

# ÇİMSA

## Diversified Building Materials Player

Investor Presentation

M A R C H 2 0 2 3

SABANCI

ÇİMSA

# — Disclaimer

The information and opinions contained in this document have been compiled by Çimsa Çimento Sanayi ve Ticaret A.Ş. ("CIMSA") from sources believed to be reliable and in good faith, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness or correctness. No undue reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. This document contains forward-looking statements by using such words as "may", "will", "expect", "believe", "plan" and other similar terminology that reflect the CIMSA management's current views, expectations, assumptions and forecasts with respect to certain future events. As the actual performance of the company may be affected by risks and uncertainties, all opinions, information and estimates contained in this document constitute the CIMSA's current judgement and are subject to change, update, amend, supplement or otherwise alter without notice. Although it is believed that the information and analysis are correct and expectations reflected in this document are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially. CIMSA does not undertake any obligation and disclaims any duty to update or revise any forward looking statements, whether as a result of new information or future events. Neither this document nor the information contained within can construe any investment advice, invitation or an offer to buy or sell CIMSA shares. CIMSA cannot guarantee that the security described in this document constitute a suitable investment for all investors and nothing shall be taken as an inducement to any person to invest in or otherwise deal with any shares of CIMSA. The information contained in this document is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. You must not distribute the information in this document to, or cause it to be used by, any person or entity in a place where its distribution or use would be unlawful. Neither CIMSA, its board of directors, directors, managers, nor any of its employees shall have any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

# Diversified Global Footprint in Building Materials Industry



# Leading Global Positions in Lucrative Segments

2<sup>nd</sup> Largest Player in White Cement

3<sup>rd</sup> 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

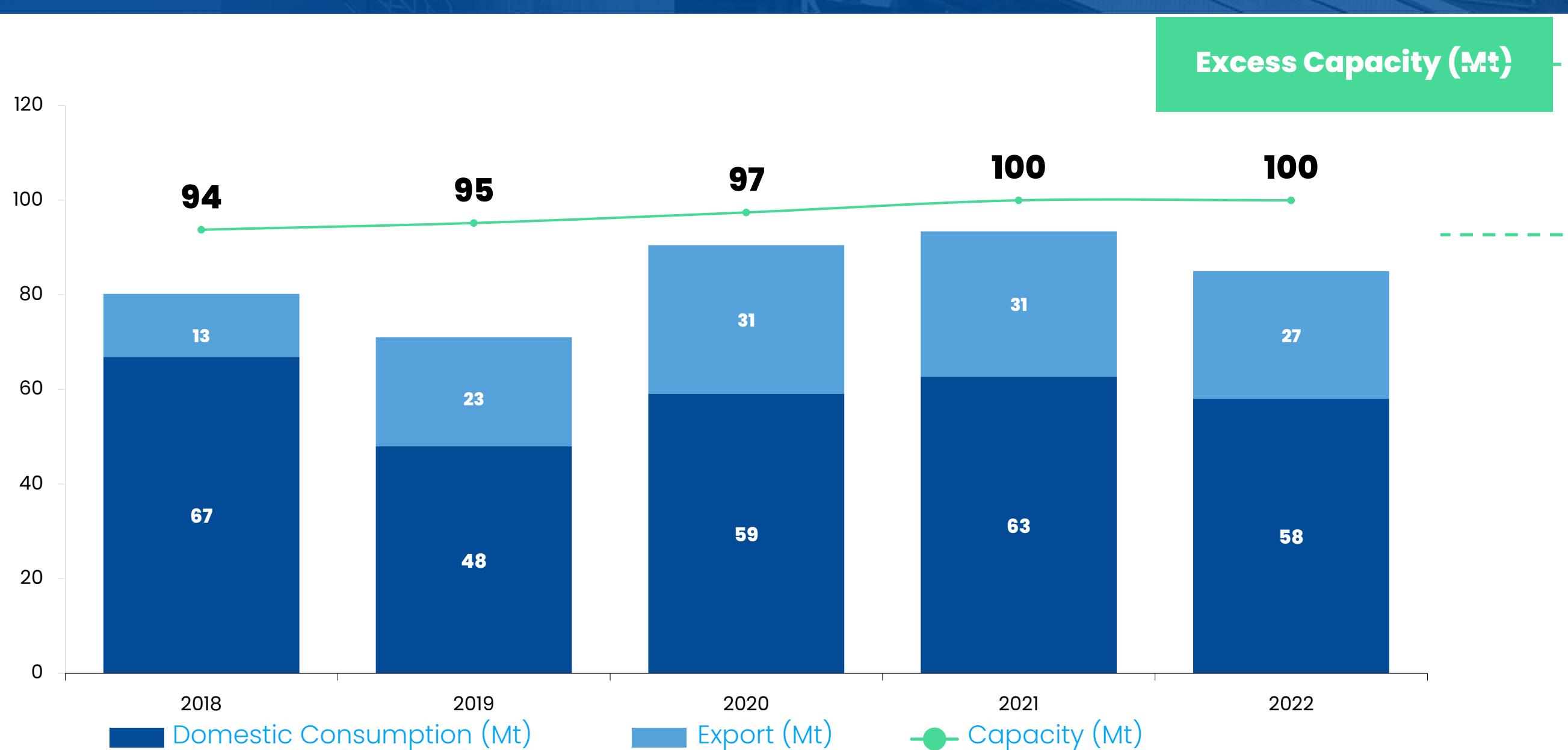
- High-end product, export driven revenues
- Contributes Reduced CO2 Emission Target
- Fully Leverage Bunol Plant to strengthen the position in Europe and America markets.



## Highly Profitable Value Added Products

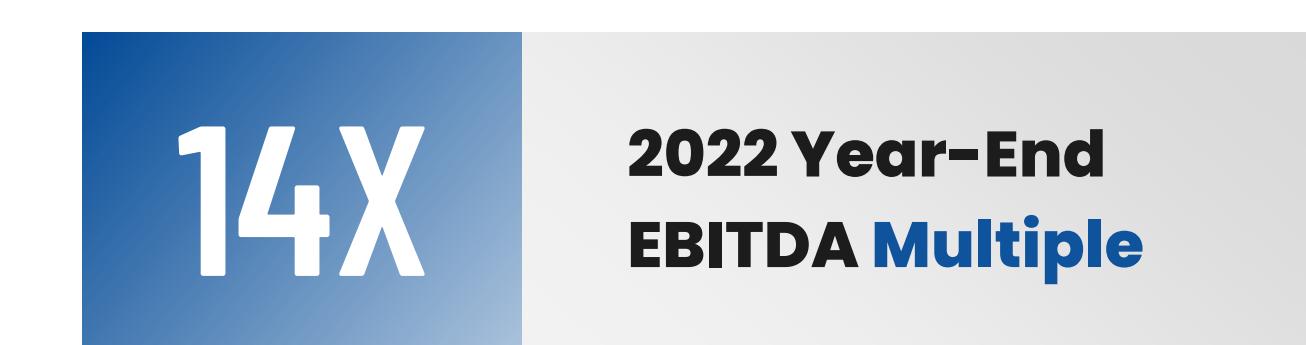
- Profitable and niche product in construction chemicals market, Stable against macroeconomic volatility
- Contributes to CO2 net zero targets via good CO2 emission per strength
- Capacity increase in Calcium Aluminated Cement – CAC
- Leverage Sabancı Building Solutions Technology Center for Global Competitiveness

# ÇİMSA OPTIMIZES GREY OPERATIONS DUE TO EXCESS CAPACITY IN THE MARKET



## DISMESTMENT OF KAYSERİ & NİĞDE PLANTS

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



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



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

SPAIN

GREECE

MOROCCO

TURKEY

GERMANY

ITALY

NETHERLANDS

USA

ISRAEL

BRAZIL

78% of Total  
Sales Realised  
in  
10 Countries

# High Profitable – Value Added Product: Calcium Aluminates



Environment

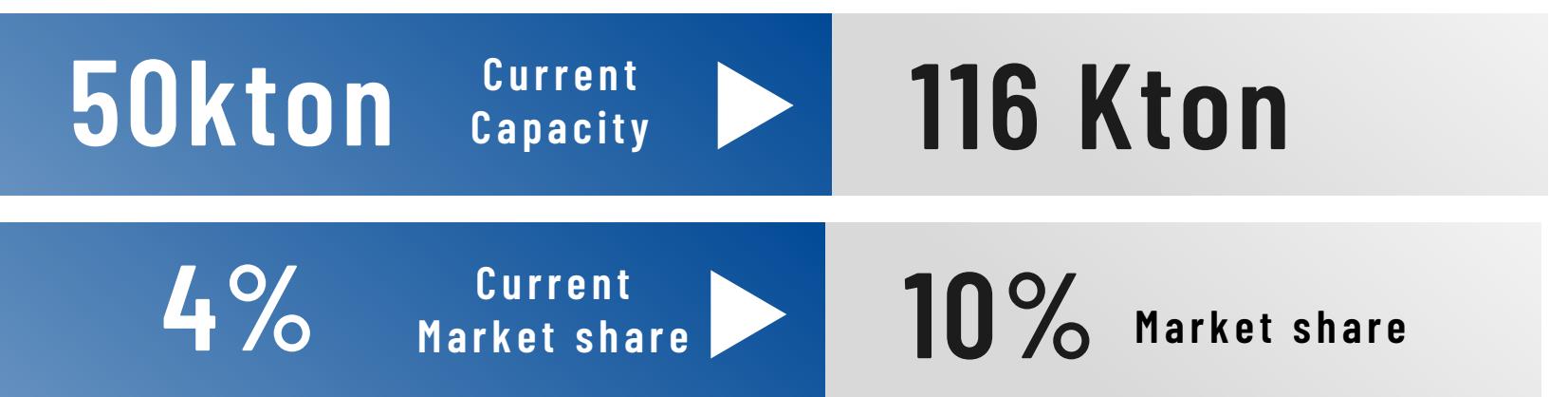
- Contributes to CO<sub>2</sub> net zero targets via good CO<sub>2</sub> emission per strength
- Lower limestone consumption
- Ensures efficiency and longevity



