





# **2017 6 Months Consolidated Results**

*8 August 2017*

## DISCLAMIER

**Ereğli Demir Çelik Fabrikaları T.A.Ş. (Erdemir) may, when necessary, make written or verbal announcements about forward-looking information, expectations, estimates, targets, assessments and opinions. Erdemir has made the necessary arrangements about the amounts and results of such information through its Disclosure Policy and has shared such policy with the public through the Erdemir website, in accordance with the Capital Markets Board regulations. As stated in related policy, information contained in forward-looking statements, whether verbal or written, should not include unrealistic assumptions or forecasts. It should be noted that, actual results could materially differ from estimates taking into account the fact that they are not based on historical facts but are driven from expectations, beliefs, plans, targets and other factors which are beyond the control of our Company. As a result, forward-looking statements should not be fully trusted or taken as granted. Forward-looking statements should be considered valid only considering the conditions prevailing at the time of the announcement. In cases where it is understood that forward-looking statements are no longer achievable, such matter will be announced to the public and the statements will be revised. However, the decision to make a revision is a result of a subjective evaluation. Therefore, it should be noted that, when a party is coming to a judgement based on estimates and forward-looking statements, our Company may not have made a revision at that particular time. Our Company makes no commitment to make regular revisions which would fully cover changes in every parameter. New factors may arise in the future which may not be possible to foresee at this moment in time.**

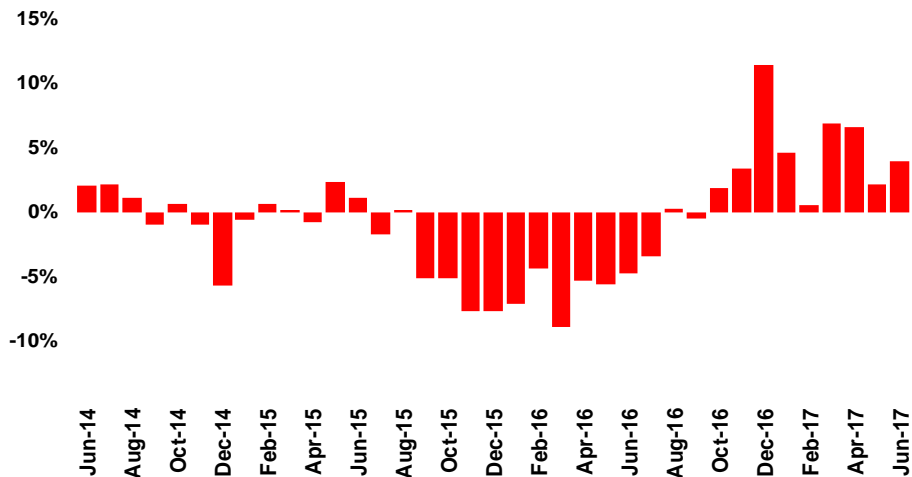


- > **2017 Market Overview**
- > 2017 6M Results

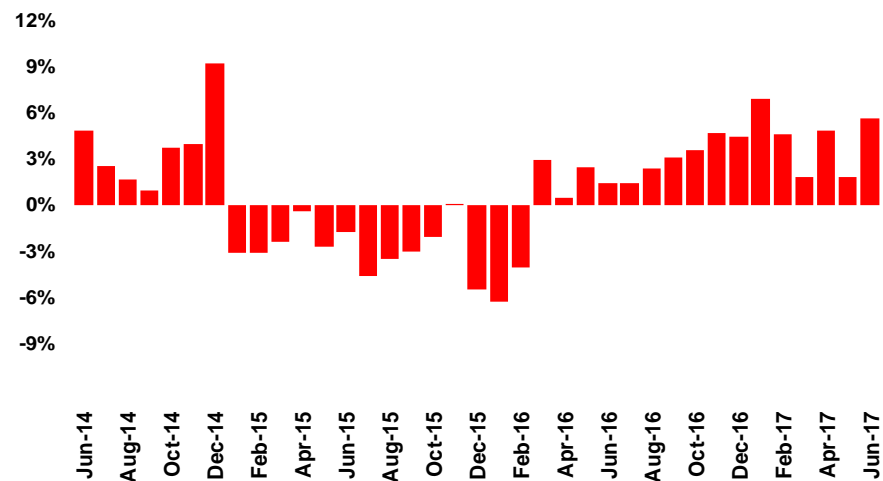
# EU28 crude steel production increased by 4% in June (YoY)



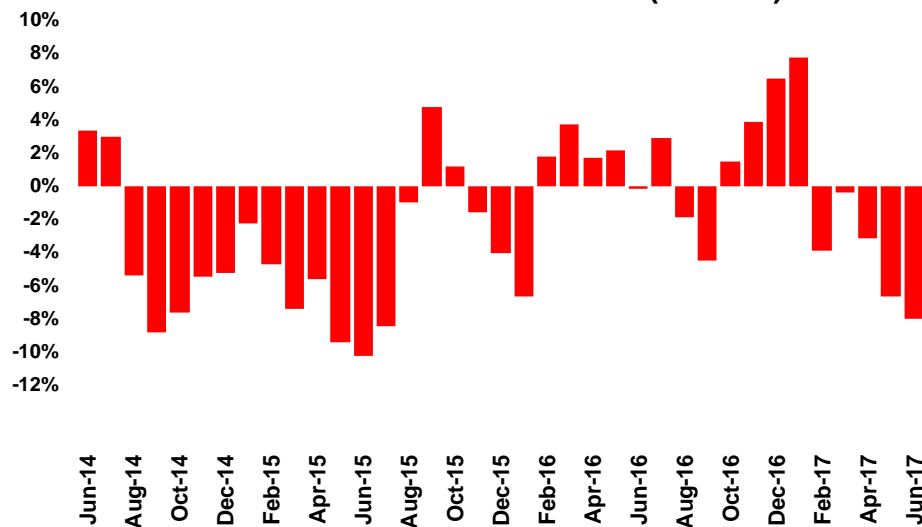
## EU28 CRUDE STEEL PRODUCTION ( YoY % )



## CHINA CRUDE STEEL PRODUCTION ( YoY % )



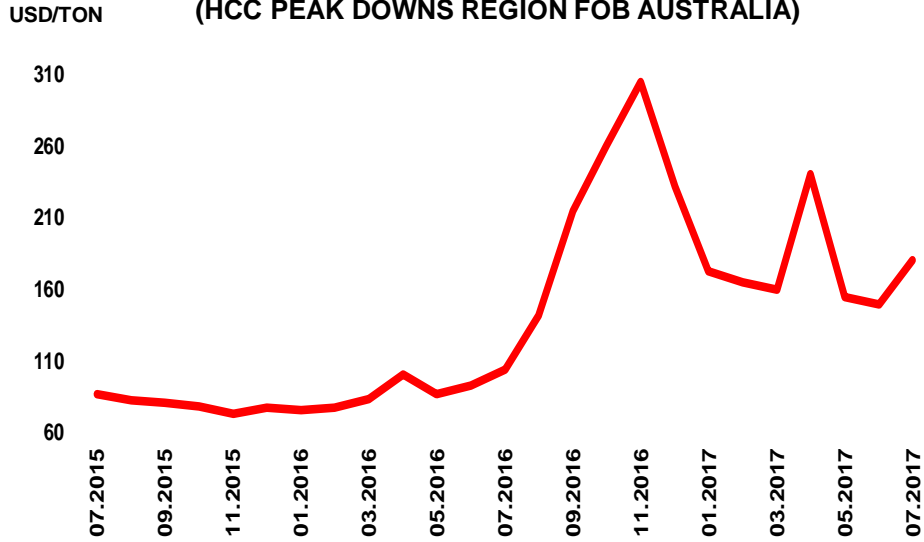
## CIS CRUDE STEEL PRODUCTION ( YoY % )



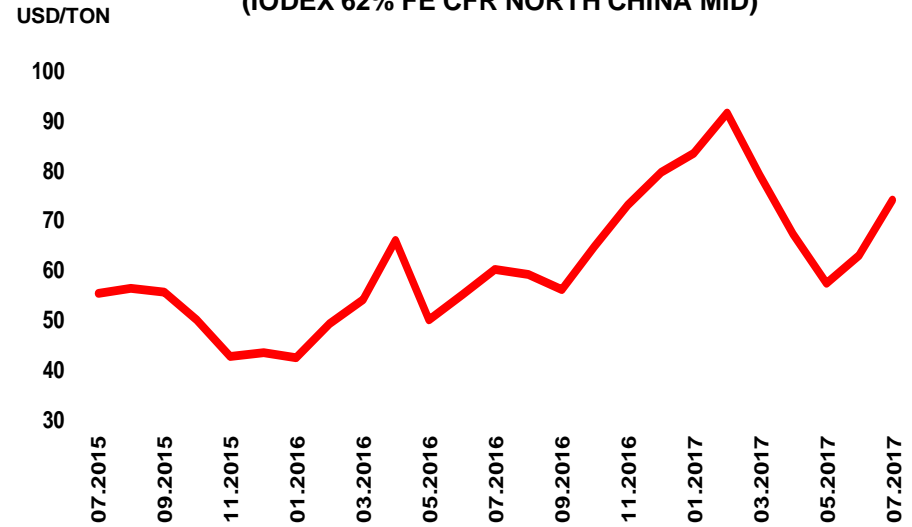
# Coking coal price increased to 180 USD/ton at the end of July 2017



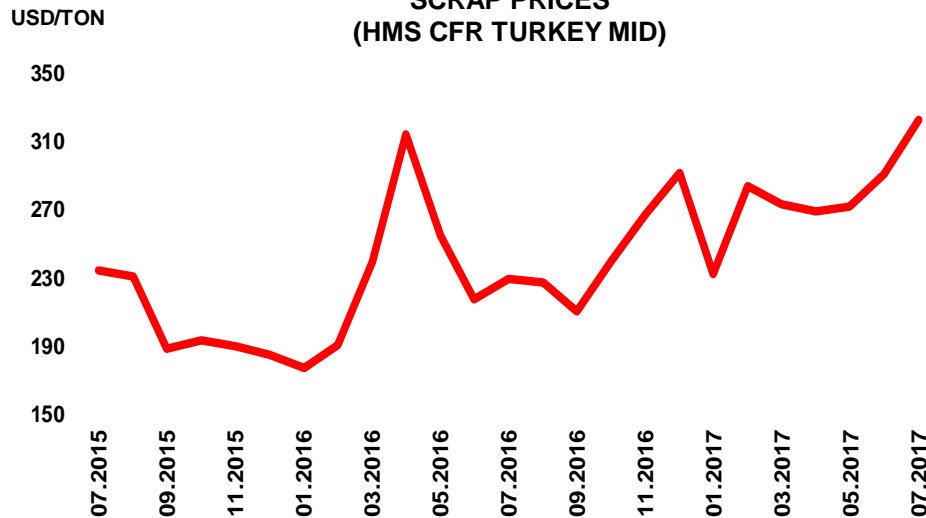
**COKING COAL PRICES**  
(HCC PEAK DOWNS REGION FOB AUSTRALIA)



