

Erdemir Group 2014 9 Months Consolidated Financial Results



28 October 2014



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Agenda



2014 Market Overview



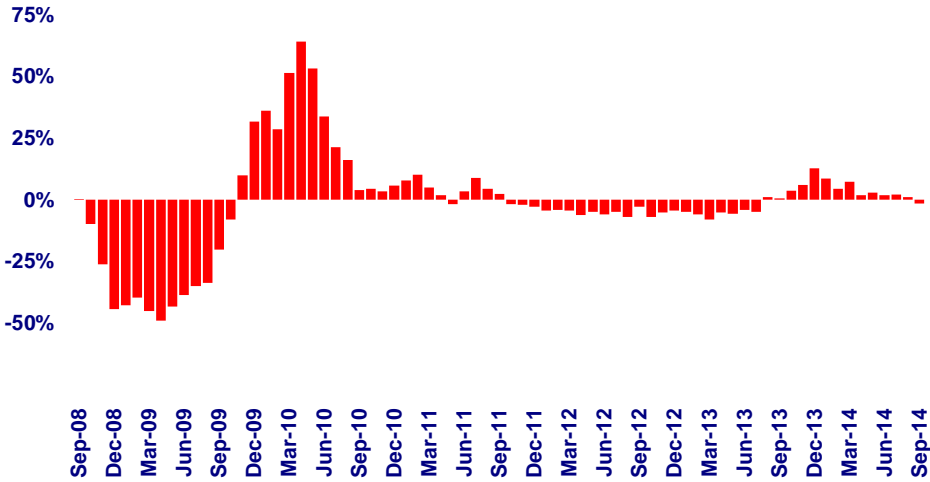
2014 9M Results



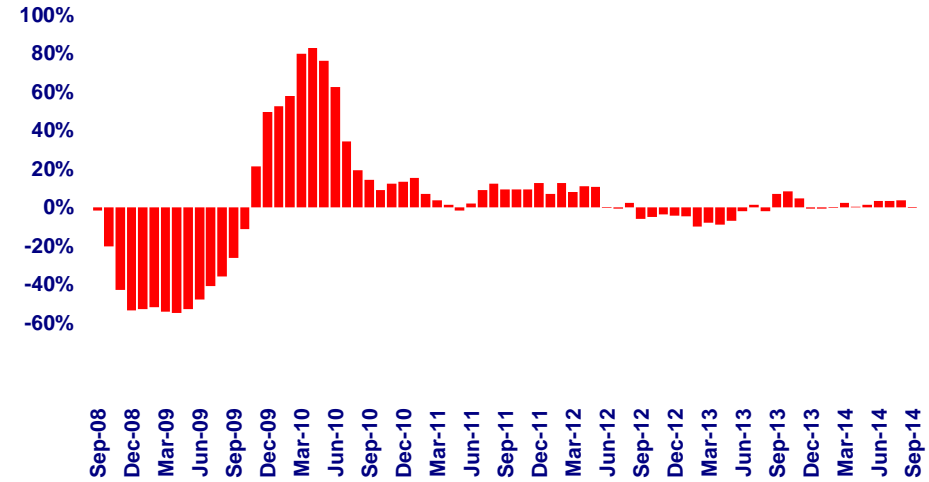
2014 Guidance



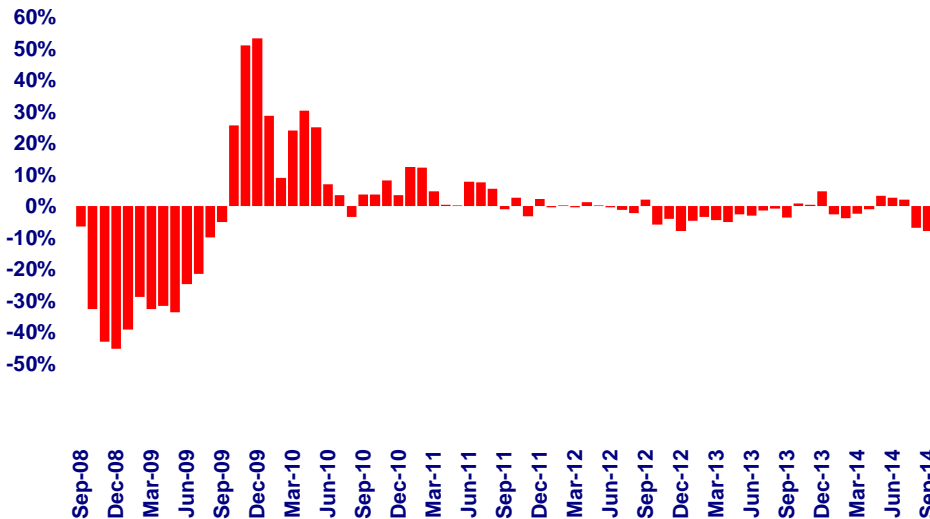
EU28 CRUDE STEEL PRODUCTION (YoY %)*



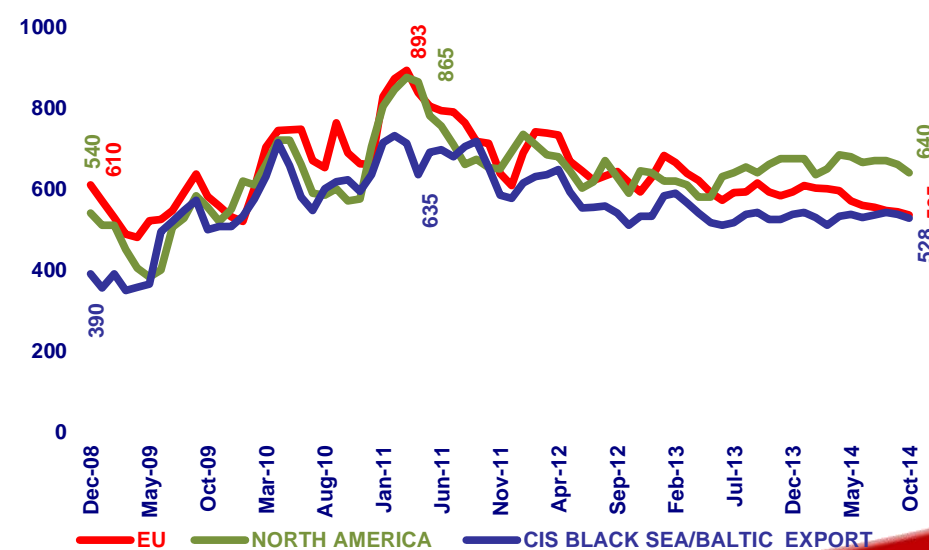
USA CRUDE STEEL PRODUCTION (YoY %)*



CIS CRUDE STEEL PRODUCTION (YoY %) *



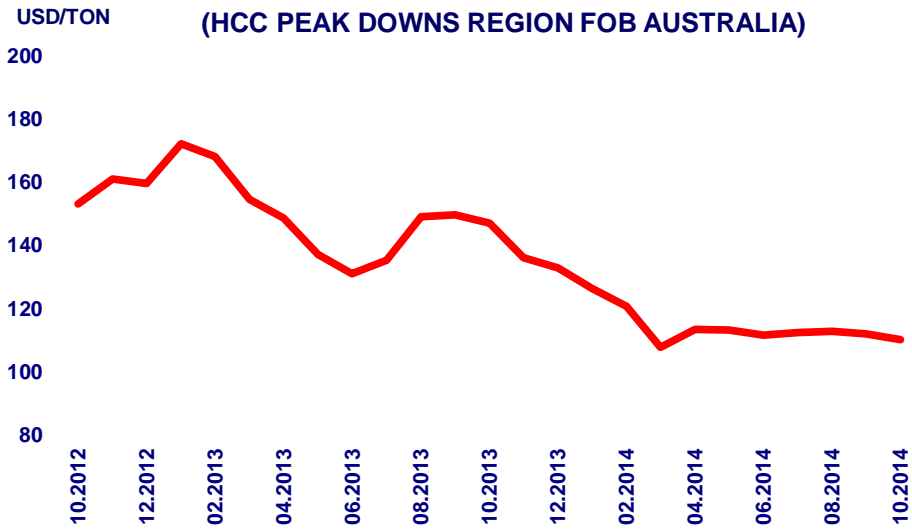
HRC PRICES (USD/TON)**



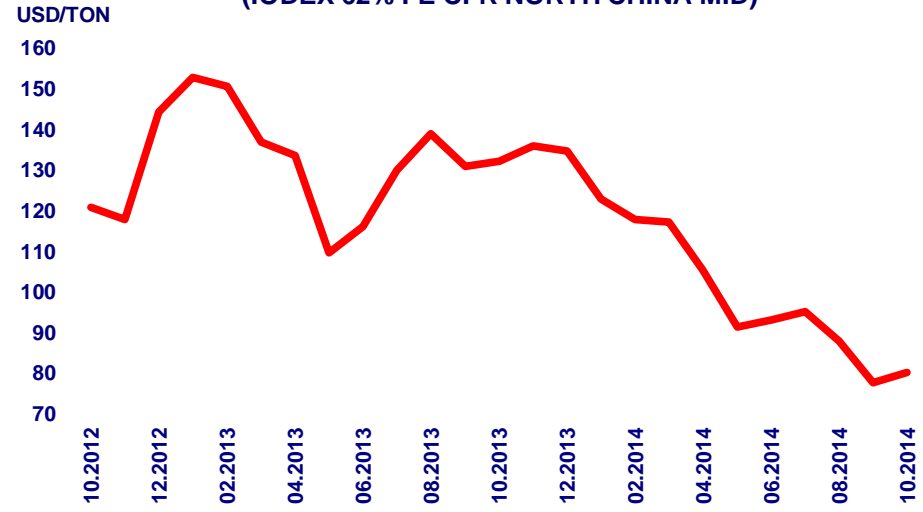
Iron ore price was 80 USD/ton at the end of October



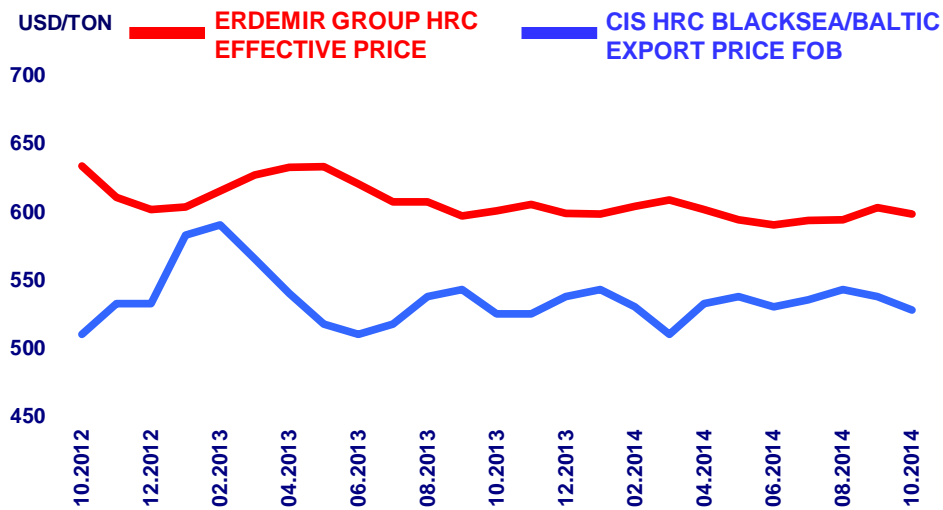
COKING COAL PRICES
(HCC PEAK DOWNS REGION FOB AUSTRALIA)



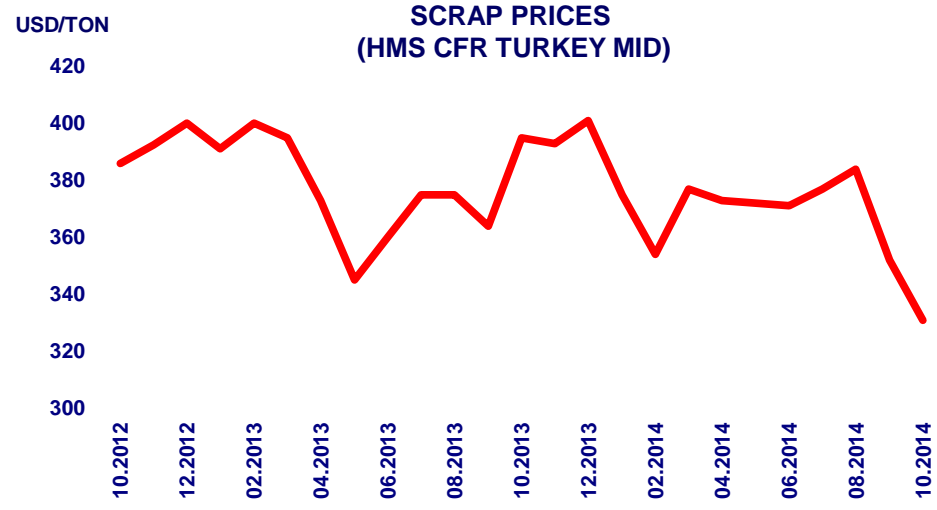
IRON ORE PRICES
(IODEX 62% FE CFR NORTH CHINA MID)



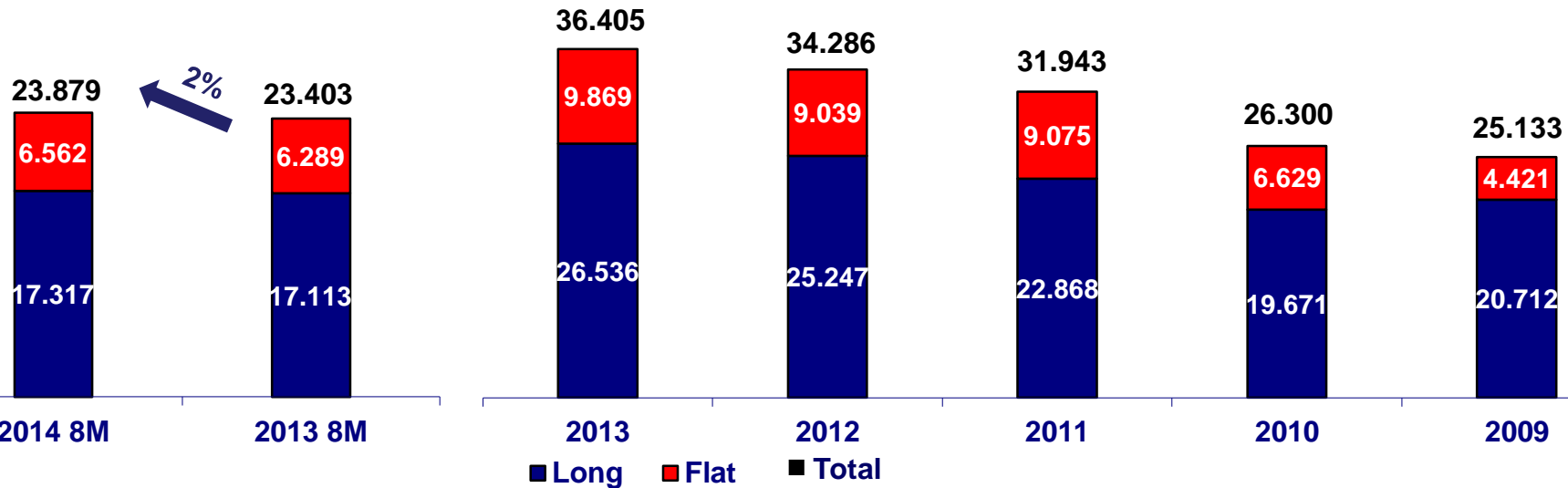
ERDEMİR GROUP HRC EFFECTIVE PRICE (Red line)
CIS HRC BLACKSEA/BALTIC EXPORT PRICE FOB (Blue line)



