



Erdemir Group
First Quarter 2009
Consolidated Financial Results

18 May 2009



DISCLAIMER

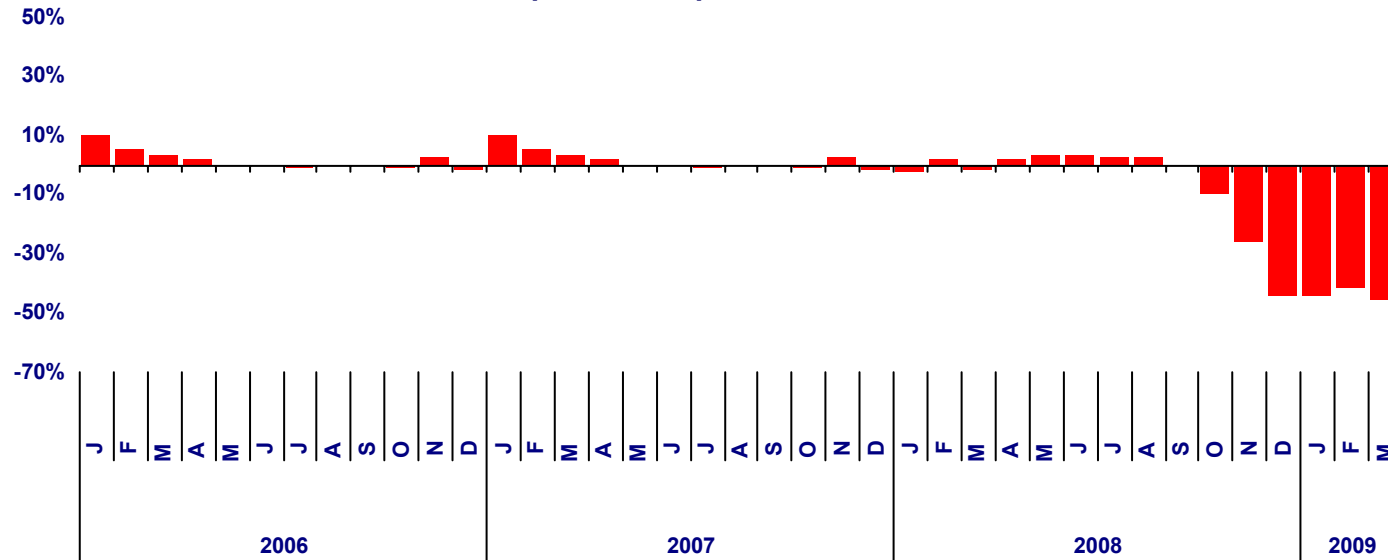
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AGENDA:

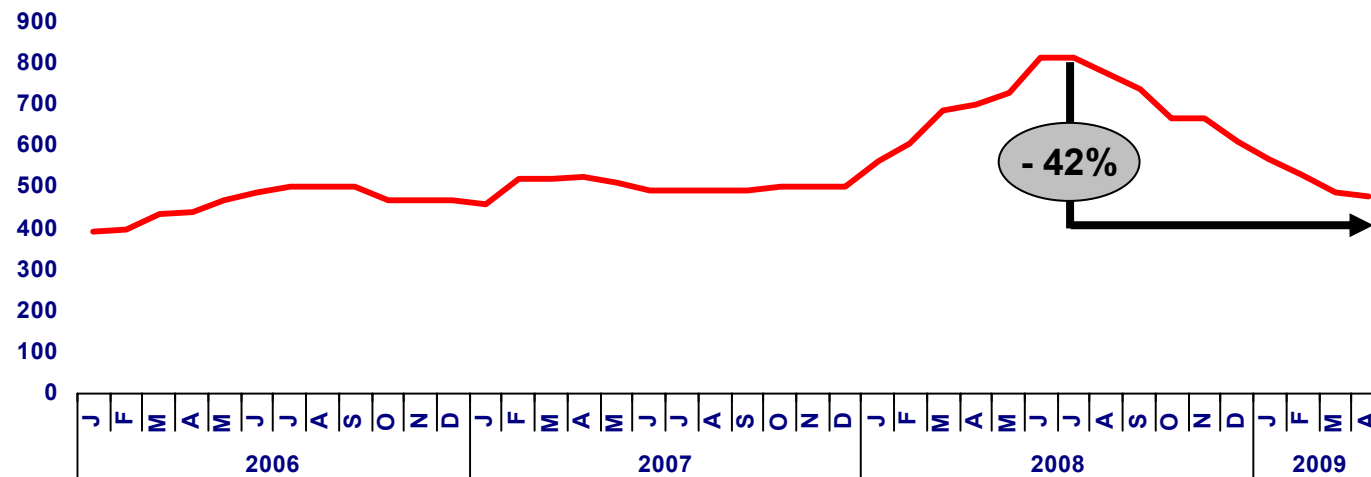
- 2009 Market Overview**
- 2009 First Quarter Financial Highlights
- Policies and Measures

In European Union, prices continue to decline. Crude steel production increased by 13,5% in March 2009 compared to December 2008.

EU27 CRUDE STEEL PRODUCTION (YoY %) *



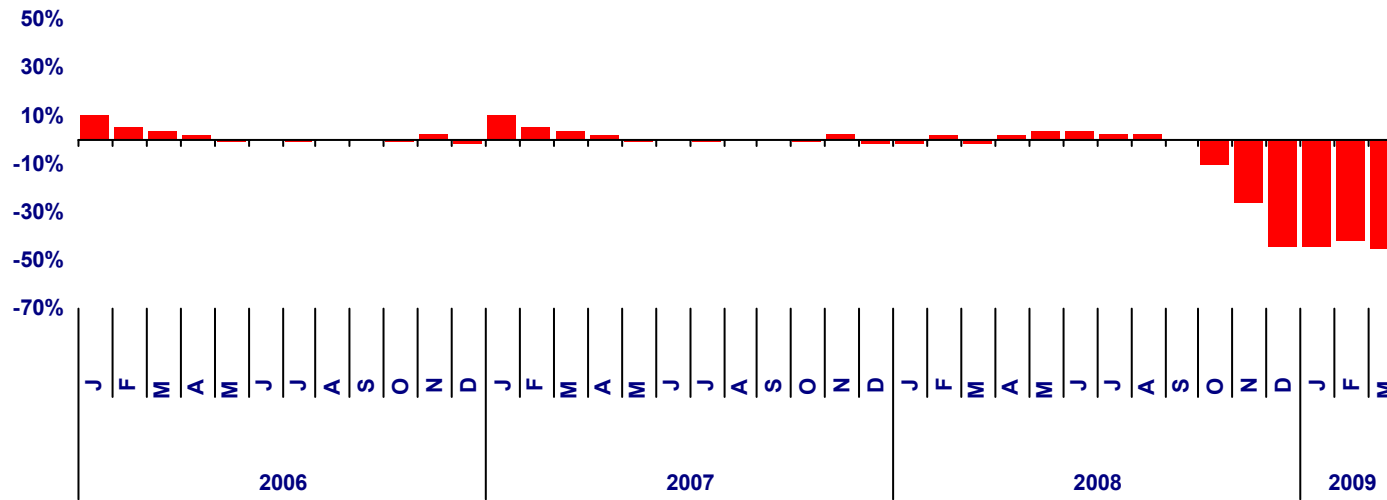
EU HRC PRICE (EURO/TON)**



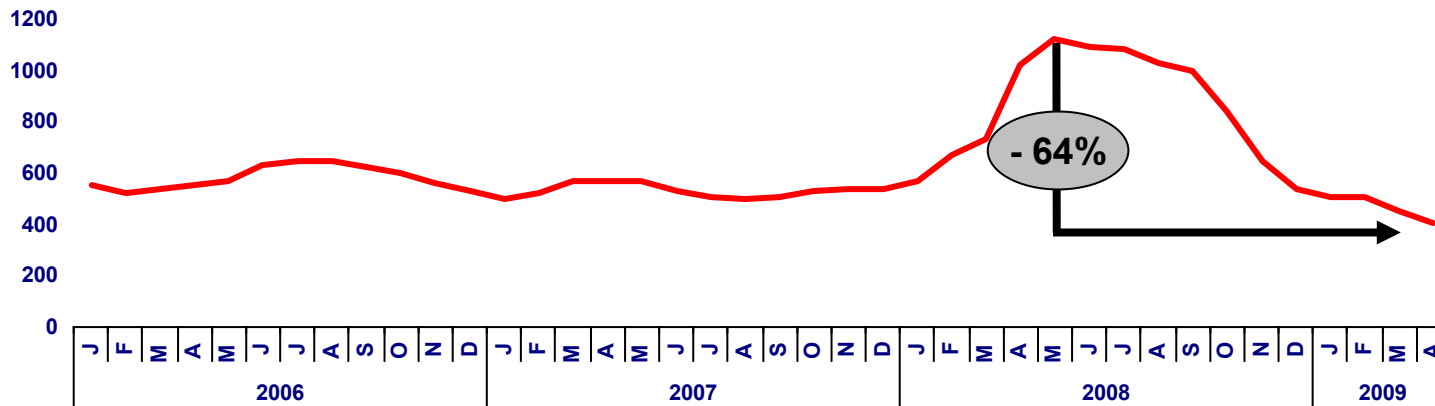
- 42%

In North America; destocking continues, pushing prices down. Crude steel production increased by 3,7% in March 2009 compared to December 2008.