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



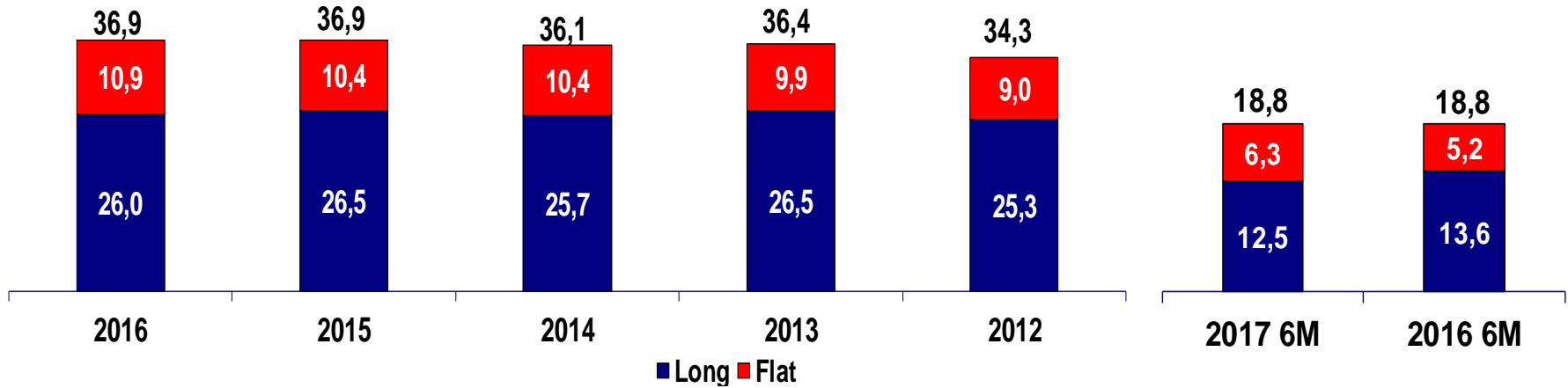
**SCRAP PRICES**  
(HMS CFR TURKEY MID)



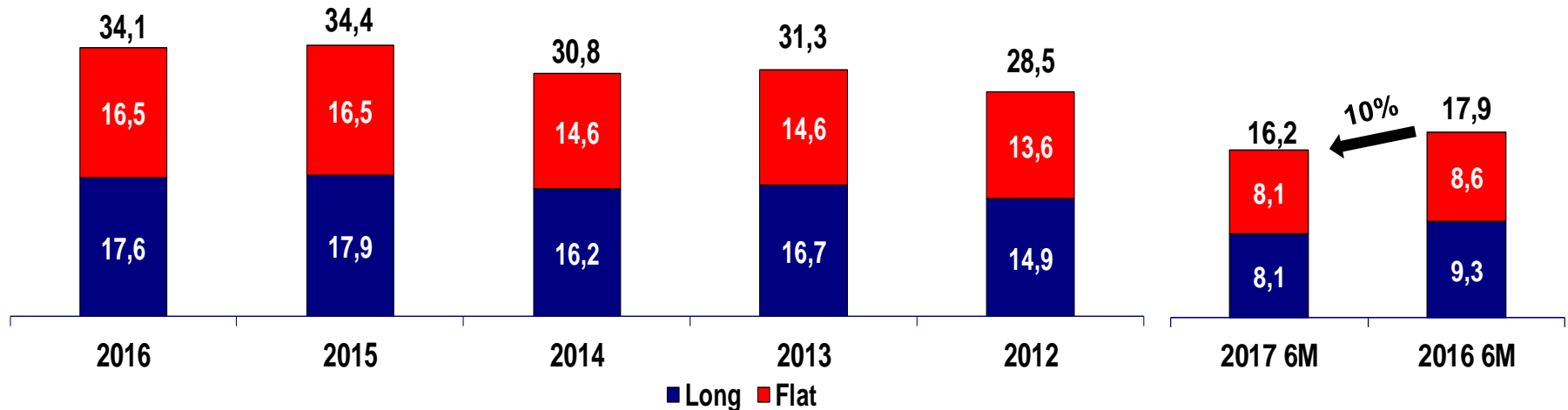
# Turkish steel consumption decreased by 10% in 2017 6M YoY



## PRODUCTION ( MILLION TONS )



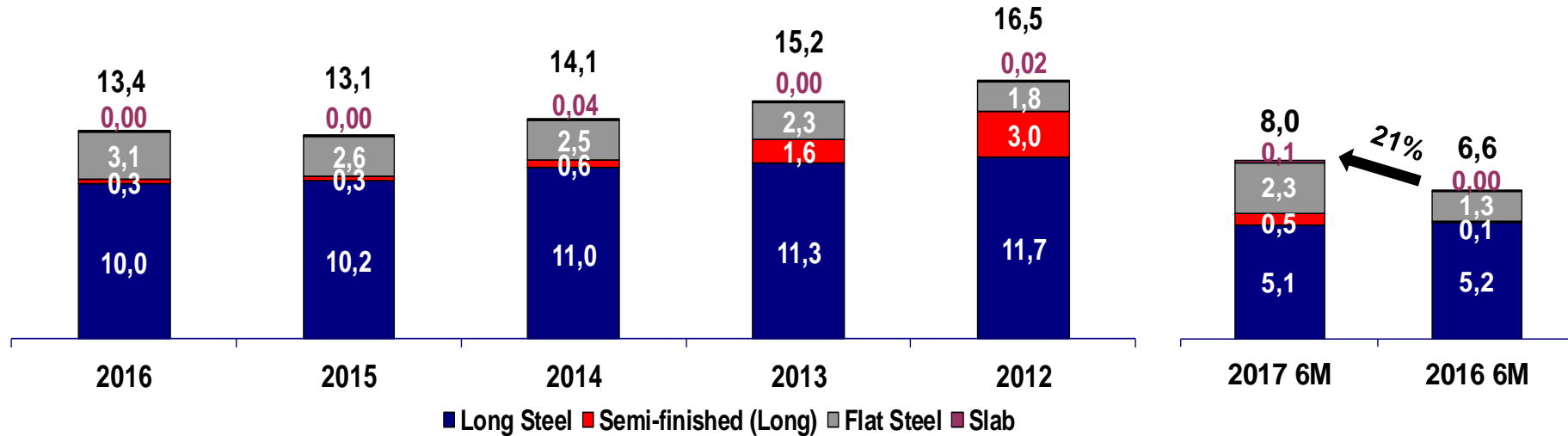
## CONSUMPTION ( MILLION TONS )



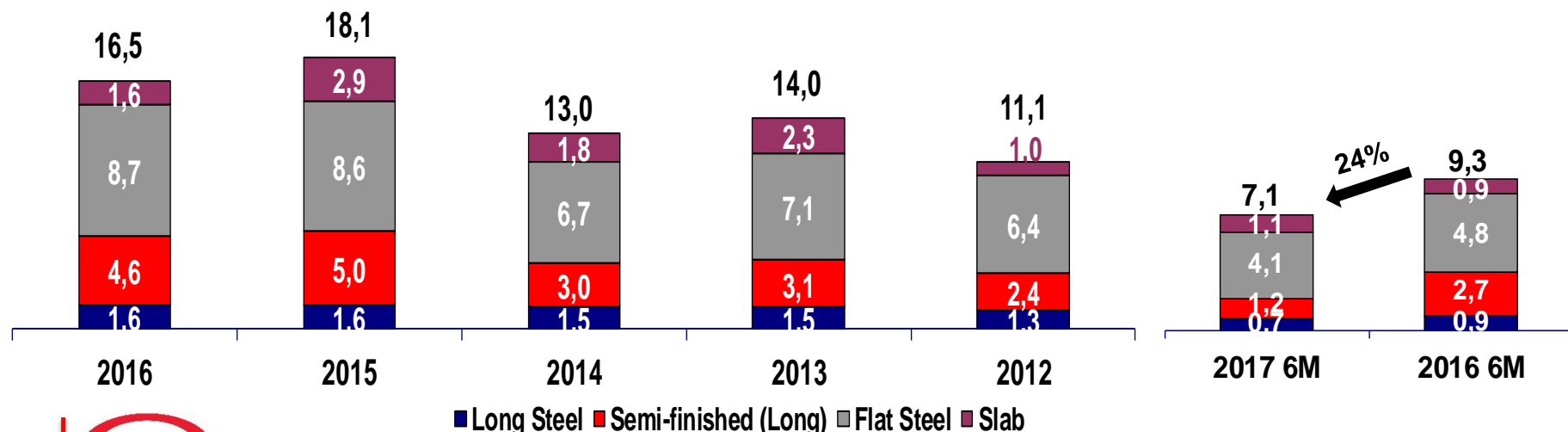
# Turkish iron and steel product exports increased by 21% in 2017 6M YoY



