



**MINING METALLURGY**  
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# 2019 9 Months Investor Presentation

24.10.2019



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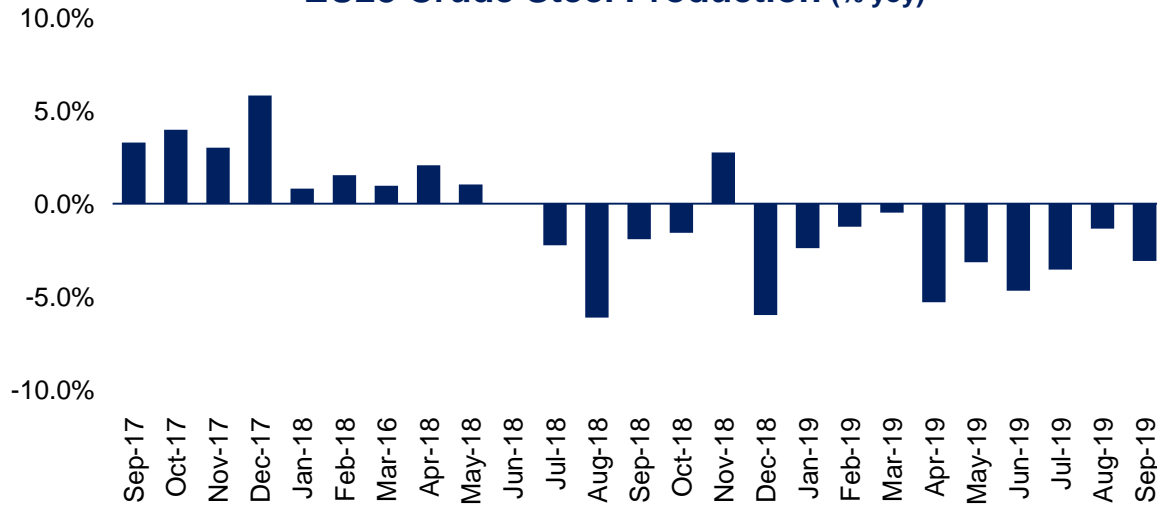
# 2019 Market Overview



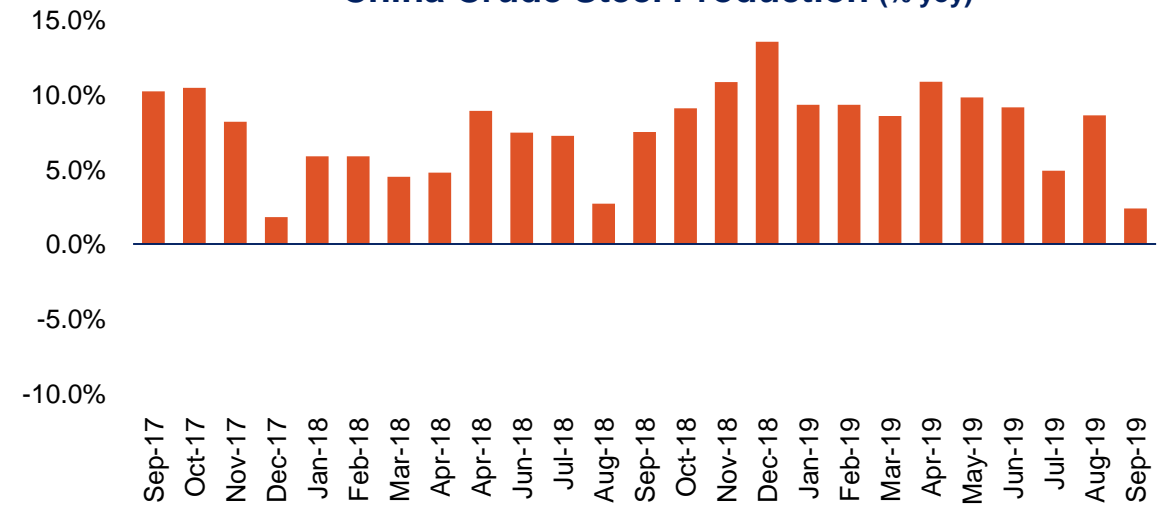
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# Crude Steel Production

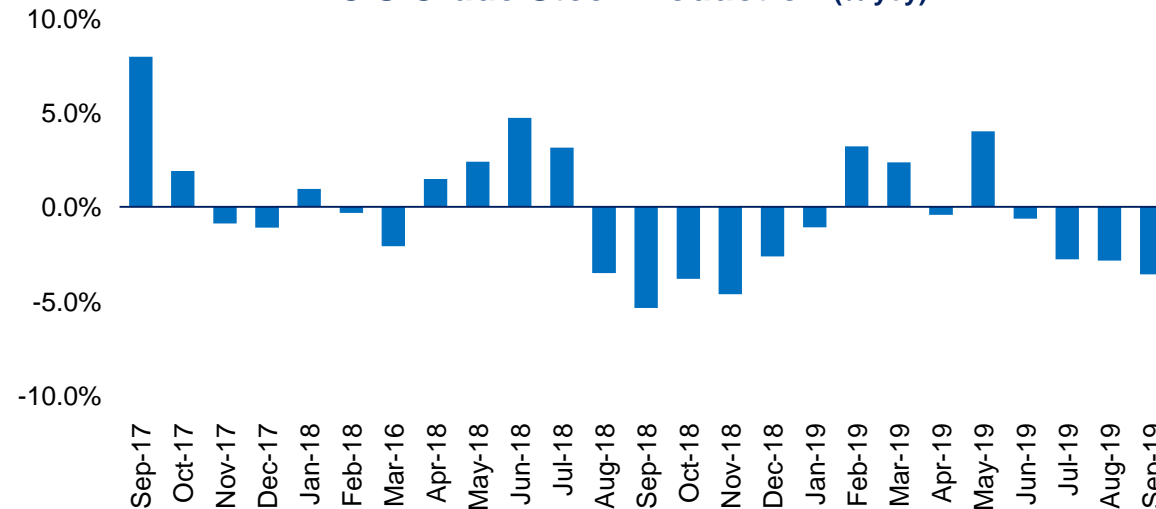
### EU28 Crude Steel Production (% yoy)



### China Crude Steel Production (% yoy)

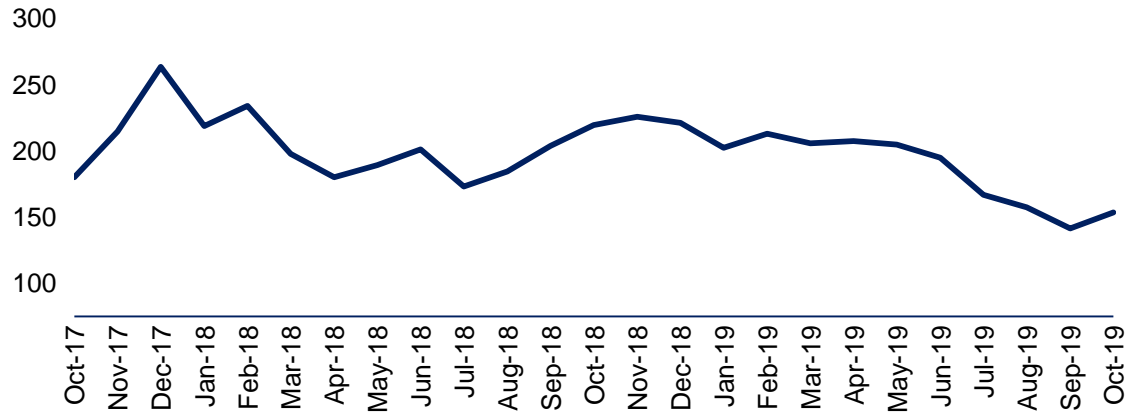


### CIS Crude Steel Production (% yoy)

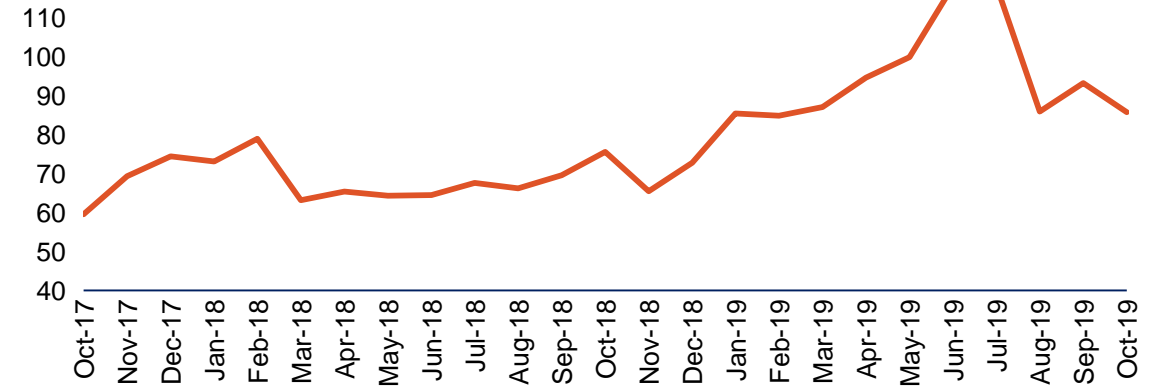


# Coking Coal, Iron Ore & Scrap Prices

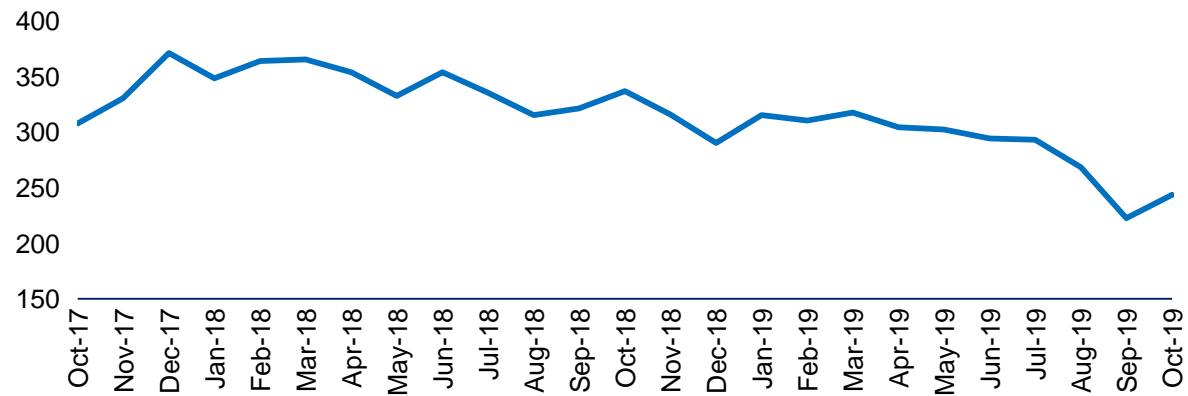
**Coking Coal Prices**  
(HCC Peak Downs Region FOB Australia)