US CRUDE STEEL PRODUCTION (YoY %) *

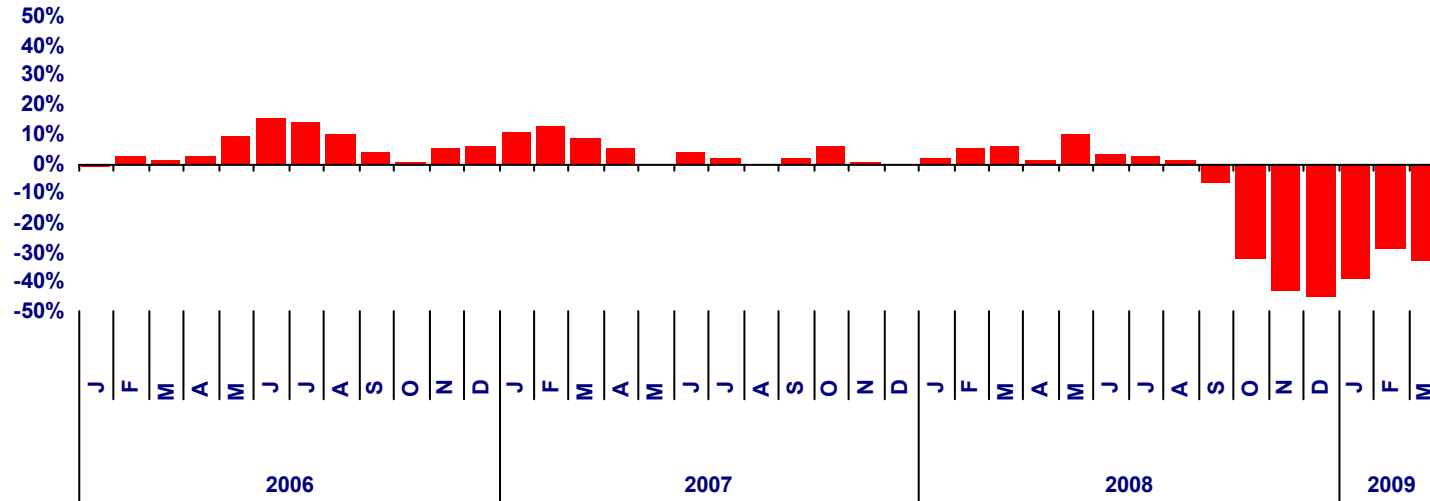


NORTH AMERICA HRC PRICE (FOB US MIDWEST MILL (USD/TON))**

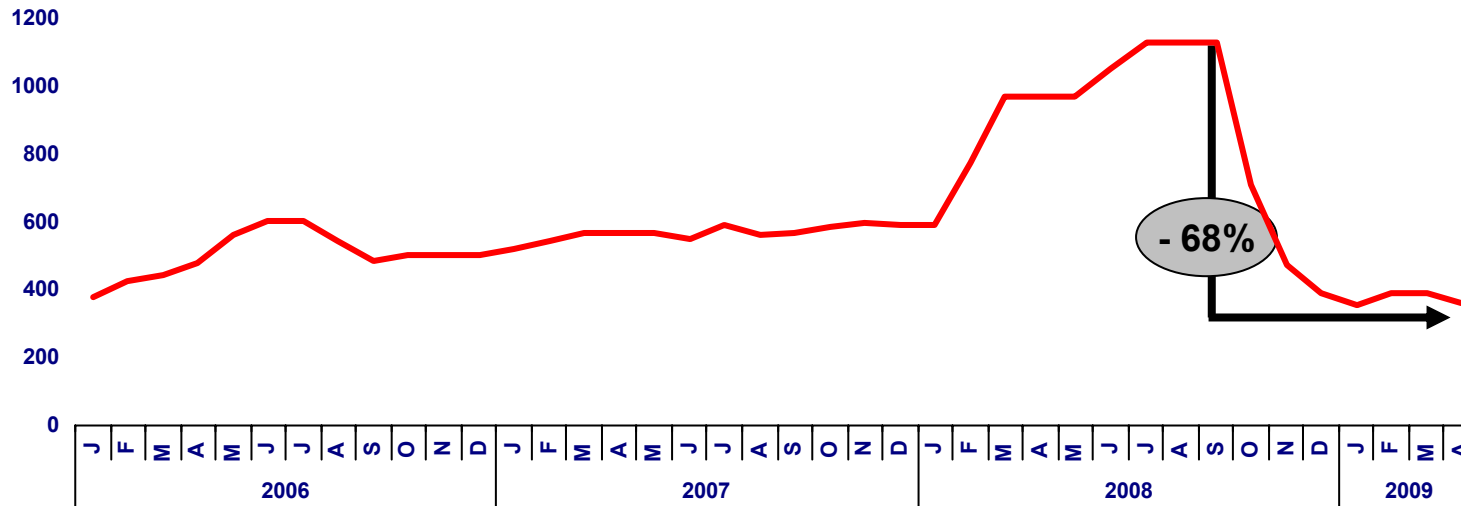


In CIS, sharp price declines level off. Crude steel production increased by 31% in March 2009 compared to December 2008.

CIS CRUDE STEEL PRODUCTION (YoY %) *

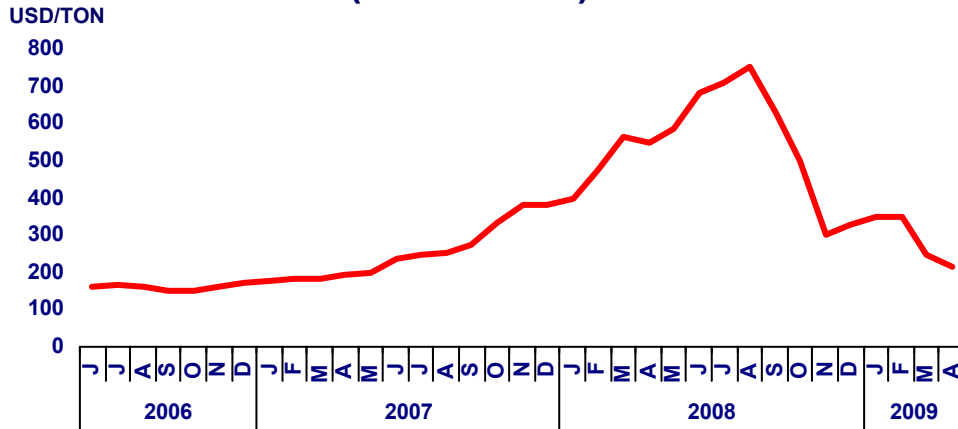


CIS BLACK SEA/BALTIC EXPORT HRC PRICE (FOB USD/TON)**

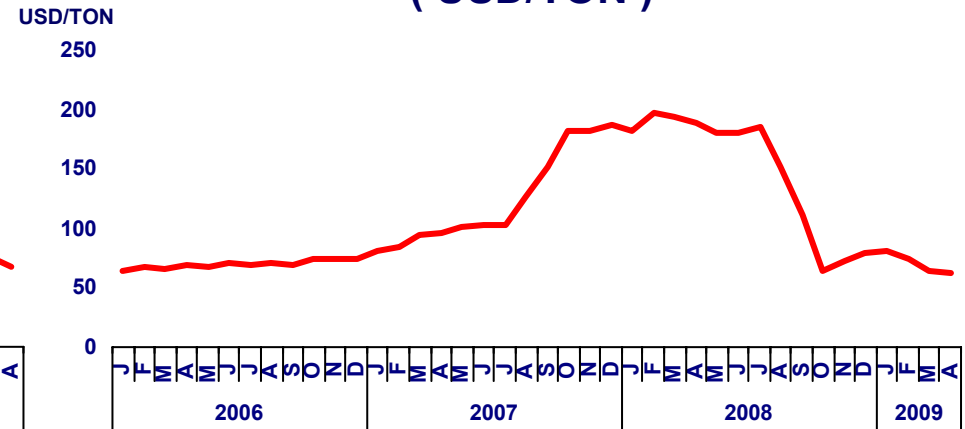


Decreasing raw material prices improve the cost structure of efficient steel makers.

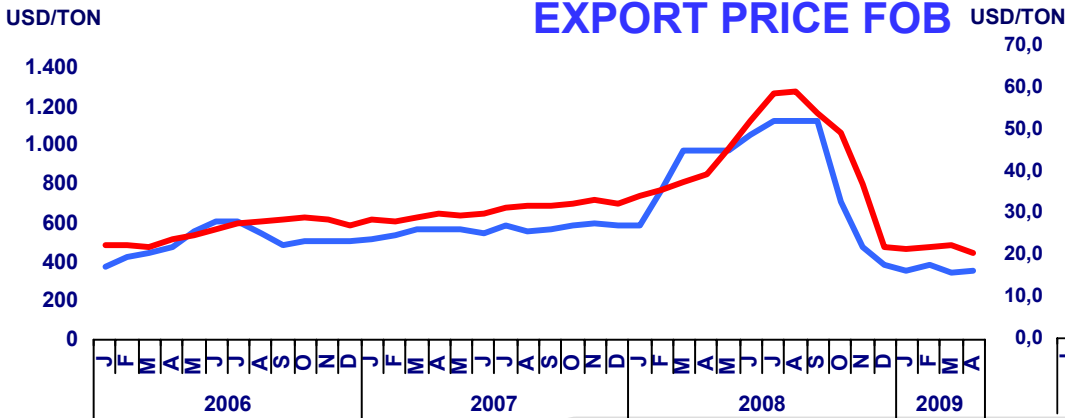
CHINA 2ND QUALITY COKING COAL SPOT EXPORT PRICE (USD/TON)



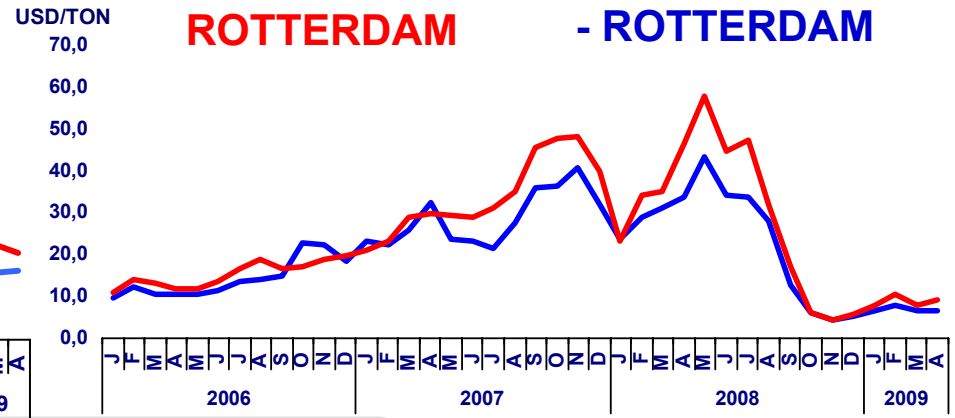
CHINA PORT FINE ORE PRICE CFR (USD/TON)



— **EREĞLİ HRC EFFECTIVE PRICE** — **CIS HRC BLACKSEA/BALTIC EXPORT PRICE FOB**



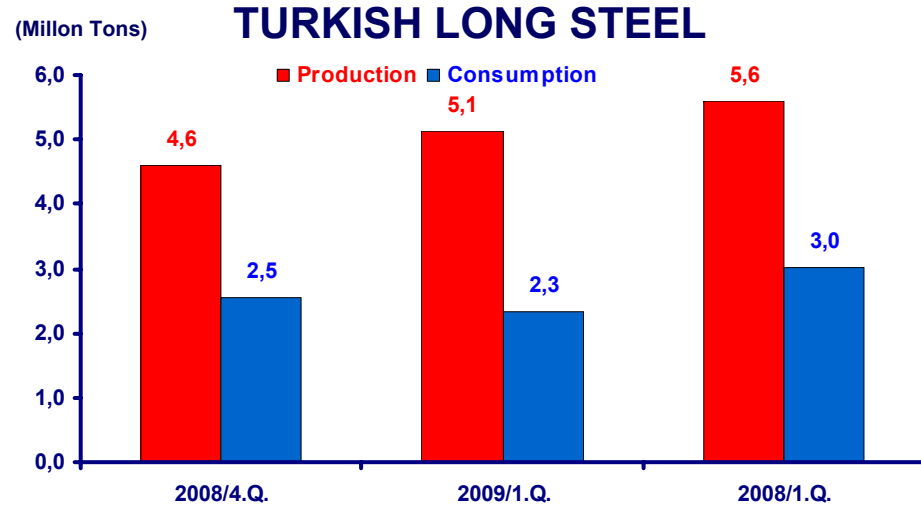
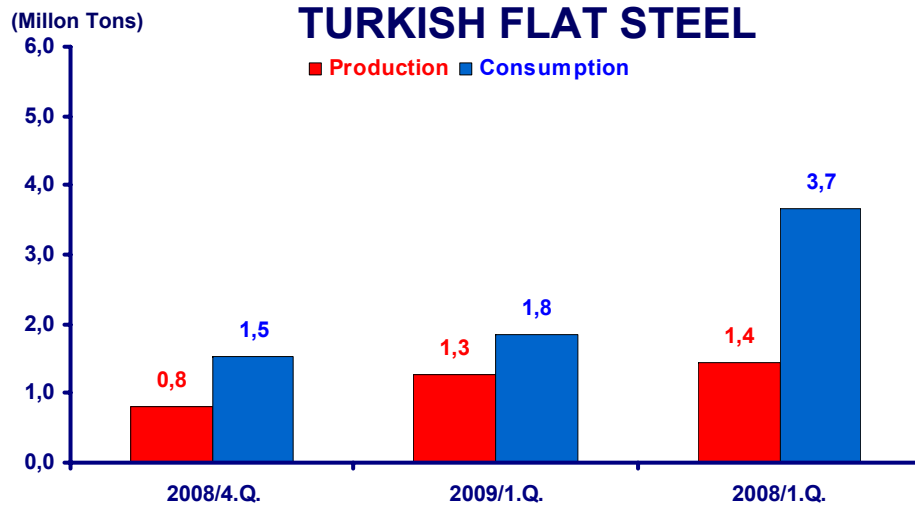
— **BRAZIL TUBARAO - ROTTERDAM** — **AUSTRALIA CAPE LAMBERT - ROTTERDAM**



RAW MATERIAL PRICES (AUGUST 2008 – APRIL 2009)

PELLET	↓	- 51 %	105 USD/TONS
IRON ORE	↓	- 58 %	64 USD/TONS
COKE	↓	- 67 %	245 USD/TONS

The demand showed recovery in Q1 2009, while the apparent consumption has continued to fall.