## IRON AND STEEL PRODUCT EXPORTS ( MILLION TONS )



## IRON AND STEEL PRODUCT IMPORTS ( MILLION TONS )







- > 2017 Market Overview
- > **2017 6M Results**

## ERDEMİR GROUP KEY FIGURES

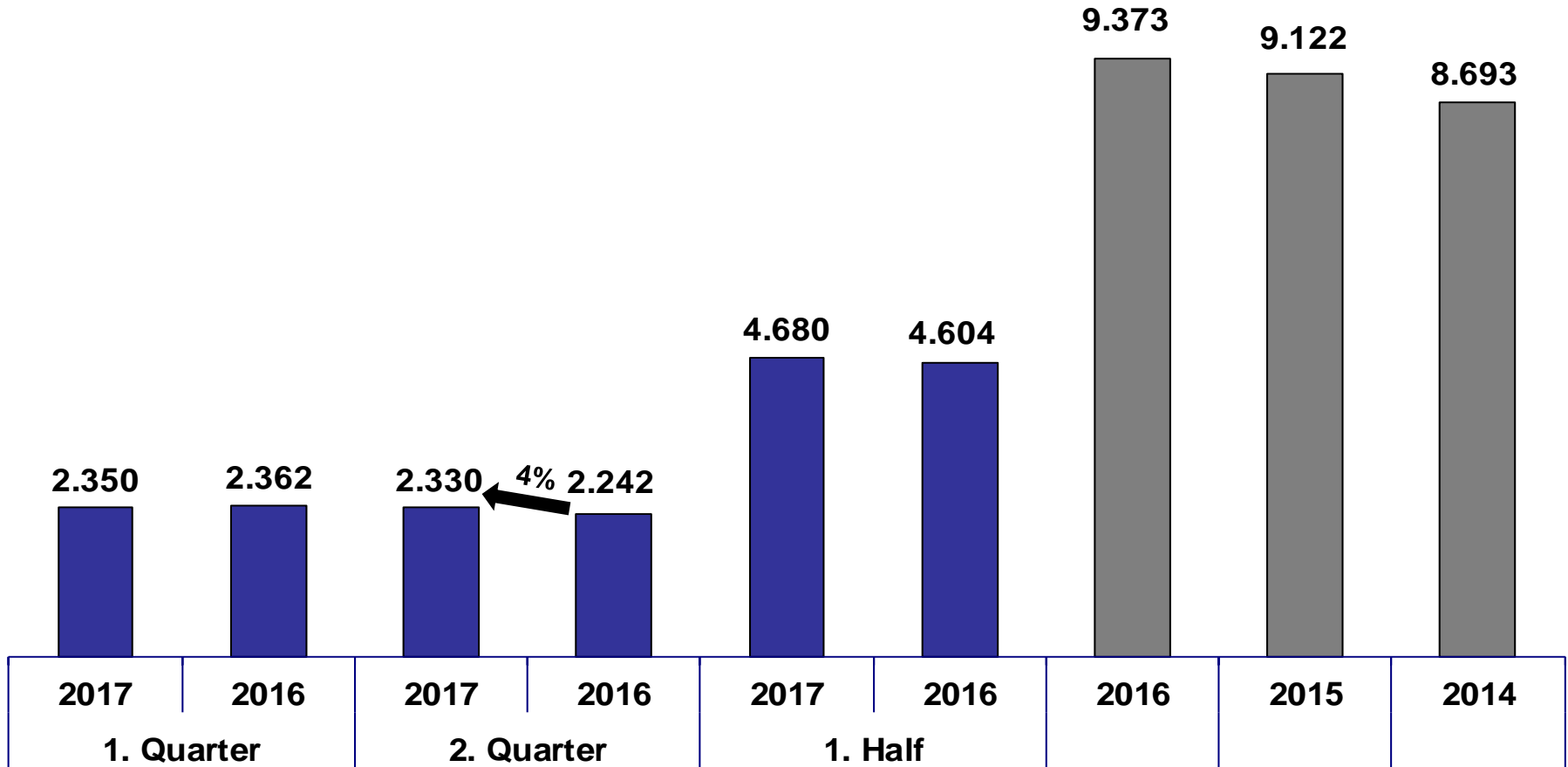
		2017 6M	2016 6M	2016	2015
<b>Liquid Steel Production</b>	<i>(000 Tons)</i>	<b>↑ 4.680</b>	4.604	9.373	9.122
<b>Flat Steel Production <sup>(*)</sup></b>	<i>(000 Tons)</i>	<b>↑ 3.865</b>	3.540	7.072	7.400
<b>Long Steel Production</b>	<i>(000 Tons)</i>	<b>↓ 627</b>	789	1.572	1.563
<b>Flat Steel Shipments</b>	<i>(000 Tons)</i>	<b>↑ 3.723</b>	3.670	7.163	7.229
<b>Long Steel Shipments</b>	<i>(000 Tons)</i>	<b>↓ 643</b>	782	1.587	1.552
<b>Net Sales Revenue</b>	<i>(M. USD)</i>	<b>↑ 2.442</b>	1.797	3.855	4.382
<b>EBITDA</b>	<i>(M. USD)</i>	<b>↑ 702</b>	314	895	770
<b>Net Profit For The Year</b>	<i>(M. USD)</i>	<b>↑ 487</b>	165	502	414

All figures are on IFRS consolidated basis unless stated otherwise.

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

Liquid steel production was 4,7 million tons in 1H 2017

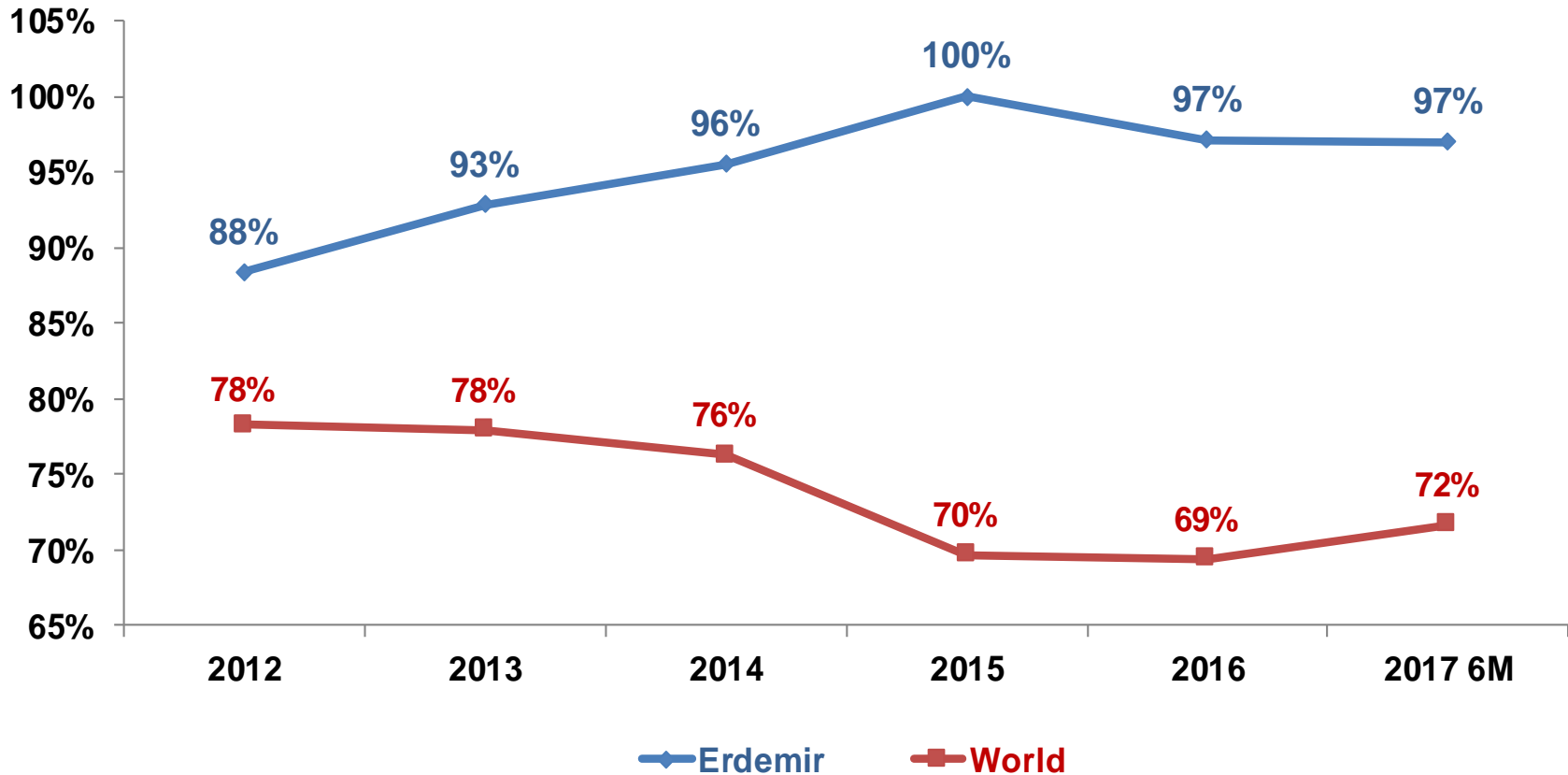
LIQUID STEEL PRODUCTION ( 000 TONS )



