

Erdemir Group 2014 6 Months Consolidated Financial Results



12 August 2014



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Agenda



2014 Market Overview



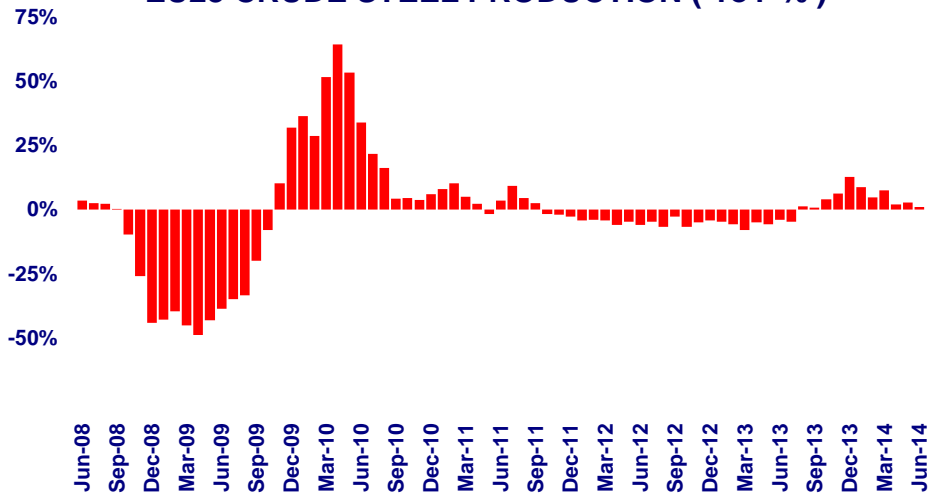
2014 6M Results



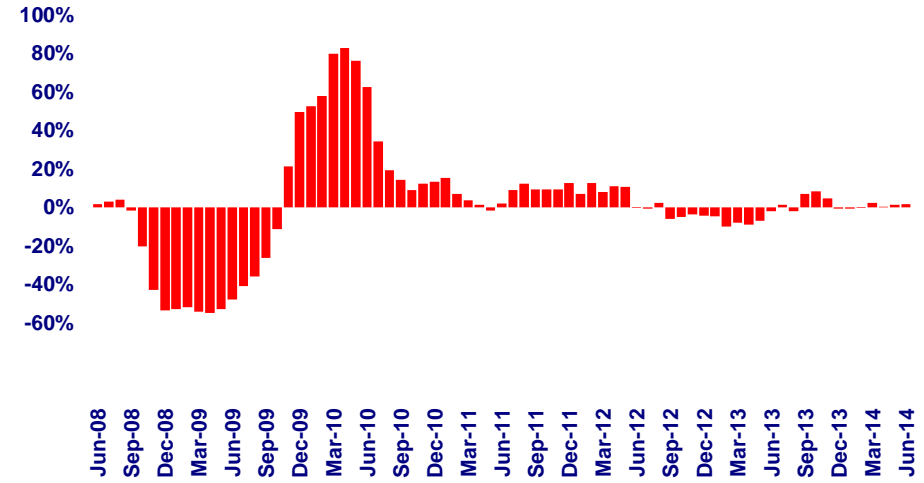
2014 Guidance



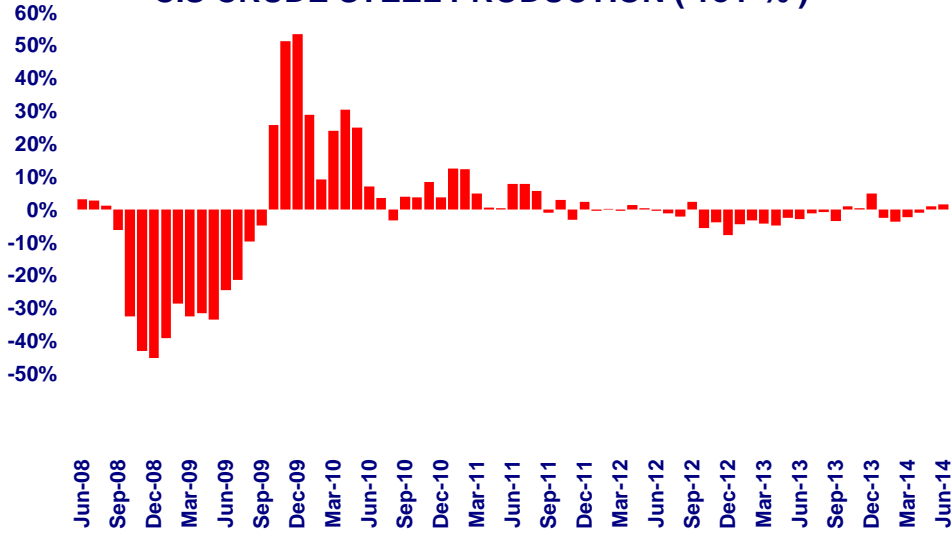
EU28 CRUDE STEEL PRODUCTION (YoY %)*



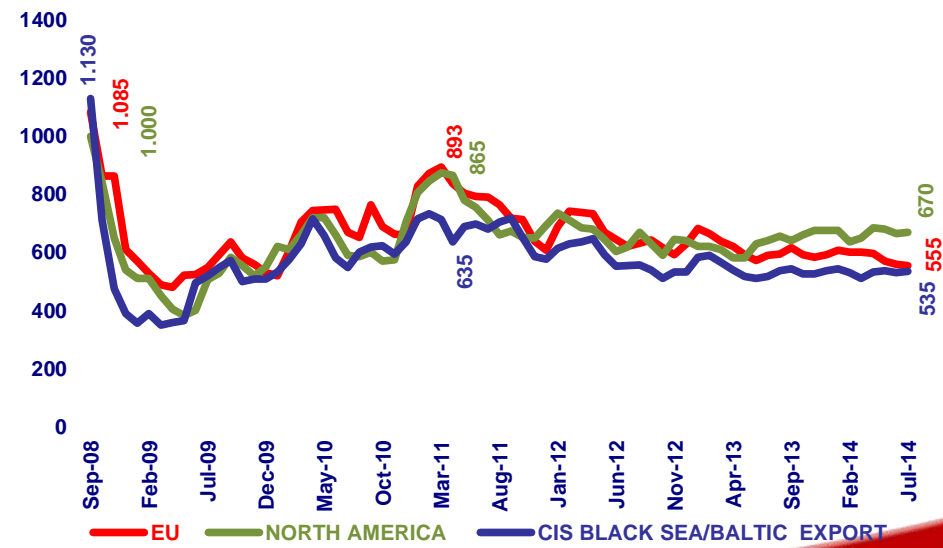
USA CRUDE STEEL PRODUCTION (YoY %)*



CIS CRUDE STEEL PRODUCTION (YoY %) *

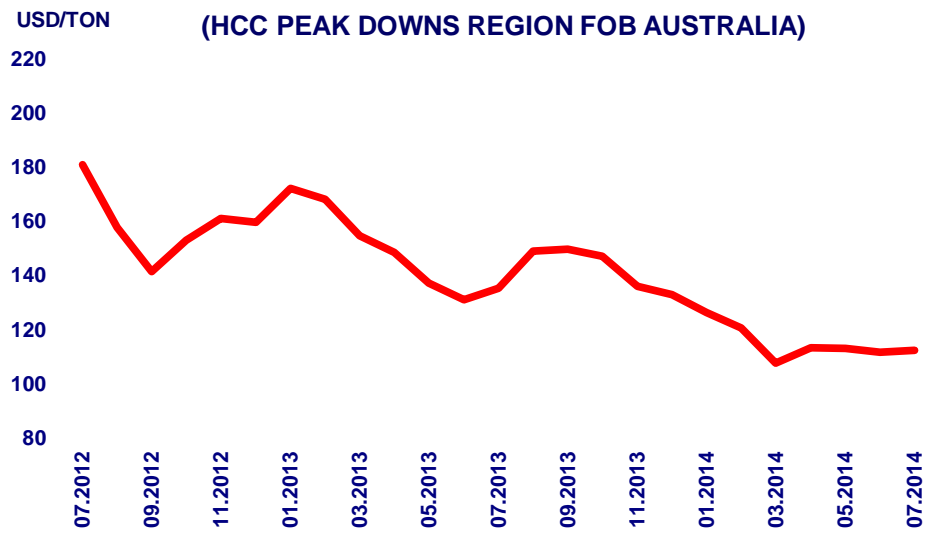


HRC PRICES (USD/TON)**

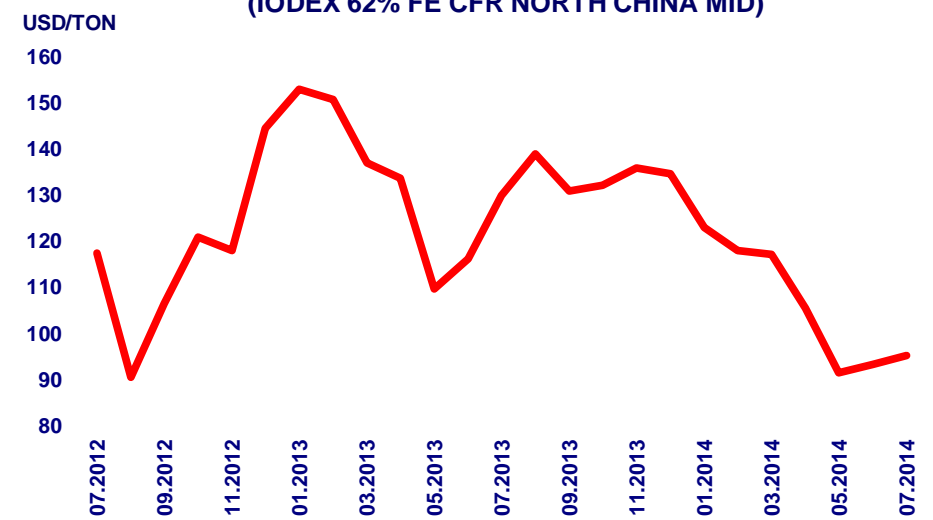




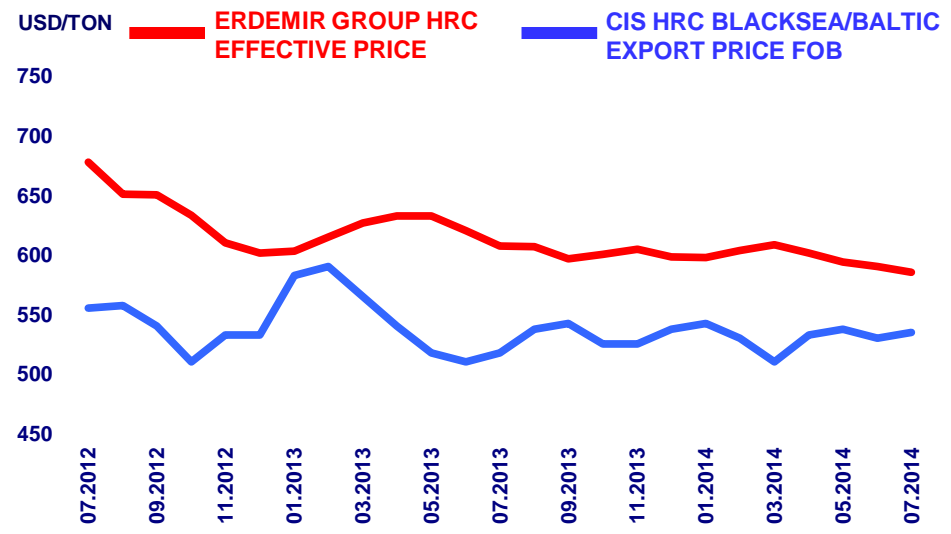
COKING COAL PRICES (HCC PEAK DOWNS REGION FOB AUSTRALIA)



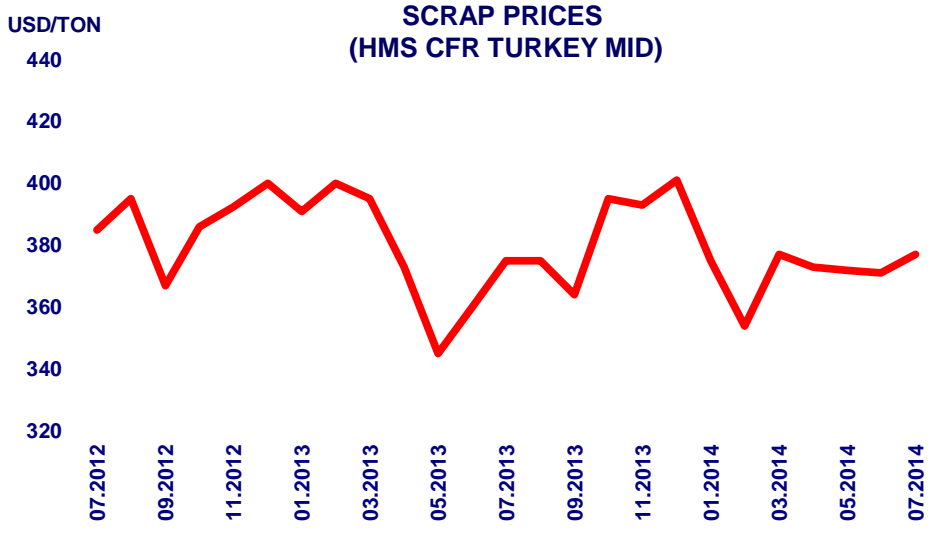
IRON ORE PRICES (IODEX 62% FE CFR NORTH CHINA MID)



