



**Erdemir**Group

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*FUTURE MADE OF STEEL* | **50**  
*YEARS*



# 2015 9 Months Consolidated Results

*04 November 2015*

## 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.**

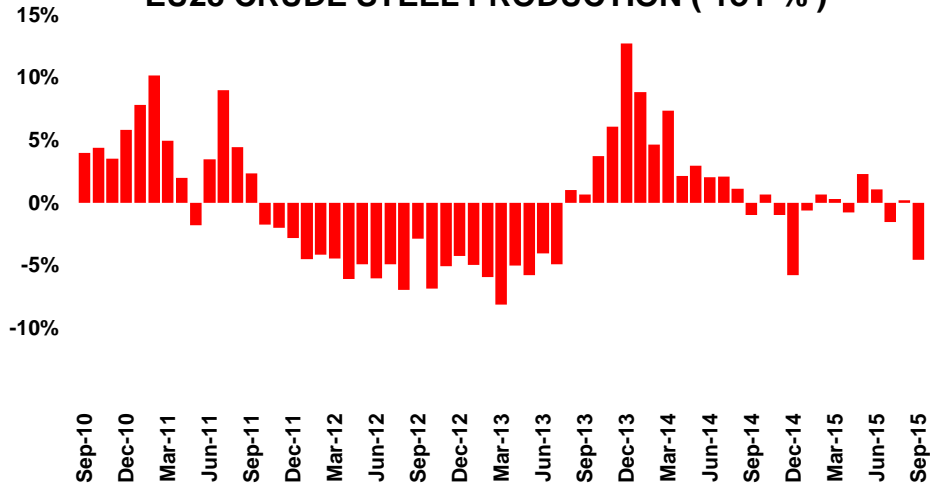


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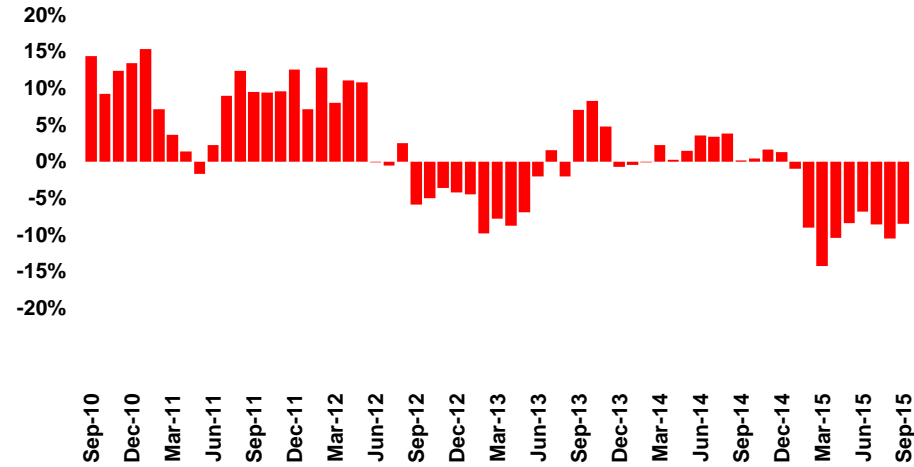
- > **2015 Market Overview**
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# In EU, HRC price was 318 USD/ton as of October 2015

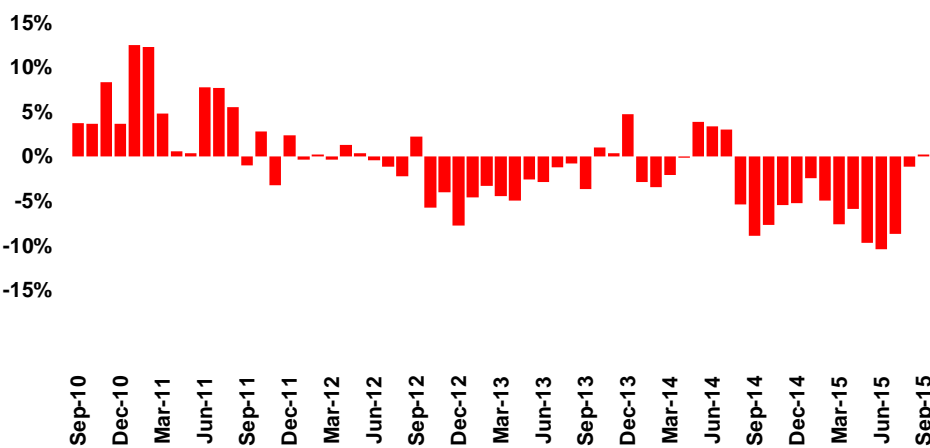
## EU28 CRUDE STEEL PRODUCTION ( YoY % )\*



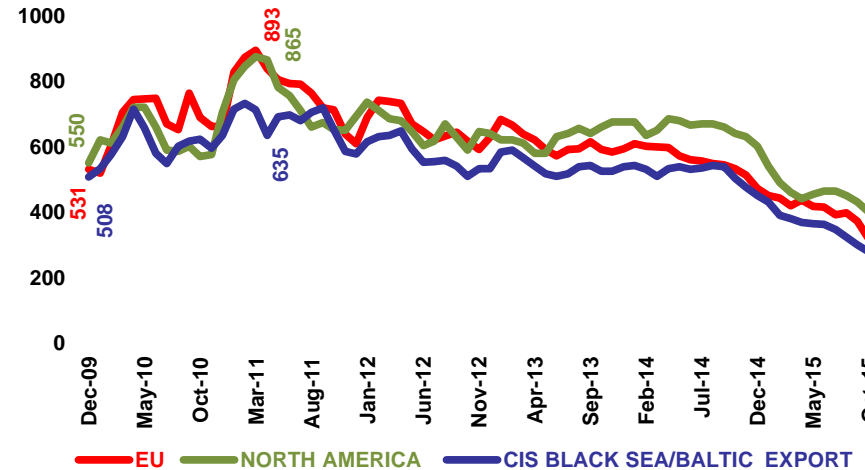
## USA CRUDE STEEL PRODUCTION ( YoY % )\*



