



ErdemirGroup



2016 9 Months Consolidated Results

20 October 2016

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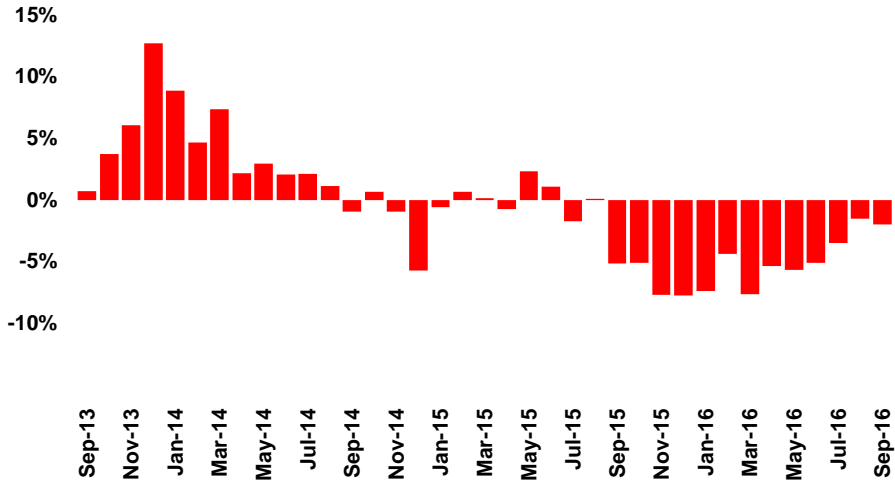


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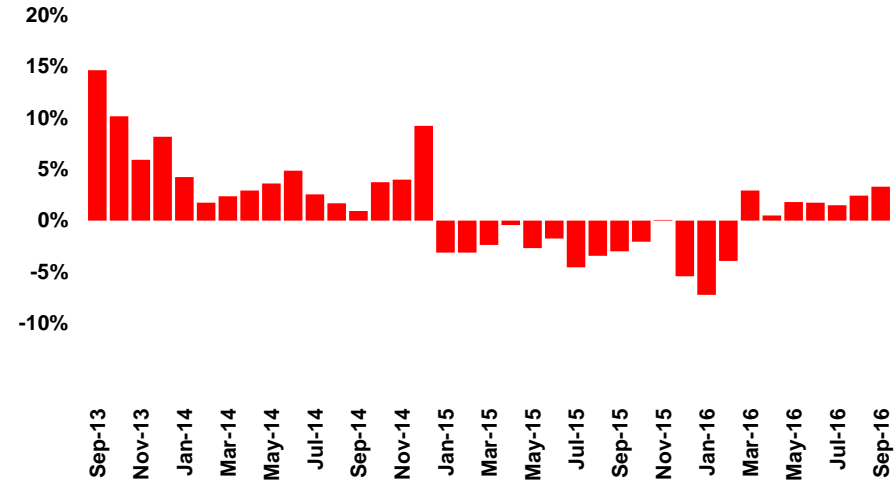
- > **2016 Market Overview**
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In CIS, HRC price was 395 USD/ton as of October 2016

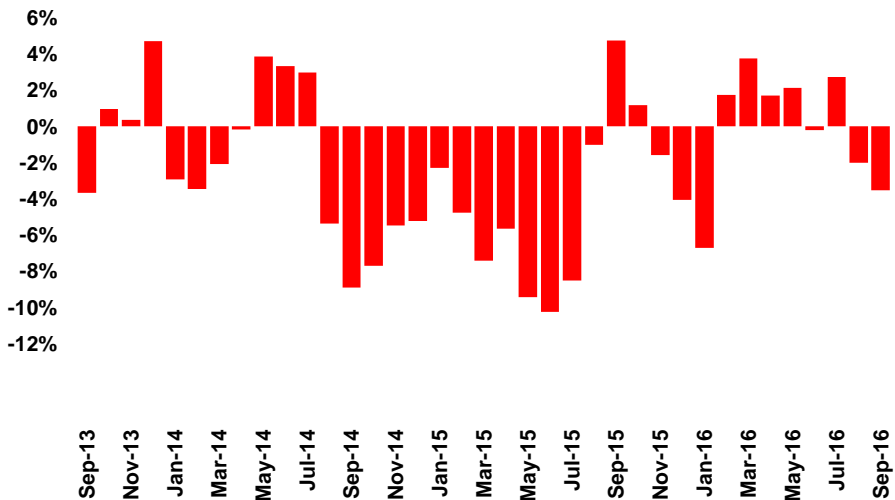
EU28 CRUDE STEEL PRODUCTION (YoY %)*



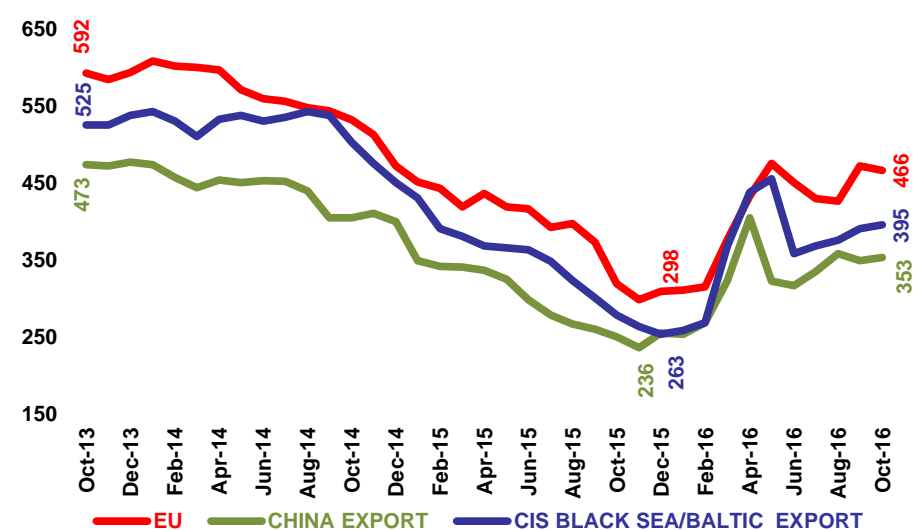
CHINA CRUDE STEEL PRODUCTION (YoY %)*



CIS CRUDE STEEL PRODUCTION (YoY %) *



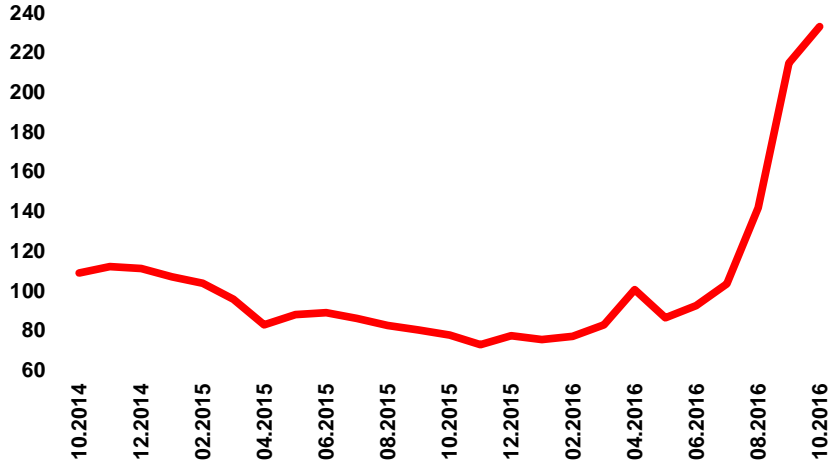
HRC PRICES (USD/TON)**



Coking coal price increased to 233 USD/ton as of October 2016

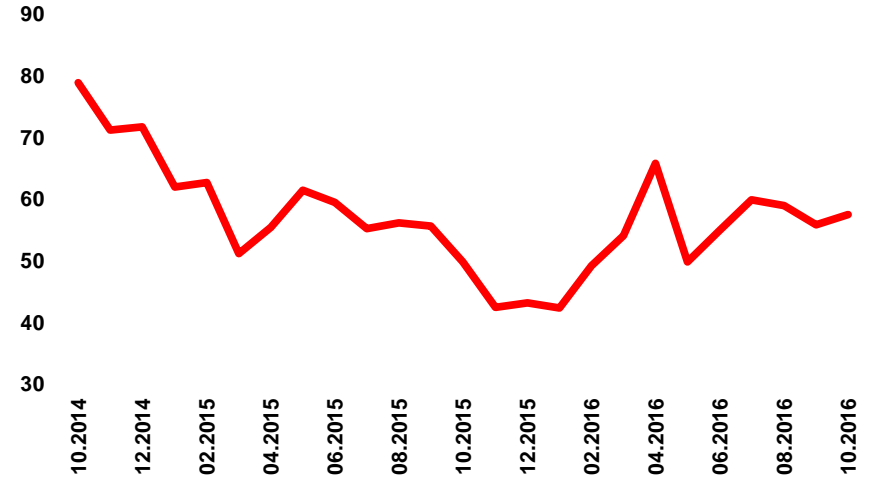
COKING COAL PRICES
(HCC PEAK DOWNS REGION FOB AUSTRALIA)

USD/TON



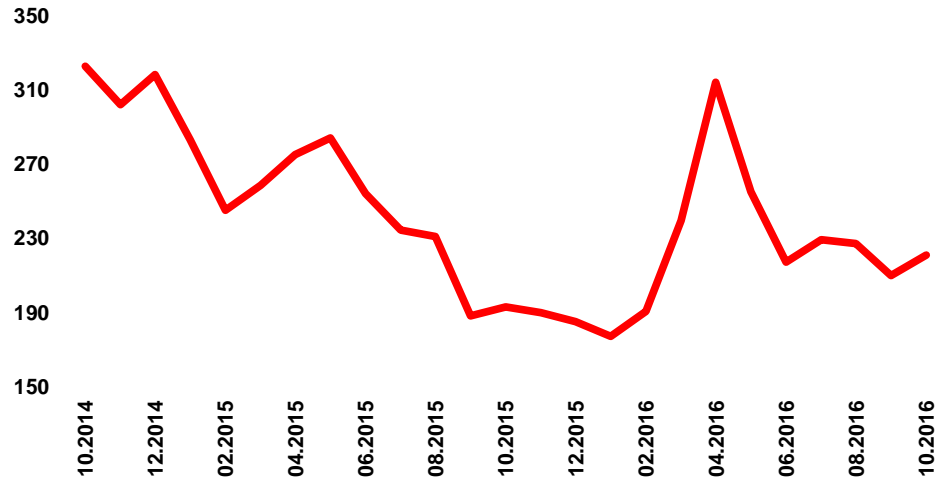
IRON ORE PRICES
(IODEX 62% FE CFR NORTH CHINA MID)

USD/TON



SCRAP PRICES
(HMS CFR TURKEY MID)

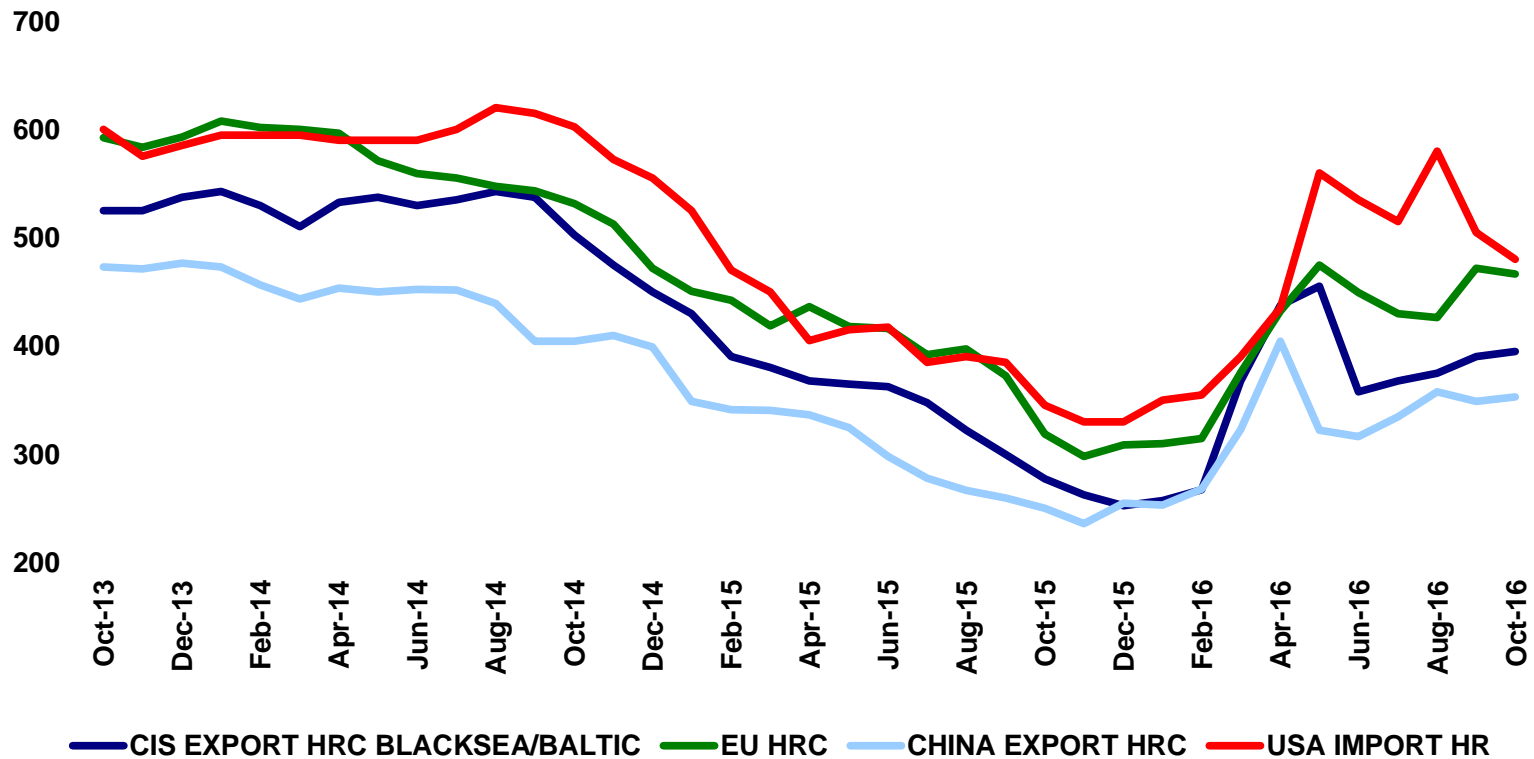
USD/TON





HRC prices are stabilizing

HRC PRICES (USD/Ton)

