



**Erdemir**Group



# **2016 6 Months Consolidated Results**

*10 August 2016*

## DISCLAMIER

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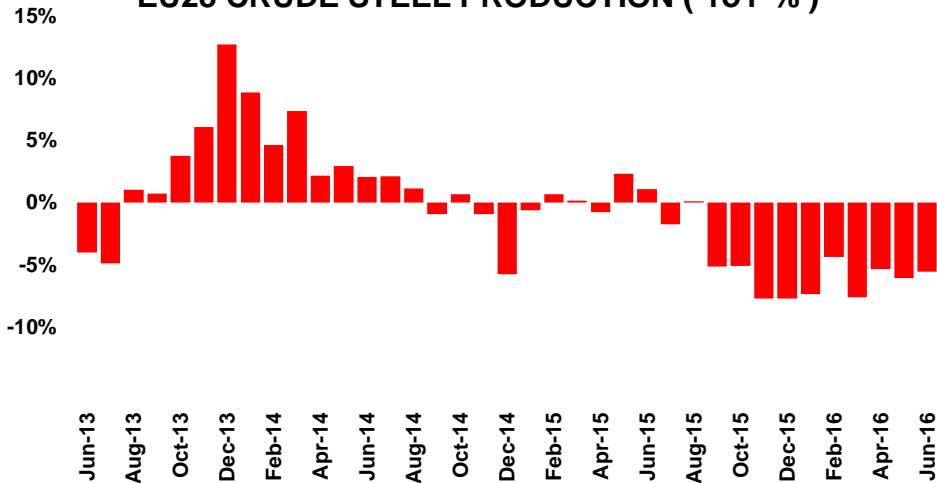
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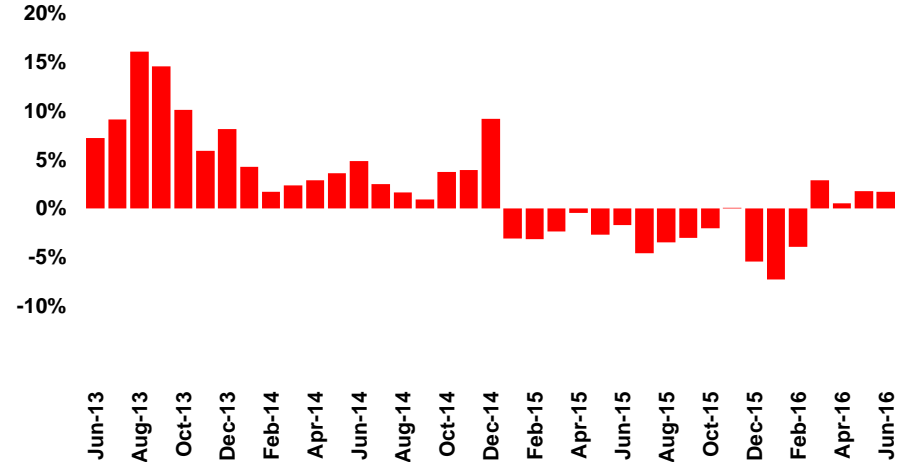


# In CIS, HRC price was 368 USD/ton as of July 2016

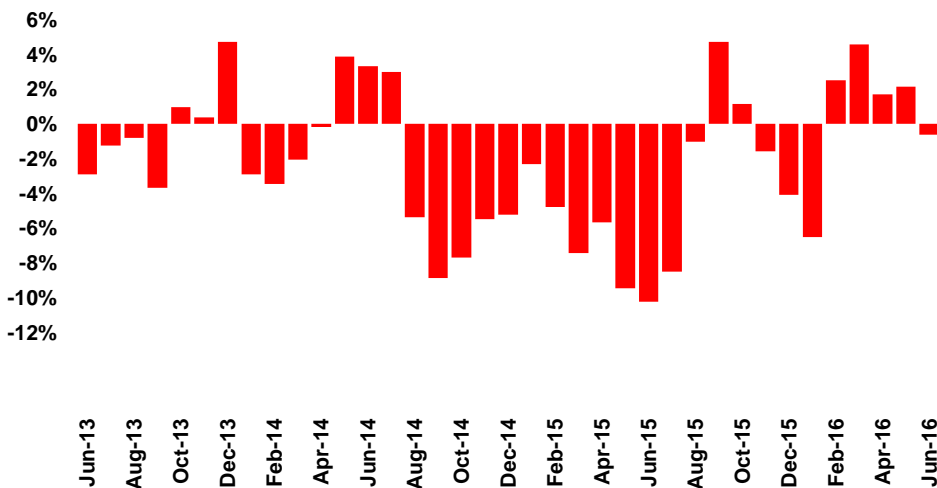
### EU28 CRUDE STEEL PRODUCTION ( YoY % )\*



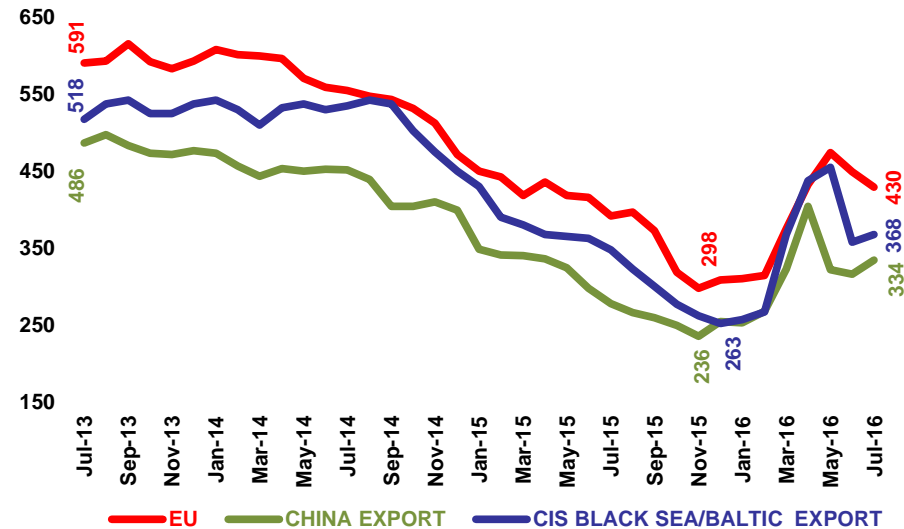
### CHINA CRUDE STEEL PRODUCTION ( YoY % )\*



### CIS CRUDE STEEL PRODUCTION ( YoY % ) \*

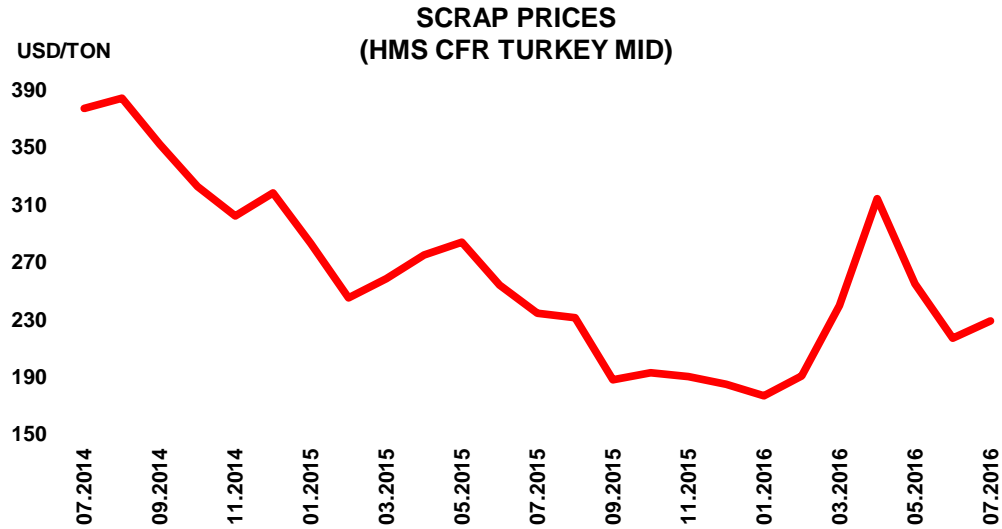
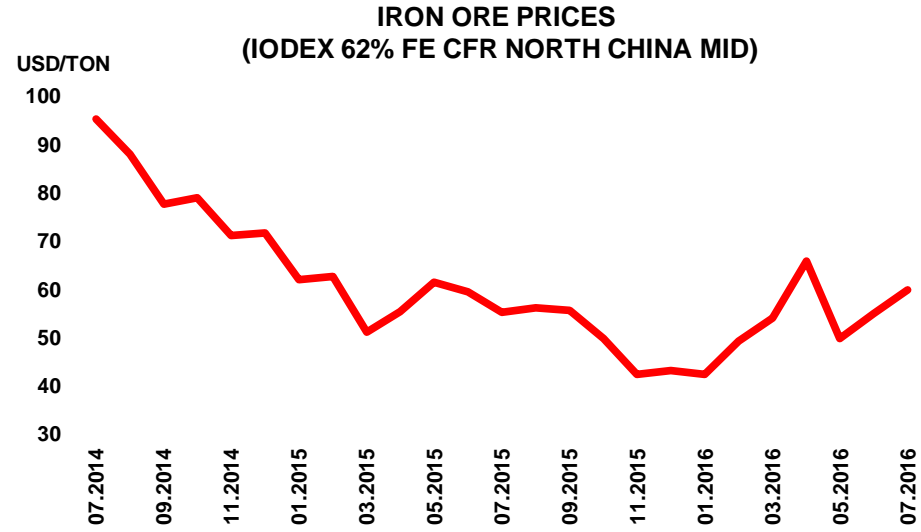
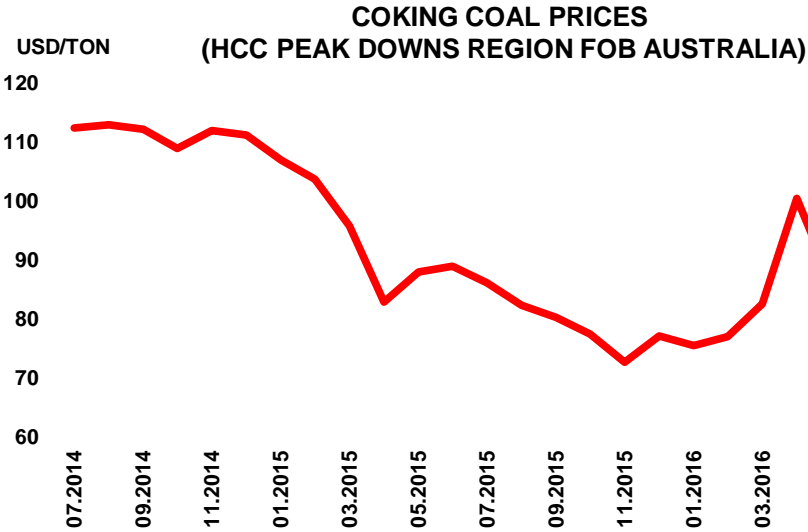


### HRC PRICES ( USD/TON )\*\*





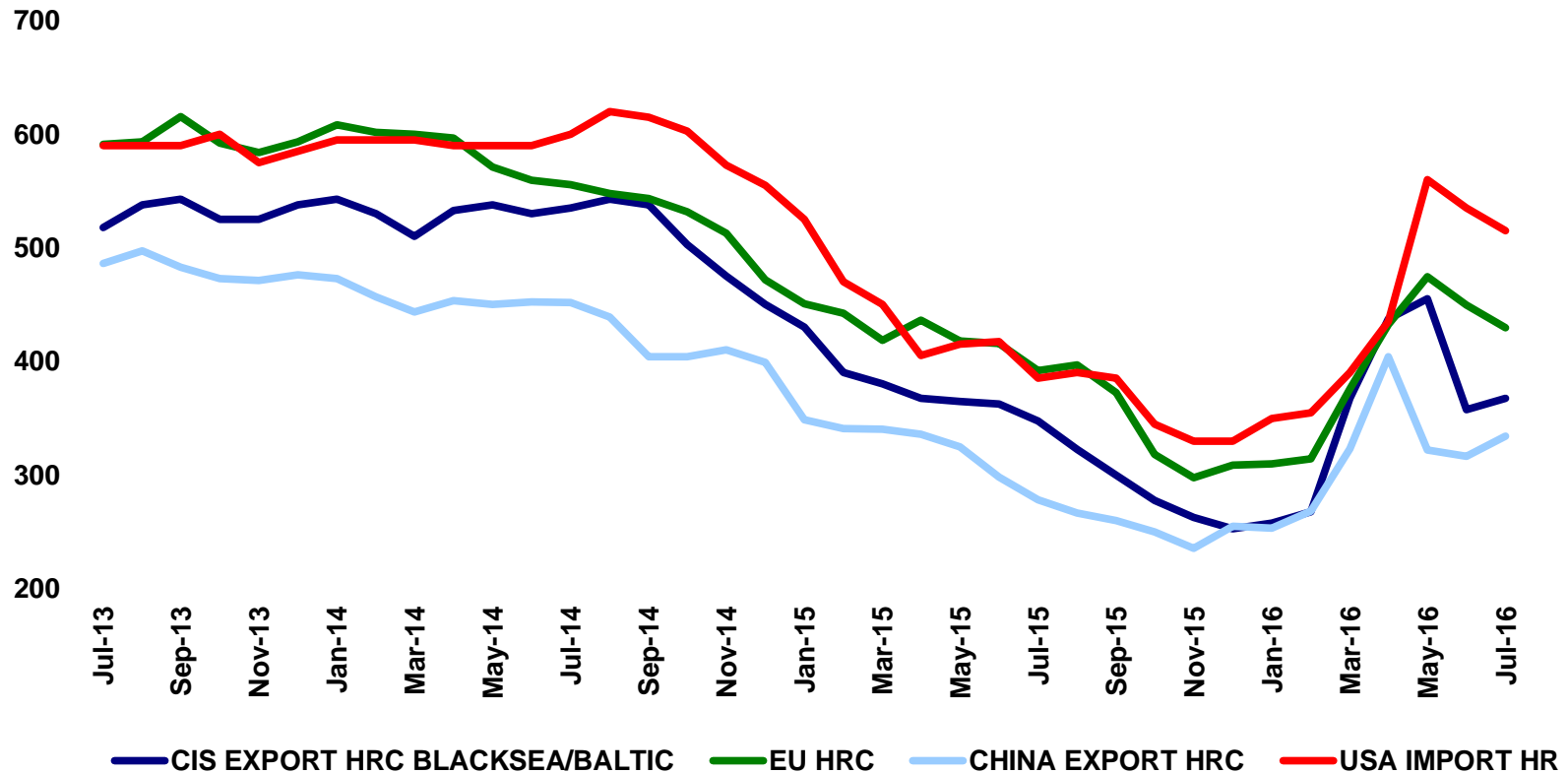
# Iron ore price was 60 USD/ton as of July 2016





