



**MINING METALLURGY**  
GROUP



# 2018 6 Months Investor Presentation

17.08.2018



MINING METALLURGY  
GROUP

# Disclaimer

Ereğli Demir Çelik Fabrikaları T.A.Ş. (Erdemir) may, when necessary, make written or verbal announcements about forward-looking information, expectations, estimates, targets, assessments and opinions. Erdemir has made the necessary arrangements about the amounts and results of such information through its Disclosure Policy and has shared such policy with the public through the Erdemir website, in accordance with the Capital Markets Board regulations. As stated in related policy, information contained in forward-looking statements, whether verbal or written, should not include unrealistic assumptions or forecasts. It should be noted that, actual results could materially differ from estimates taking into account the fact that they are not based on historical facts but are driven from expectations, beliefs, plans, targets and other factors which are beyond the control of our Company. As a result, forward-looking statements should not be fully trusted or taken as granted. Forward-looking statements should be considered valid only considering the conditions prevailing at the time of the announcement. In cases where it is understood that forward-looking statements are no longer achievable, such matter will be announced to the public and the statements will be revised. However, the decision to make a revision is a result of a subjective evaluation. Therefore, it should be noted that, when a party is coming to a judgement based on estimates and forward-looking statements, our Company may not have made a revision at that particular time. Our Company makes no commitment to make regular revisions which would fully cover changes in every parameter. New factors may arise in the future which may not be possible to foresee at this moment in time.



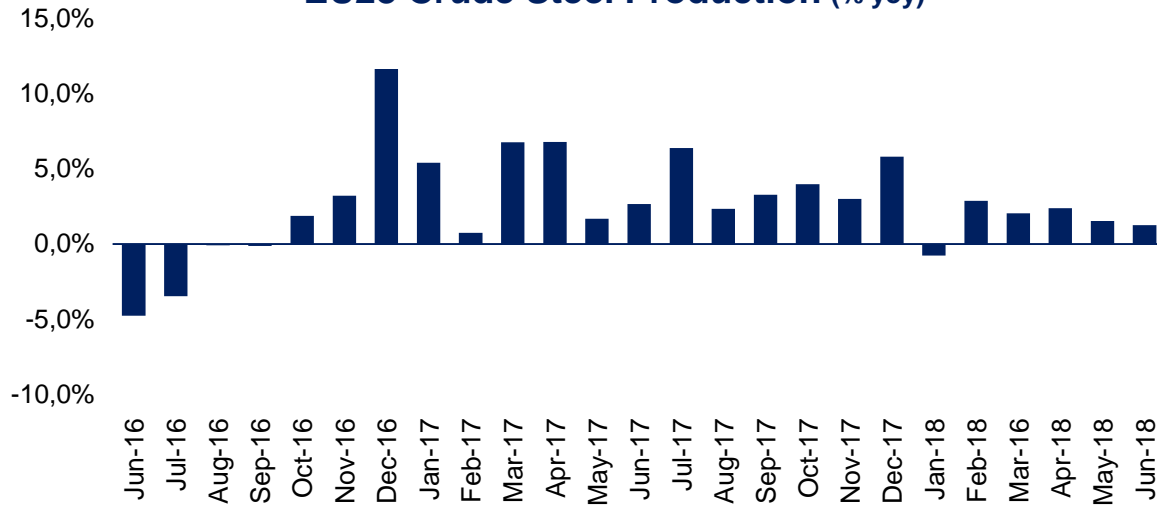
## 2018 Market Overview



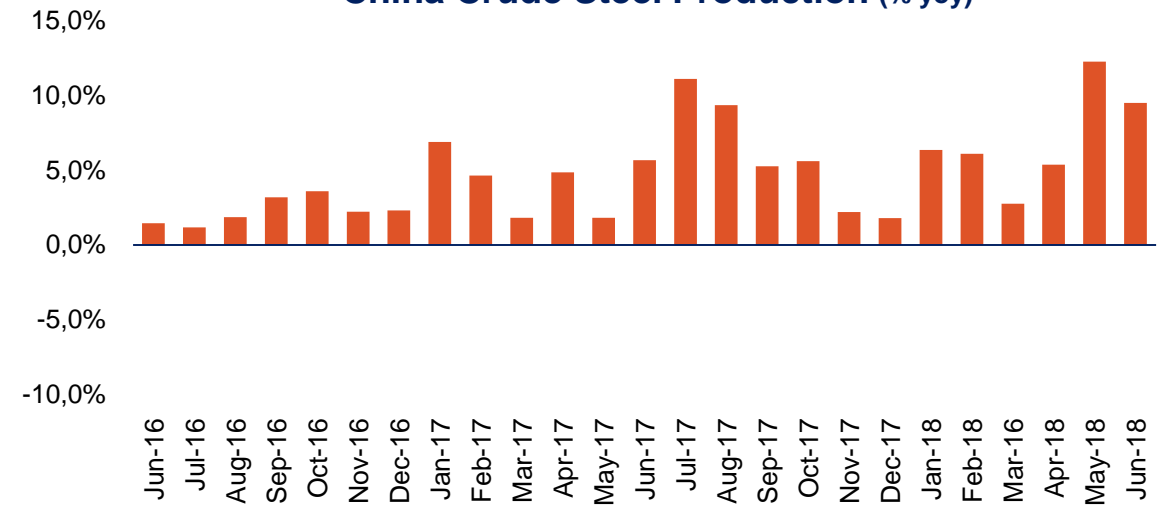
MINING METALLURGY  
GROUP

# Crude Steel Production

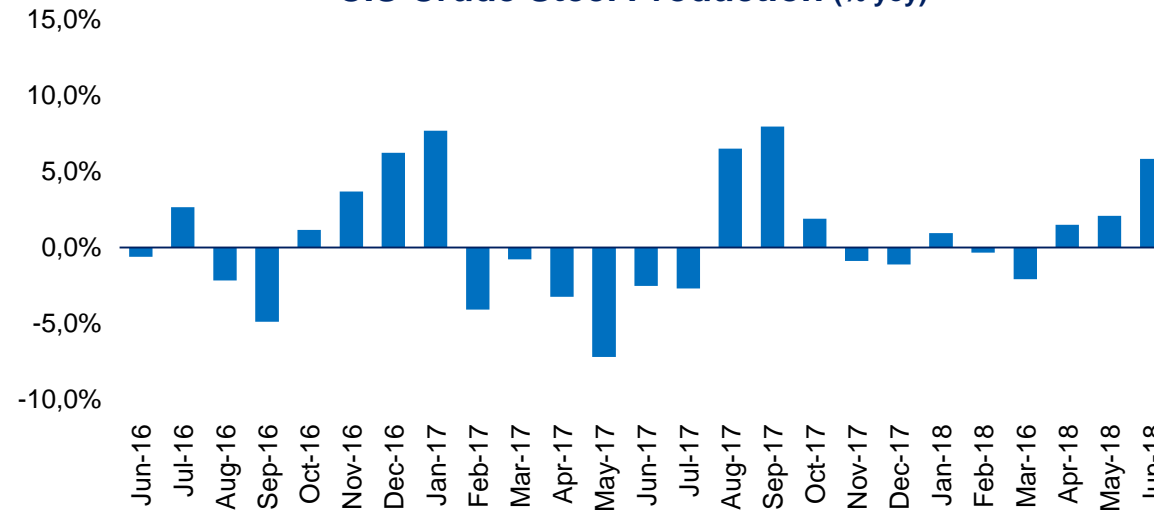
### EU28 Crude Steel Production (% yoy)



