

Kordsa.com



YE'23 Financial Results

Earnings Release

March 21 2024

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AGENDA

01.

YE'23 Highlights

02.

Market Dynamics

03.

Key Financials

04.

What's Next

YE'23 Highlights

TIRE REINFORCEMENT

- * ~ 9% shrinkage in the industry
- * Tough competition from Far-East

REVENUE



**1,003
MUSD**
All Hard-
Currency

OPERATING CASH FLOW



137 M\$
(+79 M\$)
OCF/EBITDA:%165

58 M\$ in YE'22

EBITDA



83 M\$

8.3% Margin

COMPOSITE REINFORCEMENT

- * Strong performance with growing Microtex
- * Recovering demand in aviation sector
- * Focus on product/sector diversification (non-aerospace)

NET DEBT



337 M\$
(-42 M\$)

379 M\$ in YE'22

INVESTMENT



**52
MUSD**

NET INCOME



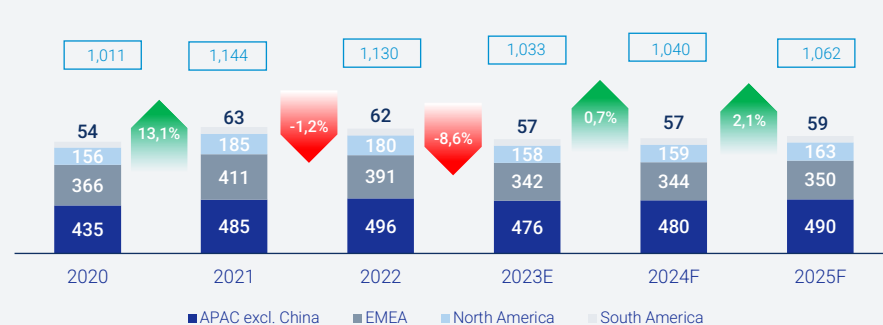
**17
MUSD**

Tire production decreased by 8.6% in 2023E

Global Automotive Market excl. China (million units)



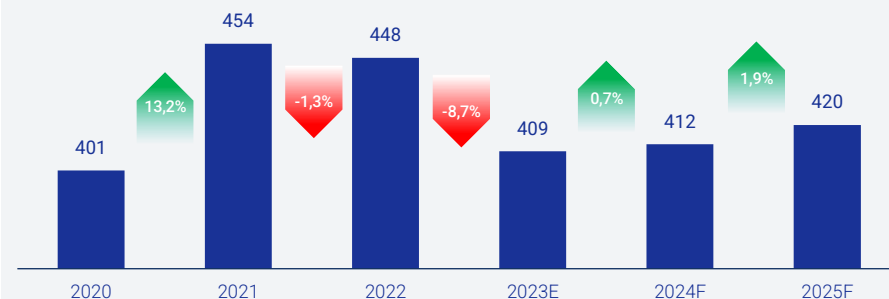
Global Tire Market excl. China (million units)