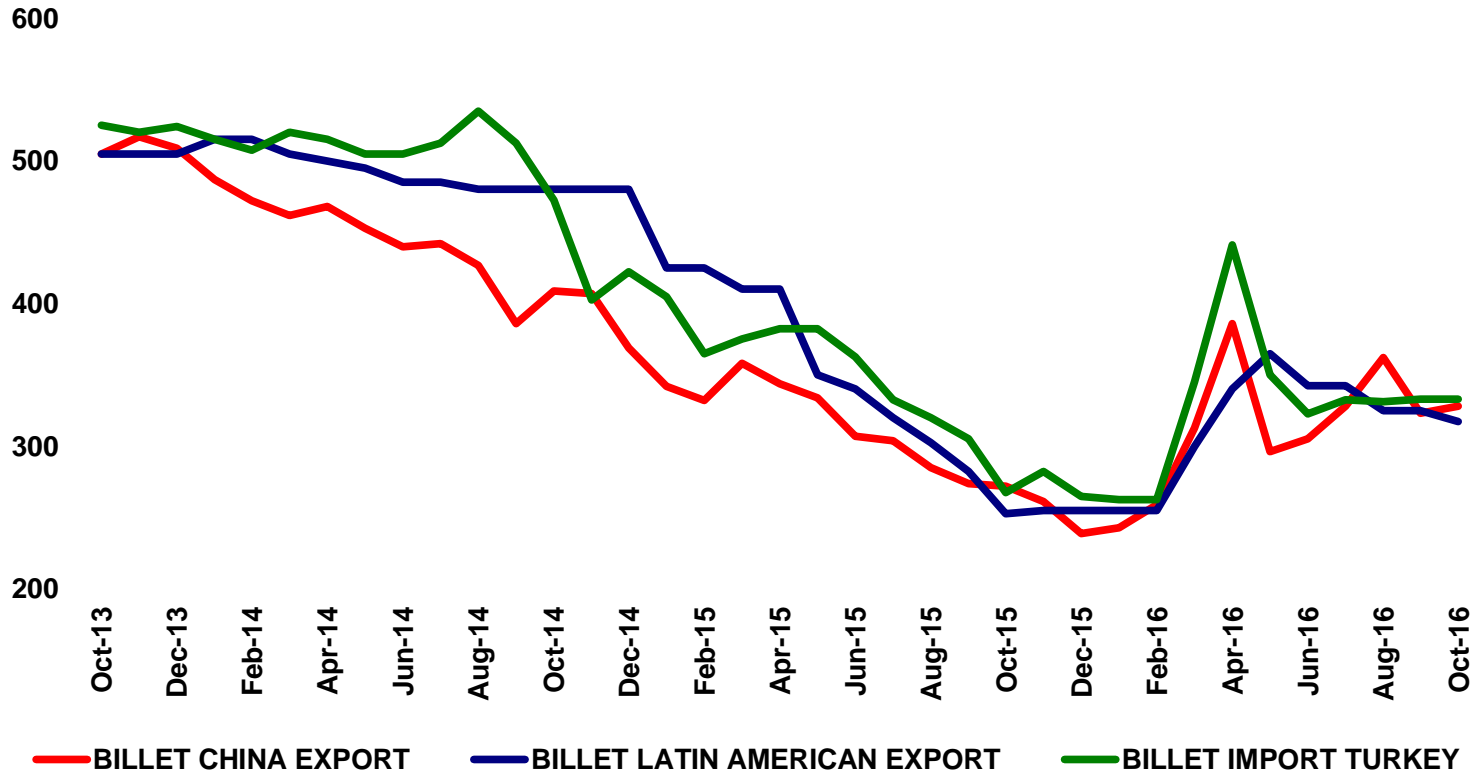


▶ As of October 2016, EU HRC price was 466 USD, China HRC export price was 353 USD, CIS export HRC price was 395 USD. The prices were 318 USD, 250 USD, 278 USD respectively by the end of October 2015.



Billet sales prices are stabilized

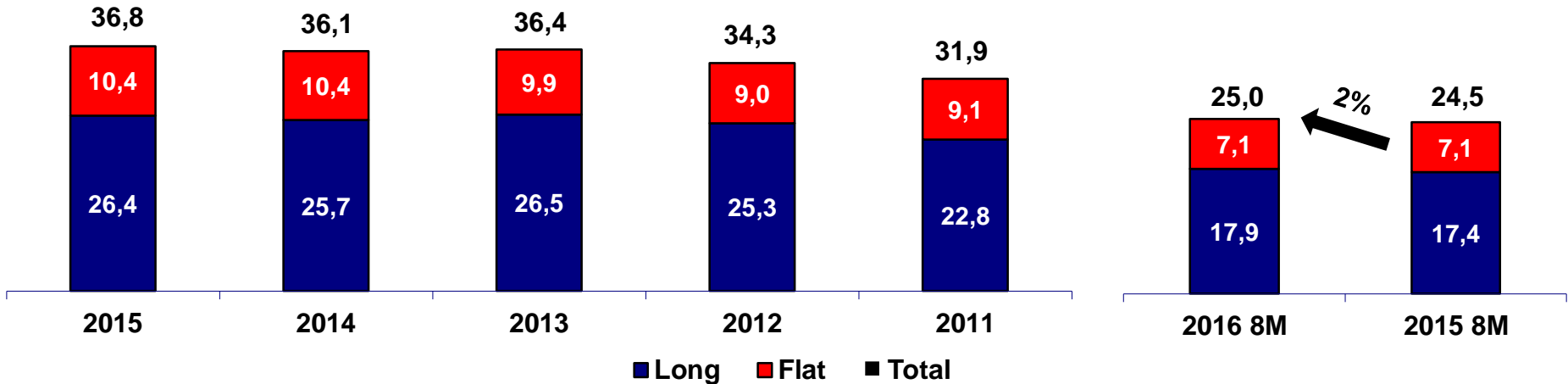
BILLET PRICES (USD/Ton)



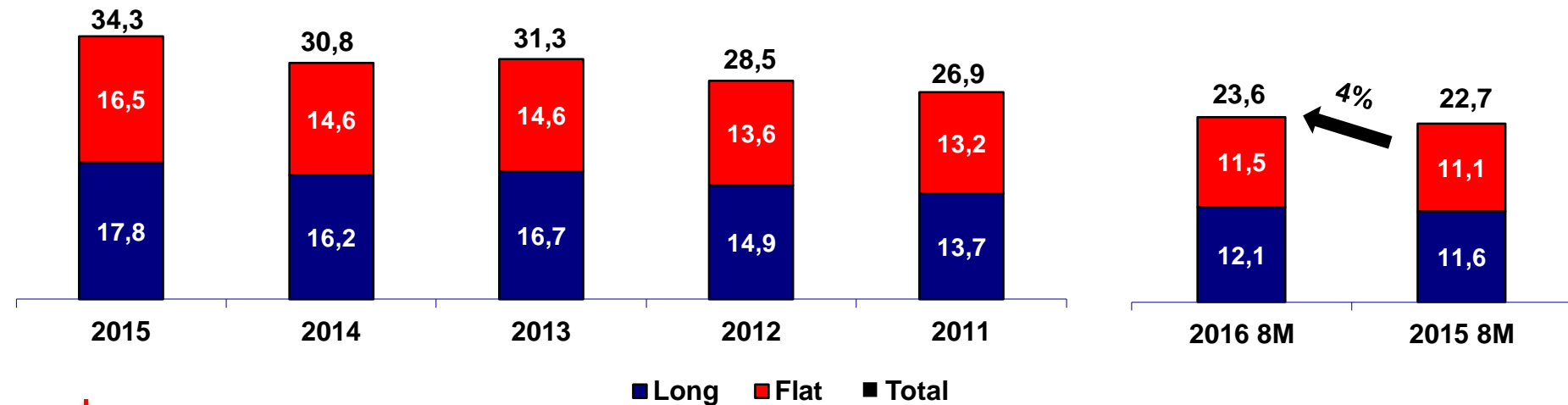
➡ As of October 2016, Turkey export price was 333 USD while it was 268 USD in October 2015.

Turkish steel consumption increased by 4% in 2016 8M YoY

PRODUCTION (000 TONS)

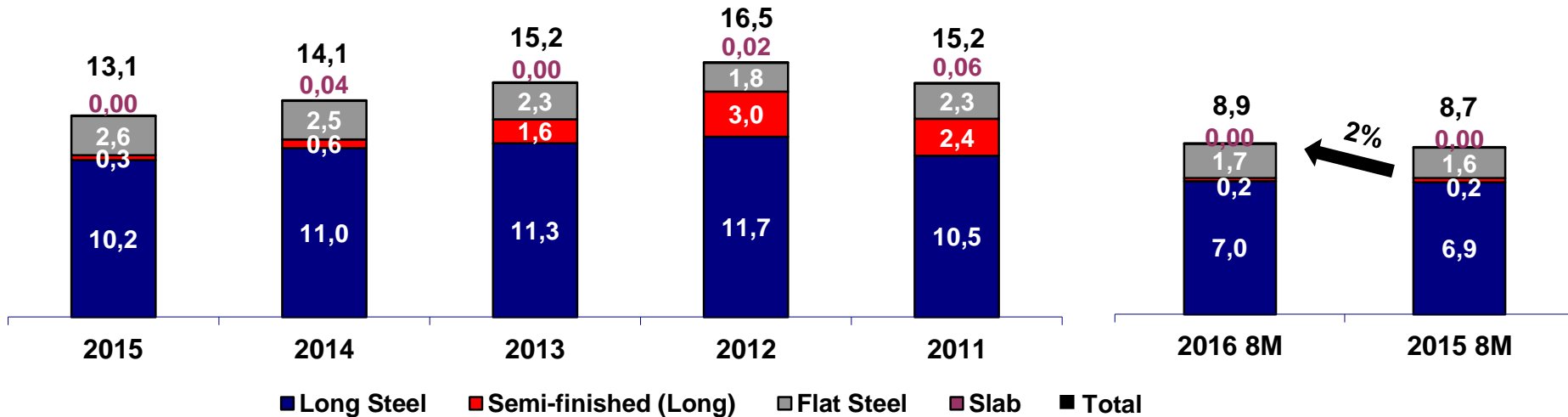


CONSUMPTION (000 TONS)

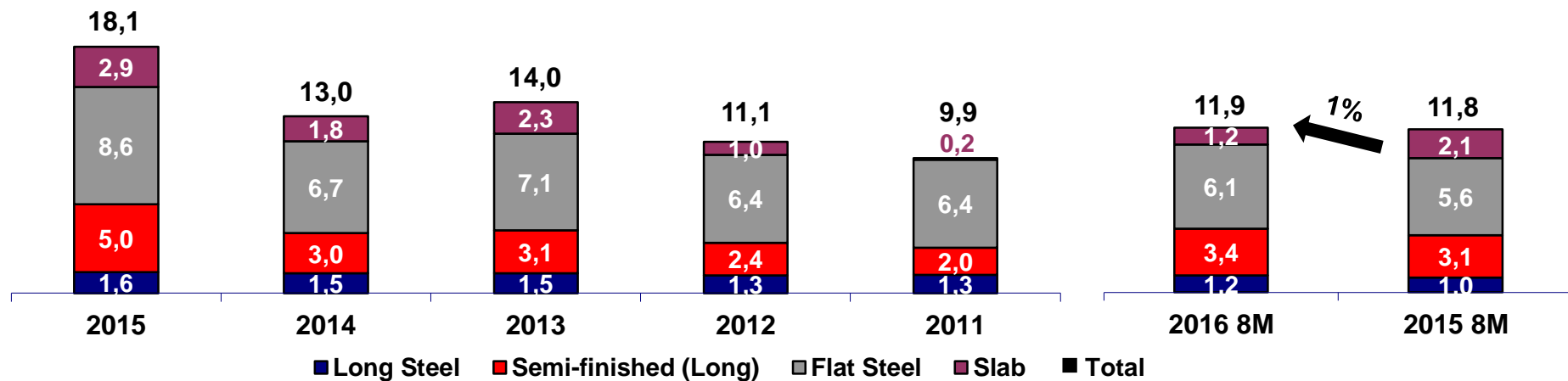


Turkish iron and steel product exports increased by 2% in 2016 8M YoY

IRON AND STEEL PRODUCT EXPORTS (000 TONS)