Strategy

- 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**



**3<sup>rd</sup> 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 m<sup>3</sup>/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.**



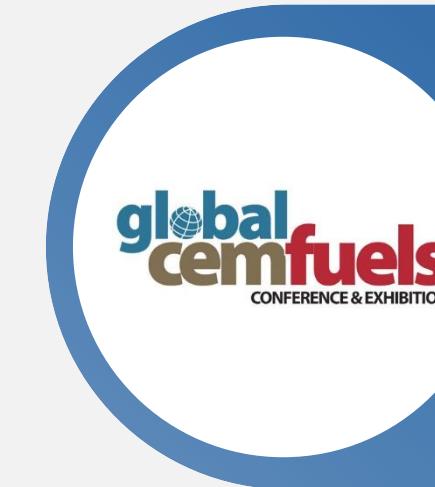
140k Tons of CO2 Emissions were **Prevented** in Scope 2.



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**

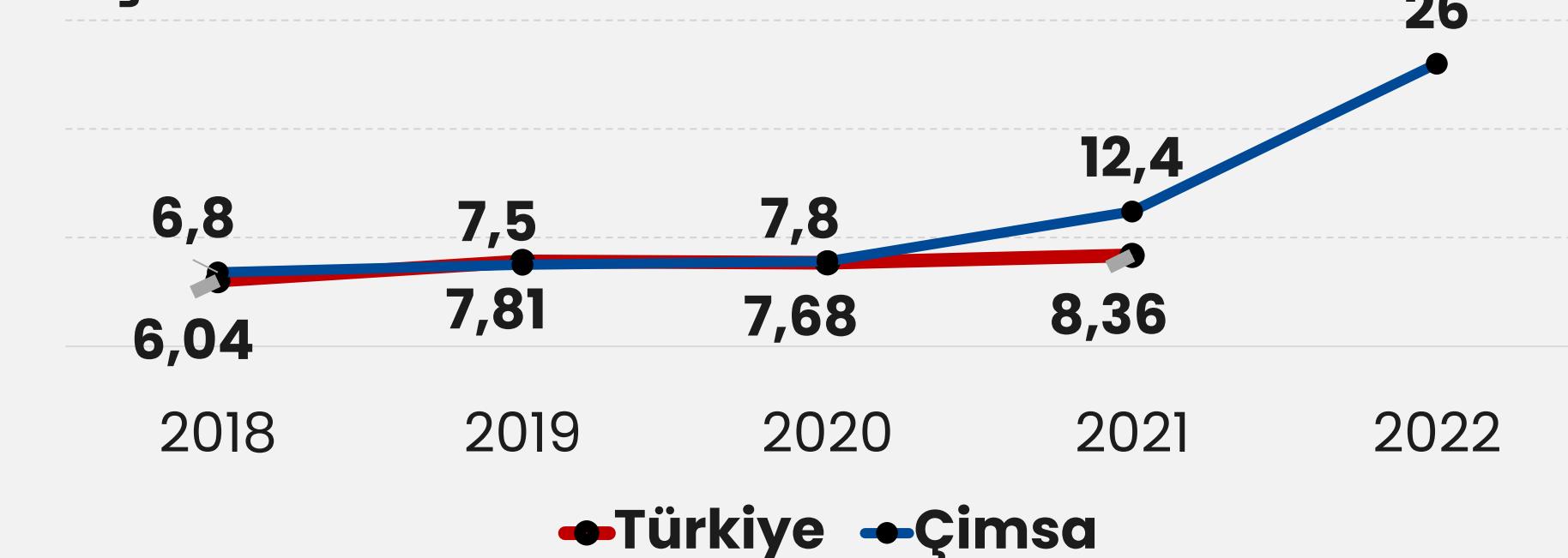


**Gold Award** for Grey to Green Project in Carbon Management Category

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

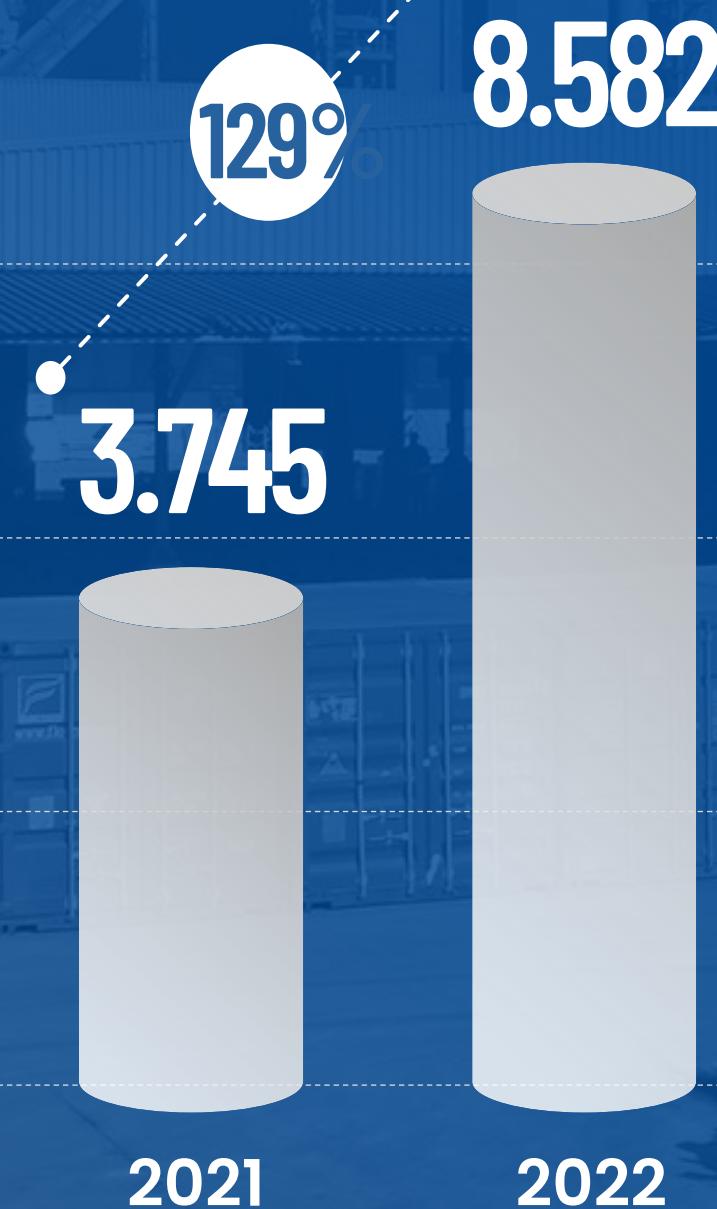
✓ **Alternative fuel usage increased to 26% in 2022**