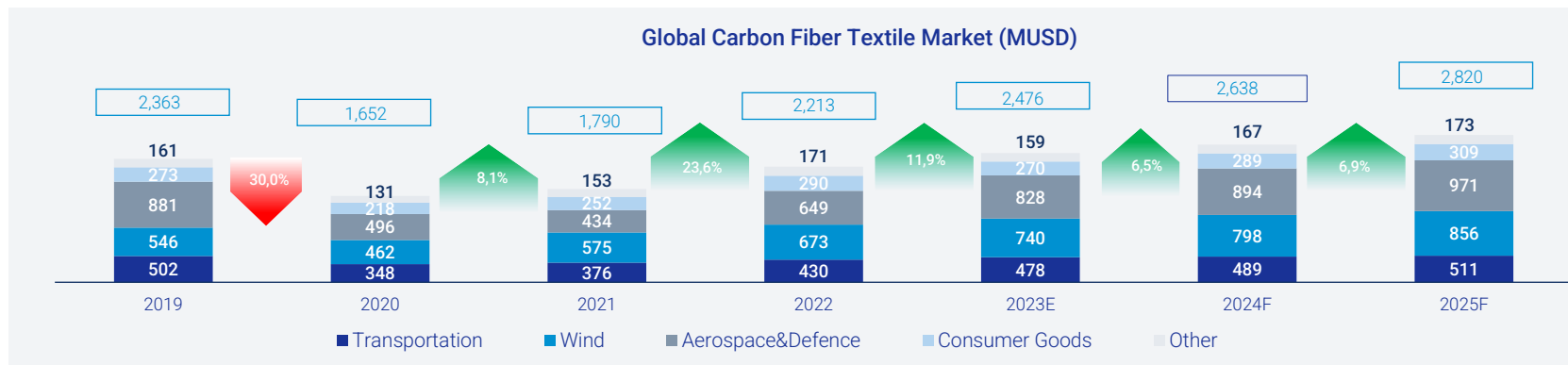
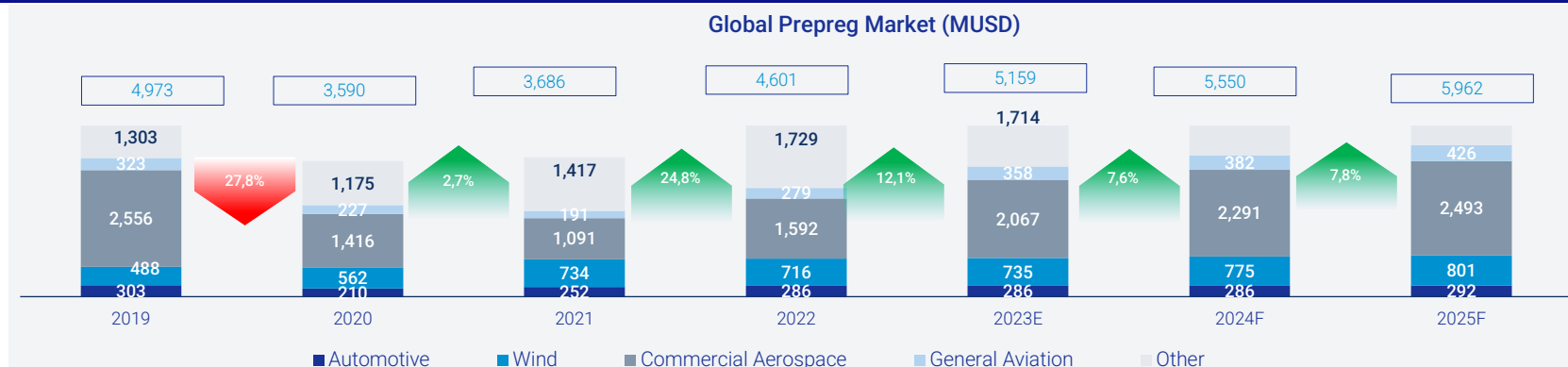
Tire Reinforcement Market excl. China (NY6.6-ktons)



Tire Reinforcement Market excl. China (PET HMLS-ktons)