### China Crude Steel Production (% yoy)

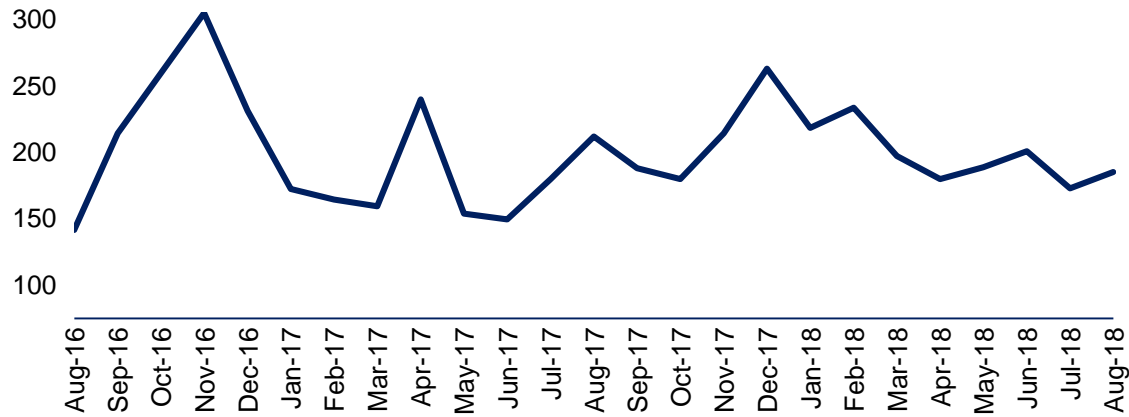


### CIS Crude Steel Production (% yoy)

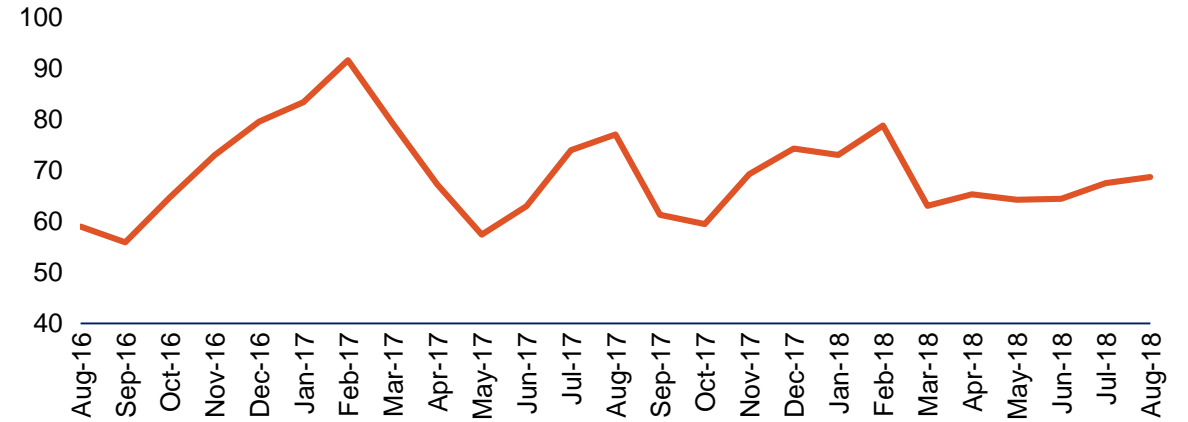


# Coking Coal, Iron Ore & Scrap Prices

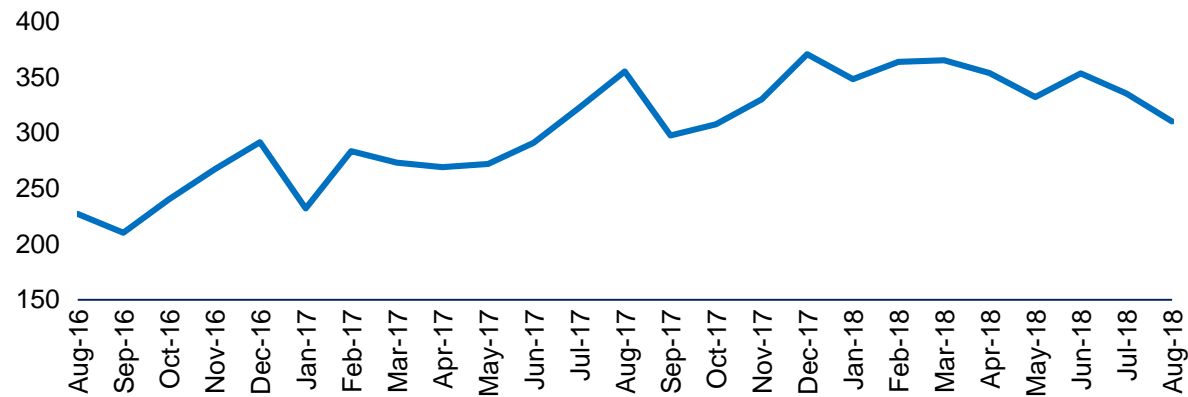
**Coking Coal Prices**  
(HCC Peak Downs Region FOB Australia)



**Iron Ore Prices**  
(IODEX 62% Fe CFR North China Mid)

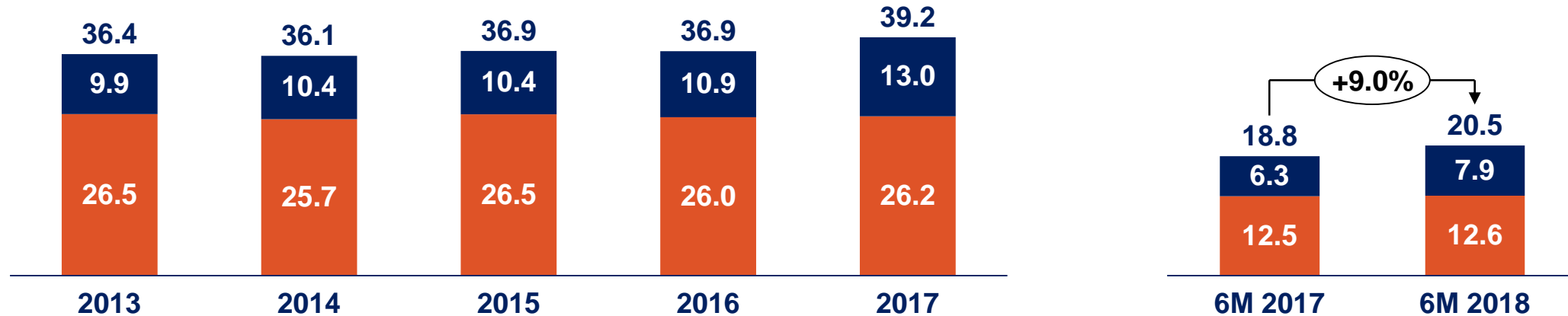


**Scrap Prices**  
(HMS CFR Turkey Mid)

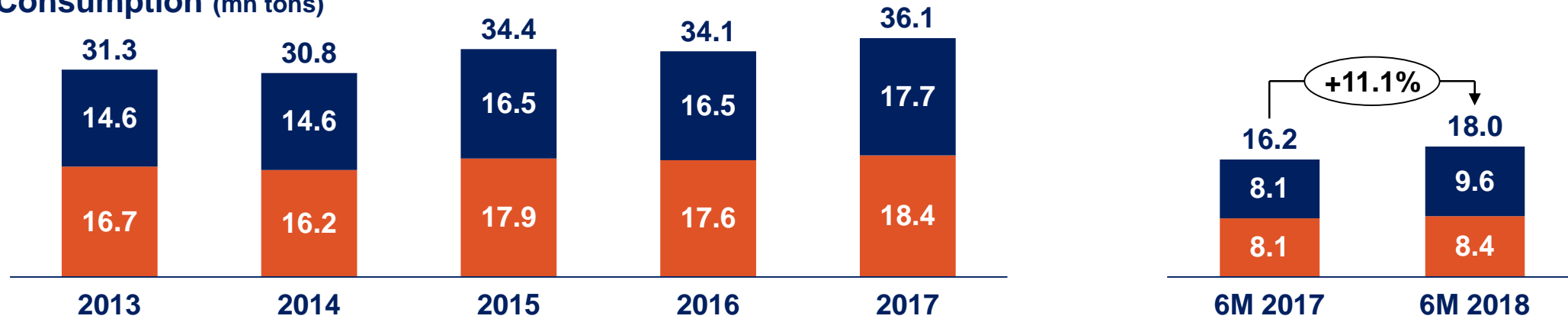


# Turkish Steel Production & Consumption

## Production (mn tons)



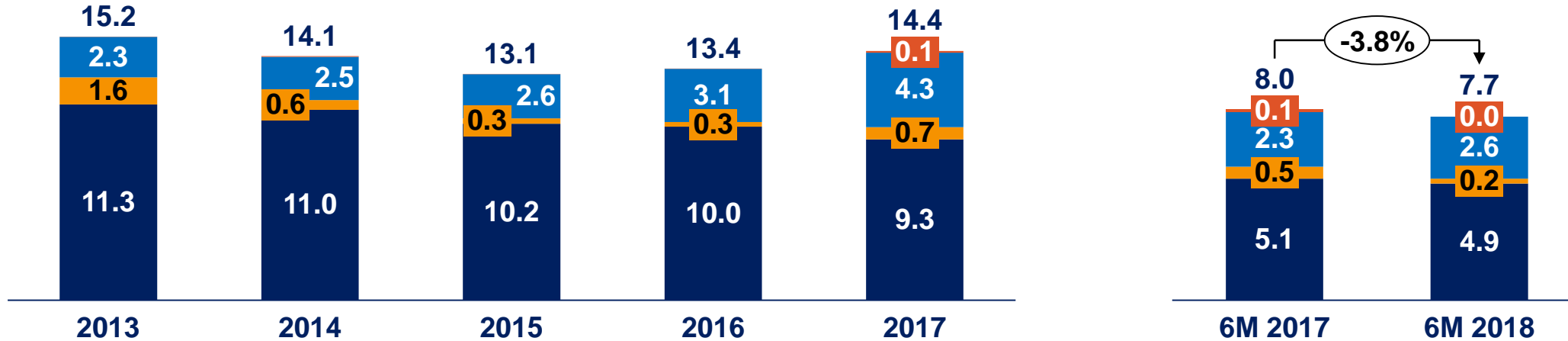
## Consumption (mn tons)



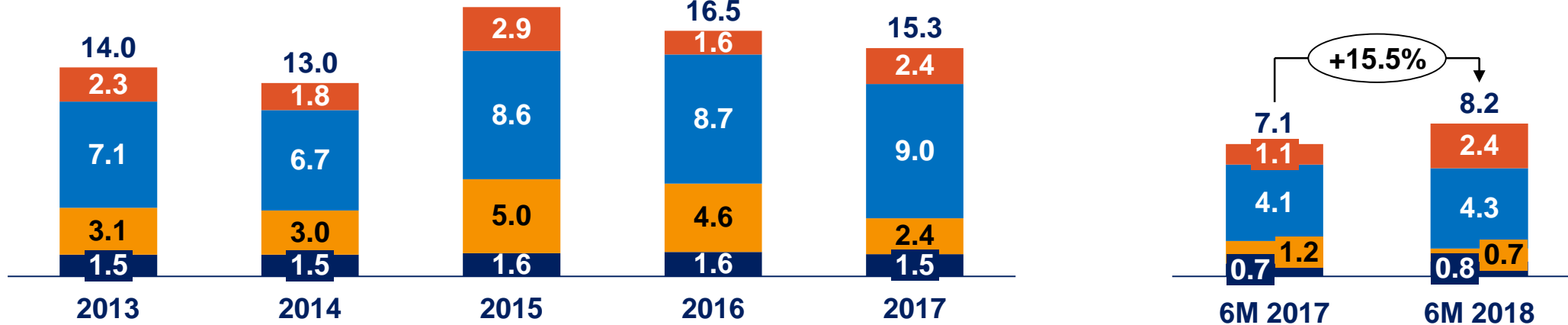
■ Flat ■ Long

# Turkish Steel Exports & Imports

Exports (mn tons)



Imports (mn tons)



