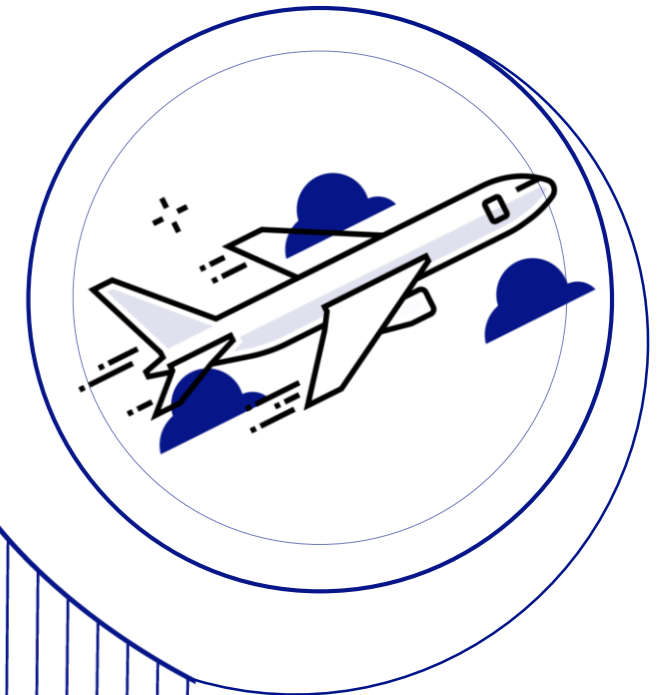


KORDSA

THE REINFORCER



YE 2019 – Earnings Release

February 21, 2020

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Agenda

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- 4 Market Dynamics - Tire
- 5 RM Price Drivers - Tire
- 6 Customer Concentration for Tire
- 7 Market Dynamics - Composite
- 8 Update on 2019 Results
- 9 Operating Profit Bridge
- 10 Sustainability and 2020 Priorities



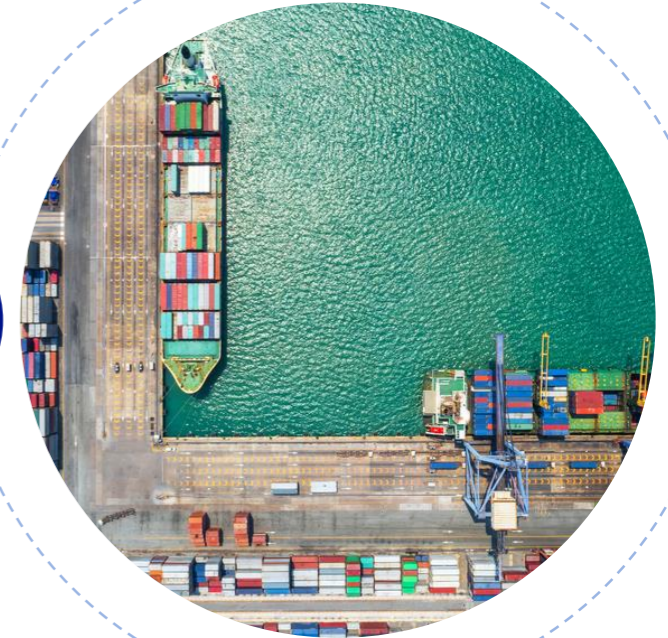
Global Footprint

4 continents
12 facilities

~4,500
employees

2 R&D
Centers

810 patent application
183 patents



WE REINFORCE LIFE

YE 2019 Highlights

	TL Financials (MTL)			USD Financials (MUSD)		
	YE 2018	YE 2019	Δ	YE 2018	YE 2019	Δ
Sales	3,947	5,137	30.2%	820	906	10.5%
EBITDA*	621	747	20.3%	129	132	2.1%
EBITDA* Margin (%)	15.7%	14.5%	- 120 bp	15.7%	14.5%	- 120 bp
Composite Revenue	269	760	183.1%	56	134	140.3%

Our updated company guidance for financial year 2019 is as follows:

- Revenue : 30%-40% TL basis; 10%-15% USD basis
- EBITDA : 20%-25% TL basis; 2%-5% USD basis
- Composite business segment revenue : 130-135 M\$



Tire cord fabrics ("TCF")

- Decrease on growth rates in both automotive and tire reinforcement market
- Shrinkage on prices and margins
- Strong EM currencies against USD and EUR
- Finalized polyester yarn line investment in the second quarter in Izmit Plant
- Launched CoKoon

Composite

- Finalized the acquisition process of Axiom Materials
- Effects of B737 Max issues on Boeing
- Merger&Acquisition in this sector
- 134 M\$ revenue contribution

Construction

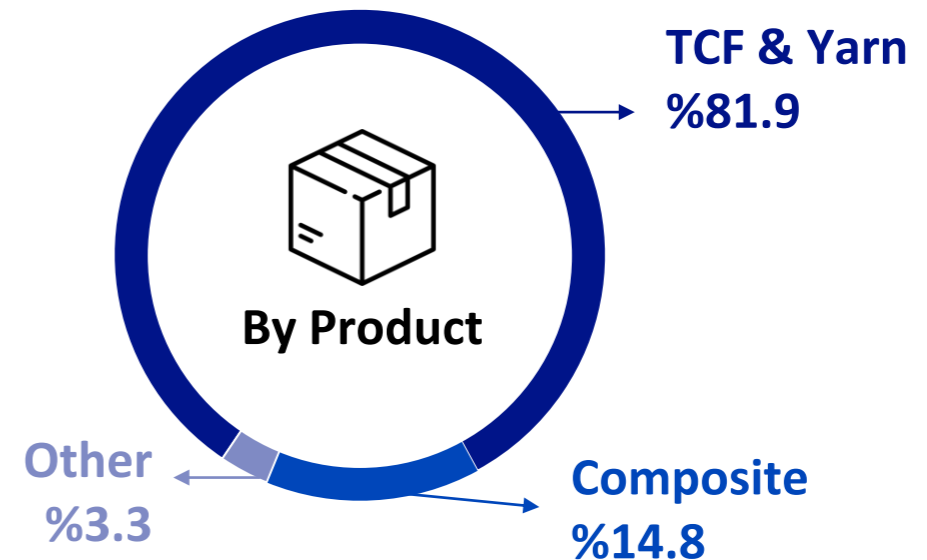
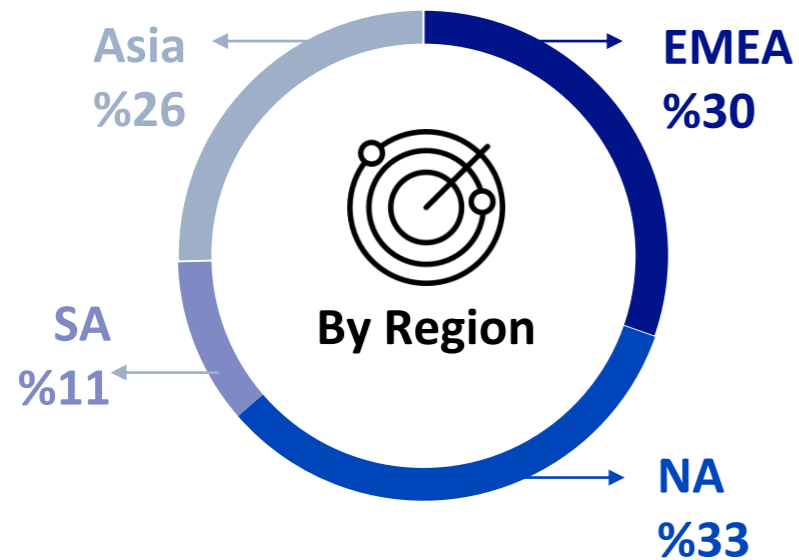
- 2.6 M\$ revenue contribution due to shrinkage on Turkish construction industry
- Increase on export activities

