

# **Erdemir Group 2014 12 Months Consolidated Financial Results**

**11 February 2015**



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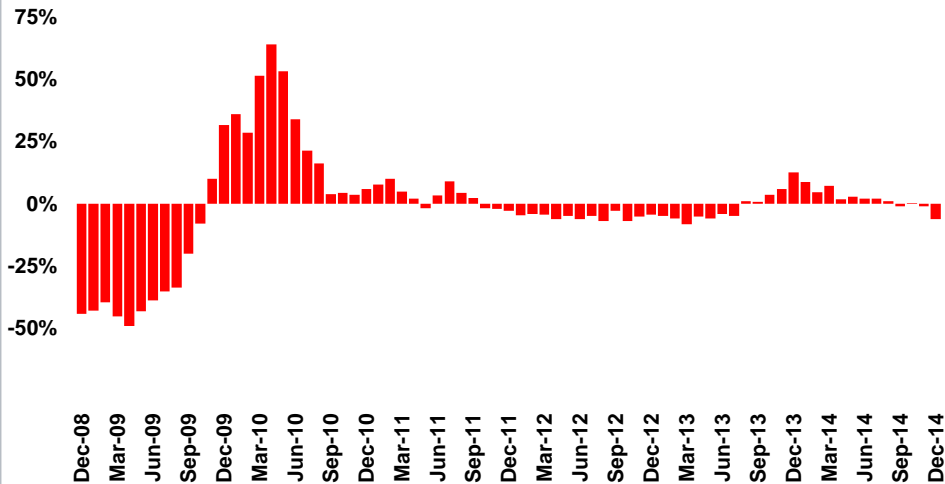
2014 Market Overview



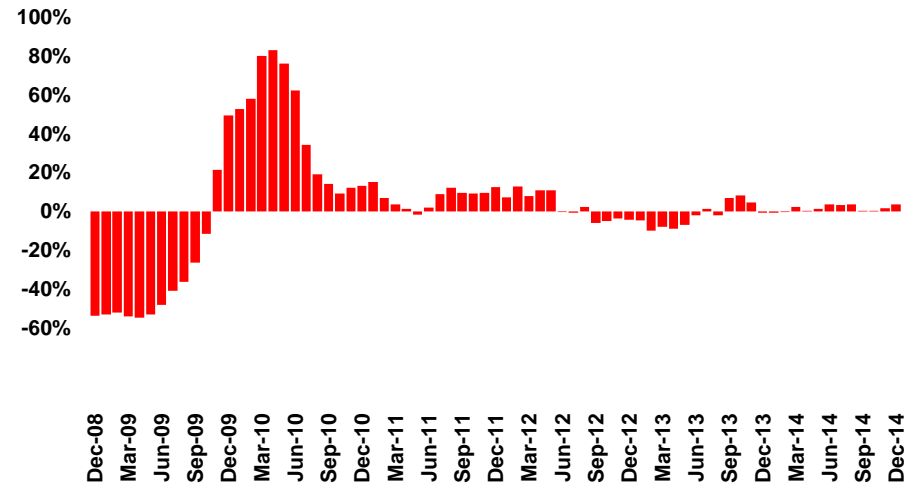
2014 Results

# In EU, HRC sales price was 460 USD/ton as of January 2015

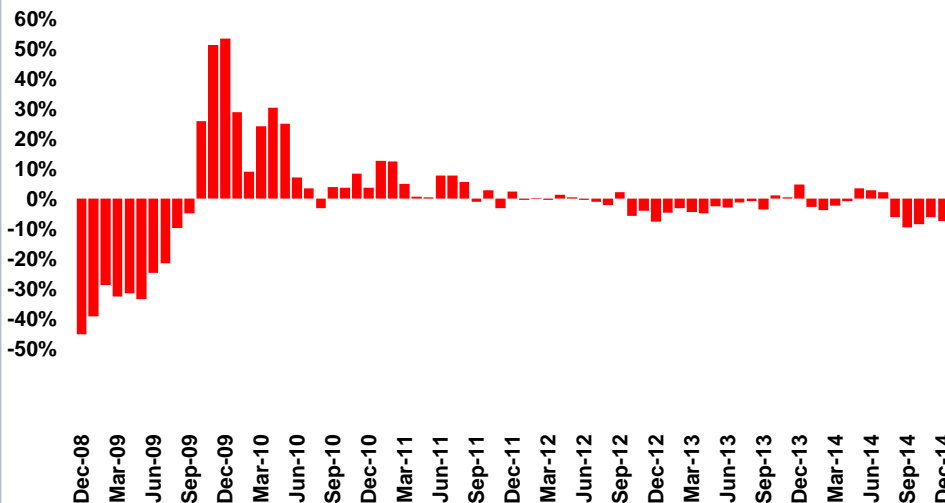
**EU28 CRUDE STEEL PRODUCTION ( YoY % )\***



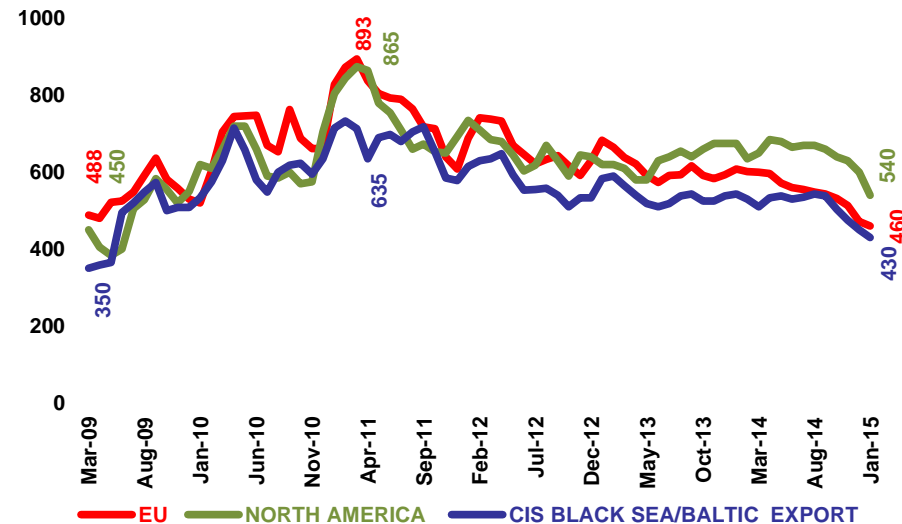
**USA CRUDE STEEL PRODUCTION ( YoY % )\***



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



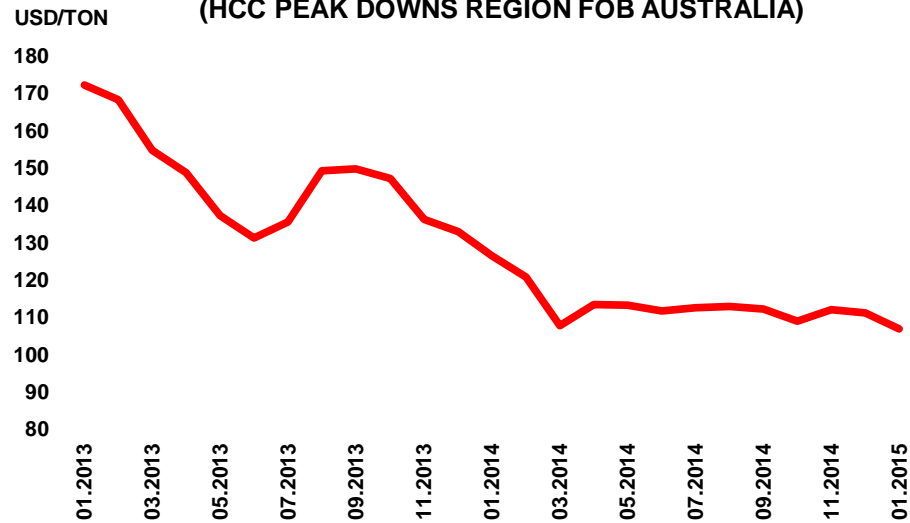
**HRC PRICES ( USD/TON )\*\***



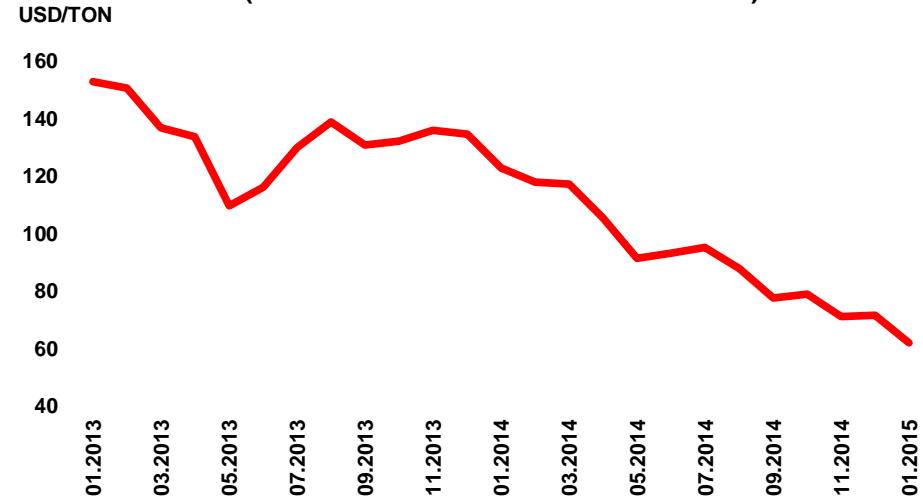
Source: \* Worldsteel  
\*\* Bloomberg

# Iron ore price was 62 USD/ton at the end of January

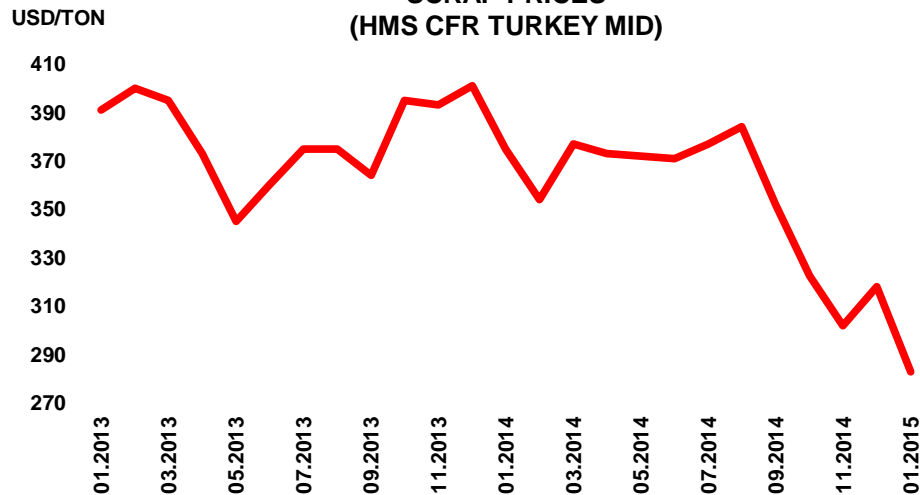
**COKING COAL PRICES**  
(HCC PEAK DOWNS REGION FOB AUSTRALIA)