## CIS CRUDE STEEL PRODUCTION ( YoY % ) \*



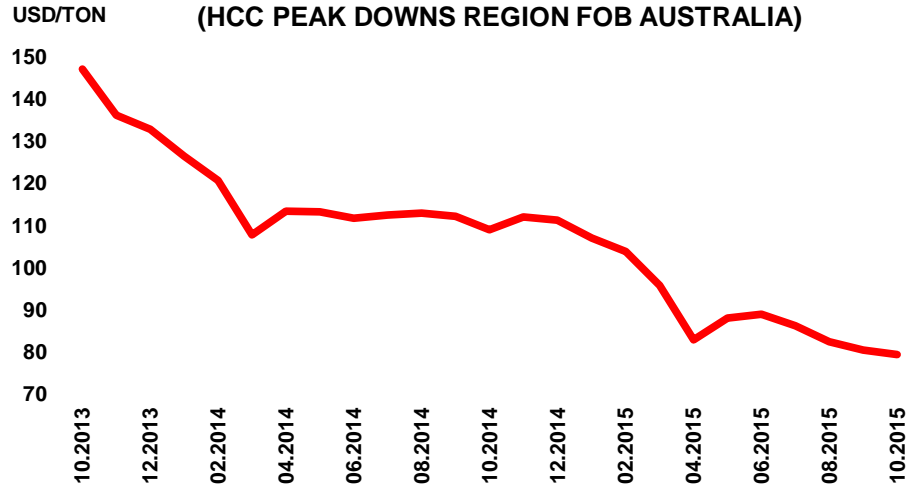
## HRC PRICES ( USD/TON )\*\*



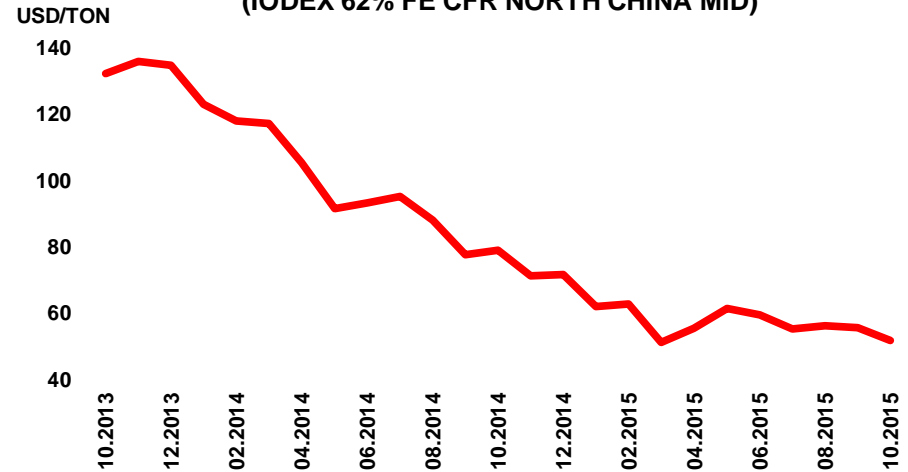


# Iron ore price was 52 USD/ton as of October 2015

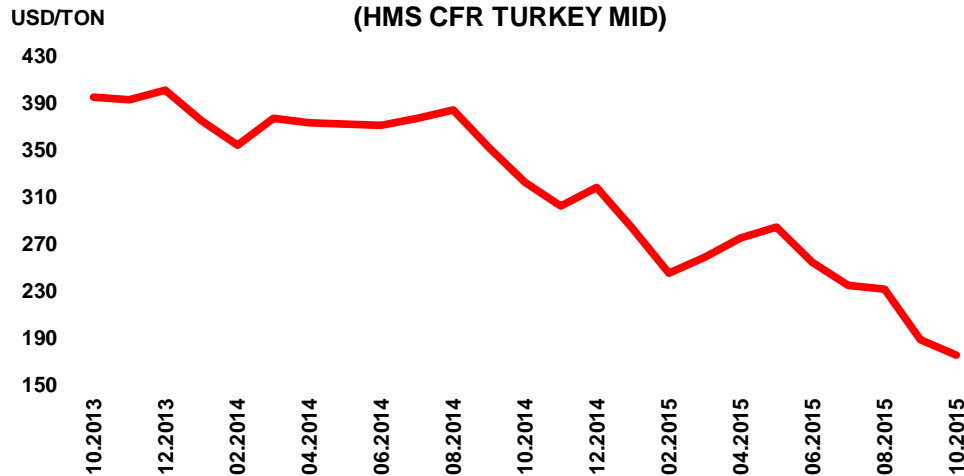
**COKING COAL PRICES  
(HCC PEAK DOWNS REGION FOB AUSTRALIA)**



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

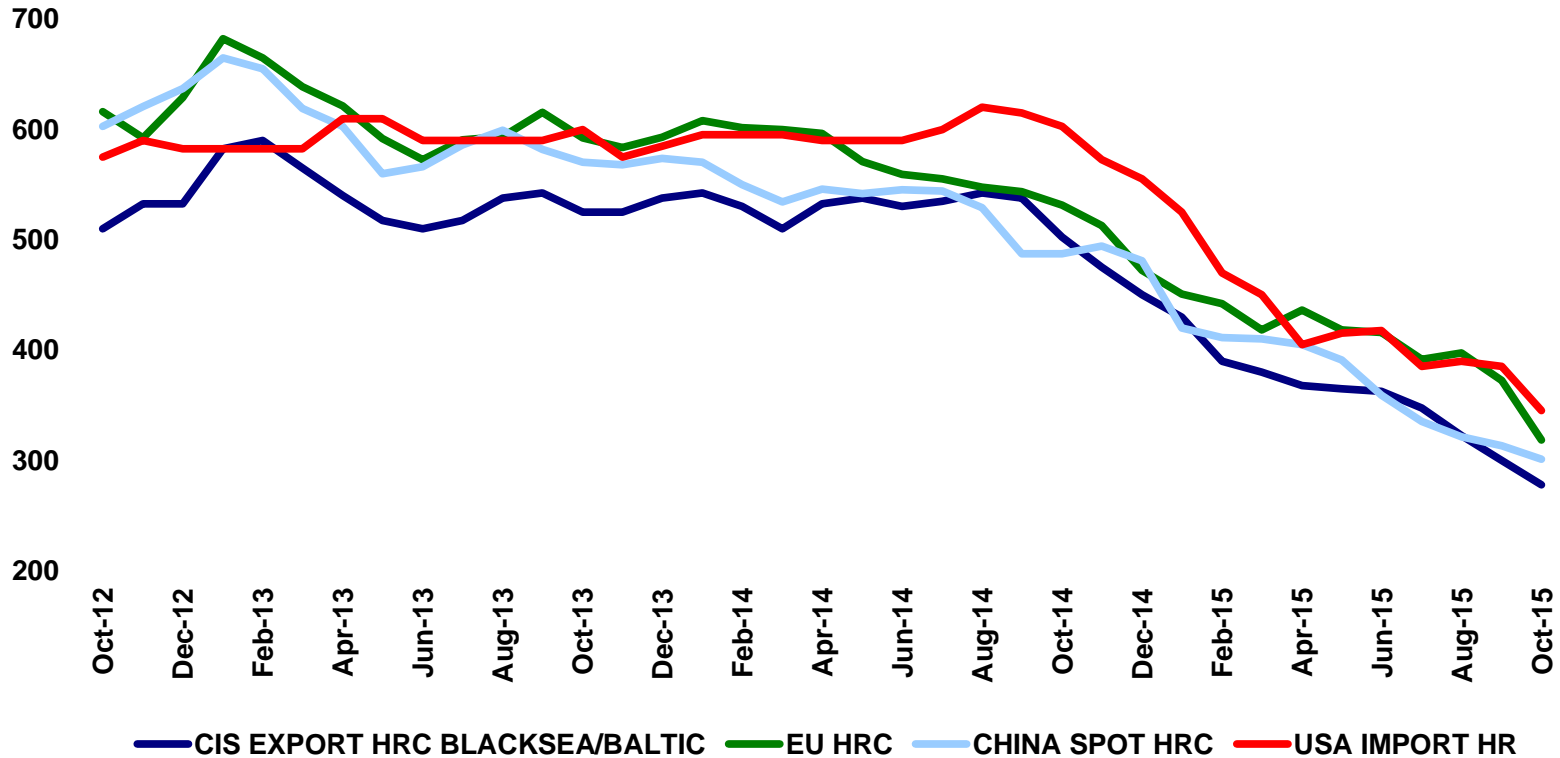


**SCRAP PRICES  
(HMS CFR TURKEY MID)**



# October EU HRC sales price was 214 USD/ton lower than last year's same month

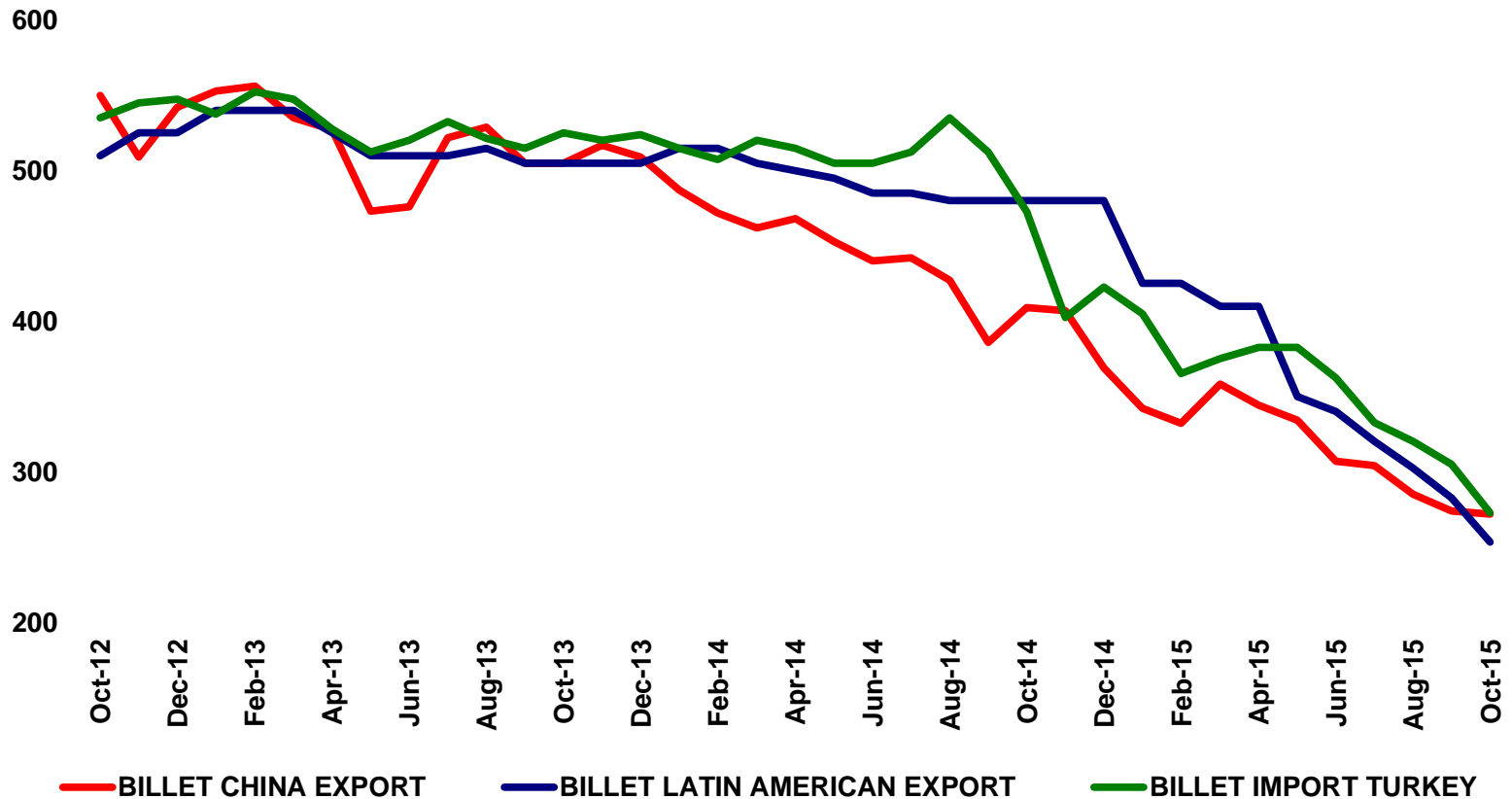
## HRC PRICES ( USD/Ton )



▶ As of October 2015, EU HRC price was 318 USD, China HRC spot price was 301 USD, CIS export HRC price was 278 USD. The prices were 532 USD, 487 USD, 503 USD respectively by the end of October 2014.

# Billet sales prices are significantly lower in China

## BILLET PRICES ( USD/Ton )

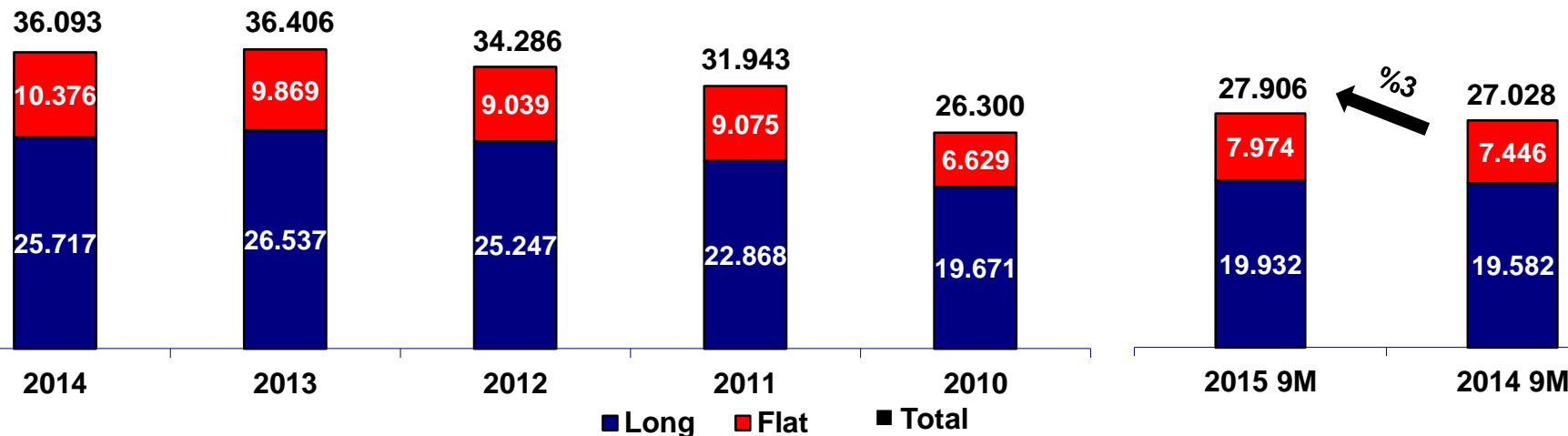


➔ As of October 2015, Turkey export price was 273 USD while it was 473 USD in October 2014.

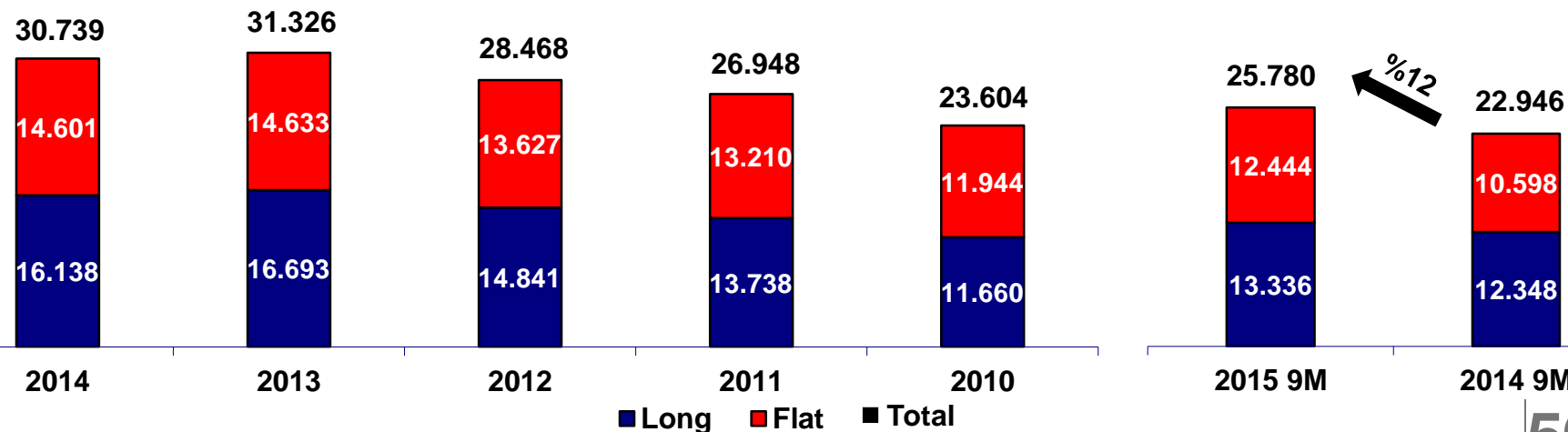


The imbalance between increase rates of Turkish production and consumption is due to semi-product imports.