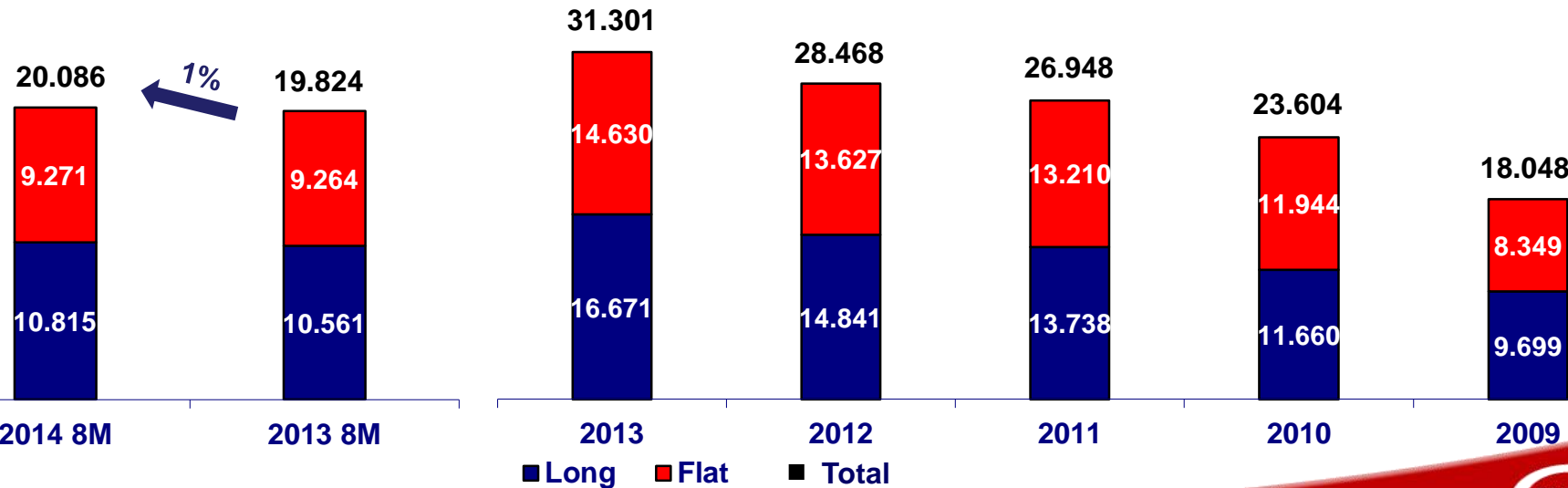
SCRAP PRICES
(HMS CFR TURKEY MID)



PRODUCTION (000 TONS)

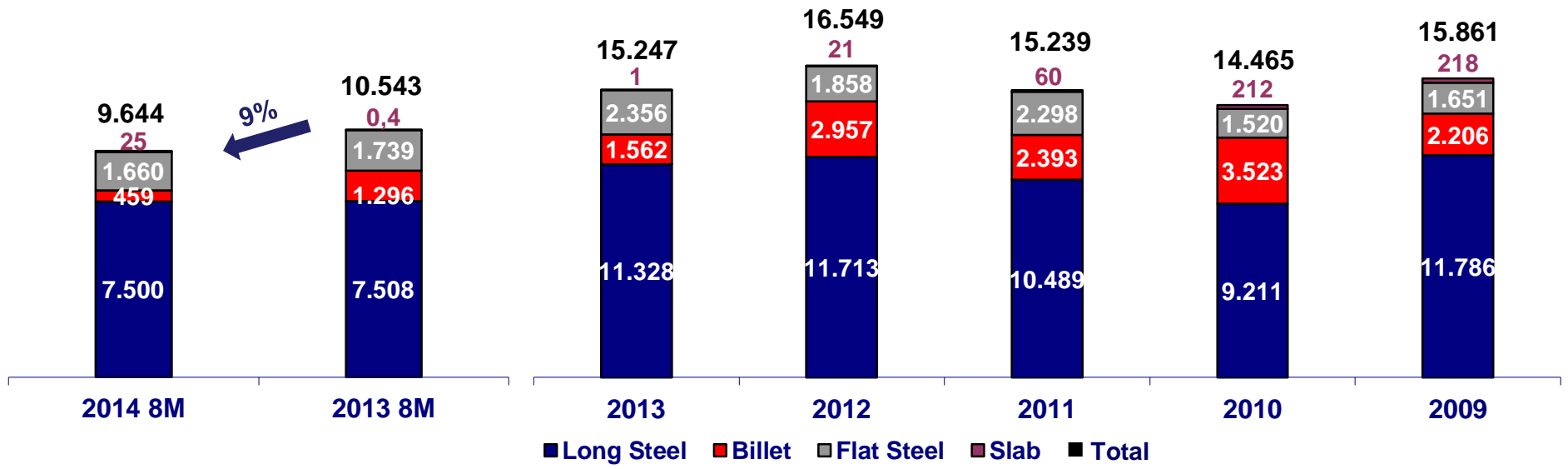


CONSUMPTION (000 TONS)

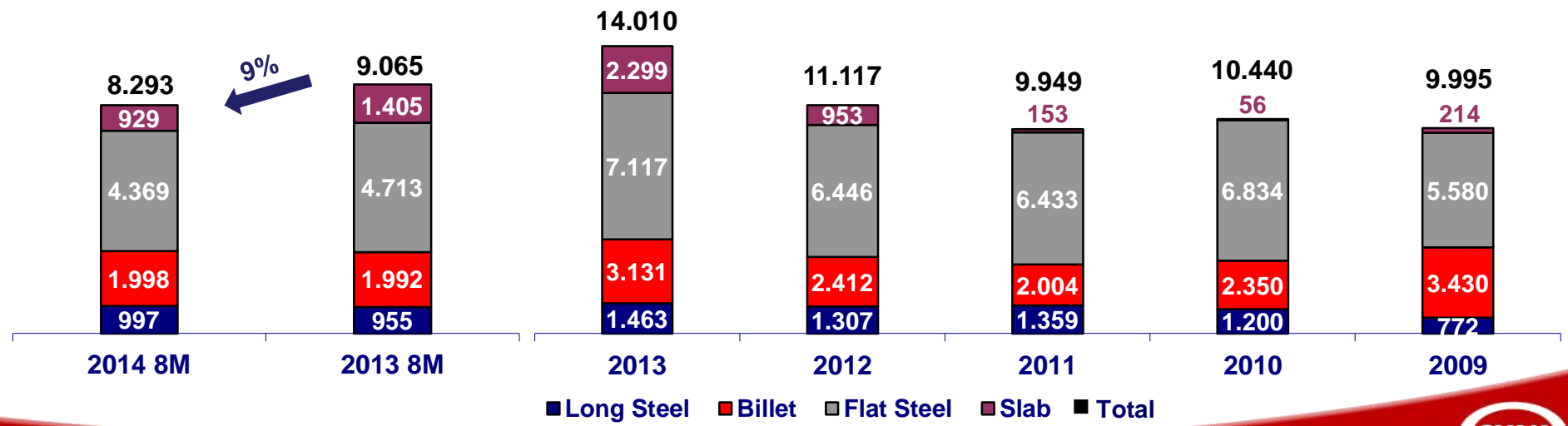




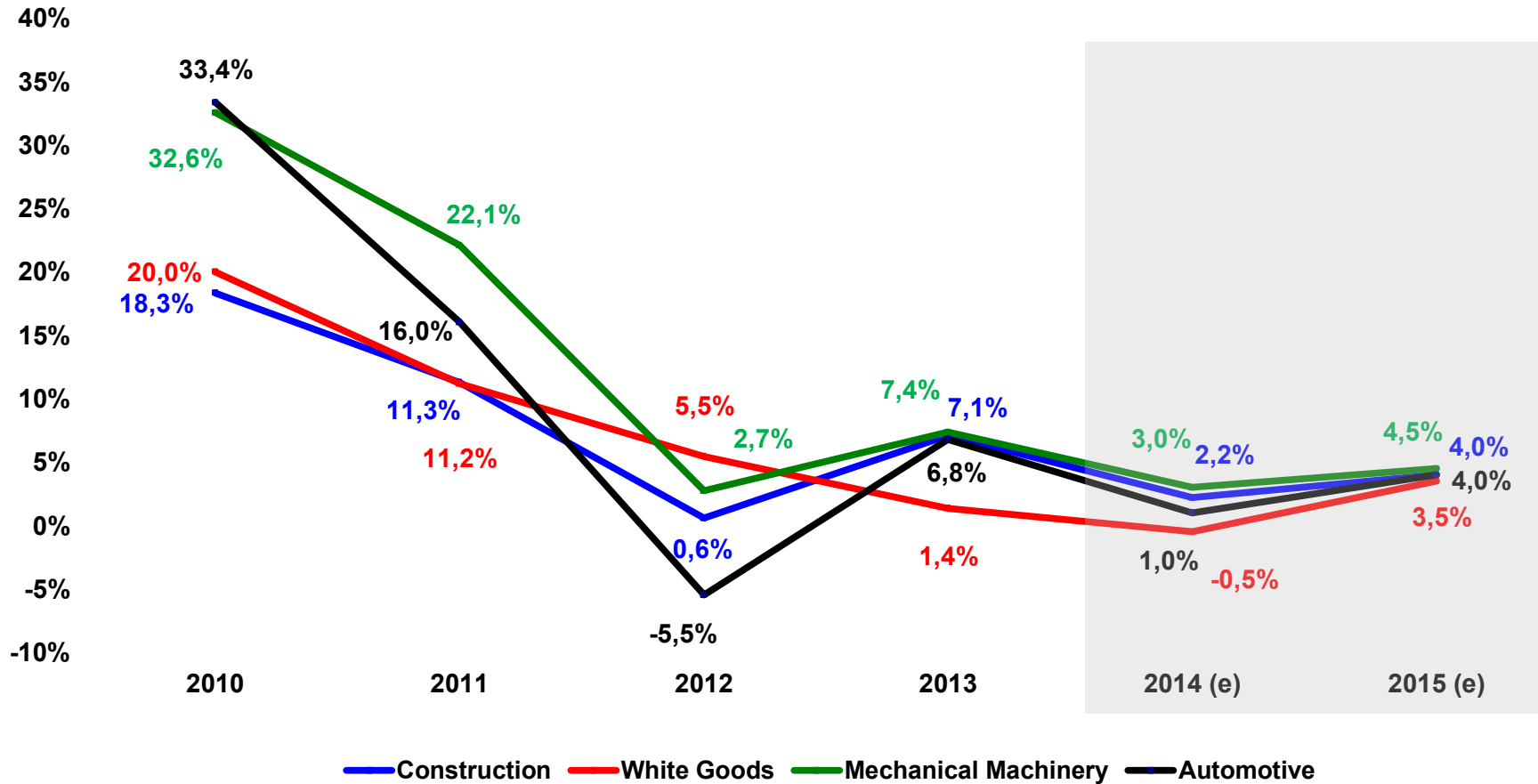
IRON AND STEEL PRODUCT EXPORTS (000 TONS)



IRON AND STEEL PRODUCT IMPORTS (000 TONS)



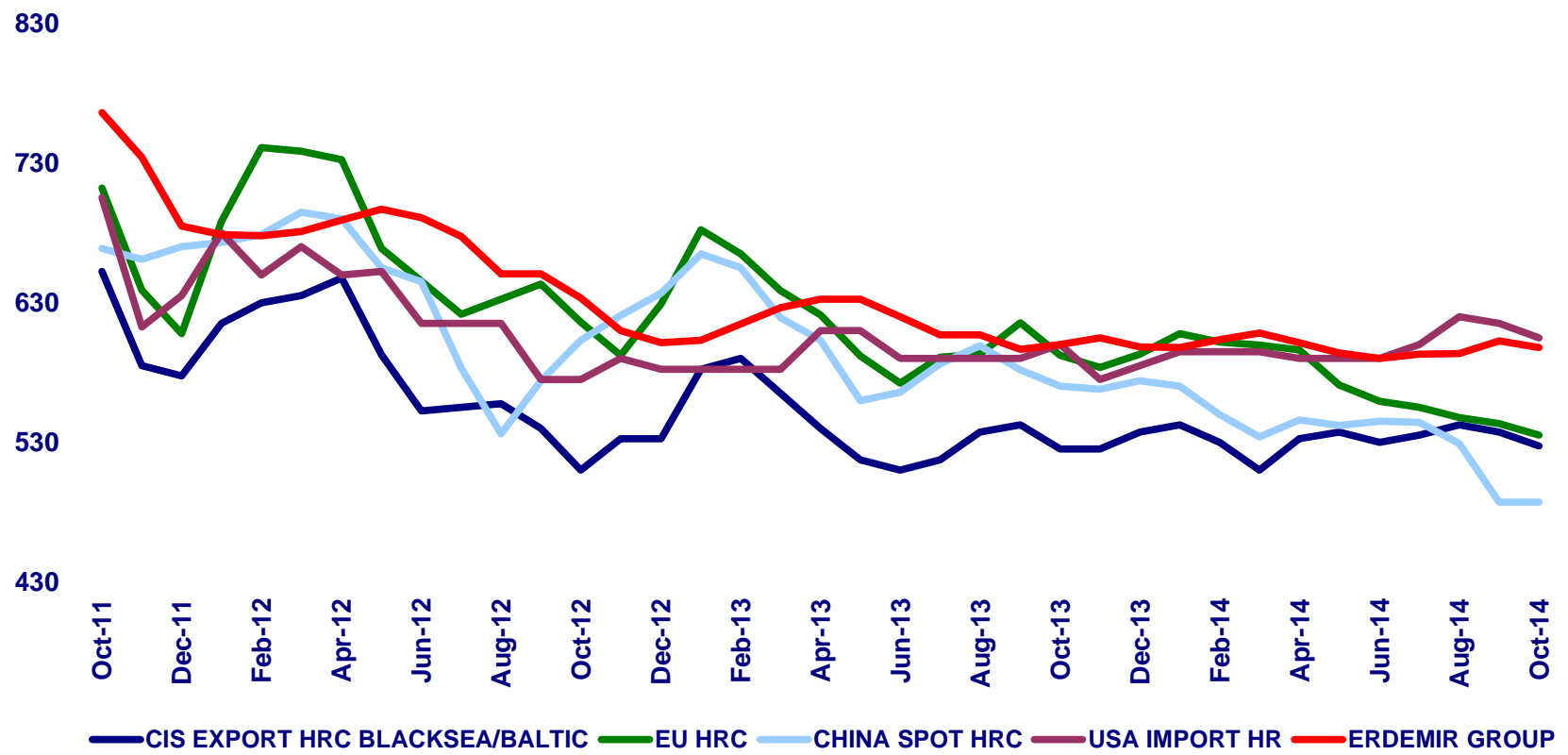
CHANGES IN SECTOR DEVELOPMENT INDEX (% YoY)