■ Slab 
 ■ Flat Steel 
 ■ Billet 
 ■ Long Steel





## 2018 6M Results



MINING METALLURGY  
GROUP

# Operational and Financial Highlights

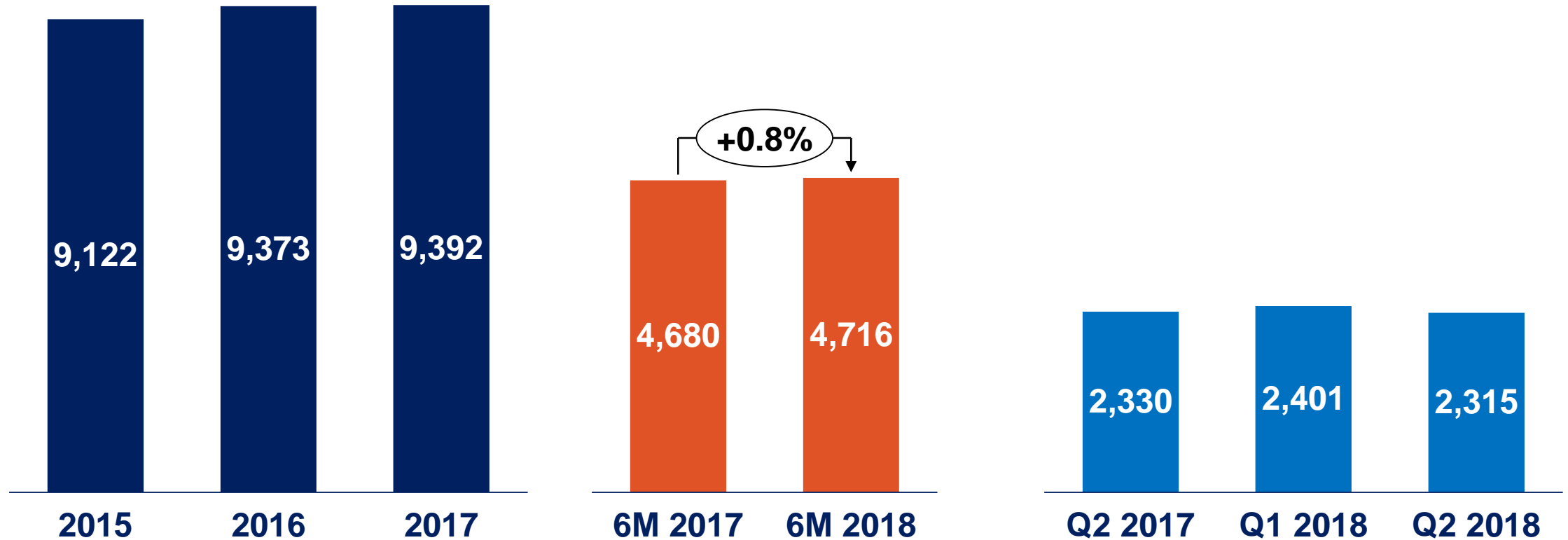
Operational Highlights	2016	2017	6M 2017	6M 2018	Growth (YoY)
Liquid Steel Production (000 tons)	9,373	<b>9,392</b>	4,680	<b>4,716</b>	0.8%
Flat Steel Production* (000 tons)	7,072	<b>7,713</b>	3,865	<b>3,923</b>	1.5%
Long Steel Production (000 tons)	1,572	<b>1,328</b>	627	<b>452</b>	-27.9%
Flat Steel Shipments (000 tons)	7,163	<b>7,594</b>	3,733	<b>3,777</b>	1.2%
Long Steel Shipments (000 tons)	1,587	<b>1,364</b>	643	<b>422</b>	-34.4%

Financial Highlights	2016	2017	6M 2017	6M 2018	Growth (YoY)
Net Sales Revenue (USD mn)	3,855	<b>5,115</b>	2,454	<b>2,845</b>	15.9%
EBITDA (USD mn)	895	<b>1,496</b>	702	<b>919</b>	30.9%
Net Profit (USD mn)	502	<b>1,030</b>	487	<b>630</b>	29.4%

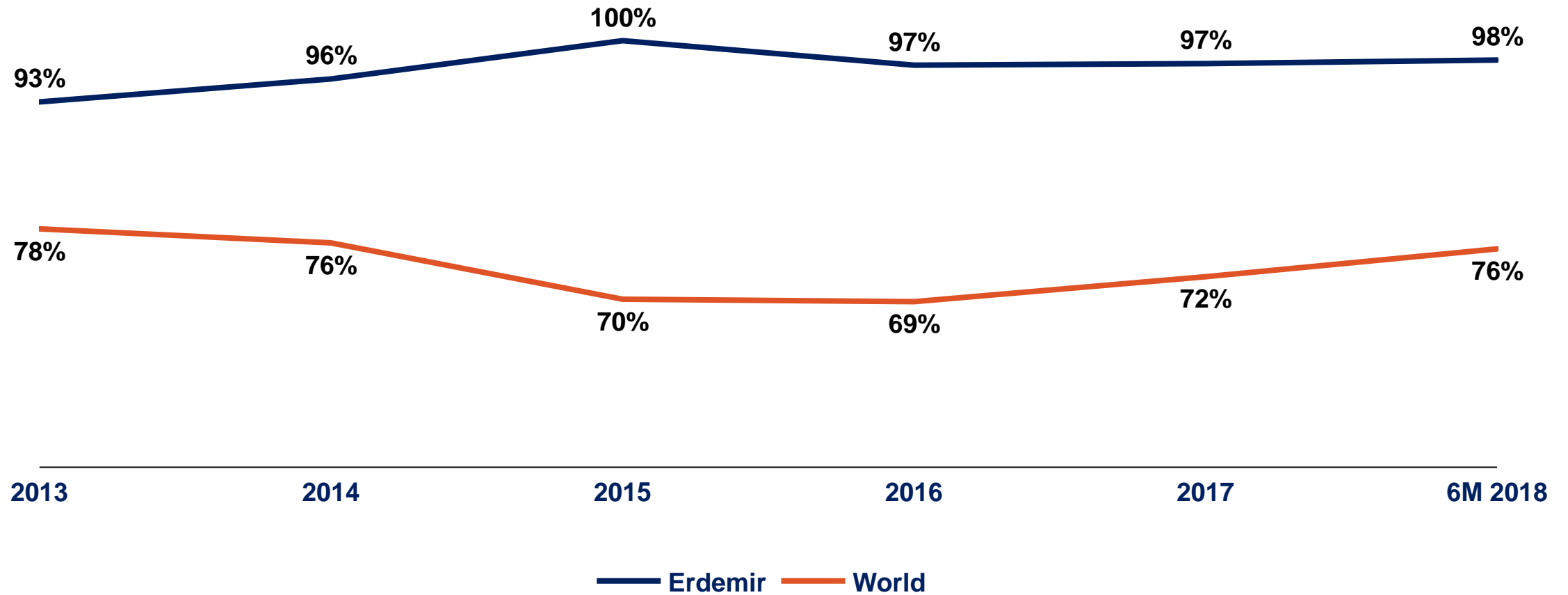
All figures are on IFRS consolidated basis unless stated otherwise.

