



ErdemirGroup

50
YEARS

FUTURE MADE OF STEEL



2015 6 Months Consolidated Results

06 August 2015

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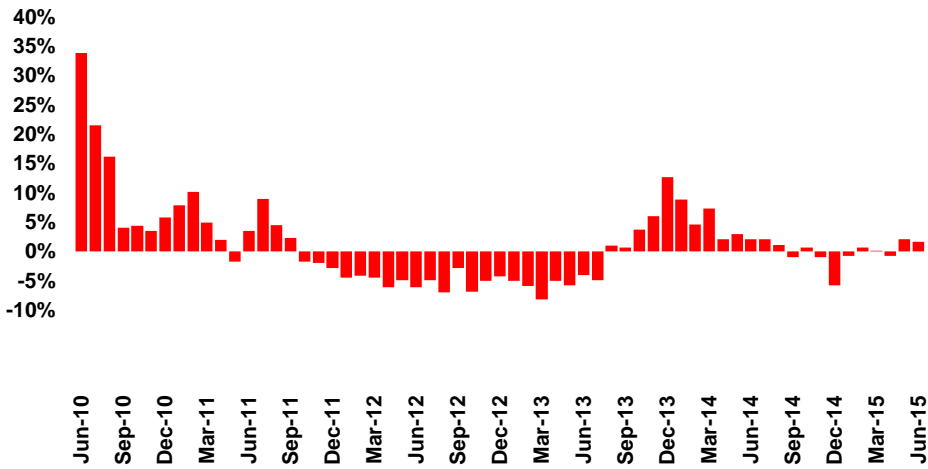
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- > **2015 Market Overview**
- > 2015 6M Results
- > 2015 Guidance

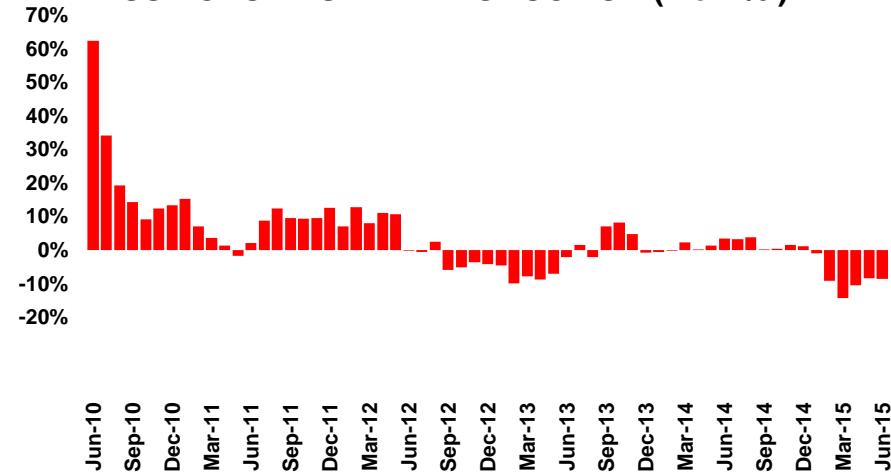


In EU, HRC price was 392 USD/ton as of July 2015

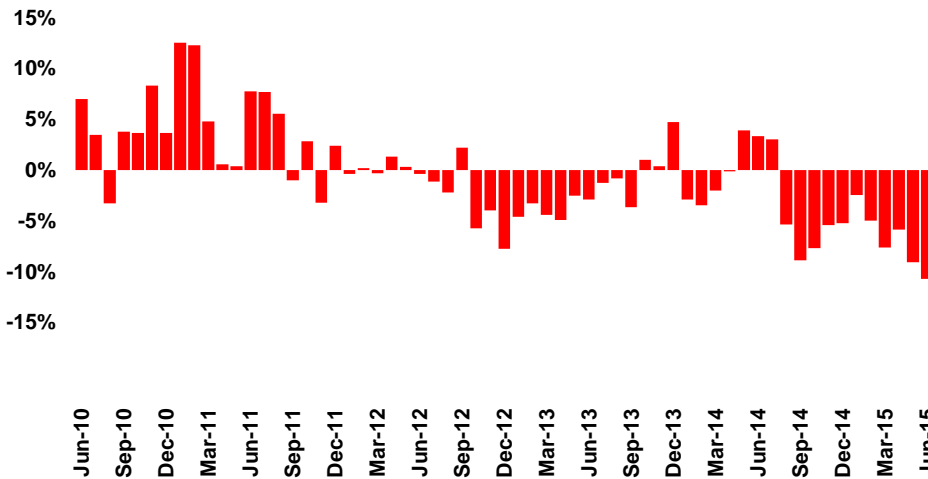
EU28 CRUDE STEEL PRODUCTION (YoY %)*



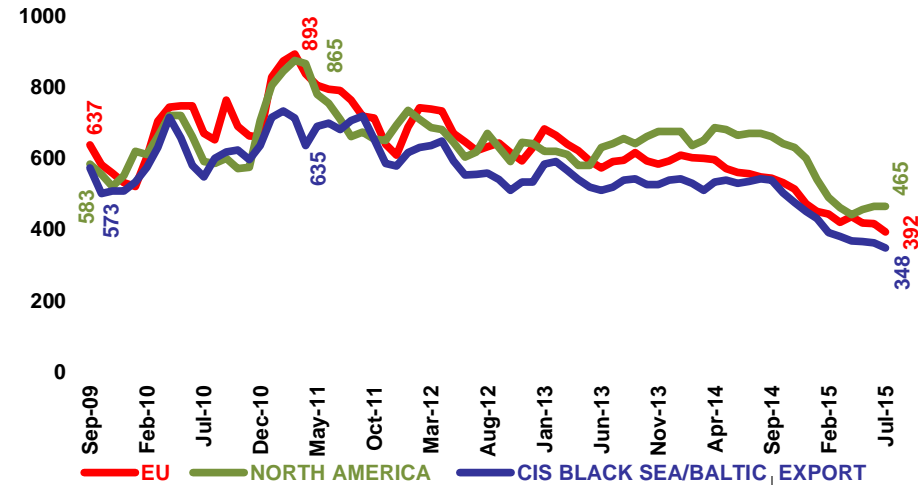
USA CRUDE STEEL PRODUCTION (YoY %)*



CIS CRUDE STEEL PRODUCTION (YoY %) *



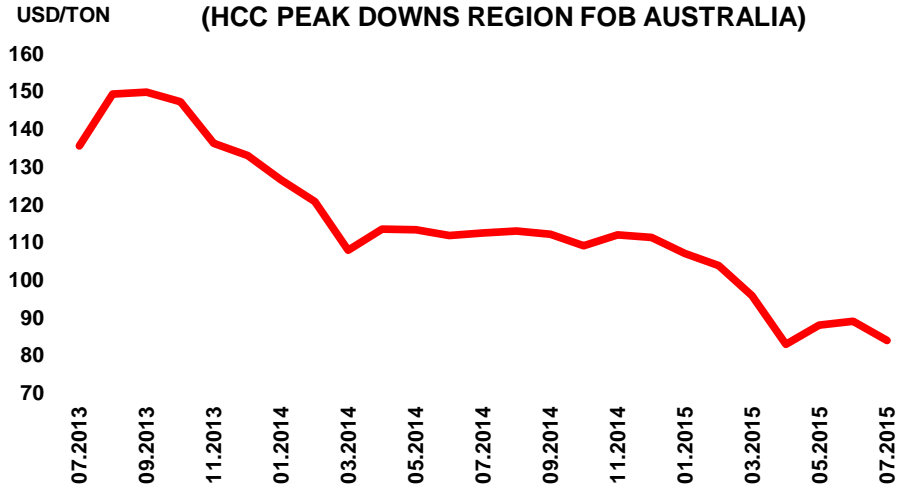
HRC PRICES (USD/TON)**



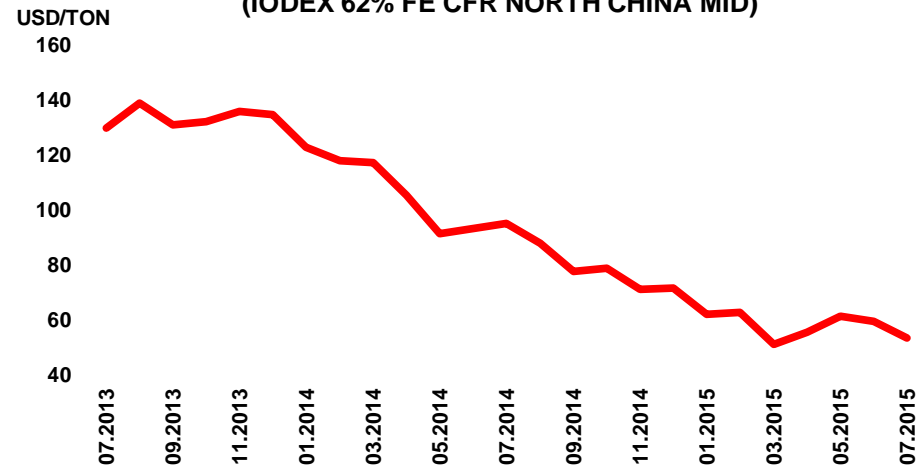


Iron ore price was 54 USD/ton as of July 2015

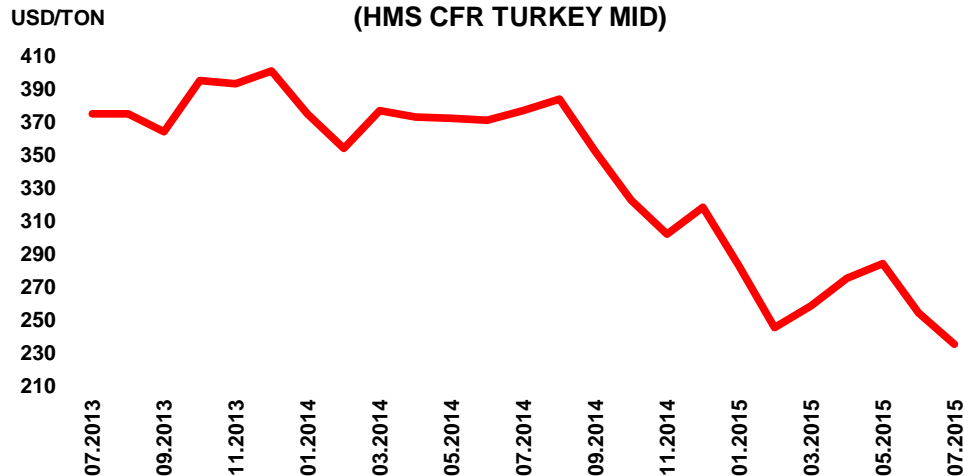
COKING COAL PRICES (HCC PEAK DOWNS REGION FOB AUSTRALIA)



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

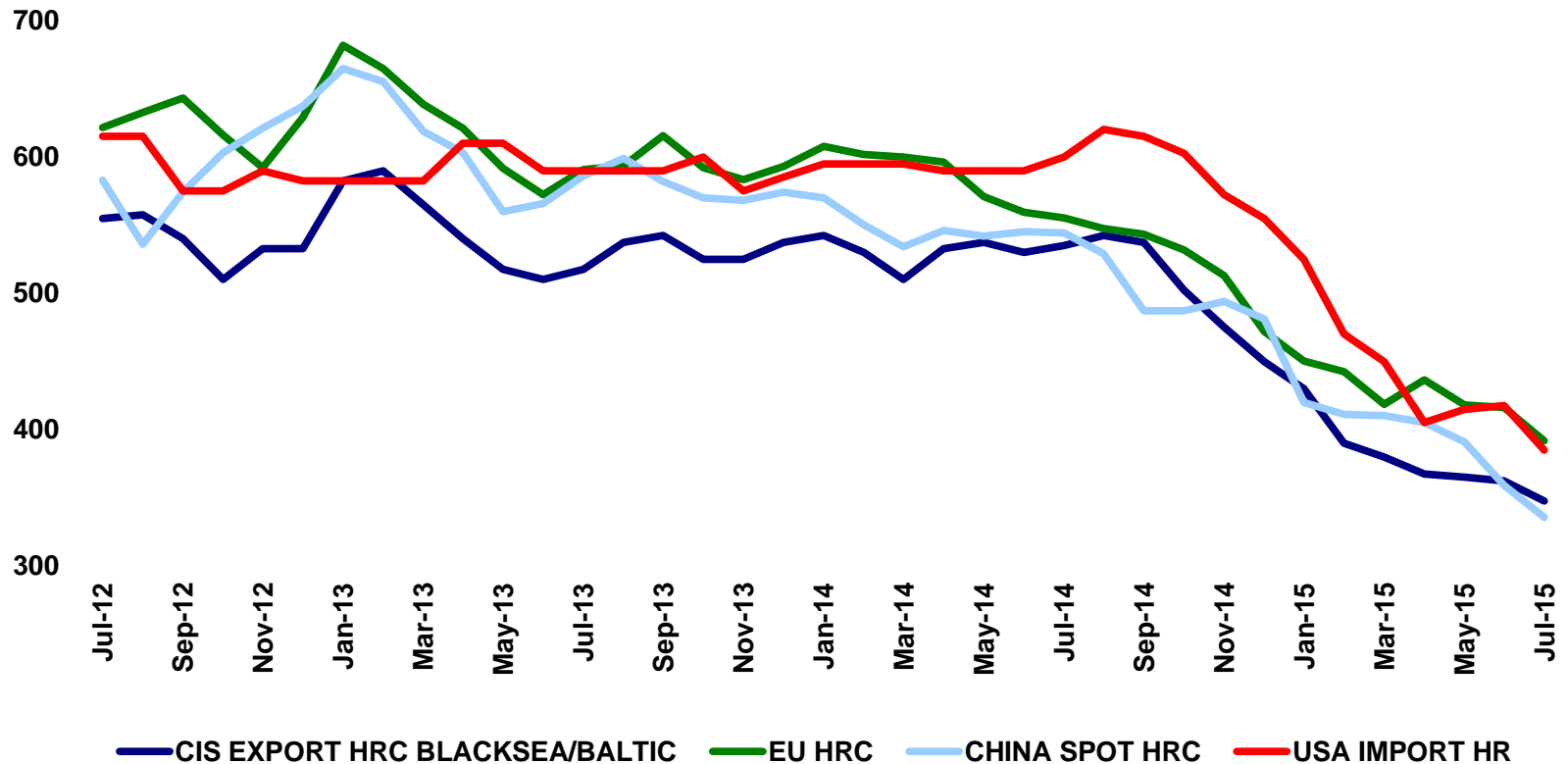


SCRAP PRICES (HMS CFR TURKEY MID)



