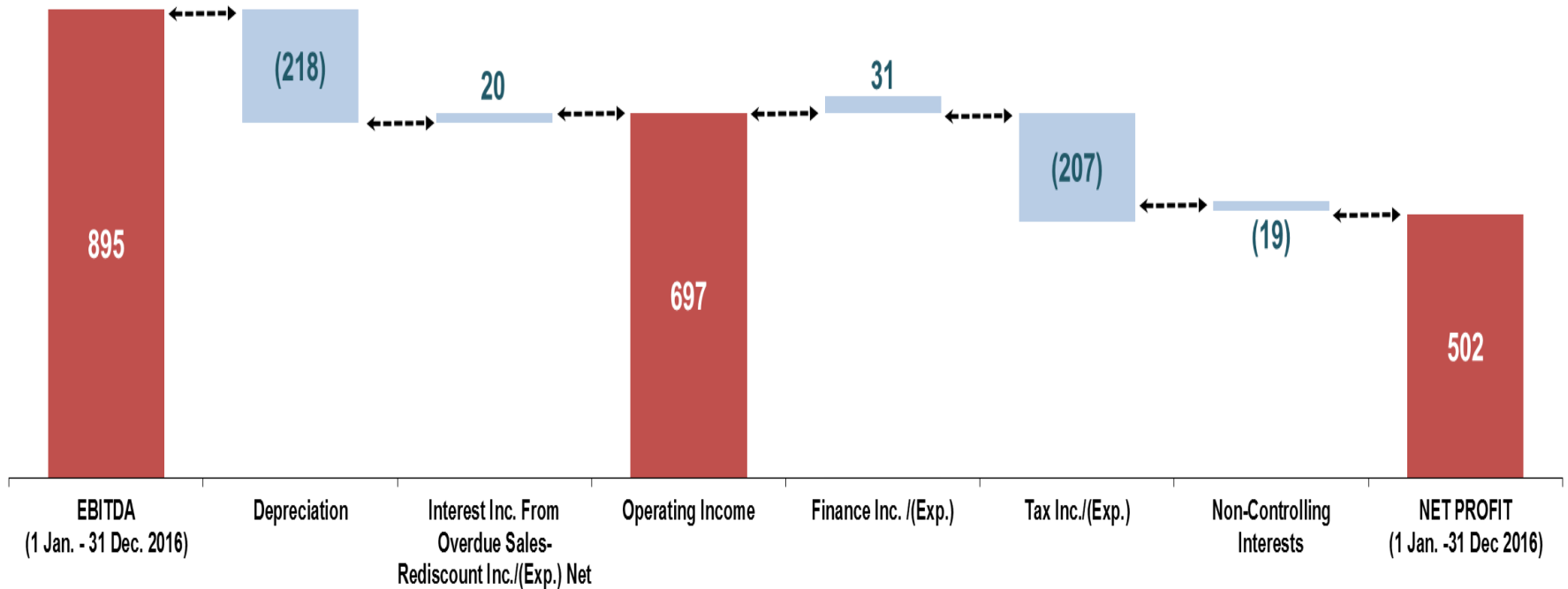


## NET PROFIT ( MILLION USD )



# EBITDA was 895 million USD in 2016

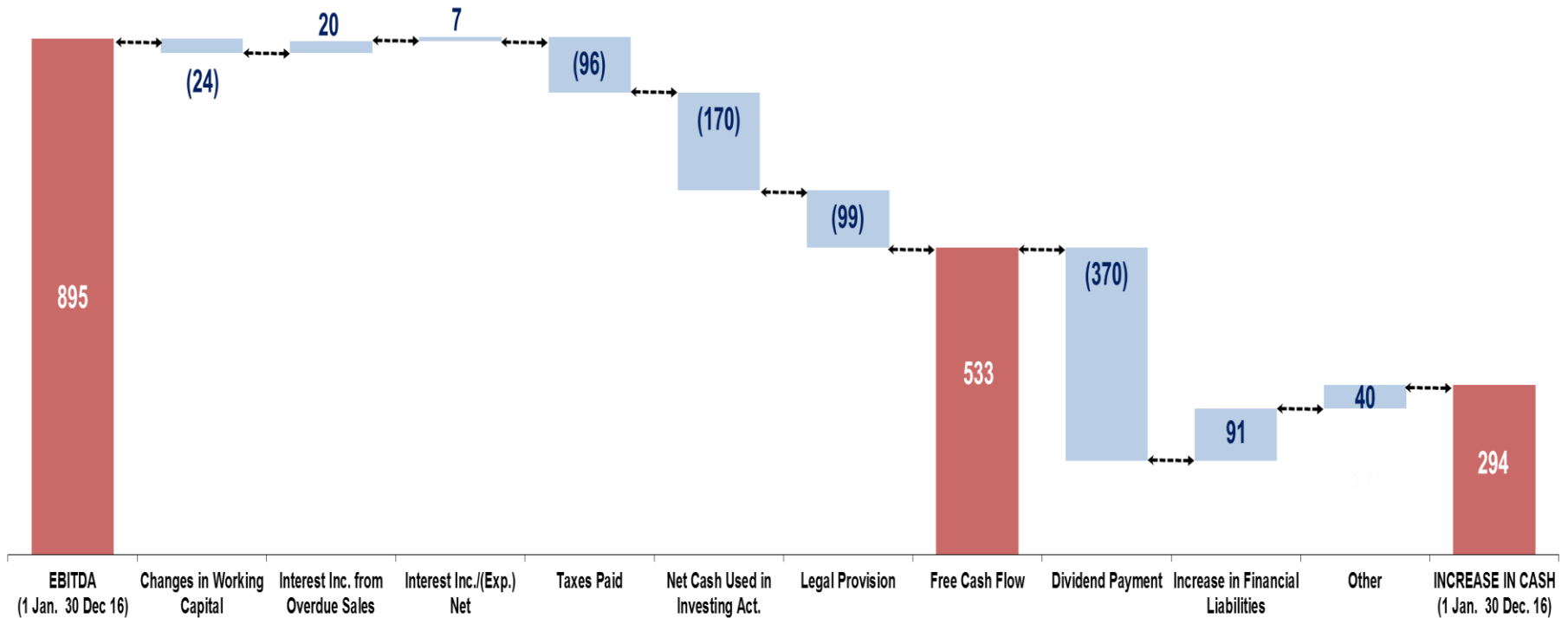
## Consolidated EBITDA => Consolidated Net Profit (Million USD)



Due to the cash, which is provided from working capital, high dividend payment didn't have a negative effect on liquidity



