



ErdemirGroup

50
YEARS

FUTURE MADE OF STEEL



2015 12 Months Consolidated Results

09 March 2016

FUTURE MADE OF STEEL | **50**
YEARS

DISCLAMIER

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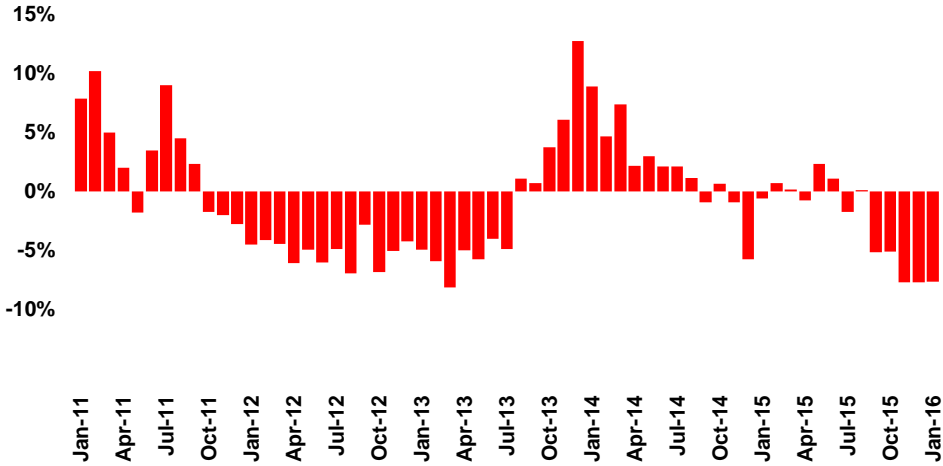


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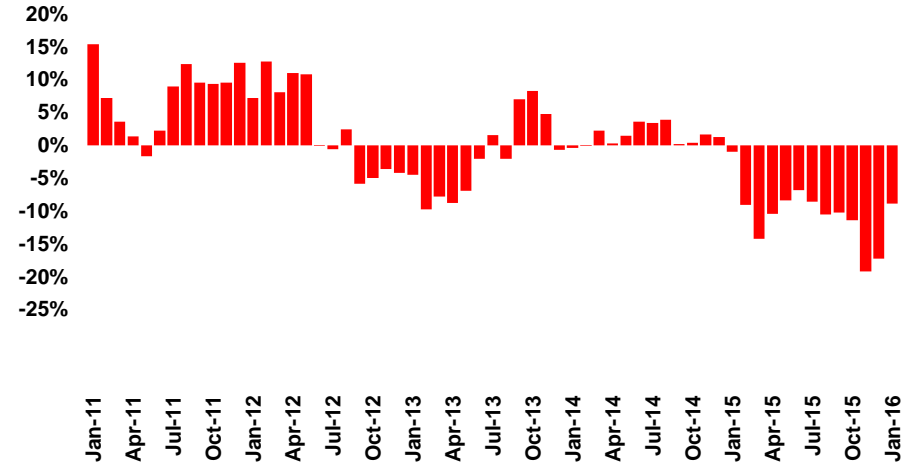
- > **2015 Market Overview**
- > 2015 Results

In EU, HRC price was 326 USD/ton as of March 2016

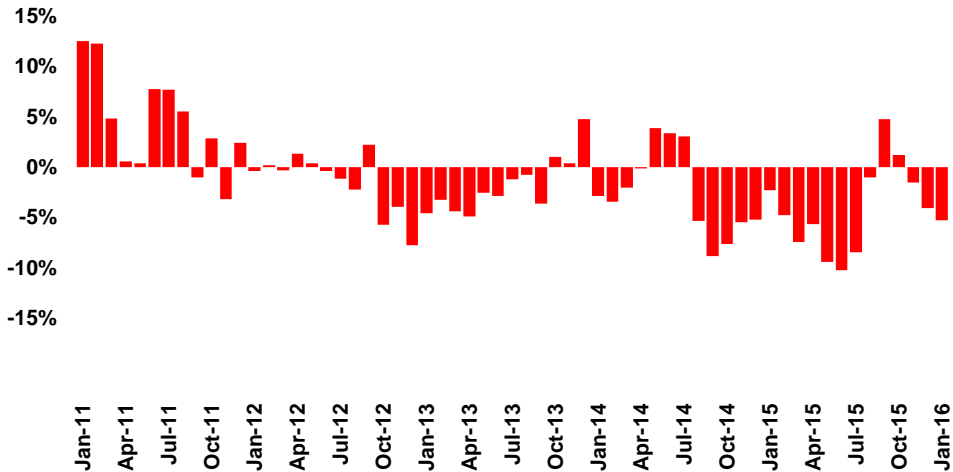
EU28 CRUDE STEEL PRODUCTION (YoY %)*



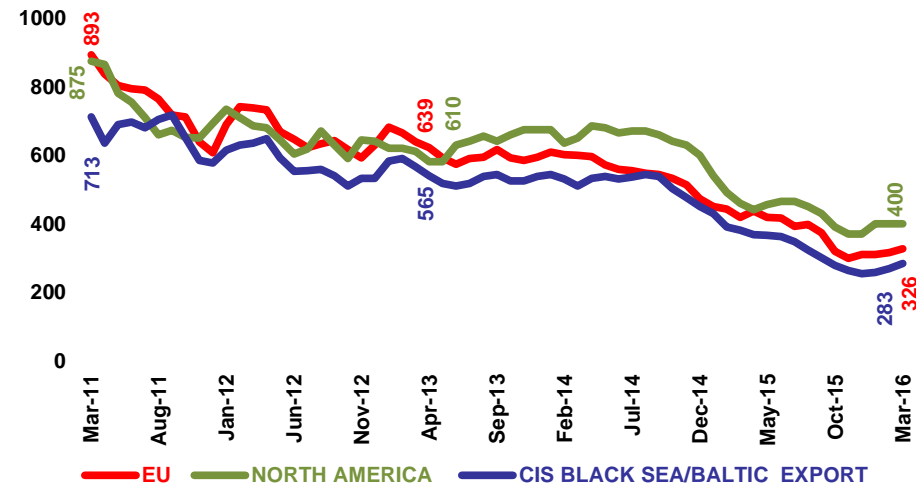
USA CRUDE STEEL PRODUCTION (YoY %)*



CIS CRUDE STEEL PRODUCTION (YoY %) *



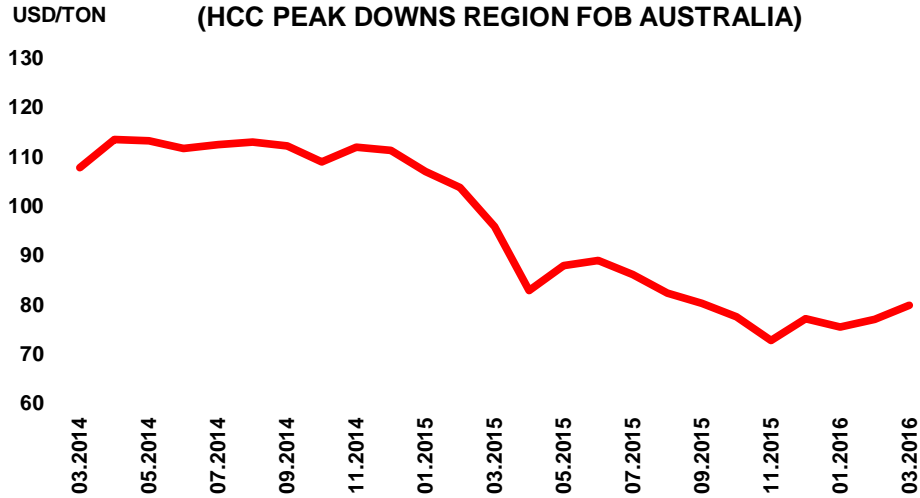
HRC PRICES (USD/TON)**



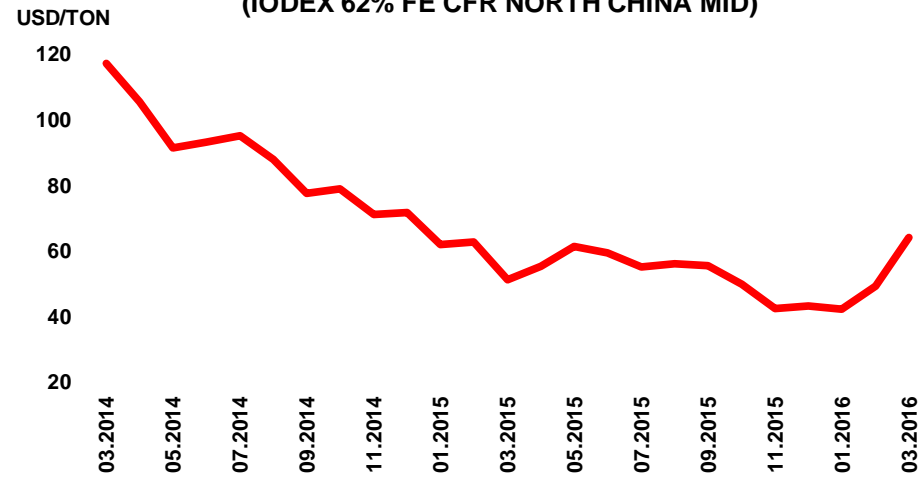


Iron ore price was 64 USD/ton as of March 2016

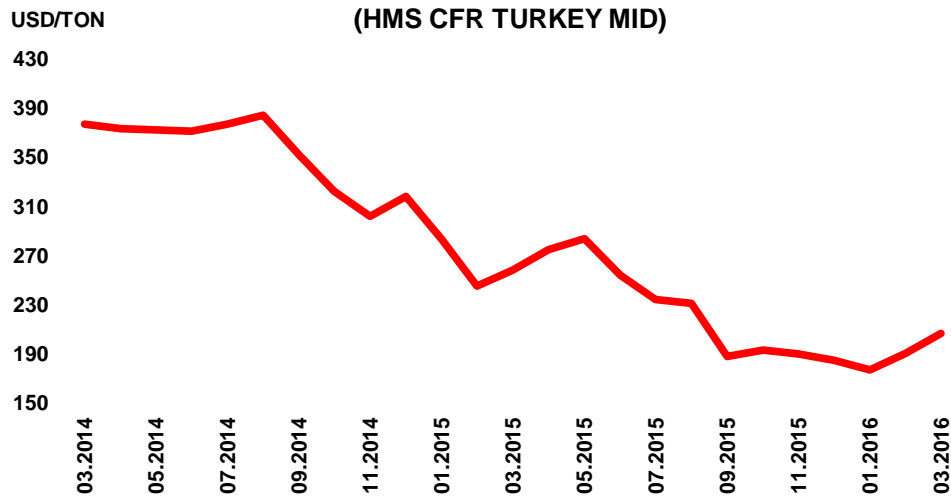
COKING COAL PRICES
(HCC PEAK DOWNS REGION FOB AUSTRALIA)



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



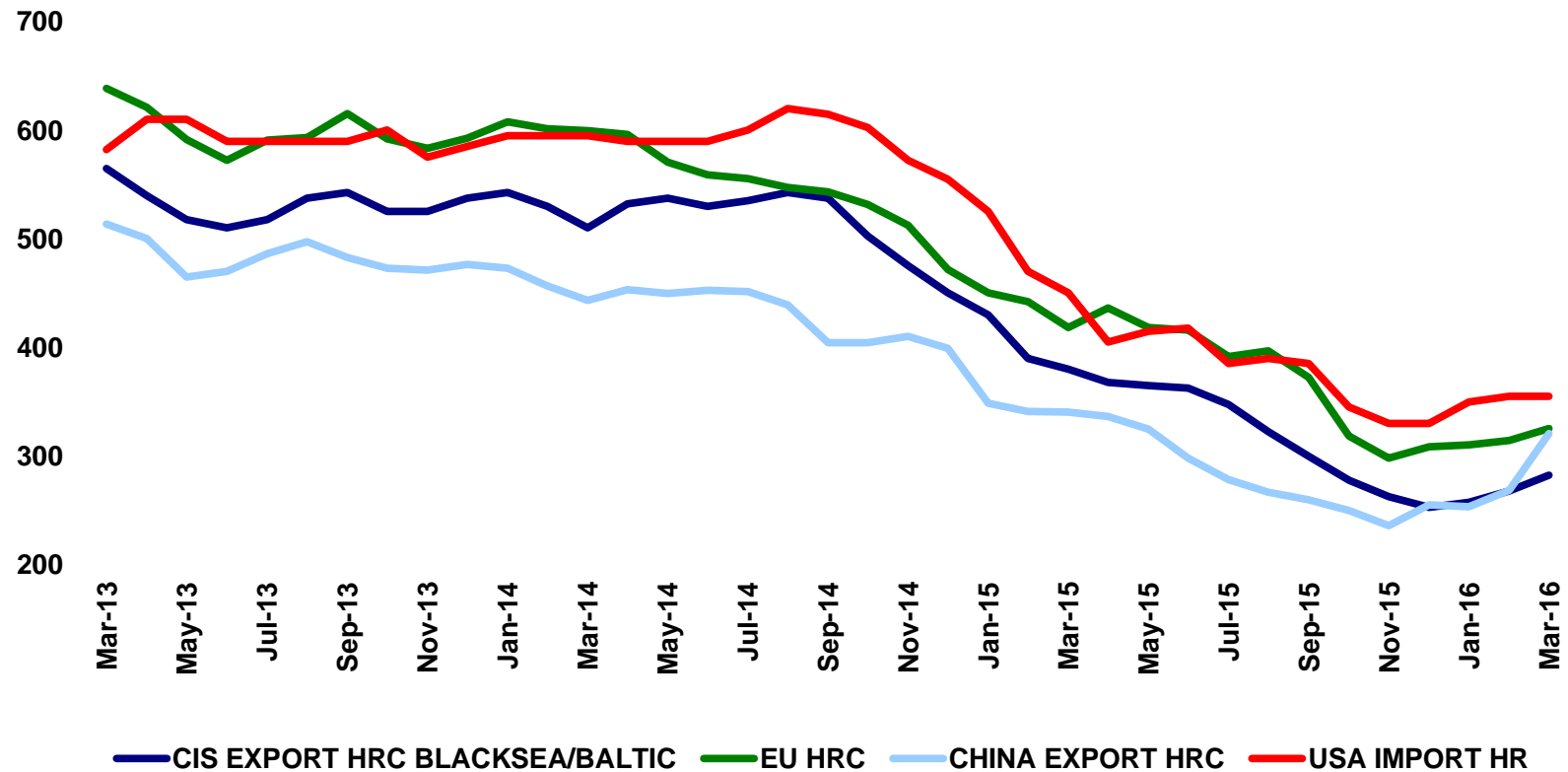
SCRAP PRICES
(HMS CFR TURKEY MID)