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

# Liquid Steel Production (000 tons)

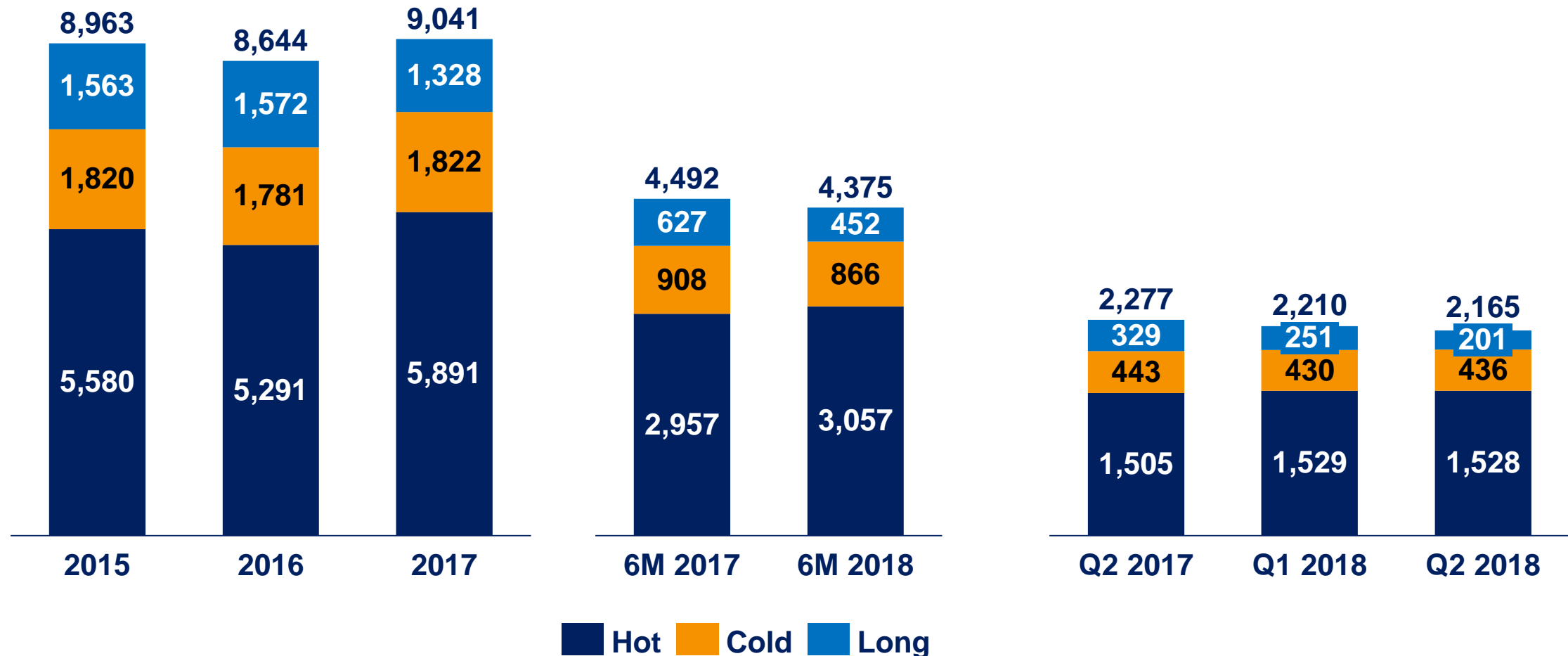


# Crude Steel Capacity Utilization Ratio



# Production (000 tons)

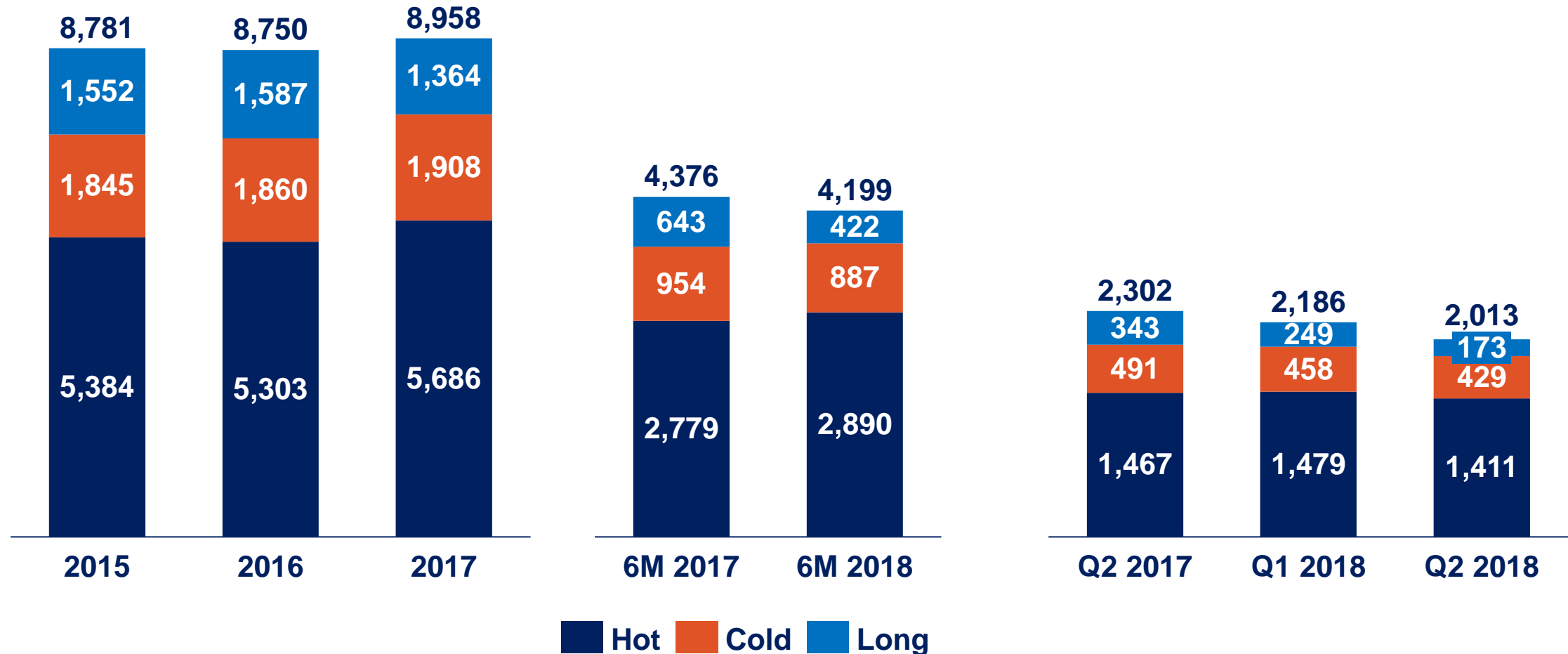
HRC production increased by 3.4% YoY in 6M 2018.



Hot Cold Long

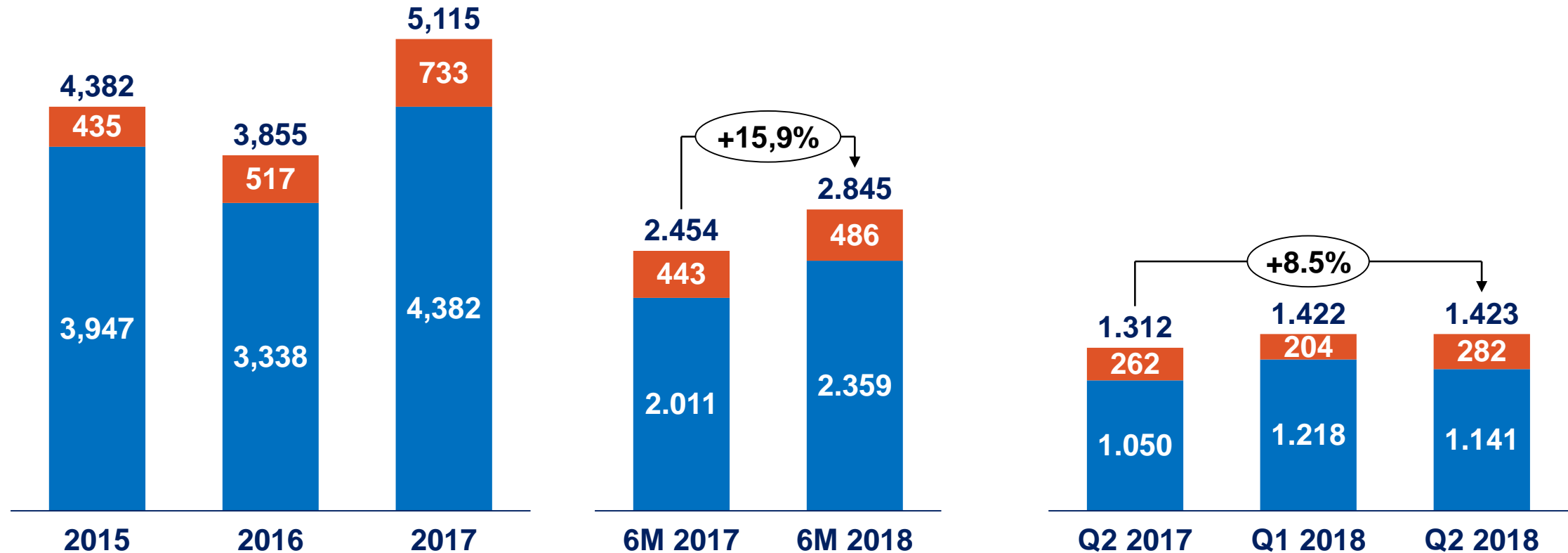
# Sales Volume (000 tons)

HRC sales increased by 4.0% YoY in 6M 2018.



# Net Sales Revenue (USD mn)

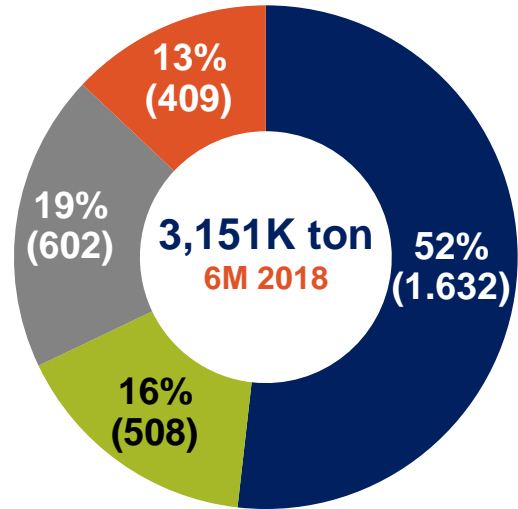
Net sales revenue increased by 15.9% YoY in 6M 2018.



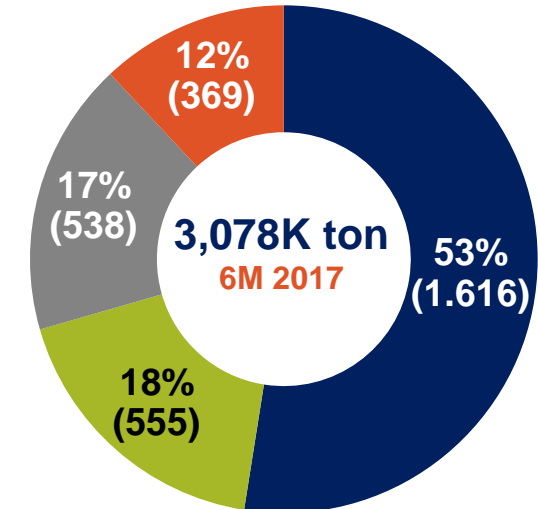
Export Domestic

# Flat & Long Steel Domestic Sales Breakdown

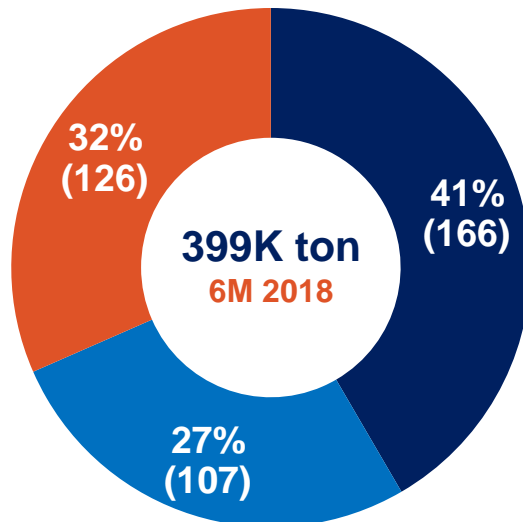
## Flat Steel Domestic Sales



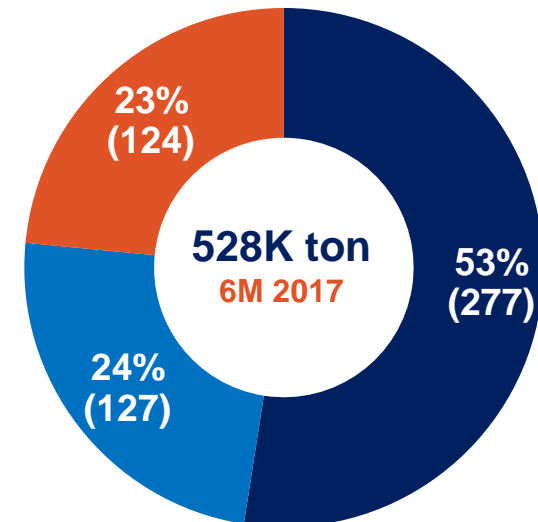
- Pipe&Profile and Rolling
- Distribution Chains
- General Manufacturing Industry
- Automotive



