



ErdemirGroup



2016 6 Months Consolidated Results

10 August 2016

DISCLAMIER

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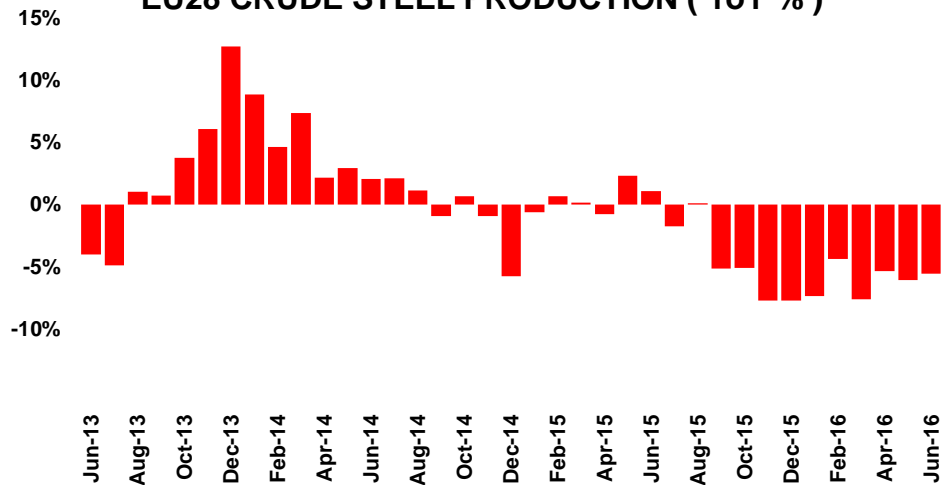
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- > 2016 Guidance

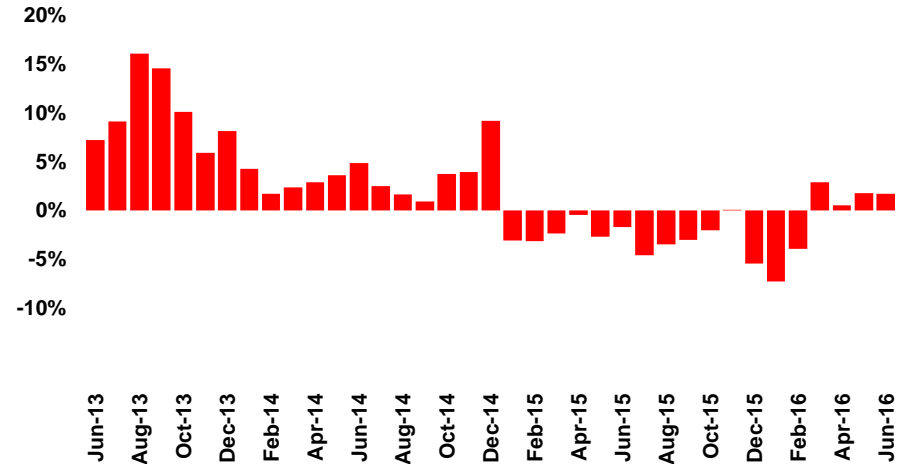


In CIS, HRC price was 368 USD/ton as of July 2016

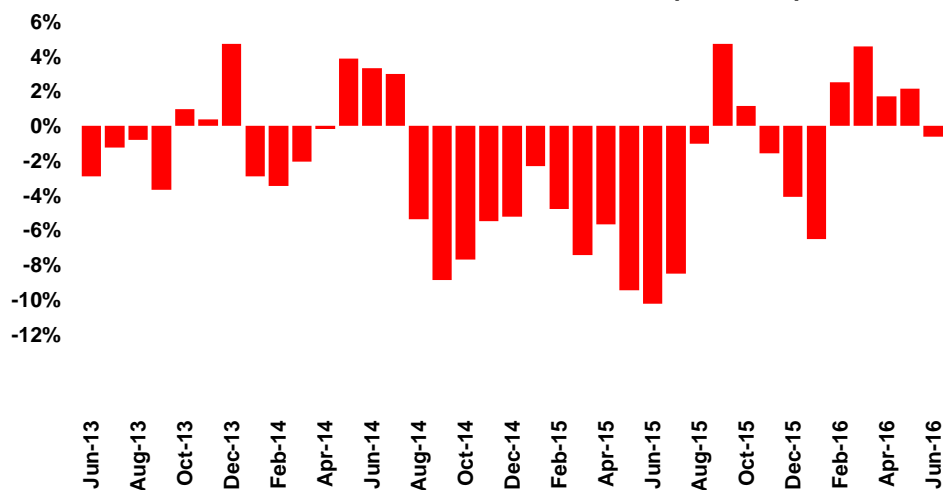
EU28 CRUDE STEEL PRODUCTION (YoY %)*



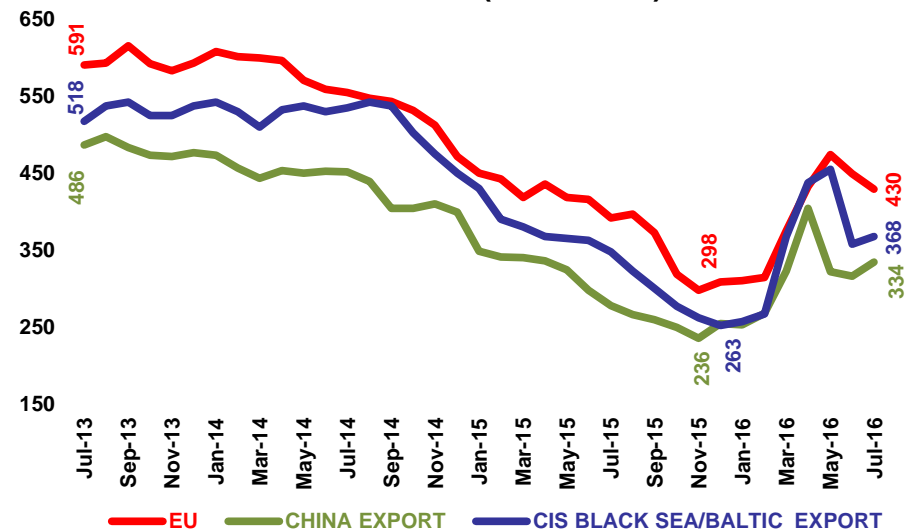
CHINA CRUDE STEEL PRODUCTION (YoY %)*



CIS CRUDE STEEL PRODUCTION (YoY %) *

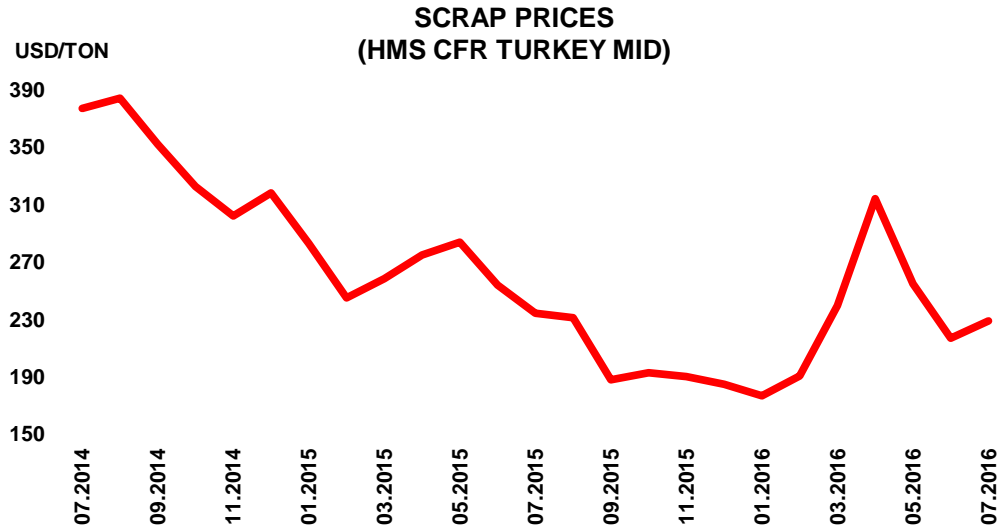
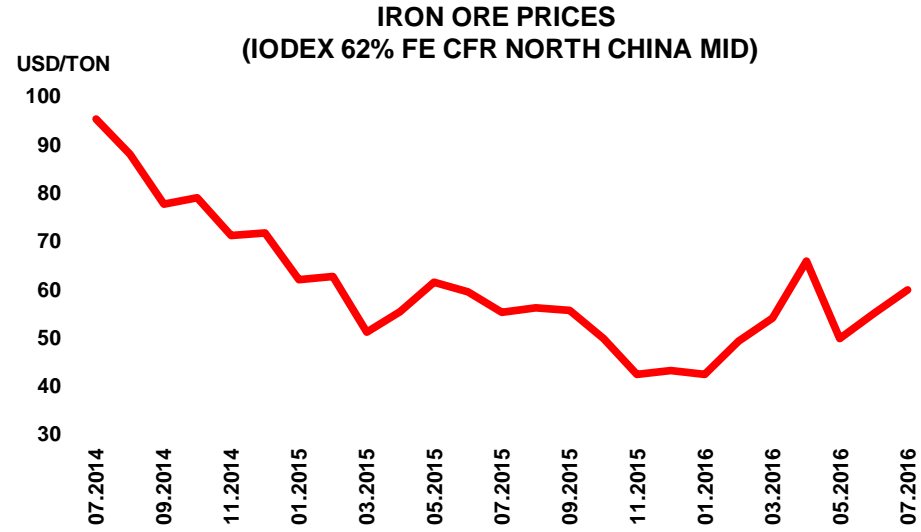
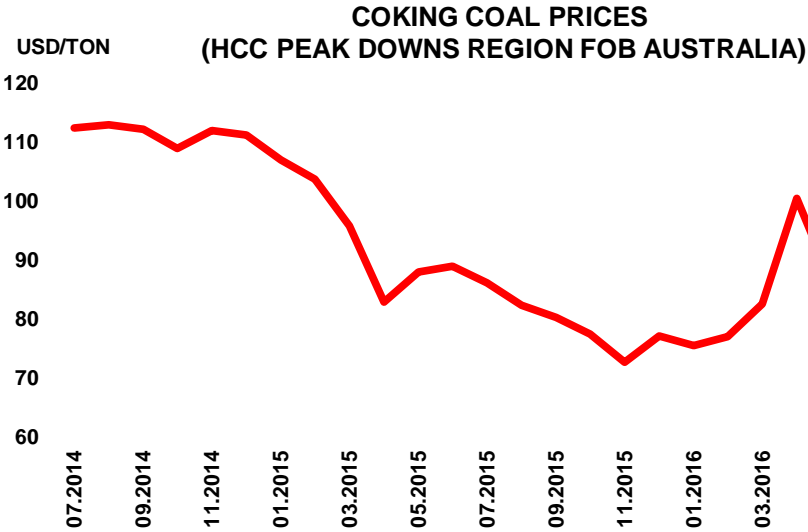


HRC PRICES (USD/TON)**





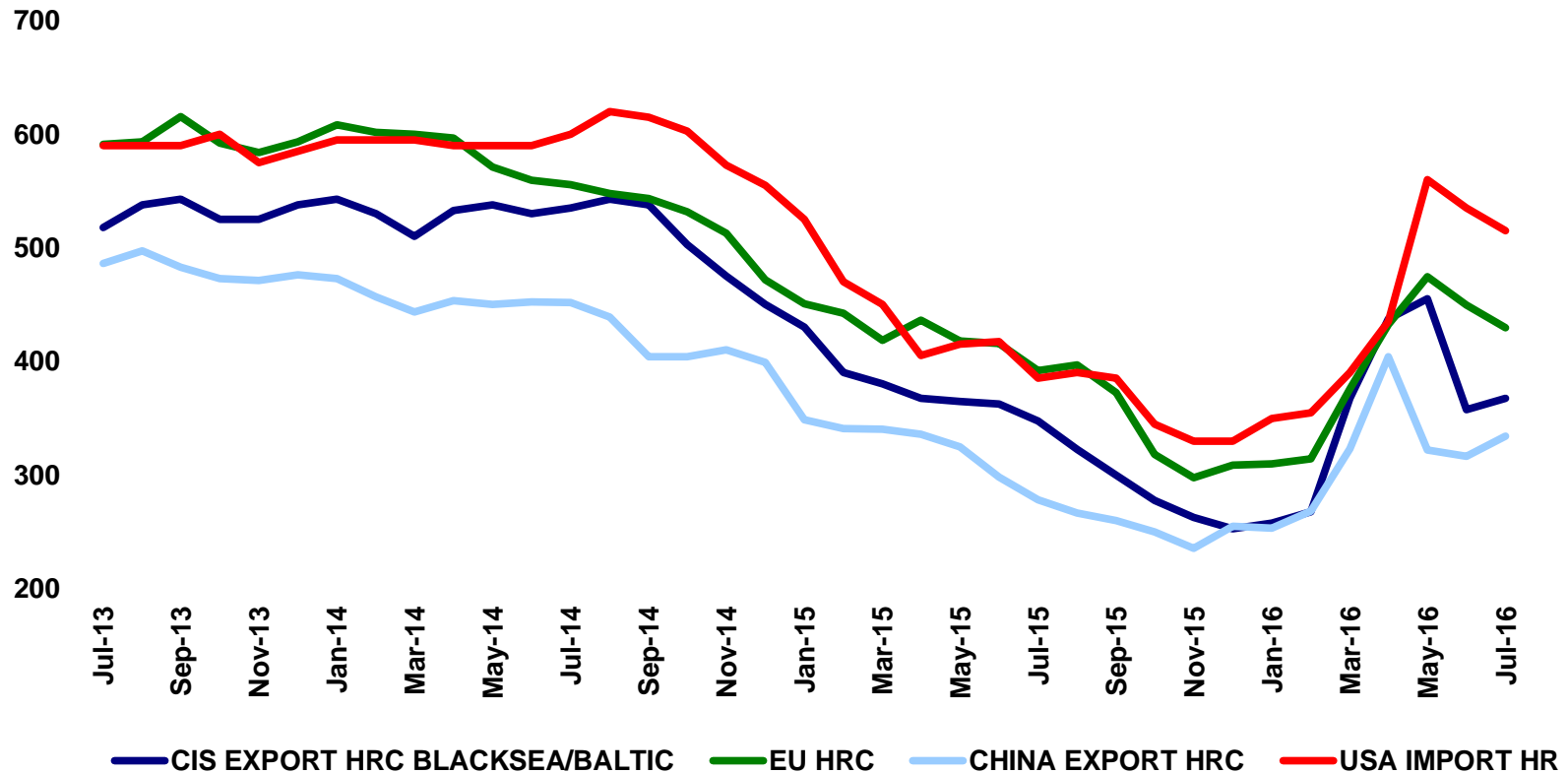
Iron ore price was 60 USD/ton as of July 2016