HRC prices are increasing

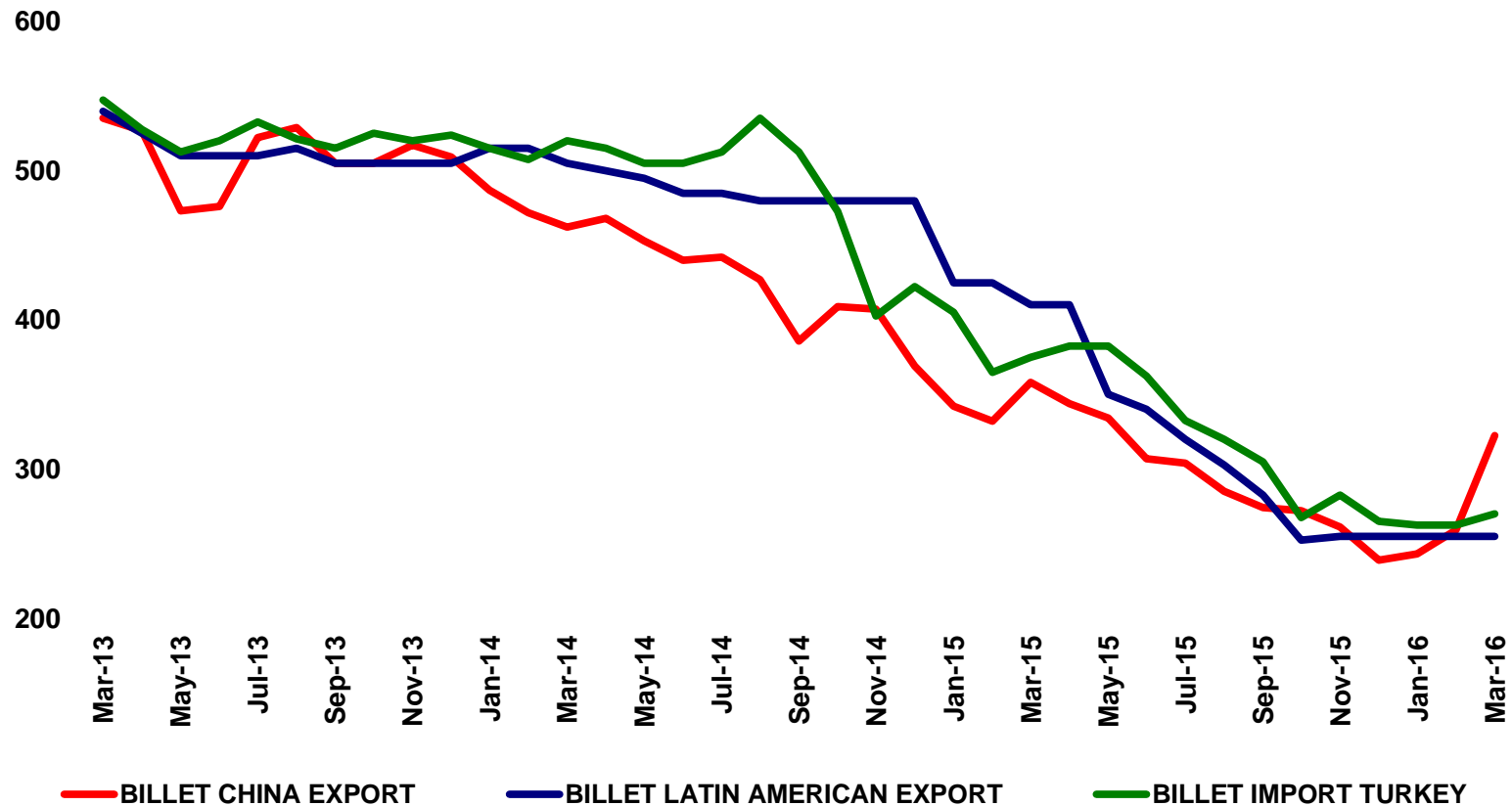
HRC PRICES (USD/Ton)



► As of March 2016, EU HRC price was 326 USD, China HRC export price was 321 USD, CIS export HRC price was 283 USD. The prices were 418 USD, 340 USD, 380 USD respectively by the end of March 2015.

Billet sales prices are significantly increasing in China

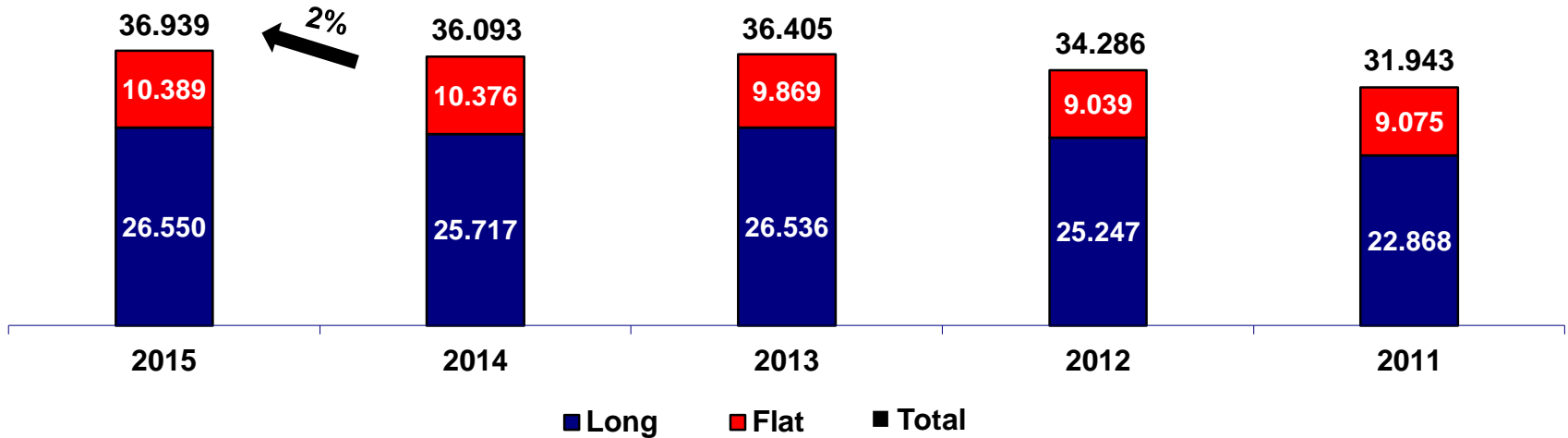
BILLET PRICES (USD/Ton)



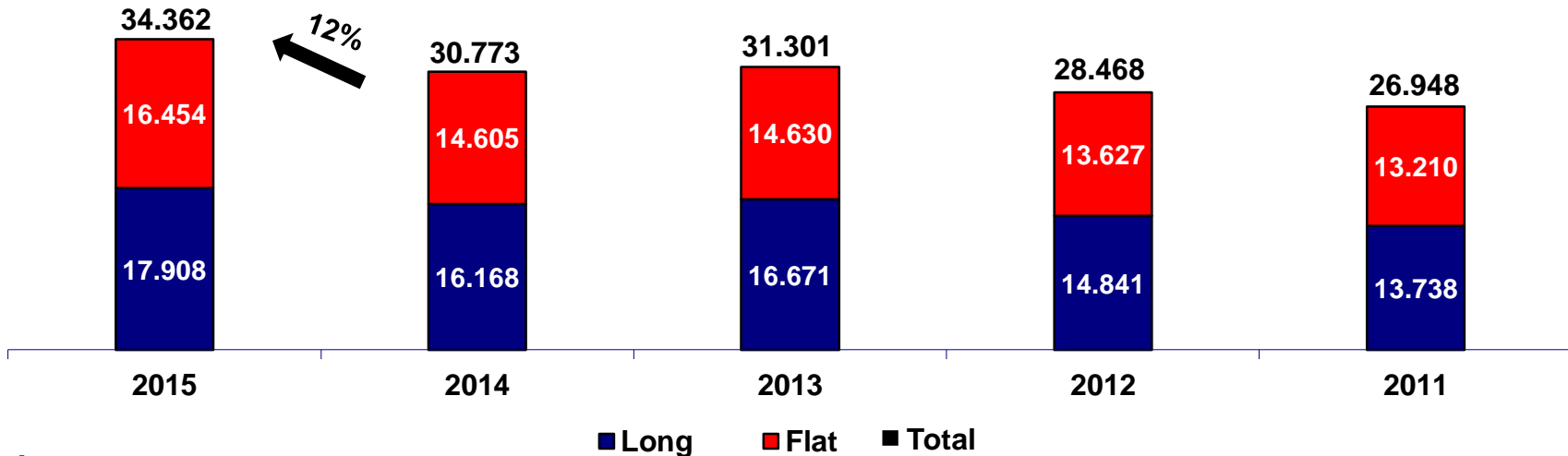
➔ As of March 2016, Turkey export price was 270 USD while it was 375 USD in March 2015.

The imbalance between increase rates of Turkish production and consumption is due to semi-product imports.

PRODUCTION (000 TONS)

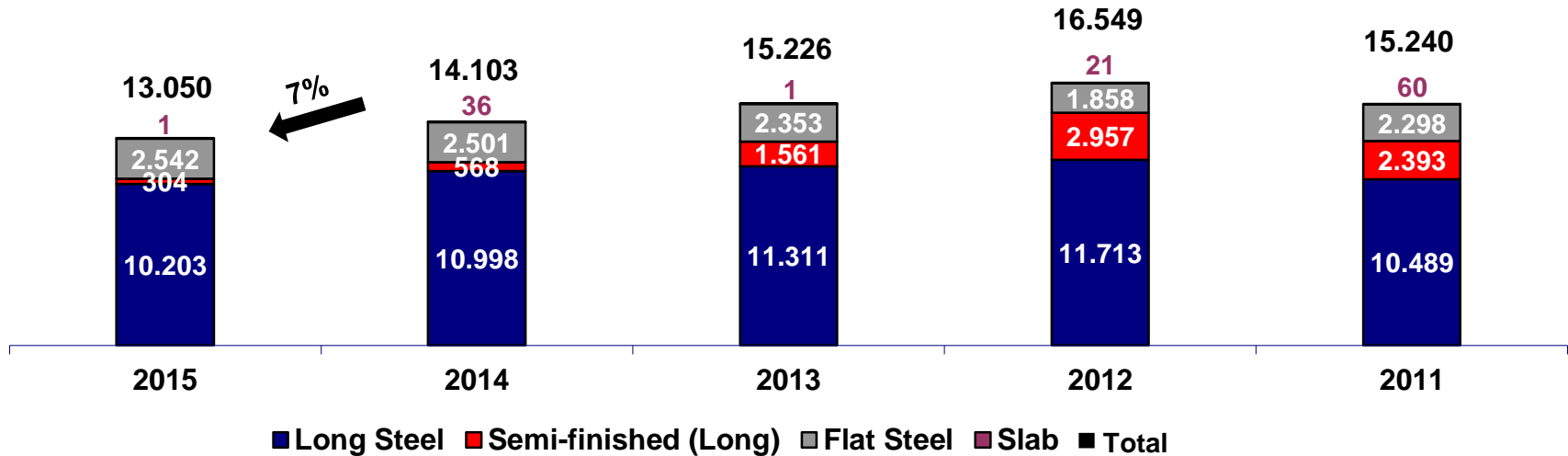


CONSUMPTION (000 TONS)