# HRC prices are stabilizing

## HRC PRICES ( USD/Ton )

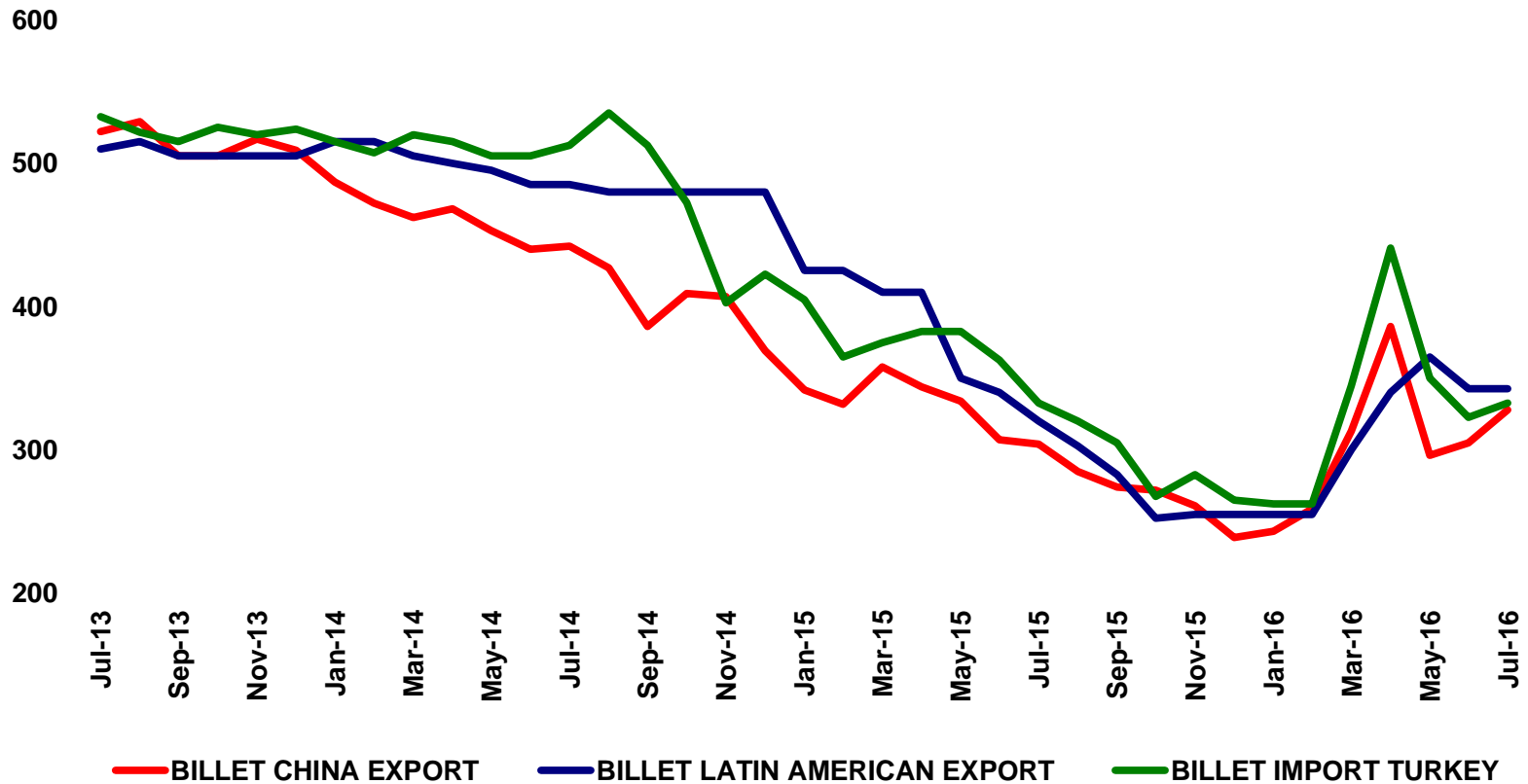


▶ As of July 2016, EU HRC price was 430 USD, China HRC export price was 334 USD, CIS export HRC price was 368 USD. The prices were 392 USD, 278 USD, 348 USD respectively by the end of July 2015.



# Billet sales prices are increasing again

## BILLET PRICES ( USD/Ton )

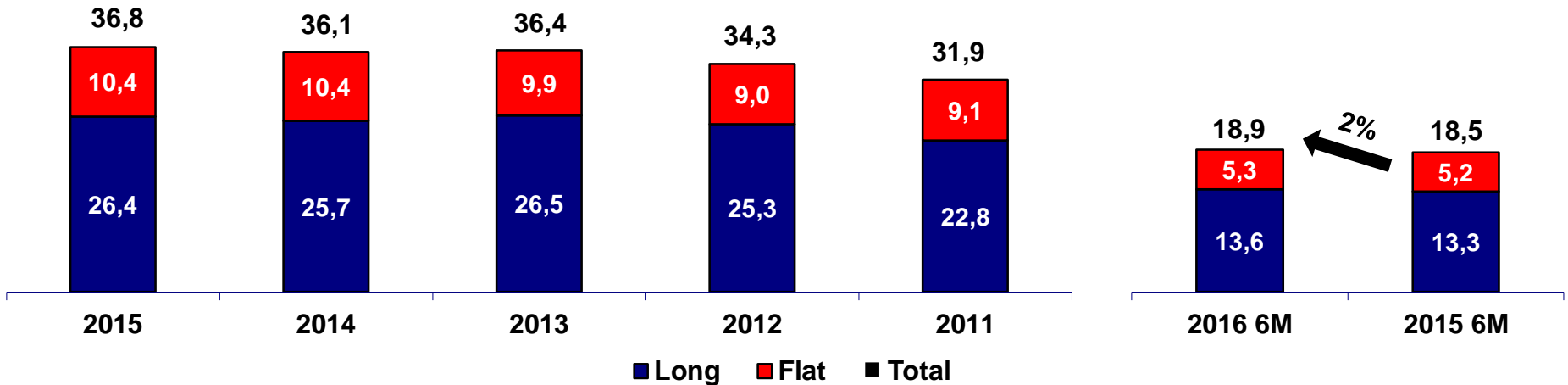


➡ As of July 2016, Turkey export price was 333 USD while it was again 333 USD in July 2015.