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

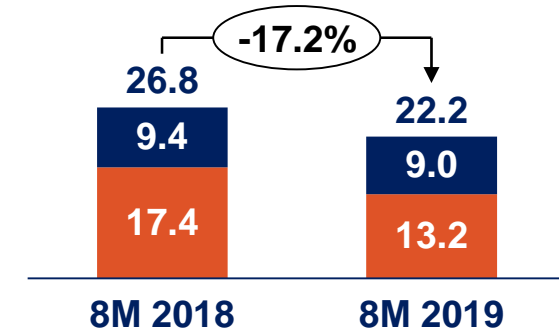
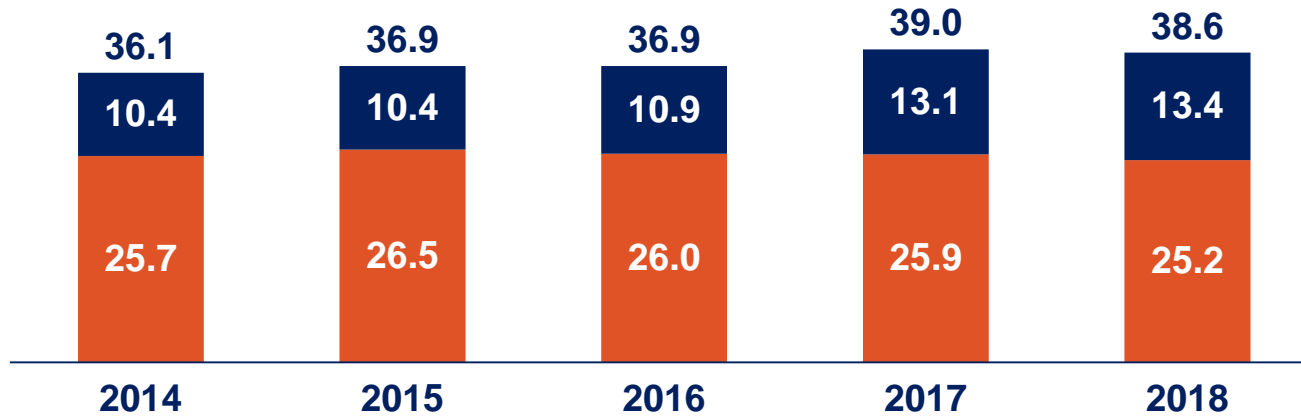


**Scrap Prices**  
(HMS CFR Turkey Mid)

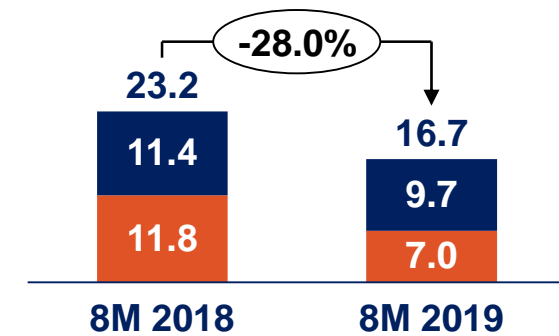
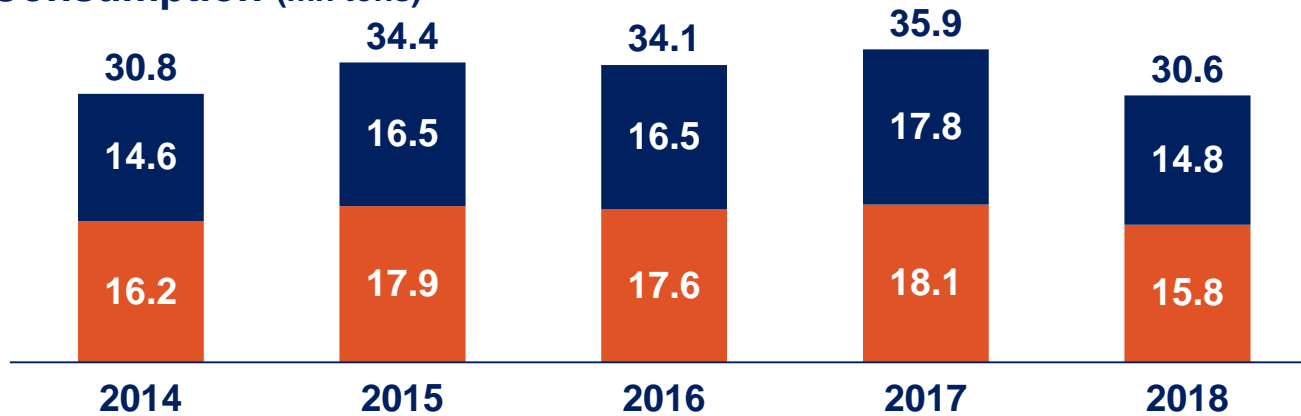


# Turkish Steel Production & Consumption

Production (mn tons)



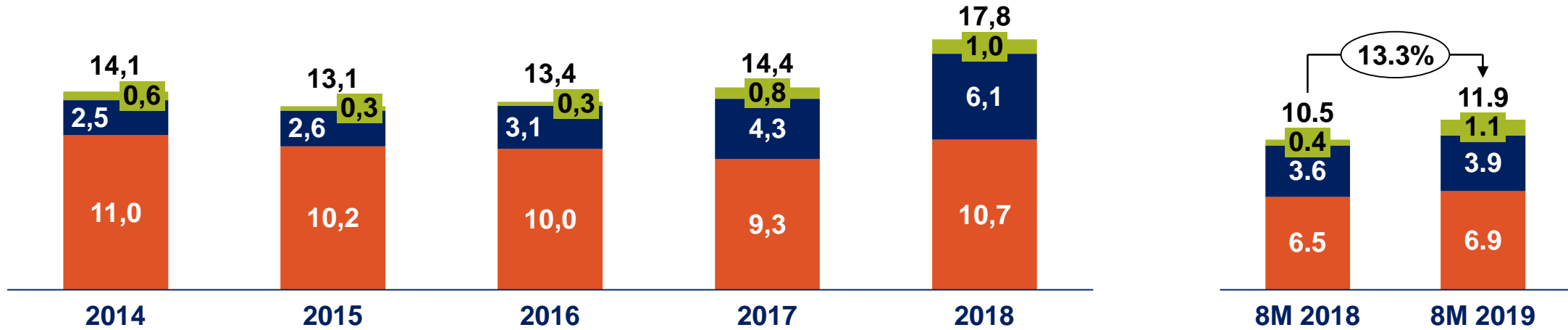
Consumption (mn tons)



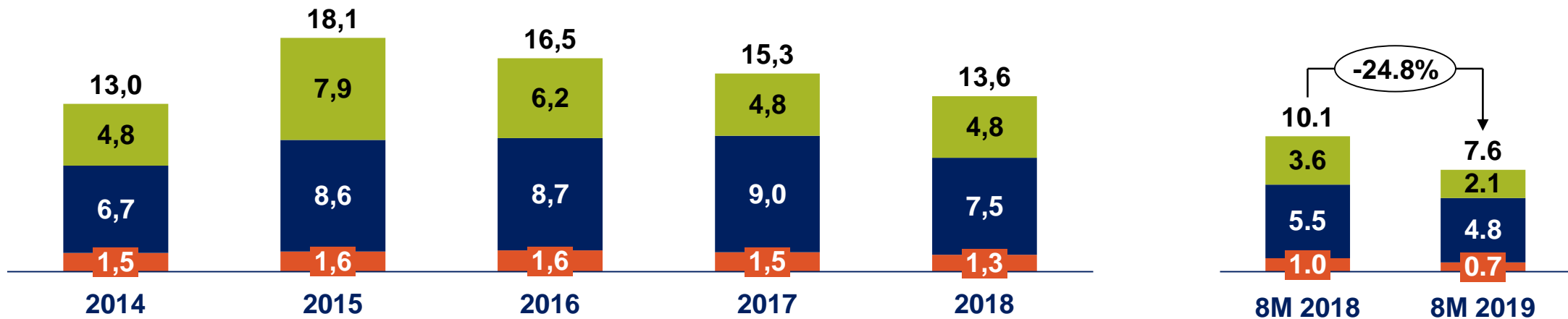
Flat Long

# Turkish Steel Exports & Imports

Exports (mn tons)



Imports (mn tons)



■ Semi-Product (Slab+Billet) 
 ■ Flat Steel 
 ■ Long Steel





## 2019 9M Results

# Operational and Financial Highlights

Operational Highlights	2017	2018	9M 2018	9M 2019	Growth (YoY)
Liquid Steel Production (000 tons)	9,392	<b>9,322</b>	6,949	<b>6,583</b>	-5.3%
Flat Steel Production* (000 tons)	7,713	<b>7,743</b>	5,887	<b>5,568</b>	-5.4%
Long Steel Production (000 tons)	1,328	<b>980</b>	684	<b>757</b>	10.7%
Flat Steel Shipments (000 tons)	7,594	<b>7,482</b>	5,591	<b>5,471</b>	-2.1%
Long Steel Shipments (000 tons)	1,364	<b>919</b>	656	<b>780</b>	18.9%