July EU HRC sales price was 163 USD/ton lower than last year's same month

HRC PRICES (USD/Ton)

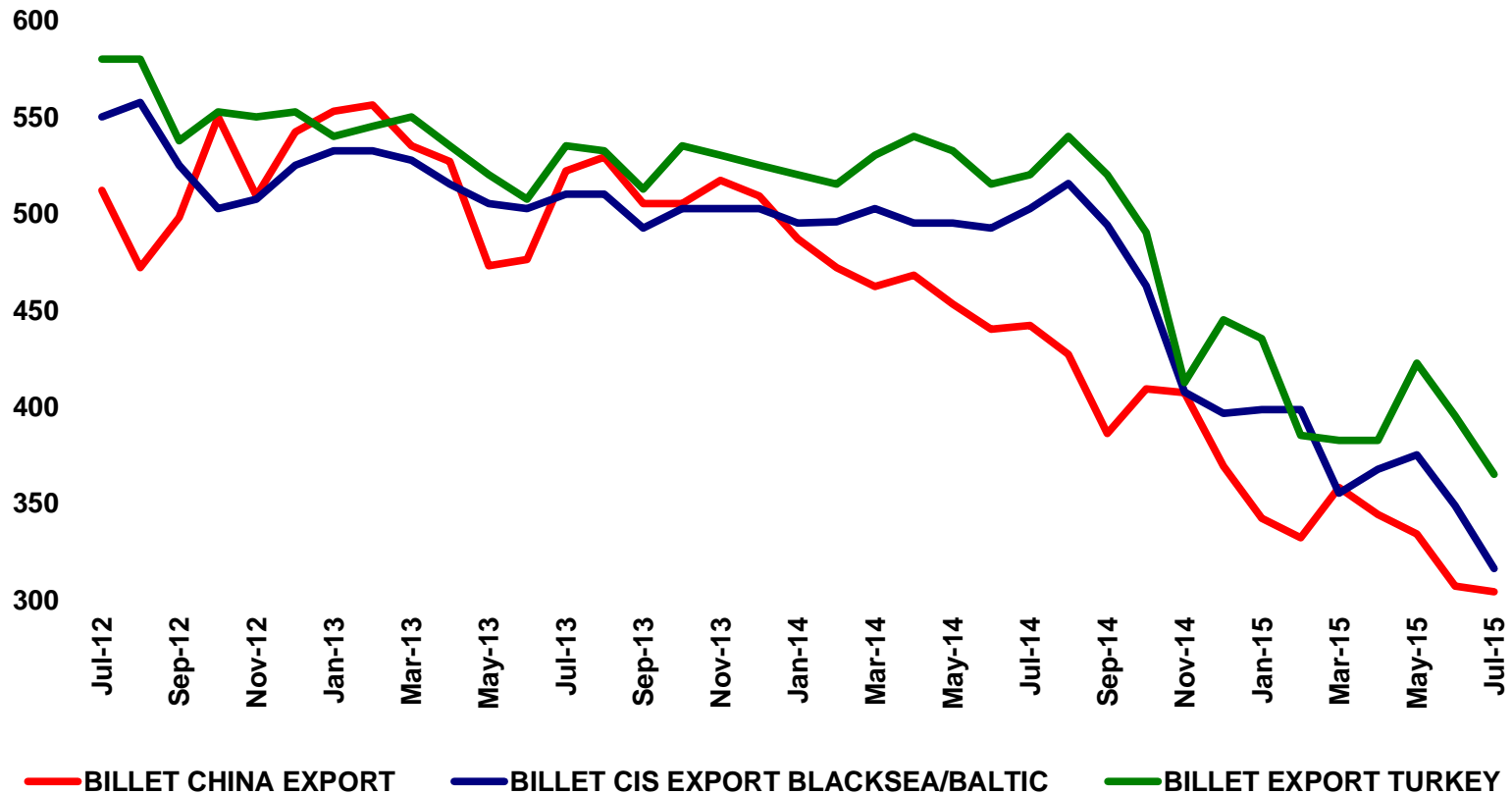


➔ As of July 2015, EU HRC price was 392 USD, China HRC spot price was 335 USD, CIS export HRC price was 348 USD. The prices were 555 USD, 544 USD, 535 USD respectively by the end of July 2014.



Billet sales prices are significantly lower in China

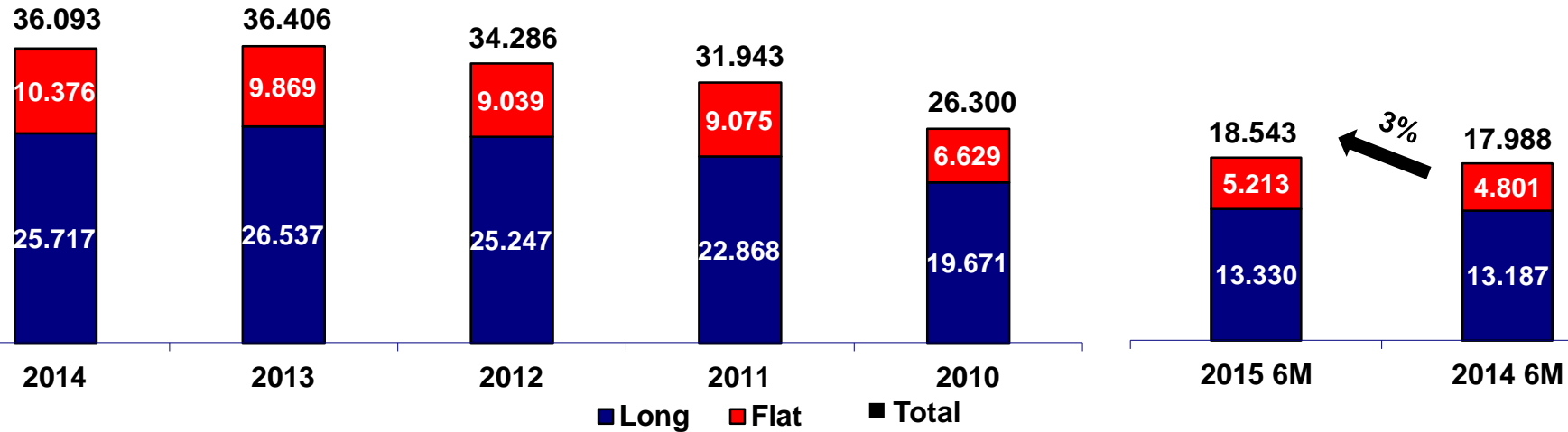
BILLET PRICES (USD/Ton)



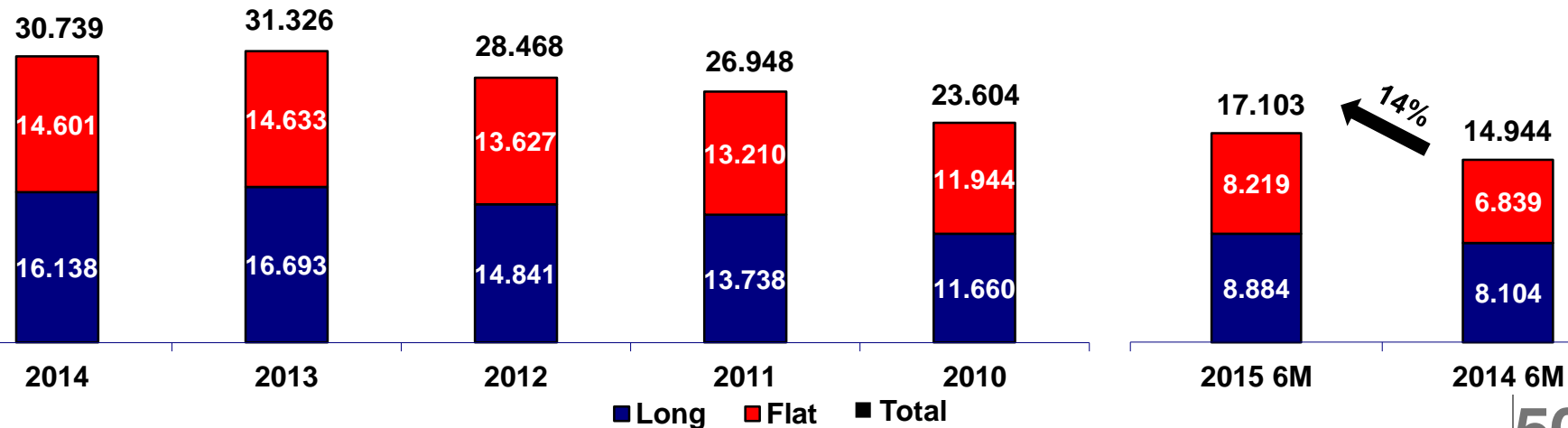
➔ As of July 2015, Turkey export price was 365 USD while it was 520 USD in July 2014.

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

PRODUCTION (000 TONS)

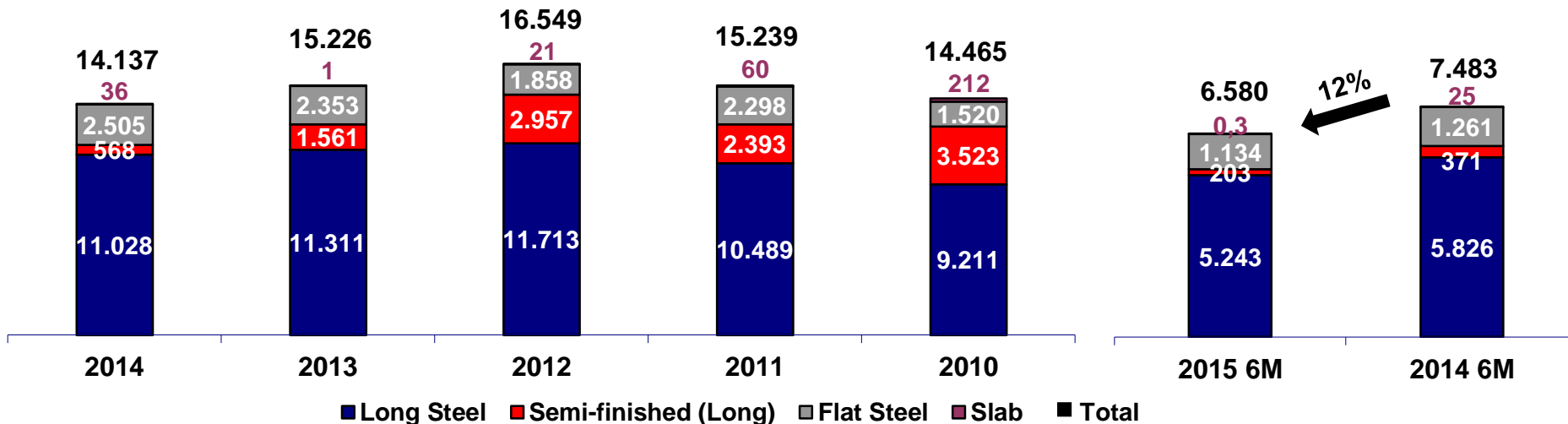


CONSUMPTION (000 TONS)

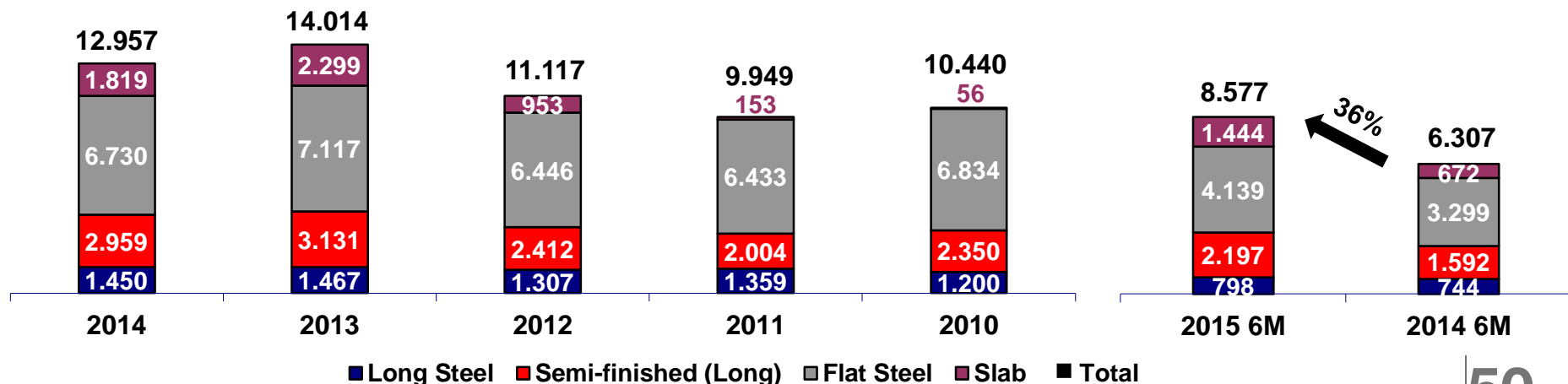


Turkish iron and steel product imports increased by 36% in 2015 6M YoY

IRON AND STEEL PRODUCT EXPORTS (000 TONS)



