



**Erdemir**Group



# **2016 3 Months Consolidated Results**

*25 April 2016*

## DISCLAMIER

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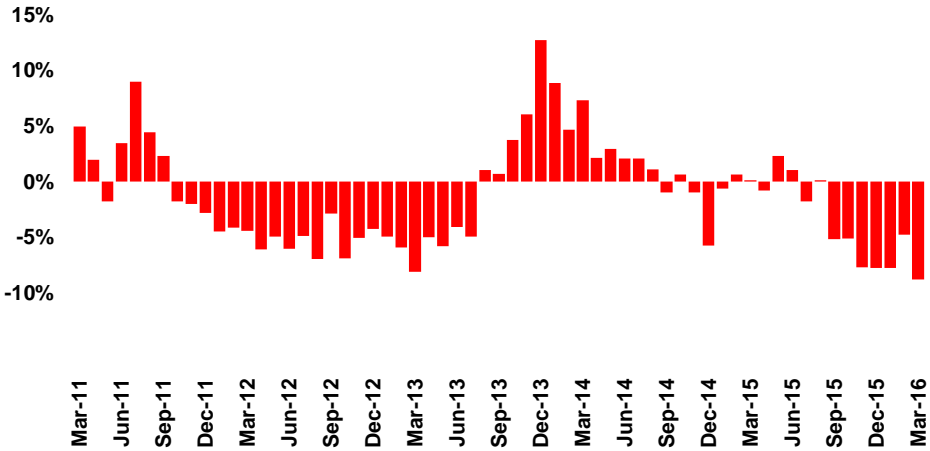


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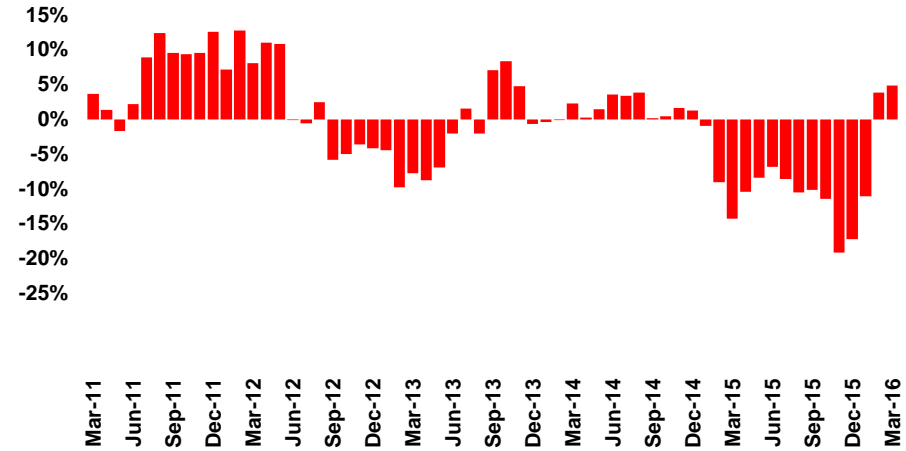
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# In CIS, HRC price was 425 USD/ton as of April 2016

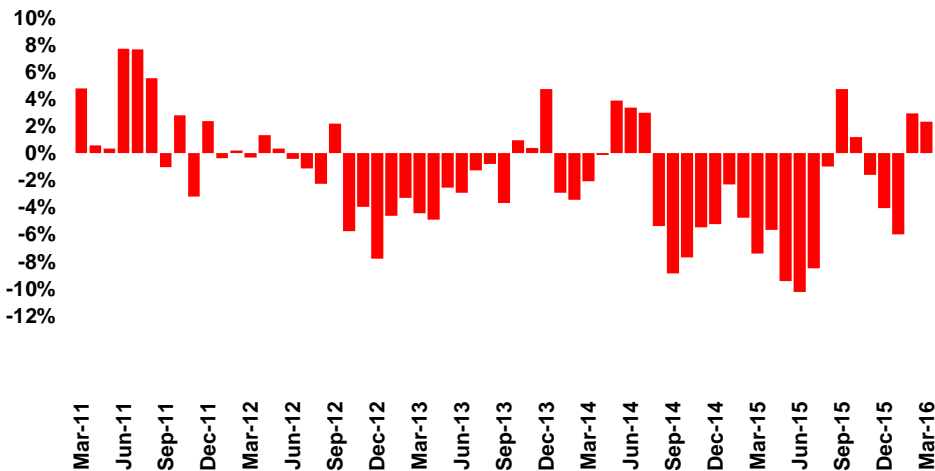
**EU28 CRUDE STEEL PRODUCTION ( YoY % )\***



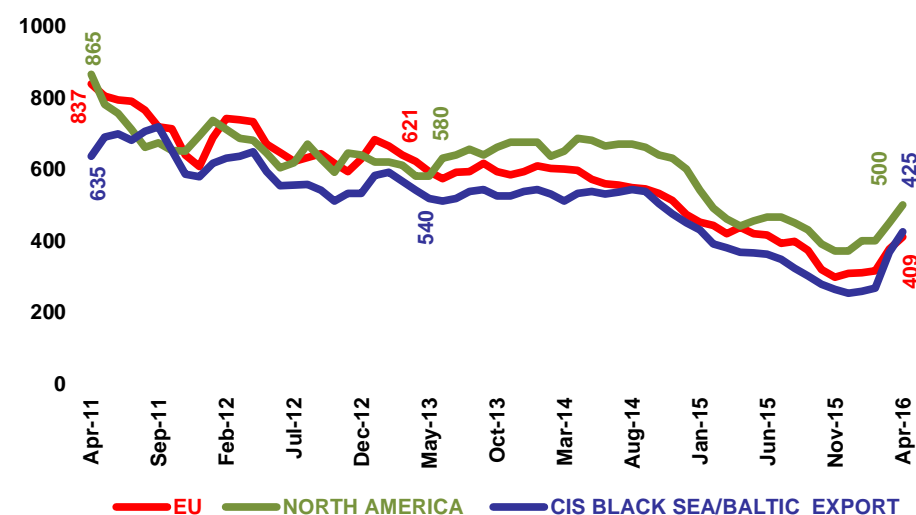
**USA CRUDE STEEL PRODUCTION ( YoY % )\***



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



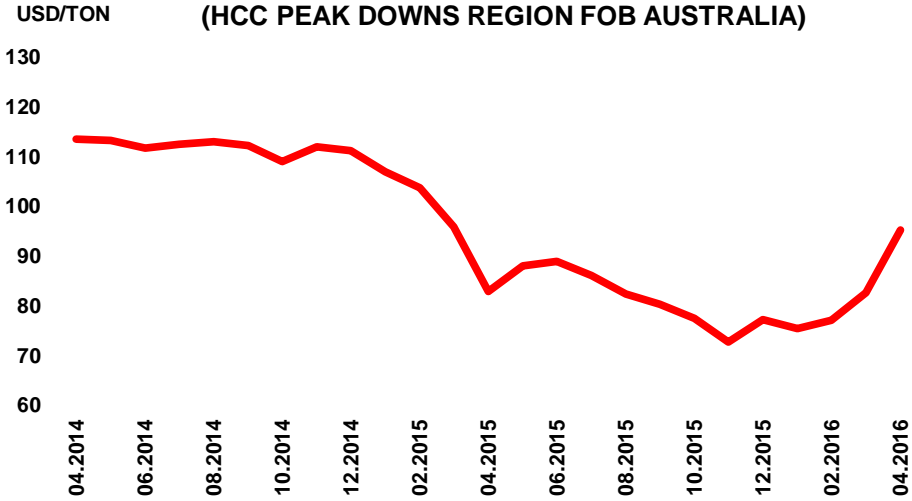
**HRC PRICES ( USD/TON )\*\***



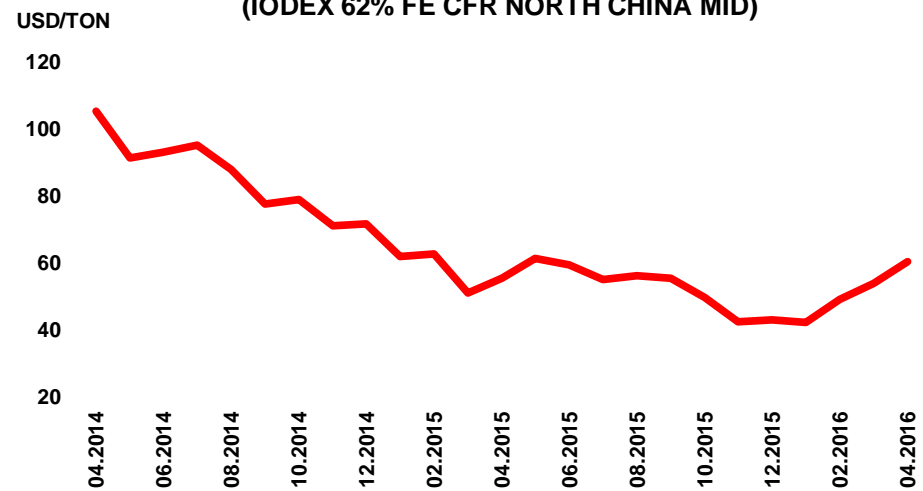


# Iron ore price was 61 USD/ton as of April 2016

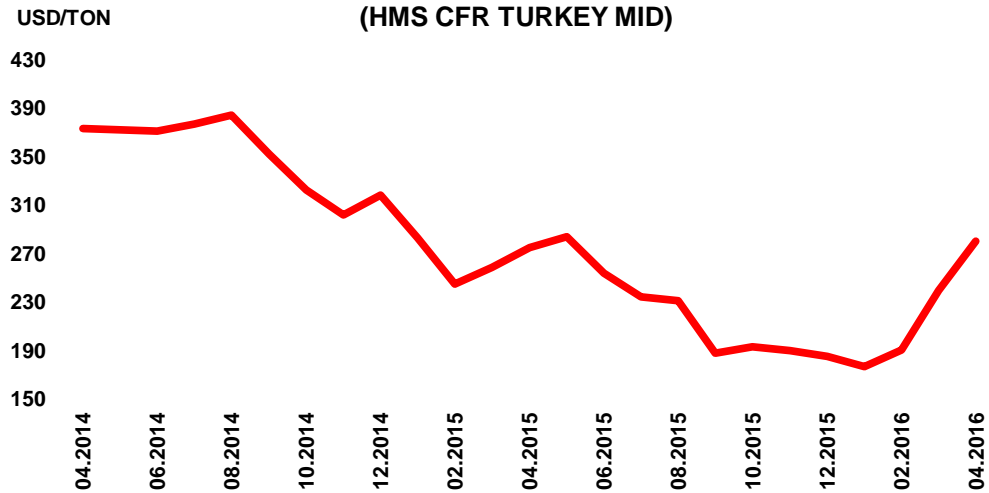
**COKING COAL PRICES**  
(HCC PEAK DOWNS REGION FOB AUSTRALIA)



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



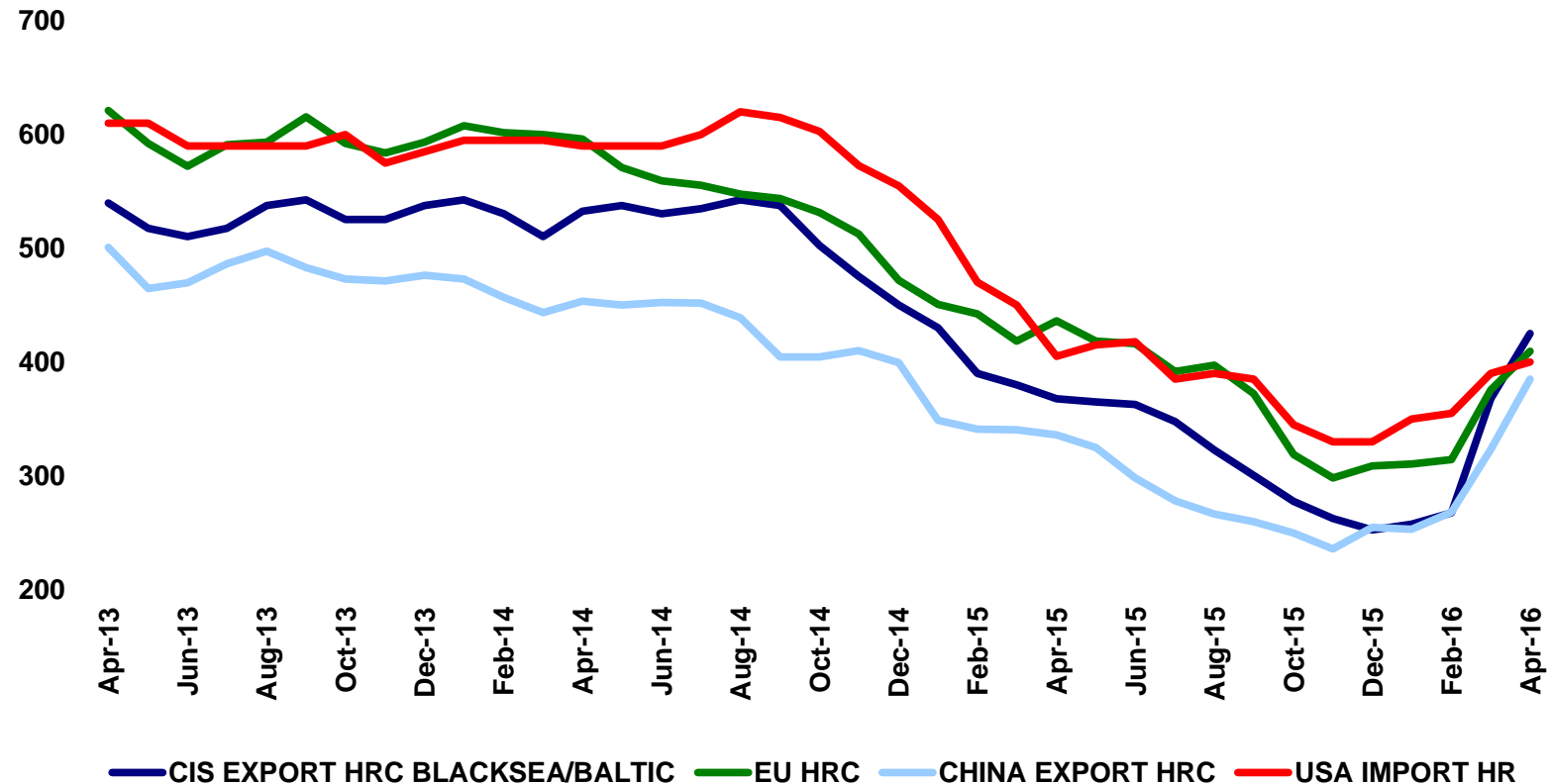
**SCRAP PRICES**  
(HMS CFR TURKEY MID)