## Long Steel Domestic Sales

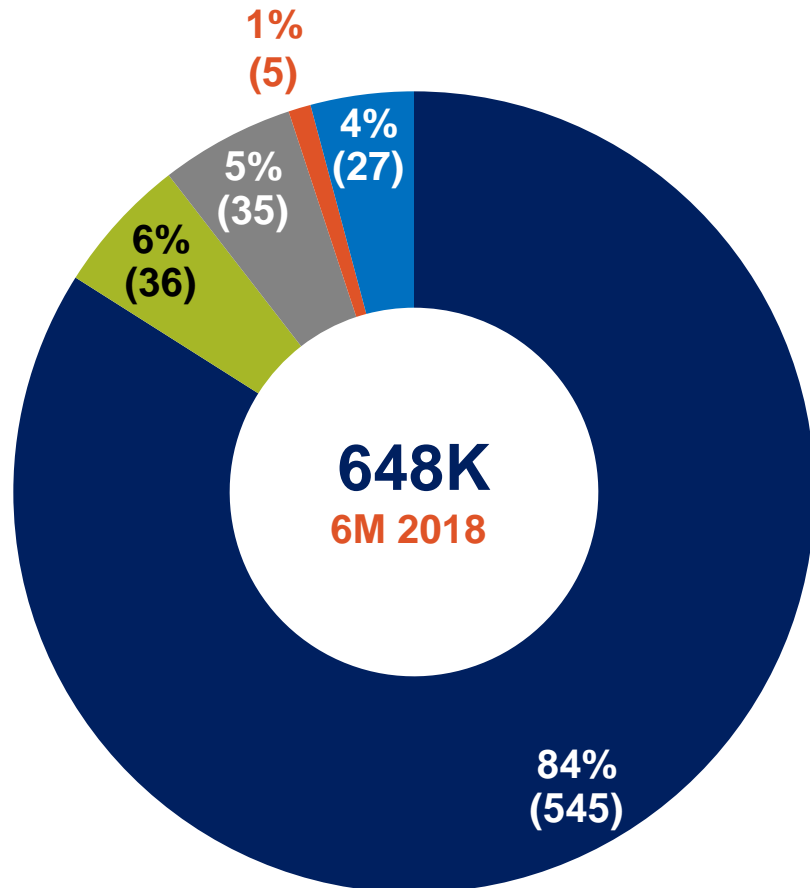


- Rebar and Profile Producers
- General Manufacturing Industry
- High Carbon and Special Qualities

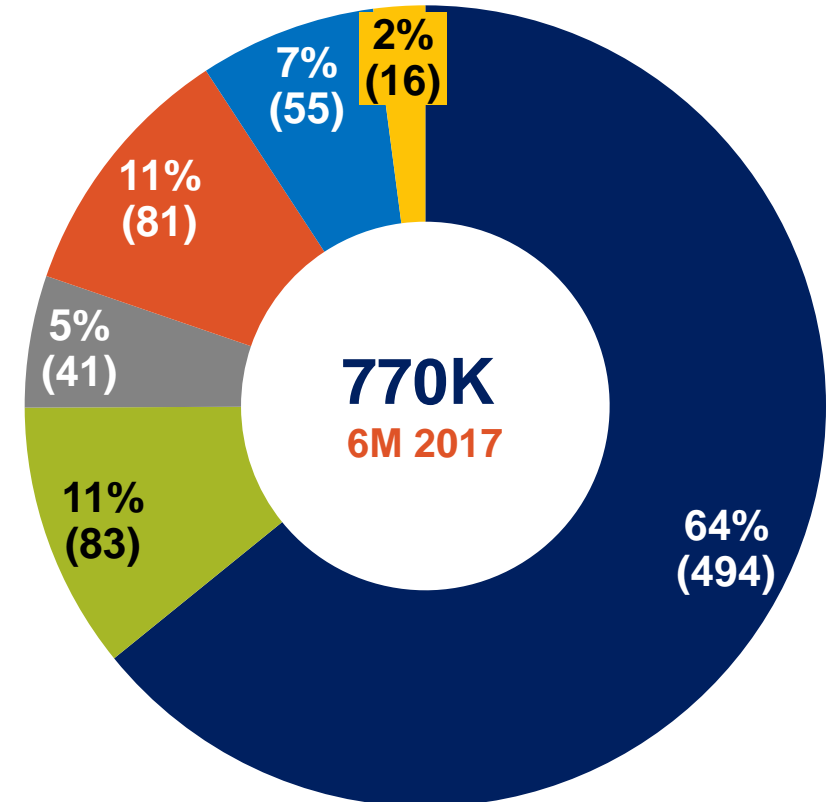




# Steel Exports Breakdown By Region

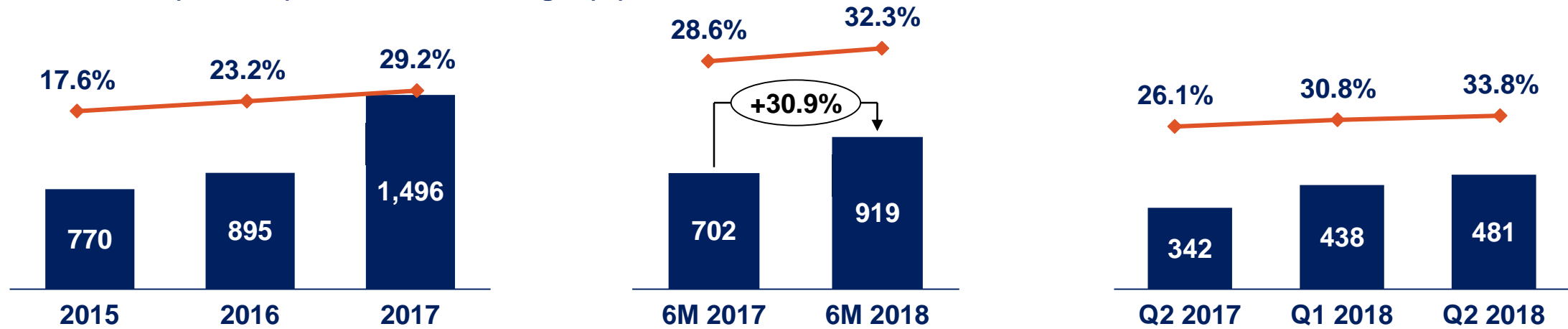


- EU
- MENA
- North America
- Asia
- South America
- Other

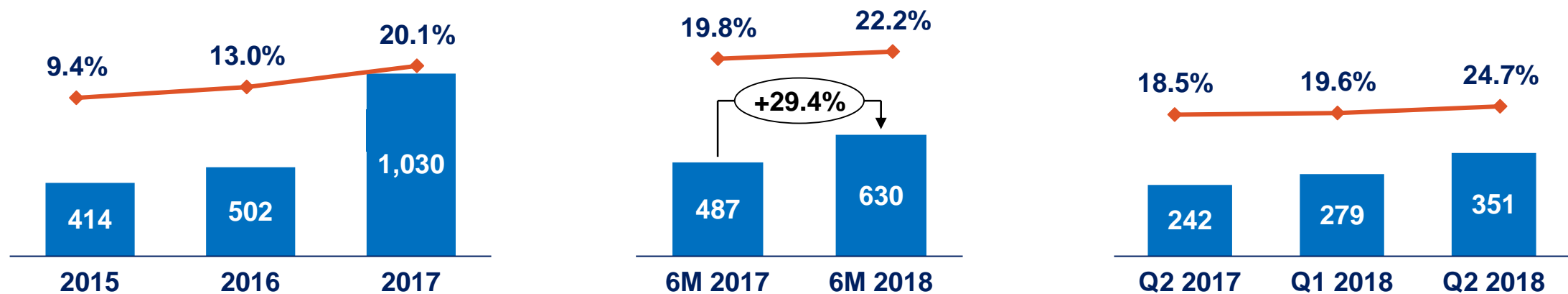


# EBITDA & Net Profit

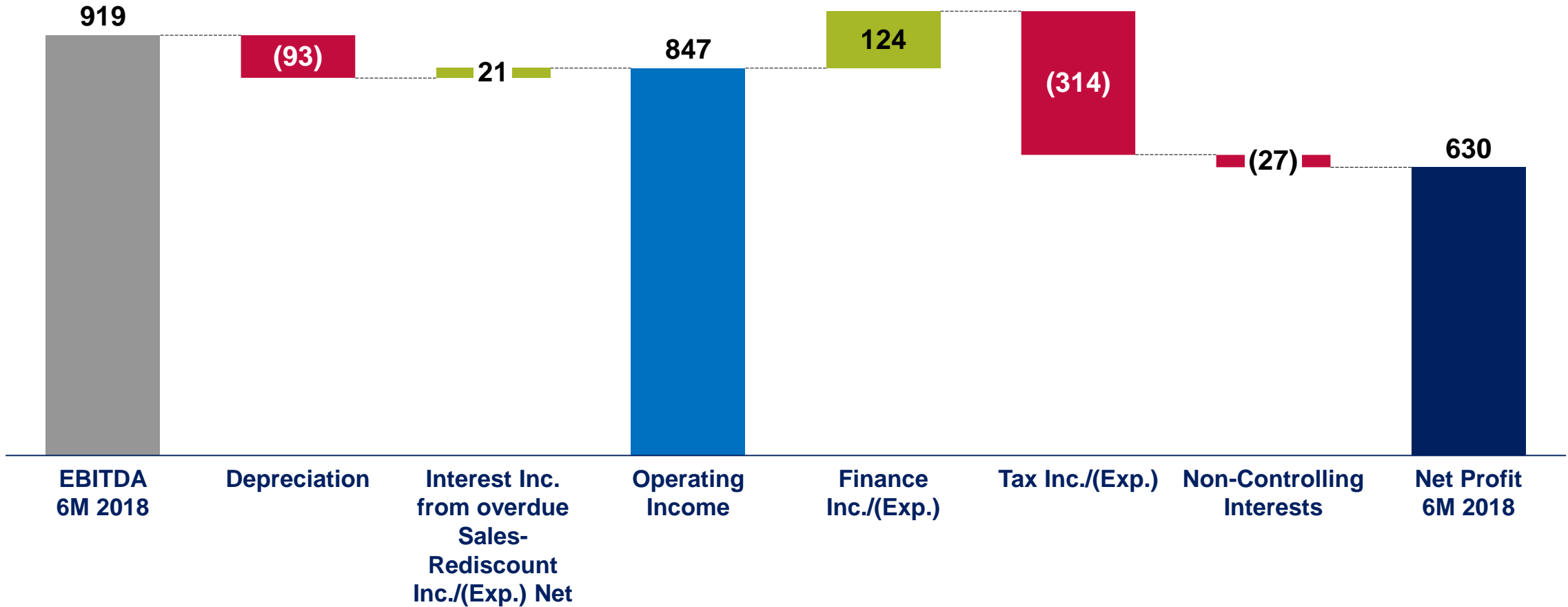
■ EBITDA (USD mn)    ◆ EBITDA Margin (%)