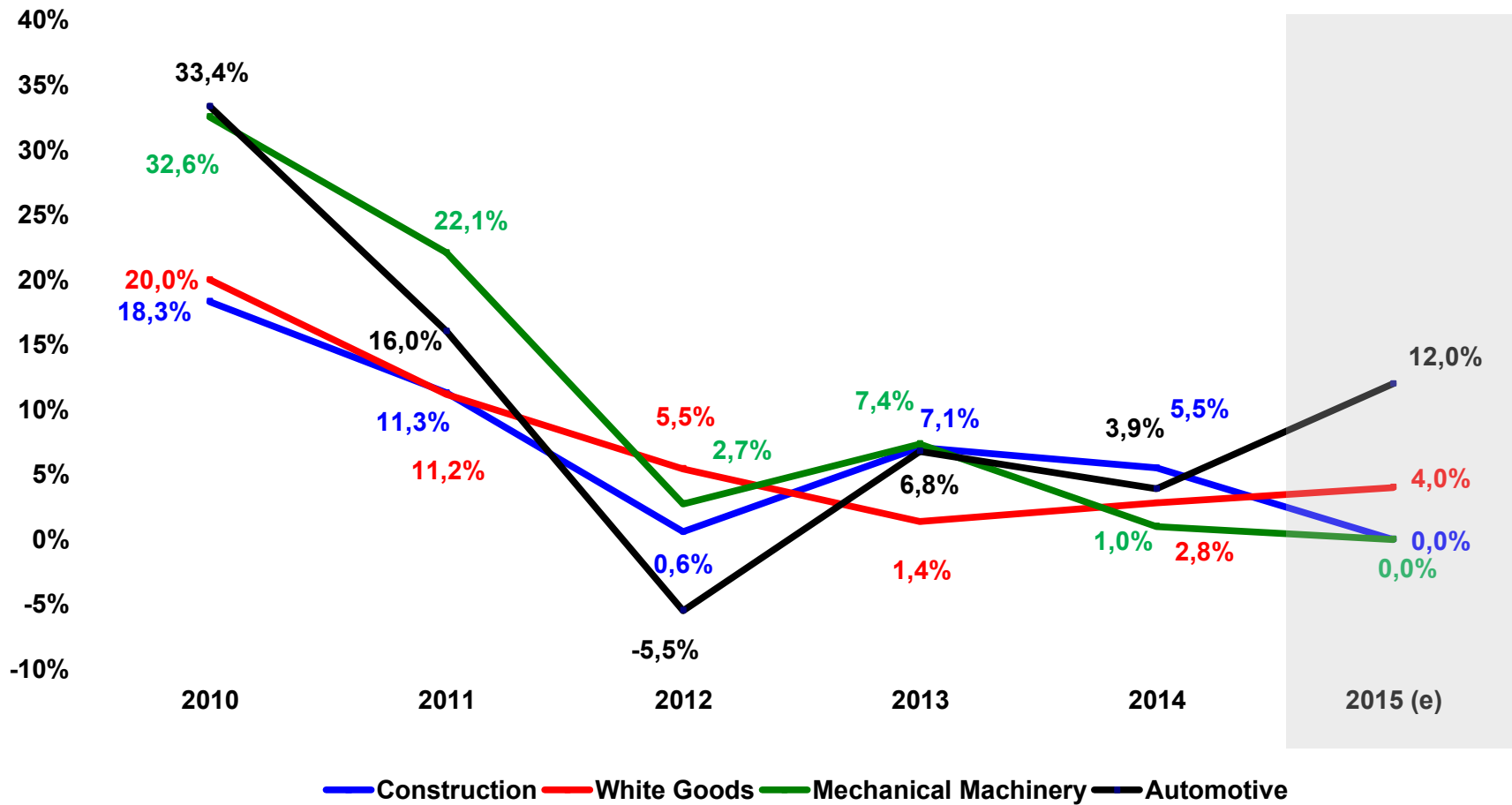
IRON AND STEEL PRODUCT IMPORTS (000 TONS)





Contraction in the construction sector is expected

CHANGES IN SECTOR DEVELOPMENT INDEX (% YoY)





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ERDEMİR GROUP KEY FIGURES

			2015 6M	2014 6M	2014	2013
Liquid Steel Production	<i>(000 Tons)</i>	↑	4.462	4.134	8.693	8.447
Slab Production ⁽¹⁾	<i>(000 Tons)</i>	↑	3.723	3.525	7.363	6.865
Flat Steel Production ⁽²⁾	<i>(000 Tons)</i>	↑	3.781	3.356	6.954	6.427
Long Steel Production	<i>(000 Tons)</i>	↑	636	545	1.153	1.356
Flat Steel Shipments	<i>(000 Tons)</i>	↑	3.643	3.439	6.933	6.338
Long Steel Shipments	<i>(000 Tons)</i>	↑	648	557	1.163	1.346
Net Sales Revenue	<i>(M. USD)</i>	↓	2.369	2.609	5.252	5.142
EBITDA	<i>(M. USD)</i>	↓	510	536	1.136	987
Net Profit For The Year	<i>(M. USD)</i>	↓	304	359	732	484

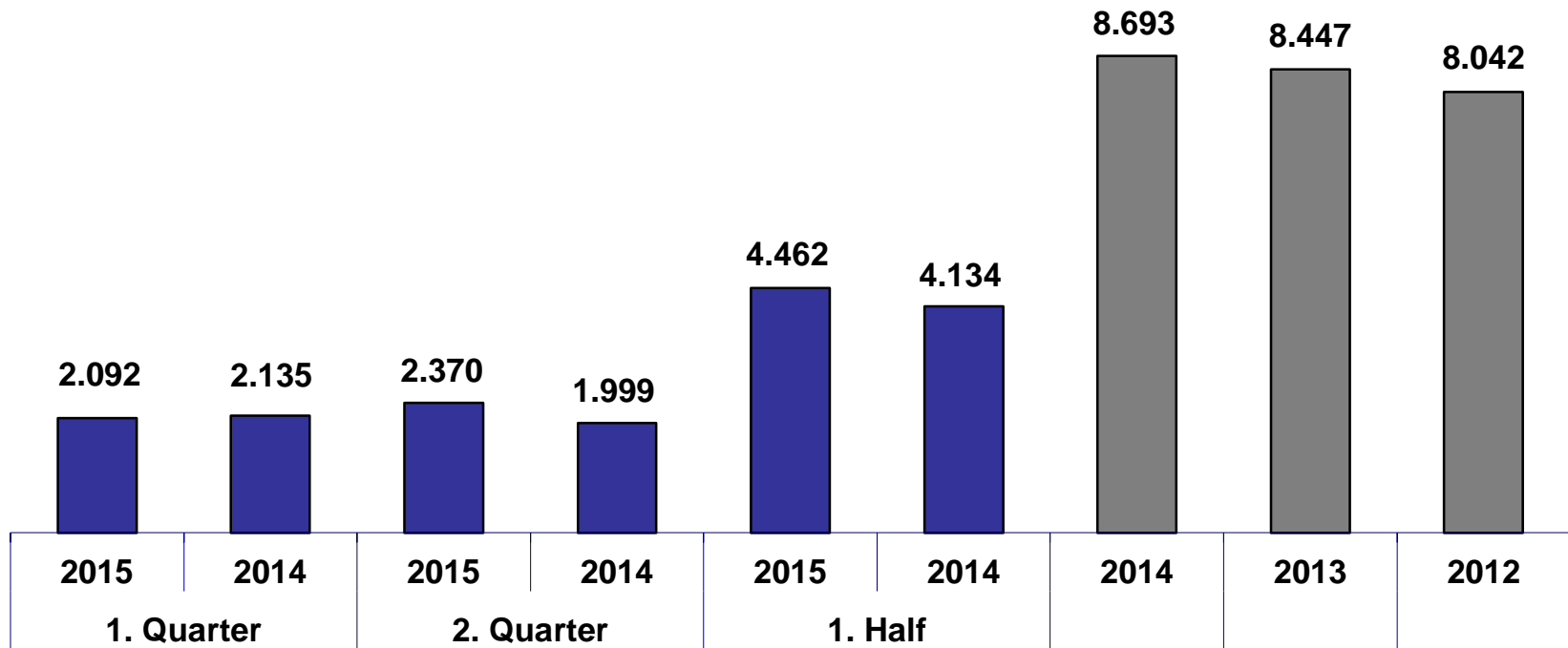
All figures are on IFRS consolidated basis unless stated otherwise.

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

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

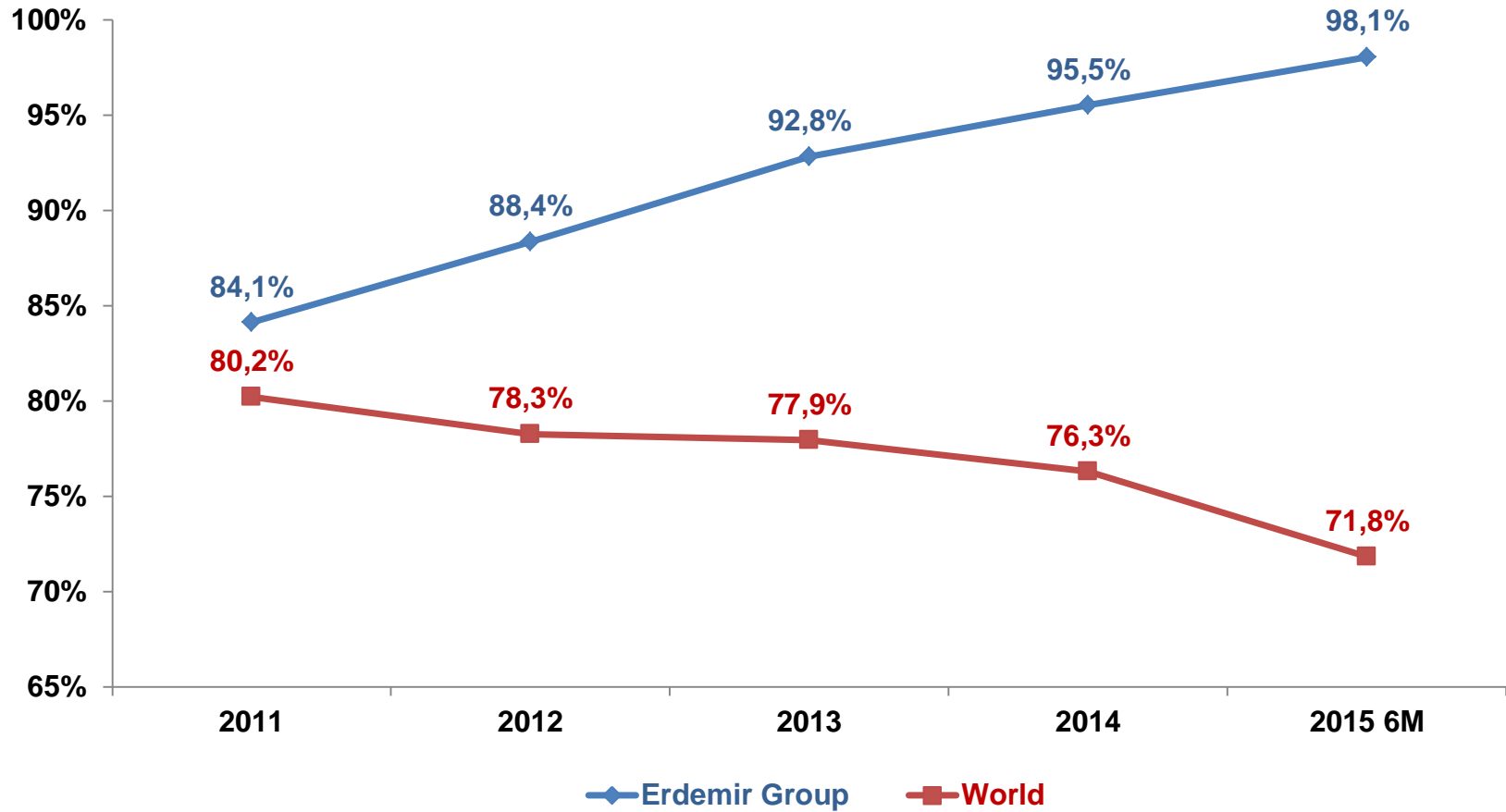
Liquid steel production was 4,5 million tons in 2015 6M YoY

LIQUID STEEL PRODUCTION (000 TONS)