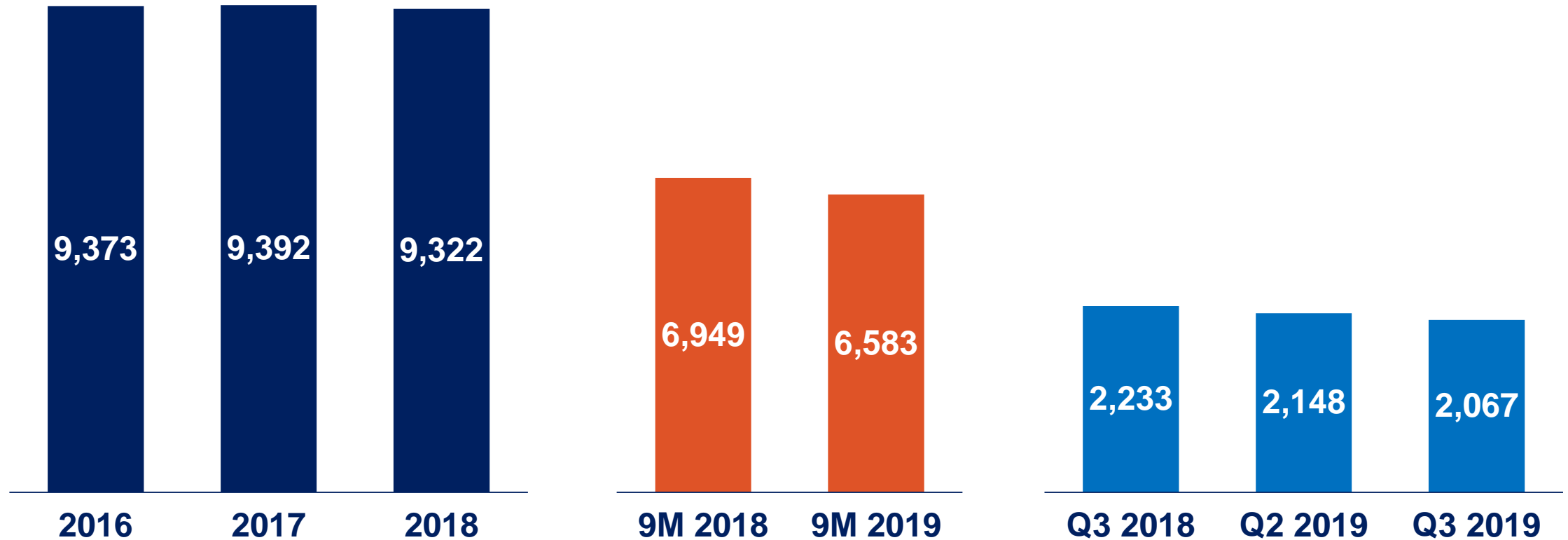
Financial Highlights	2017	2018	9M 2018	9M 2019	Growth (YoY)
Net Sales Revenue (USD mn)	5,140	<b>5,598</b>	<b>4,225</b>	<b>3,731</b>	-11.7%
EBITDA (USD mn)	1,496	<b>1,720</b>	<b>1,364</b>	<b>844</b>	-38.1%
Net Profit** (USD mn)	1,030	<b>1,160</b>	<b>852</b>	<b>549</b>	-35.6%

*All figures are on IFRS consolidated basis unless stated otherwise.*

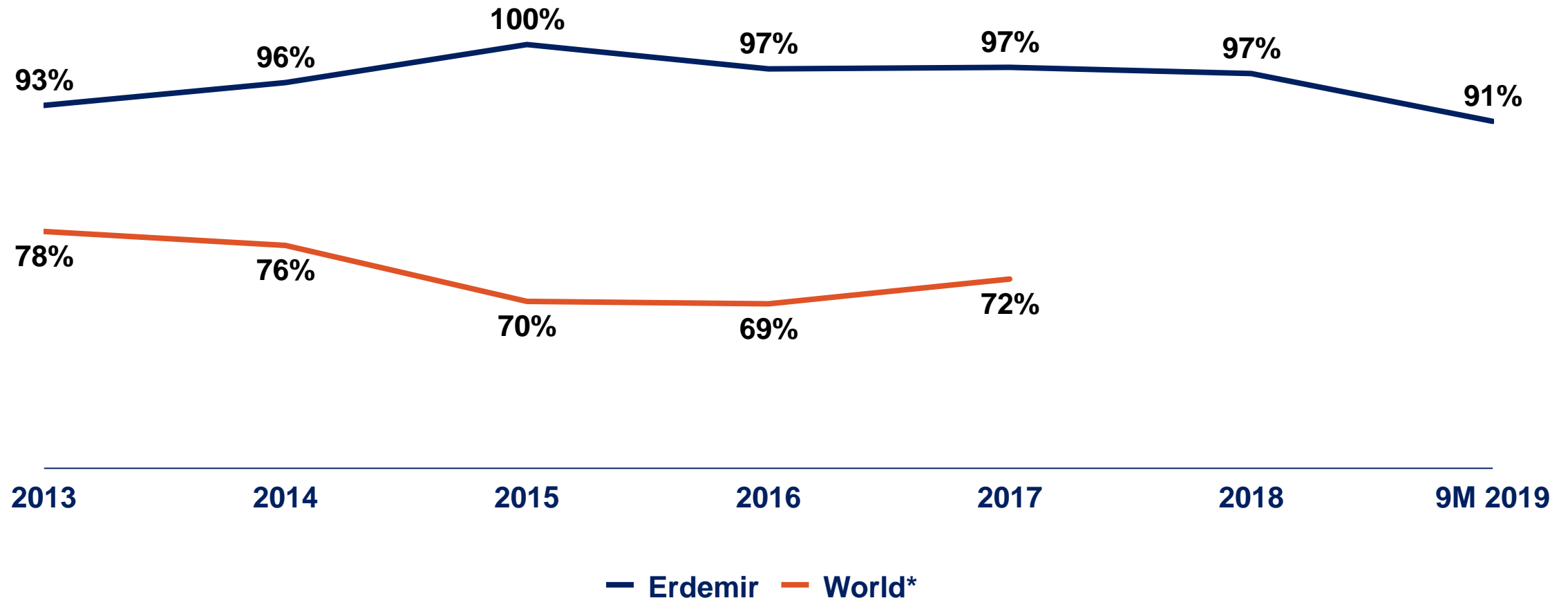
*(\*) Total flat steel production of Ereğli and İskenderun Plants.*

*(\*\*) It demonstrates Net Profit of Equity Holders of the Parent.*

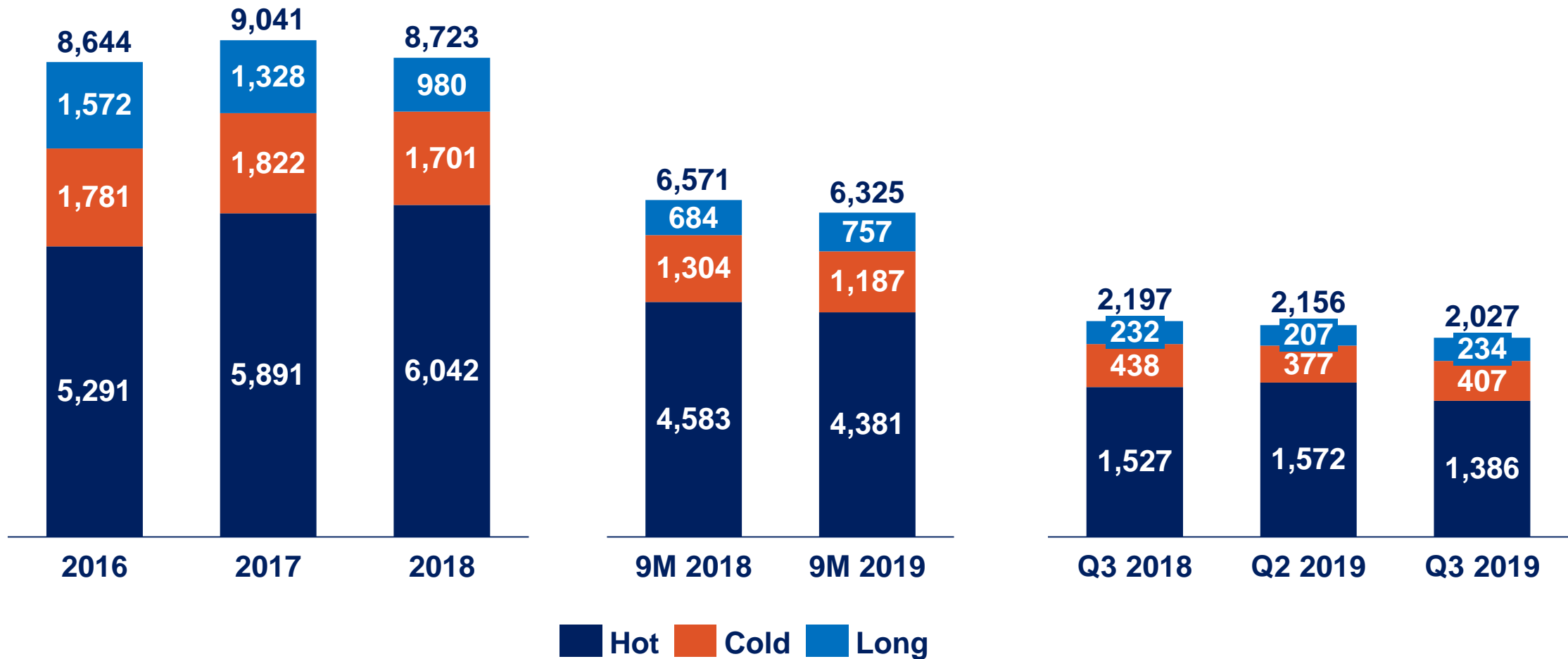
# Liquid Steel Production (000 tons)