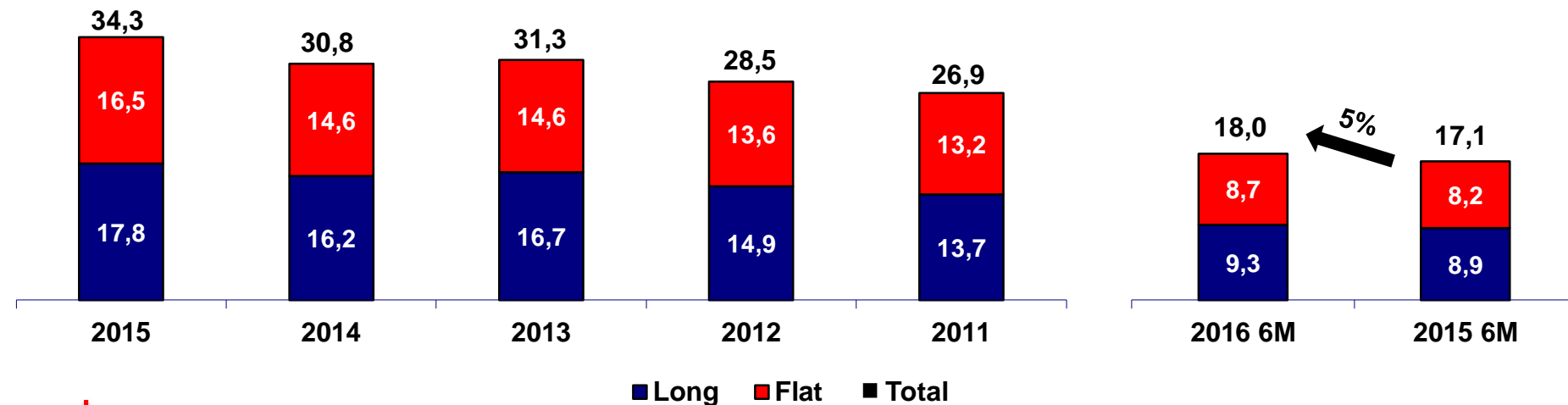


# Turkish steel consumption increased by 5% in 2016 6M YoY

## PRODUCTION ( 000 TONS )

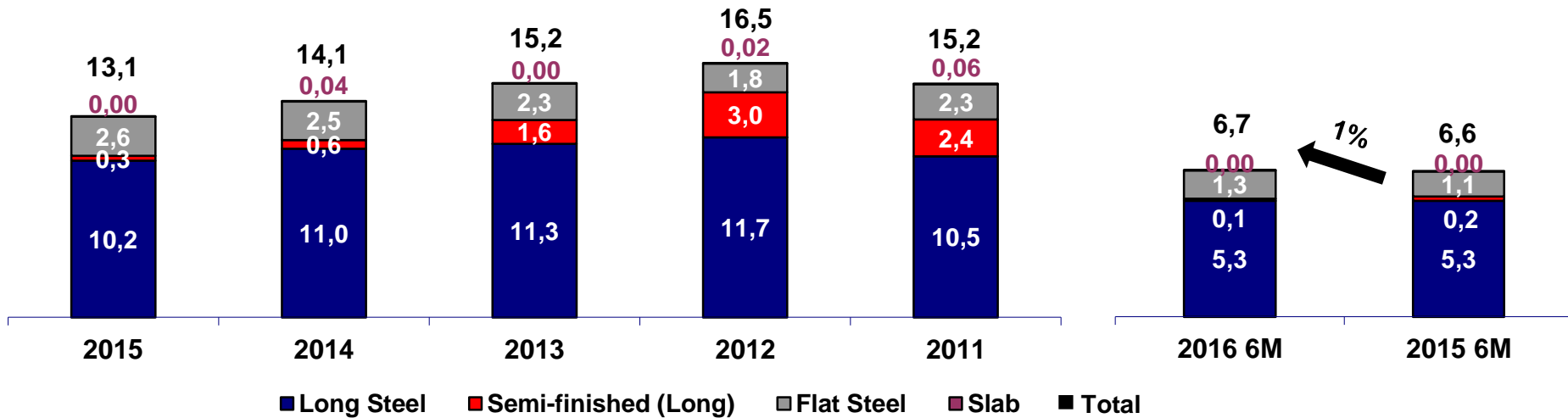


## CONSUMPTION ( 000 TONS )

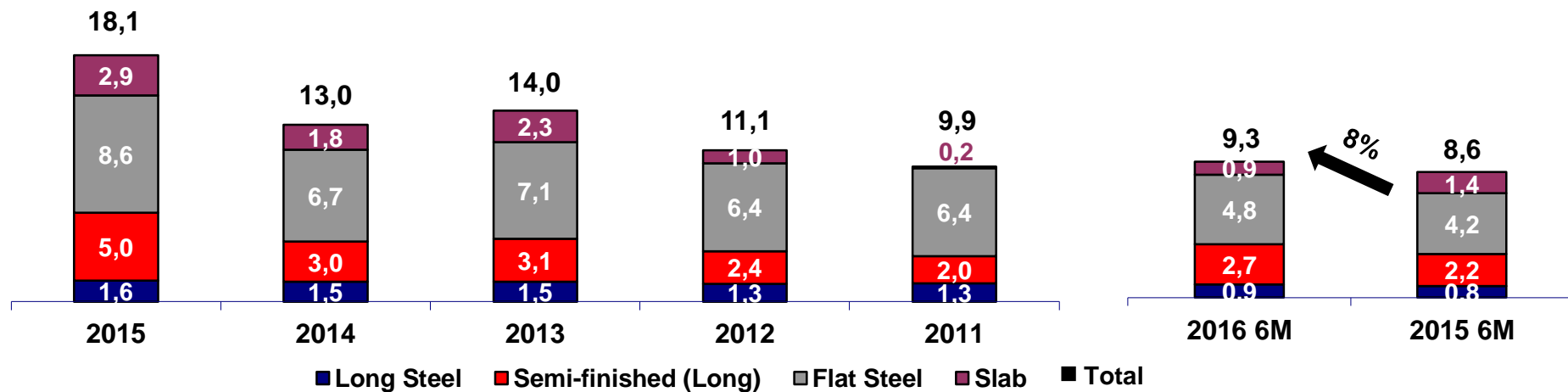


# Turkish iron and steel product imports increased by 8% in 2016 6M YoY

## IRON AND STEEL PRODUCT EXPORTS ( 000 TONS )

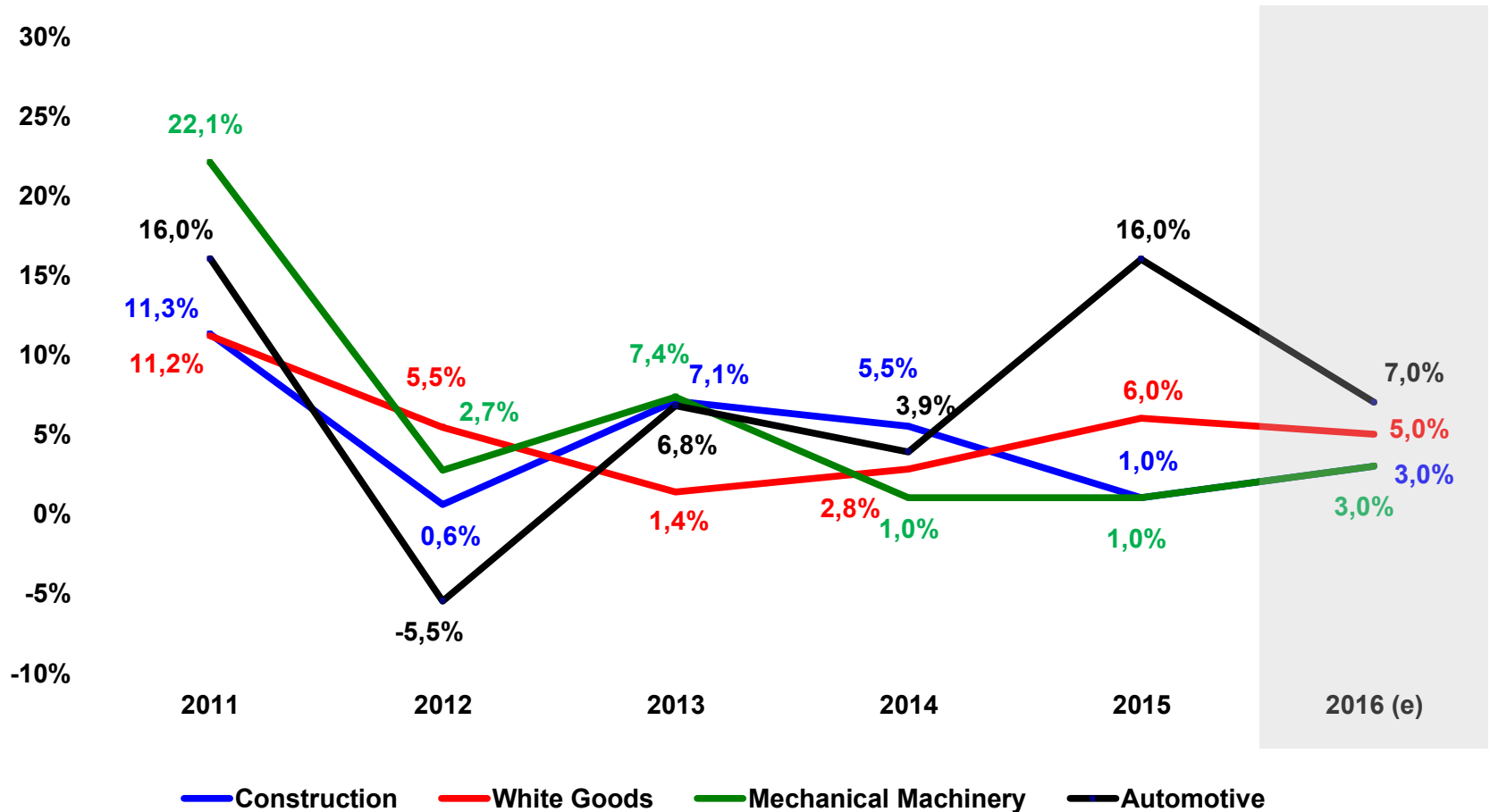


## IRON AND STEEL PRODUCT IMPORTS ( 000 TONS )



# Deceleration in the automotive sector's growth rate is expected

## CHANGES IN SECTOR DEVELOPMENT INDEX (% YoY)














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## ERDEMİR GROUP KEY FIGURES

		2016 6M	2015 6M	2015	2014
<b>Liquid Steel Production</b>	<i>(000 Tons)</i>	 <b>4.604</b>	4.462	9.122	8.693
<b>Slab Production <sup>(1)</sup></b>	<i>(000 Tons)</i>	 <b>3.729</b>	3.723	7.349	7.363
<b>Flat Steel Production <sup>(2)</sup></b>	<i>(000 Tons)</i>	 <b>3.540</b>	3.781	7.400	6.954
<b>Long Steel Production</b>	<i>(000 Tons)</i>	 <b>789</b>	636	1.563	1.153
<b>Flat Steel Shipments</b>	<i>(000 Tons)</i>	 <b>3.670</b>	3.640	7.229	6.933
<b>Long Steel Shipments</b>	<i>(000 Tons)</i>	 <b>782</b>	648	1.552	1.163
<b>Net Sales Revenue</b>	<i>(M. USD)</i>	 <b>1.797</b>	2.369	4.382	5.252
<b>EBITDA</b>	<i>(M. USD)</i>	 <b>314</b>	510	770	1.136
<b>Net Profit For The Year</b>	<i>(M. USD)</i>	 <b>165</b>	304	414	732

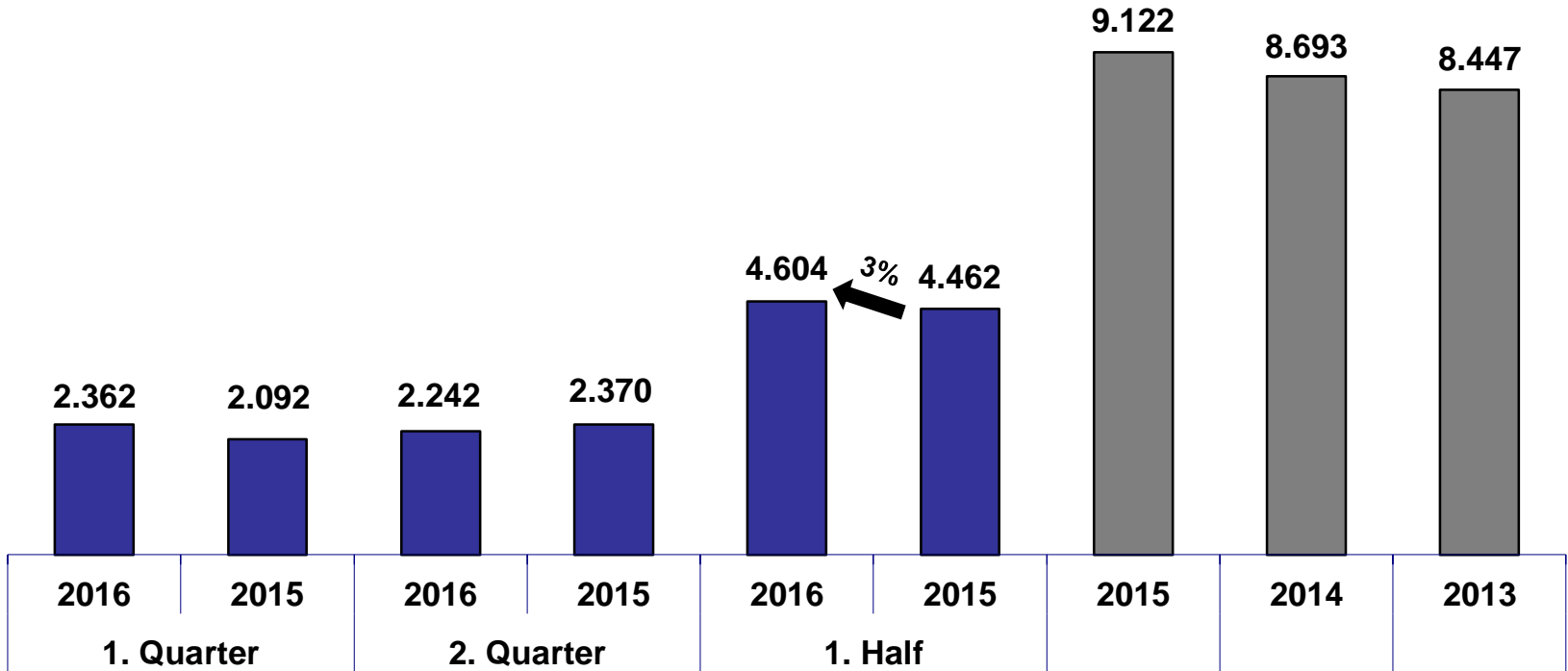
All figures are on IFRS consolidated basis unless stated otherwise.

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

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

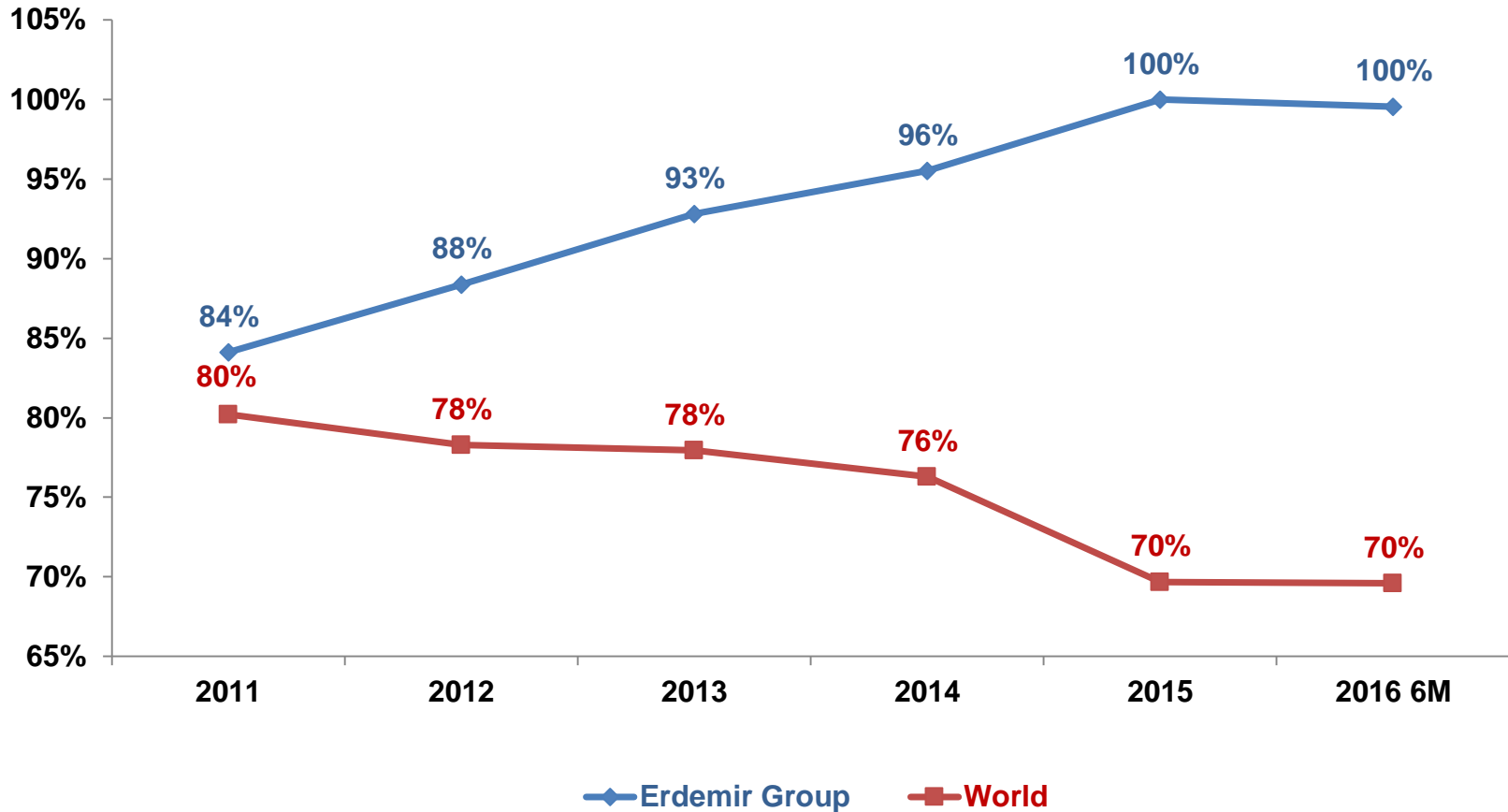
# Liquid steel production increased by 3% in 2016 6M YoY

## LIQUID STEEL PRODUCTION ( 000 TONS )



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

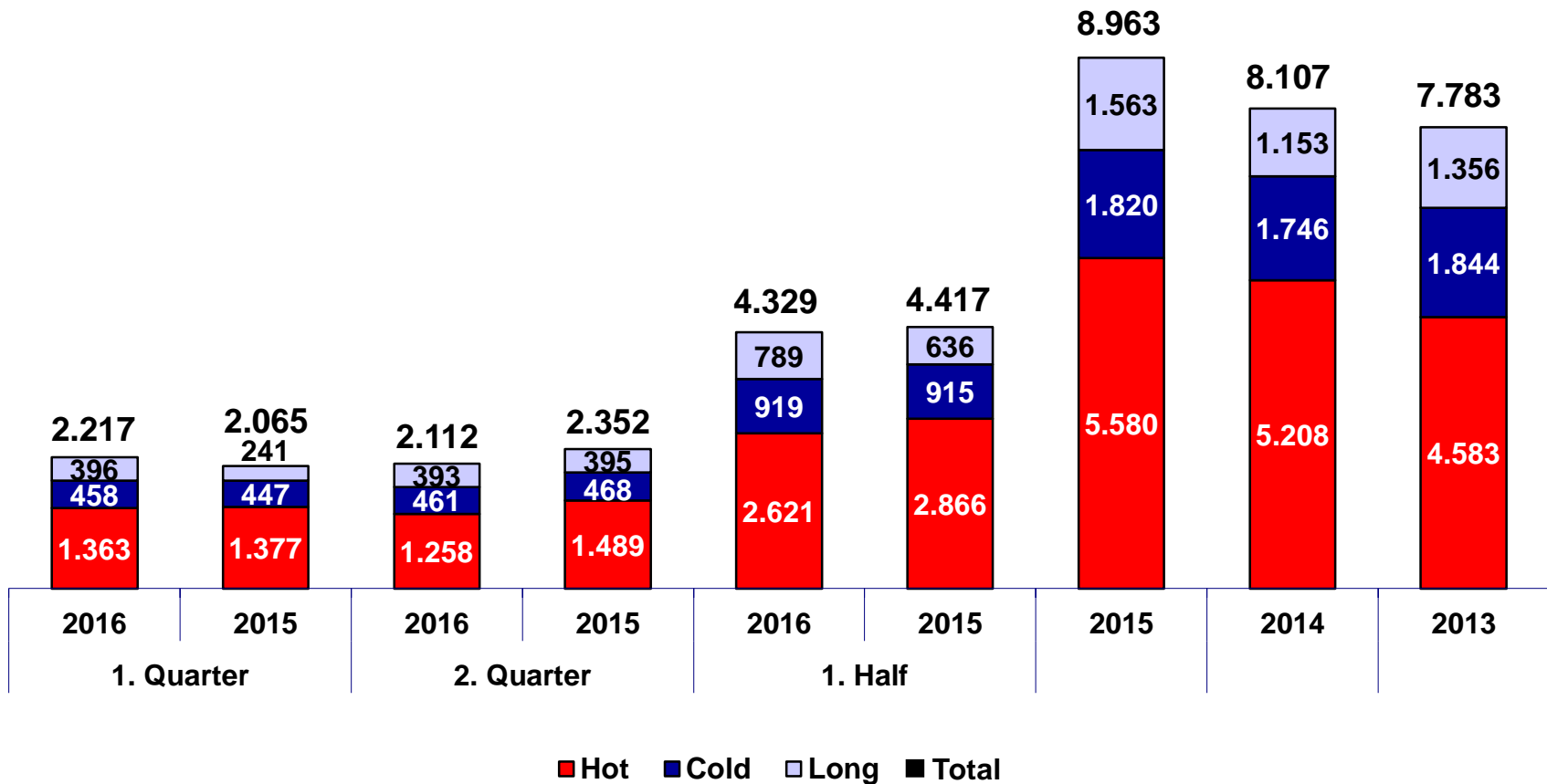
## CRUDE STEEL CAPACITY UTILIZATION RATIO