Çimsa vs. Sector Alternative Fuel %\*

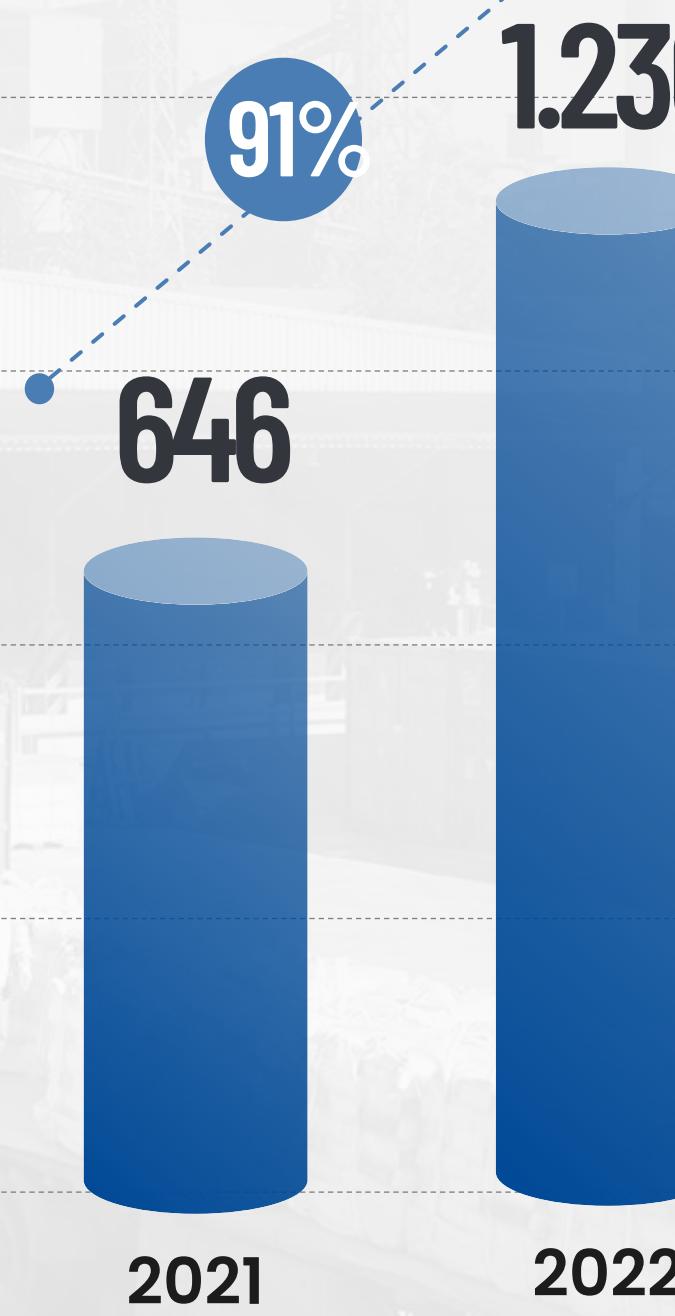


# ÇİMSA HISTORICAL HIGHEST EBITDA & NET INCOME

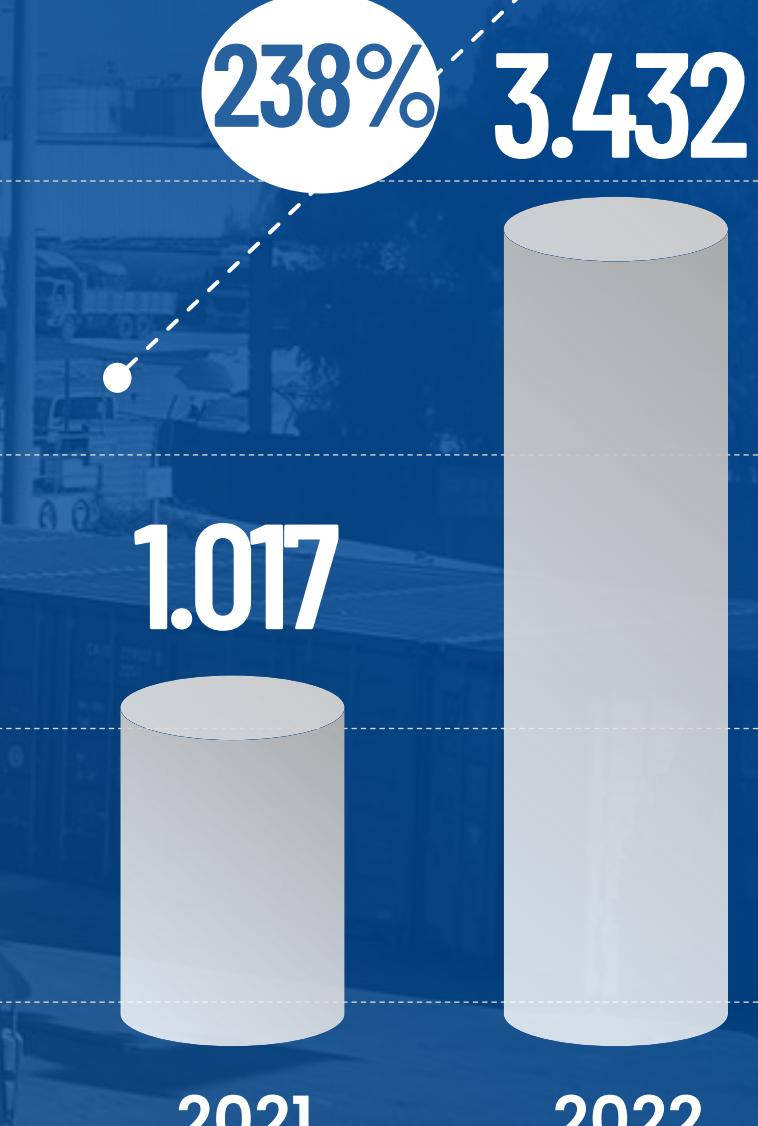
NET SALES (MTL)



EBITDA (MTL)



NET INCOME (MTL)

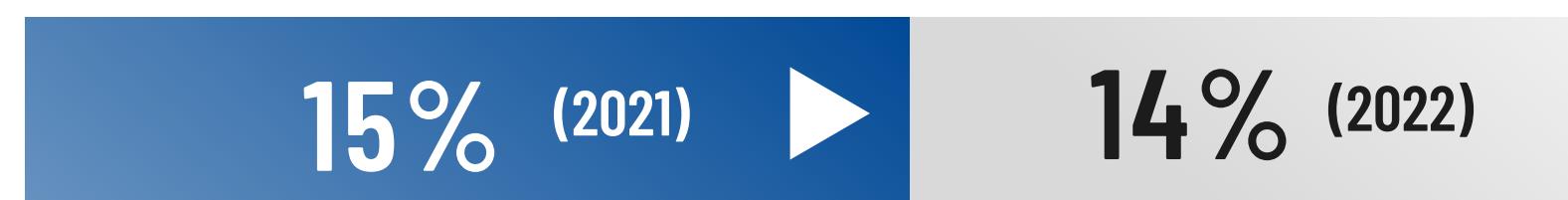


\* Excluding one off items, net income would be 536 MTL and 1,316 MTL for 2021 and 2022 respectively with 146% growth

\* Equity Holders

# STRONG CASH MANAGEMENT WITH SIGNIFICANT DELEVERAGING

Net Working Capital/ Sales\*

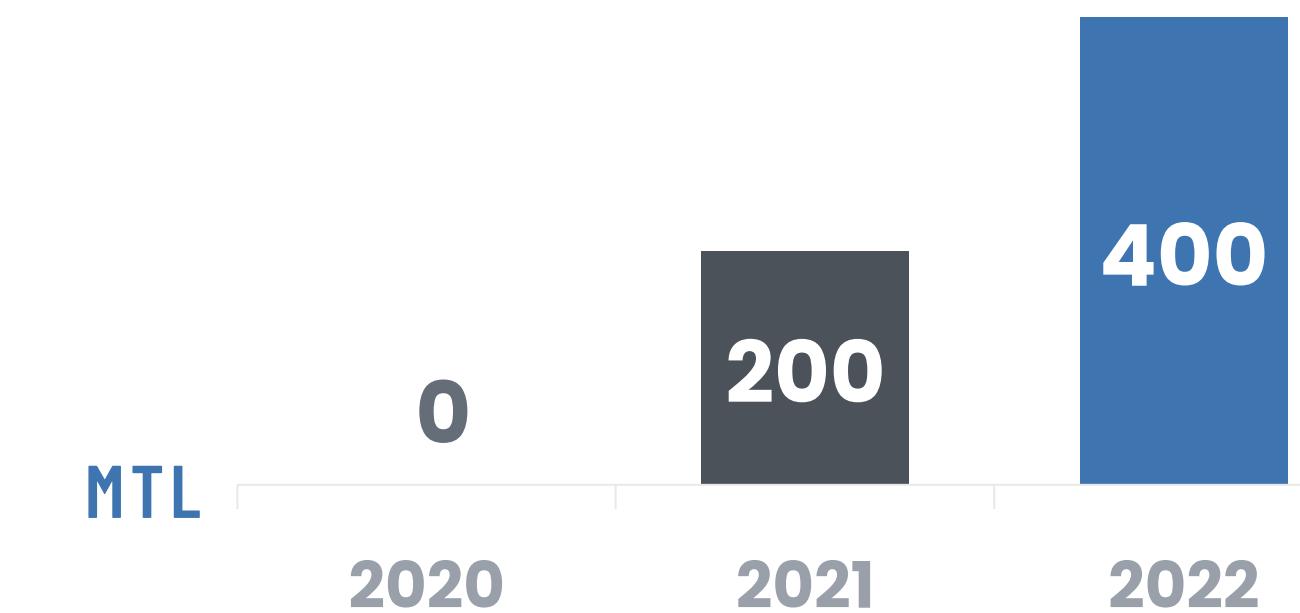


\*13 month average

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



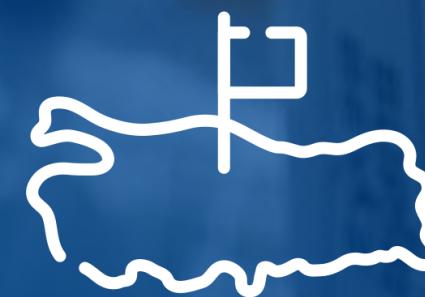
- ✓ Increasing Dividend Focus



# APPENDIX: 2023 Q1 Market & Operations

March 2023

Source: TUIK, Turkish Cement Manufacturers' Association.