Positive Outlook for the Composite Market 2023 and Beyond

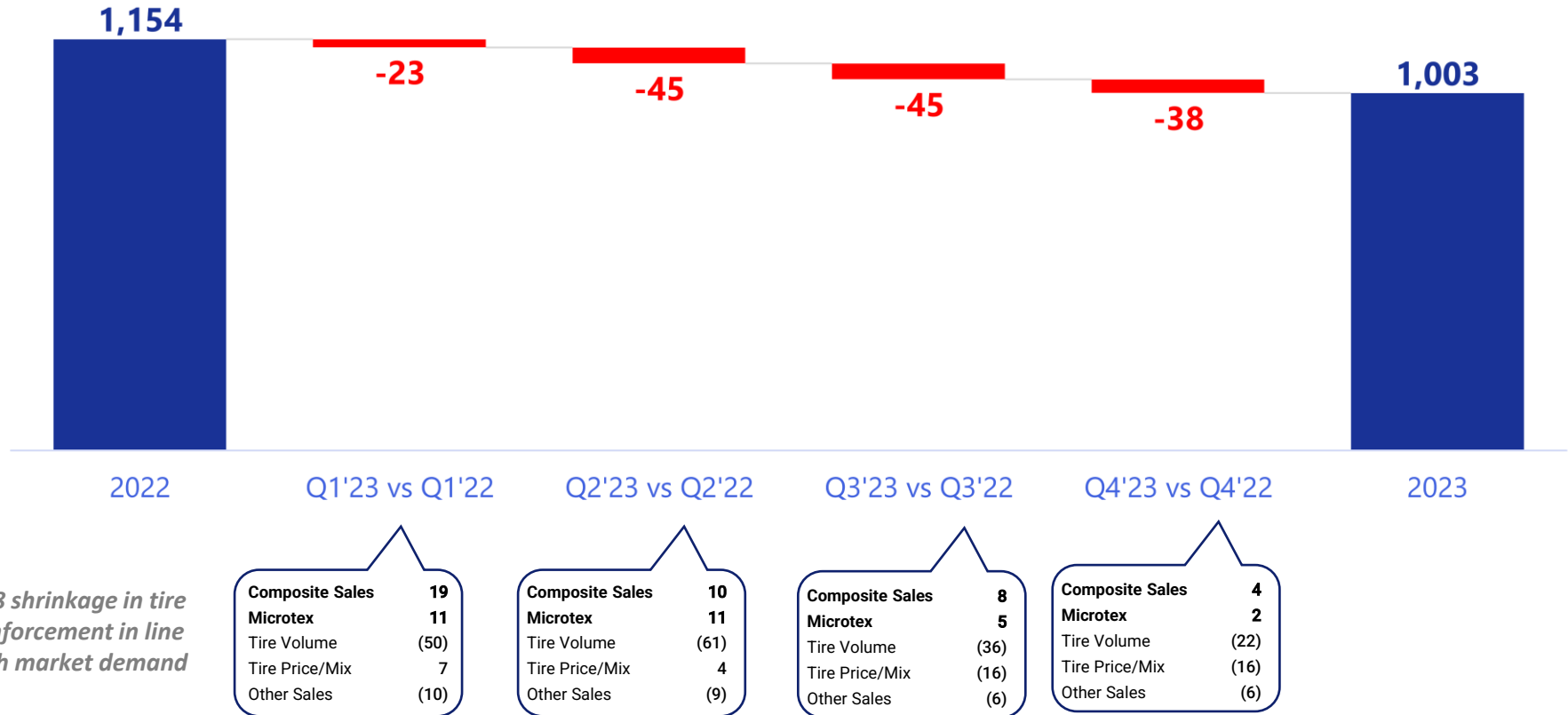


Improving EBITDA margin 2H'23 with operational precautions

| | Financials (MUSD) | | | | | | |
|-----------------------------|-------------------|-------|---------|-------|-------|-------|-------|
| | YE'22 | YE'23 | Δ | 1Q'23 | 2Q'23 | 3Q'23 | 4Q'23 |
| Sales | 1,154 | 1,003 | -13.1% | 276 | 255 | 241 | 231 |
| Gross Profit | 210 | 150 | -28.6% | 41 | 37 | 37 | 35 |
| Gross Margin (%) | 18.2% | 15.0% | -3 pts' | 14.8% | 14.4% | 15.2% | 15.3% |
| OPEX (%) | 9.9% | 10.7% | 1 pts' | 10.2% | 10.8% | 10.5% | 11.6% |
| Operating Profit | 103 | 52 | -49.2% | 14 | 11 | 14 | 13 |
| Operating Profit Margin (%) | 8.9% | 5.2% | -4 pts' | 5.1% | 4.2% | 5.7% | 5.5% |
| EBITDA | 135 | 83 | -38.2% | 23 | 19 | 22 | 19 |
| EBITDA* Margin (%) | 11.7% | 8.3% | -4 pts' | 8.3% | 7.5% | 9.2% | 8.2% |
| Net Income | 94 | 17 | -82.2% | 5 | -2 | 3 | 12 |
| Net Income (%) | 8.2% | 1.7% | -6 pts' | 1.7% | -0.8% | 1.3% | 5.0% |

Strong recovery in the composite segment through product diversification in non-aerospace

