

ÇİMSA

Diversified Building Materials Player

Investor Presentation

March 2023



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Diversified Global Footprint in Building Materials Industry



Leading Global Positions in Lucrative Segments

2nd Largest
Player in
White
Cement

3rd largest
producer in
Calcium
Alimunated
Cement

- ✓ A strong player with a balanced and diversified product portfolio, special focus on high profitable white cement and calcium alimunated cement
- ✓ Strong local and global sales network with strategically located terminals and long-term distributors
- ✓ Open to organic & inorganic growth initiatives together with Sabancı Holding through Sabancı Building Solutions BV
- ✓ ESG pioneer in Turkish Cement and building materials industry



Transforming to Global Building Materials Player



- ✓ Strategic partnership with Sabancı Holding
– **Establishment of Sabancı Building Solutions B.V.** – 2020
- ✓ **Acquisition of Bunol Plant** to strengthen leading position in Global White Cement Market –2021
- ✓ **Asset Optimisation in Domestic Market** – Kayseri & Niğde asset sale – 2022
- ✓ **CAC Investment**, 66 kton Additional Capacity-2022, to be completed in Q42023
- ✓ **Establishment of Sabancı Global Technology Center** – 2022

Creating Value Through Portfolio Optimization



Strong & Profitable Core in Grey

- Optimised grey operations through asset sales
- Target excellence and efficiency for sustainable competitive advantage
 - Increasing alternative fuel & Focus on sustainability investments
- Improve export capability in order to utilise excess capacity by concentrating on potential markets



Global Leader in White

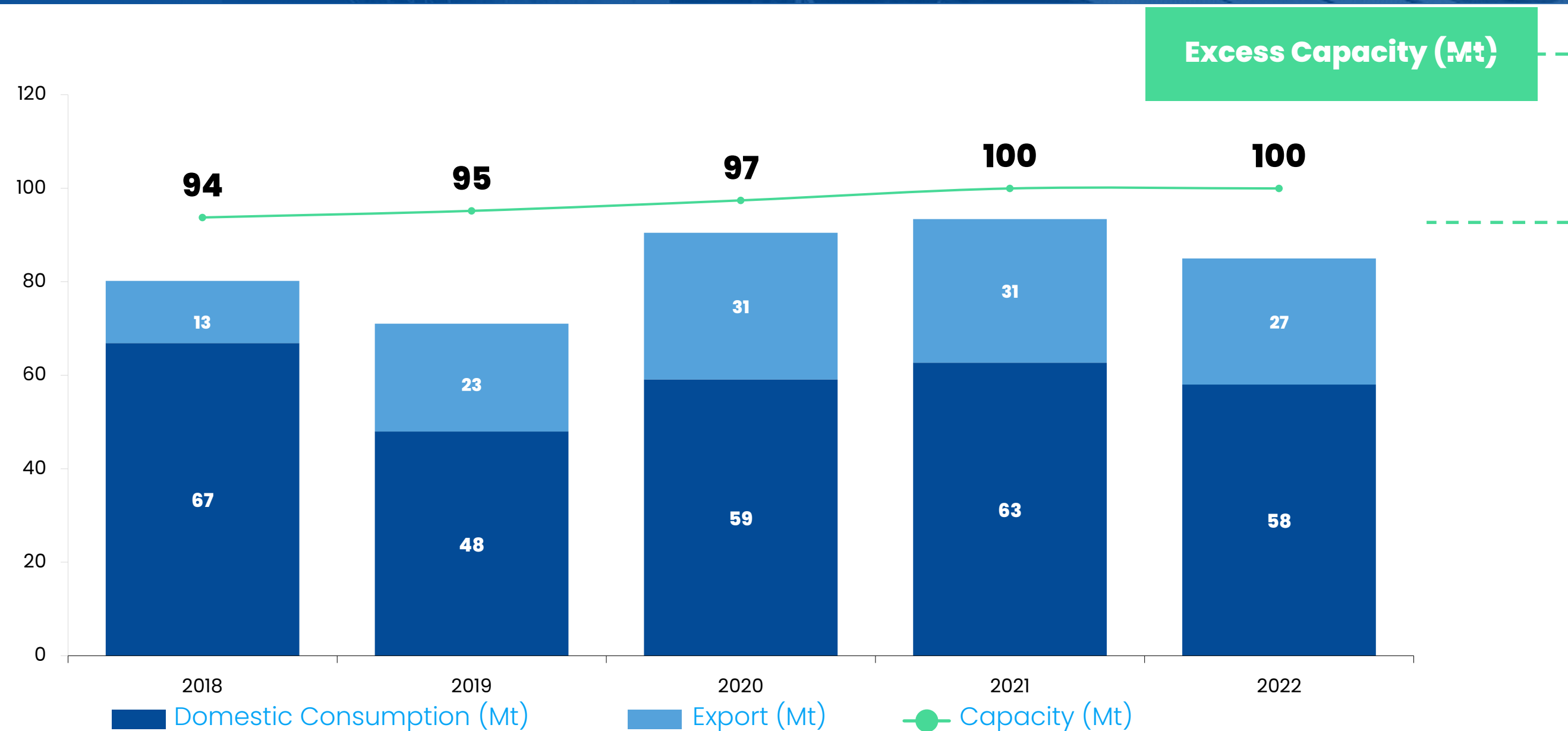
- High-end product, export driven revenues
- Contributes Reduced CO2 Emmision Target
- Fully Leverage Bunol Plant to strengthen the position in Europe and America markets.



Highly Profitable Value Added Products

- Profitable and niche product in construction chemicals market, Stable against macroeconomic volatility
- Contributes to CO2 net zero targets via good CO2 emission per strength
- Capacity increase in Calcium Alimunated Cement – CAC
- Leverage Sabancı Building Solutions Technology Center for Global Competitiveness

ÇİMSA OPTIMIZES GREY OPERATIONS DUE TO EXCESS CAPACITY IN THE MARKET



DIVESTMENT OF KAYSERİ & NİĞDE PLANTS

Kayseri, Niğde Plants together with Ready Mixed Concrete Plants in the region sold **in July 2022 at 110 m€.**

14X

2022 Year-End
EBITDA Multiple

EXPANDED GLOBAL FOOTPRINT AND GREW MARKET SHARE WITH CIMSA AMERICAS INVESTMENT & BUNOL PLANT ACQUISITION



STRATEGIC TERMINALS WITH PORT ACCESS

THE WORLD'S SECOND LARGEST WHITE CEMENT PLAYER WITH SALES MORE THAN 70 COUNTRIES

SPAIN

GREECE

MOROCCO

TURKEY

GERMANY

NETHERLANDS

ISRAEL

ITALY

USA

BRAZIL

**78% of Total
Sales Realised
in
10 Countries**

High Profitable – Value Added Product : Calcium Aluminates



- Contributes to CO₂ net zero targets via good CO₂ emission per strength
- Lower limestone consumption
- Ensures efficiency and longevity



- Profitable and niche product in construction chemicals market



- Higher stability & performance in comparison with cement in terms of resistance to heat, abrasion, chemicals and higher early strength

Additional Capacity Investment

42,5 MUSD

50kton

Current Capacity



116 Kton

4%


Current Market share



10% Market share

3rd largest producer in the World





Sustainable Solutions and Innovative Technologies for Building Materials

Sabancı Global Technology Center GMBH is established in Technical University of Munich Campus.

- R&D activities with customers and Universities
- High customer satisfaction
- Increasing synergy with the R&D center located in Turkey

SGTC will play crucial role in Çimsa's transformation to leading innovative building materials player.

Dedicated Sustainability Strategy

Contributing to low-carbon economy transition through strong R&D, innovation and technological transformation.

Pioneering development of sustainable living spaces through our products.

Generating sustainable stakeholder value through our balanced and risk-sensitive governance model.

SBTI commitments made in 2023
have started to be realized

Sustainability Strategy



22%

Reduction in Net Specific CO2 Emissions

40%

Alternative Fuel Usage

0,30 m³/ton

Reduction in Water Consumption

50%

Sustainable Product Income/Total Income Ratio

80%

Renewable Energy Consumption

2030 Sustainability Targets

ESG Pioneer in Cement and Building Materials Industry



The First Cement Company in **BIST 25 Sustainability Index.**



140k Tons of CO2 Emissions were **Prevented** in Scope 2.



The Environmental Product Declaration **Certificate** for 3 Products.



Score of “**B**” in CDP Climate Change and Water Security reports in 2022.