EBITDA* = Gross Profit – OPEX + Depreciation/Amortization

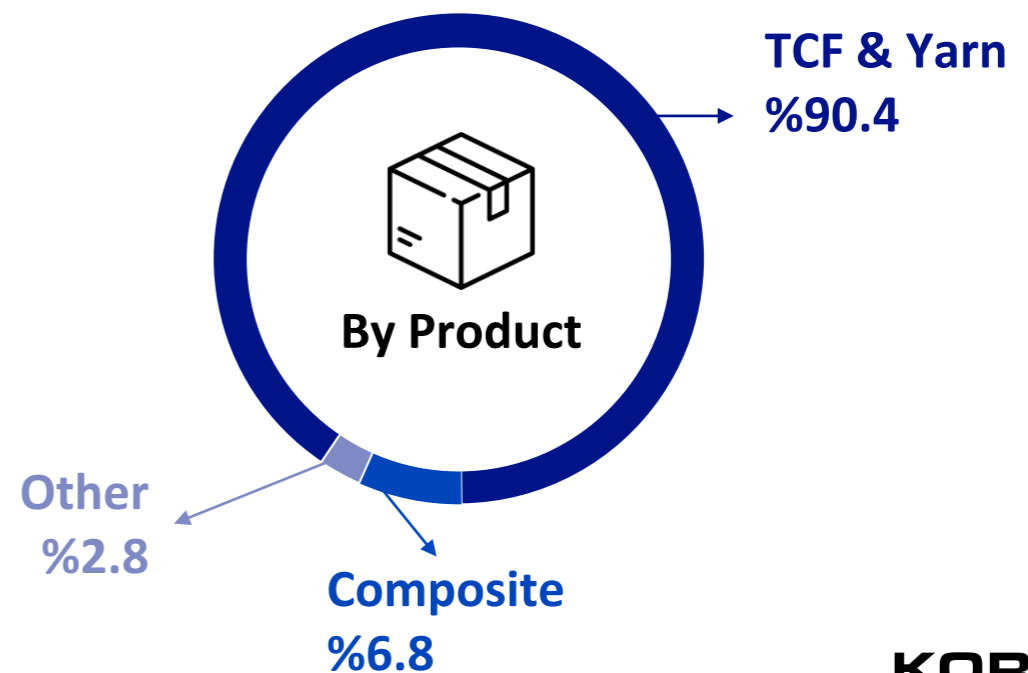
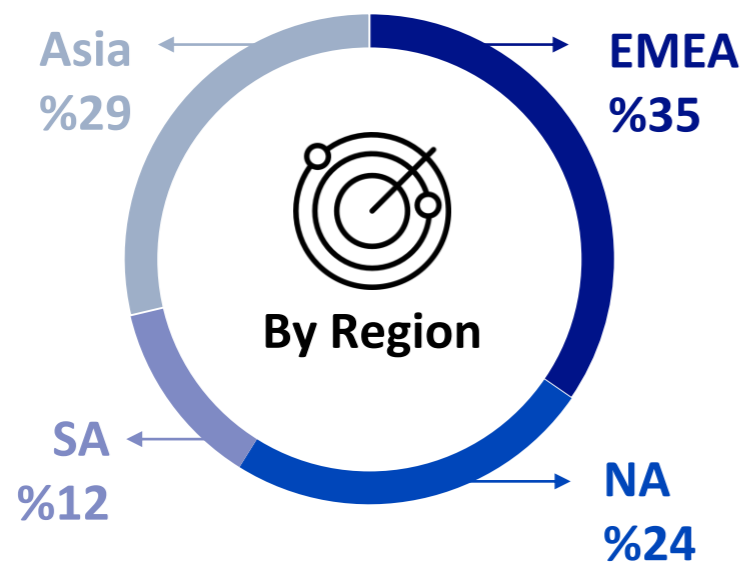
Confidential