Sales Bridge – MUS\$

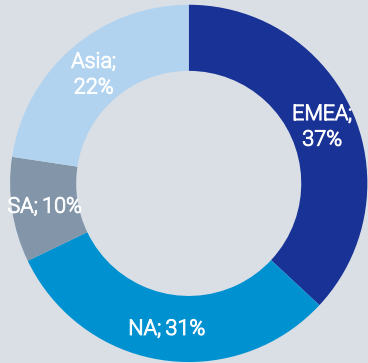


Our aim is to build balanced portfolio between tire and composite reinforcement

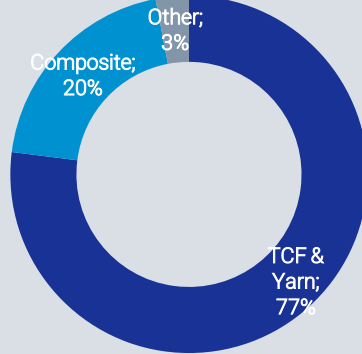
Segment Reporting Results

YE, 23 Revenue Split

By Region

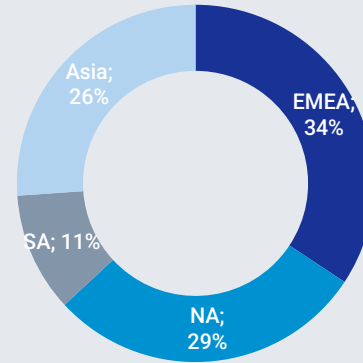


By Product

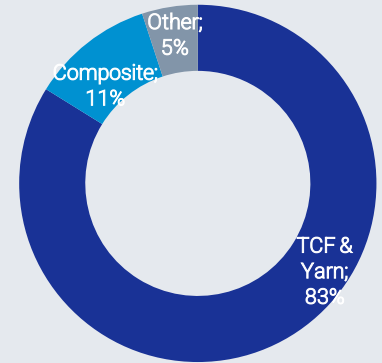


YE, 22 Revenue Split

By Region

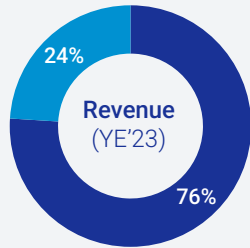


By Product



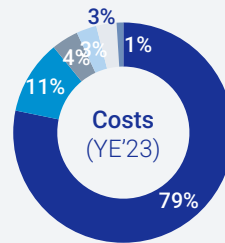
- * **Balanced-portfolio based on the regions**
- * **High competition especially in EMEA and APAC**
- * **Low commodity prices leads price adjustments**