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

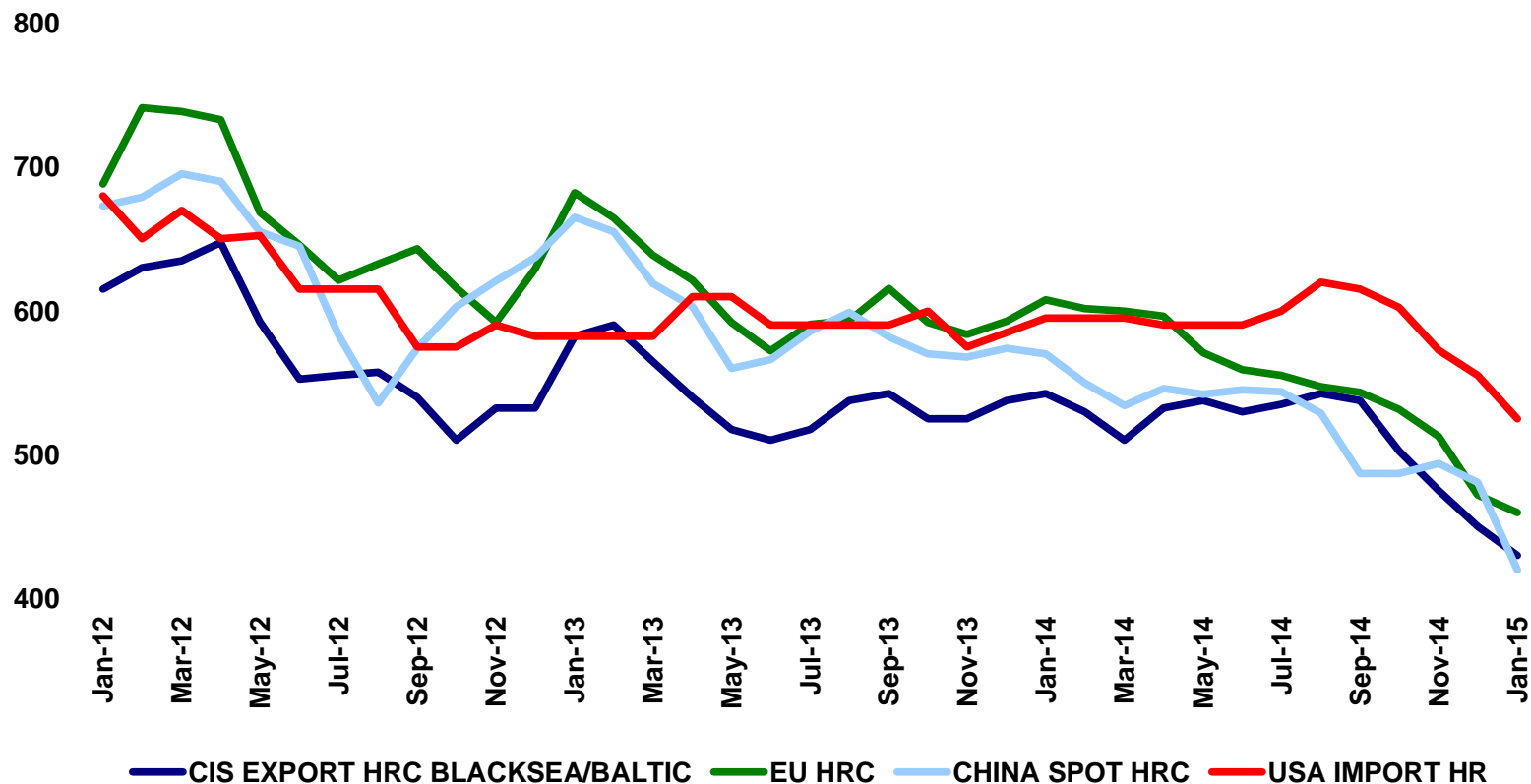


**SCRAP PRICES**  
(HMS CFR TURKEY MID)



# January EU HRC sales price is 148 USD/ton lower than last year's same month

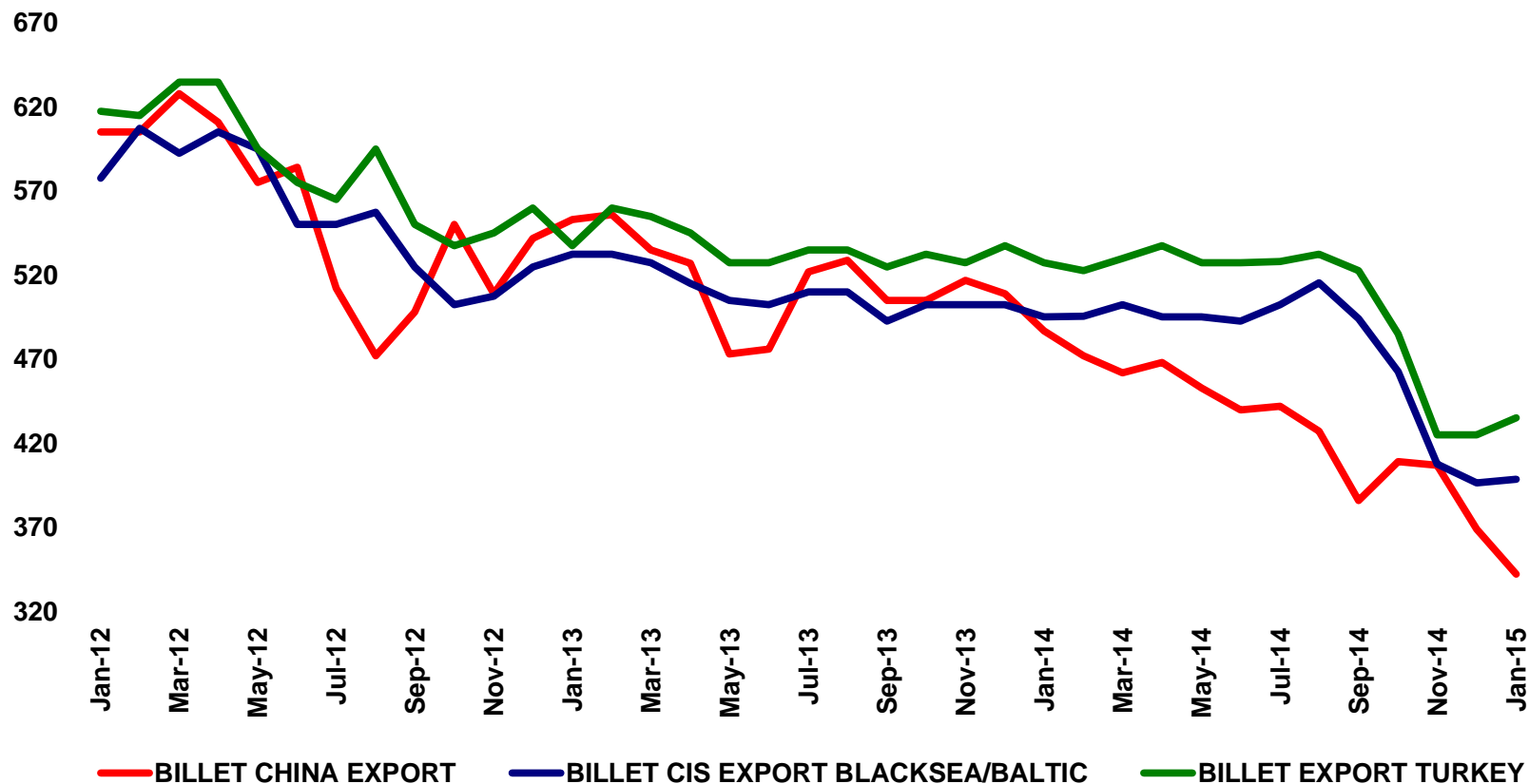
## HRC PRICES ( USD/Ton )



▶ As of January 2015, EU HRC price was 460 USD, China HRC spot price was 420 USD, CIS export HRC price was 430 USD. The prices were 608 USD, 570 USD, 543 USD respectively by the end of January 2014.

# Billet sales prices are significantly lower in China

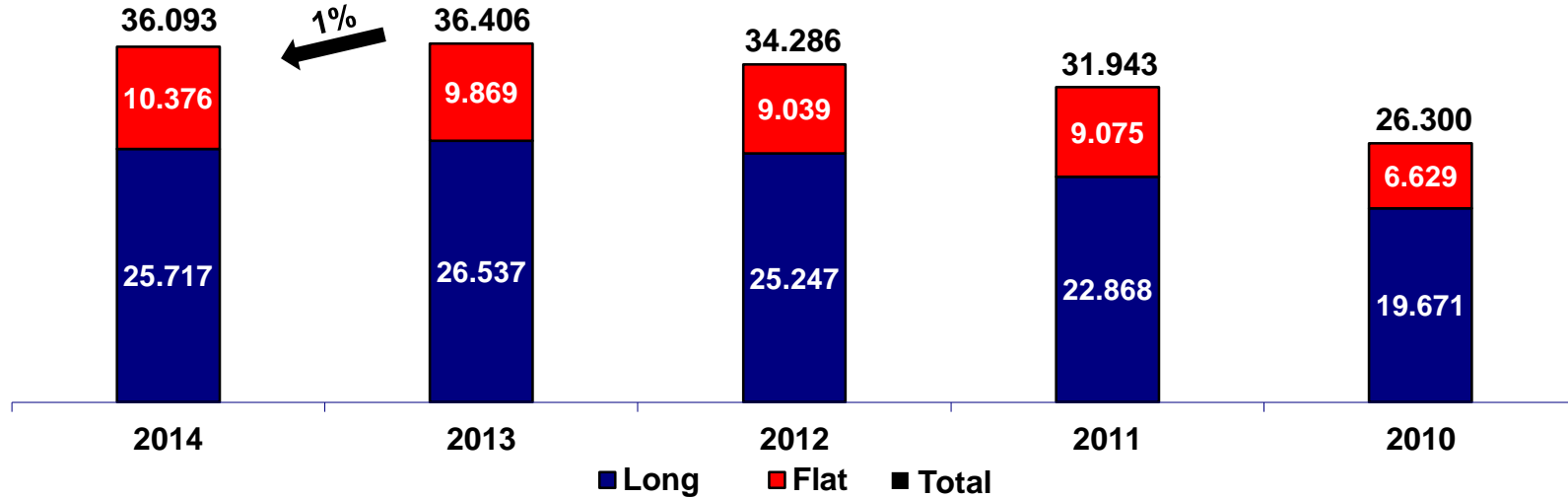
## BILLET PRICES ( USD/Ton )



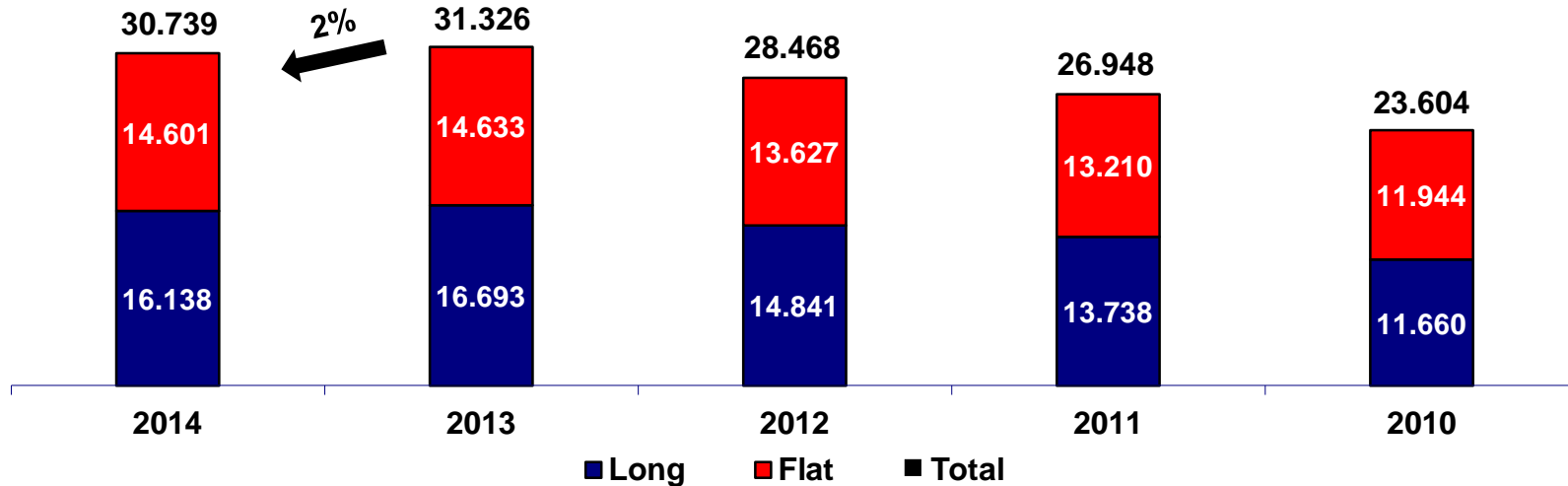
▶ As of January 2015, Turkey export price was 435 USD while it was 528 USD in January 2014.

# Turkish steel production decreased by 1% in 2014 YoY

## PRODUCTION ( 000 TONS )



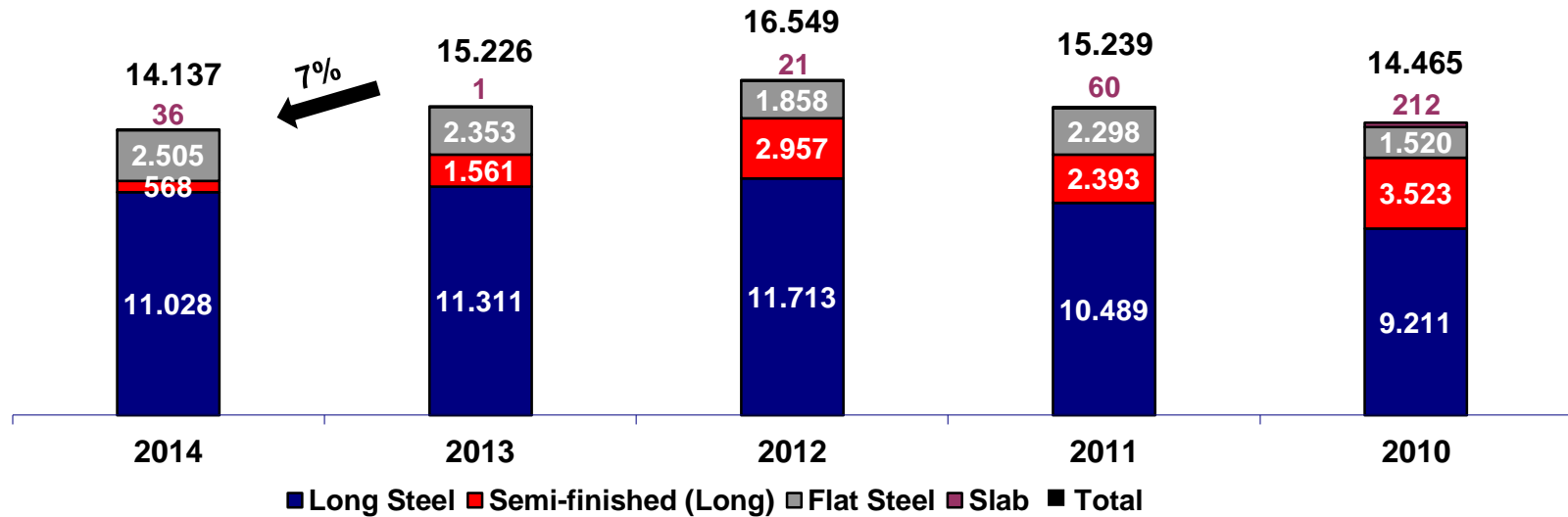
## CONSUMPTION ( 000 TONS )