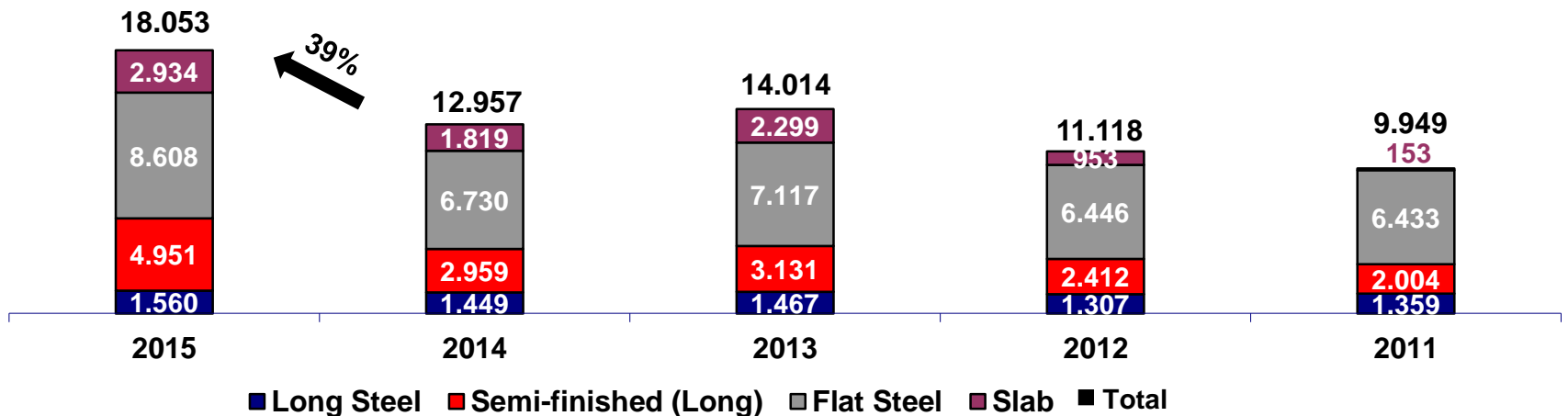


Turkish iron and steel product imports increased by 39% in 2015 YoY

IRON AND STEEL PRODUCT EXPORTS (000 TONS)

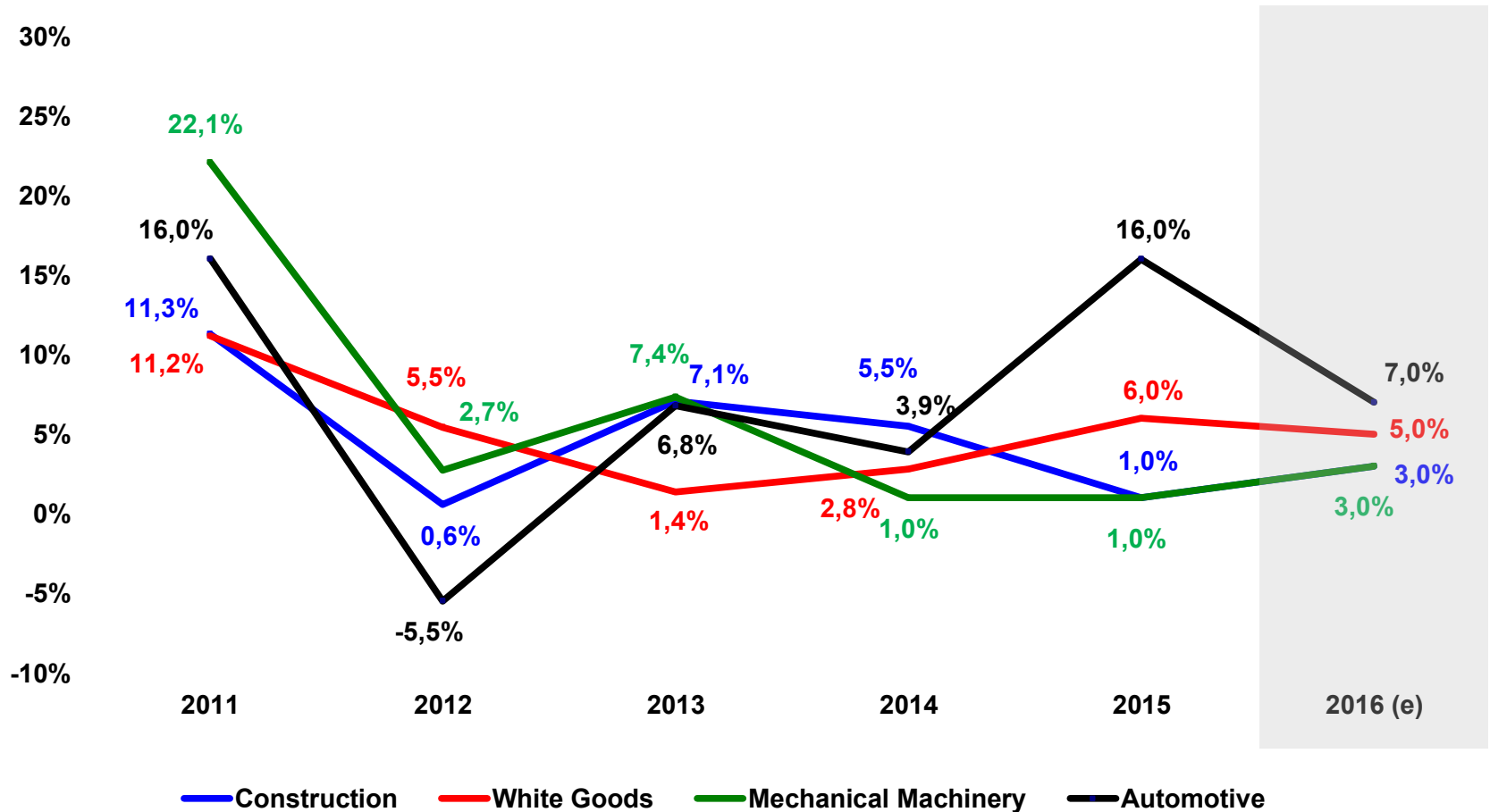


IRON AND STEEL PRODUCT IMPORTS (000 TONS)



Deceleration in the automotive sector's growth rate is expected

CHANGES IN SECTOR DEVELOPMENT INDEX (% YoY)





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- > 2015 Market Overview
- > **2015 Results**

ERDEMİR GROUP KEY FIGURES

| | | | 2015 | 2014 | 2013 |
|---|-------------------|---|--------------|-------|-------|
| Liquid Steel Production | <i>(000 Tons)</i> | ↑ | 9.122 | 8.693 | 8.447 |
| Slab Production ⁽¹⁾ | <i>(000 Tons)</i> | ↓ | 7.349 | 7.363 | 6.865 |
| Flat Steel Production ⁽²⁾ | <i>(000 Tons)</i> | ↑ | 7.400 | 6.954 | 6.427 |
| Long Steel Production | <i>(000 Tons)</i> | ↑ | 1.563 | 1.153 | 1.356 |
| Flat Steel Shipments | <i>(000 Tons)</i> | ↑ | 7.229 | 6.933 | 6.338 |
| Long Steel Shipments | <i>(000 Tons)</i> | ↑ | 1.552 | 1.163 | 1.346 |
| Net Sales Revenue | <i>(M. USD)</i> | ↓ | 4.382 | 5.252 | 5.142 |
| EBITDA | <i>(M. USD)</i> | ↓ | 770 | 1.136 | 987 |
| Net Profit For The Year | <i>(M. USD)</i> | ↓ | 414 | 732 | 484 |

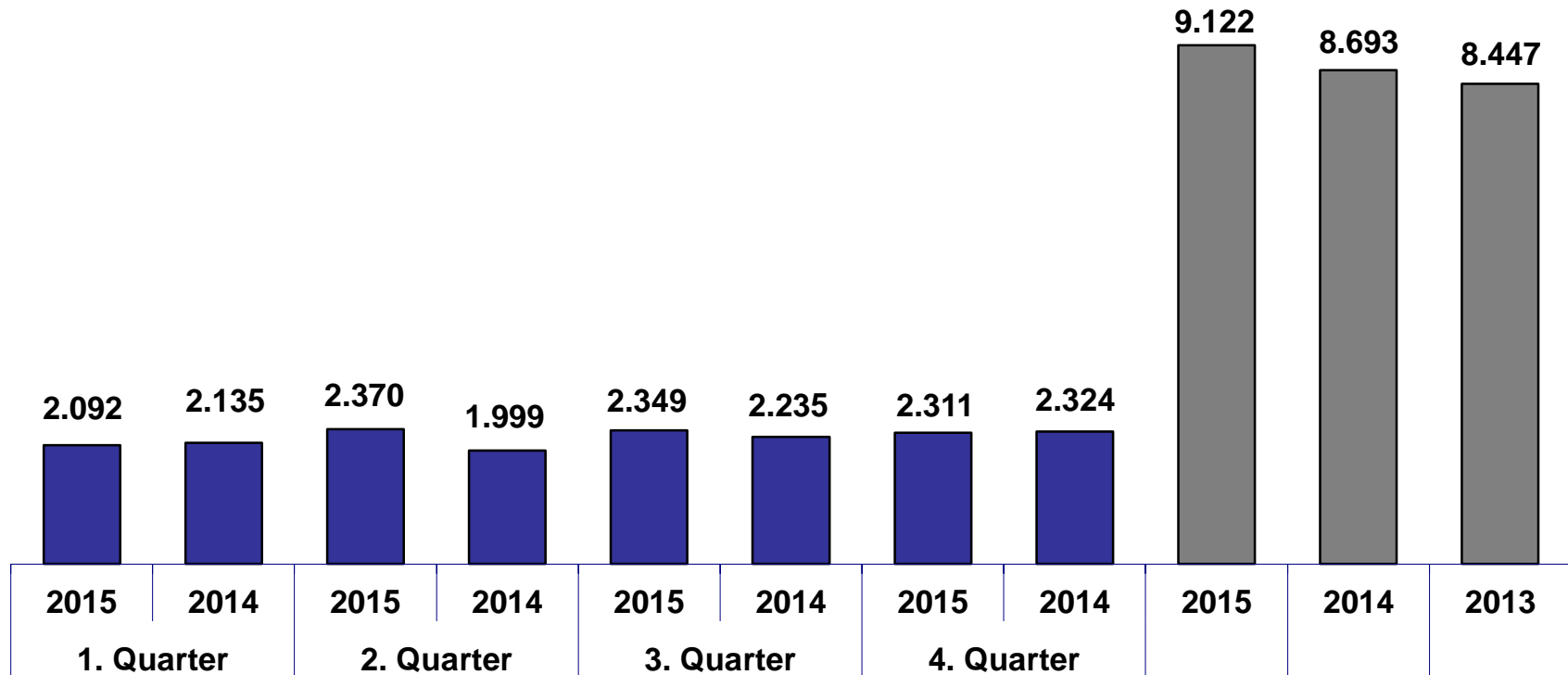
All figures are on IFRS consolidated basis unless stated otherwise.

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

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

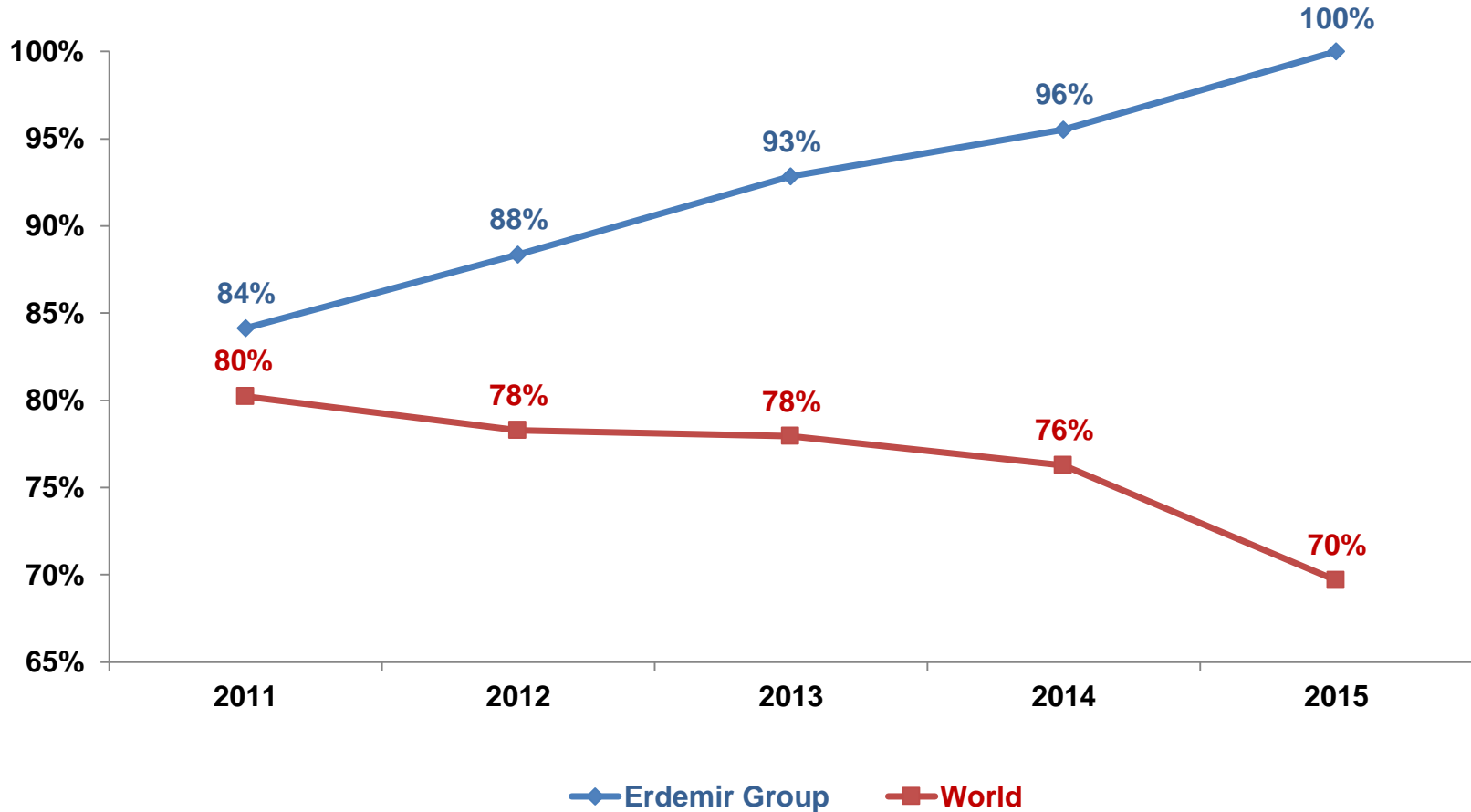
Liquid steel production increased by 5% in 2015 YoY