# HRC prices are increasing

## HRC PRICES ( USD/Ton )

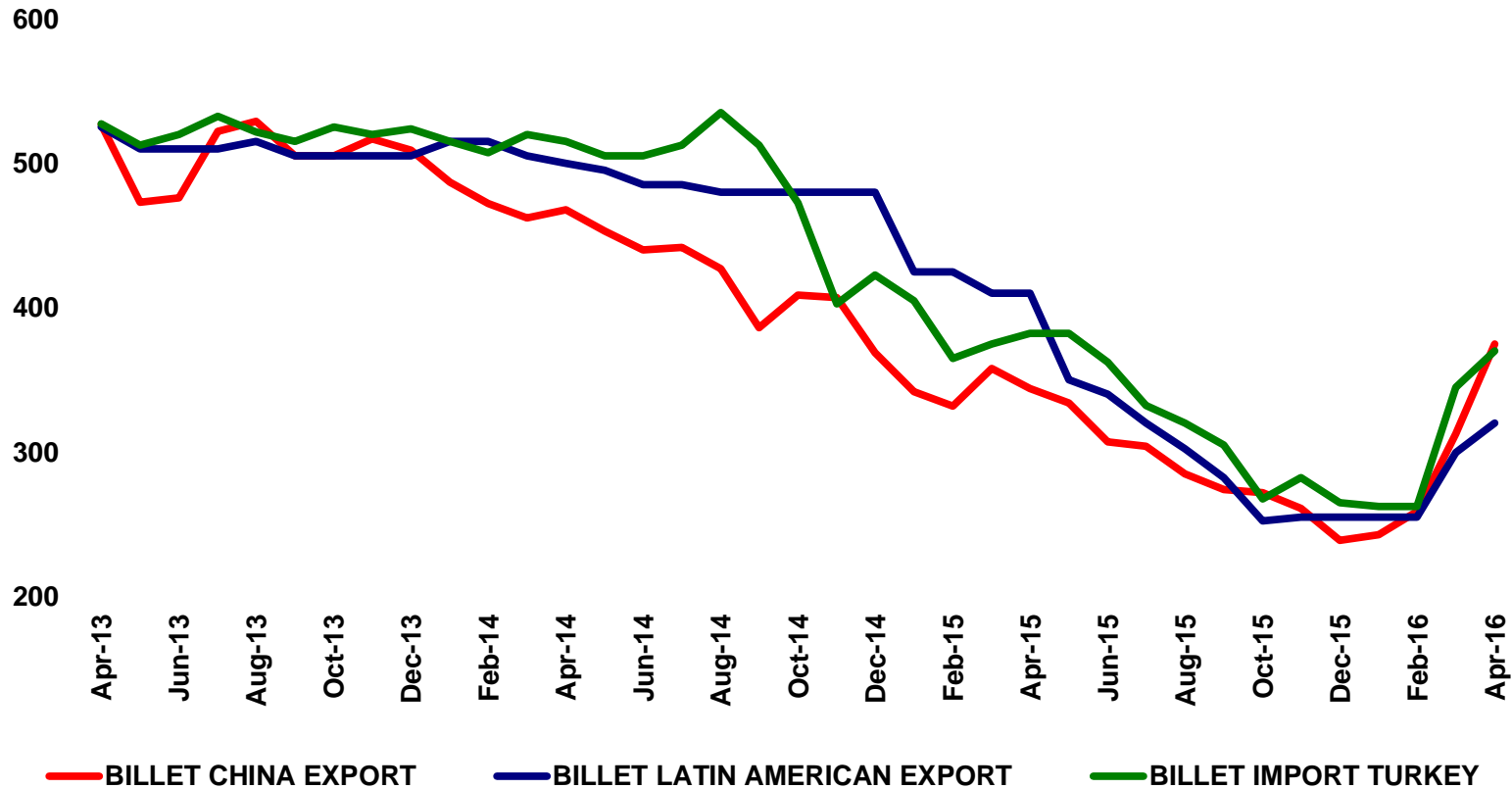


▶ As of April 2016, EU HRC price was 409 USD, China HRC export price was 385 USD, CIS export HRC price was 425 USD. The prices were 436 USD, 336 USD, 368 USD respectively by the end of April 2015.



# Billet sales prices are significantly increasing

## BILLET PRICES ( USD/Ton )

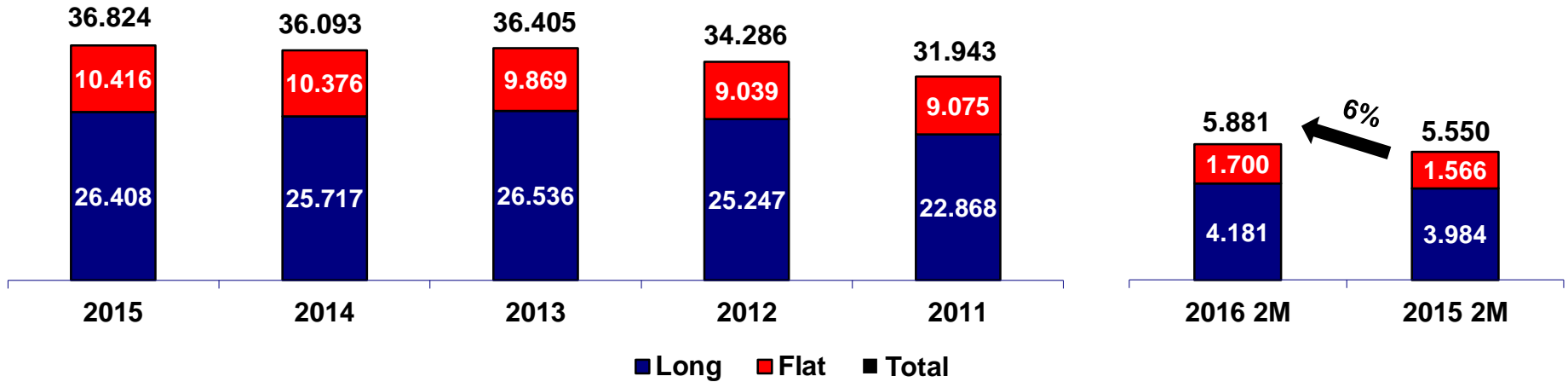


➔ As of April 2016, Turkey export price was 370 USD while it was 383 USD in April 2015.