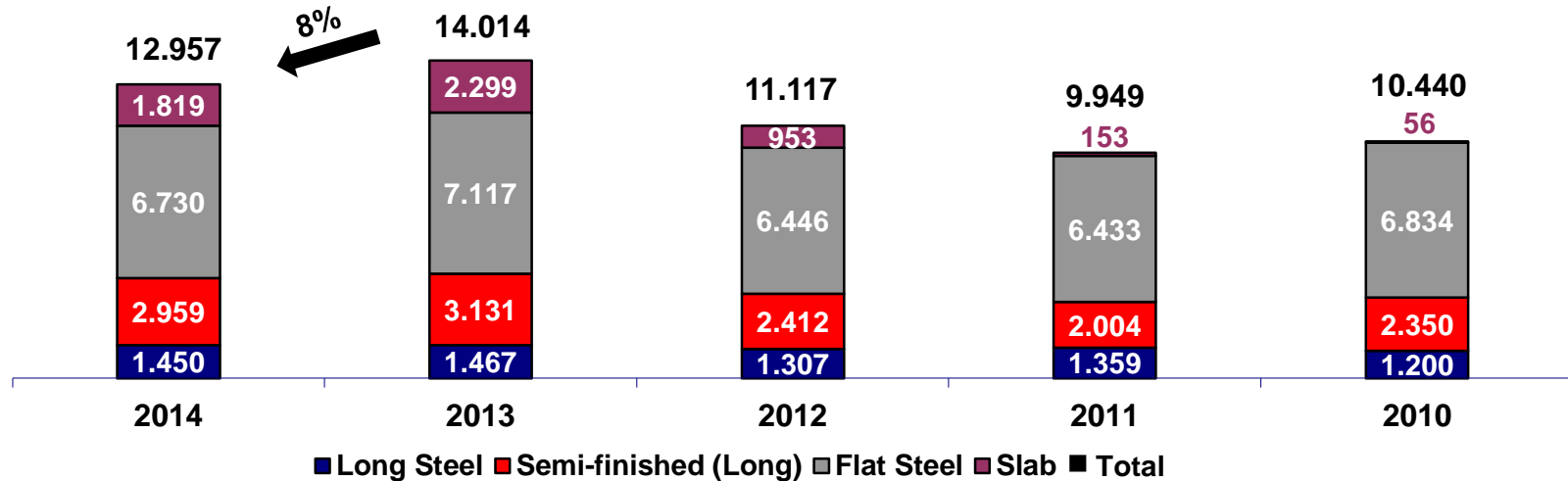


# Turkish iron and steel product imports decreased by 8% in 2014 YoY

## IRON AND STEEL PRODUCT EXPORTS ( 000 TONS )

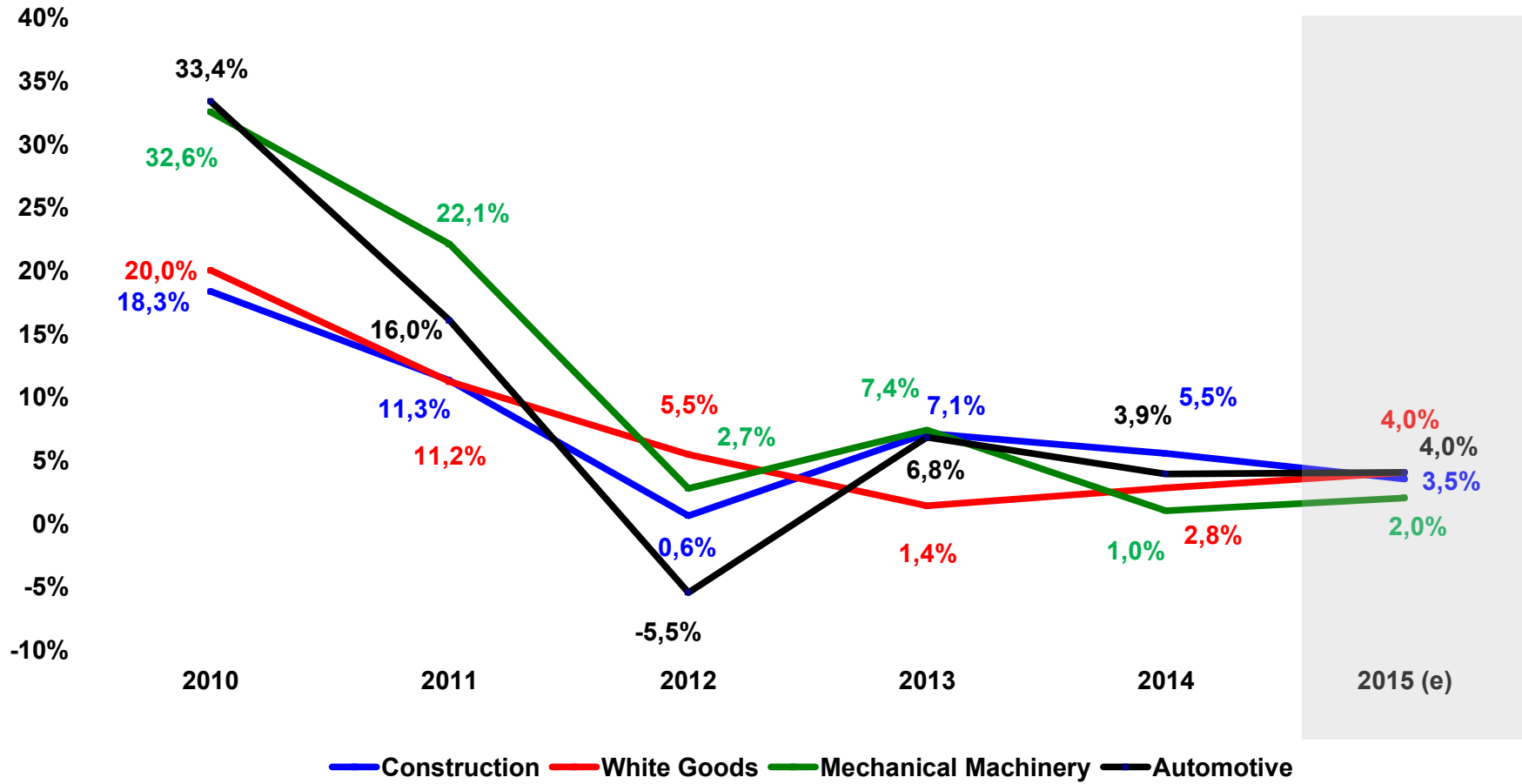


## IRON AND STEEL PRODUCT IMPORTS ( 000 TONS )



# Contraction in the construction sector is expected

## CHANGES IN SECTOR DEVELOPMENT INDEX (% YoY)














2014 Market Overview



2014 Results

## ERDEMİR GROUP KEY FIGURES

		2014	2013	2012
<b>Liquid Steel Production</b>	<i>(000 Tons)</i>	 <b>8.693</b>	8.447	8.042
<b>Slab Production <sup>(1)</sup></b>	<i>(000 Tons)</i>	 <b>7.363</b>	6.865	6.329
<b>Flat Steel Production <sup>(2)</sup></b>	<i>(000 Tons)</i>	 <b>6.954</b>	6.427	5.983
<b>Long Steel Production</b>	<i>(000 Tons)</i>	 <b>1.153</b>	1.356	1.519
<b>Flat Steel Shipments</b>	<i>(000 Tons)</i>	 <b>6.933</b>	6.338	5.980
<b>Long Steel Shipments</b>	<i>(000 Tons)</i>	 <b>1.163</b>	1.346	1.468
<b>Net Sales Revenue</b>	<i>(M. USD)</i>	 <b>5.252</b>	5.142	5.340
<b>EBITDA</b>	<i>(M. USD)</i>	 <b>1.136</b>	987	604
<b>Net Profit For The Year</b>	<i>(M. USD)</i>	 <b>732</b>	484	252

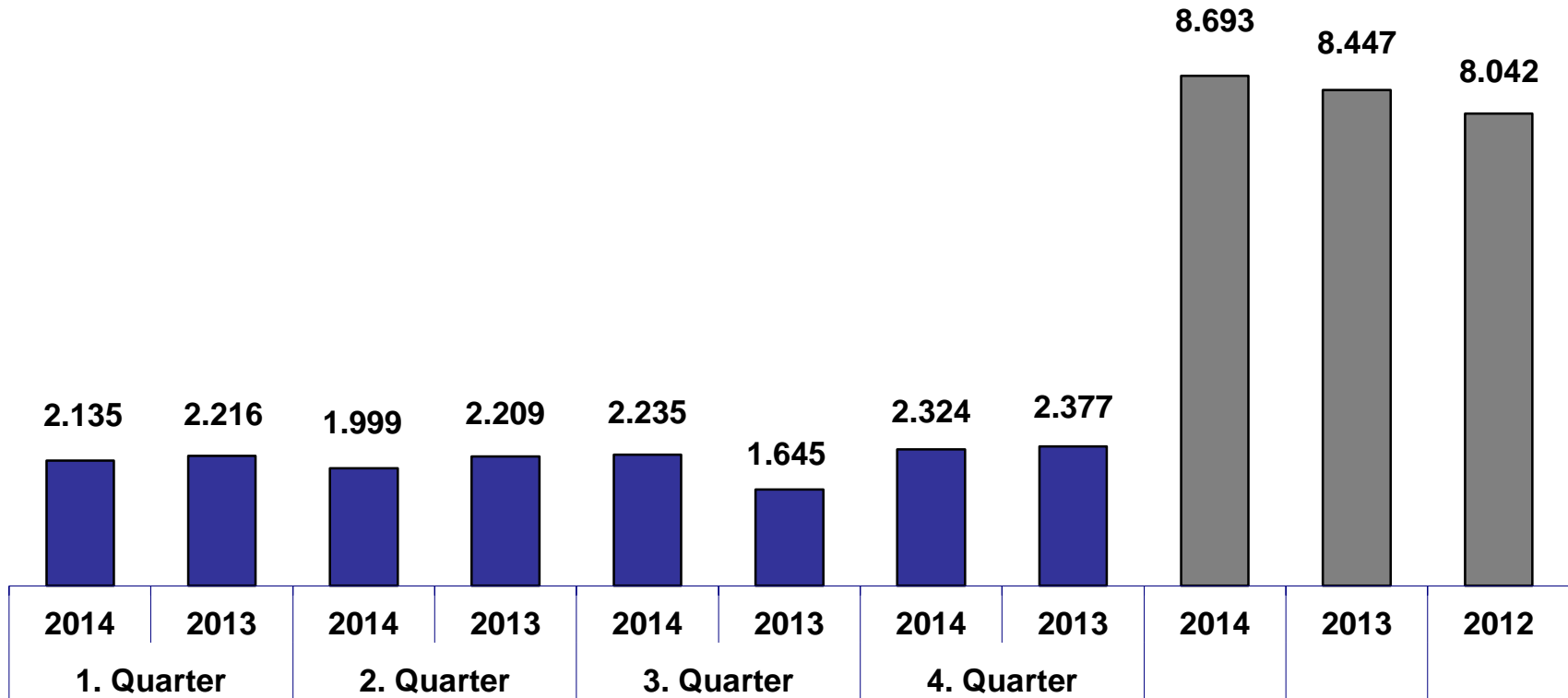
All figures are on IFRS consolidated basis unless stated otherwise.

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

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

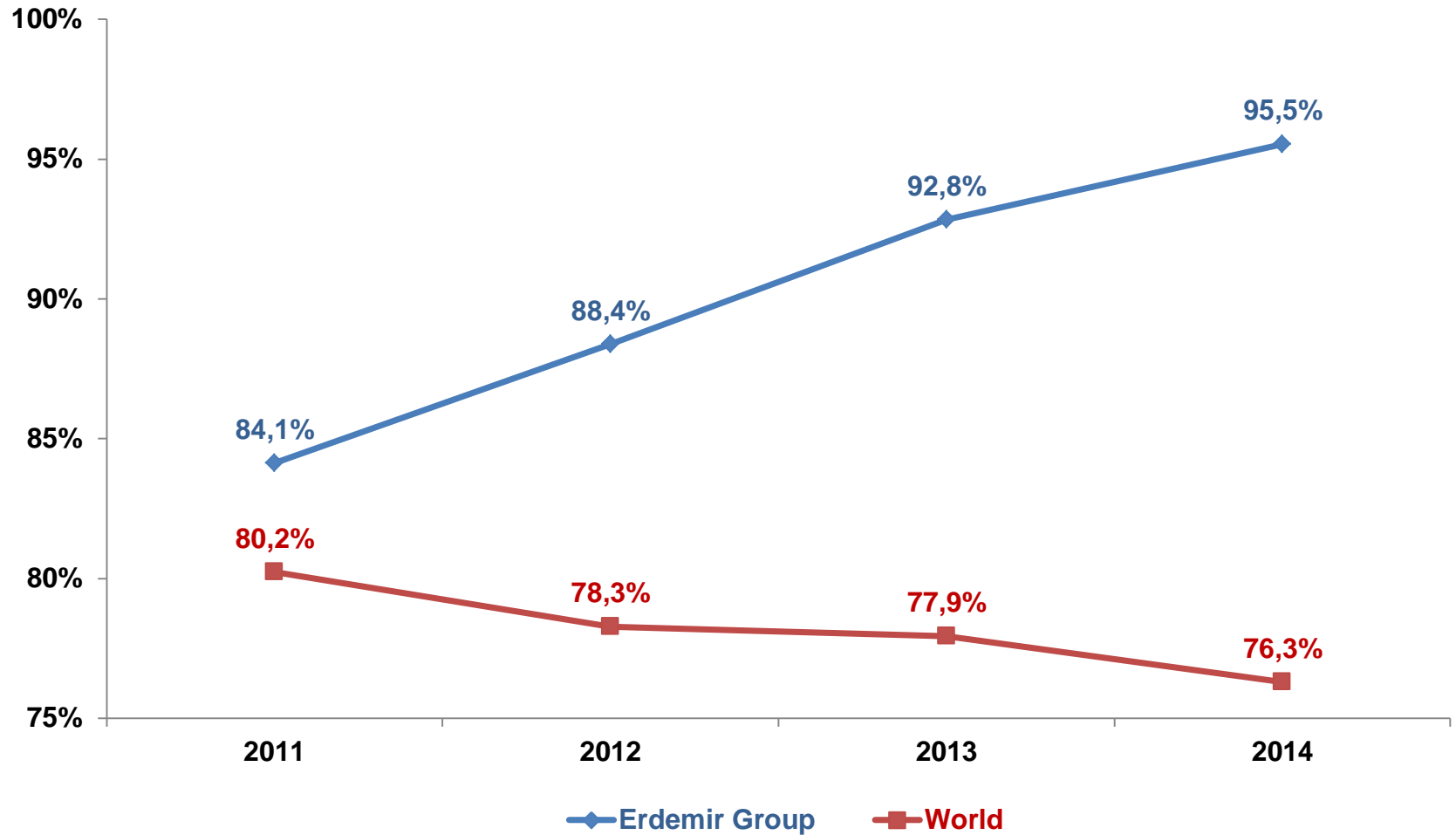
# Liquid steel production was 8,7 million tons in 2014