**PRODUCTION ( 000 TONS )**

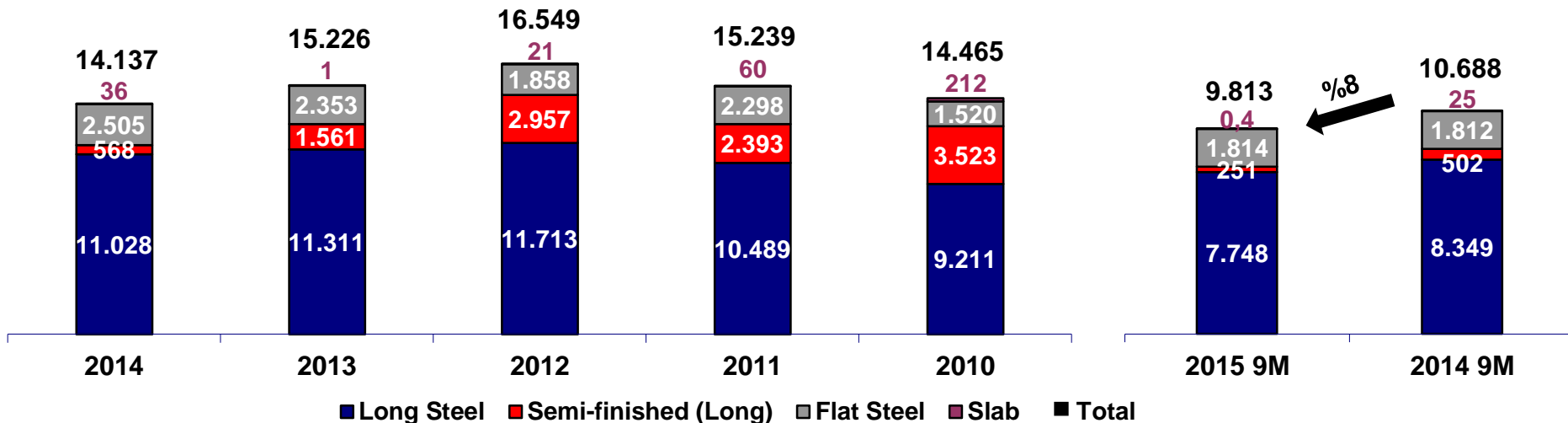


**CONSUMPTION ( 000 TONS )**

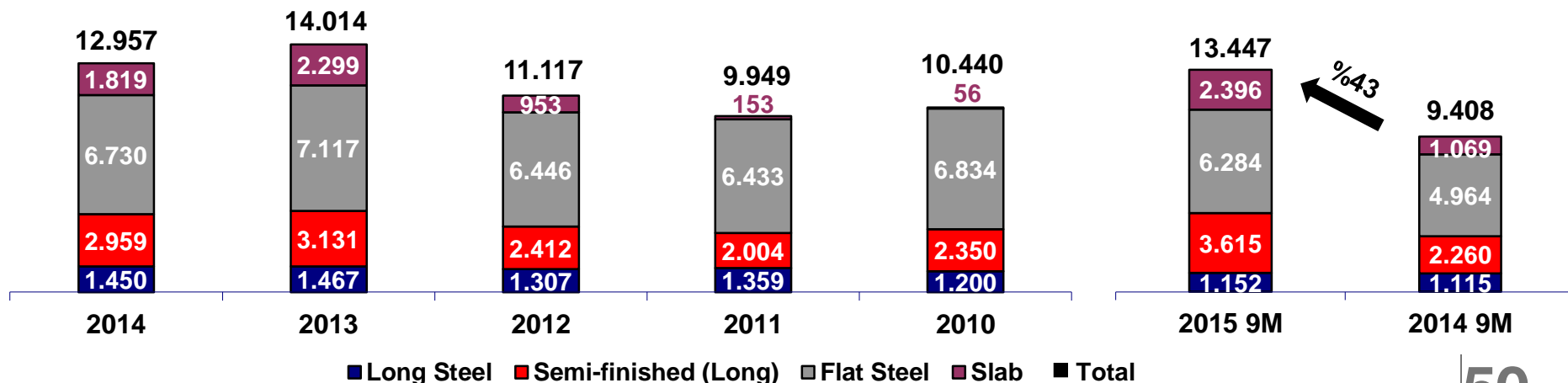


# Turkish iron and steel product imports increased by 43% in 2015 9M YoY

## IRON AND STEEL PRODUCT EXPORTS ( 000 TONS )



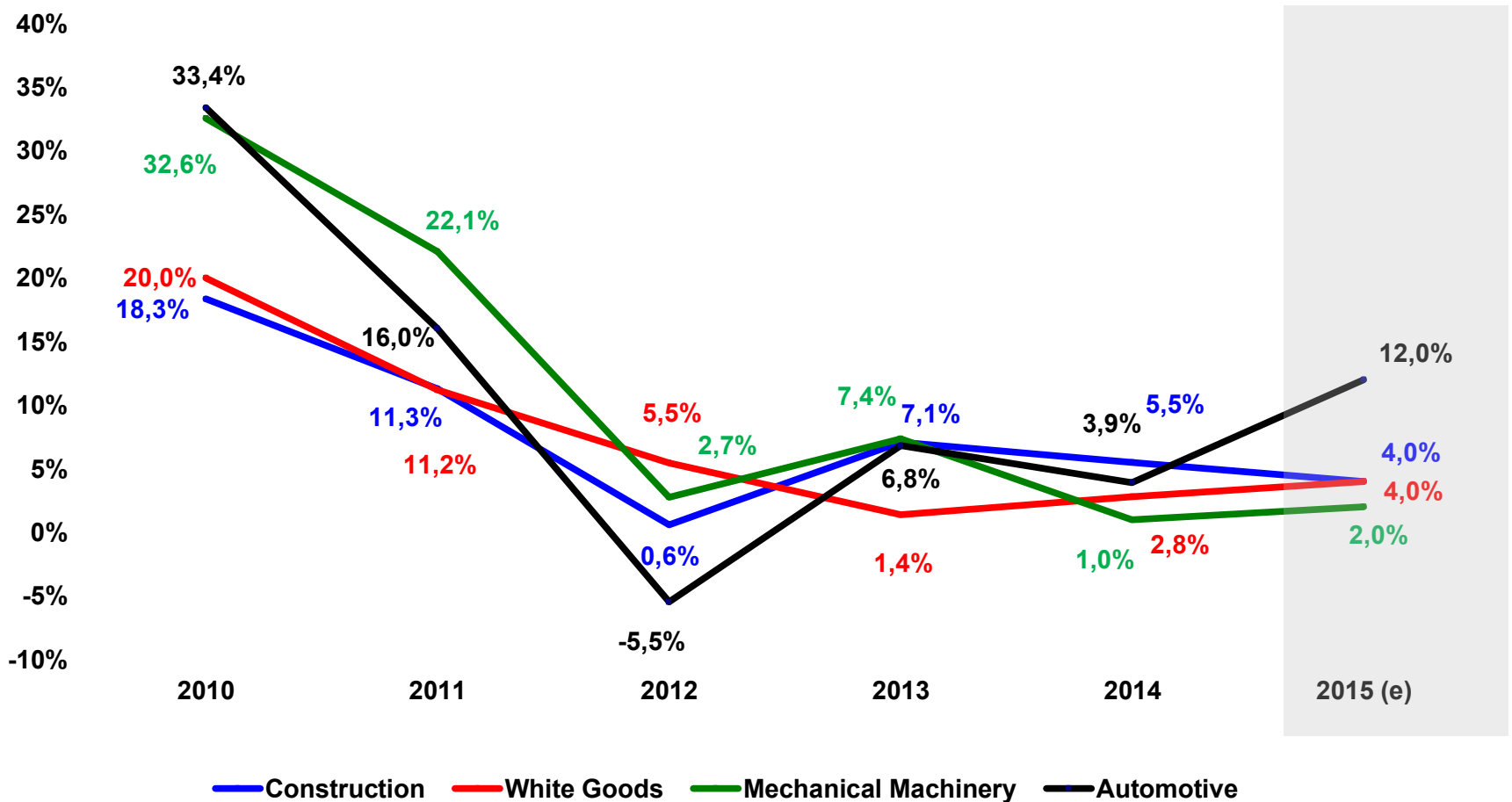
## IRON AND STEEL PRODUCT IMPORTS ( 000 TONS )





# Contraction in the construction sector is expected

## CHANGES IN SECTOR DEVELOPMENT INDEX (% YoY)





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- > 2015 Market Overview
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## ERDEMİR GROUP KEY FIGURES

			2015 9M	2014 9M	2014	2013
<b>Liquid Steel Production</b>	<i>(000 Tons)</i>	↑	<b>6.811</b>	6.369	8.693	8.447
<b>Slab Production <sup>(1)</sup></b>	<i>(000 Tons)</i>	↑	<b>5.581</b>	5.441	7.363	6.865
<b>Flat Steel Production <sup>(2)</sup></b>	<i>(000 Tons)</i>	↑	<b>5.558</b>	5.223	6.954	6.427
<b>Long Steel Production</b>	<i>(000 Tons)</i>	↑	<b>1.046</b>	819	1.153	1.356
<b>Flat Steel Shipments</b>	<i>(000 Tons)</i>	↑	<b>5.302</b>	5.241	6.933	6.338
<b>Long Steel Shipments</b>	<i>(000 Tons)</i>	↑	<b>1.014</b>	848	1.163	1.346
<b>Net Sales Revenue</b>	<i>(M. USD)</i>	↓	<b>3.356</b>	3.975	5.252	5.142
<b>EBITDA</b>	<i>(M. USD)</i>	↓	<b>712</b>	848	1.136	987
<b>Net Profit For The Year</b>	<i>(M. USD)</i>	↓	<b>410</b>	562	732	484

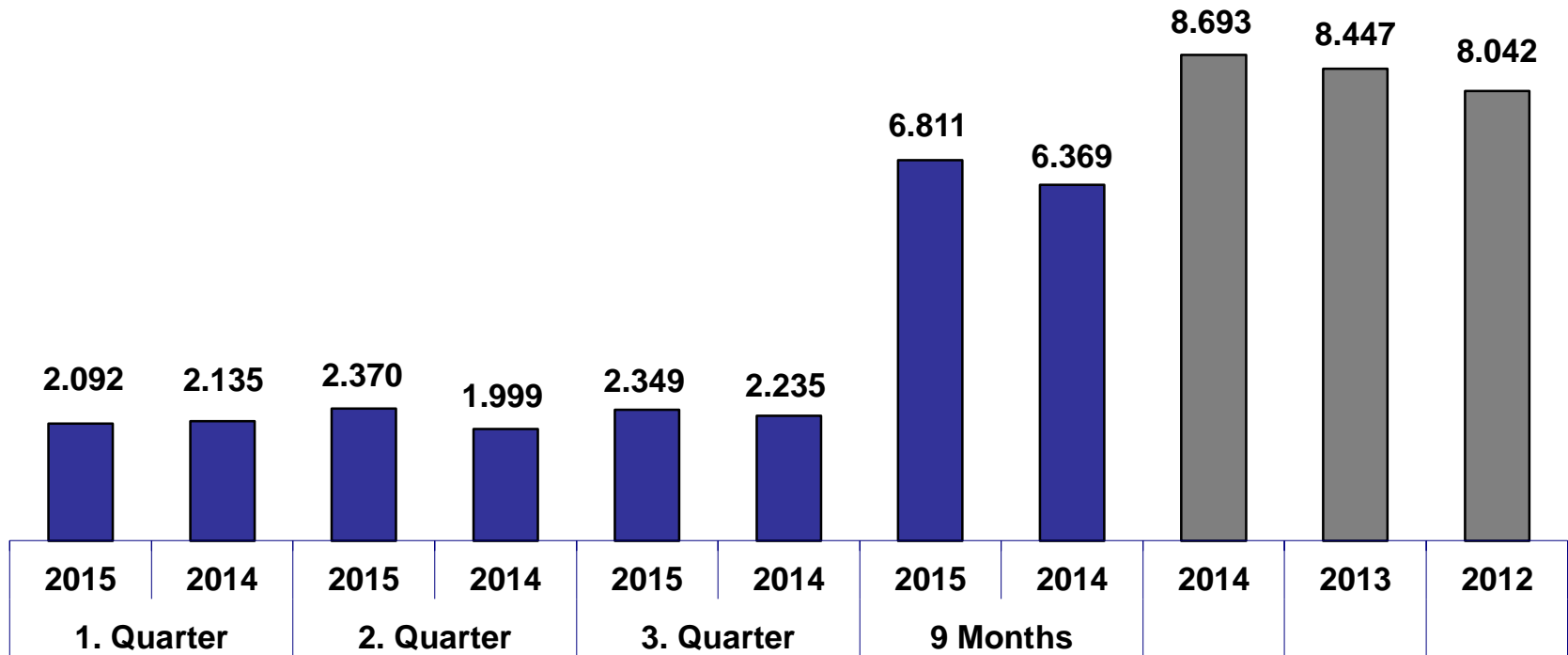
All figures are on IFRS consolidated basis unless stated otherwise.

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

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

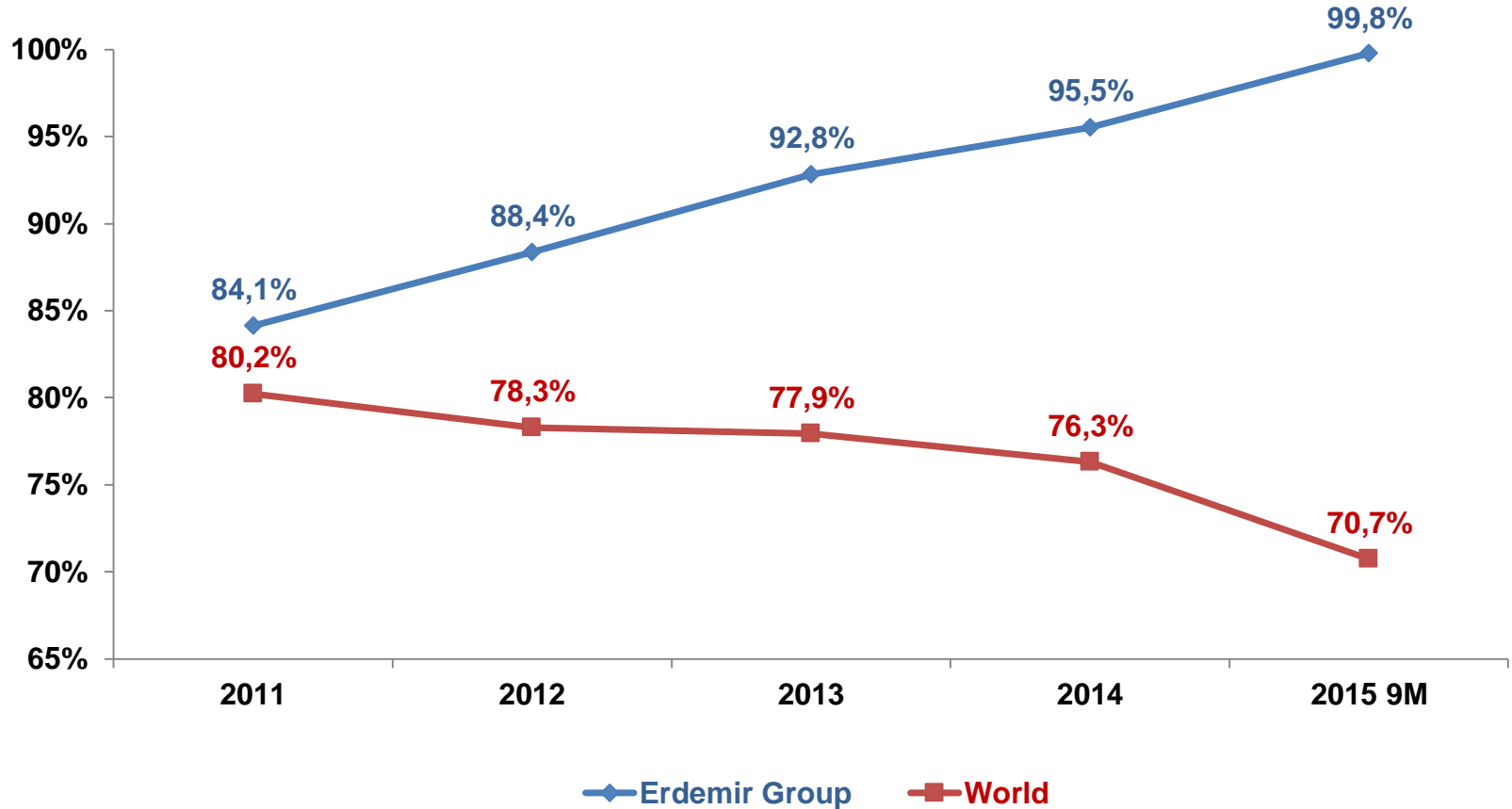
# Liquid steel production was 6,8 million tons in 2015 9M YoY

## LIQUID STEEL PRODUCTION ( 000 TONS )



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

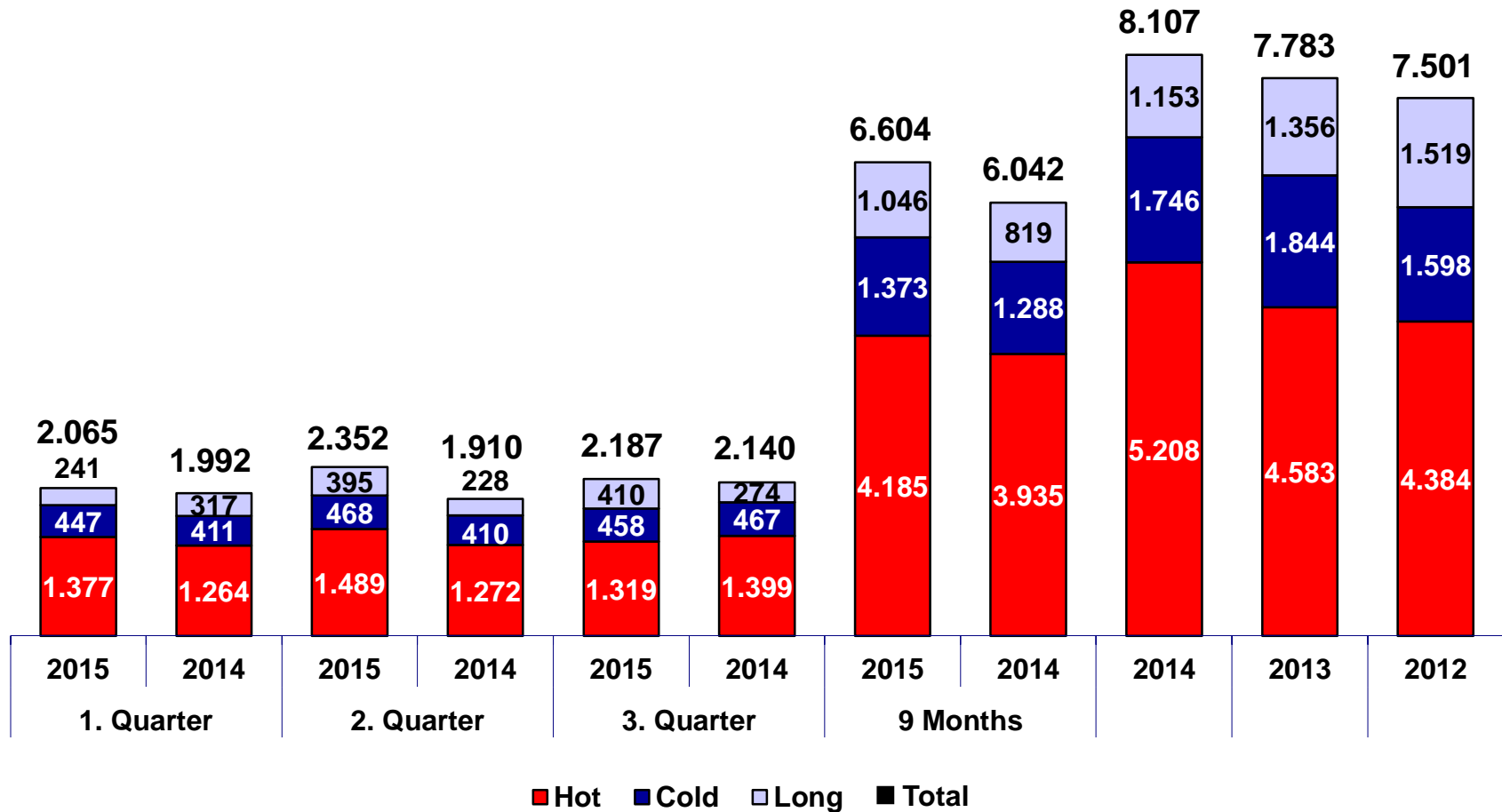
## CRUDE STEEL CAPACITY UTILIZATION RATIO