# Crude steel capacity utilization ratio of Erdemir is higher than the world average

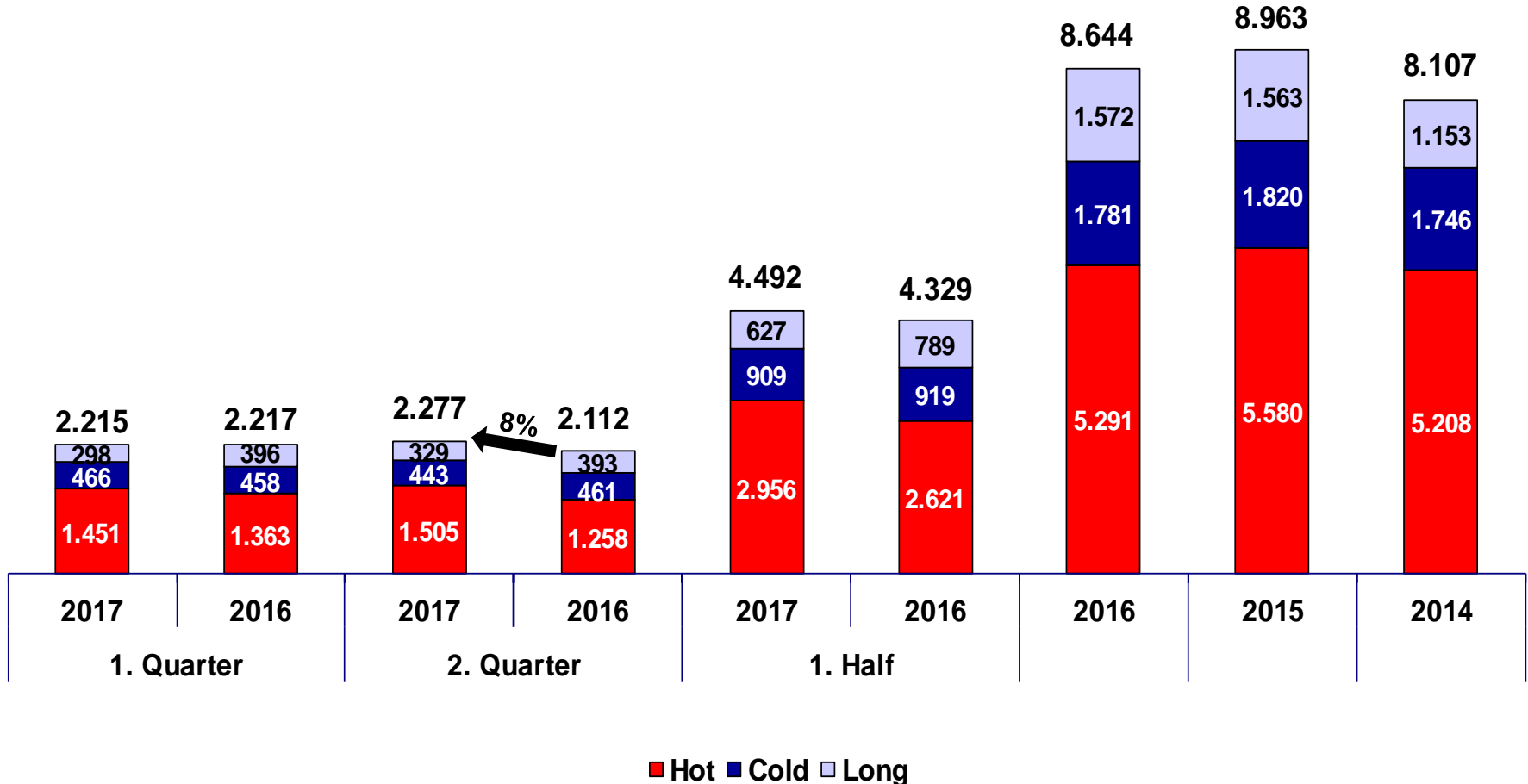


## CRUDE STEEL CAPACITY UTILIZATION RATIO



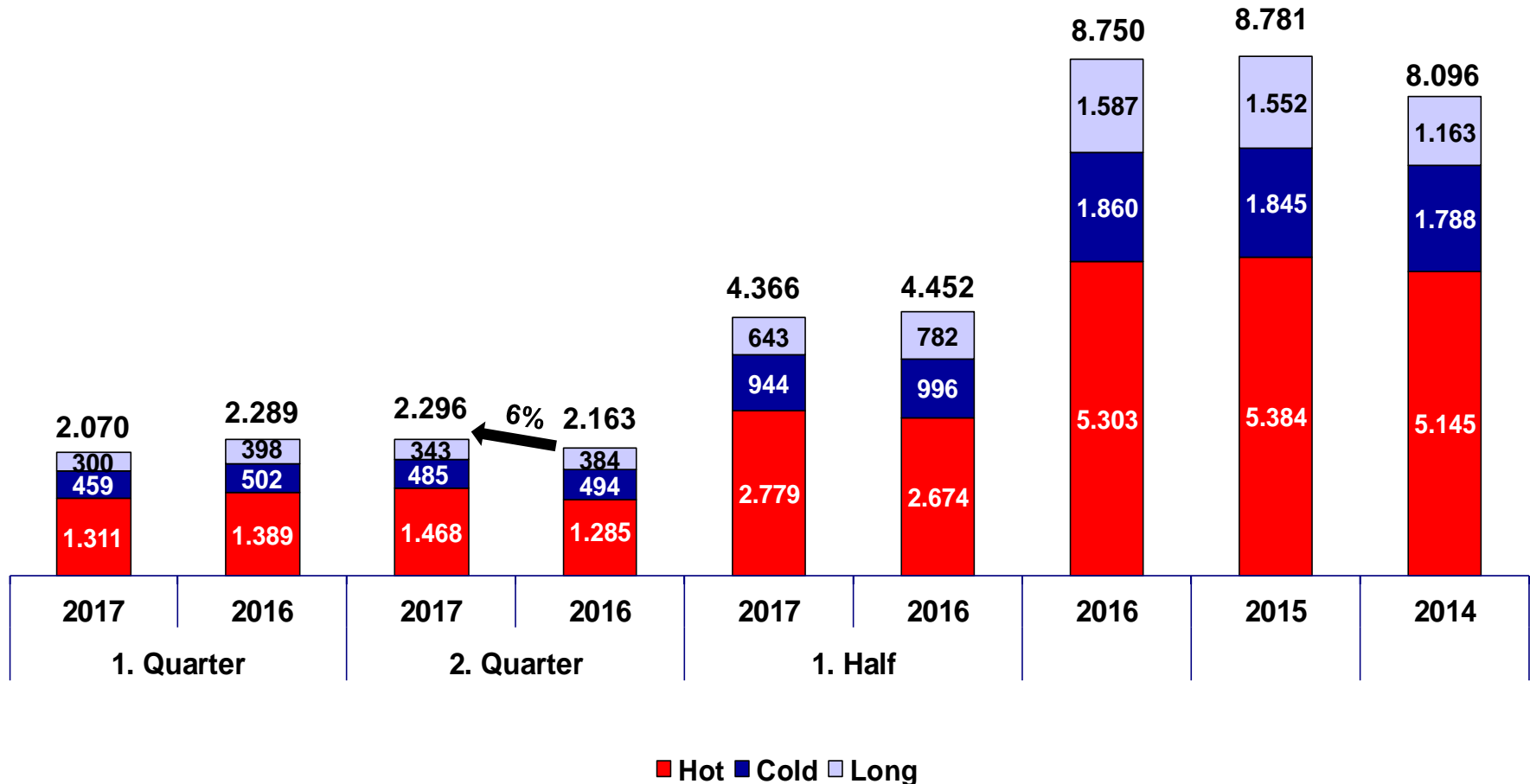
# Production was 4,5 million tons in 1H 2017

## PRODUCTION VOLUMES ( 000 TONS )



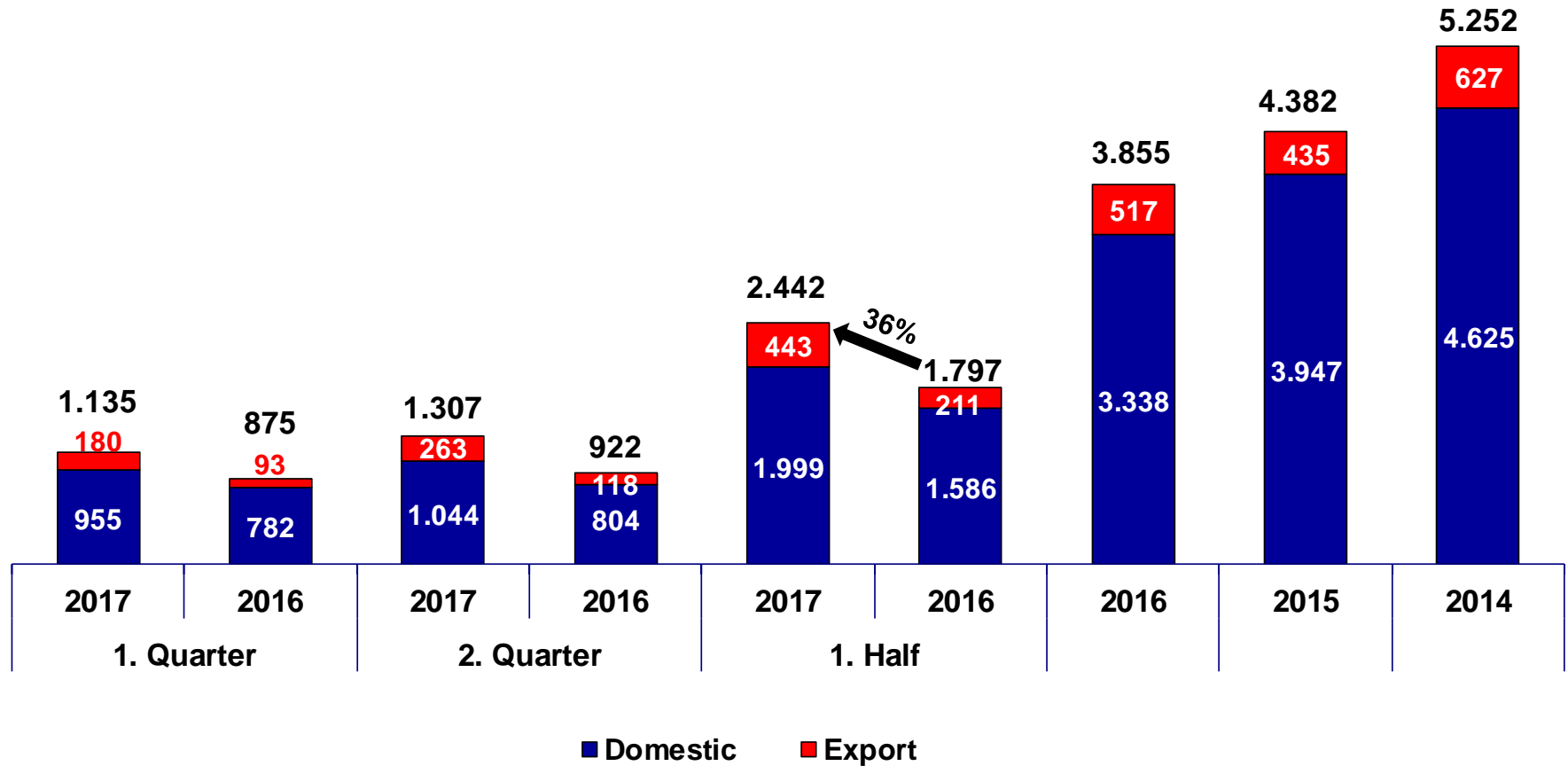
# Sales volume was 4,4 million tons in 1H 2017

## SALES VOLUMES ( 000 TONS )



# Net sales revenue increased by 36% in 1H 2017 YoY

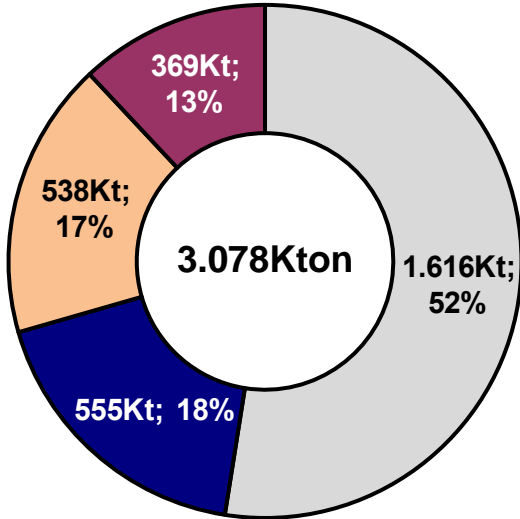
## NET SALES REVENUE ( MILLION USD )



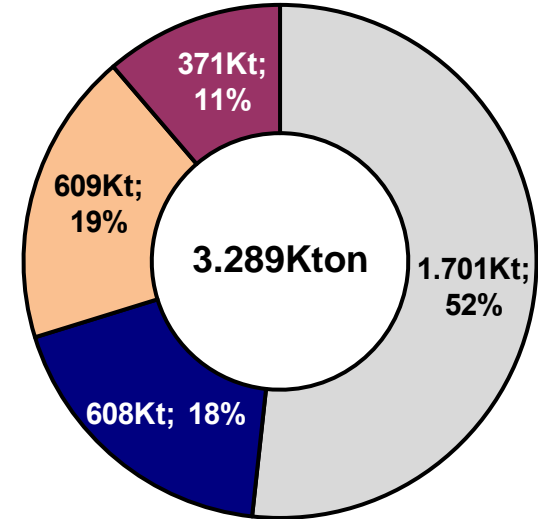
# 13% of flat steel sales are made to automotive sector in 1H 2017



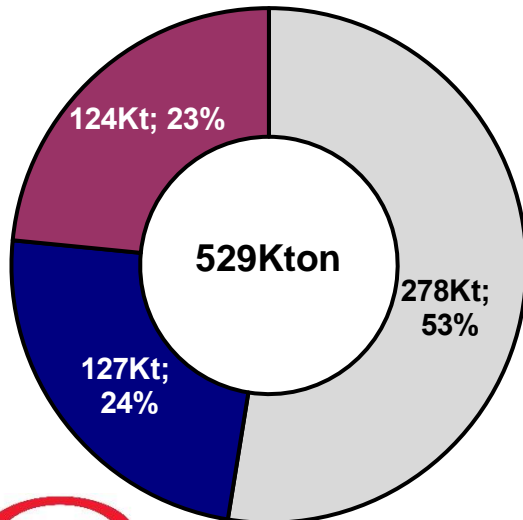
6M 2017 FLAT STEEL DOMESTIC SALES BREAKDOWN (%)