## LIQUID STEEL PRODUCTION ( 000 TONS )



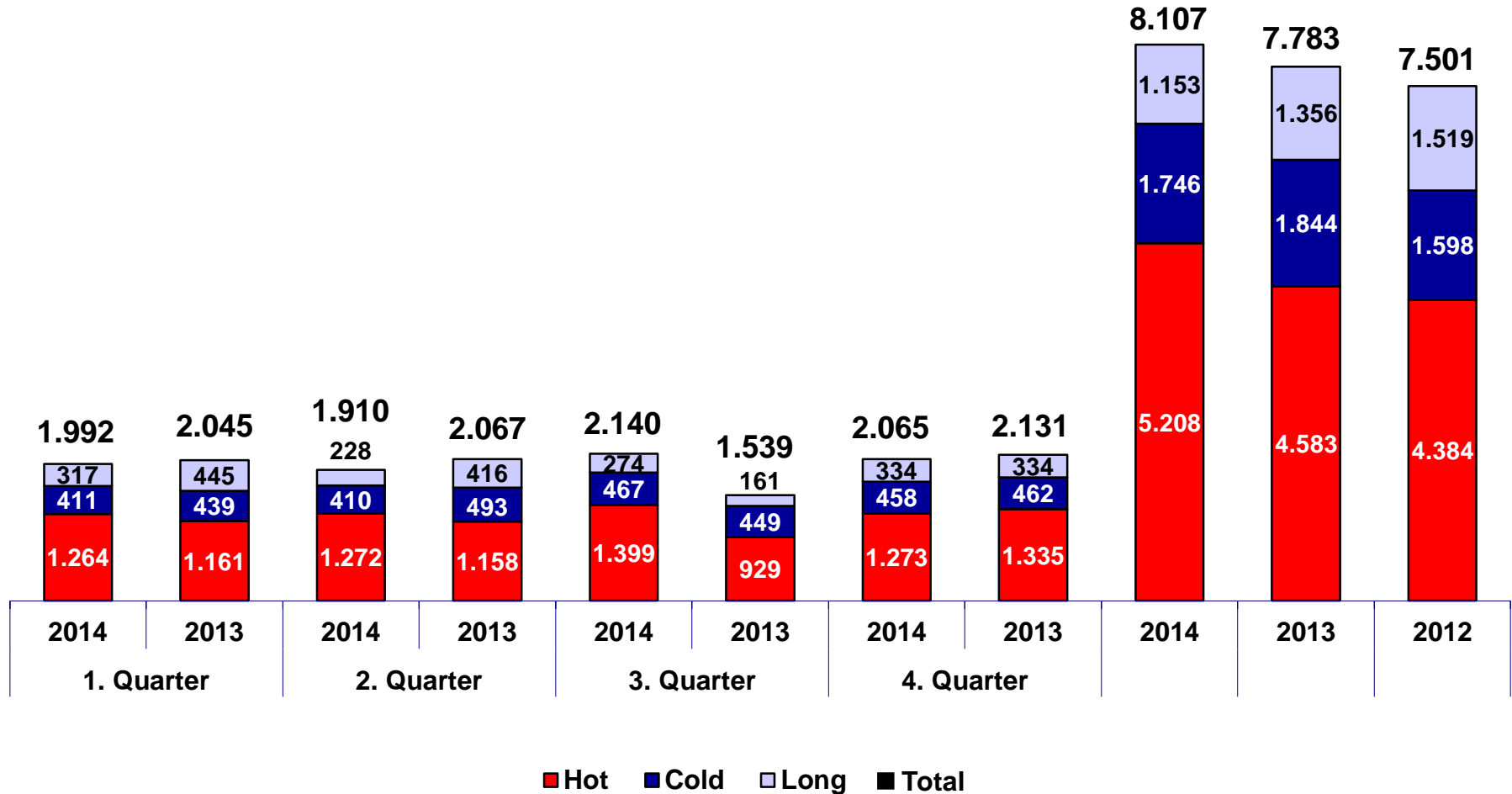
# Crude steel capacity utilization ratio of ERDEMİR Group is higher than world average

## CRUDE STEEL CAPACITY UTILIZATION RATIO



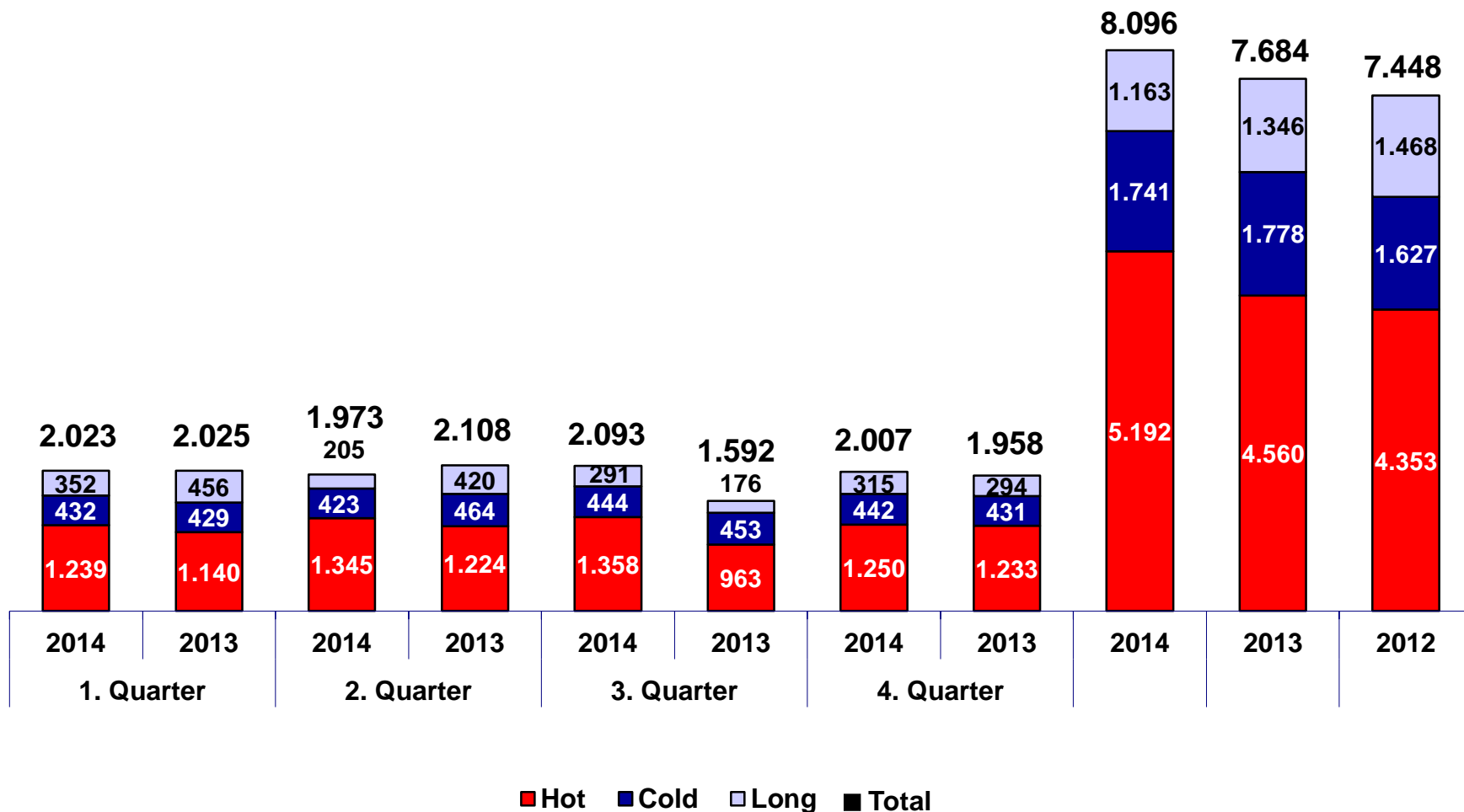
# HRC production increased by 14% in 2014 YoY

## PRODUCTION VOLUMES ( 000 TONS )



# Sales volumes increased by 5% in 2014 YoY

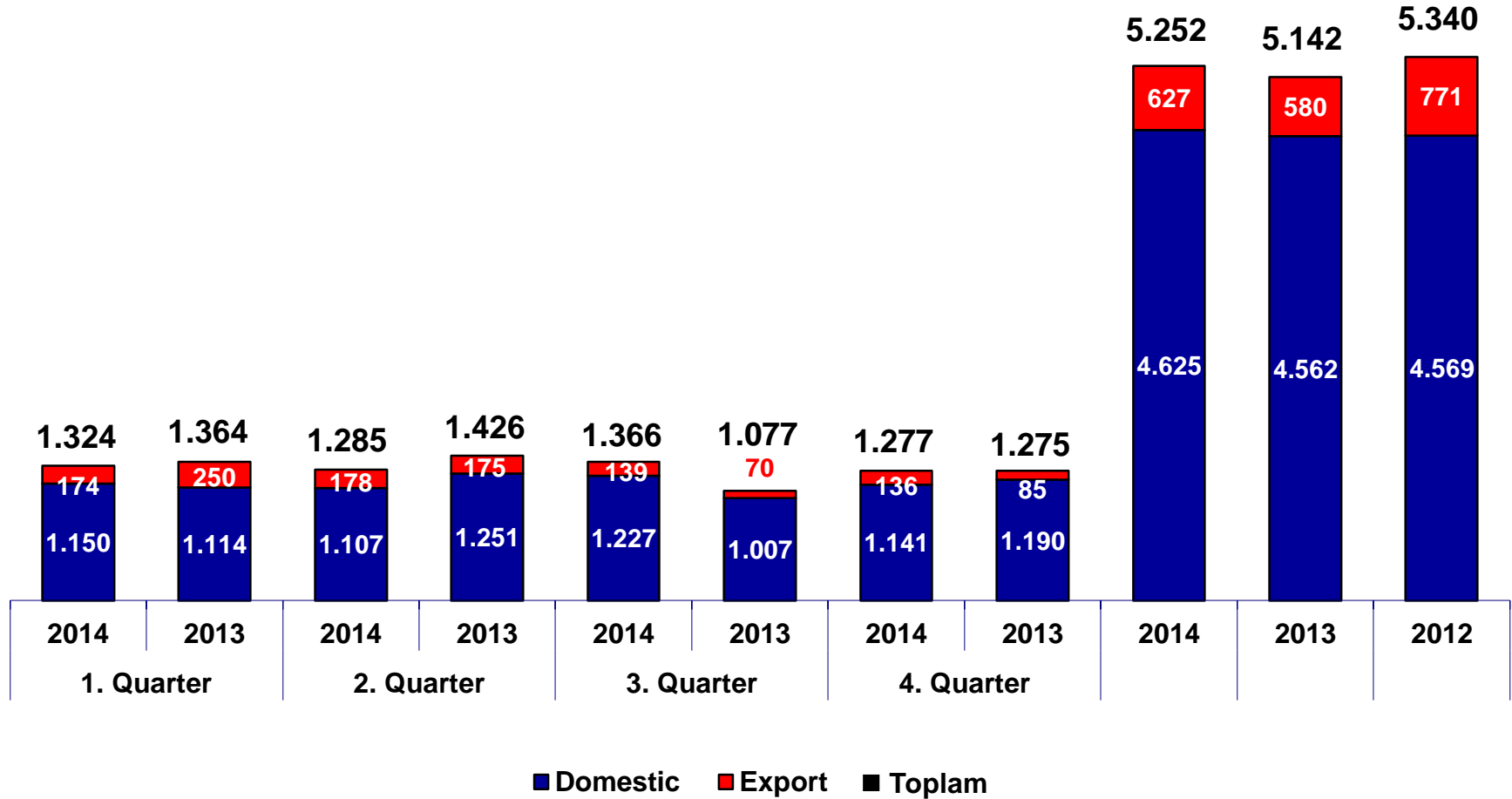
## SALES VOLUMES ( 000 TONS )





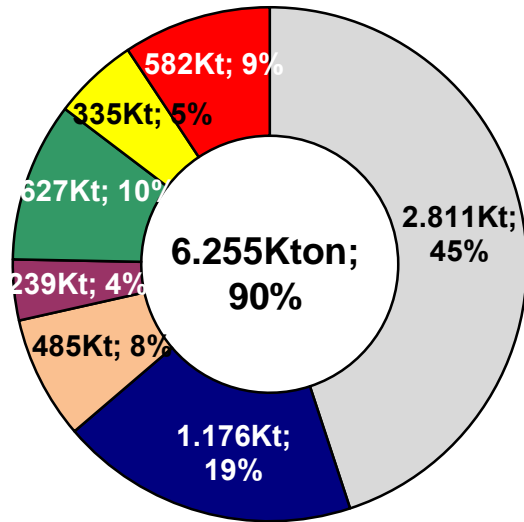
**Net sales revenue was 5,3 billion USD in 2014 YoY**