# Crude Steel Capacity Utilization Ratio

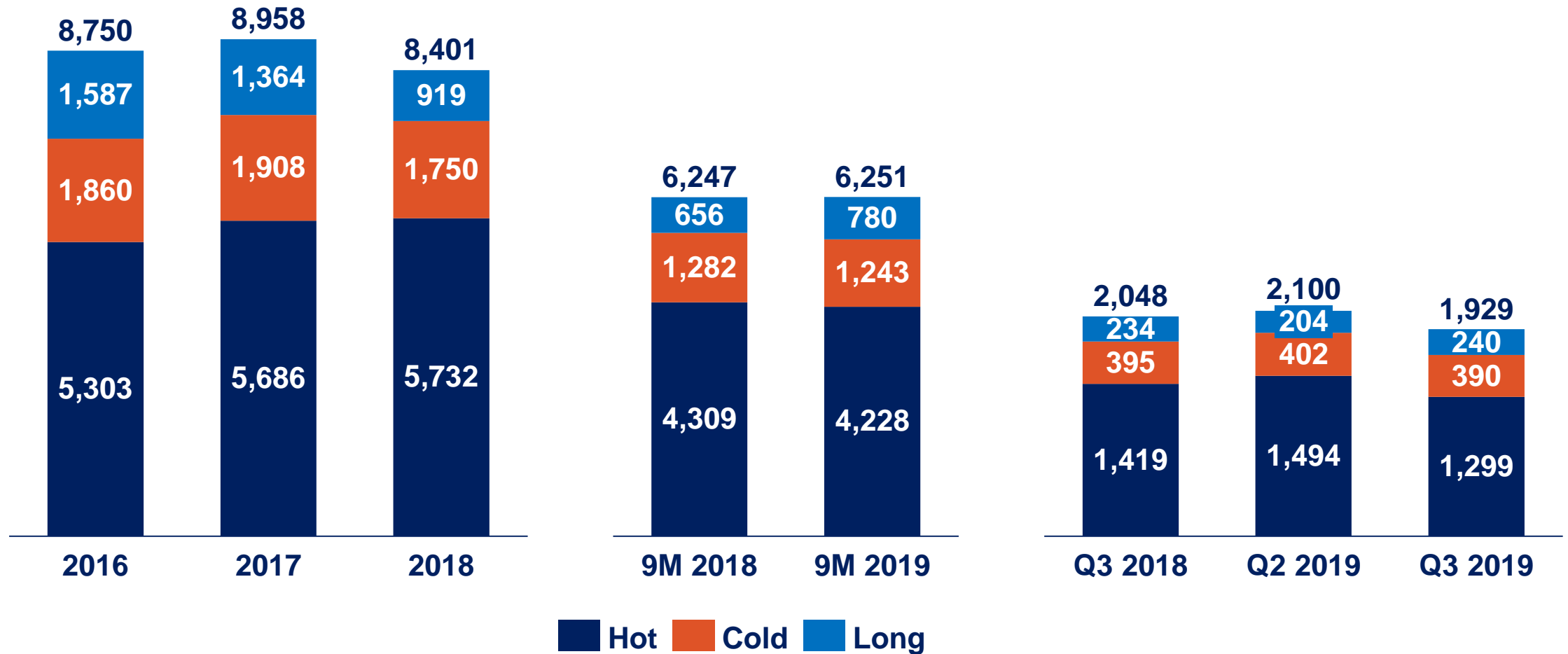


# Production (000 tons)

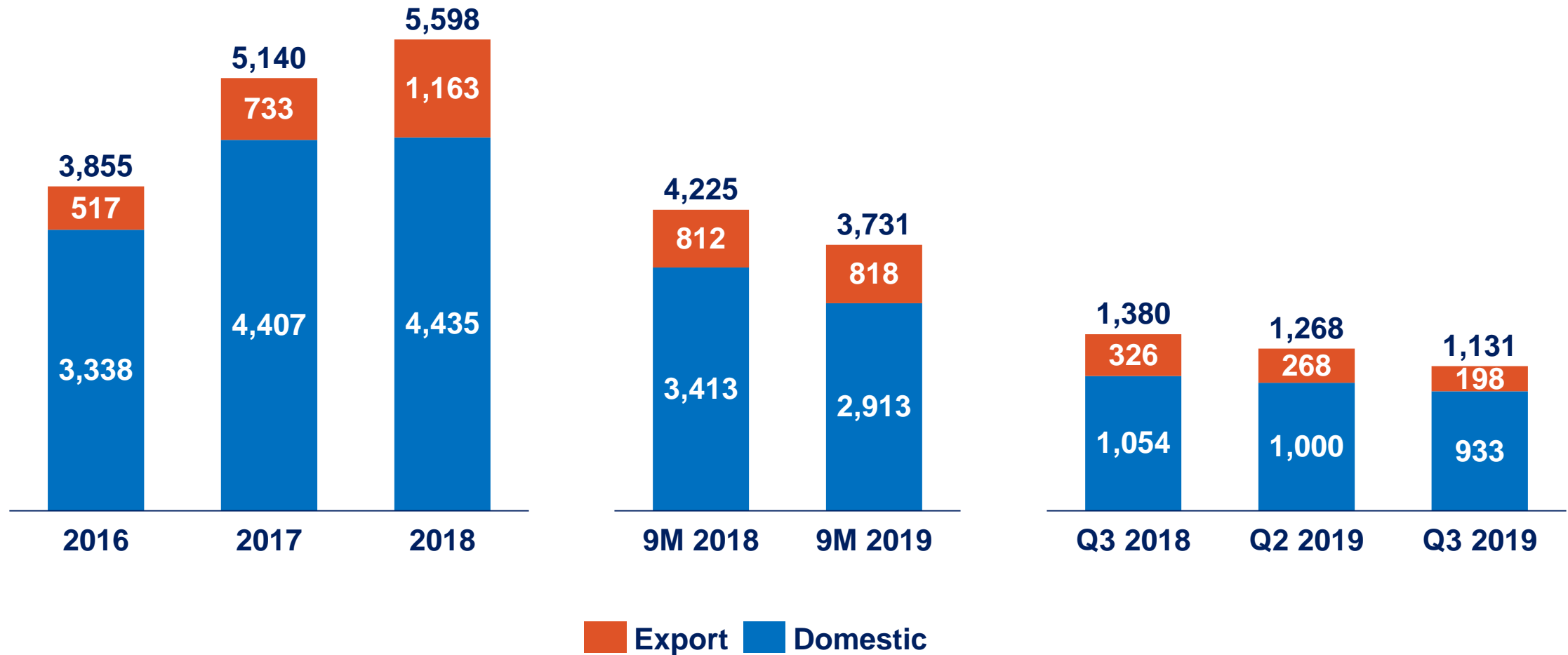


Hot
  Cold
  Long

# Sales Volume (000 tons)

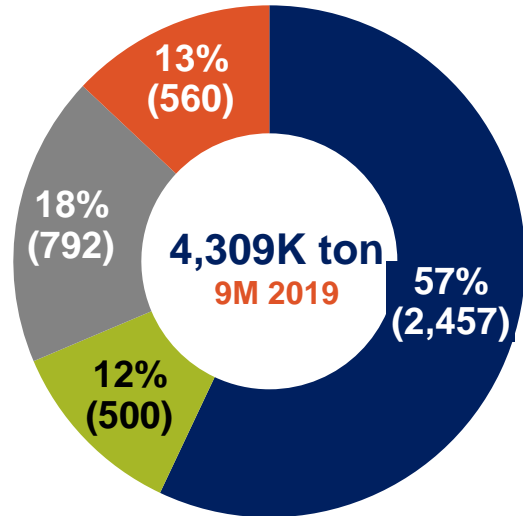


# Net Sales Revenue (USD mn)

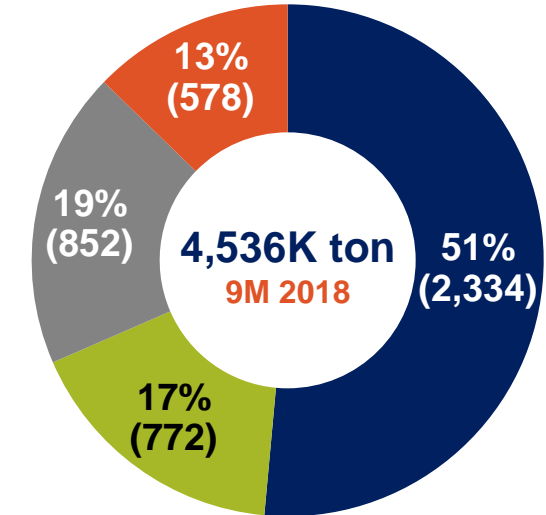


# Flat & Long Steel Domestic Sales Breakdown

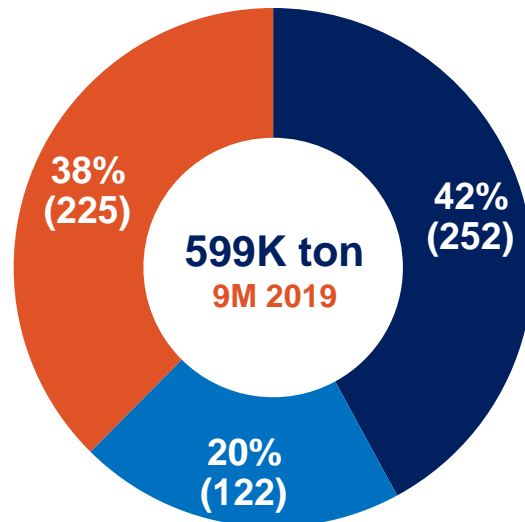
## Flat Steel Domestic Sales



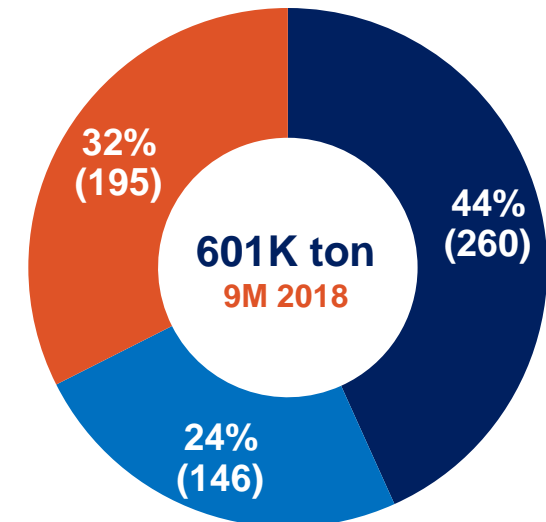
- Pipe&Profile and Rolling
- Distribution Chains
- General Manufacturing Industry
- Automotive