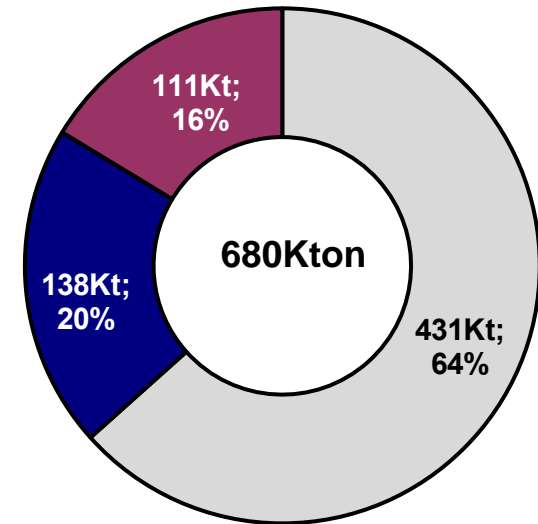
6M 2016 FLAT STEEL DOMESTIC SALES BREAKDOWN (%)



6M 2017 LONG STEEL DOMESTIC SALES BREAKDOWN (%)



6M 2016 LONG STEEL DOMESTIC SALES BREAKDOWN (%)

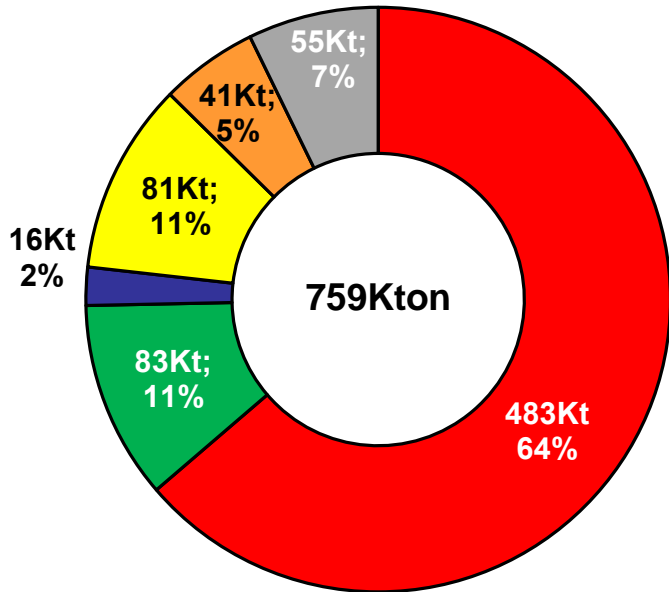




# Main product sales to EU countries was 64% of our export in 1H 2017

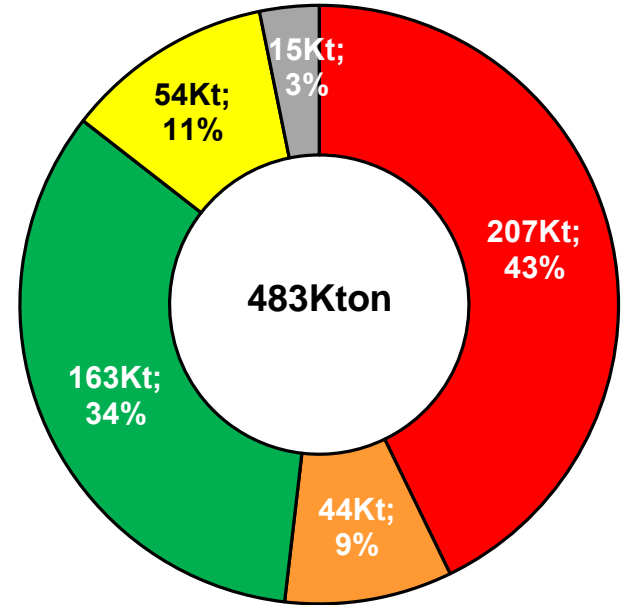


### 6M 2017 STEEL EXPORTS BREAKDOWN (%)



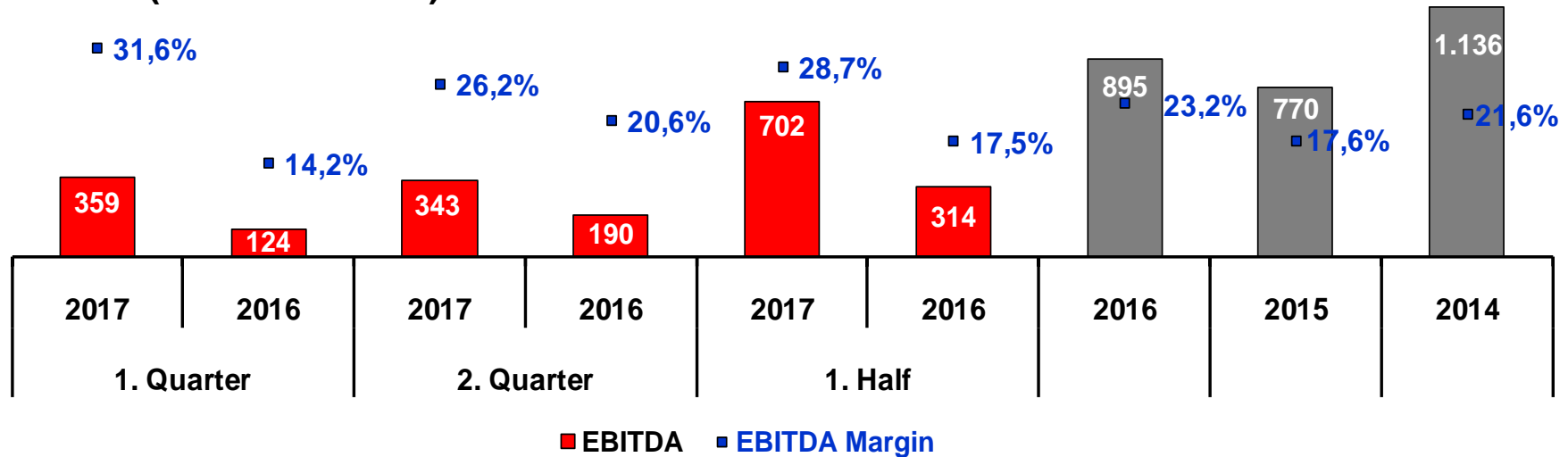
### 6M 2016 STEEL EXPORTS BREAKDOWN (%)