# Production increased by 9% in 2015 9M YoY

## PRODUCTION VOLUMES ( 000 TONS )



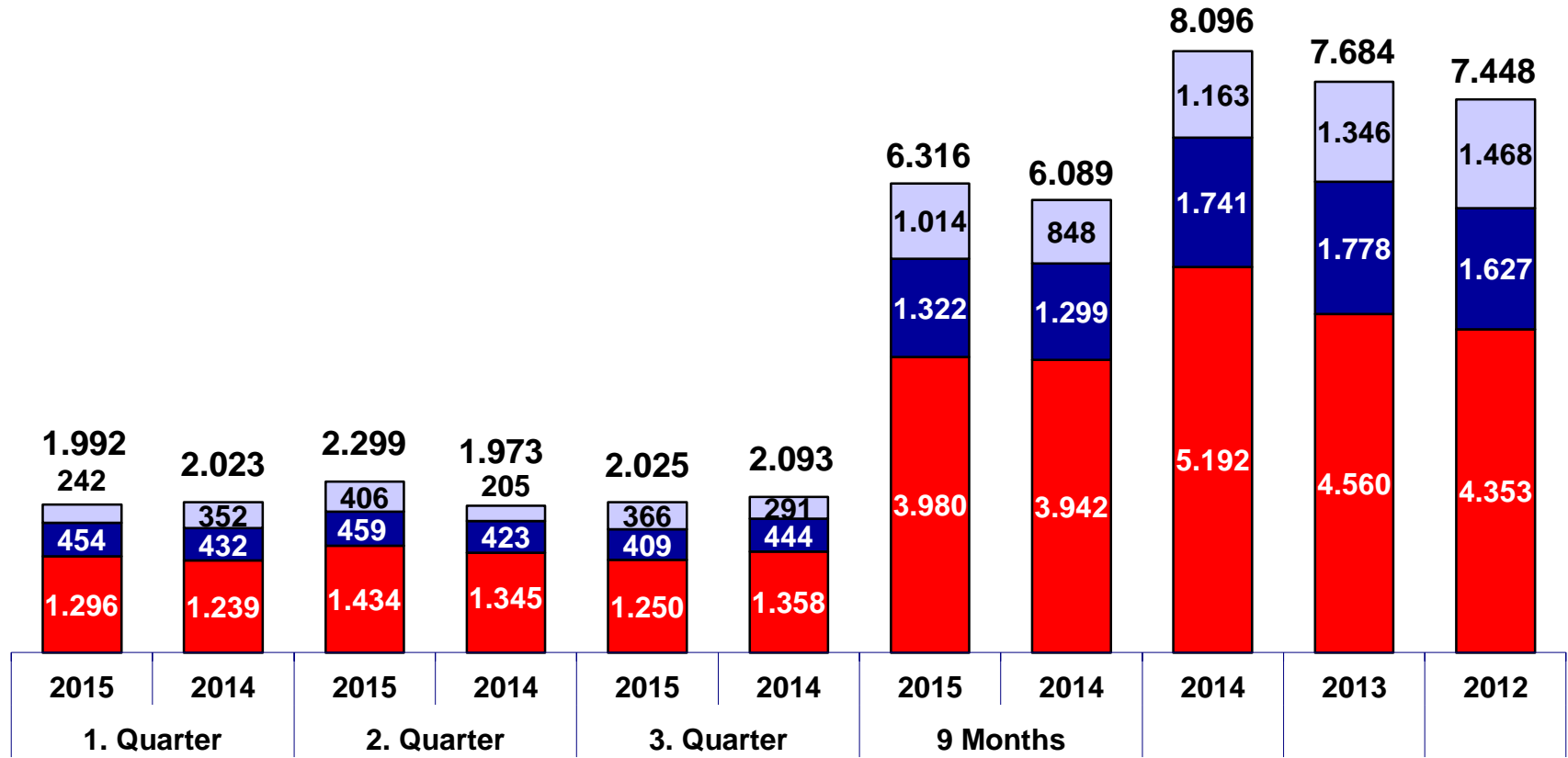
■ Hot ■ Cold ■ Long ■ Total





# Sales volumes increased by 4% in 2015 9M YoY

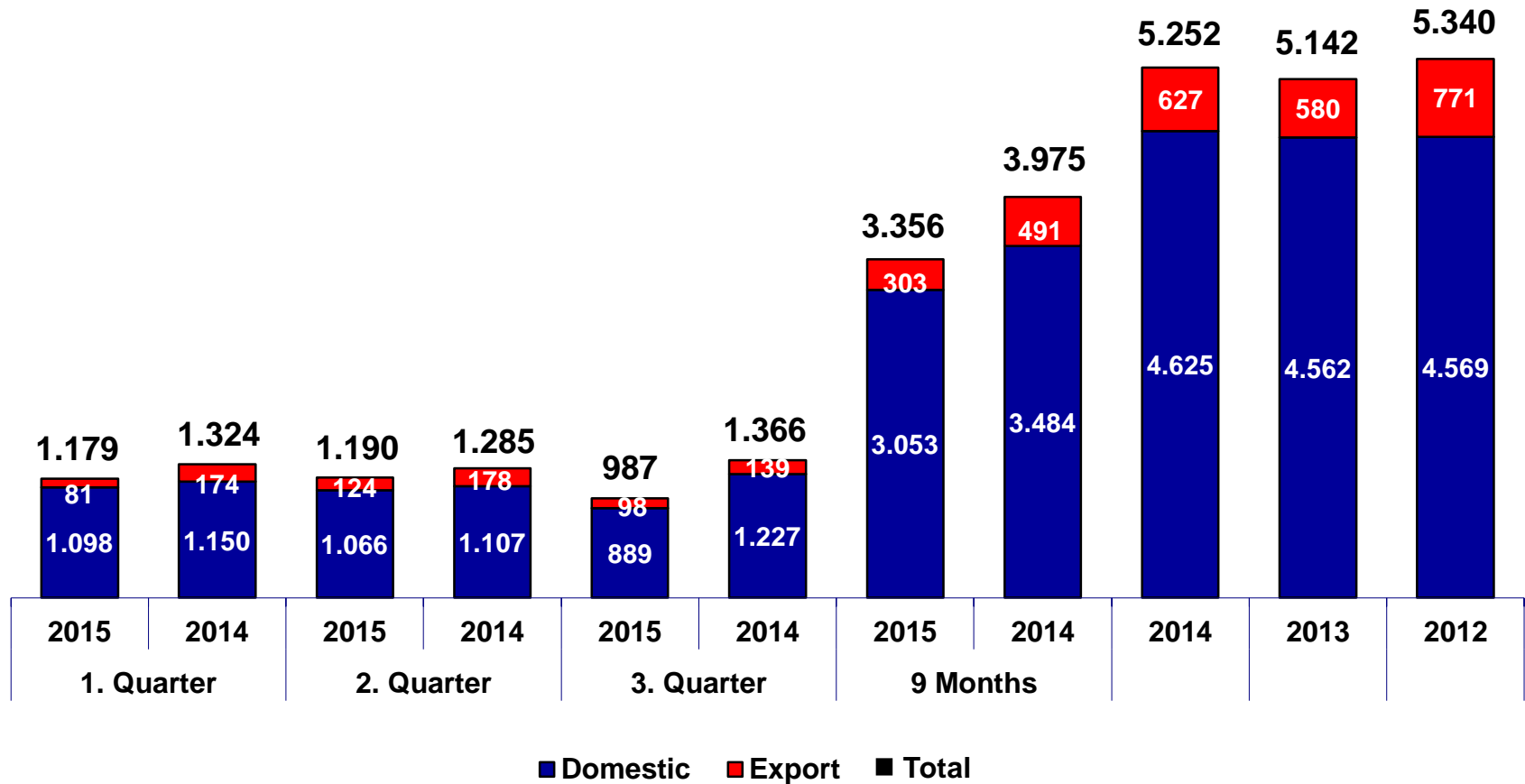
## SALES VOLUMES ( 000 TONS )



■ Hot ■ Cold ■ Long ■ Total

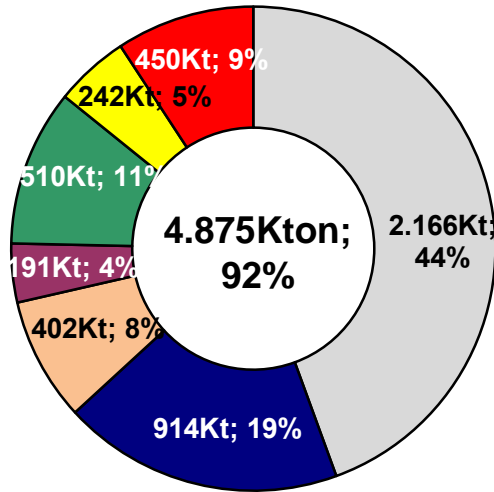
# Net sales revenue was 3,4 billion USD in 2015 9M YoY

## NET SALES REVENUE ( MILLION USD )

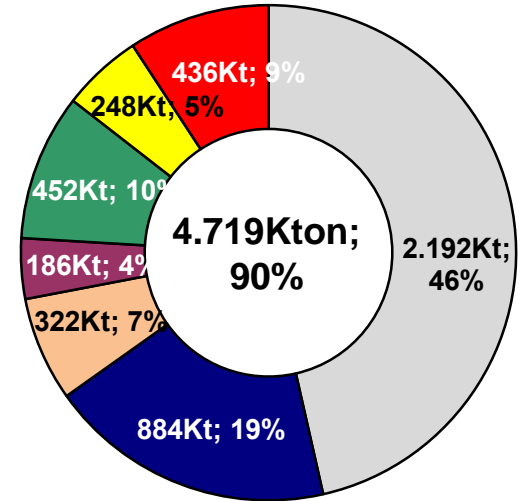


# Sales to automotive and components industry increased in 2015 9M YoY

2015 9M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

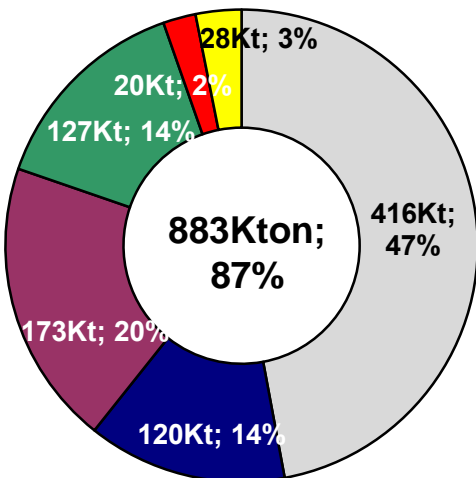


2014 9M FLAT STEEL DOMESTIC SALES BREAKDOWN (%)

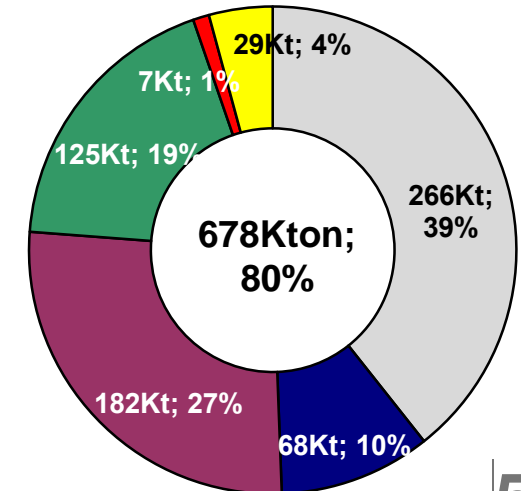


- Pipe&Profile Producers and Re-rollers
- Distribution Chains
- Contract Works
- Packaging Industry
- Automotive and Components
- White Goods and Household Appliances
- General Manufacturing & Heavy Ind.