LIQUID STEEL PRODUCTION (000 TONS)



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

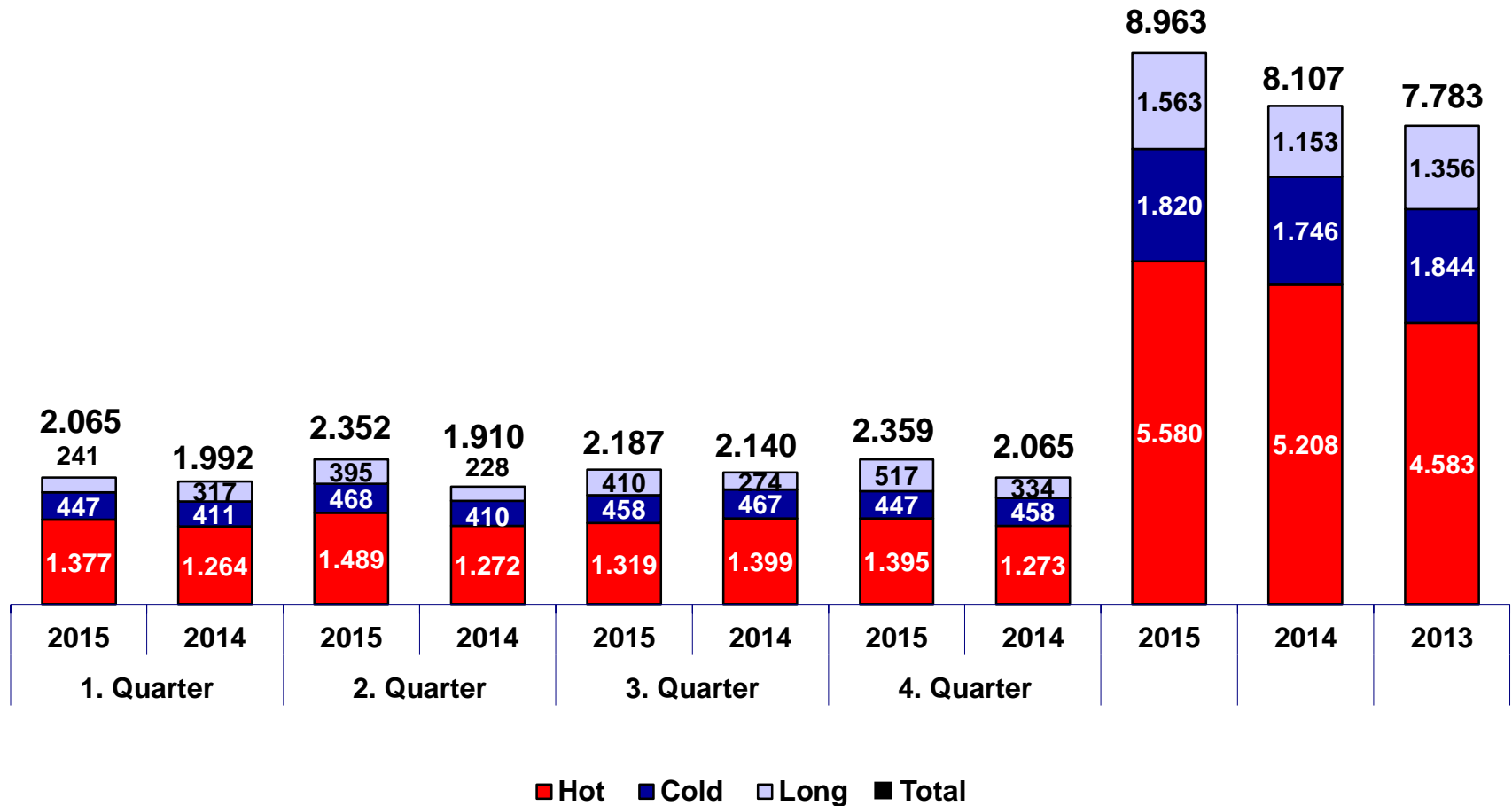
CRUDE STEEL CAPACITY UTILIZATION RATIO





Production increased by 11% in 2015 YoY

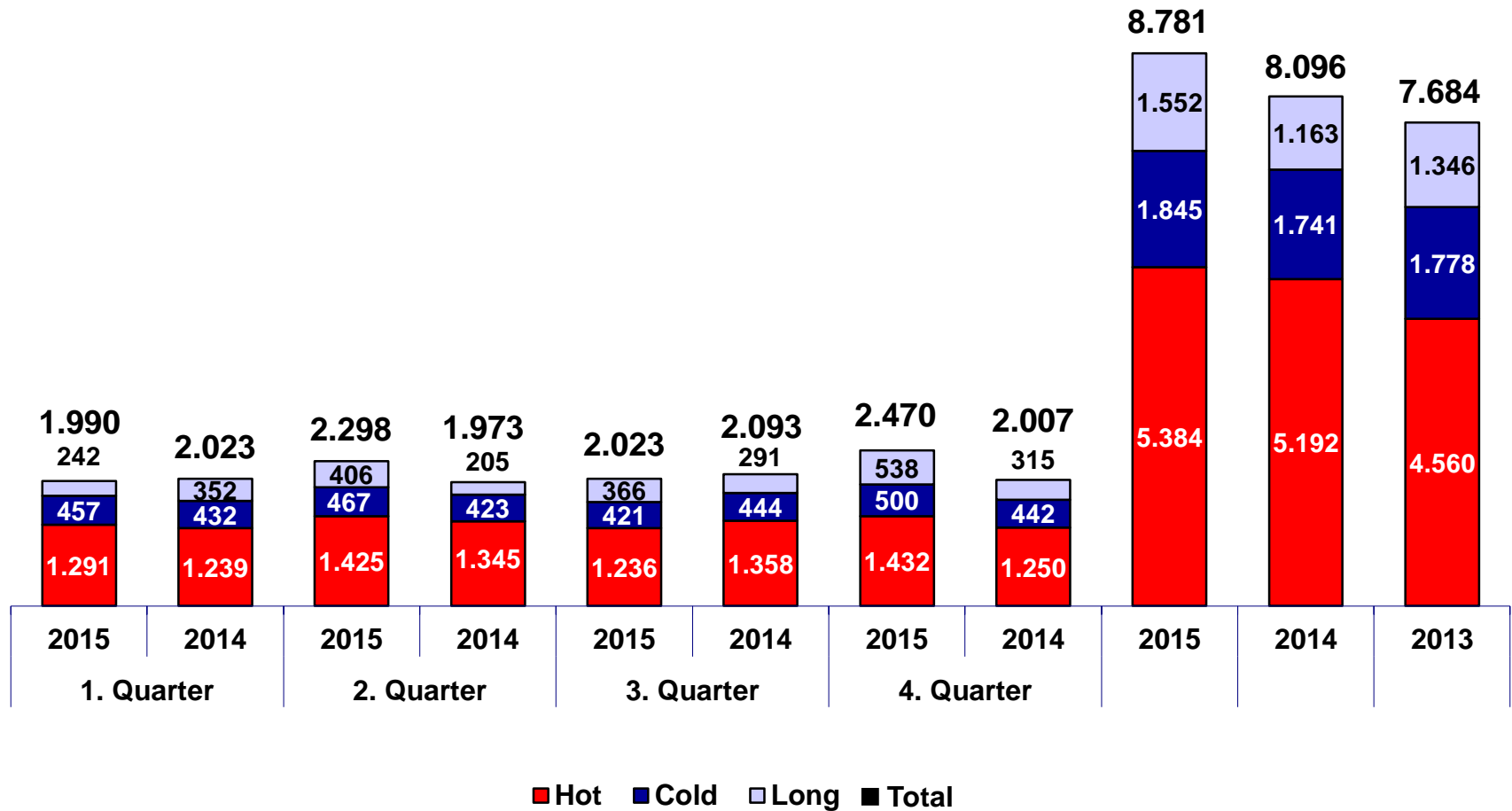
PRODUCTION VOLUMES (000 TONS)





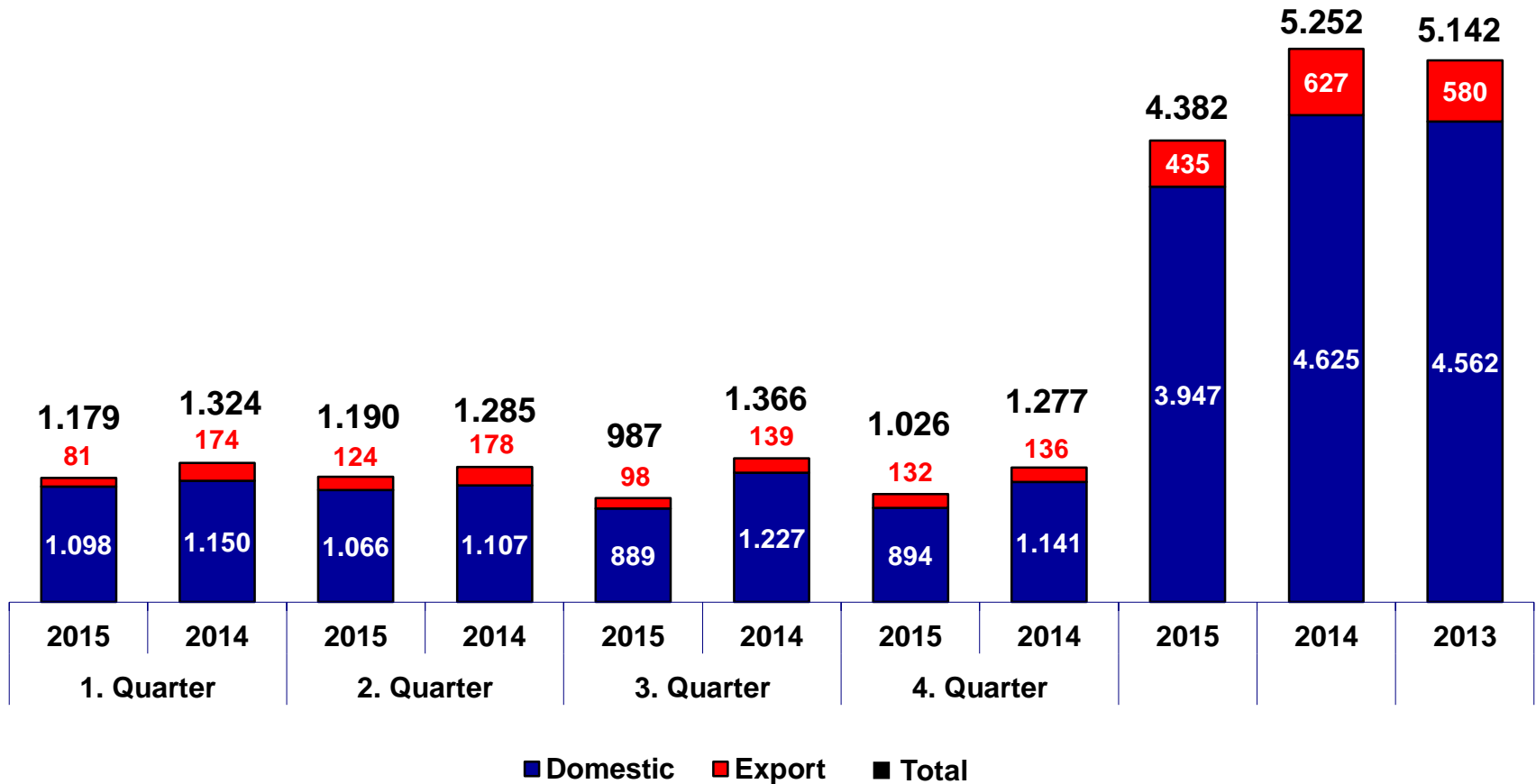
Sales volumes increased by 8% in 2015 YoY

SALES VOLUMES (000 TONS)



Net sales revenue was 4,4 billion USD in 2015

NET SALES REVENUE (MILLION USD)

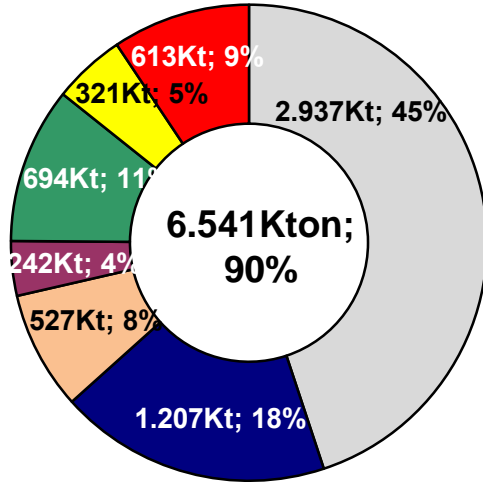


Sales to automotive and components industry increased in 2015 YoY



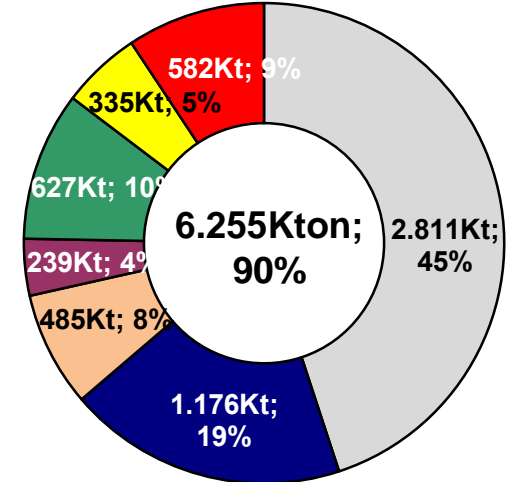
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2015 FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