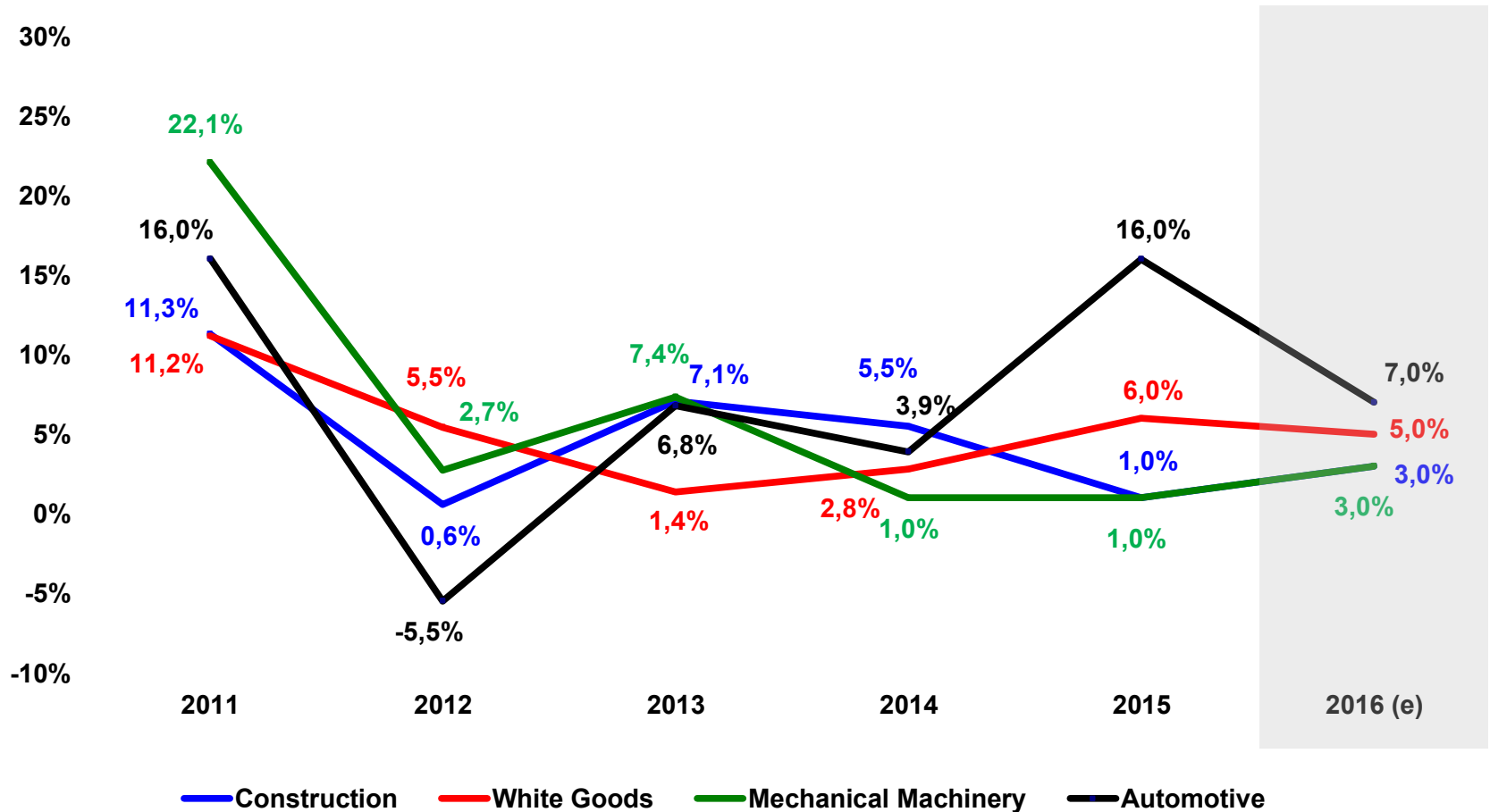


IRON AND STEEL PRODUCT IMPORTS (000 TONS)



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 9M	2015 9M	2015	2014
Liquid Steel Production	<i>(000 Tons)</i>	 6.932	6.811	9.122	8.693
Slab Production ⁽¹⁾	<i>(000 Tons)</i>	 5.652	5.581	7.349	7.363
Flat Steel Production ⁽²⁾	<i>(000 Tons)</i>	 5.359	5.558	7.400	6.954
Long Steel Production	<i>(000 Tons)</i>	 1.131	1.046	1.563	1.153
Flat Steel Shipments	<i>(000 Tons)</i>	 5.217	5.297	7.229	6.933
Long Steel Shipments	<i>(000 Tons)</i>	 1.128	1.014	1.552	1.163
Net Sales Revenue	<i>(M. USD)</i>	 2.709	3.356	4.382	5.252
EBITDA	<i>(M. USD)</i>	 593	712	770	1.136
Net Profit For The Year	<i>(M. USD)</i>	 333	410	414	732

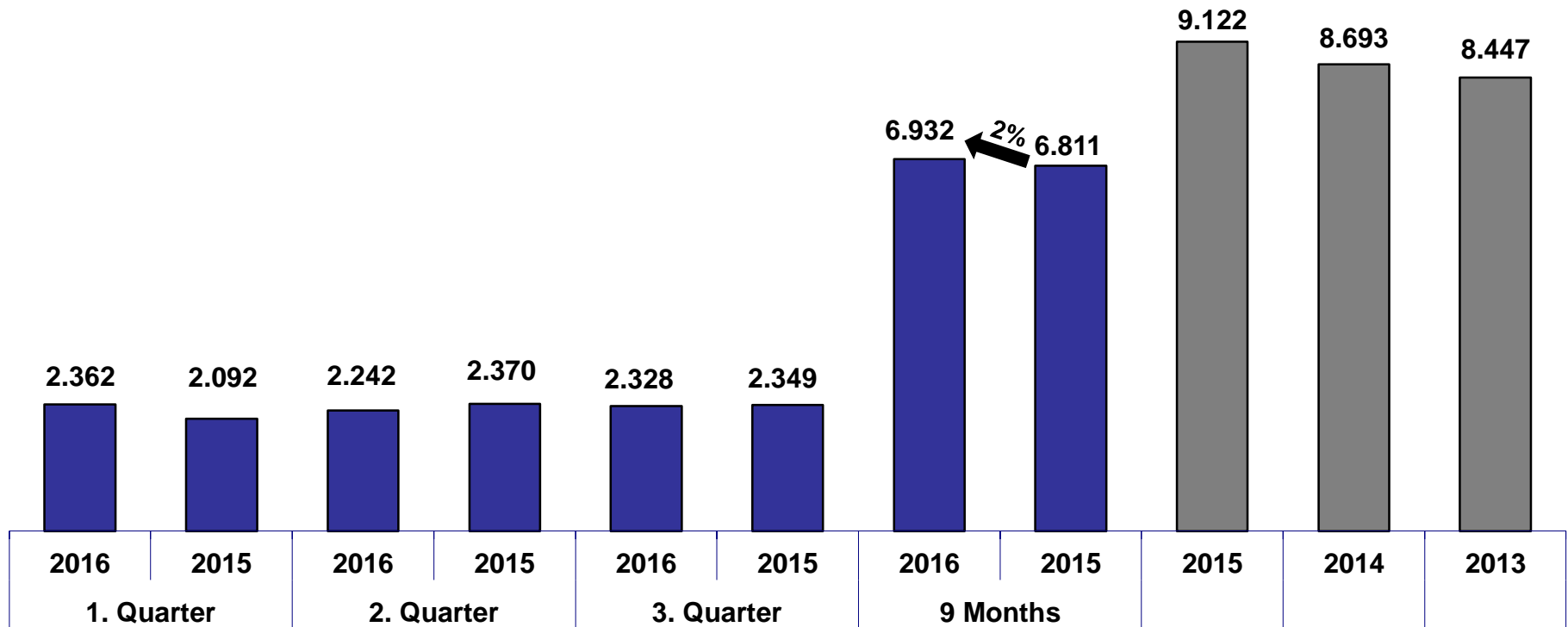
All figures are on IFRS consolidated basis unless stated otherwise.

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

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

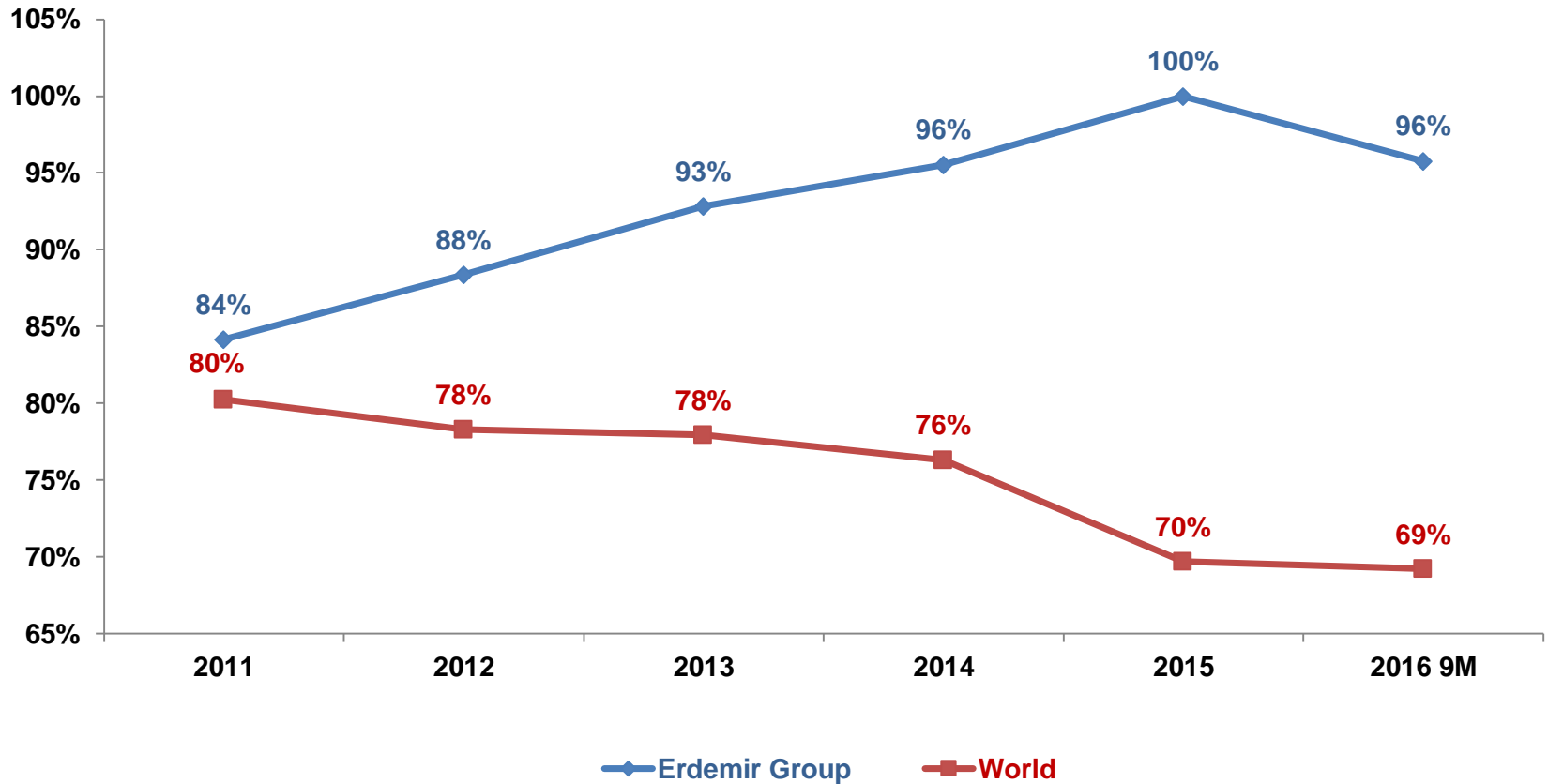
Liquid steel production increased by 2% in 2016 9M YoY

LIQUID STEEL PRODUCTION (000 TONS)