Segment Reporting

Dec'19 Revenue Split

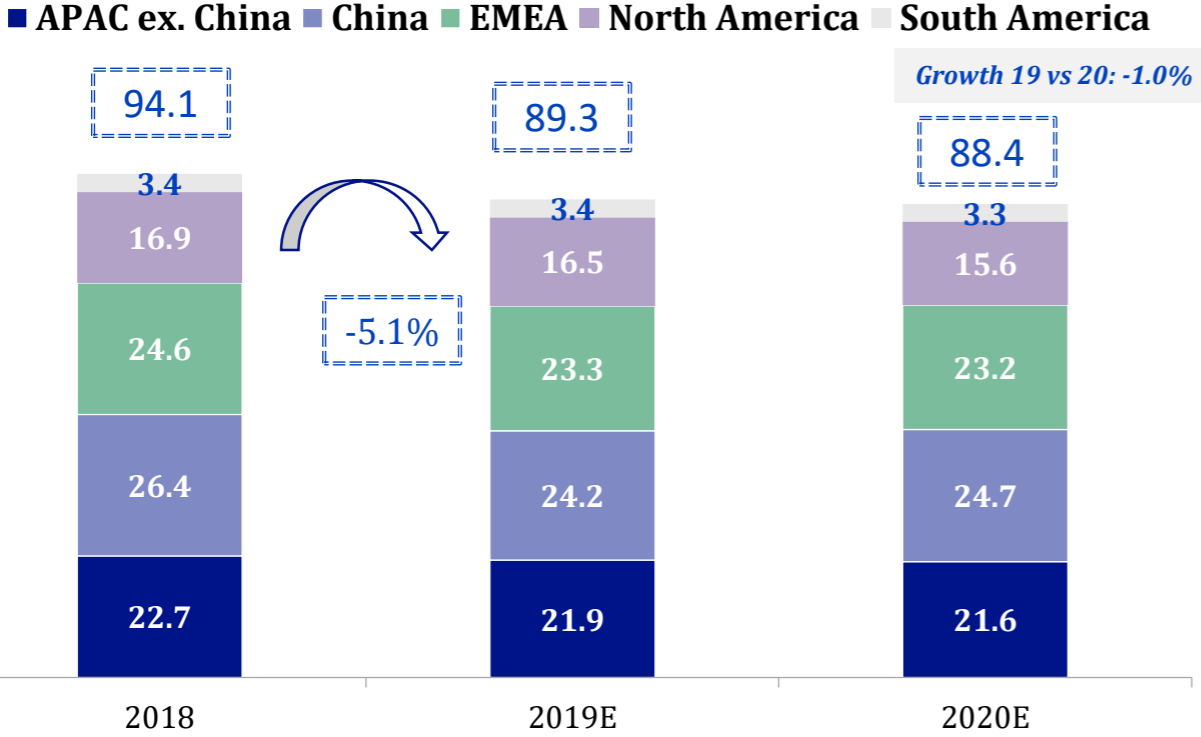


Dec'18 Revenue Split

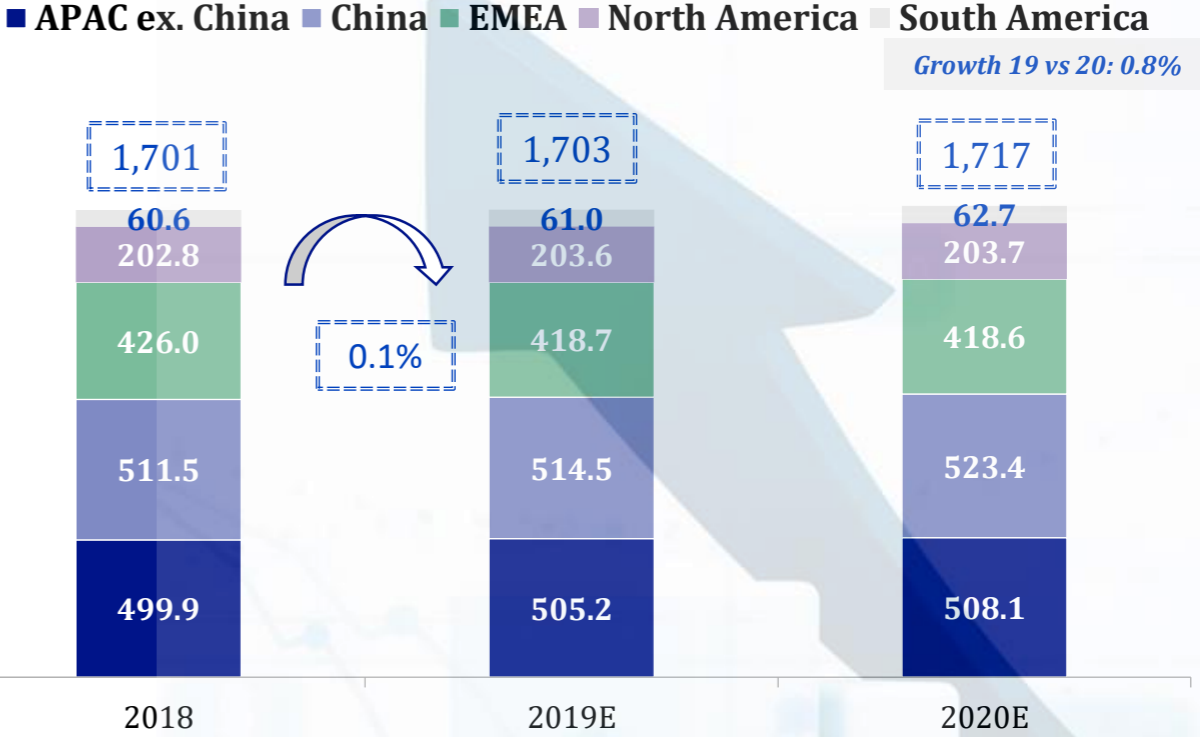


Market Dynamics - Tire

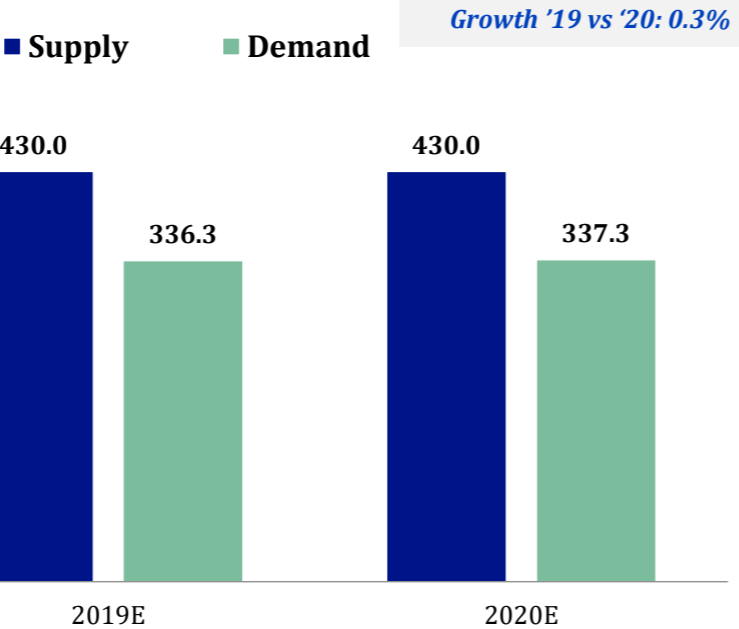
Global Automotive Market (Munits)



Global Tire Market (Munits)



Tire Reinforcement Market (NY6.6-ktons)

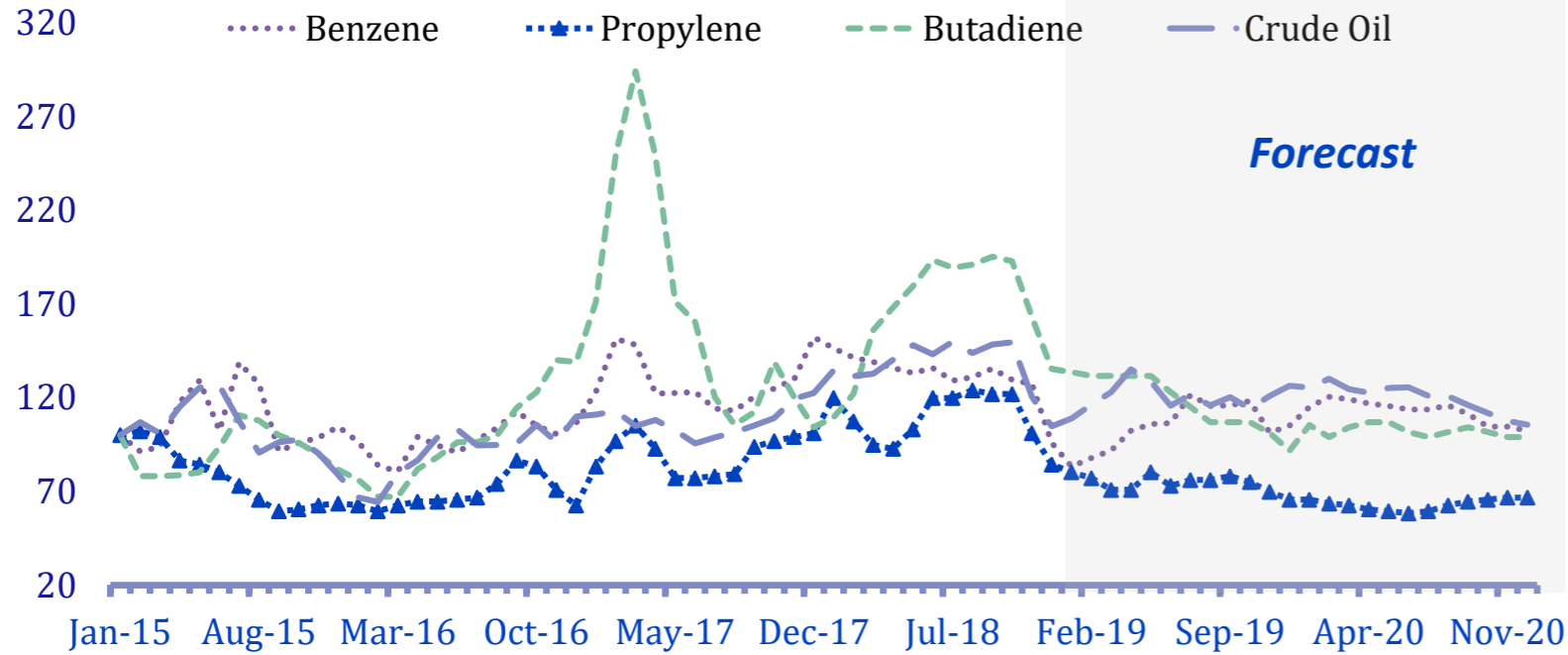


Tire Reinforcement Market (PET-ktons)