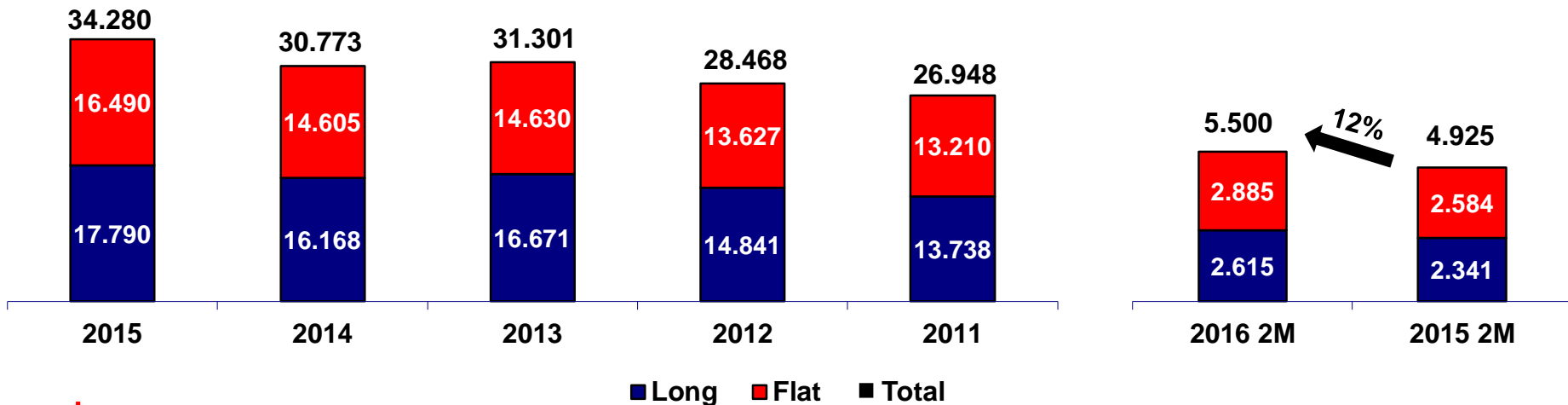


# The imbalance between increase rates of Turkish production and consumption is continuing

## PRODUCTION ( 000 TONS )

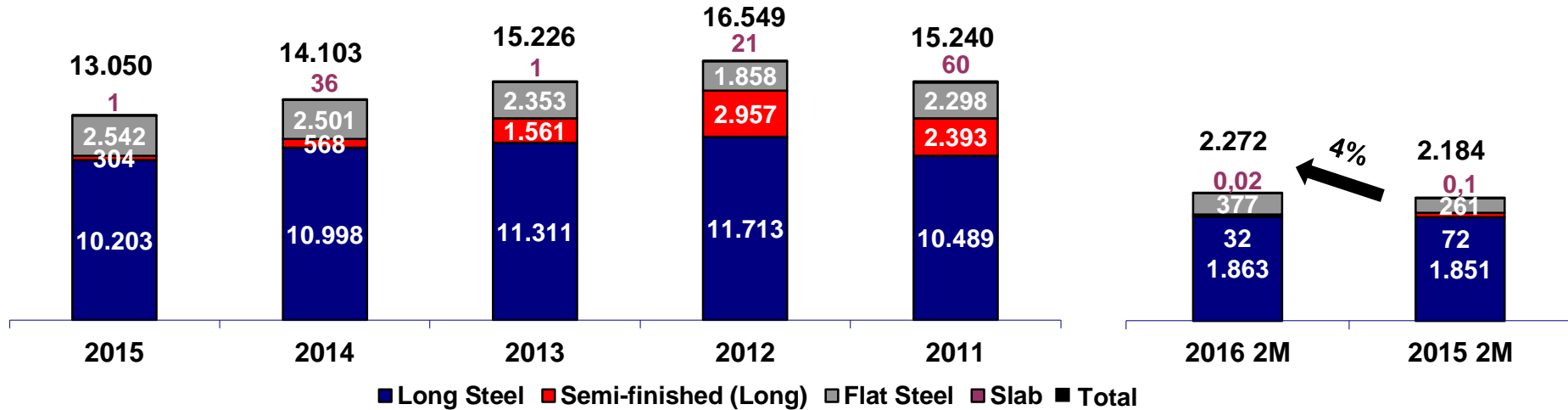


## CONSUMPTION ( 000 TONS )

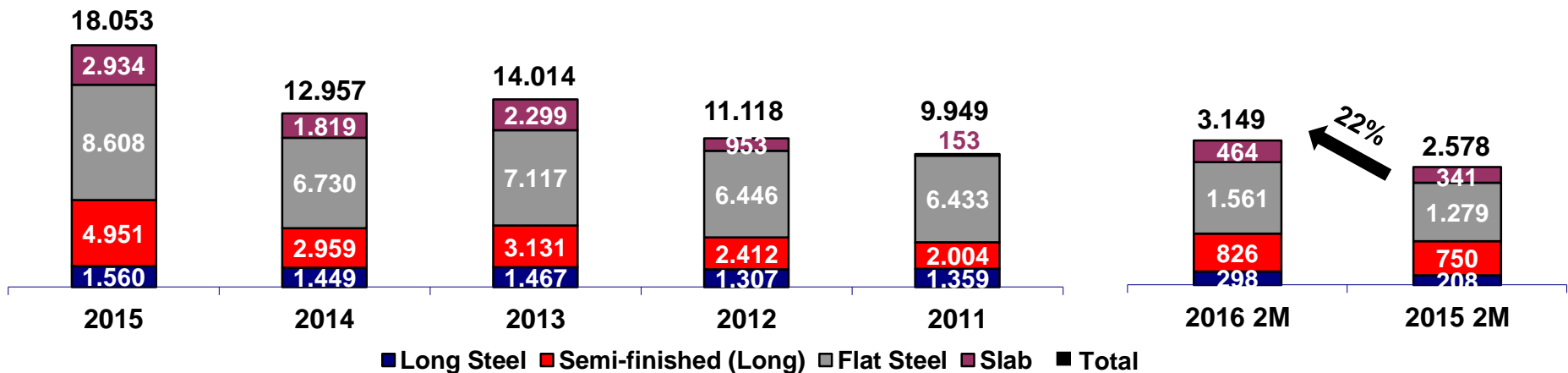


# Turkish iron and steel product imports increased by 22% in 2016 2M YoY

## IRON AND STEEL PRODUCT EXPORTS ( 000 TONS )

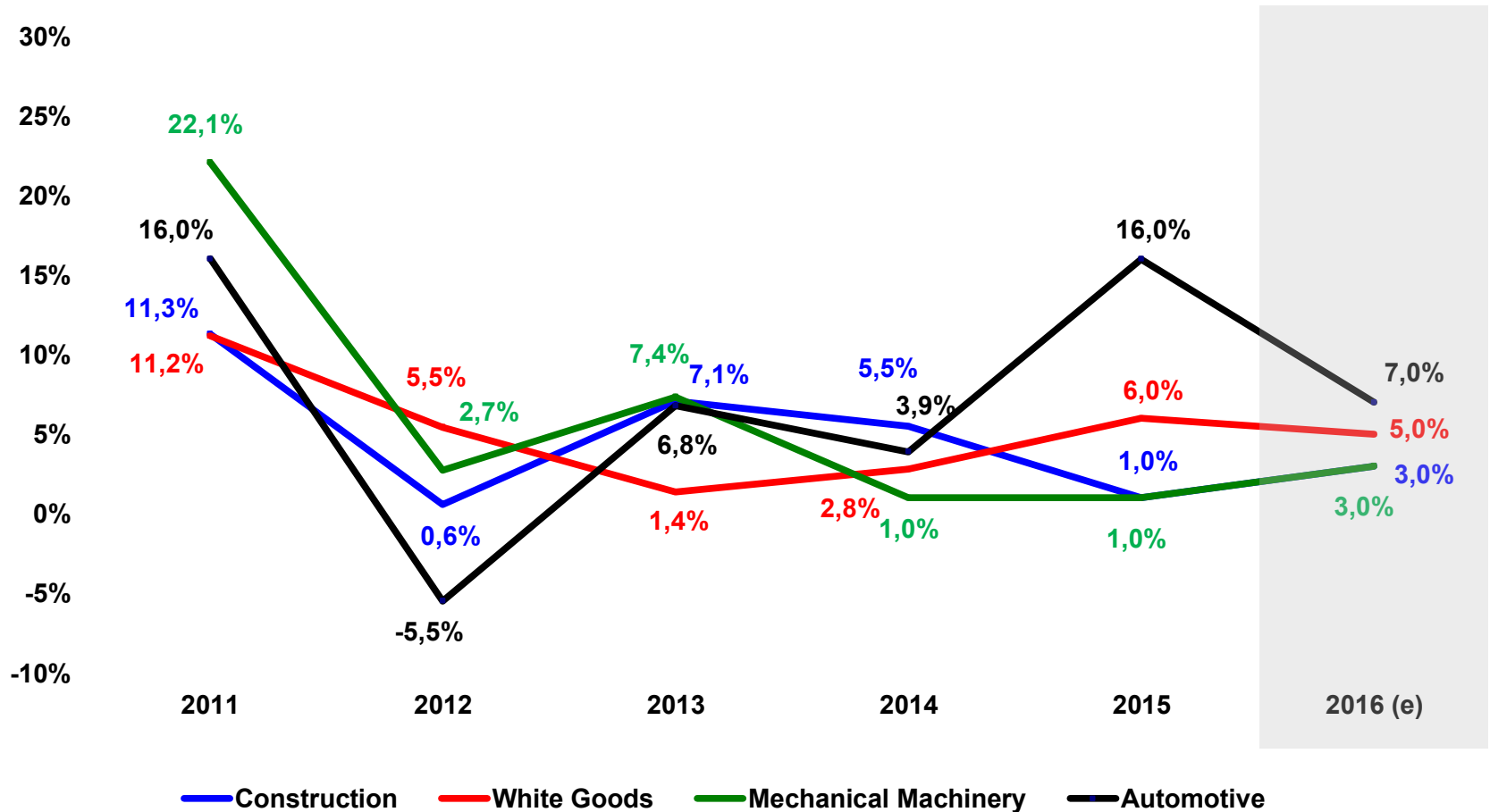


## IRON AND STEEL PRODUCT IMPORTS ( 000 TONS )



# 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 3M	2015 3M	2015	2014
<b>Liquid Steel Production</b>	<i>(000 Tons)</i>	↑	<b>2.362</b>	2.092	9.122	8.693
<b>Slab Production <sup>(1)</sup></b>	<i>(000 Tons)</i>	↑	<b>1.928</b>	1.796	7.349	7.363
<b>Flat Steel Production <sup>(2)</sup></b>	<i>(000 Tons)</i>	↓	<b>1.820</b>	1.824	7.400	6.954
<b>Long Steel Production</b>	<i>(000 Tons)</i>	↑	<b>396</b>	241	1.563	1.153
<b>Flat Steel Shipments</b>	<i>(000 Tons)</i>	↑	<b>1.891</b>	1.748	7.229	6.933
<b>Long Steel Shipments</b>	<i>(000 Tons)</i>	↑	<b>398</b>	242	1.552	1.163
<b>Net Sales Revenue</b>	<i>(M. USD)</i>	↓	<b>875</b>	1.179	4.382	5.252
<b>EBITDA</b>	<i>(M. USD)</i>	↓	<b>124</b>	249	770	1.136
<b>Net Profit For The Year</b>	<i>(M. USD)</i>	↓	<b>56</b>	137	414	732

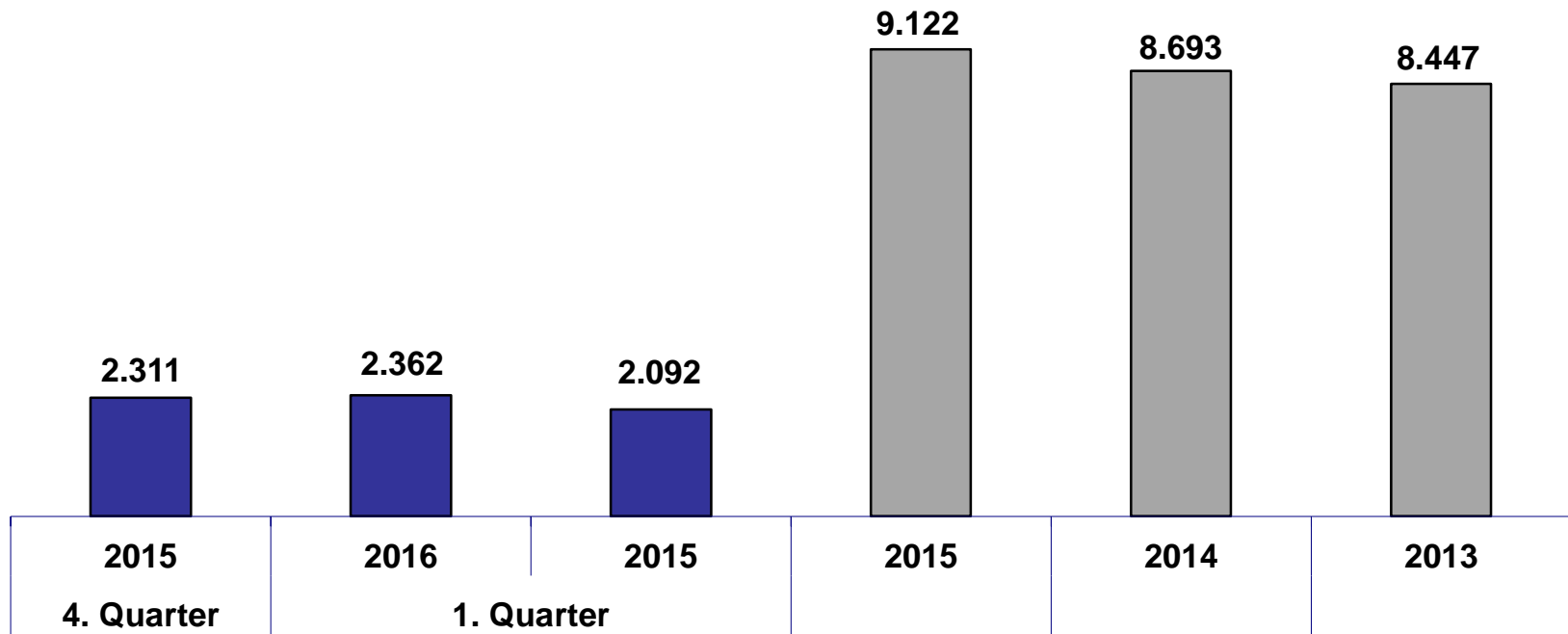
All figures are on IFRS consolidated basis unless stated otherwise.

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

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

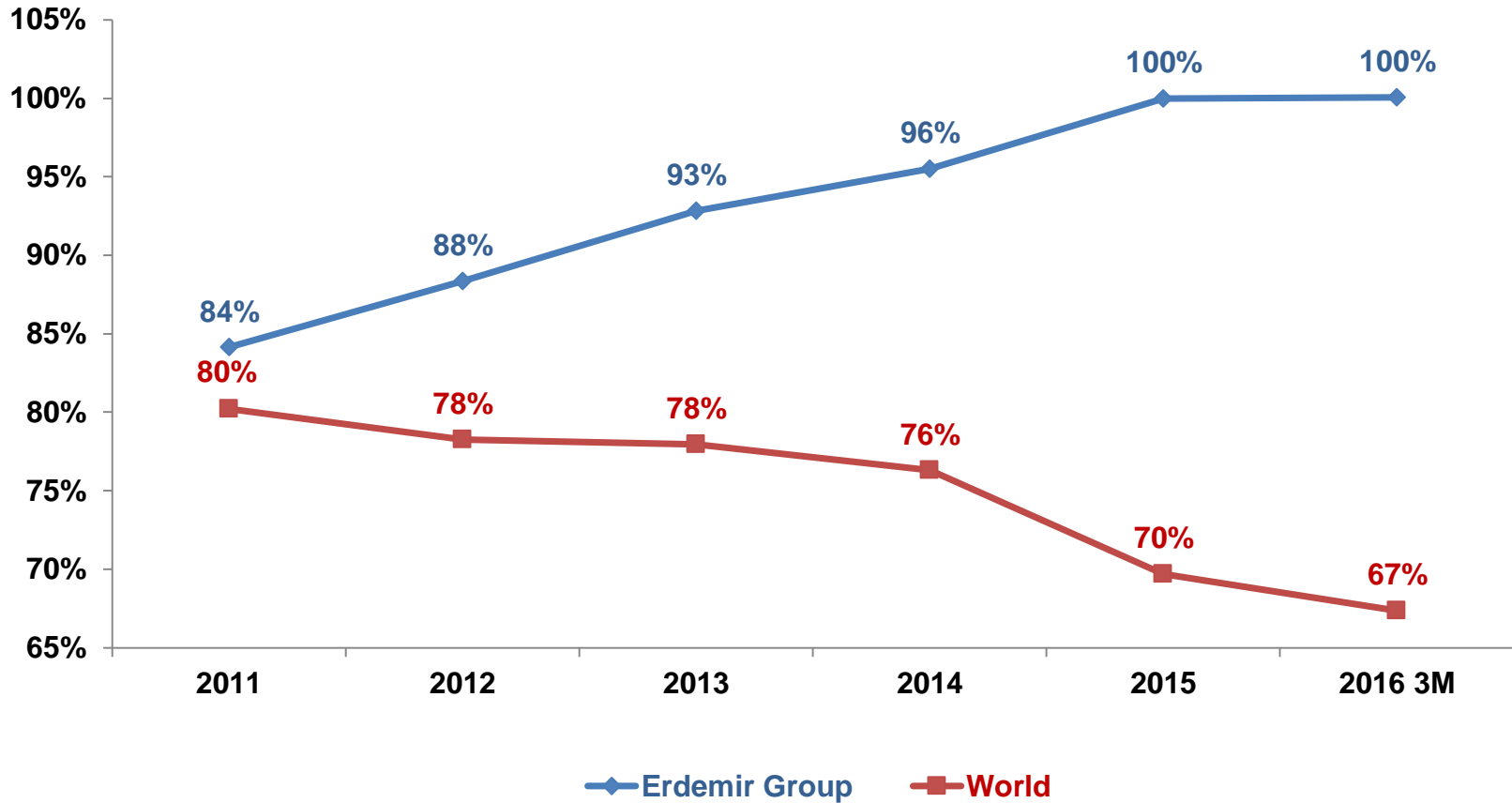
# Liquid steel production increased by 13% in 2016 3M YoY

## LIQUID STEEL PRODUCTION ( 000 TONS )



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

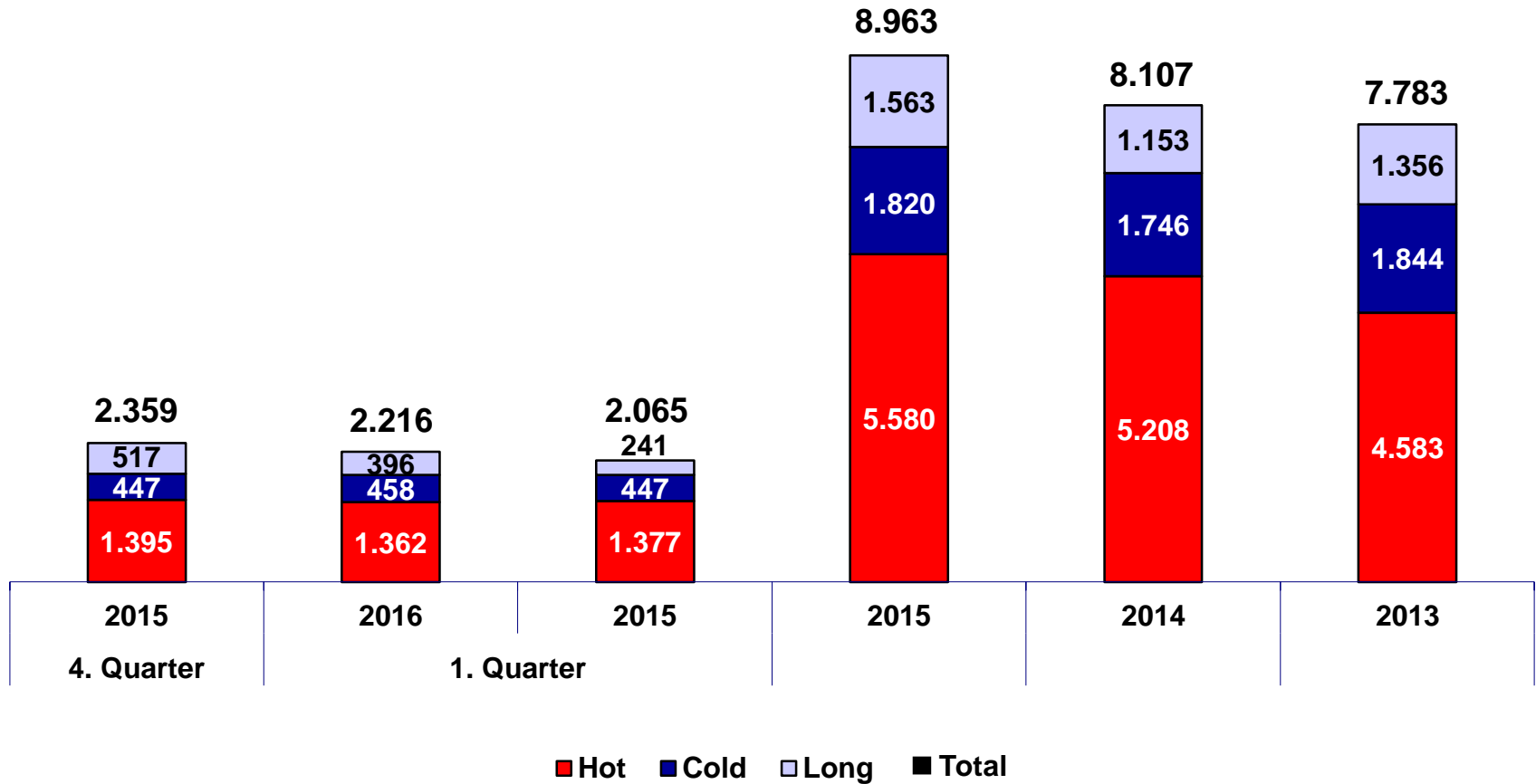
## CRUDE STEEL CAPACITY UTILIZATION RATIO