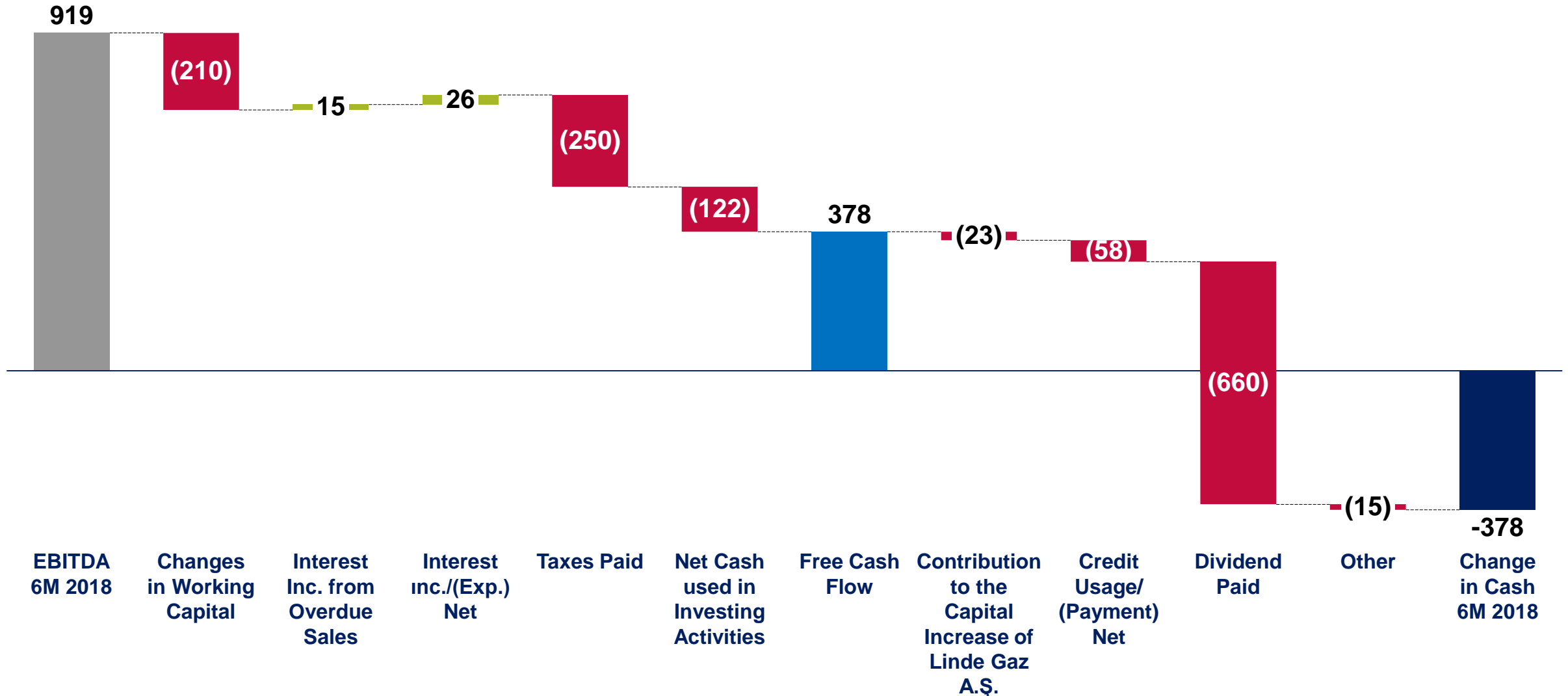
■ Net Profit (USD mn)    ◆ Net Profit Margin (%)