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

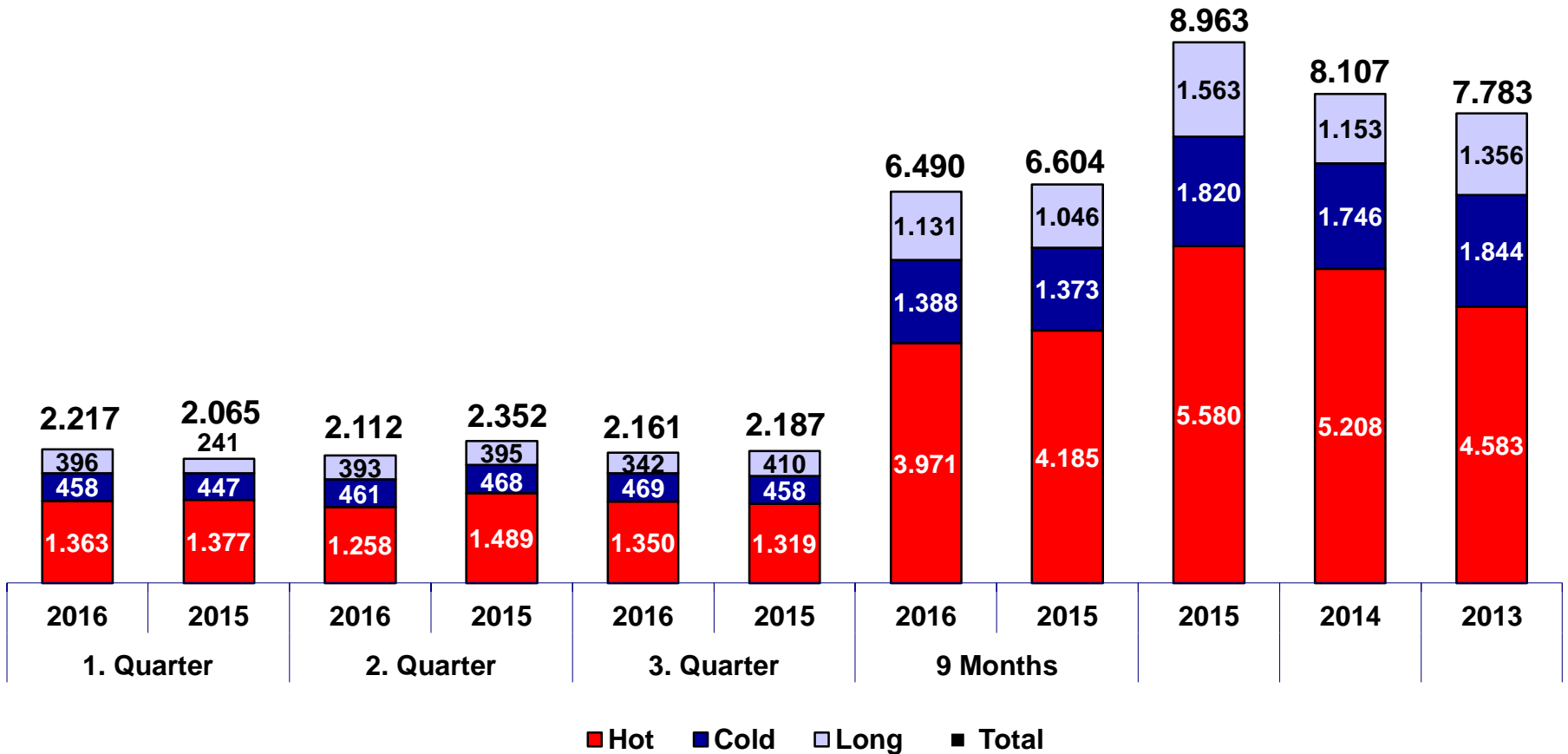
CRUDE STEEL CAPACITY UTILIZATION RATIO





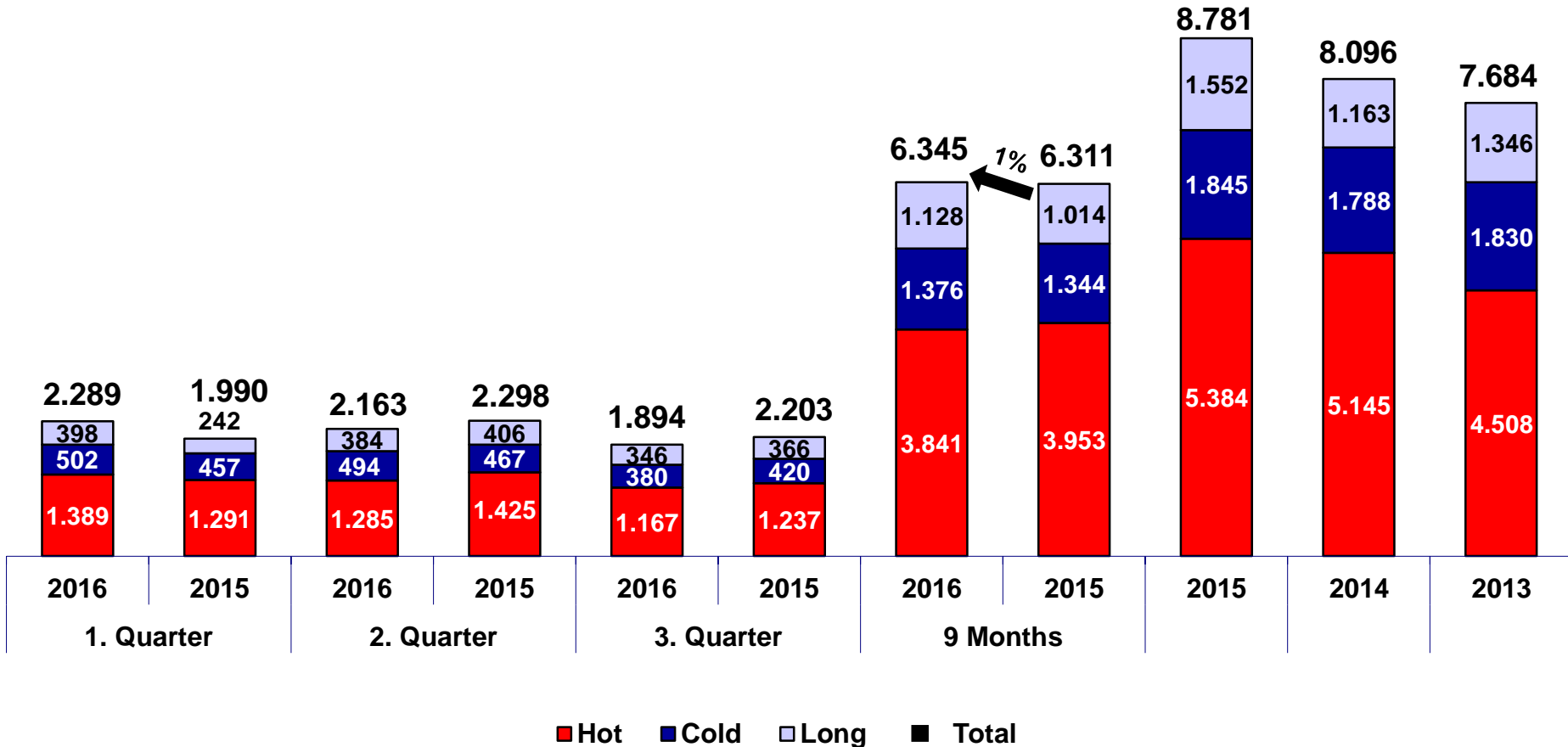
Production was 6,5 million tons in 2016 9M

PRODUCTION VOLUMES (000 TONS)



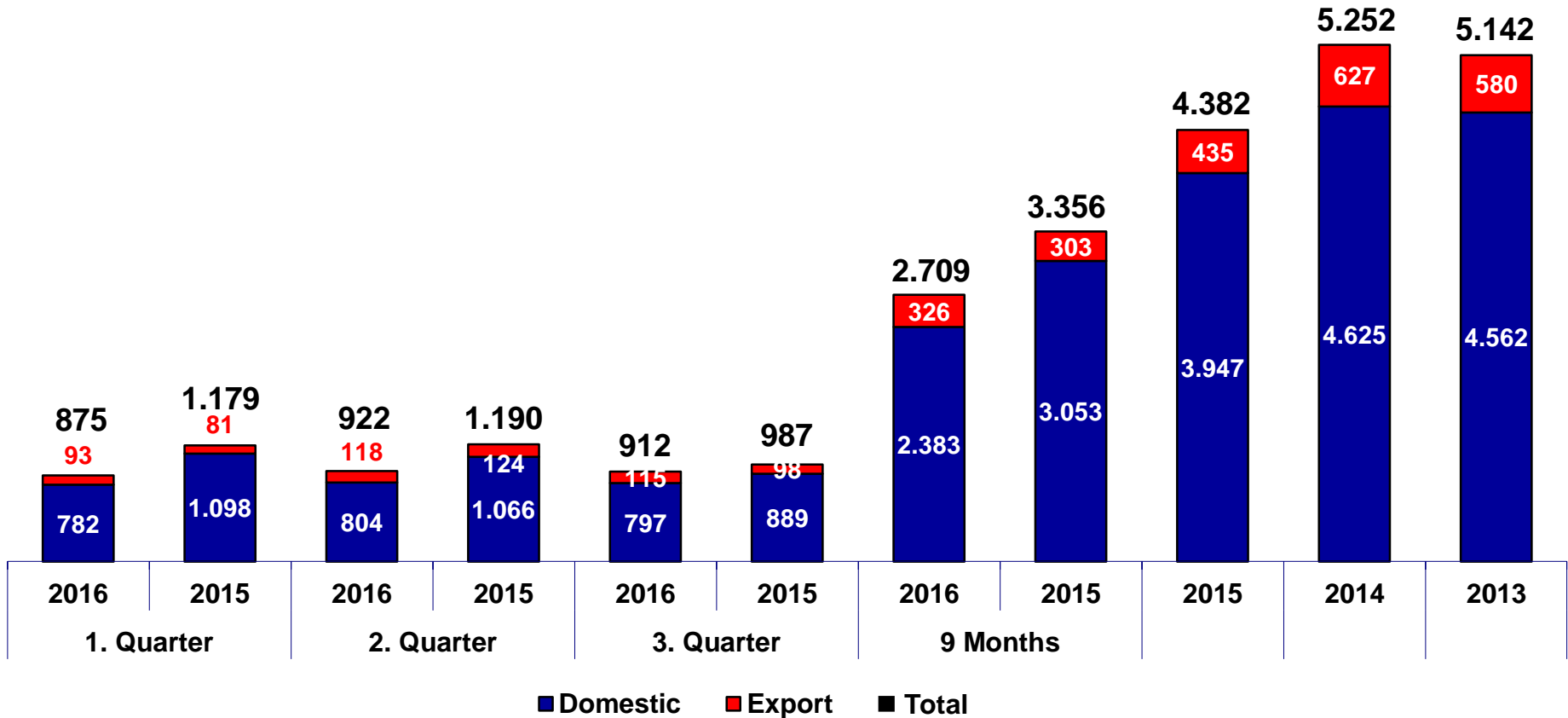
Sales volumes was 6,3 million tons in 2016 9M

SALES VOLUMES (000 TONS)



Net sales revenue was 2,7 billion USD in 2016 9M

NET SALES REVENUE (MILLION USD)

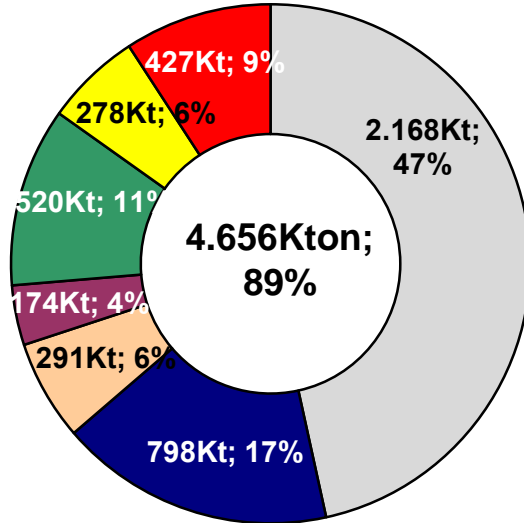


Sales to pipe&profile, automotive and white goods sectors increased in 2016 9M YoY



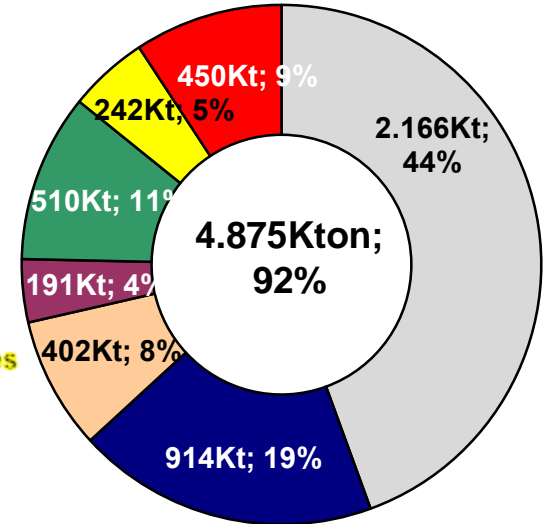
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2016 9M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

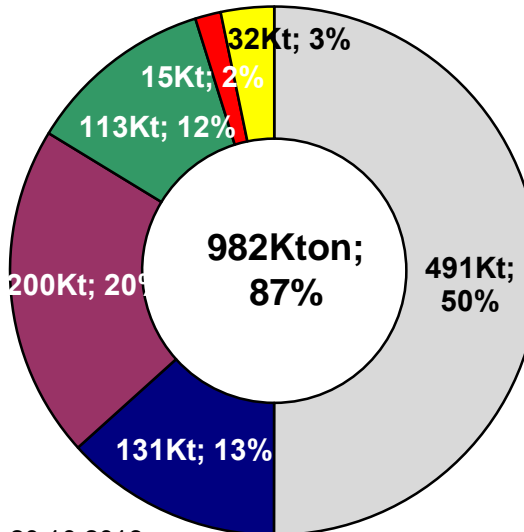


- Pipe&Profile Producers and Re-rollers
- Distribution Chains
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

2015 9M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

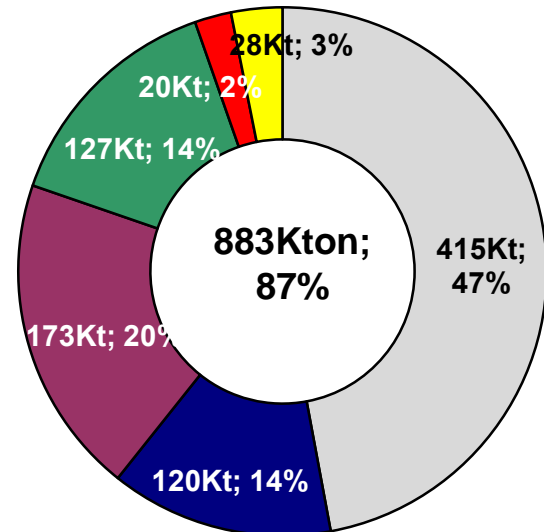


2016 9M LONG STEEL DOMESTIC SALES BREAKDOWN (%)



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

2015 9M LONG STEEL DOMESTIC SALES BREAKDOWN (%)

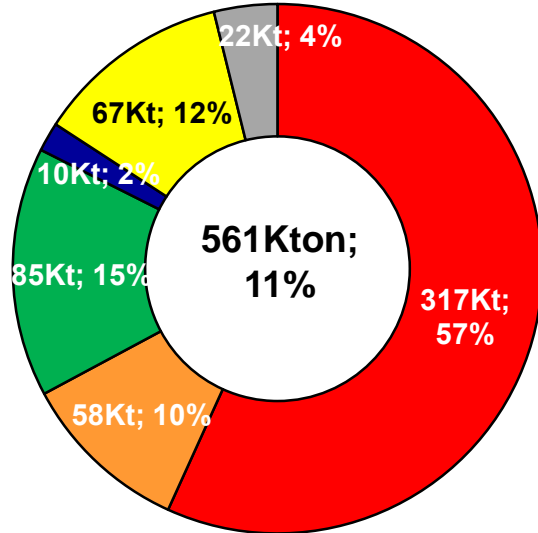


Flat steel sales to EU countries was 57% of our flat export in 2016 9M



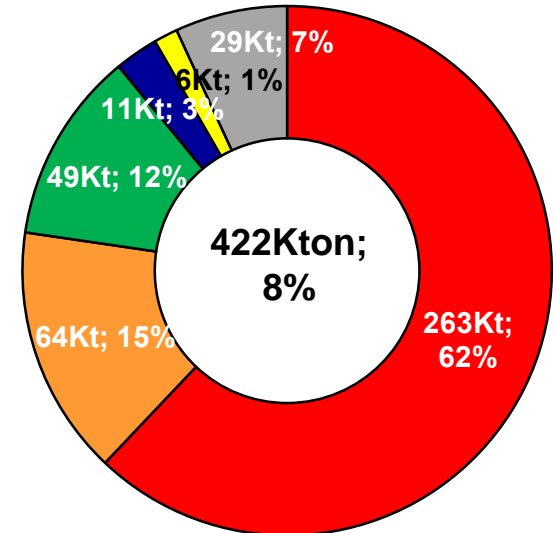
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2016 9M FLAT STEEL EXPORTS BREAKDOWN (%)