# Production increased by 7% in 2016 3M YoY

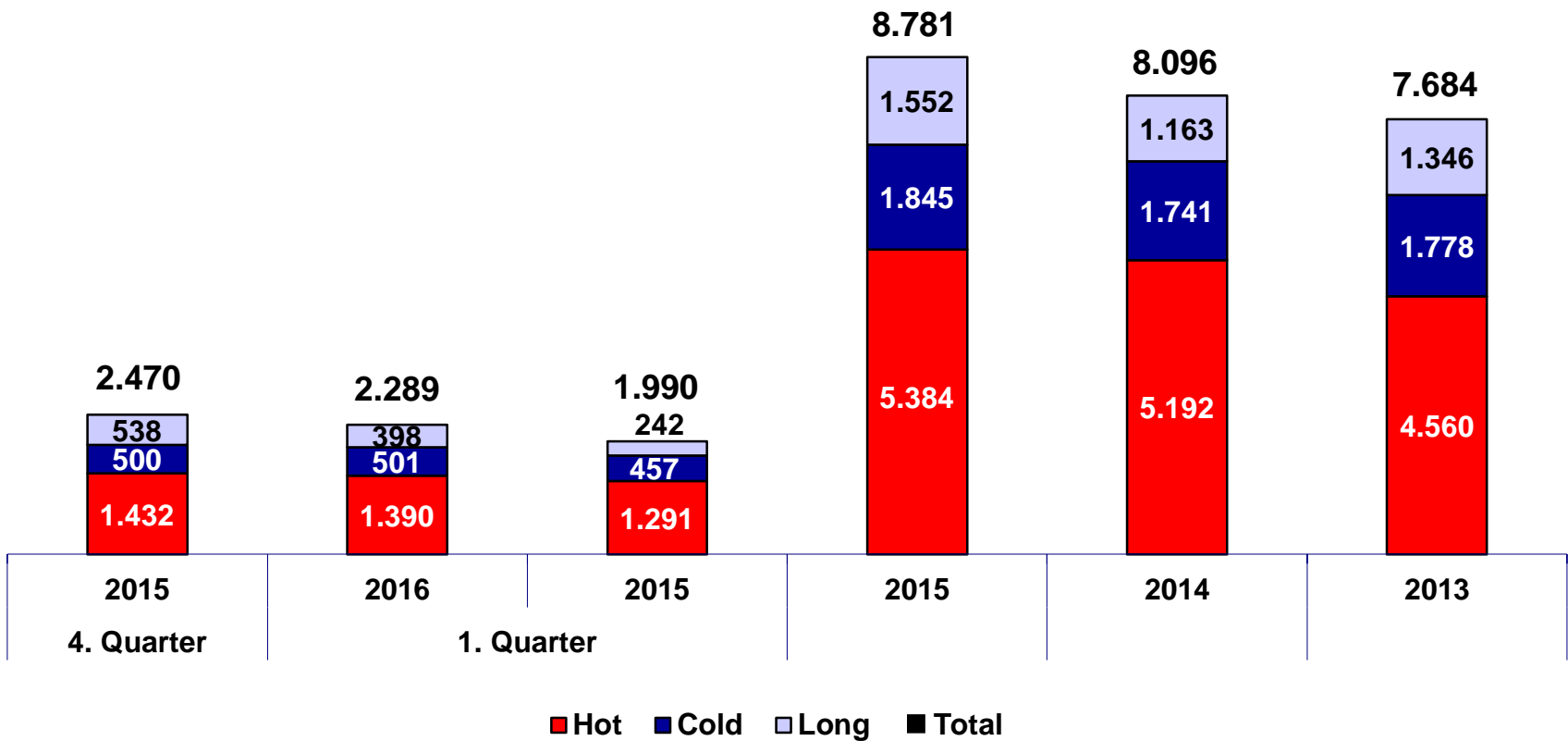
## PRODUCTION VOLUMES ( 000 TONS )





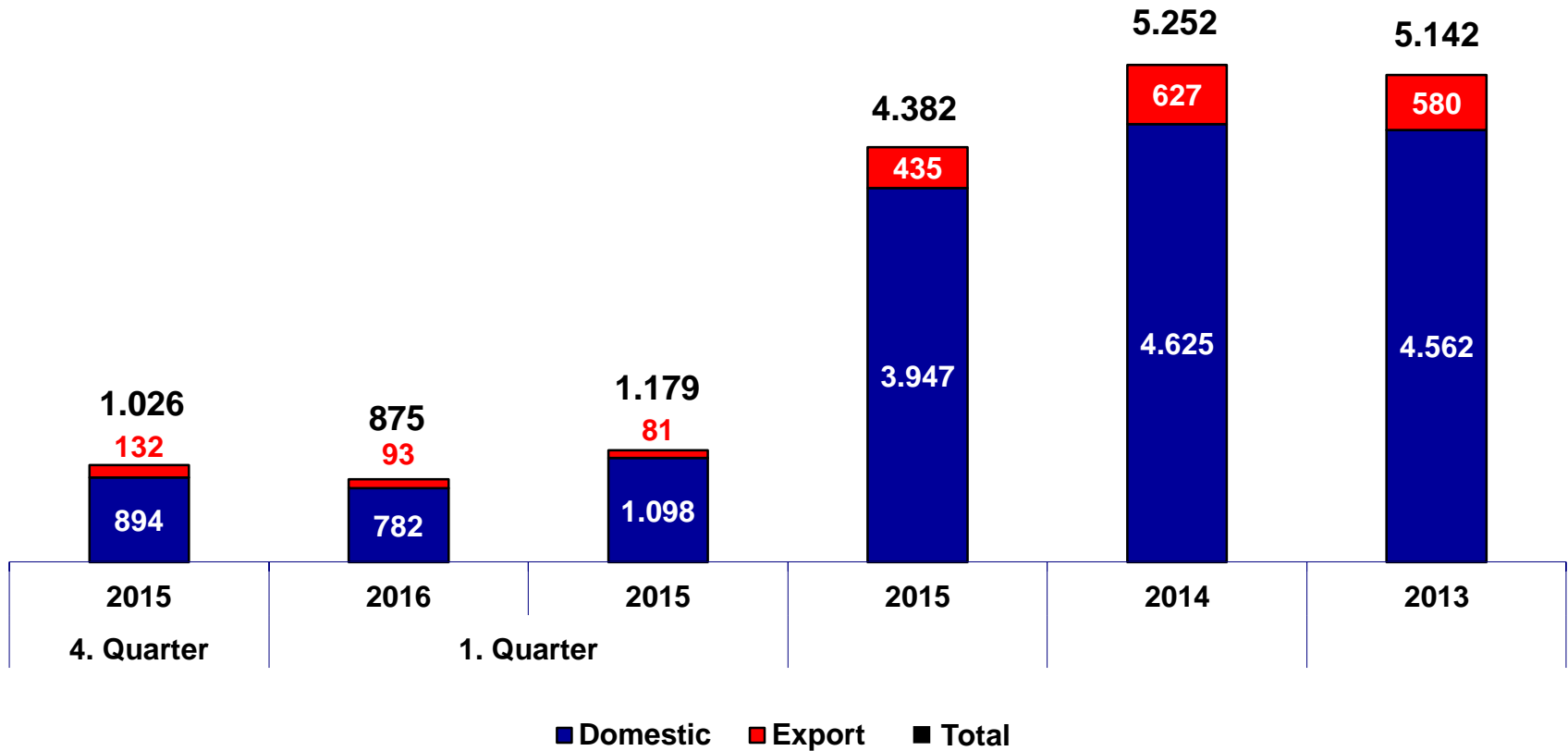
# Sales volumes increased by 15% in 2016 3M YoY

## SALES VOLUMES ( 000 TONS )



# Net sales revenue was 0,9 billion USD in 2016 3M

## NET SALES REVENUE ( MILLION USD )

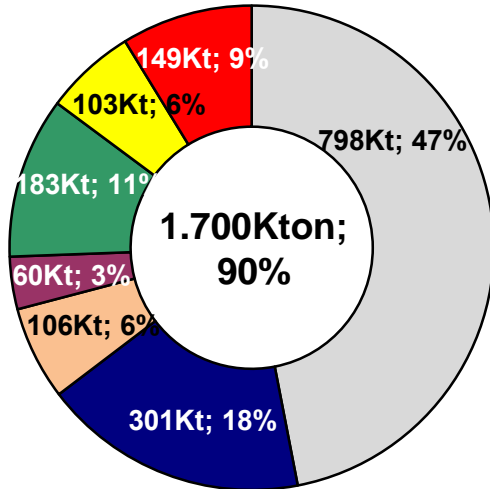


# Sales to pipe&profile producers and re-rollers increased in 2016 3M YoY



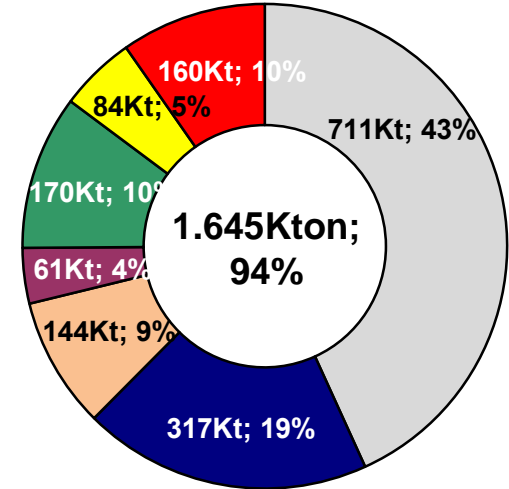
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2016 3M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

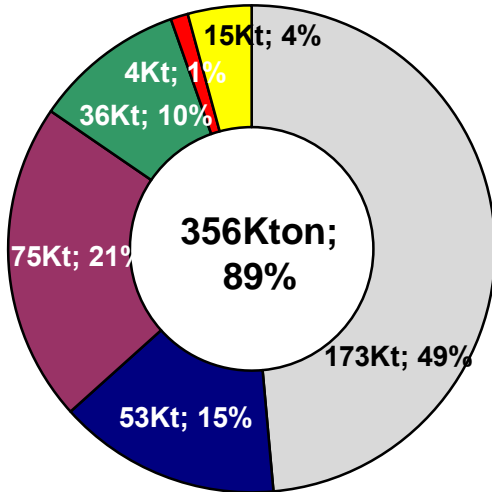


- Pipe&Profile Producers and Re-rollers
- Distribution Chains
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

2015 3M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

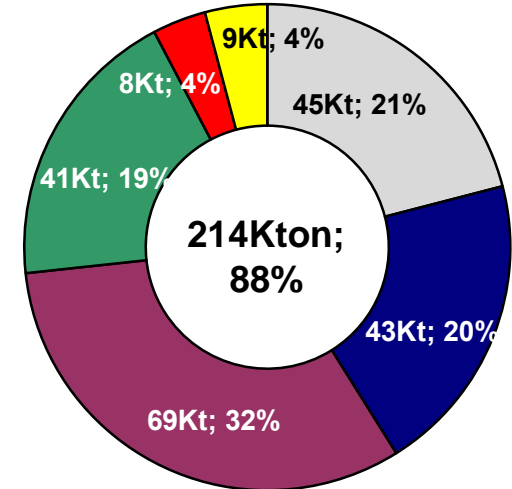


2016 3M LONG STEEL DOMESTIC SALES BREAKDOWN (%)



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

2015 3M LONG STEEL DOMESTIC SALES BREAKDOWN (%)

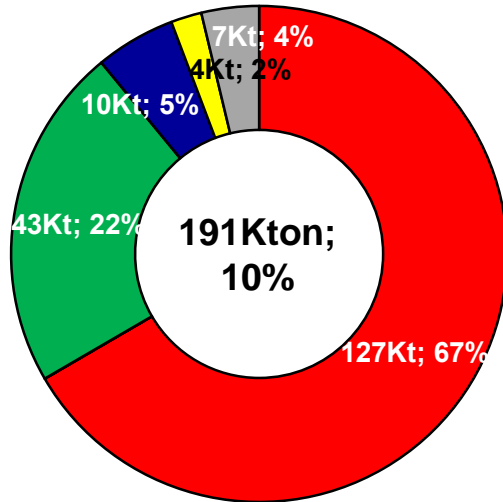


# Flat steel sales to EU countries was 67% of our flat export in 2016 3M



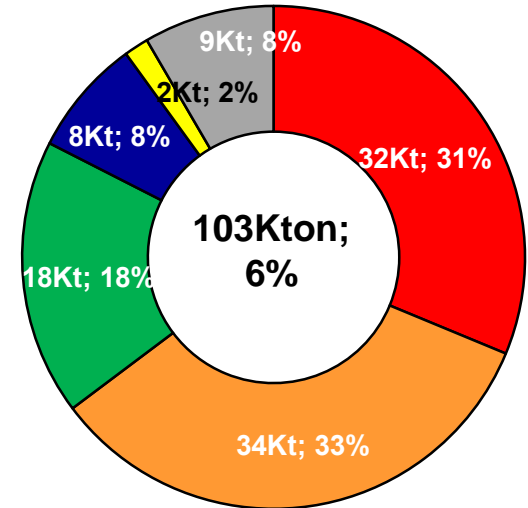
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2016 3M FLAT STEEL EXPORTS BREAKDOWN (%)