2015 9M LONG STEEL DOMESTIC SALES BREAKDOWN (%)



2014 9M LONG STEEL DOMESTIC SALES BREAKDOWN (%)



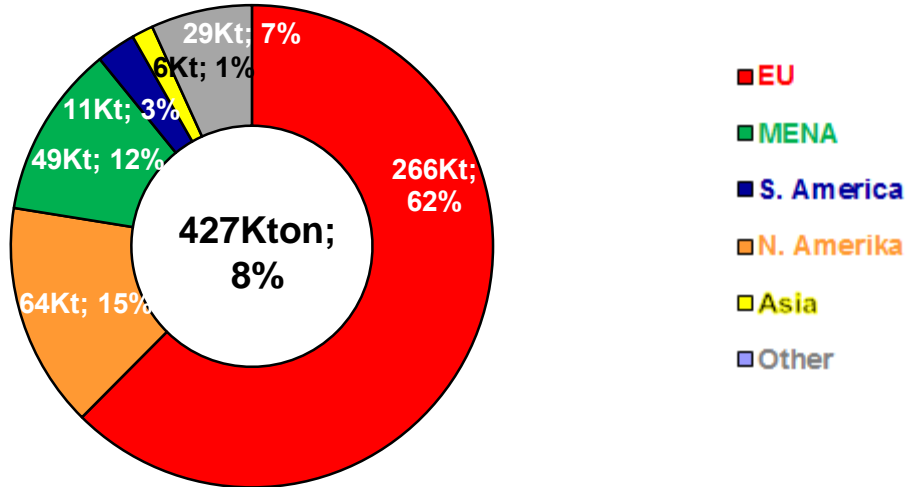
- Rebar Producers
- Profile Producers
- Commercial Qualities
- High Carbon Qualities
- Special Qualities
- Other

# Flat steel sales to EU countries was 62% of our flat export in 2015 9M

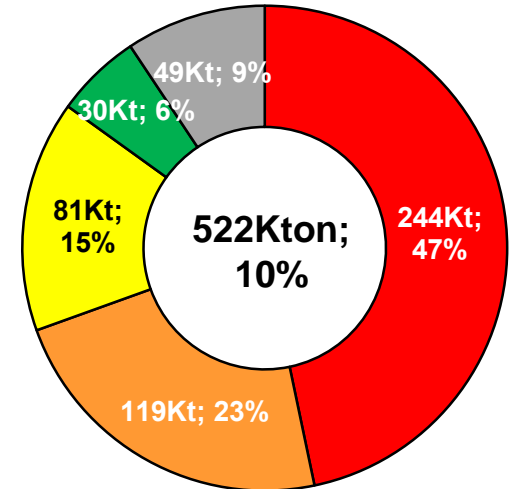


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2015 9M FLAT STEEL EXPORTS BREAKDOWN (%)



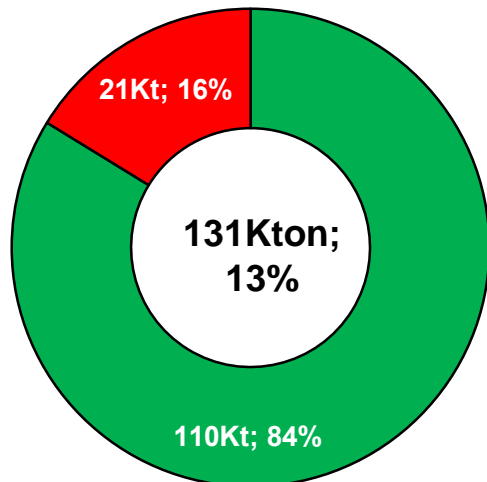
2014 9M FLAT STEEL EXPORTS BREAKDOWN (%)



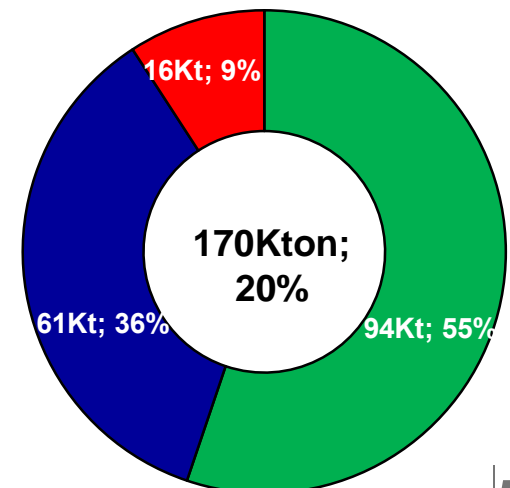
- EU
- MENA
- S. America
- N. Amerika
- Asia
- Other

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

2015 9M LONG STEEL EXPORTS BREAKDOWN (%)



2014 9M LONG STEEL EXPORTS BREAKDOWN (%)

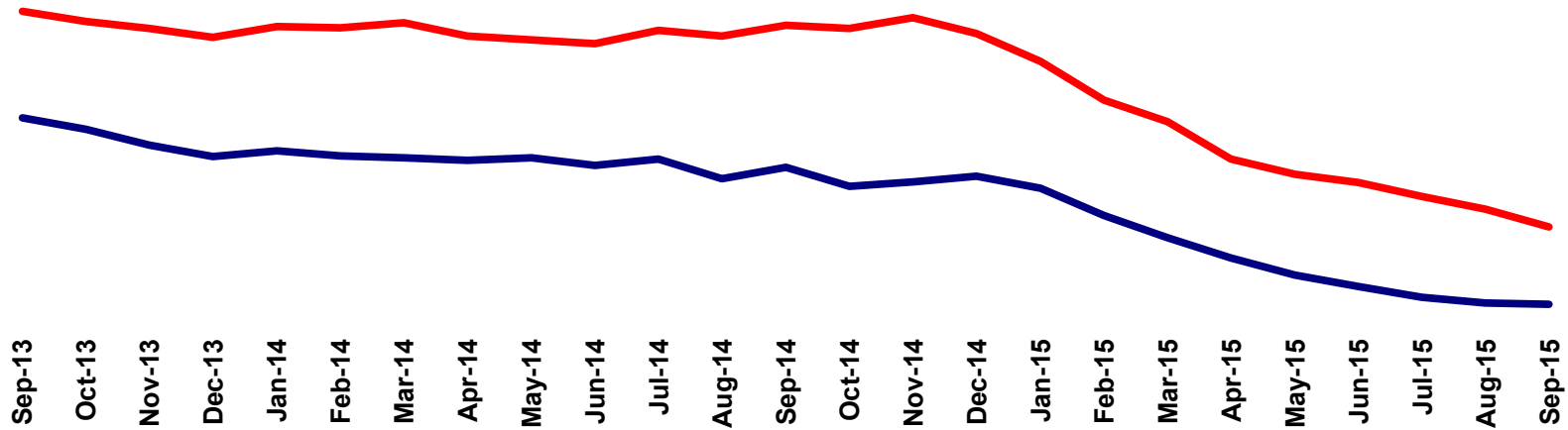


# In 2015 9M, Erdemir Group average flat and long steel prices were 539 USD/ton and 434 USD/ton respectively



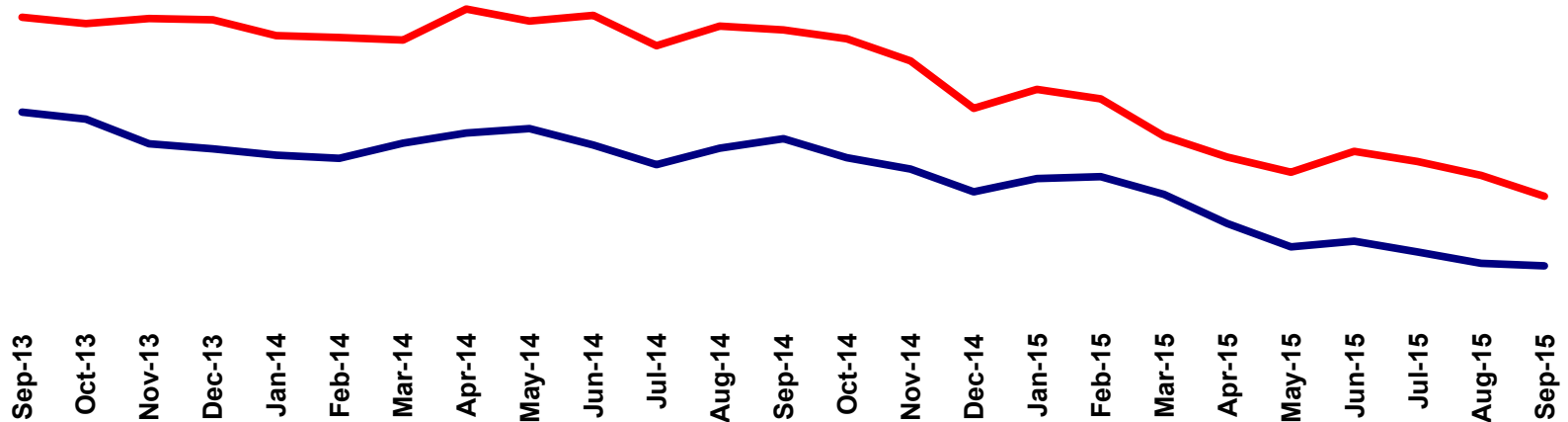
USD/TON

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



USD/TON

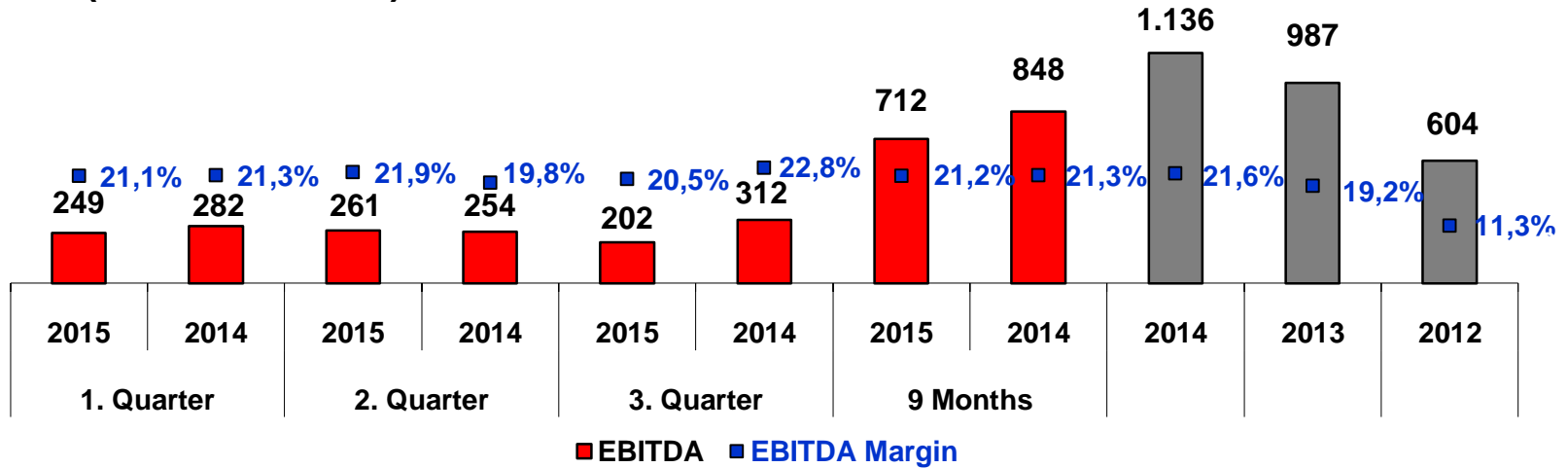
— Erdemir Group Long Sales Price — Erdemir Group Long Cost of Sales