"Outstanding Alternative Fuels Project" **Award**

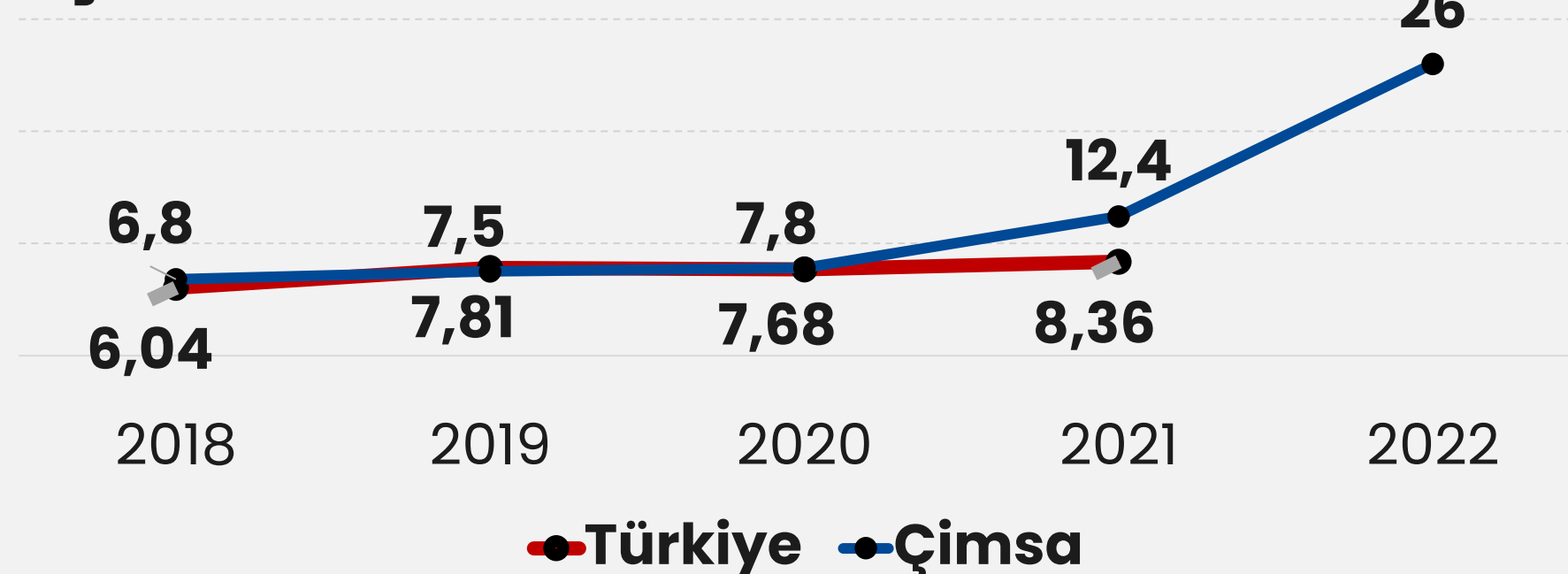


Gold Award for Grey to Green Project in Carbon Management Category

✓ **21% of CO2 emissions were saved in 2022**

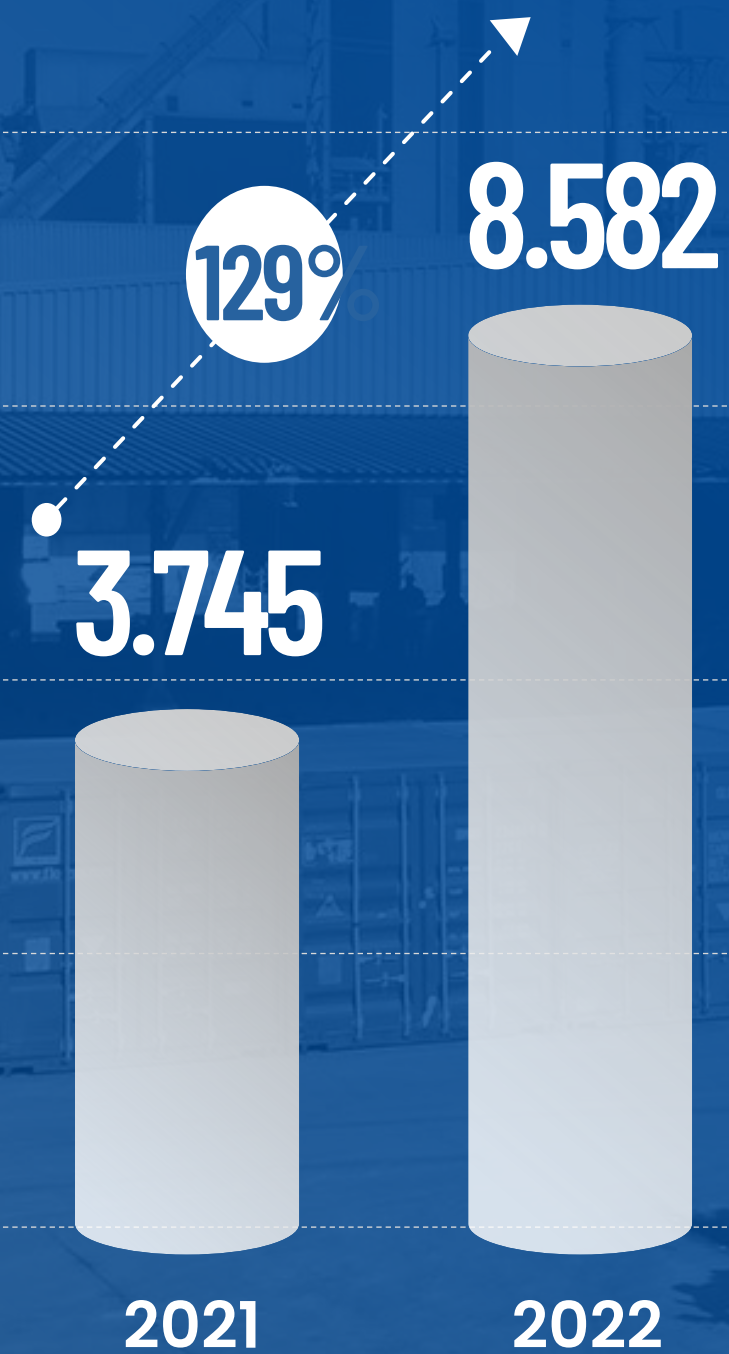
✓ **Alternative fuel usage increased to 26% in 2022**