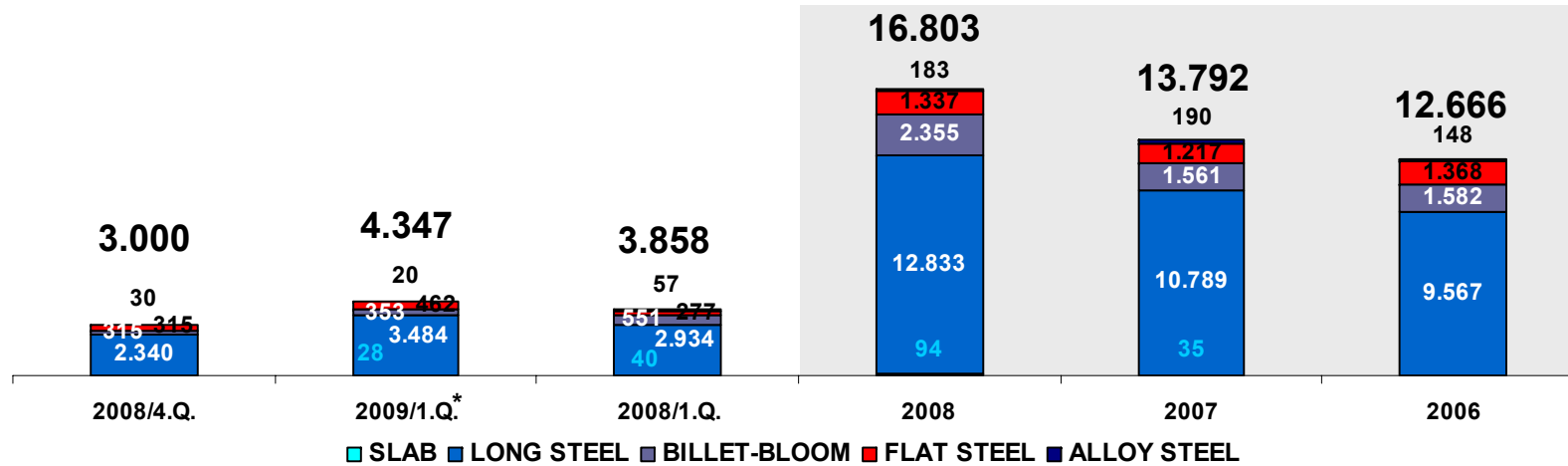
(Million tons)		2008/4.Q.	2009/1.Q.	2008/1.Q.
(+)	Production	0,8	1,3	1,4
(+)	Import	1,1	1,0	2,5
(-)	Export	0,3	0,5	0,3
(-)	Re-Rollers	0,2	0,3	0,4
(=)	Consumption	1,3	1,5	3,3

(Million tons)		2008/4.Q.	2009/1.Q.	2008/1.Q.
(+)	Production	4,6	5,1	5,6
(+)	Import	0,3	1,0	0,9
(-)	Export	2,4	3,8	3,5
(-)	Re-Rollers	0,0	0,0	0,0
(=)	Consumption	2,5	2,3	3,0

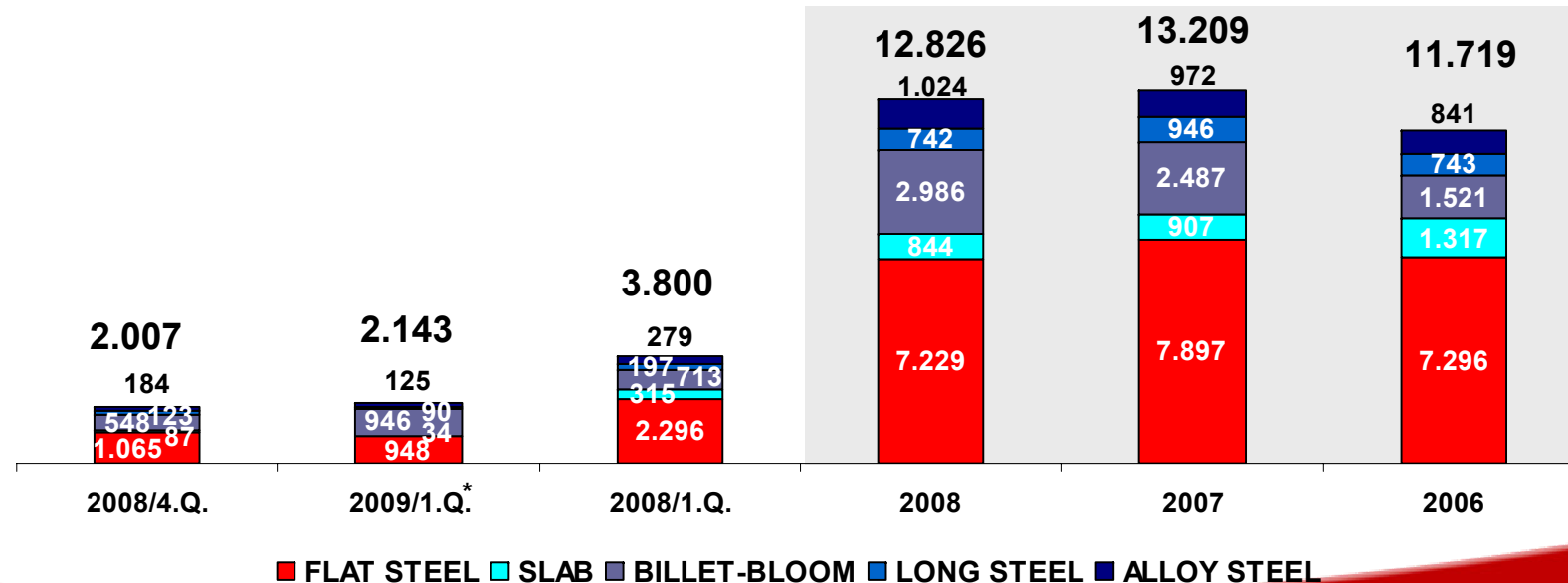
- Q1 2009, flat steel production and consumption increased by 60% and 18% compared to Q4 2008.
- Long steel production increased by 12% and consumption decreased by 8% compared to Q4 2008. Exports increased by 62% and 10% compared to Q4 and Q1 2008 respectively.

Imports of steel products were the same in Q1 2009 YoY while exports increased.

IRON AND STEEL PRODUCT EXPORTS (000 TONS)



IRON AND STEEL PRODUCT IMPORTS (000 TONS)



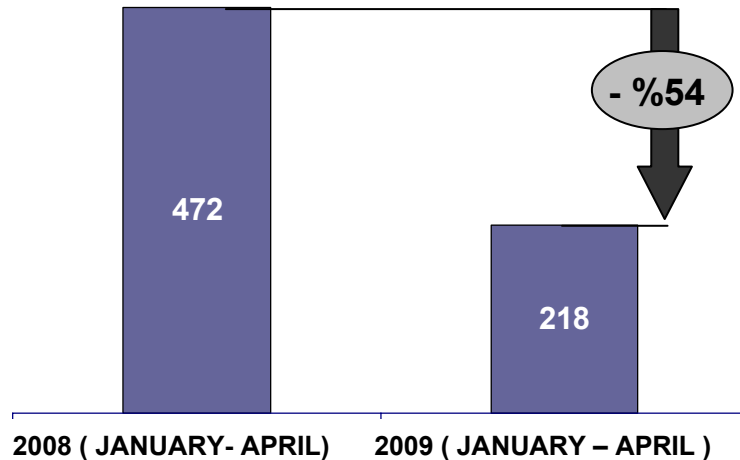
SOURCE: TSI

* Q1 2009 FIGURES ARE ESTIMATES.

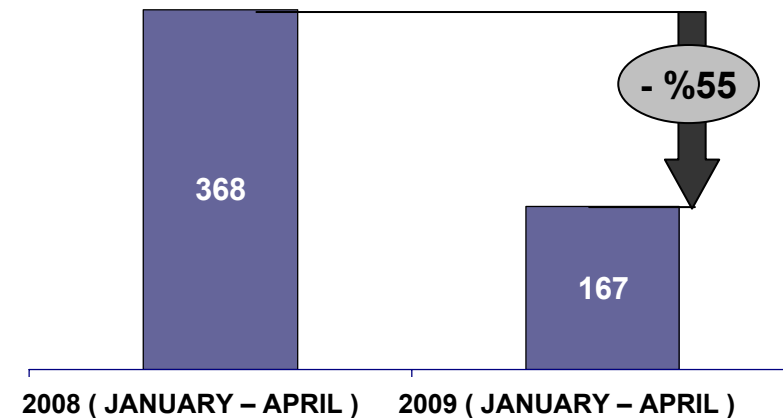


Automotive production declined 54% in the first four months of 2009 YoY.

AUTOMOTIVE PRODUCTION (000 UNITS)



AUTOMOTIVE EXPORTS (000 UNITS)



- Production, domestic sales and export sales contracted in the first four months of 2009 YoY.
- A decrease in private consumption tax positively affected the 1600cc or below vehicles sales.
- Capacity utilization ratio was 62% in April and 44 % in the first four months of 2009 in light vehicles production.

AGENDA:

- 2009 Market Overview
- **2009 First Quarter Financial Highlights**
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ERDEMİR GROUP KEY FIGURES

		2009/1.Q.	2008/1.Q.	2008	2007
Liquid Steel Production	<i>(000 Tons)</i>	1.590	1.540	6.121	5.486
Slab Production ⁽¹⁾	<i>(000 Tons)</i>	905	999	3.995	3.680
Flat Steel Production ⁽²⁾	<i>(000 Tons)</i>	1.174	1.126	4.182	4.206
Long Steel Production	<i>(000 Tons)</i>	554	530	2.033	1.917
Flat Steel Shipments	<i>(000 Tons)</i>	1.167	1.107	3.932	4.295
Long Steel Shipments	<i>(000 Tons)</i>	566	502	2.040	1.920
Net Sales Revenue⁽³⁾	<i>(M. USD)</i>	645	1.184	5.246	4.117
EBITDA⁽³⁾	<i>(M. USD)</i>	82	271	691	848
Net Profit/(Loss) For The Period⁽³⁾	<i>(M. USD)</i>	(89)	189	175	541

All figures are on IFRS consolidated basis unless stated otherwise.

(1) Total slab production of Ereğli and İskenderun Plants. Slab production in İskenderun in Q109 was 9,3 ktons.

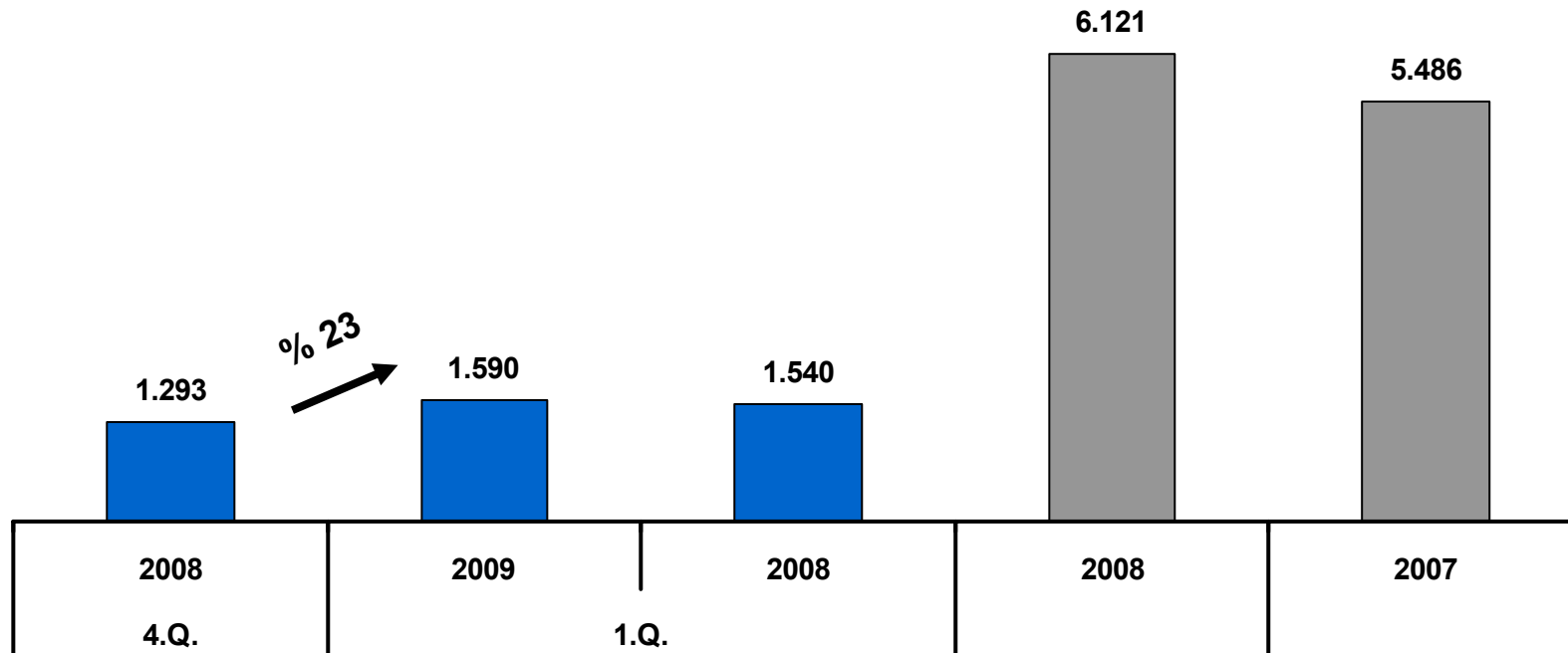
(2) Total flat steel production of Ereğli and İskenderun Plants.