HRC prices are stabilizing

HRC PRICES (USD/Ton)

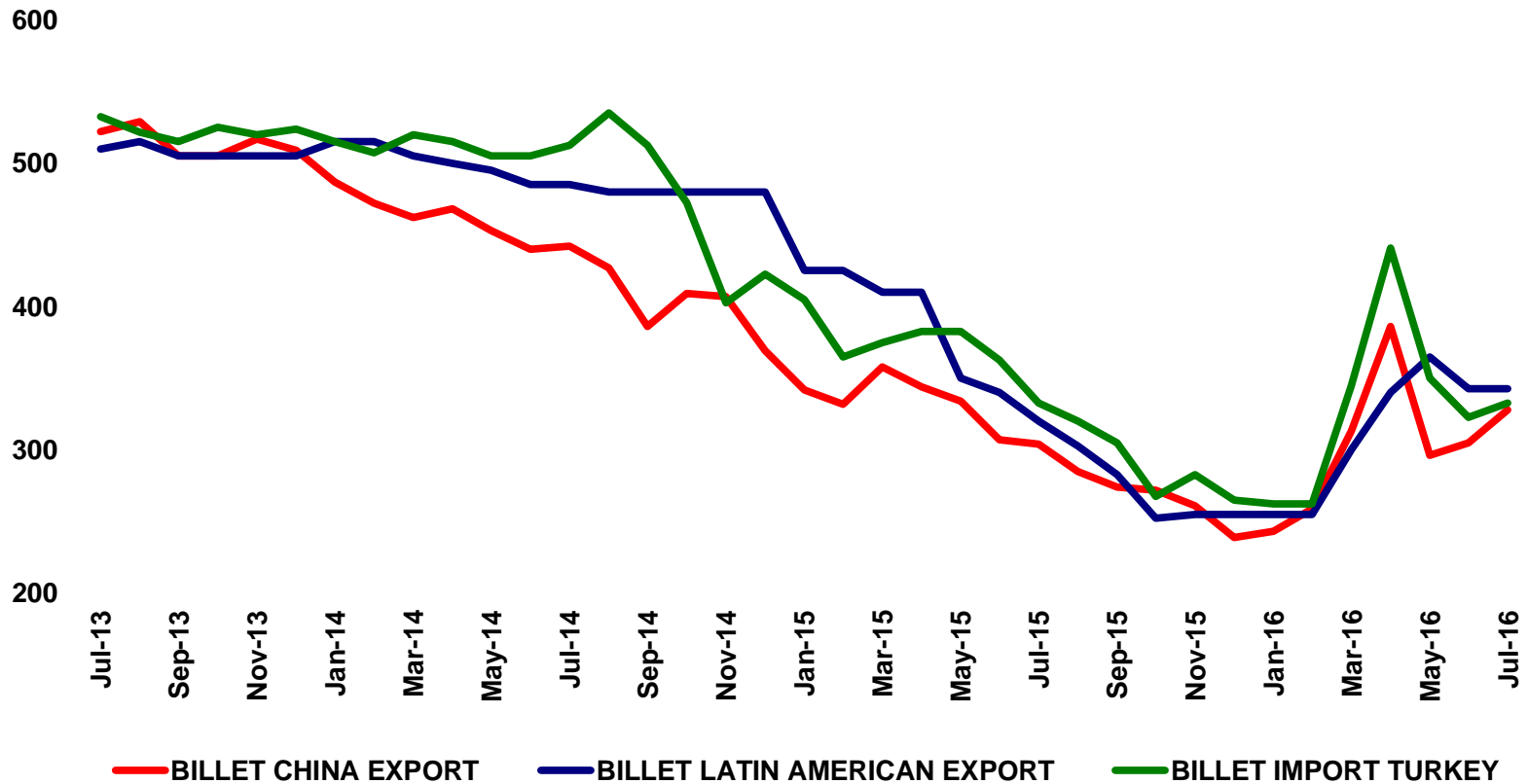


▶ As of July 2016, EU HRC price was 430 USD, China HRC export price was 334 USD, CIS export HRC price was 368 USD. The prices were 392 USD, 278 USD, 348 USD respectively by the end of July 2015.



Billet sales prices are increasing again

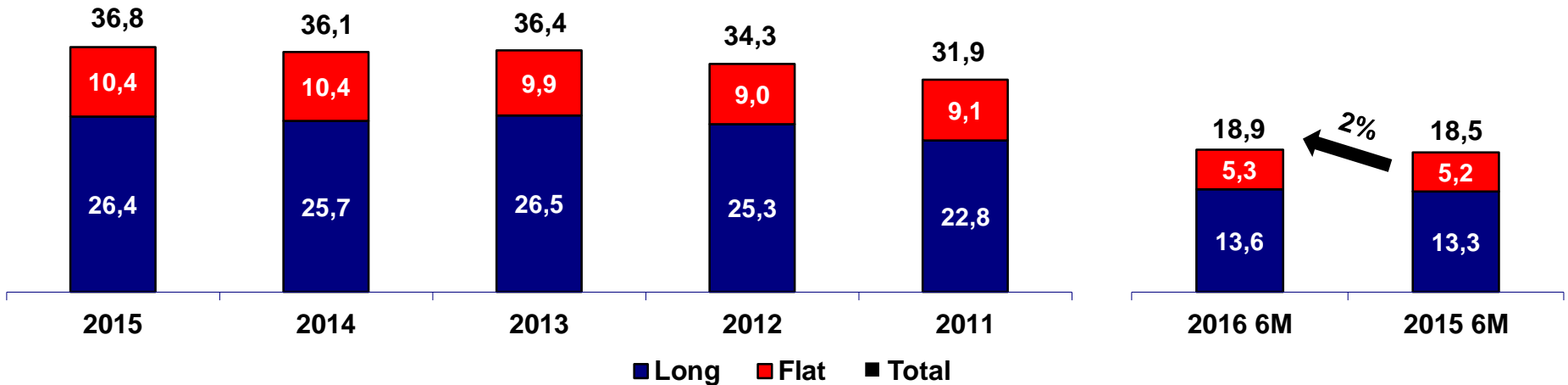
BILLET PRICES (USD/Ton)



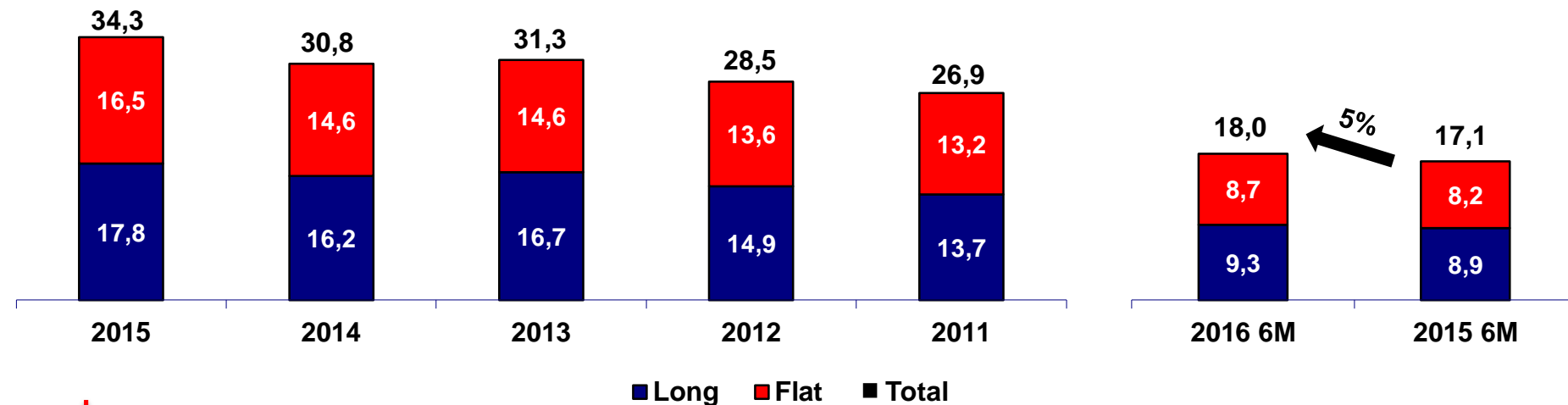
➡ As of July 2016, Turkey export price was 333 USD while it was again 333 USD in July 2015.

Turkish steel consumption increased by 5% in 2016 6M YoY

PRODUCTION (000 TONS)

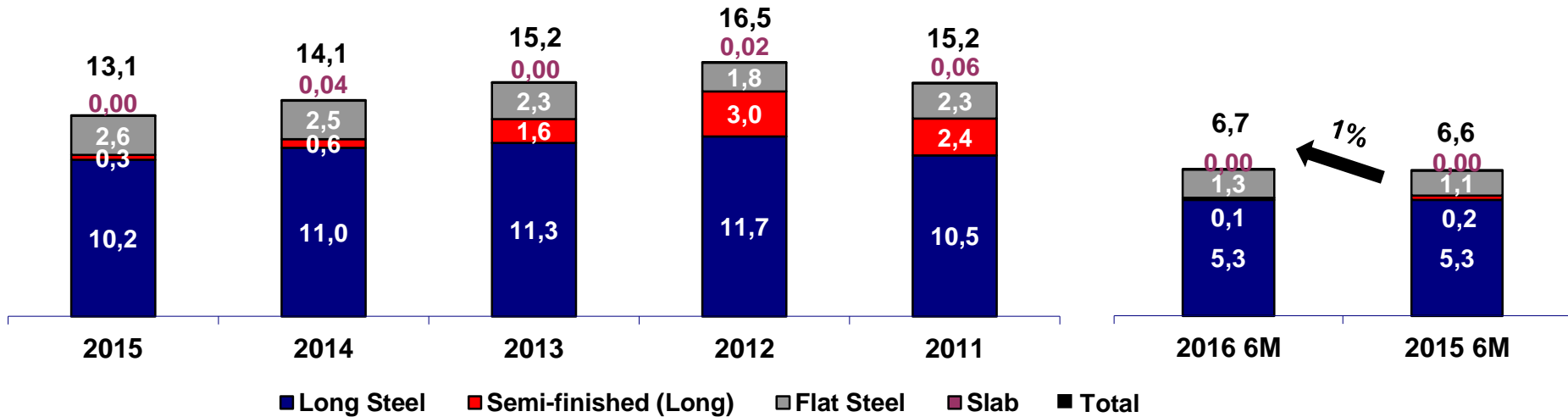


CONSUMPTION (000 TONS)

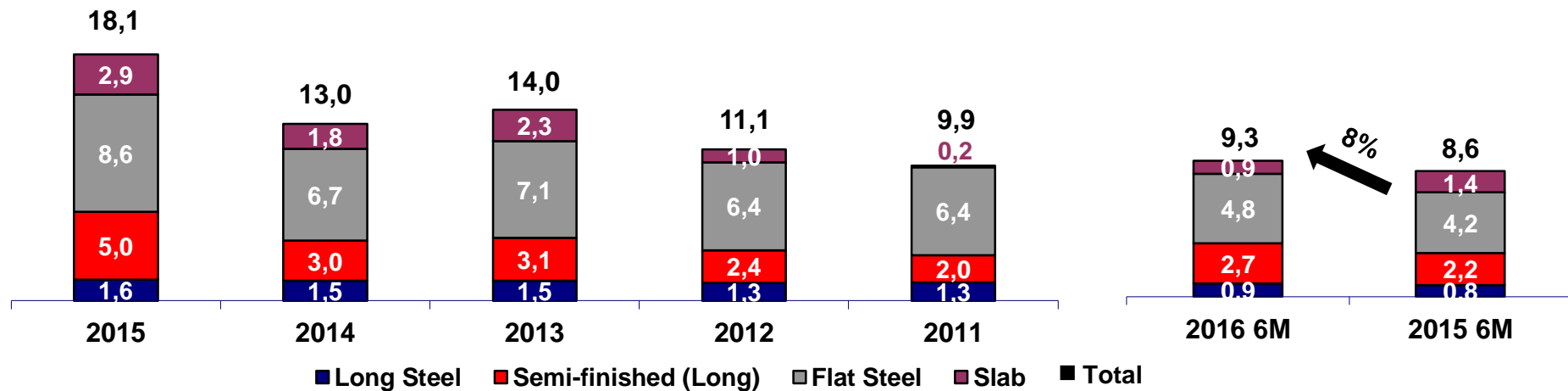


Turkish iron and steel product imports increased by 8% in 2016 6M YoY

IRON AND STEEL PRODUCT EXPORTS (000 TONS)