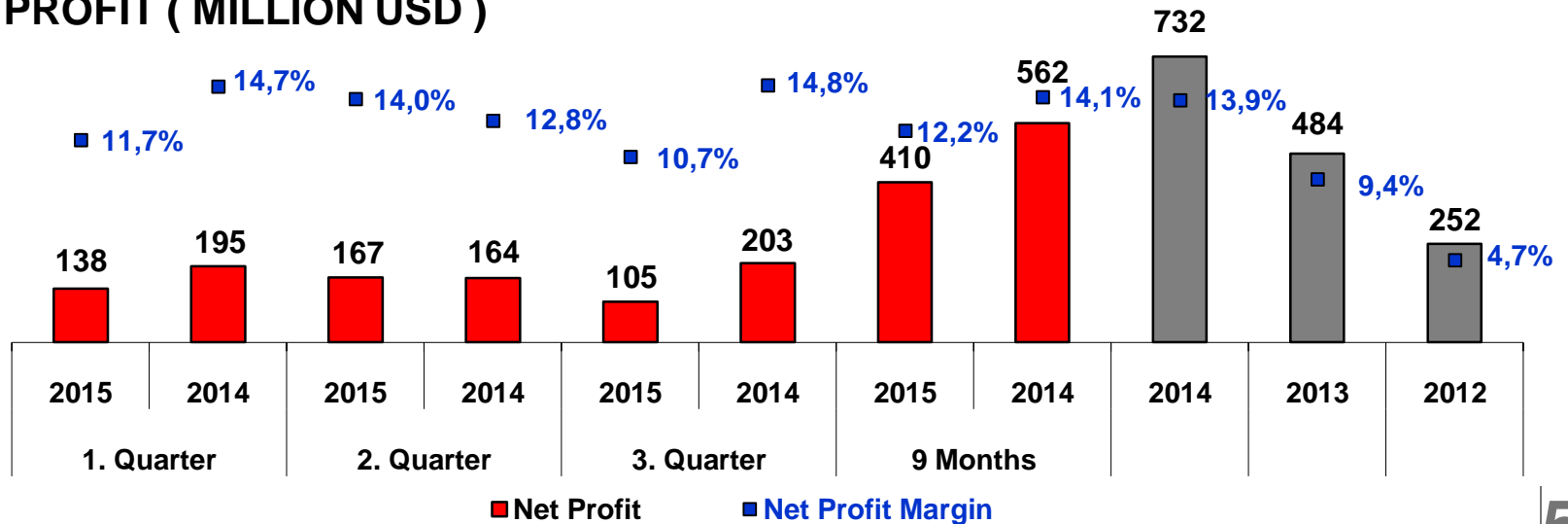


# EBITDA decreased by 16% in 2015 9M YoY

## EBITDA ( MILLION USD )

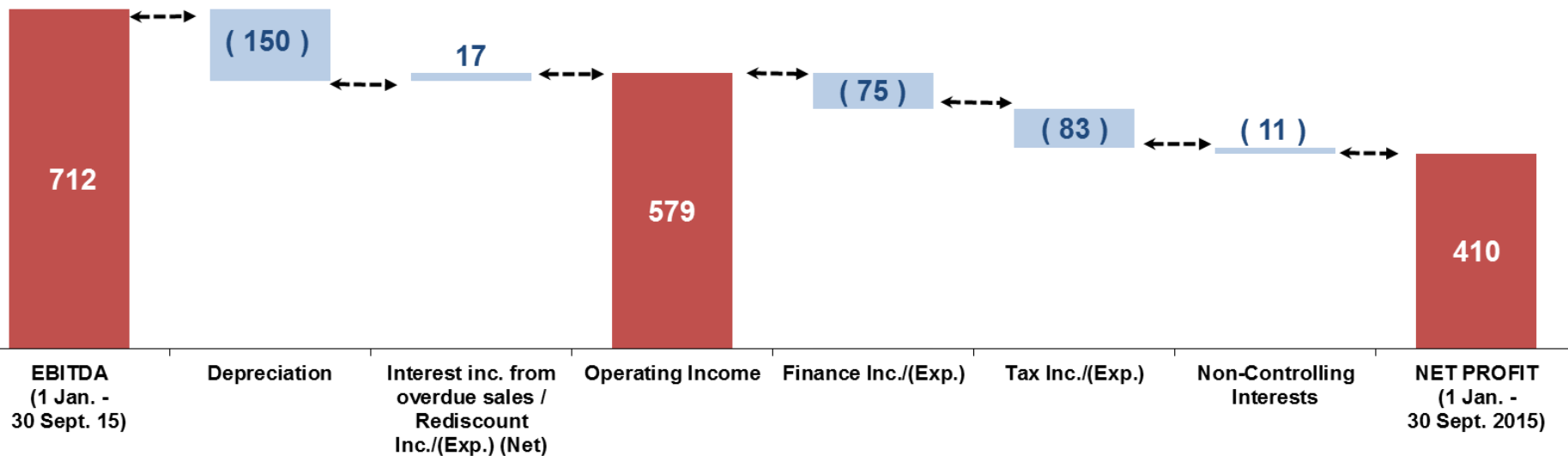


## NET PROFIT ( MILLION USD )



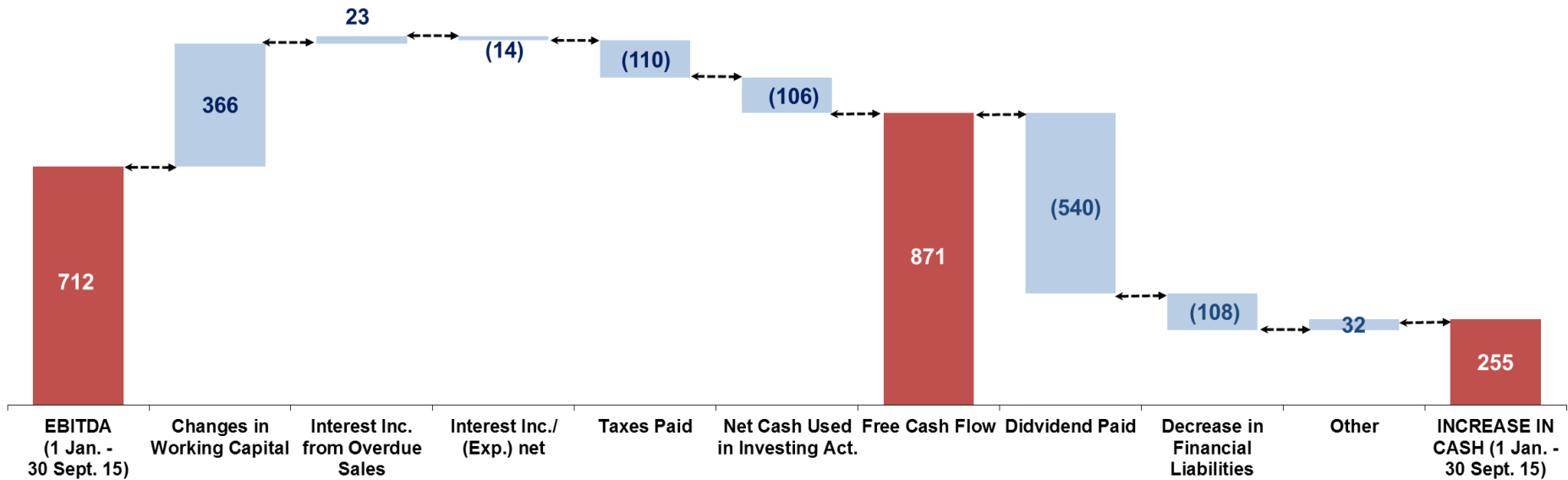
# EBITDA was 712 million USD in 2015 9M

## 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

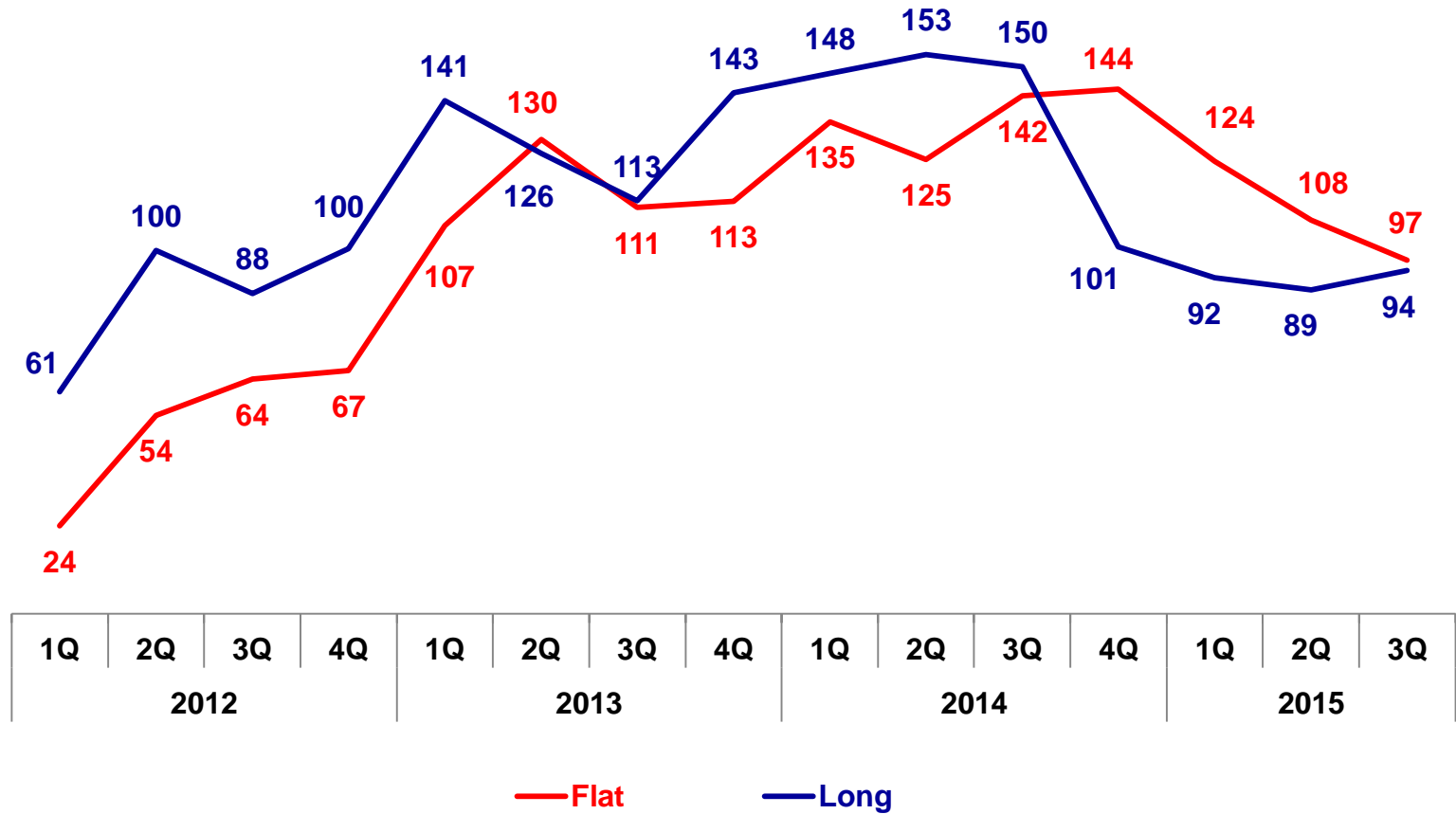
**Consolidated EBITDA => Consolidated Net Cash (Million USD)**





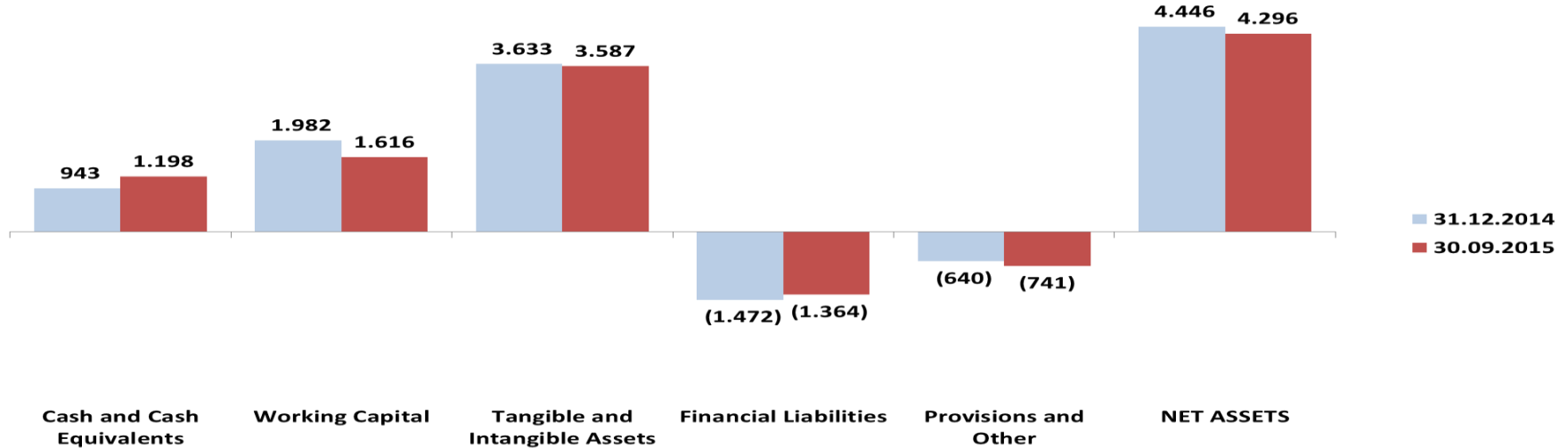
# EBITDA per ton for flat product was 97 USD/ton in 2015 3Q

## EBITDA PER TON (USD/TON)

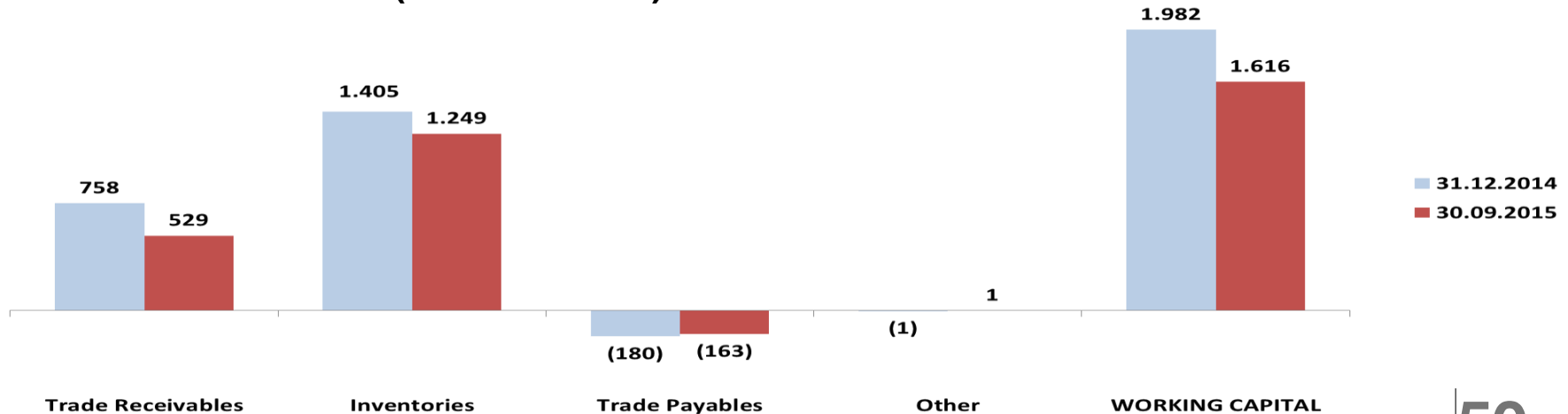


Working capital decrease was the reason of the decline in trade receivables and inventory which was caused by falling commodity prices