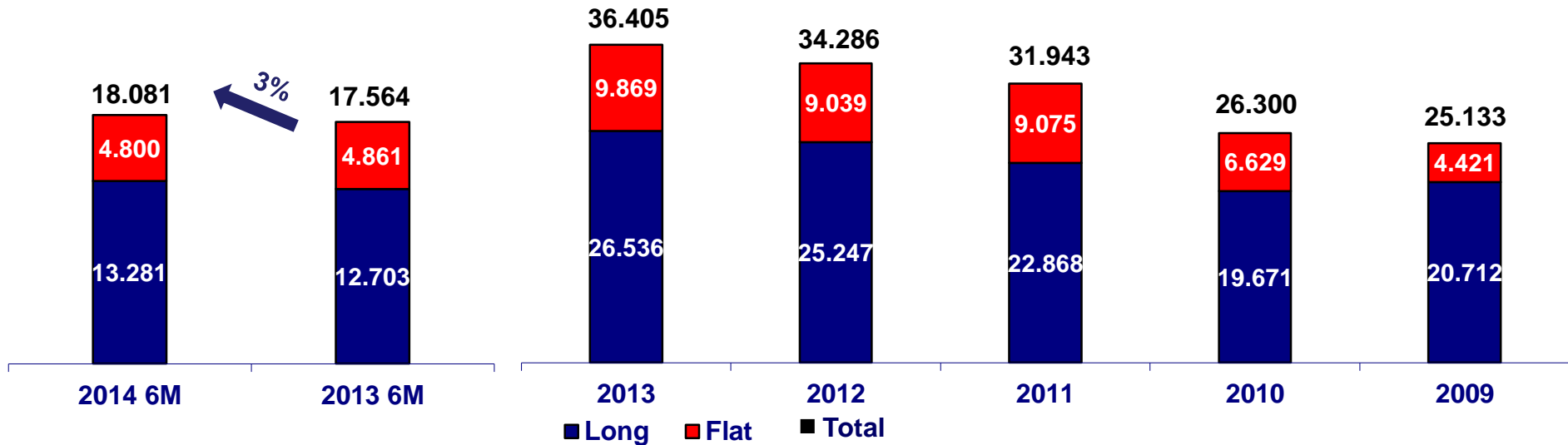
■ ERDEMİR GROUP HRC EFFECTIVE PRICE
■ CIS HRC BLACKSEA/BALTIC EXPORT PRICE FOB



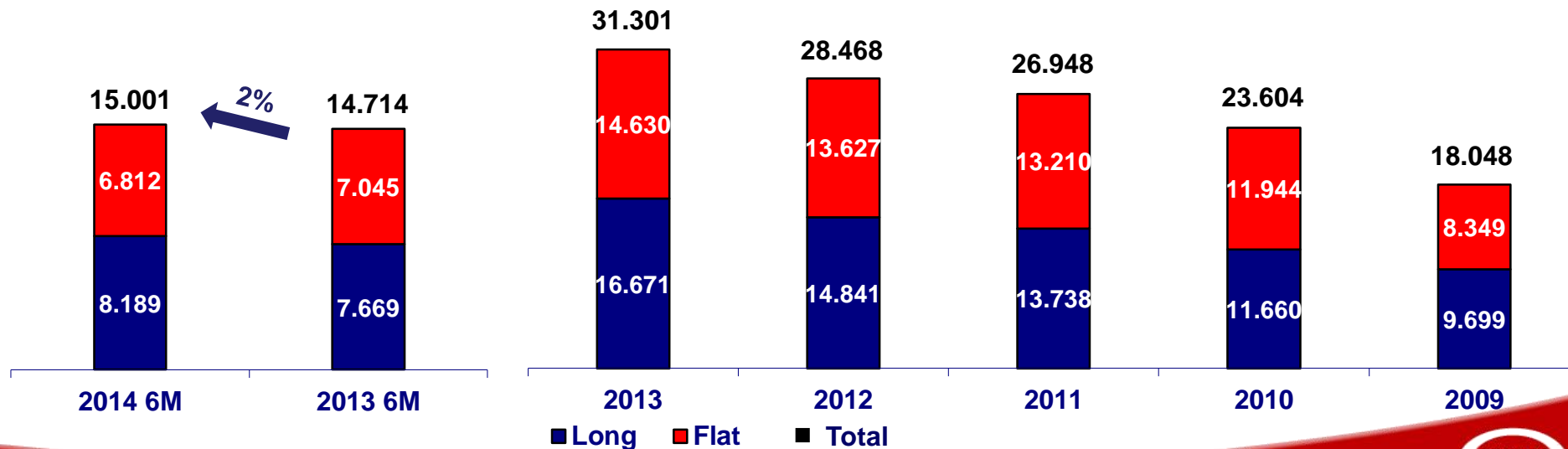
SCRAP PRICES (HMS CFR TURKEY MID)



PRODUCTION (000 TONS)

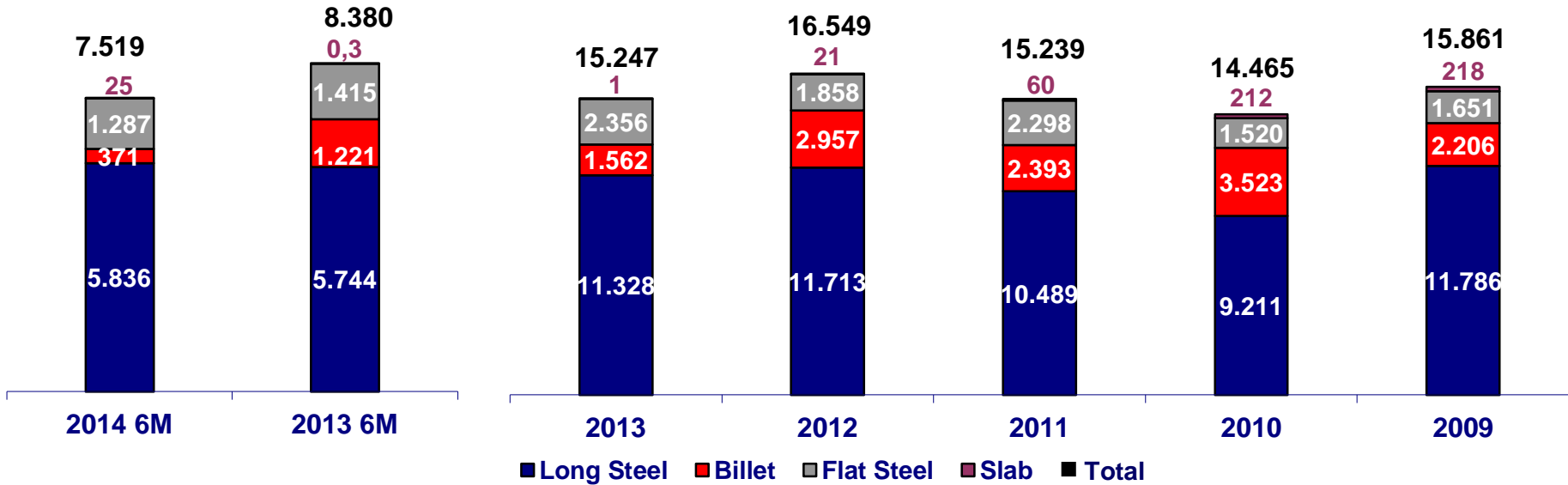


CONSUMPTION (000 TONS)

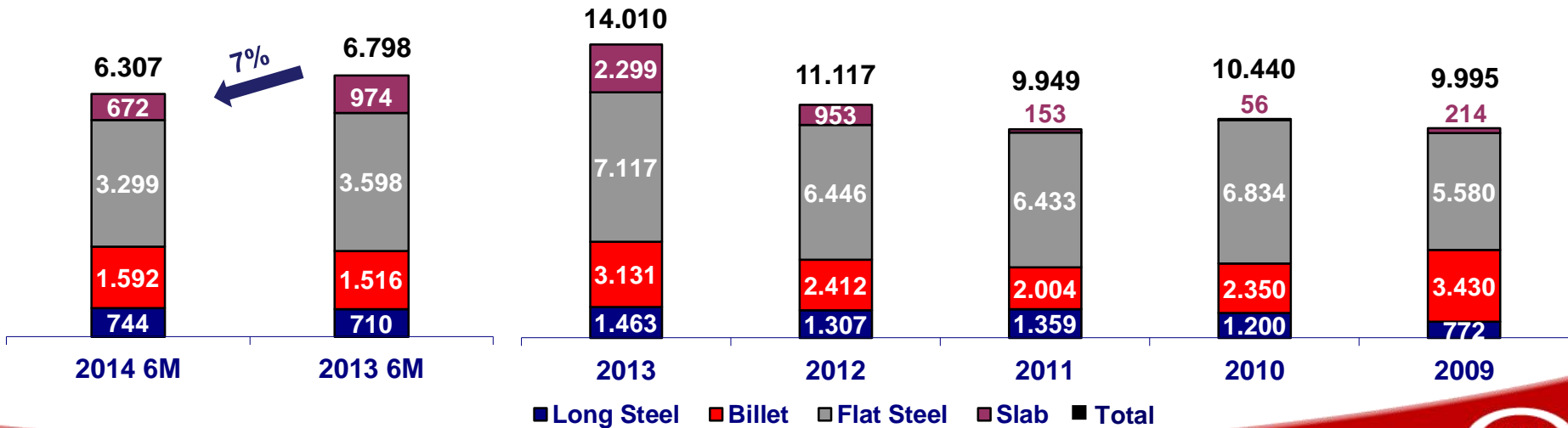


Turkish iron and steel product imports decreased by 7% in 2014 6M YoY

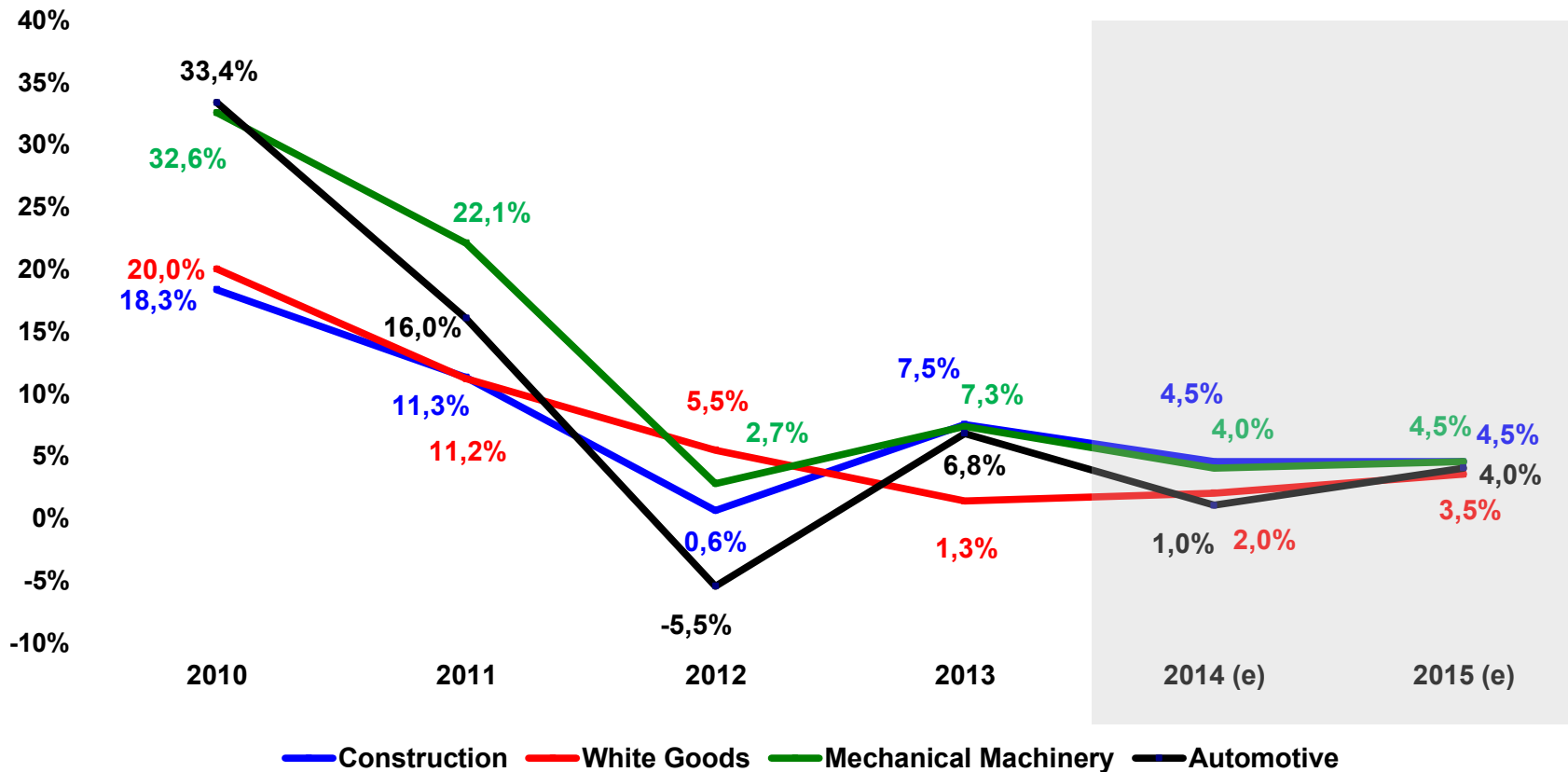
IRON AND STEEL PRODUCT EXPORTS (000 TONS)



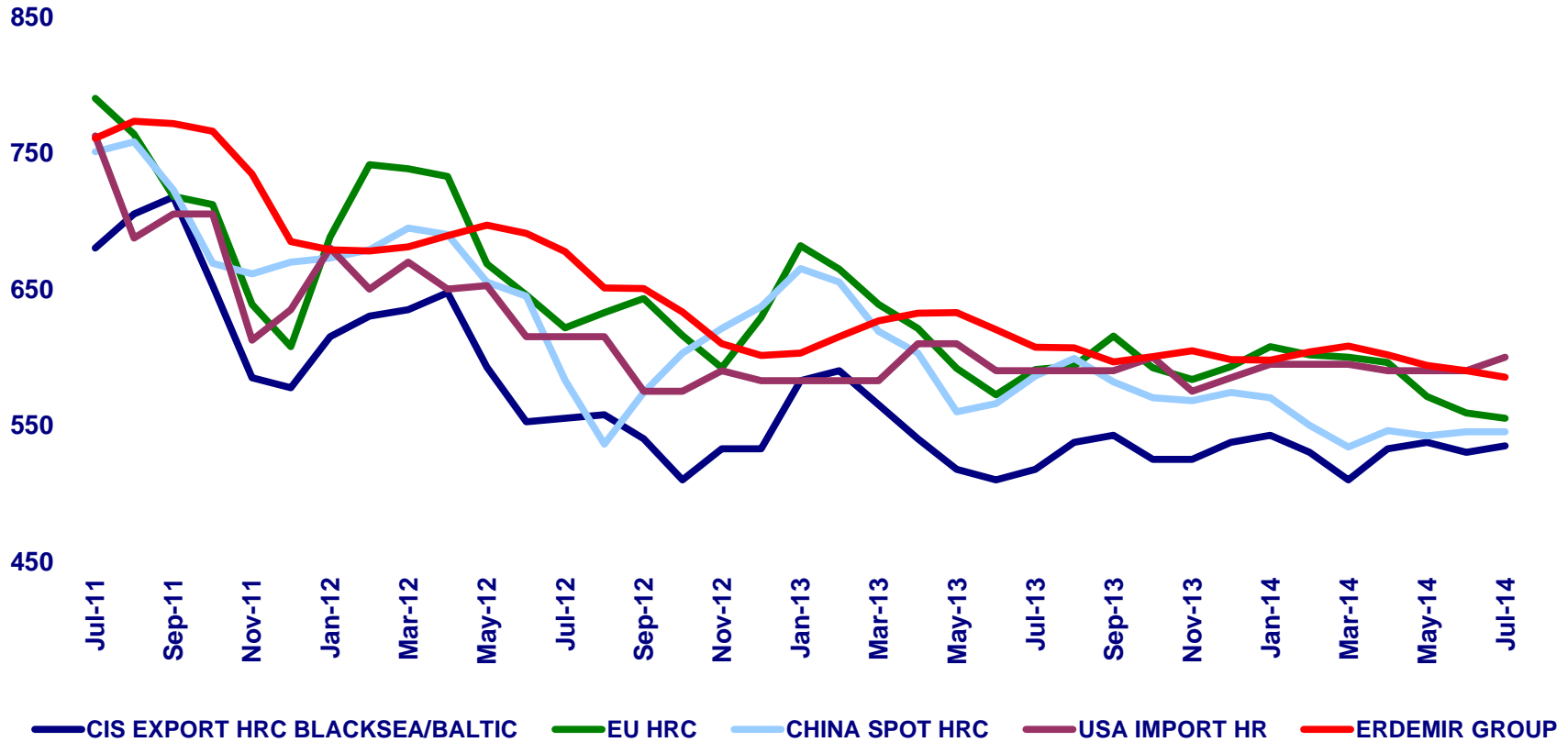
IRON AND STEEL PRODUCT IMPORTS (000 TONS)