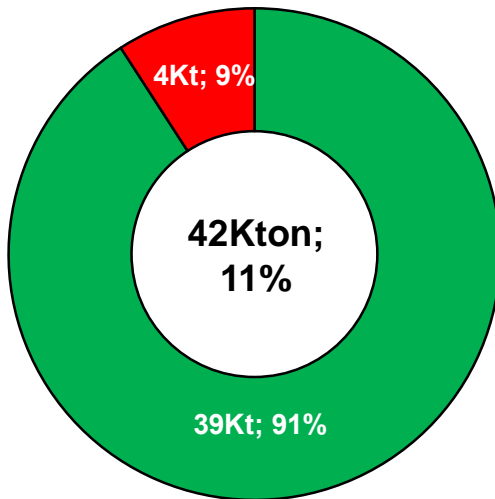
- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

2015 3M FLAT STEEL EXPORTS BREAKDOWN (%)



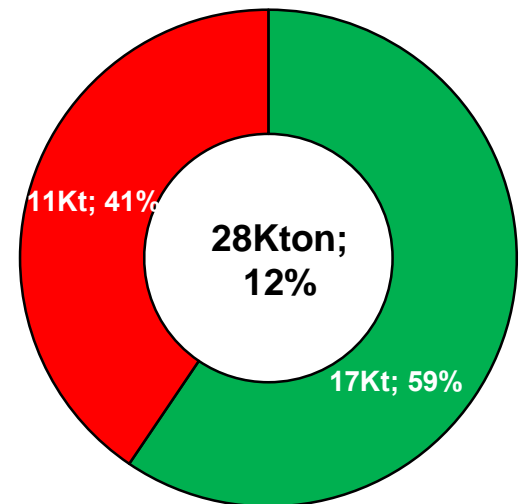
- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

2016 3M LONG STEEL EXPORTS BREAKDOWN (%)



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

2015 3M LONG STEEL EXPORTS BREAKDOWN (%)

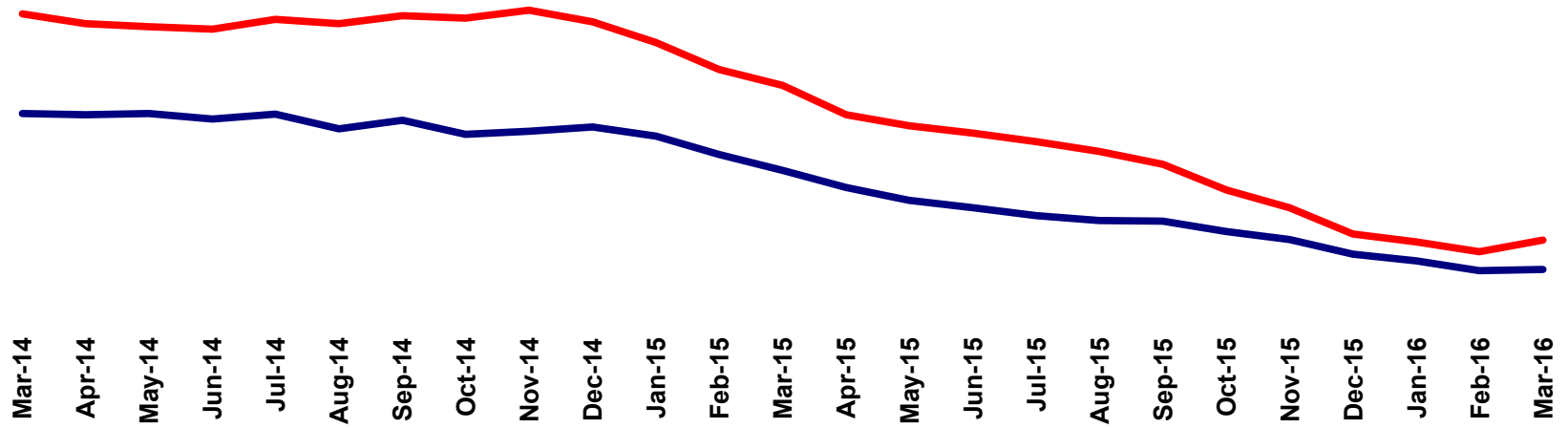


# In 2016 3M, Erdemir Group average flat and long steel prices were 389 USD/ton and 325 USD/ton respectively



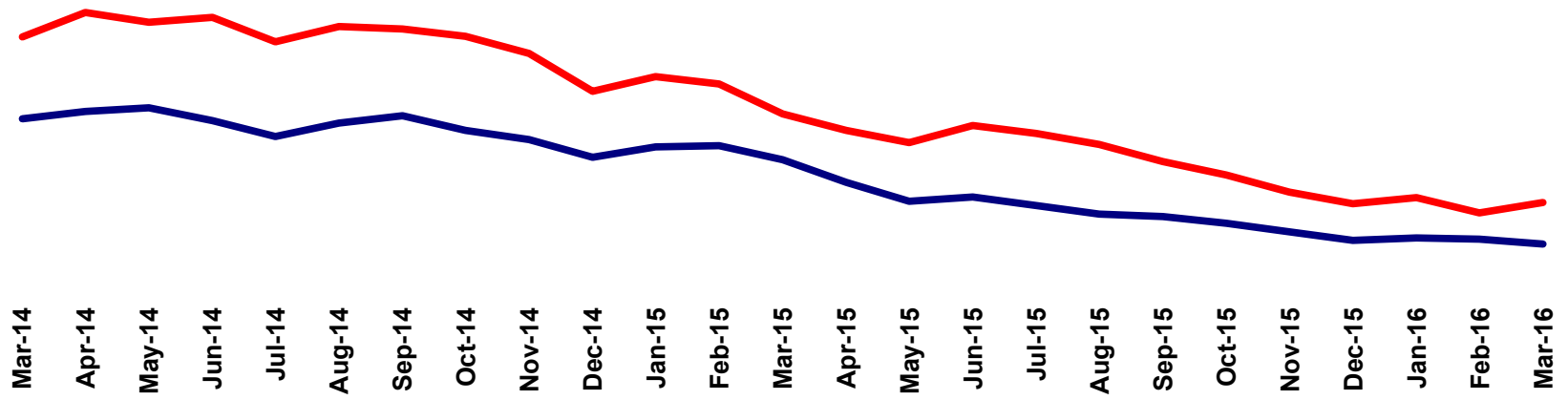
USD/TON

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



USD/TON

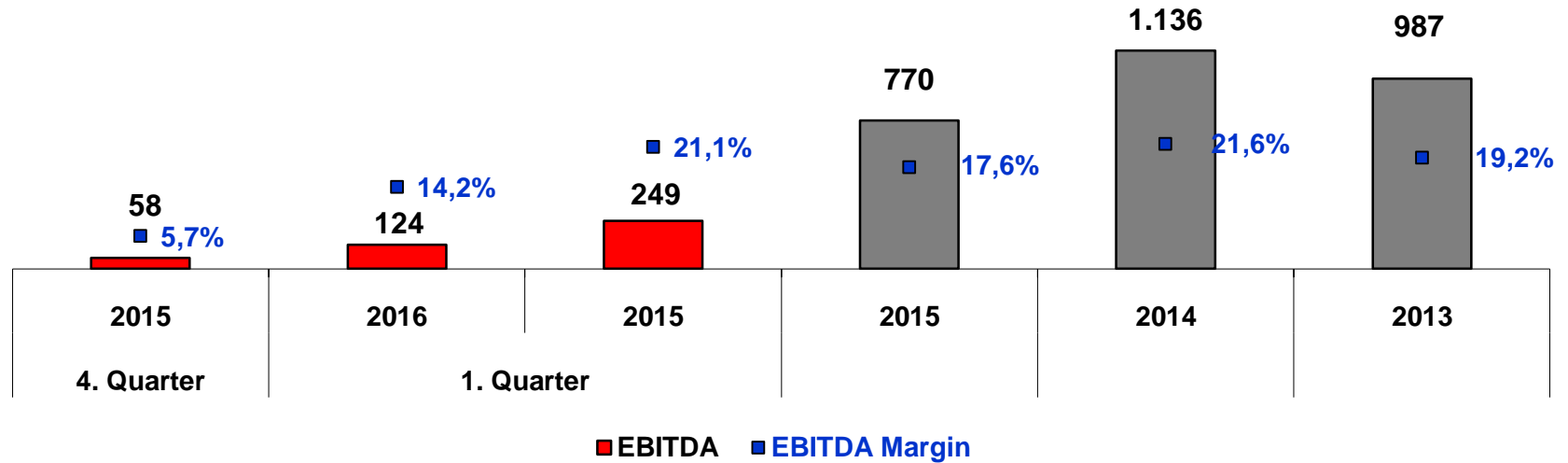
— Erdemir Group Long Sales Price — Erdemir Group Long Cost of Sales



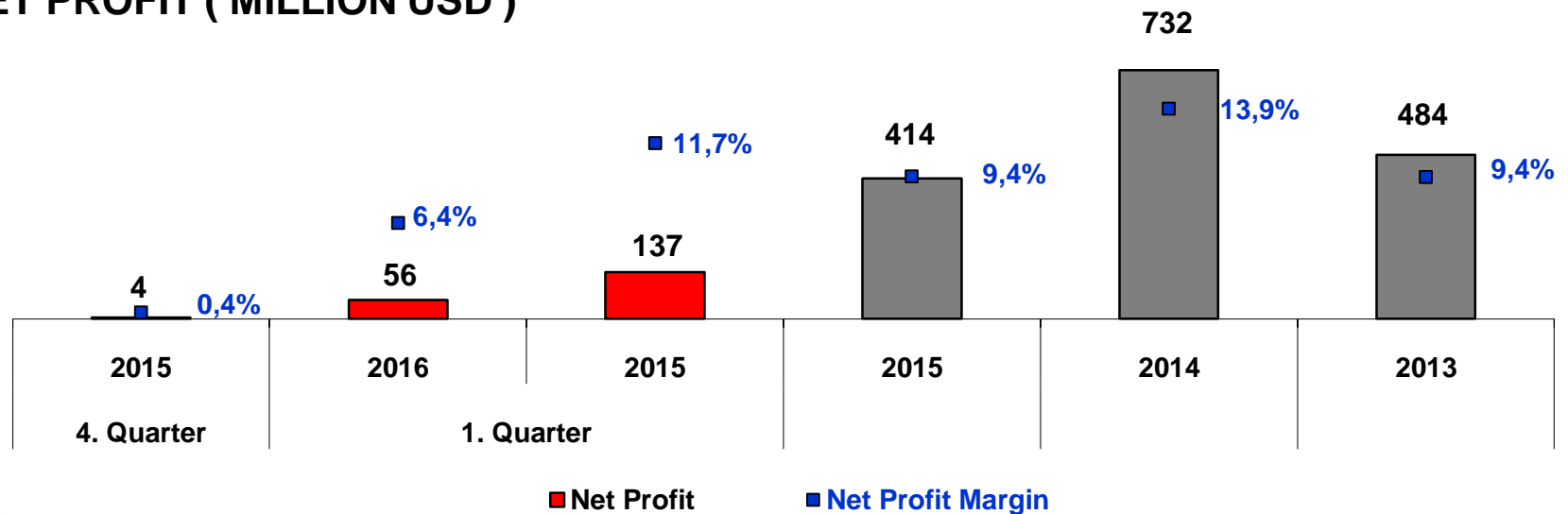


# EBITDA decreased by 50% in 2016 3M YoY

## EBITDA ( MILLION USD )



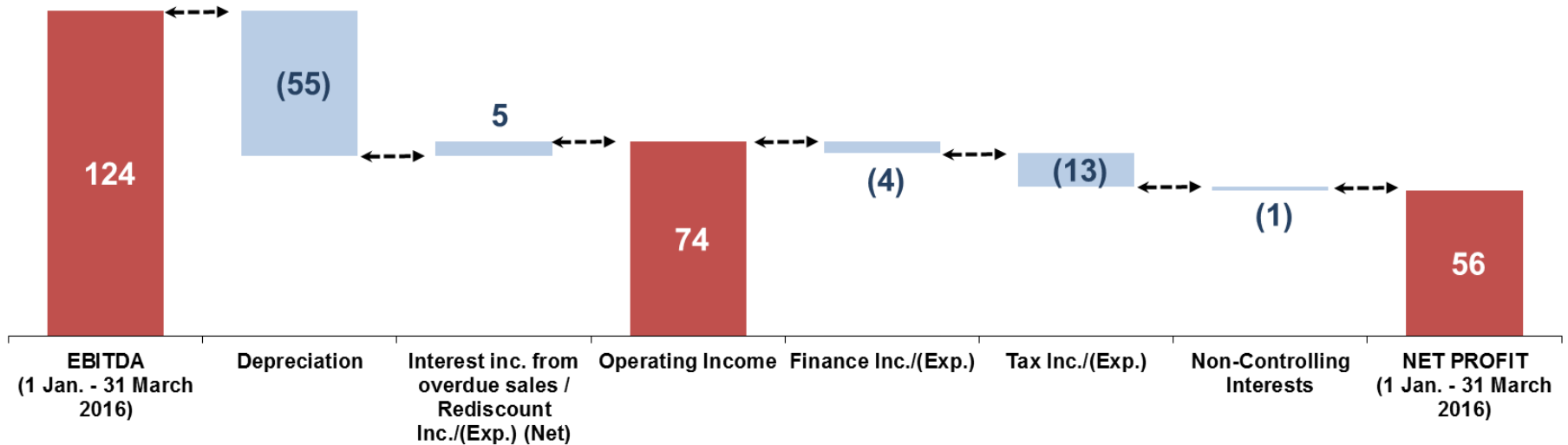
## NET PROFIT ( MILLION USD )