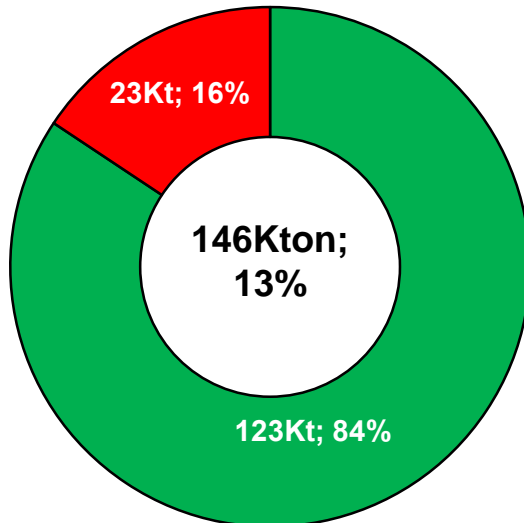


- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

2015 9M FLAT STEEL EXPORTS BREAKDOWN (%)

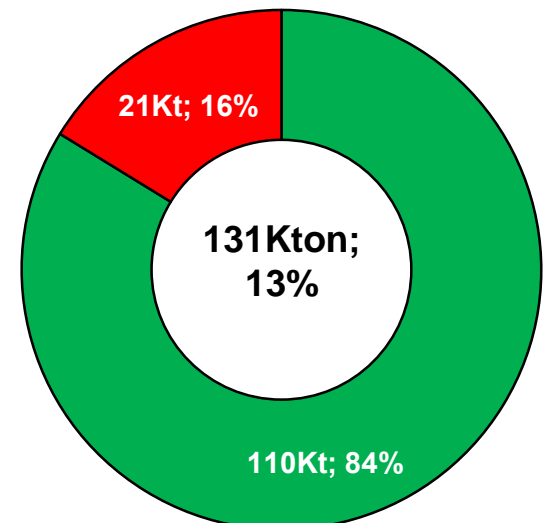


2016 9M LONG STEEL EXPORTS BREAKDOWN (%)



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

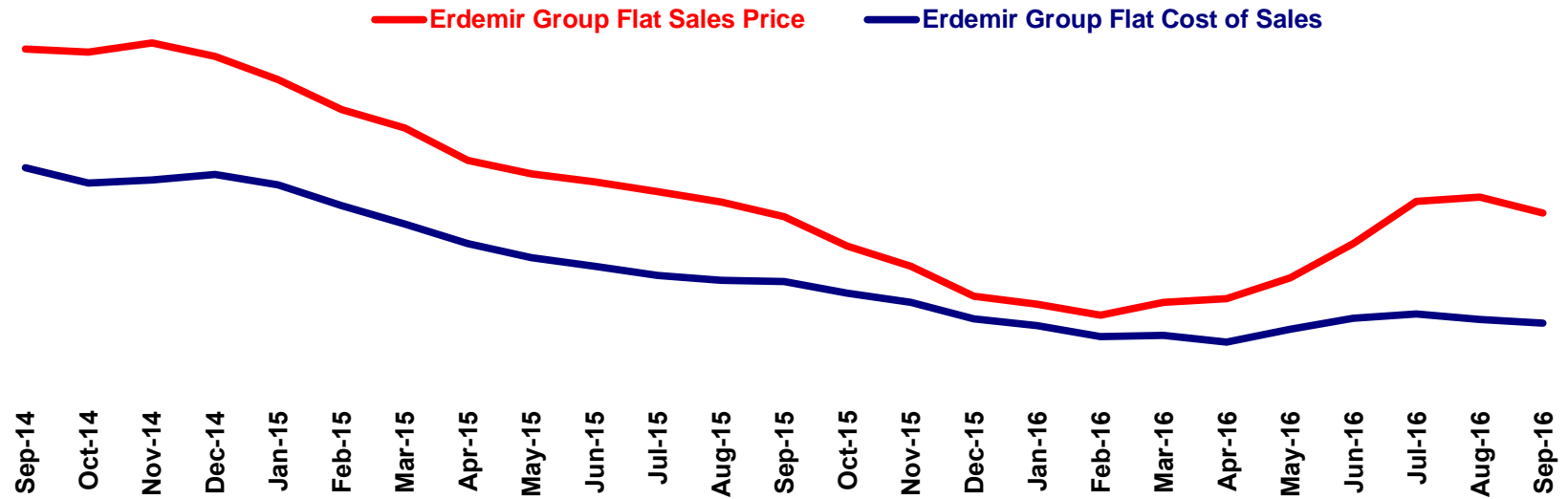
2015 9M LONG STEEL EXPORTS BREAKDOWN (%)



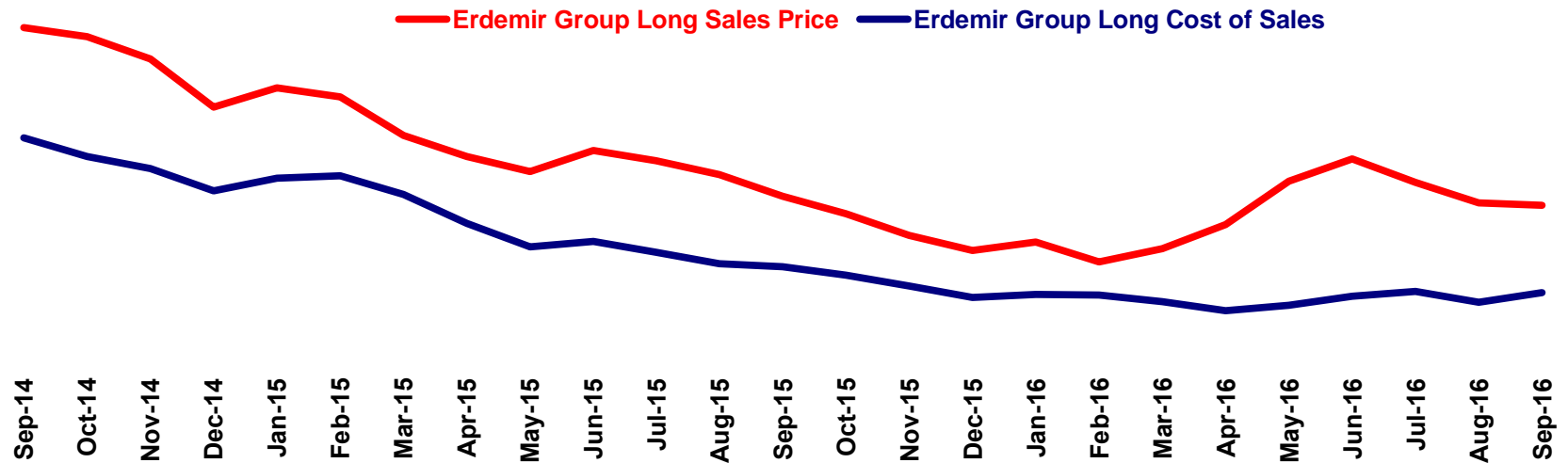
In 2016 9M, Erdemir Group average flat and long steel prices were 431 USD/ton and 366 USD/ton respectively



USD/TON



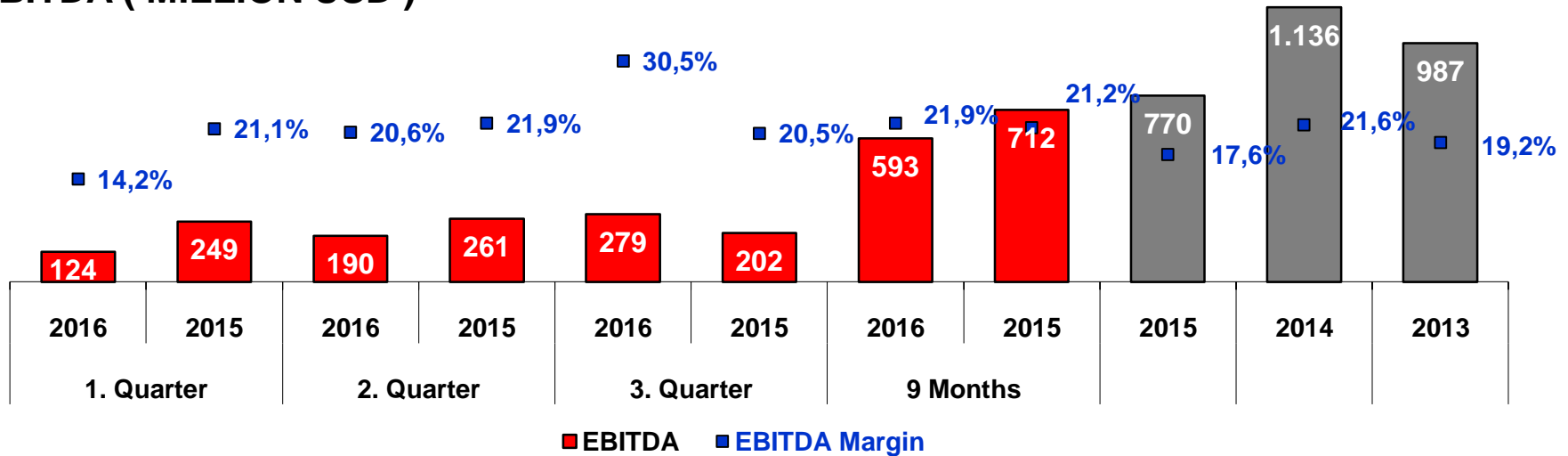
USD/TON



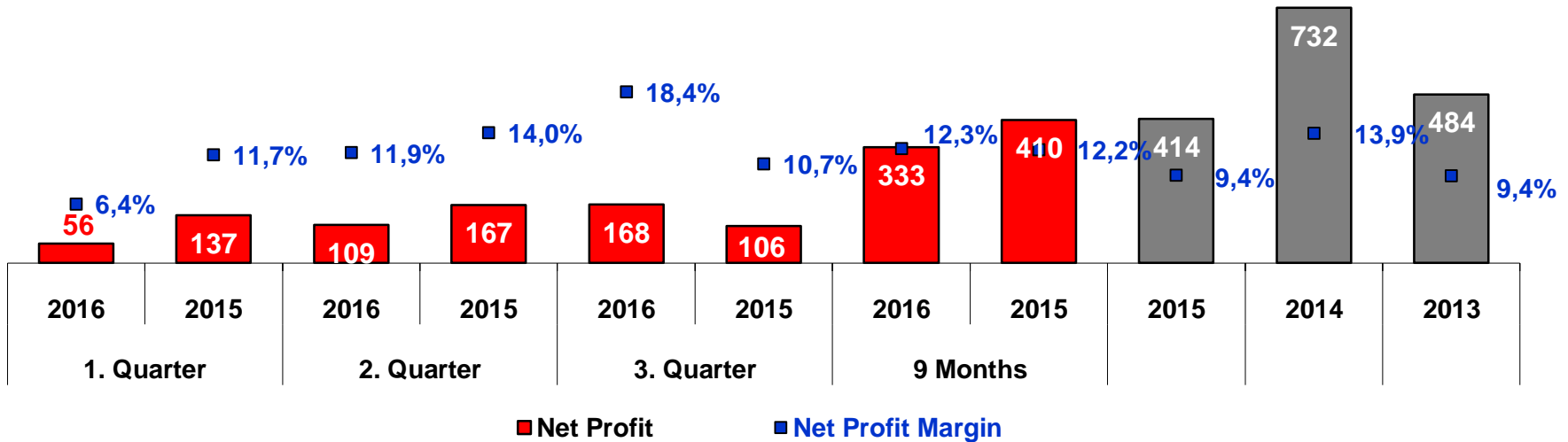


EBITDA decreased by 17% in 2016 9M YoY

EBITDA (MILLION USD)



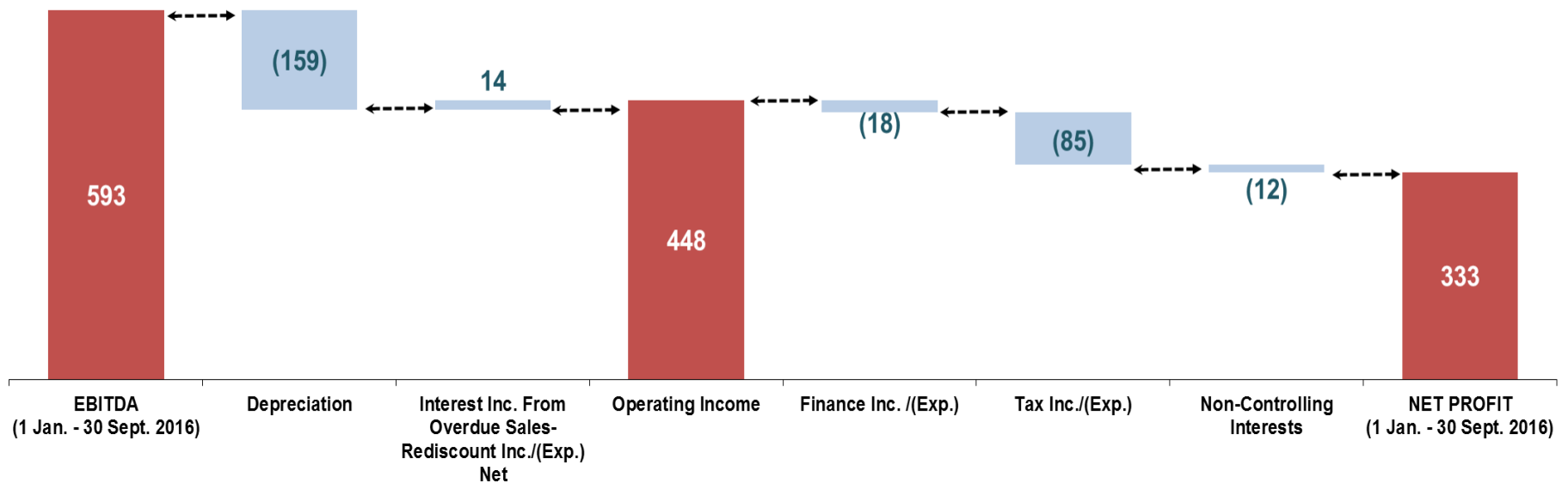
NET PROFIT (MILLION USD)