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

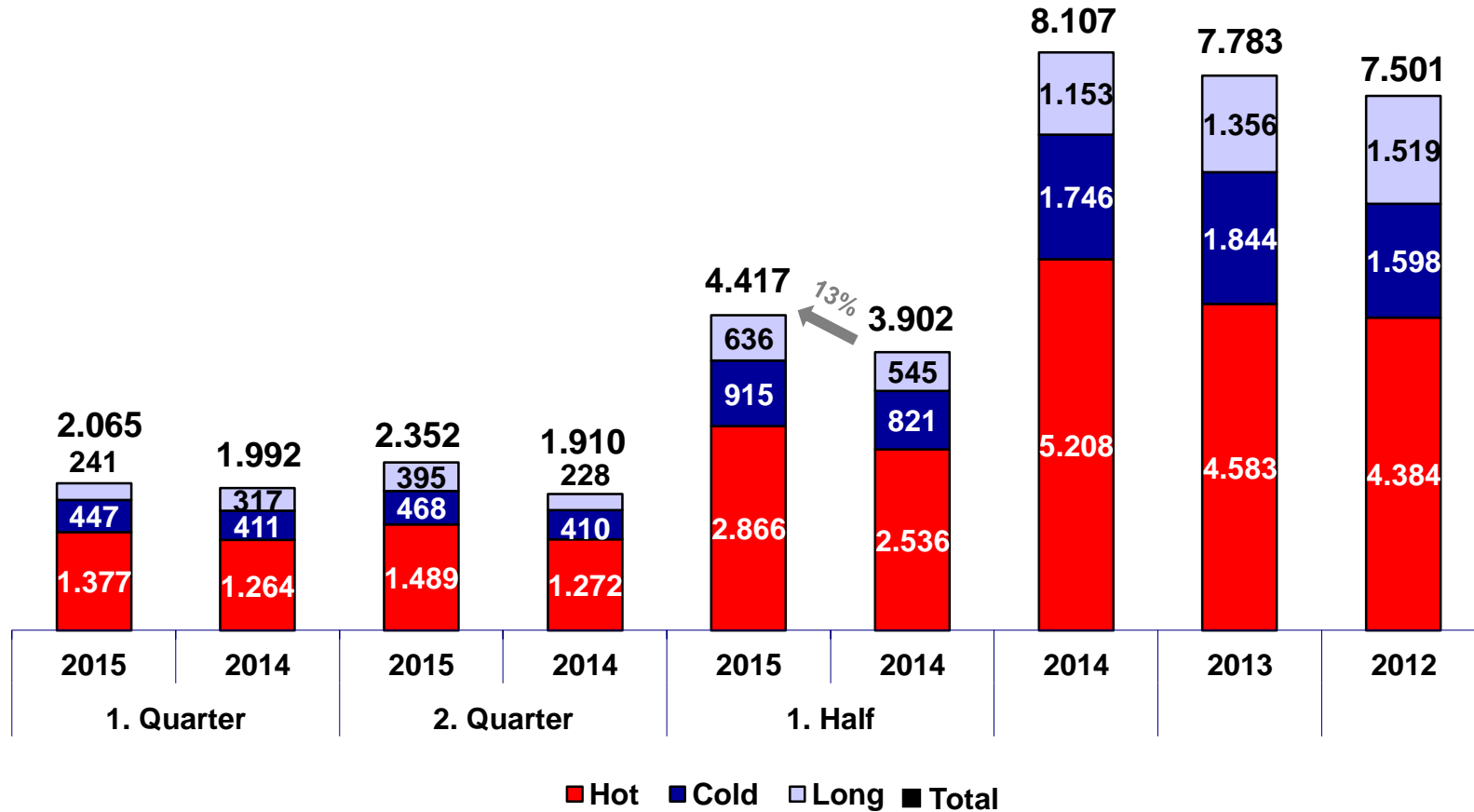
CRUDE STEEL CAPACITY UTILIZATION RATIO





Production increased by 13% in 2015 6M YoY

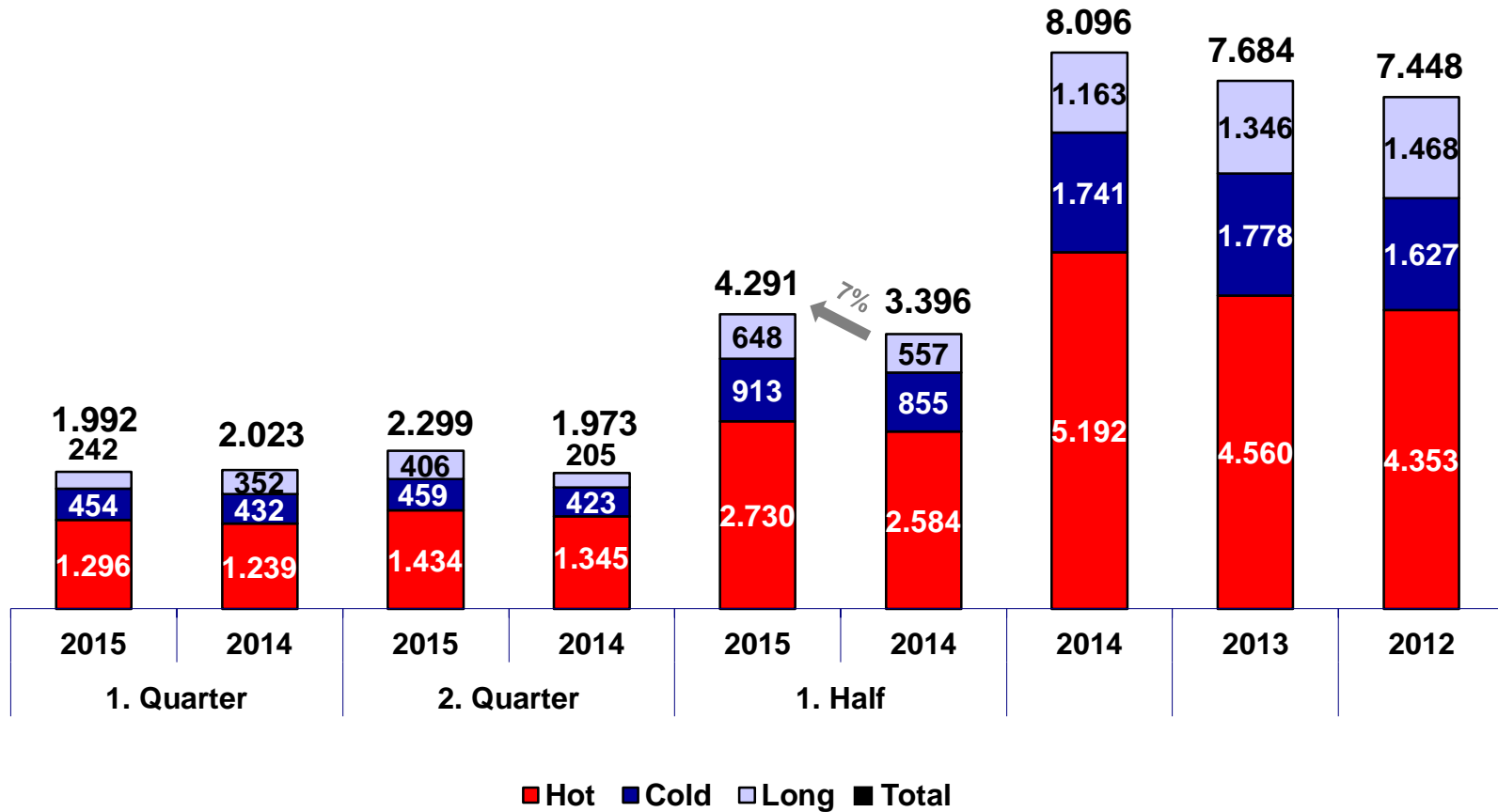
PRODUCTION VOLUMES (000 TONS)





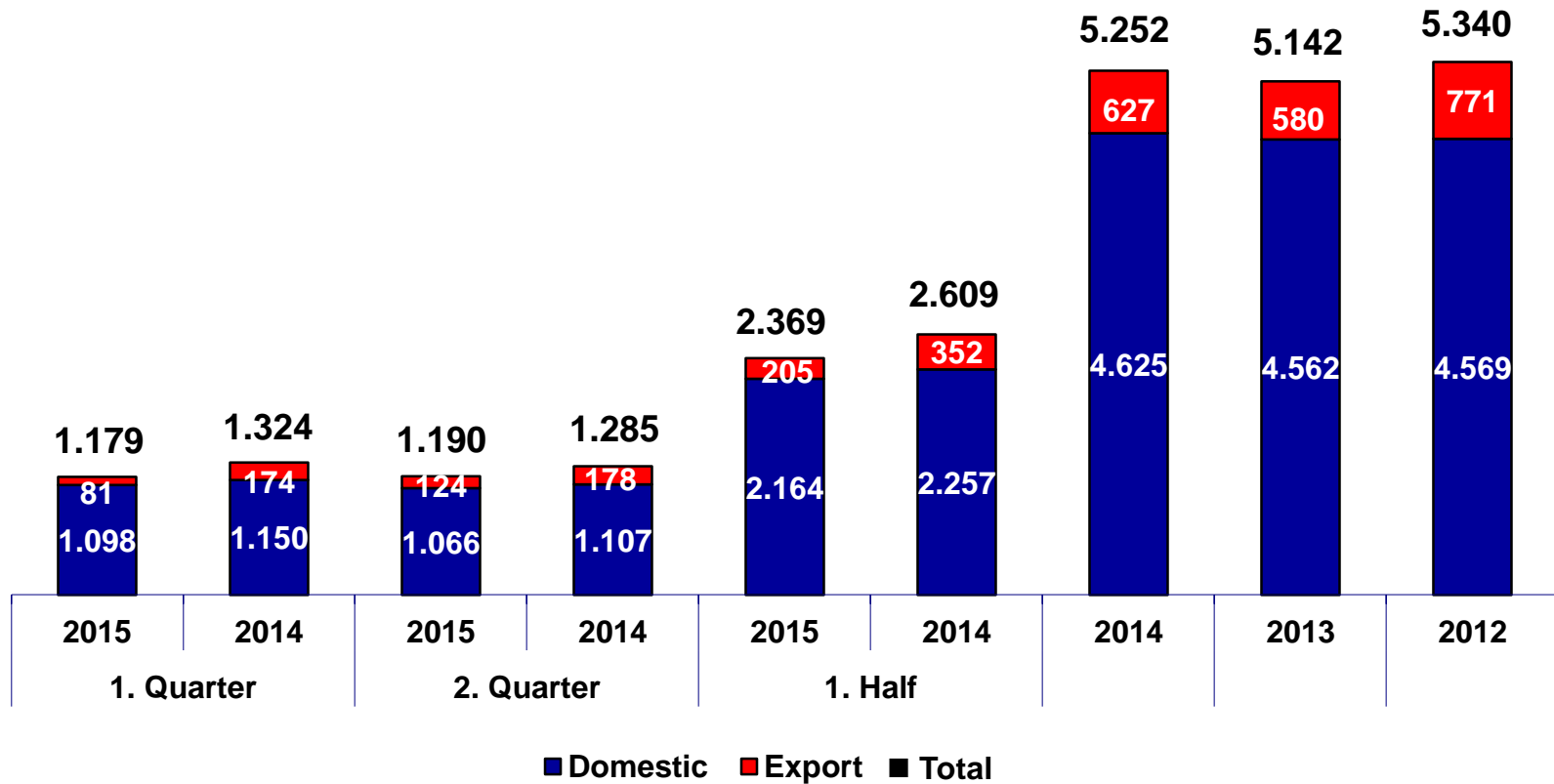
Sales volumes increased by 7% in 2015 6M YoY

SALES VOLUMES (000 TONS)



Net sales revenue was 2,4 billion USD in 2015 6M YoY

NET SALES REVENUE (MILLION USD)

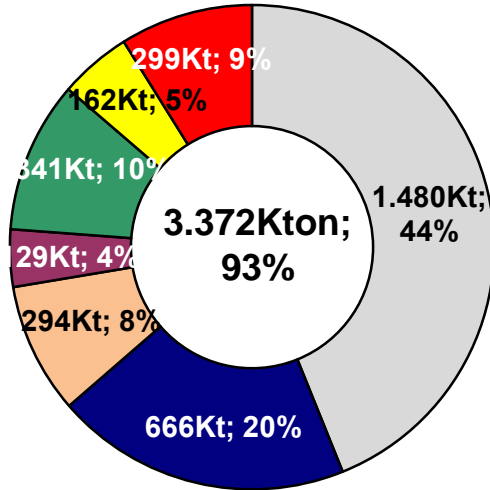


Flat steel sales to the domestic market was 93% of our flat sales in 2015 6M

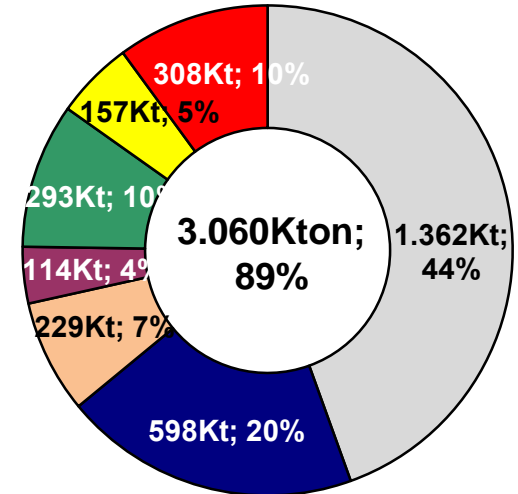


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2015 6M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

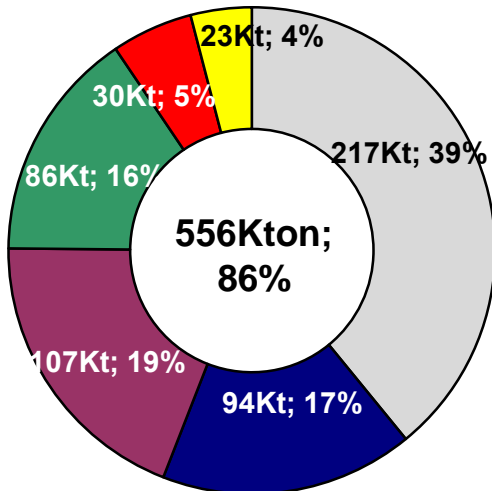


2014 6M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

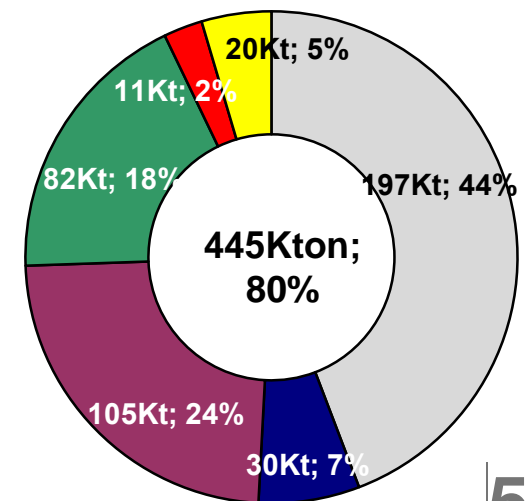


- Pipe&Profile Producers and Re-rollers
- Distribution Chains
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

2015 6M LONG STEEL DOMESTIC SALES BREAKDOWN (%)



2014 6M LONG STEEL DOMESTIC SALES BREAKDOWN (%)



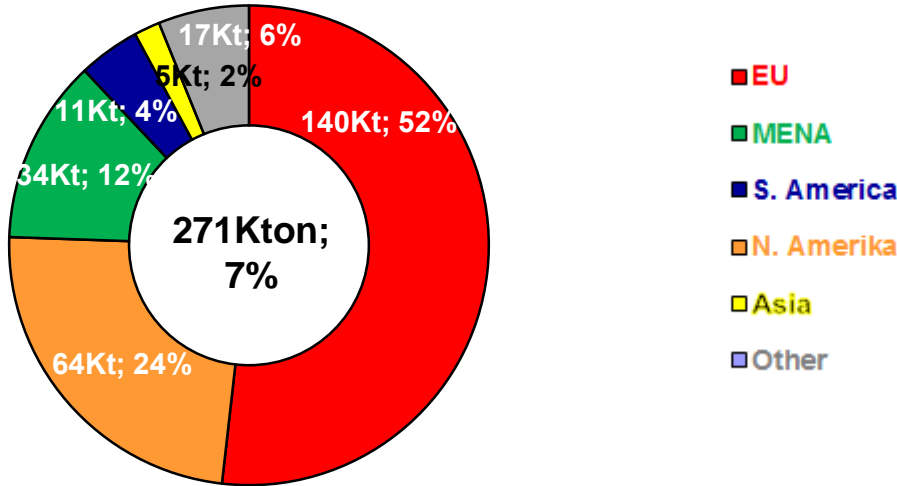
- Rebar Producers
- Profile Producers
- Commercial Qualities
- High Carbon Qualities
- Special Qualities
- Other

Flat steel sales to EU countries was 52% of our flat export in 2015 6M

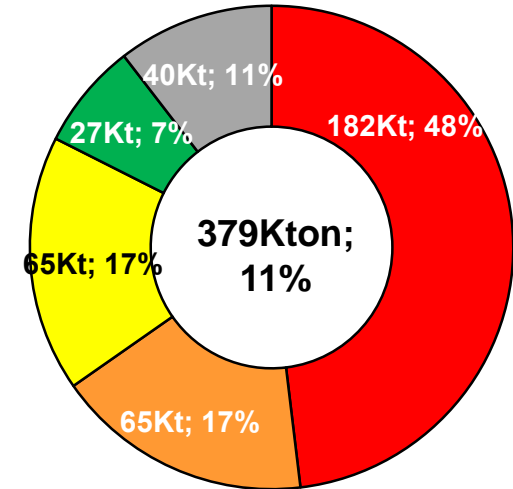


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2015 6M FLAT STEEL EXPORTS BREAKDOWN (%)