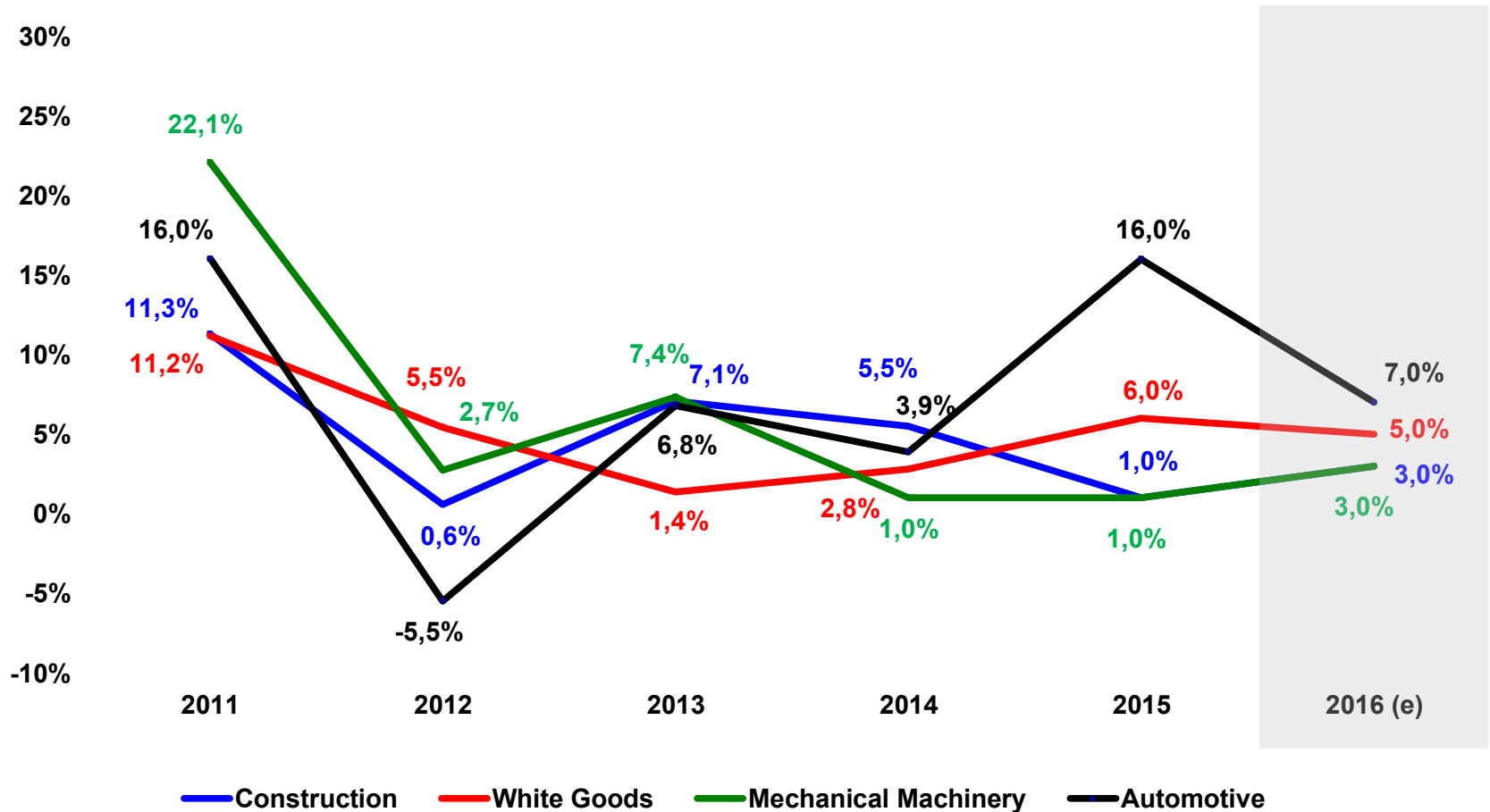


IRON AND STEEL PRODUCT IMPORTS (000 TONS)



Deceleration in the automotive sector's growth rate is expected

CHANGES IN SECTOR DEVELOPMENT INDEX (% YoY)














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ERDEMİR GROUP KEY FIGURES

		2016 6M	2015 6M	2015	2014
Liquid Steel Production	<i>(000 Tons)</i>	 4.604	4.462	9.122	8.693
Slab Production ⁽¹⁾	<i>(000 Tons)</i>	 3.729	3.723	7.349	7.363
Flat Steel Production ⁽²⁾	<i>(000 Tons)</i>	 3.540	3.781	7.400	6.954
Long Steel Production	<i>(000 Tons)</i>	 789	636	1.563	1.153
Flat Steel Shipments	<i>(000 Tons)</i>	 3.670	3.640	7.229	6.933
Long Steel Shipments	<i>(000 Tons)</i>	 782	648	1.552	1.163
Net Sales Revenue	<i>(M. USD)</i>	 1.797	2.369	4.382	5.252
EBITDA	<i>(M. USD)</i>	 314	510	770	1.136
Net Profit For The Year	<i>(M. USD)</i>	 165	304	414	732

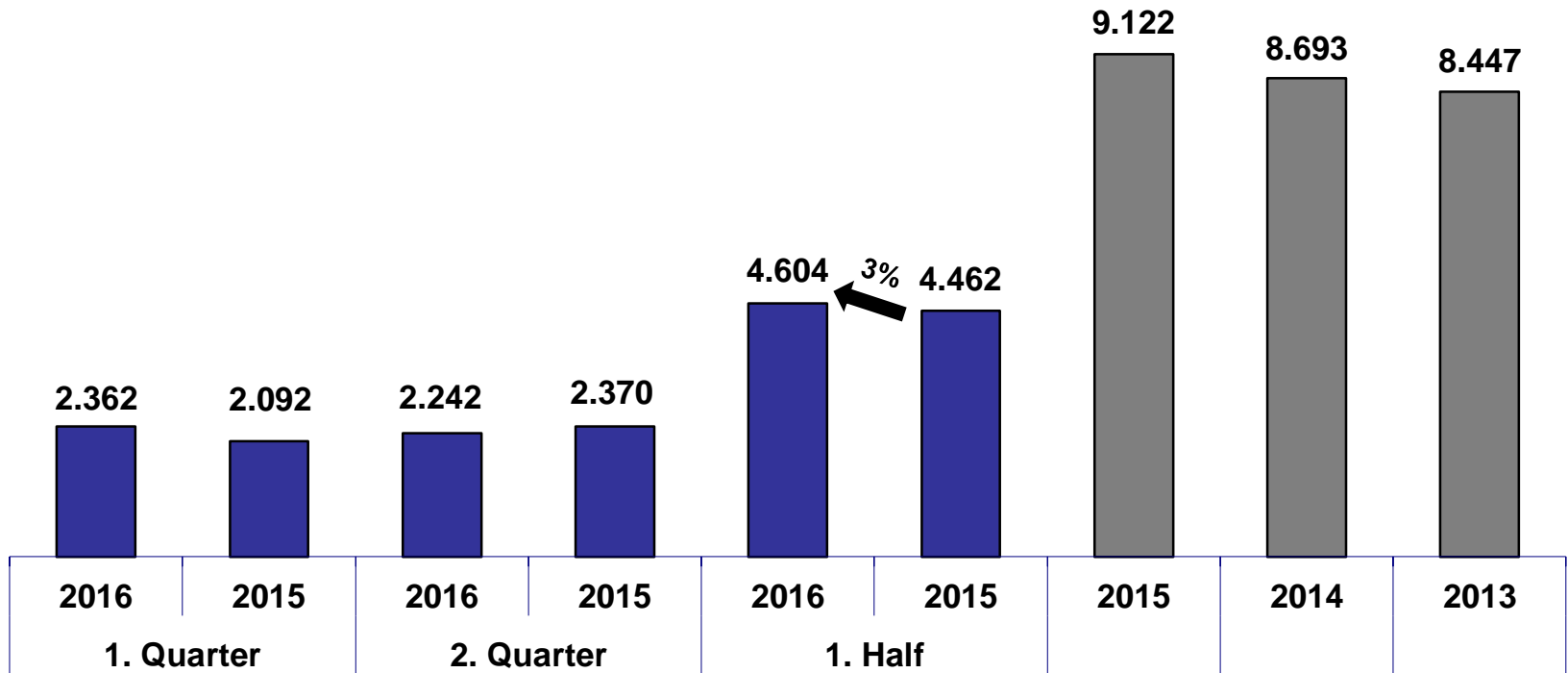
All figures are on IFRS consolidated basis unless stated otherwise.

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

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

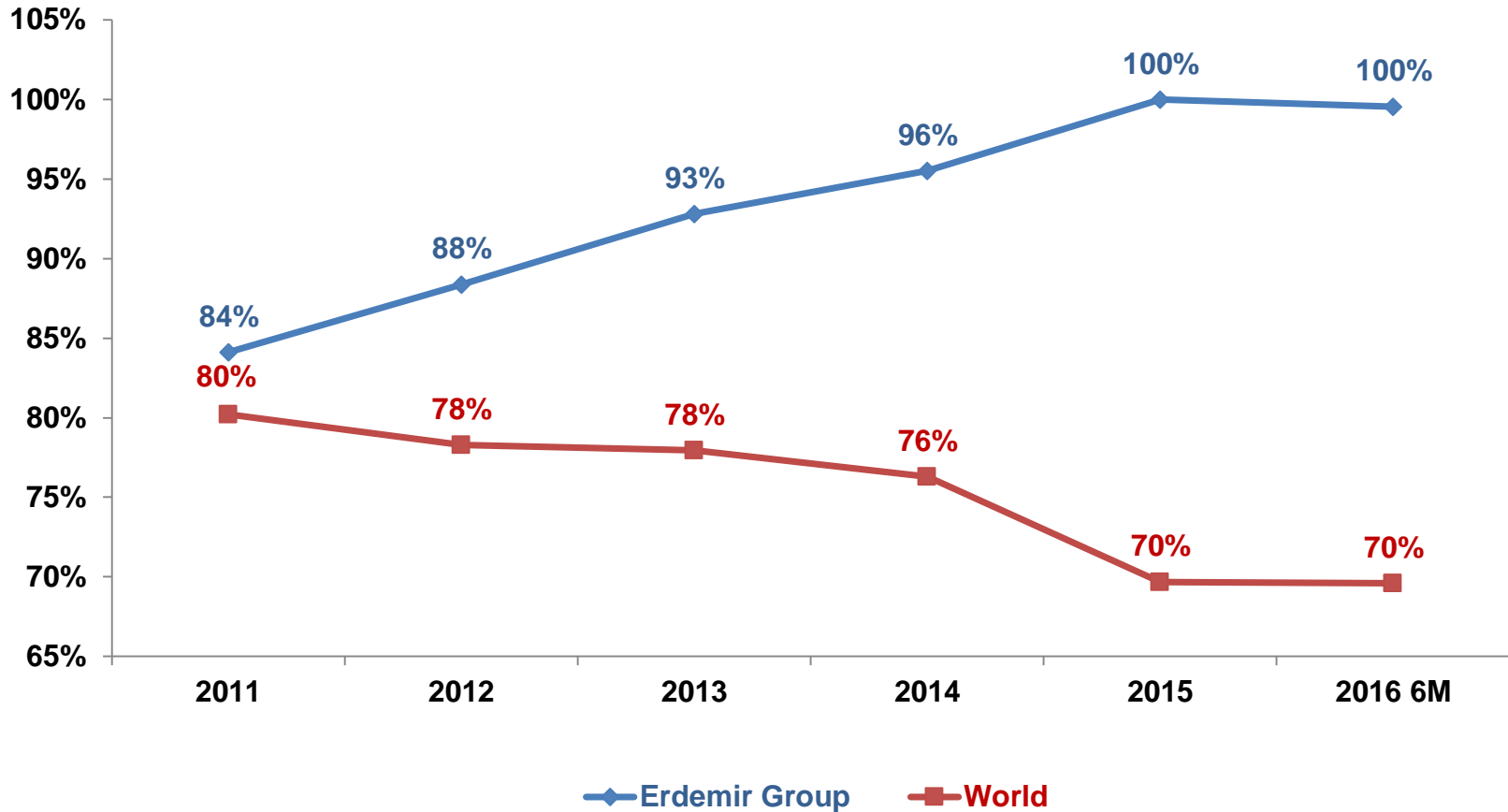
Liquid steel production increased by 3% in 2016 6M YoY

LIQUID STEEL PRODUCTION (000 TONS)



Crude steel capacity utilization ratio of ERDEMİR Group is higher than world average