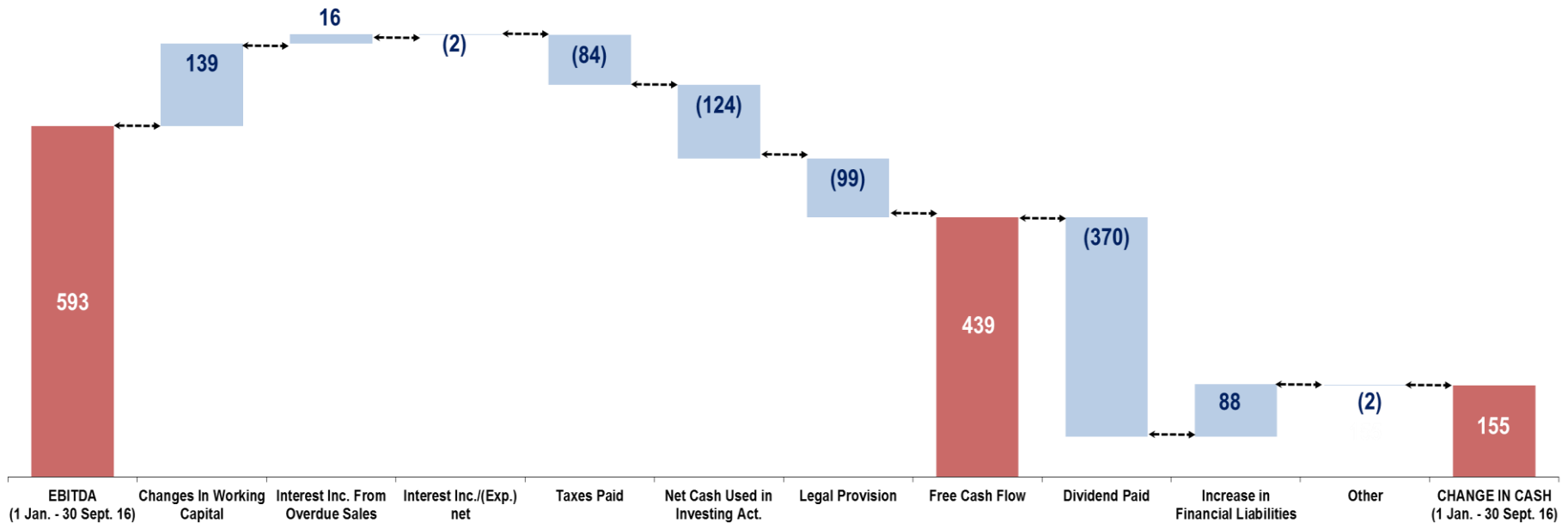
EBITDA was 593 million USD in 2016 9M

Consolidated EBITDA => Consolidated Net Profit (Million USD)



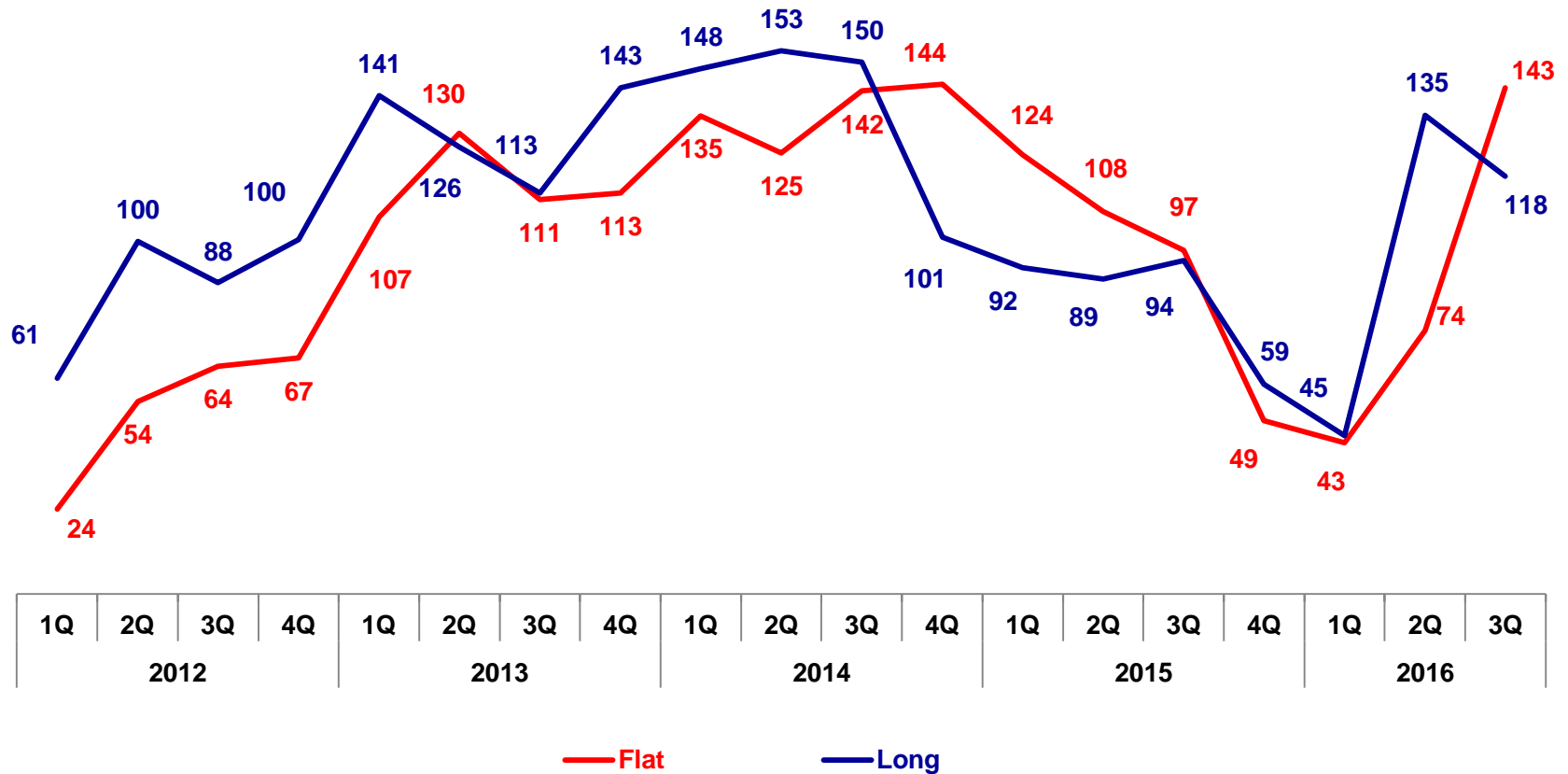
Due to the cash, which is provided from working capital, high dividend payment didn't have a negative effect on liquidity

Consolidated EBITDA => Consolidated Net Cash (Million USD)



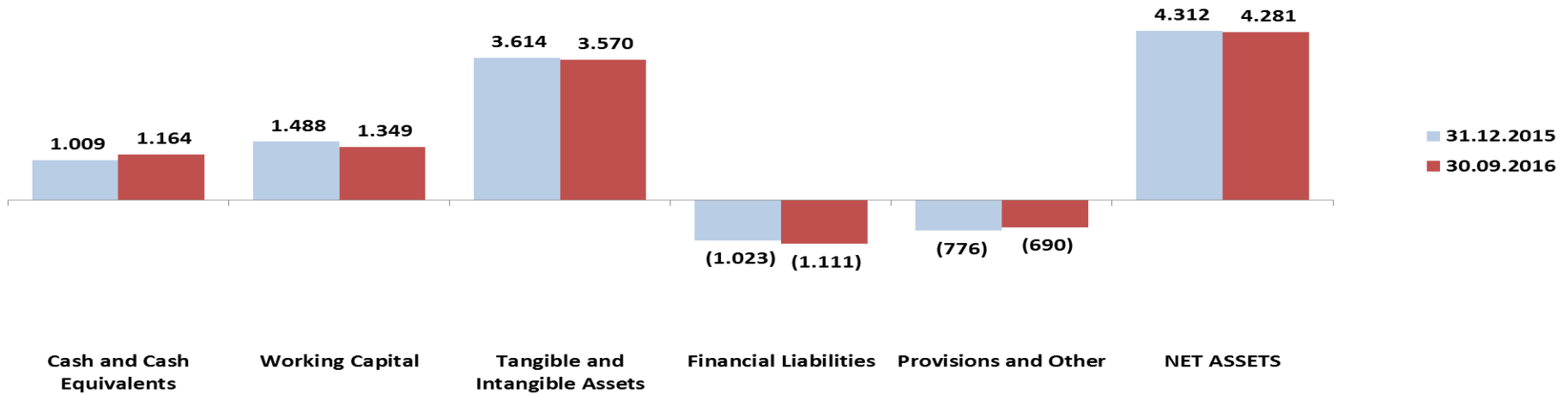
EBITDA per ton for flat product was 143 USD/ton in 2016 3Q

EBITDA PER TON (USD/TON) *

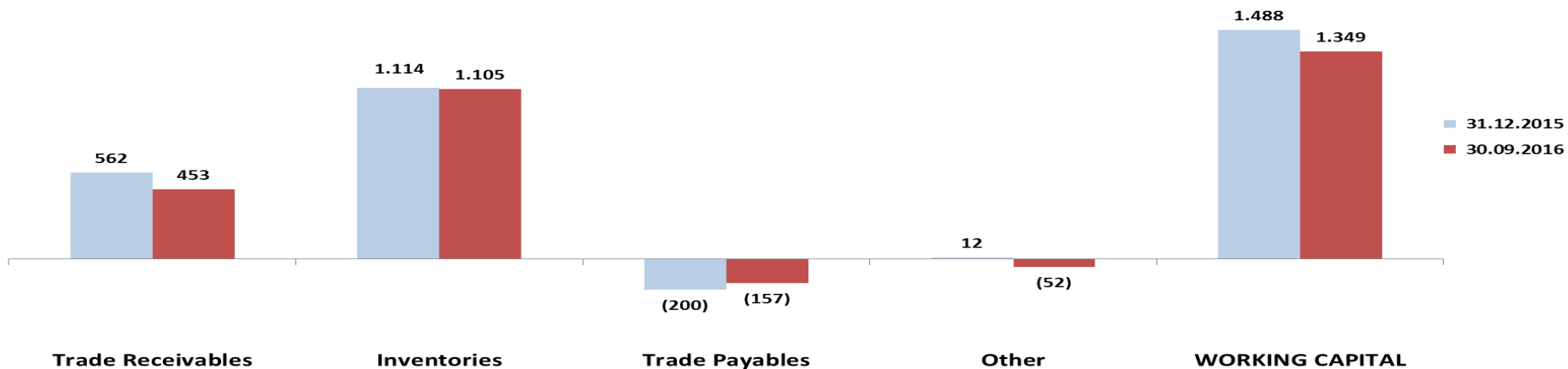


Net assets were 4,3 billion USD at the end of September 2016

CONSOLIDATED NET ASSETS (MILLION USD)

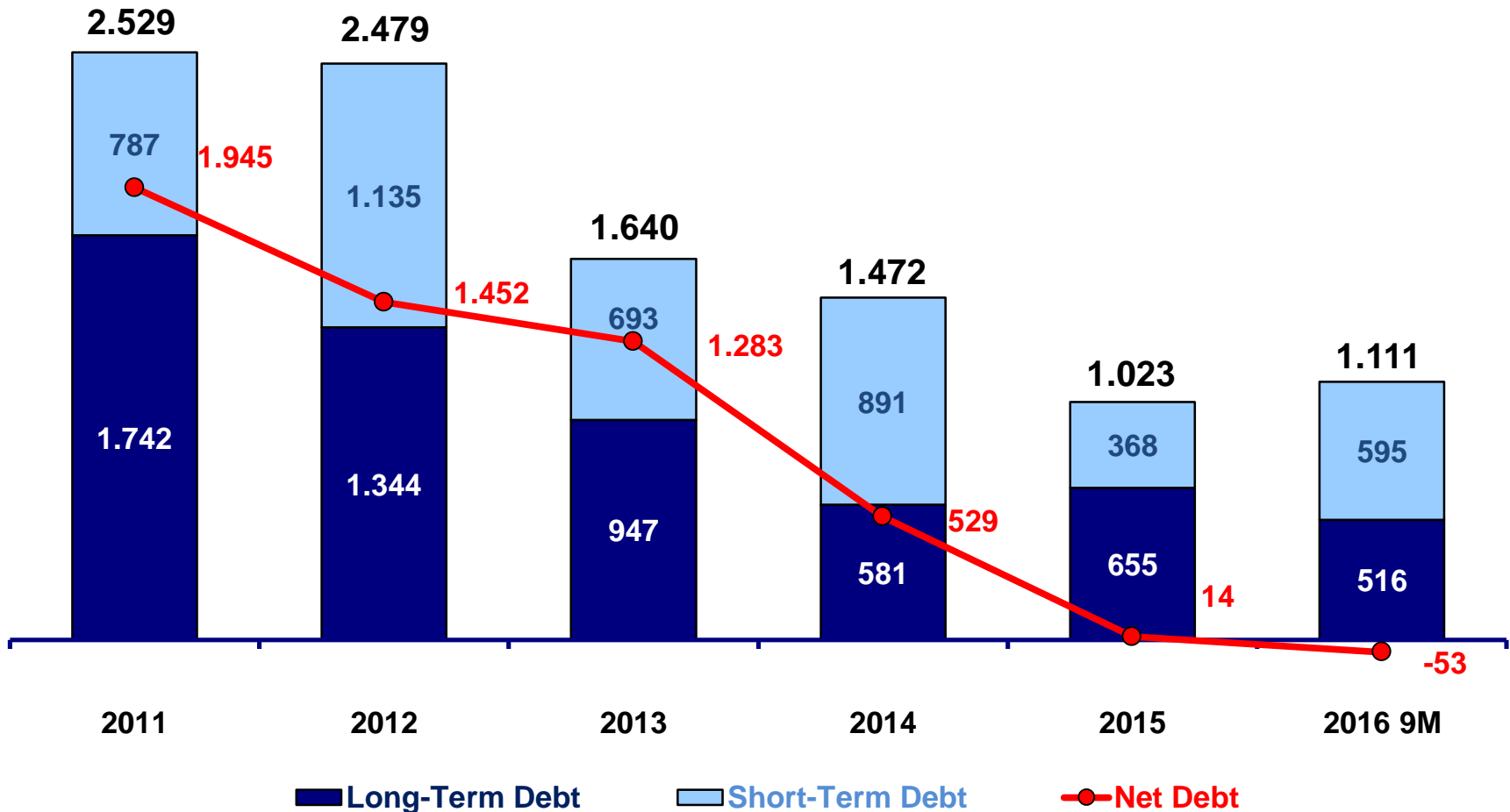


WORKING CAPITAL (MILLION USD)