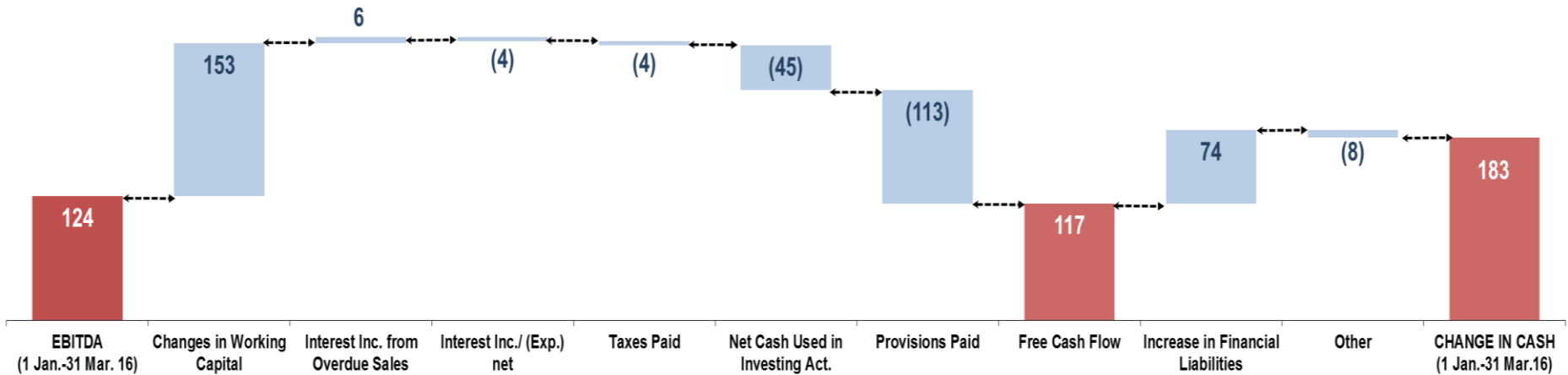
# EBITDA was 124 million USD in 2016 1Q

## 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

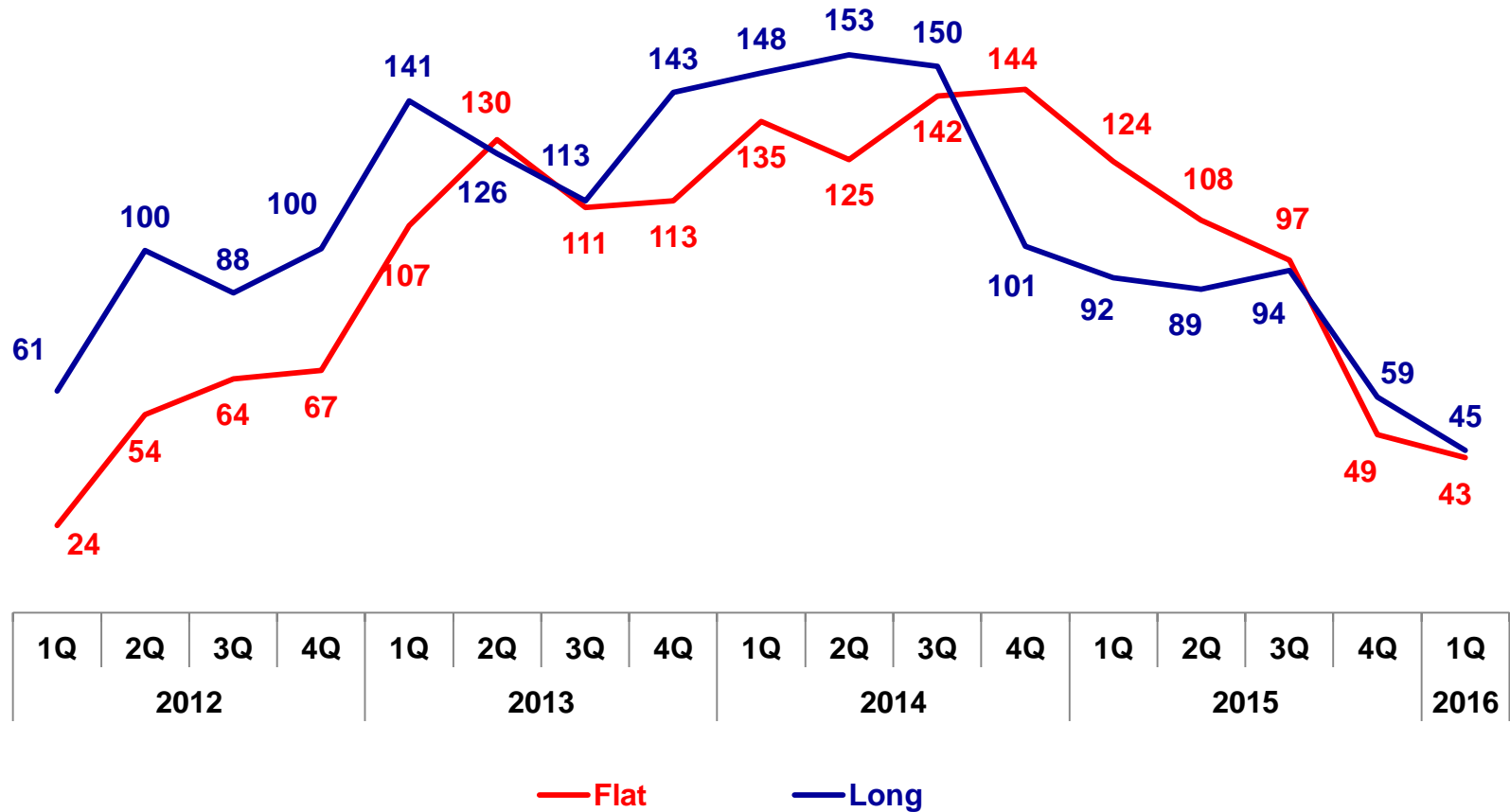
**Consolidated EBITDA => Consolidated Net Cash (Million USD)**