October China HRC sales price is 83 USD/ton lower than last year's same month



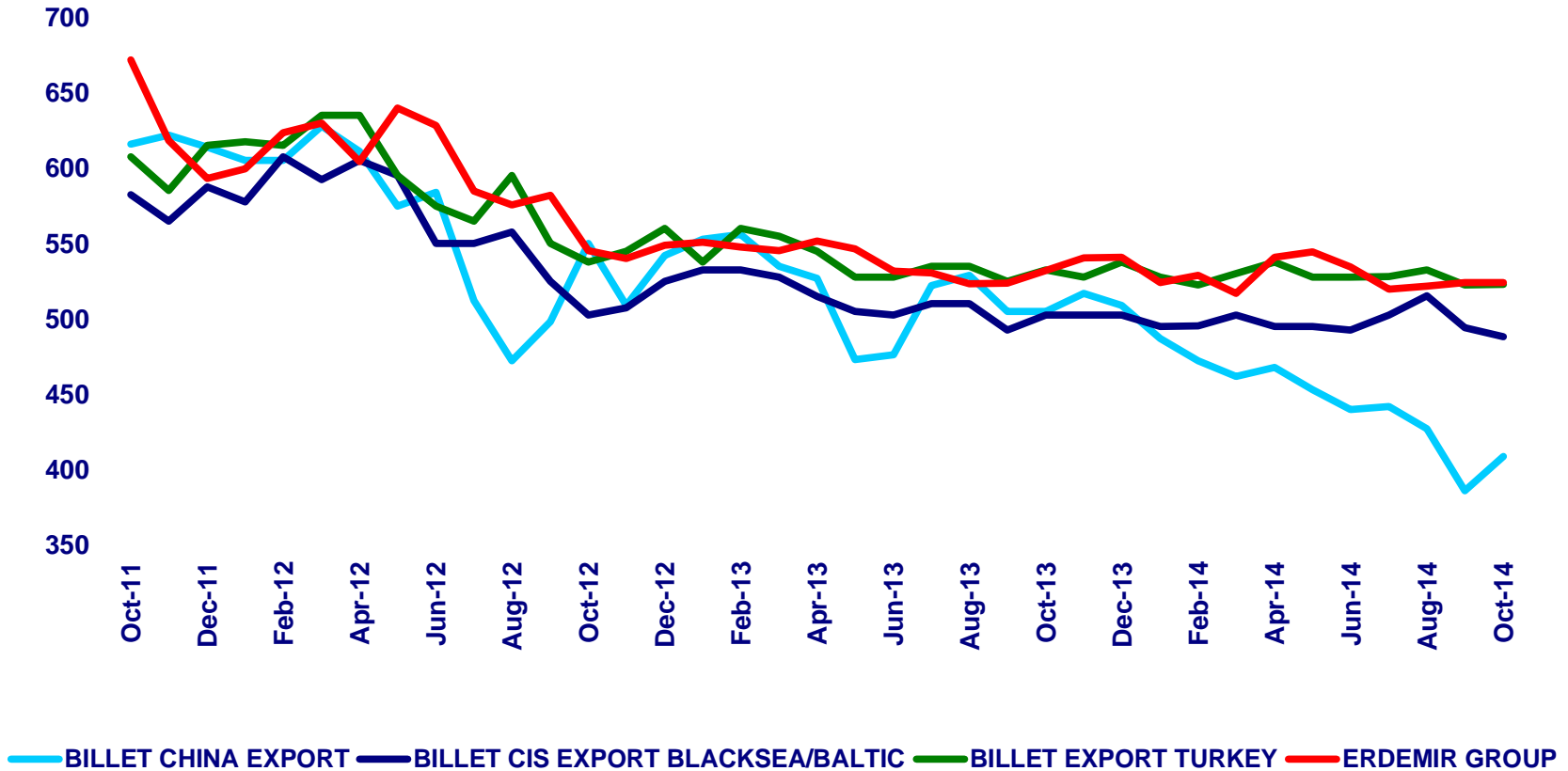
HRC PRICES (USD/Ton)



As of October 2014, EU HRC price was 535 USD, China HRC spot price is 487 USD, CIS export HRC price is 528 USD. The prices were 592 USD, 570 USD, 525 USD respectively by the end of October 2013.



BILLET PRICES (USD/Ton)



➡ As of October 2014, Turkey export price was 523 USD while it was 533 USD in October 2013.

Agenda



2014 Market Overview












2014 9M Results



2014 Guidance

ERDEMİR GROUP KEY FIGURES

		2014 9M	2013 9M	2013	2012
Liquid Steel Production	<i>(000 Tons)</i>	 6.369	6.070	8.447	8.042
Slab Production ⁽¹⁾	<i>(000 Tons)</i>	 5.441	4.919	6.865	6.329
Flat Steel Production ⁽²⁾	<i>(000 Tons)</i>	 5.223	4.629	6.427	5.983
Long Steel Production	<i>(000 Tons)</i>	 819	1.022	1.356	1.519
Flat Steel Shipments	<i>(000 Tons)</i>	 5.237	4.673	6.338	5.980
Long Steel Shipments	<i>(000 Tons)</i>	 848	1.052	1.346	1.468
Net Sales Revenue ⁽³⁾	<i>(M. USD)</i>	 3.975	3.867	5.142	5.340
EBITDA ⁽³⁾	<i>(M. USD)</i>	 848	751	987	604
Net Profit For The Year ⁽³⁾	<i>(M. USD)</i>	 562	412	484	252

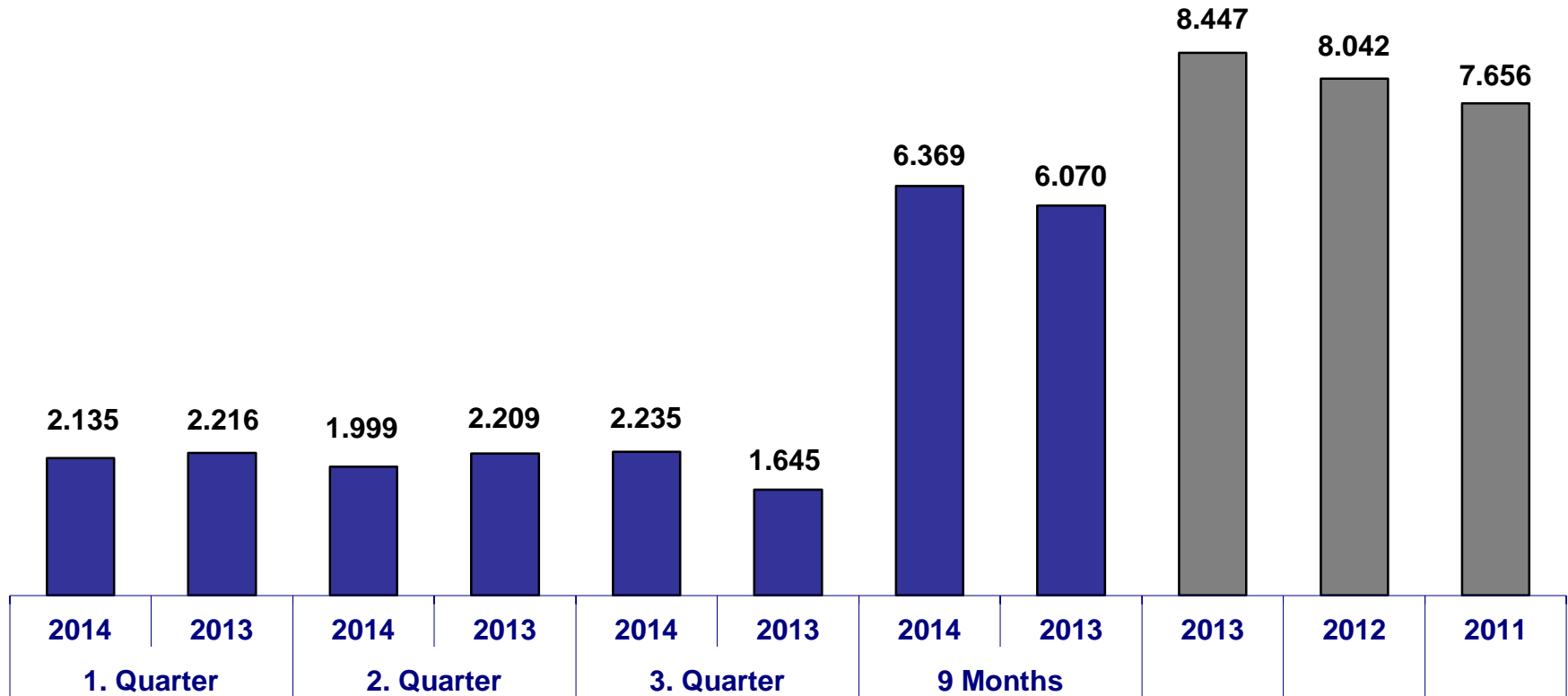
All figures are on IFRS consolidated basis unless stated otherwise.

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

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

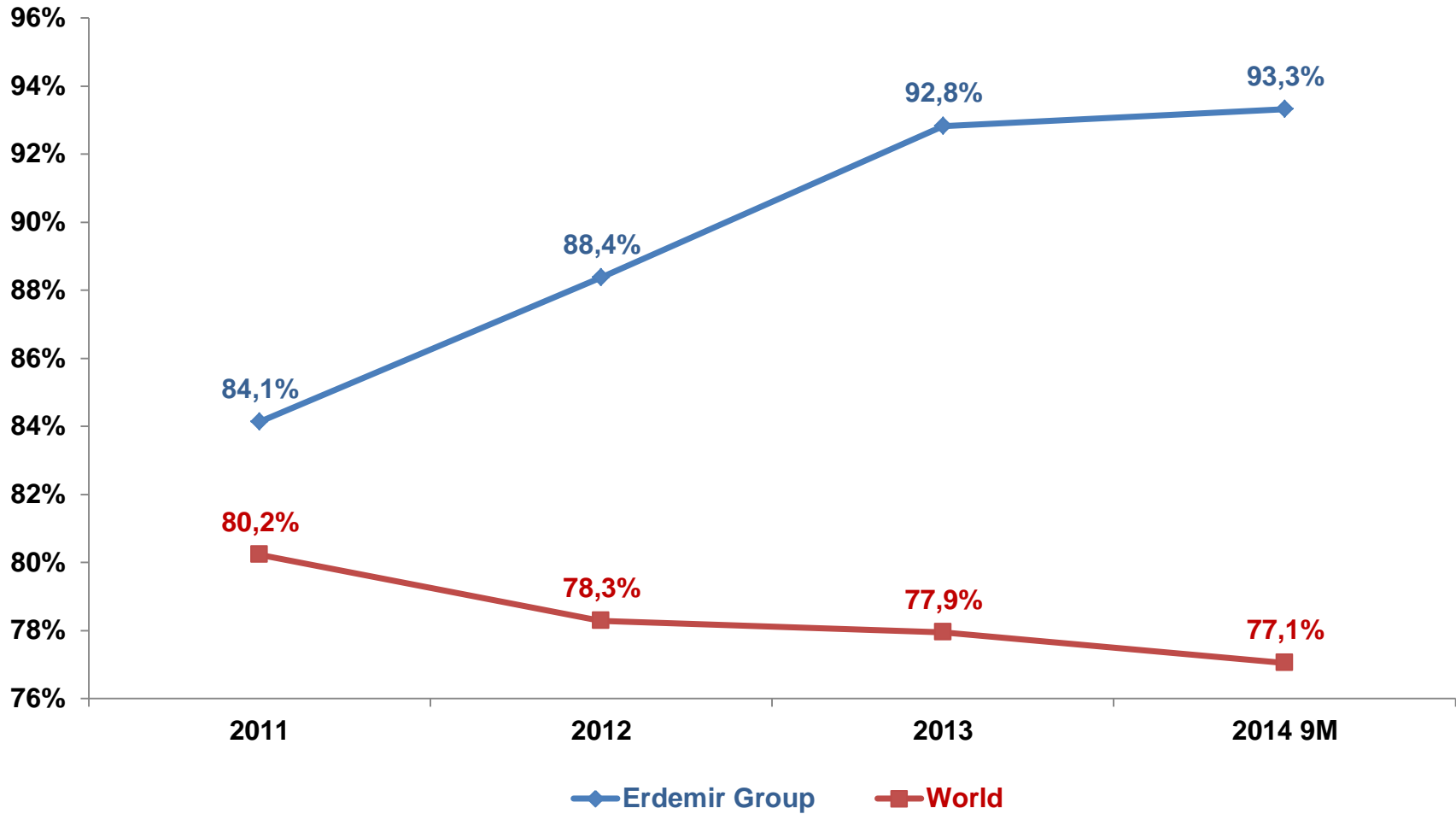
(3) 1 USD = 2,1624 TRY (January-September 2014 average exchange rate)

LIQUID STEEL PRODUCTION (000 TONS)