Despite the high dividend payments, there is no net debt

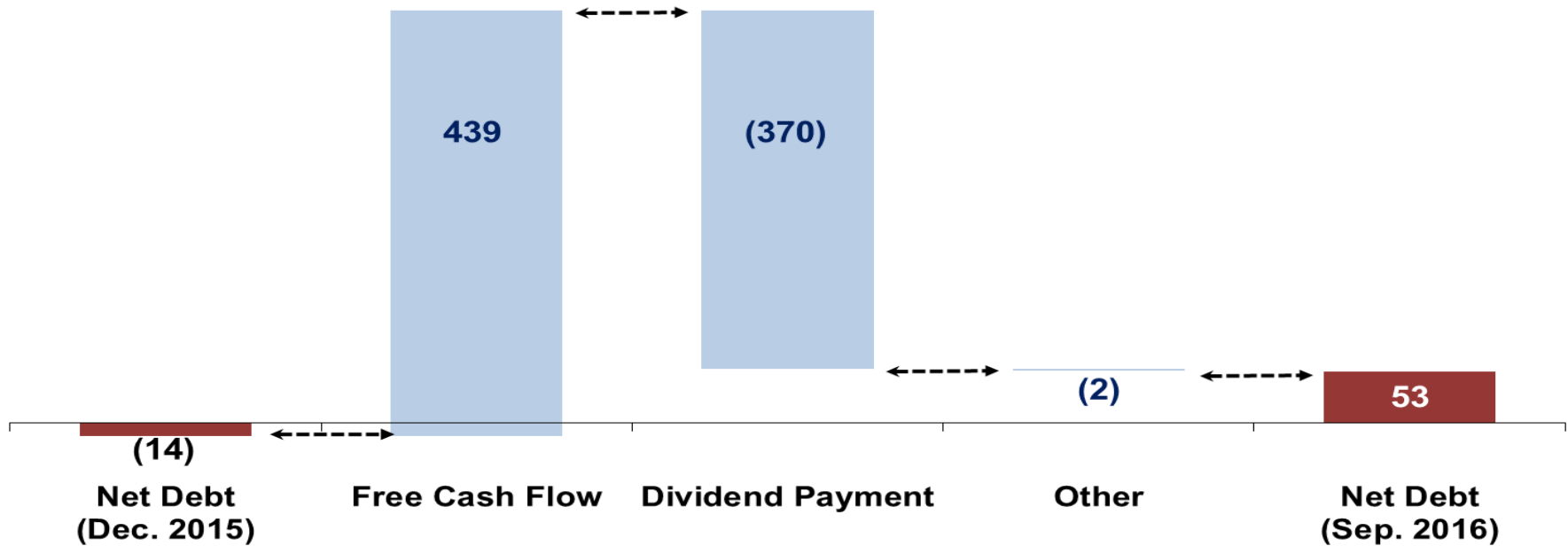
BORROWINGS (MILLION USD)





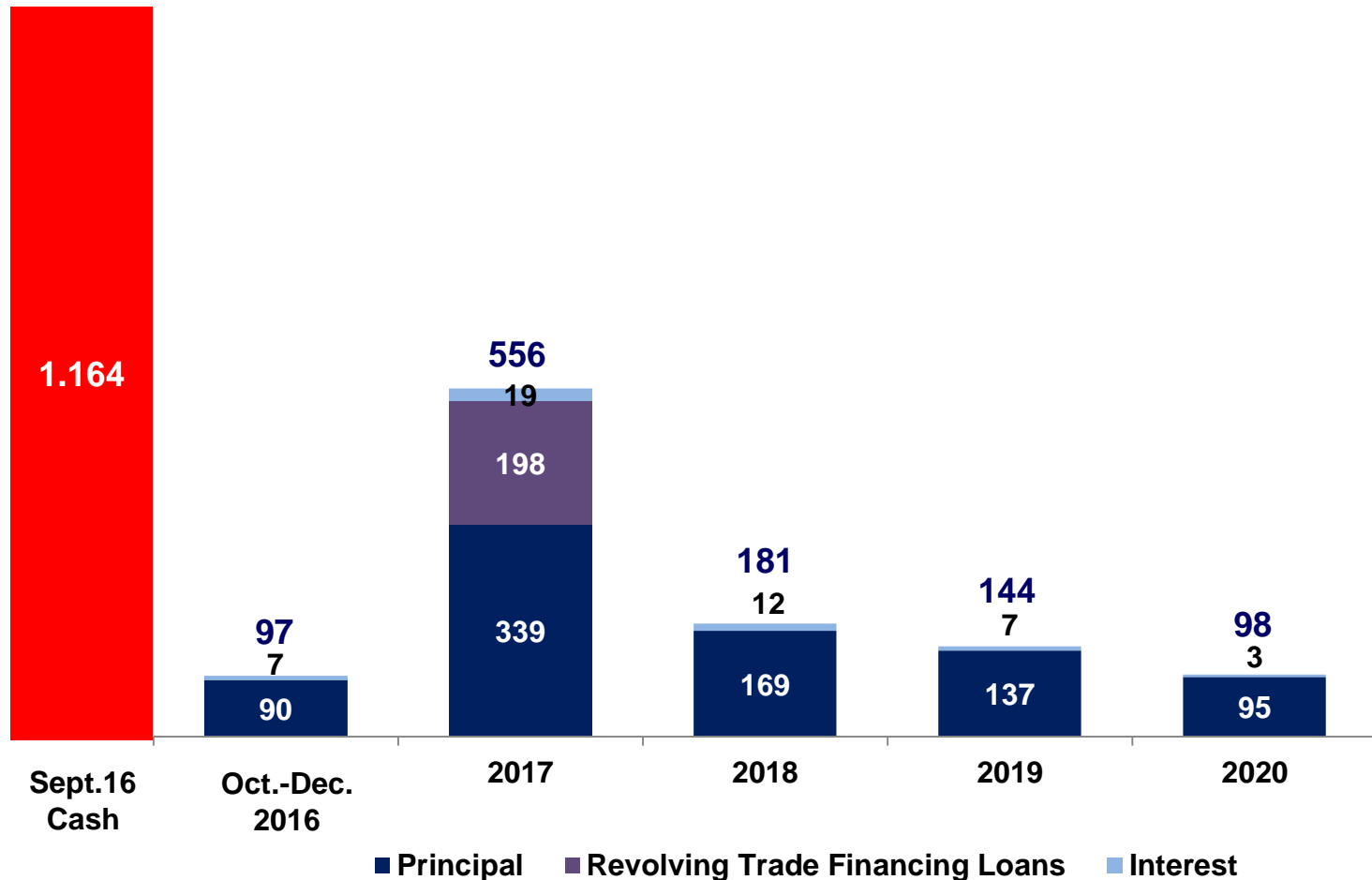
Net debt was positive at the end of 2016 3Q

NET DEBT (MILLION USD)



Erdemir Group has 1.164 million USD cash and cash equivalents at the end of September 2016

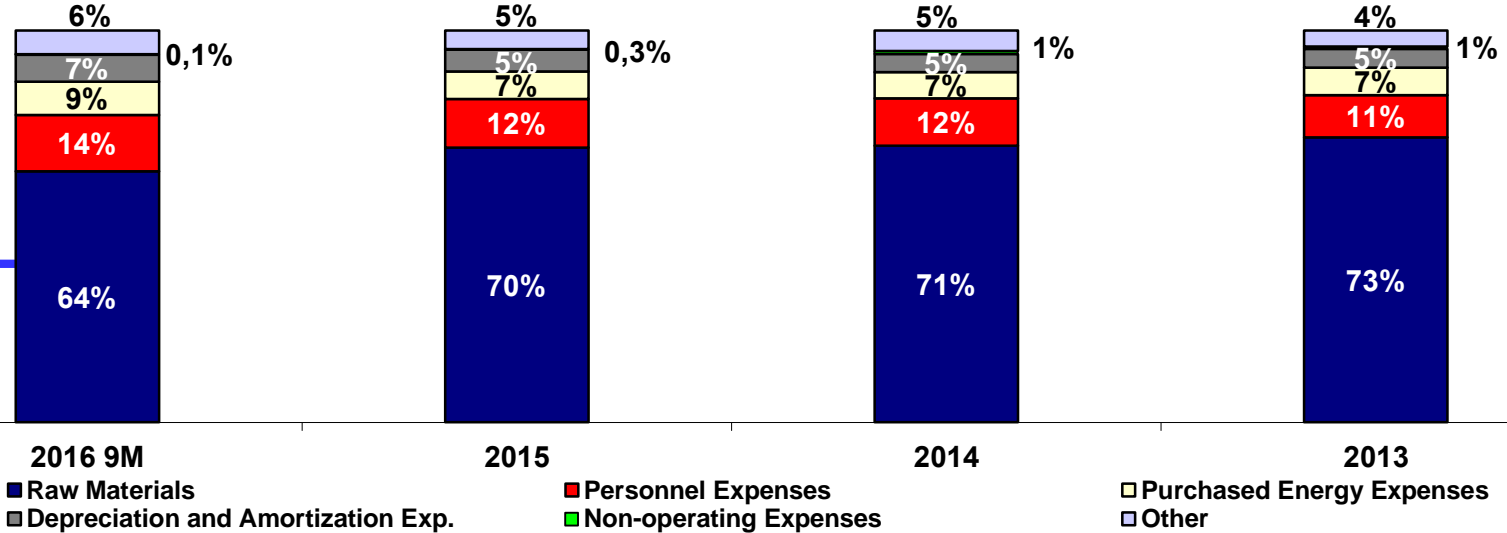
BORROWINGS MATURITY PROFILE (MILLION USD)