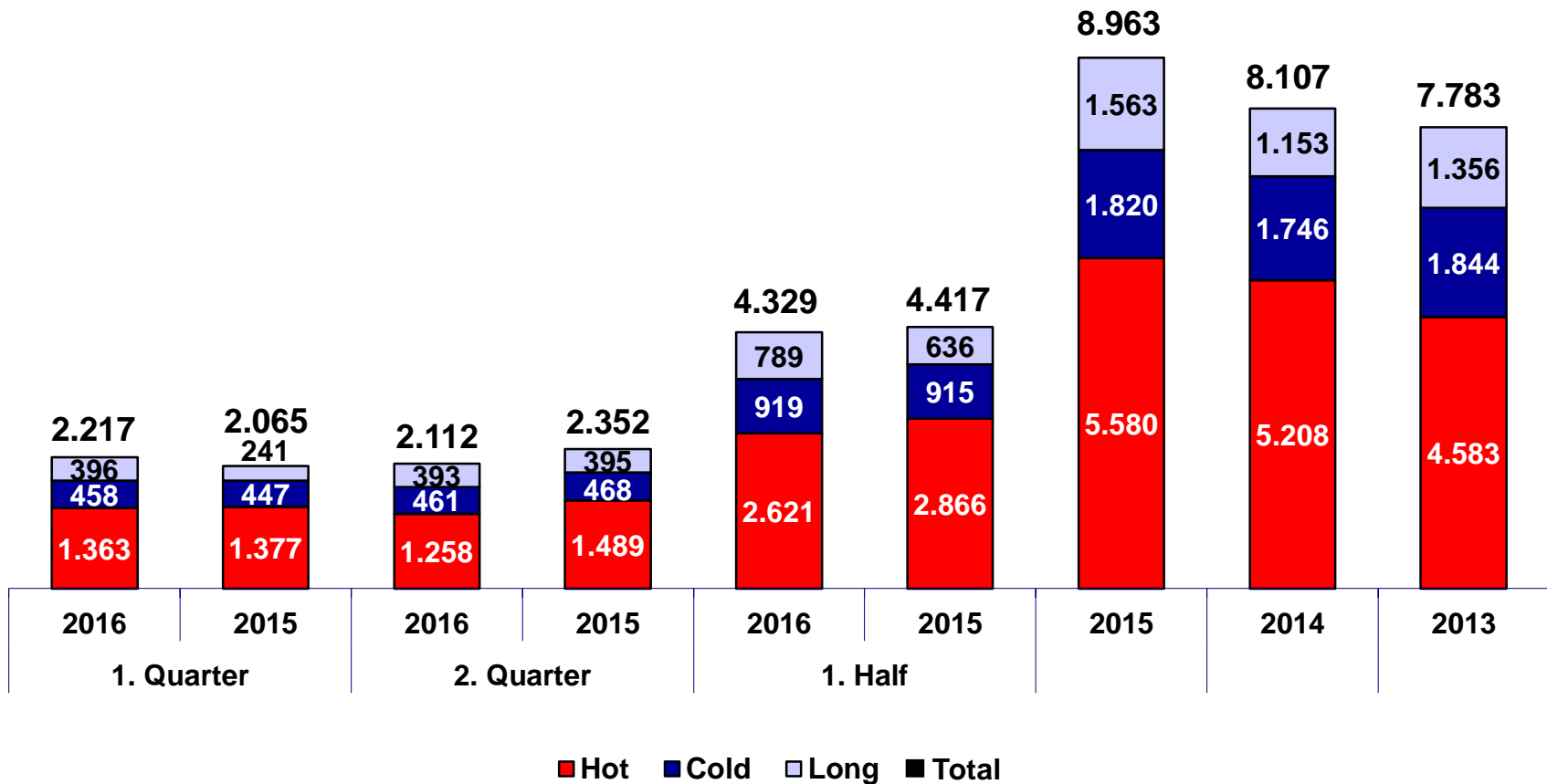
CRUDE STEEL CAPACITY UTILIZATION RATIO





Production was 4,3 million tons in 2016 6M

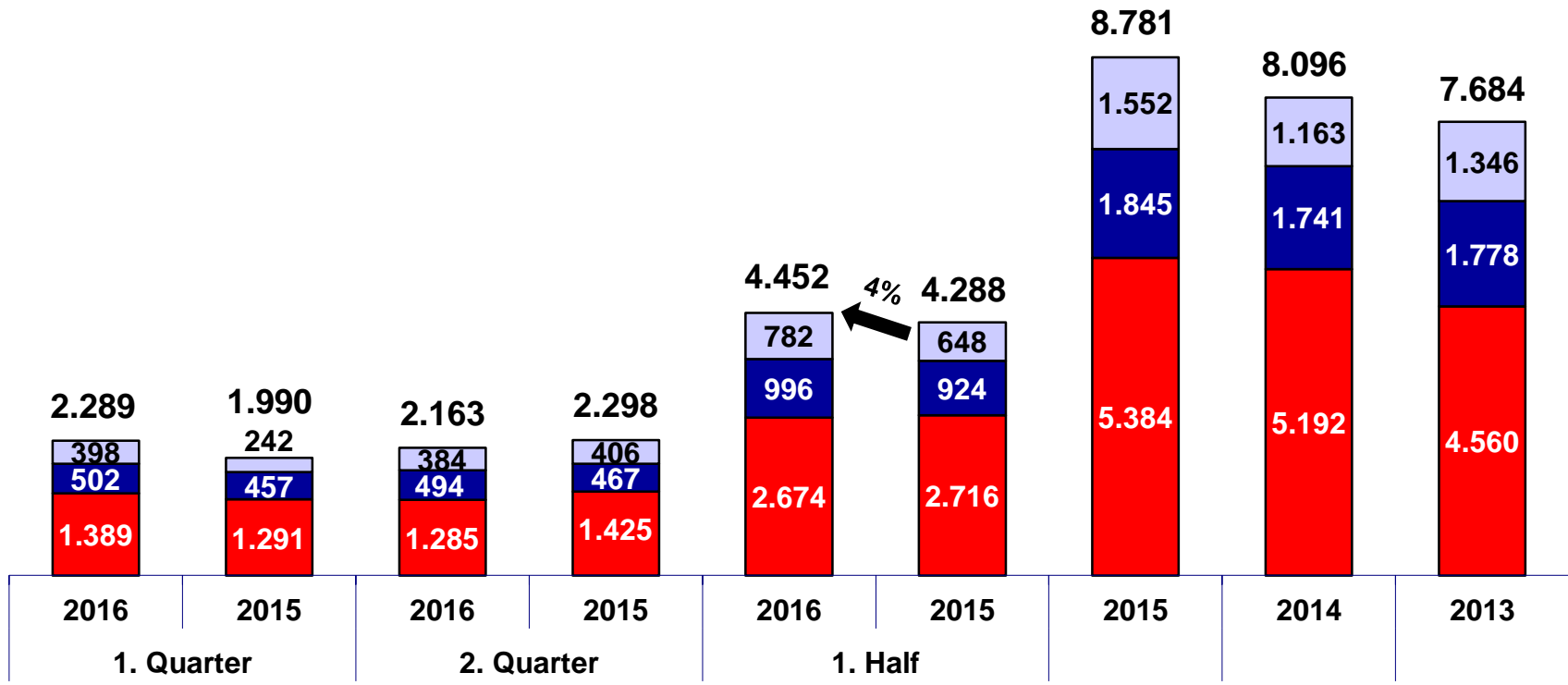
PRODUCTION VOLUMES (000 TONS)





Sales volumes increased by 4% in 2016 6M YoY

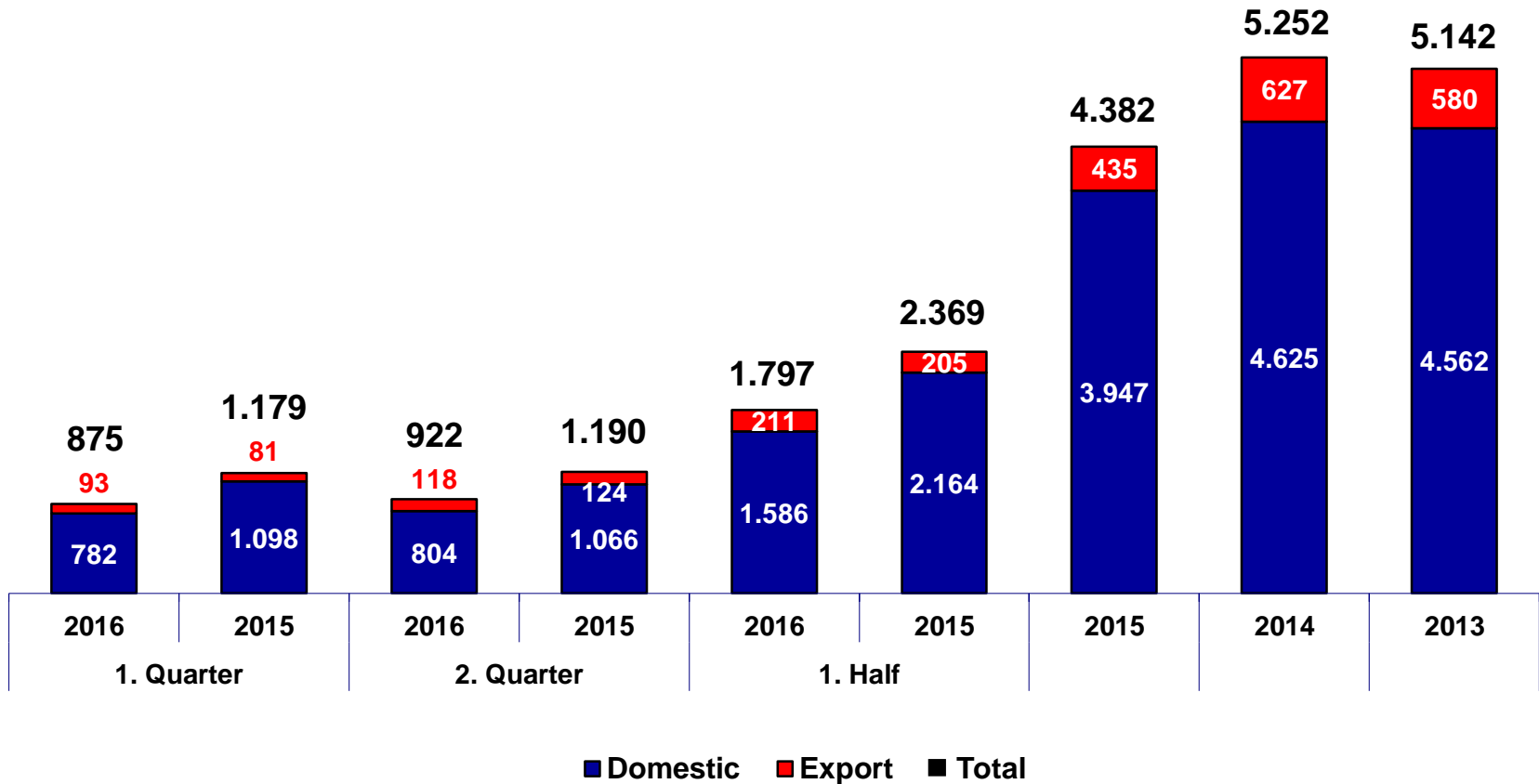
SALES VOLUMES (000 TONS)



■ Hot ■ Cold ■ Long ■ Total

Net sales revenue was 1,8 billion USD in 2016 6M

NET SALES REVENUE (MILLION USD)

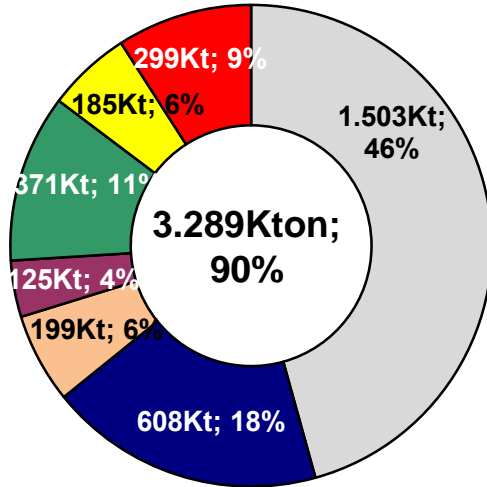


Sales to pipe&profile, automotive and white goods sectors increased in 2016 6M YoY



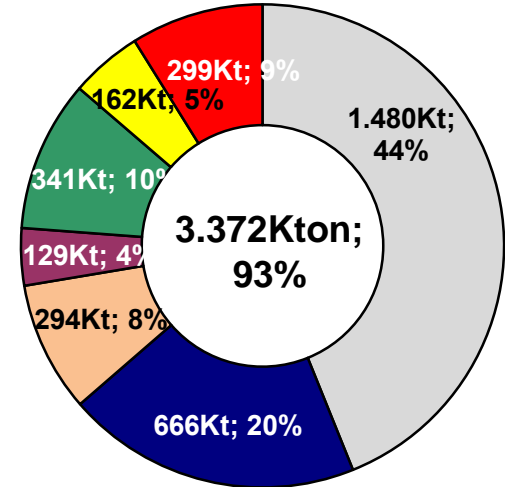
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2016 6M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

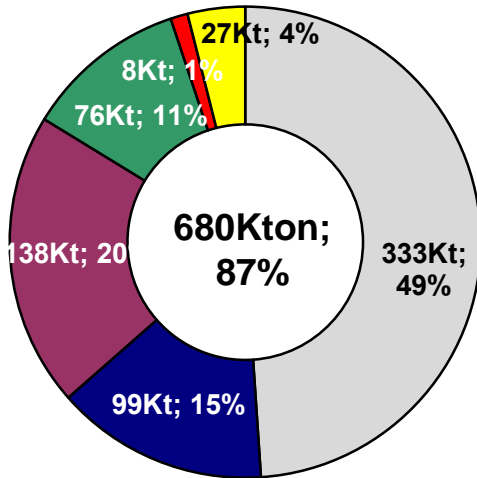


- Pipe&Profile Producers and Re-rollers
- Distribution Chains
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

2015 6M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

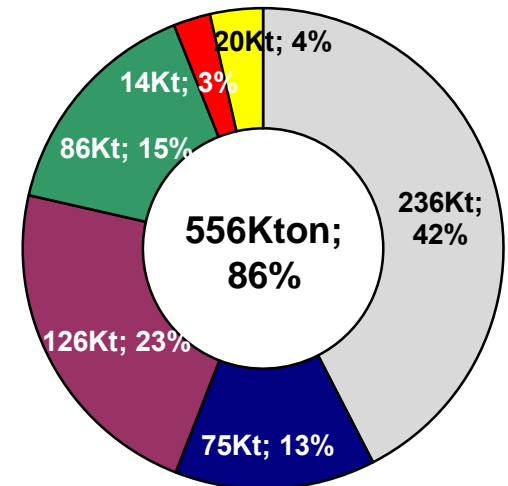


2016 6M LONG STEEL DOMESTIC SALES BREAKDOWN (%)



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

2015 6M LONG STEEL DOMESTIC SALES BREAKDOWN (%)