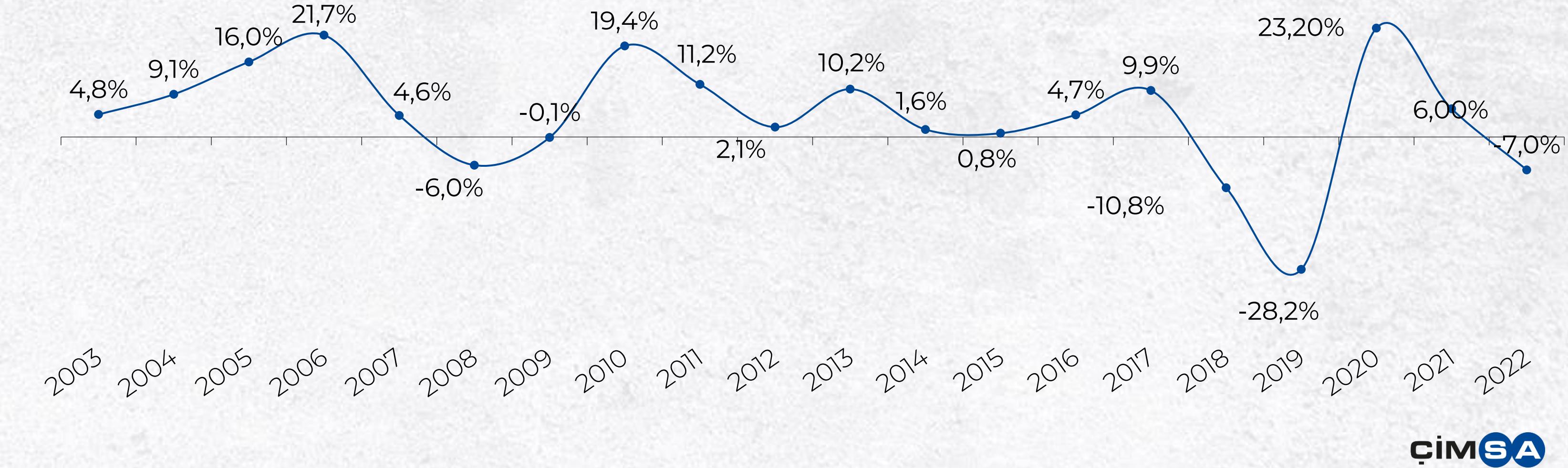


# TURKISH CEMENT MARKET

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



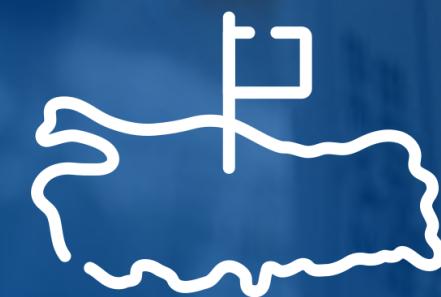
Decrease in Turkey domestic cement consumption is recorded 7,0% in 2022.



Source: TUIK, Turkish Cement Manufacturer Association

çimsa

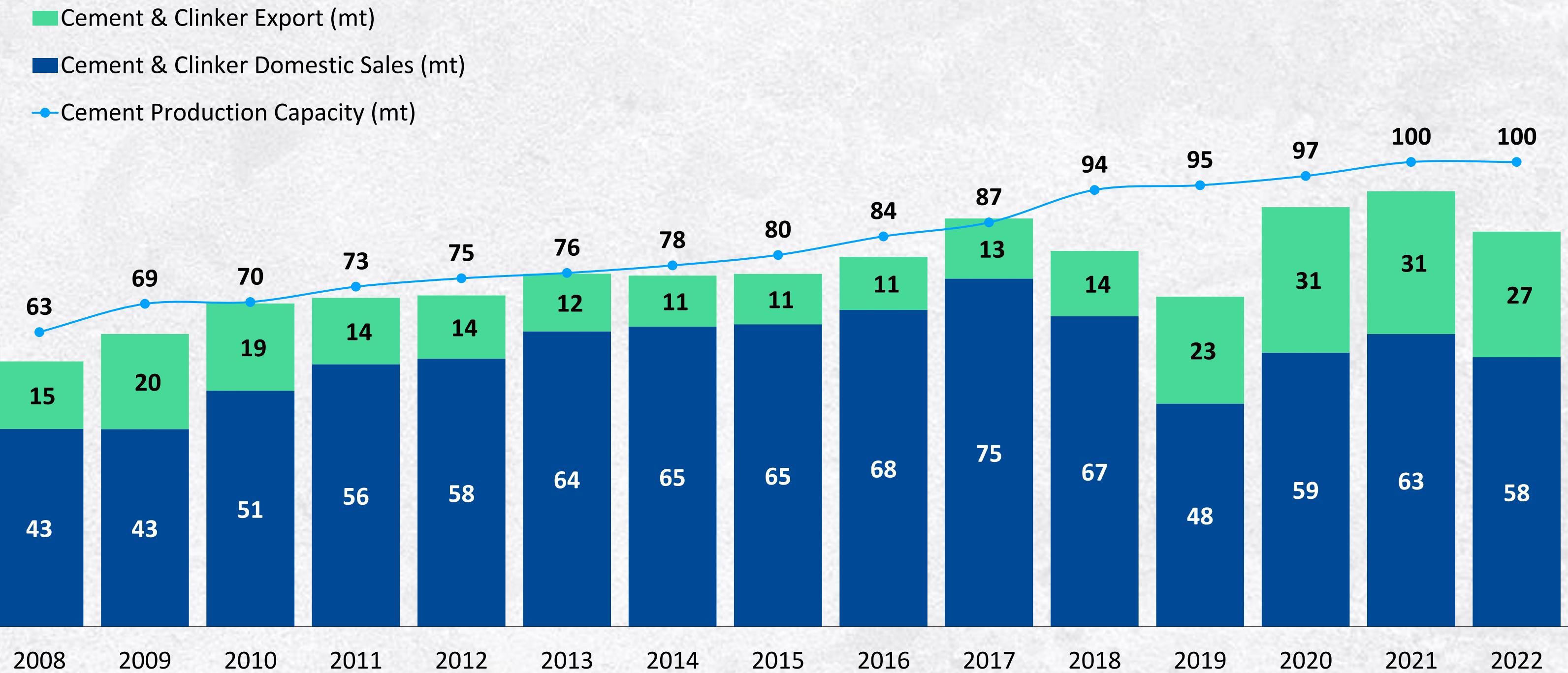
Source: Turkish Cement Manufacturers' Association,  
Turkish Exporters Assembly, Turkcimento