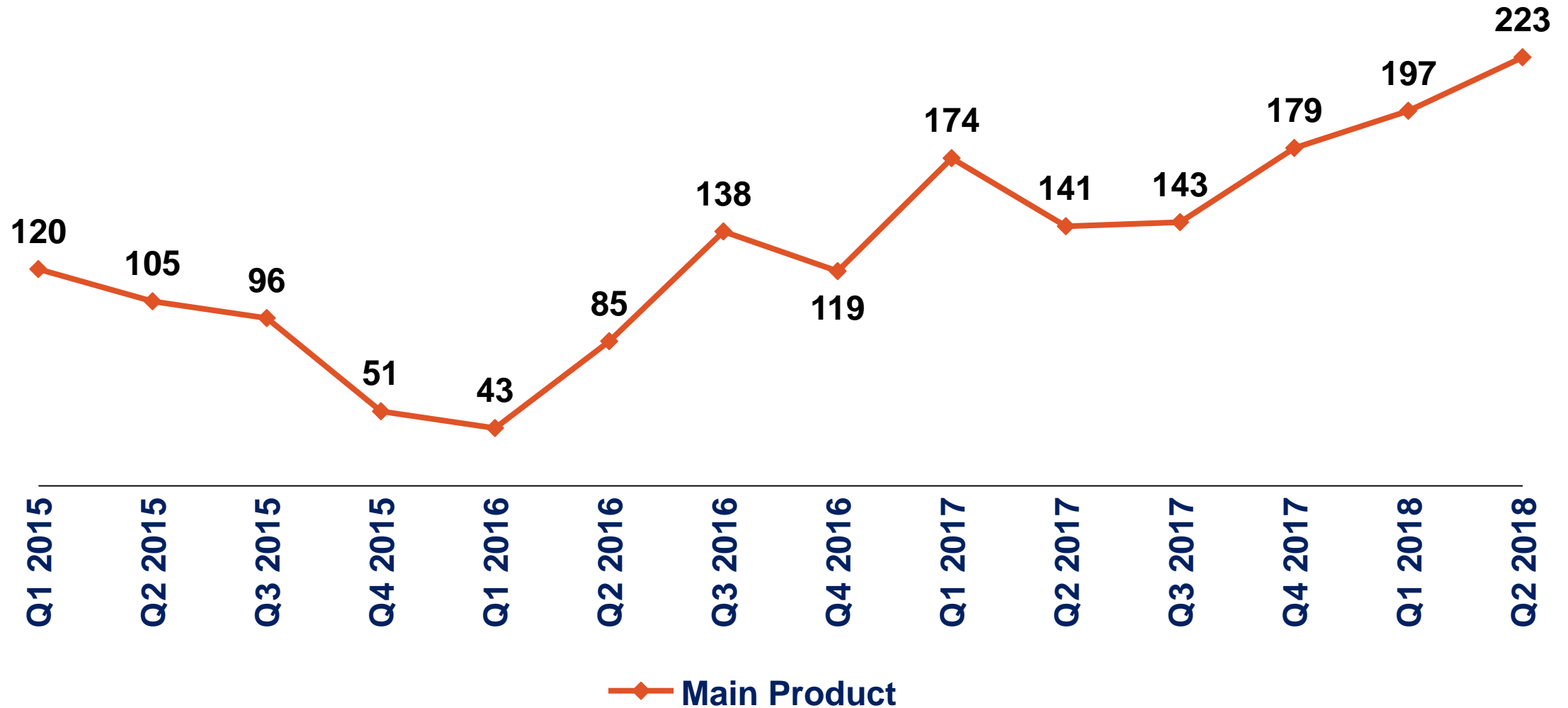
# EBITDA → Net Profit



# EBITDA → Net Cash



# EBITDA per Ton\* (USD/ton)

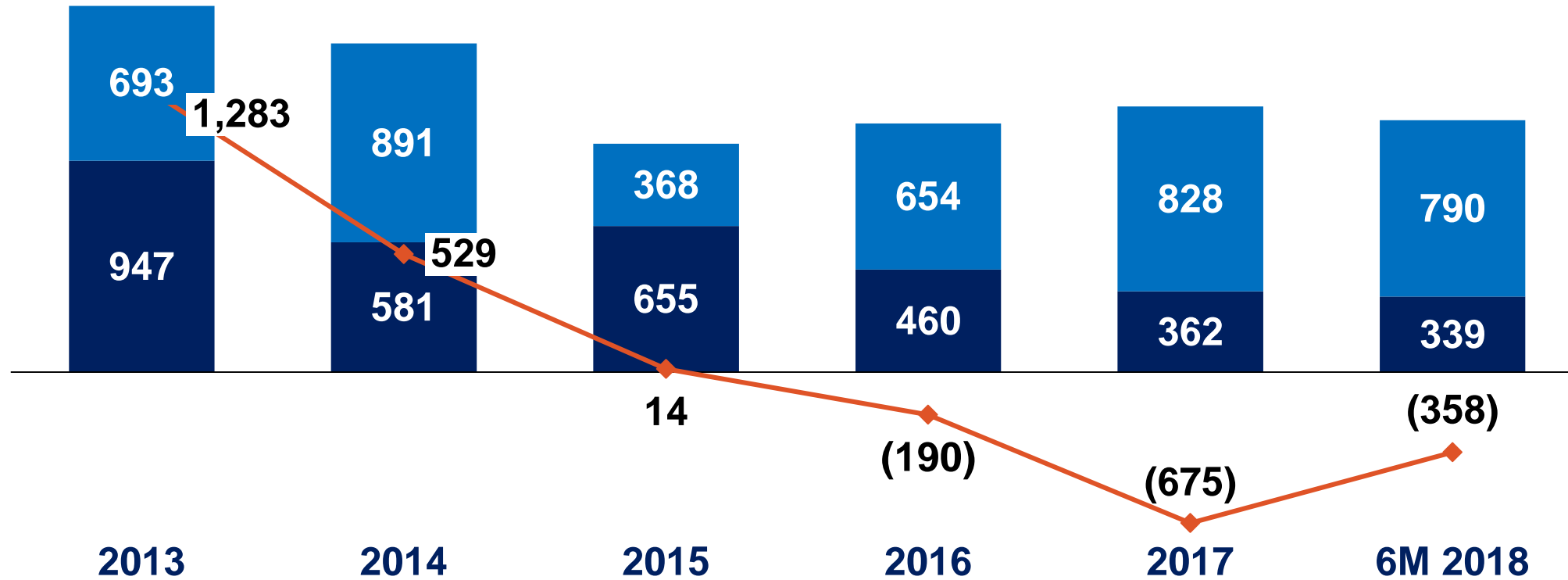


# Financial Figures

Consolidated Net Assets (USD mn)	31.12.2017	30.06.2018	Growth (Year-to-Date)
Cash and Cash Equivalents	1,865	1,487	-20%
Working Capital	1,740	1,950	12%
Tangible and Intangible Assets	3,549	3,564	0%
Financial Liabilities	(1,190)	(1,129)	-5%
Provisions and Other	(866)	(857)	-1%
<b>Net Assets</b>	<b>5,098</b>	<b>5,015</b>	<b>-2%</b>

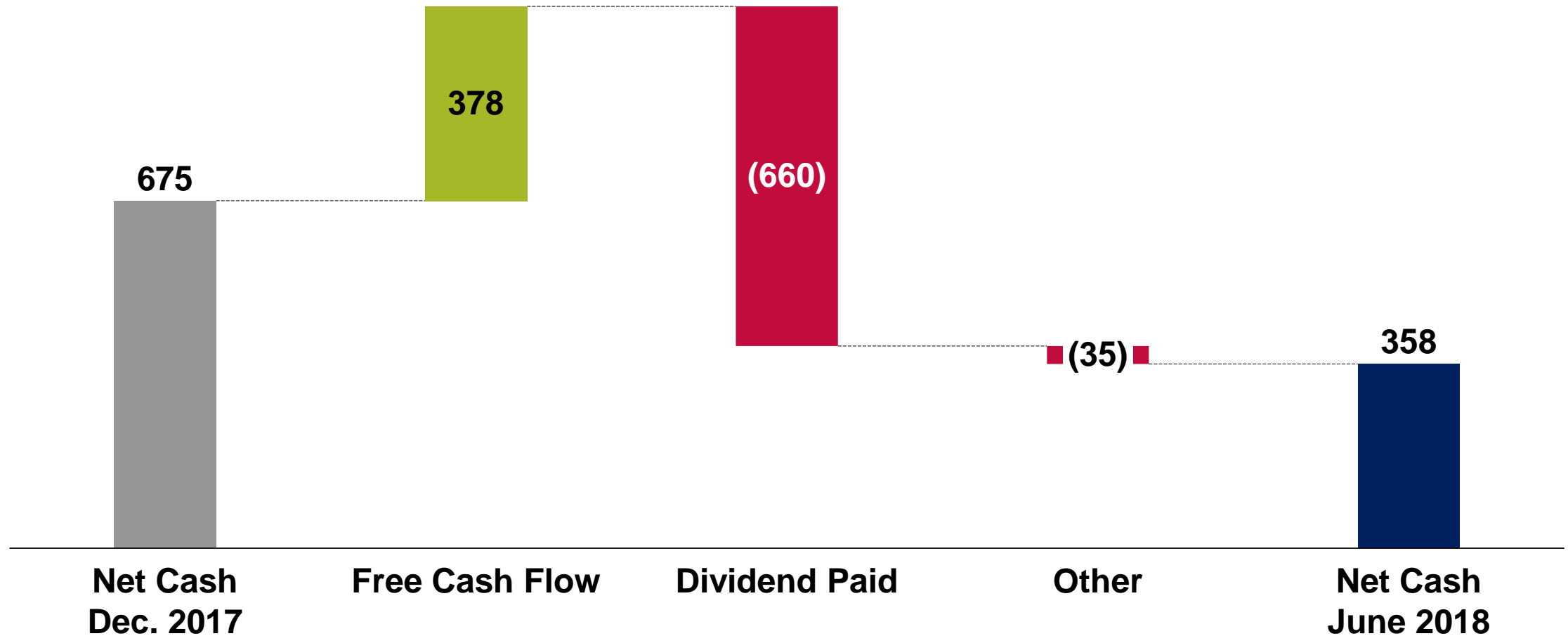
Working Capital (USD mn)	31.12.2017	30.06.2018	Growth (Year-to-Date)
Trade Receivables	685	799	17%
Inventories	1,336	1,514	13%
Trade Payables	(250)	(386)	54%
Other	(31)	23	174%
<b>Working Capital</b>	<b>1,740</b>	<b>1,950</b>	<b>12%</b>

# Financial Borrowings (USD mn)



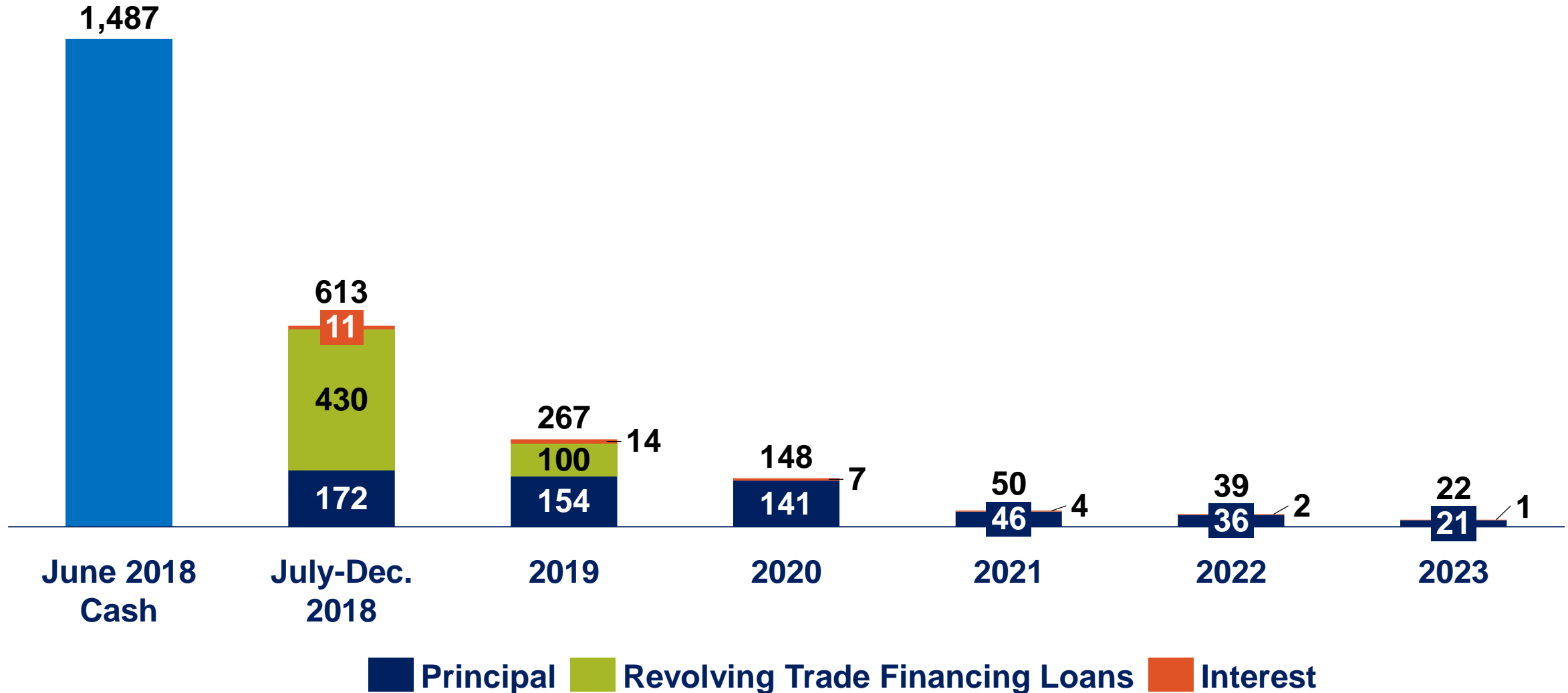
◆ Net Debt 
 ■ Short-Term Debt 
 ■ Long-Term Debt