Çimsa vs. Sector Alternative Fuel %*

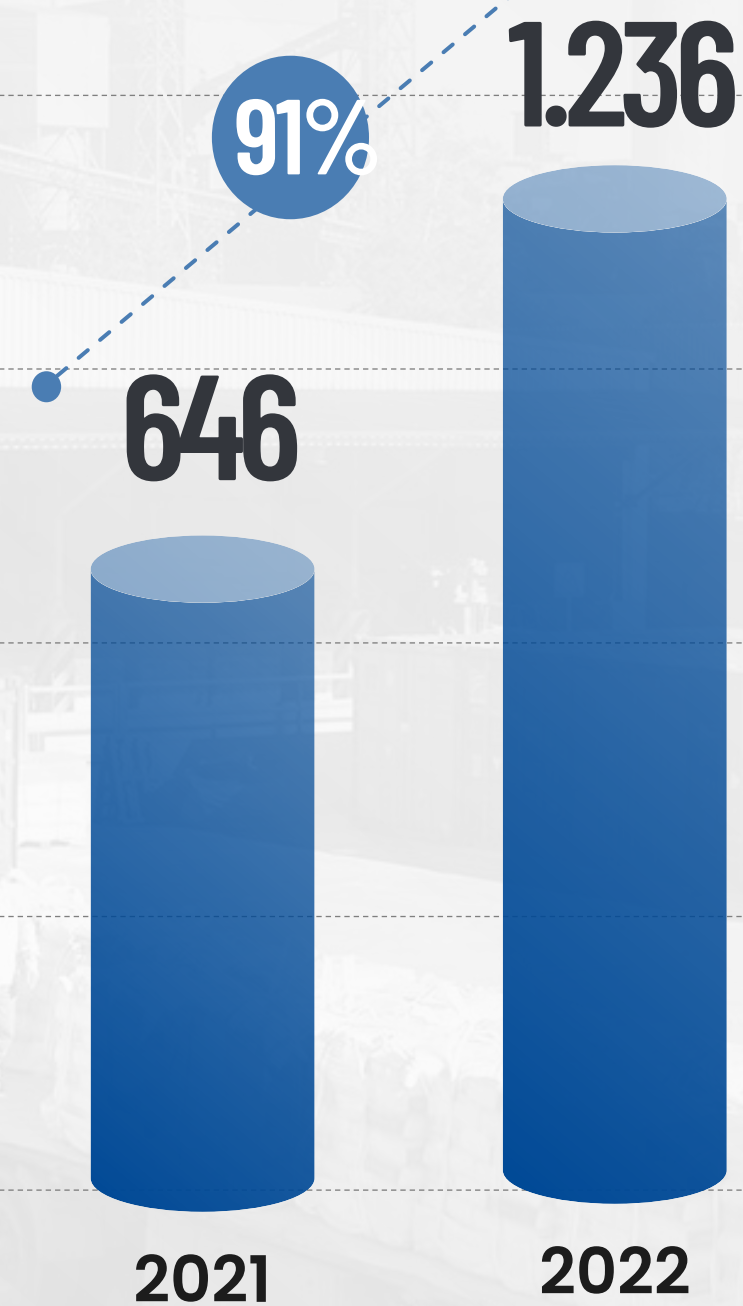


ÇİMSA HISTORICAL HIGHEST EBITDA & NET INCOME

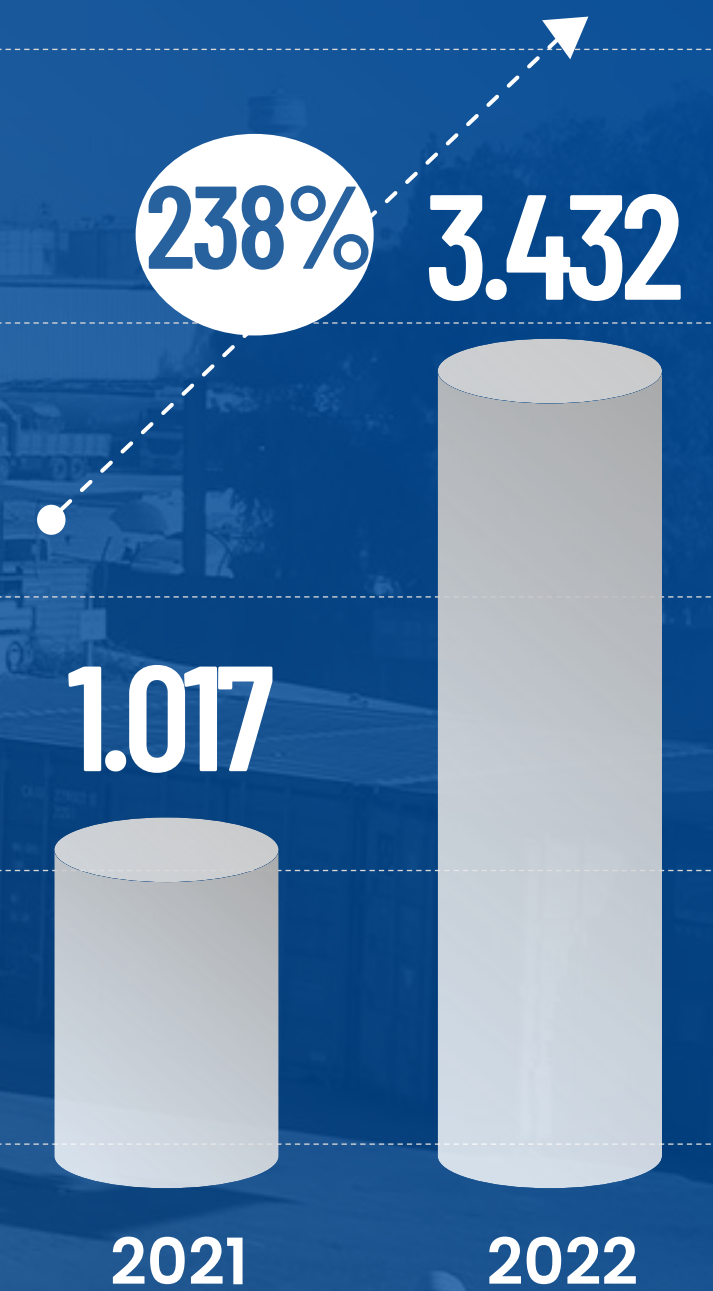
NET SALES (MTL)



EBITDA (MTL)



NET INCOME (MTL)



* Excluding one off items, net income would be 536 MTL and 1.316 MTL for 2021 and 2022 respectively with 146% growth

* Equity Holders

STRONG CASH MANAGEMENT WITH SIGNIFICANT DELEVERAGING

Net Working Capital/ Sales*

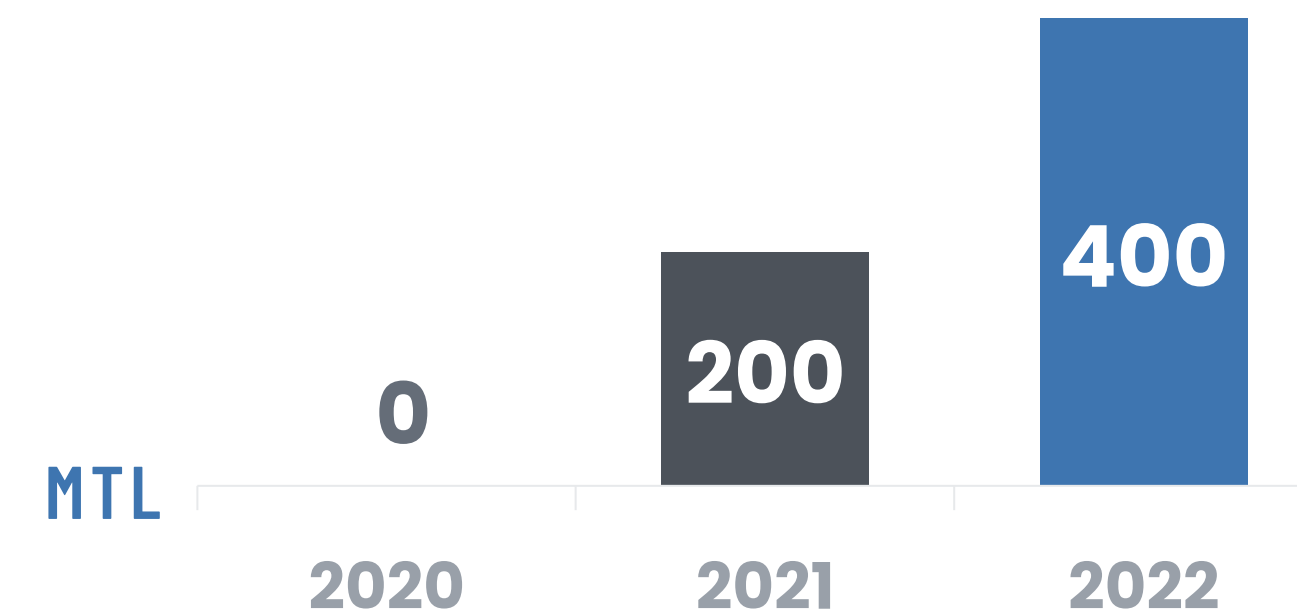


*13 month average

- ✓ Optimization of production to manage inventory levels
- ✓ Strict overdue receivable management
- ✓ Payment term negotiations with suppliers



- ✓ Increasing Dividend Focus



APPENDIX: 2023 Q1 Market & Operations

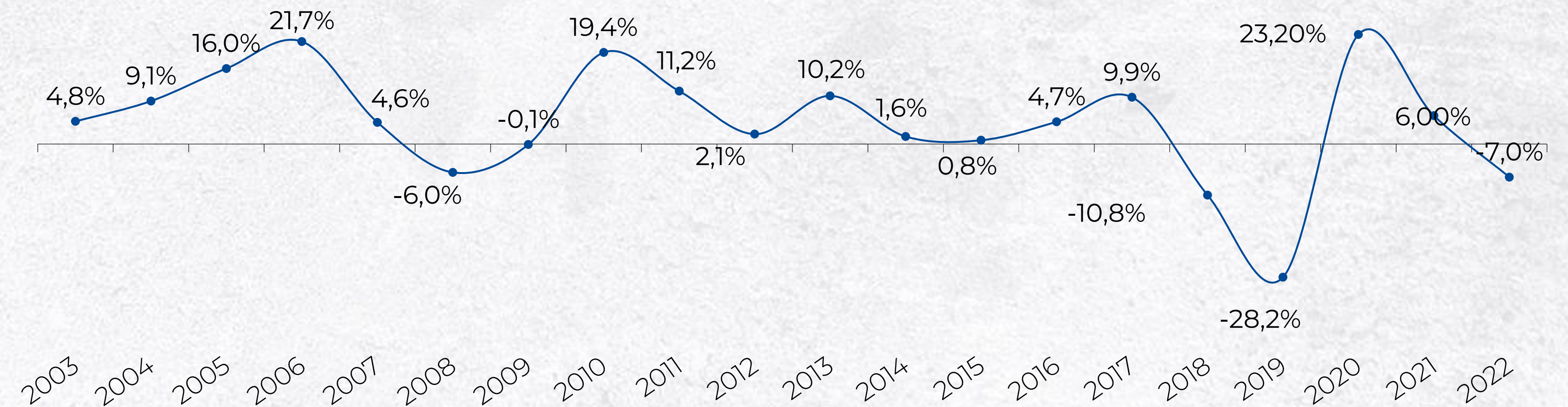
March 2023

Source: TÜİK, Turkish Cement Manufacturers' Association.

Turkey's GDP growth realized 5,6% growth in 2022.