**Consolidated EBITDA => Consolidated Net Cash (Million USD)**

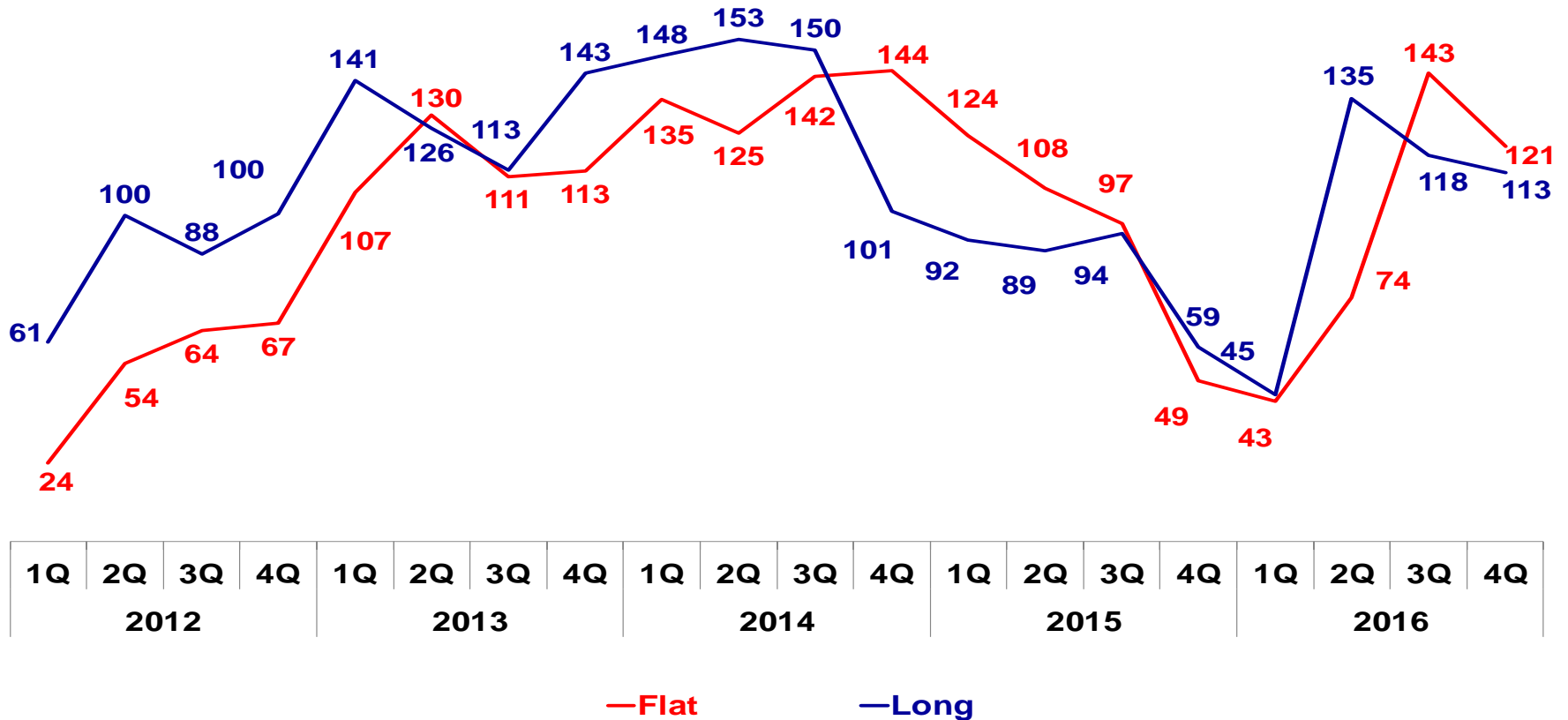




# EBITDA per ton for flat product was 121 USD/ton in 2016 4Q