**NET SALES REVENUE ( MILLION USD )**

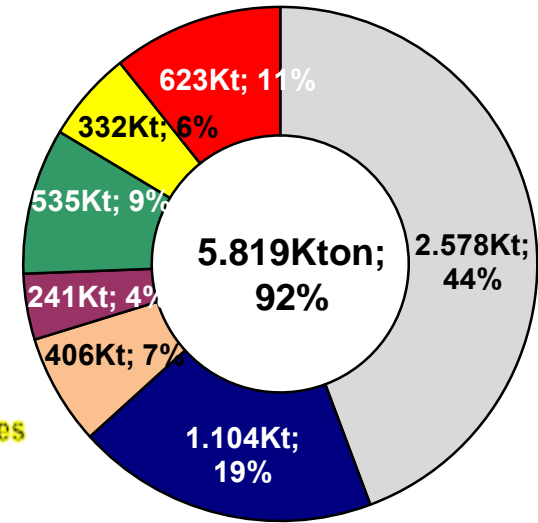


# Sales to automotive and components industry increased in 2014 YoY

2014 FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

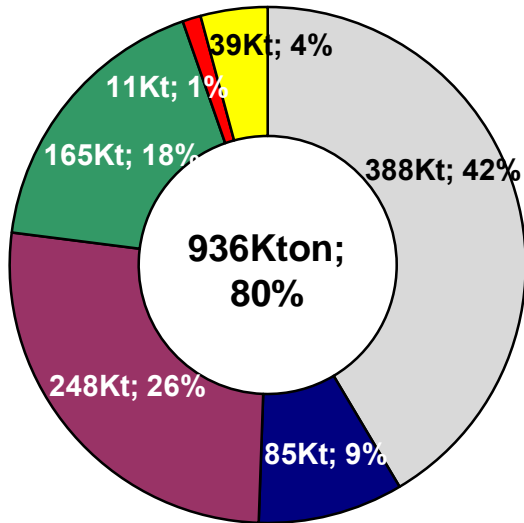


2013 FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

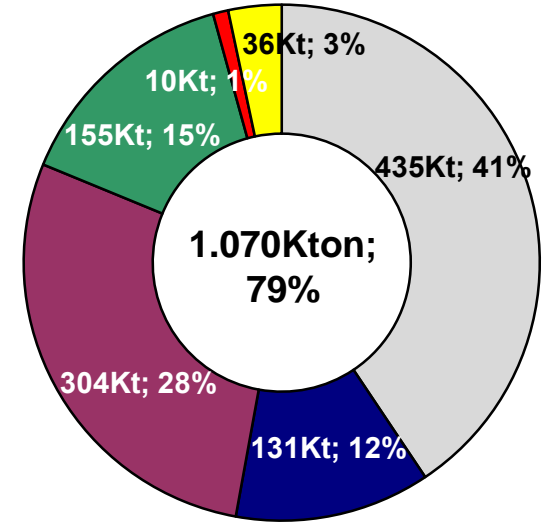


- Pipe&Profile Producers and Re-rollers
- Distribution Chains
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

2014 LONG STEEL DOMESTIC SALES BREAKDOWN (%)



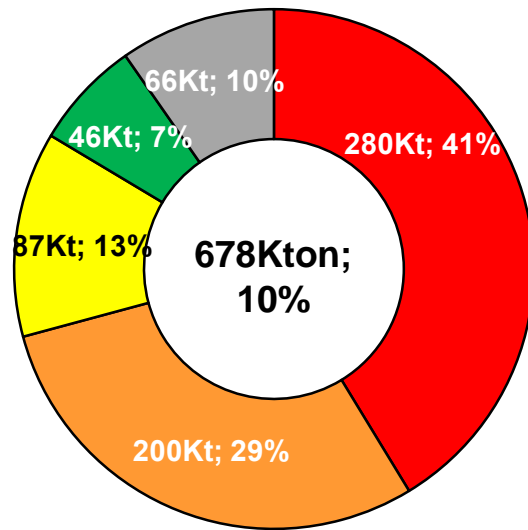
2013 LONG STEEL DOMESTIC SALES BREAKDOWN (%)



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

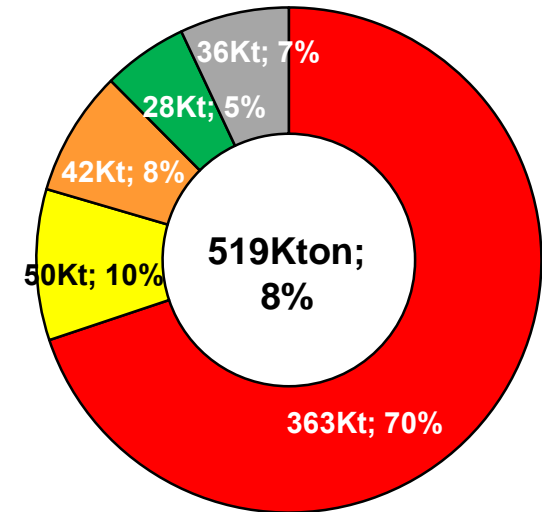
# Flat steel sales to EU countries was 41% of our flat export in 2014

2014 FLAT STEEL EXPORTS BREAKDOWN (%)

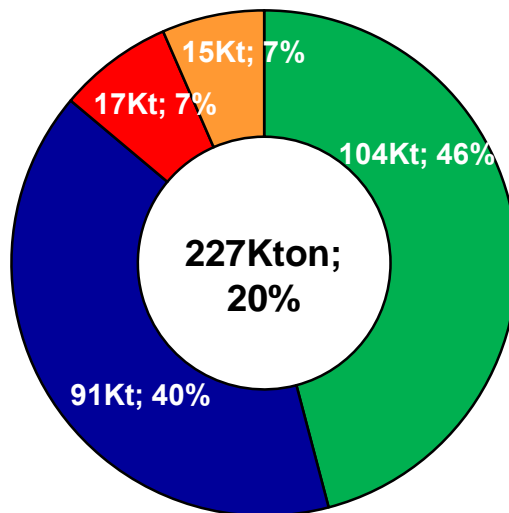


- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

2013 FLAT STEEL EXPORTS BREAKDOWN (%)

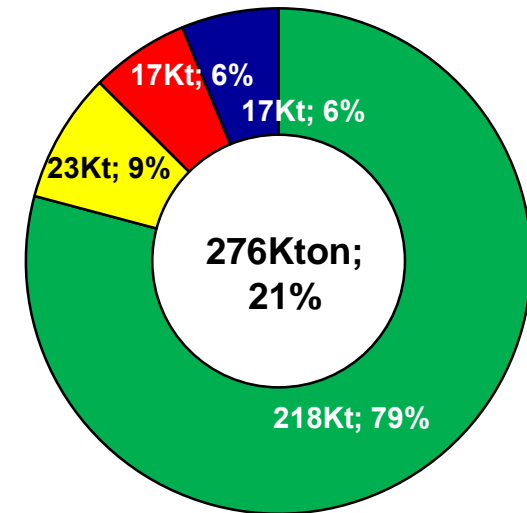


2014 LONG STEEL EXPORTS BREAKDOWN (%)



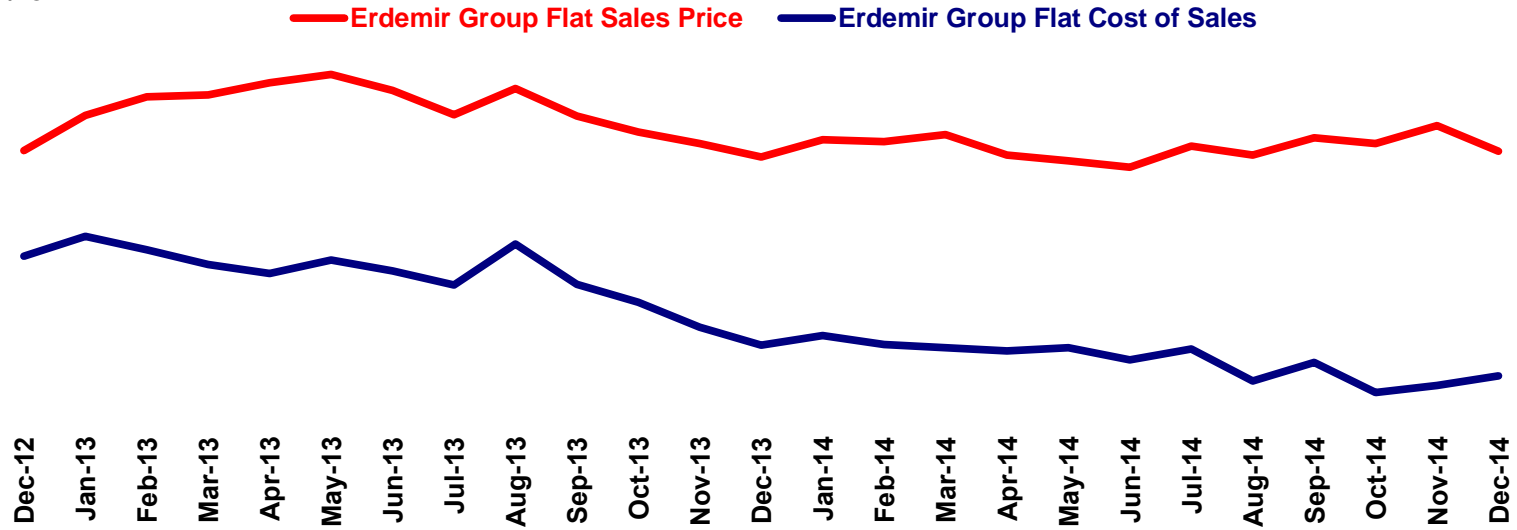
- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