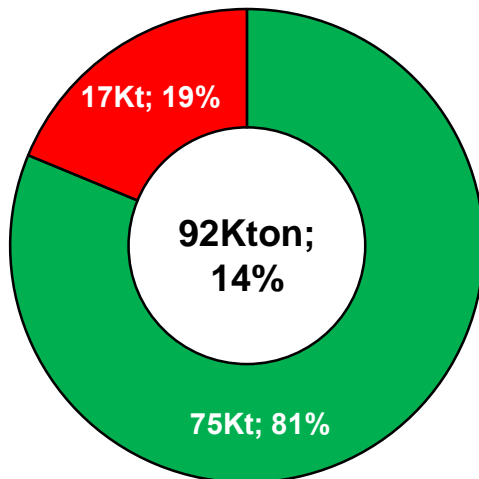
2014 6M FLAT STEEL EXPORTS BREAKDOWN (%)



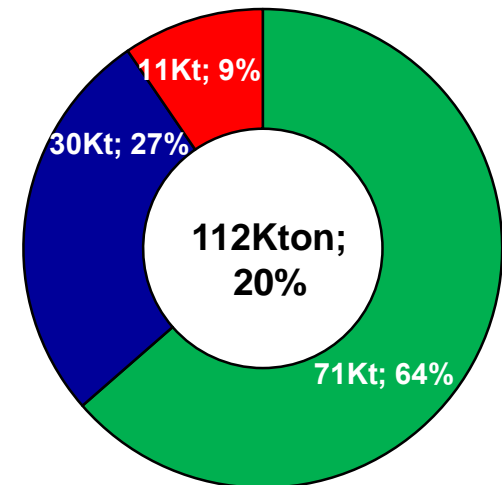
- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

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

2015 6M LONG STEEL EXPORTS BREAKDOWN (%)



2014 6M LONG STEEL EXPORTS BREAKDOWN (%)

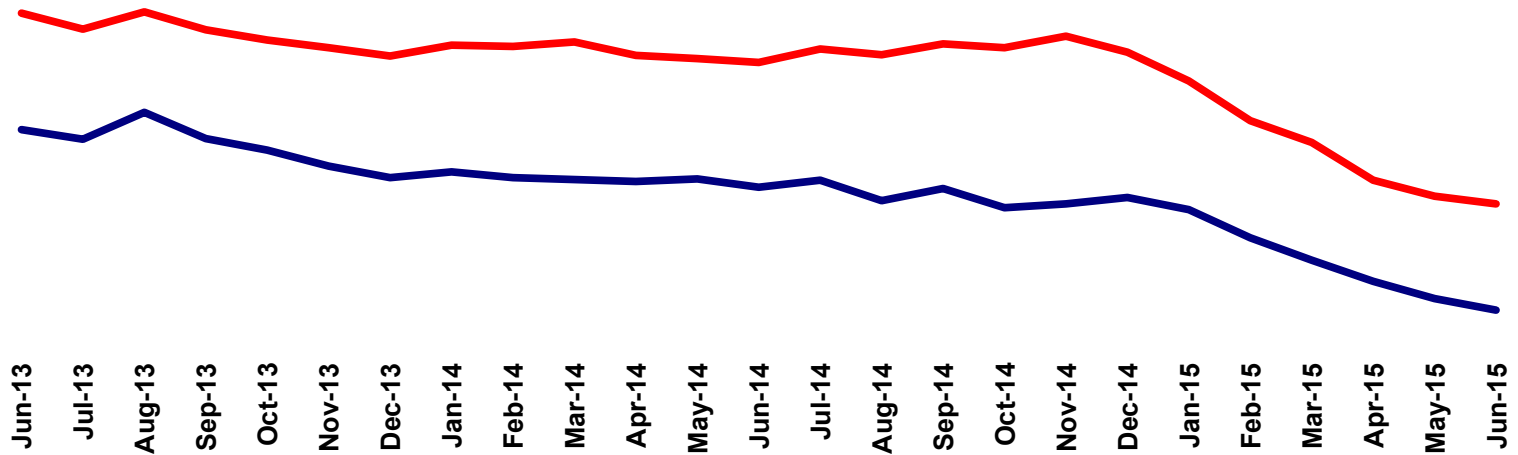


In 2015 6M, Erdemir Group average flat and long steel prices were 558 USD/ton and 448 USD/ton respectively



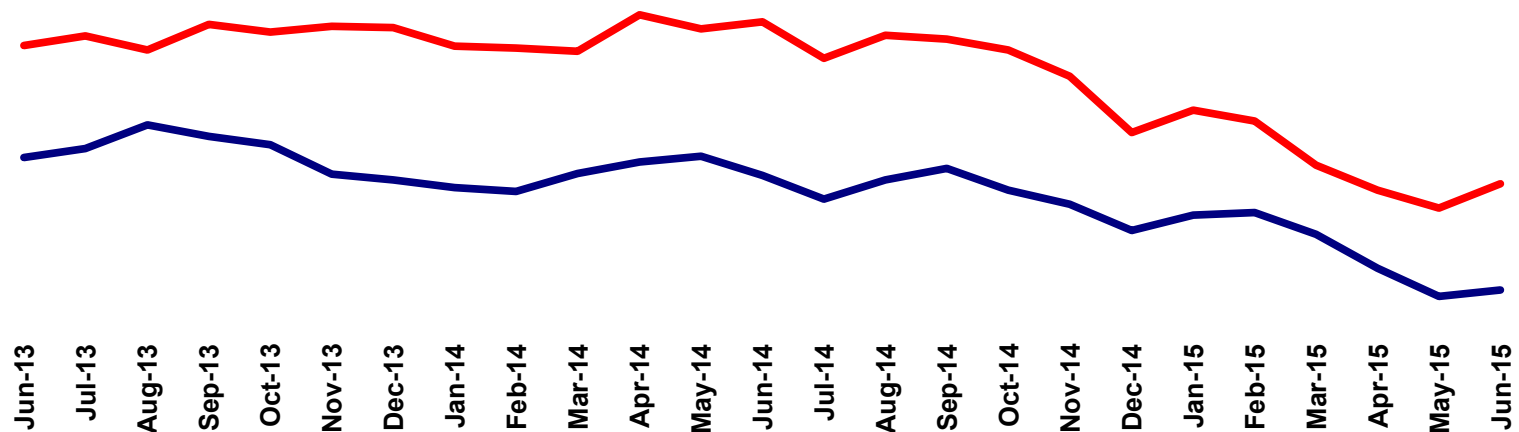
USD/TON

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



USD/TON

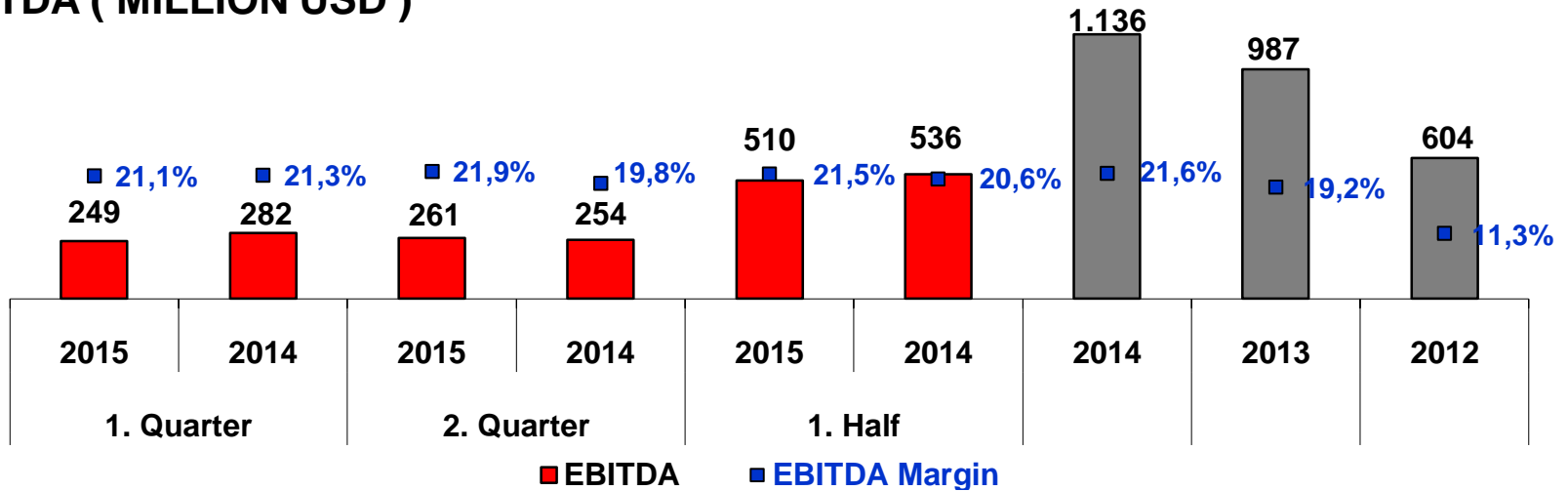
— Erdemir Group Long Sales Price — Erdemir Group Long Cost of Sales



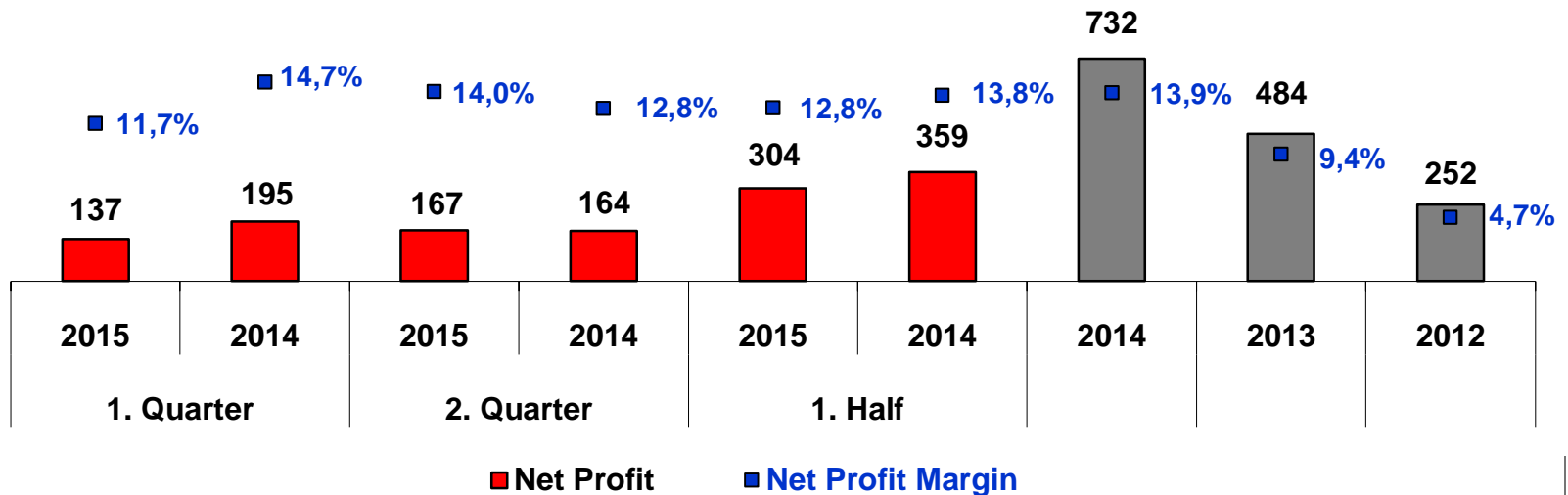


EBITDA decreased by 5% in 2015 6M YoY

EBITDA (MILLION USD)



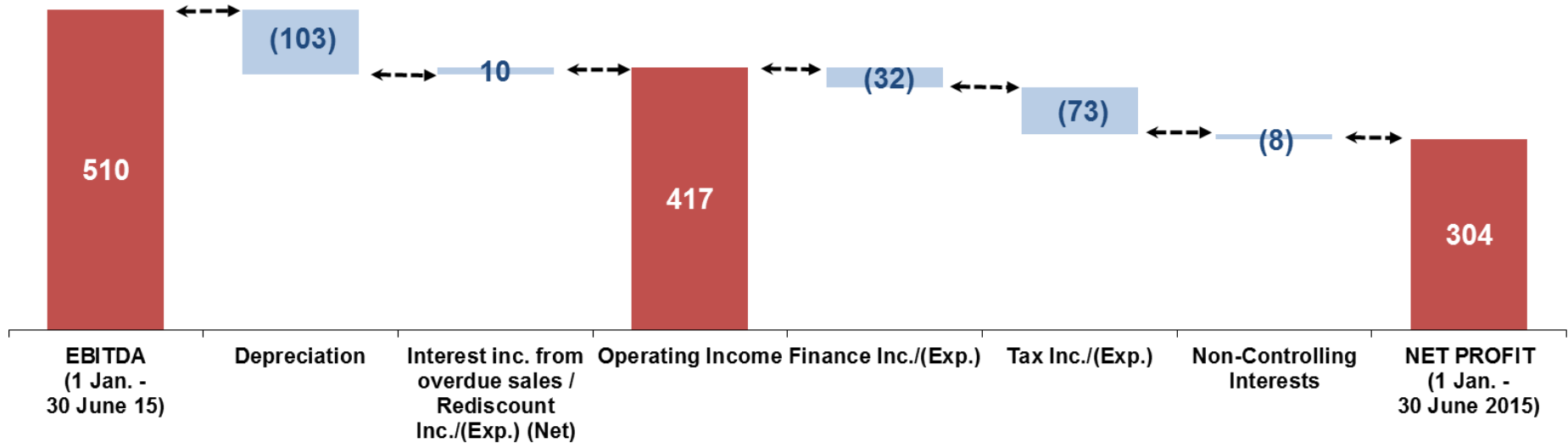
NET PROFIT (MILLION USD)