# Production was 4,3 million tons in 2016 6M

## PRODUCTION VOLUMES ( 000 TONS )

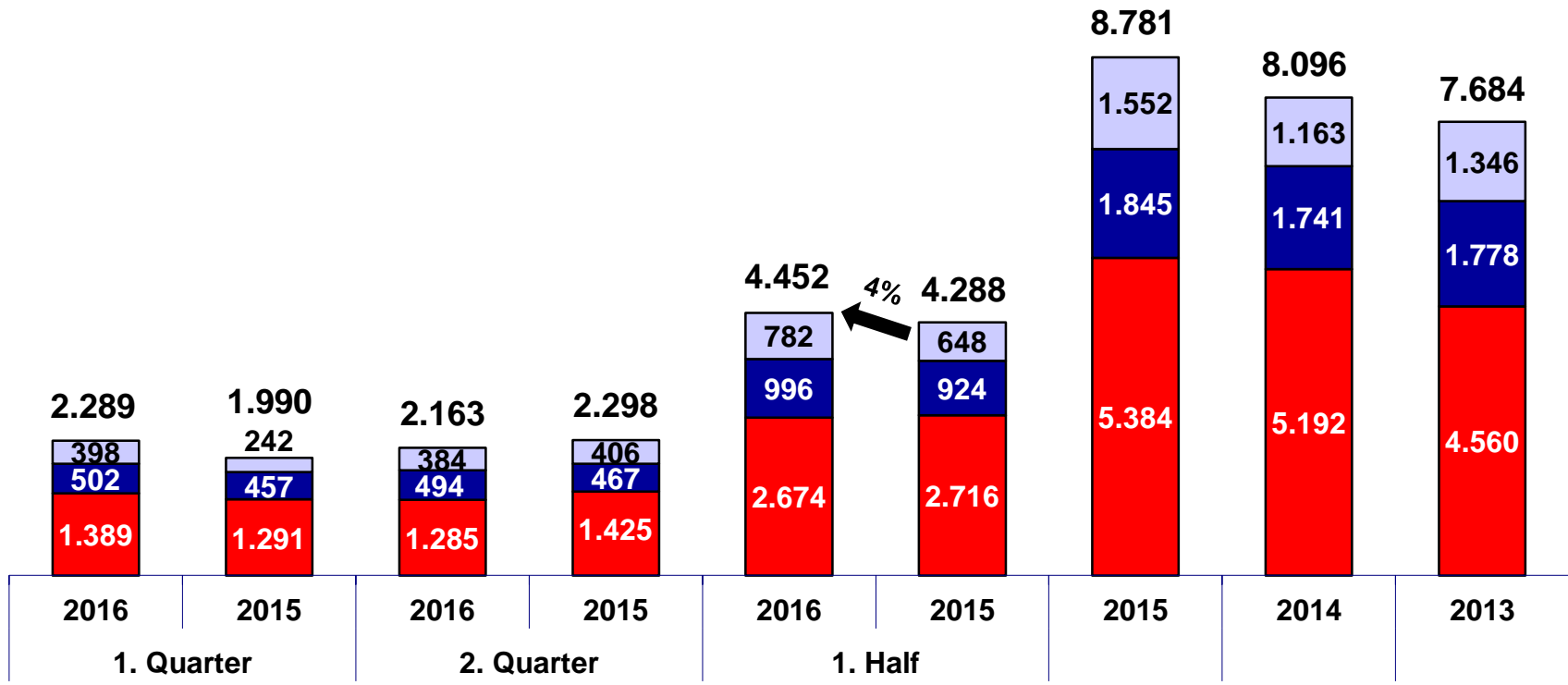






# Sales volumes increased by 4% in 2016 6M YoY

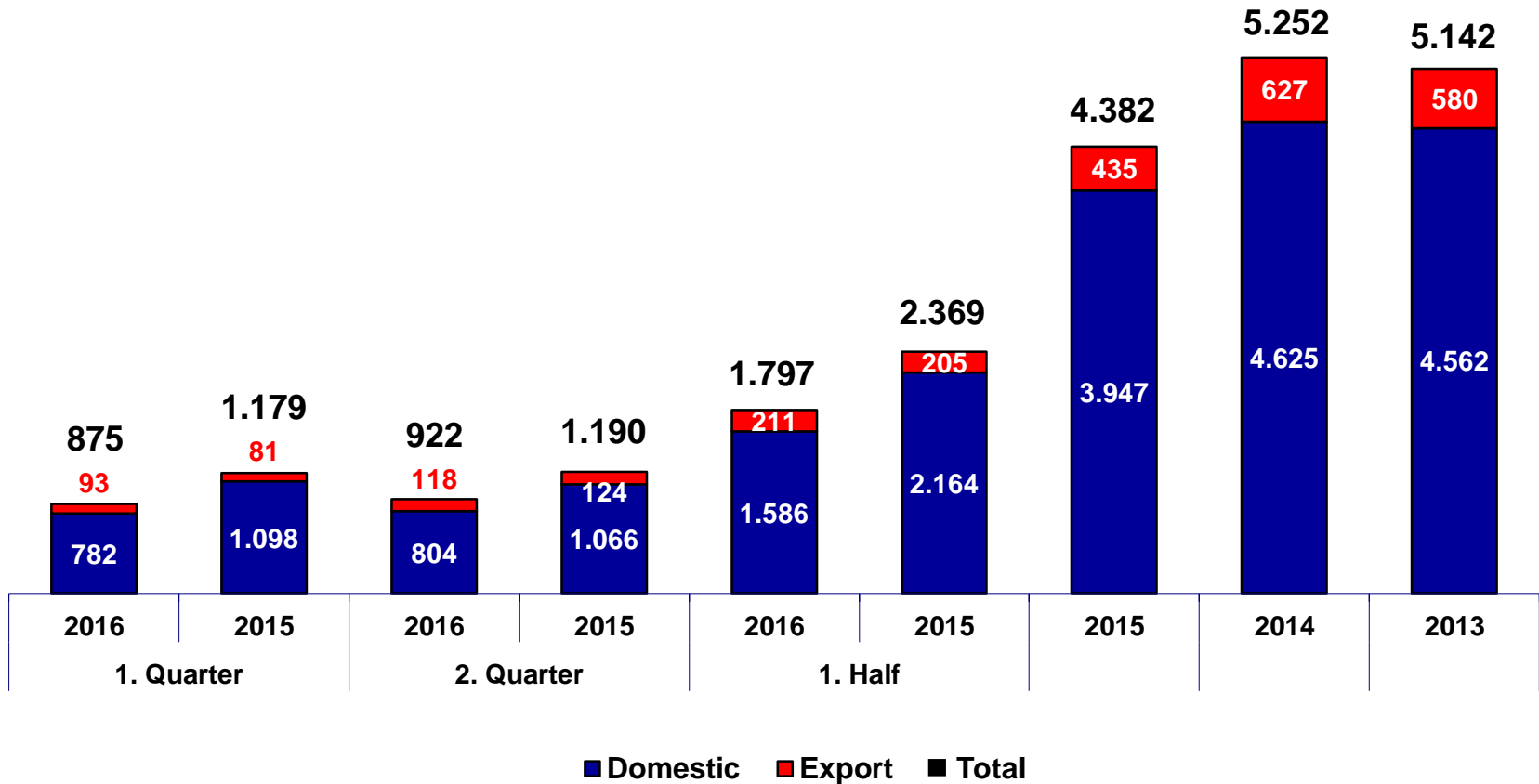
## SALES VOLUMES ( 000 TONS )



Hot Cold Long Total

# Net sales revenue was 1,8 billion USD in 2016 6M

## NET SALES REVENUE ( MILLION USD )



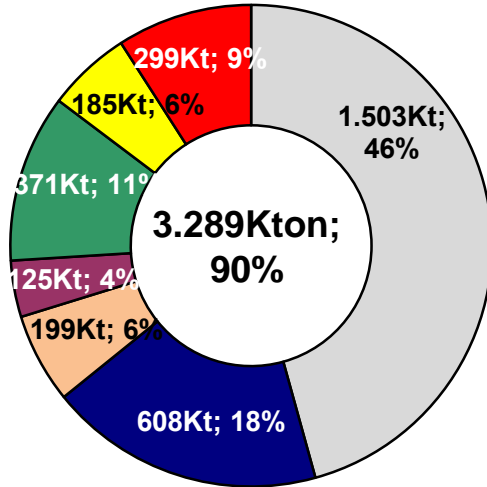
# Sales to pipe&profile, automotive and white goods sectors increased in 2016 6M YoY



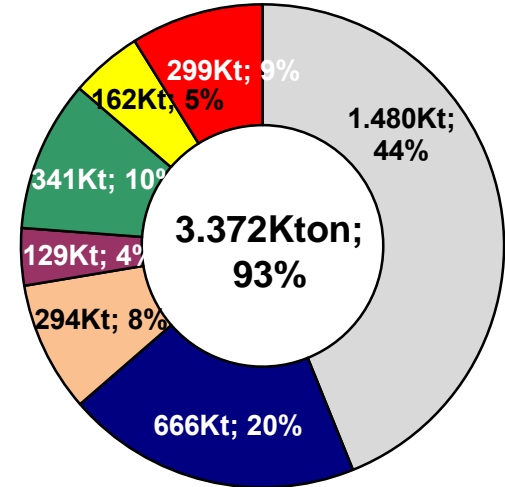
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2016 6M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

2015 6M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

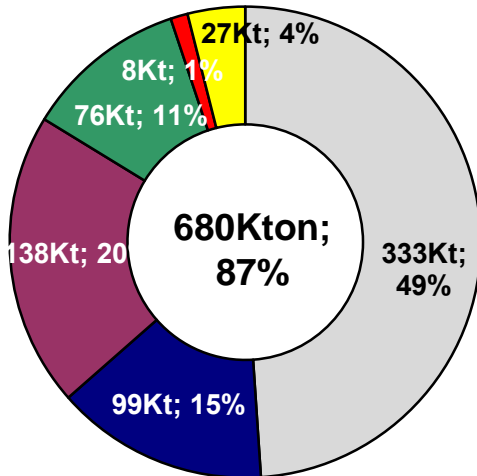


- Pipe&Profile Producers and Re-rollers
- Distribution Chains
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

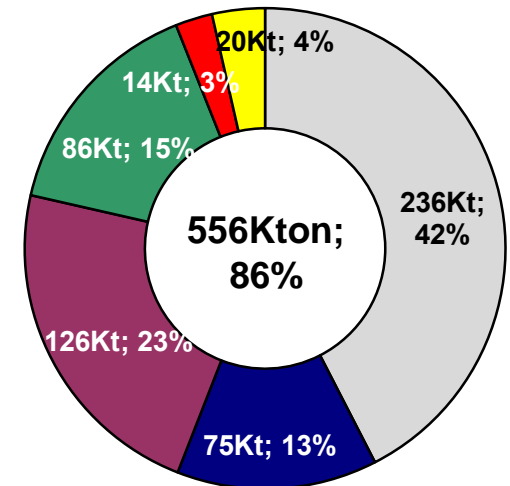


2016 6M LONG STEEL DOMESTIC SALES BREAKDOWN (%)

2015 6M LONG STEEL DOMESTIC SALES BREAKDOWN (%)