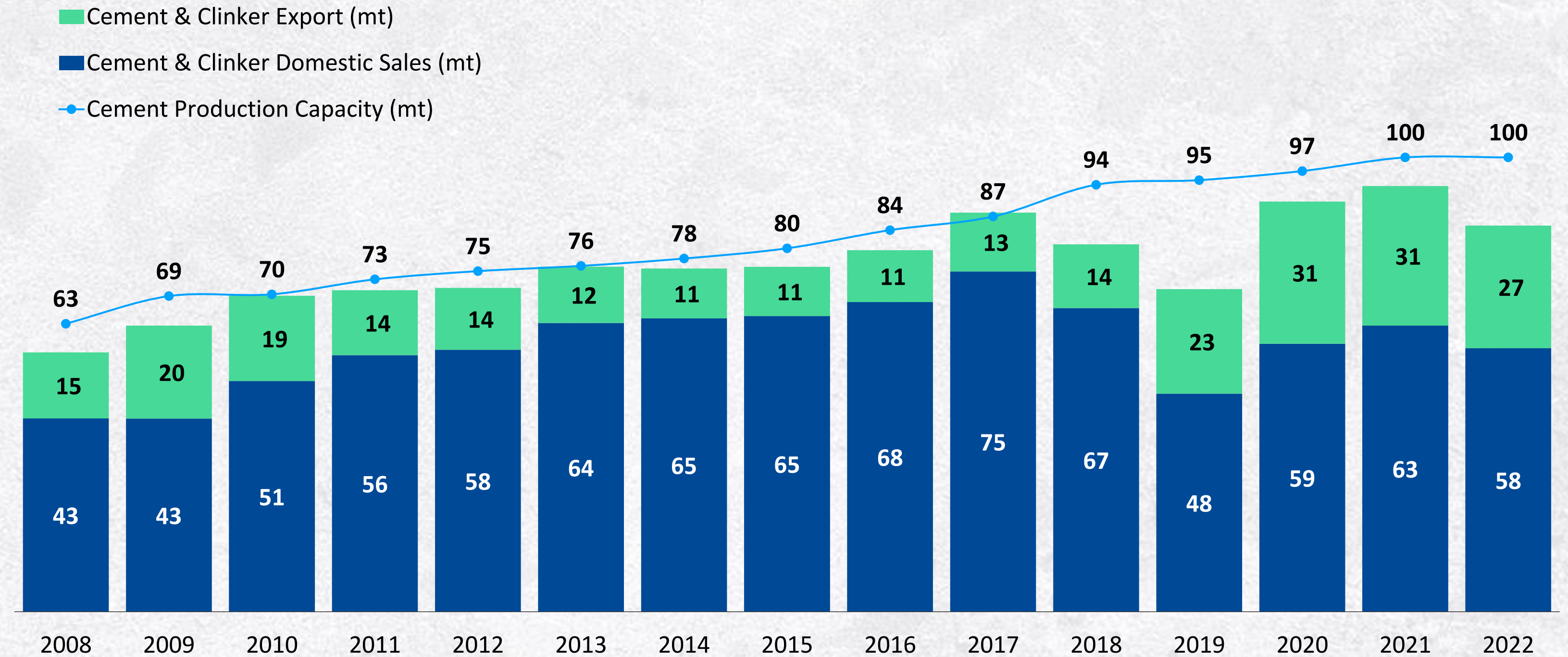
Decrease in Turkey domestic cement consumption is recorded 7,0% in 2022.



TURKISH CEMENT MARKET

Source: Turkish Cement Manufacturers' Association,
Turkish Exporters Assembly, Turkcimento

Turkey is the biggest cement producer in Europe, with high capacity utilization rates.
Turkey has also 2nd place in World cement export.



TURKISH CEMENT MARKET



100 Mt

Turkey's total cement
production capacity is 100
Mt in 2022.



85 Mt

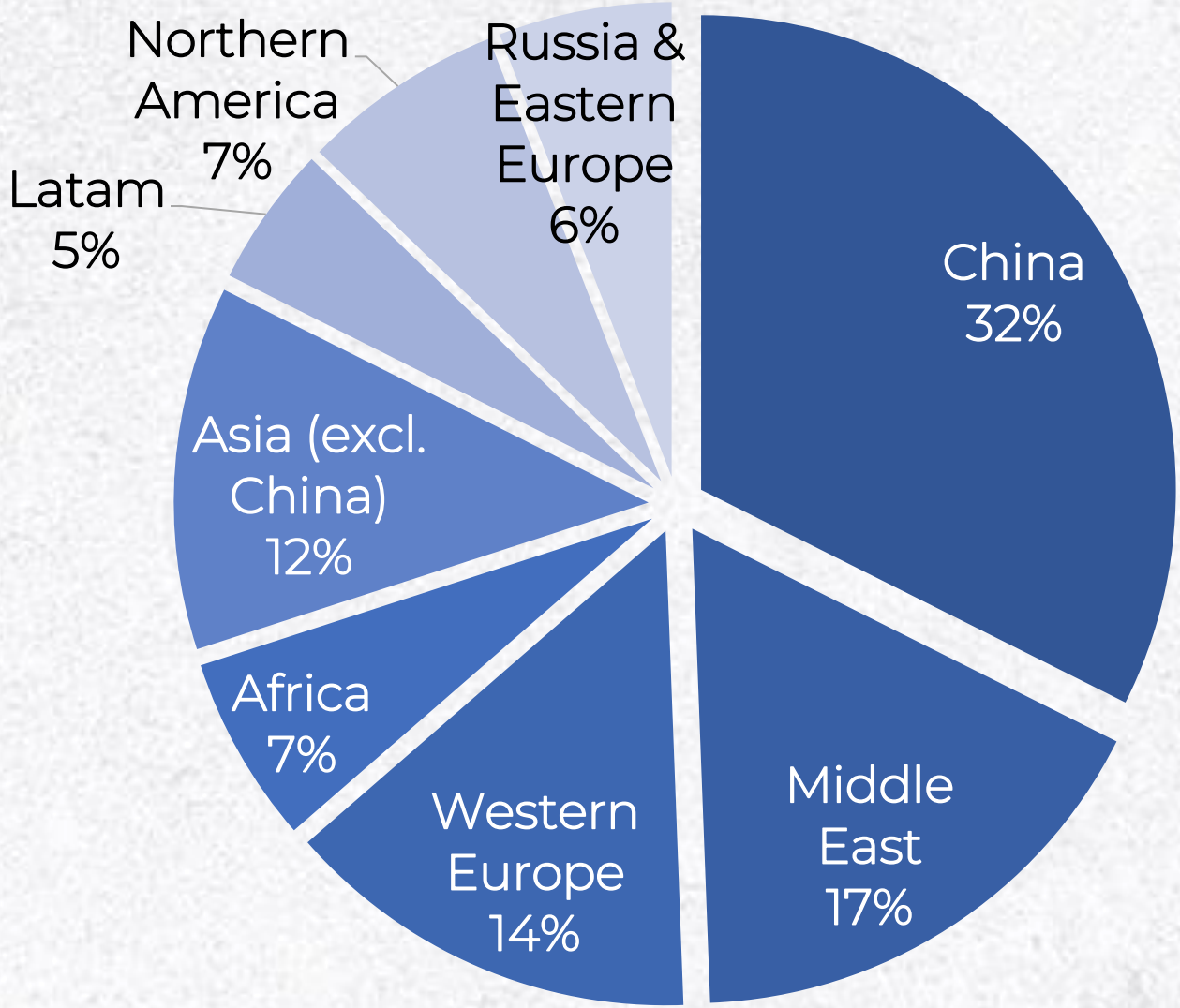
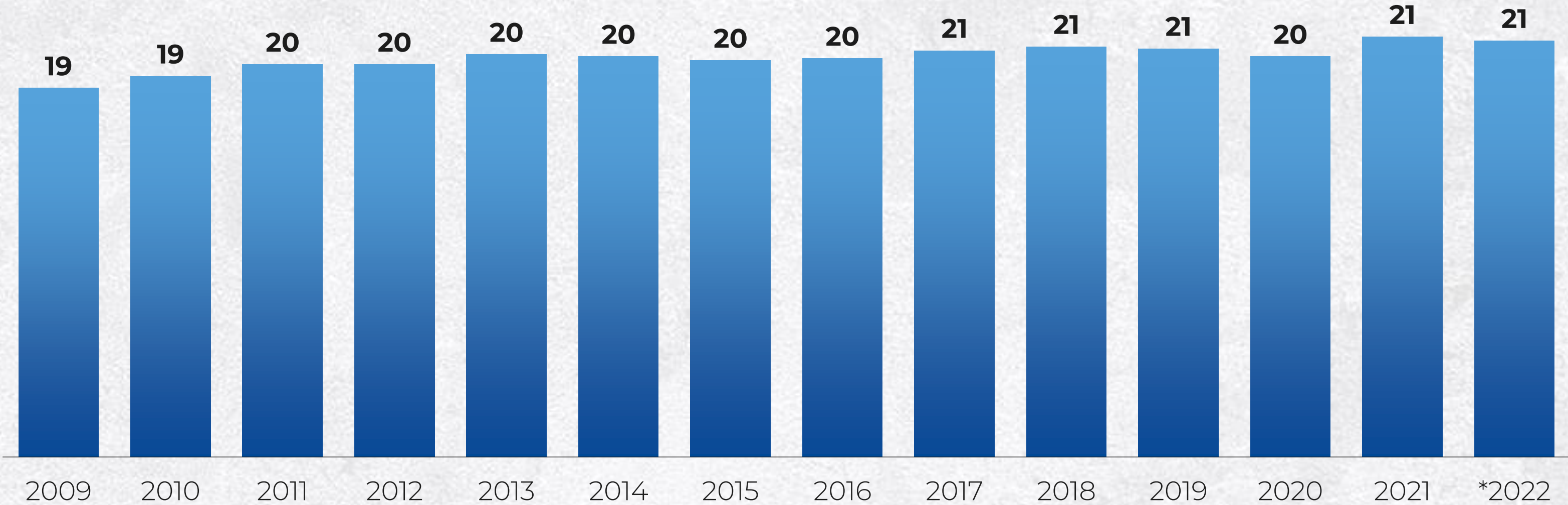
Total Domestic Sales and Export in
2022.