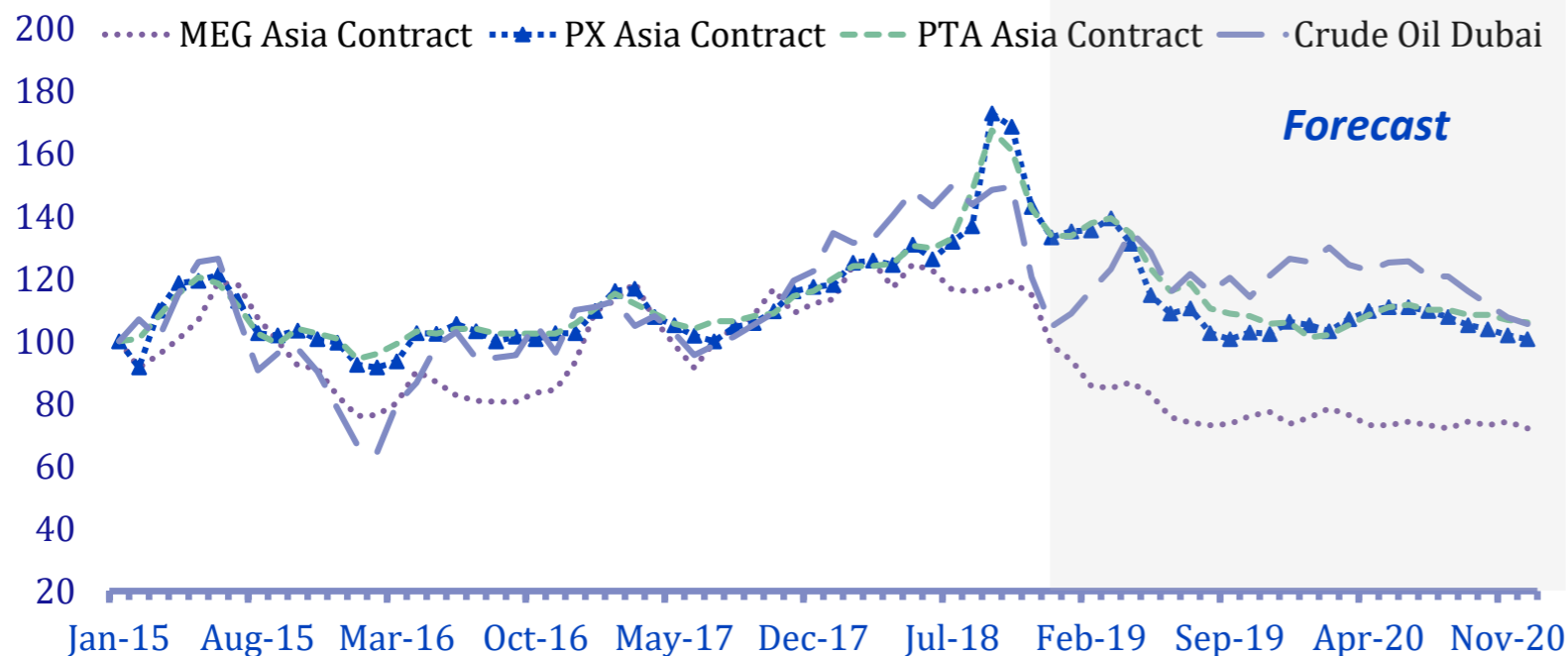
RM Price Drivers - Tire

NY Raw Material Trend (Indexed)



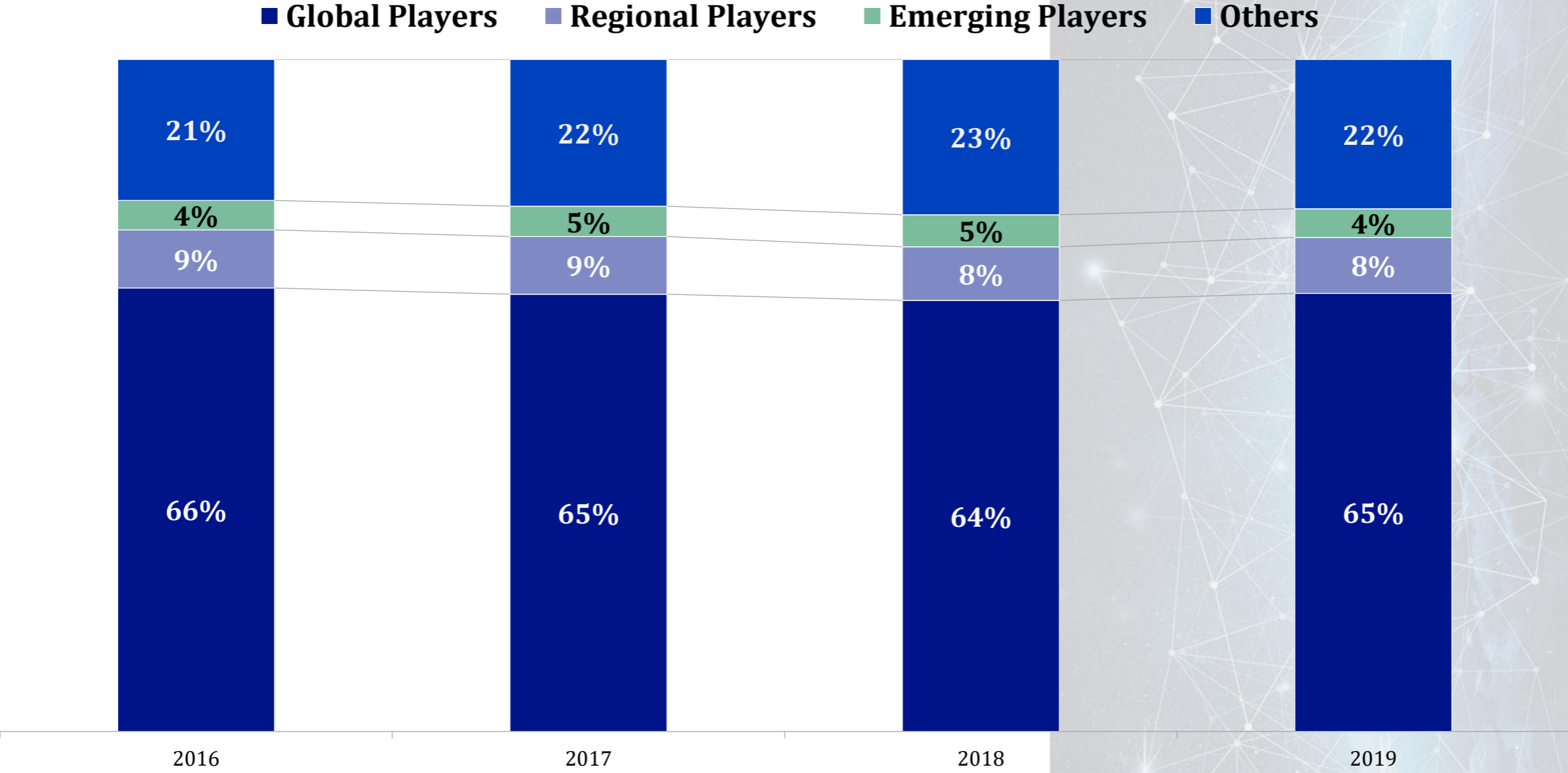
- Benzene: Spot prices are expected to move in slight contango through the beginning of 2020.
- Asia propylene prices continued to slide in December due to ample supply.