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

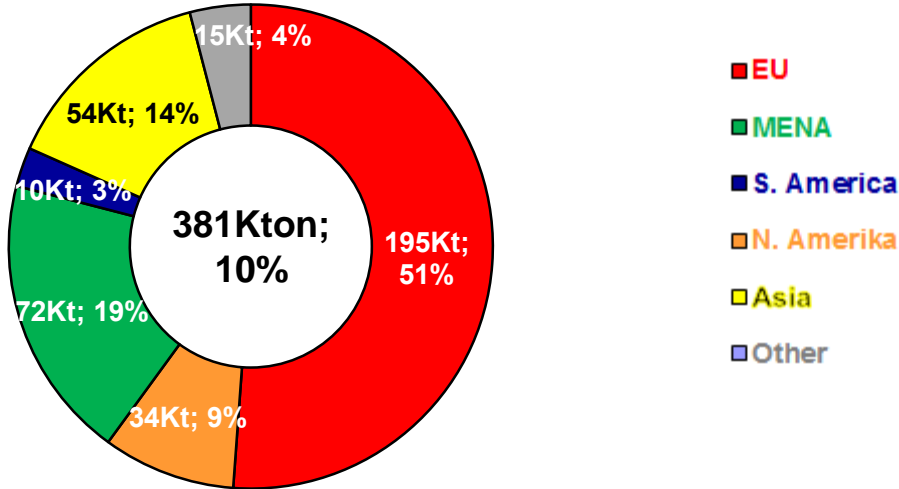


# Flat steel sales to EU countries was 51% of our flat export in 2016 6M

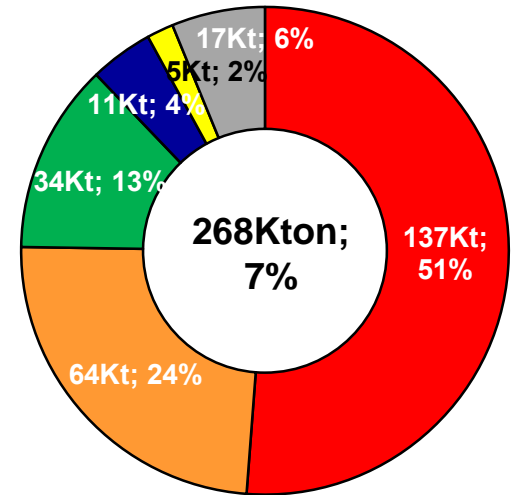


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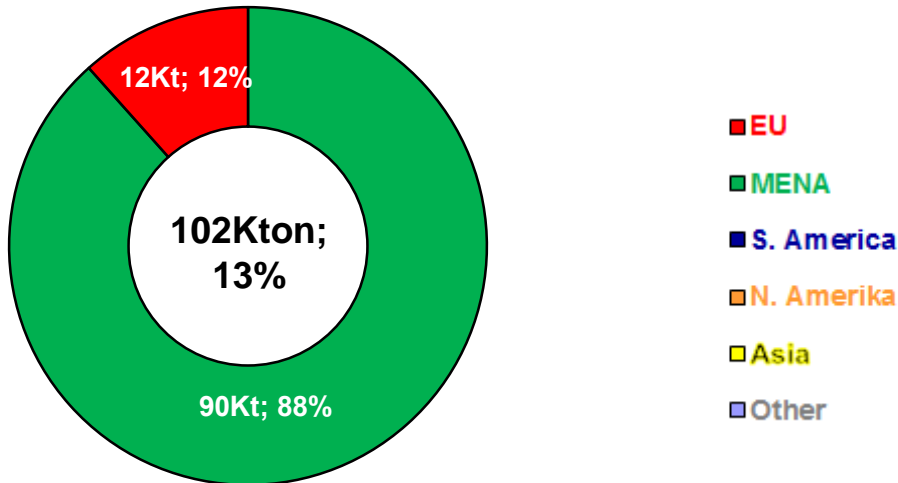
2016 6M FLAT STEEL EXPORTS BREAKDOWN (%)



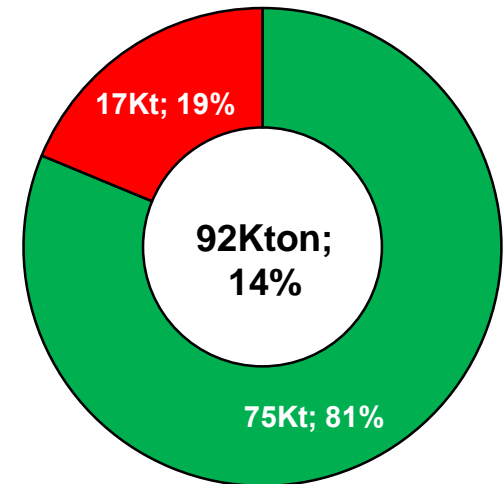
2015 6M FLAT STEEL EXPORTS BREAKDOWN (%)



2016 6M LONG STEEL EXPORTS BREAKDOWN (%)



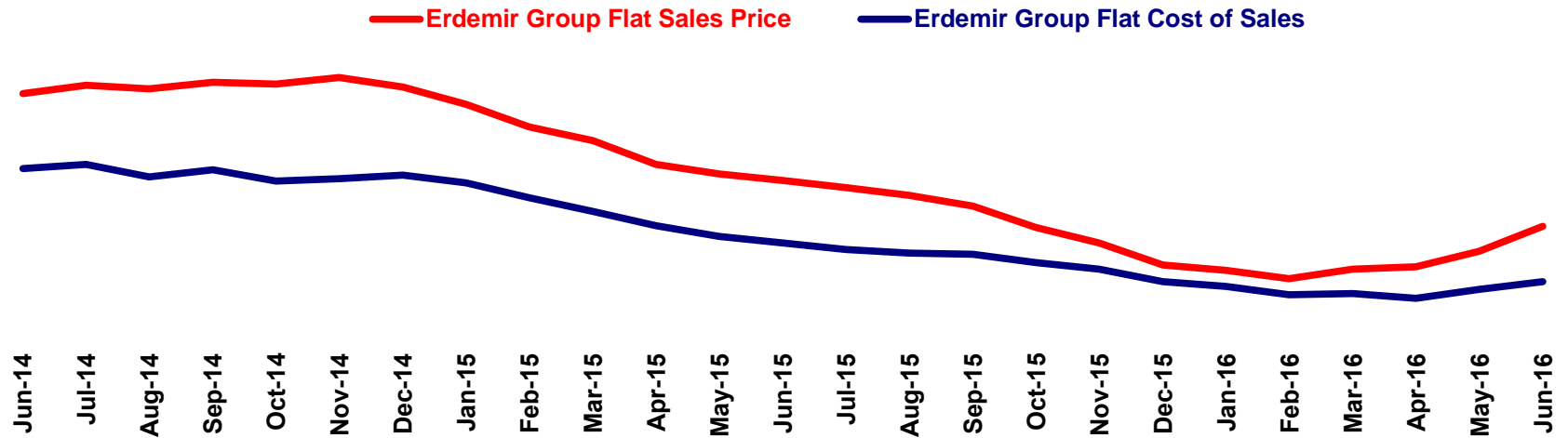
2015 6M LONG STEEL EXPORTS BREAKDOWN (%)



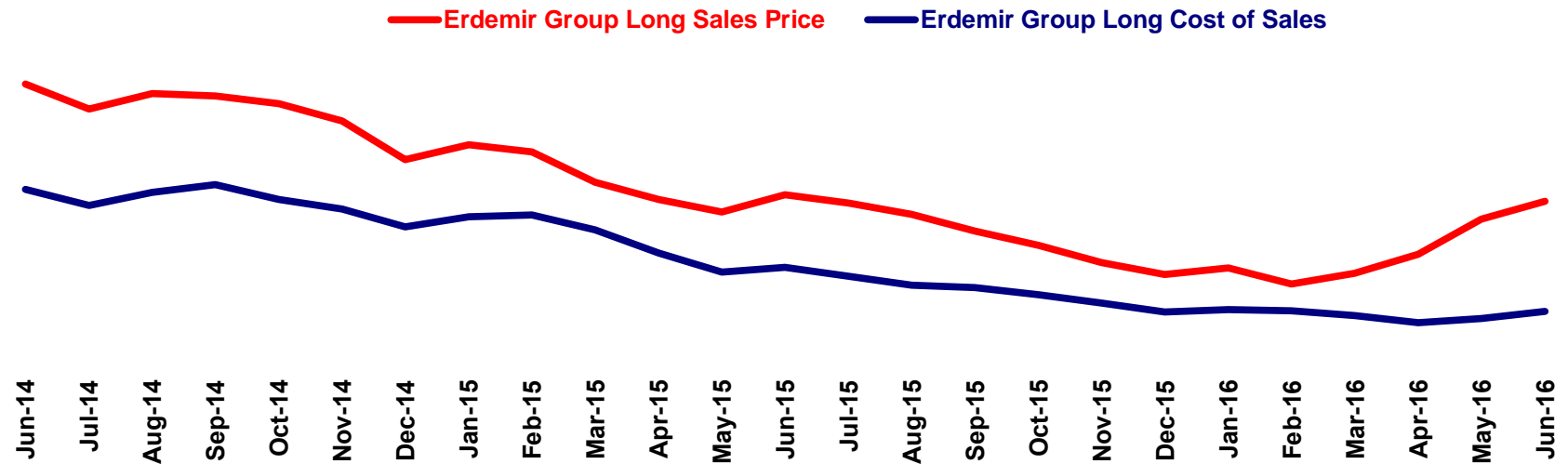
# In 2016 6M, Erdemir Group average flat and long steel prices were 405 USD/ton and 358 USD/ton respectively



USD/TON



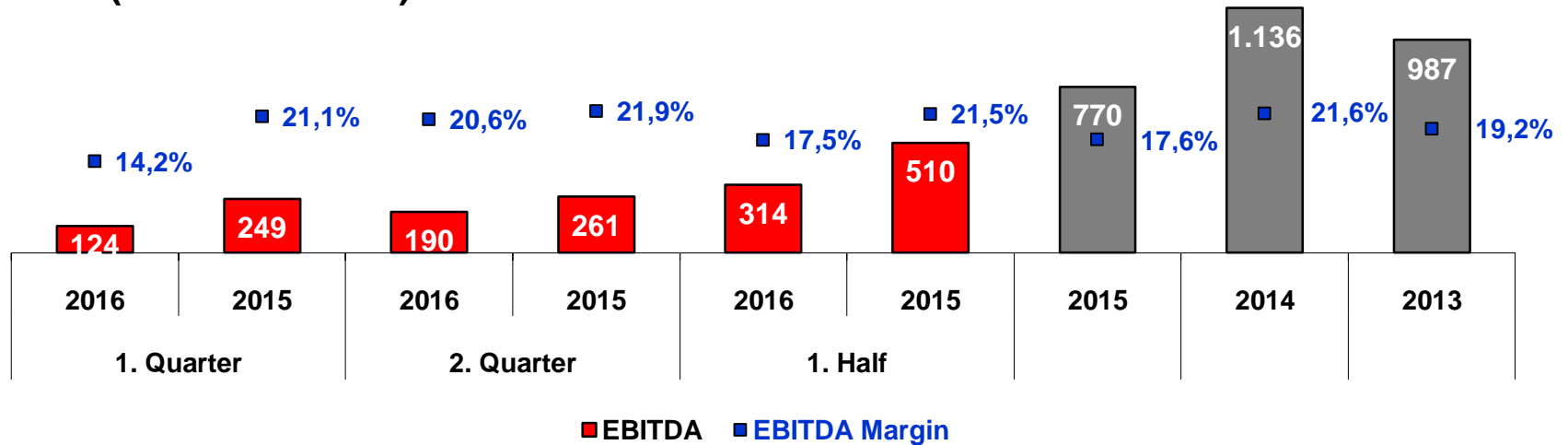
USD/TON



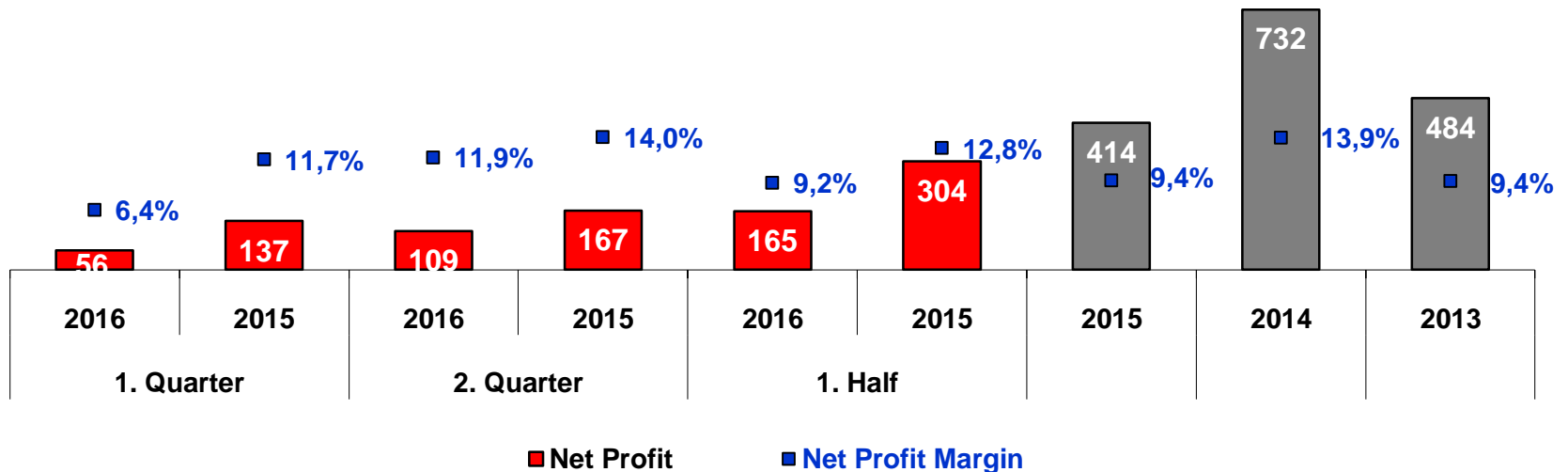


# EBITDA decreased by 38% in 2016 6M YoY

## EBITDA ( MILLION USD )



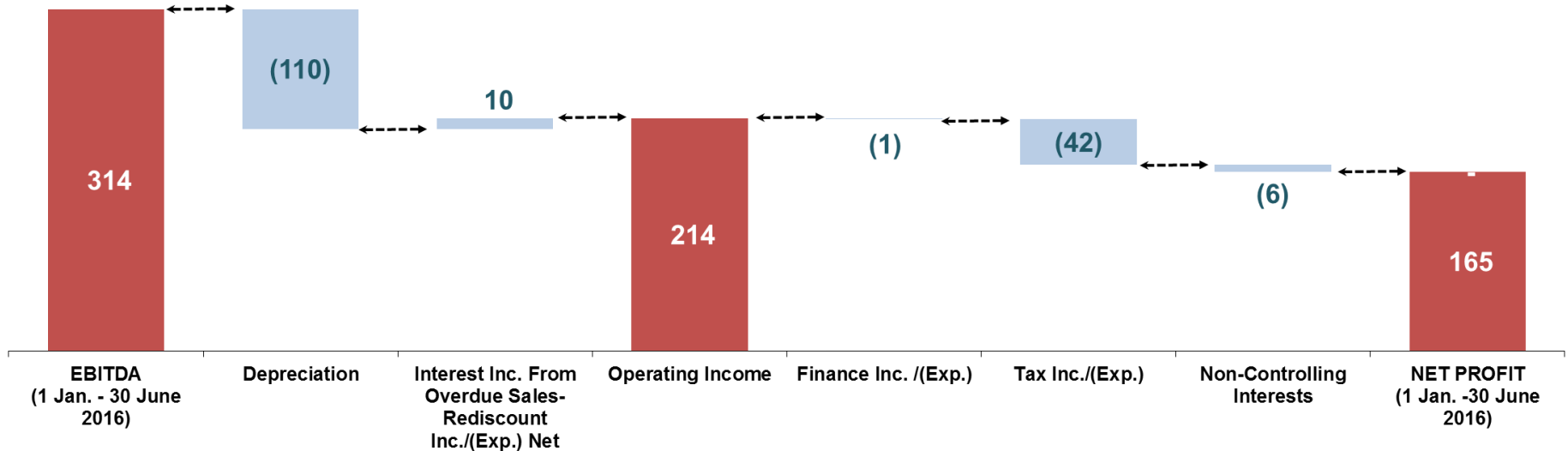
## NET PROFIT ( MILLION USD )