Source: CW Global White Cement Report, OneStone
Research White Cement Outlook



GLOBAL WHITE CEMENT MARKET

Global white cement demand is forecasted to be around 21 mt in 2021 & 2022



- Global white cement production capacity reached to **33,9 Mt CC**, while global white cement consumption is **20,9 Mt**.
- **China** and **Middle East** regions have the highest white cement consumption.
- Turkey has **10% share** in global white cement production capacity.

*2022 value is an estimation from CW Global White Cement Market and Trade Report, 2020

MARKET POSITIONING



Çimsa's market share in global white cement market improved from 5,3% to 7,2% in last decade.

Çimsa's white cement sales network expands to **over 70 countries** through strategically located terminals and long-term distributors.

ÇİMSA WHITE
MARKET
POSITIONING

3 INTEGRATED PLANTS IN MERSİN, ESKİŞEHİR, AFYON



3.6 Mt GREY
Clinker Capacity

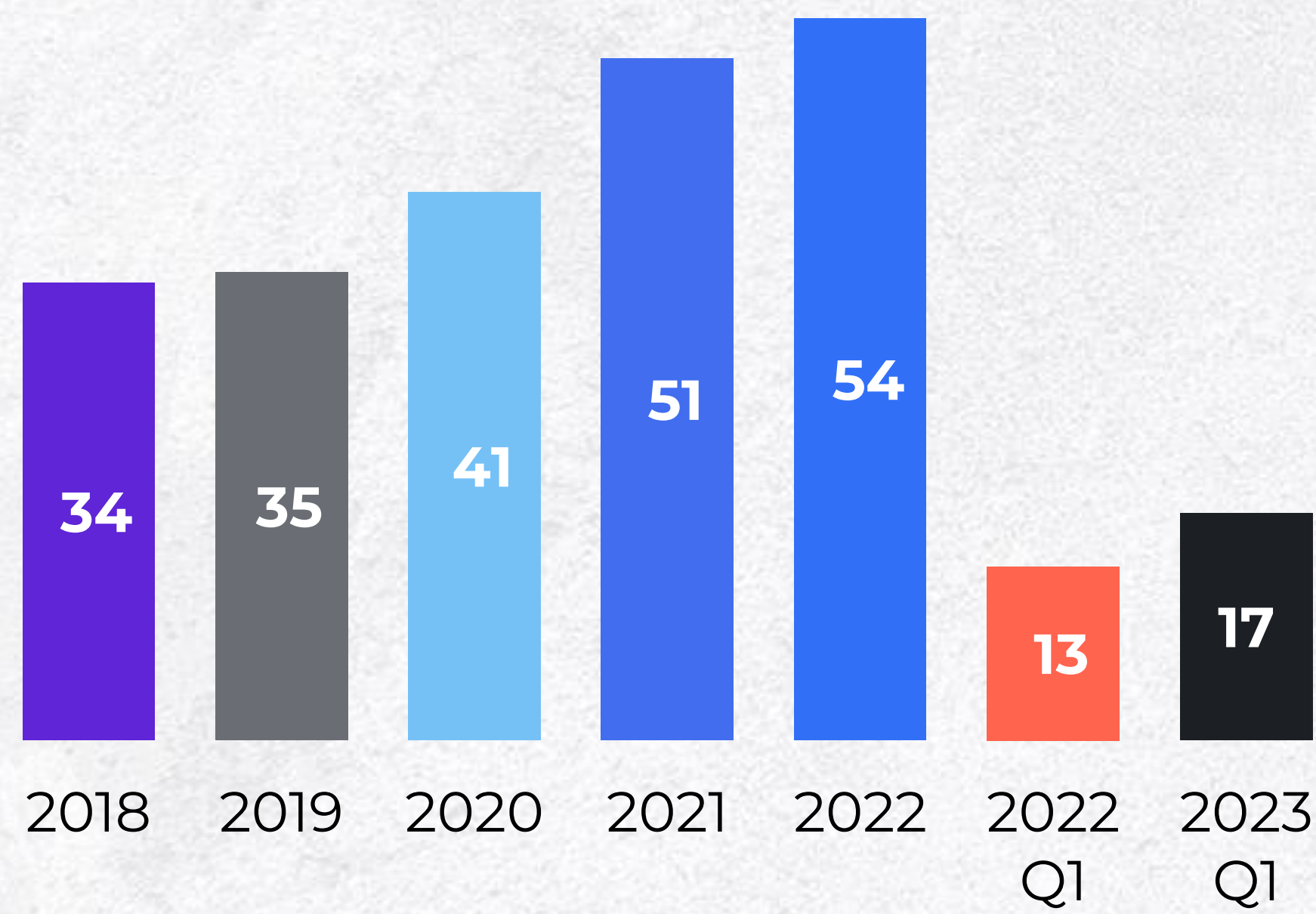
1.7 Mt WHITE
Clinker Capacity

ÇİMSA GREY
SOLID NETWORK

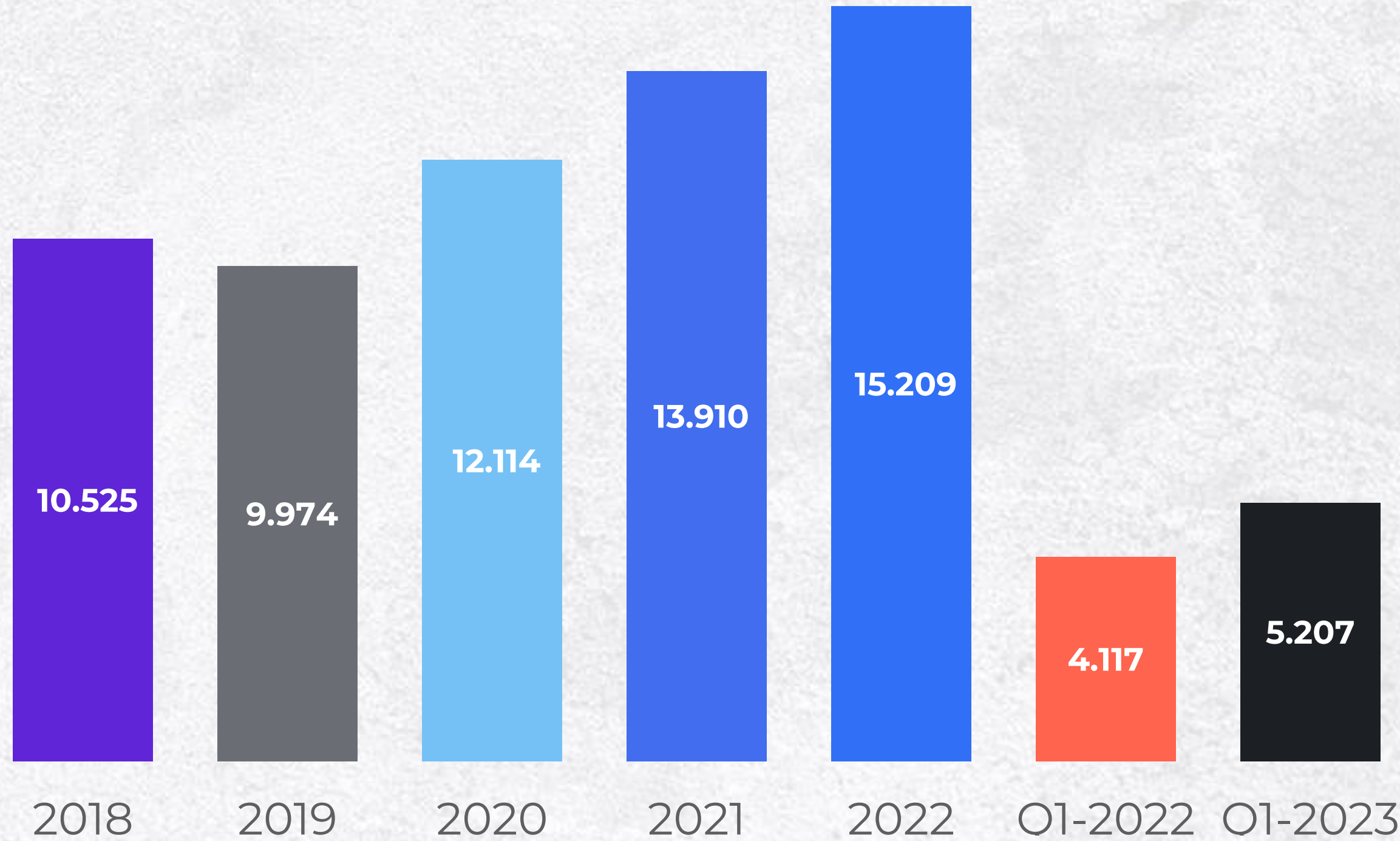
SPECIAL PRODUCTS

Calcium Alimunate Cement

CAC Sales (Kton)