CHANGES IN SECTOR DEVELOPMENT INDEX (% YoY)

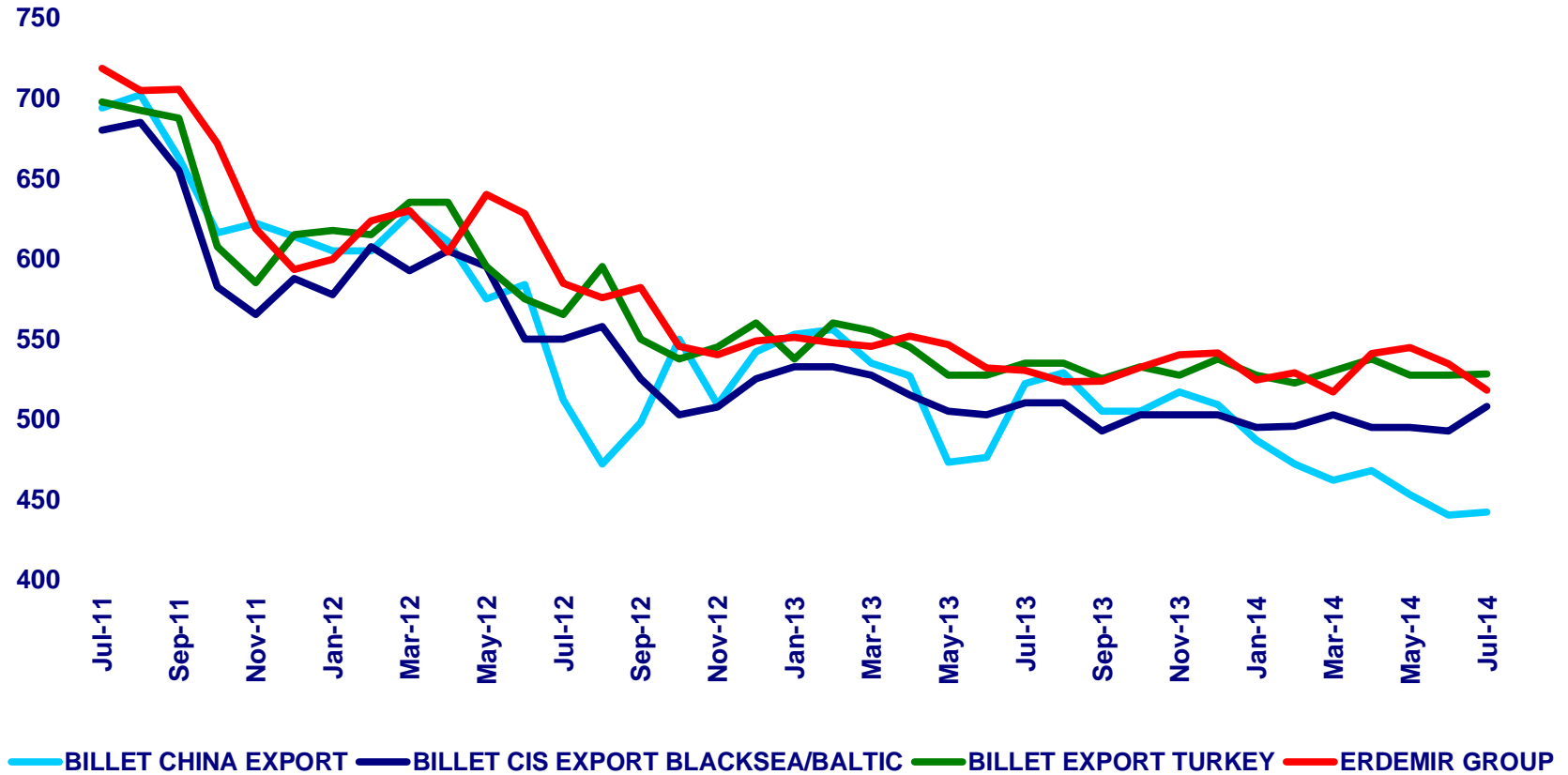


HRC PRICES (USD/Ton)



➡ As of July 2014, EU HRC price was 555 USD, China HRC spot price is 545 USD, CIS export HRC price is 535 USD. The prices were 591 USD, 586 USD, 518 USD respectively by the end of July 2013.

BILLET PRICES (USD/Ton)

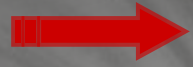


➔ As of July 2014, Turkey export price was 528 USD while it was 535 USD in July 2013.

Agenda



2014 Market Overview



2014 6M Results



2014 Guidance

ERDEMİR GROUP KEY FIGURES

		2014 6M	2013 6M	2013	2012
Liquid Steel Production	<i>(000 Tons)</i>	↓ 4.134	4.425	8.447	8.042
Slab Production ⁽¹⁾	<i>(000 Tons)</i>	↑ 3.525	3.470	6.865	6.329
Flat Steel Production ⁽²⁾	<i>(000 Tons)</i>	↑ 3.356	3.251	6.427	5.983
Long Steel Production	<i>(000 Tons)</i>	↓ 545	861	1.356	1.519
Flat Steel Shipments	<i>(000 Tons)</i>	↑ 3.439	3.257	6.338	5.980
Long Steel Shipments	<i>(000 Tons)</i>	↓ 557	876	1.346	1.468
Net Sales Revenue ⁽³⁾	<i>(M. USD)</i>	↓ 2.609	2.790	5.142	5.340
EBITDA ⁽³⁾	<i>(M. USD)</i>	↑ 536	533	987	604
Net Profit For The Year ⁽³⁾	<i>(M. USD)</i>	↑ 359	301	484	252

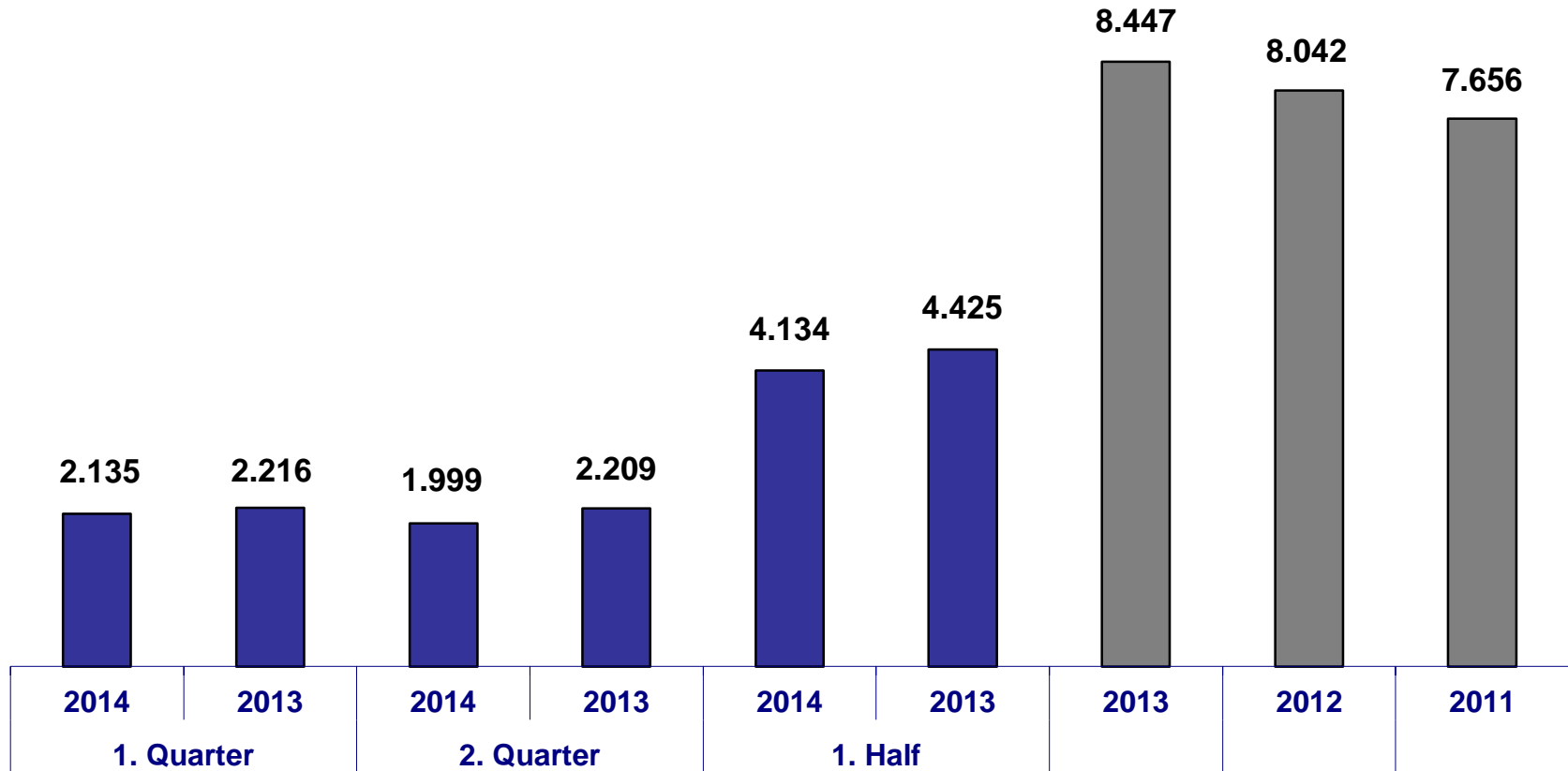
All figures are on IFRS consolidated basis unless stated otherwise.

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

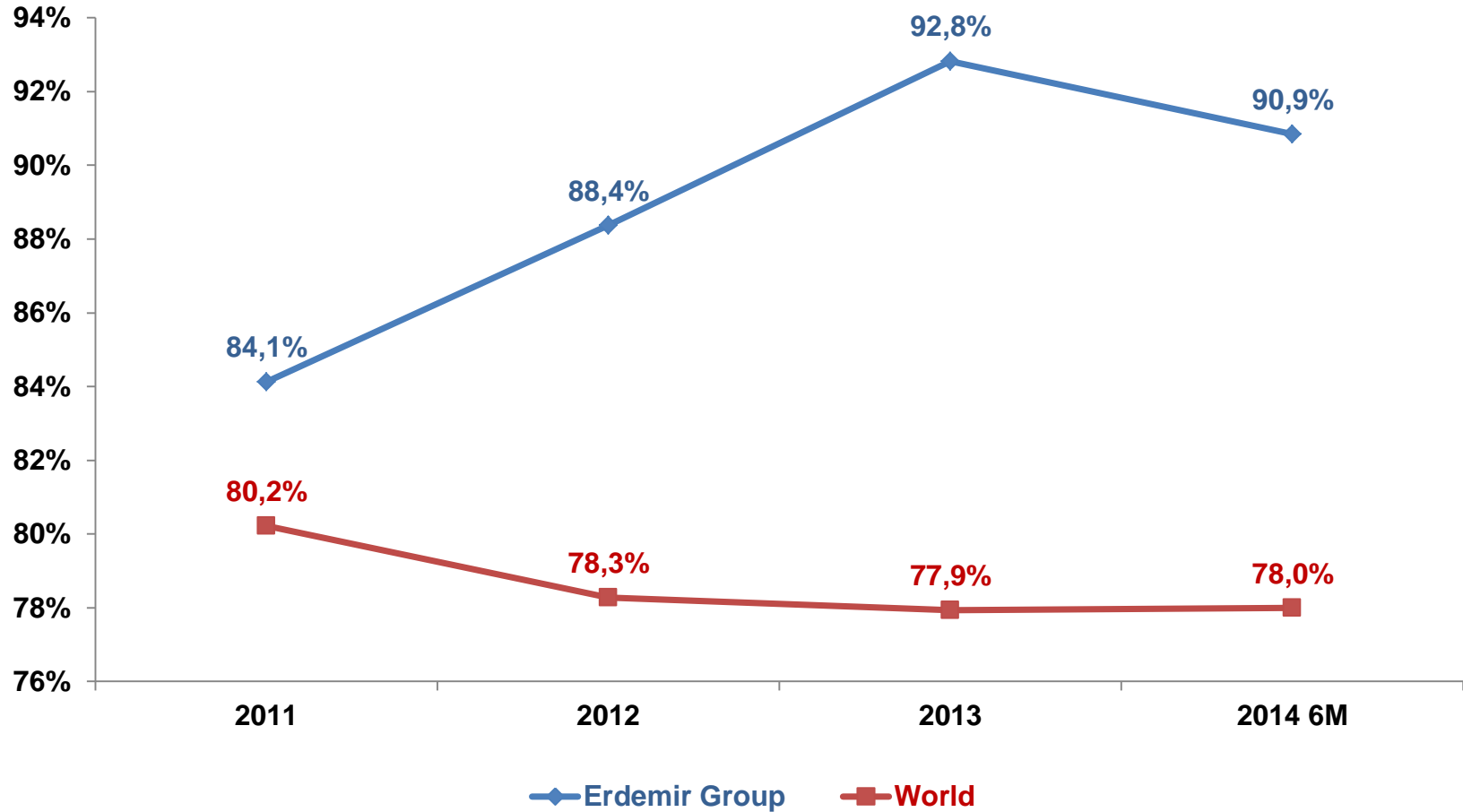
(2) Total flat steel production of Ereğli and İskenderun Plants.