Hard Currency Revenue

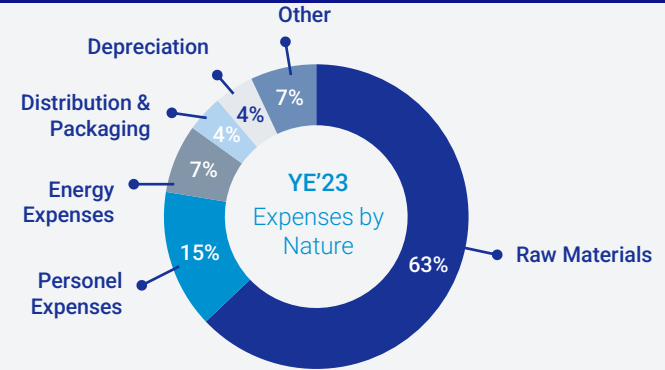


■ US \$ ■ EUR

FX exposure



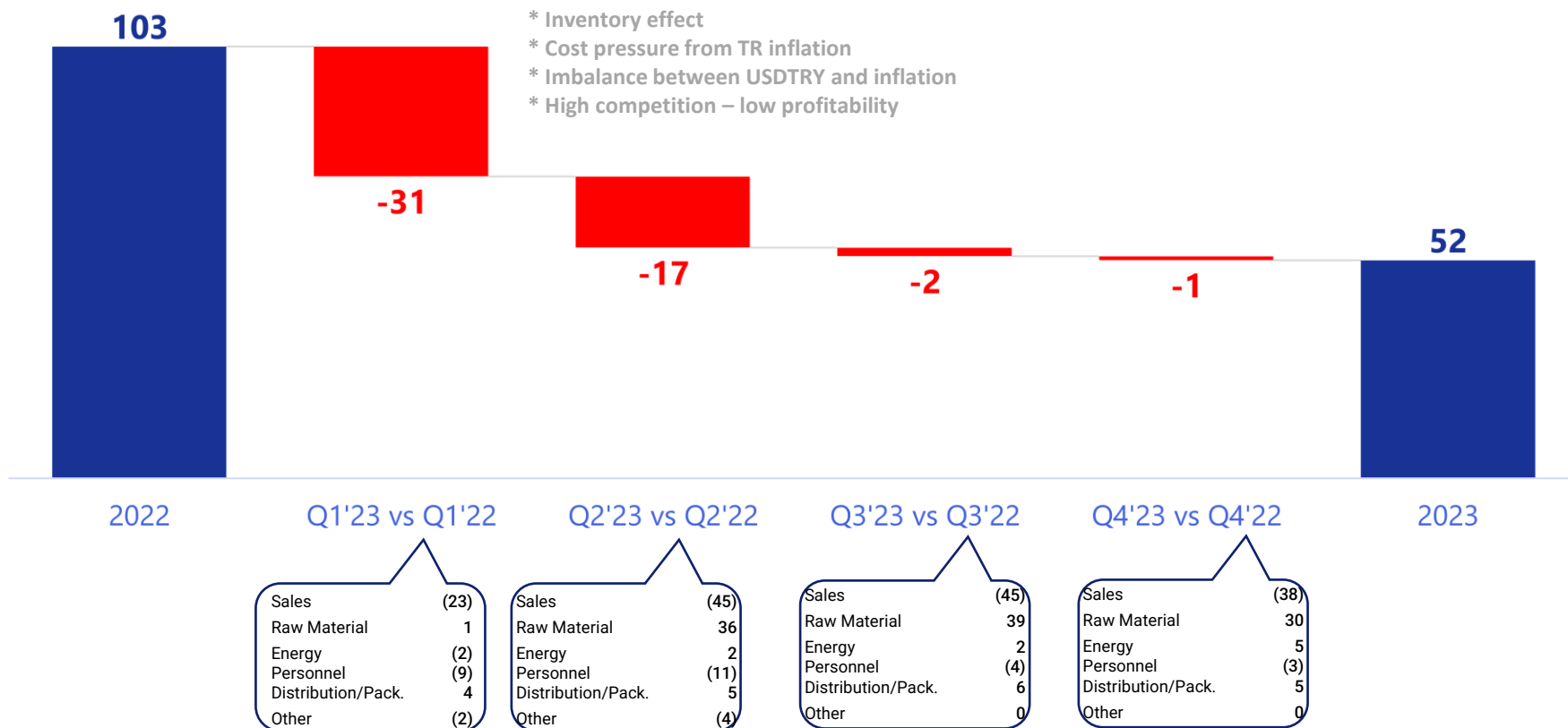
■ US \$ ■ TL ■ EUR
■ IDR ■ BRL ■ Baht



- Hard currency revenues
- Ability to pass through raw material price volatility: (Revenue – raw material costs) tracked as a KPI by sales team
- FX exposure on costs -> EM footprint on local costs + hard currency priced raw materials
- Benefit from US\$ appreciation vs. TL, IDR and BRL