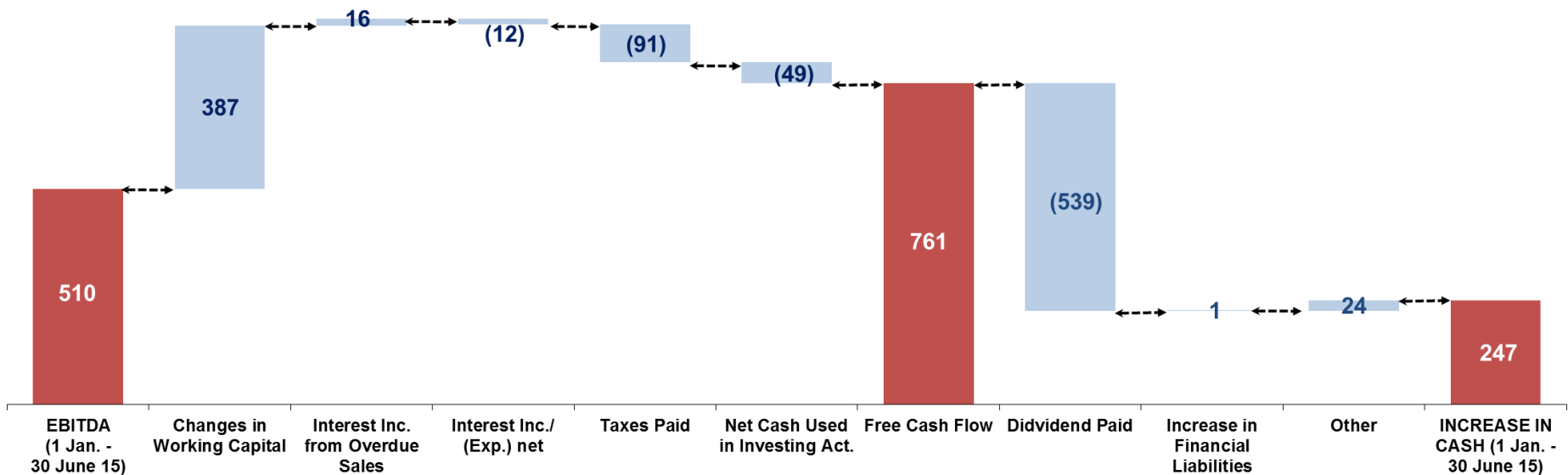
EBITDA was 510 million USD in 2015 1H

Consolidated EBITDA => Consolidated Net Profit (Million USD)



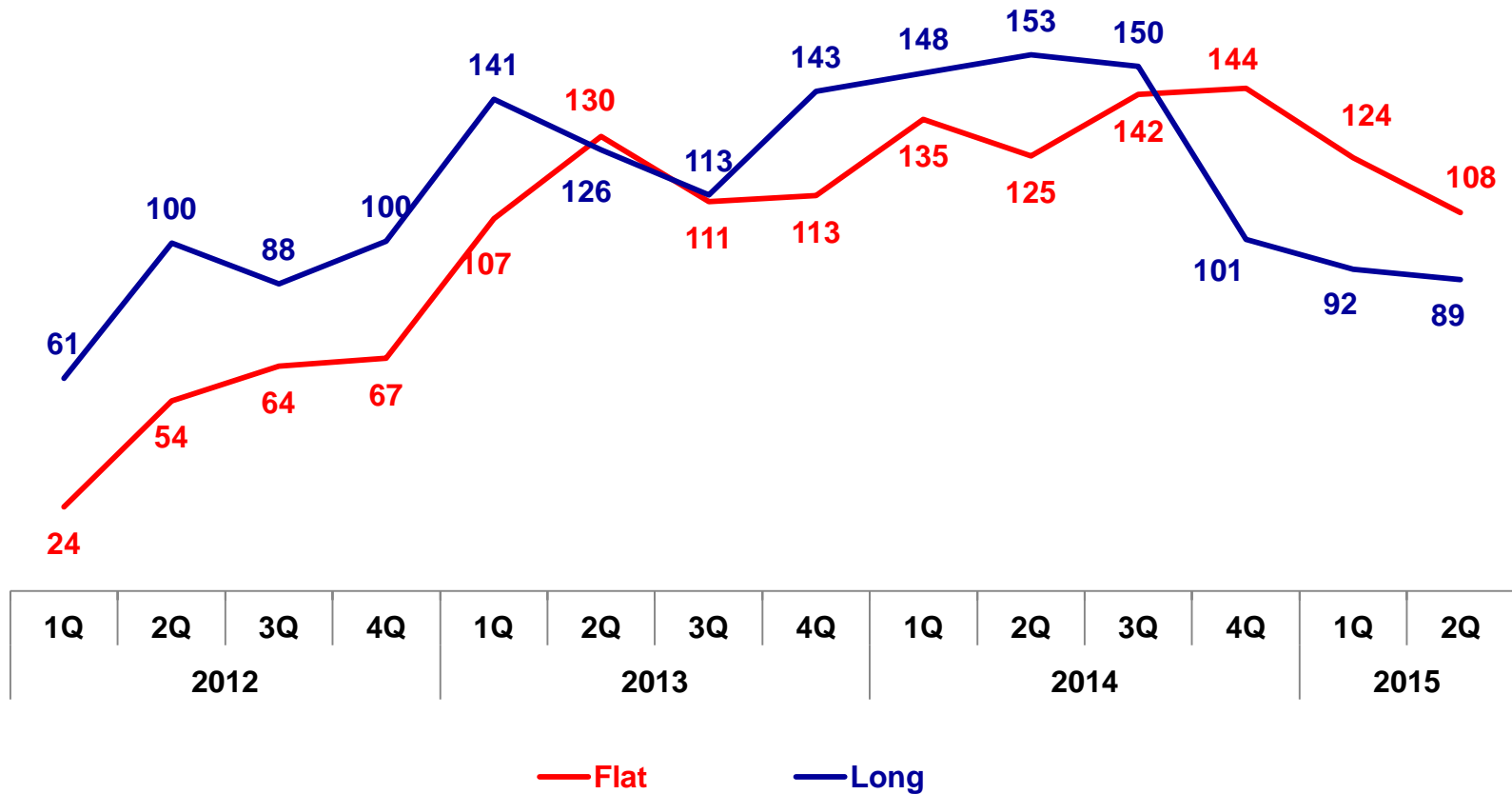
Due to the cash, which is provided from working capital, high dividend payment didn't have a negative effect on liquidity

Consolidated EBITDA => Consolidated Net Cash (Million USD)



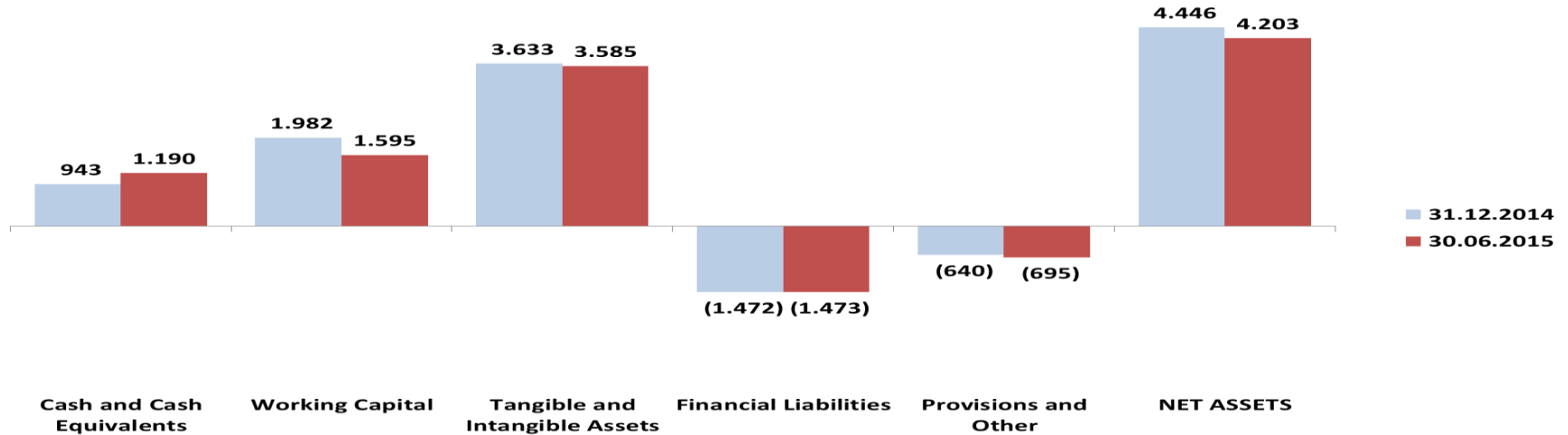
EBITDA per ton for flat product was 108 USD/ton in 2015 2Q

EBITDA PER TON (USD/TON)

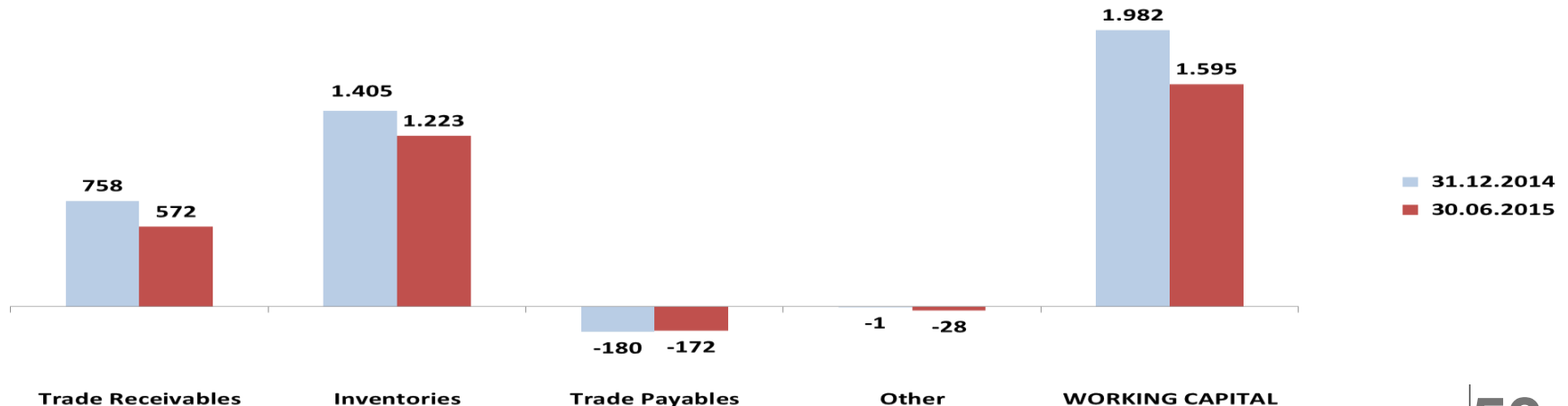


Working capital decrease was the reason of the decline in trade receivables and inventory which was caused by falling commodity prices

CONSOLIDATED NET ASSETS (MILLION USD)

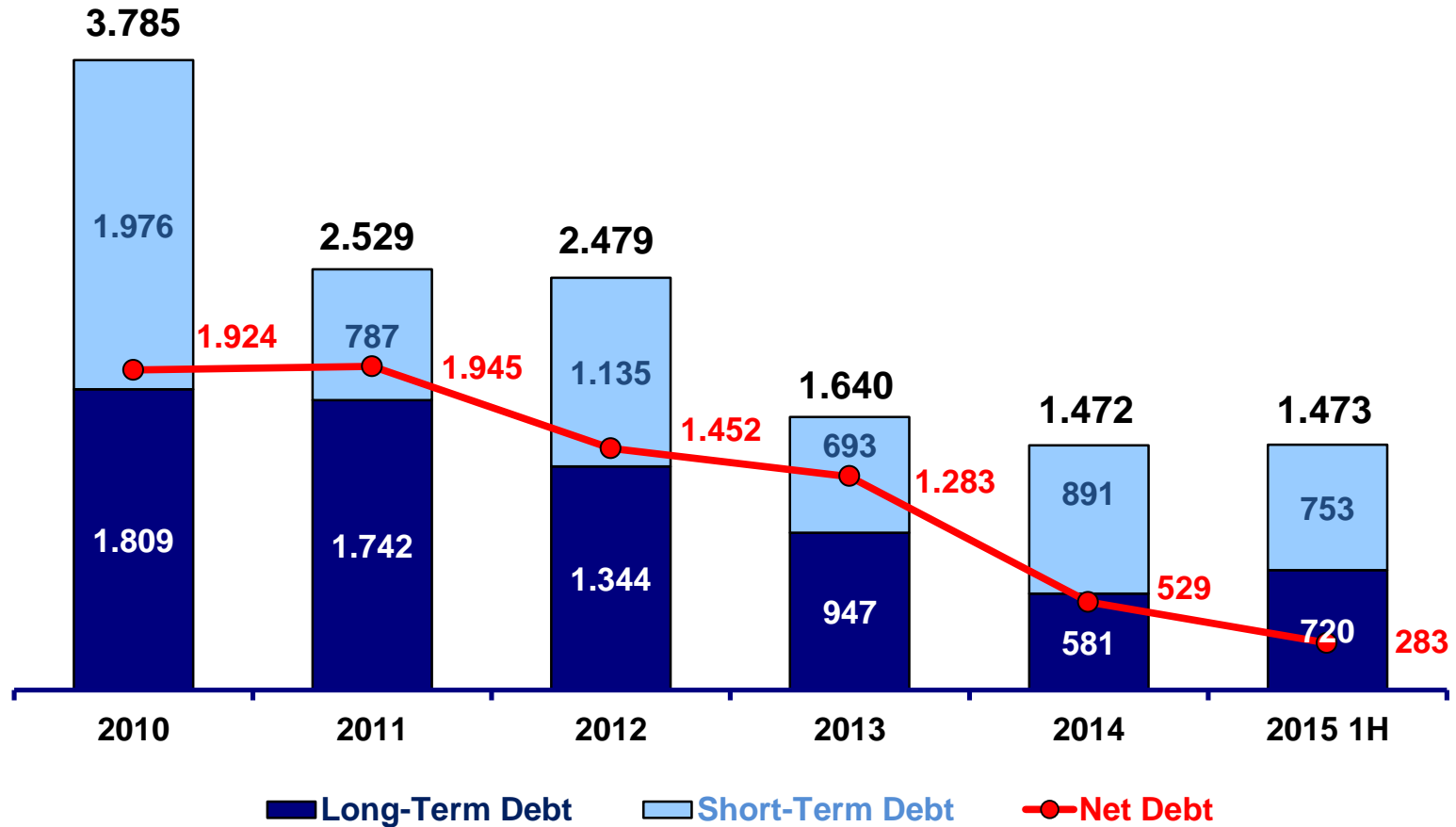


WORKING CAPITAL (MILLION USD)