2013 LONG STEEL EXPORTS BREAKDOWN (%)

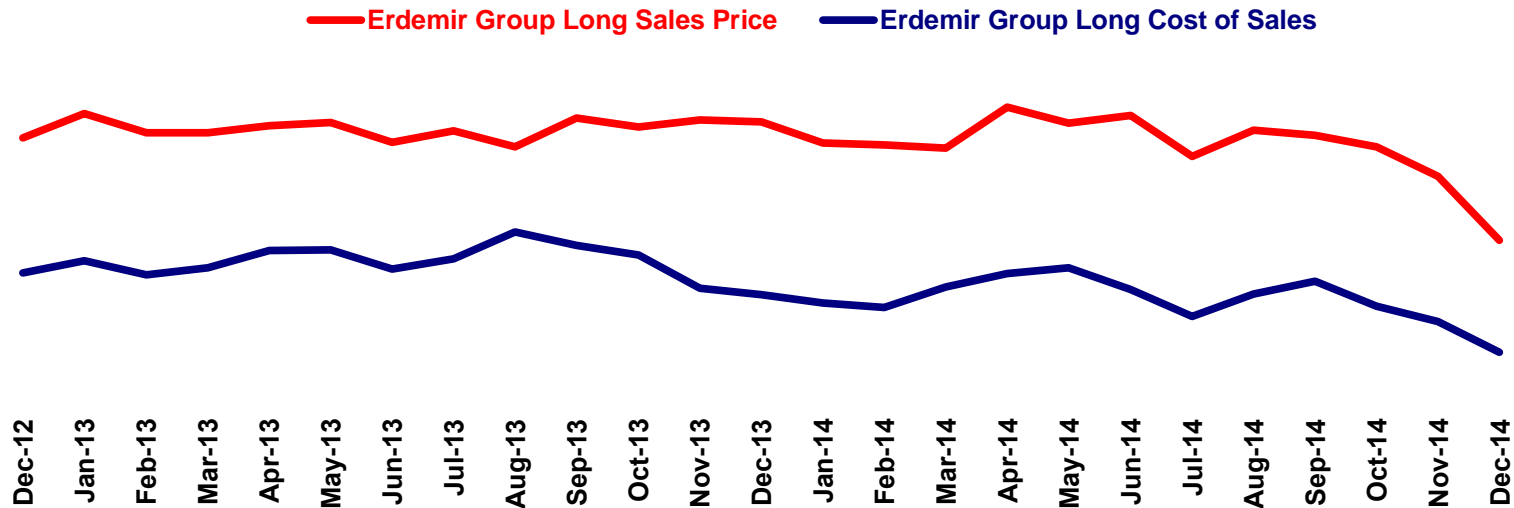


# In 2014, Erdemir Group average flat and long steel prices were 646 USD/ton and 560 USD/ton respectively

USD/TON

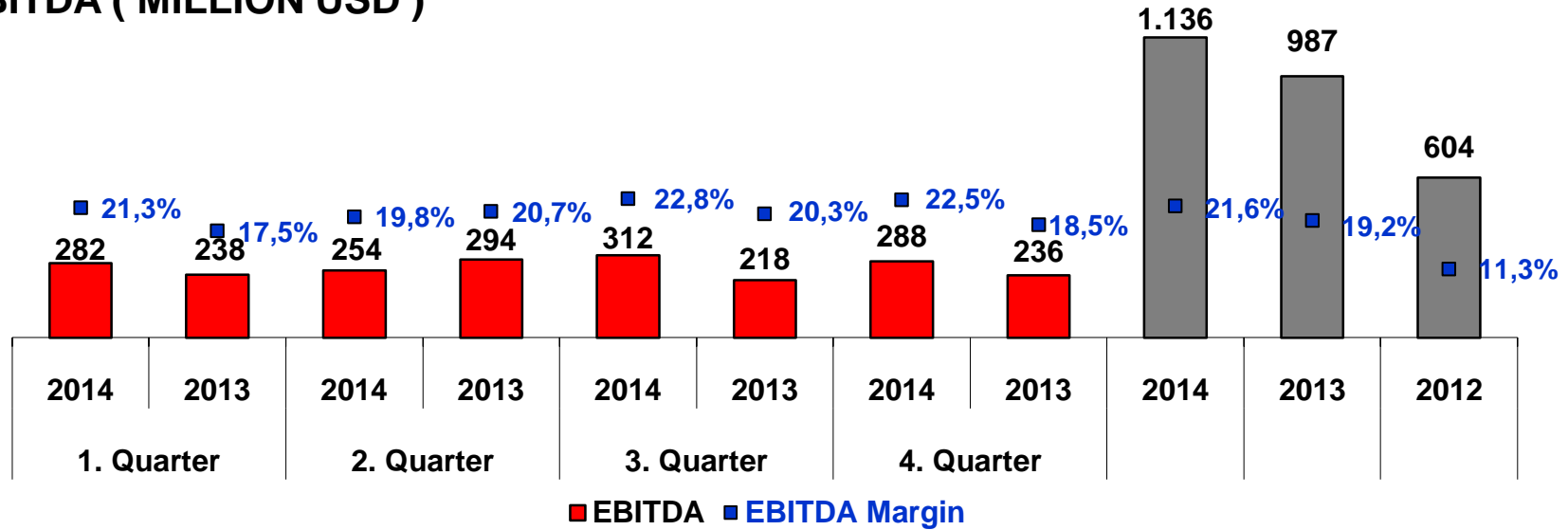


USD/TON

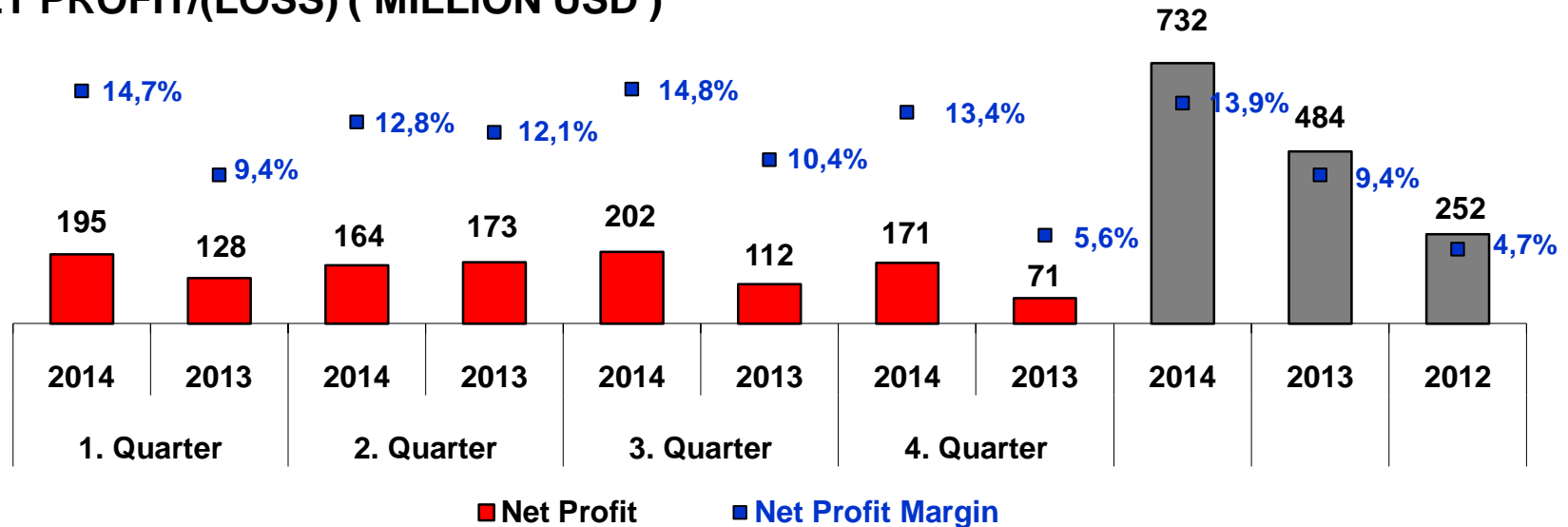


# Net profit increased by 51% in 2014 YoY

## EBITDA ( MILLION USD )

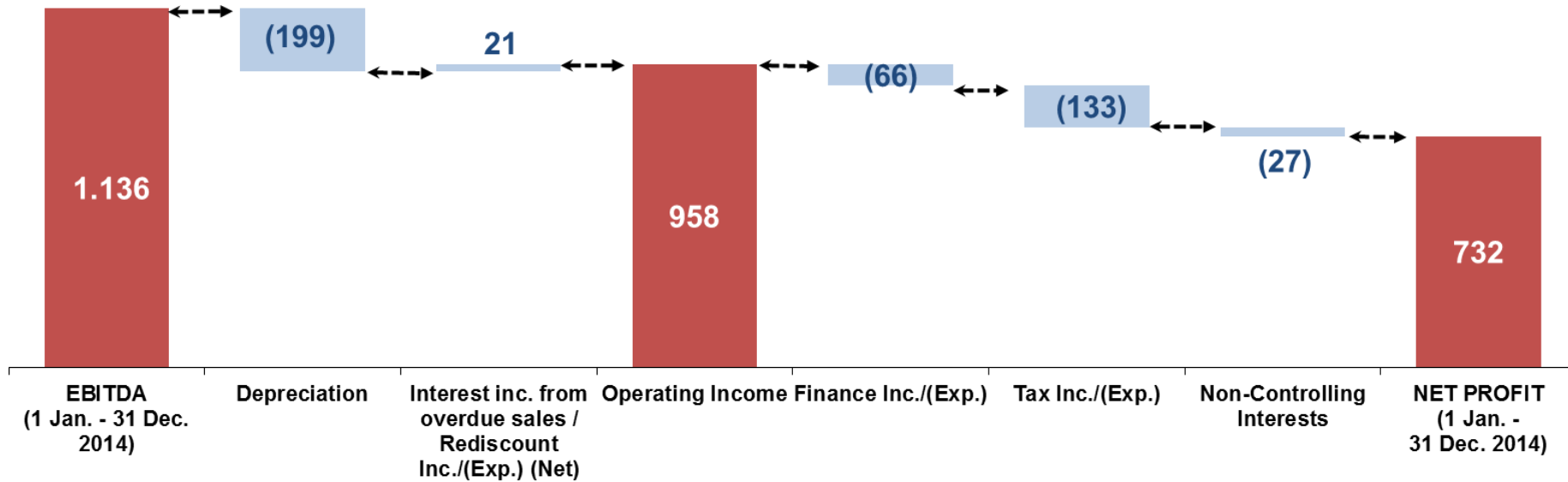


## NET PROFIT/(LOSS) ( MILLION USD )



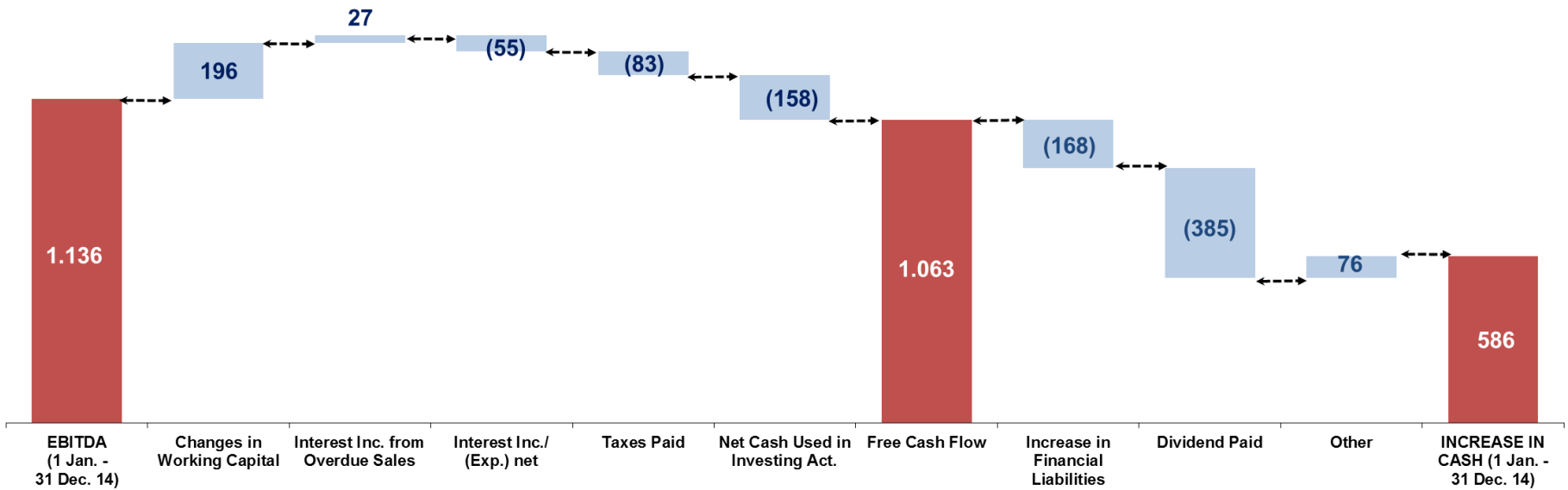
**EBITDA was 1.136 million USD in 2014**

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



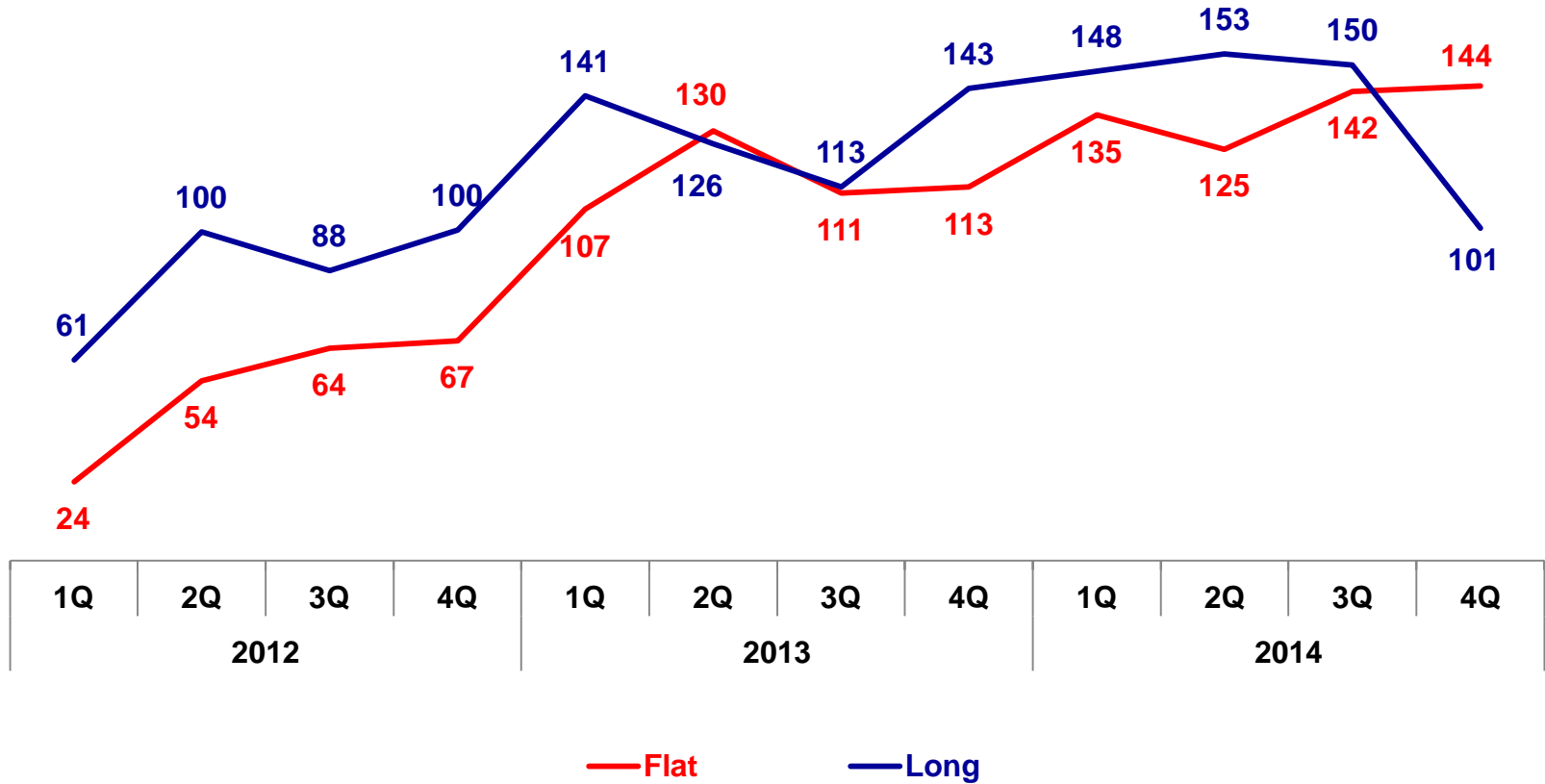
**EBITDA was 1.136 million USD in 2014**