PET Raw Material Trend (Indexed)



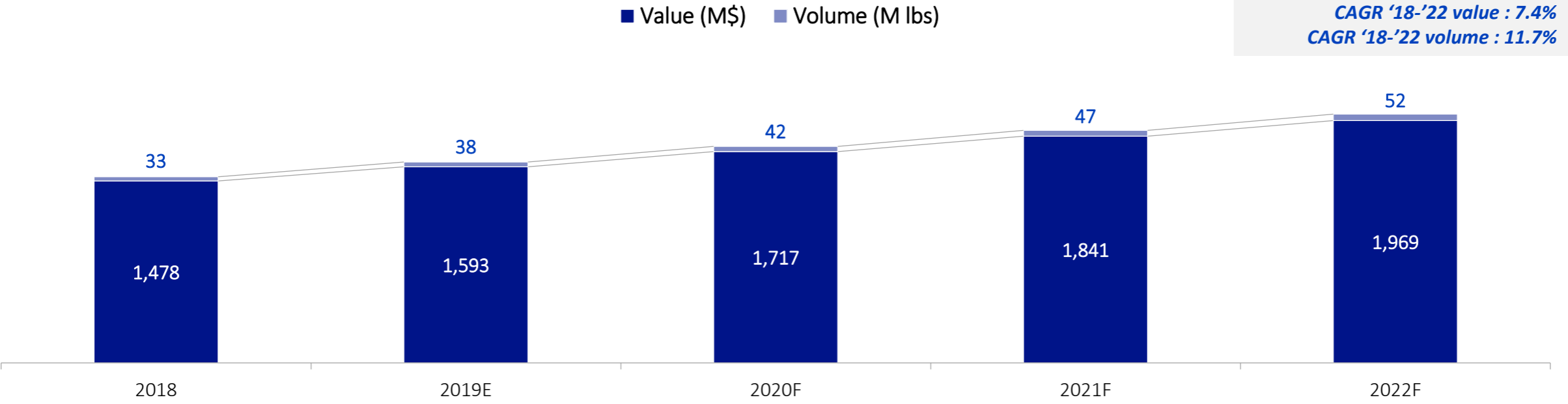
- Based on the market report, polyester raw material prices are expected to decrease within 2020.