(3) Q1 2009 figures are unaudited.



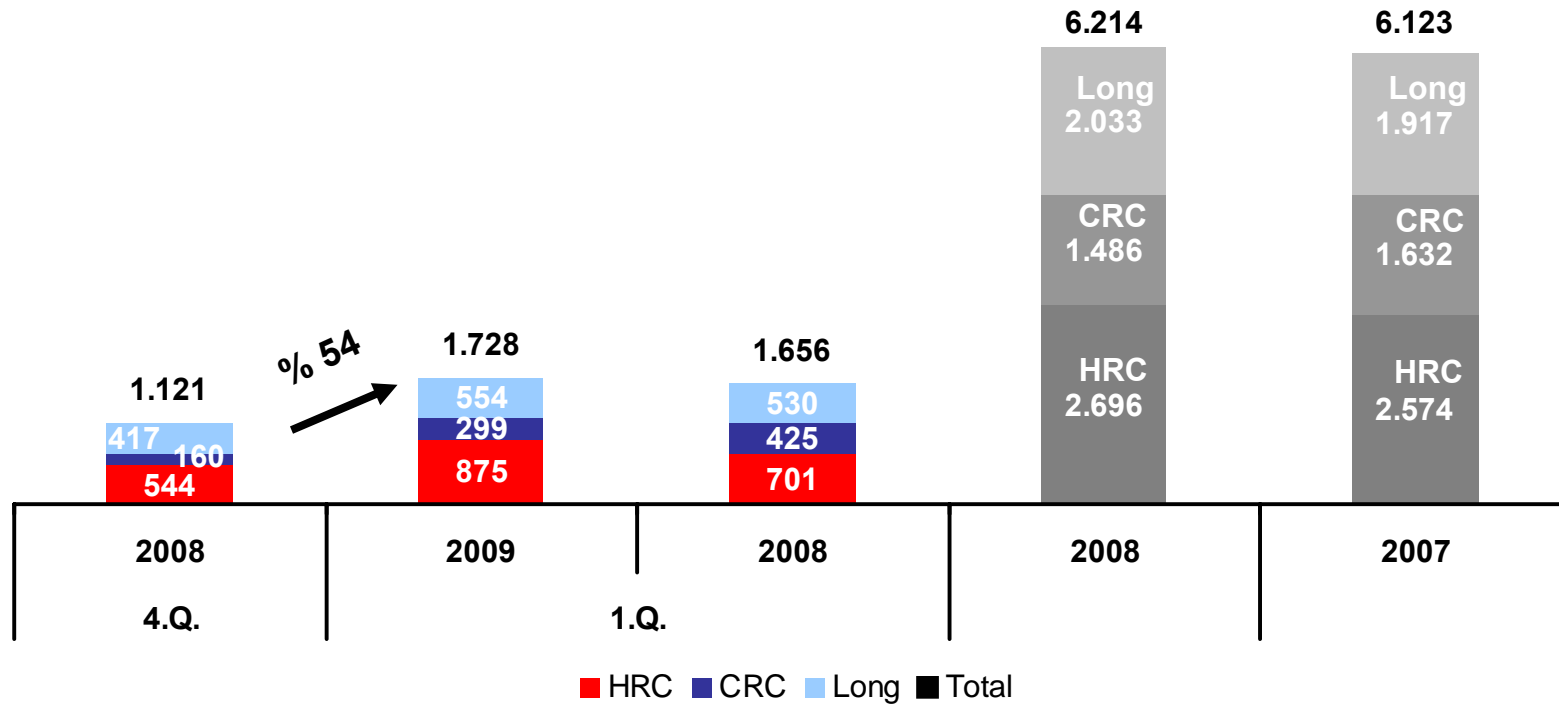
Liquid steel production in Q1 2009 increased by 3% and 23% compared to Q1 and Q4 2008 respectively.

LIQUID STEEL PRODUCTION (000 TONS)



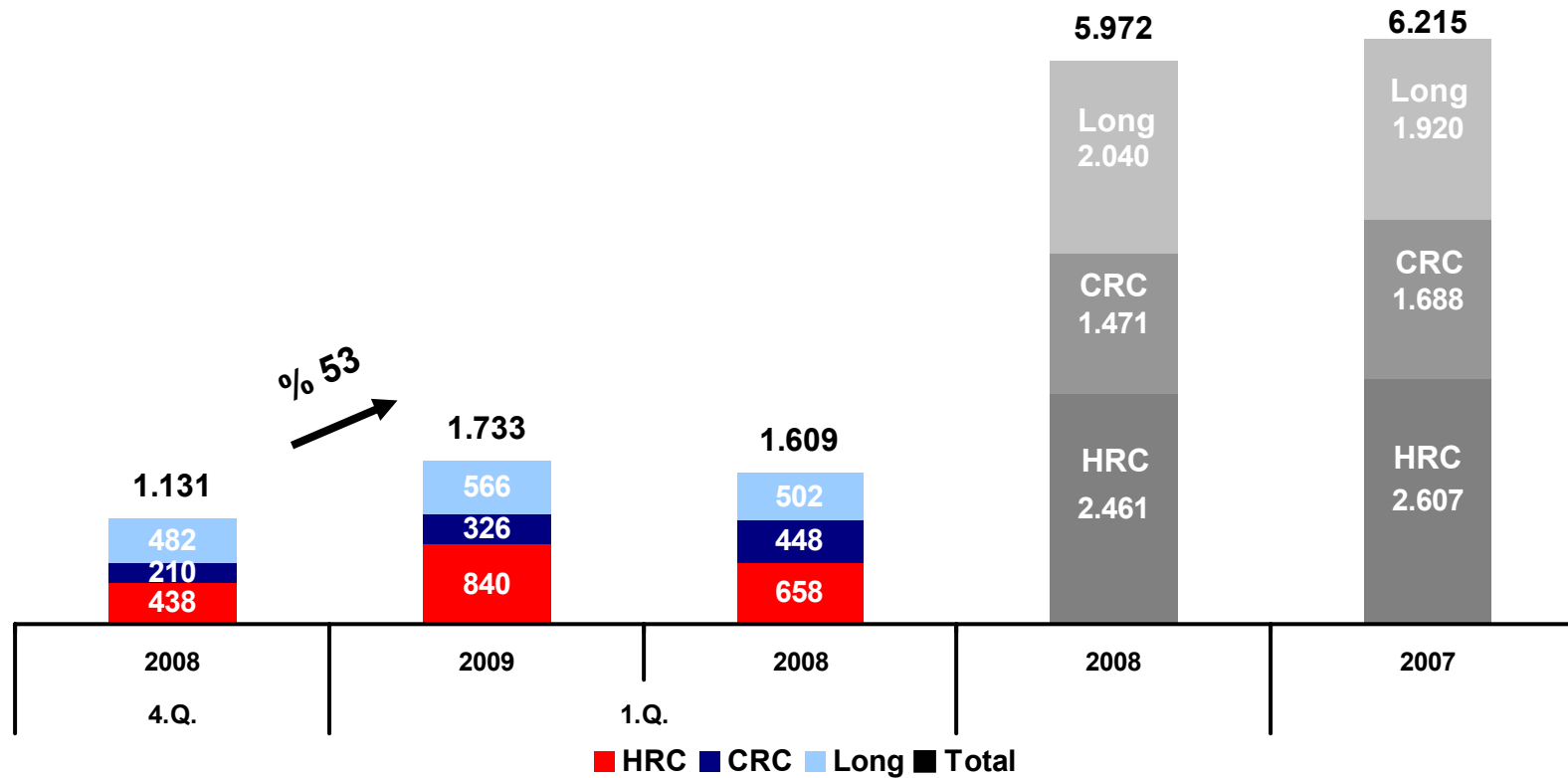
Finished goods output increased by 54% and 3% respectively in Q1 2009 compared to Q4 and Q1 2008.

PRODUCTION VOLUMES (000 TONS)



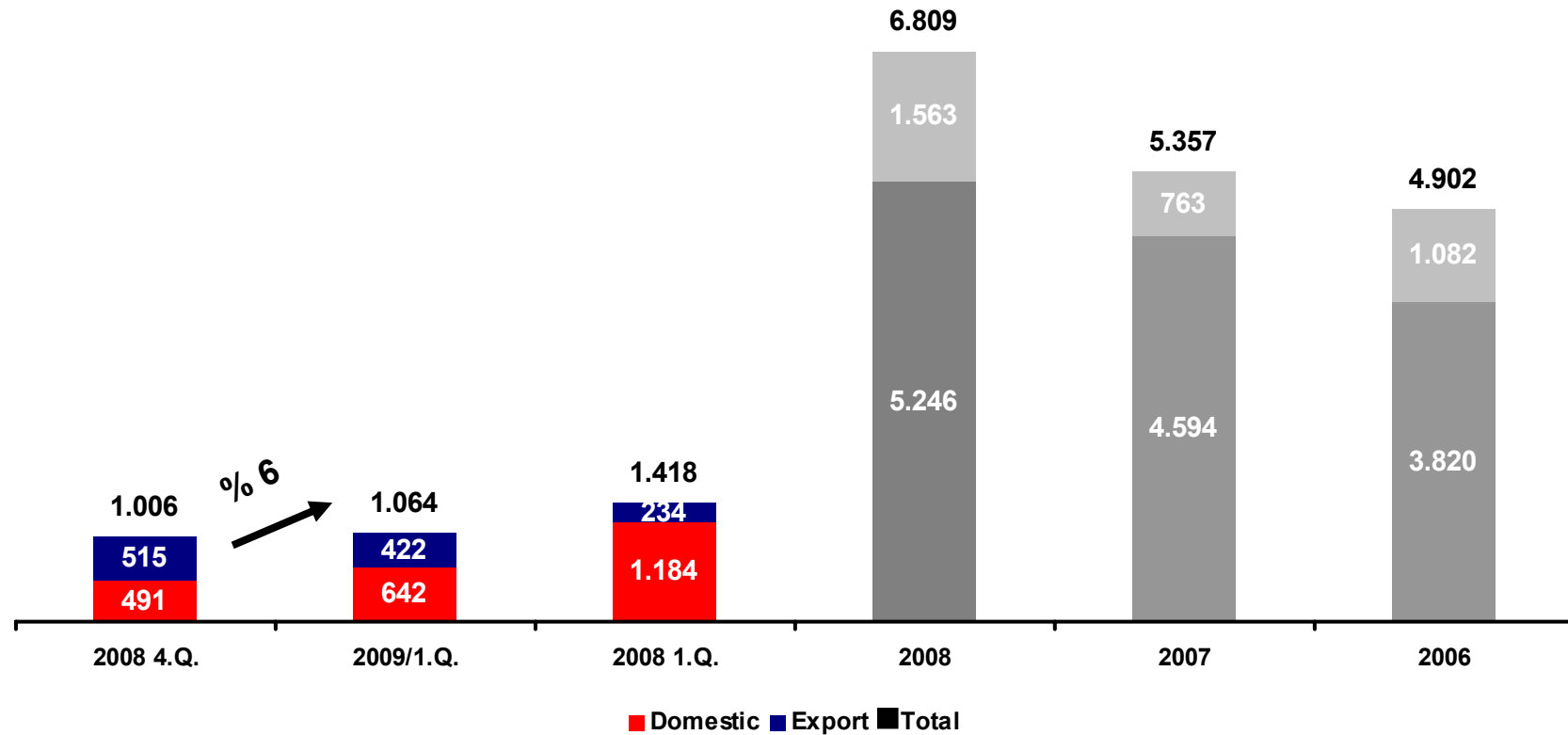
Sales volume increased in the 1Q 2009 compared to Q4 and Q1 2008 by 53% and 8% respectively.

SALES VOLUME (000 TONS)



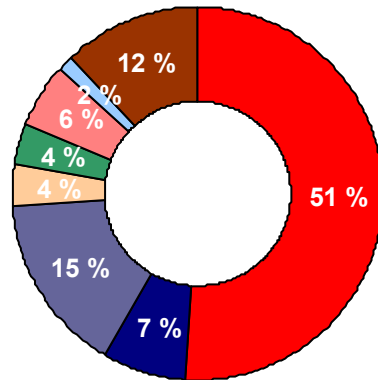
Net sales revenue in Q1 2009 increased by 6% compared Q4 2008.