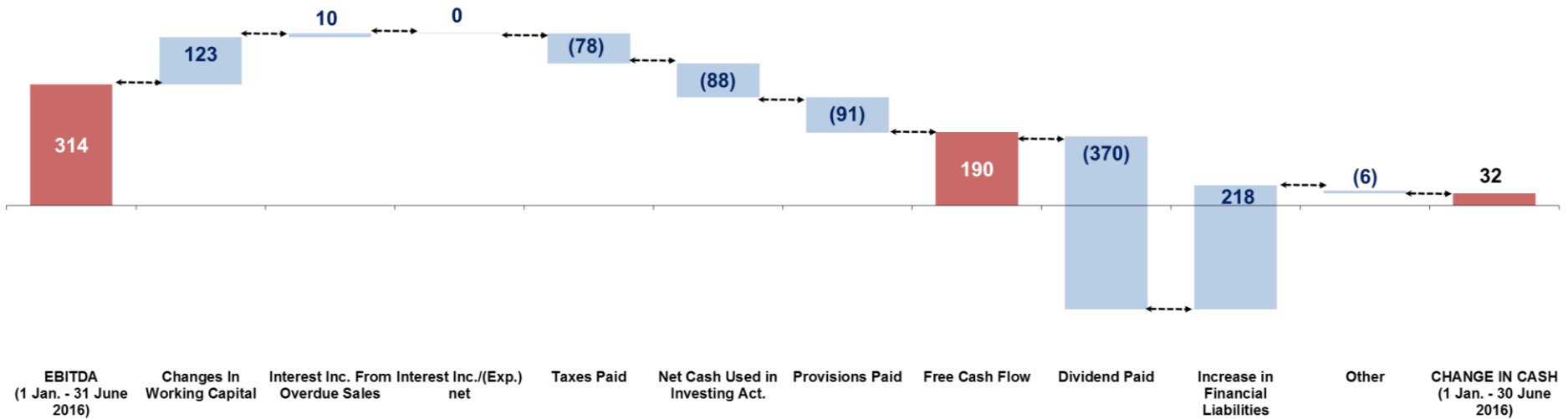
# EBITDA was 314 million USD in 2016 6M

## 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

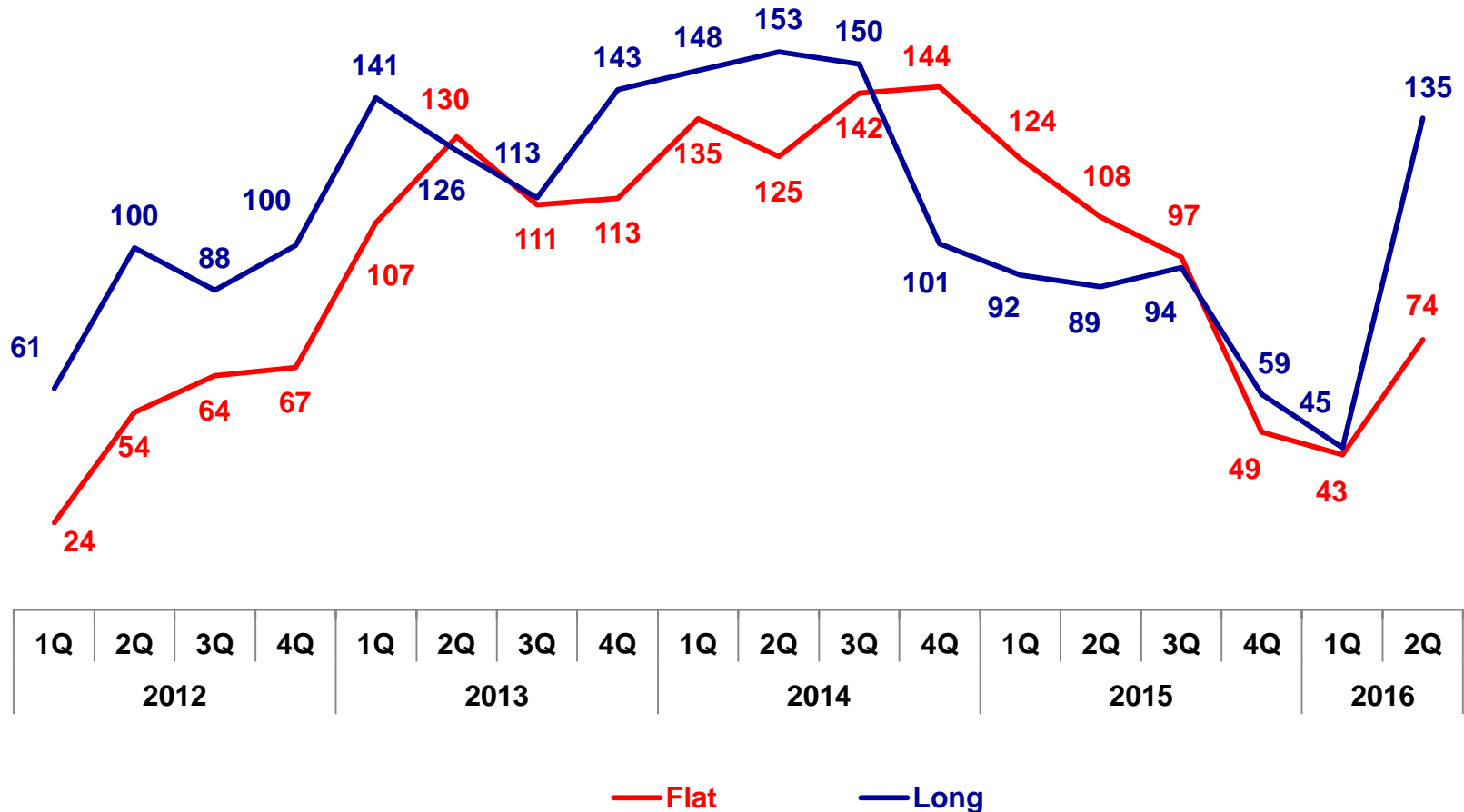
**Consolidated EBITDA => Consolidated Net Cash (Million USD)**





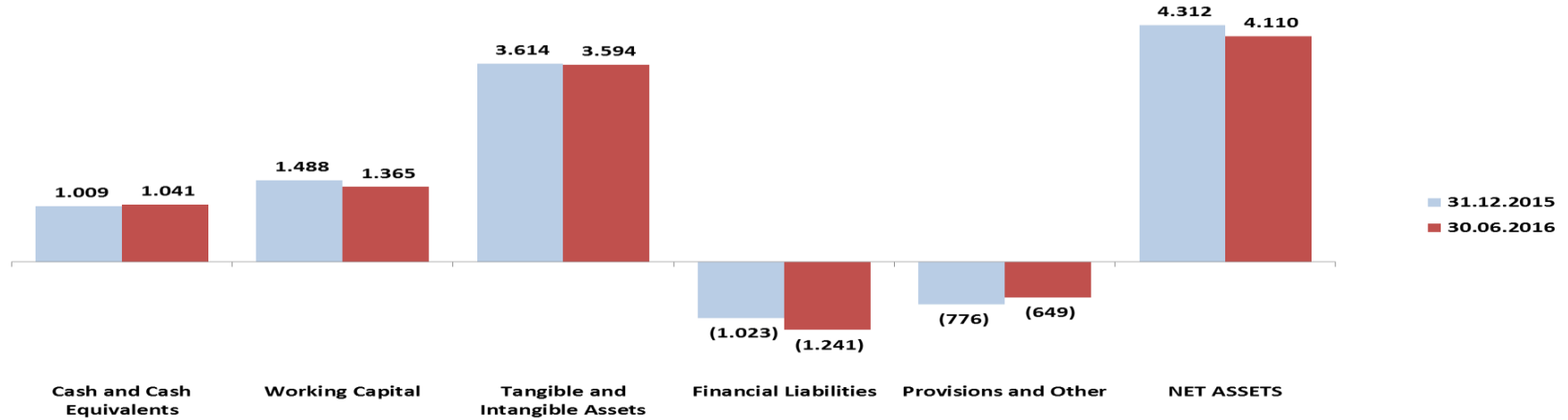
# EBITDA per ton for flat product was 74 USD/ton in 2016 2Q