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



**EBITDA per ton for flat product was 144 USD/ton in 2014 4Q**

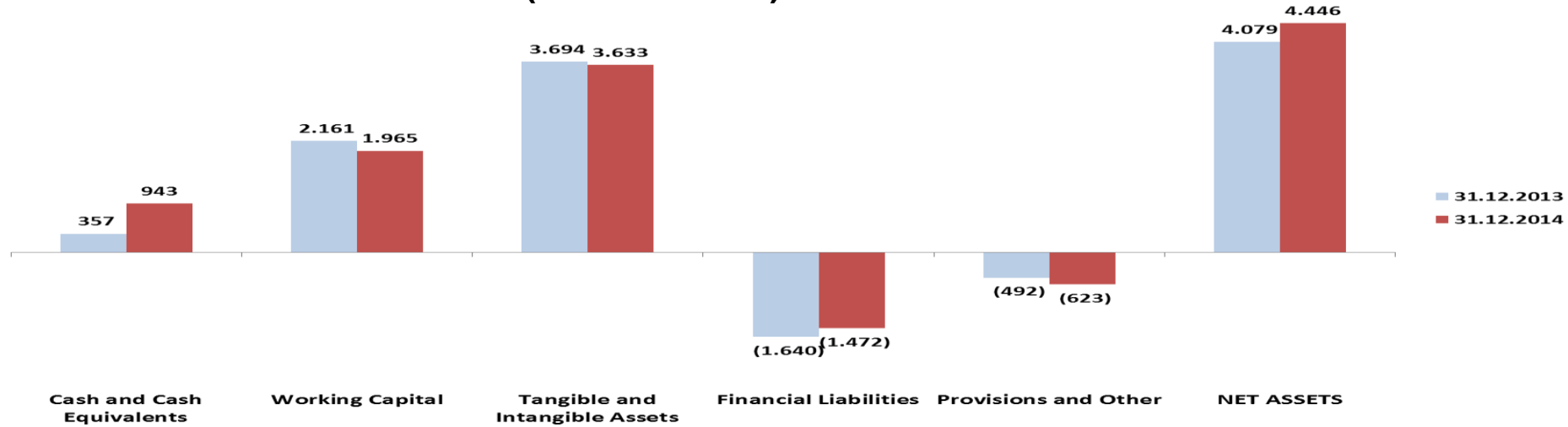
**EBITDA PER TON (USD/TON)**



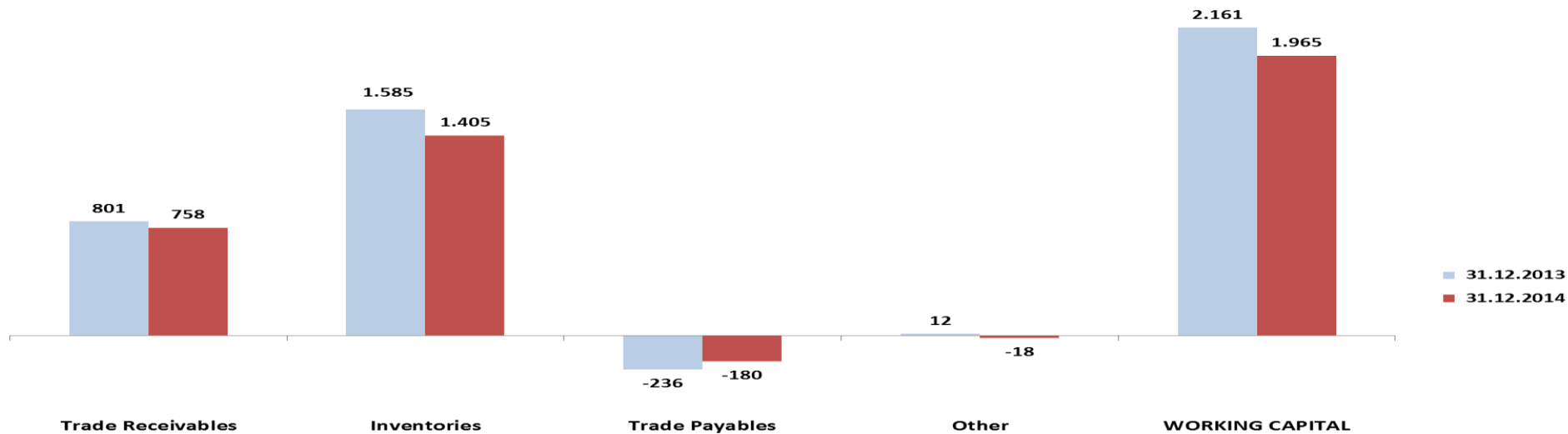


Net assets was 4,4 billion USD at the end of 2014

### CONSOLIDATED NET ASSETS (MILLION USD)

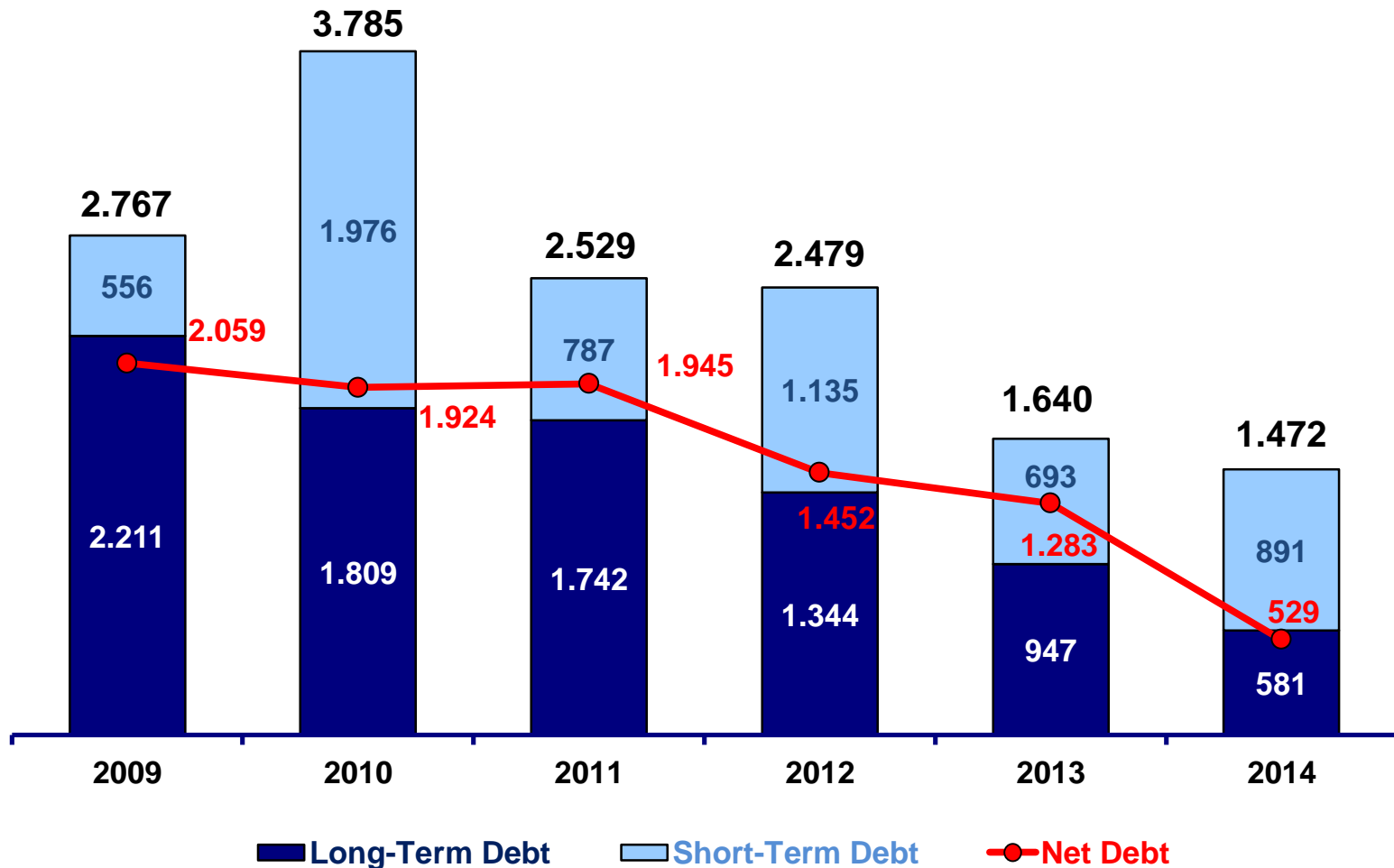


### WORKING CAPITAL (MILLION USD)



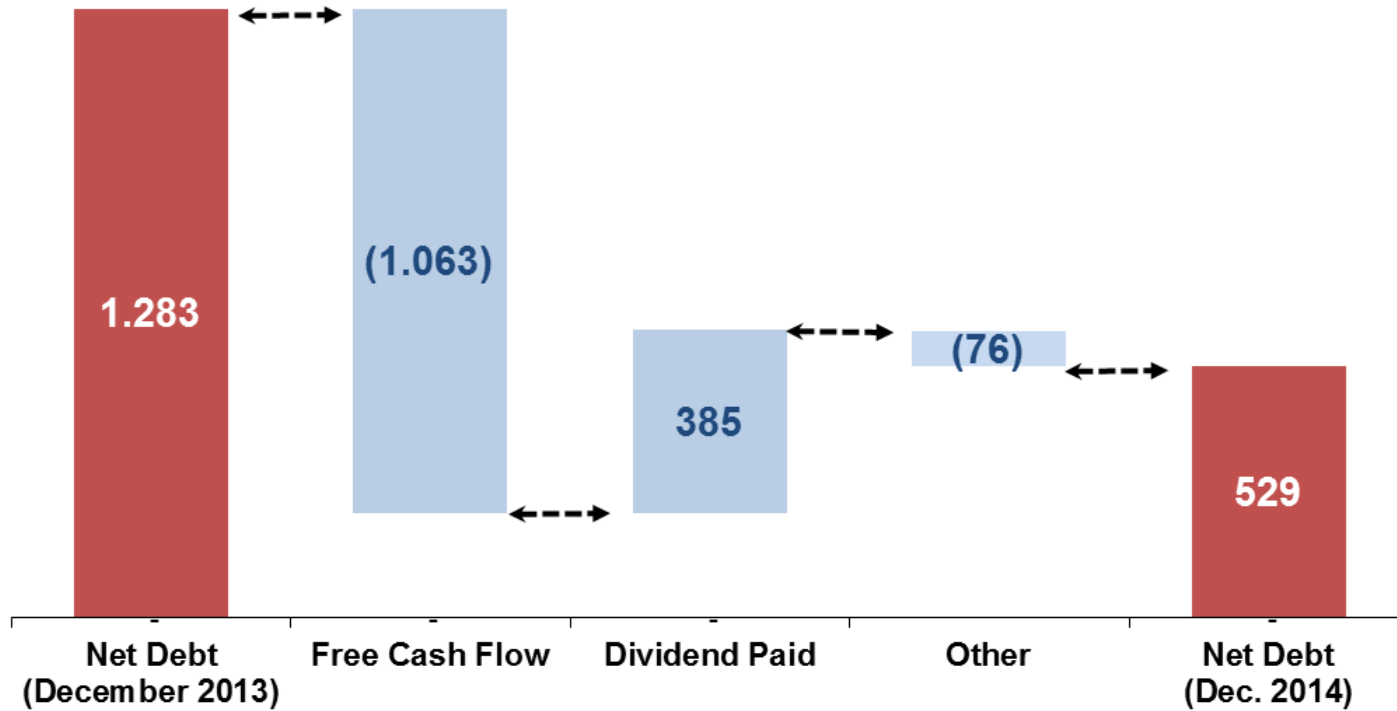
**Net debt was 529 million USD at the end of 2014**

**BORROWINGS ( MILLION USD )**



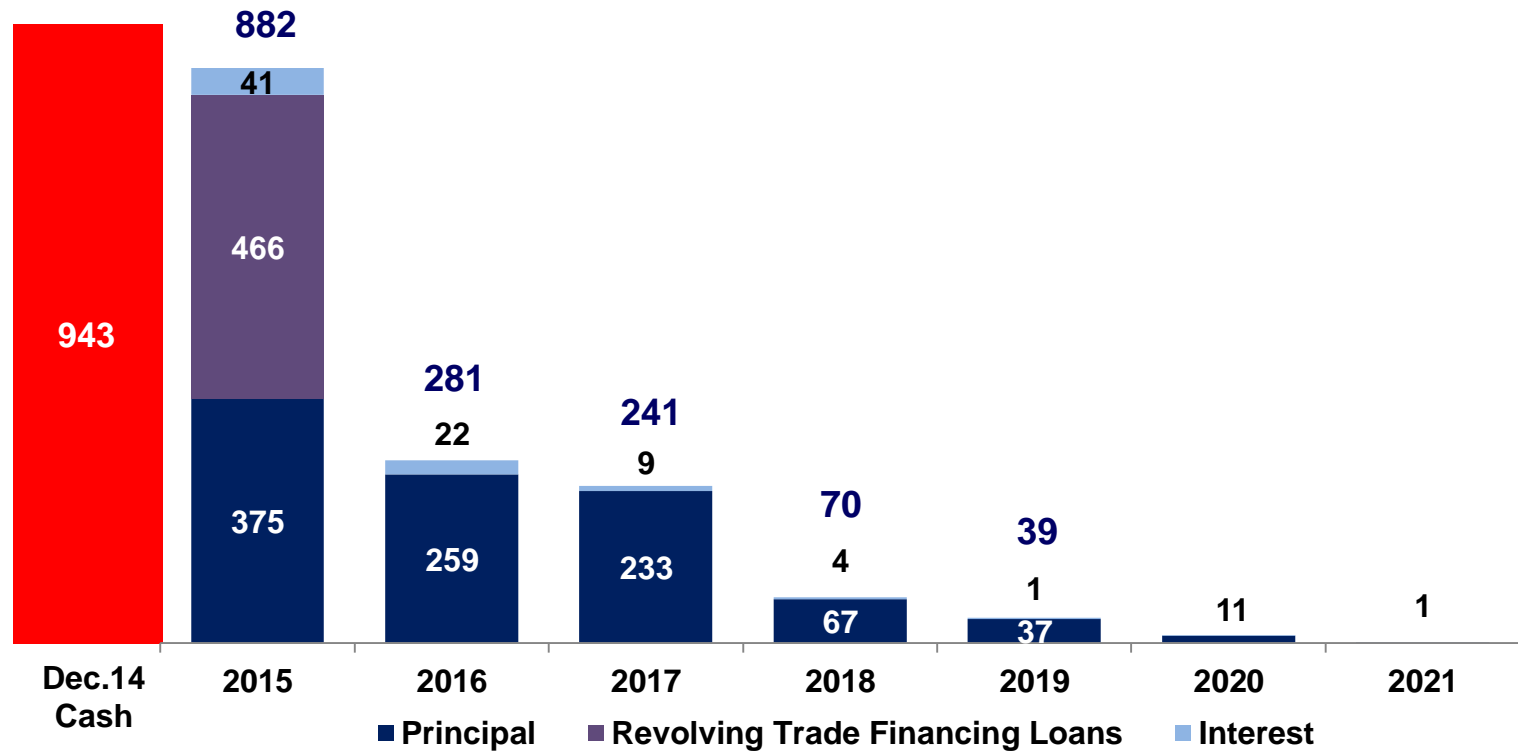
# Net debt was 529 million USD at the end of 2014