(3) 1 USD = 2,1636 TRY (January-June 2014 average exchange rate)

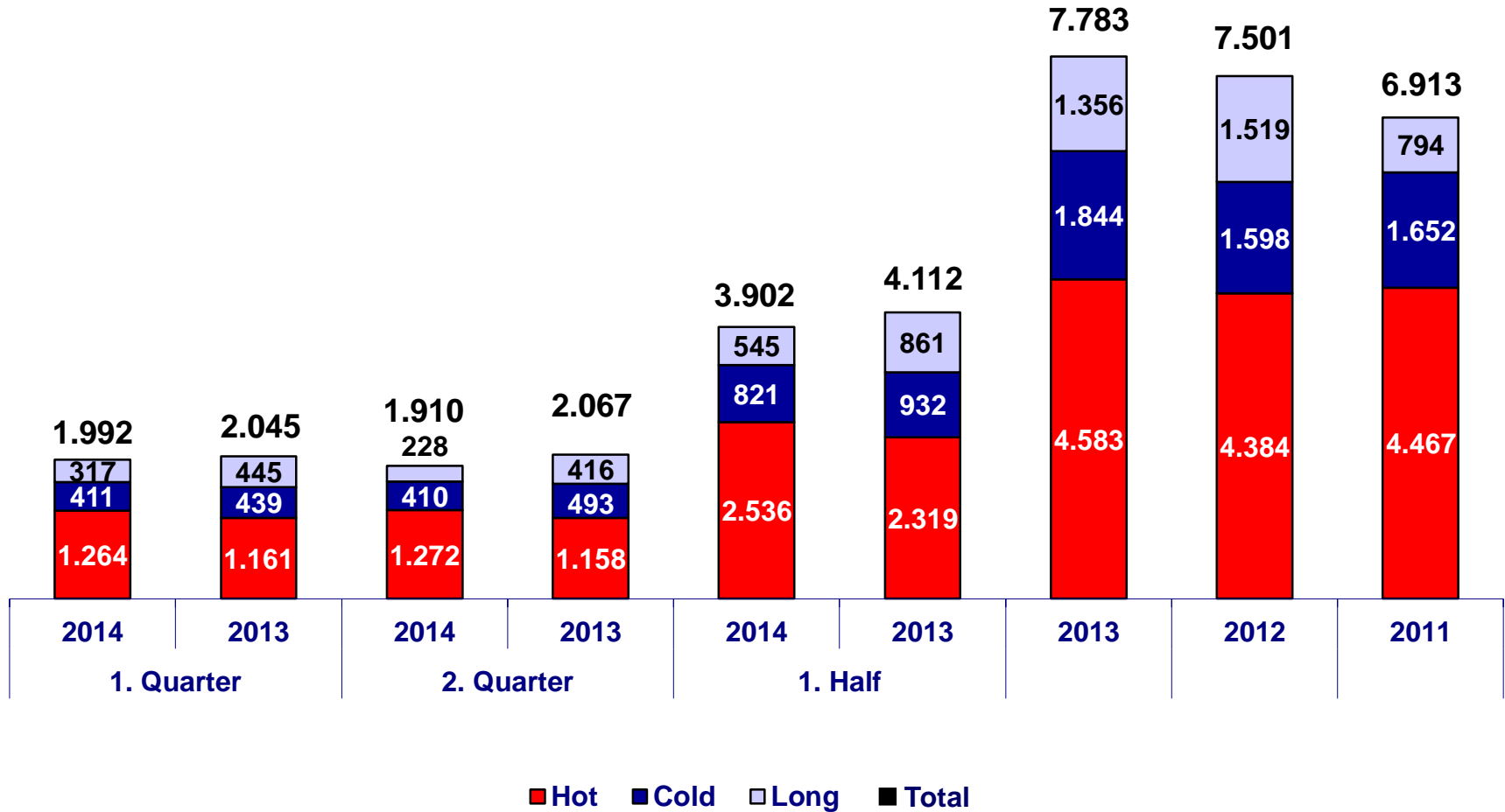
LIQUID STEEL PRODUCTION (000 TONS)



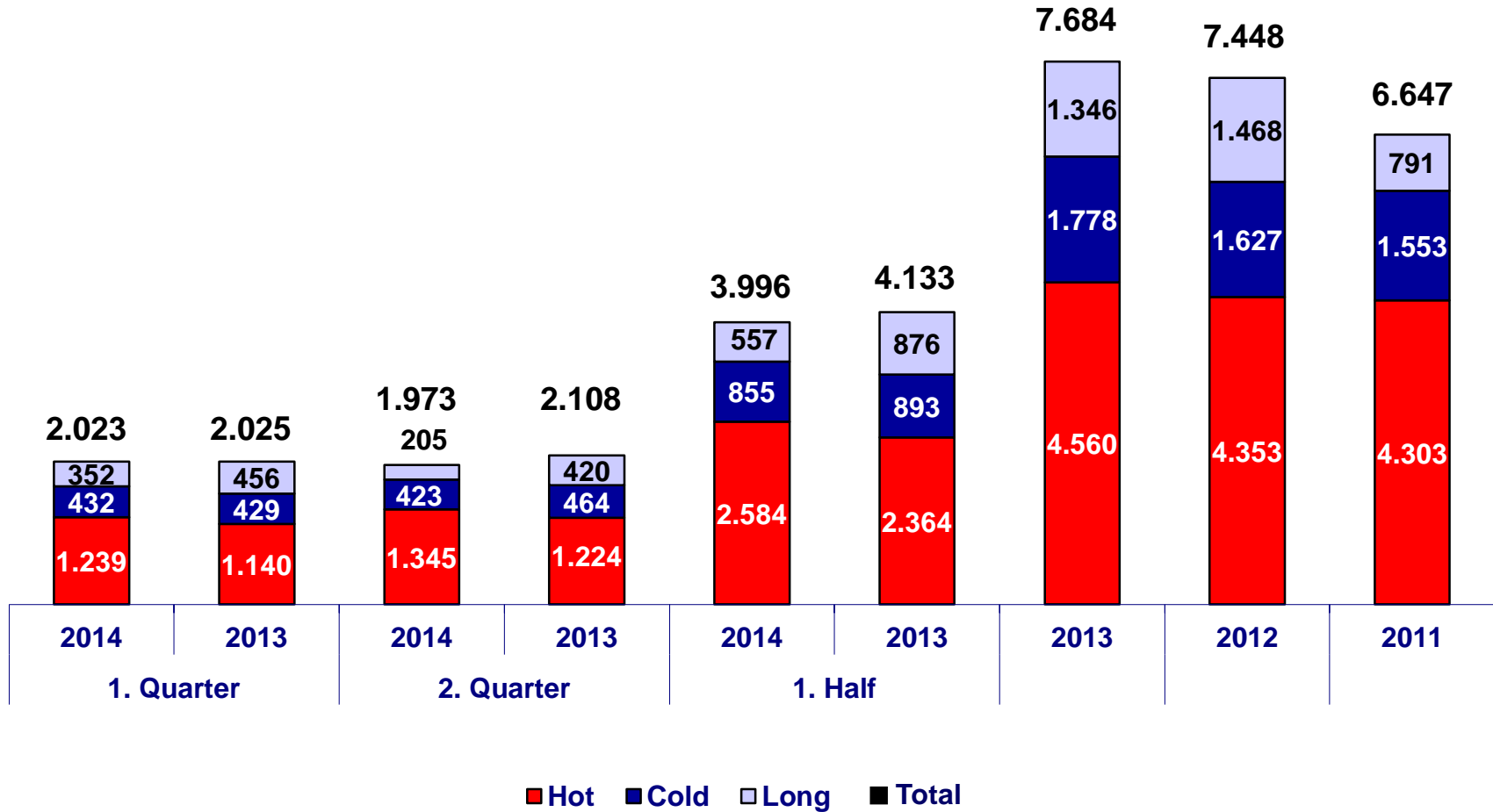
CRUDE STEEL CAPACITY UTILIZATION RATIO



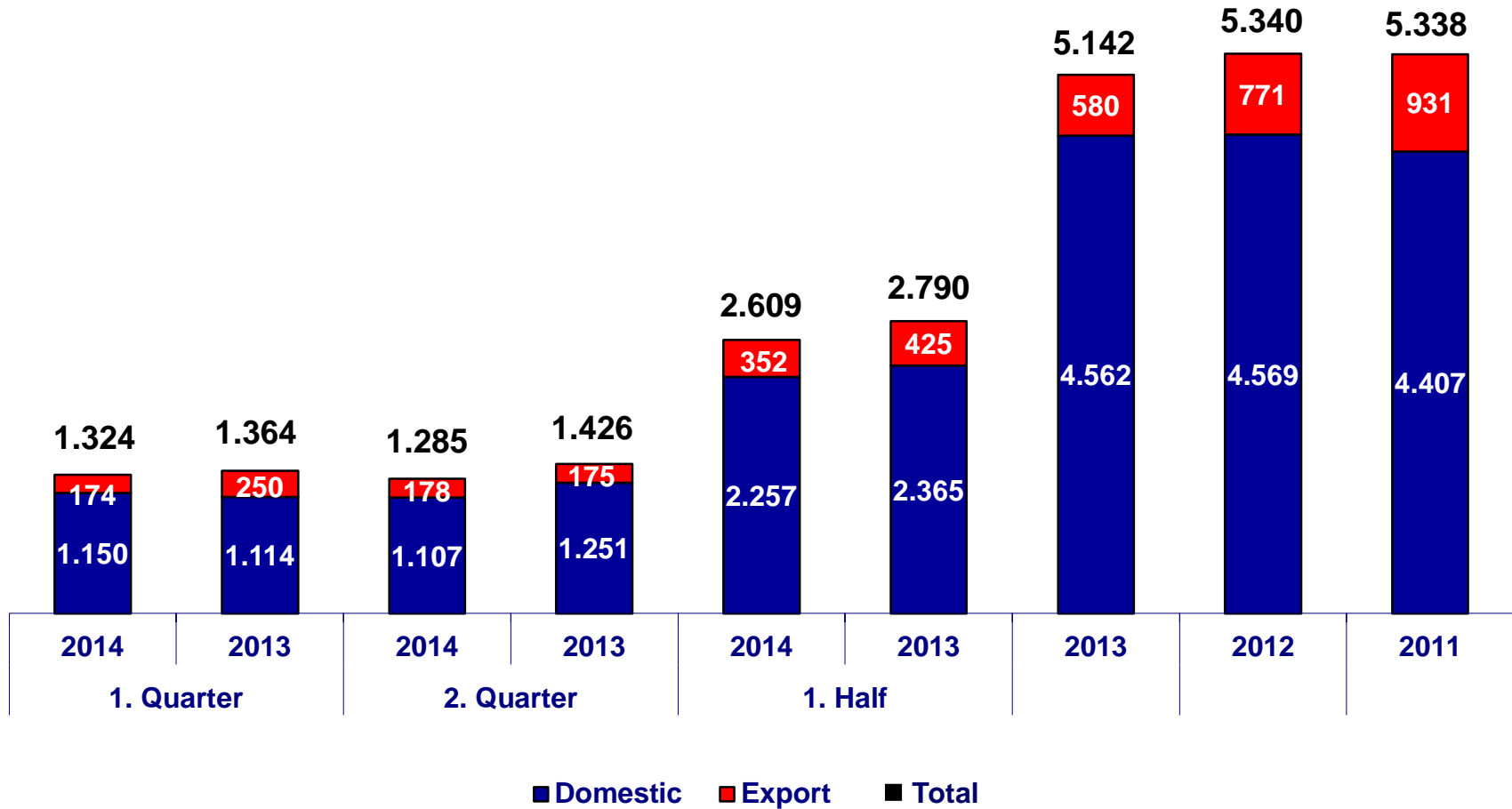
PRODUCTION VOLUMES (000 TONS)



SALES VOLUMES (000 TONS)



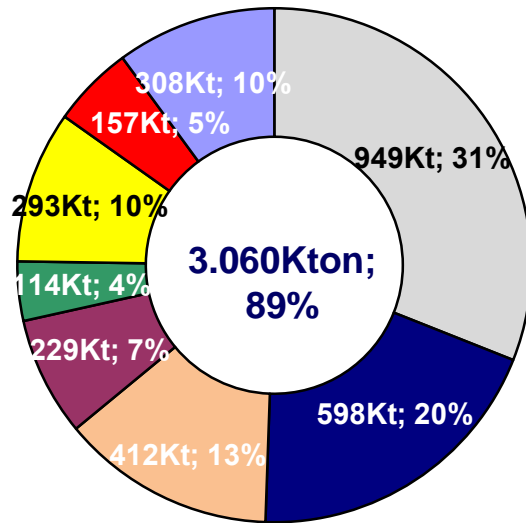
NET SALES REVENUE (MILLION USD)



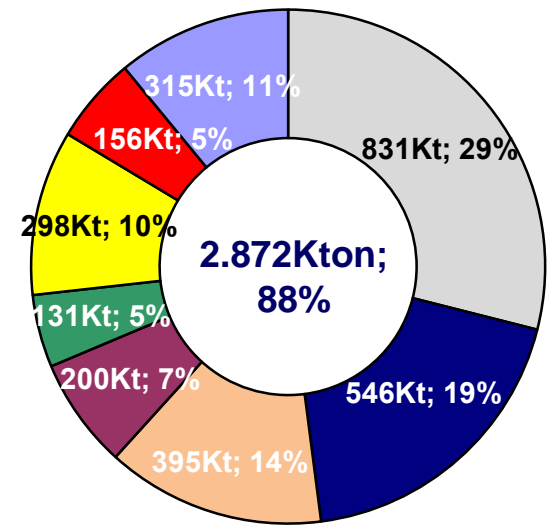
Sales to pipe and profile industry and distribution chains increased in 2014 6M YoY

2014 6M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

2013 6M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

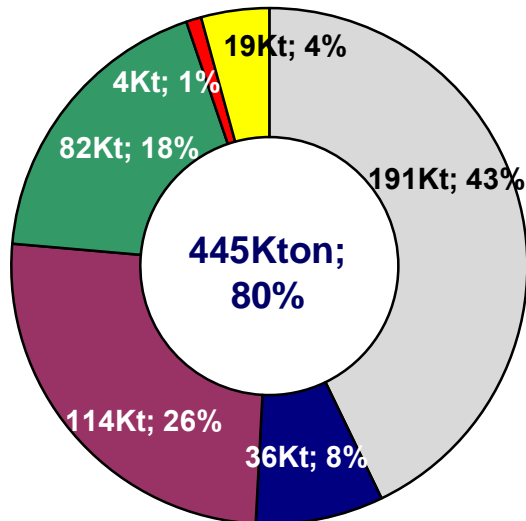


- Pipe and Profile Industry
- Distribution Chains
- Secondary Production
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

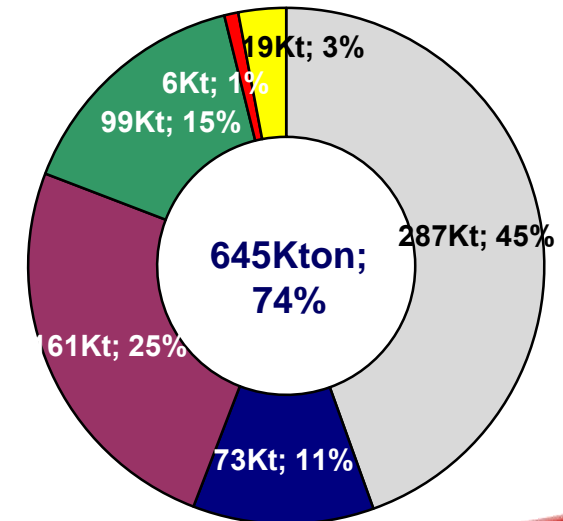


2014 6M LONG STEEL DOMESTIC SALES BREAKDOWN (%)

2013 6M LONG STEEL DOMESTIC SALES BREAKDOWN (%)

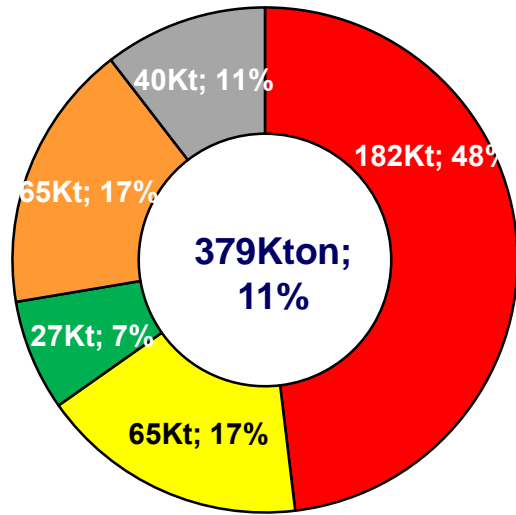


- Rebar Producers
- Profile Producers
- Commercial Qualities
- High Carbon Qualities
- Special Qualities
- Other