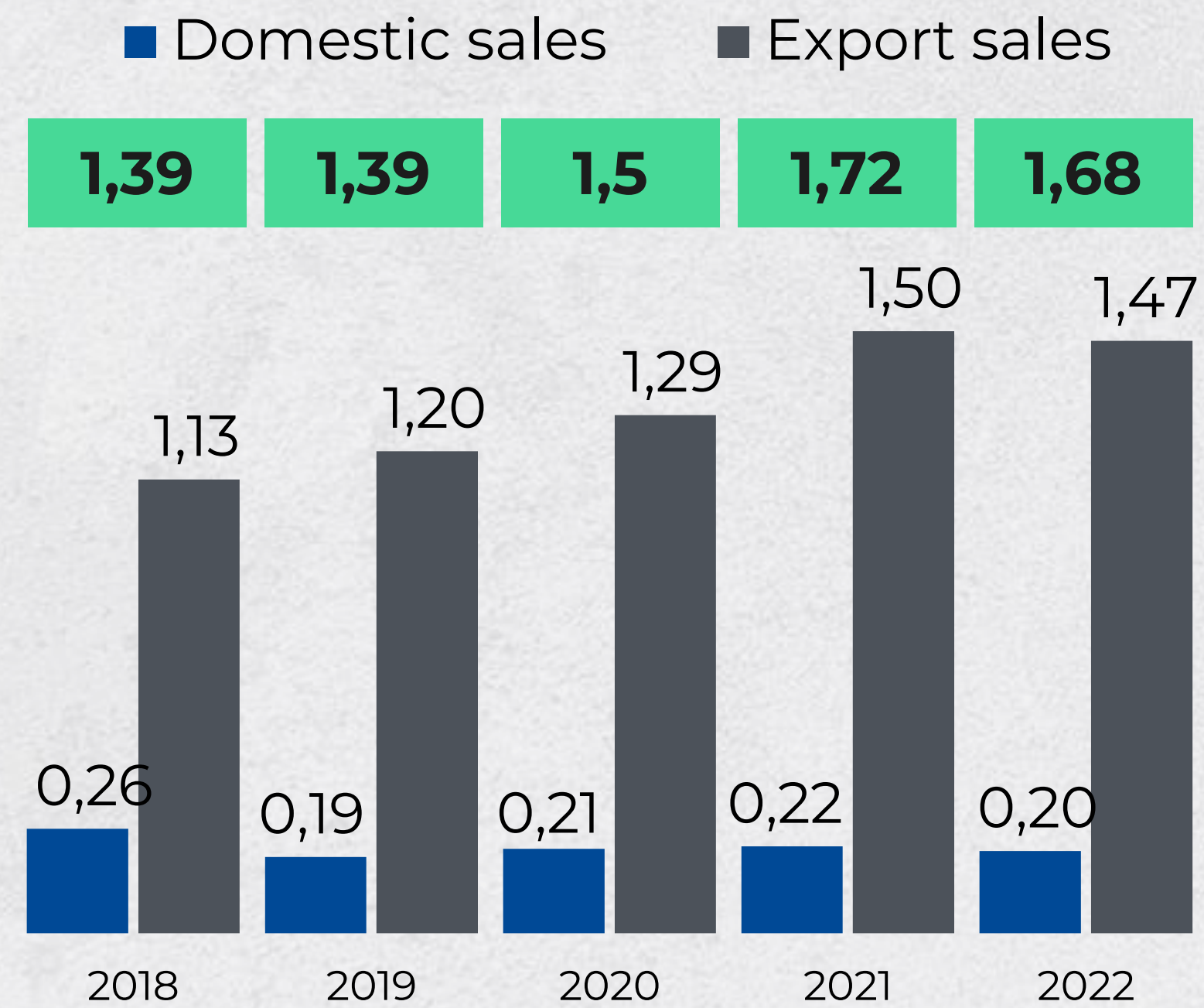


CAC Sales (KUSD)

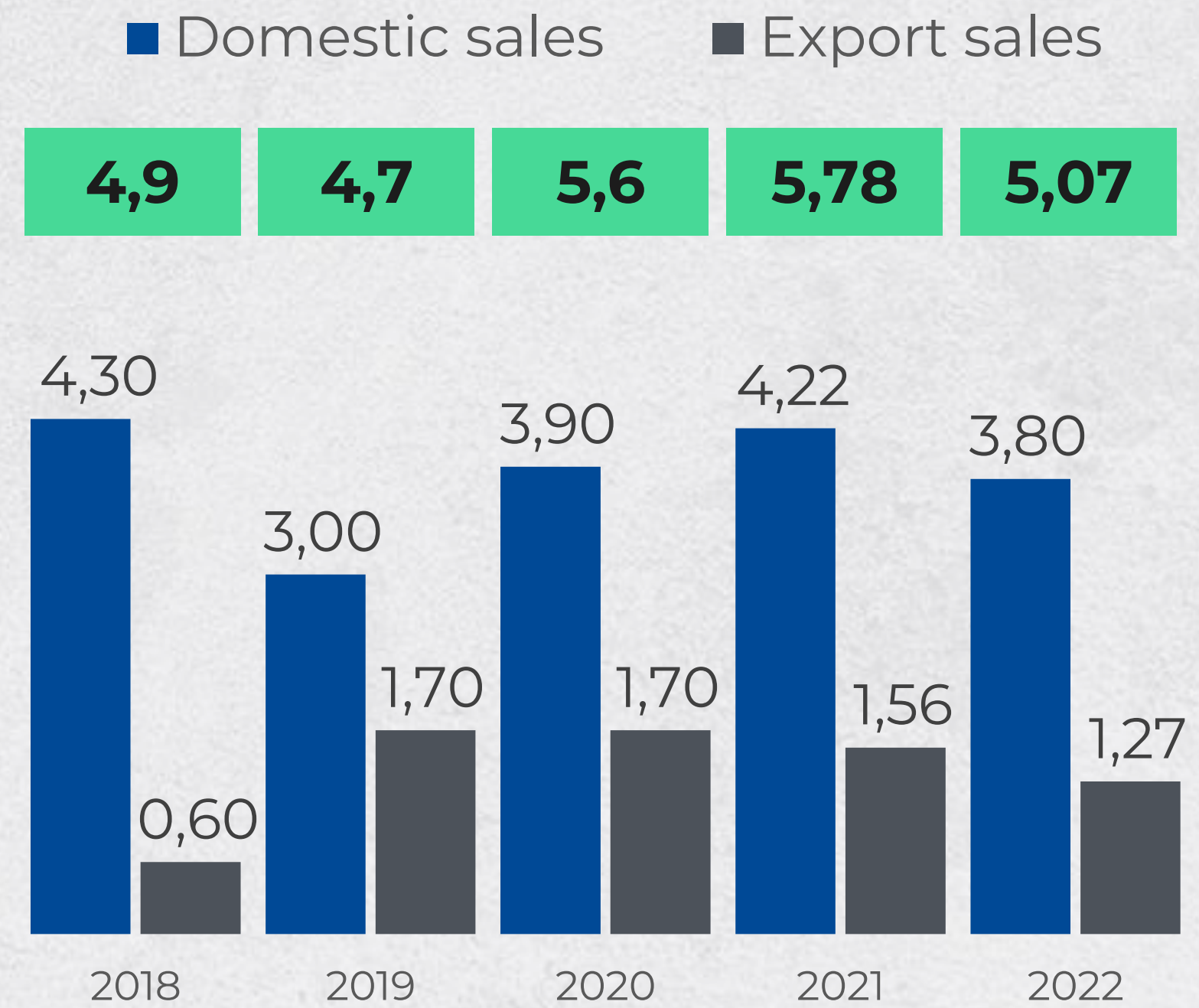


OPERATIONAL RESULTS*

White Cement & Clinker Sales Volumes (M ton)