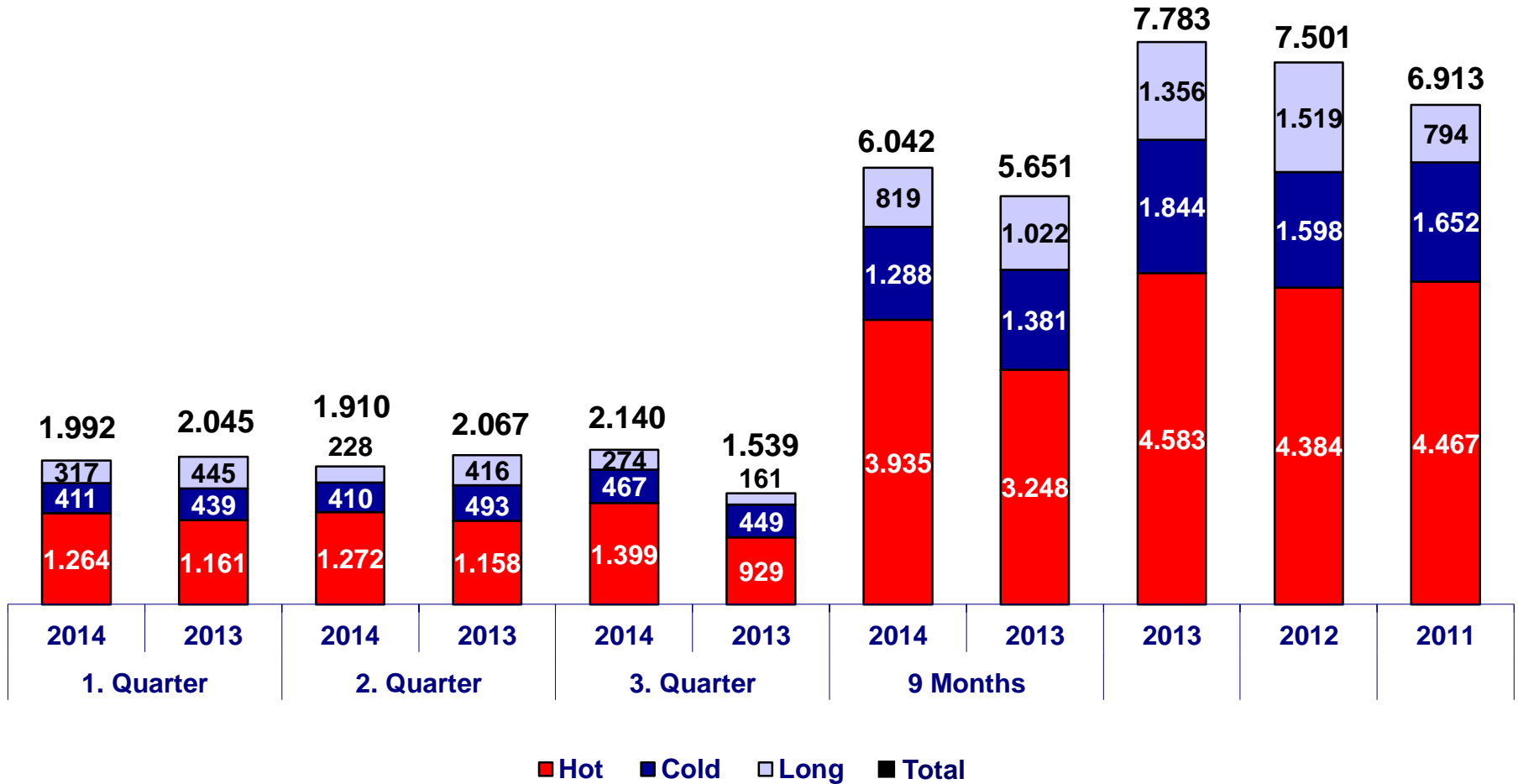




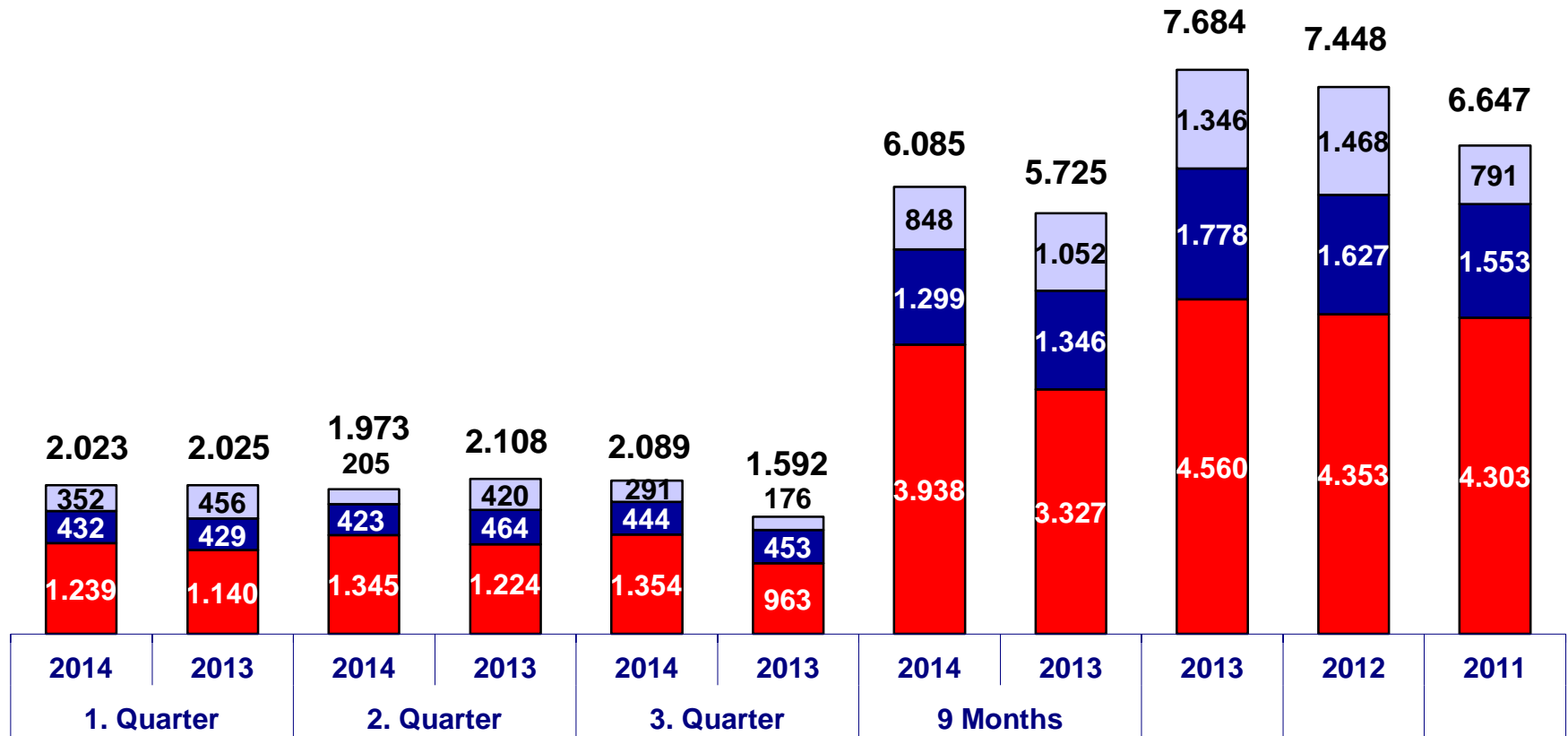
CRUDE STEEL CAPACITY UTILIZATION RATIO



PRODUCTION VOLUMES (000 TONS)

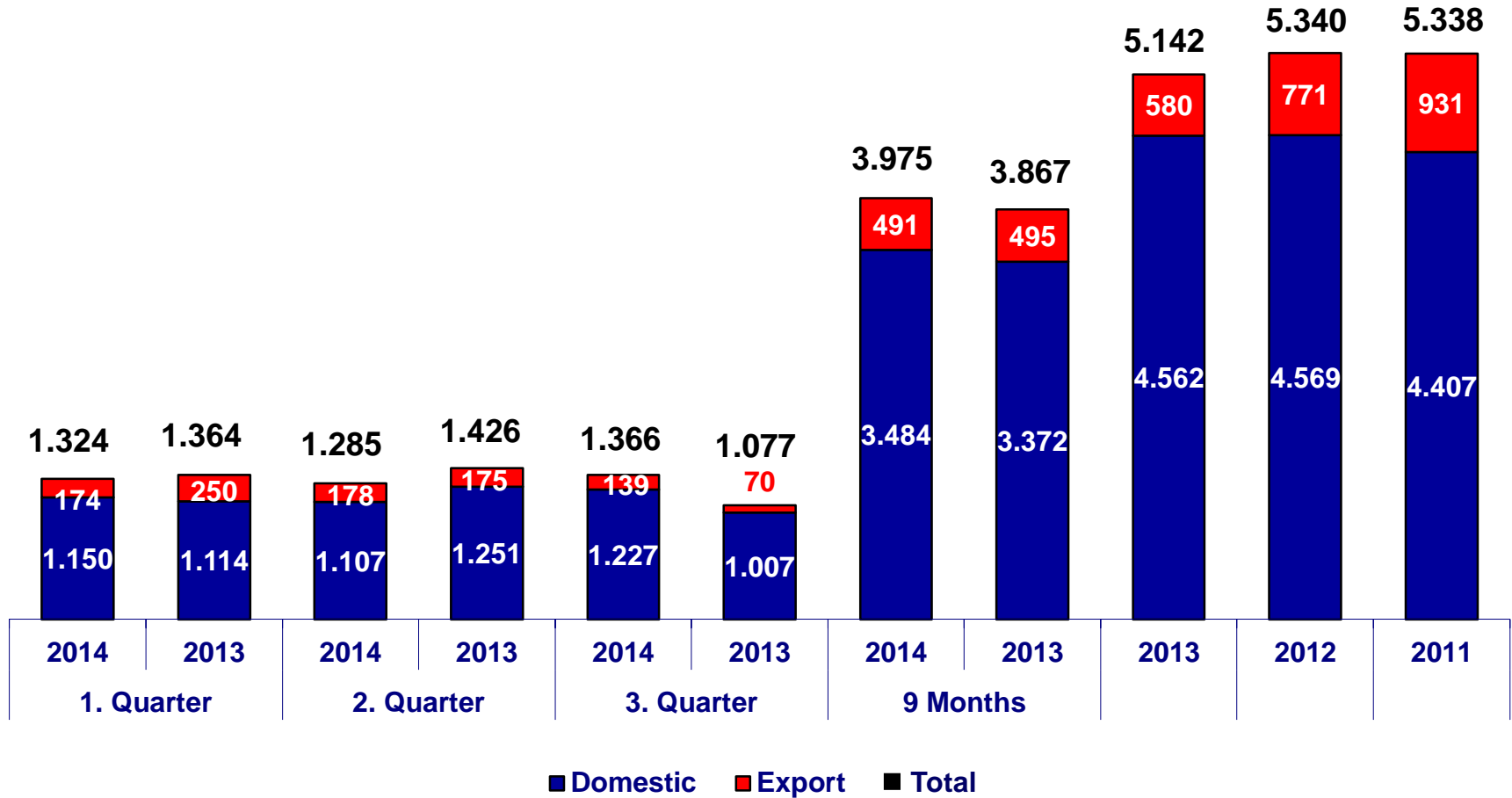


SALES VOLUMES (000 TONS)



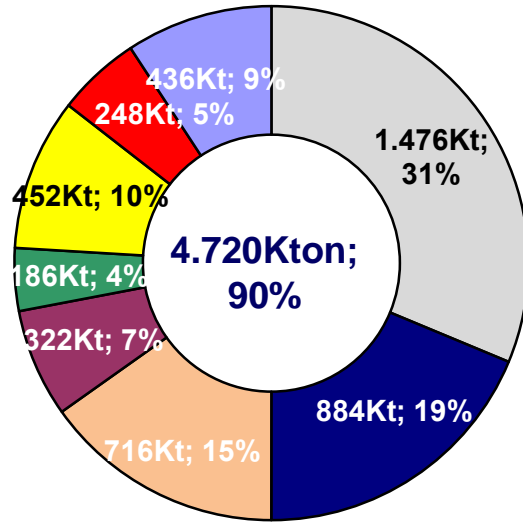
■ Hot
 ■ Cold
 ■ Long
 ■ Total

NET SALES REVENUE (MILLION USD)

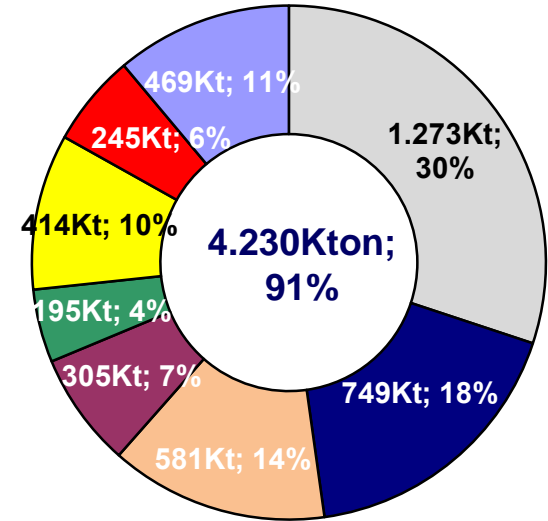


Sales to pipe and profile industry increased in 2014 9M YoY

2014 9M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

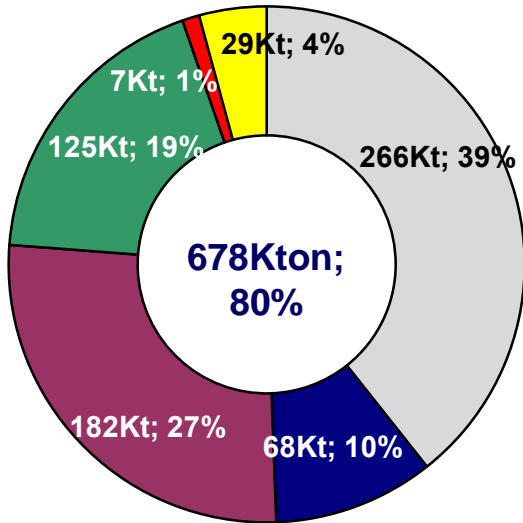


2013 9M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

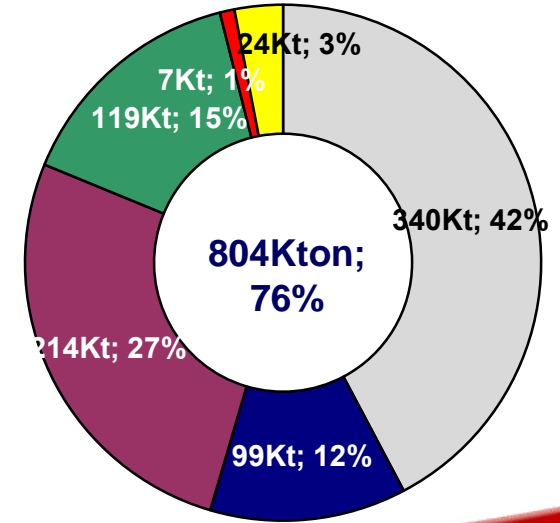


- Pipe and Profile Industry
- Distribution Chains
- Secondary Production
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

2014 9M LONG STEEL DOMESTIC SALES BREAKDOWN (%)



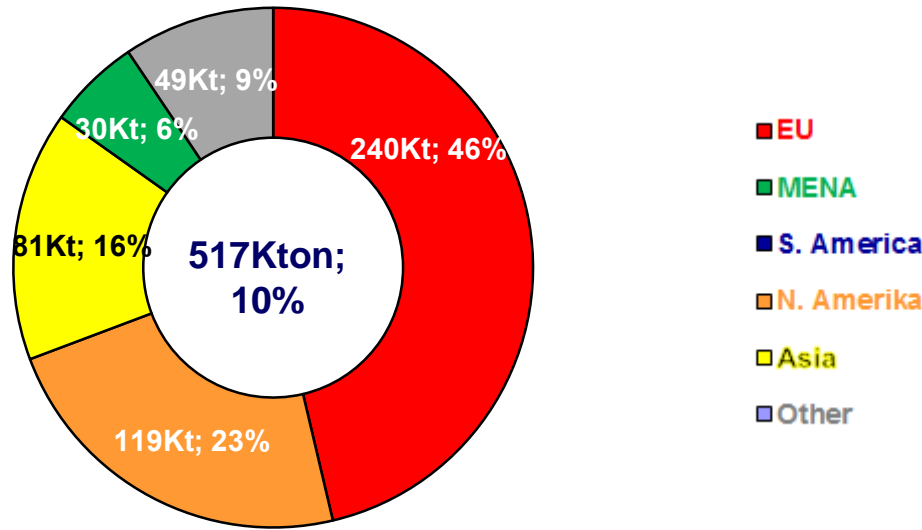
2013 9M LONG STEEL DOMESTIC SALES BREAKDOWN (%)



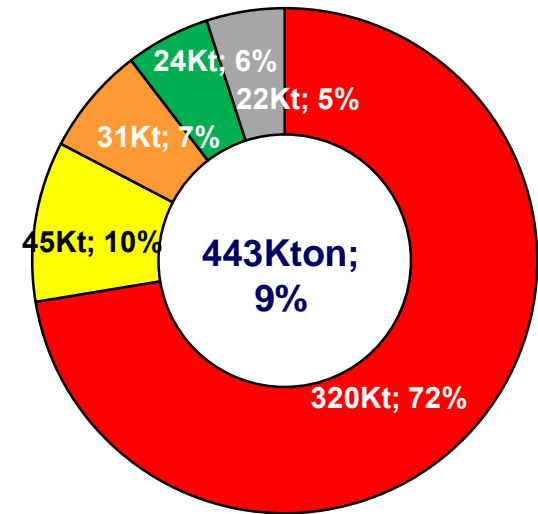
- Rebar Producers
- Profile Producers
- Commercial Qualities
- High Carbon Qualities
- Special Qualities
- Other