NET SALES REVENUE (MILLION TL)



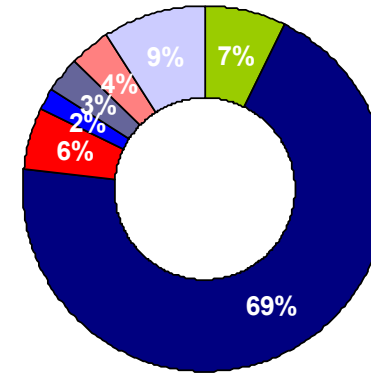
Sales to pipe and profile, and debar producers increased in 1Q 2009.*

FLAT STEEL DOMESTIC SALES BREAKDOWN (%)



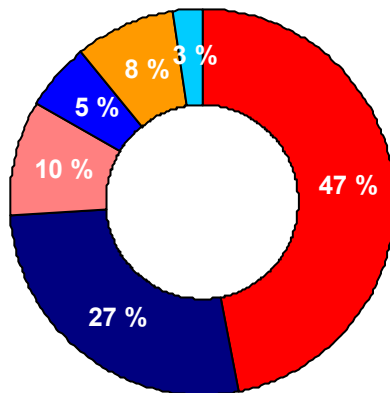
- PIPE and PROFILE INDUSTRY
- TRADERS
- PACKAGING INDUSTRY
- HOUSEHOLD APPLIANCES
- STEEL SERVICES CENTERS
- AUTOMOTIVE and COMPONENTS
- HEATING EQUIPMENT
- OTHER

FLAT STEEL EXPORT SALES BREAKDOWN (%)



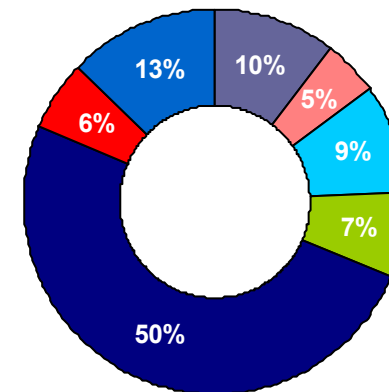
- USA
- EU
- CHINA
- ISRAEL
- INDIA
- BRAZIL
- OTHER

LONG STEEL DOMESTIC SALES BREAKDOWN (%)



- DEBAR PRODUCERS
- COMMERCIAL QUALITIES
- OTHERS
- PROFILE PRODUCERS
- HIGH CARBON QUALITIES
- SPECIAL THIN WIRE QUALITIES

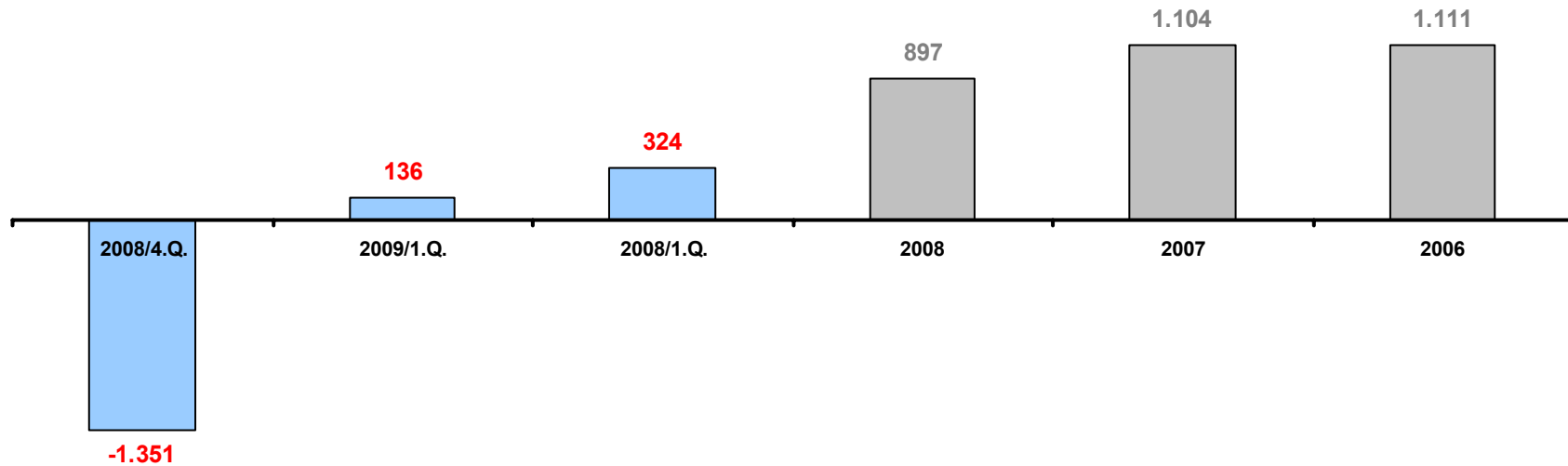
LONG STEEL EXPORT SALES BREAKDOWN (%)



- EU
- MOROCCO
- OTHER
- ISRAEL
- BOSNIA HERZEGOVINA
- UKRAINE
- DJIBOUTI

Net profit and EBITDA had a significant recovery in the 1Q 2009.

EBITDA (MILLION TL)



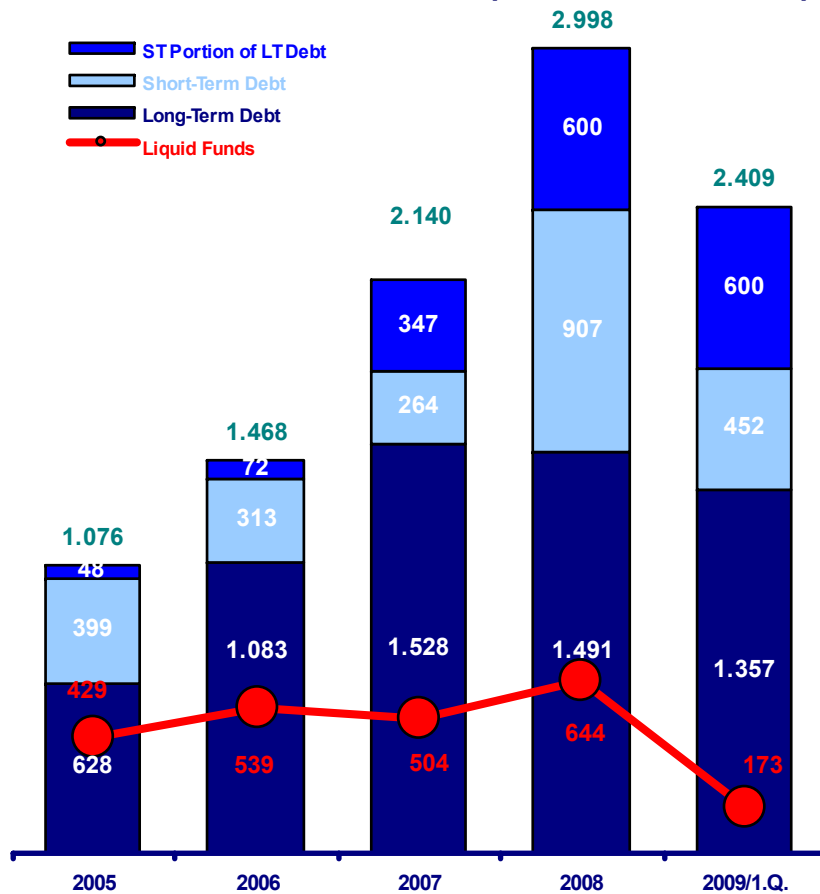
NET PROFIT (MILLION TL)



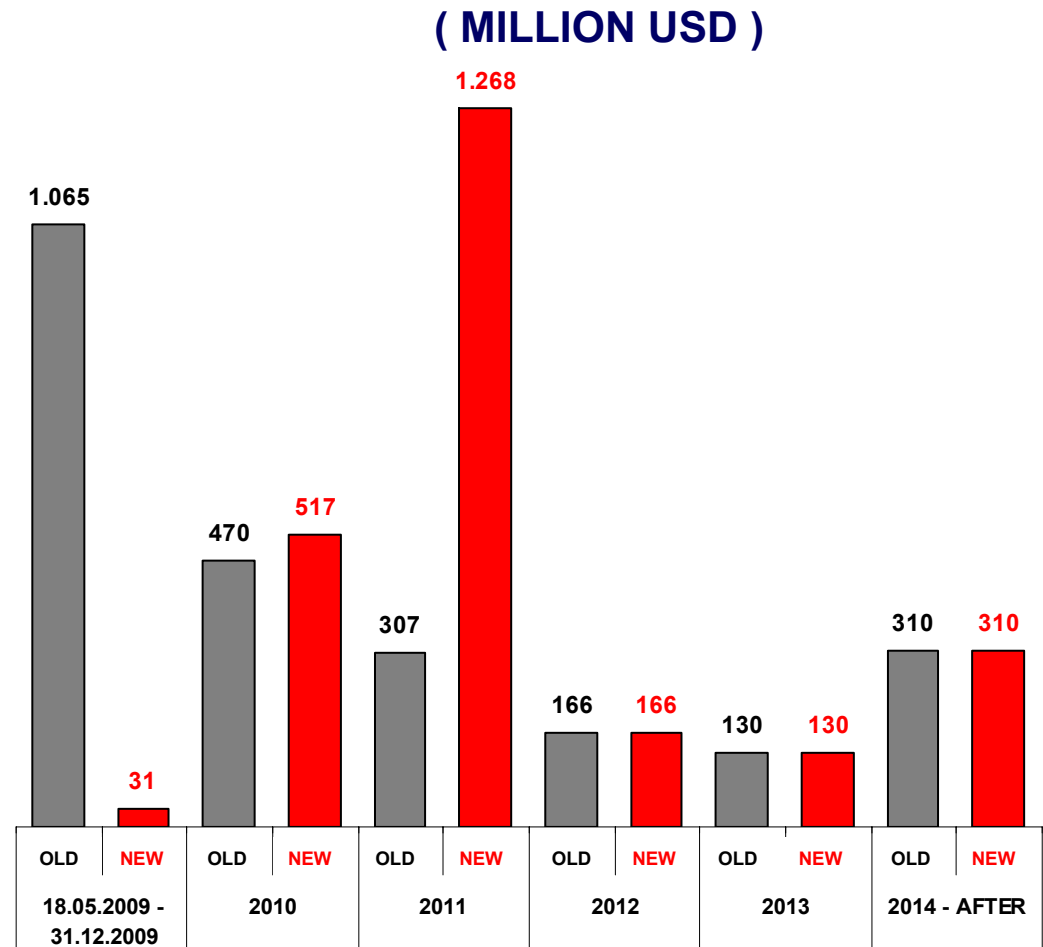
* Q4 2008 figures include 1.084 million TL inventory write downs.

Medium term liquidity position significantly enhanced through refinancing of all of the 1.1 billion USD principal repayments due in the rest of 2009.

BORROWINGS (MILLION USD)



BORROWINGS MATURITY PROFILE* (MILLION USD)



*As of May 18, 2009,

499,8 million USD principal payments were made, between 31.12.2008 – 18.05.2009.

Approximate values calculated in accordance with IFRS.



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Capacity utilization ratio increased in both plants through first four months.

CAPACITY UTILISATION RATIOS *

EREĞLİ

PLANTS	CUR - %
Coke Plant	94,2
Sinter Plant	86,7
Blast Furnaces	95,6
BOF	106,2
Continuous Slab Casting	106,2
Hot Rolling Mill No:1	96,1
Hot Rolling Mill No:2	80,6
Plate Mill	12,8
Cold Rolling Mill No:1	33,9
Cold Rolling Mill No:2	76,2
HDG Line	54,7
ETC Line	30,0
TOTAL CAPACITY UTILISATION RATIO %	90,3

İSKENDERUN

PLANTS	CUR - %
Coke Plant	71,0
Sinter Plant	72,0
Blast Furnaces	64,0
BOF	73,0
Continuous Billet Casting	89,0
Continuous Slab Casting	5,0
Wire Rod Mill	107,0
TOTAL CAPACITY UTILISATION RATIO %	57,1

* CALCULATIONS BASED ON THE FIRST FOUR MONTHS OF 2009 EFFECTIVE CAPACITY FIGURES



The depreciation method has been changed for some fixed assets to better reflect the expected pattern of consumption of future economic benefits of such assets.