# EBITDA per ton for flat product was 43 USD/ton in 2016 1Q

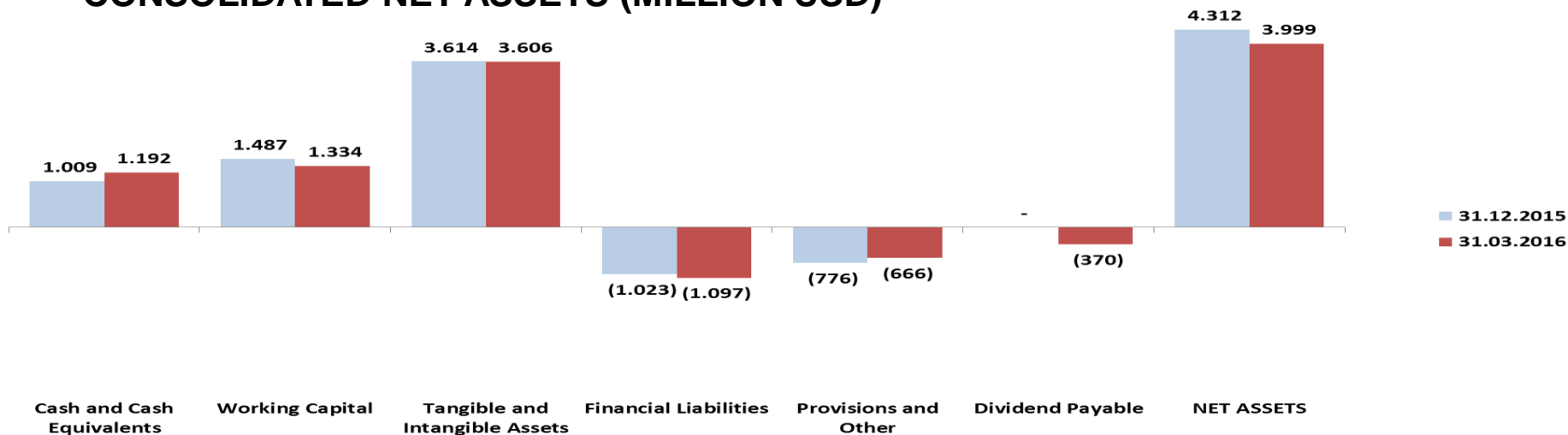
## EBITDA PER TON (USD/TON) \*



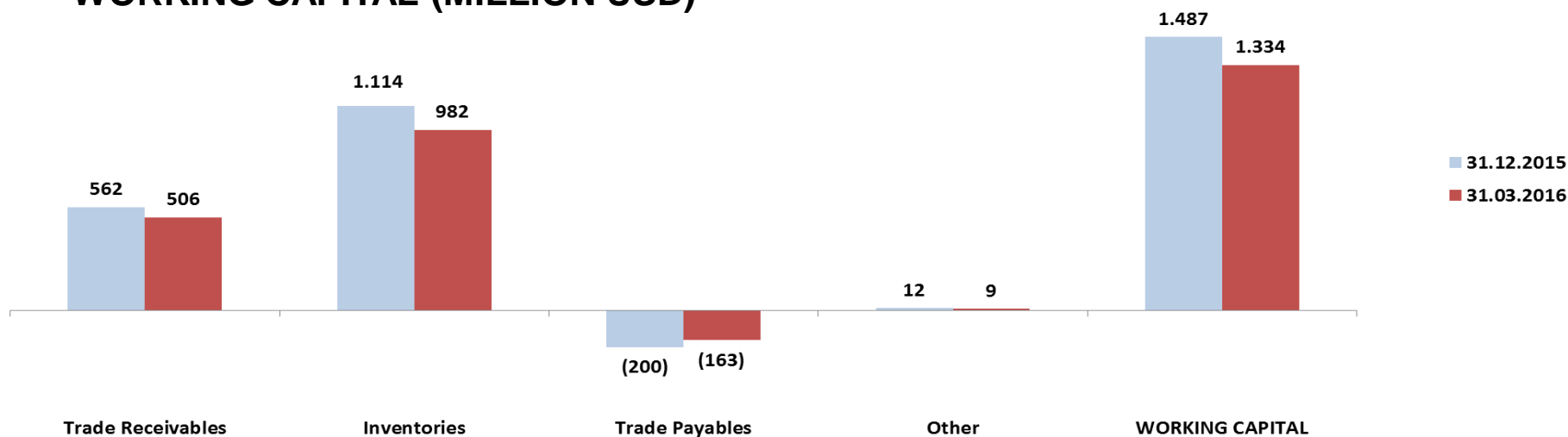


# Net assets were 4,0 billion USD at the end of 2016 1Q **Erdemir**Group

## CONSOLIDATED NET ASSETS (MILLION USD)

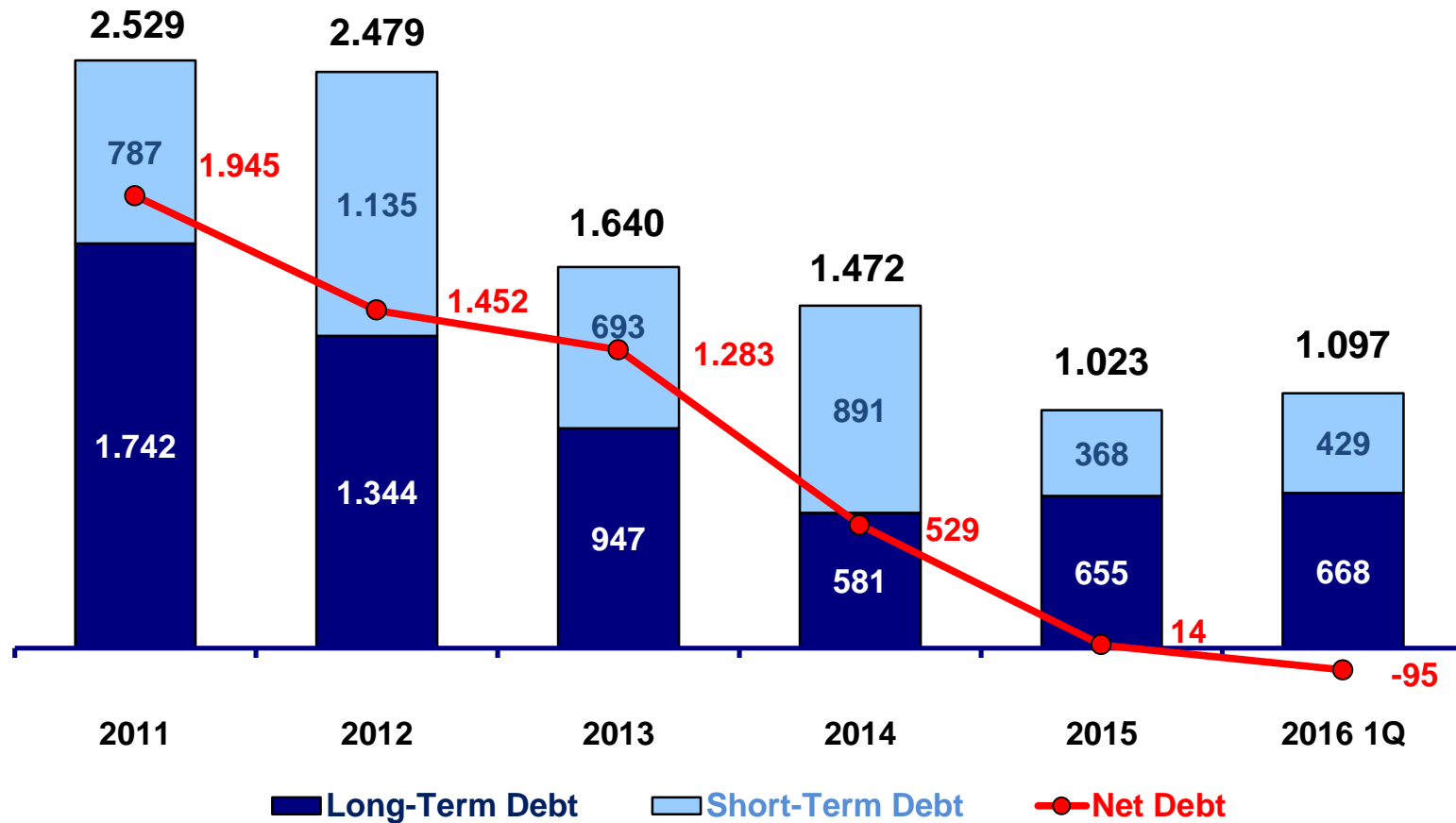


## WORKING CAPITAL (MILLION USD)



# Despite the high dividend payments, net debt has been decreasing

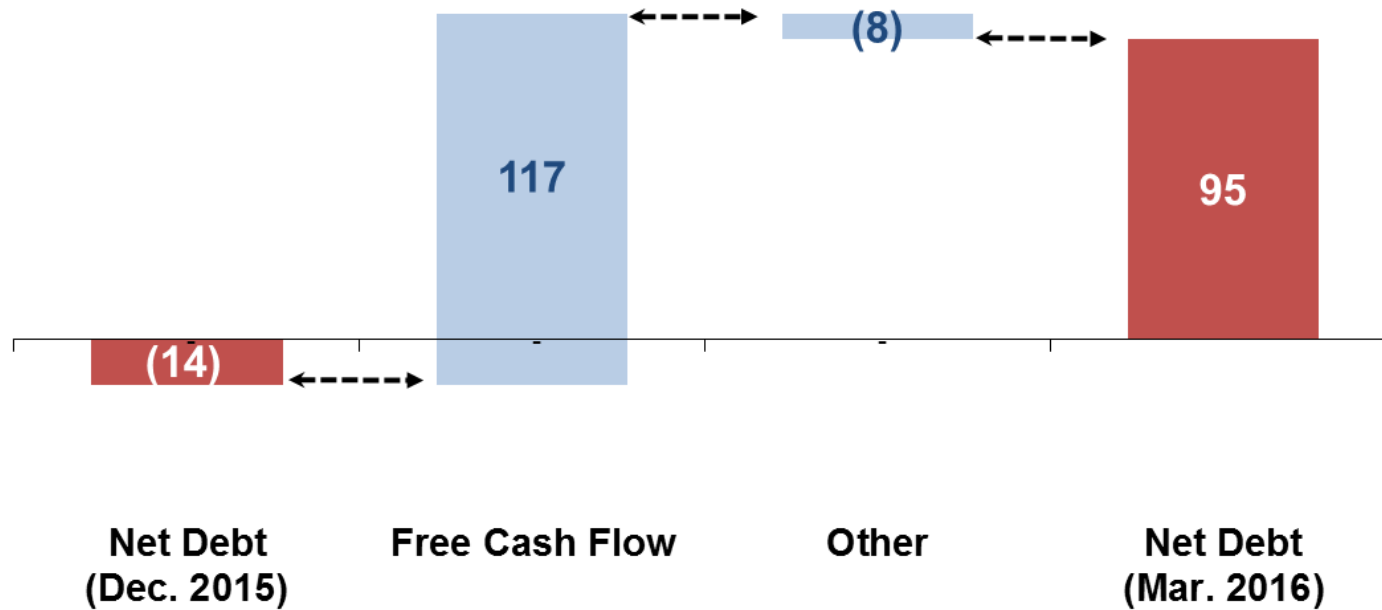
## BORROWINGS (MILLION USD)





# Net debt was positive at the end of 2016 1Q

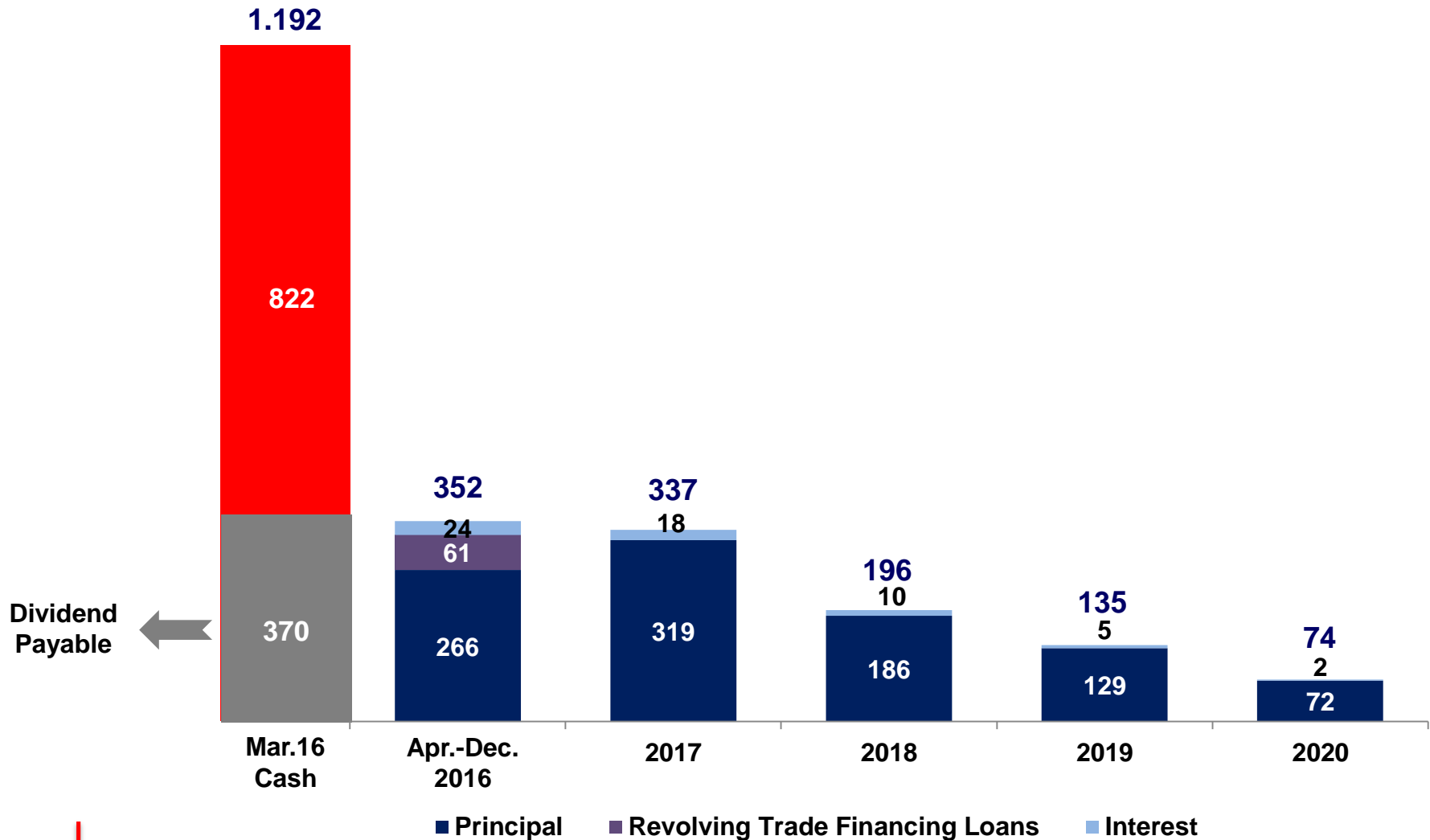
## NET DEBT (MILLION USD)



# Erdemir Group has 1.192 million USD cash and cash equivalents at the end of 2016 1Q



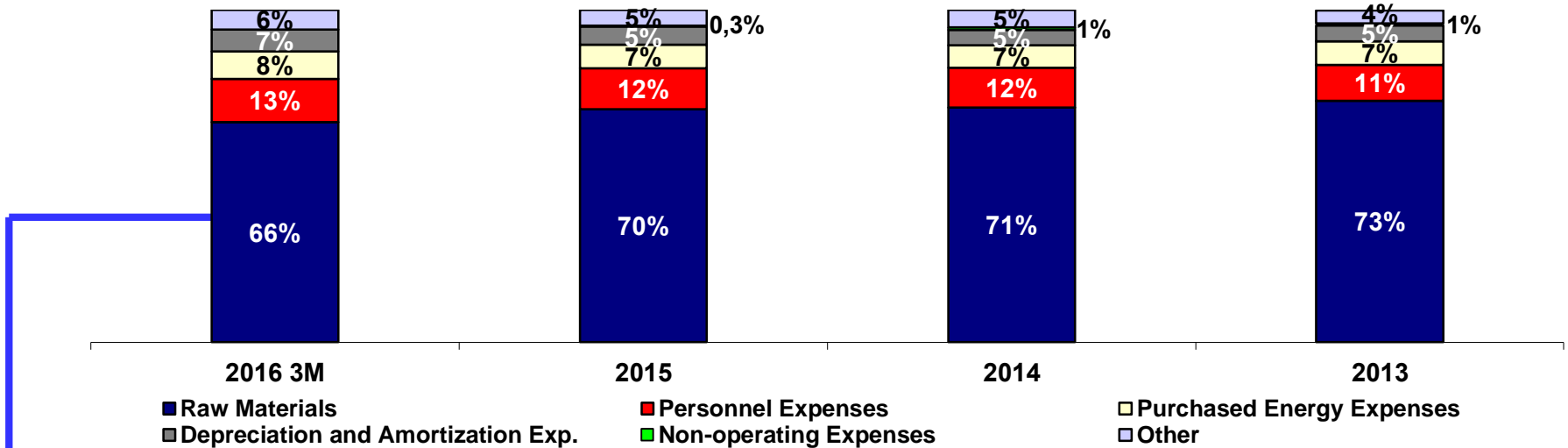
## BORROWINGS MATURITY PROFILE (MILLION USD)