Flat steel sales to EU countries was 46% of our flat export in 2014 9M

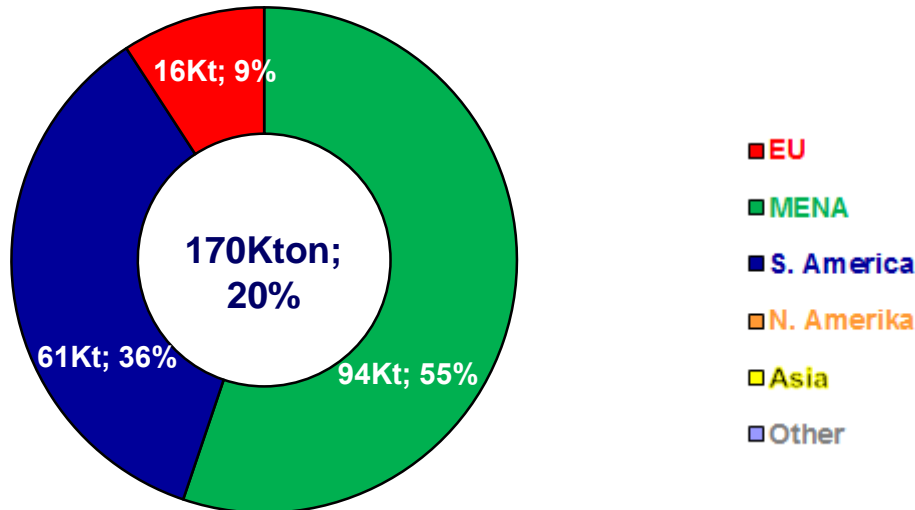
2014 9M FLAT STEEL EXPORTS BREAKDOWN (%)



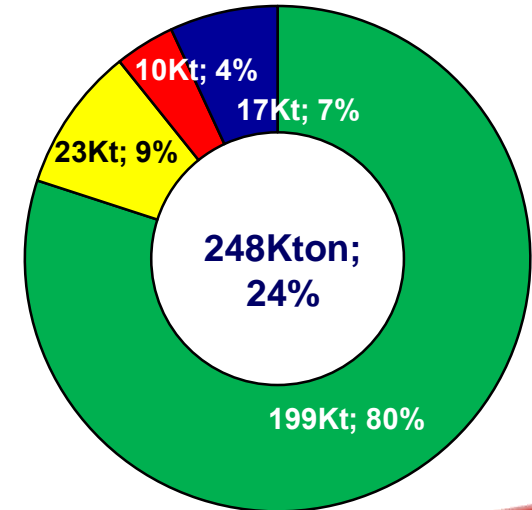
2013 9M FLAT STEEL EXPORTS BREAKDOWN (%)



2014 9M LONG STEEL EXPORTS BREAKDOWN (%)



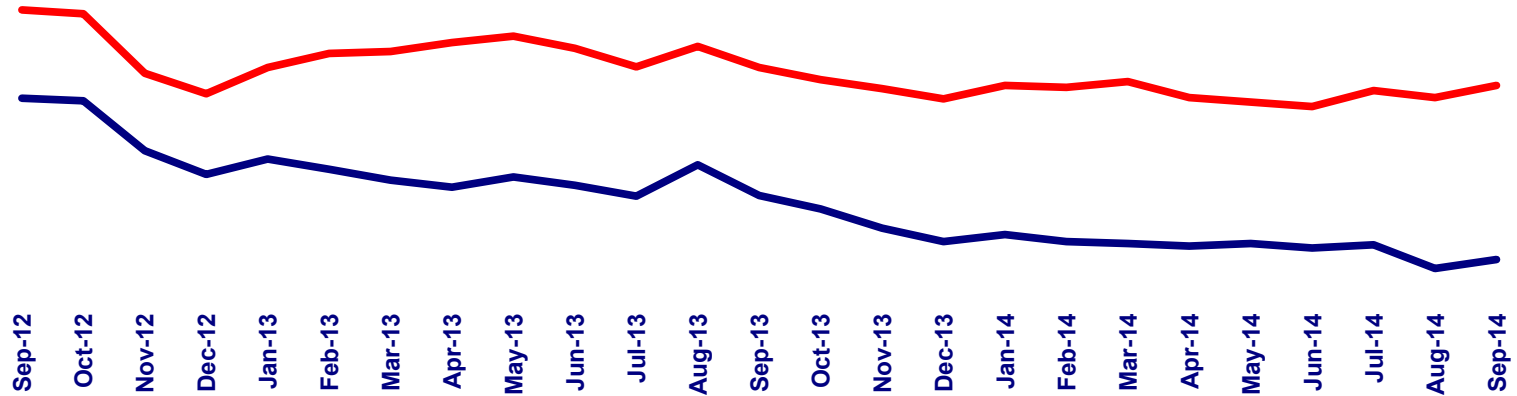
2013 9M LONG STEEL EXPORTS BREAKDOWN (%)



In 2014 9M, Erdemir Group average flat and long steel prices were 645 USD/ton and 575 USD/ton respectively

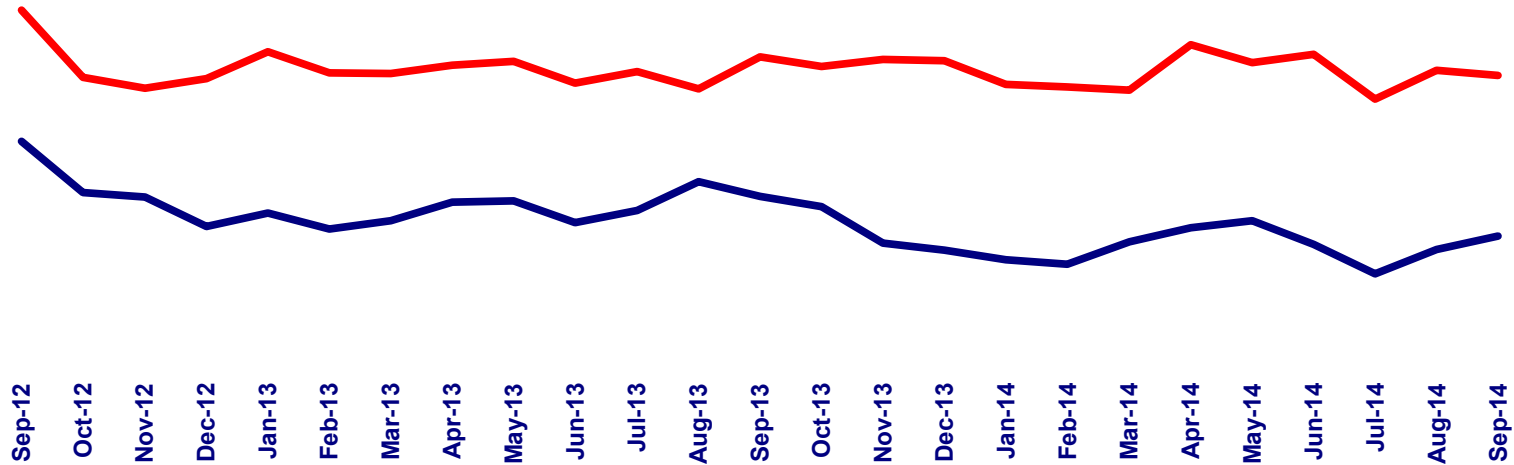
USD/TON

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

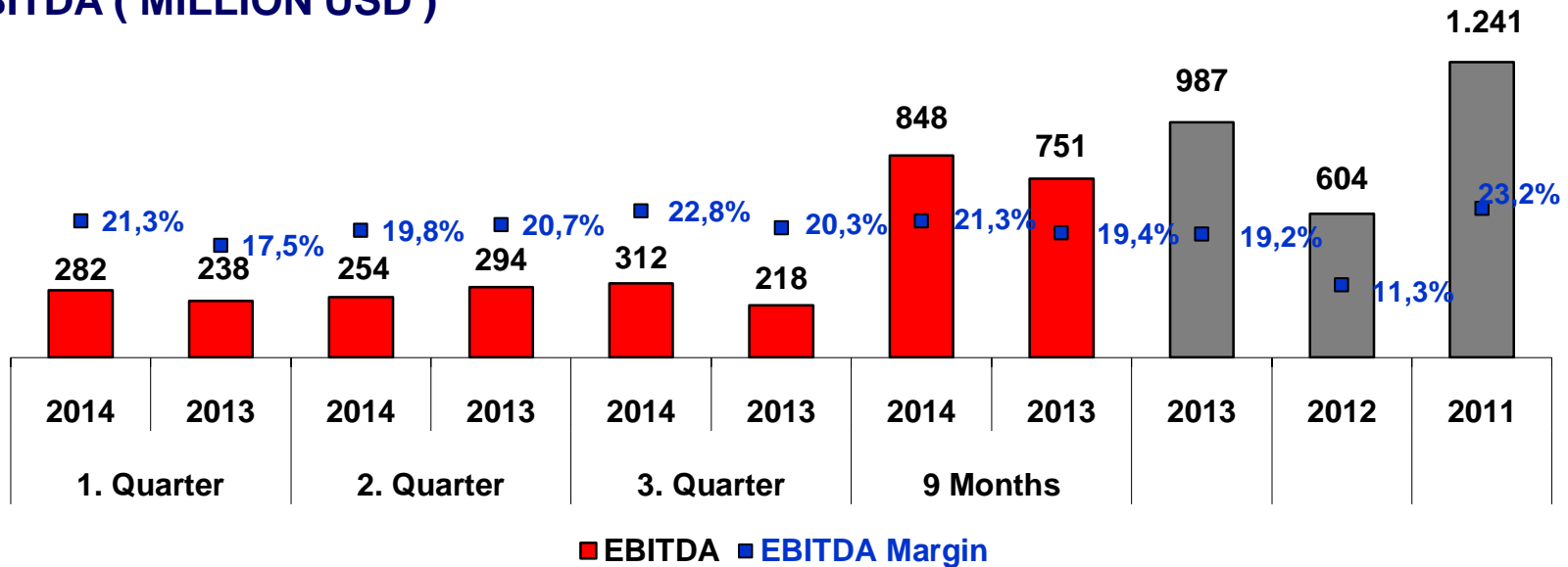


USD/TON

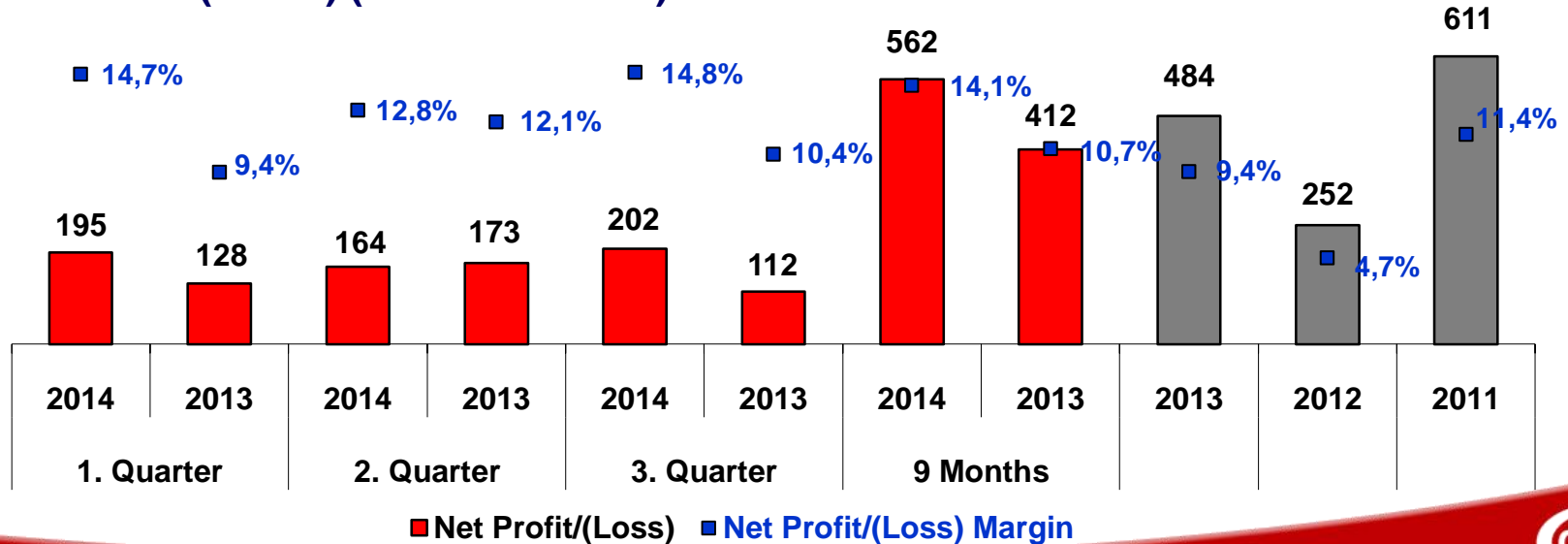
— Erdemir Group Long Sales Price — Erdemir Group Long Cost of Sales



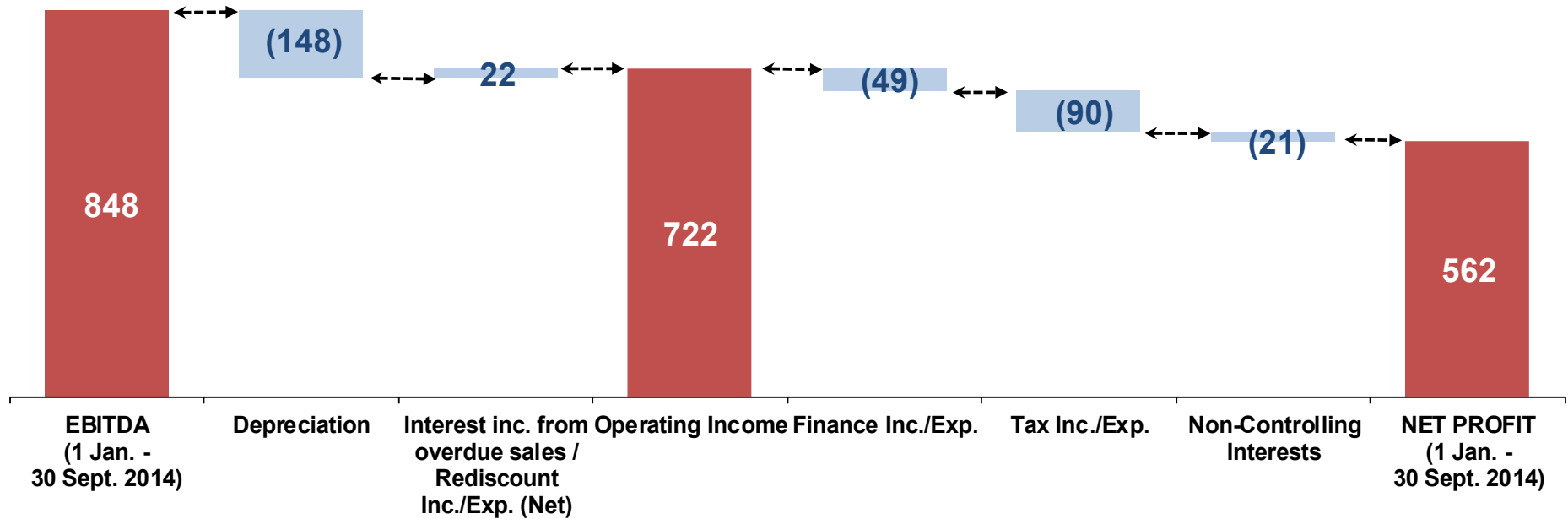
EBITDA (MILLION USD)