IMPACT OF THE CHANGE IN THE DEPRECIATION METHOD (*)

EREĞLİ - İSKENDERUN	STRAIGHT LINE METHOD – MILLION TL	UNITS OF PRODUCTION METHOD – MILLION TL	Δ - MILLION TL
2009 / 1.Q.	76,9	66,9	10,1
2009	307,5	267,2	40,4
2010	299,4	260,2	39,3
2011	251,7	215,7	36,0
2012	243,4	209,3	34,2
2013	232,7	207,6	25,1
2014	229,9	205,7	24,2

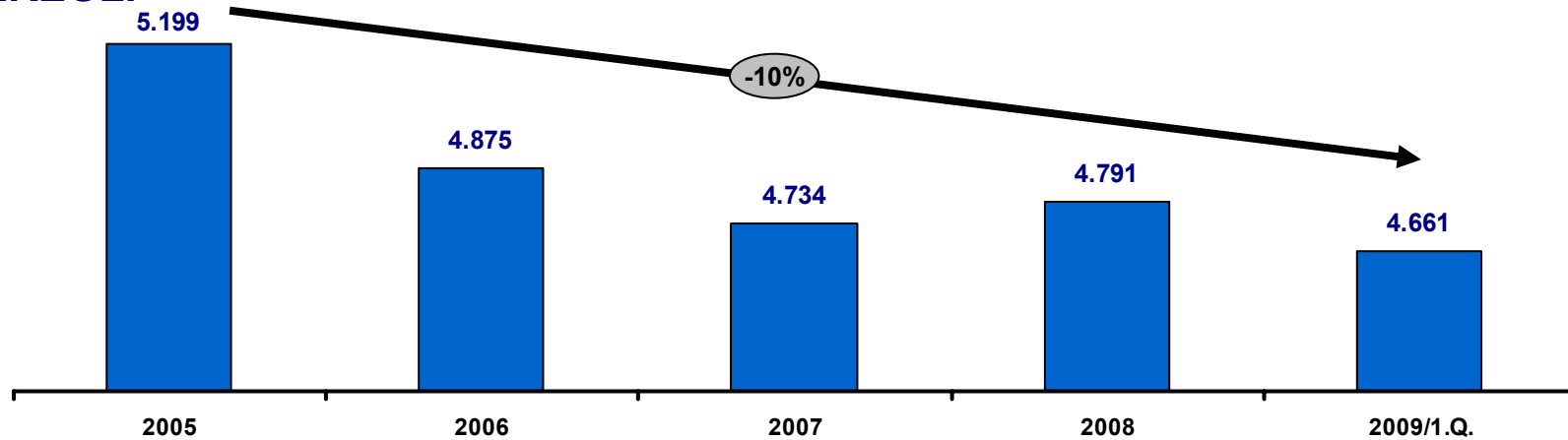
(*) Net effect of the decrease in the depreciation expenses to the income statement after the stock effect is TL 4.268.914.

Figures are calculated using the production levels of the first three months of 2009.

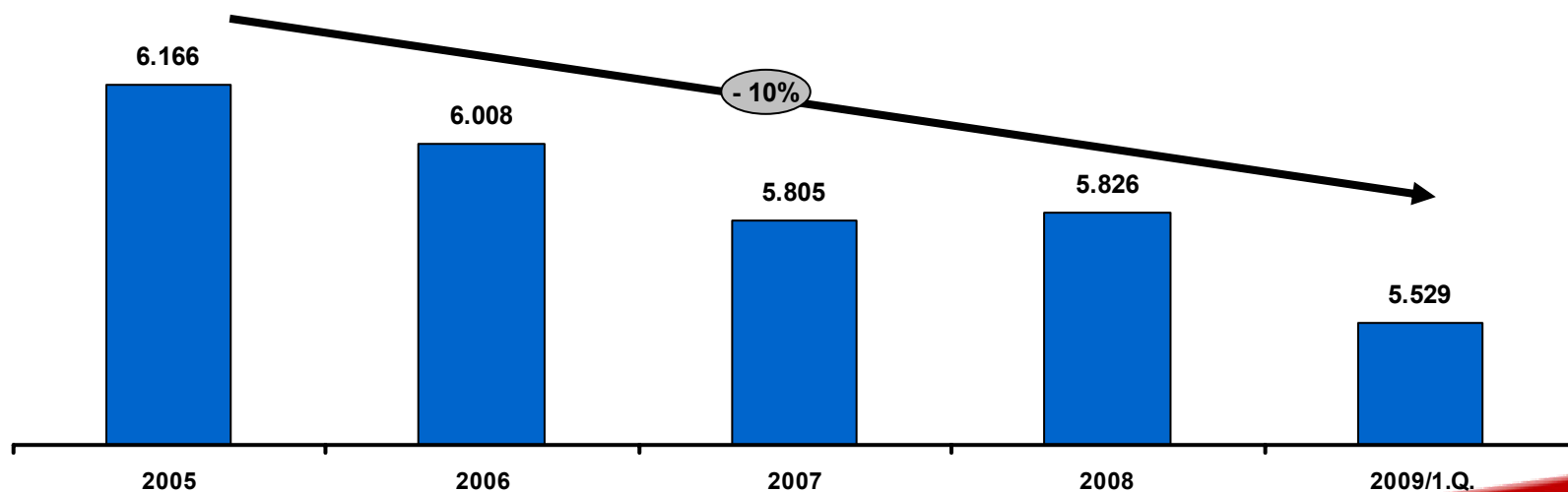
Despite the reduced capacity utilization, specific energy consumption is coming down.

ENERGY CONSUMPTION (MCAL / TON CRUDE STEEL)

EREĞLİ



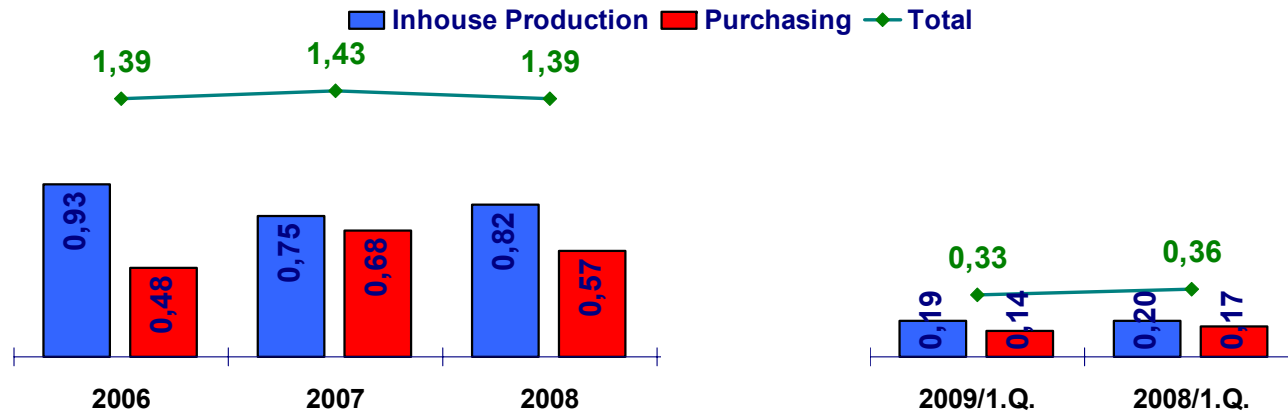
İSKENDERUN



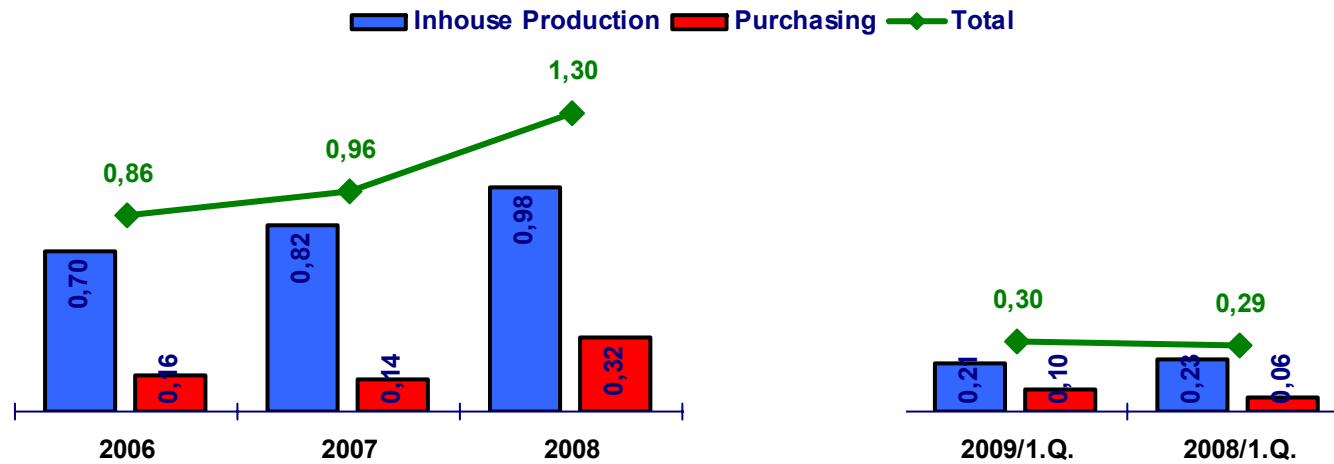
Electricity sourcing is dynamically managed during the day to achieve minimum costs.

ELECTRICITY PRODUCTION AND PURCHASING (BILLION KWH)

EREĞLİ



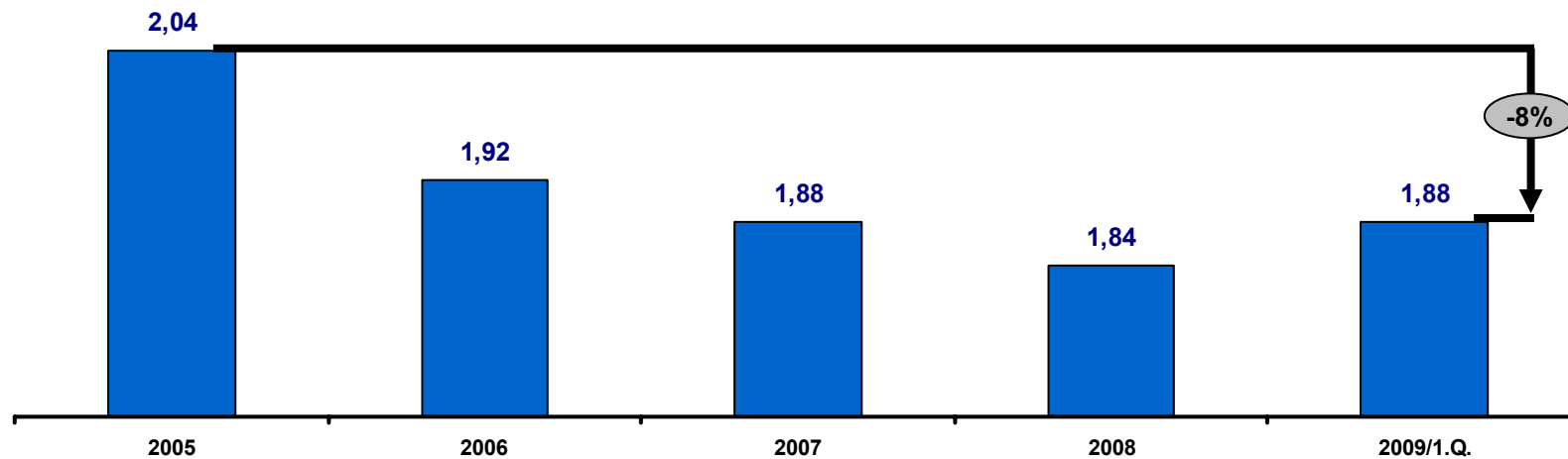
İSKENDERUN



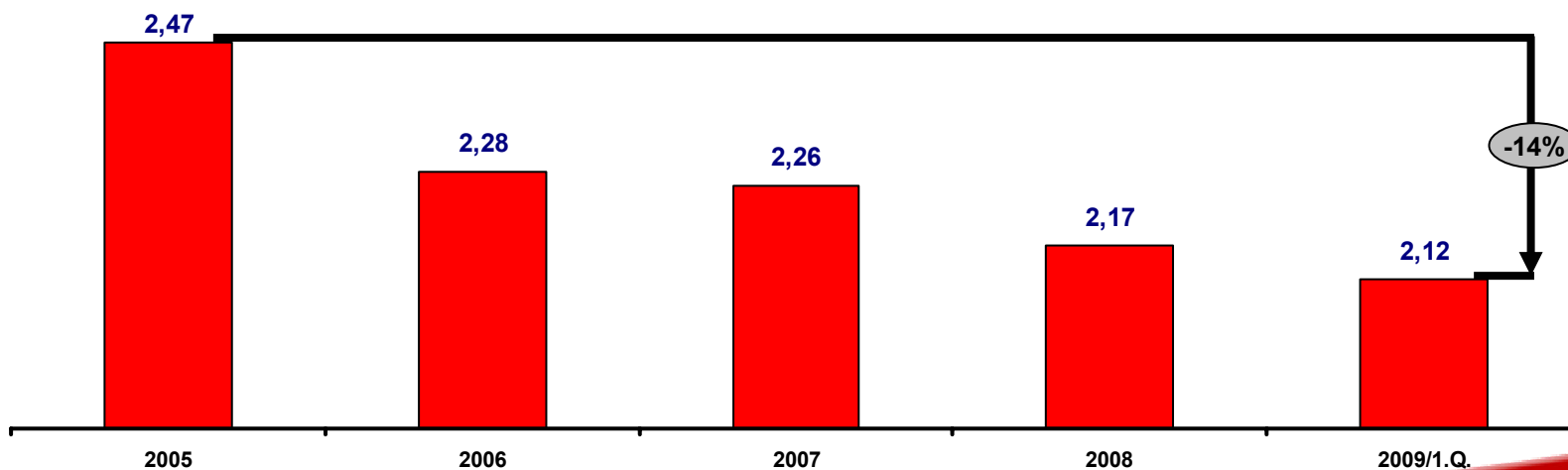
CO₂ emission of Ereğli and İskenderun mills decrease by in spite of reduced capacity utilizations.