## EBITDA PER TON (USD/TON) \*

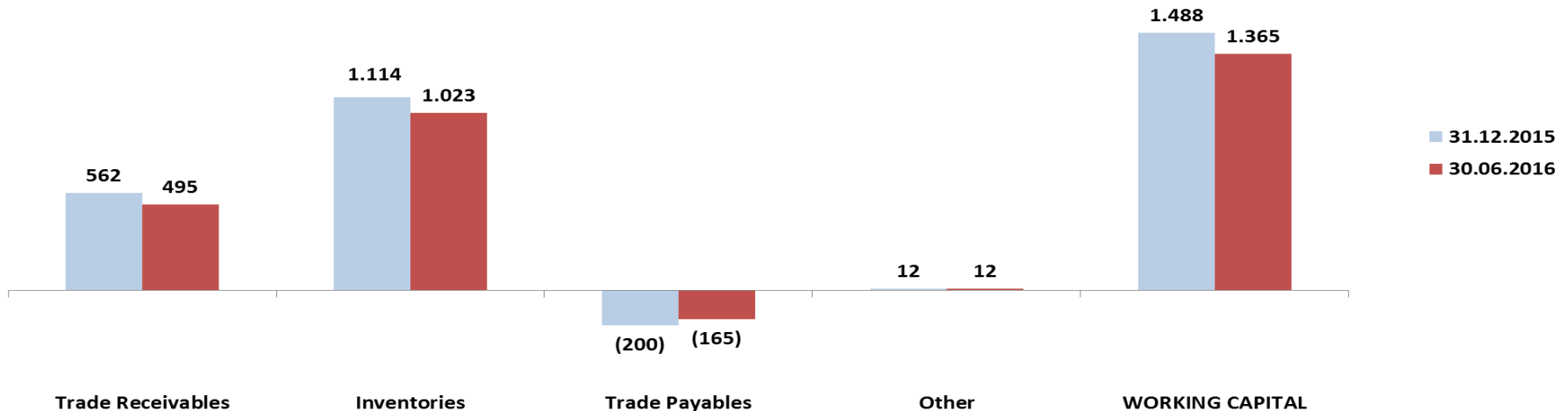


# Net assets were 4,1 billion USD at the end of June 2016

## CONSOLIDATED NET ASSETS (MILLION USD)

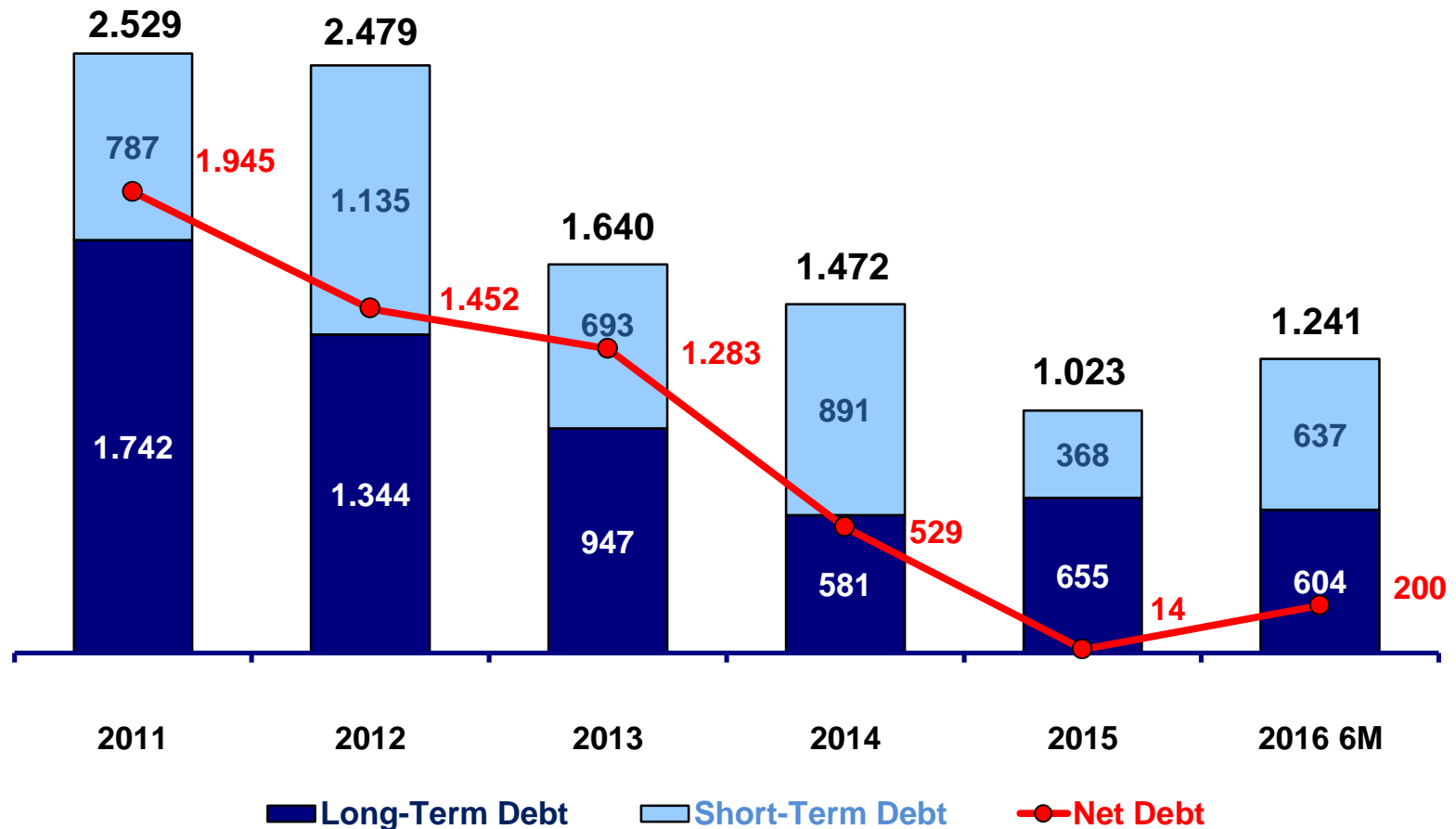


## WORKING CAPITAL (MILLION USD)



# Despite the high dividend payments, net debt has been at the low level

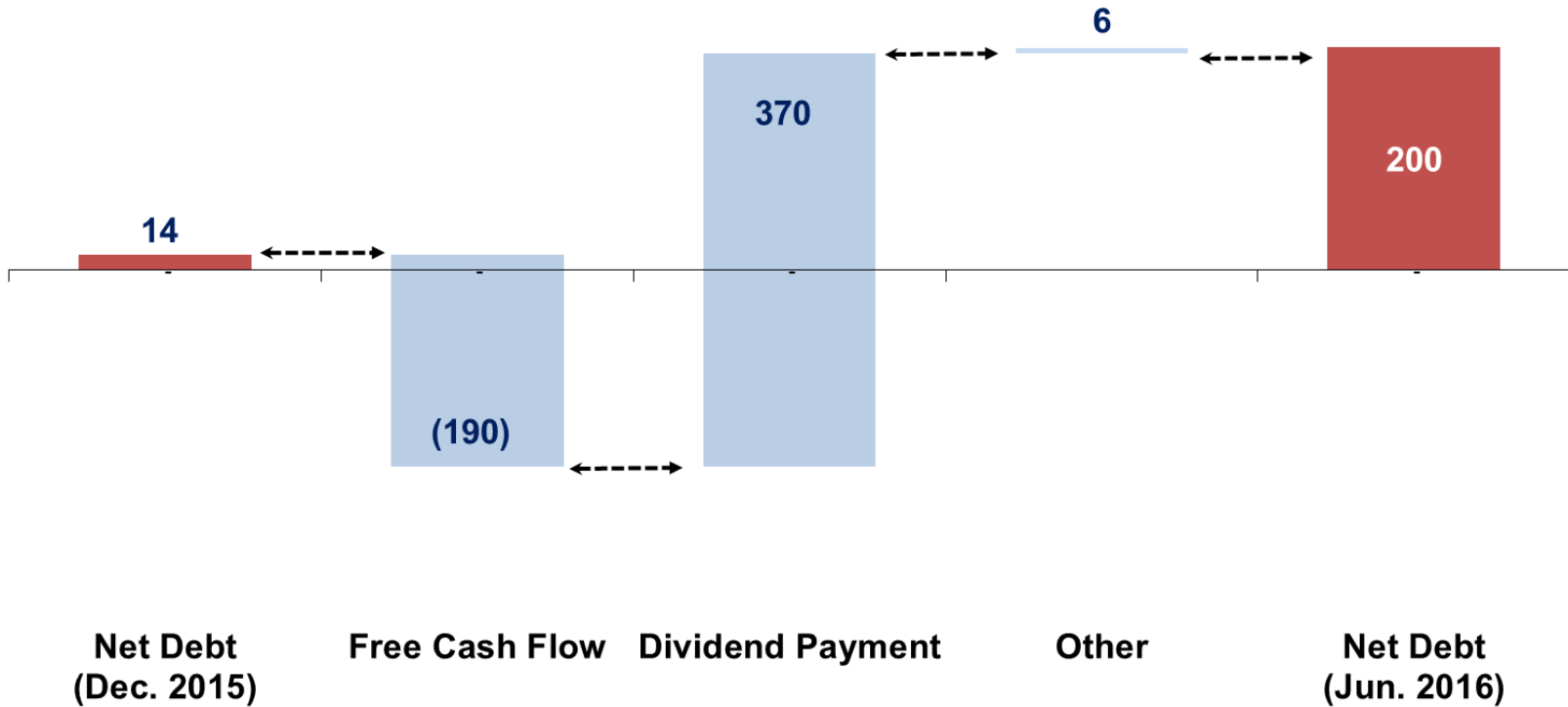
## BORROWINGS (MILLION USD)





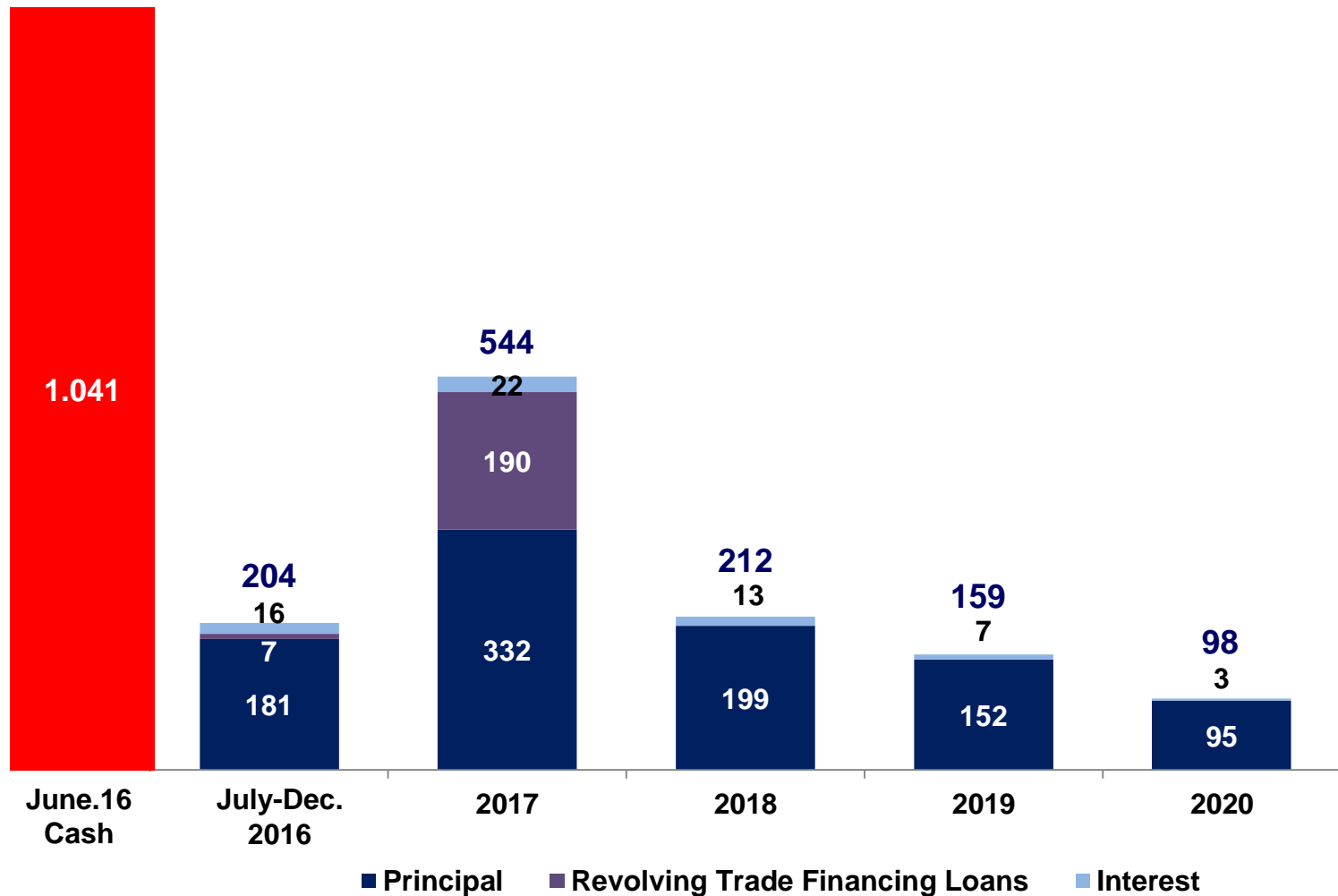
# Net debt was 200 million USD at the end of 2016 2Q

## NET DEBT (MILLION USD)



# Erdemir Group has 1.041 million USD cash and cash equivalents at the end of June 2016

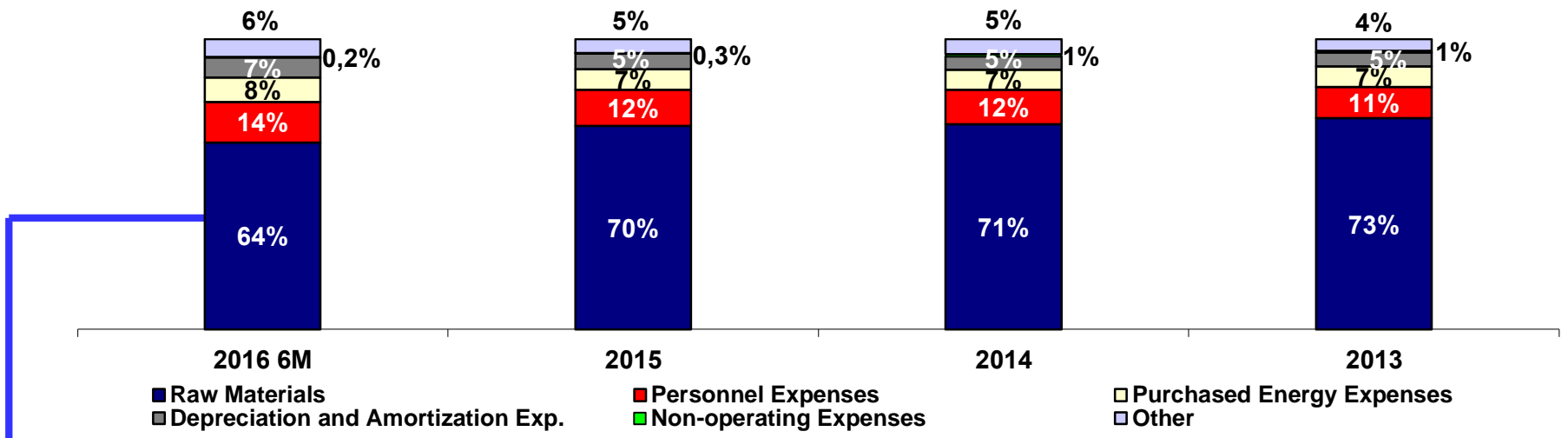
## BORROWINGS MATURITY PROFILE (MILLION USD)