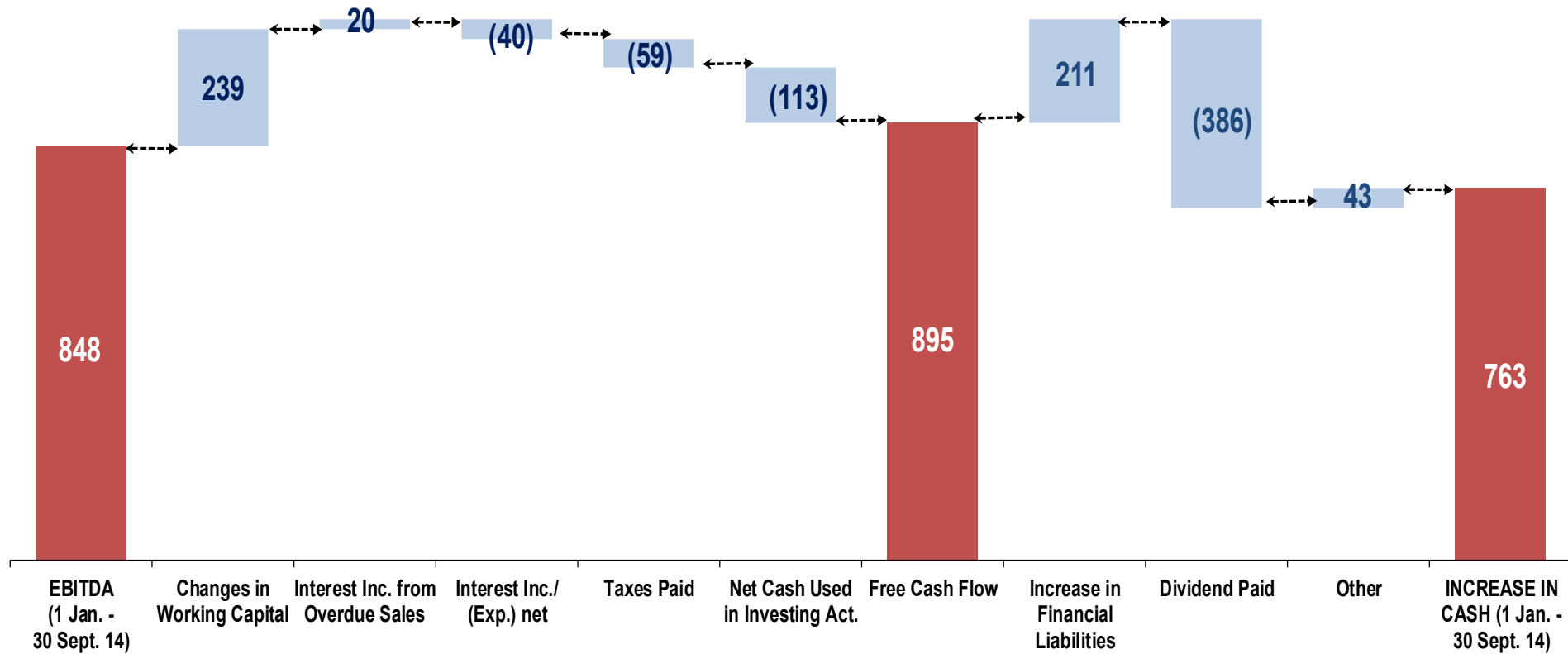
NET PROFIT/(LOSS) (MILLION USD)



Consolidated EBITDA => Consolidated Net Profit (Million USD)

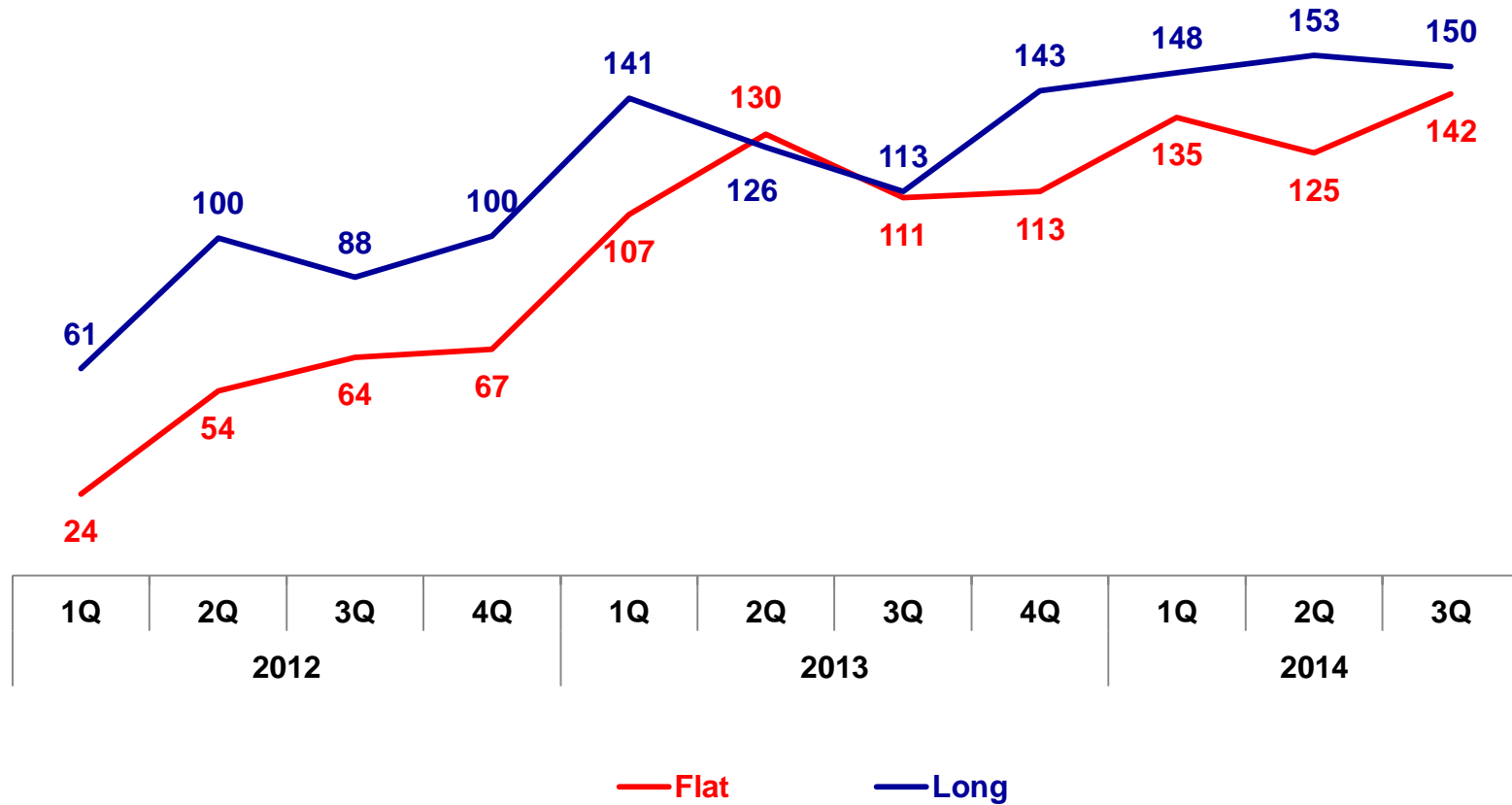


Consolidated EBITDA => Consolidated Net Cash (Million USD)

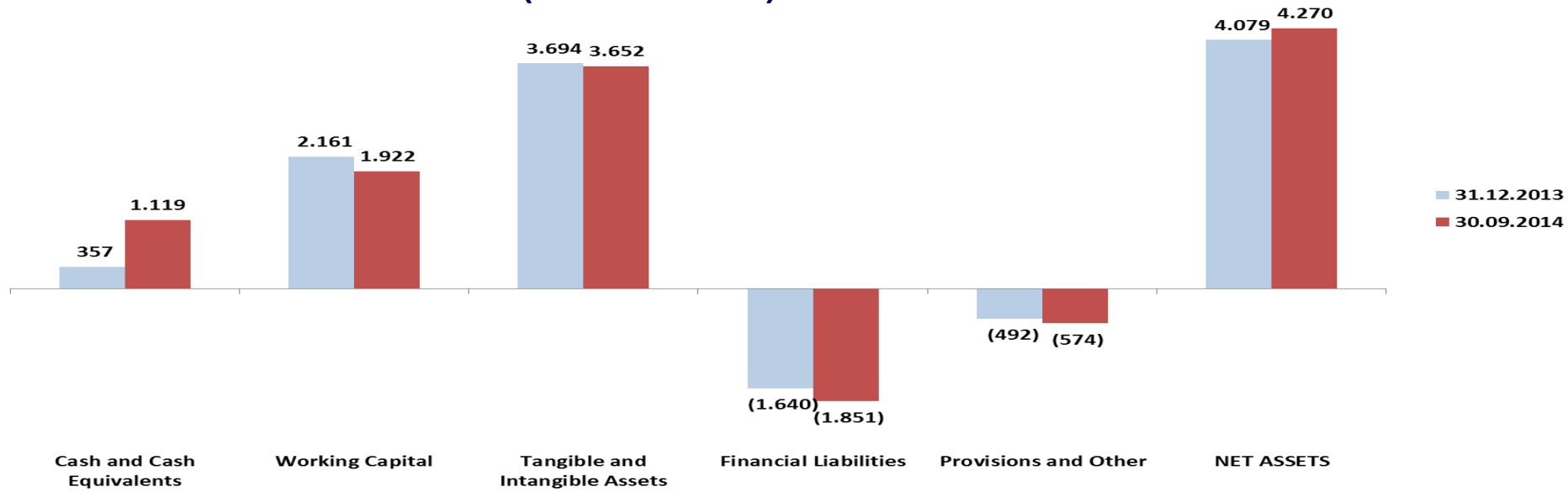




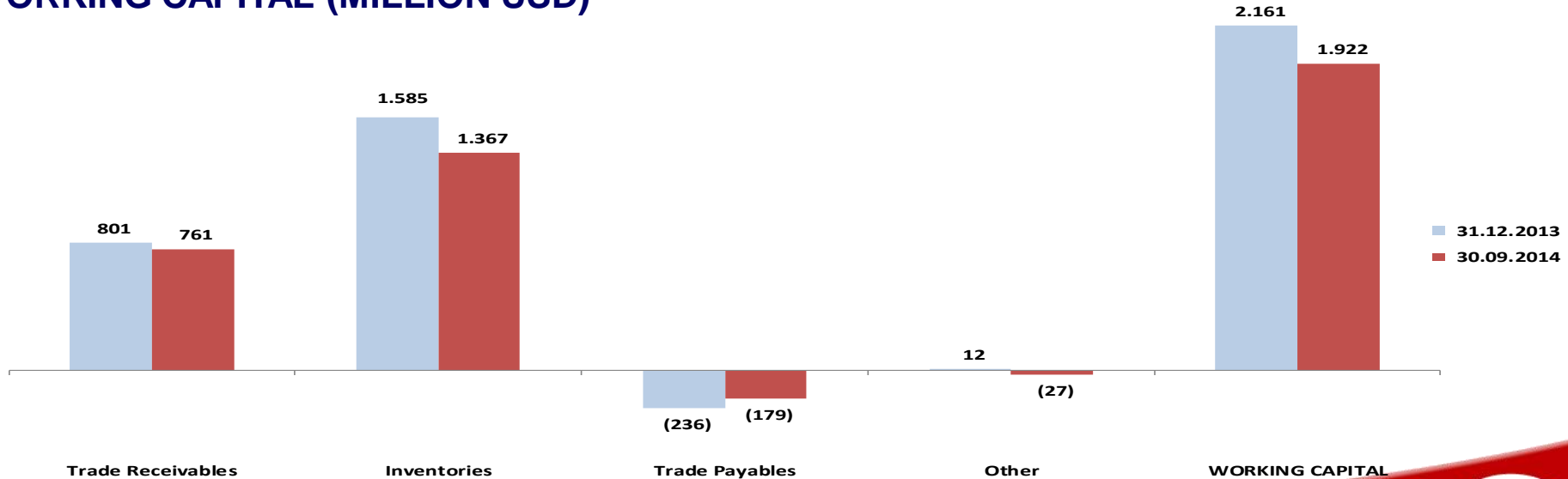
EBITDA PER TON (USD/TON)



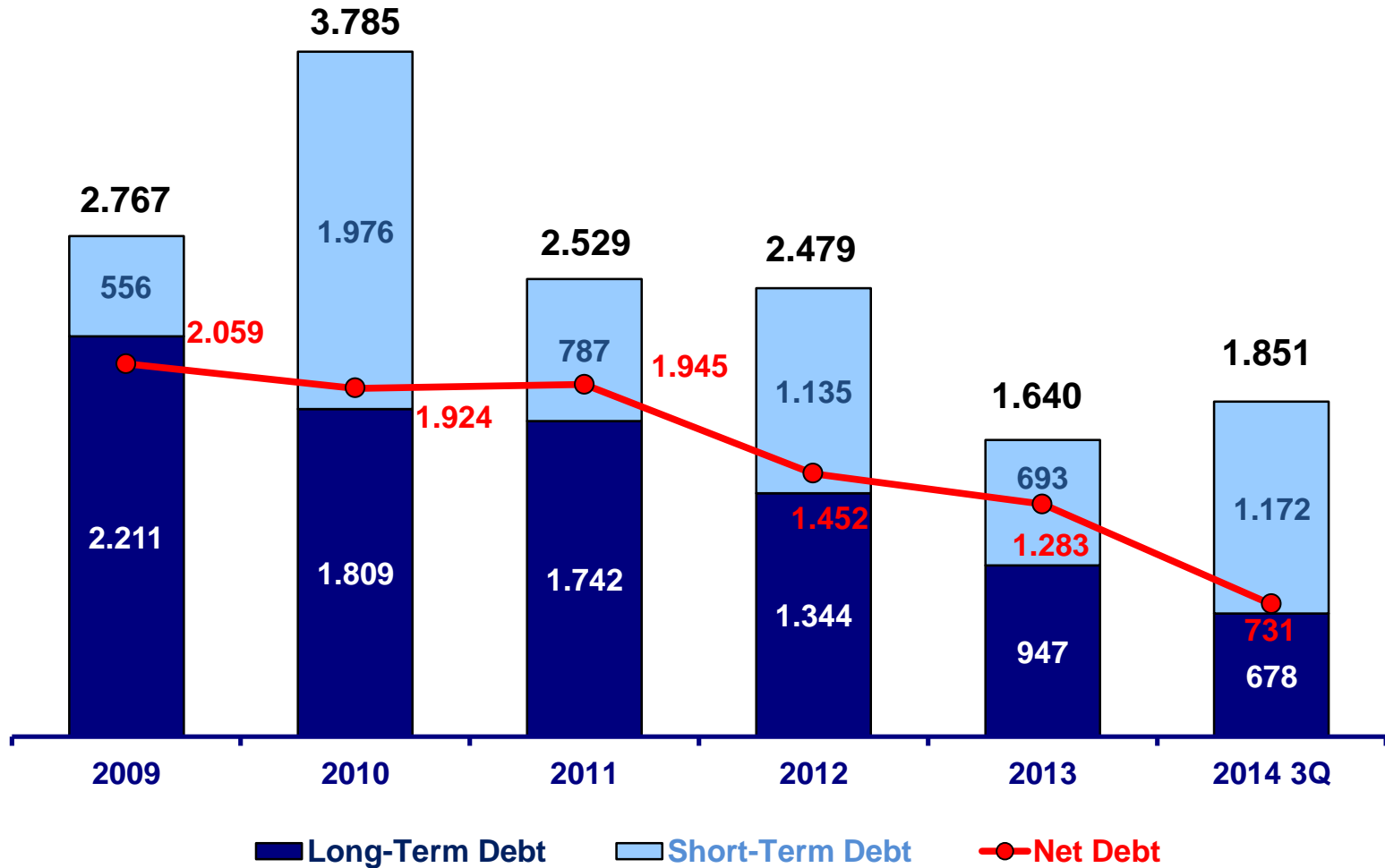
CONSOLIDATED NET ASSETS (MILLION USD)