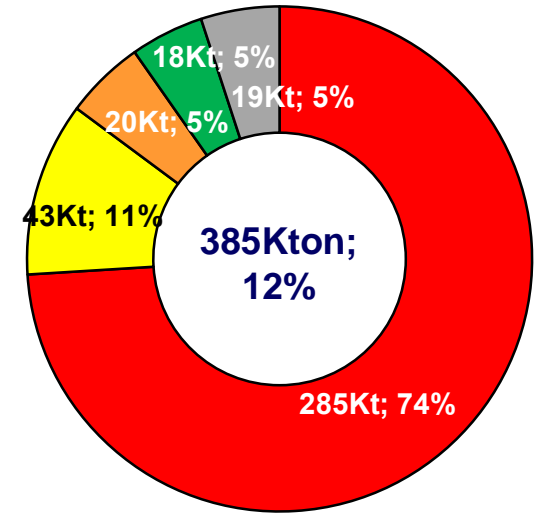
Flat steel sales to EU countries was 48% of our flat export in 2014 6M

2014 6M FLAT STEEL EXPORTS BREAKDOWN (%)

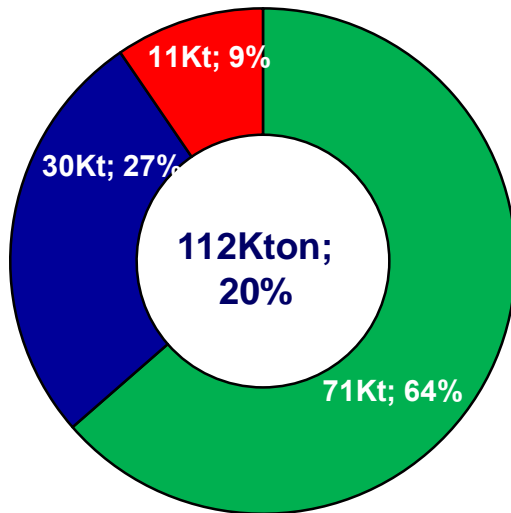


- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

2013 6M FLAT STEEL EXPORTS BREAKDOWN (%)

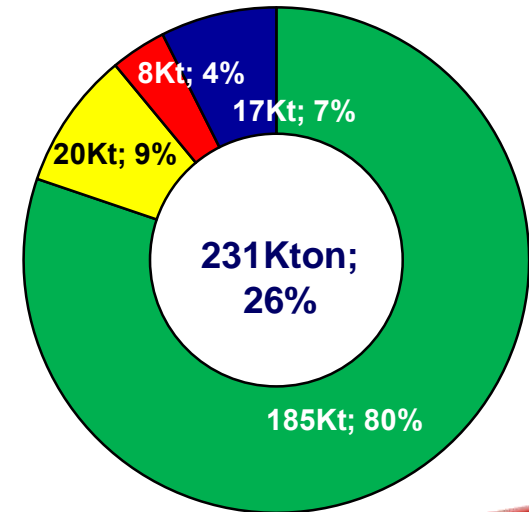


2014 6M LONG STEEL EXPORTS BREAKDOWN (%)

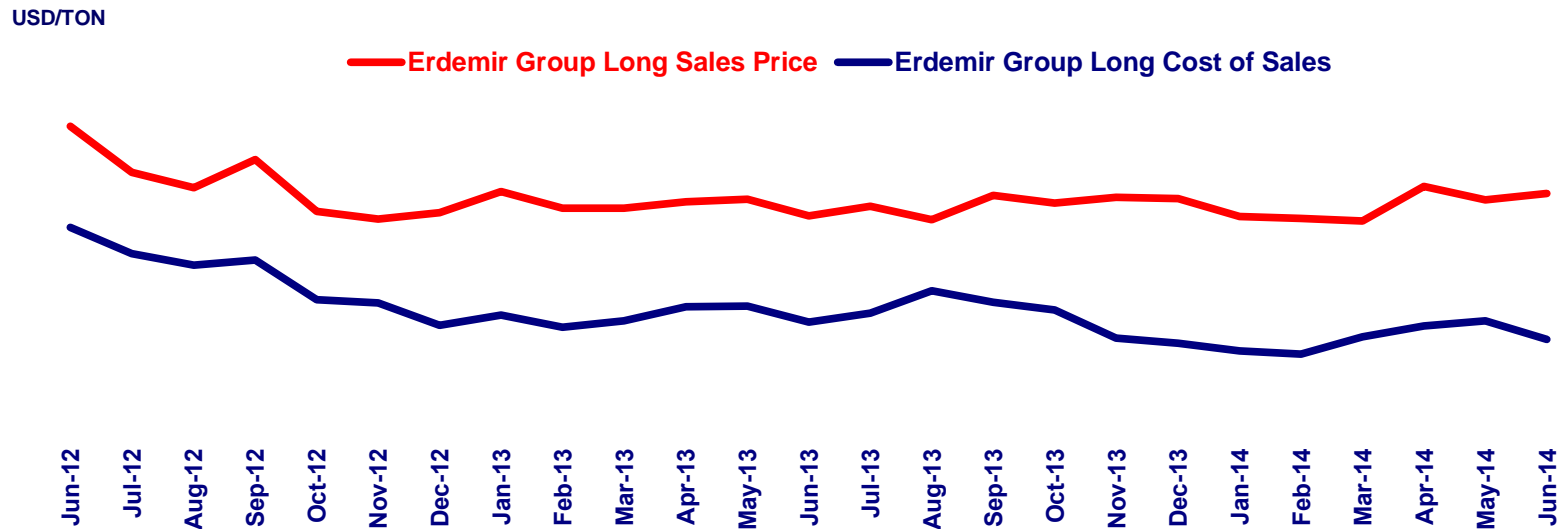
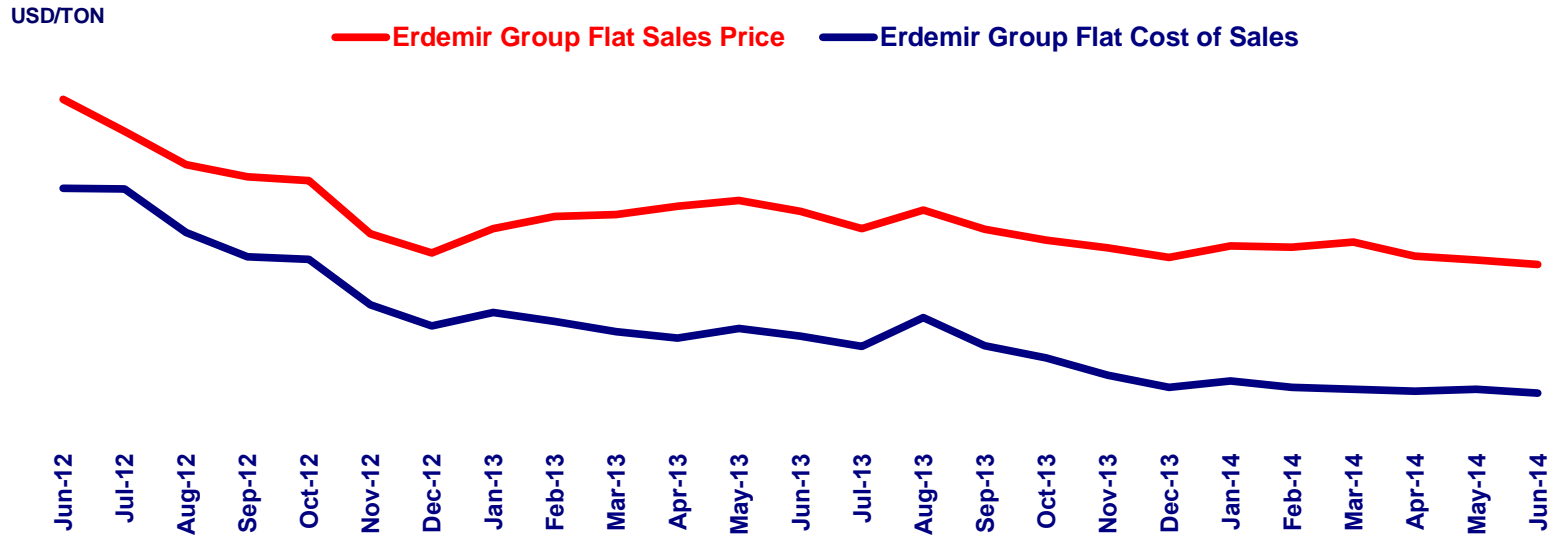


- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

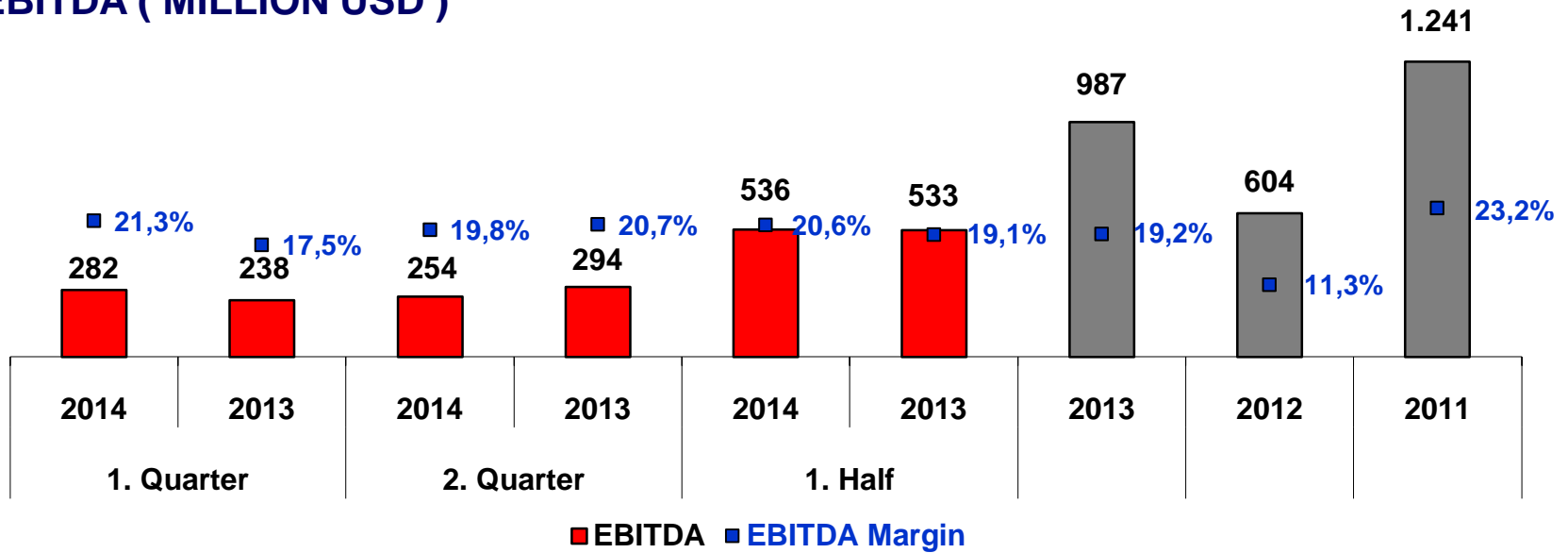
2013 6M LONG STEEL EXPORTS BREAKDOWN (%)



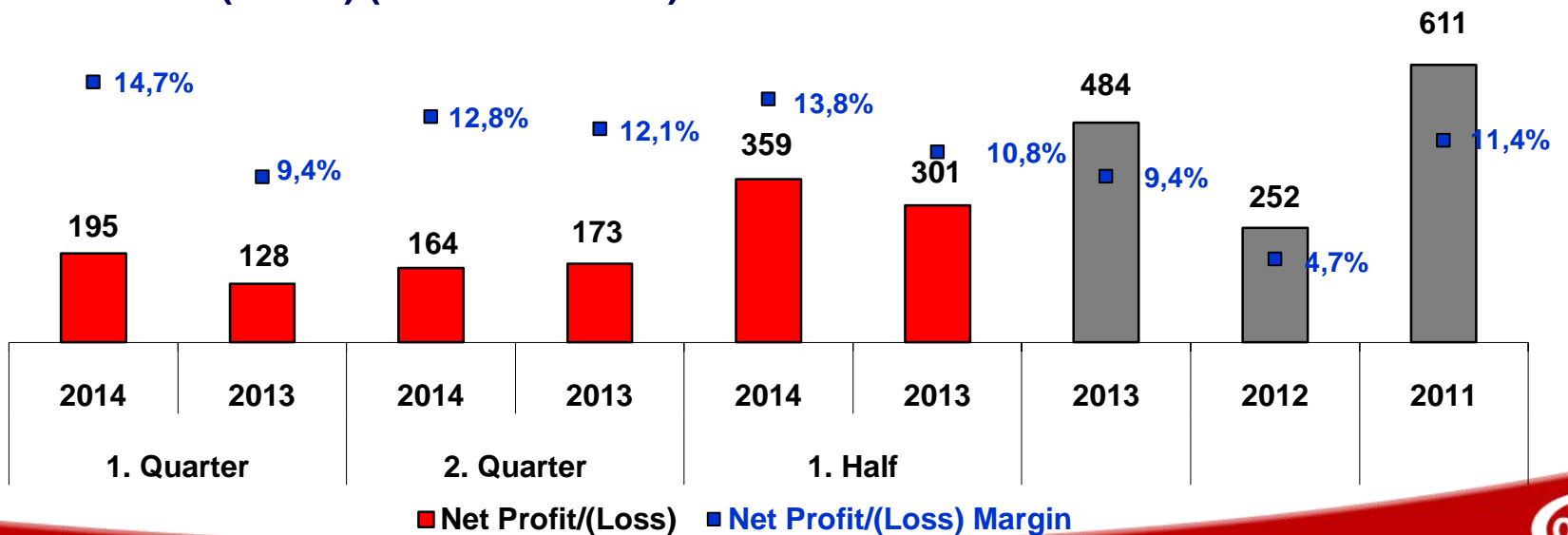
In 2014 6M, Erdemir Group average flat and long steel prices were 644 USD/ton and 577 USD/ton respectively



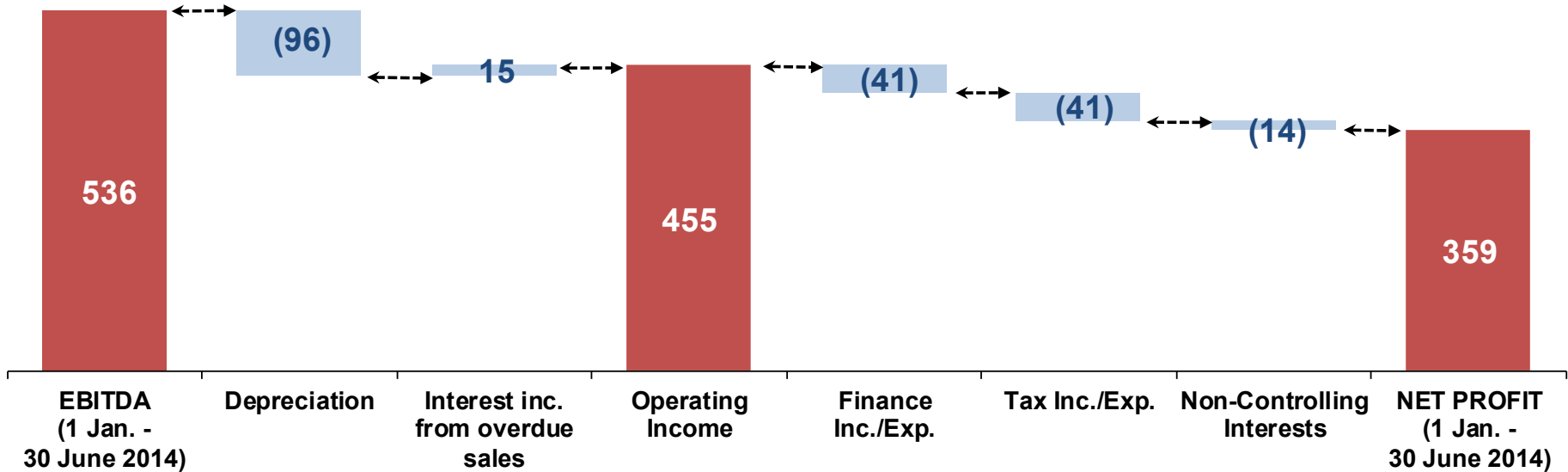
EBITDA (MILLION USD)