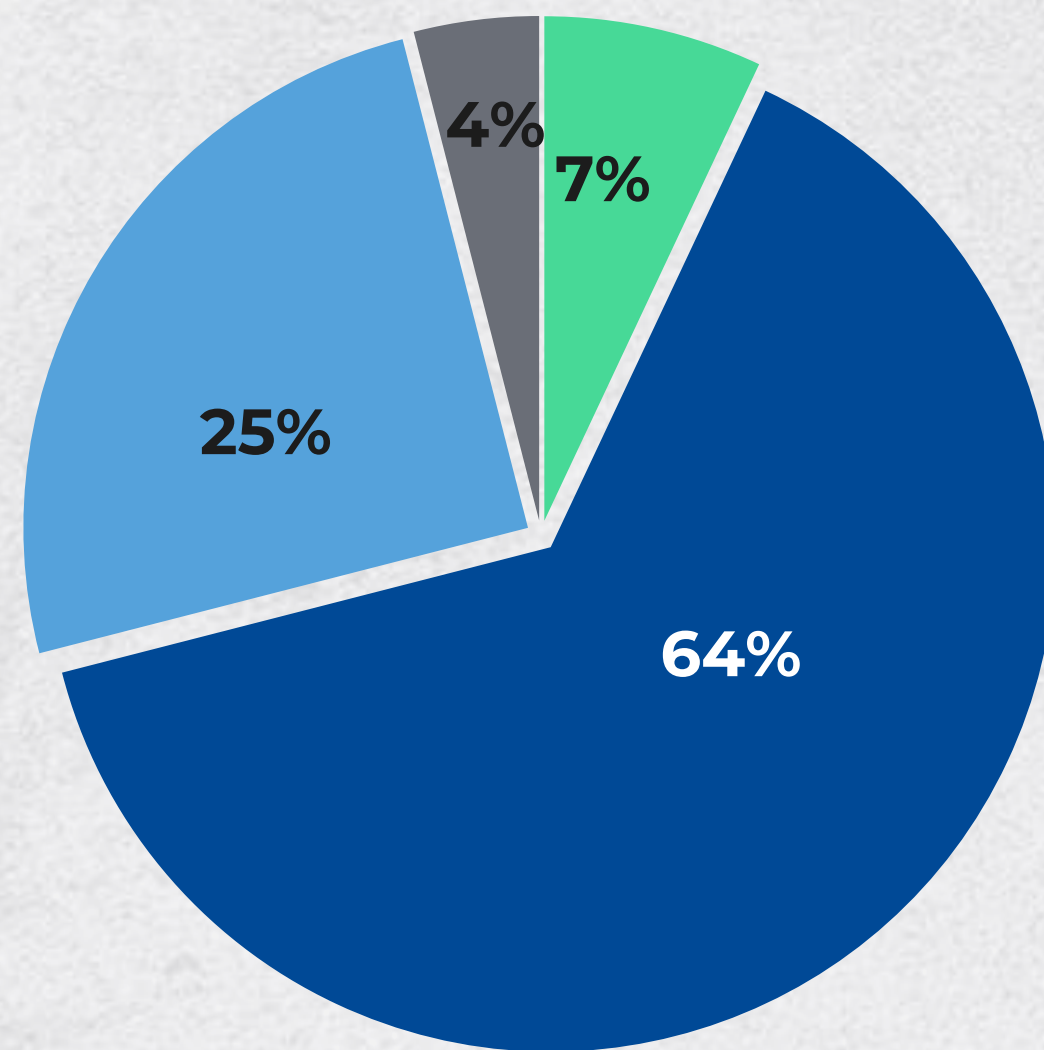


Grey Cement & Clinker Sales Volumes (M ton)



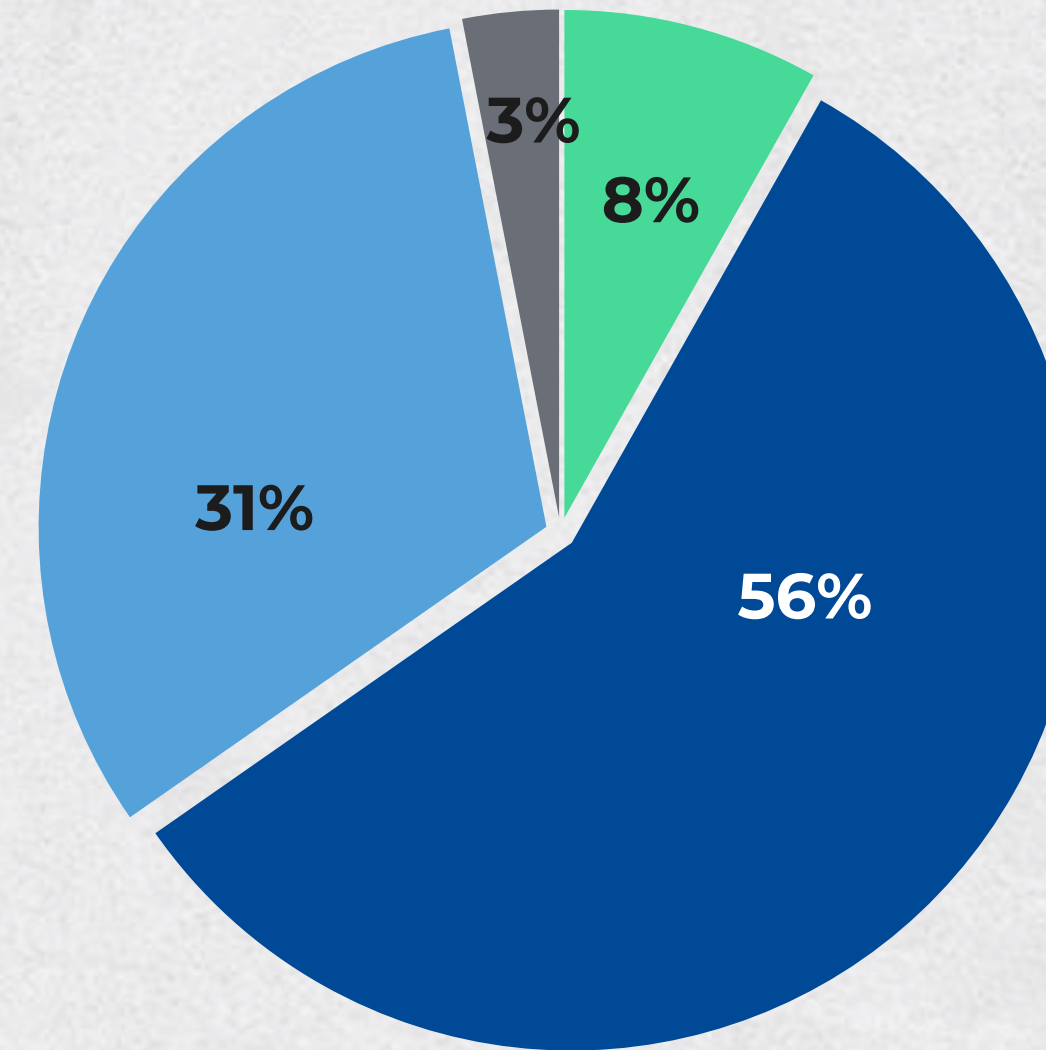
ÇİMSA GREY CLINKER VARIABLE COST STRUCTURE

2022



Raw Material Fuel Electricity Other

2023 Q1



Raw Material Fuel Electricity Other

Q1 2023 FINANCIAL SUMMARY

Key Financial Highlights (MTL)	MAR-22	MAR-23	Change %
Net Consolidated Sales	1.355	2.363	74%
Gross Margin %	13%	18%	4,91pp
Consolidated EBITDA (*)	137	314	129%
Consolidated EBITDA (*) Margin %	10%	13%	3,16pp
Net Consolidated Profit**	124	252	102%

(*) EBITDA is calculated only by adding up "Gross profit", "Gen&Admin expenses ", "Marketing, Selling and Distribution expenses", Research and Development expenses", and "Depreciation&amortization expenses", The calculation does not include other operational income(expense) and the reclassifications of the amendment of the Capital Markets Board.

** Equity Holders

BALANCE SHEET

MTL	2023 Q1	2022 YE
Current Assets	5.950	5.938
Cash and cash equivalents	2.207	1.603
Trade receivables	1.701	1.869
Other receivables	1	1
Derivative financial instruments	0	0
Inventories	1.251	1.126
Financial investments	211	0
Other current assets	579	1.339
Non Current Assets	5.927	5.661
Investments accounted under equity method	2.508	2.426
Property, plant and equipment	1.873	1.760
Intangible assets	246	172
Prepaid expenses	301	343
Deferred tax assets	964	921
Other non-current assets	36	40
TOTAL ASSETS	11.877	11.599

MTL	2023 Q1	2022 YE
Current Liabilities	4.938	4.990
Borrowings*	3.011	2.796
Trade payables	1.192	1.829
Derivative financial liabilities	0	0
Deferred income	29	32
Current income tax liability	34	2
Other current liabilities	673	332
Non Current Liabilities	941	500
Long-term borrowings *	504	52
Other non-current liabilities	438	448
TOTAL LIABILITIES	5.880	5.490
EQUITY	5.997	6.109
TOTAL LIABILITIES & EQUITY	11.877	11.599

Borrowing including IFRS16*

INCOME STATEMENT

Income Statement (MTL)	2023 Q1	
	2023	2022
Sales	2.363	1.355
Cost of sales (-)	-1.939	-1.178
GROSS PROFIT	424	177
General and administrative expense (-)	-137	-67
Marketing, selling and distribution expense (-)	-8	-3
Research and development expense (-)	-4	-2
Other operating income	70	139
Other operating expenses (-)	-38	-89
OPERATING PROFIT	306	154
Income from investment activities	10	7
Profit/(loss) from investments accounted by equity method	24	72
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE	340	233
Financial income	61	4
Financial expenses (-)	-164	-98
PROFIT BEFORE TAXATION	238	139
Tax income / (expense) from continuing operations	67	-8
- Current period tax expense	0	0
- Deferred tax income / (expense)	67	-8
NET PROFIT from continued operations	305	131
NET PROFIT from discontinued operations	0	0
NET PROFIT	305	131
Profit/loss for the period attributable to		
- Non-controlling interests	53	7
- Equity holders of the parent	252	124
Earnings per share		
Earnings per share from continuing operations	1,86	0,92