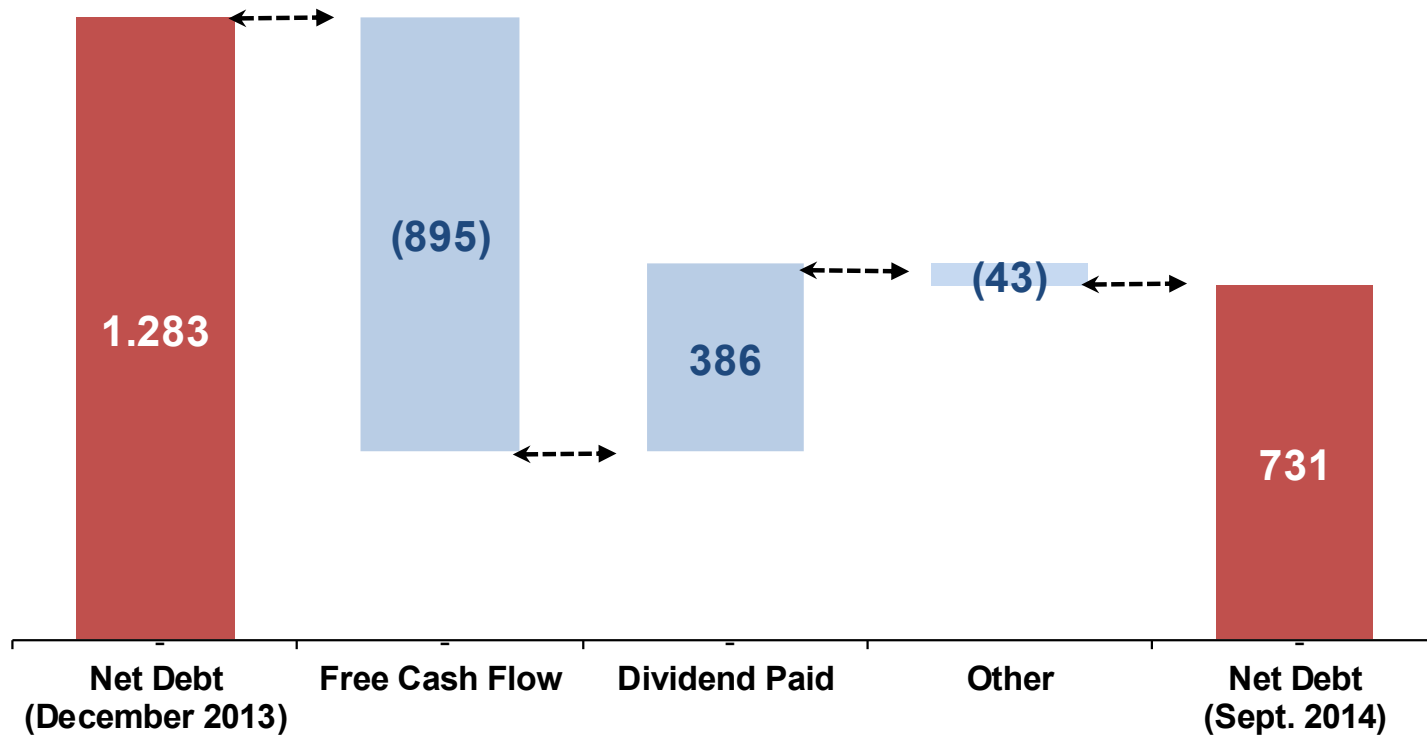
WORKING CAPITAL (MILLION USD)



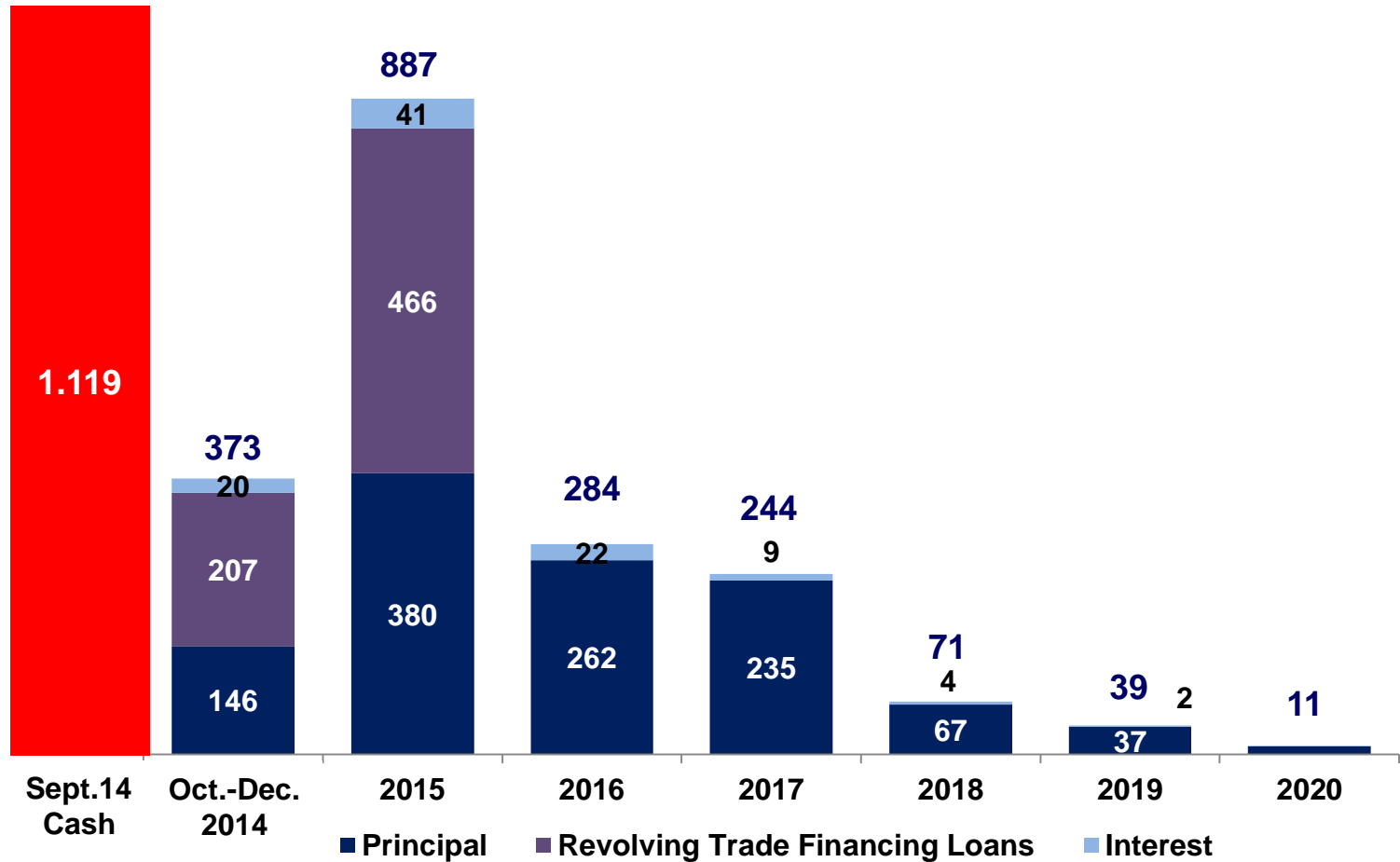
BORROWINGS (MILLION USD)



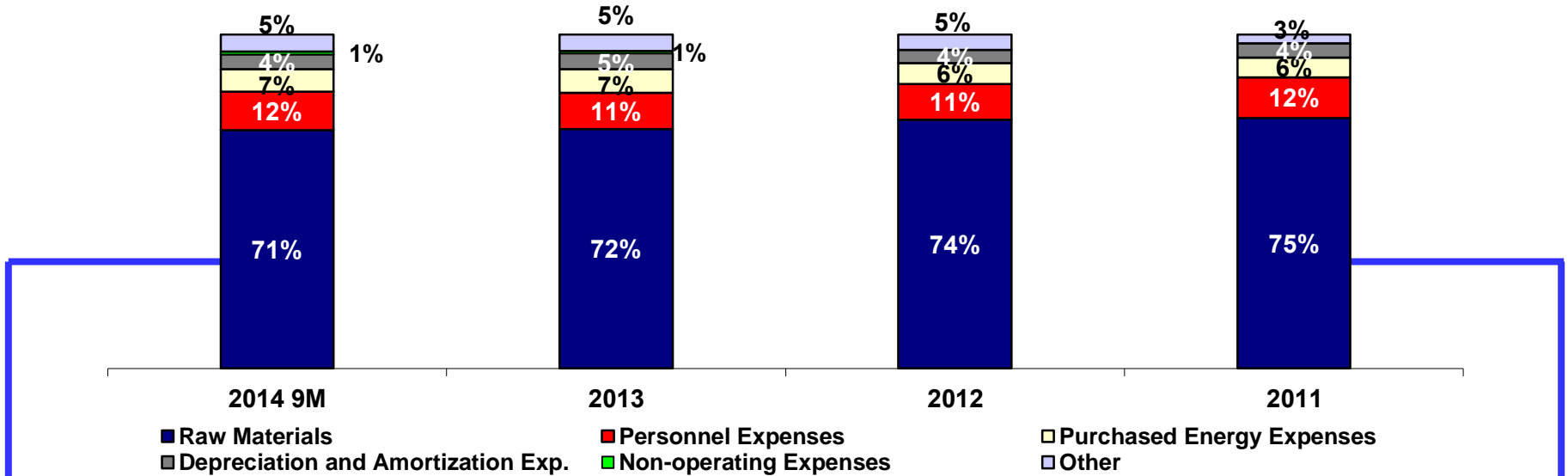
NET DEBT (MILLION USD)



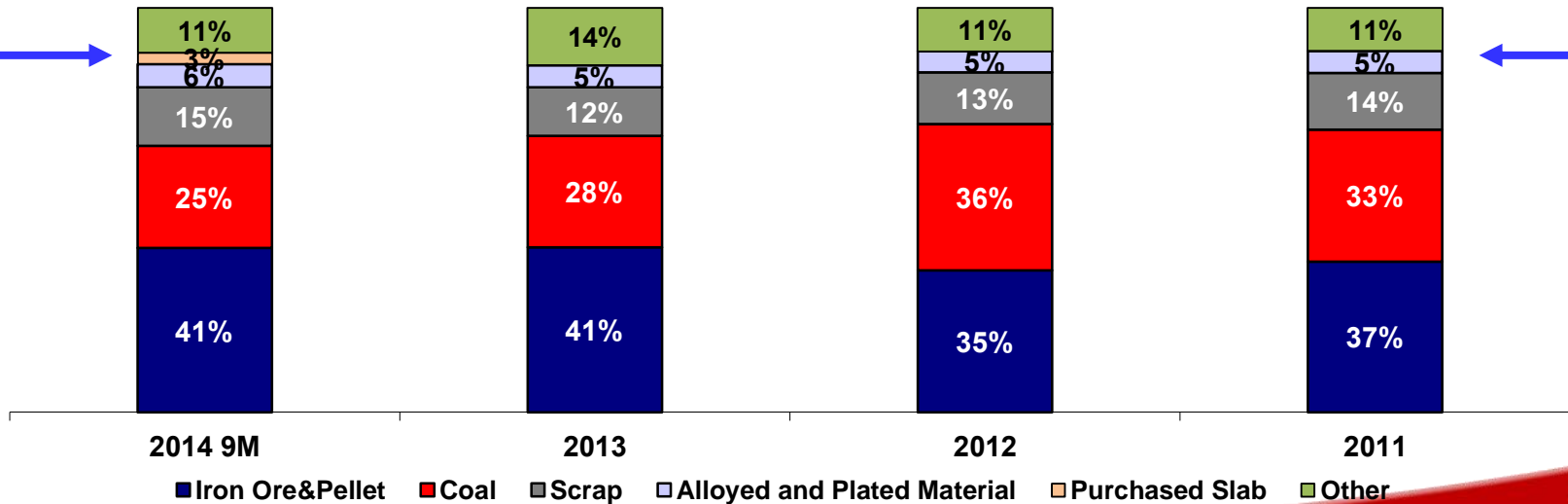
BORROWINGS MATURITY PROFILE (MILLION USD)