Despite the high dividend payments, net debt has been decreasing

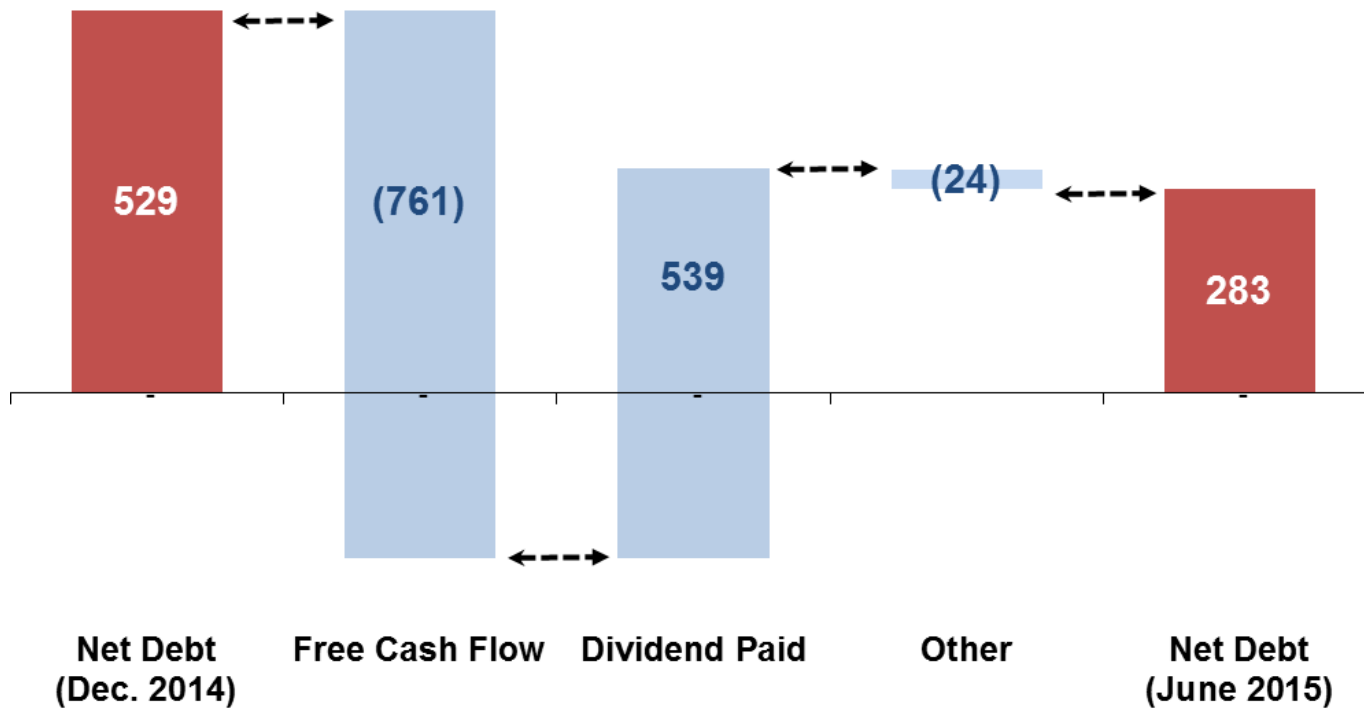
BORROWINGS (MILLION USD)





Net debt was 283 million USD at the end of 2015 June

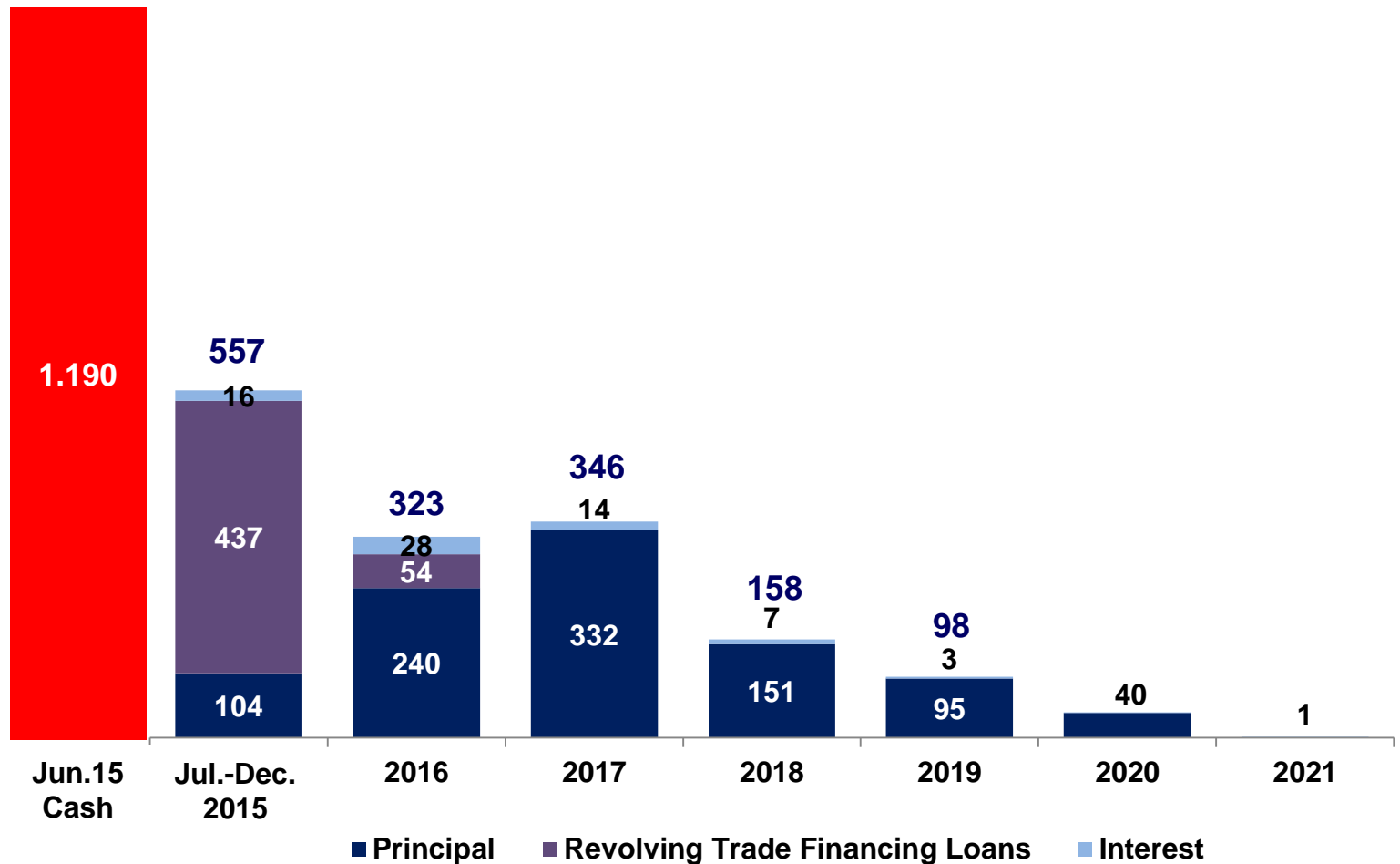
NET DEBT (MILLION USD)



Erdemir Group has 1.190 million USD cash and cash equivalents at the end of 2015 1H



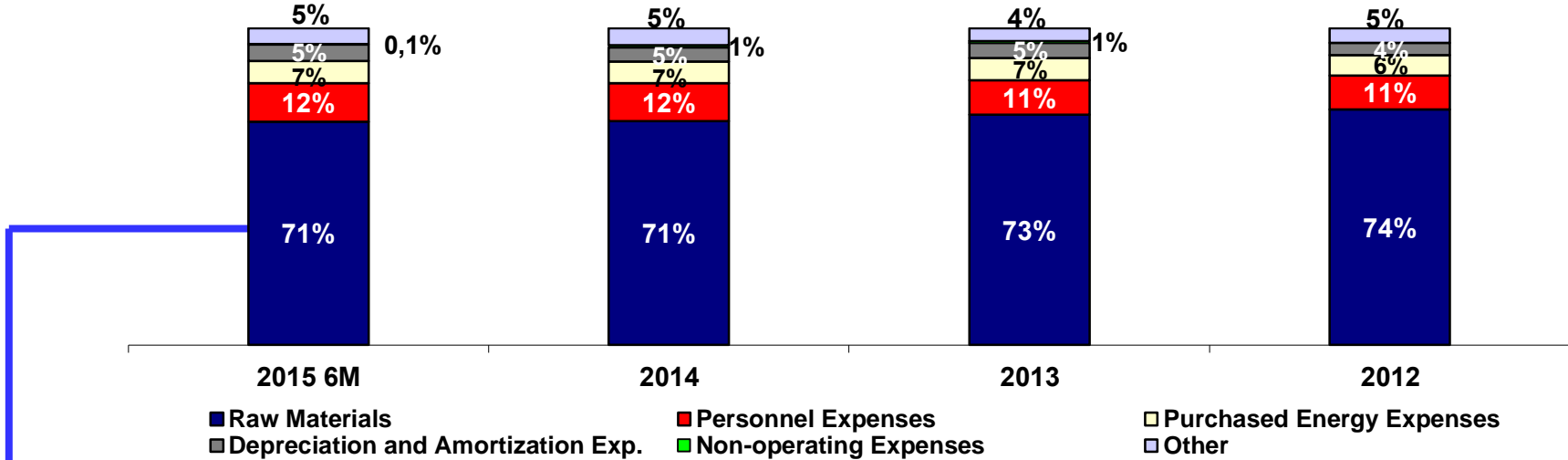
BORROWINGS MATURITY PROFILE (MILLION USD)



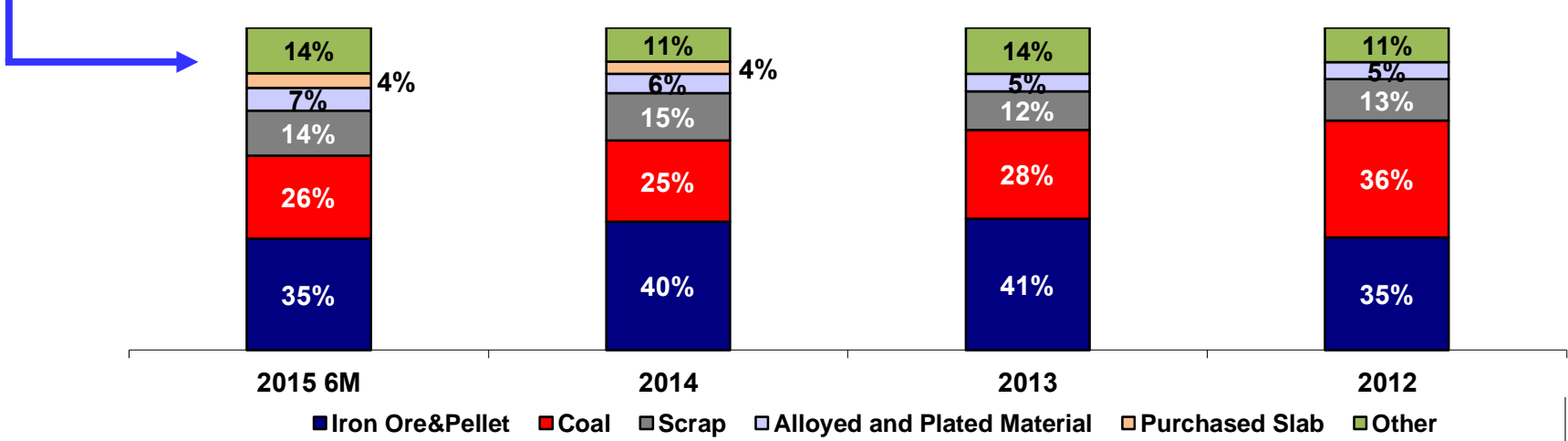


Raw materials made up 71% of the cost of sales

COST OF SALES BREAKDOWN* - %

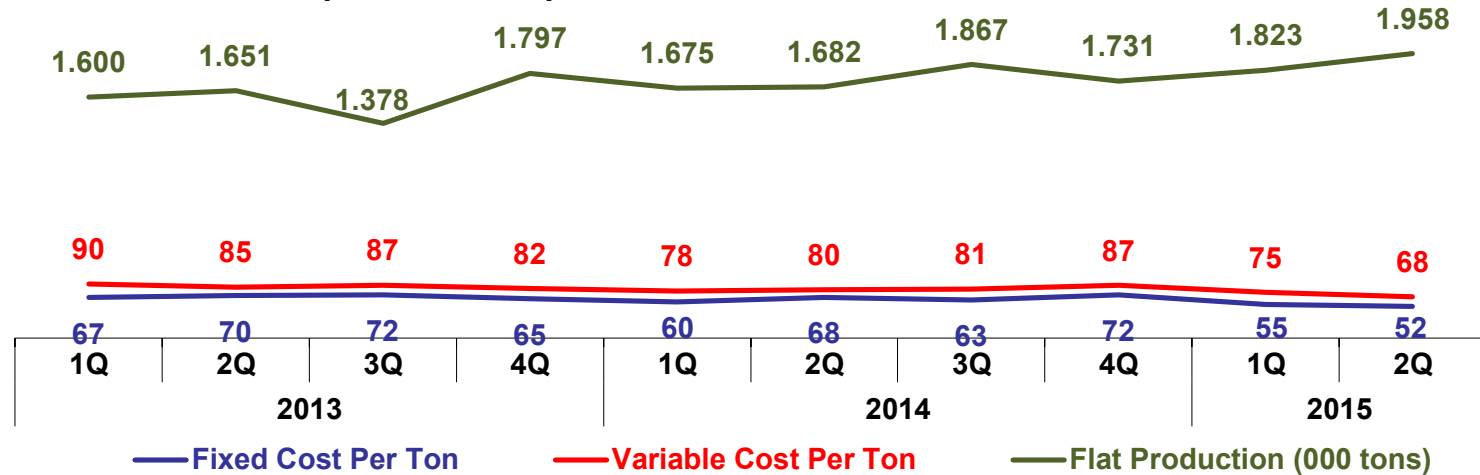


RAW MATERIALS BREAKDOWN - %

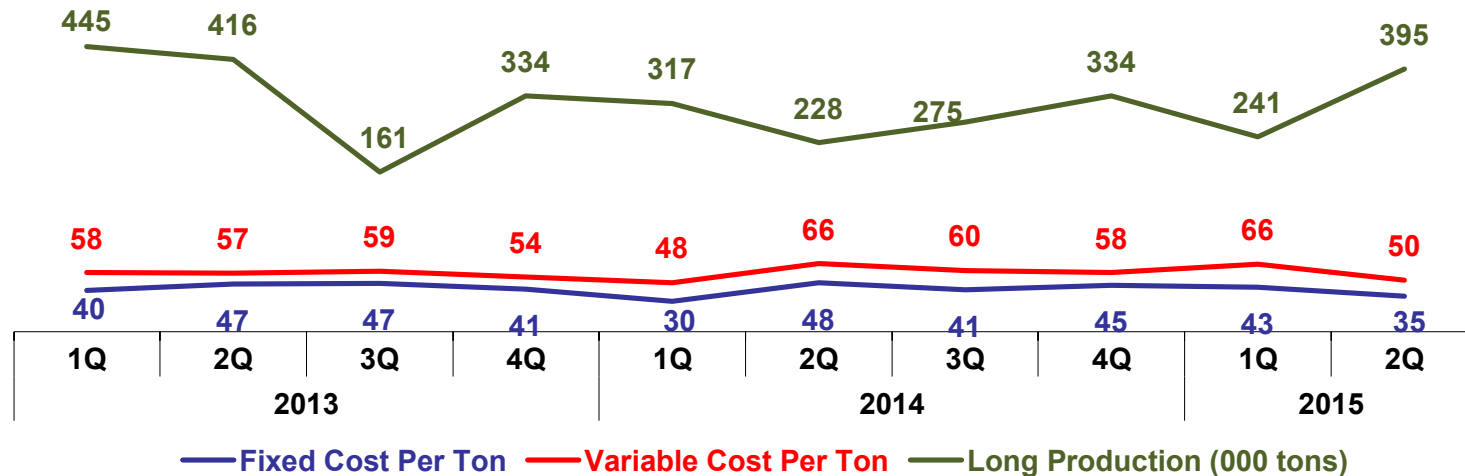


Flat conversion cost per ton excluding depreciation was realised as 120 USD/ton in 2015 2Q