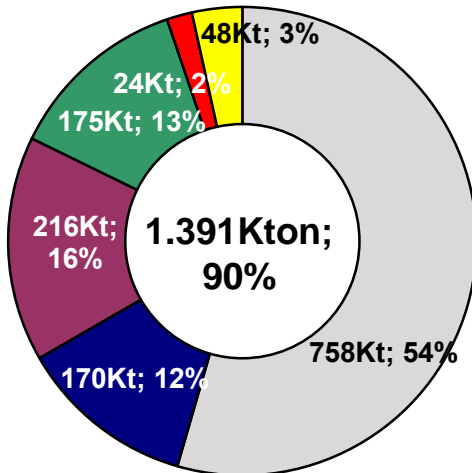


- Pipe&Profile Producers and Re-rollers
- Distribution Chains
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

2014 FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

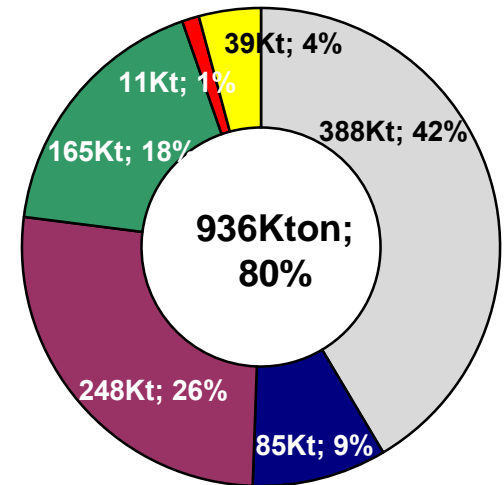


2015 LONG STEEL DOMESTIC SALES BREAKDOWN (%)



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

2014 LONG STEEL DOMESTIC SALES BREAKDOWN (%)

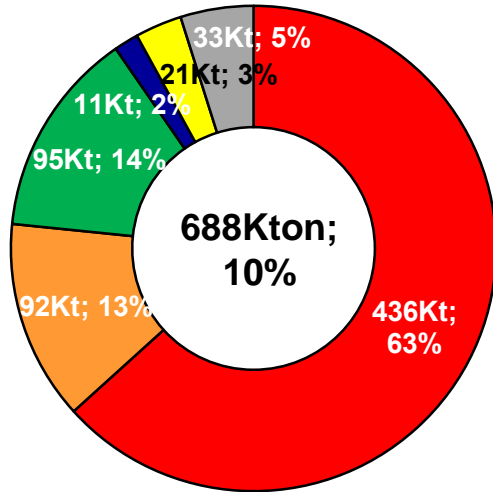


Flat steel sales to EU countries was 63% of our flat export in 2015



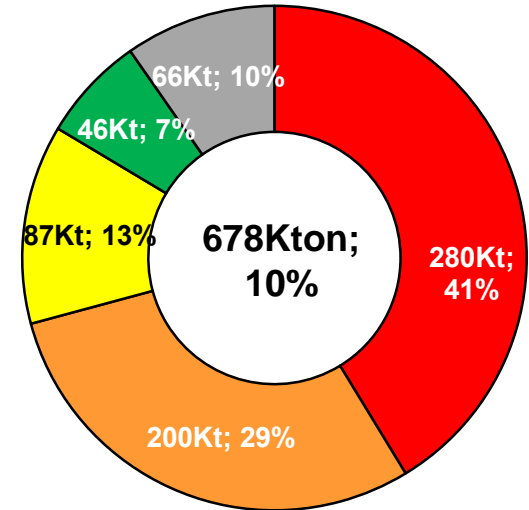
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2015 FLAT STEEL EXPORTS BREAKDOWN (%)



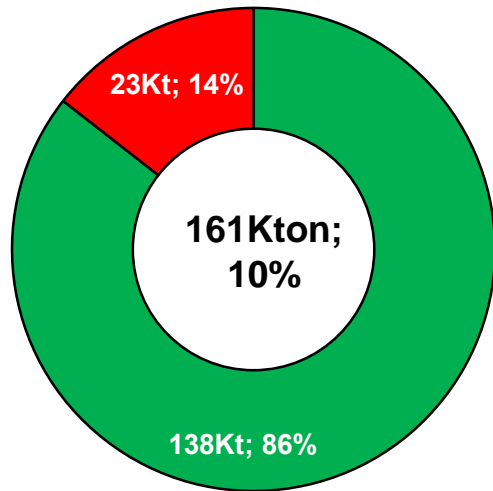
- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

2014 FLAT STEEL EXPORTS BREAKDOWN (%)

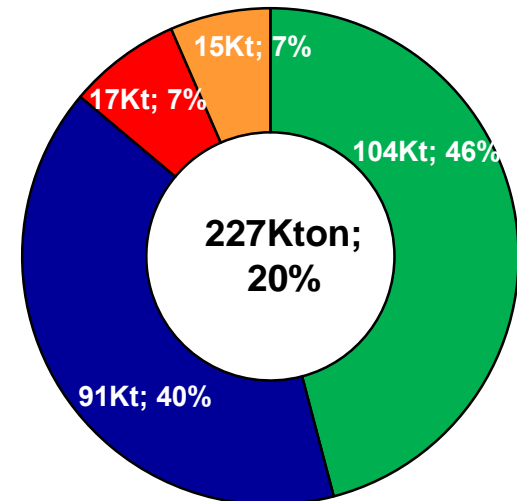


- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

2015 LONG STEEL EXPORTS BREAKDOWN (%)



2014 LONG STEEL EXPORTS BREAKDOWN (%)

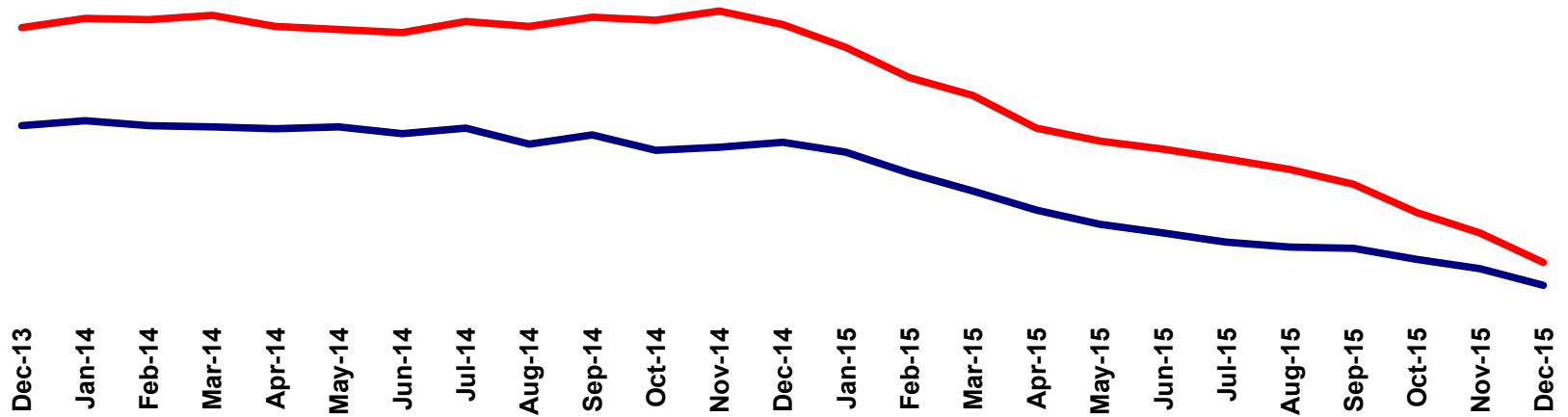


In 2015, Erdemir Group average flat and long steel prices were 509 USD/ton and 403 USD/ton respectively



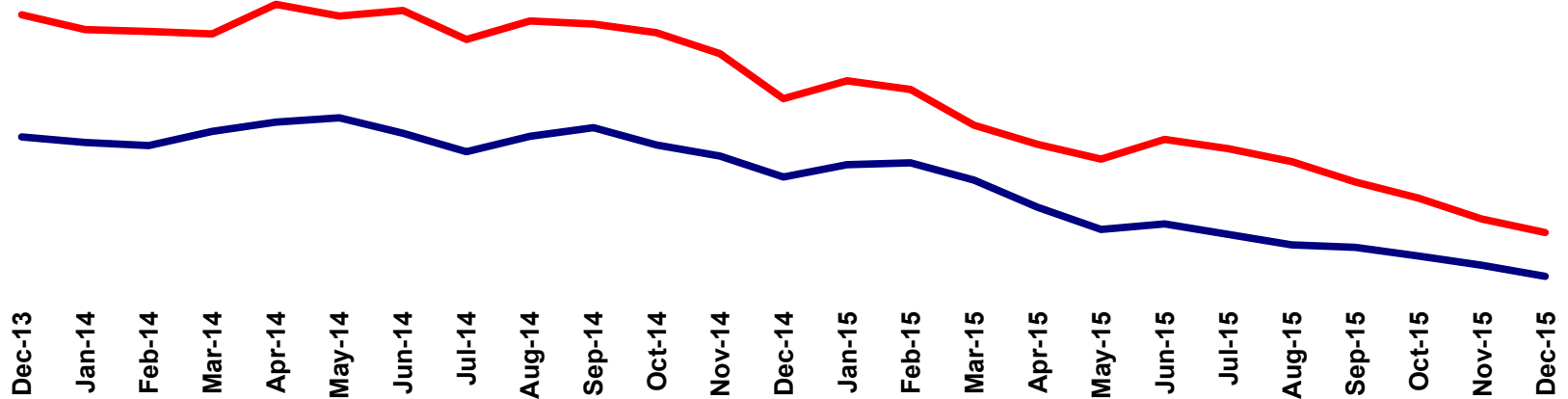
USD/TON

— Erdemir Group Flat Sales Price — Erdemir Group Flat Cost of Sales



USD/TON

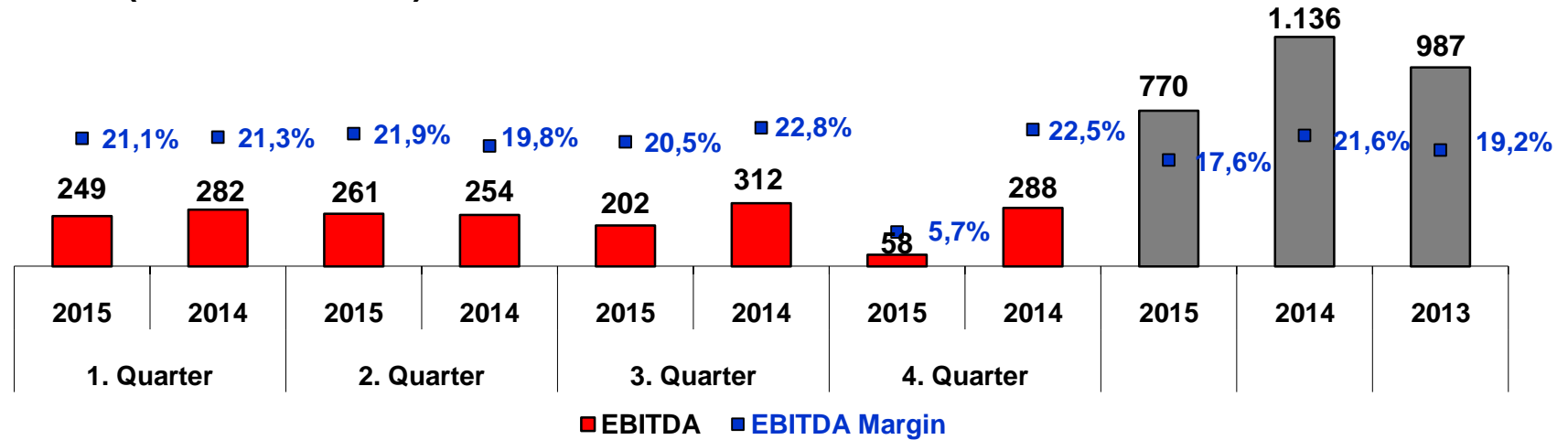
— Erdemir Group Long Sales Price — Erdemir Group Long Cost of Sales