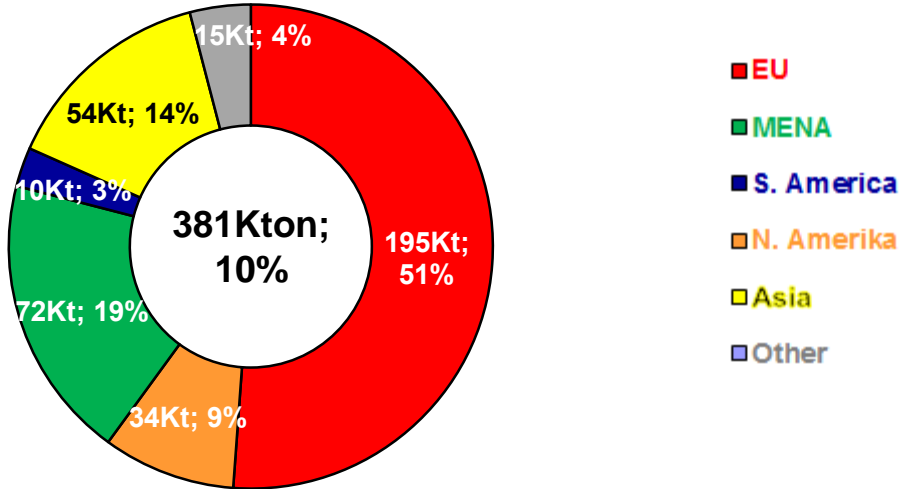


Flat steel sales to EU countries was 51% of our flat export in 2016 6M

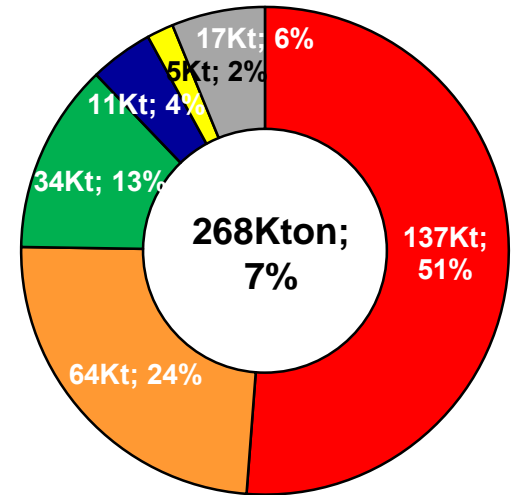


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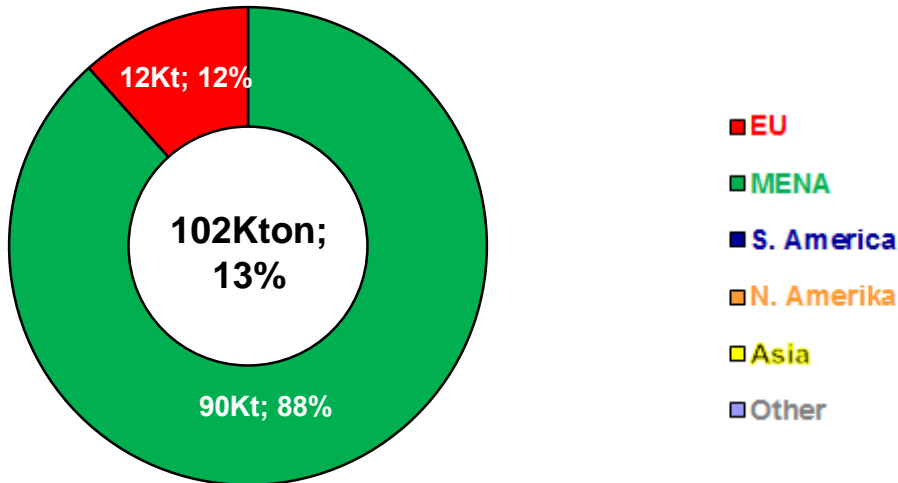
2016 6M FLAT STEEL EXPORTS BREAKDOWN (%)



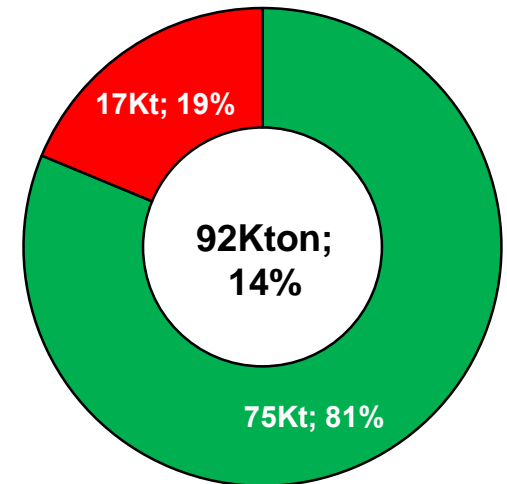
2015 6M FLAT STEEL EXPORTS BREAKDOWN (%)



2016 6M LONG STEEL EXPORTS BREAKDOWN (%)



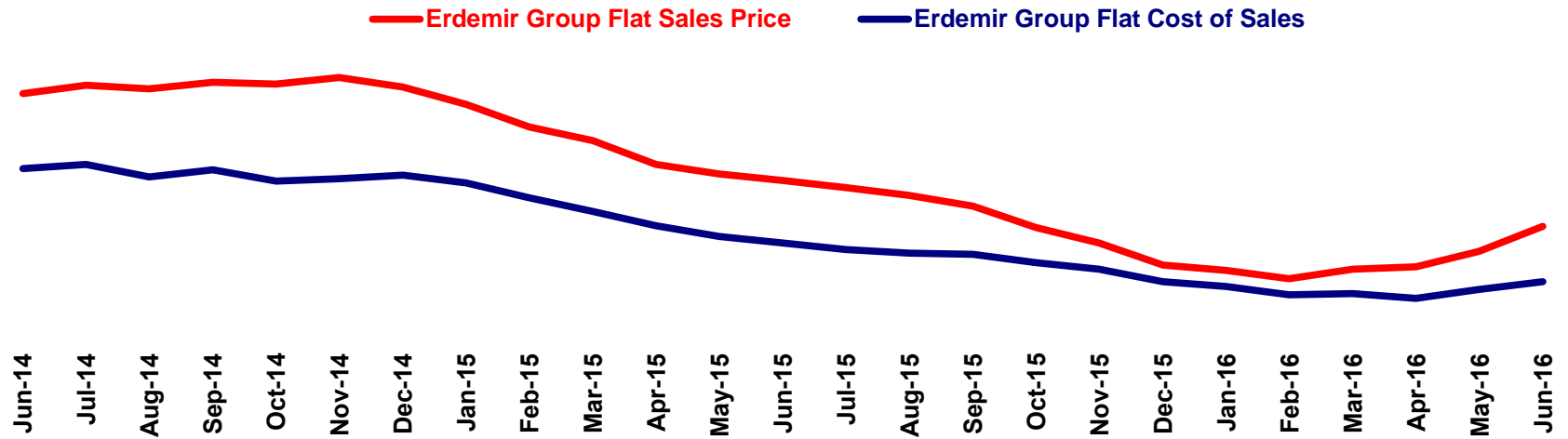
2015 6M LONG STEEL EXPORTS BREAKDOWN (%)



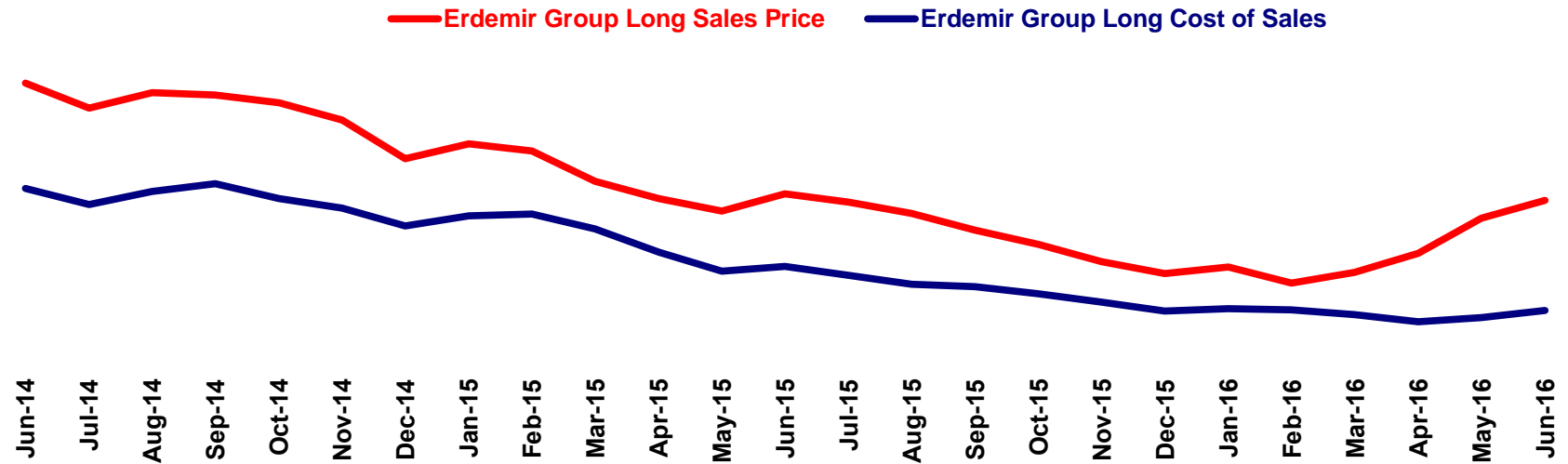
In 2016 6M, Erdemir Group average flat and long steel prices were 405 USD/ton and 358 USD/ton respectively



USD/TON



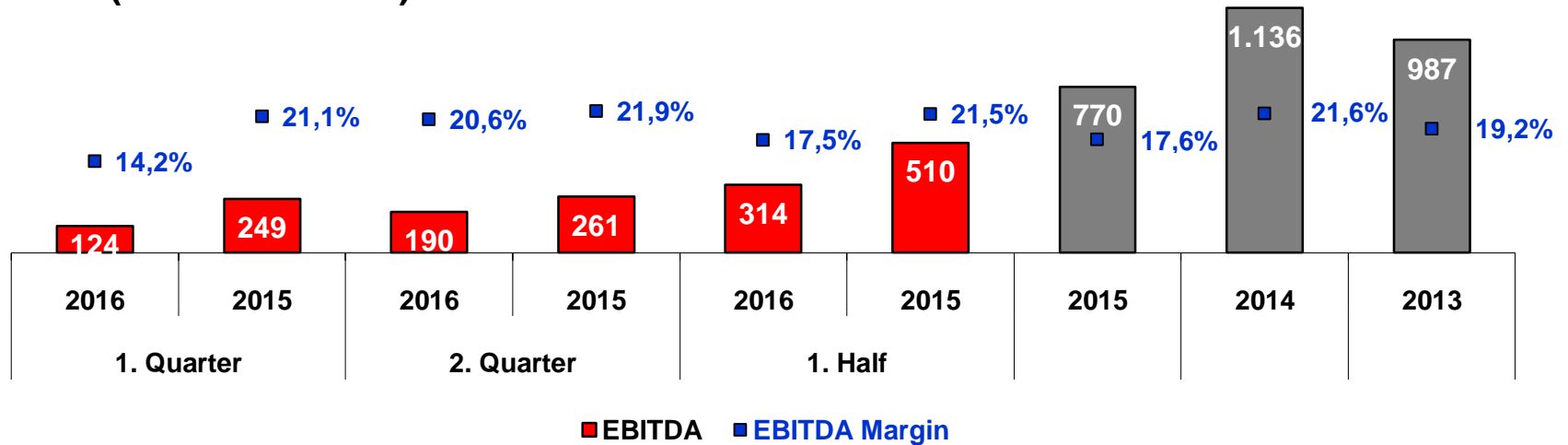
USD/TON



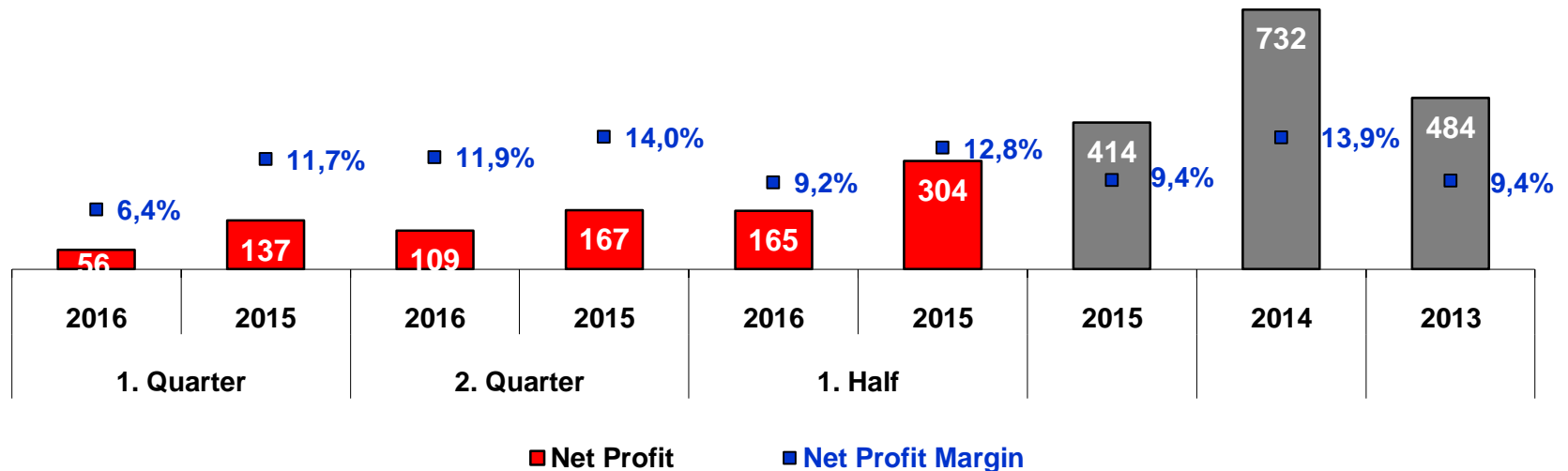


EBITDA decreased by 38% in 2016 6M YoY

EBITDA (MILLION USD)