### CONSOLIDATED NET ASSETS (MILLION USD)

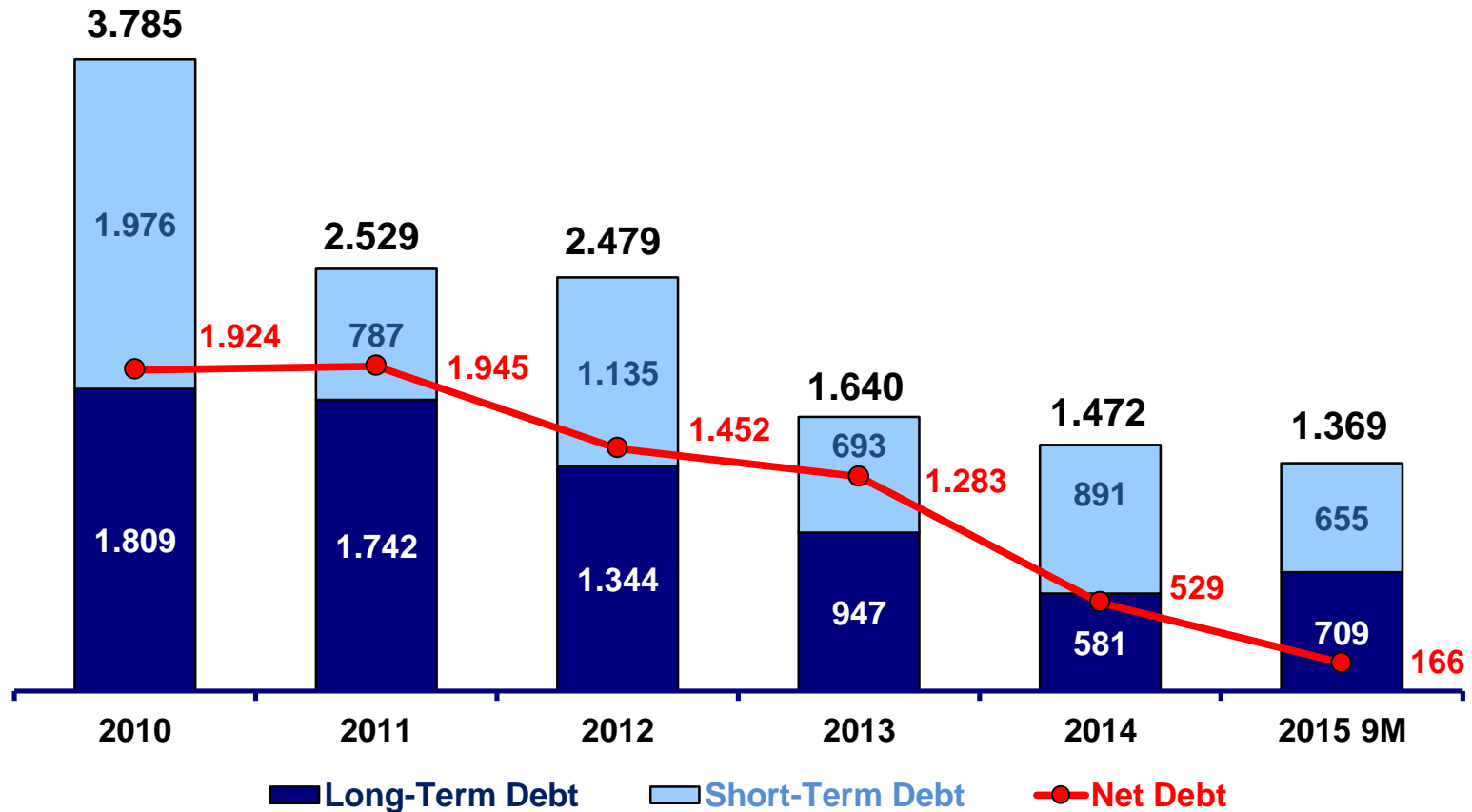


### WORKING CAPITAL (MILLION USD)



# Despite the high dividend payments, net debt has been decreasing

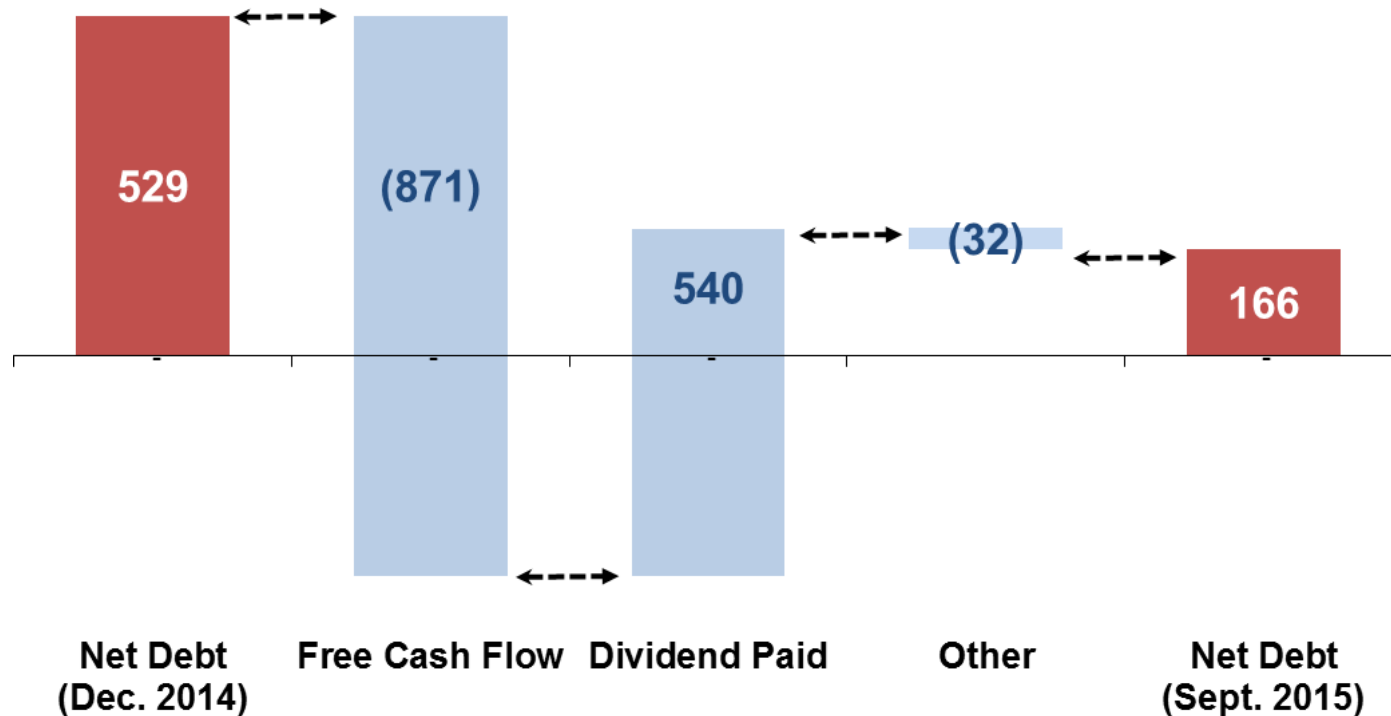
## BORROWINGS (MILLION USD)





# Net debt was 166 million USD at the end of September 2015 ErdemirGroup

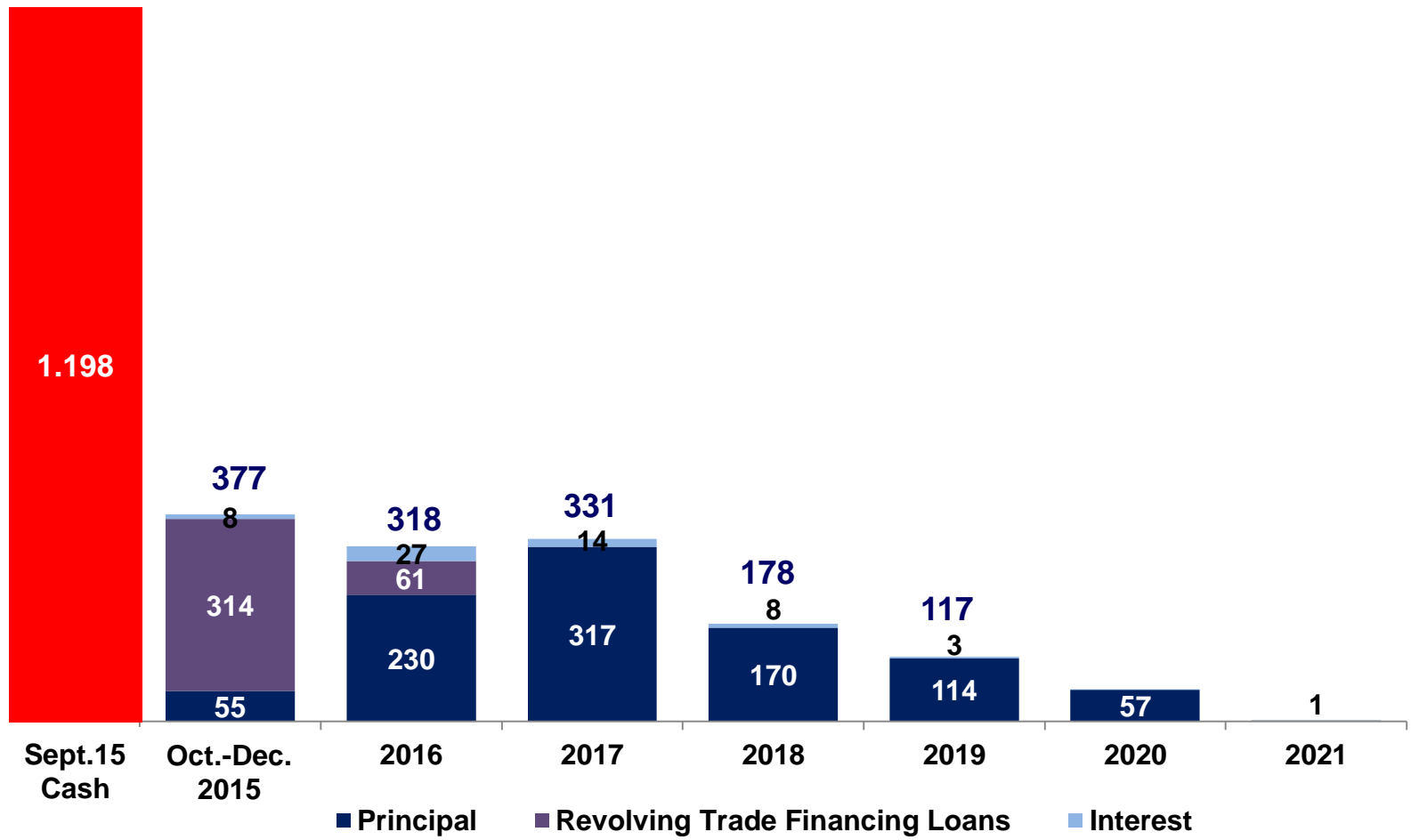
## NET DEBT (MILLION USD)



# Erdemir Group has 1.198 million USD cash and cash equivalents at the end of September 2015



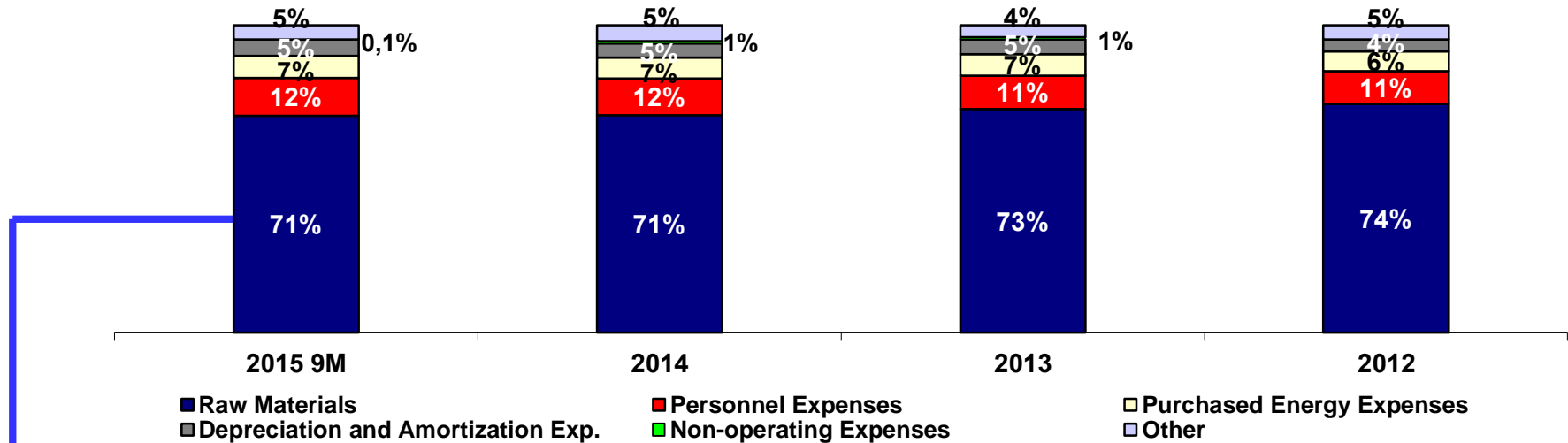
## BORROWINGS MATURITY PROFILE (MILLION USD)