Customer Concentration for Tire Segment

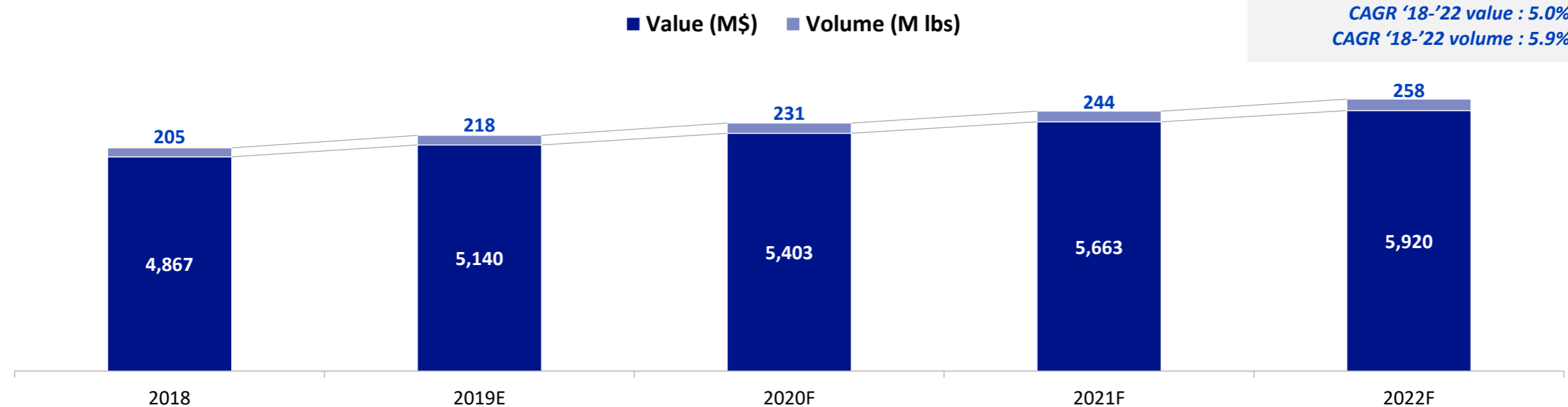


Market Dynamics – Composite

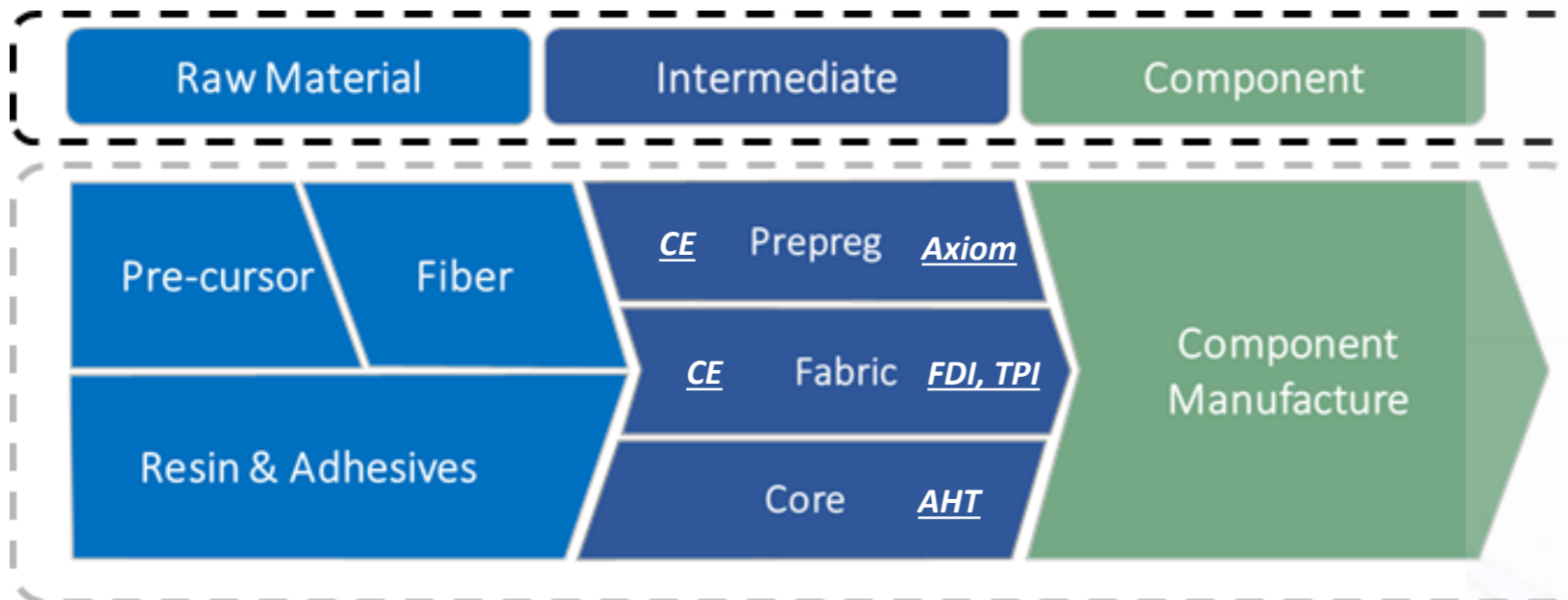
Market Size (\$M) – Global Carbon Fiber



Market Size (\$M) – Prepreg

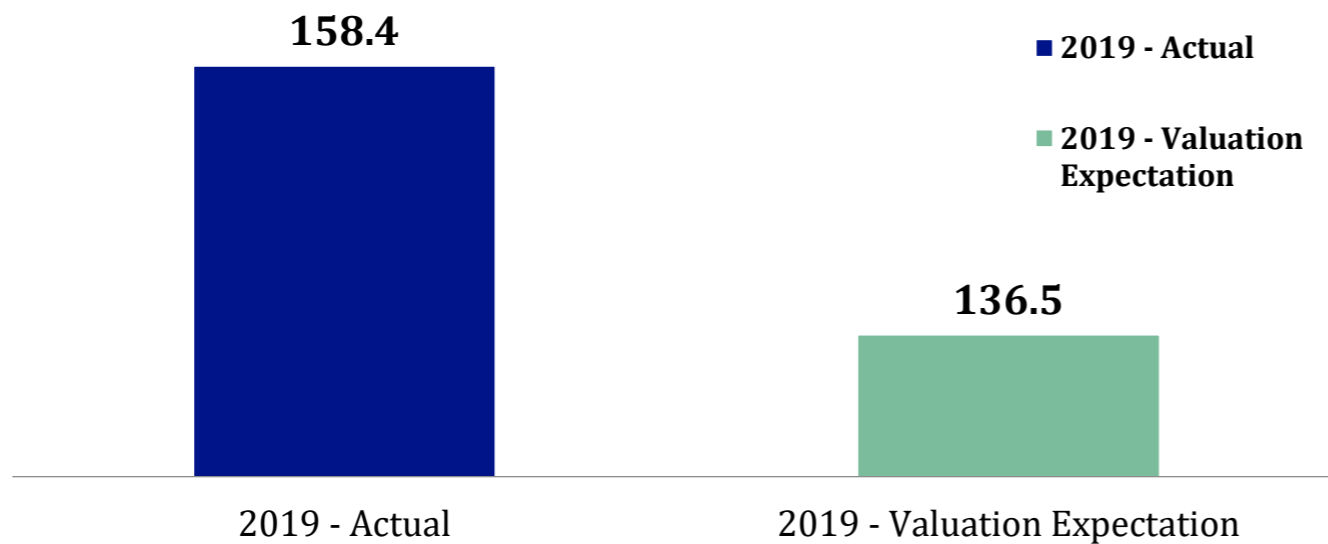


Composite Segment Additional Info



- Our main strategy is firstly to penetrate in intermediate section in the composite value-chain.
- Composite use in aerospace & automotive is increasing, due to improved material properties and weight savings over conventional materials
- Total composite investment accounts appr. 310 M\$

NA Composite Revenues* (M\$)



Investment Criteria*	
Potential for geographic / sector-specific value creation	ROIC > WACC + 1-3%
Growth potential > Real GDP growth	✓
Emerging stage of life-cycle	✓
Transferability of current competencies	✓

* 2019 Full year performance of entities regardless of joining time to Kordsa

Update on YE 2019 Results

Key Financials

	TL Financials (MTL)			USD Financials (MUSD)		
	YE 2018	YE 2019	Δ	YE 2018	YE 2019	Δ
Sales	3,947	5,137	30.2%	820	906	10.5%
Gross Profit	794	987	24.4%	165	174	5.6%
Gross Margin (%)	20.1%	19.2%	-1 pts'	20.1%	19.2%	-1 pts'
OPEX (%)	7.9%	8.7%	1 pts'	7.9%	8.7%	1 pts'
Operating Profit	525	614	16.9%	109	108	-0.8%
Operating Profit Margin (%)	13.3%	12.1%	-1 pts'	13.3%	12.1%	-1 pts'
EBITDA*	621	747	20.3%	129	132	2.1%
EBITDA* Margin (%)	15.7%	14.5%	-1 pts'	15.7%	14.5%	-1 pts'
Net Income	339	378	11.8%	70	67	-5.1%
Effective Tax Rate (%)	17.8%	18.5%	0 pts'	17.8%	18.5%	0 pts'
Net Income (%)	8.6%	7.4%	-2 pts'	8.6%	7.4%	-2 pts'
EPS (TL/100 shares)	1.50	1.75	16.2%	0.31	0.31	-1.4%

* EBITDA Calculation: Gross Margin-OPEX+Dept & Amort

Kordsa continues to perform well based on its value strategy

Update on YE 2019 Results

Key Balance Sheet Items

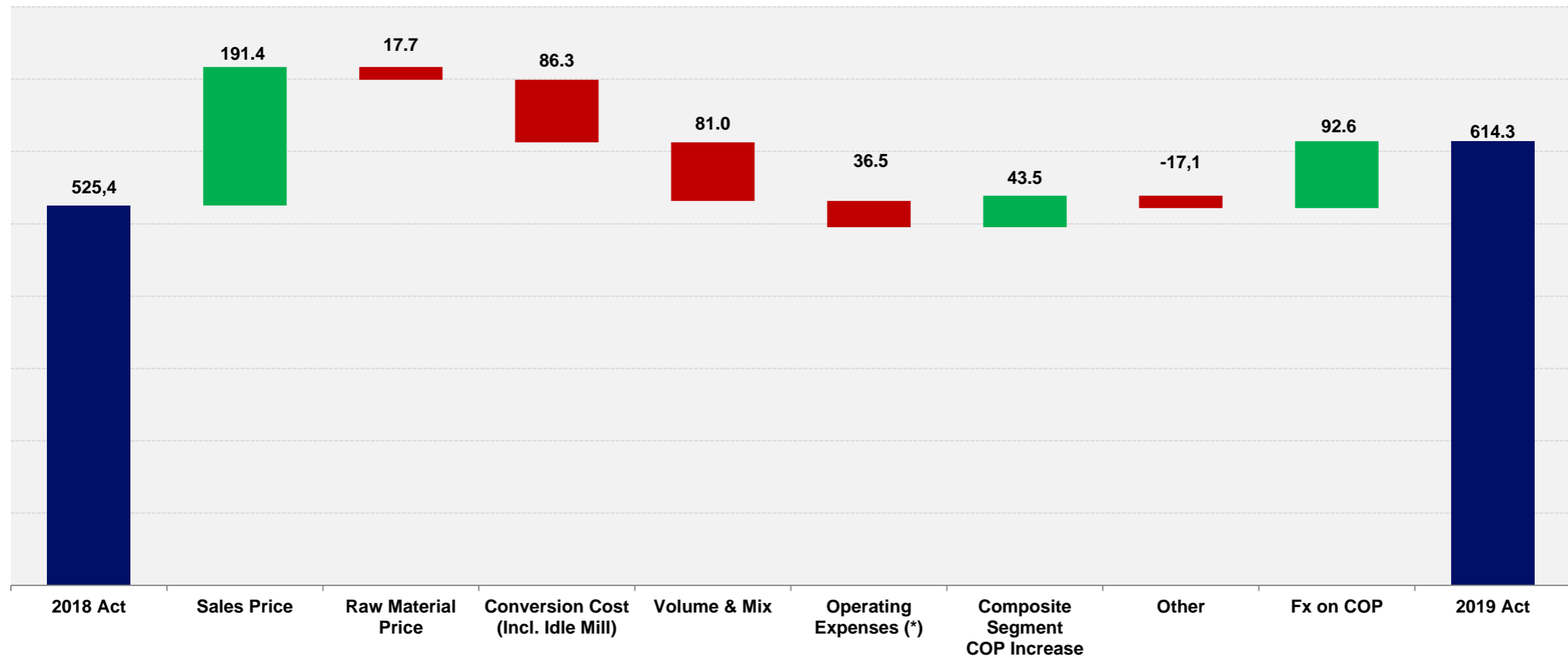
	TL Financials (MTL)			USD Financials (MUSD)		
	YE 2018	YE 2019	Δ	YE 2018	YE 2019	Δ
Cash and Cash Equivalents	131	730	599	25	123	98
Account Receivables	830	969	140	158	163	5
Inventories	1,048	1,231	183	199	207	8
Other Current Assets	140	145	5	27	24	-2
PPE & Intangibles	2,233	2,908	675	424	490	65
Investment Property	115	138	23	22	23	1
Goodwill	172	882	710	33	148	116
Other Non-Current Assets	162	168	5	31	28	-3
Account Payables	572	620	48	109	104	-4
Total Debt	1,519	3,029	1,510	289	510	221
Short Term Debt	994	1,796	802	189	302	113
Long Term Debt	525	1,233	708	100	208	108
Other Liabilities	400	702	302	76	118	42
Net Debt (Cash&Cash Equ. Excluded)	1,388	2,299	911	264	387	123
WCAP Turnover	3.35	3.54		3.35	3.54	
Net Debt / EBITDA	2.23	3.08		2.04	2.94	