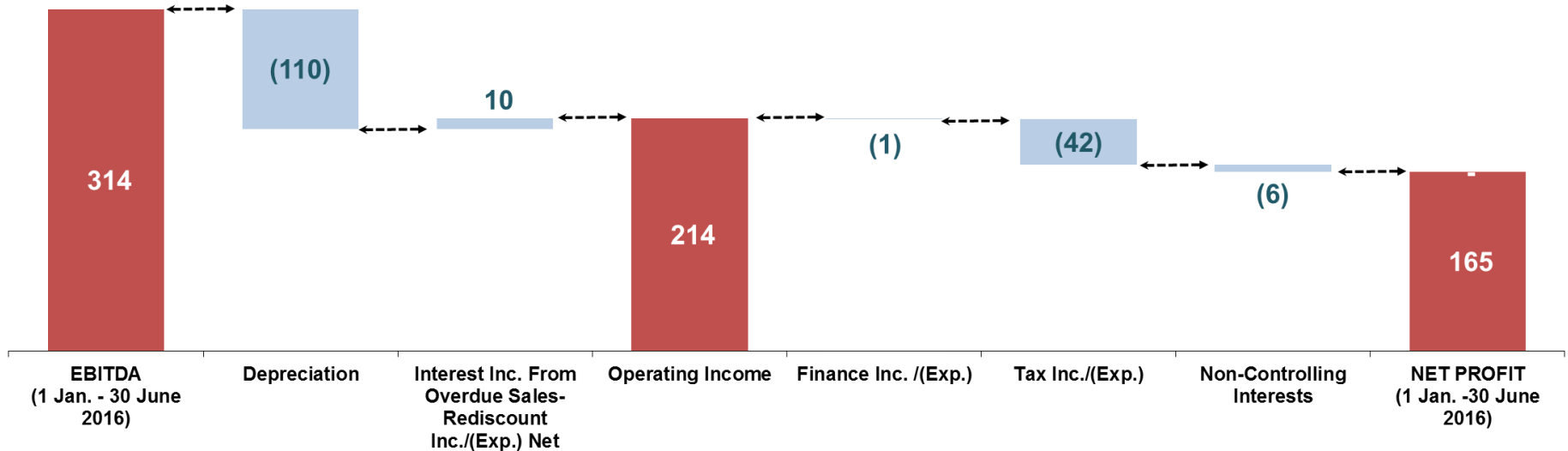
NET PROFIT (MILLION USD)





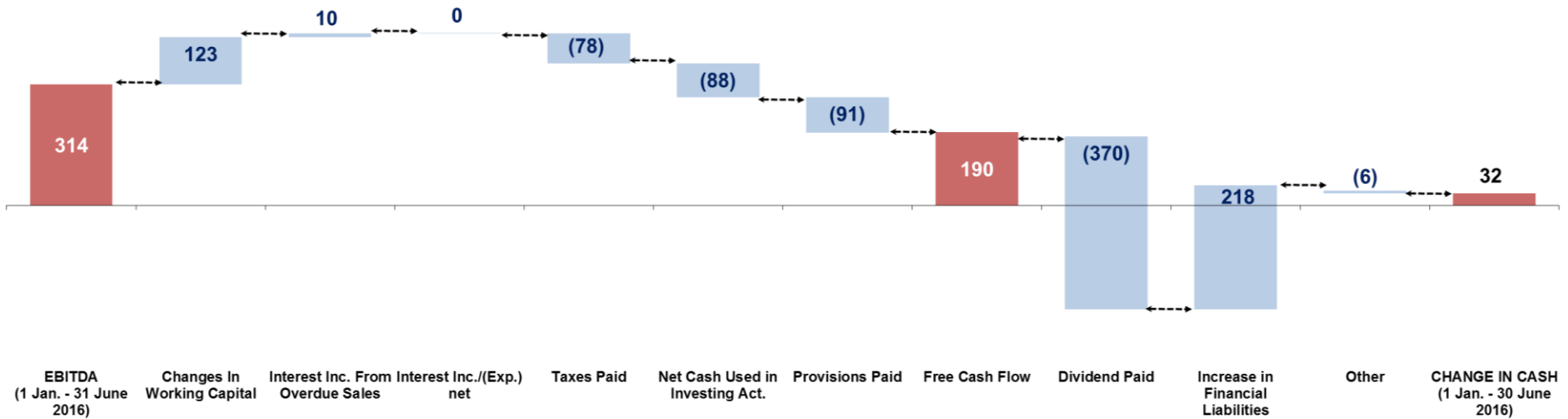
EBITDA was 314 million USD in 2016 6M

Consolidated EBITDA => Consolidated Net Profit (Million USD)



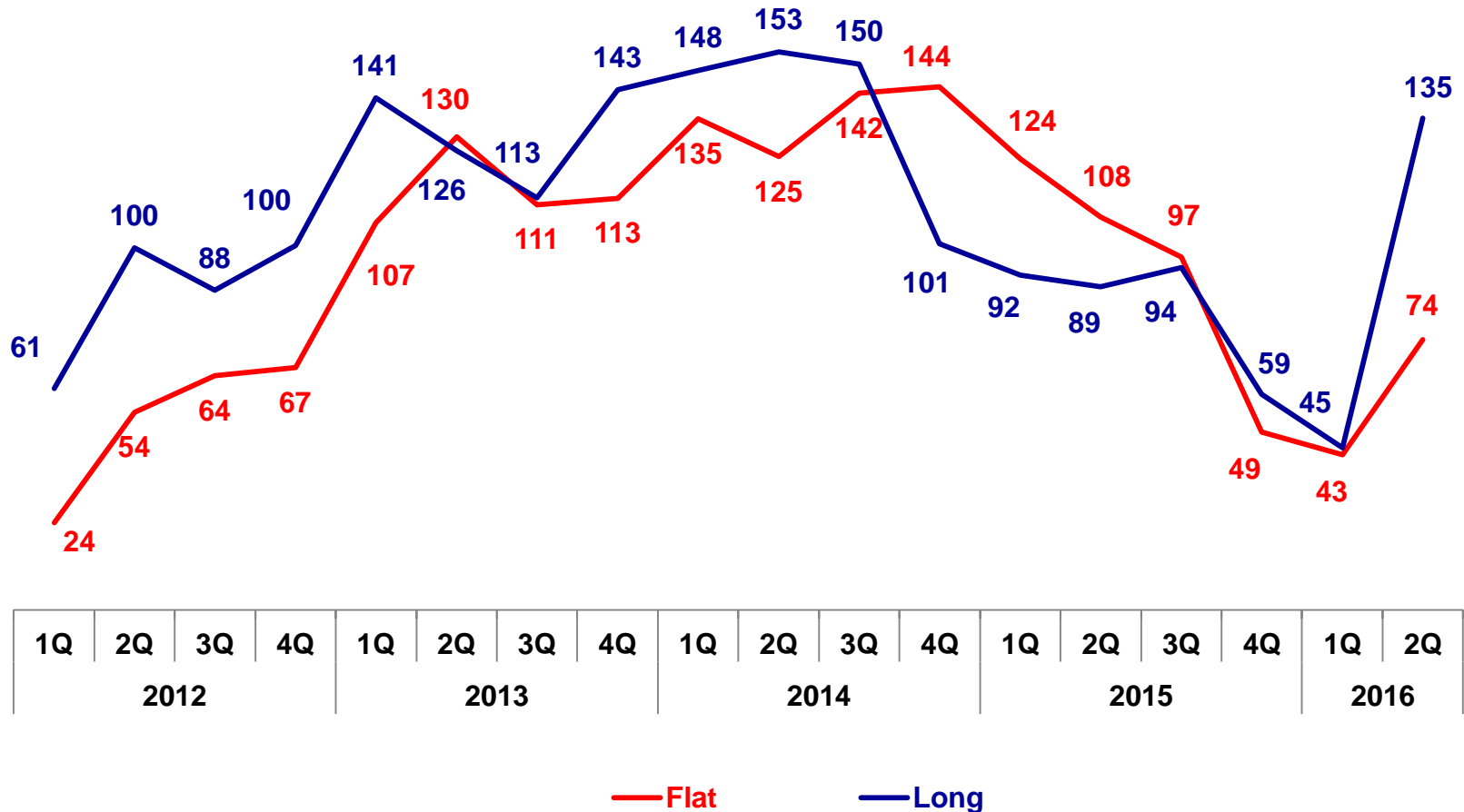
Due to the cash, which is provided from working capital, high dividend payment didn't have a negative effect on liquidity

Consolidated EBITDA => Consolidated Net Cash (Million USD)



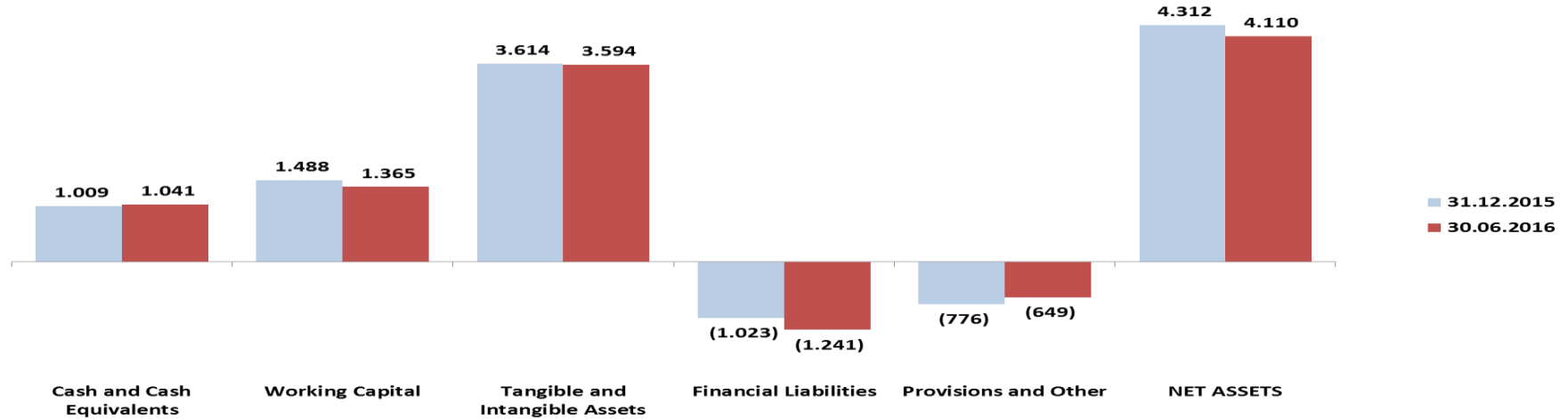
EBITDA per ton for flat product was 74 USD/ton in 2016 2Q

EBITDA PER TON (USD/TON) *

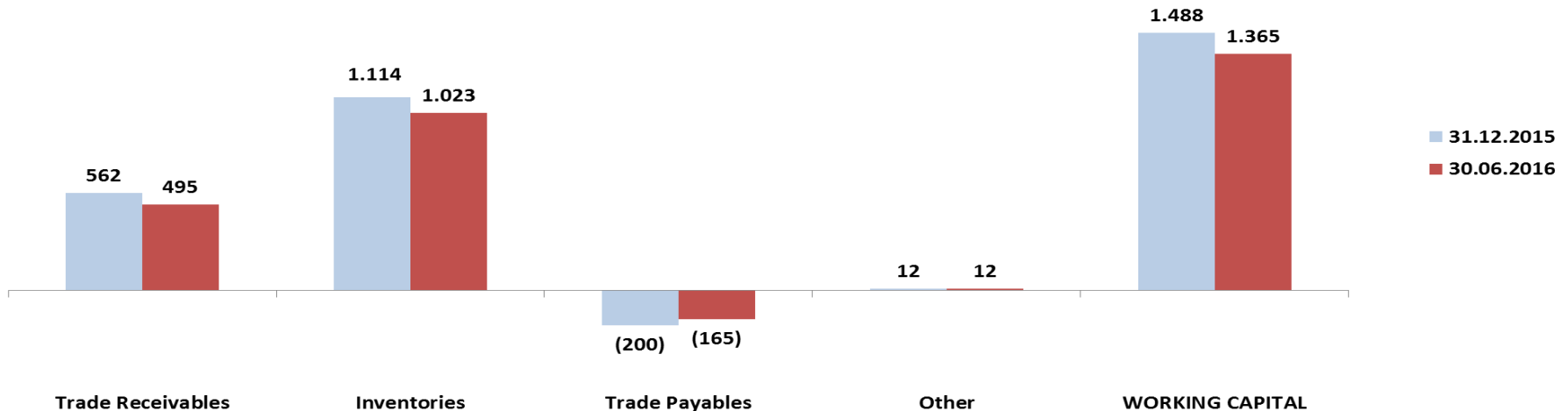


Net assets were 4,1 billion USD at the end of June 2016

CONSOLIDATED NET ASSETS (MILLION USD)

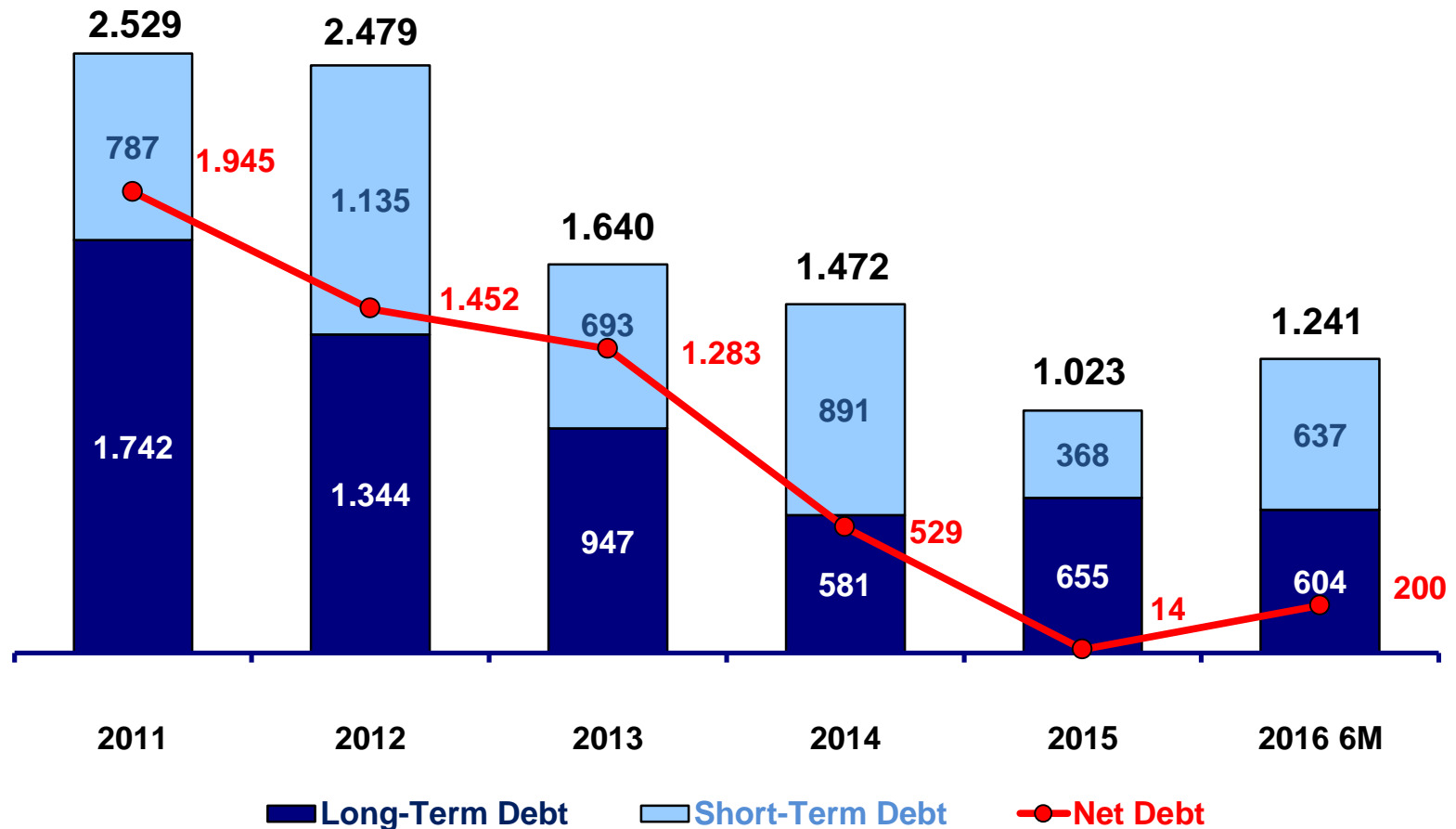


WORKING CAPITAL (MILLION USD)