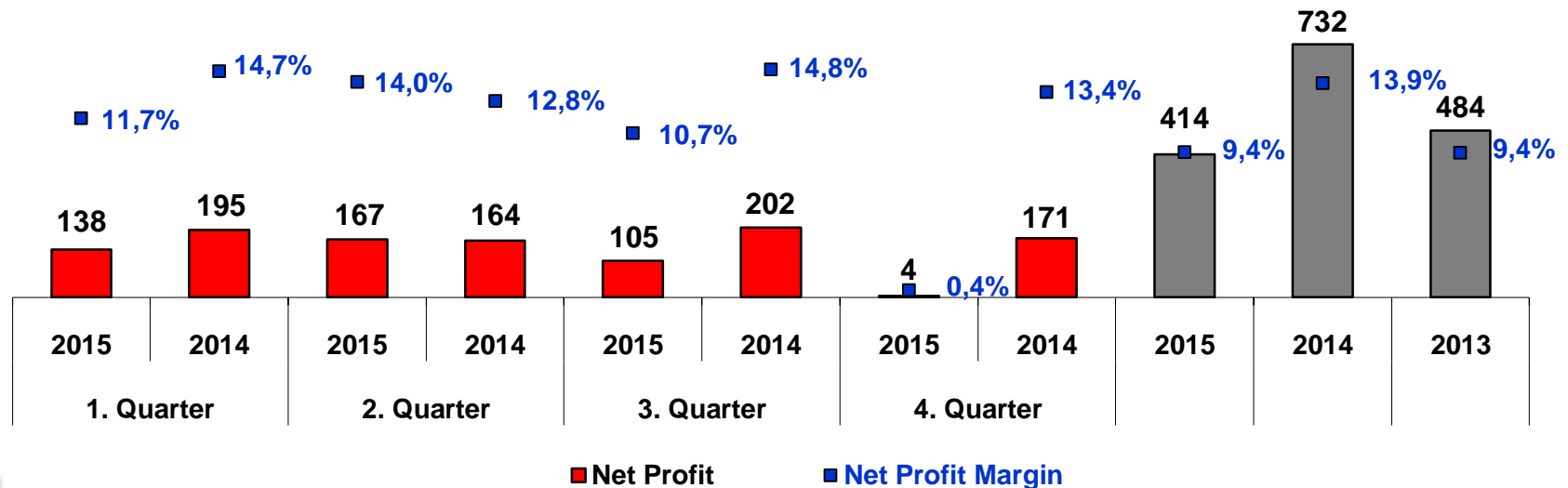


EBITDA decreased by 32% in 2015 YoY

EBITDA (MILLION USD)



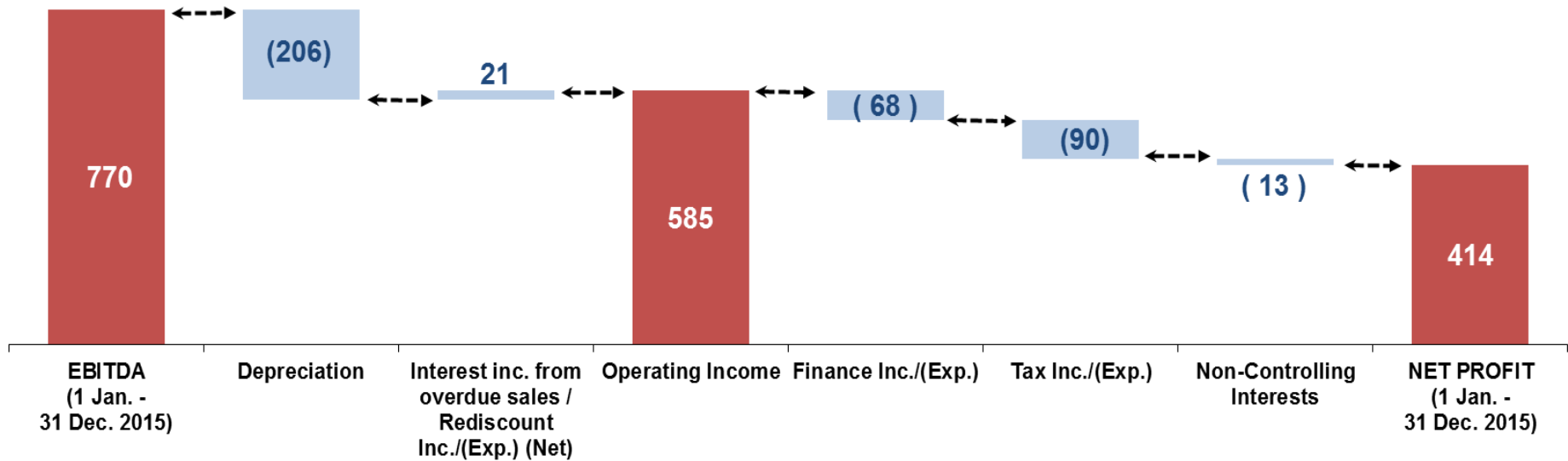
NET PROFIT (MILLION USD)





EBITDA was 770 million USD in 2015

Consolidated EBITDA => Consolidated Net Profit (Million USD)

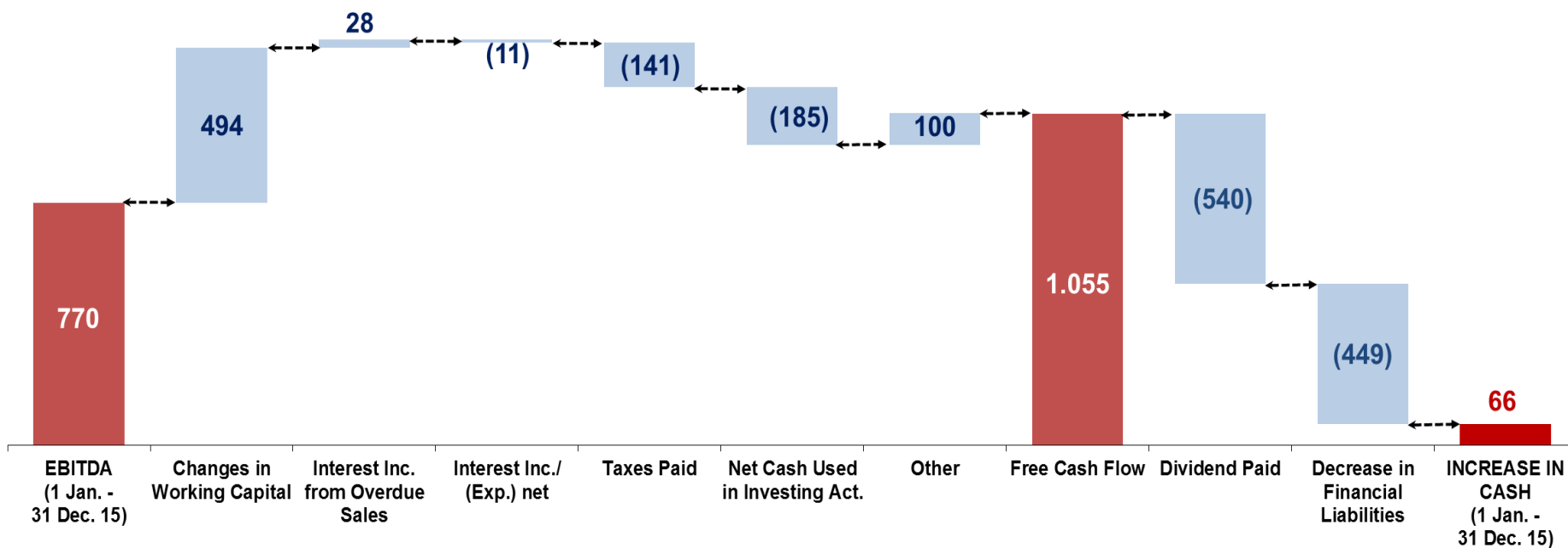


Due to the cash, which is provided from working capital, high dividend payment didn't have a negative effect on liquidity



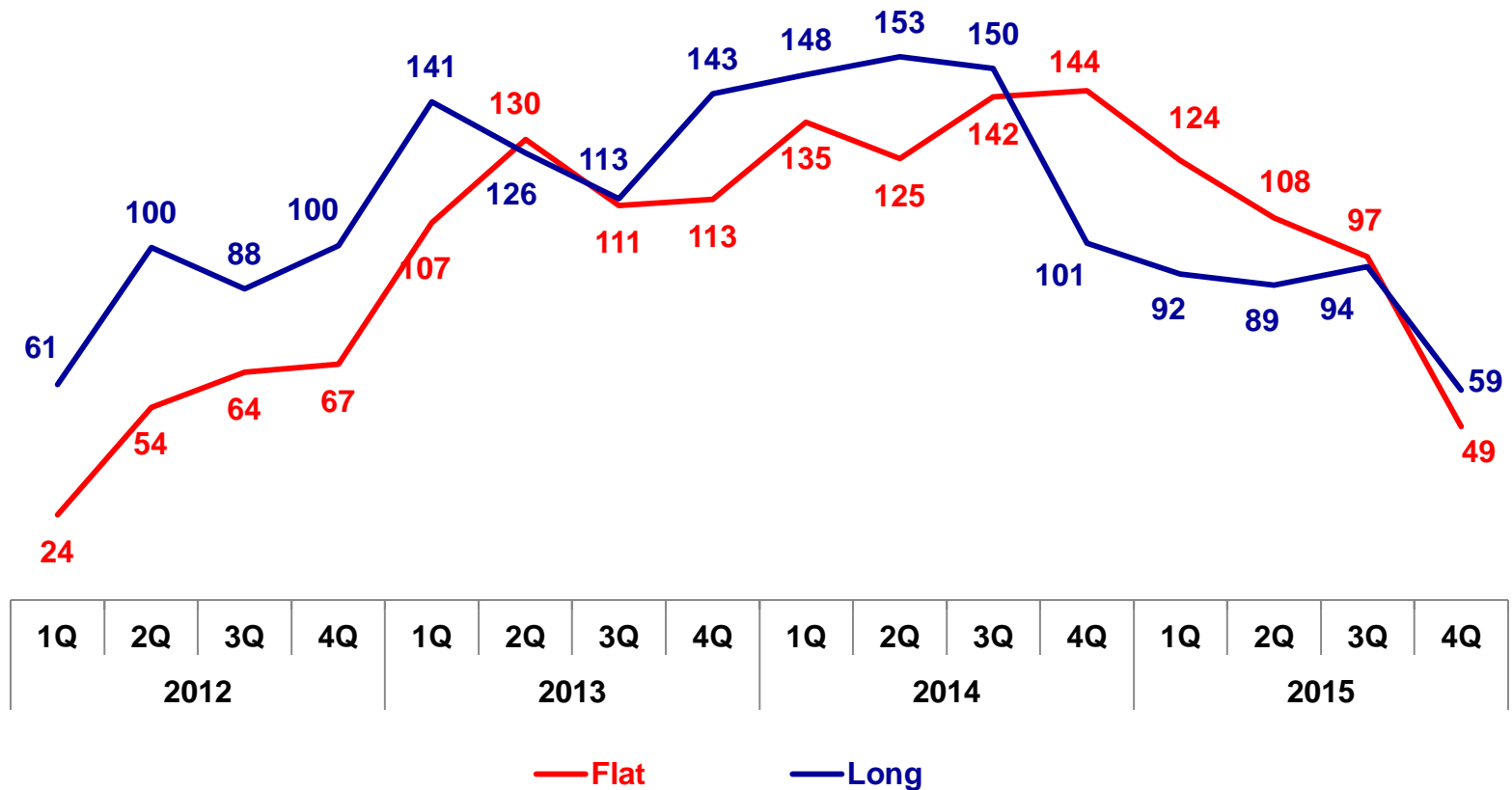
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Consolidated EBITDA => Consolidated Net Cash (Million USD)



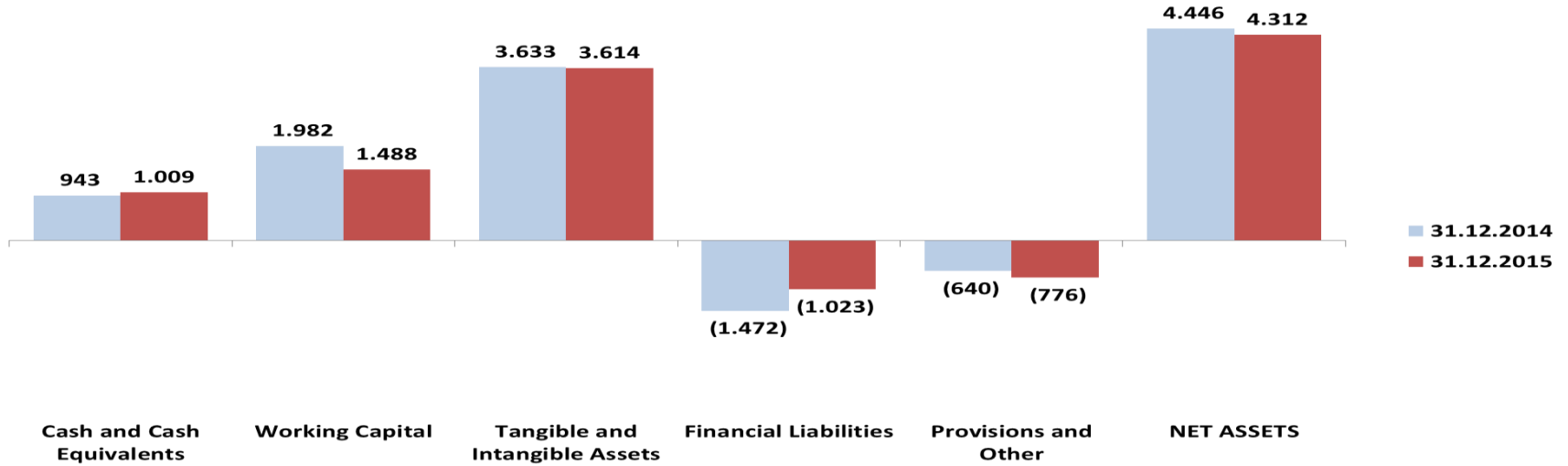
EBITDA per ton for flat product was 49 USD/ton in 2015 4Q