Update on YE 2019 Results

Free Cash Flow			
(in TL million, unless otherwise stated)	YE 2018	YE 2019	Δ
Cash Flows From Operating Activities	338	706	368
Net Income	339	378	40
Depreciation & Amortization	140	206	67
Change in Working Capital	-510	-314	196
Other Adjustments	370	435	65
Cash Flows From Investing Activities	-703	-1,162	-459
Maintenance CAPEX	-214	-163	52
M&A Investments	-488	-999	-511
Free Cash Flow*	-365	-456	-91

* FCF: $EBIT(1-Tax\ Rate) + Depreciation\ \&\ Amortization - Change\ in\ Net\ Working\ Capital - Capital\ Expenditure$. It can also be calculated by taking operating cash flow and subtracting capital expenditures. - FCF (operational cash flow- capex)

Operating Profit Bridge - MTL



() TL 15,7 MTL (2,6 MUSD) increase originating due to amortisation of identified intangibles at acquisitions*

What we have for Sustainability



2018 INSPIRE AWARDS CORPORATE PUBLISHING COMPETITION

Kordsa Teknik Tekstil A.S.
Sercom Consulting

is recognized for developing one of the

Top 100 Corporate Publications

with the development of The Kordsa Sustainability Report 2016 ranking at #21 worldwide among all entries reviewed this year.

Tyson Heyn
Tyson Heyn
Principal

Christine Kennedy
Christine Kennedy
Competition Director



2018 INSPIRE AWARDS CORPORATE PUBLISHING COMPETITION

Kordsa Teknik Tekstil A.S.
Sercom Consulting

is presented with the

Platinum Award

for excellence within its Competition Class on the development of The Kordsa Sustainability Report 2016

Tyson Heyn
Tyson Heyn
Principal

Christine Kennedy
Christine Kennedy
Competition Director



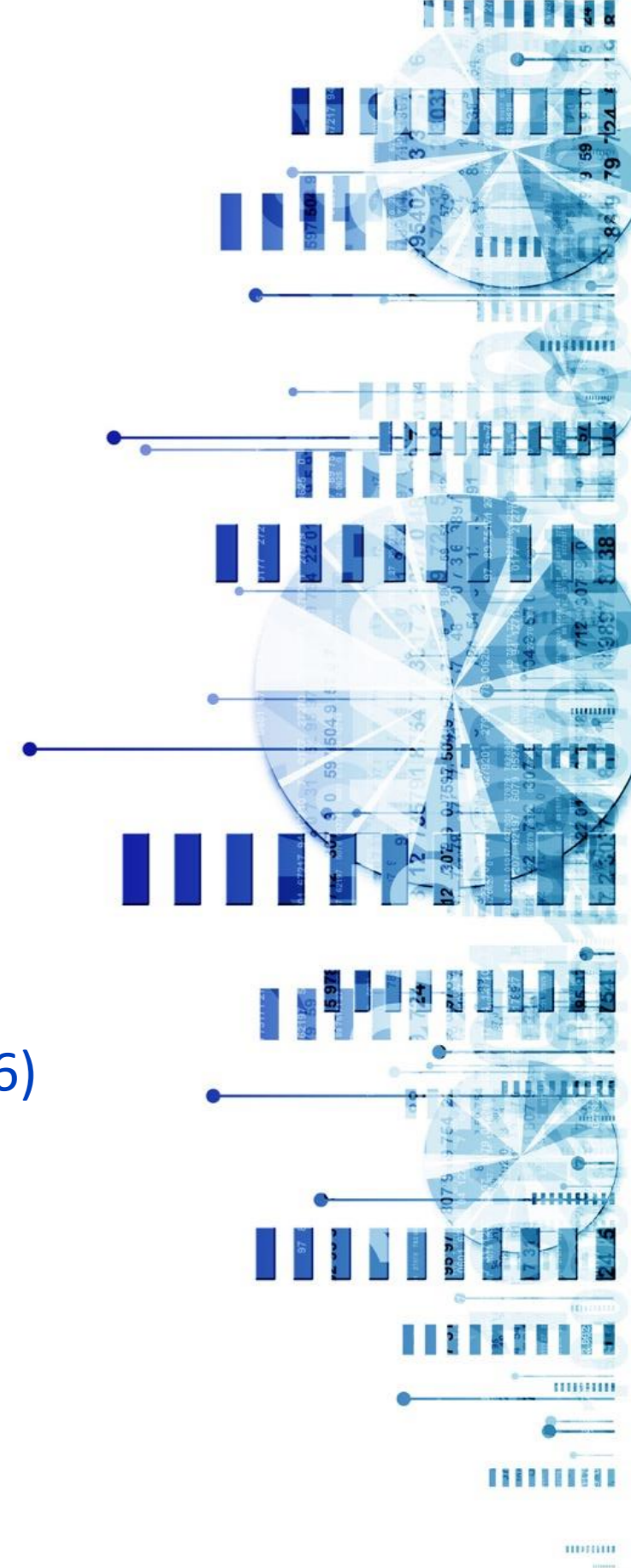
2020 Insights and Our Priorities

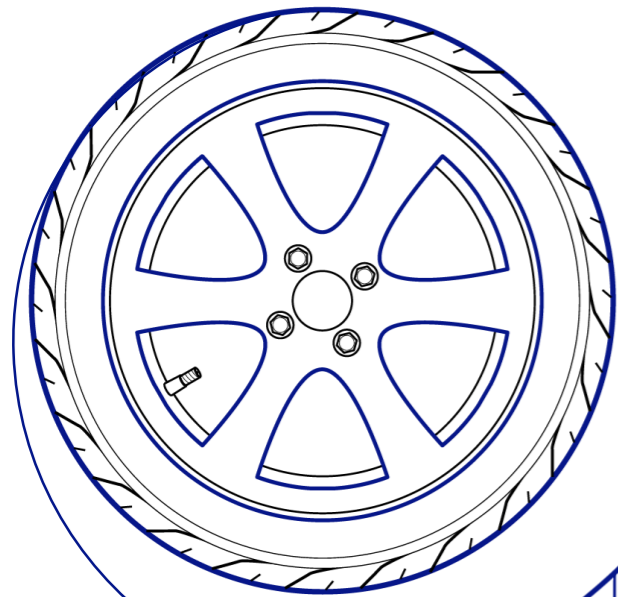
2020 Insights

- Trade-war effects
- Corona-virus effects
- Shrinkage in automotive industry
- High competition in tire reinforcement market
- Boeing Programs