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

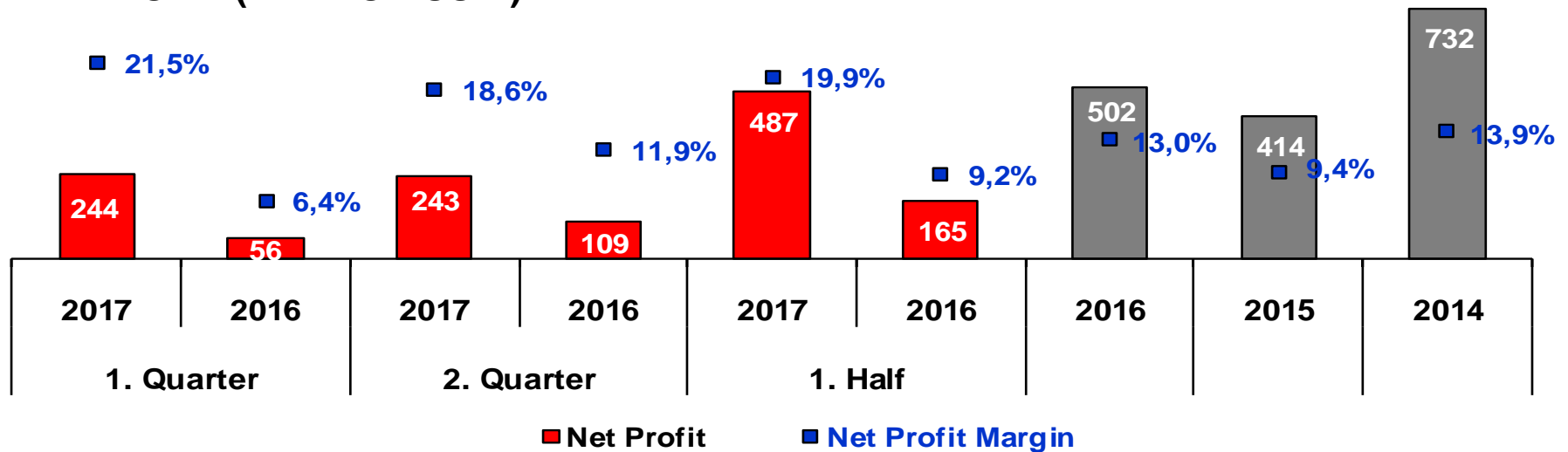


# Net profit increased by 195% in 1H 2017 YoY

## EBITDA ( MILLION USD )

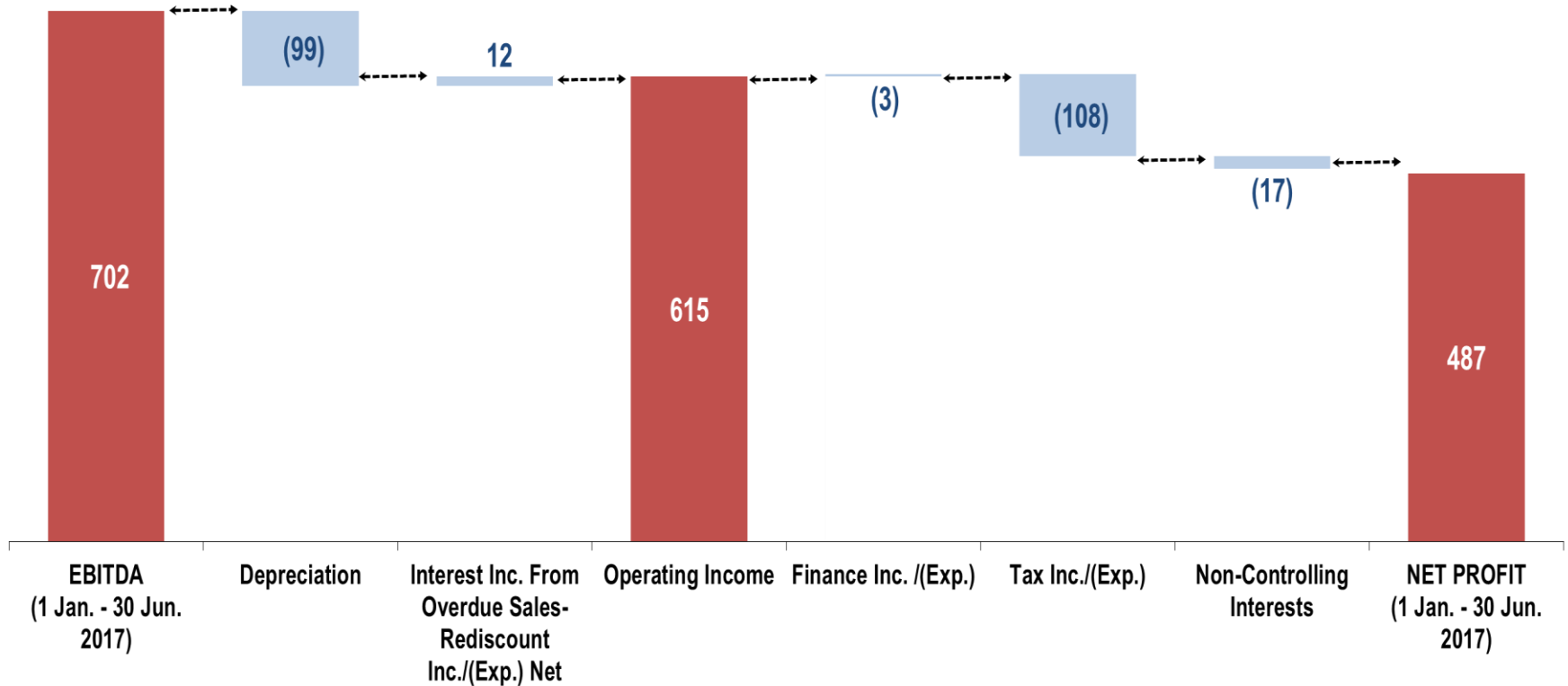


## NET PROFIT ( MILLION USD )



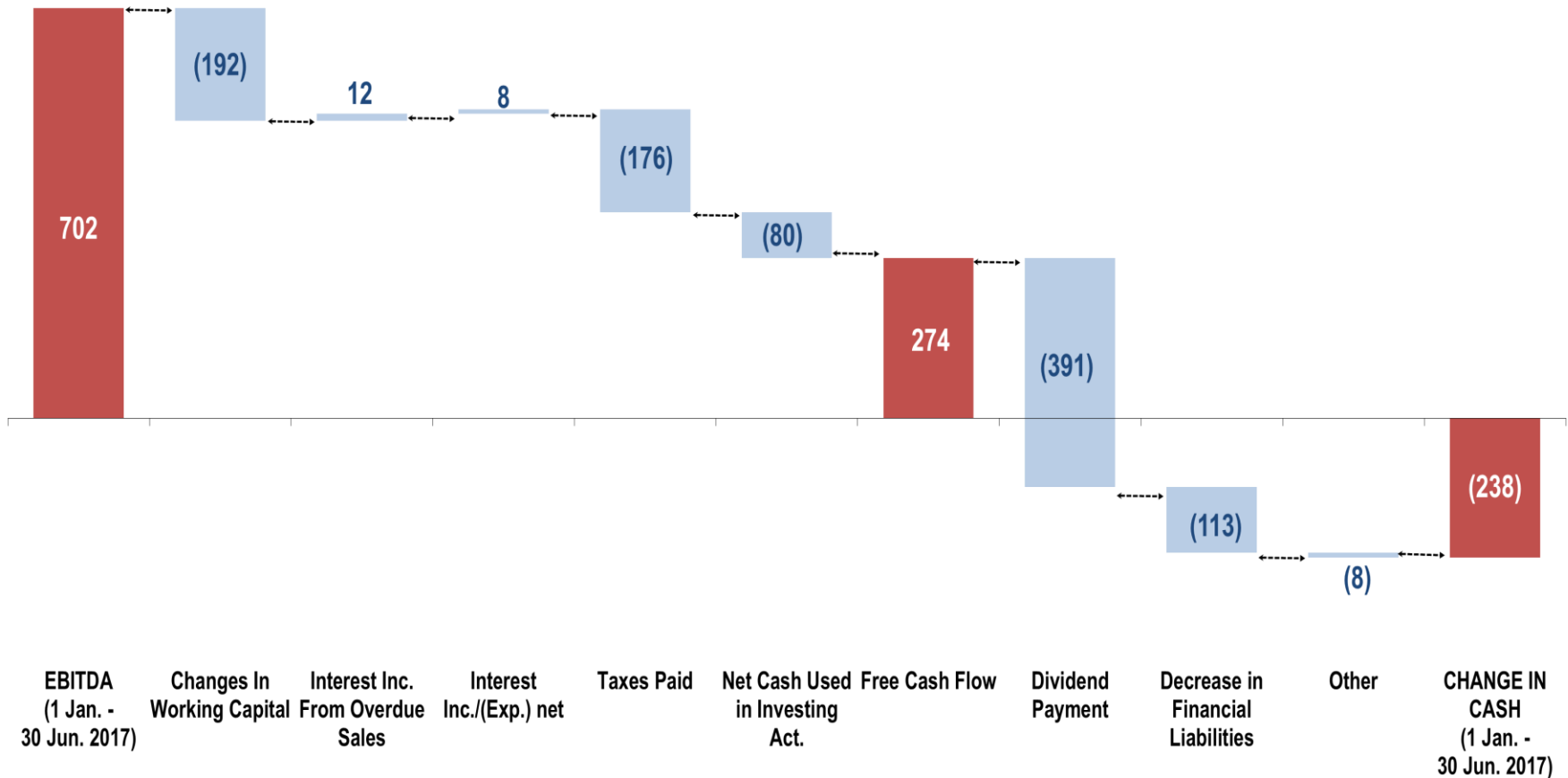
# EBITDA was 702 million USD in 1H 2017

## Consolidated EBITDA => Consolidated Net Profit (Million USD)



# 391 million USD dividend was paid on April 7, 2017

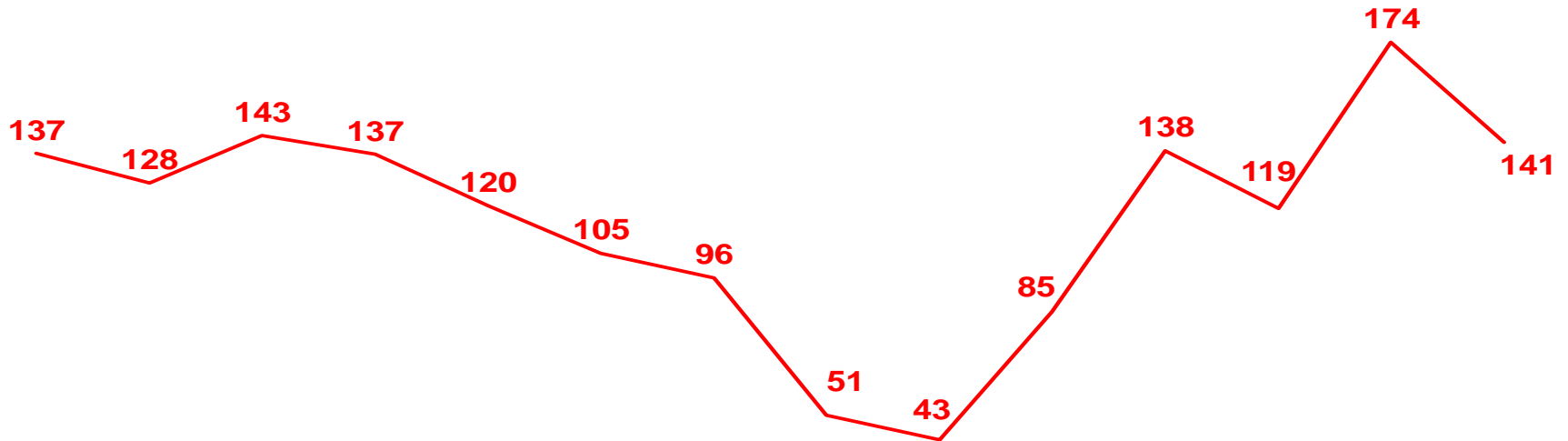
## Consolidated EBITDA => Consolidated Net Cash (Million USD)