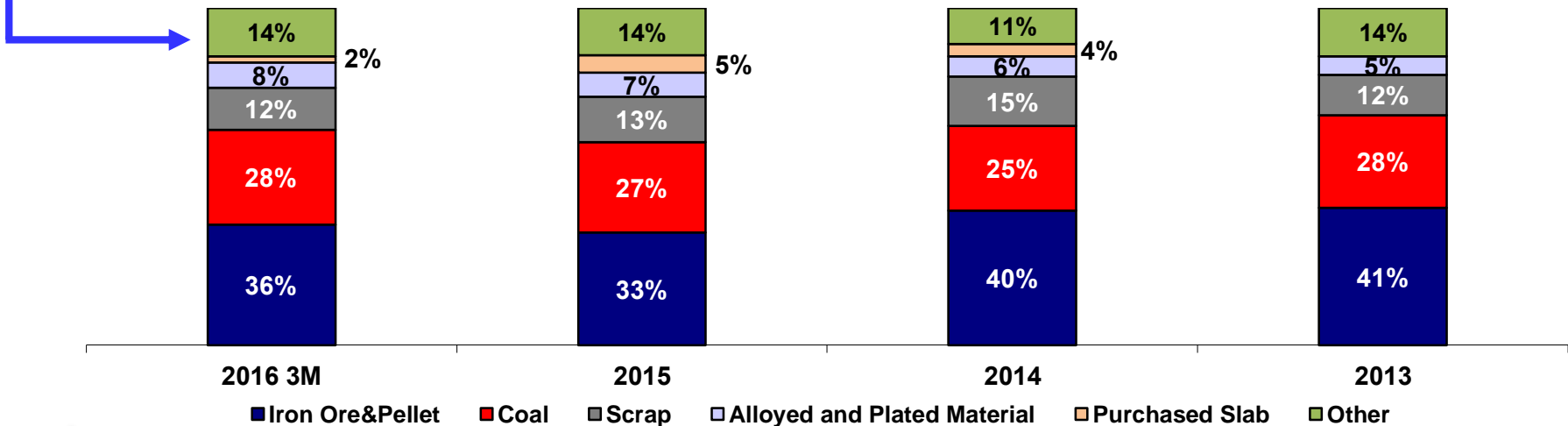


# Raw materials made up 66% of the cost of sales

## COST OF SALES BREAKDOWN\* - %

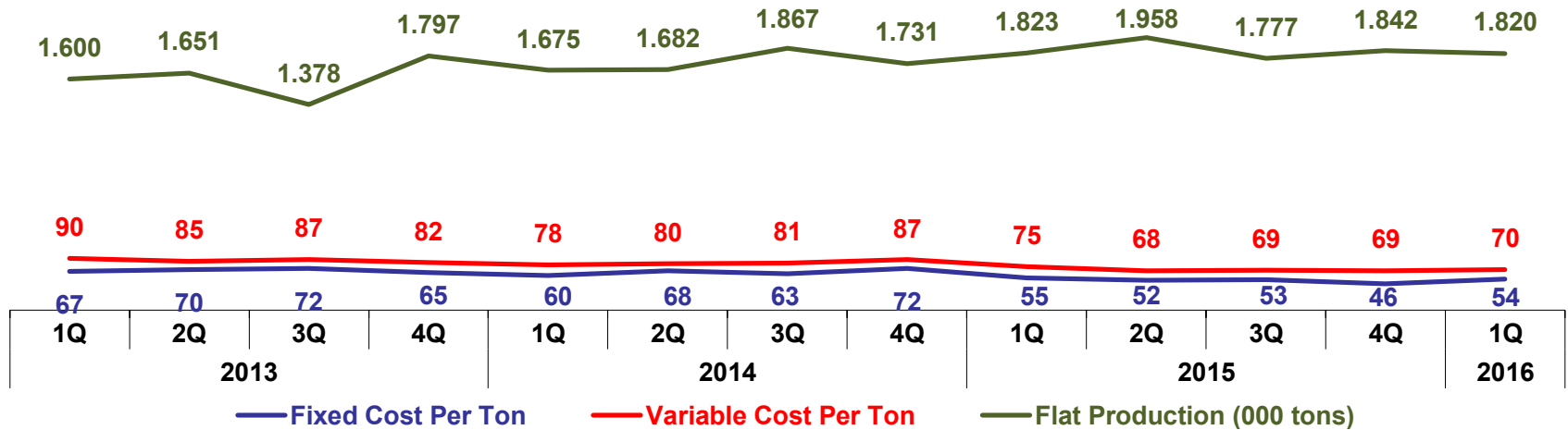


## RAW MATERIALS BREAKDOWN - %

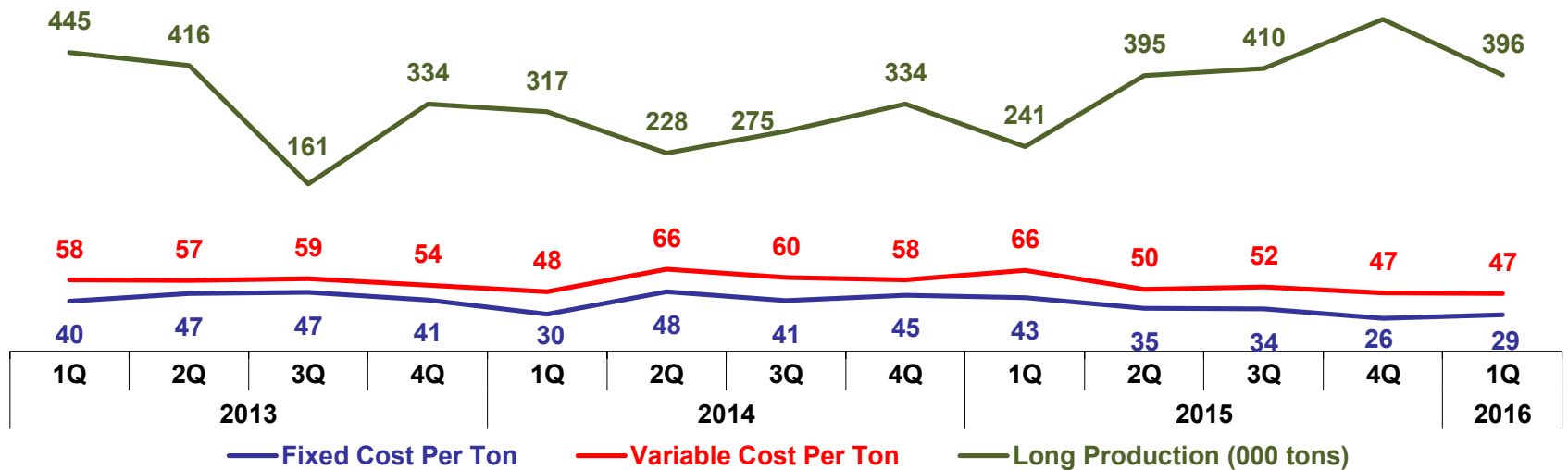


# Flat conversion cost per ton excluding depreciation was realised as 124 USD/ton in 2016 1Q

## FLAT PRODUCTS ( USD/TON )\*

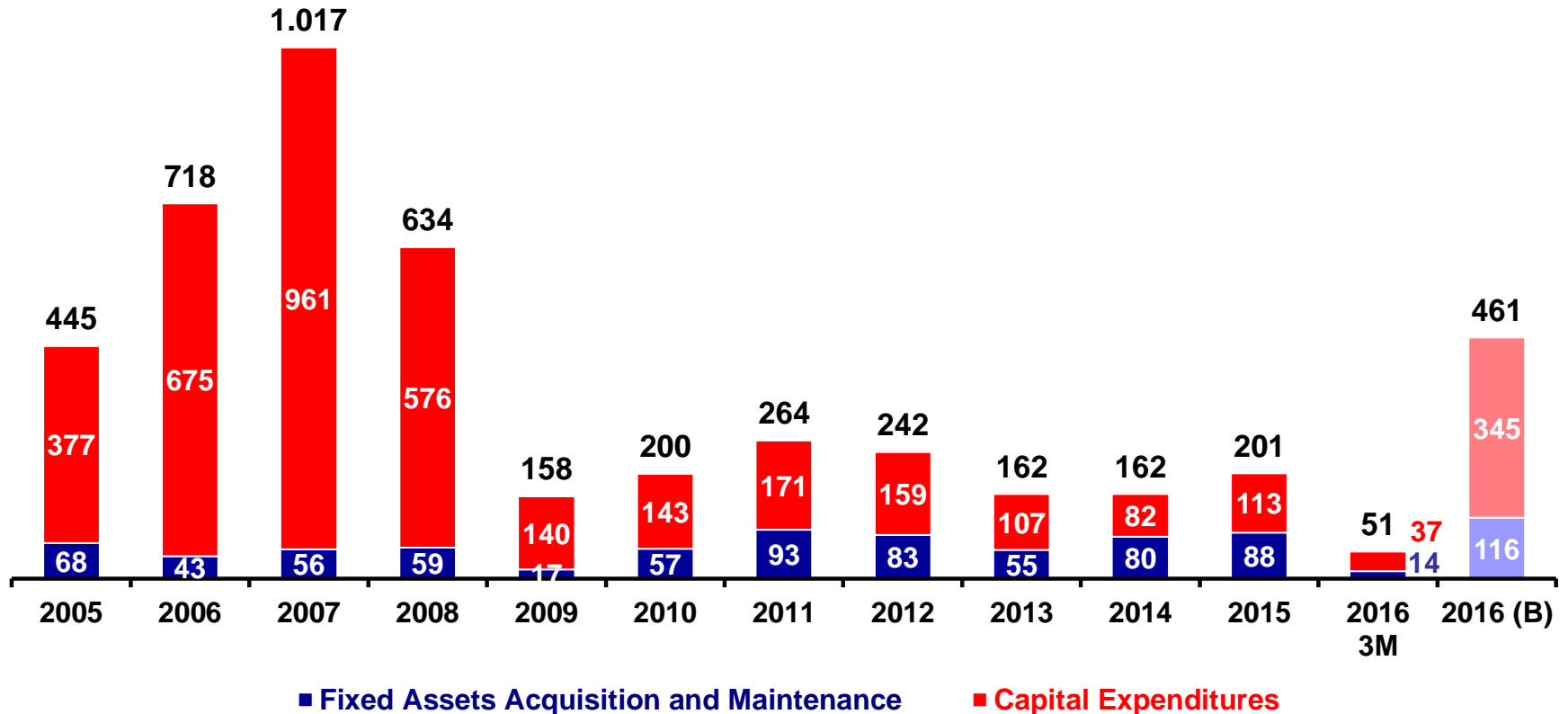


## LONG PRODUCTS ( USD/TON )\*



# Capital expenditures of 461 million USD is planned for 2016\*

( M USD )

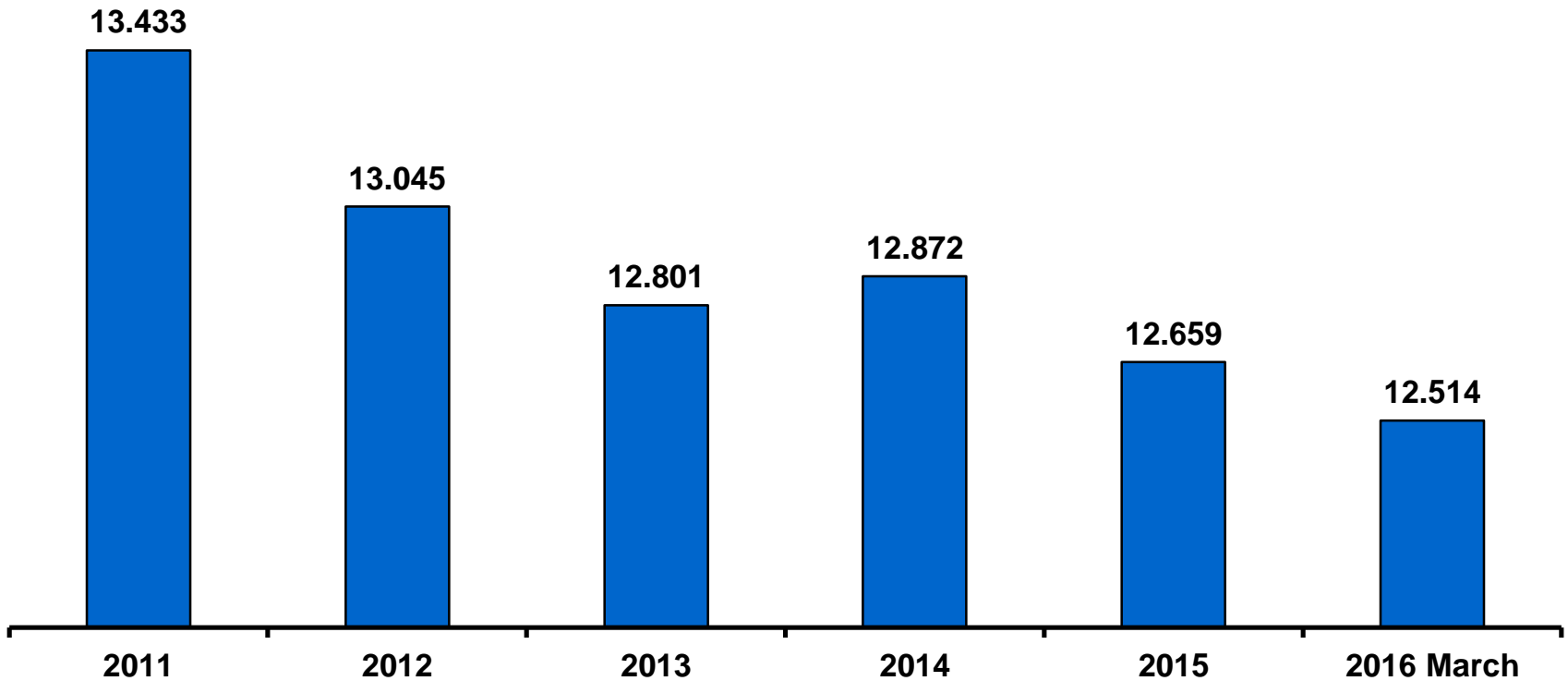


\* The capital expenditures in 2016 3M and before state the cash outflows however the capital expenditures for 2016 Budget state the signed and planned investments. The amounts shown in 2016 Budget do not represent cash outflows.



**Number of employees was 12.514 as of March 2016**

**NUMBER OF EMPLOYEES**



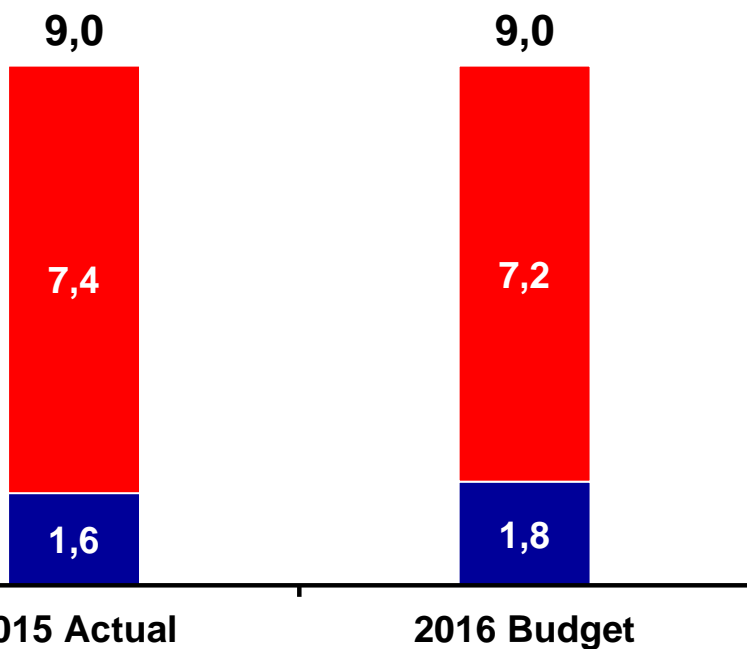


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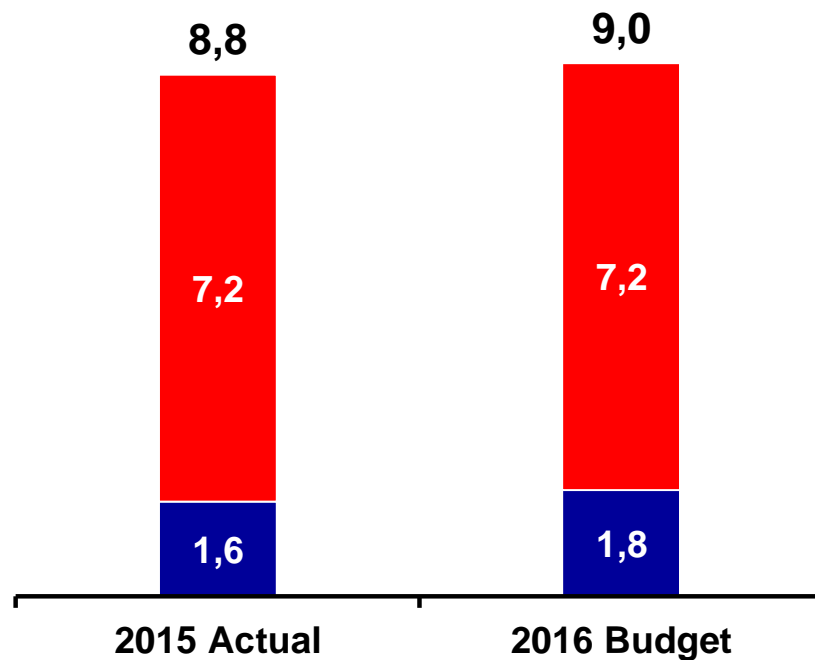
# 2016 Guidance

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 15-17% and 6-8% respectively.