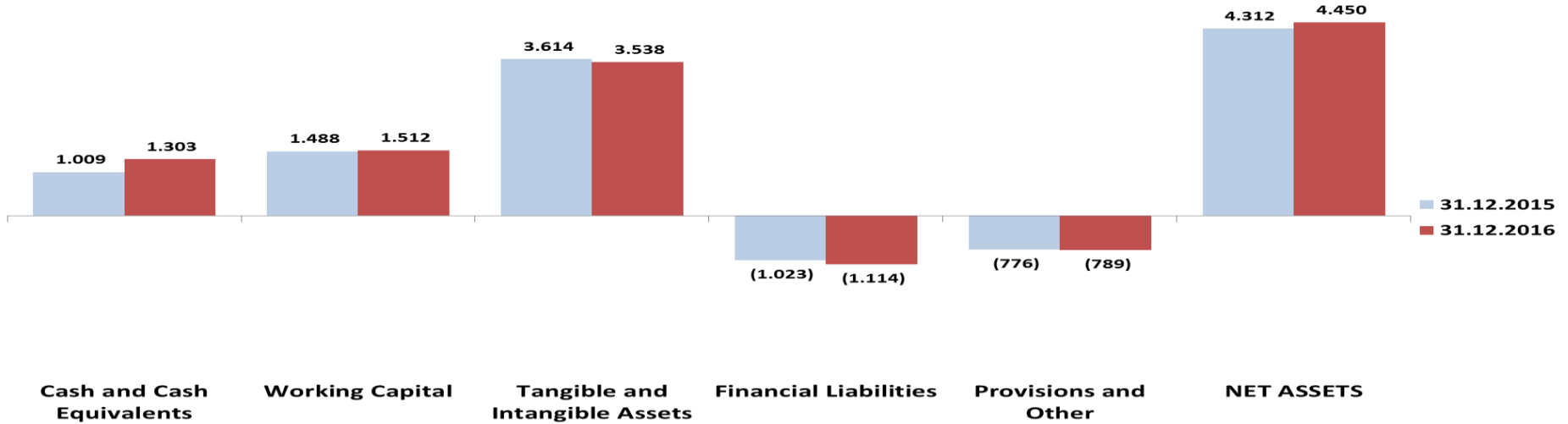


EBITDA PER TON (USD/TON) \*

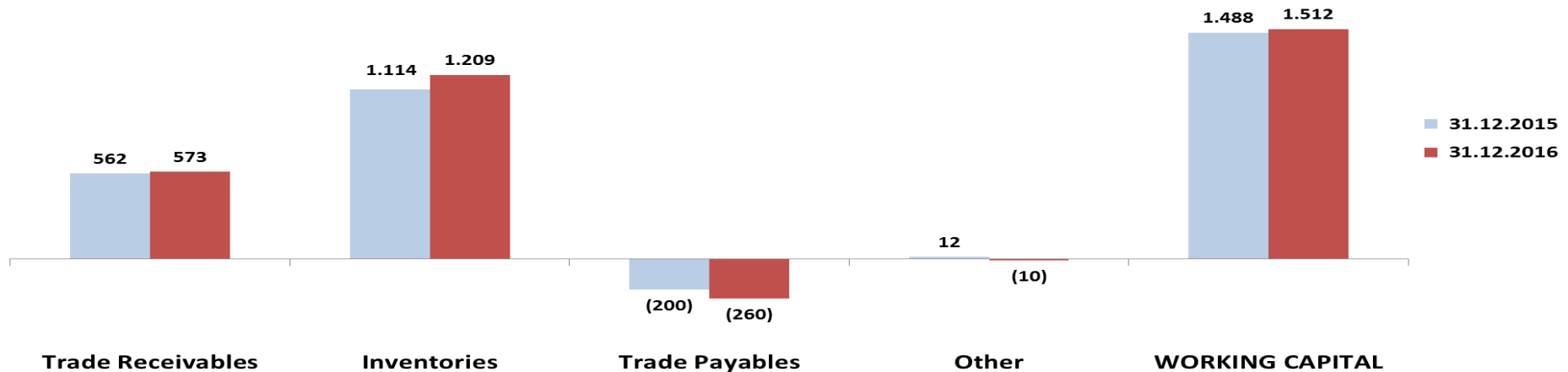


# Net assets were 4,5 billion USD at the end of 2016

## CONSOLIDATED