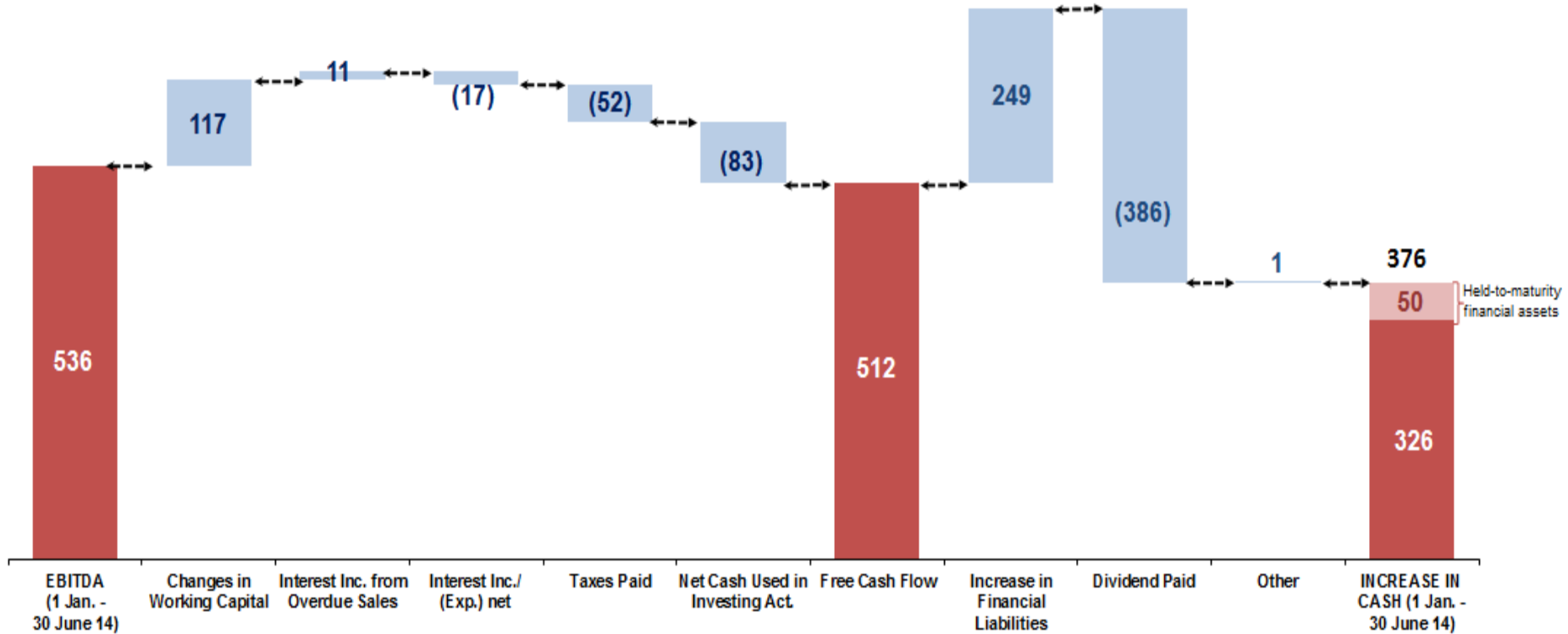
NET PROFIT/(LOSS) (MILLION USD)



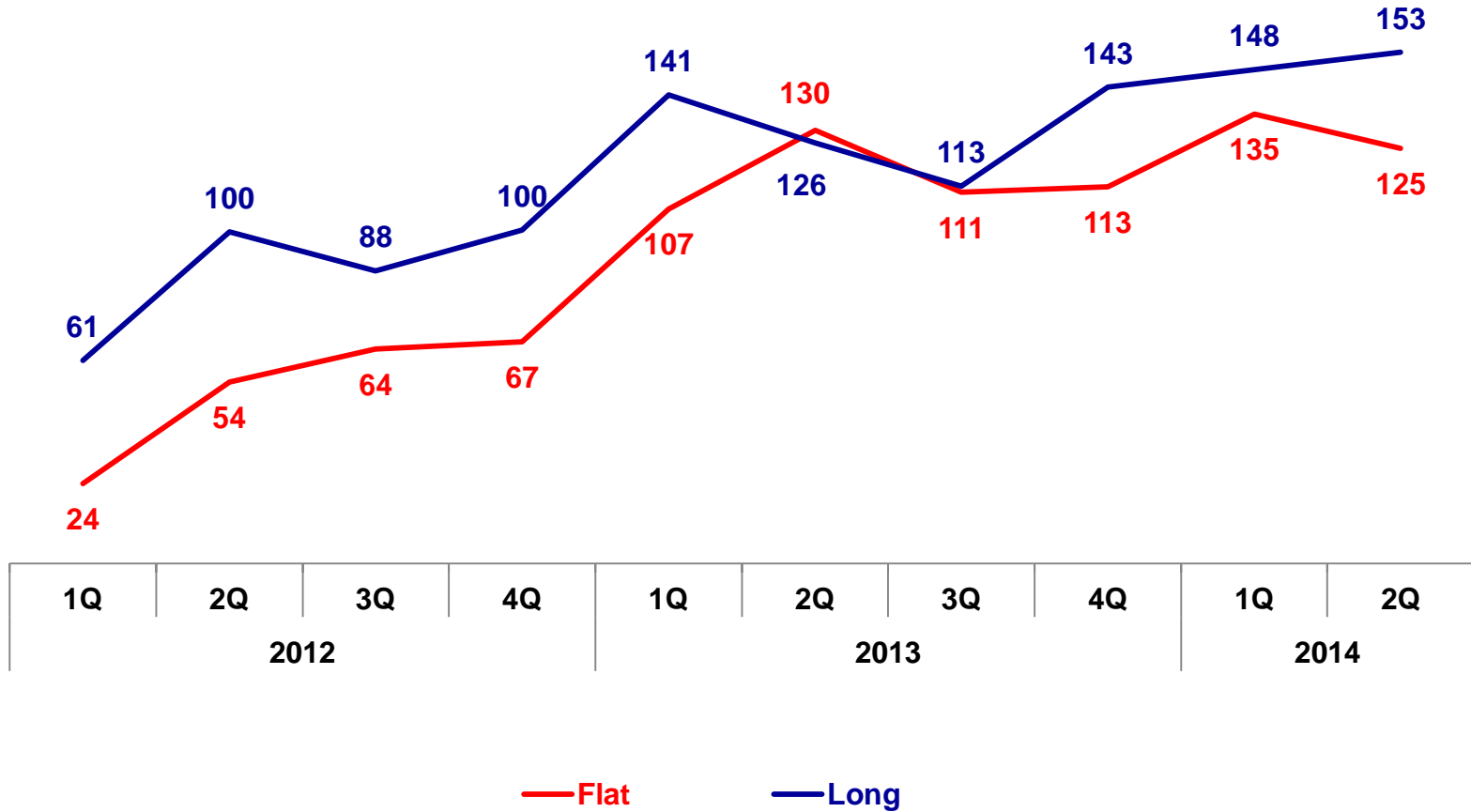
Consolidated EBITDA => Consolidated Net Profit (Million USD)



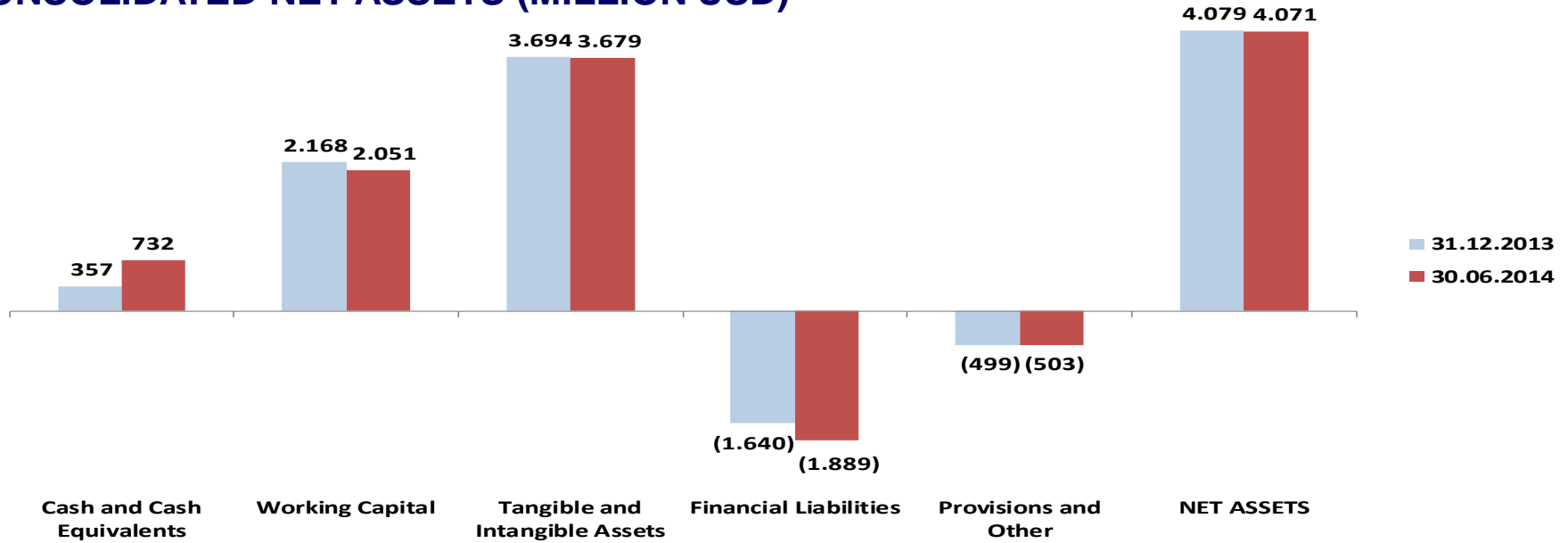
Consolidated EBITDA => Consolidated Net Cash (Million USD)



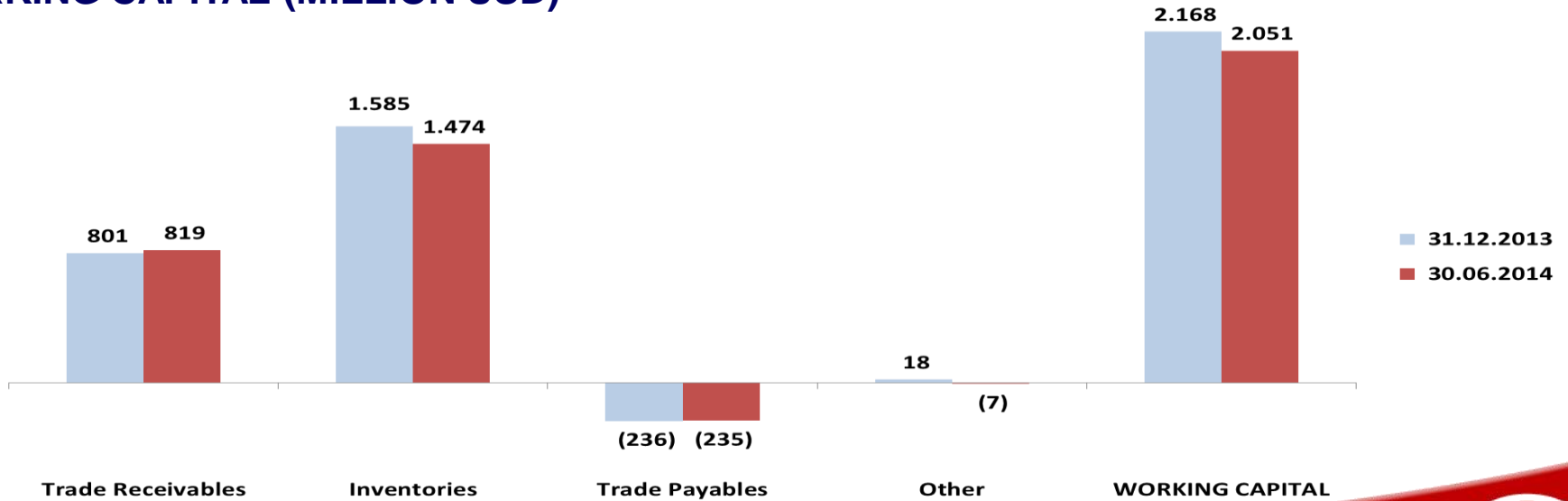
EBITDA PER TON (USD/TON)