EBITDA PER TON (USD/TON)

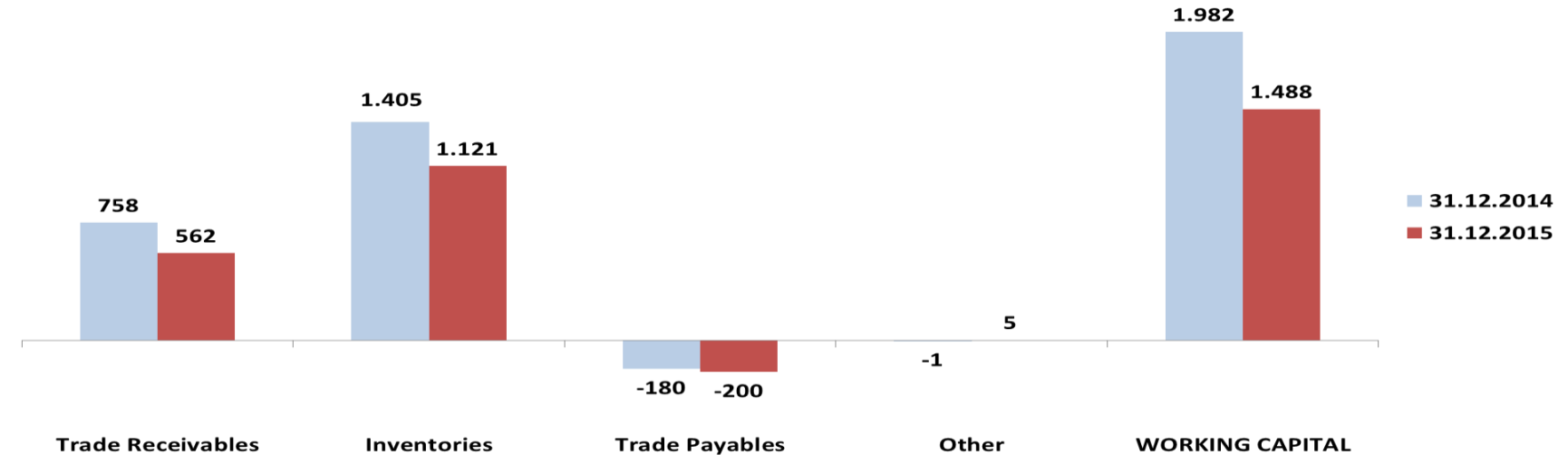


Working capital decrease was the reason of the decline in trade receivables and inventory which was caused by falling commodity prices

CONSOLIDATED NET ASSETS (MILLION USD)

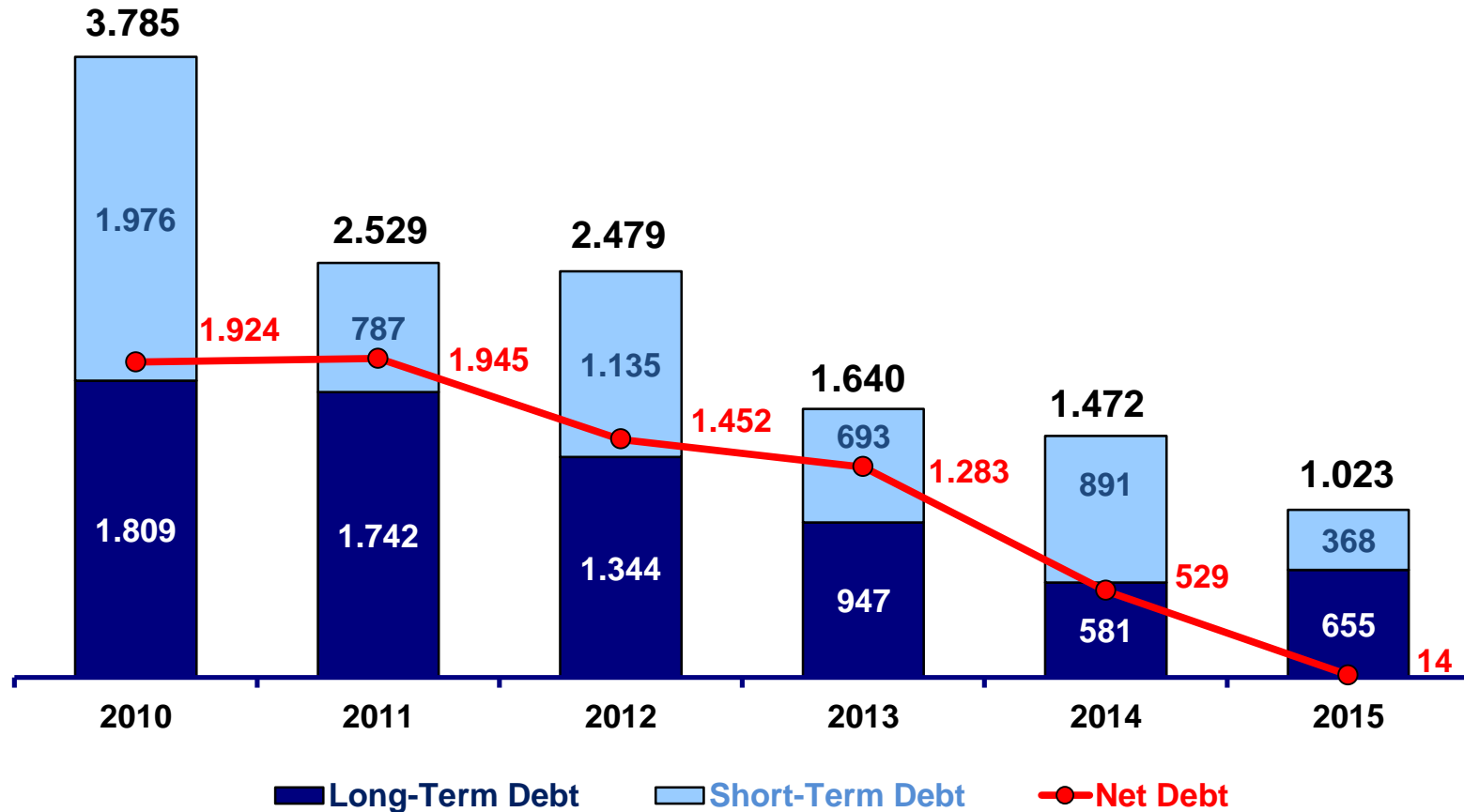


WORKING CAPITAL (MILLION USD)



Despite the high dividend payments, net debt has been decreasing

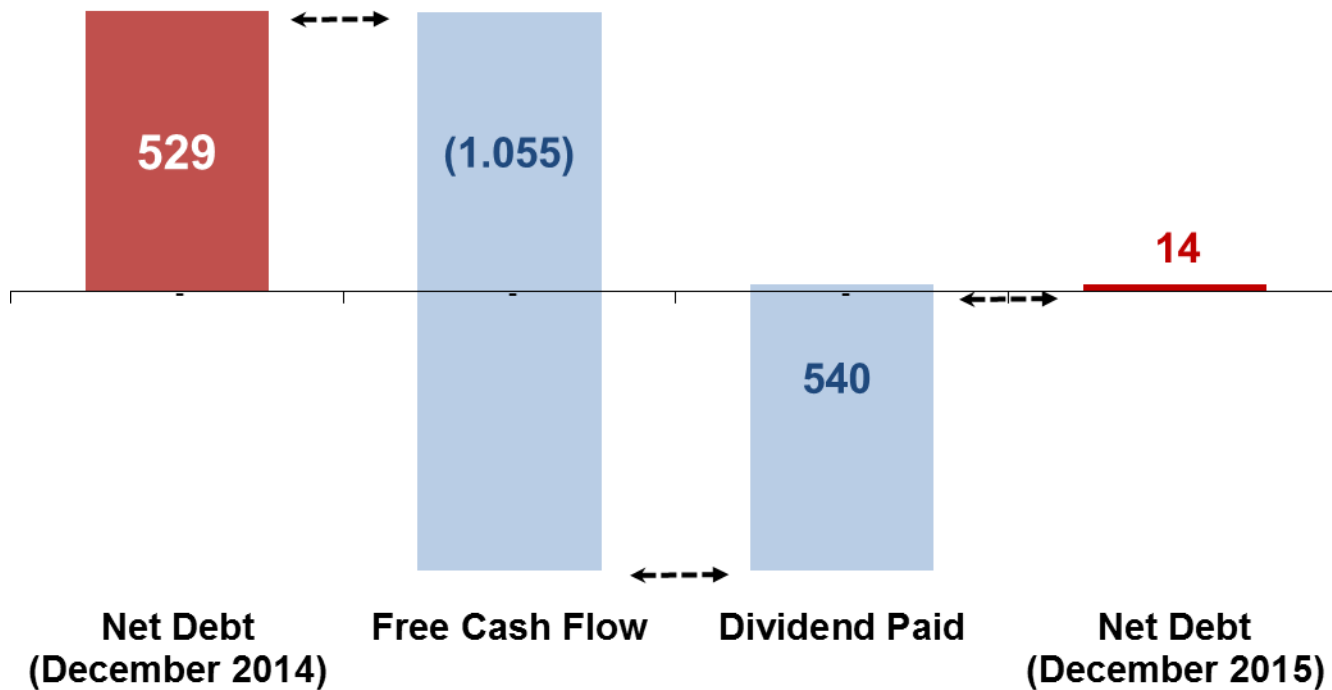
BORROWINGS (MILLION USD)





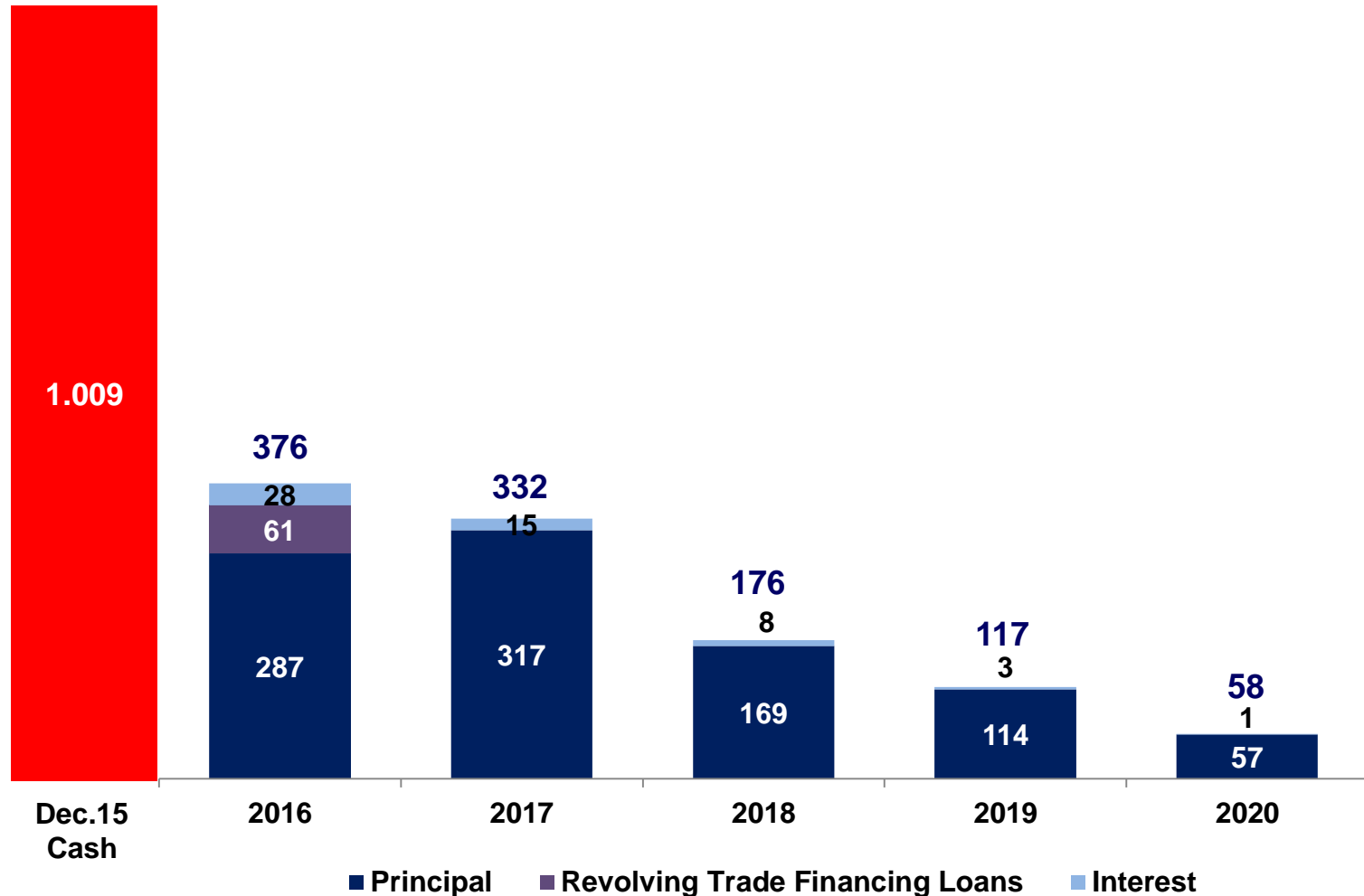
Net debt was 14 million USD at the end of 2015