## NET DEBT (MILLION USD)



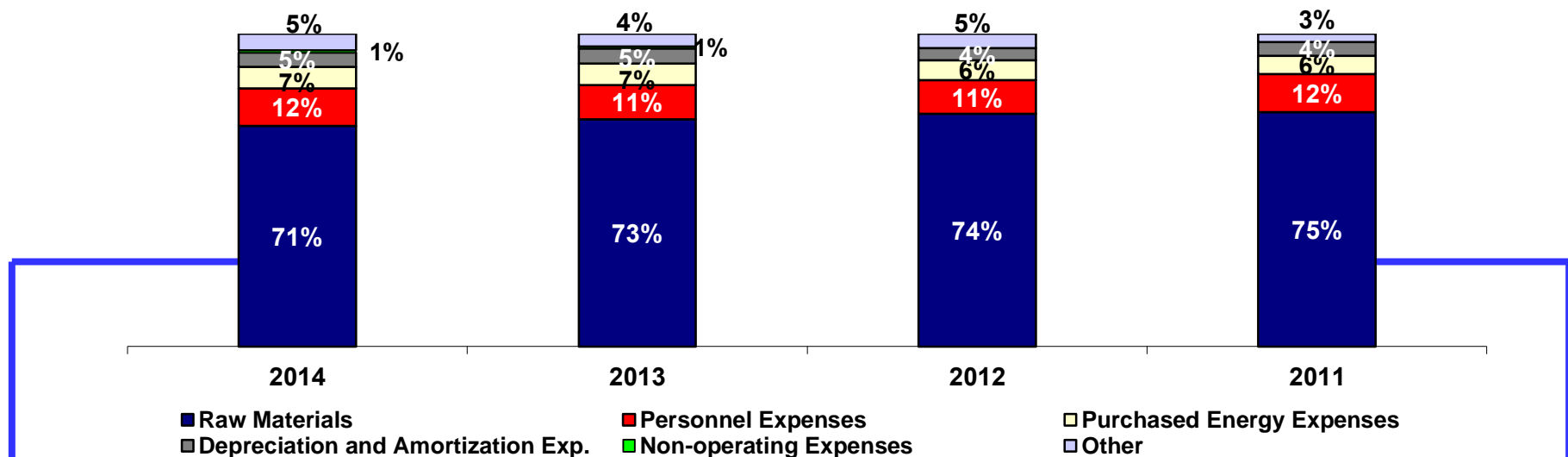
# Erdemir Group has 943 million USD cash and cash equivalents at the end of 2014

## BORROWINGS MATURITY PROFILE (MILLION USD)

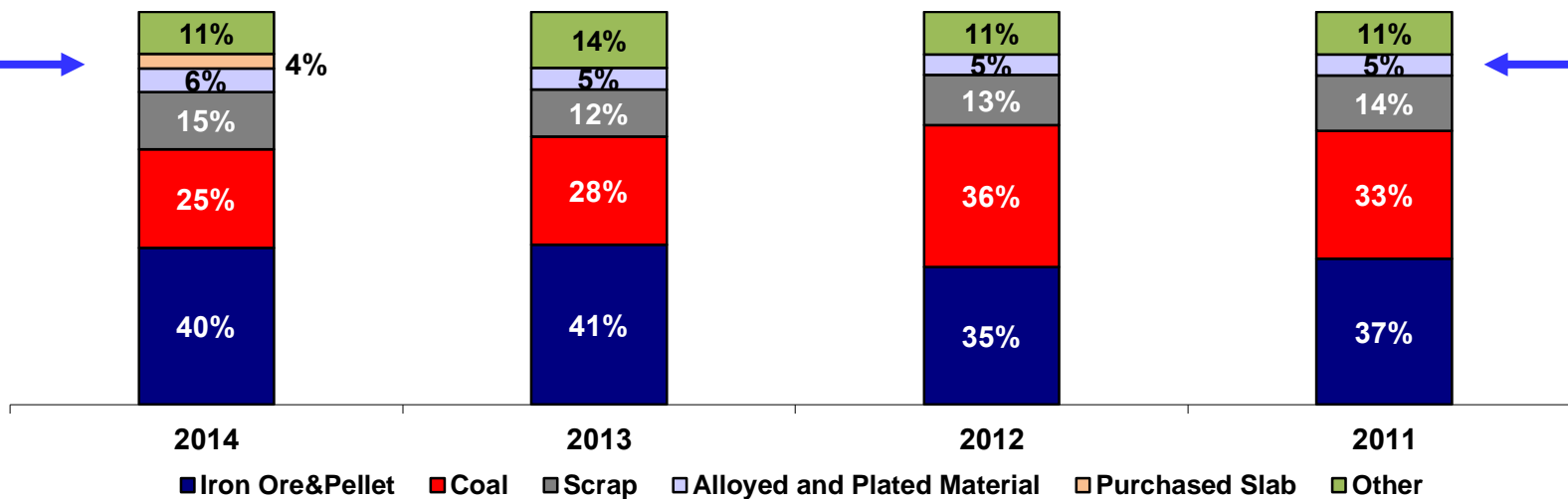


# Raw materials made up 71% of the cost of sales in 2014

## COST OF SALES BREAKDOWN\* - %



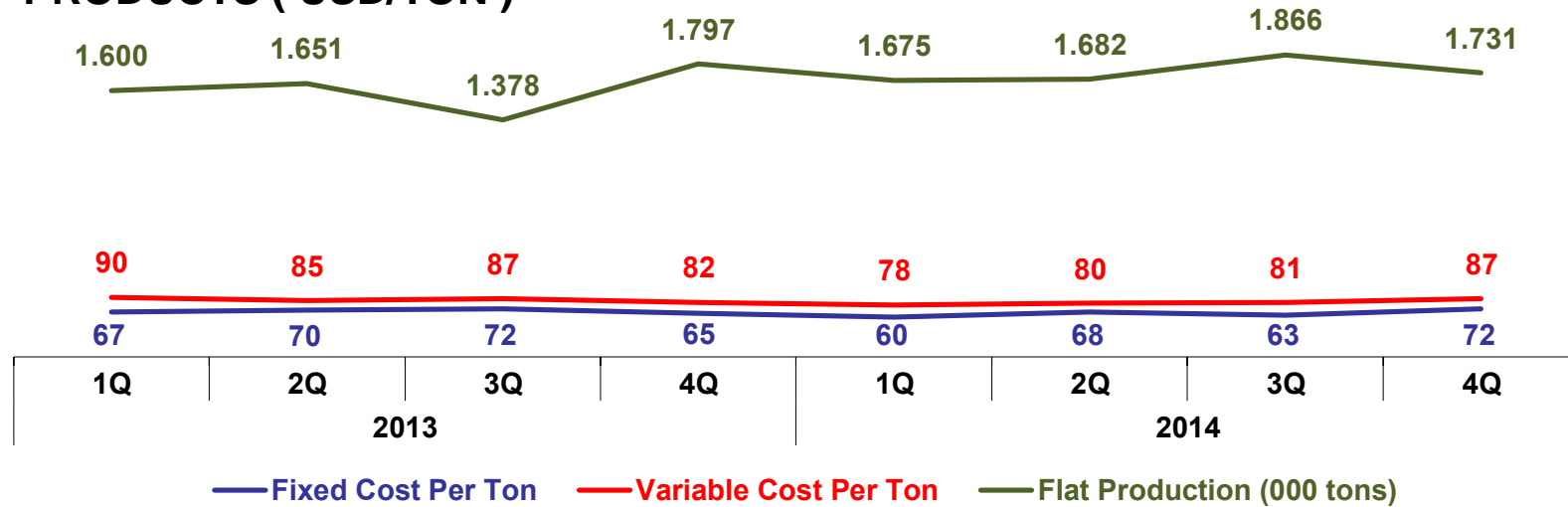
## RAW MATERIALS BREAKDOWN - %



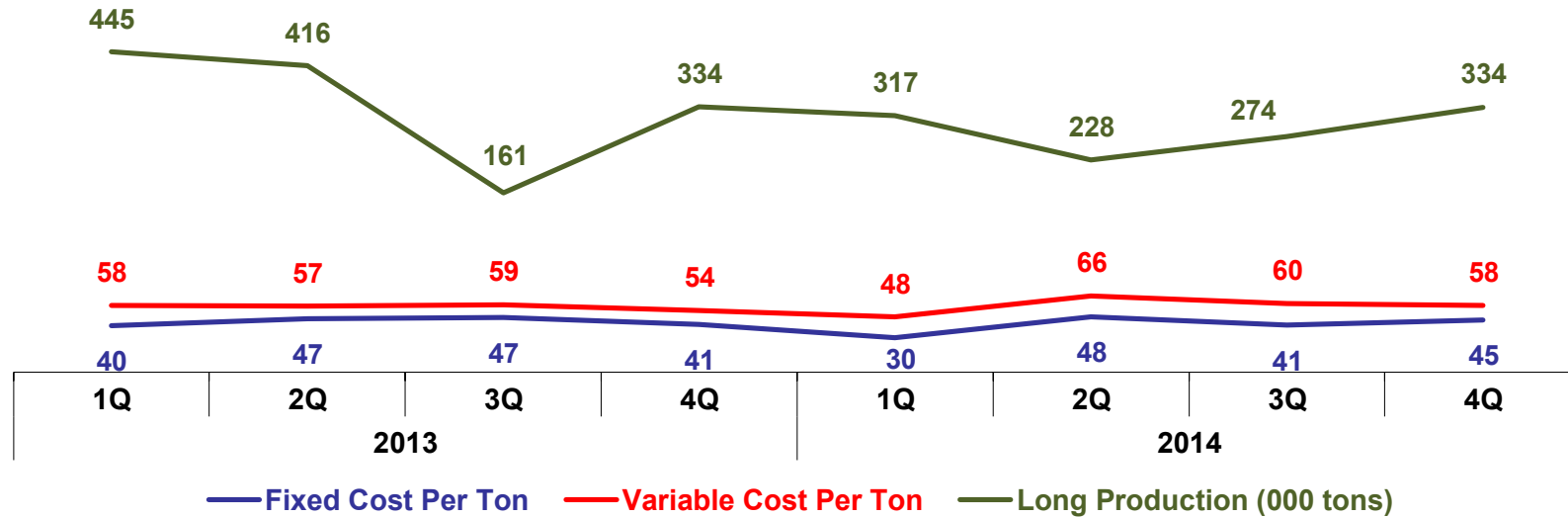
\* Excluding inventory writedowns and provision released.

# Flat cost per ton excluding raw materials and depreciation was realised as 159 USD/ton in 2014 4Q

## FLAT PRODUCTS ( USD/TON )\*



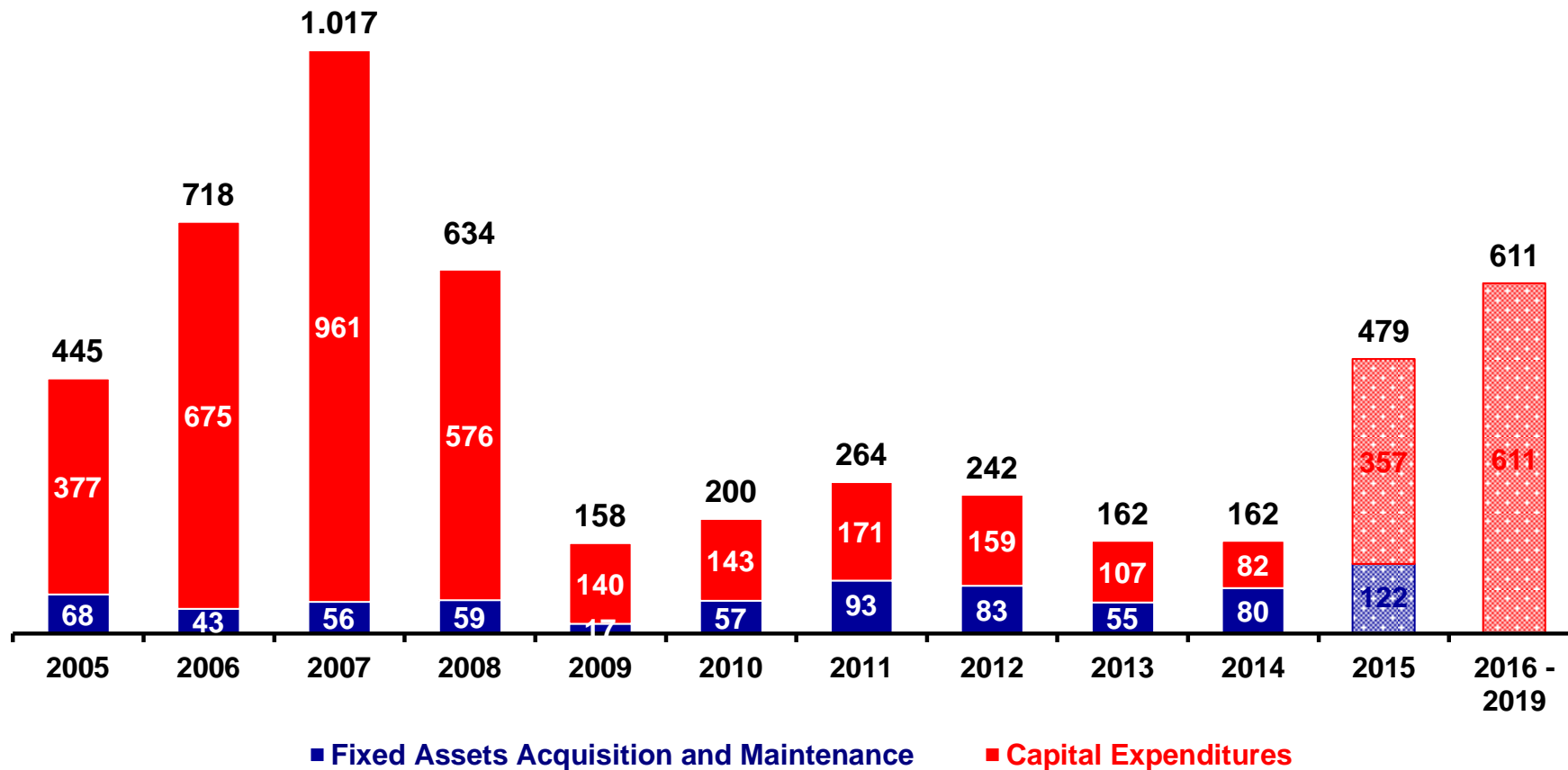
## LONG PRODUCTS ( USD/TON )\*



\* Depreciation was excluded from fixed and variable cost.

# Capital expenditures of 479 million USD is planned for 2015

( M USD )



\* The figures only cover the board approved capex plan.

**Number of employees was 12.872 as of December 2014**

**NUMBER OF EMPLOYEES**