## Long Steel Domestic Sales



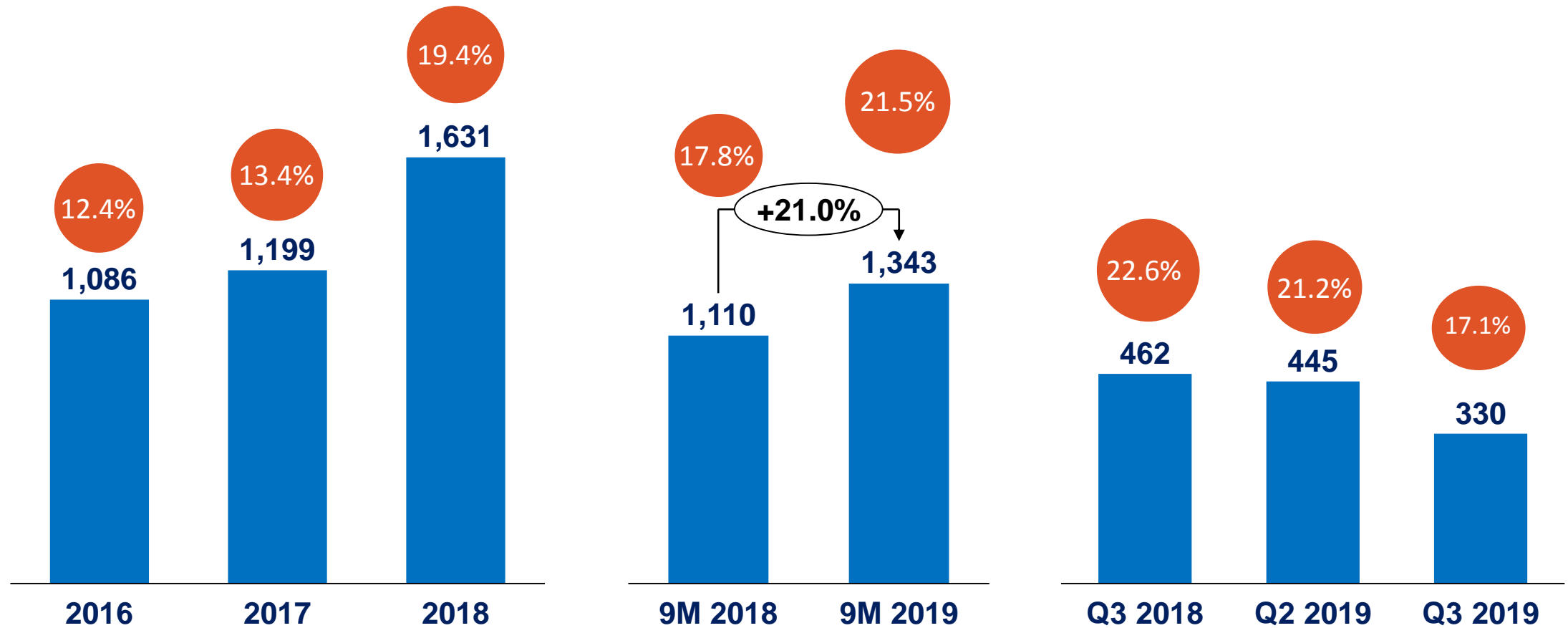
- Rebar and Profile Producers
- General Manufacturing Industry
- High Carbon and Special Qualities





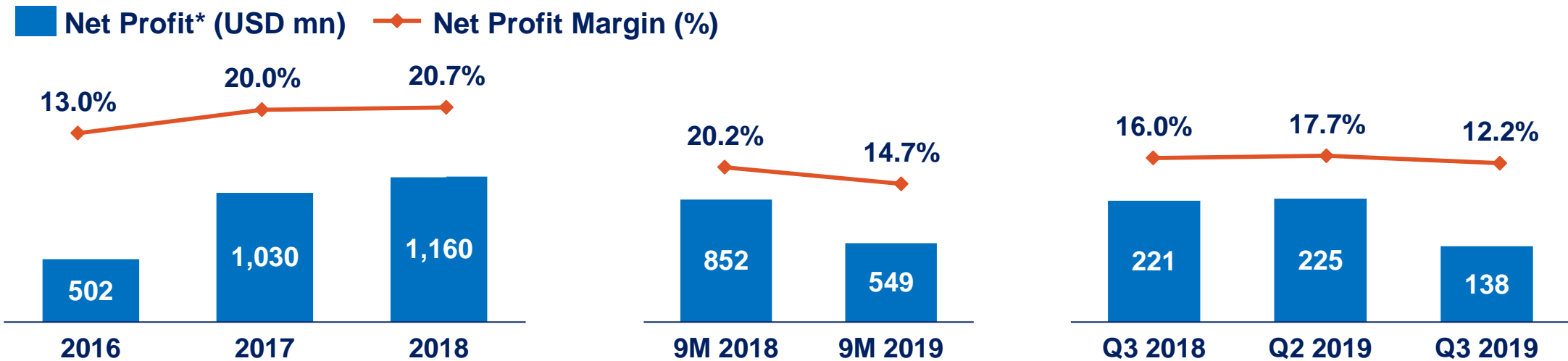
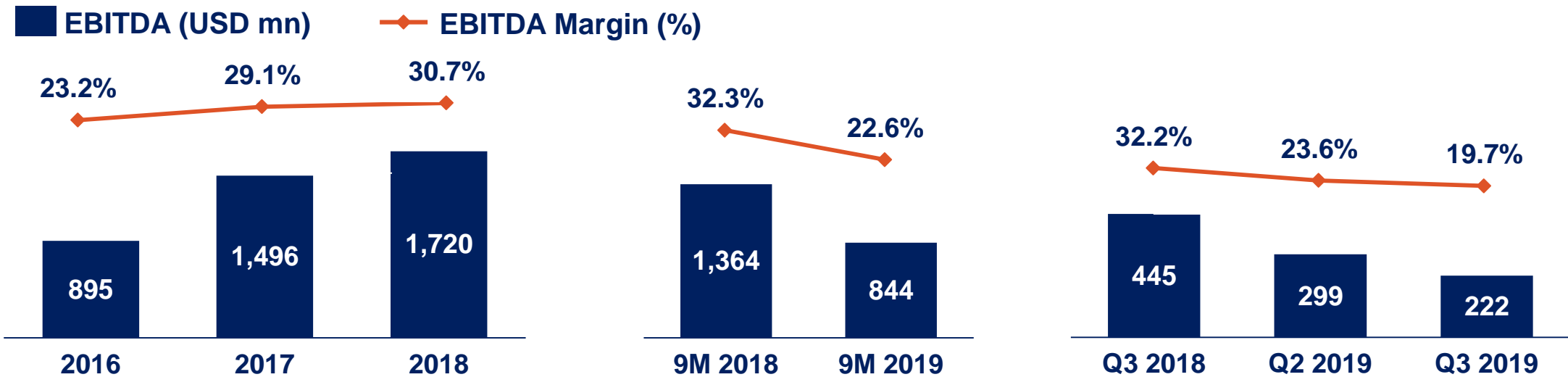
# Export Volume (000 tons)

Total export volume increased by 21.0% YoY in 9M 2019.