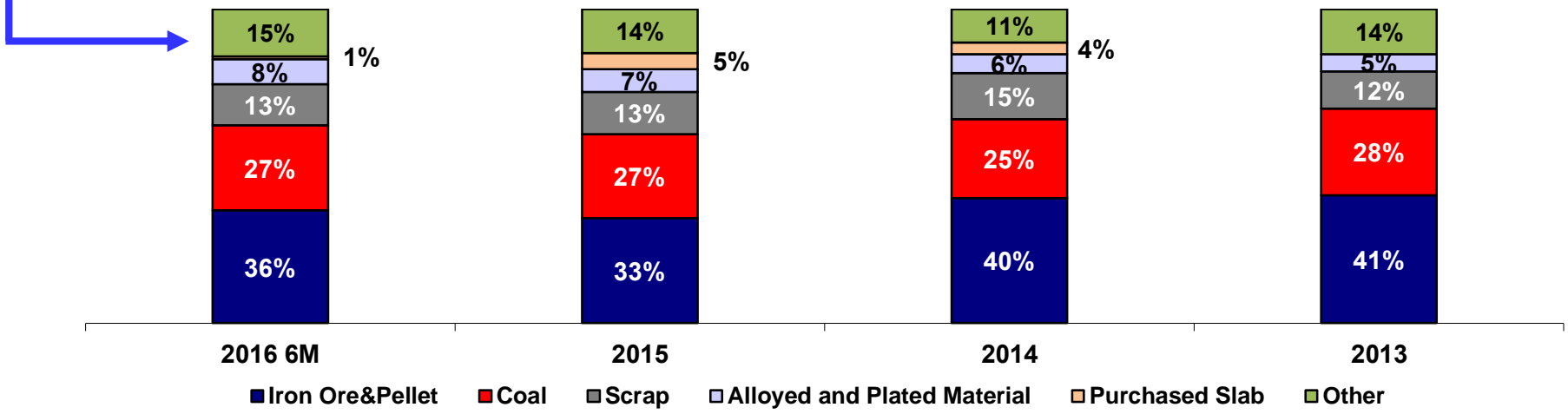


# Raw materials made up 64% of the cost of sales

## COST OF SALES BREAKDOWN\* - %

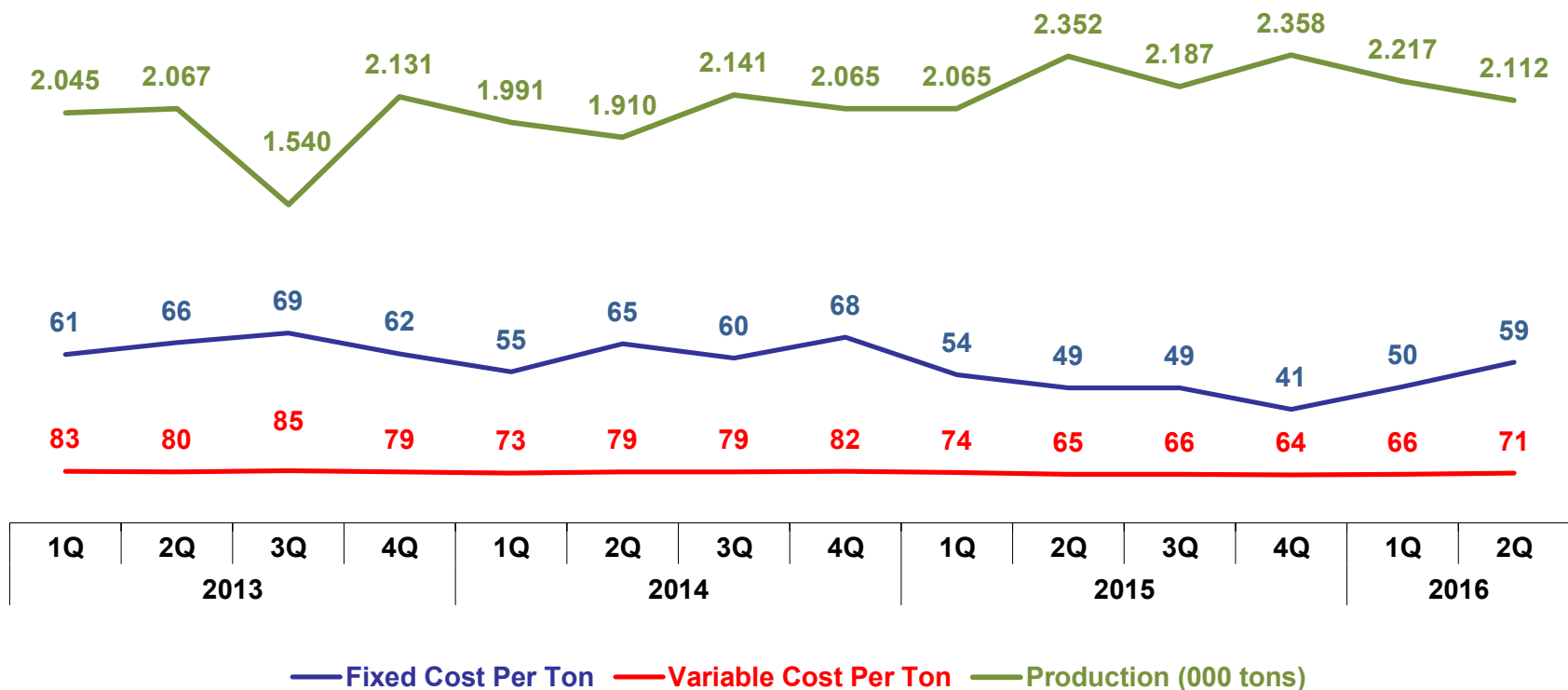


## RAW MATERIALS BREAKDOWN - %



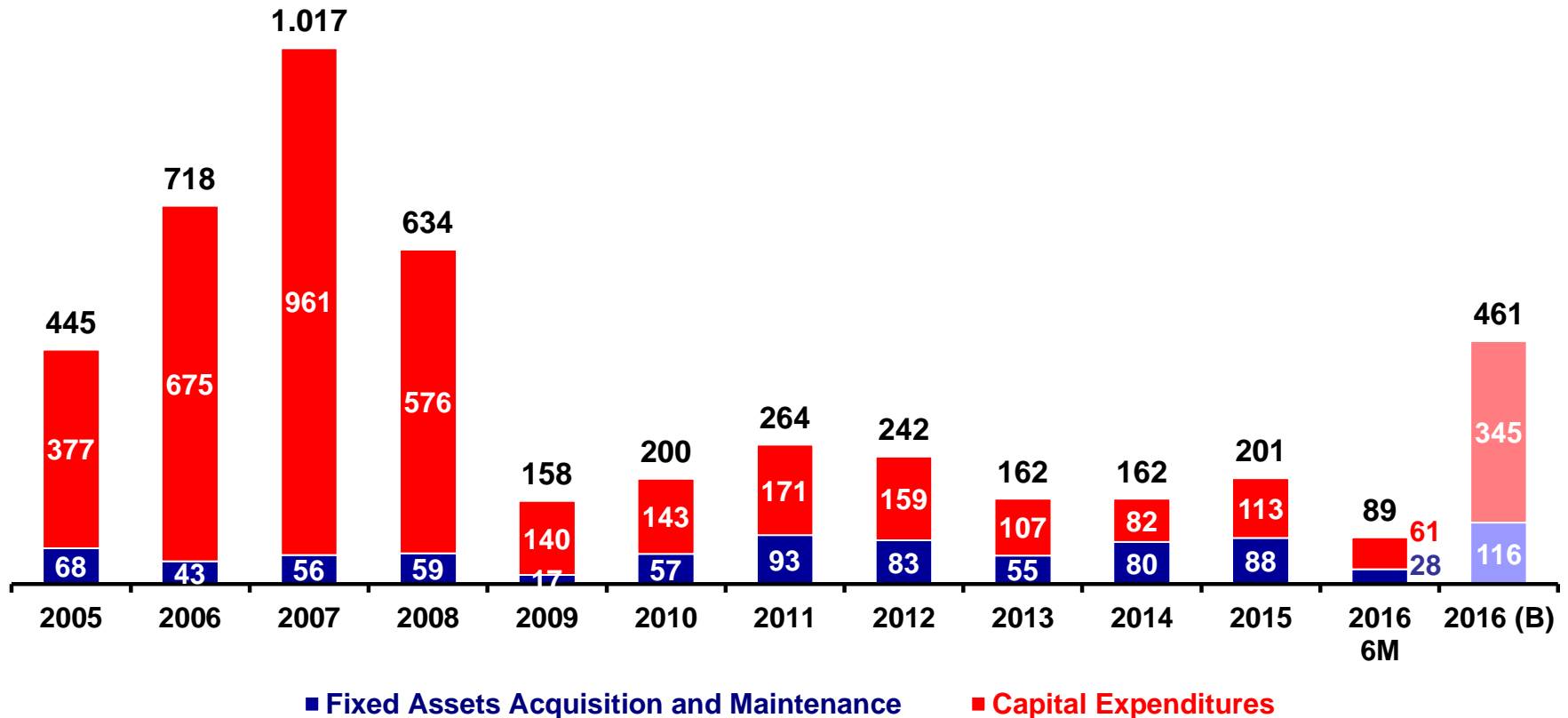
# Conversion cost per ton excluding depreciation was realised as 130 USD/ton in 2016 2Q

## MAIN PRODUCT CONVERSION COSTS ( USD/TON )



# Capital expenditures of 461 million USD is planned for 2016\*

( M USD )

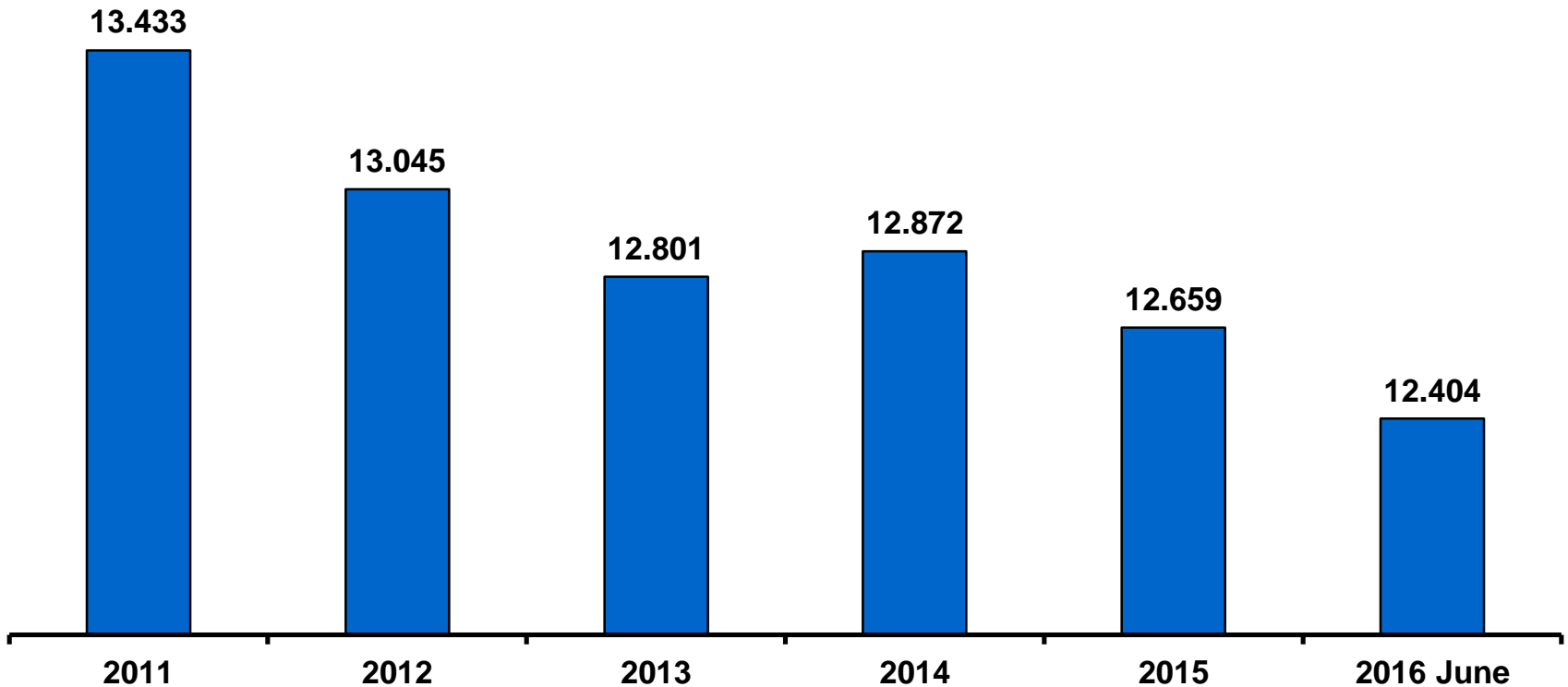


\* The capital expenditures in 2016 6M and before state the cash outflows however the capital expenditures for 2016 Budget state the signed and planned investments. The amounts shown in 2016 Budget do not represent cash outflows.



**Number of employees was 12.404 as of June 2016**

**NUMBER OF EMPLOYEES**



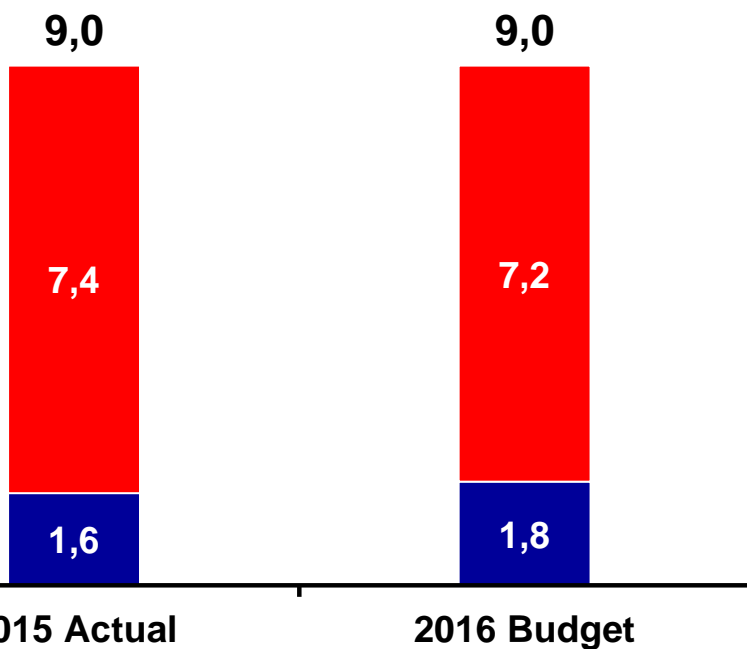


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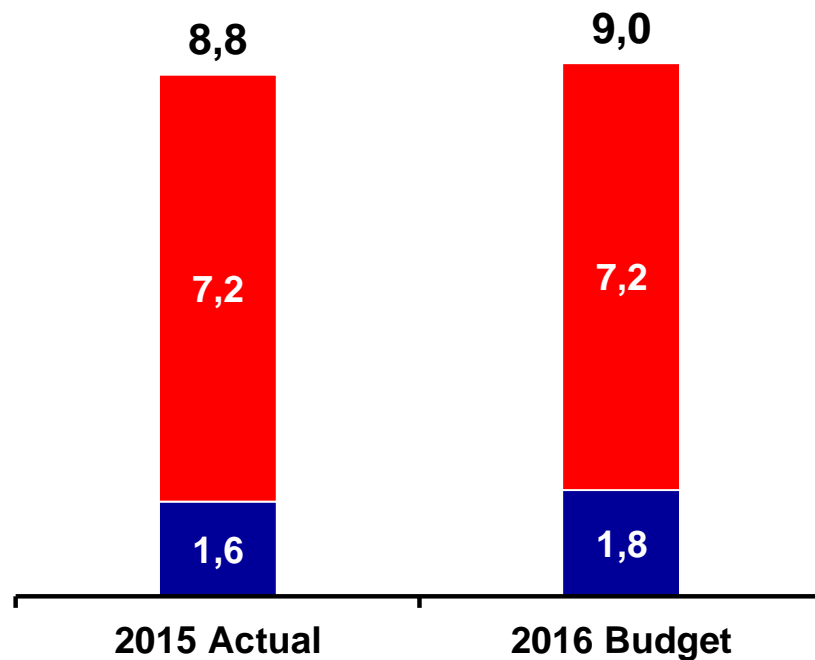
# 2016 Guidance

Production (Million Tons)



■ Long ■ Flat

Sales (Million Tons)



■ Long ■ Flat

### EBITDA and Net Profit Margins

- > **In 2015**; EBITDA and Net Profit Margins were 17.6% and 9.4% respectively.
- > **In 2016**; EBITDA and Net Profit Margins are expected to be 15-17% and 6-8% respectively.