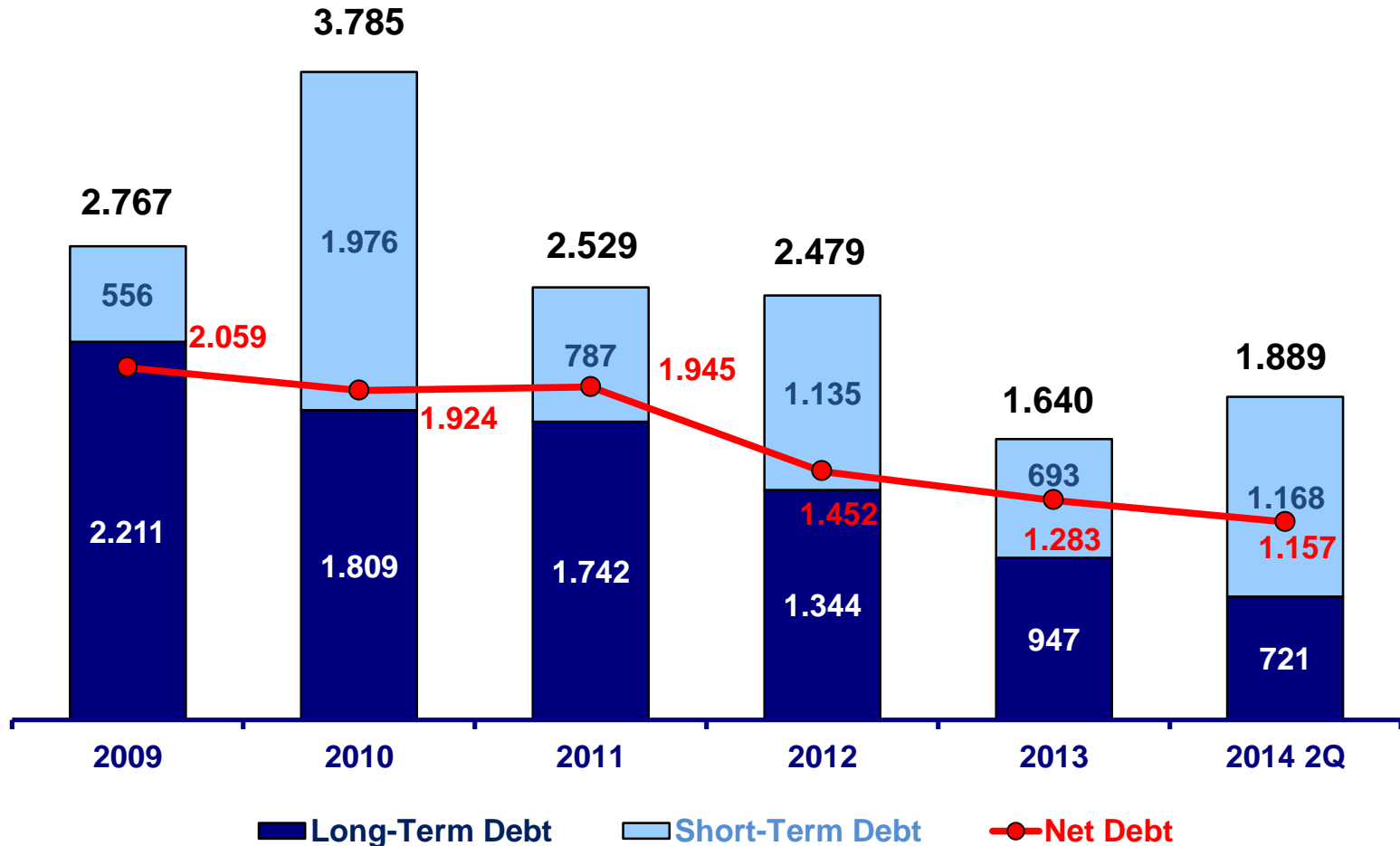
CONSOLIDATED NET ASSETS (MILLION USD)



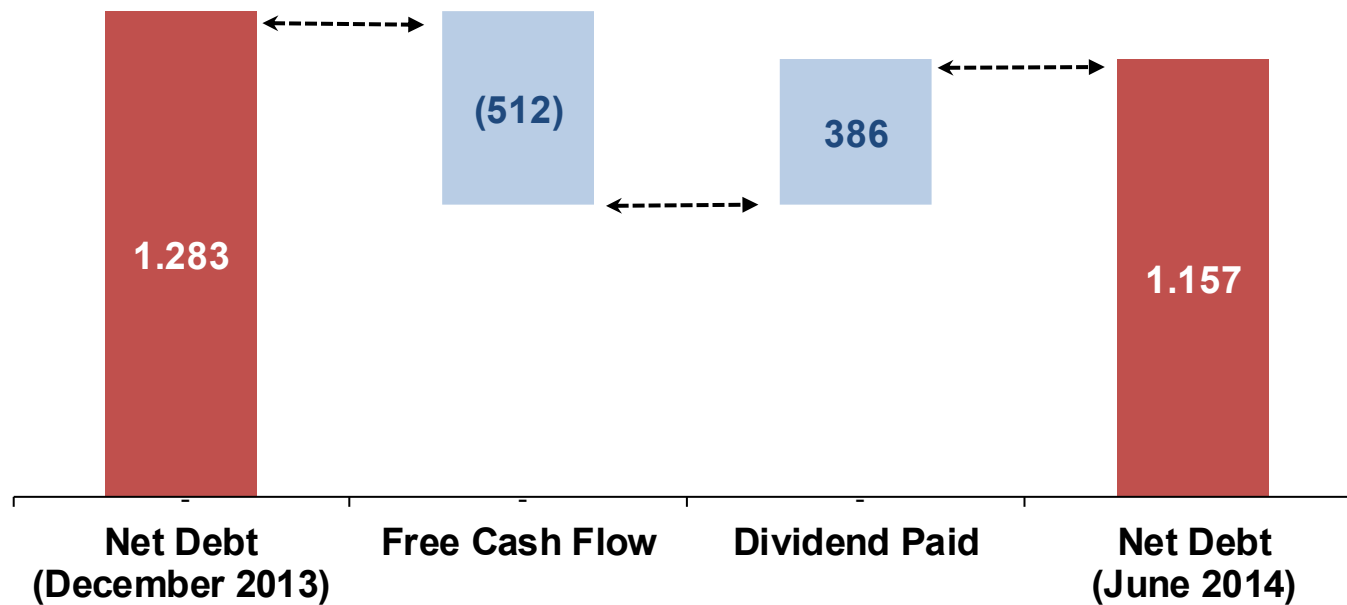
WORKING CAPITAL (MILLION USD)



BORROWINGS (MILLION USD)

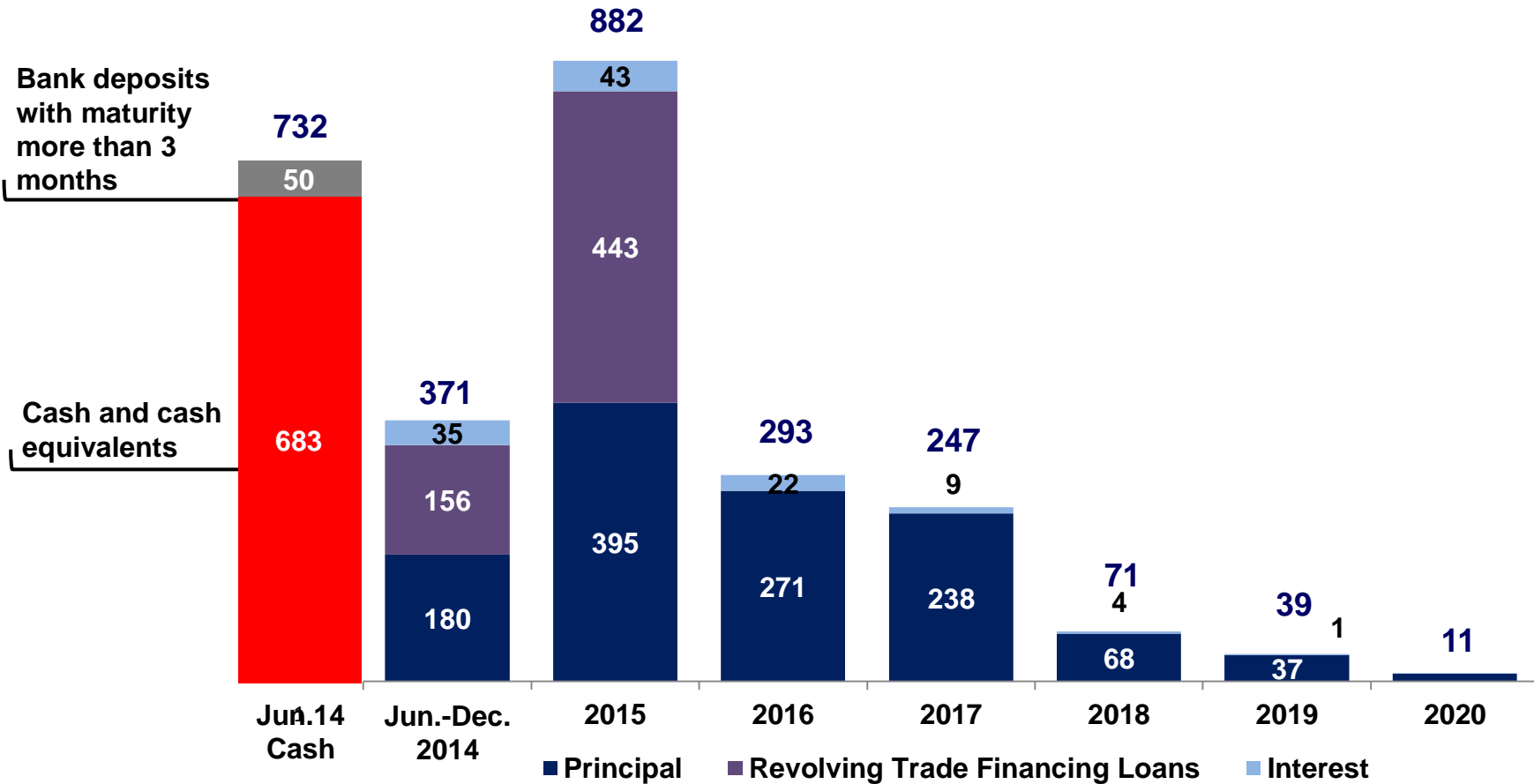


NET DEBT (MILLION USD)

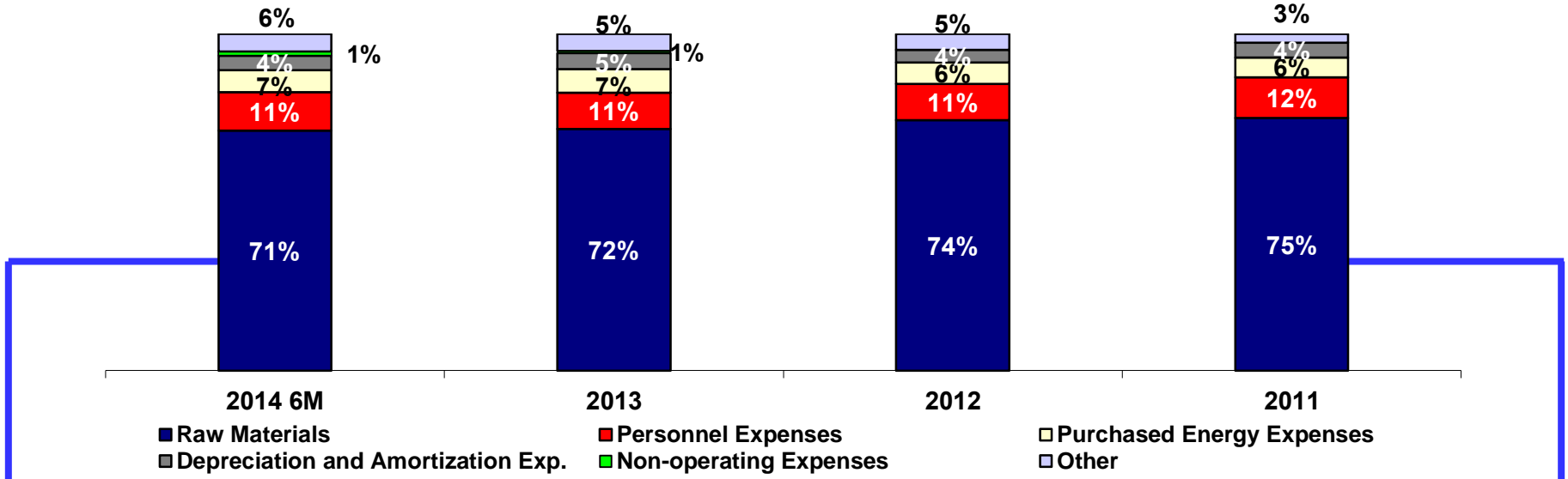




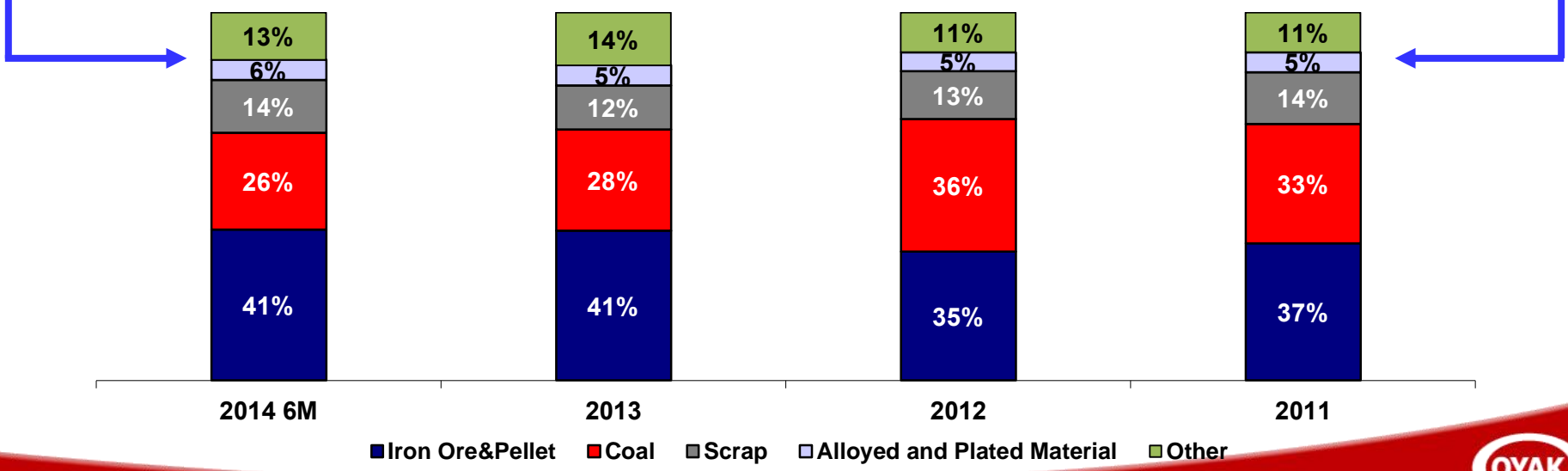
BORROWINGS MATURITY PROFILE (MILLION USD)