Despite the high dividend payments, net debt has been at the low level

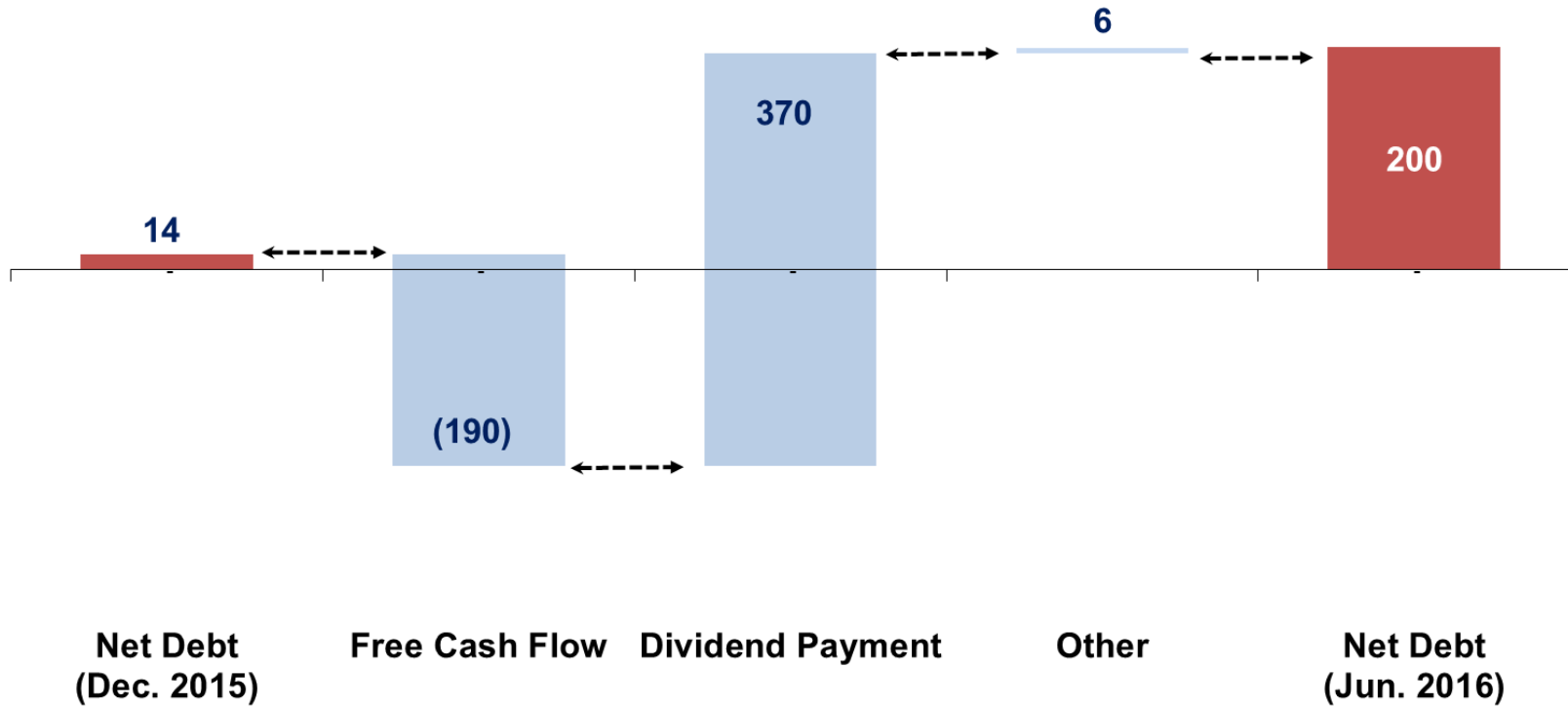
BORROWINGS (MILLION USD)





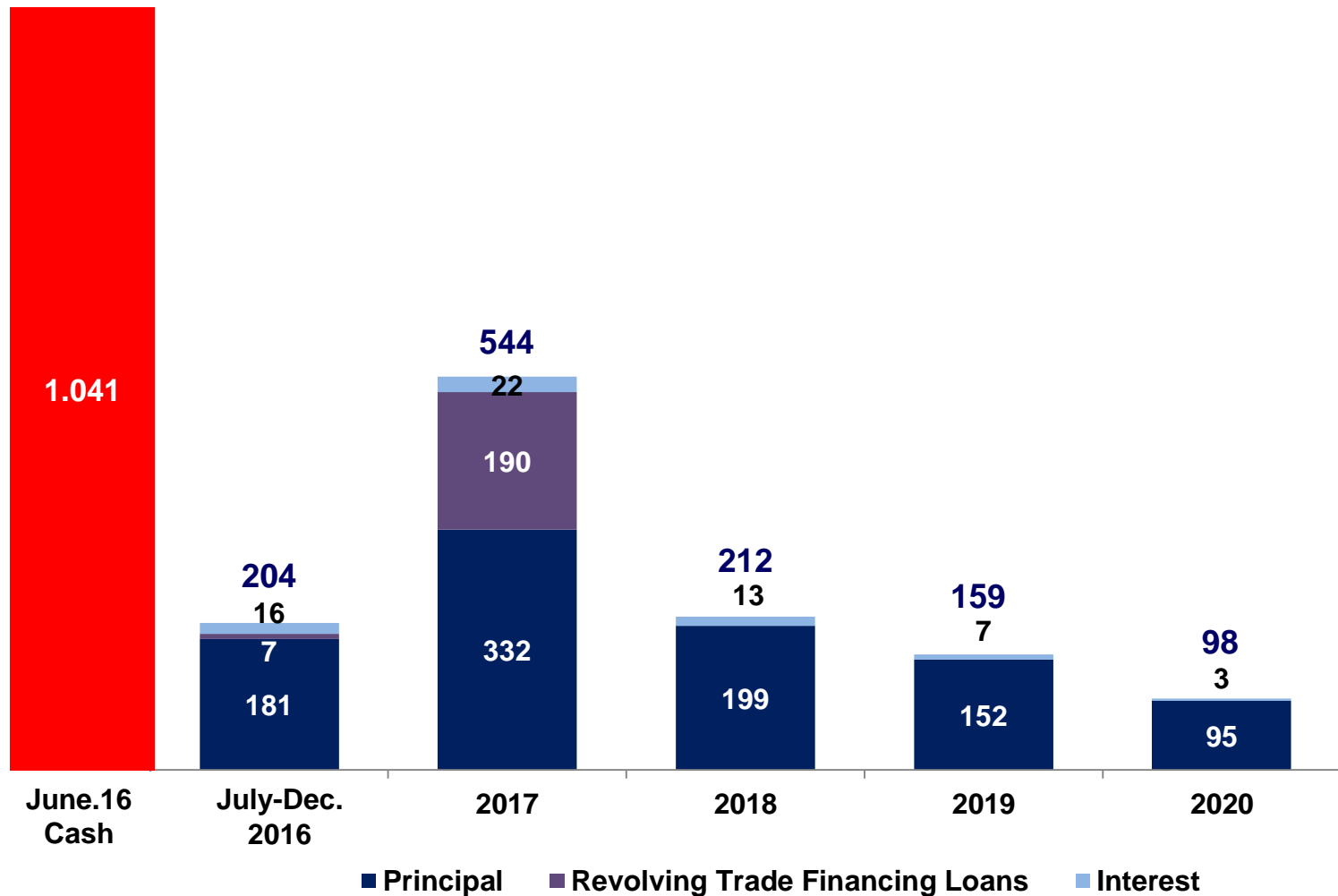
Net debt was 200 million USD at the end of 2016 2Q

NET DEBT (MILLION USD)



Erdemir Group has 1.041 million USD cash and cash equivalents at the end of June 2016

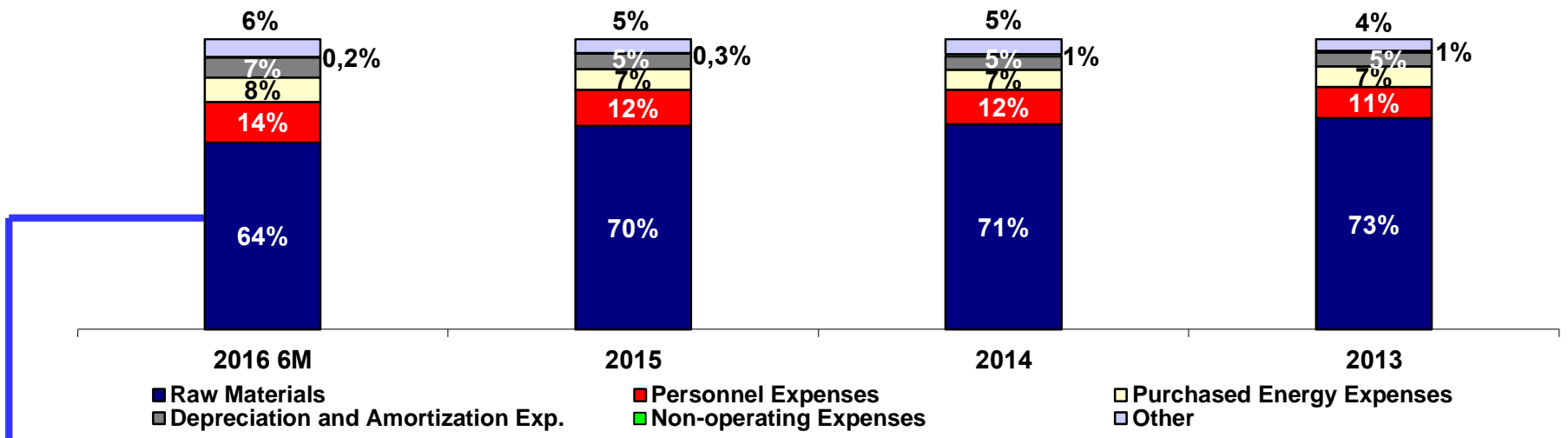
BORROWINGS MATURITY PROFILE (MILLION USD)