COST OF SALES BREAKDOWN* - %



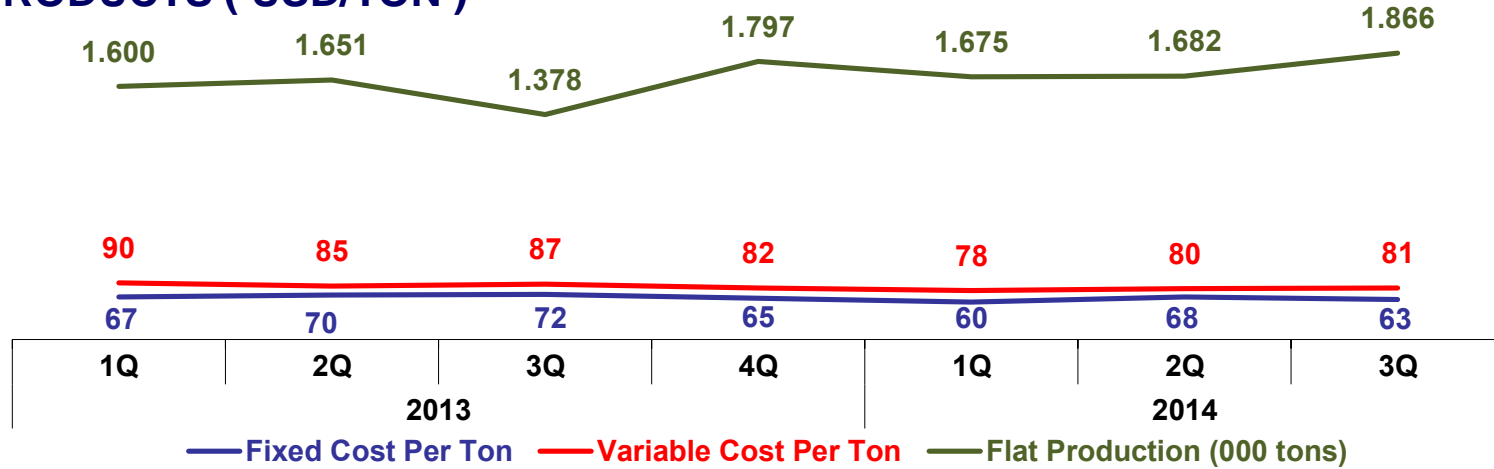
RAW MATERIALS BREAKDOWN - %



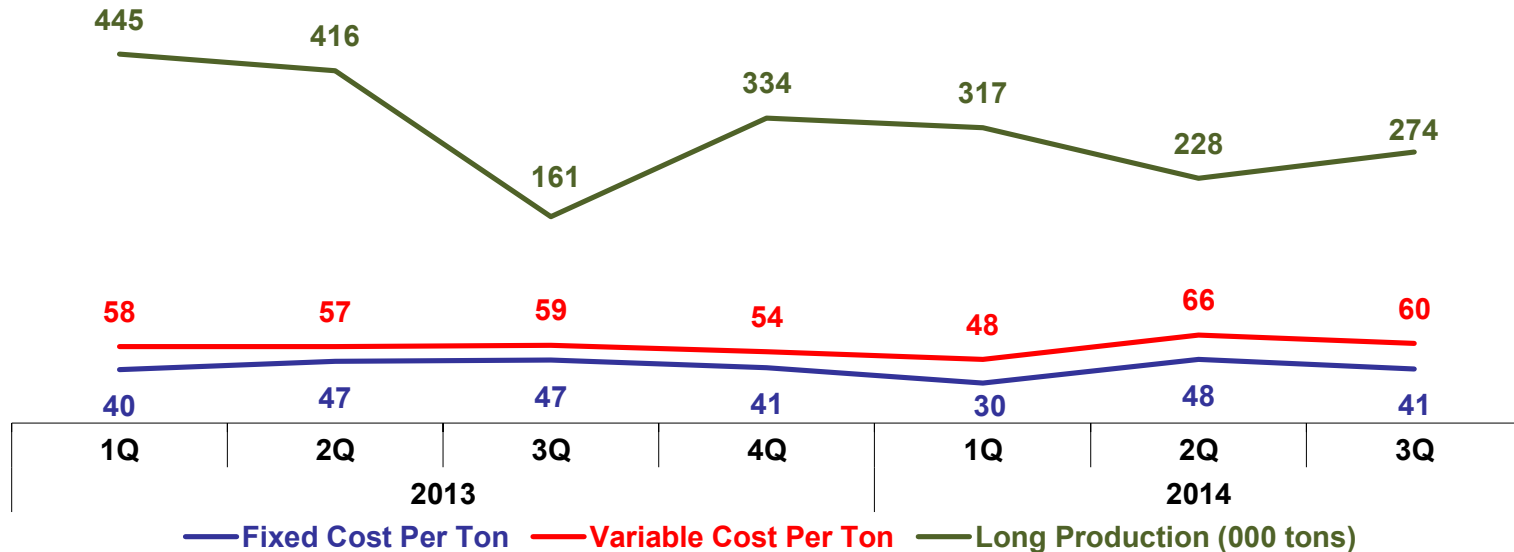
* Excluding inventory writedowns and provision released

Flat cost per ton excluding raw materials and depreciation was realised as 144 USD/ton in 2014 3Q

FLAT PRODUCTS (USD/TON)*



LONG PRODUCTS (USD/TON)*

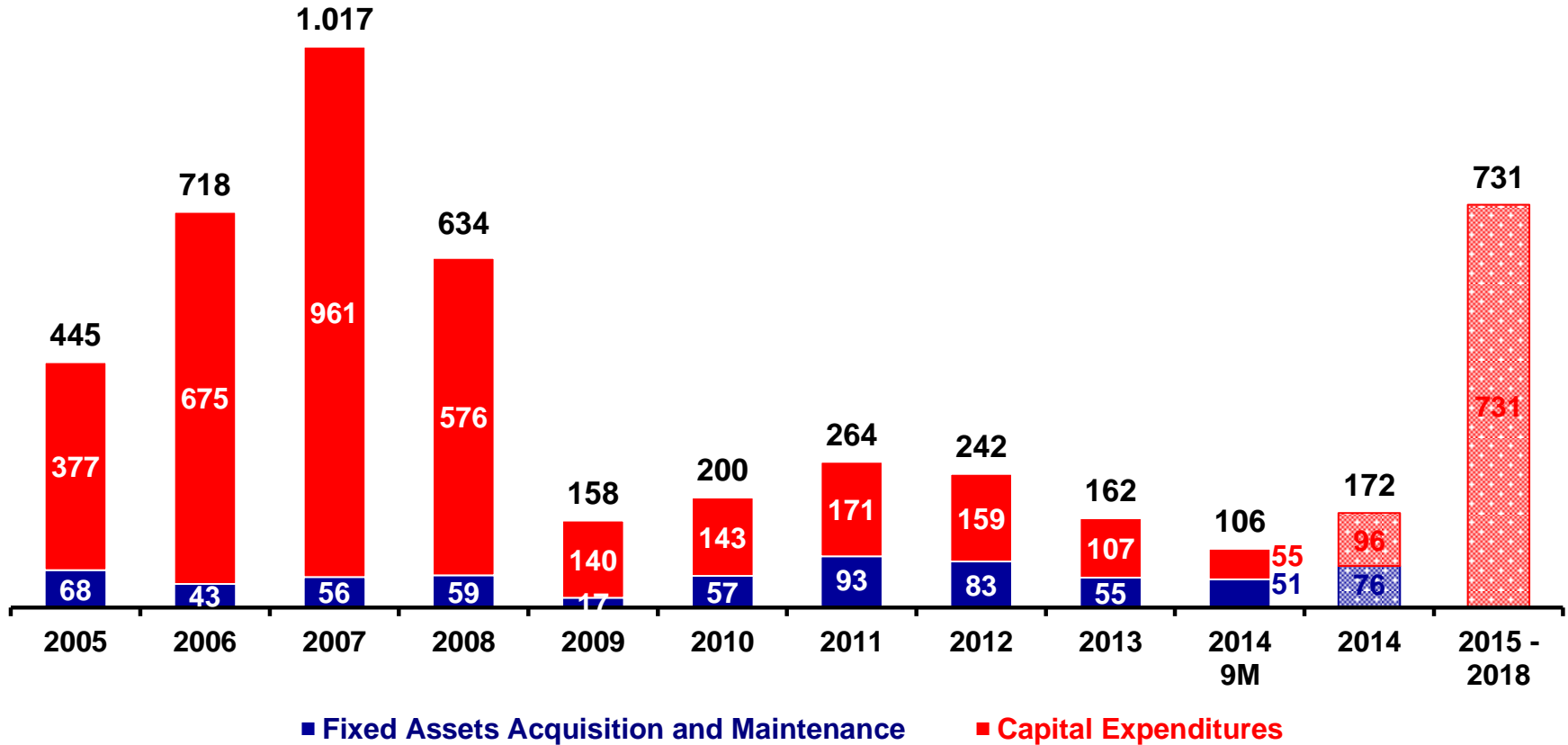


* Depreciation was excluded from fixed and variable cost.

Capital expenditures of 172 million USD is planned for 2014



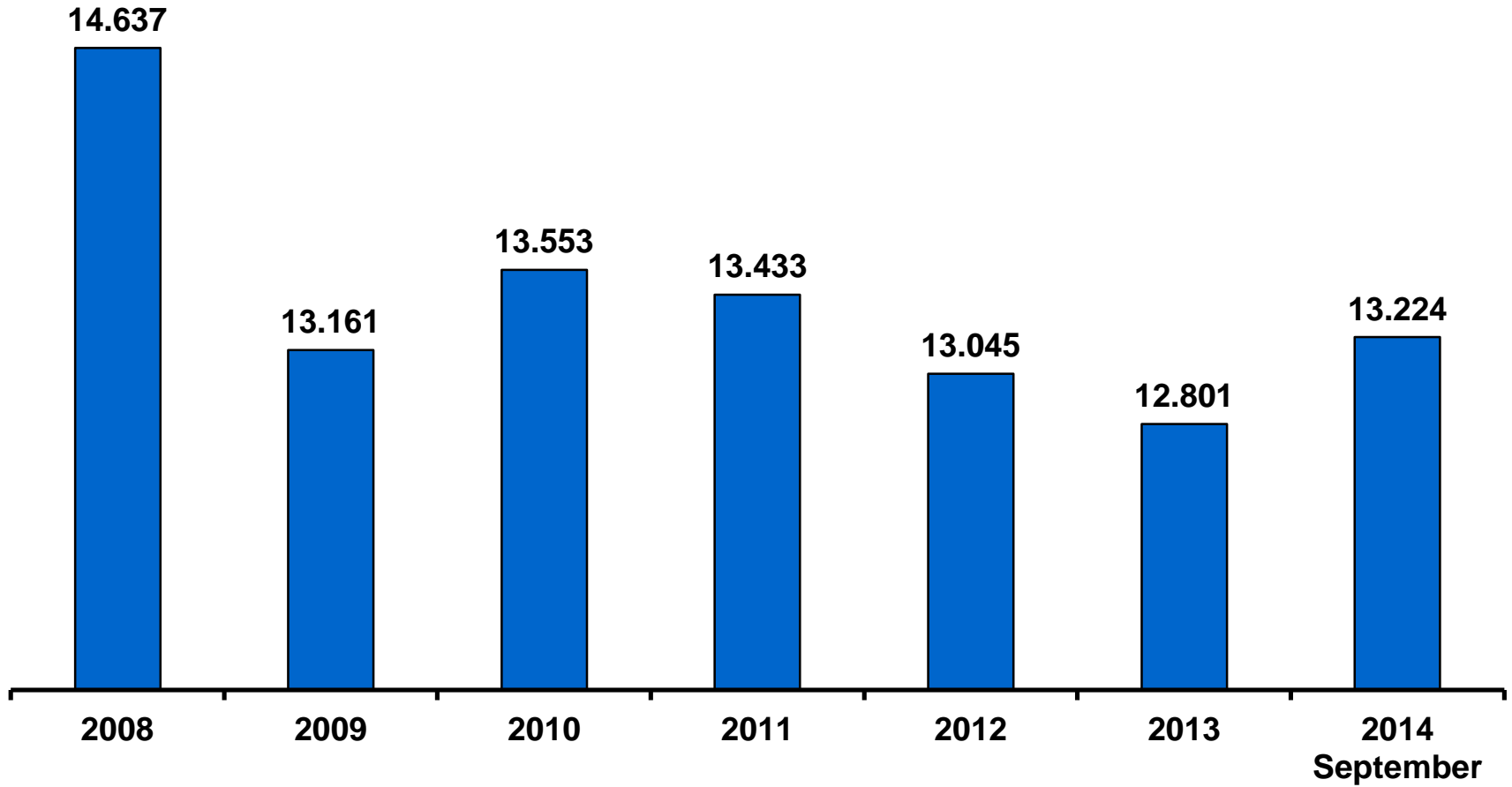
(M USD)



* The figures only cover the board approved capex plan.



NUMBER OF EMPLOYEES



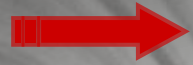
Agenda



2014 Market Overview

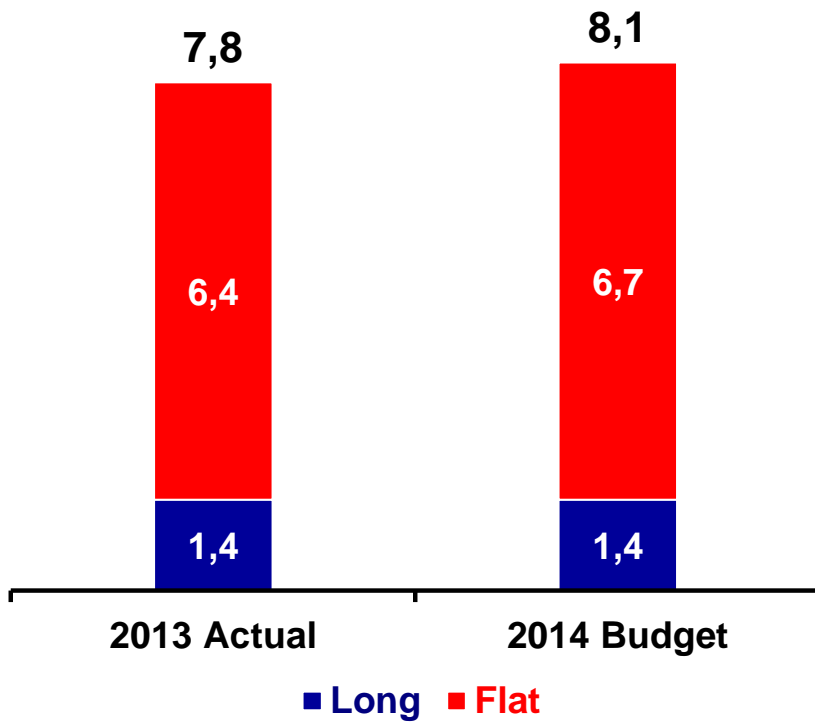


2014 9M Results

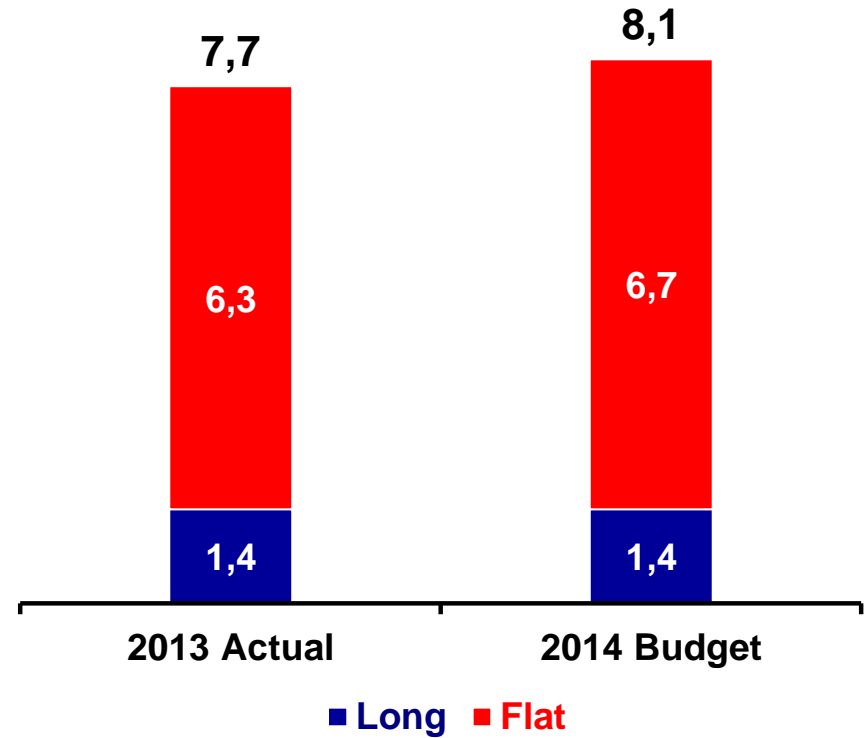


2014 Guidance

Production (M. Tons)



Sales (M. Tons)



EBITDA and Net Profit Margins

- EBITDA and Net Profit Margins were 19.2% and 9.4% respectively in 2013.
- EBITDA and Net Profit Margins are expected to be 18-20% and 11-13% respectively in 2014.