# Net Debt (USD mn)

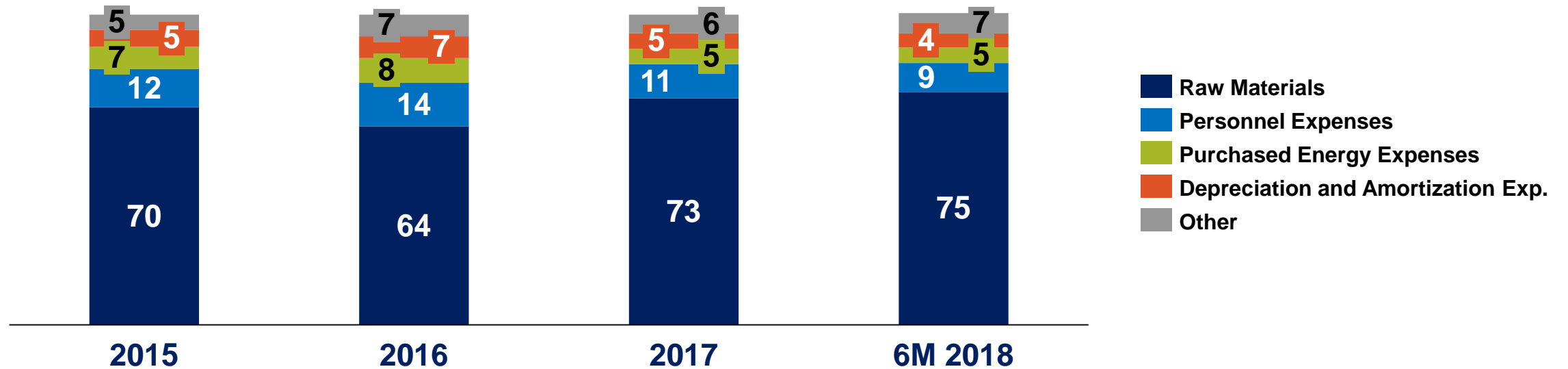




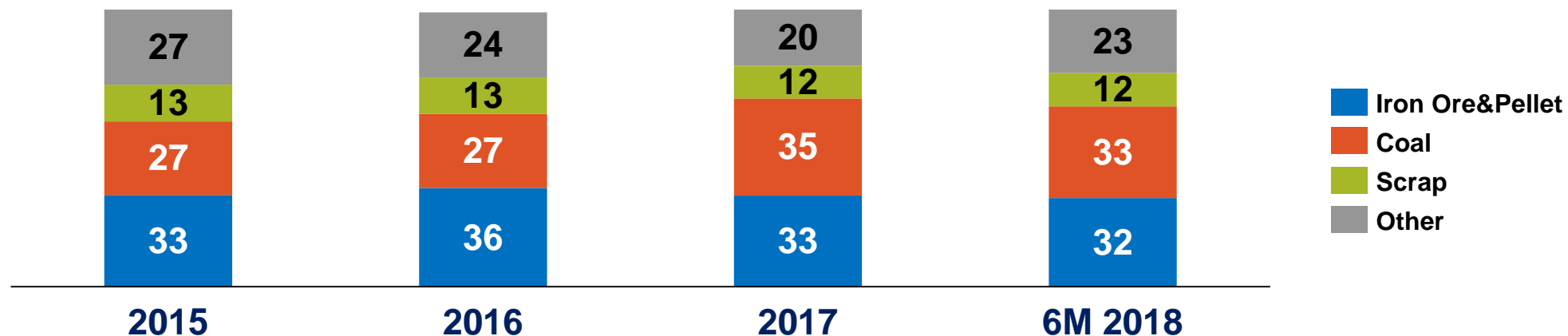
# Borrowings Maturity Profile (USD mn)



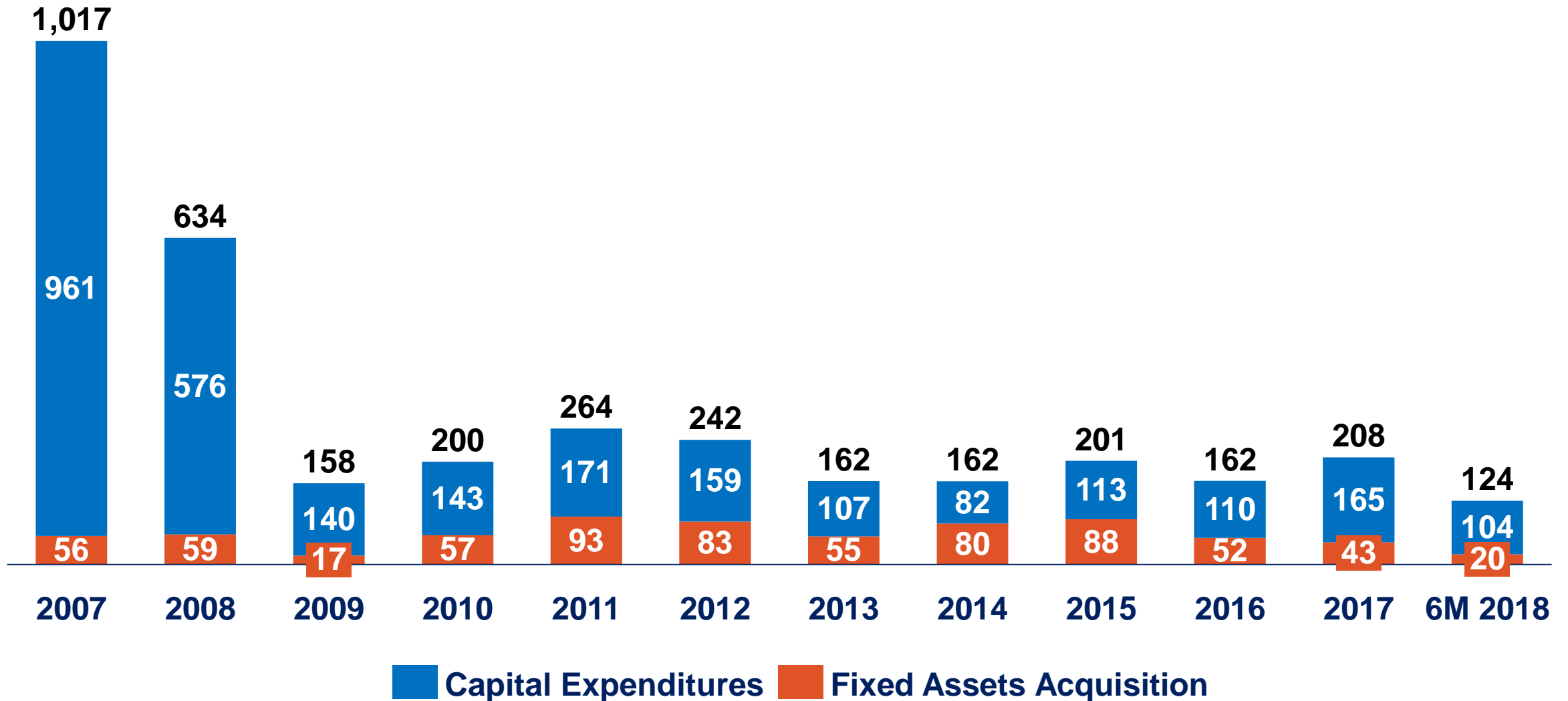
# Cost of Sales Breakdown\* (%)



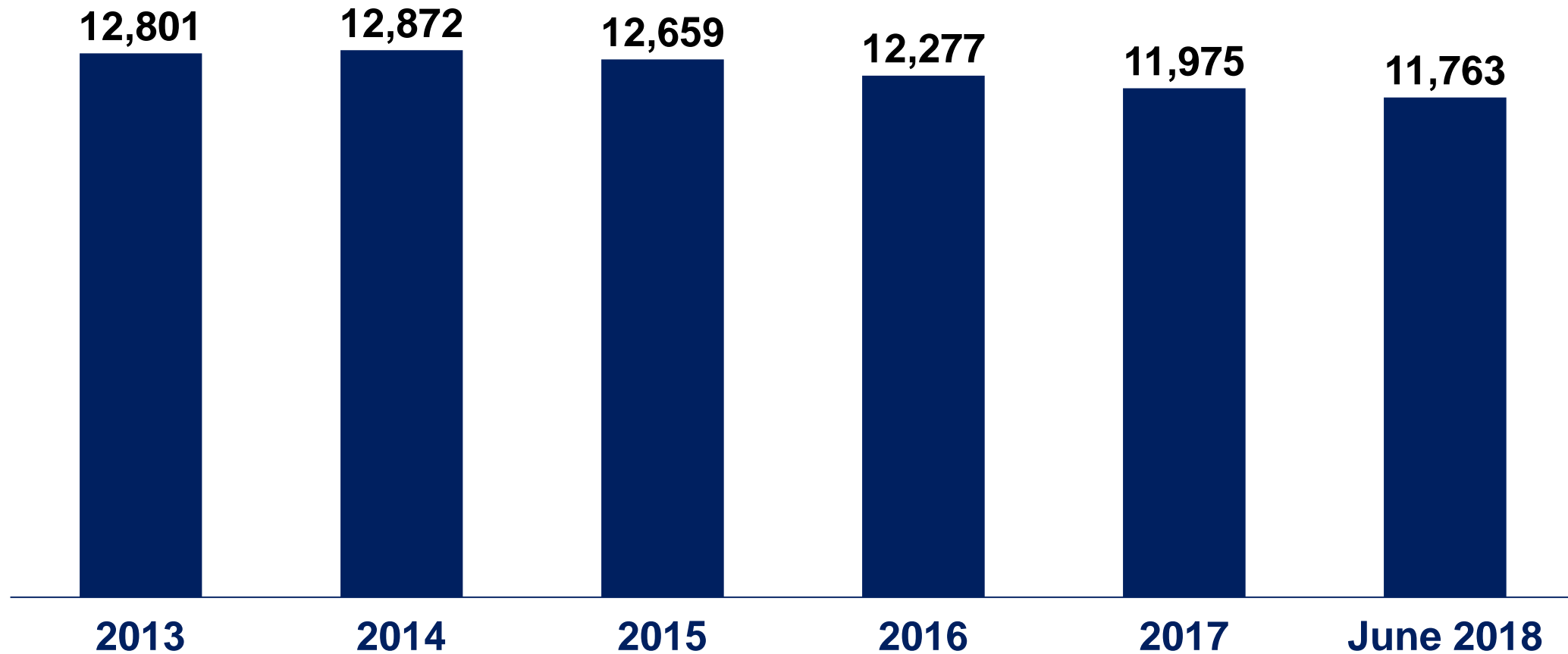
## Raw Materials Breakdown (%)



# Capital Expenditures (USD mn)



# Number of Employees





## Erdemir Investor Relations

investorrelations@erdemir.com.tr | <https://www.erdemir.com.tr/investor-relations/> | +90 216 578 80 61