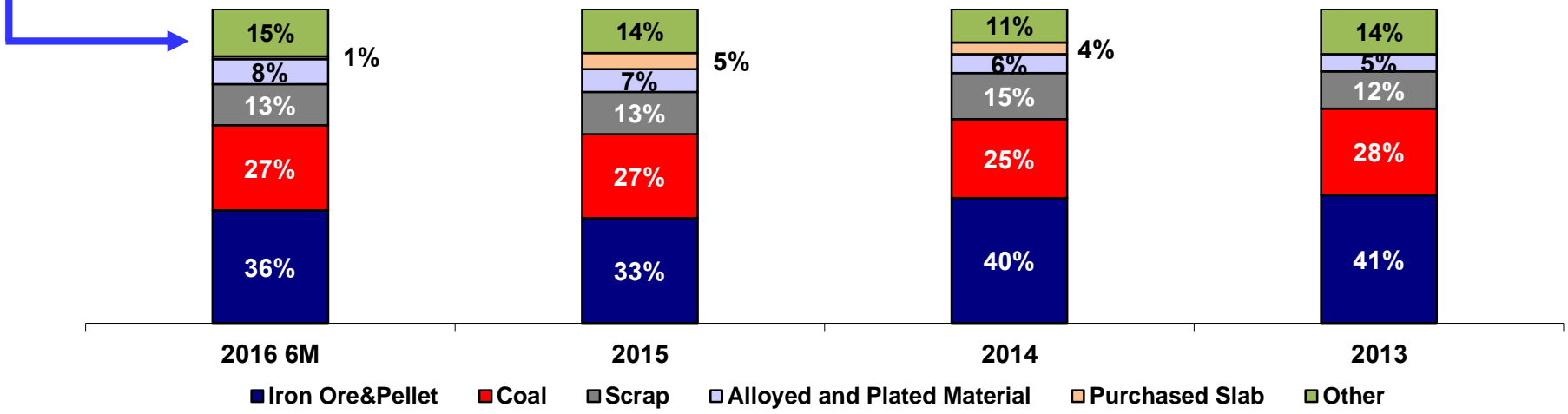


Raw materials made up 64% of the cost of sales

COST OF SALES BREAKDOWN* - %

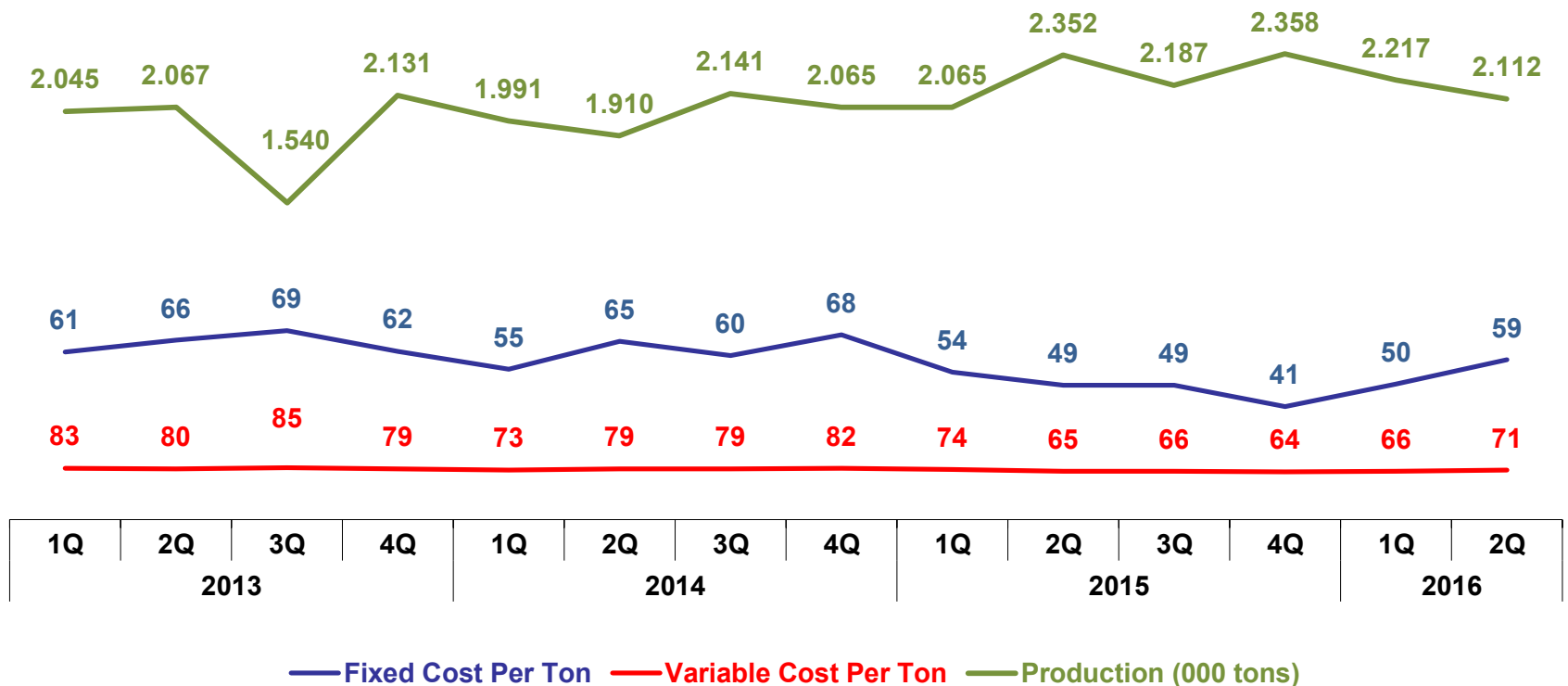


RAW MATERIALS BREAKDOWN - %



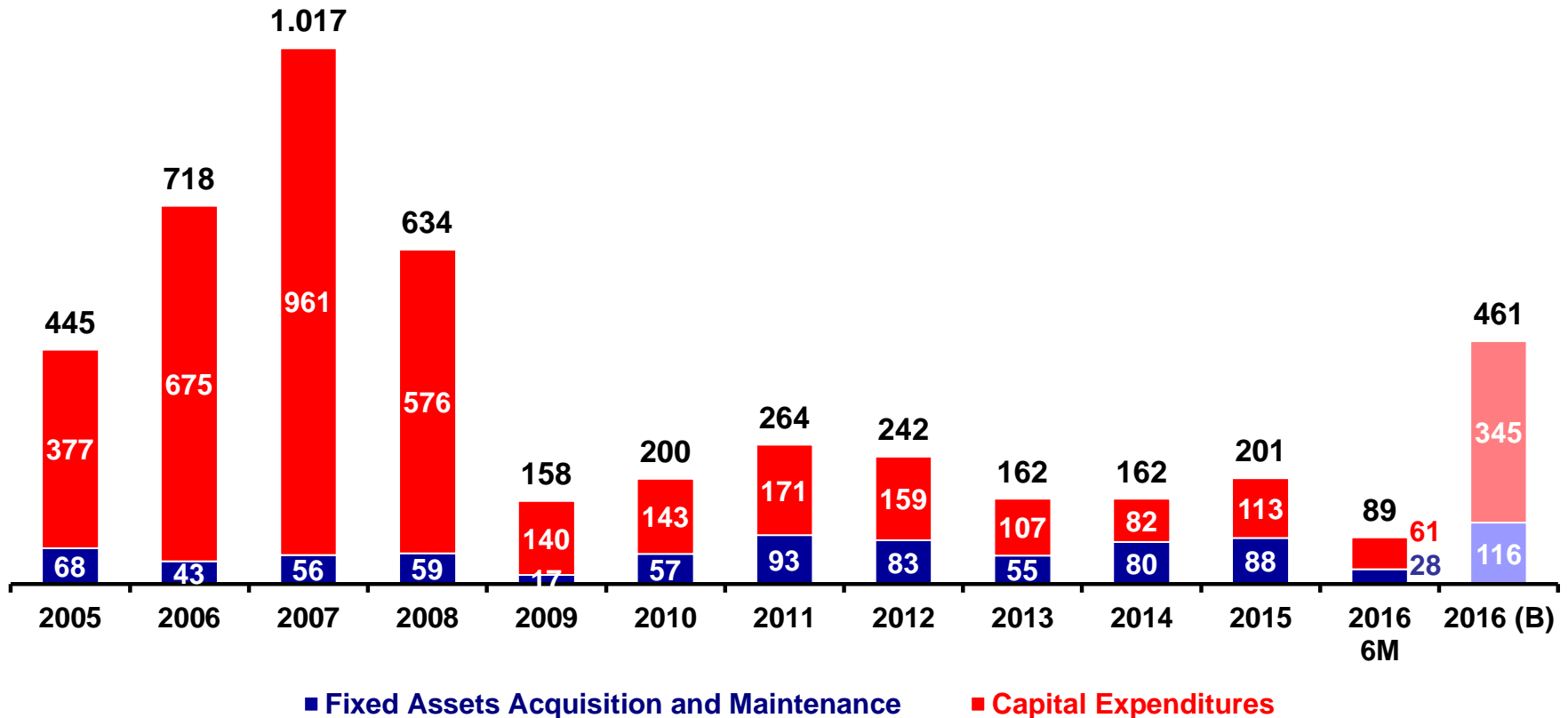
Conversion cost per ton excluding depreciation was realised as 130 USD/ton in 2016 2Q

MAIN PRODUCT CONVERSION COSTS (USD/TON)



Capital expenditures of 461 million USD is planned for 2016*

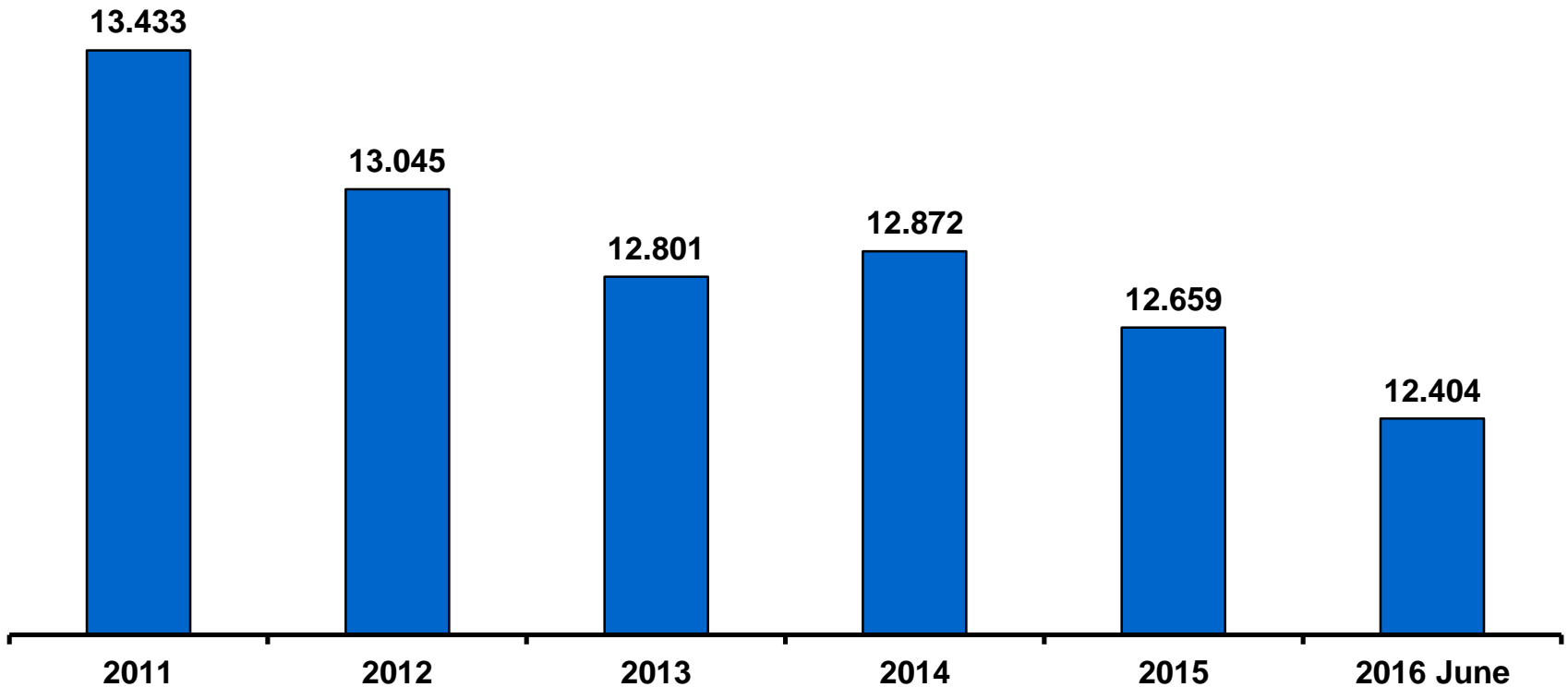
(M USD)



* The capital expenditures in 2016 6M and before state the cash outflows however the capital expenditures for 2016 Budget state the signed and planned investments. The amounts shown in 2016 Budget do not represent cash outflows.

Number of employees was 12.404 as of June 2016

NUMBER OF EMPLOYEES



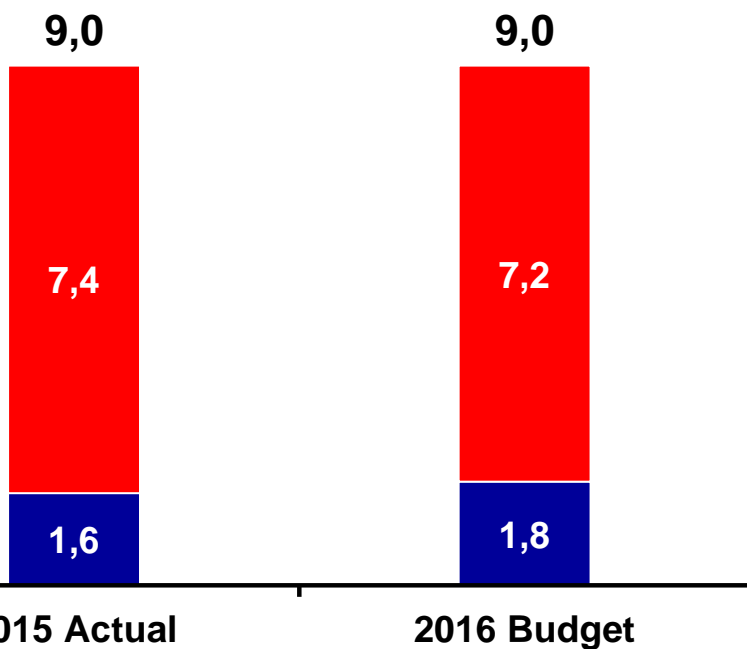


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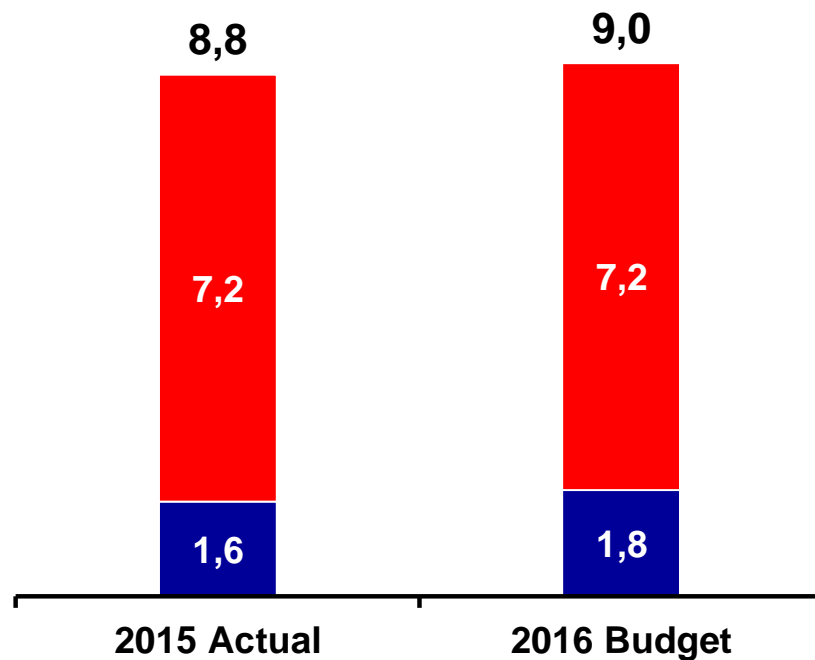
2016 Guidance

Production (Million Tons)



■ Long ■ Flat

Sales (Million Tons)



■ Long ■ Flat

EBITDA and Net Profit Margins

- > **In 2015**; EBITDA and Net Profit Margins were 17.6% and 9.4% respectively.
- > **In 2016**; EBITDA and Net Profit Margins are expected to be 15-17% and 6-8% respectively.