CO₂ EMISSIONS (KG/TCS)

EREĞLİ



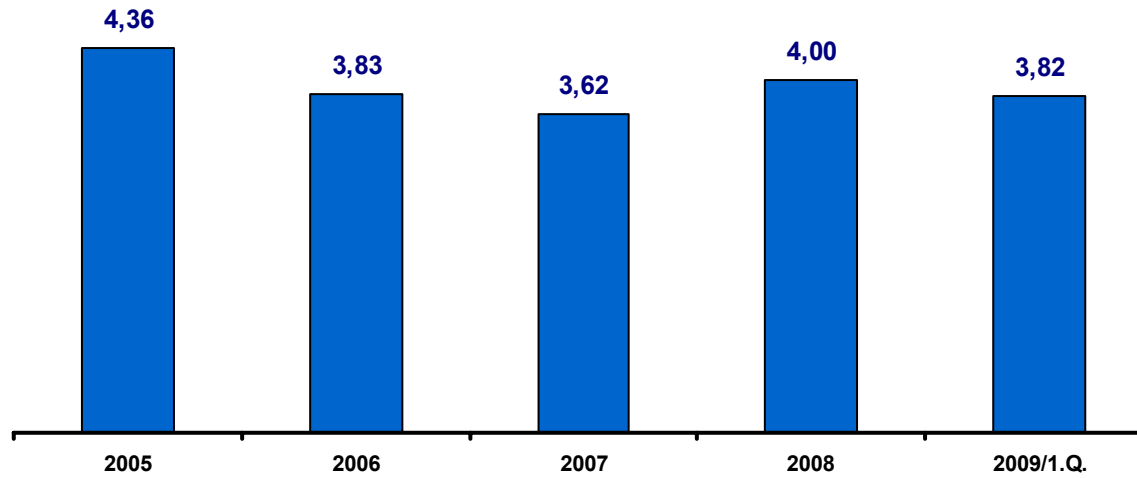
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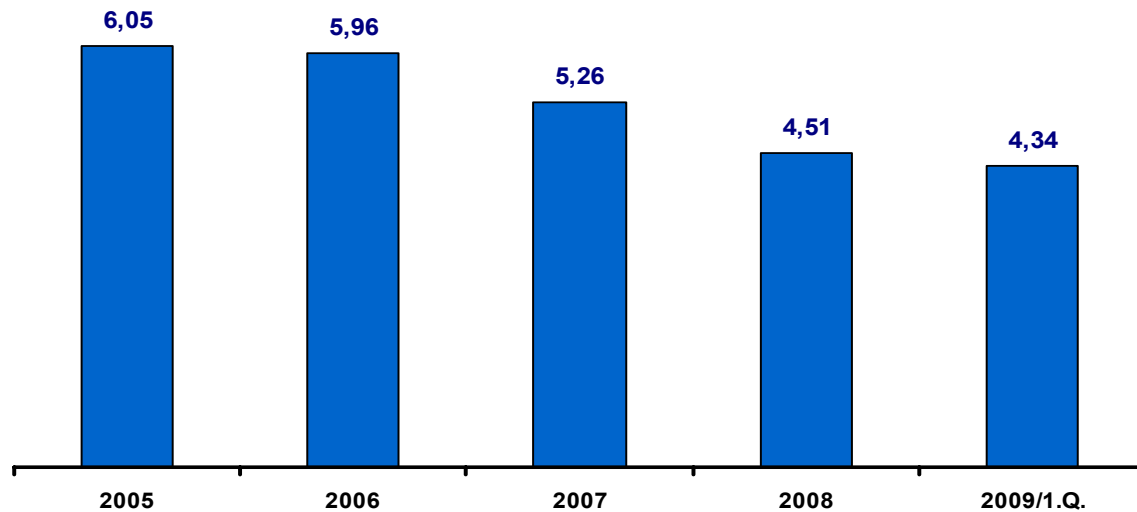
Labor productivity in Q1 2009 increased significantly compared to Q4 2008 through higher capacity utilization rates and management gains.

LABOR PRODUCTIVITY (MAN-HOUR/TON)

EREĞLİ

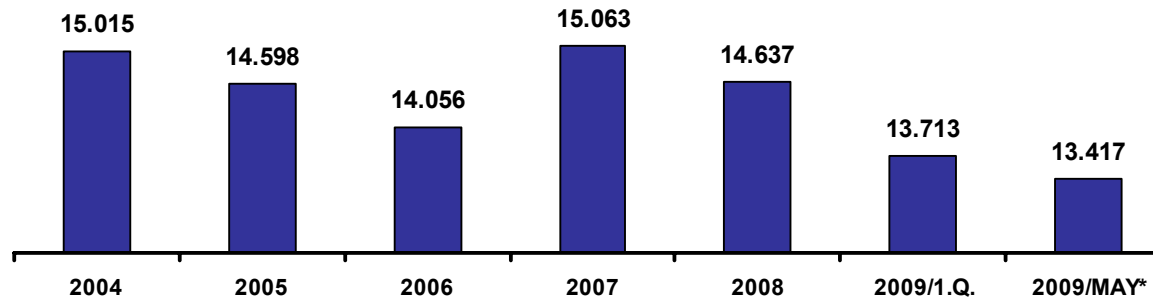


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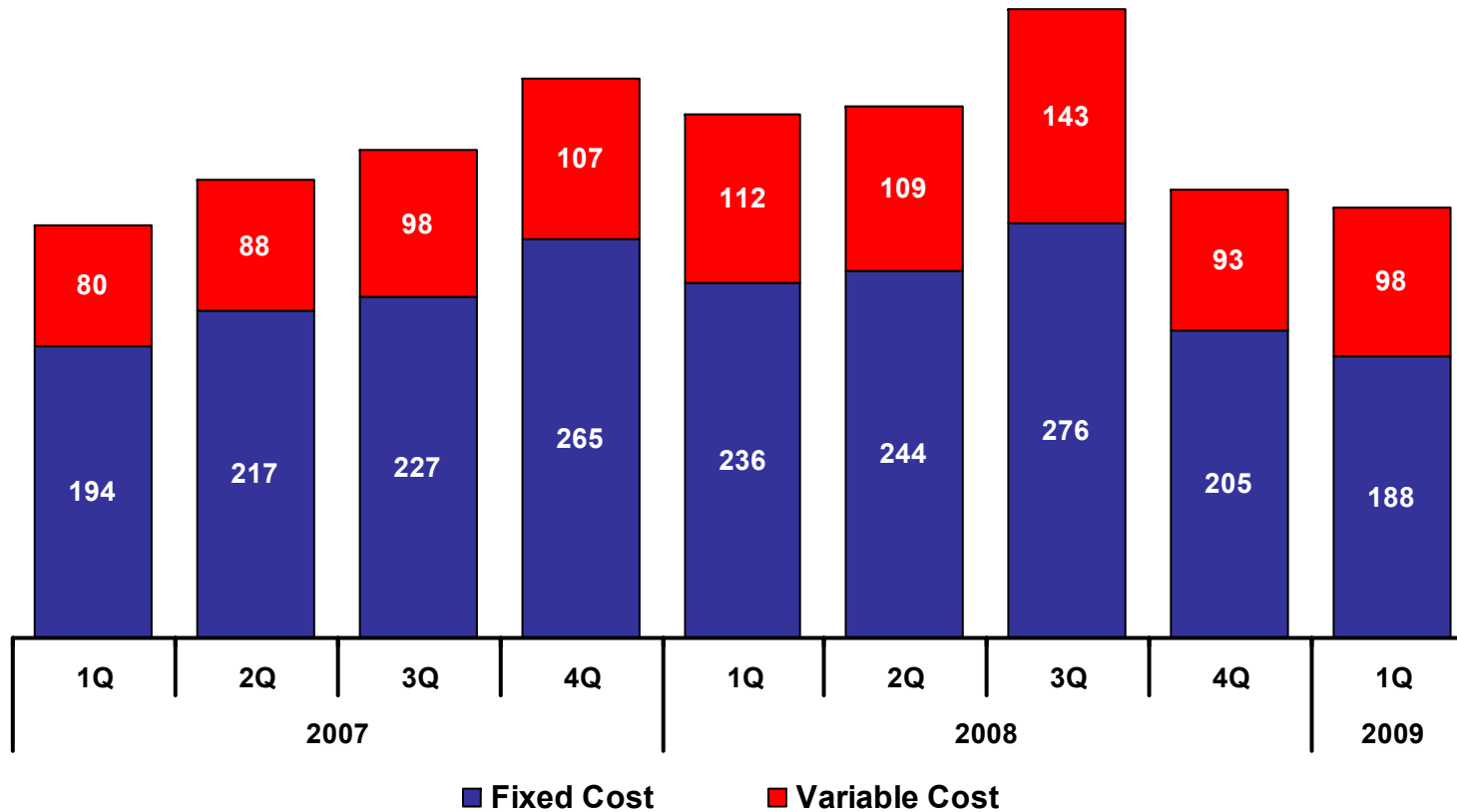
Number of employees decreased by about 10% since 2007, primarily through voluntary redundancies and retirements.

NUMBER OF EMPLOYEES



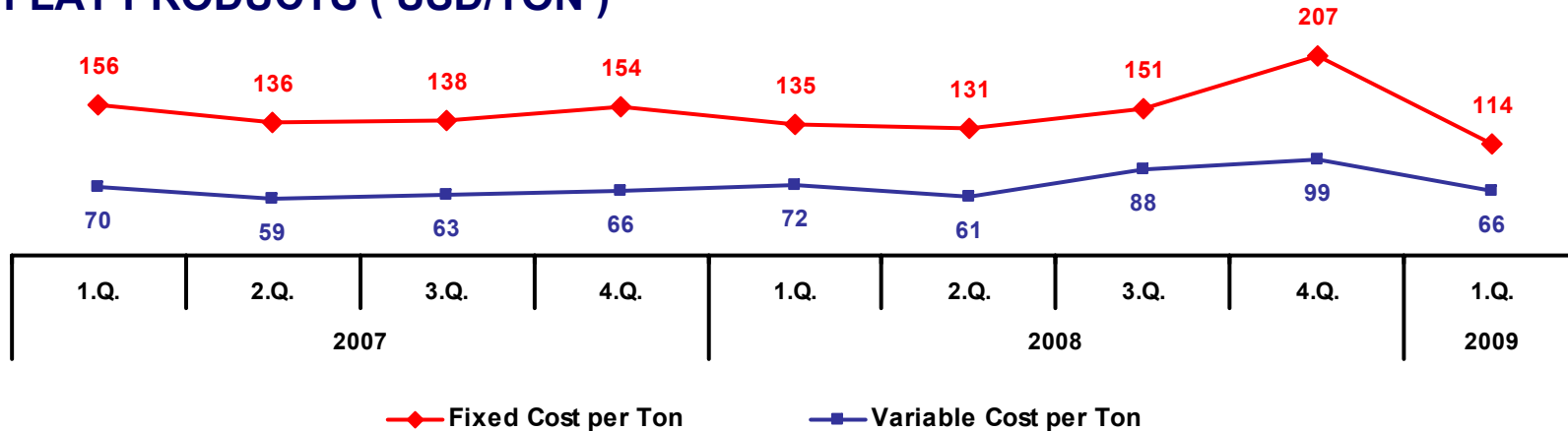
- In March 2008, about 800 persons left the Group through voluntary redundancy program.
- The labor unions and the Group agreed to cut all wages and salaries in several group companies by 35% for a period of 16 months. A total savings of around 350 million TL is expected.