NET ASSETS (MILLION USD)

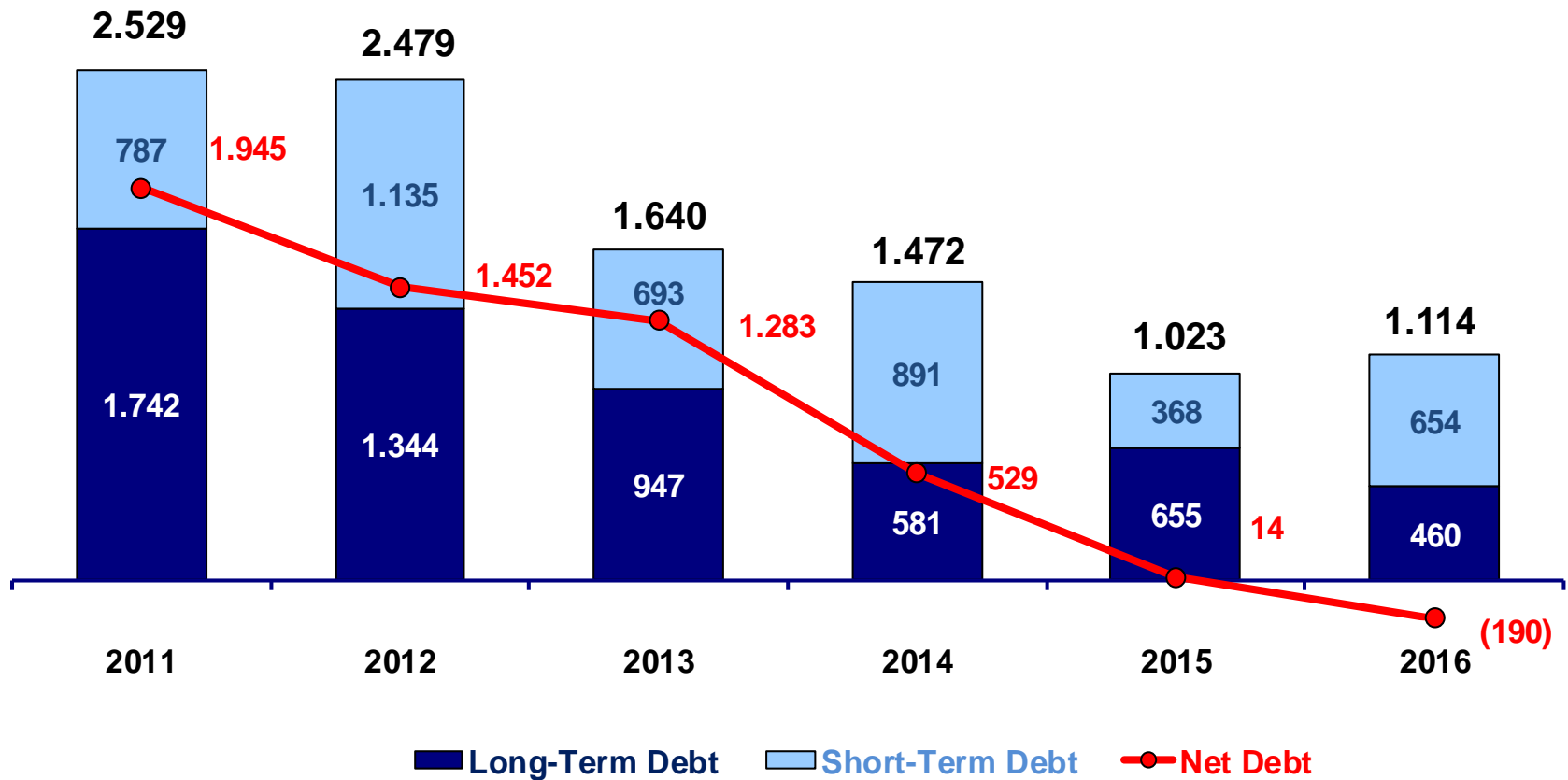


## WORKING CAPITAL (MILLION USD)



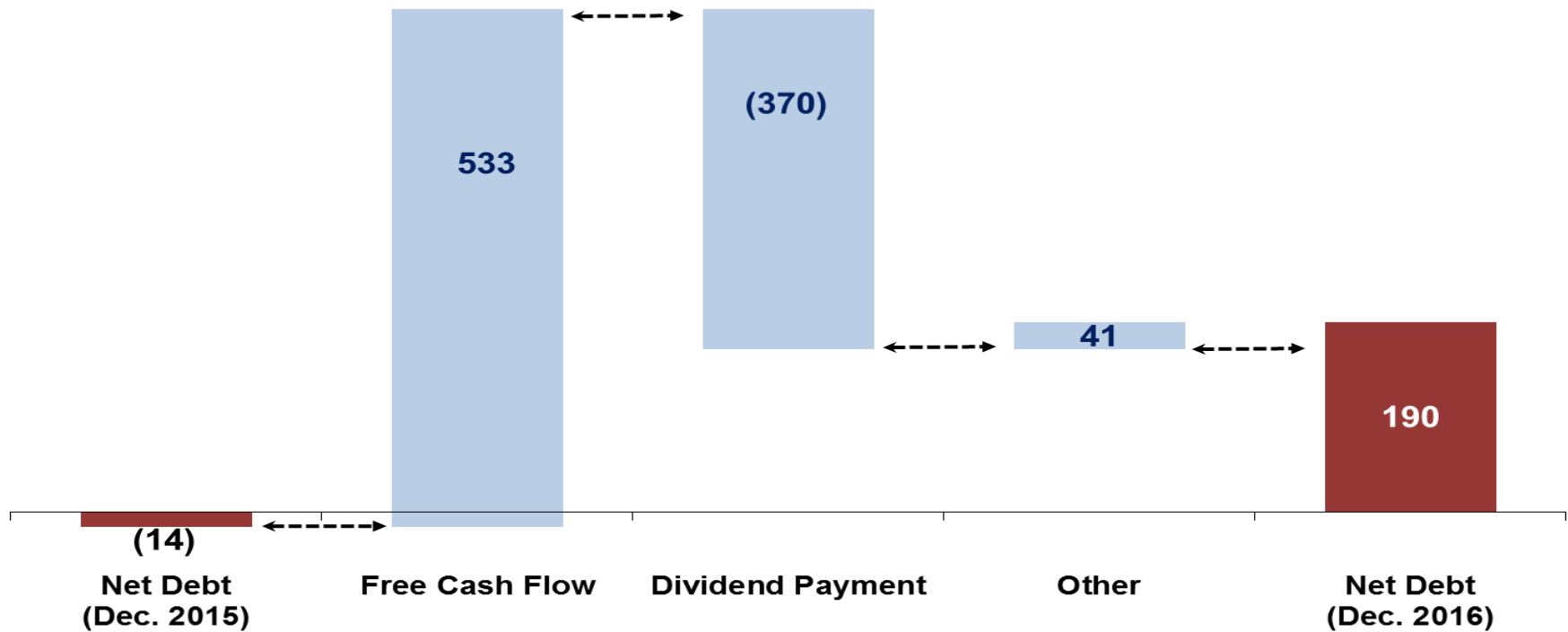
Despite the high dividend