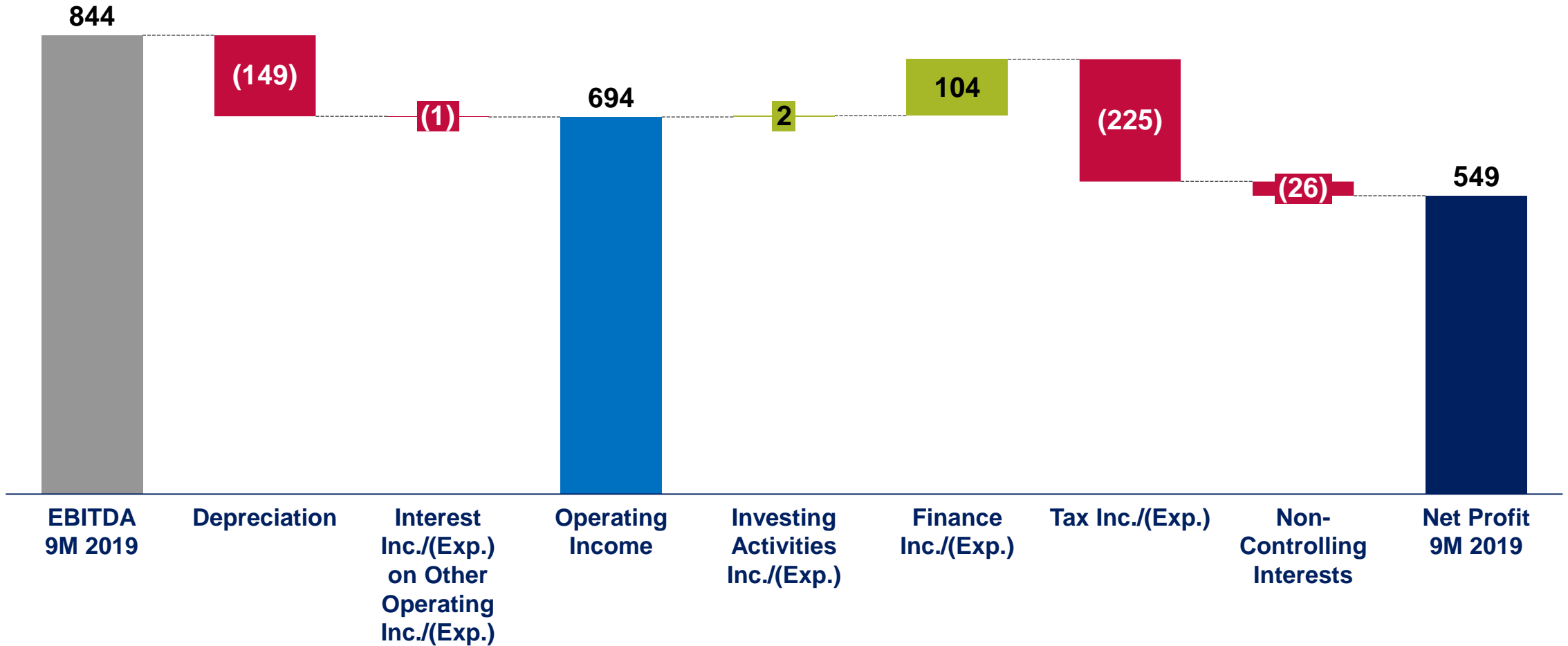


■ Export    ● Share in Total Sales

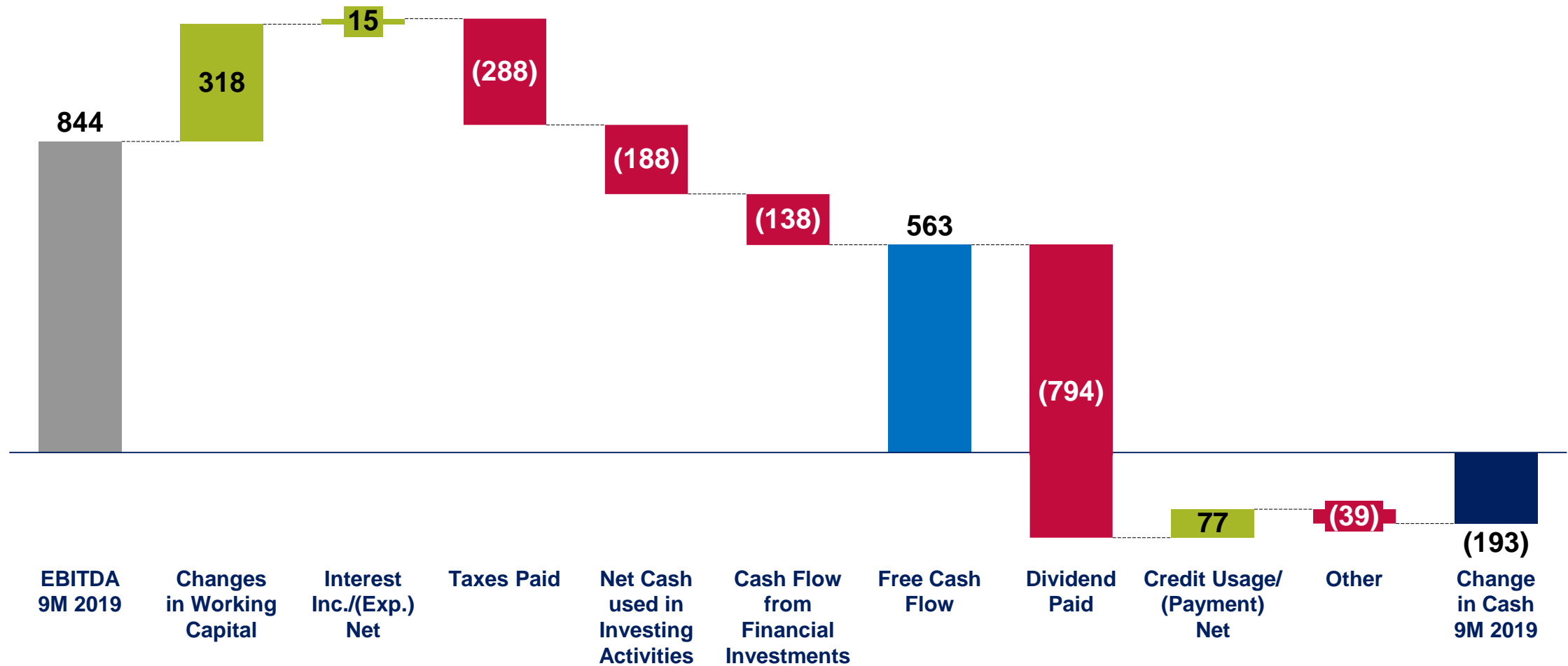
# EBITDA & Net Profit



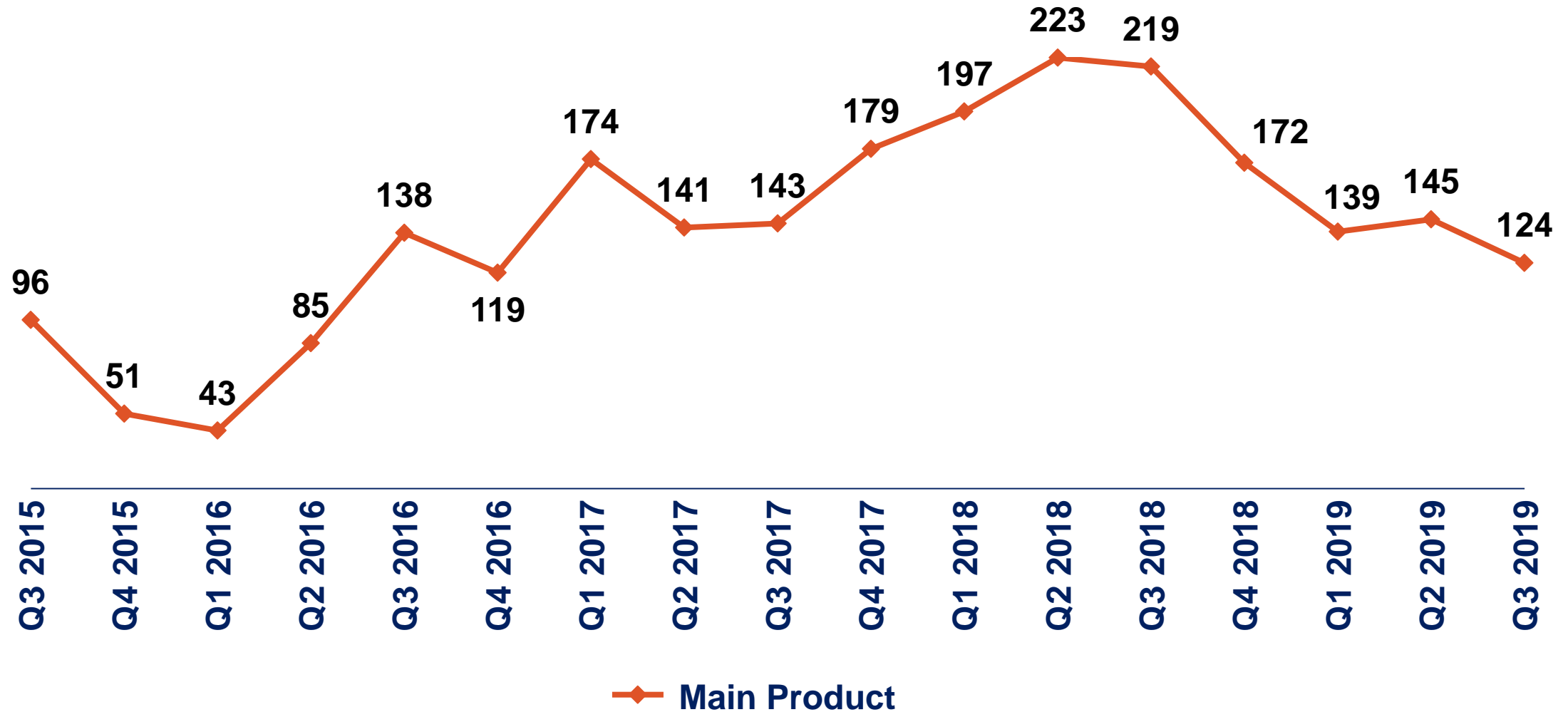
# EBITDA → Net Profit



# EBITDA ➔ Net Cash



# EBITDA per Ton\* (USD/ton)

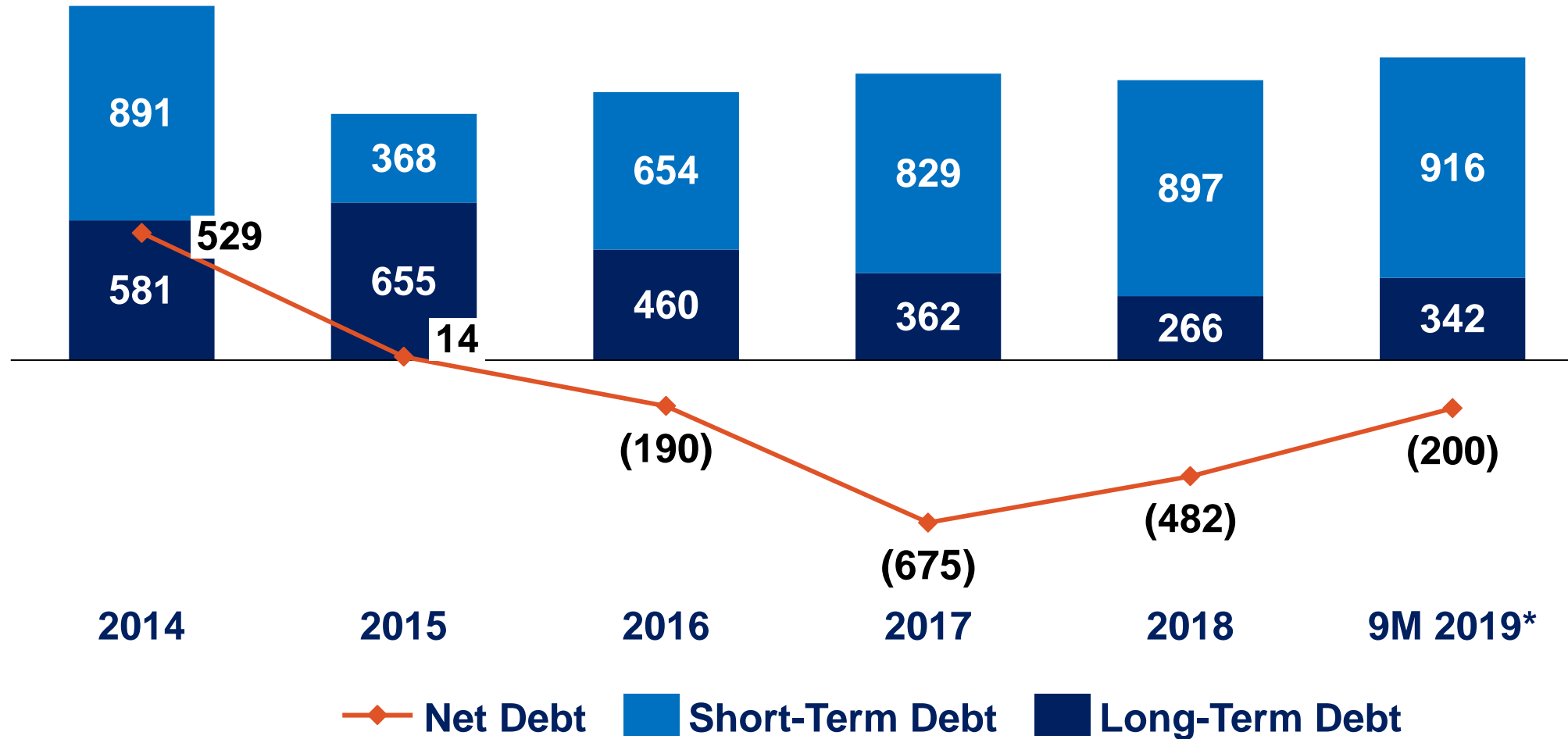


# Financial Figures

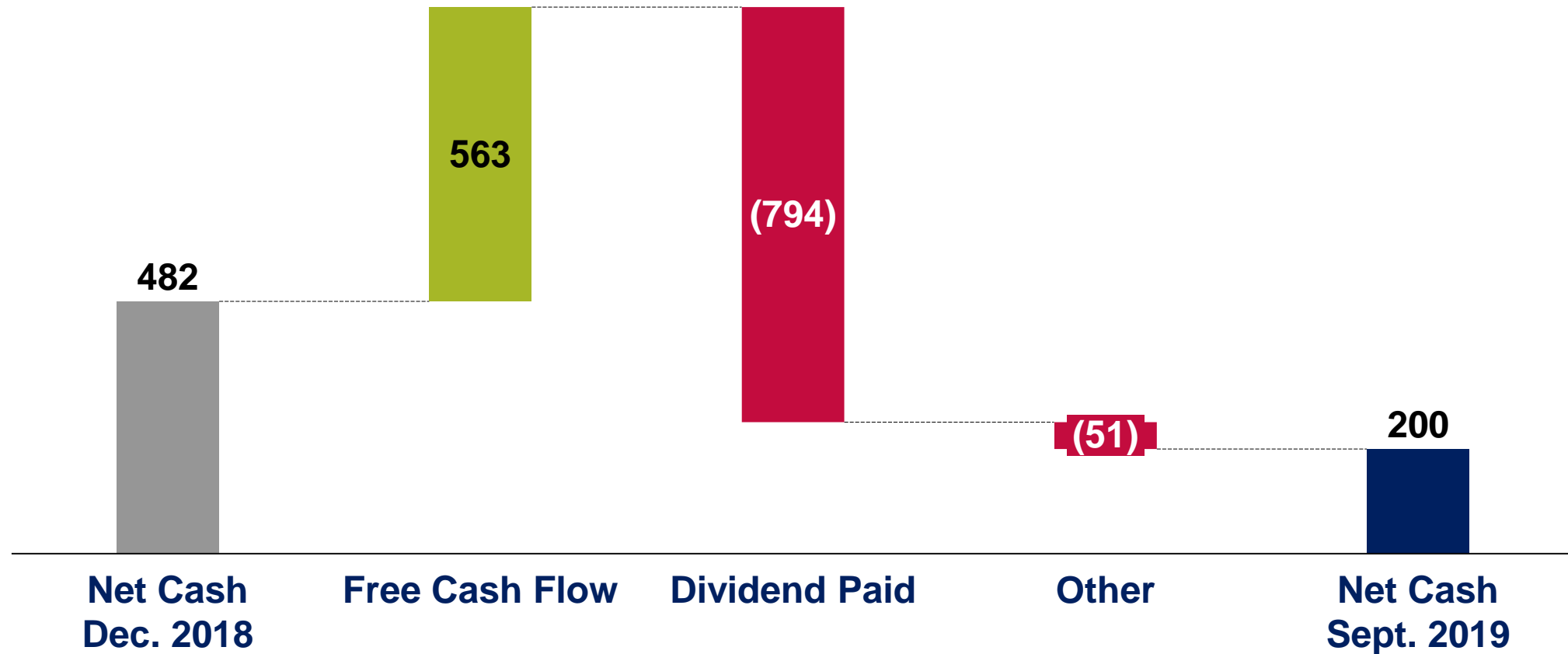
Consolidated Net Assets (USD mn)	31.12.2018	30.09.2019	Growth (YoY)
Cash Equivalents and Financial Investments	1,646	<b>1,609</b>	-2%
Working Capital	2,219	<b>1,901</b>	-14%
Tangible and Intangible Assets	3,533	<b>3,503</b>	-1%
Financial Liabilities	(1,163)	<b>(1,299)</b>	12%
Provisions and Other	(674)	<b>(481)</b>	-29%
<b>Net Assets</b>	<b>5,561</b>	<b>5,233</b>	<b>-6%</b>

Working Capital (USD mn)	31.12.2018	30.09.2019	Growth (YoY)
Trade Receivables	837	<b>587</b>	-30%
Inventories	1,690	<b>1,637</b>	-3%
Trade Payables	(368)	<b>(398)</b>	8%
Other	60	<b>75</b>	25%
<b>Working Capital</b>	<b>2,219</b>	<b>1,901</b>	<b>-14%</b>