Our Priorities

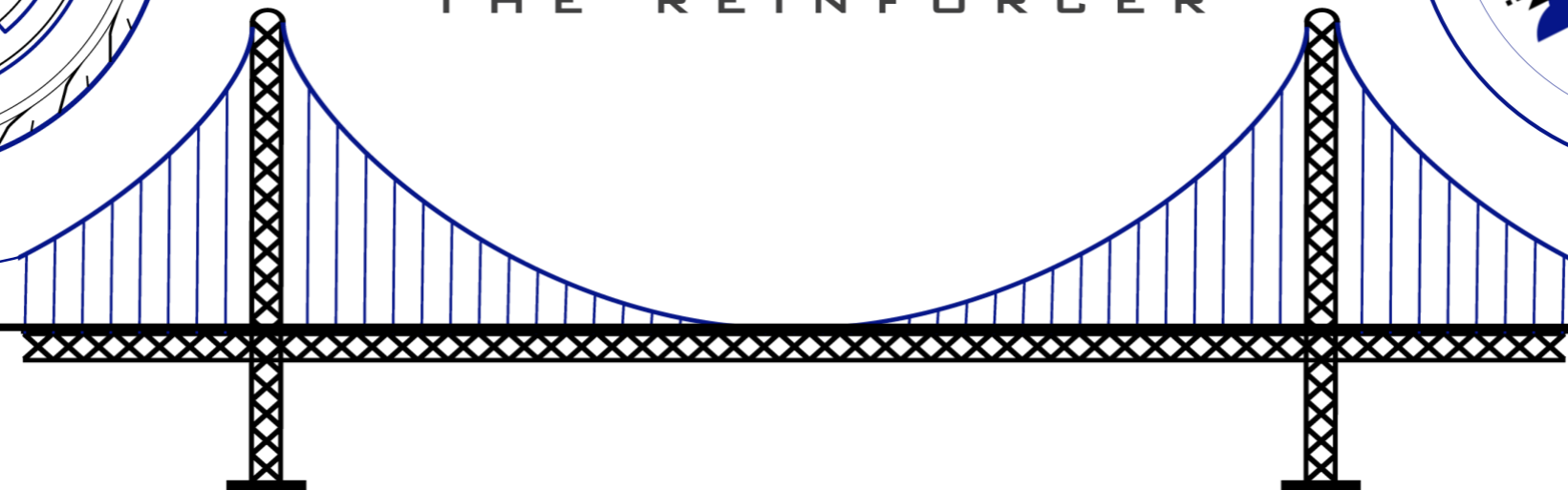
- Post Merger Integration for Axiom Materials Inc
- Potential M&A targets for Europe
- Sustain our current position on high value added customers (Big6)
- Develop structure of thin film&flexible electronics
- People – talent management to support growth





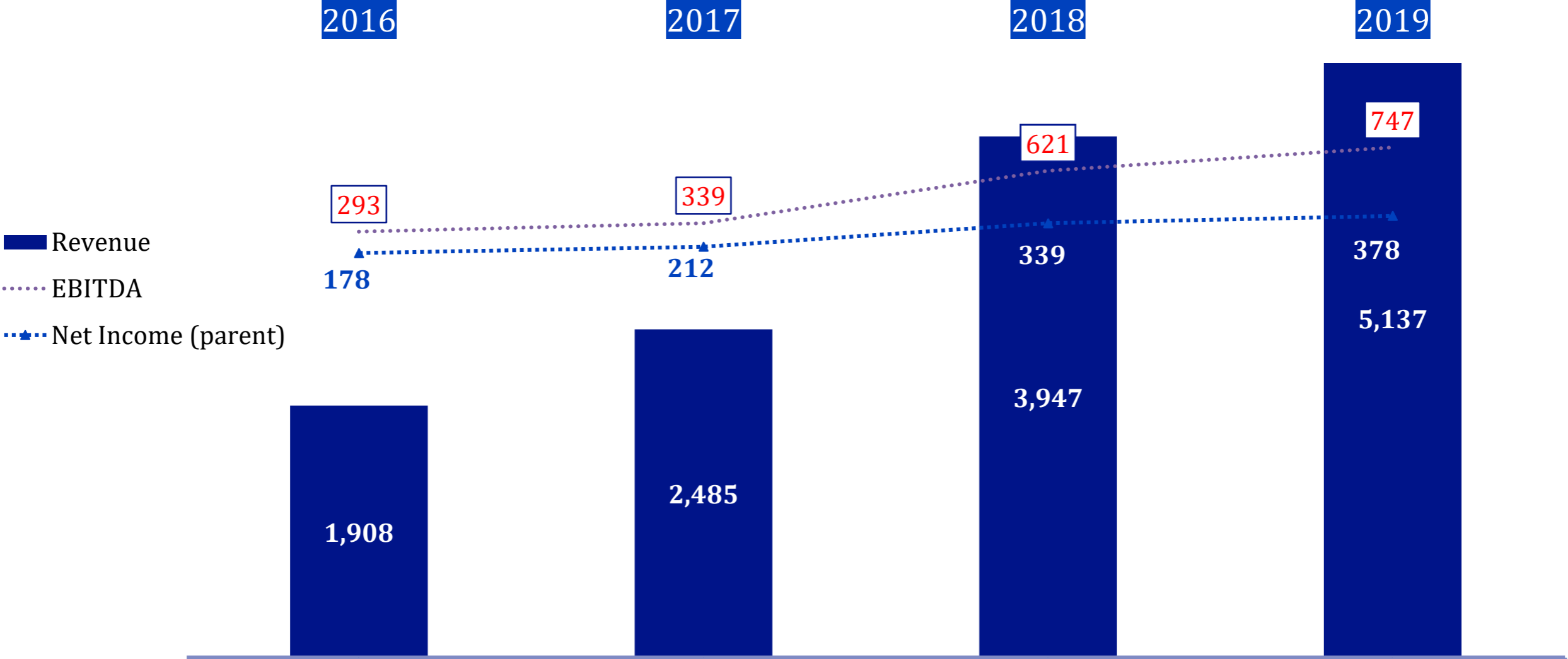
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Appendix

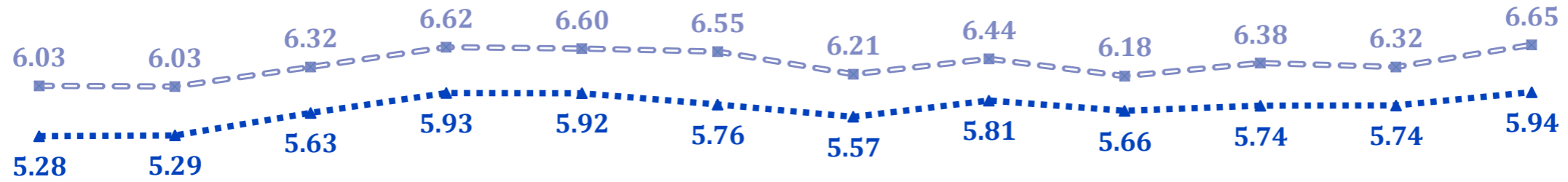
2018 – 2019 Financial Trend (MTL)



YE 2019 Highlights (FX Rates)

Jan'19 Feb'19 Mar'19 Apr'19 May'19 Jun'19 Jul'19 Aug'19 Sep'19 Oct'19 Nov'19 Dec'19

■ USDTRY (end rate) ■ EURTRY (end rate)



Jan'19 Feb'19 Mar'19 Apr'19 May'19 Jun'19 Jul'19 Aug'19 Sep'19 Oct'19 Nov'19 Dec'19

■ IndexedUSDBRL (end rate) ■ IndexedUSDTHB (end rate) ■ IndexedUSDIDR (end rate)