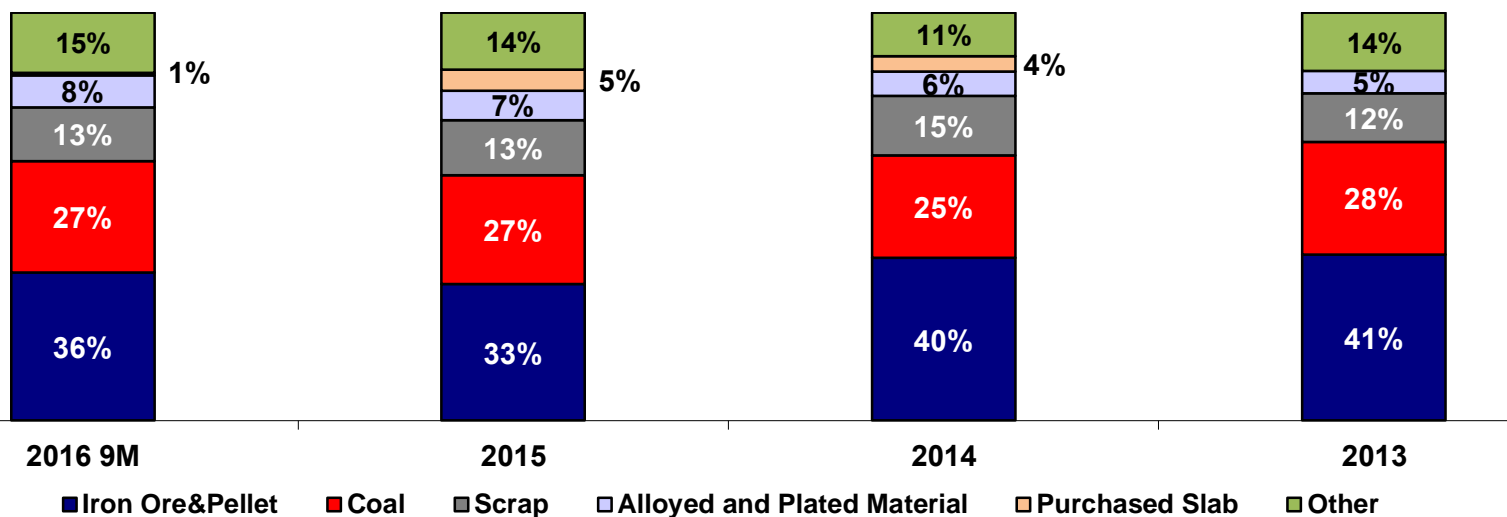


Raw materials made up 64% of the cost of sales

COST OF SALES BREAKDOWN* - %

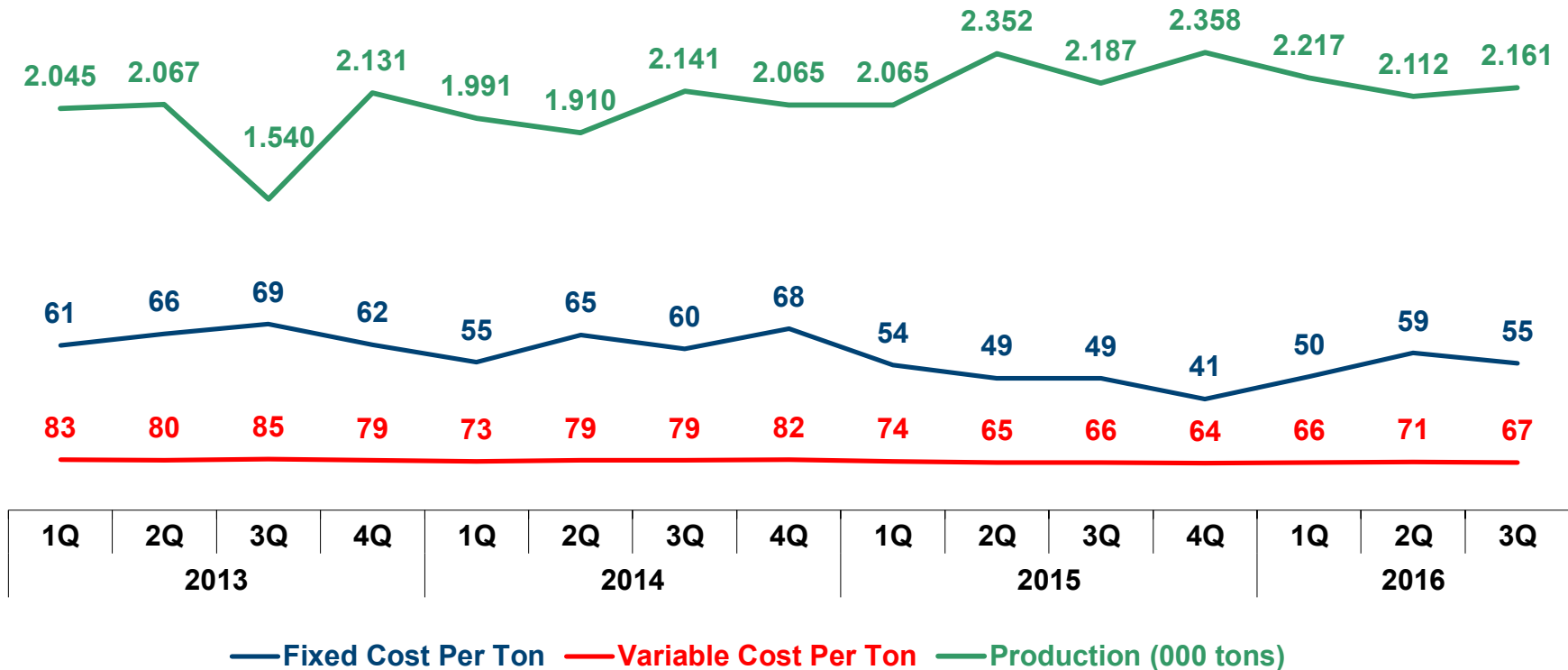


RAW MATERIALS BREAKDOWN - %



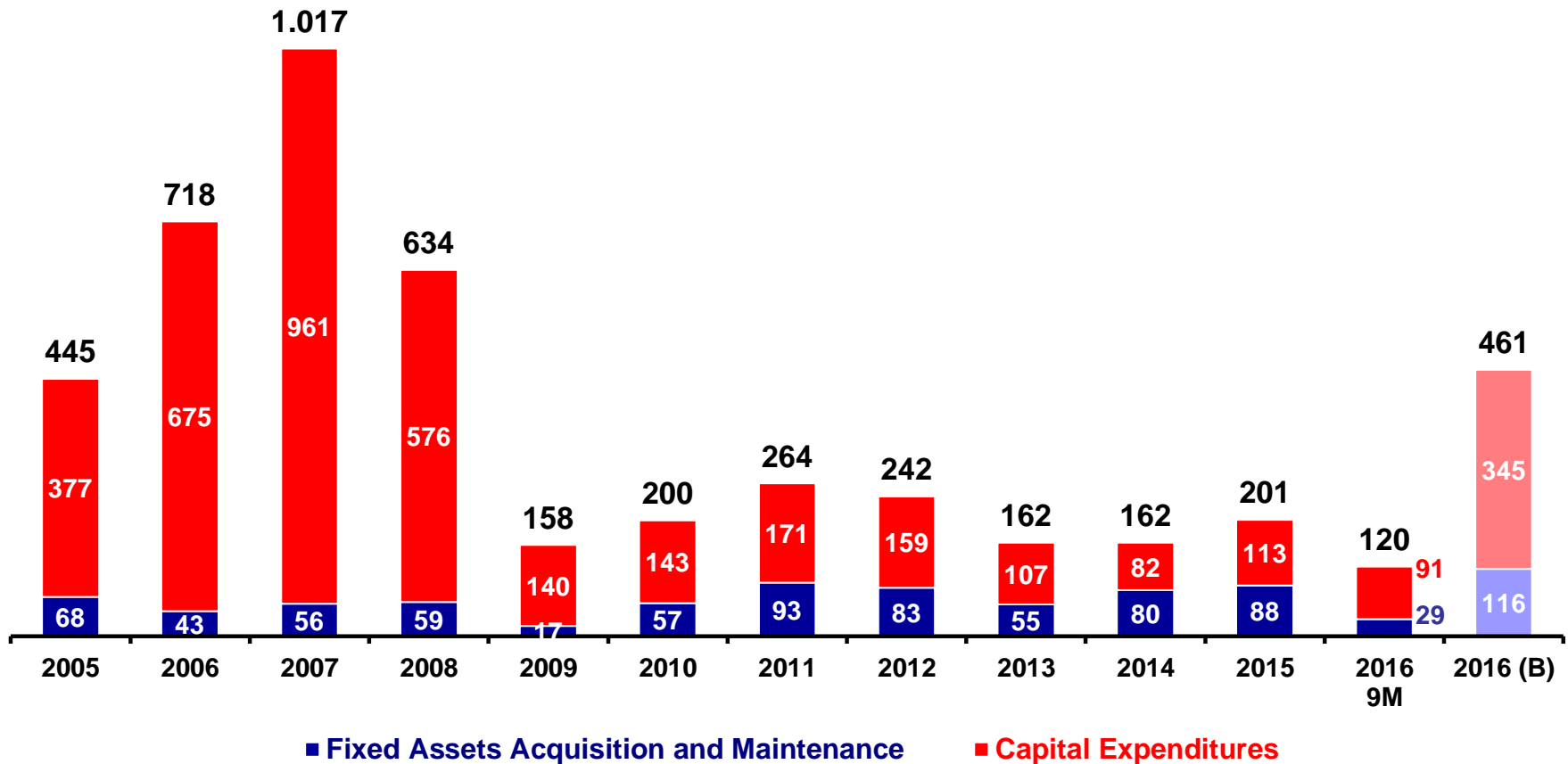
Conversion cost per ton excluding depreciation was realised as 122 USD/ton in 2016 3Q

MAIN PRODUCT CONVERSION COSTS (USD/TON)



Capital expenditures of 461 million USD is planned for 2016*

(M USD)

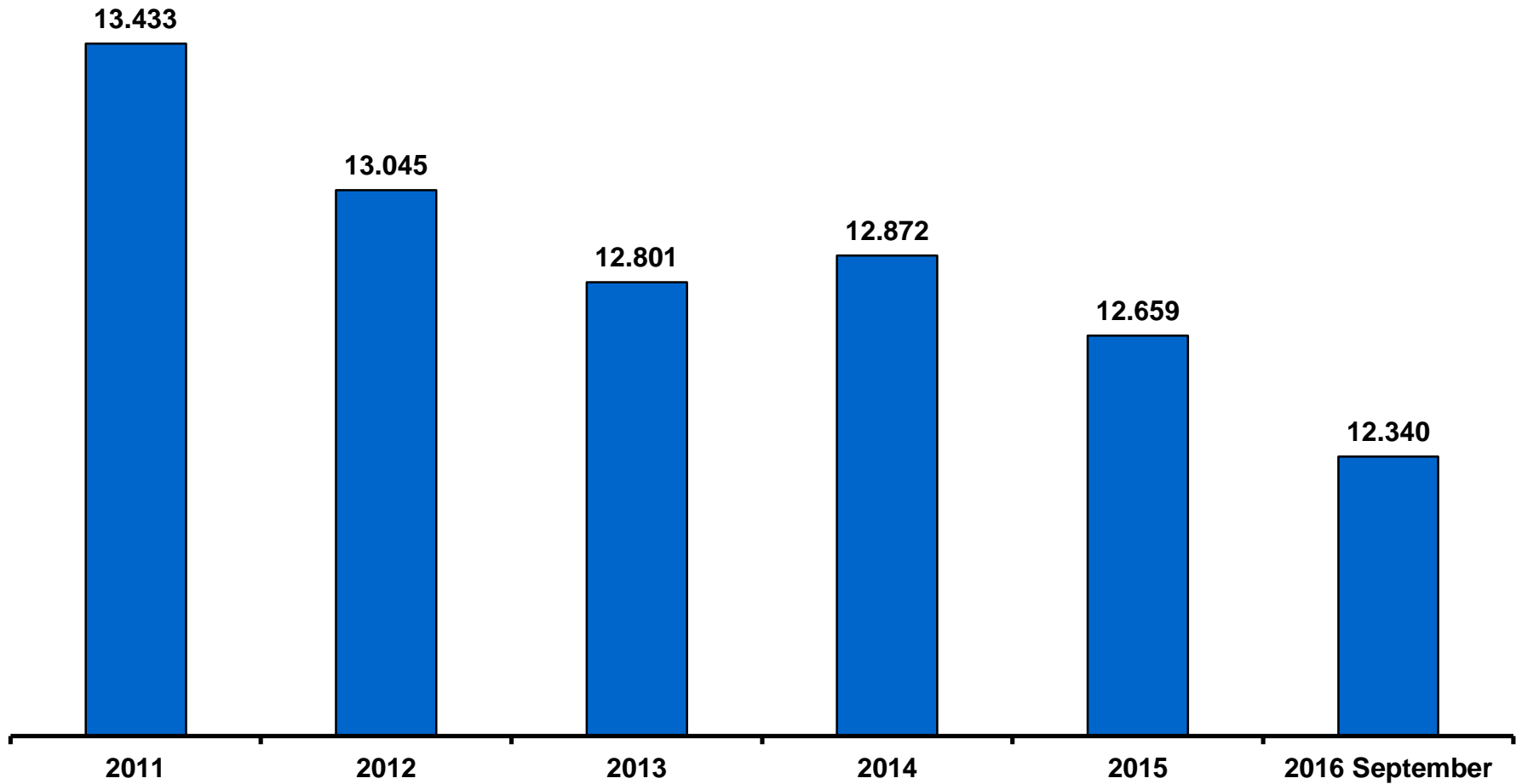


* The capital expenditures in 2016 9M and before state the cash outflows however the capital expenditures for 2016 Budget state the signed and planned investments. The amounts shown in 2016 Budget do not represent cash outflows.



Number of employees was 12.340 as of September 2016 **Erdemir**Group

NUMBER OF EMPLOYEES

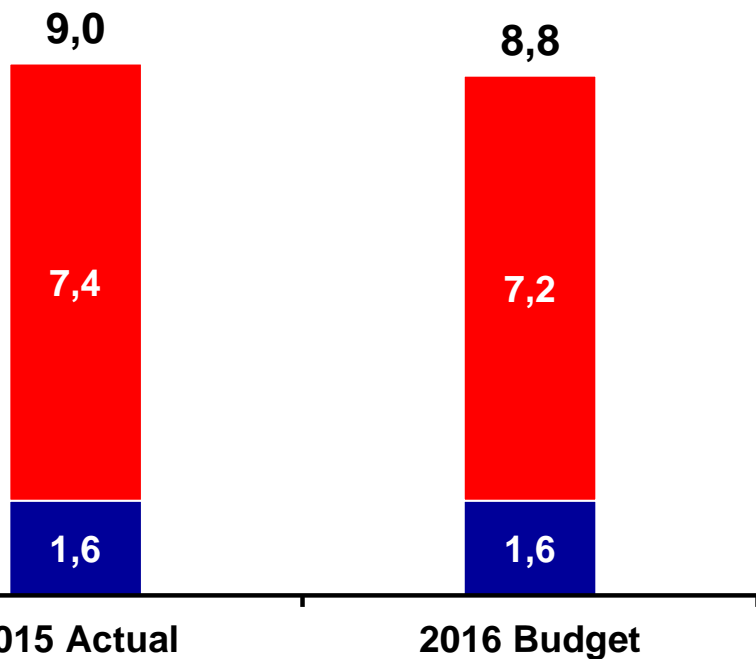




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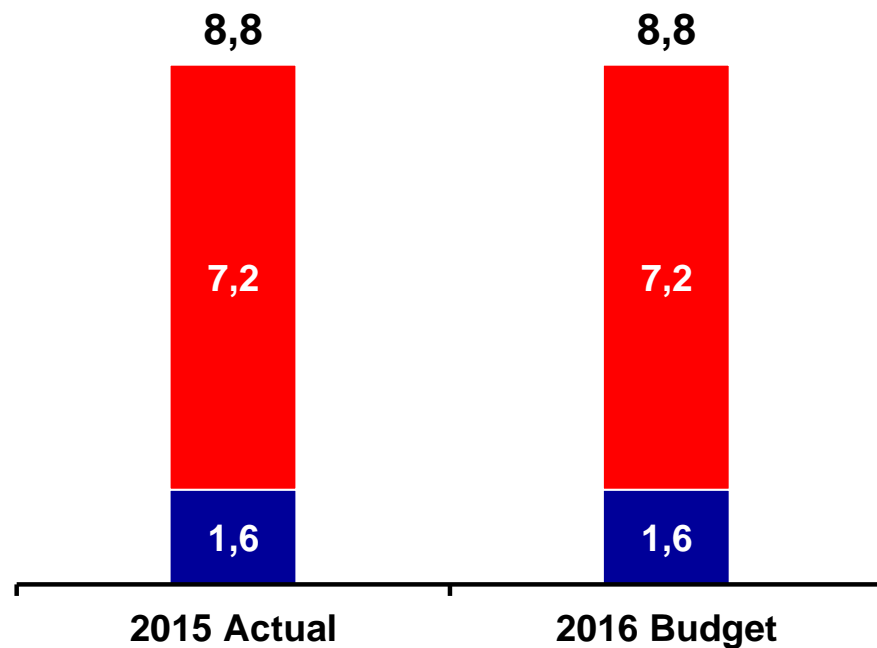
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Production (Million Tons)



■ 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 19-21% and 10-12% respectively.