payments, there is no net debt

### BORROWINGS (MILLION USD)



# Net debt was positive at the end of 2016

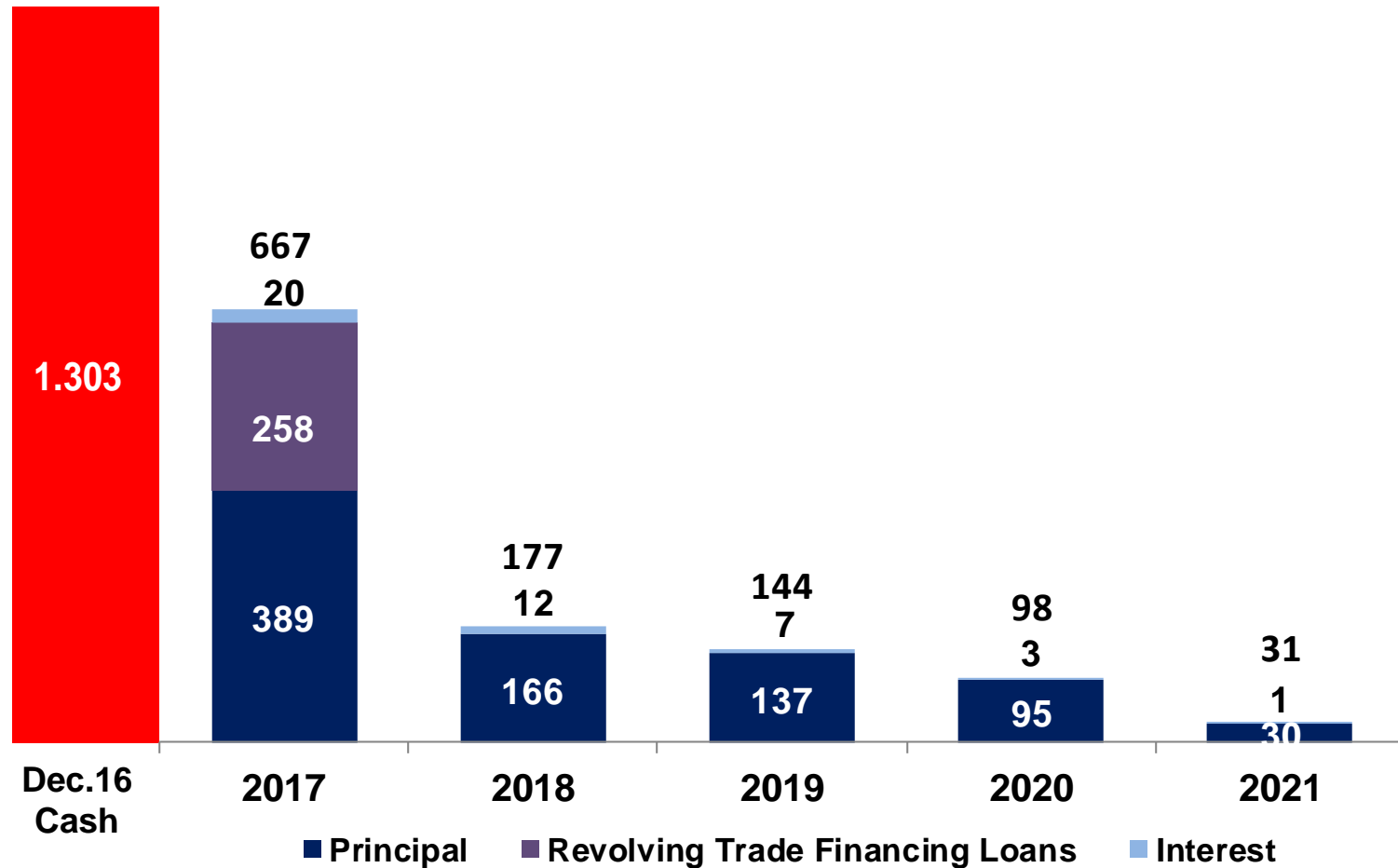
## NET DEBT (MILLION USD)