Quarterly fixed costs, excluding raw material charges decreased in the last two quarters and were on average 196 Million USD, while variable costs were 96 Million USD.

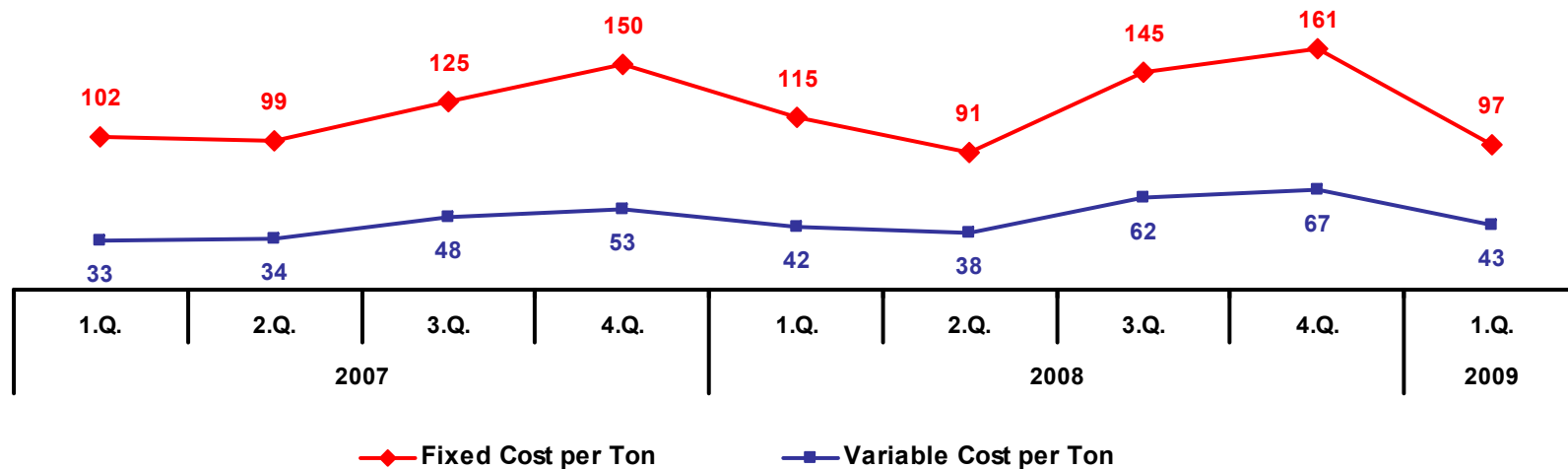


Fixed and variable operating costs, excluding raw material charges decreased in the Q1 2009 primarily due to management gains.

FLAT PRODUCTS (USD/TON)

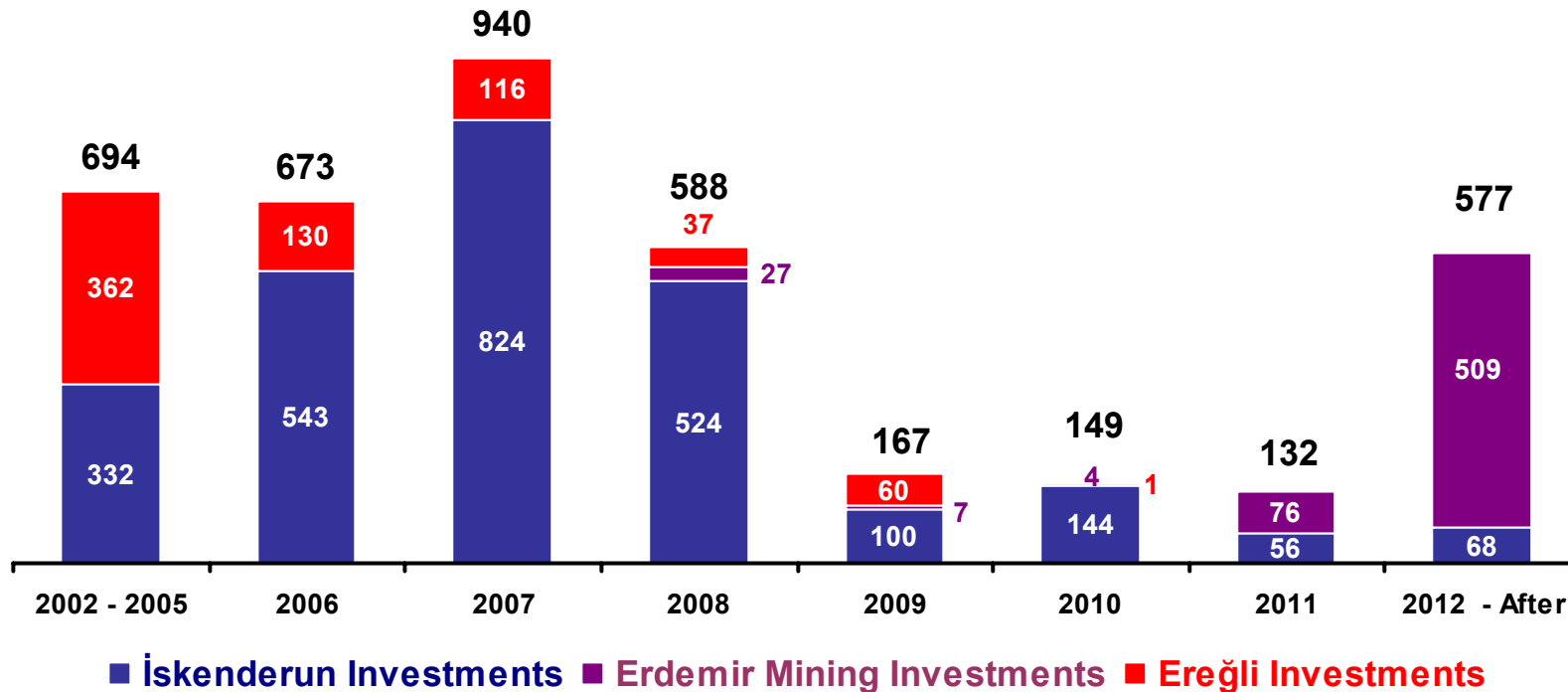


LONG PRODUCTS (USD/TON)



Erdemir Group completed a large portion of its current investment program.

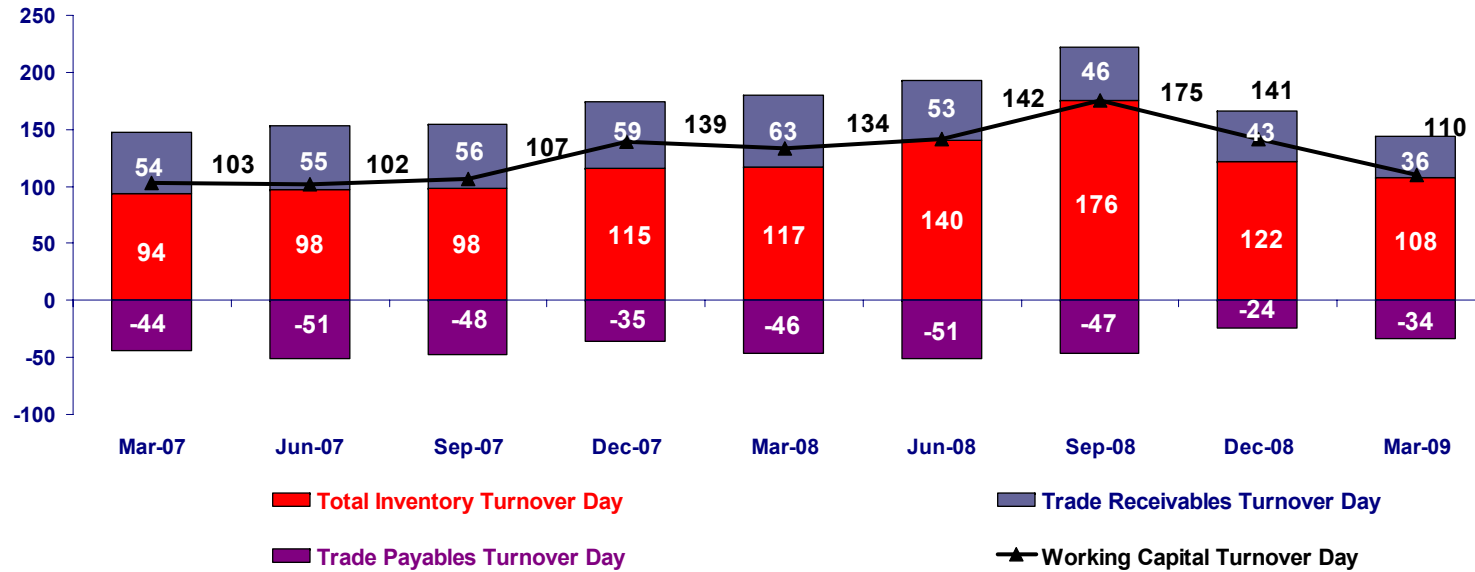
(M USD)



➡ As of March 2009, capital expenditures worth 2.9 billion USD have been completed and 1.0 billion USD yet to be completed.

➡ Erdemir Group completed over 89% of the Board approved investment program as of March 2009.

Shortening of working capital turnover days helped decrease net debt.

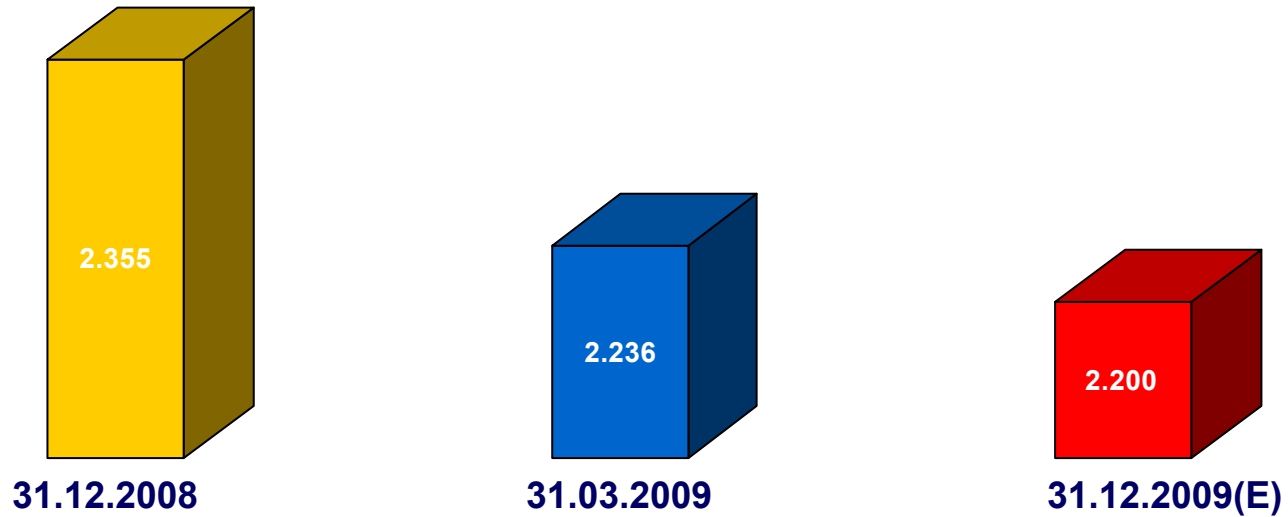


Working capital goals:

- ➡ Final Product Inventory Turnover Date + Receivables Turnover Date <60 days,
- ➡ Raw Material Inventory Turnover Date + Semi-Finished Inventory Turnover Date <100.

Net debt is expected to remain stable.

NET DEBT (MILLION USD)



DEBT COMPOSITION