CASH FLOW

MTL	2023	2022
A. CASH FLOWS FROM OPERATING ACTIVITIES	(240)	33
Profit before taxation	238	139
Adjustments to reconcile net profit/loss for the period	104	4
Changes in working capital	(548)	(124)
Cash flows from operations	(206)	18
Interest received	16	27
Payments related to employee benefits, seniority and vacation	(50)	(13)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(178)	(38)
Cash out flow related to purchases of tangible assets	(103)	(43)
Proceeds related to sales of tangible and intangible assets		6
Cash out flow related to purchases of intangible assets	(75)	(1)
C. CASH FLOWS FROM FINANCING ACTIVITIES	1.026	121
Proceeds from borrowings	2.000	1.020
Repayment of borrowings	(1.724)	(757)
Interest paid	(167)	(31)
Interest income	61	4
Cash inflow/(outflow) from other financing expenses	(856)	-
Dividend paid	-	(115)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	608	115
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1.598	258
Currency translation differences (net)		(1)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2.206	372

Borrowing including IFRS16*

APPENDIX: SUSTAINABILITY

March 2023

OVERVIEW OF ÇİMSA'S SUSTAINABILITY ROADMAP & TARGETS

The main targets included in Çimsa's agenda within the scope of Sabancı Holding's sustainability roadmap are given below:

Reaching zero work accident with international standards in Occupational Health and Safety practices

01

Being Net Zero Emissions and Zero Waste by 2050

02

Reviewing our processes with a circular economy perspective and increase the use of alternative fuels/raw materials

03

Developing sustainable products, services and business models by using technology, R&D and innovation power

04

The Future of Work: Presenting development opportunities and experiences

05

Being a sector leader in equality, diversity and inclusion

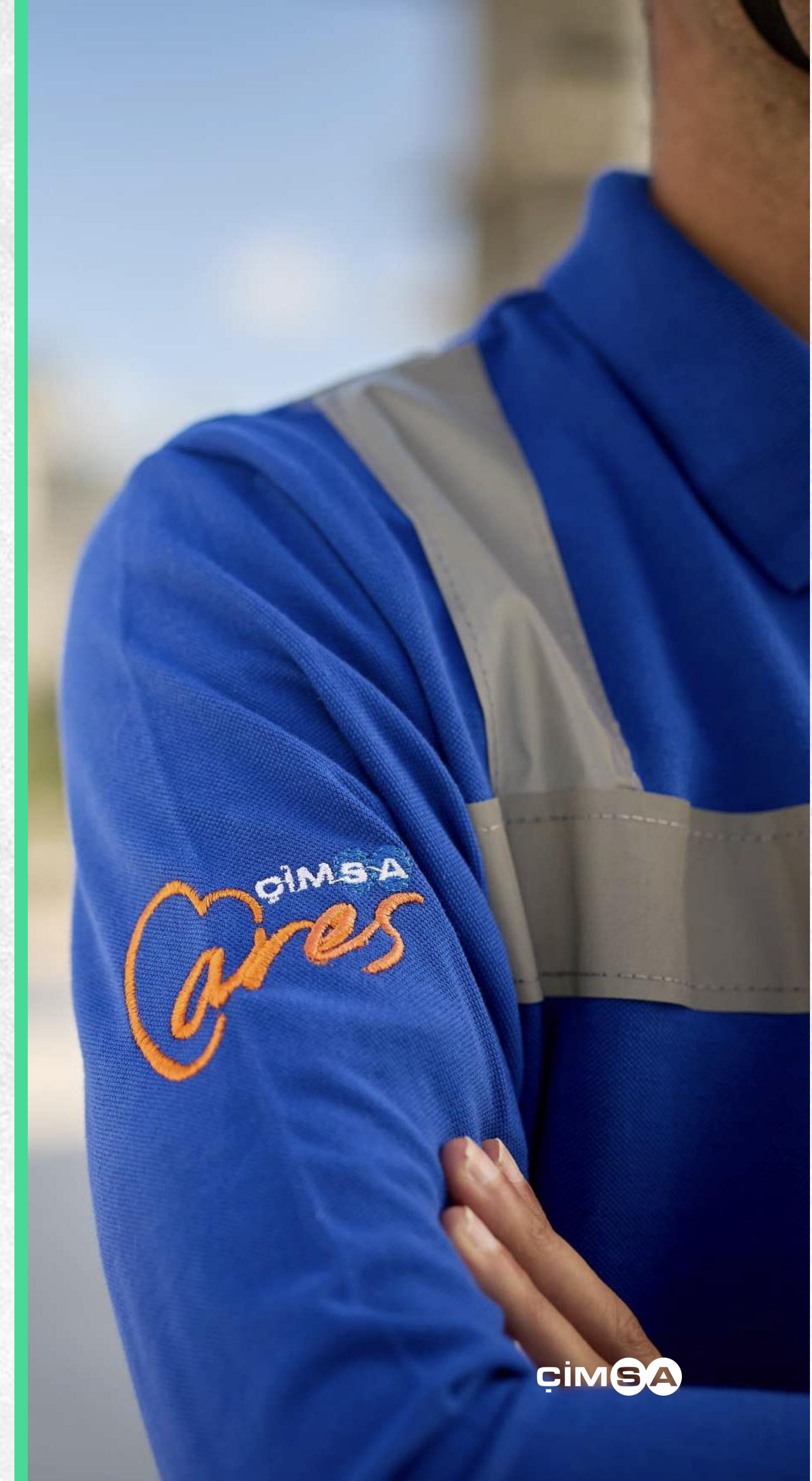
06

Realizing measurable and high-impact social projects

07

Adopting an effective sustainability governance model

08



SCIENCE BASED TARGETS



COMMIT

Submit a letter establishing your intent to set a science-based target

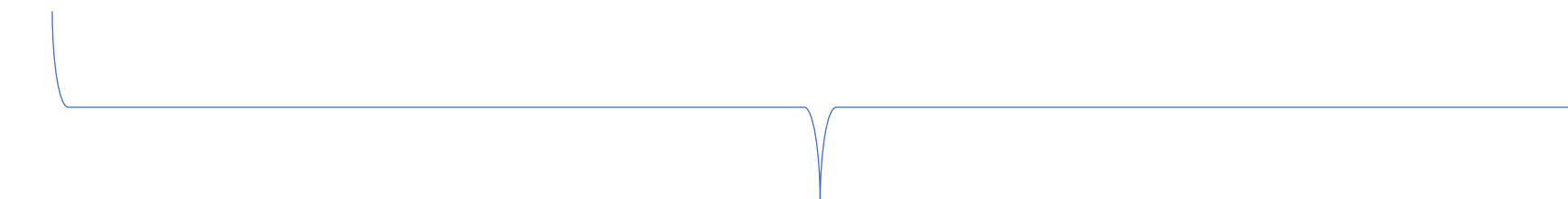


- On March 30 2023, a commitment was made to set a near-term reduction target for carbon emissions in accordance with climate science.



DEVELOP

Work on an emissions reduction target in line with the SBTi's criteria



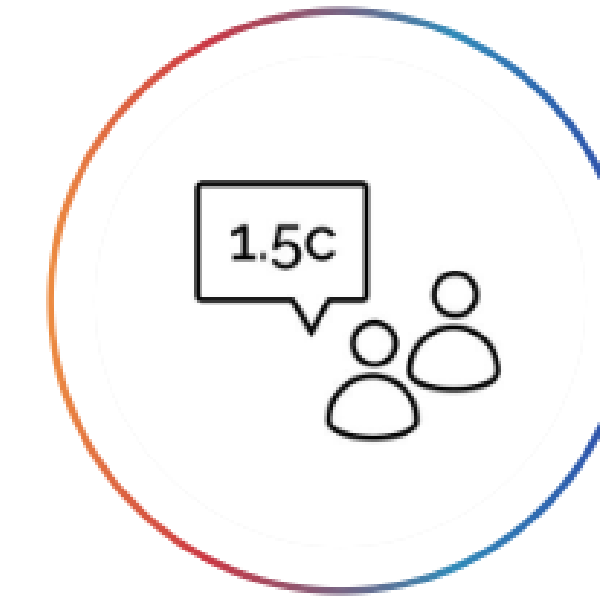
- Goal development and validation processes during Q2-Q4
- Time to deliver target after commitment: 24 months
- Teams: Technical Team, Environment and Sustainability



SUBMIT

Present your target to the SBTi for official validation

- Target communication studies after SBTi approval



COMMUNICATE

Announce your target and inform your stakeholders



DISCLOSE

Report company-wide emissions and progress against targets on an annual basis



- Annual emission reporting

THANK YOU

March 2023