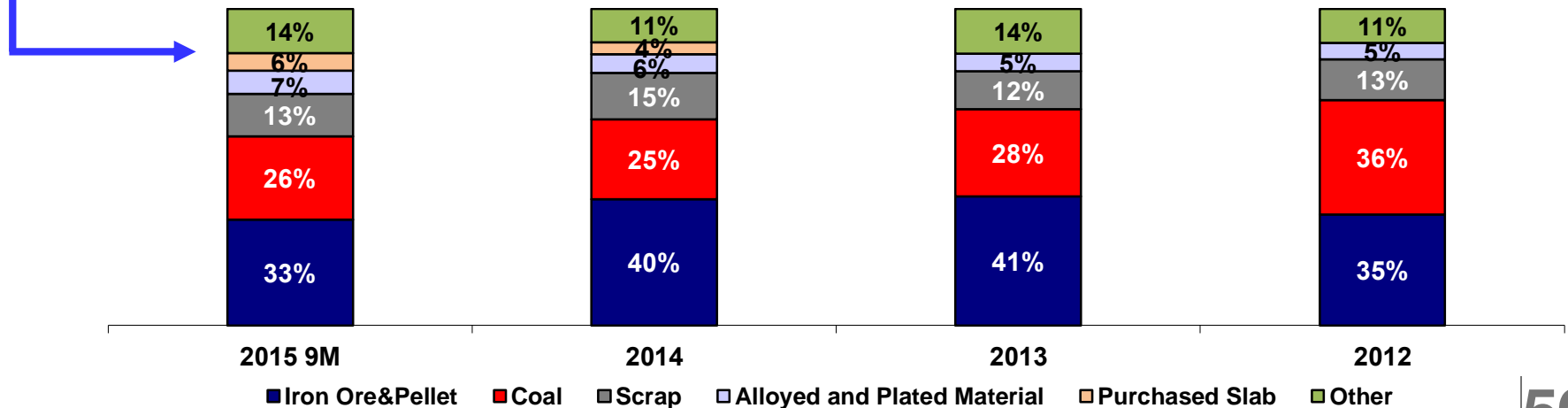


# Raw materials made up 71% of the cost of sales

## COST OF SALES BREAKDOWN\* - %

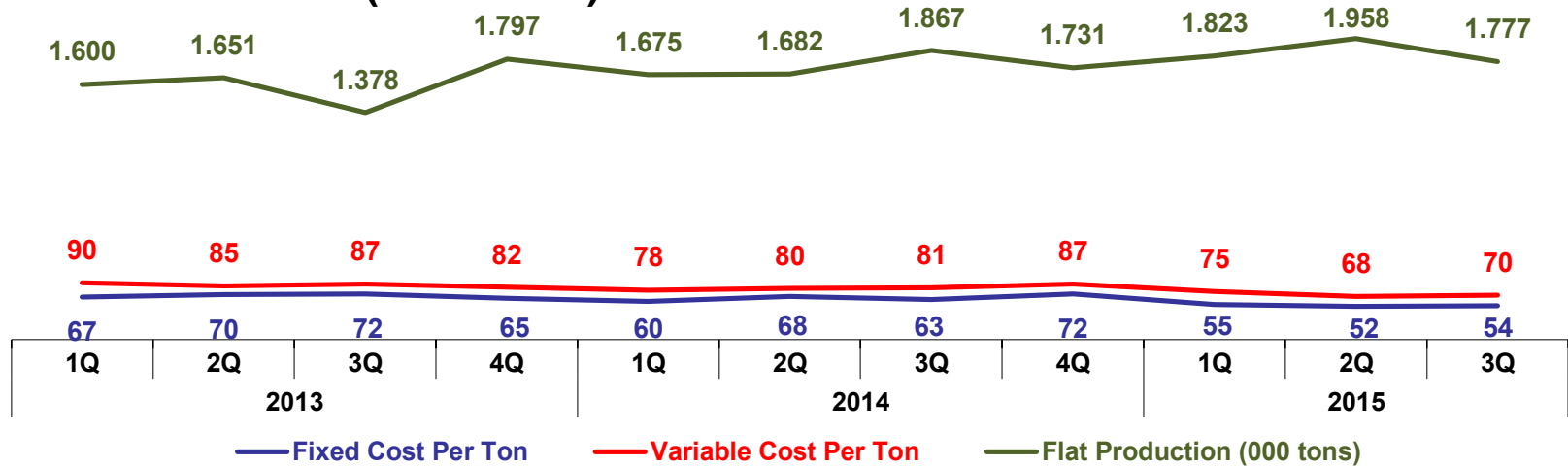


## RAW MATERIALS BREAKDOWN - %

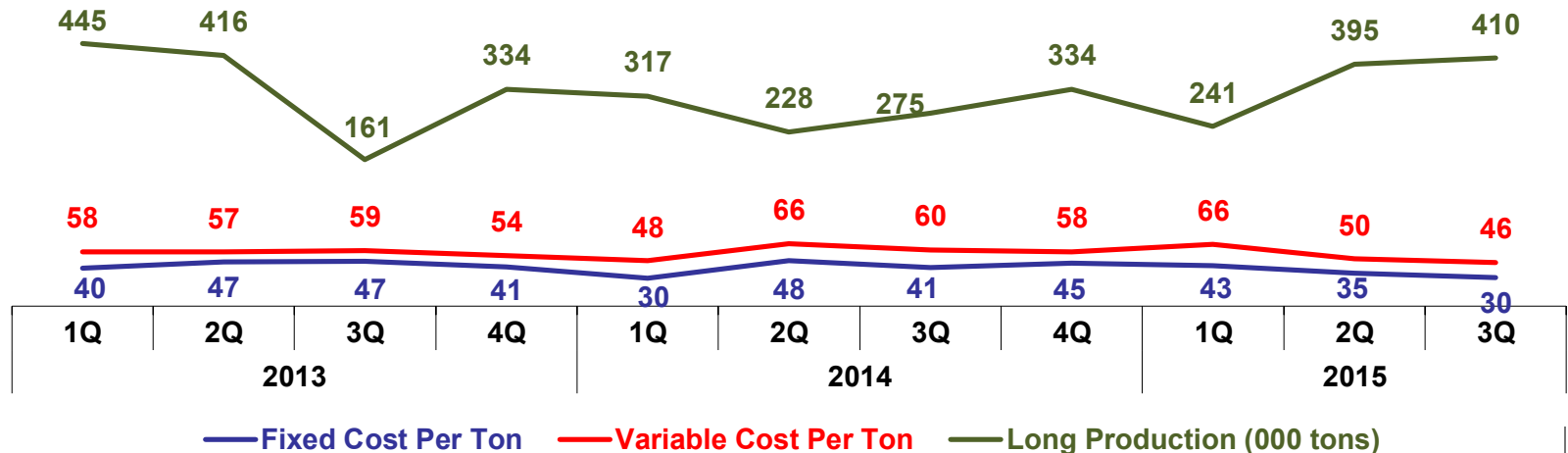


# Flat conversion cost per ton excluding depreciation was realised as 124 USD/ton in 2015 3Q

## FLAT PRODUCTS ( USD/TON )\*

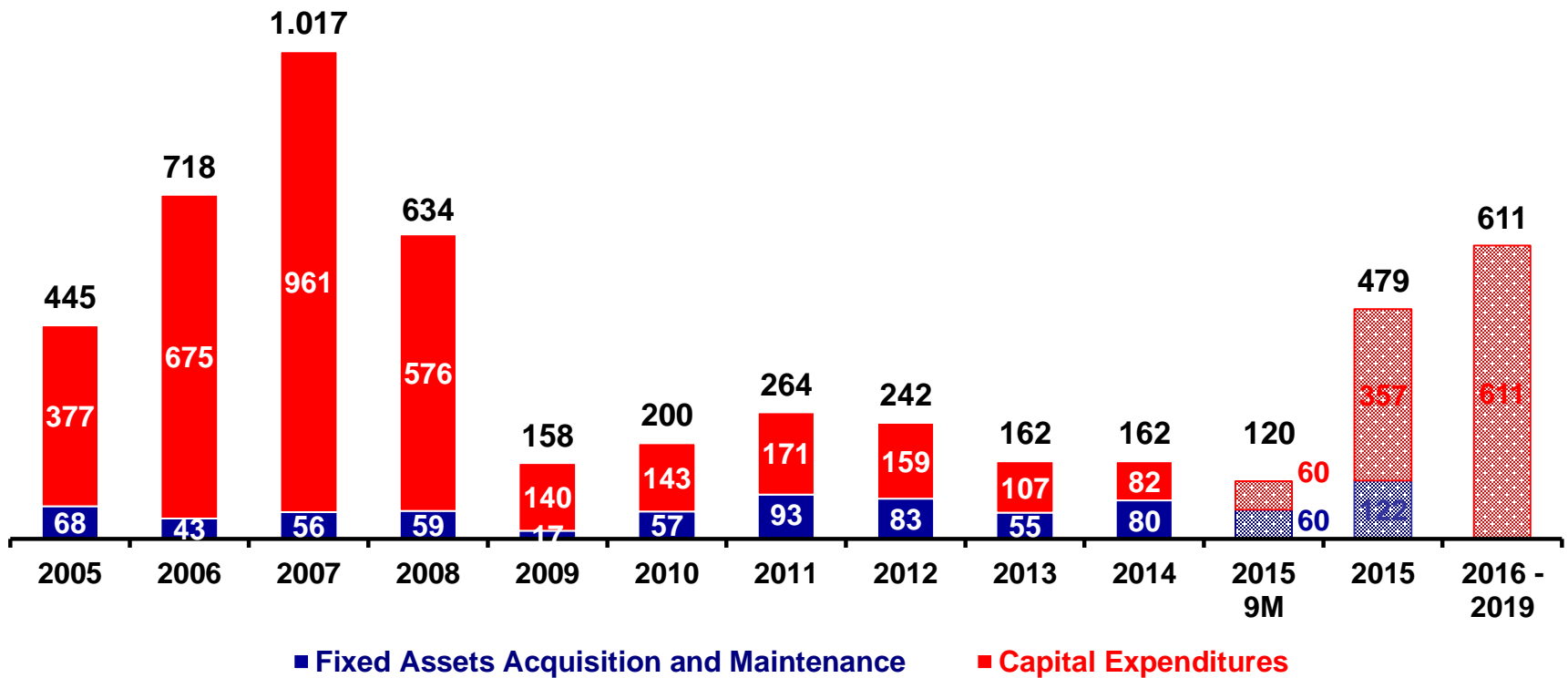


## LONG PRODUCTS ( USD/TON )\*



# Capital expenditures of 479 million USD is planned for 2015\*

( M USD )



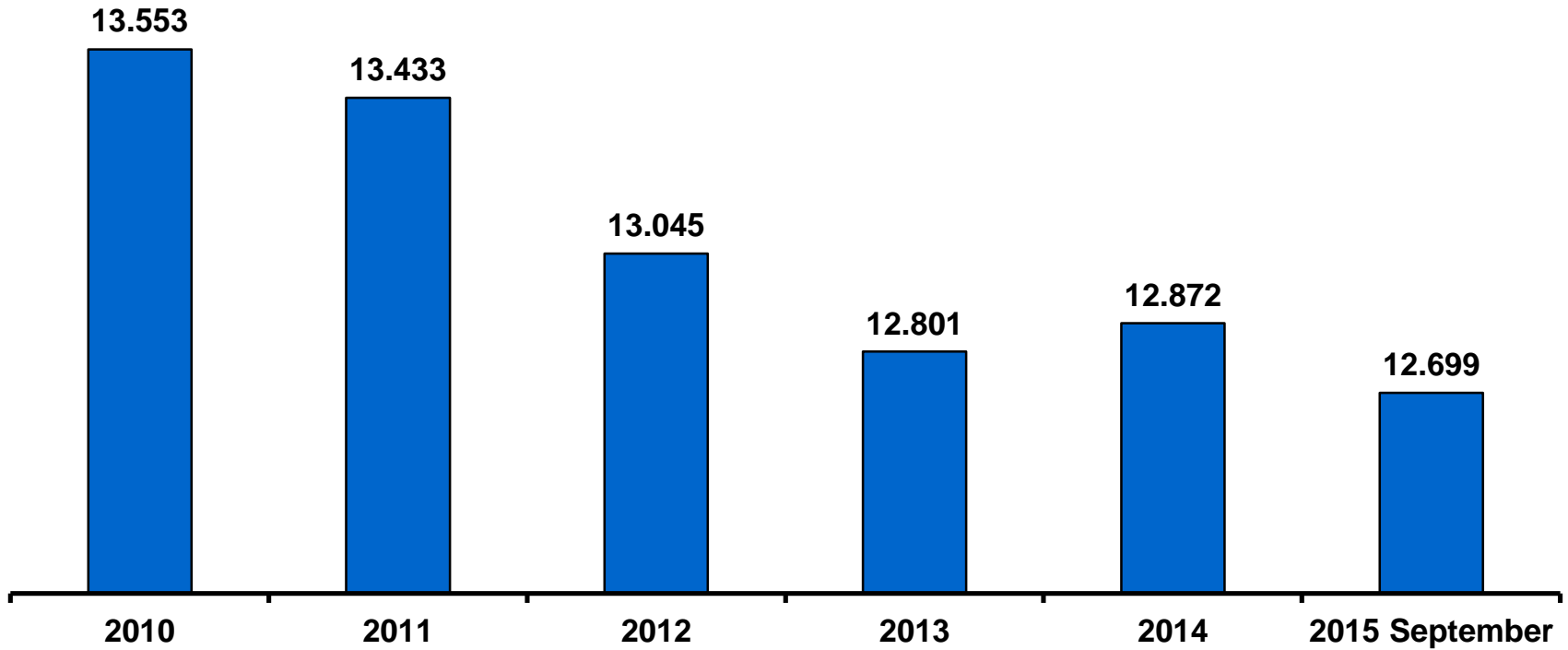
\* The capital expenditures in 2014 and before states the cash outflows however the capital expenditures for 2015 and after states the signed and planned investments. The amounts shown in 2015 and later do not represent cash outflows.





# Number of employees was 12.699 as of September 2015 **Erdemir**Group

## NUMBER OF EMPLOYEES

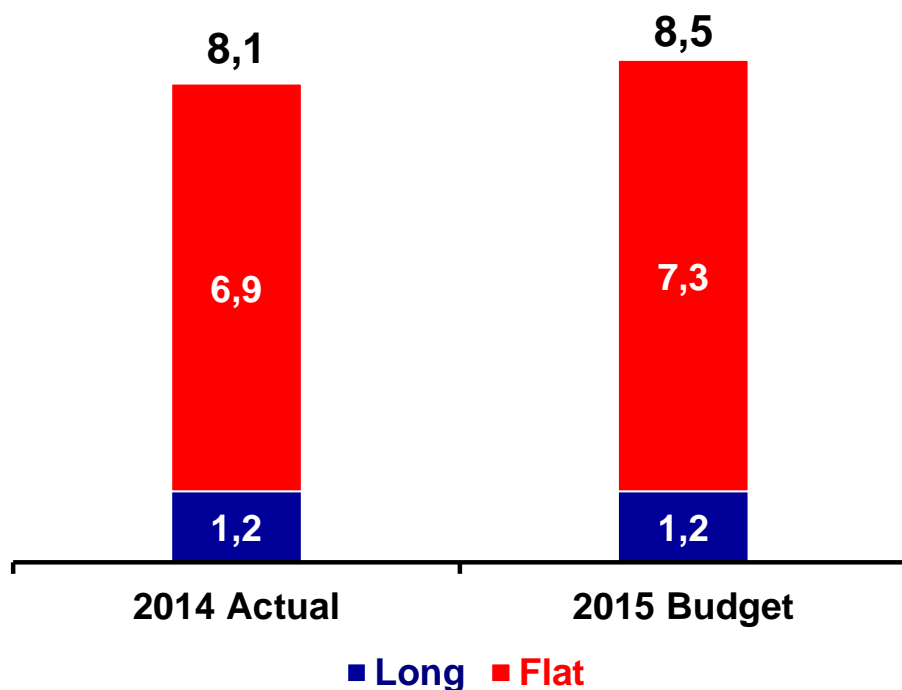




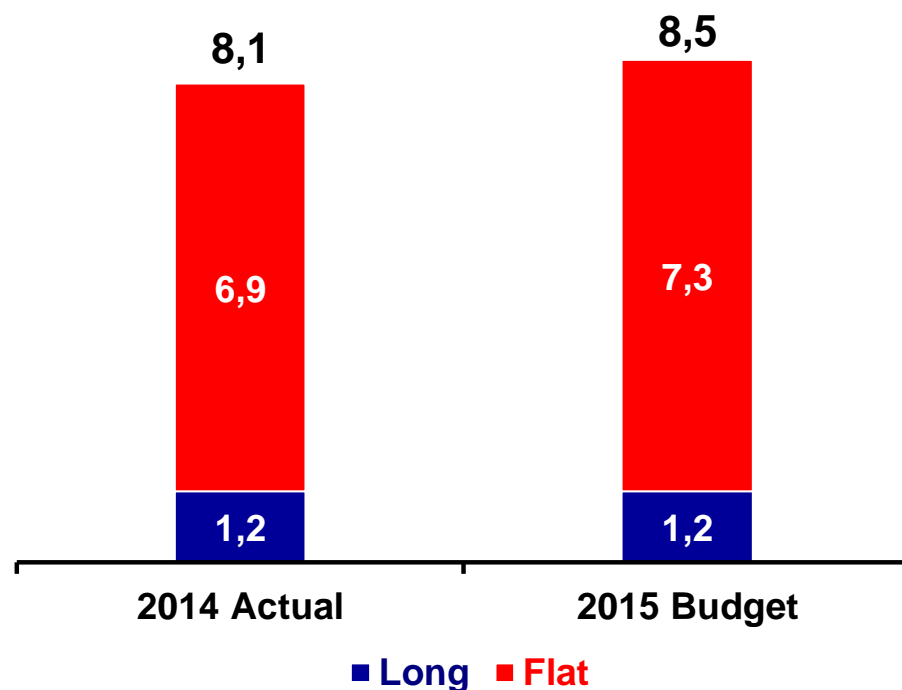
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## Production (Million Tons)



## Sales (Million Tons)



### EBITDA and Net Profit Margins

- > **In 2014**; EBITDA and Net Profit Margins were 21.6% and 13.9% respectively.
- > **In 2015**; EBITDA and Net Profit Margins are expected to be 17-19% and 9-11% respectively.