# TURKISH CEMENT MARKET



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



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

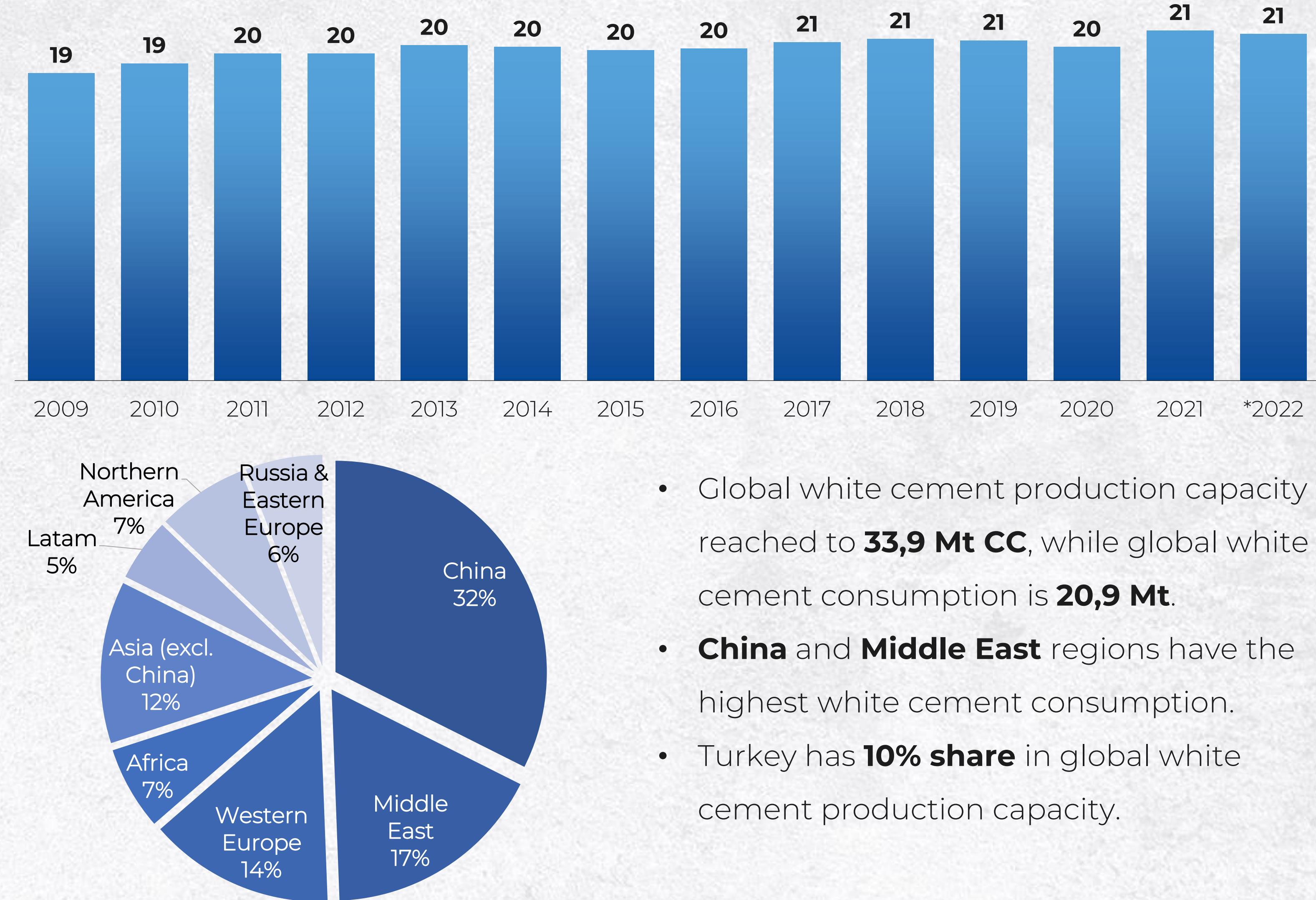


**85 Mt**  
Total Domestic Sales and Export in 2022.



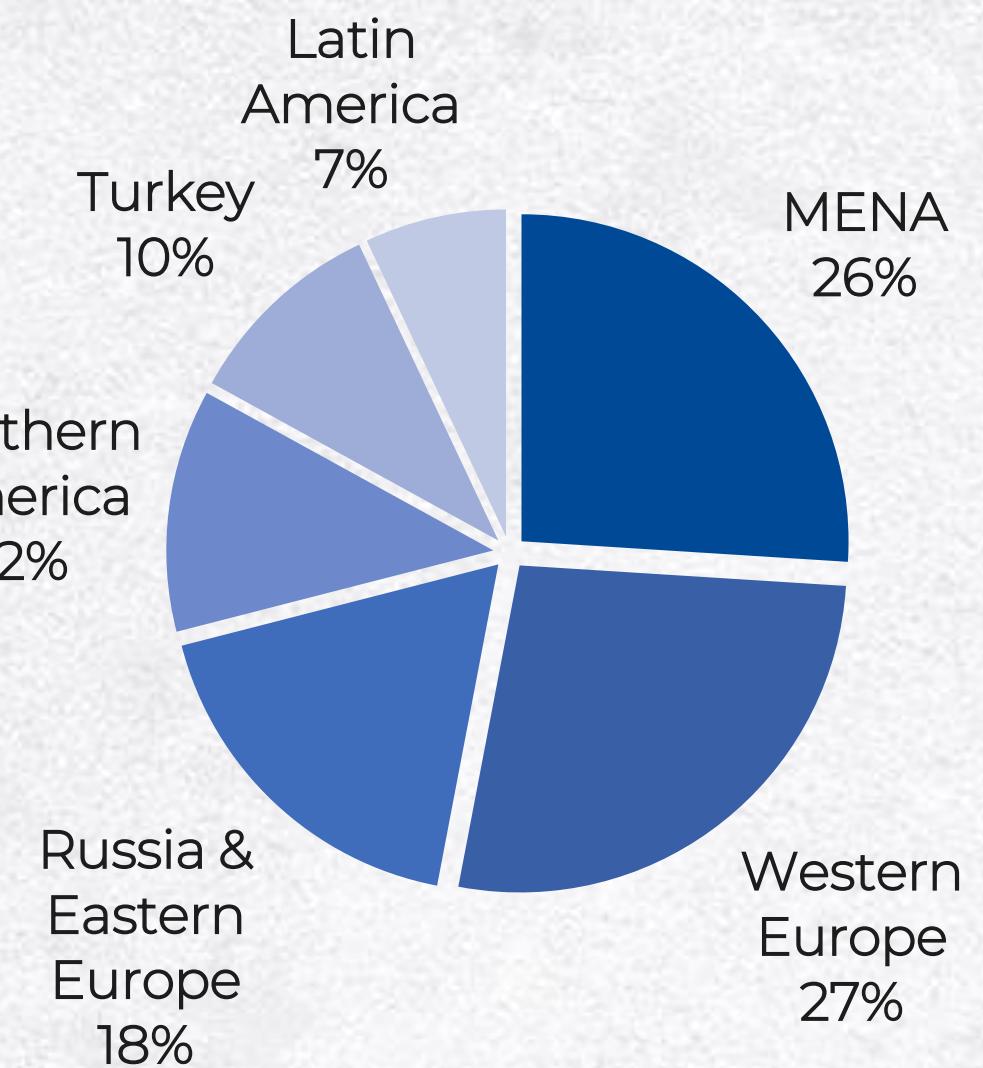
# GLOBAL WHITE CEMENT MARKET

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



\*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

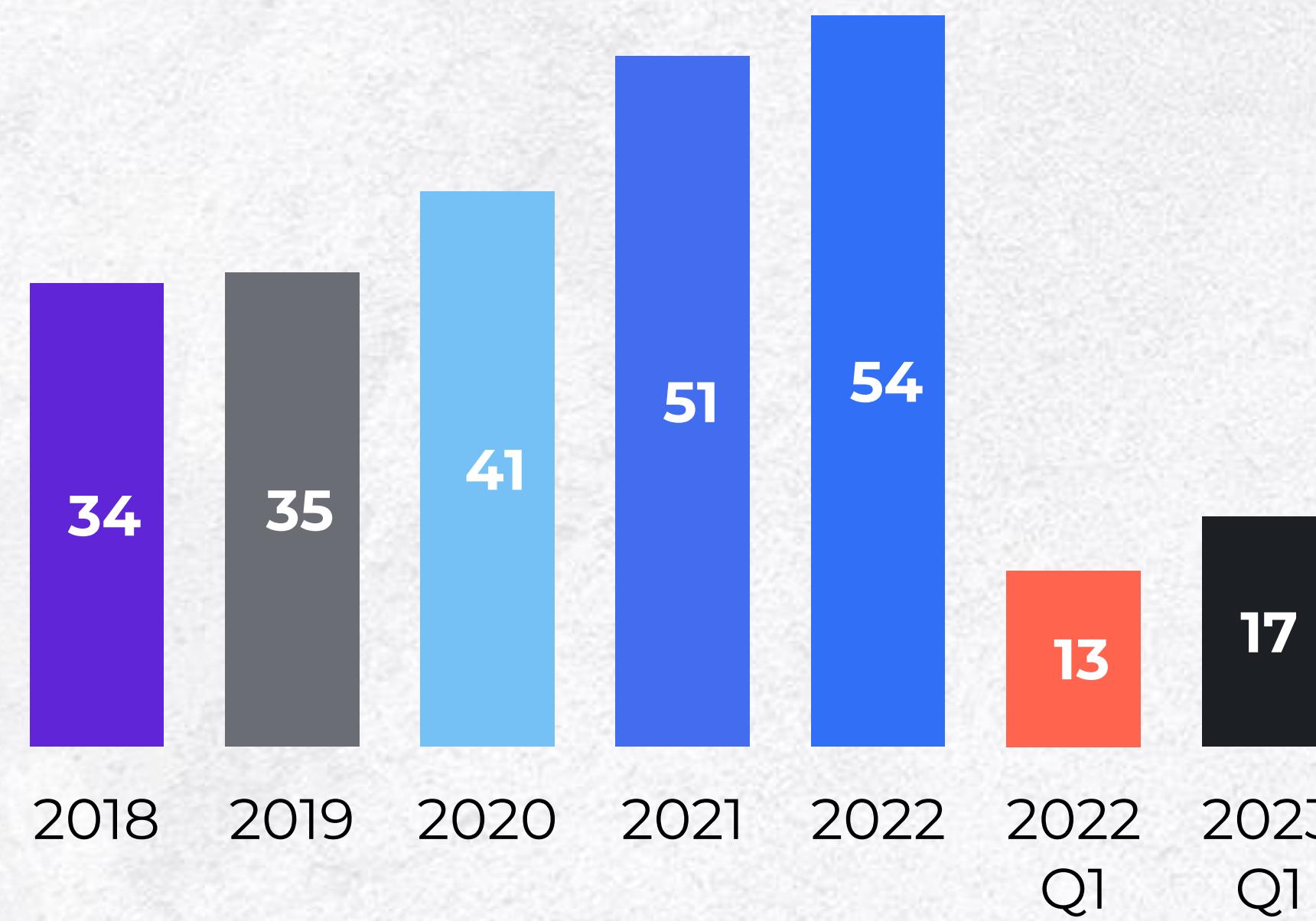
**1.7 Mt WHITE**  
Clinker Capacity

**ÇİMSA GREY**  
SOLID NETWORK

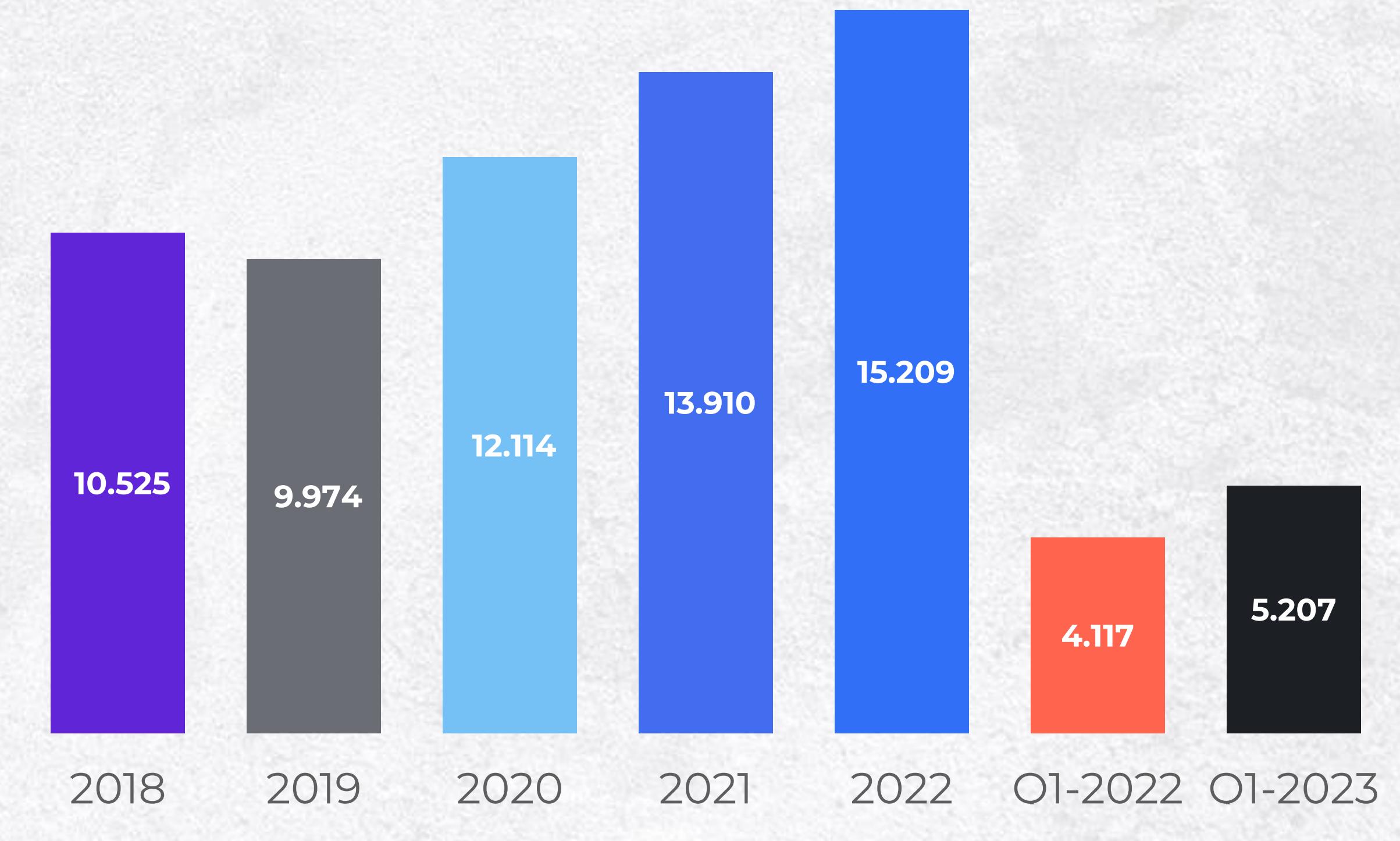
# SPECIAL PRODUCTS

## Calcium Aluminate Cement

**CAC Sales (Kton)**



**CAC Sales (KUSD)**

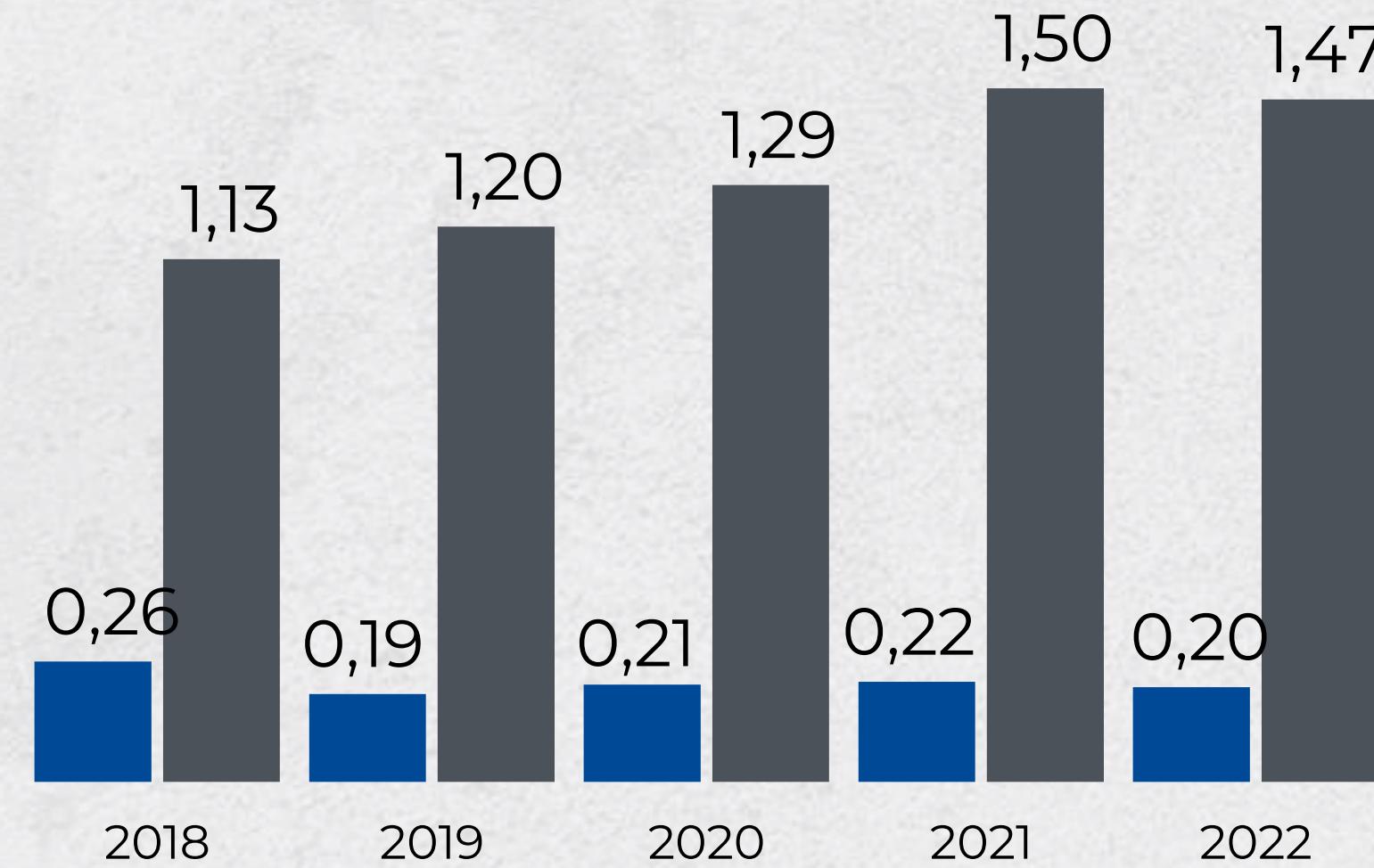