# Erdemir has 1.303 million USD cash and cash equivalents at the end of 2016

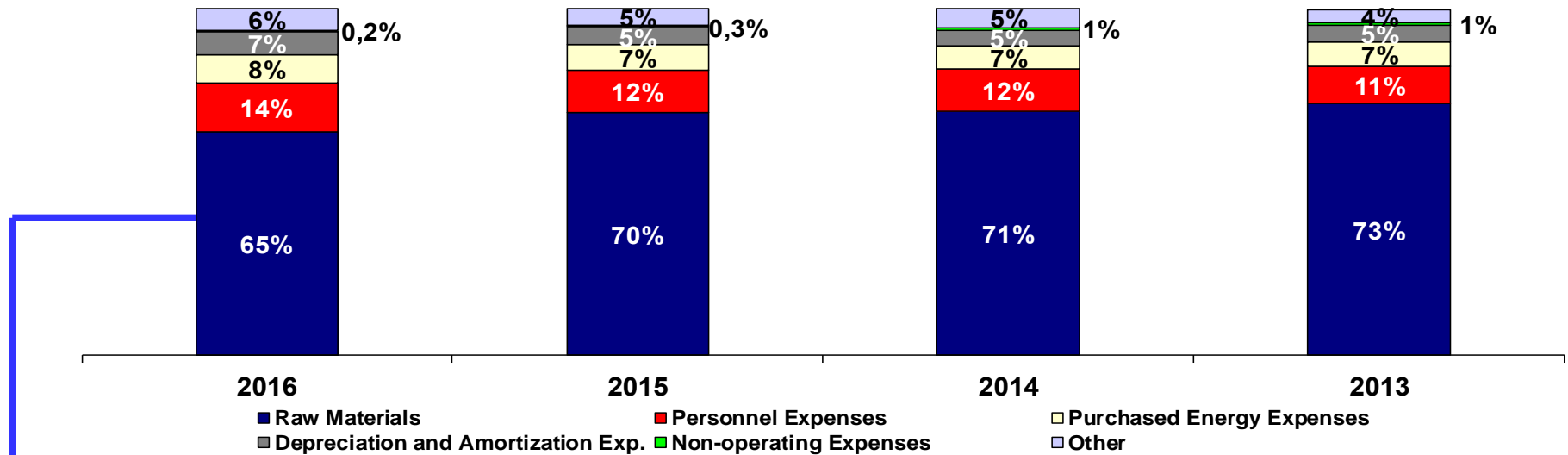


## BORROWINGS MATURITY PROFILE (MILLION USD)

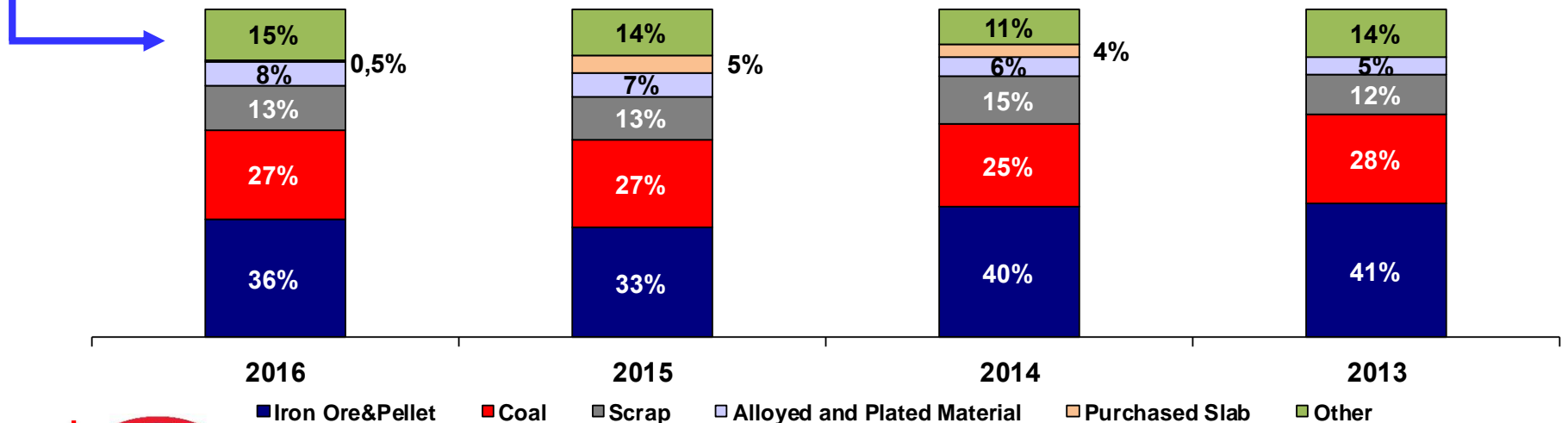


# Raw materials made up 65% of the cost of sales

## COST OF SALES BREAKDOWN\* - %



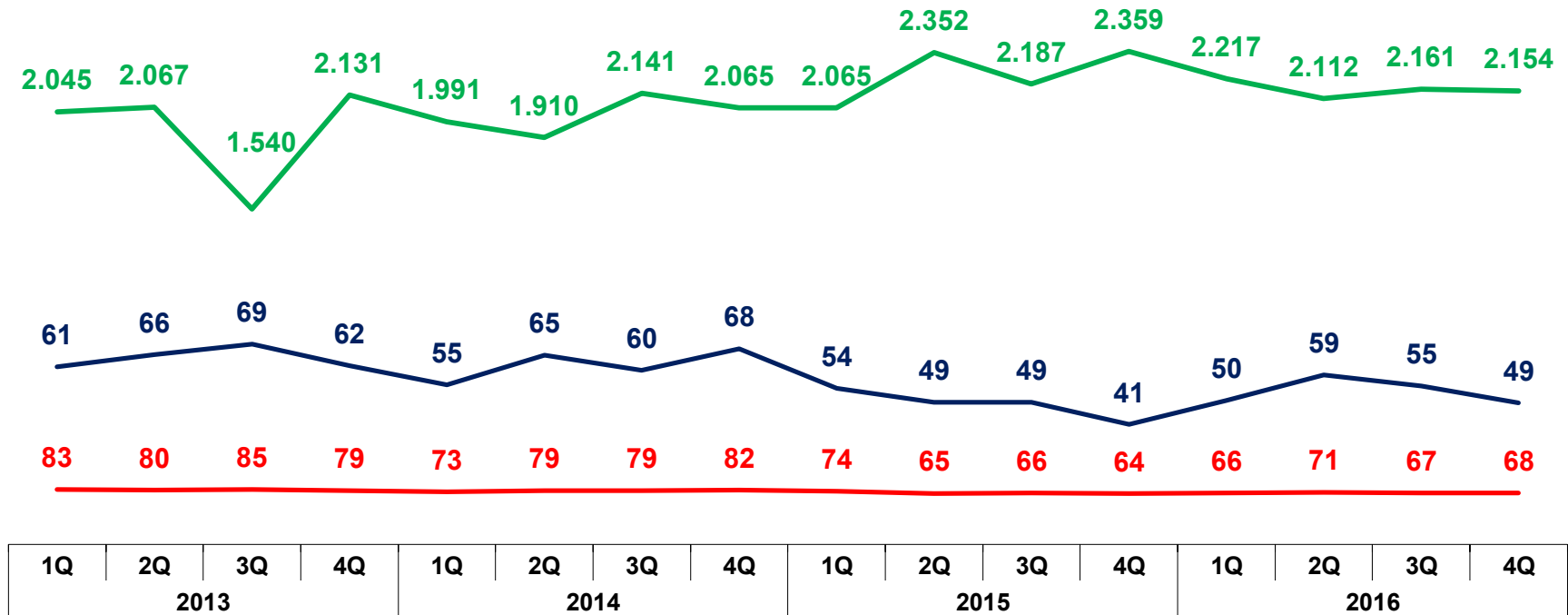