# Financial Borrowings (USD mn)

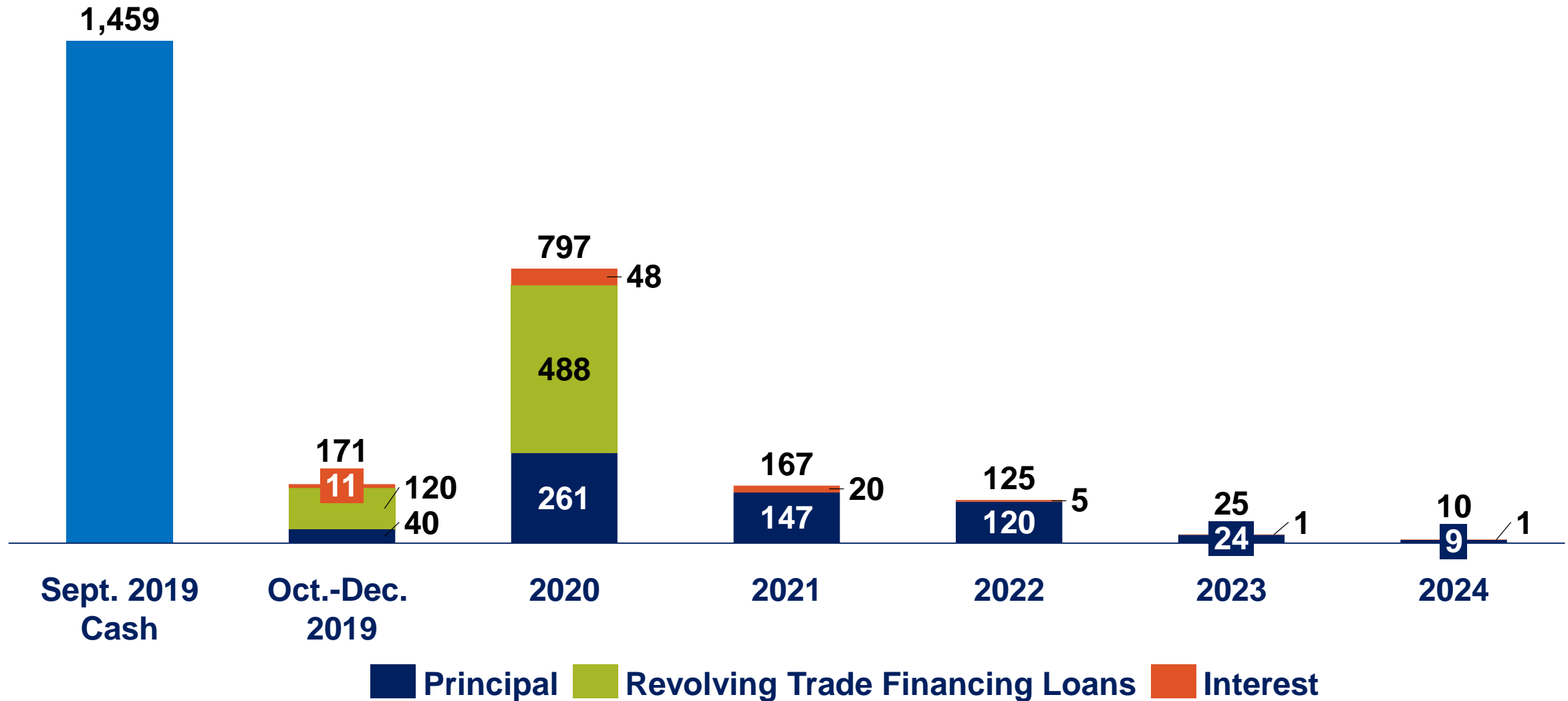


# Net Debt (USD mn)

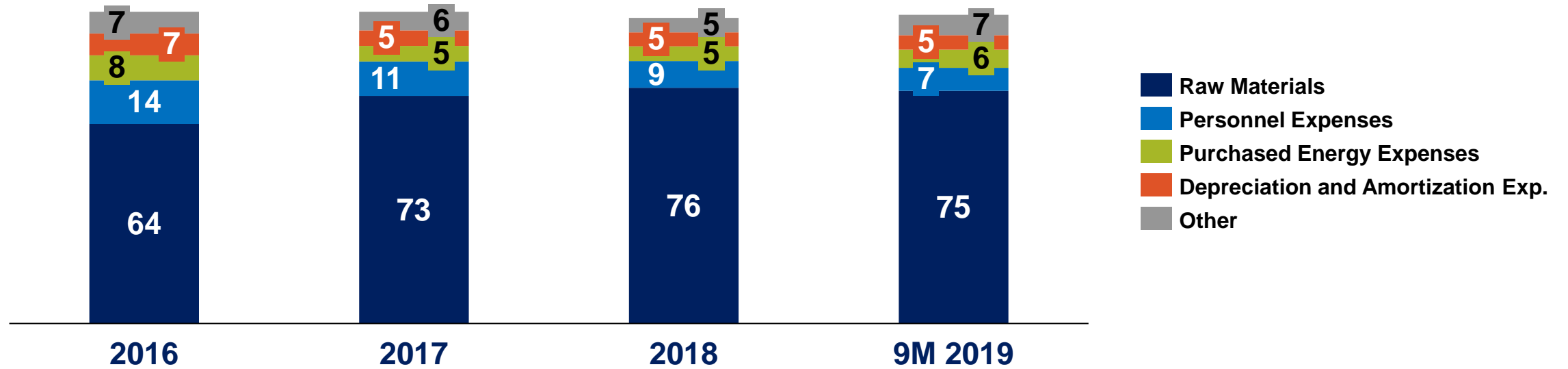




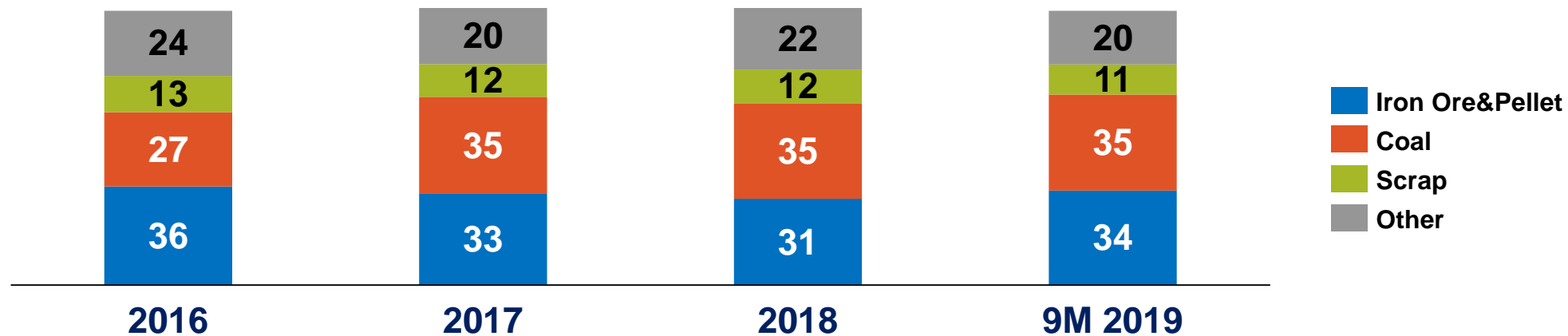
# Borrowings Maturity Profile (USD mn)



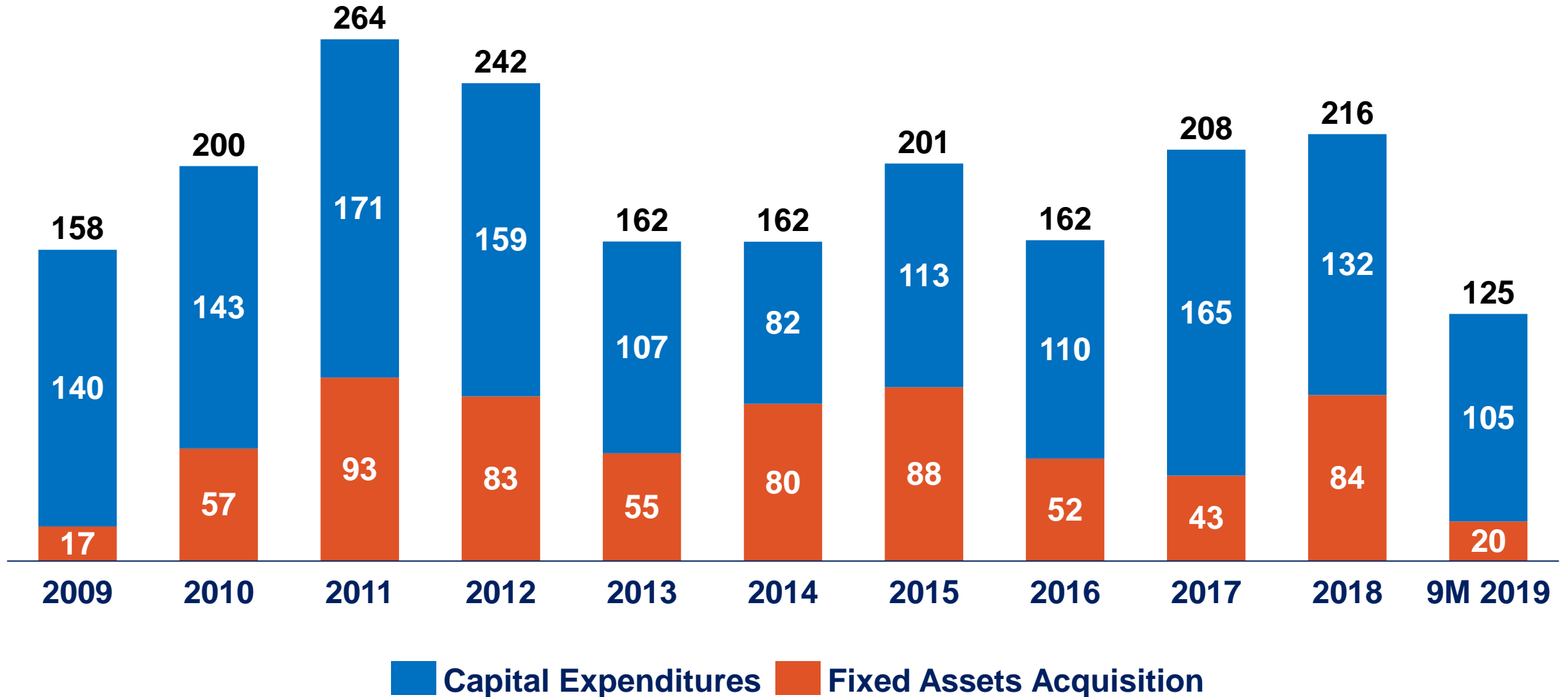
# Cost of Sales Breakdown\* (%)



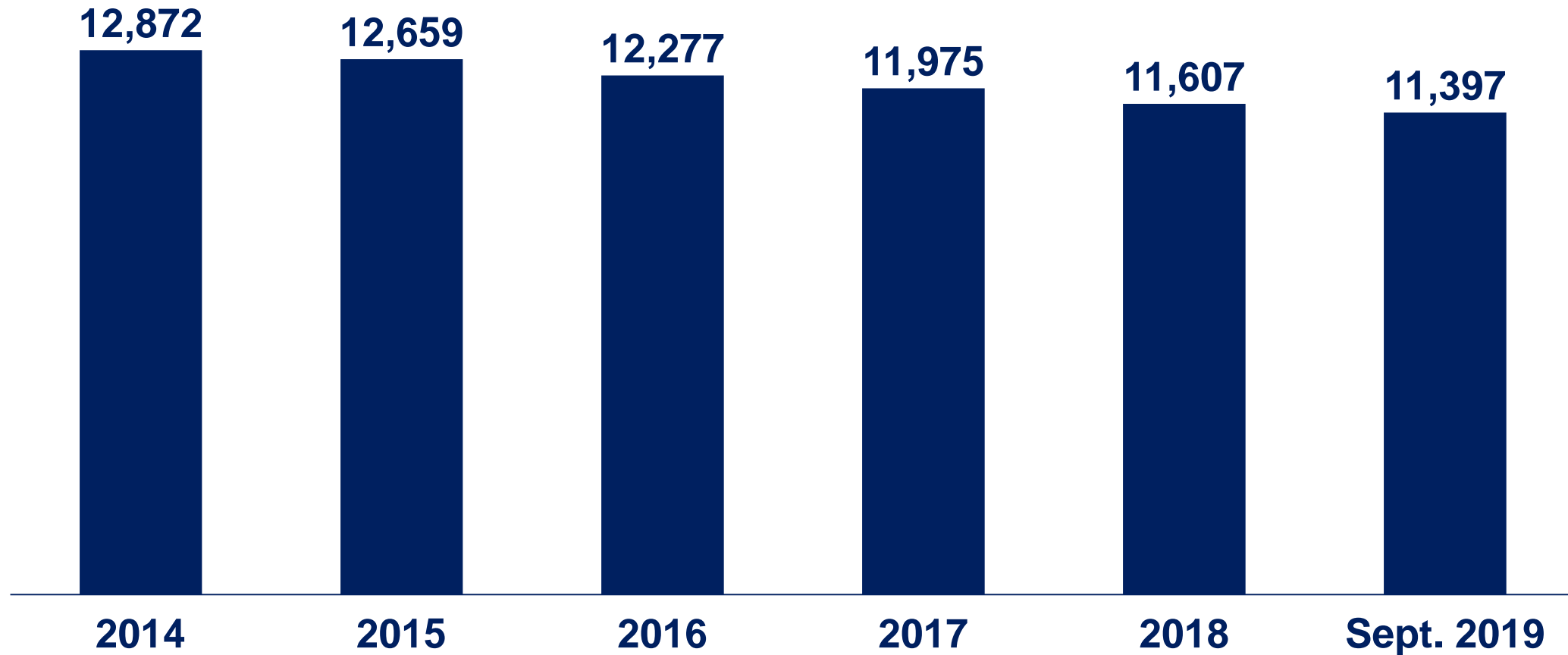
## Raw Materials Breakdown (%)



# Capital Expenditures (USD mn)



# Number of Employees



# Appendix – EBITDA Detail

	Note	01.01.2019- 30.09.2019 (Thousand USD)	01.01.2019- 30.09.2019 (Thousand TRY)
Presentation Currency Translation	2.1		5.6311
<b>Operating Profit</b>		<b>694,101</b>	<b>3,908,553</b>
<b>Depreciation and Amortisation Expenses</b>		<b>149,058</b>	<b>839,358</b>
Cost of Sales	14	136,908	770,943
Marketing Expenses	15	5,531	31,147
General Administrative Expenses	15	5,644	31,776
Research and Development Expenses	6	975	5,492
<b>POA Classification</b>		<b>1,230</b>	<b>6,929</b>
Interest Income for Overdue Receivables	15	(940)	(5,292)
Rediscount Expenses	15	(32)	(183)
Interest Expense for Purchase Contracts with Maturities	15	2,202	12,404
		<b>844,389</b>	<b>4,754,840</b>



## Erdemir Investor Relations

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