# EBITDA per ton for main product was 141 USD/ton in 2017 2Q



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

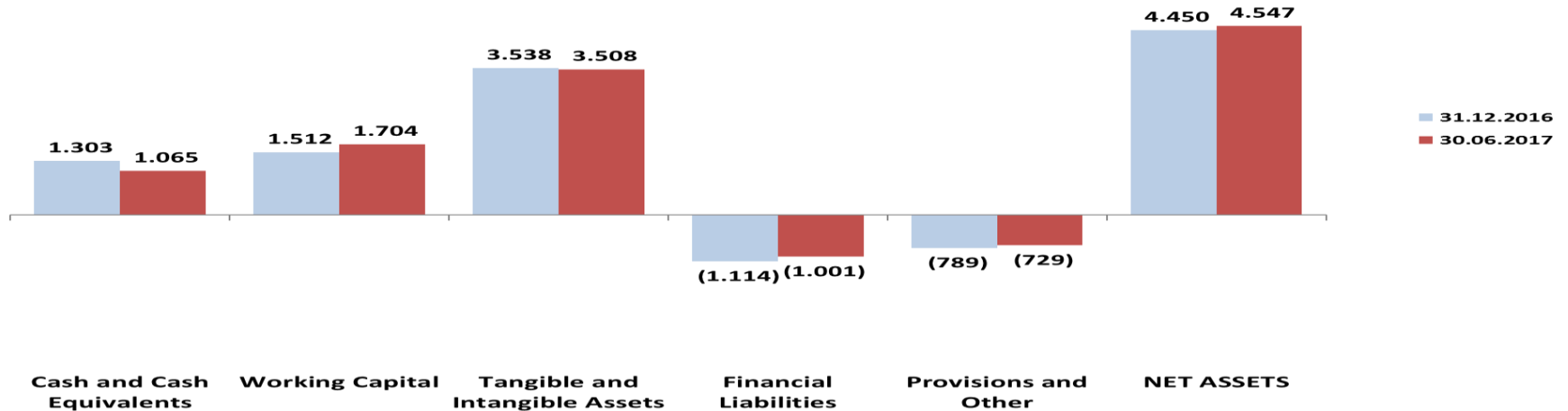


—Main Product

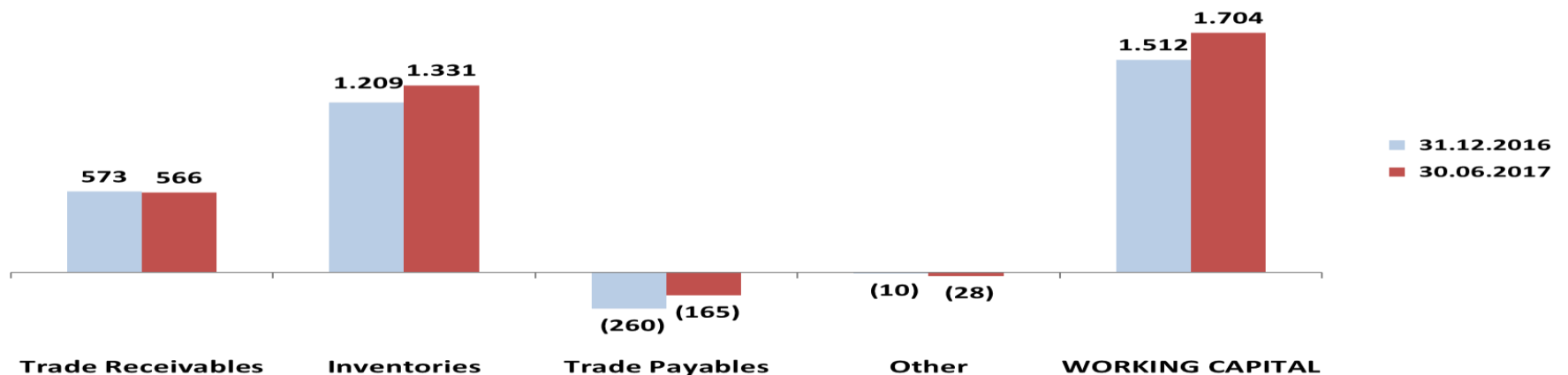


# Net assets were 4,5 billion USD as of June 2017

## CONSOLIDATED NET ASSETS (MILLION USD)

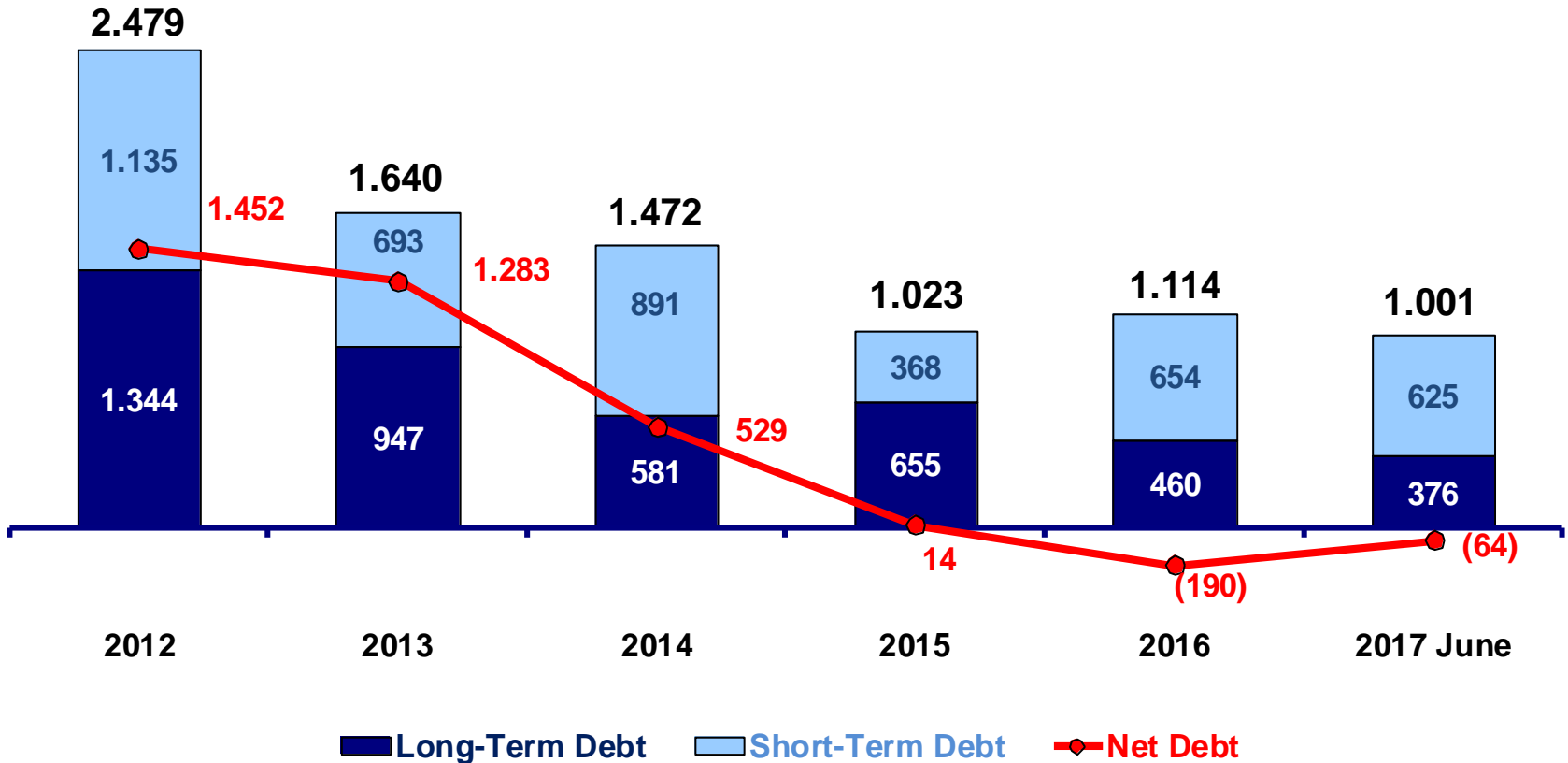


## WORKING CAPITAL (MILLION USD)



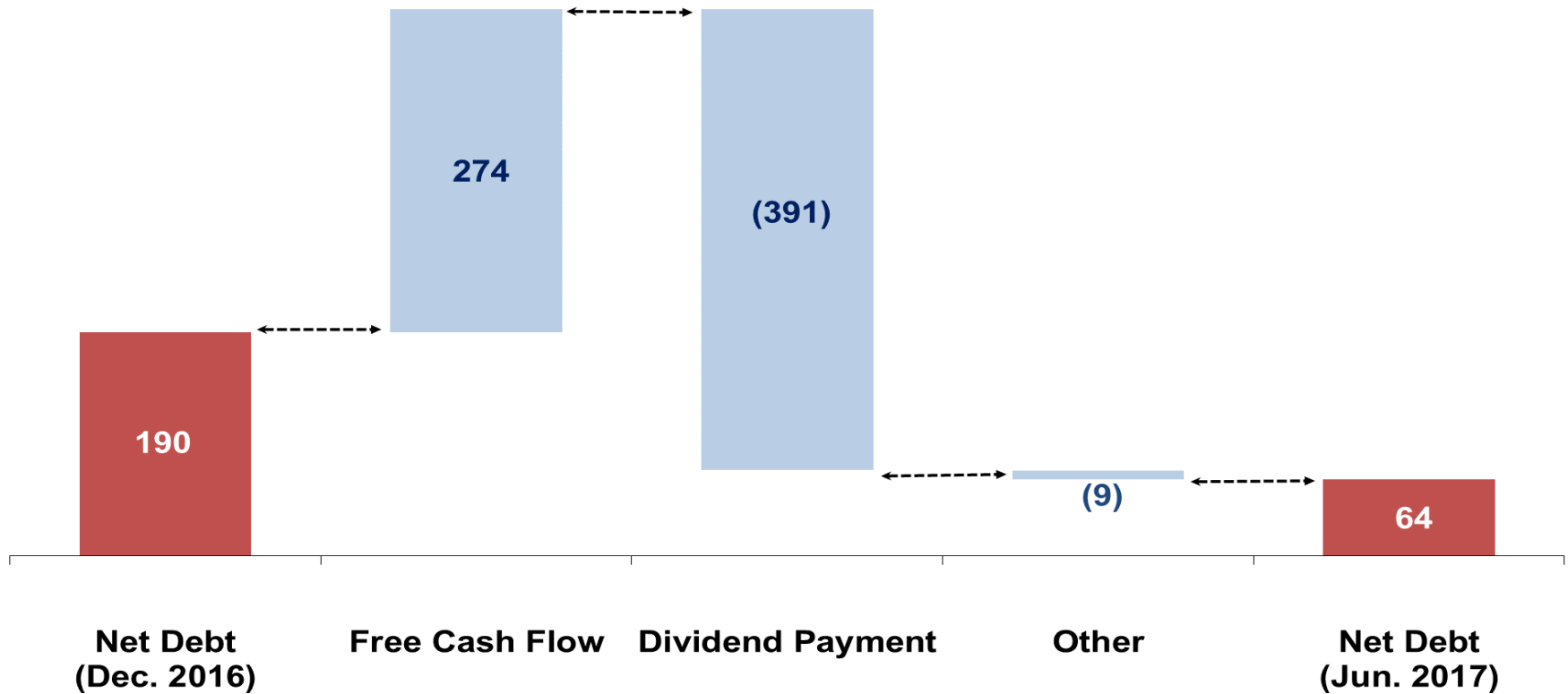
Despite the high dividend payments, there is no net debt