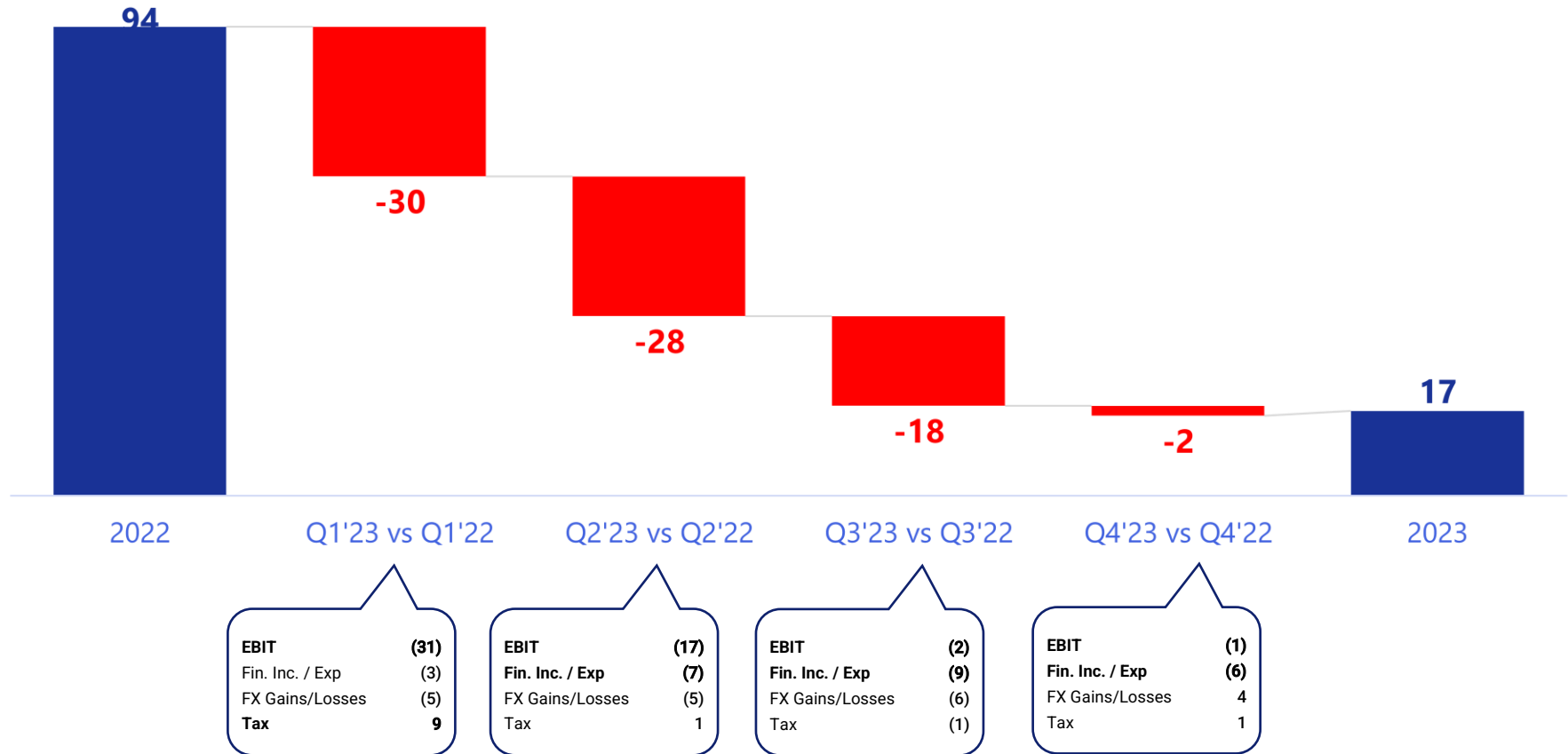
Difficulties in profitability margins coming from high competition in tire reinforcement market

EBIT Bridge (MUSD)



Increasing borrowing cos partially offset by improving net debt level

Net Income Bridge (MUSD)