# OPERATIONAL RESULTS\*

## White Cement & Clinker Sales Volumes (M ton)

■ Domestic sales ■ Export sales

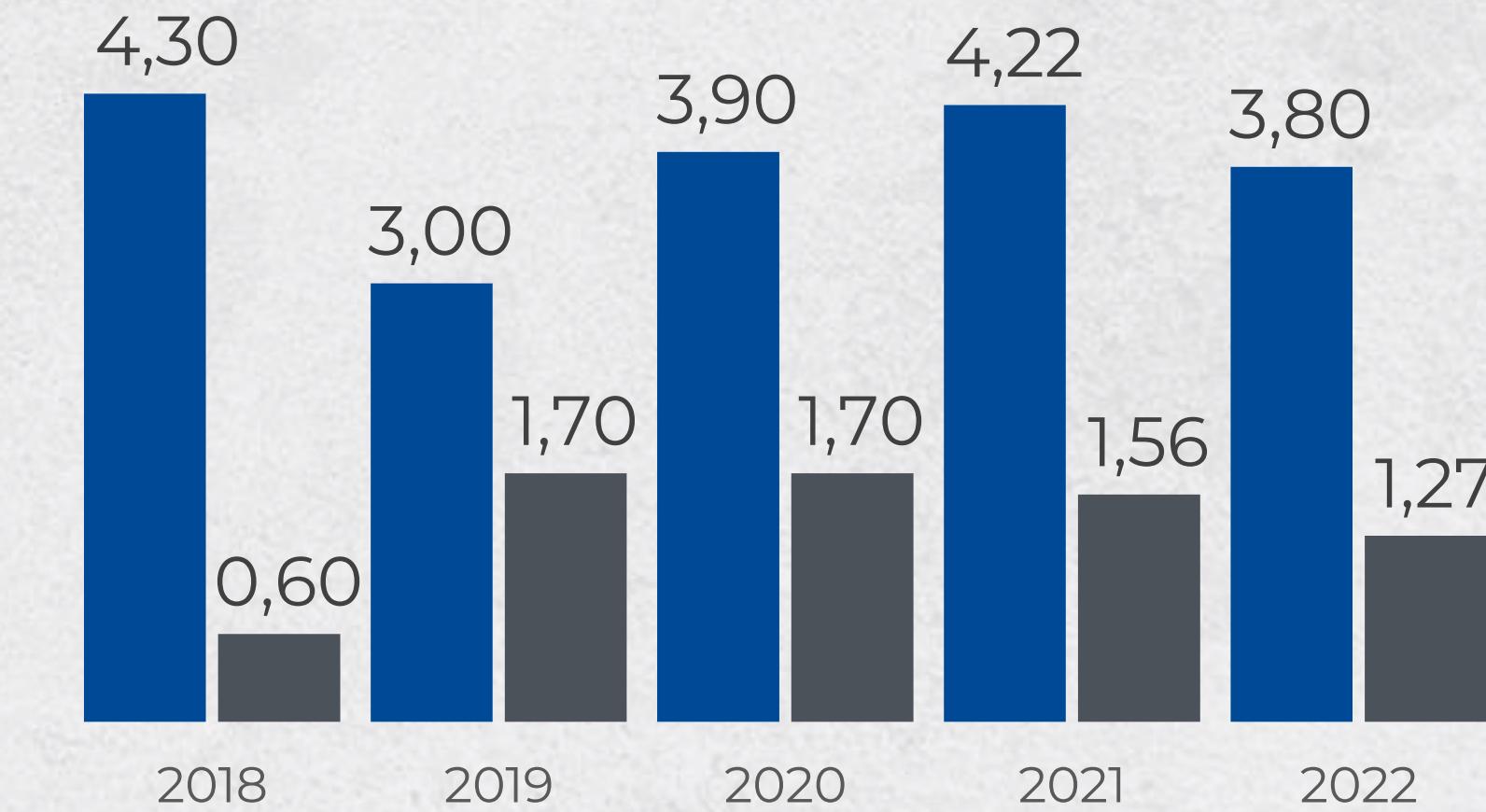
1,39 1,39 1,5 1,72 1,68



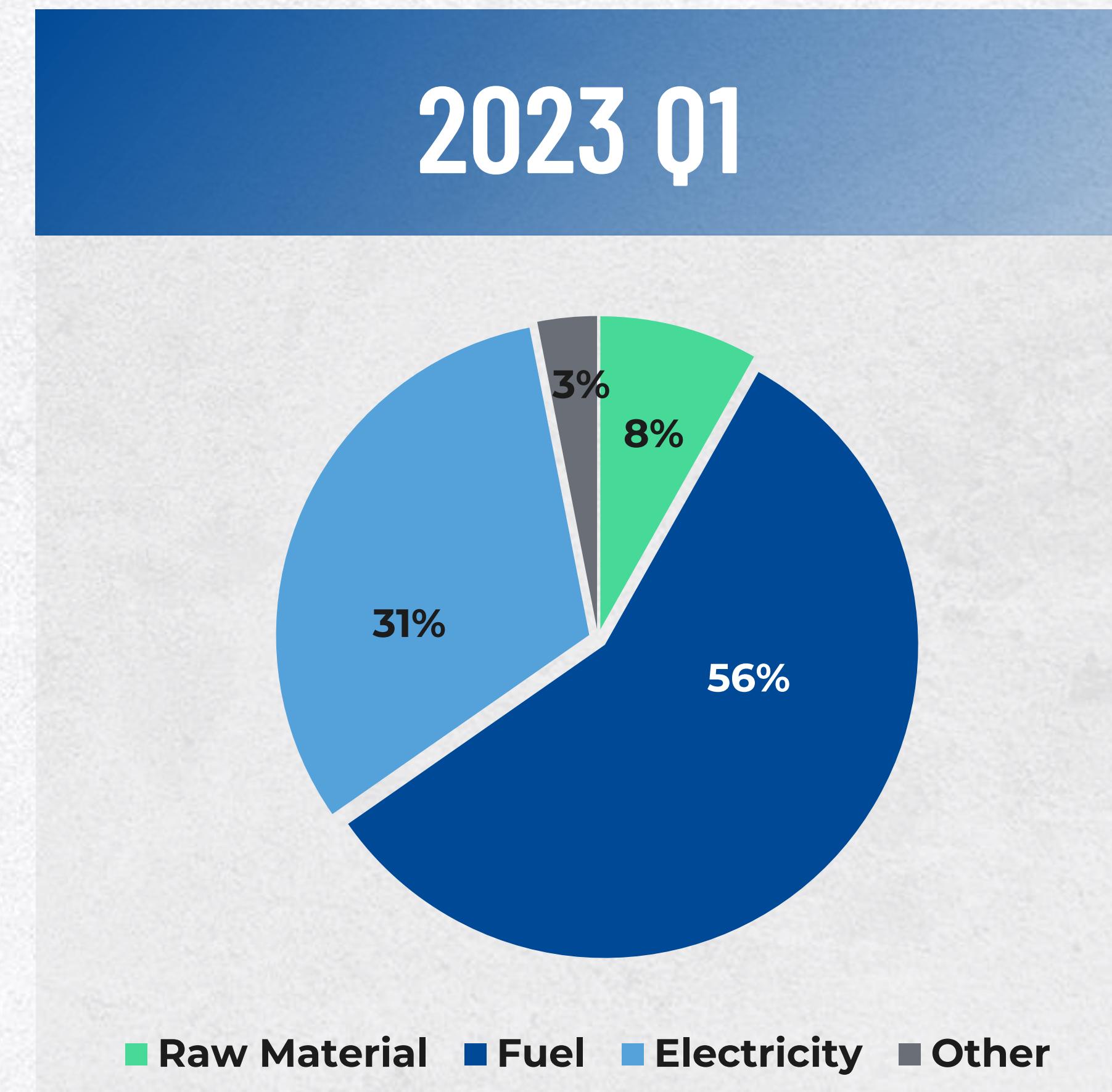
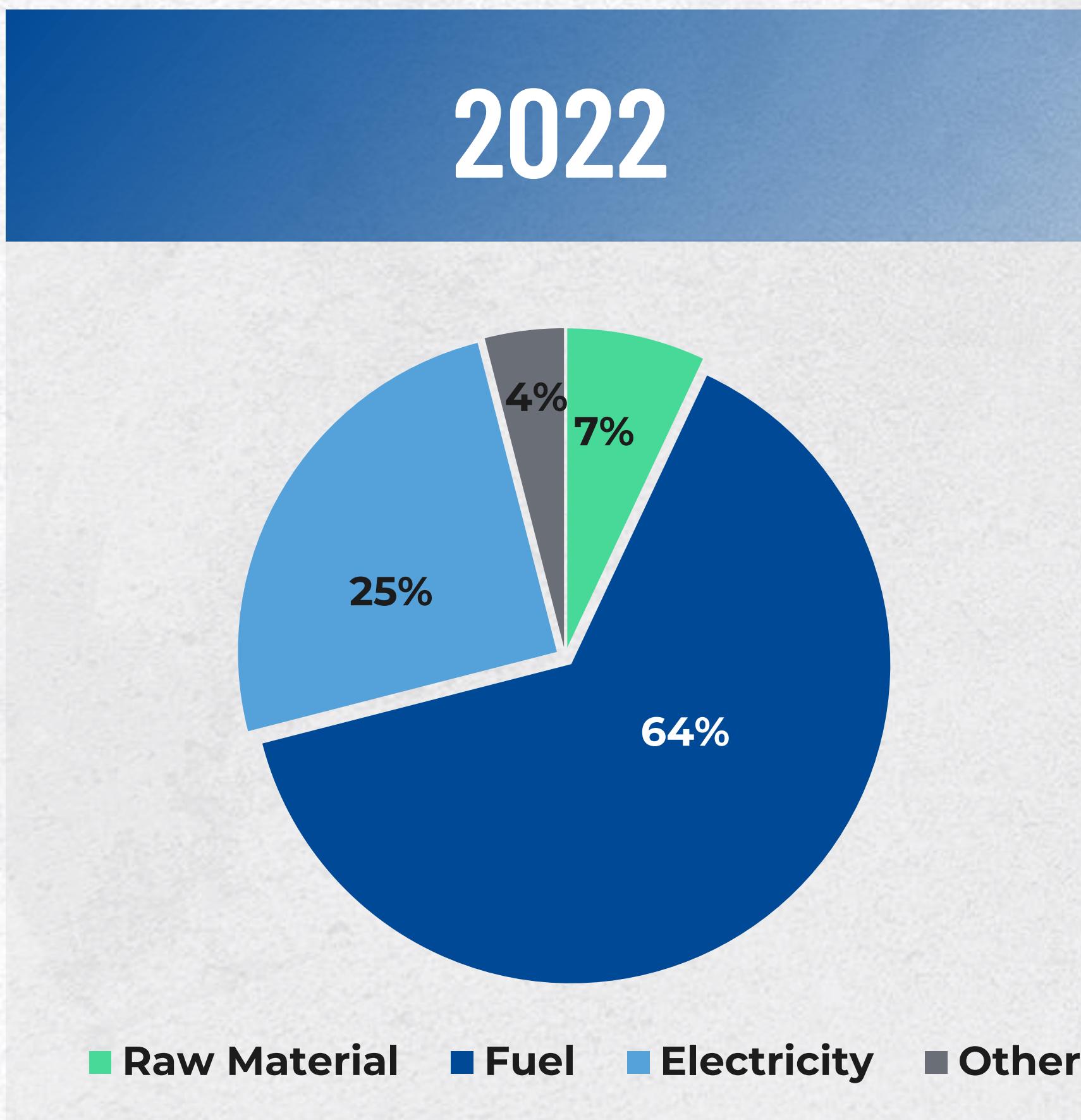
## Grey Cement & Clinker Sales Volumes (M ton)

■ Domestic sales ■ Export sales

4,9 4,7 5,6 5,78 5,07



# ÇİMSA GREY CLINKER VARIABLE COST STRUCTURE



# Q1 2023 FINANCIAL SUMMARY

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

(\*) 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
<b>Current Assets</b>	<b>5.950</b>	<b>5.938</b>
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
<b>Non Current Assets</b>	<b>5.927</b>	<b>5.661</b>
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
<b>TOTAL ASSETS</b>	<b>11.877</b>	<b>11.599</b>

MTL	2023 Q1	2022 YE
<b>Current Liabilities</b>	<b>4.938</b>	<b>4.990</b>
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
<b>Non Current Liabilities</b>	<b>941</b>	<b>500</b>
Long-term borrowings *	504	52
Other non-current liabilities	438	448
<b>TOTAL LIABILITIES</b>	<b>5.880</b>	<b>5.490</b>
<b>EQUITY</b>	<b>5.997</b>	<b>6.109</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>11.877</b>	<b>11.599</b>