**BORROWINGS (MILLION USD)**



# Net debt was positive at the end of 1H 2017

## NET DEBT (MILLION USD)

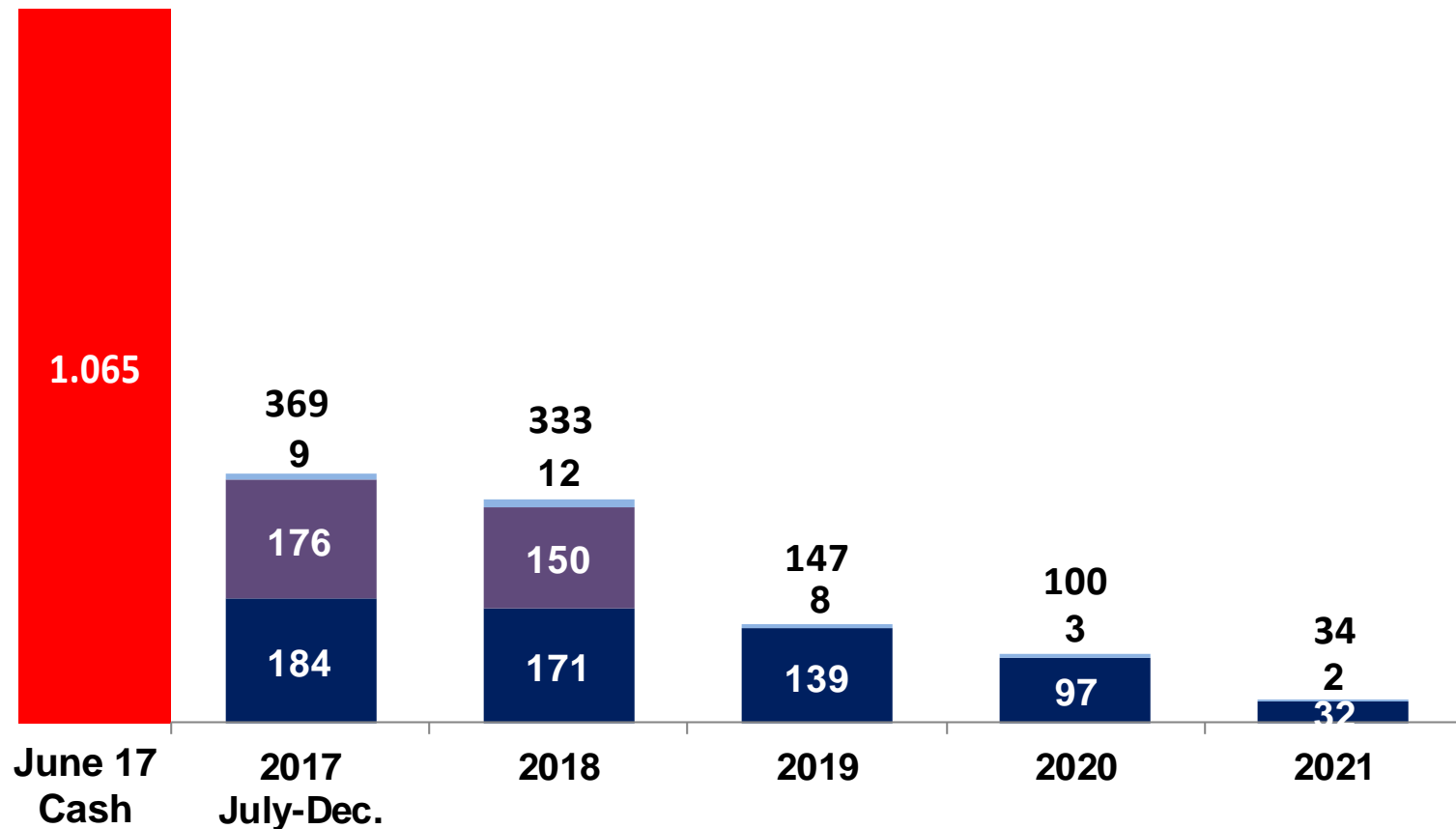




# Erdemir has 1.065 million USD cash and cash equivalents at the end of 1H 2017



## BORROWINGS MATURITY PROFILE (MILLION USD)

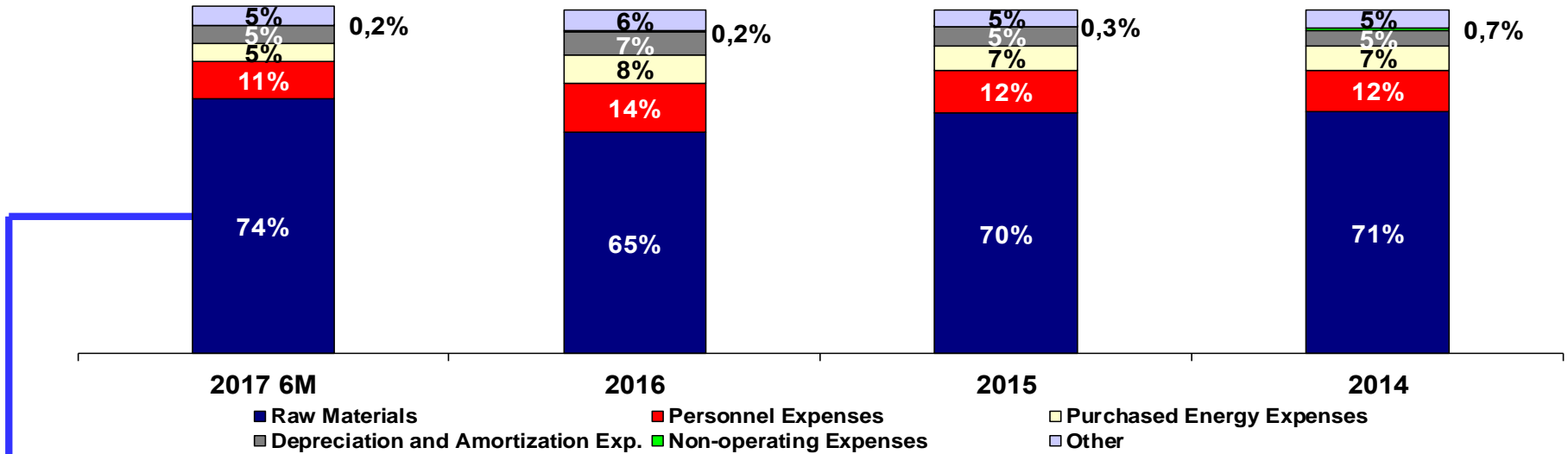


■ Principal ■ Revolving Trade Financing Loans ■ Interest

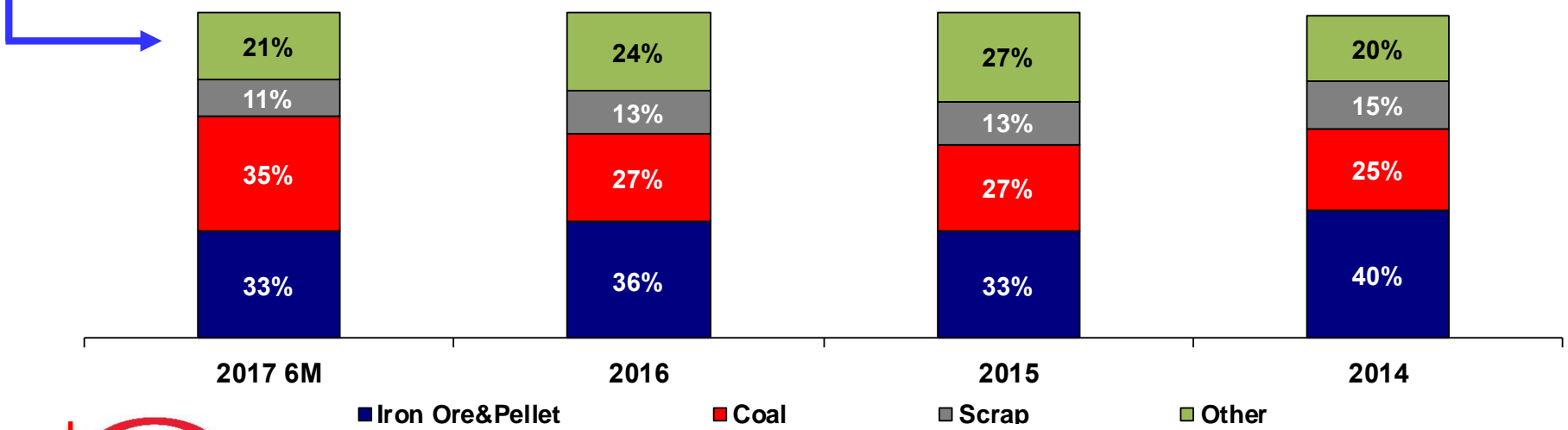


# Raw materials made up 74% of the cost of sales

## COST OF SALES BREAKDOWN\* - %



## RAW MATERIALS BREAKDOWN - %

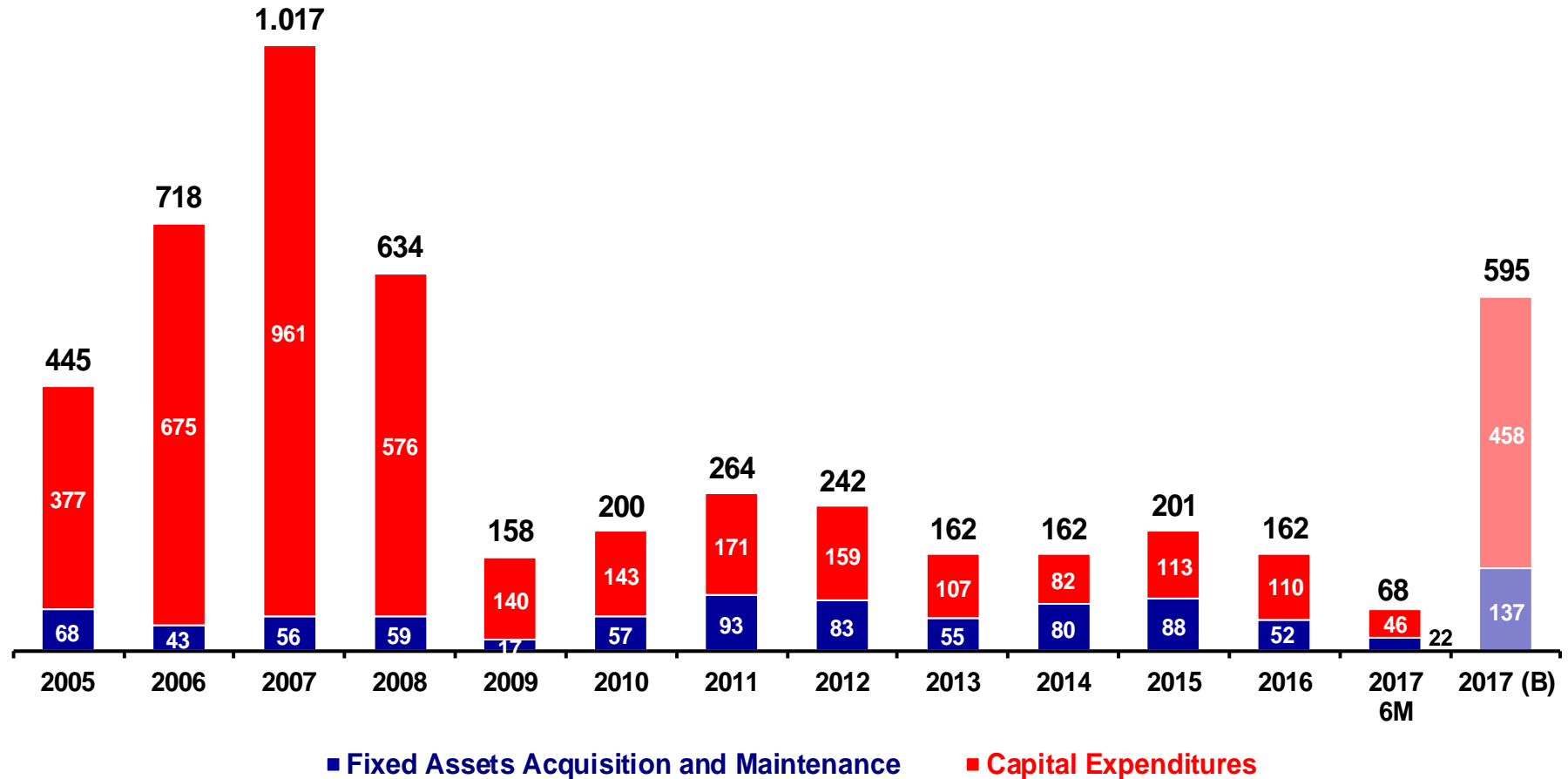


\* Excluding inventory writedowns and provision released.

# Capital expenditures of 595 million USD is planned for 2017\*



( M USD )



\* The capital expenditures in 2017 6M and before state the cash outflows however the capital expenditures for 2017 Budget state the signed and planned investments. The amounts shown in 2017 Budget do not represent cash outflows.

Number of employees was 12.019 as of June 2017

### NUMBER OF EMPLOYEES