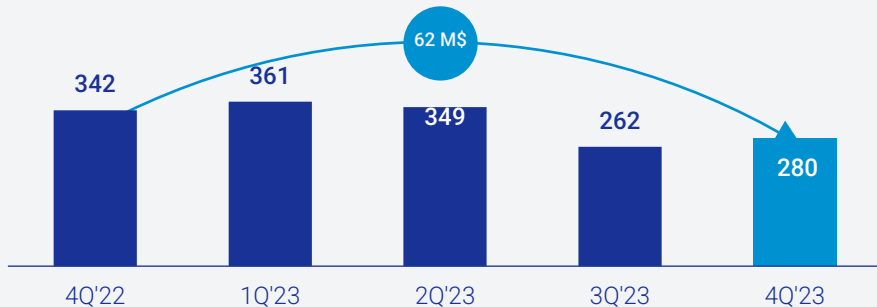


Balance Sheet

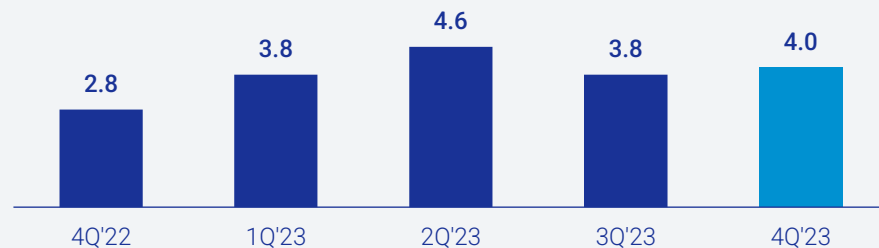
| | TL Financials (MTL) | | | USD Financials (MUSD) | | |
|---------------------------|---------------------|----------|-------|-----------------------|----------|-----|
| | YE 2022 | Dec 2023 | Δ | YE 2022 | Dec 2023 | Δ |
| Cash and Cash Equivalents | 799 | 1,712 | 913 | 43 | 58 | 15 |
| Account Receivables | 3,860 | 4,774 | 914 | 206 | 162 | -44 |
| Inventories | 5,497 | 6,840 | 1,343 | 294 | 232 | -62 |
| Other Current Assets | 989 | 1,416 | 426 | 53 | 48 | -5 |
| PPE & Intangibles | 8,131 | 13,051 | 4,921 | 435 | 443 | 9 |
| Investment Property | 426 | 697 | 271 | 23 | 24 | 1 |
| Goodwill | 2,515 | 3,960 | 1,445 | 135 | 135 | 0 |
| Other Non-Current Assets | 1,352 | 2,526 | 1,175 | 72 | 86 | 14 |
| Account Payables | 2,972 | 3,375 | 404 | 159 | 114 | -44 |
| Total Debt | 7,900 | 11,651 | 3,752 | 422 | 395 | -27 |
| Short Term Debt | 4,804 | 7,382 | 2,578 | 256 | 250 | -6 |
| Long Term Debt | 3,096 | 4,269 | 1,174 | 165 | 145 | -20 |

Improving net debt level with effective Working Capital Management

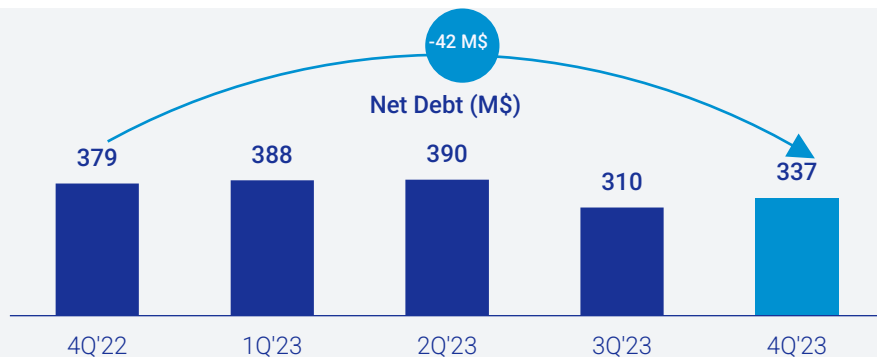
Net Working Capital (M\$)



Net Debt / EBITDA



Net Debt (M\$)



| M\$ | Amount | | Avg. Int. Rates | |
|-------------------|------------|------------|-----------------|--------------|
| | 31.12.2022 | 31.12.2023 | % | % |
| Net Debt | 379 | 337 | YE'22 | YE'23 |
| USD-Basis | 307 | 295 | 4.3% | 8.5% |
| EUR-Basis | 83 | 39 | 4.4% | 7.3% |
| TRY-Basis | 25 | 56 | 14.8% | 34.8% |
| Other Currencies | 7 | 5 | 4.7% | 8.2% |
| Cash & Cash Equi. | -43 | -58 | | |

GROWTH PLANS

Polyester Line, Construction (Kratos), Single End Cord (SEC) in Turkey

COST IMPROVEMENT FOCUS

CASH MANAGEMENT & IMPROVING NET DEBT LEVEL

PRODUCT / SECTOR DIVERSIFICATION in COMPOSITE GROWING IN AEROSPACE & NON-AEROSPACE

Thank You



THE REINFORCER