Borrowing including IFRS16\*

# INCOME STATEMENT

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

# CASHFLOW

MTL

2023

2022

## A. CASH FLOWS FROM OPERATING ACTIVITIES

	2023	2022
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

	2023	2022
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

	2023	2022
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

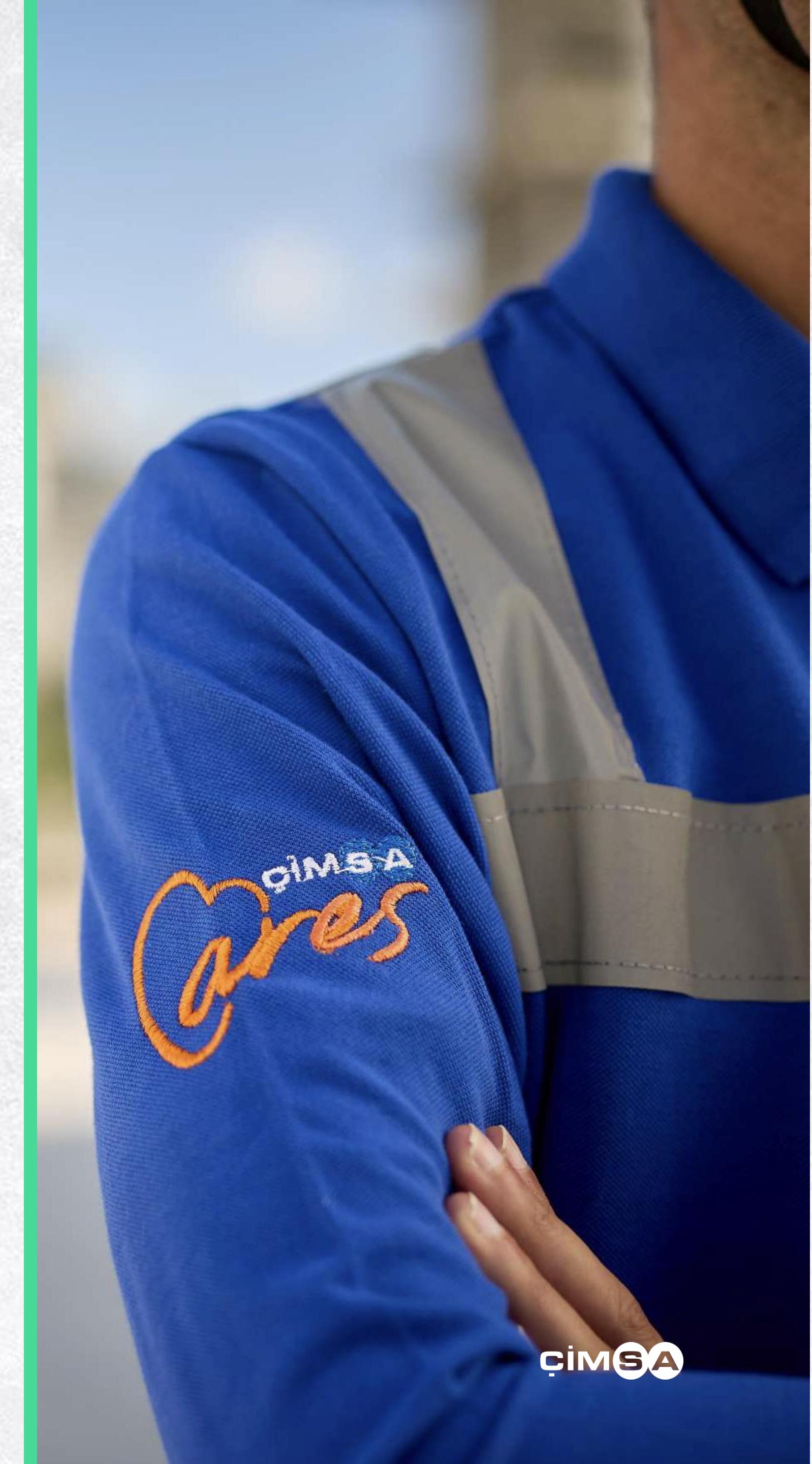
**06**

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



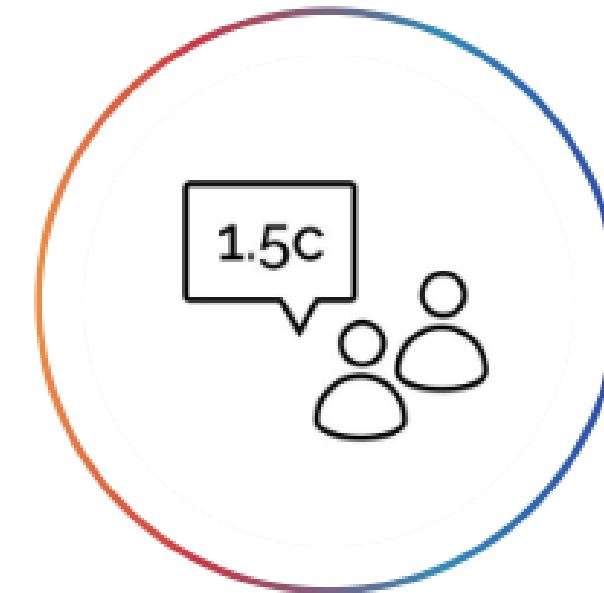
## DEVELOP

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



## SUBMIT

Present your target to the SBTi for official validation



## COMMUNICATE

Announce your target and inform your stakeholders



## DISCLOSE

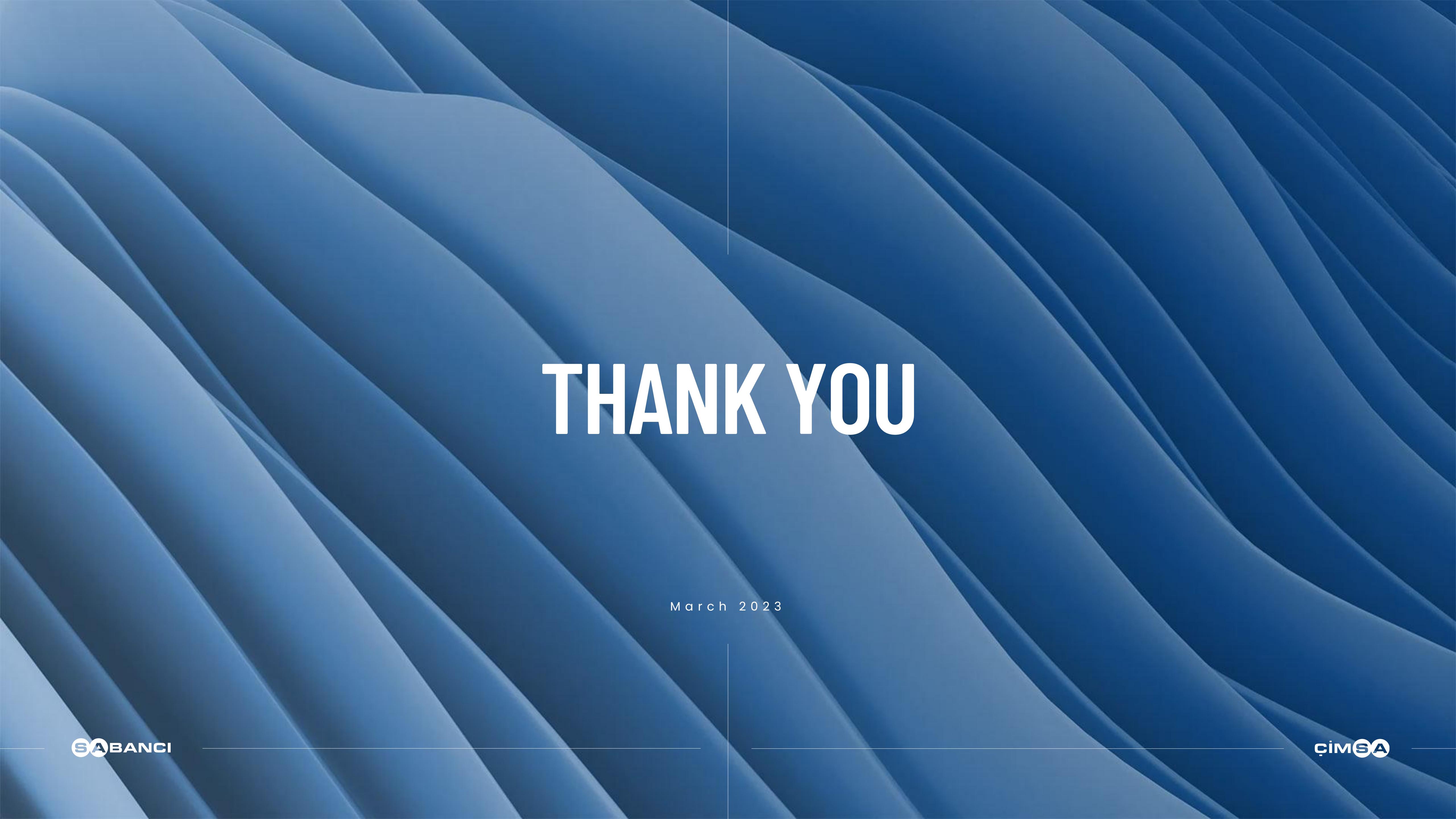
Report company-wide emissions and progress against targets on an annual basis

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

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

- Target communication studies after SBTi approval

- Annual emission reporting



# THANK YOU

March 2023