NET DEBT (MILLION USD)



Erdemir Group has 1.009 million USD cash and cash equivalents at the end of 2015

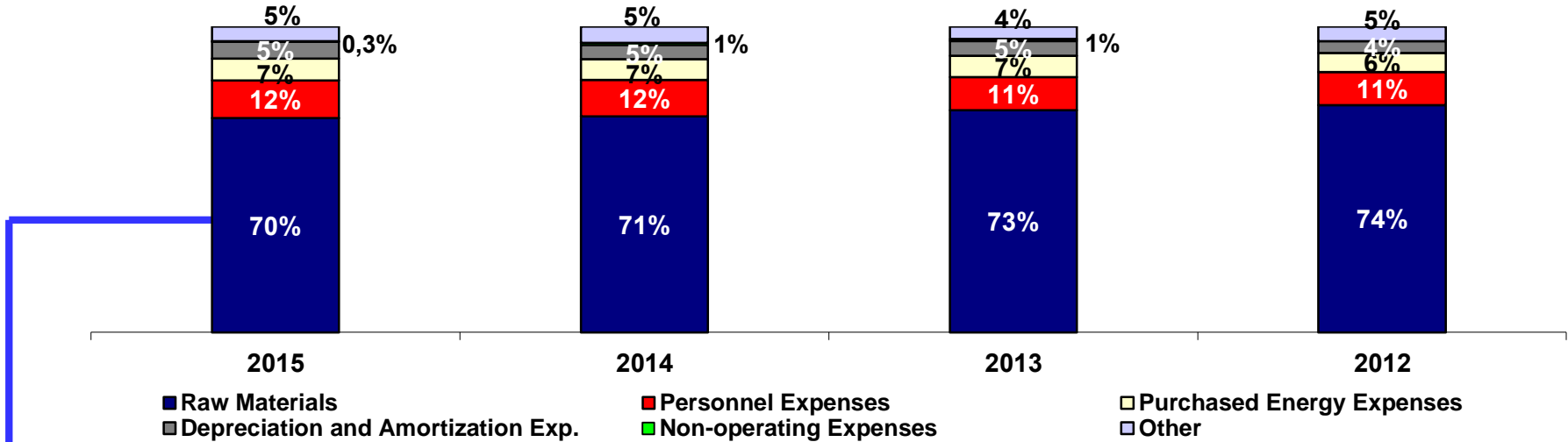
BORROWINGS MATURITY PROFILE (MILLION USD)



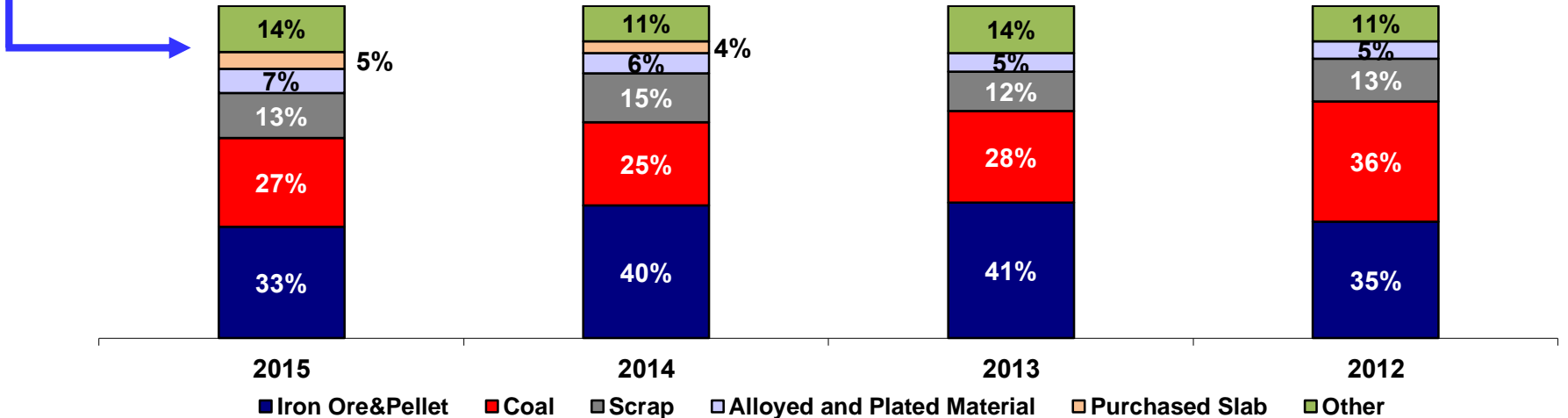


Raw materials made up 70% of the cost of sales

COST OF SALES BREAKDOWN* - %

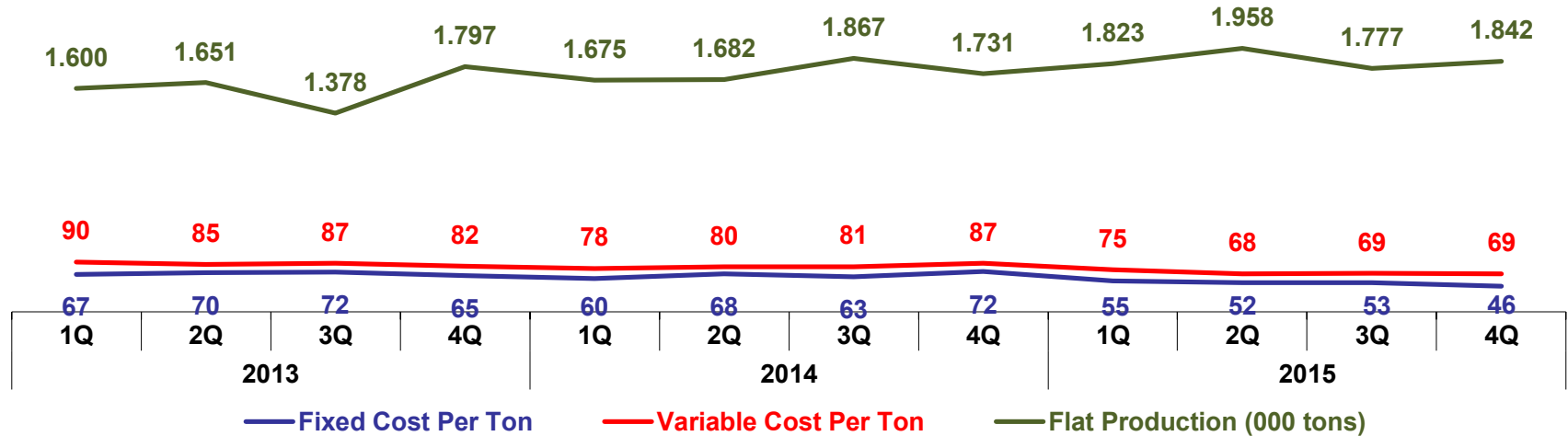


RAW MATERIALS BREAKDOWN - %

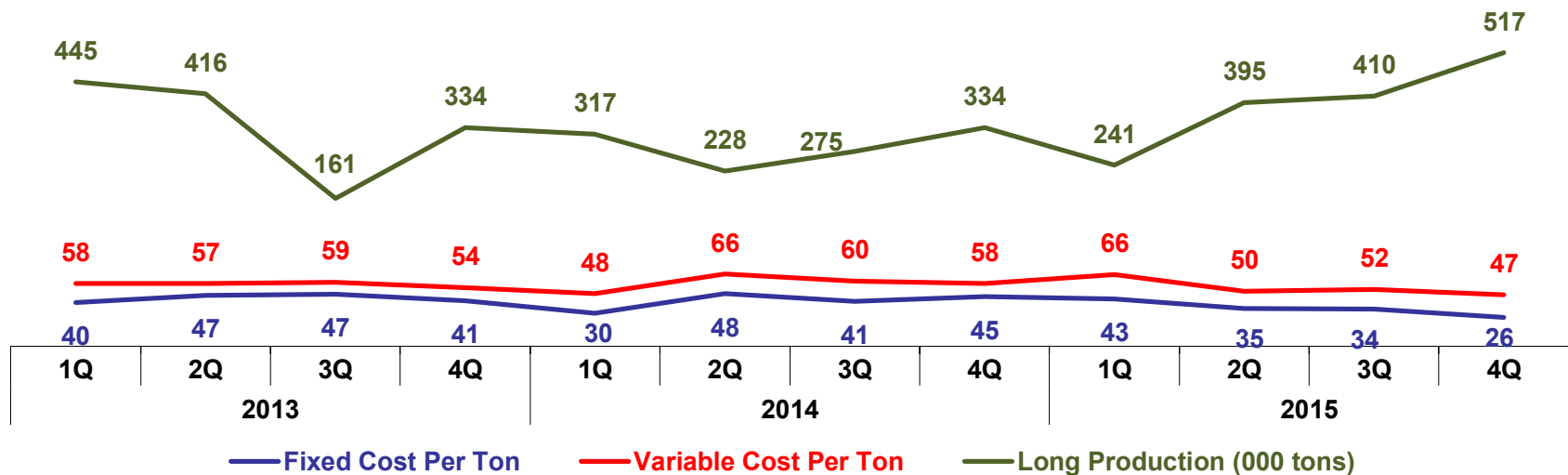


Flat conversion cost per ton excluding depreciation was realised as 115 USD/ton in 2015 4Q

FLAT PRODUCTS (USD/TON)*

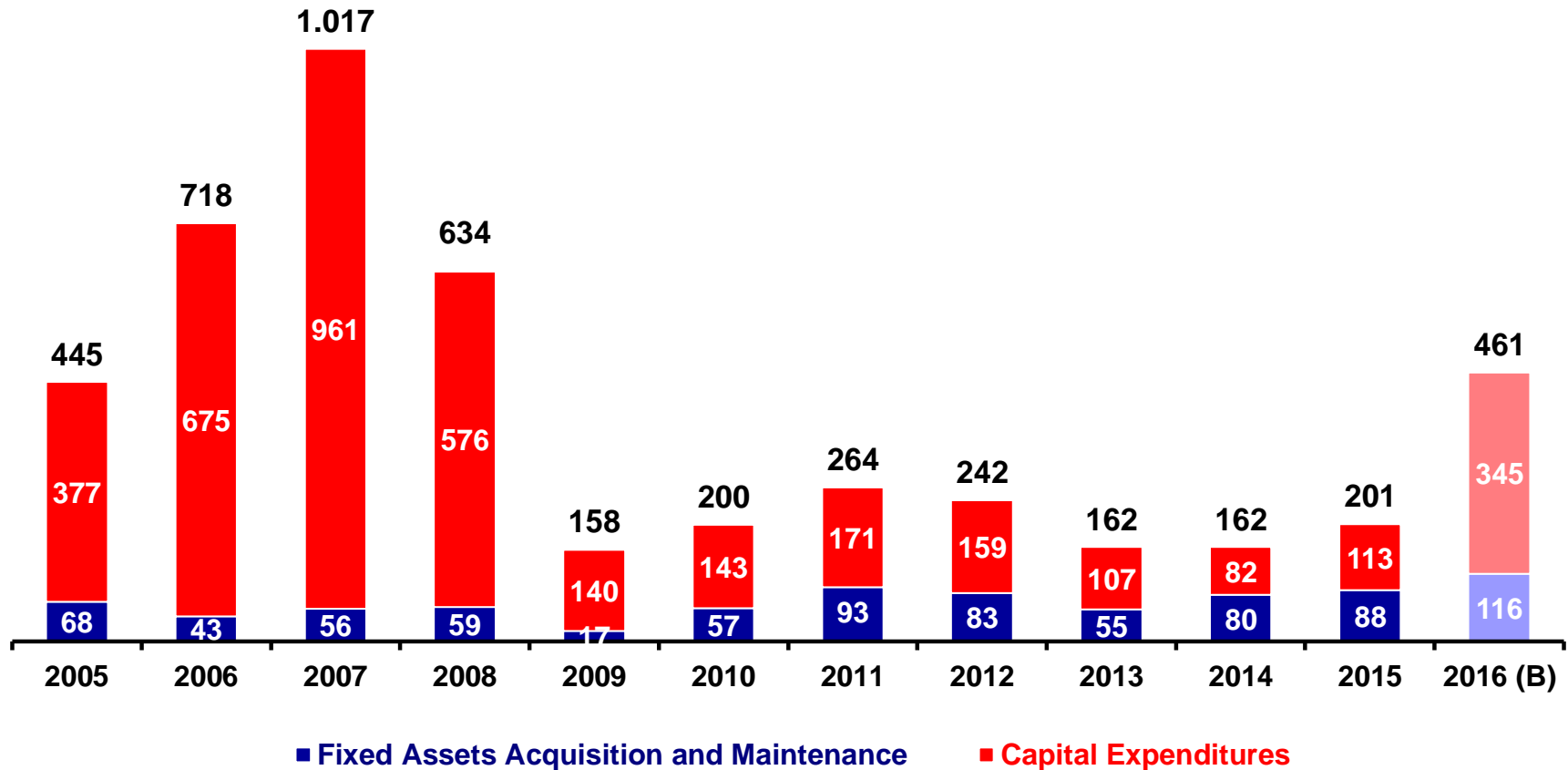


LONG PRODUCTS (USD/TON)*



Capital expenditures of 461 million USD is planned for 2016*

(M USD)



* The capital expenditures in 2015 and before state the cash outflows however the capital expenditures for 2016 state the signed and planned investments. The amounts shown in 2016 do not represent cash outflows.



NUMBER OF EMPLOYEES