FLAT PRODUCTS (USD/TON)*

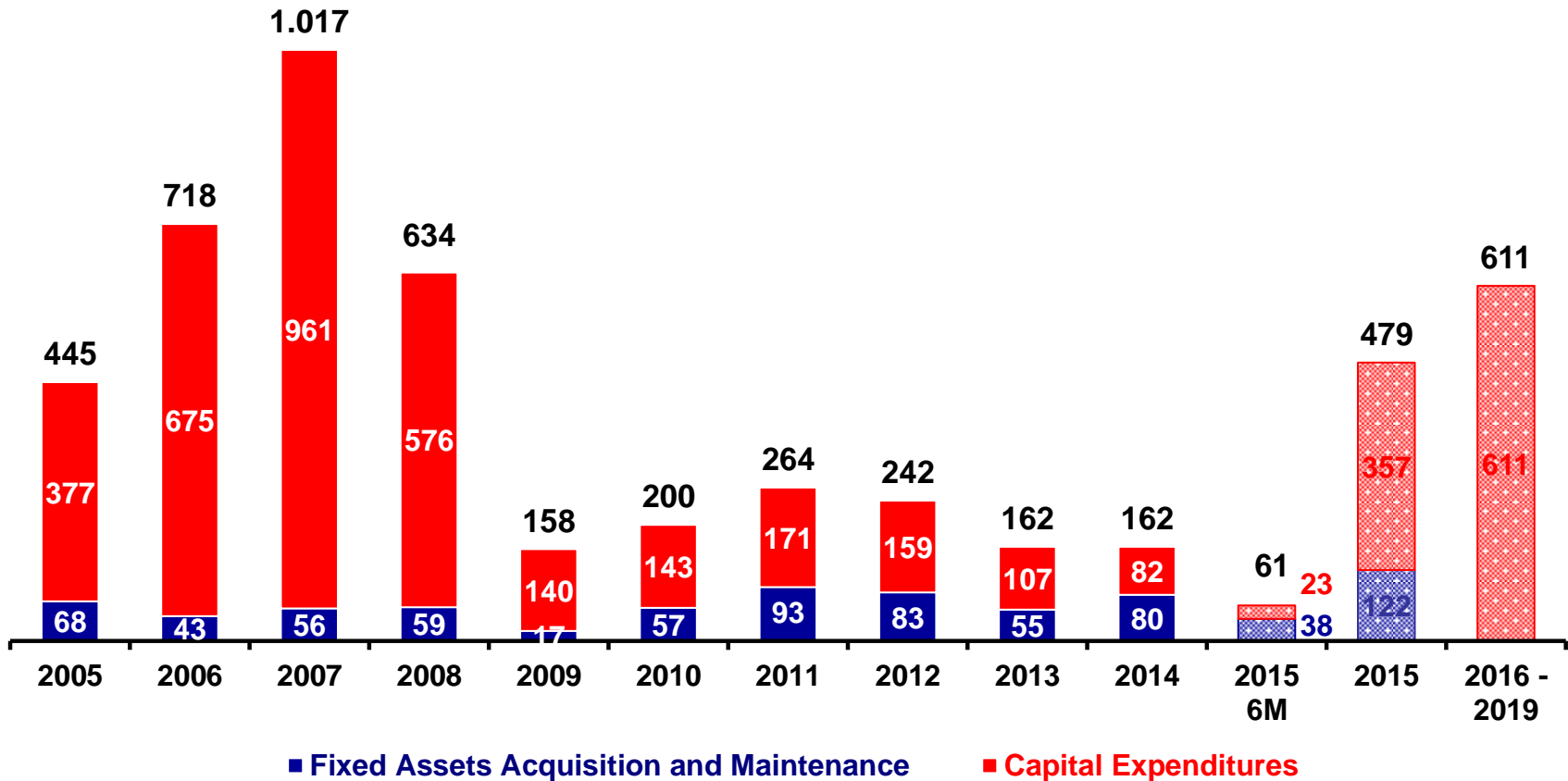


LONG PRODUCTS (USD/TON)*



Capital expenditures of 479 million USD is planned for 2015*

(M USD)

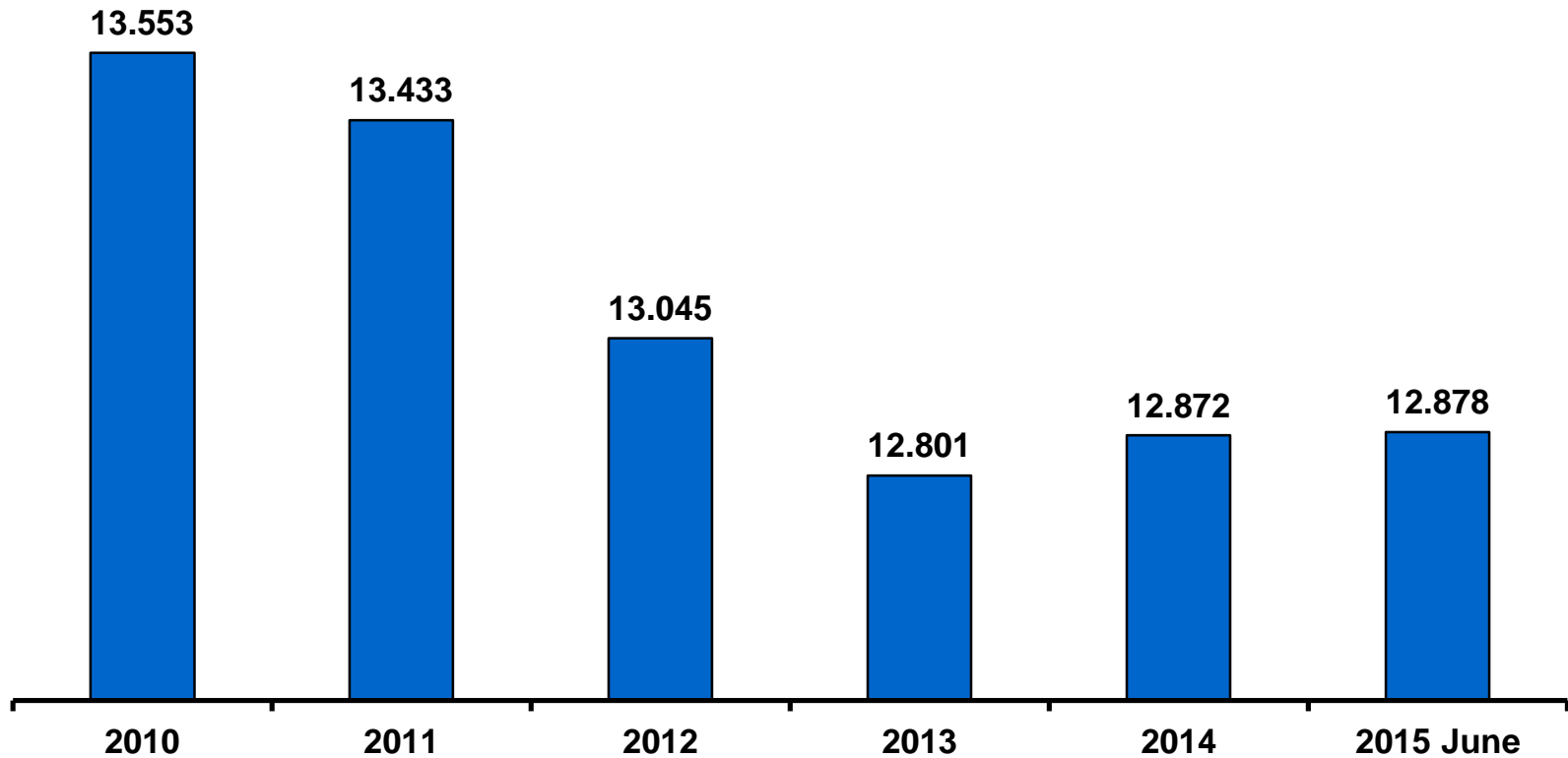


■ Fixed Assets Acquisition and Maintenance ■ Capital Expenditures

* The capital expenditures in 2014 and before states the cash outflows however the capital expenditures for 2015 and after states the signed and planned investments. The amounts shown in 2015 and later do not represent cash outflows.

Number of employees was 12.878 as of June 2015

NUMBER OF EMPLOYEES

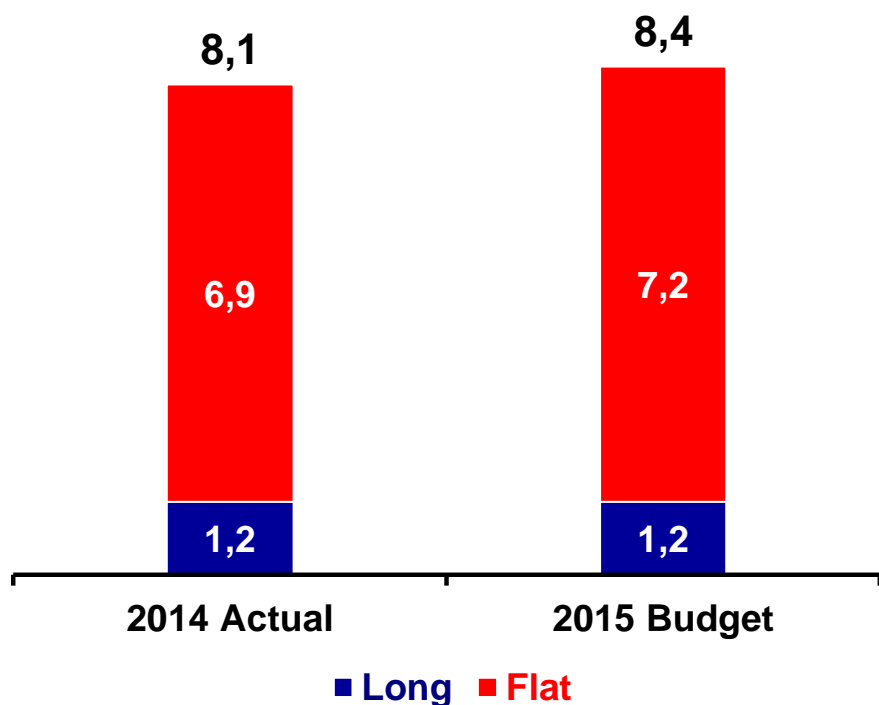




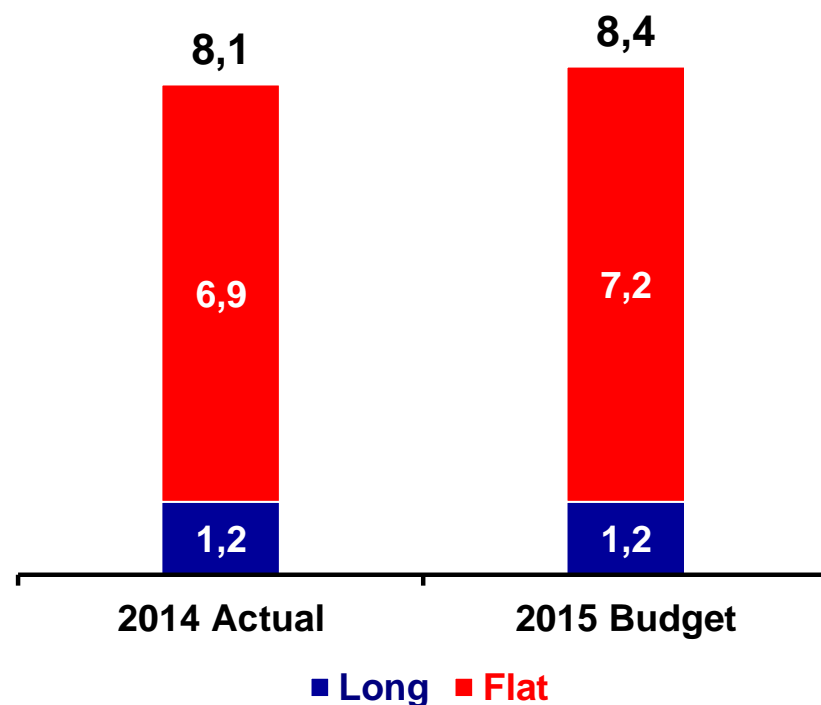
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Production (Million Tons)



Sales (Million Tons)



EBITDA and Net Profit Margins

- > **In 2014**; EBITDA and Net Profit Margins were 21.6% and 13.9% respectively.
- > **In 2015**; EBITDA and Net Profit Margins are expected to be 16-18% and 9-11% respectively.