COST OF SALES BREAKDOWN* - %



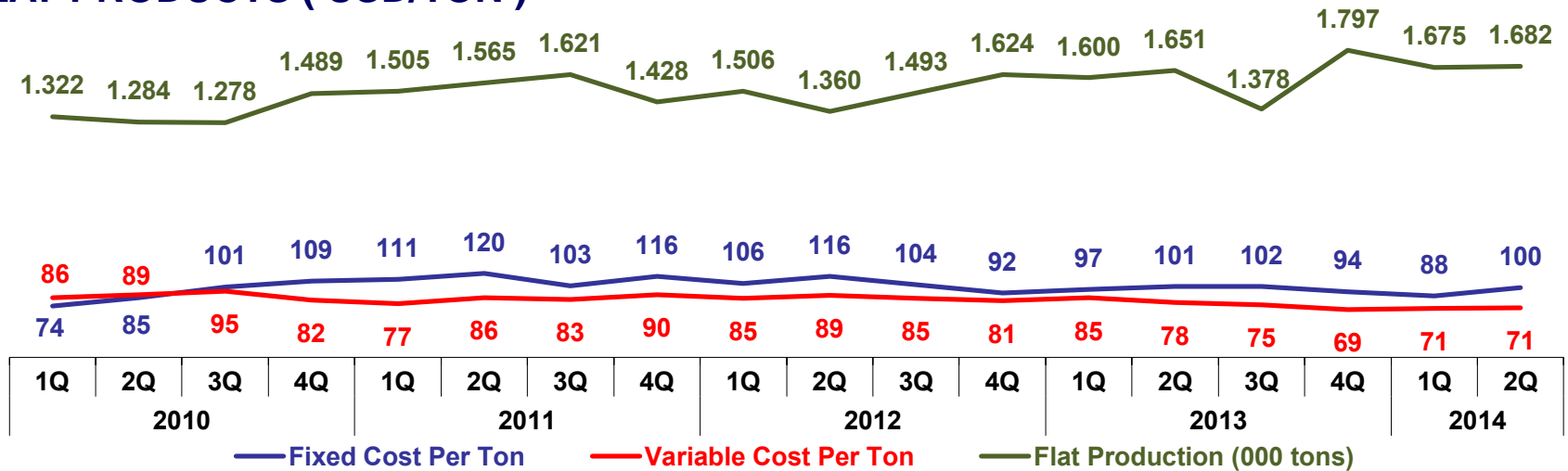
RAW MATERIALS BREAKDOWN - %



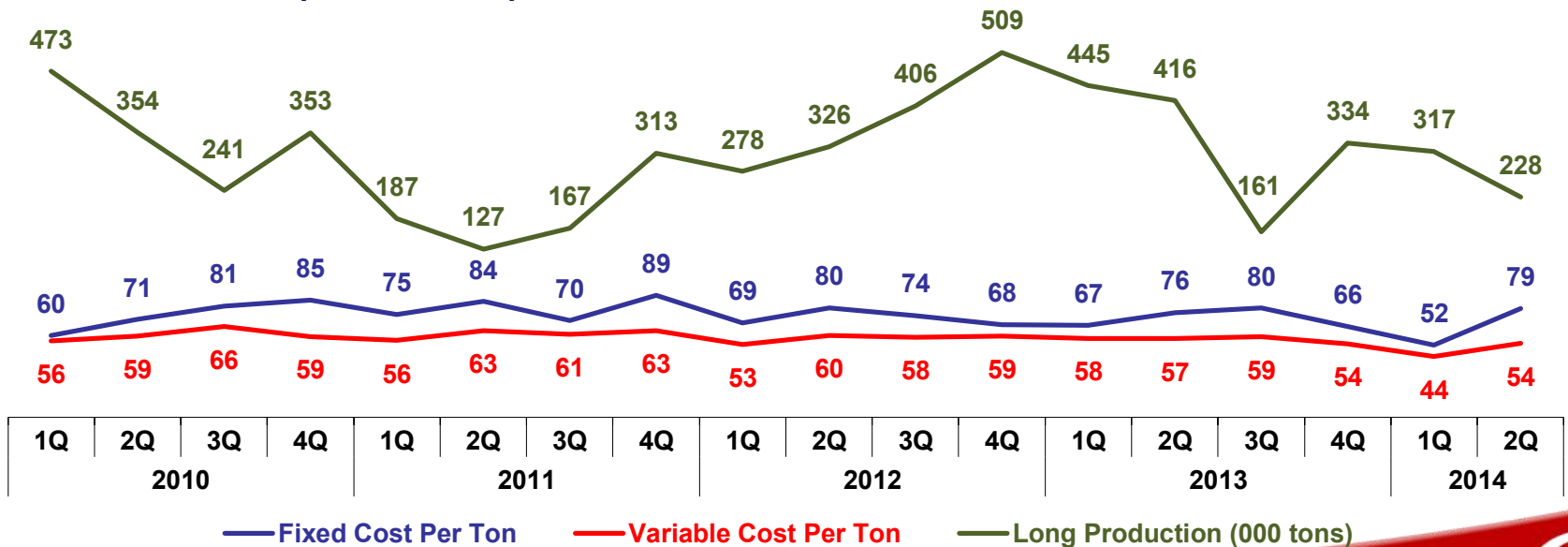
* Excluding inventory writedowns and provision released

Flat cost per ton excluding raw materials was realised as 171 USD/ton in 2014 2Q

FLAT PRODUCTS (USD/TON)*



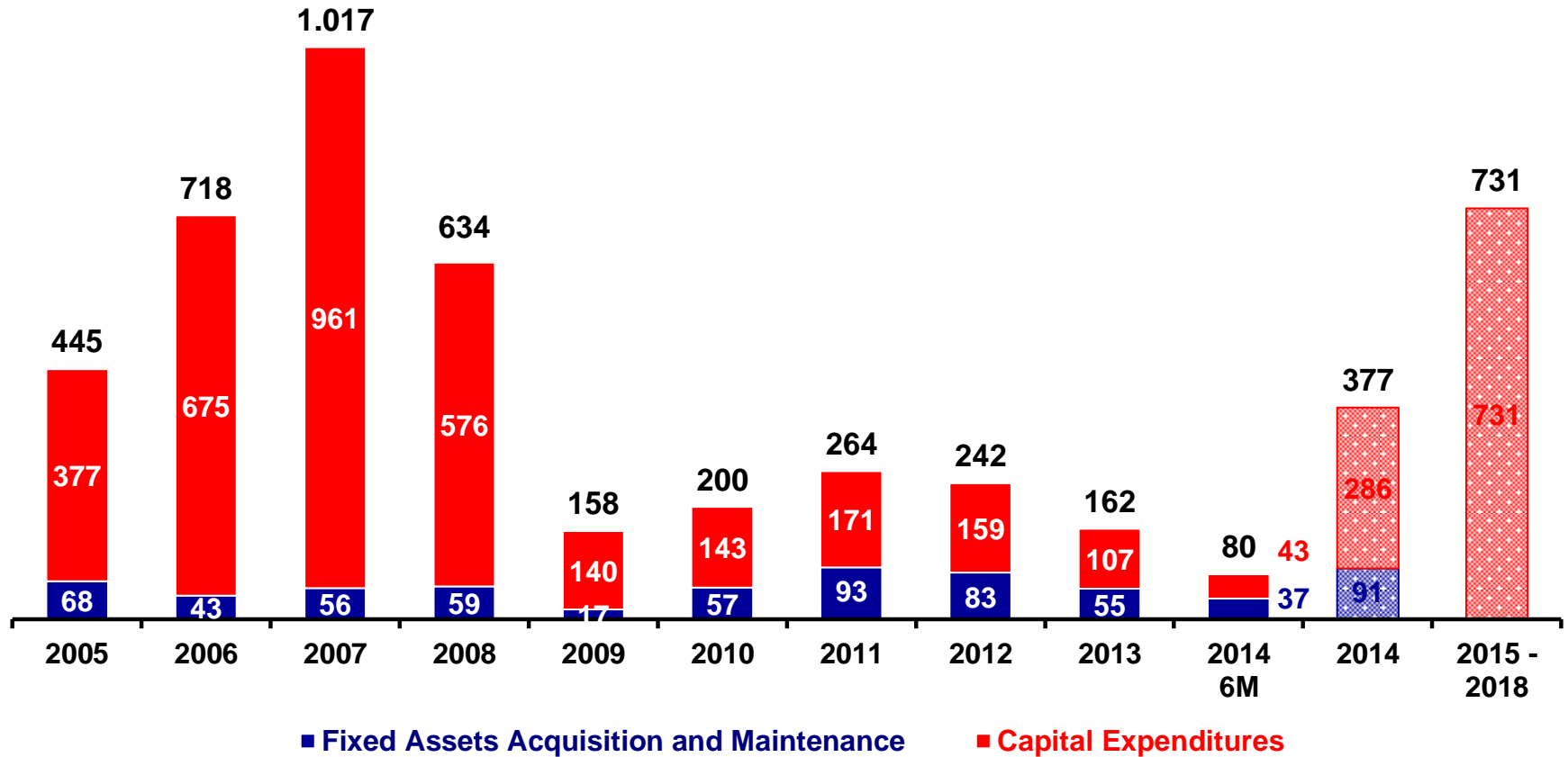
LONG PRODUCTS (USD/TON)*



Capital expenditures of 377 million USD is planned for 2014



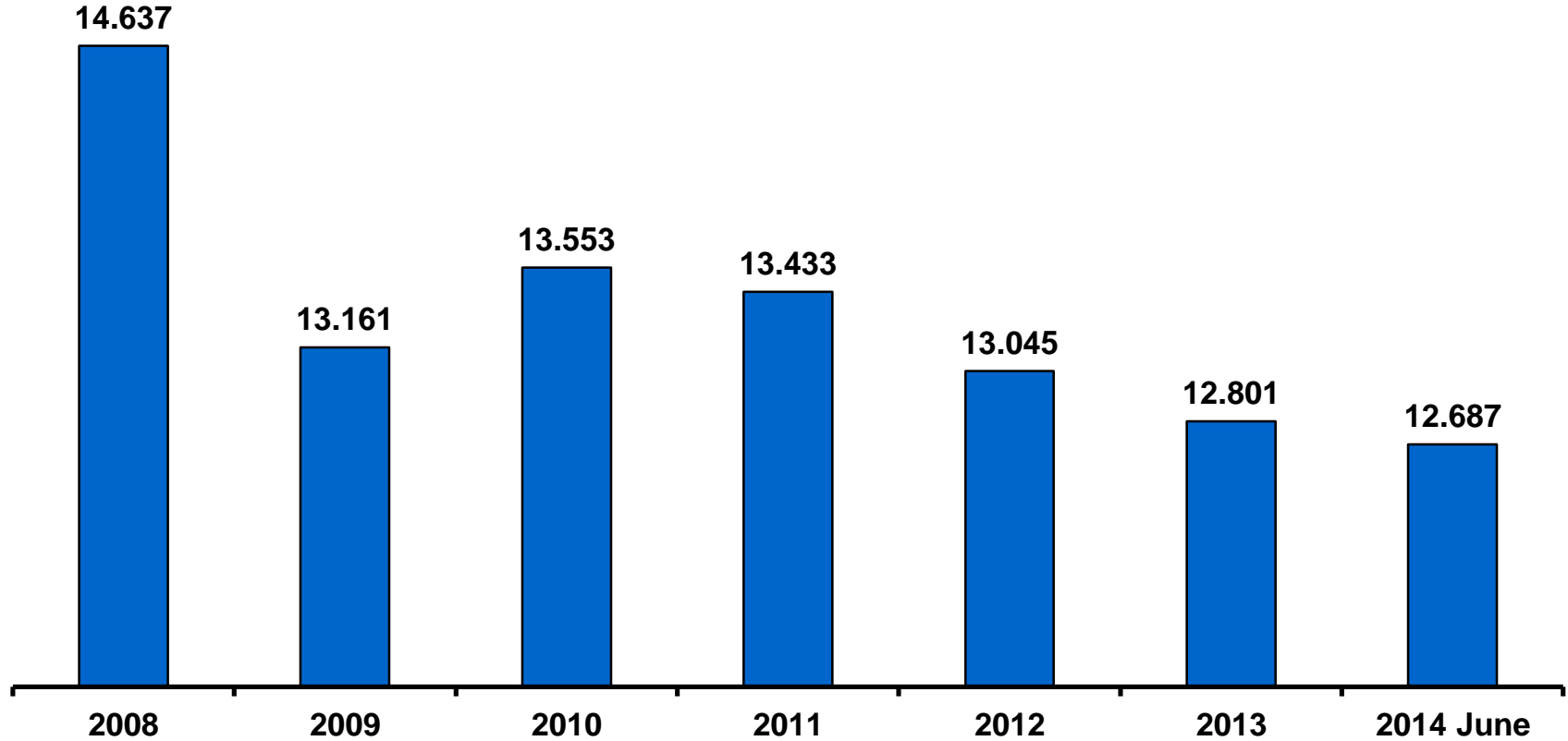
(M USD)



* The figures only cover the board approved capex plan.



NUMBER OF EMPLOYEES



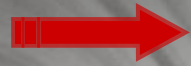
Agenda



2014 Market Overview

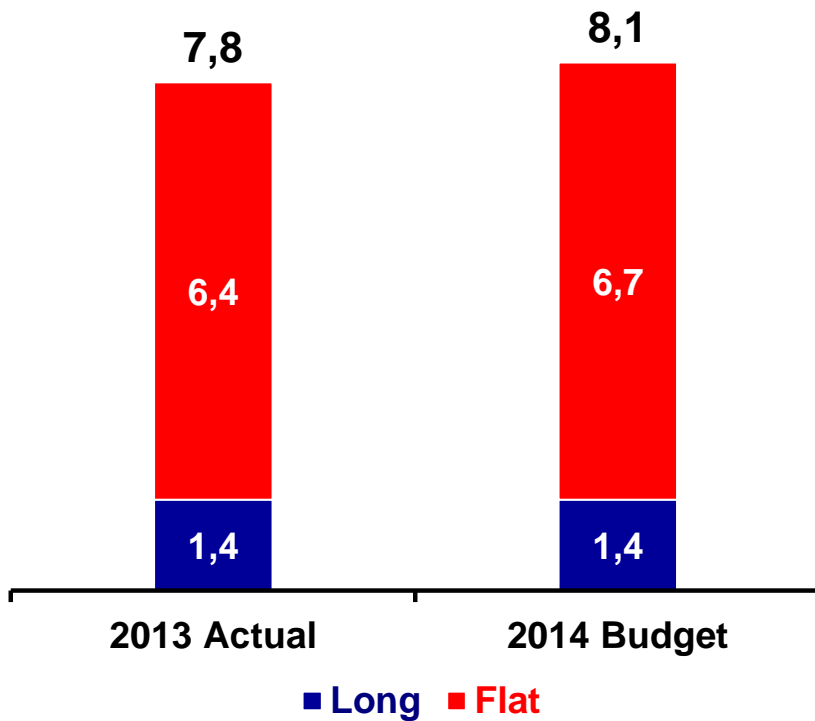


2014 6M Results

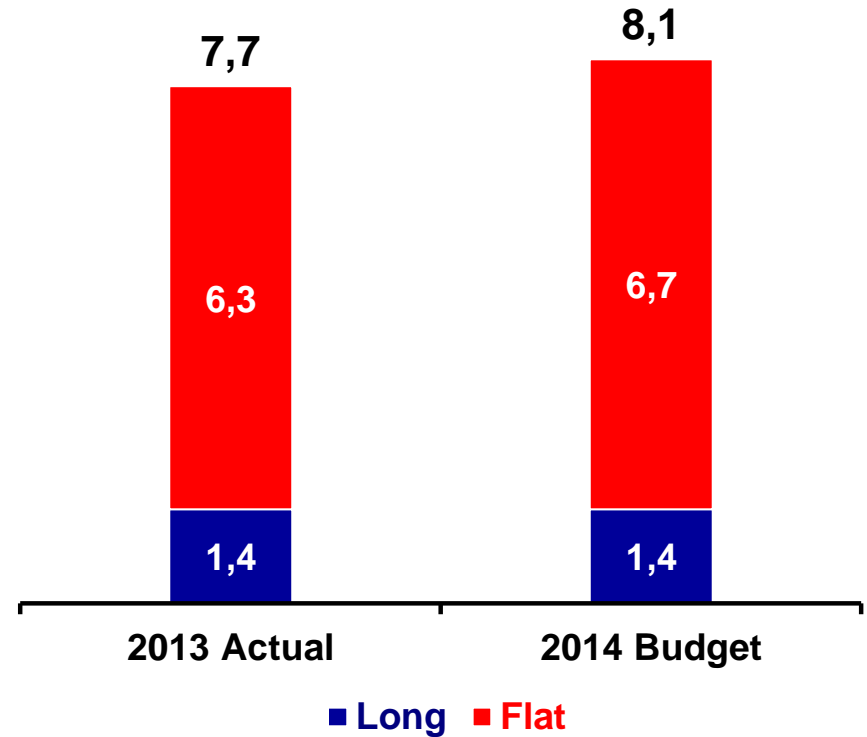


2014 Guidance

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.