## RAW MATERIALS BREAKDOWN - %



# Conversion cost per ton excluding depreciation was realised as 117 USD/ton in 2016 4Q



## MAIN PRODUCT CONVERSION COSTS ( USD/TON )



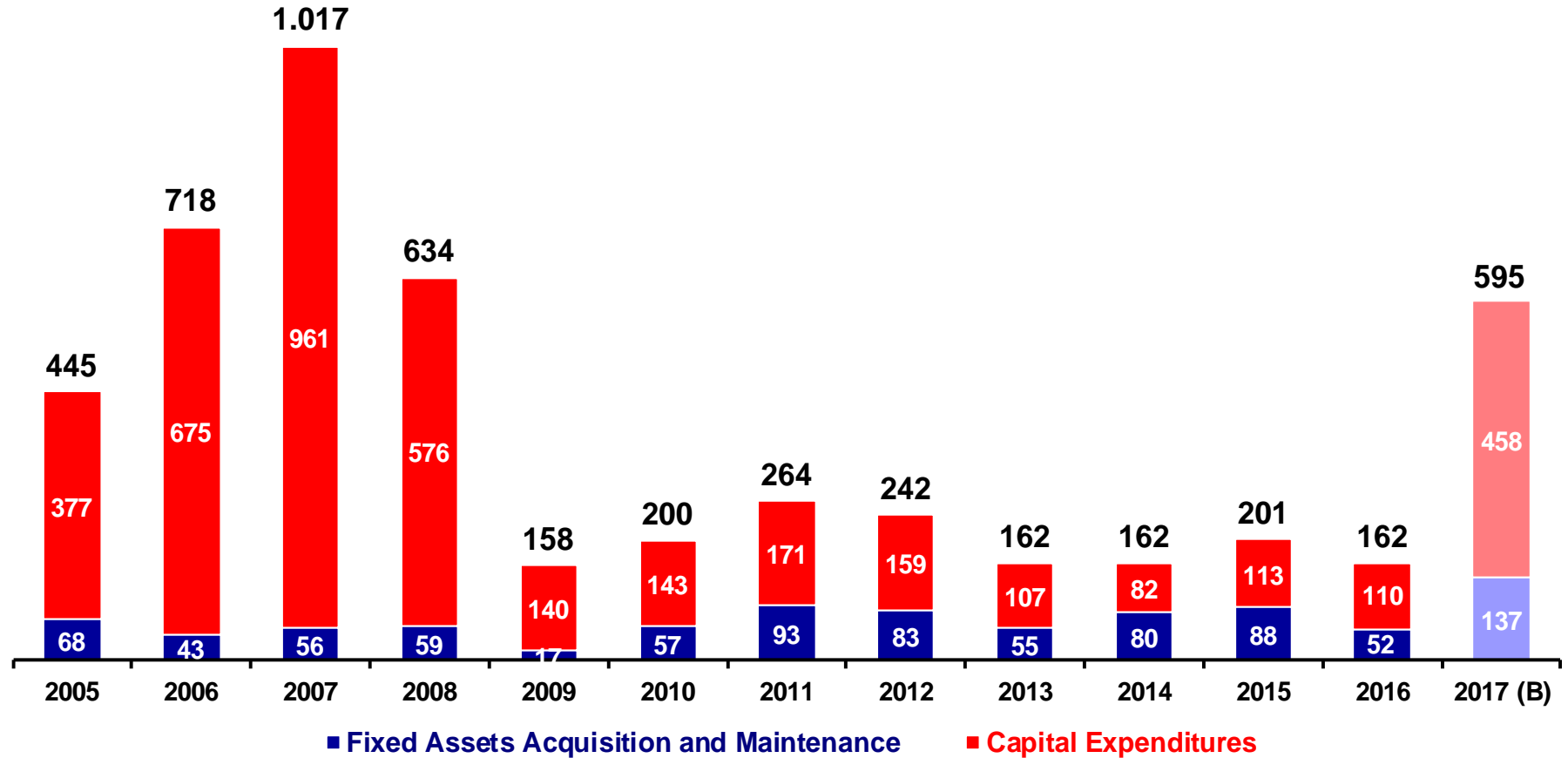
— Fixed Cost Per Ton — Variable Cost Per Ton — Flat Production (000 tons)



# Capital expenditures of 595 million USD is planned for 2017\*



( M USD )



\* The capital expenditures in 2016 and before state the cash outflows however the capital expenditures for 2017 Budget state the signed and planned investments. The amounts shown in 2017 Budget do not represent cash outflows.



Number of employees was 12.277 as of December 2016

### NUMBER OF EMPLOYEES

