

Investor Presentation

Jun'24

Highly successful reinforcer growing into an **advanced materials company**



*We
reinforce
life*

4

CONTINENTS

7

COUNTRIES

13

FACILITIES

4,500+

EMPLOYEES

2

R&D CENTERS

2

TECHNICAL CENTERS

Successfully Building the **Future of Reinforcement**



Close to Customer

Industry Leader

Technology Leader

Why invest in **Kordsa**

Growth in **composite reinforcement market & evolving to advanced materials company**

01

Strong hedge position to country risks through **100% hard-currency revenue**

02

Strong **ESG** position

03

Strong **cash generation**

04

Protected customer base through **Global footprint**

05

Global Leading Position

- #1 TireCord Fabric Producer
- Agile production capabilities / demand fulfillment
- Reputable global brand for Turkish companies

Trusted Partner

- Longstanding Strategic Partner Status with all Global Tire Players
- Strong cooperation with customers through global footprint
- Generating above %70 revenue generation from approved-base customers

Global Leading Position

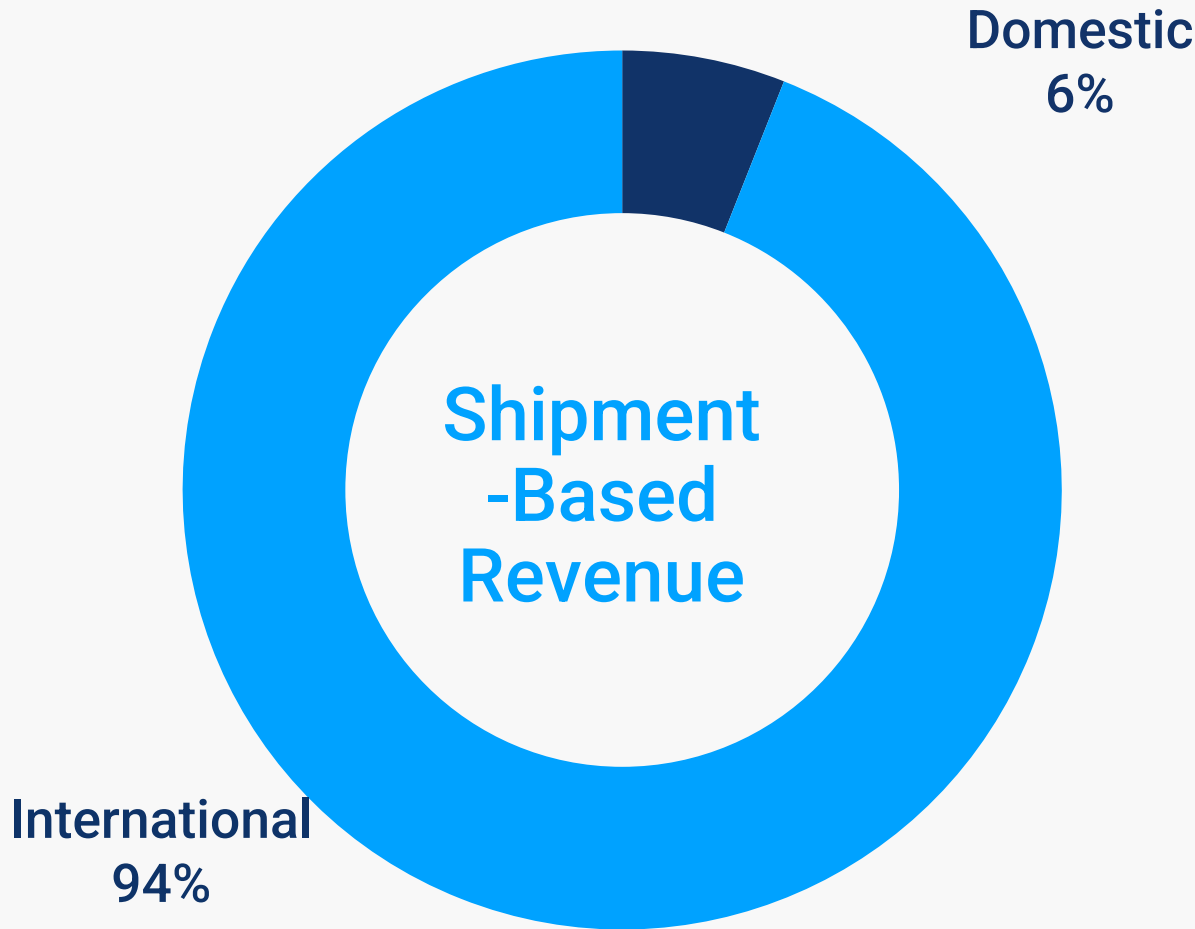
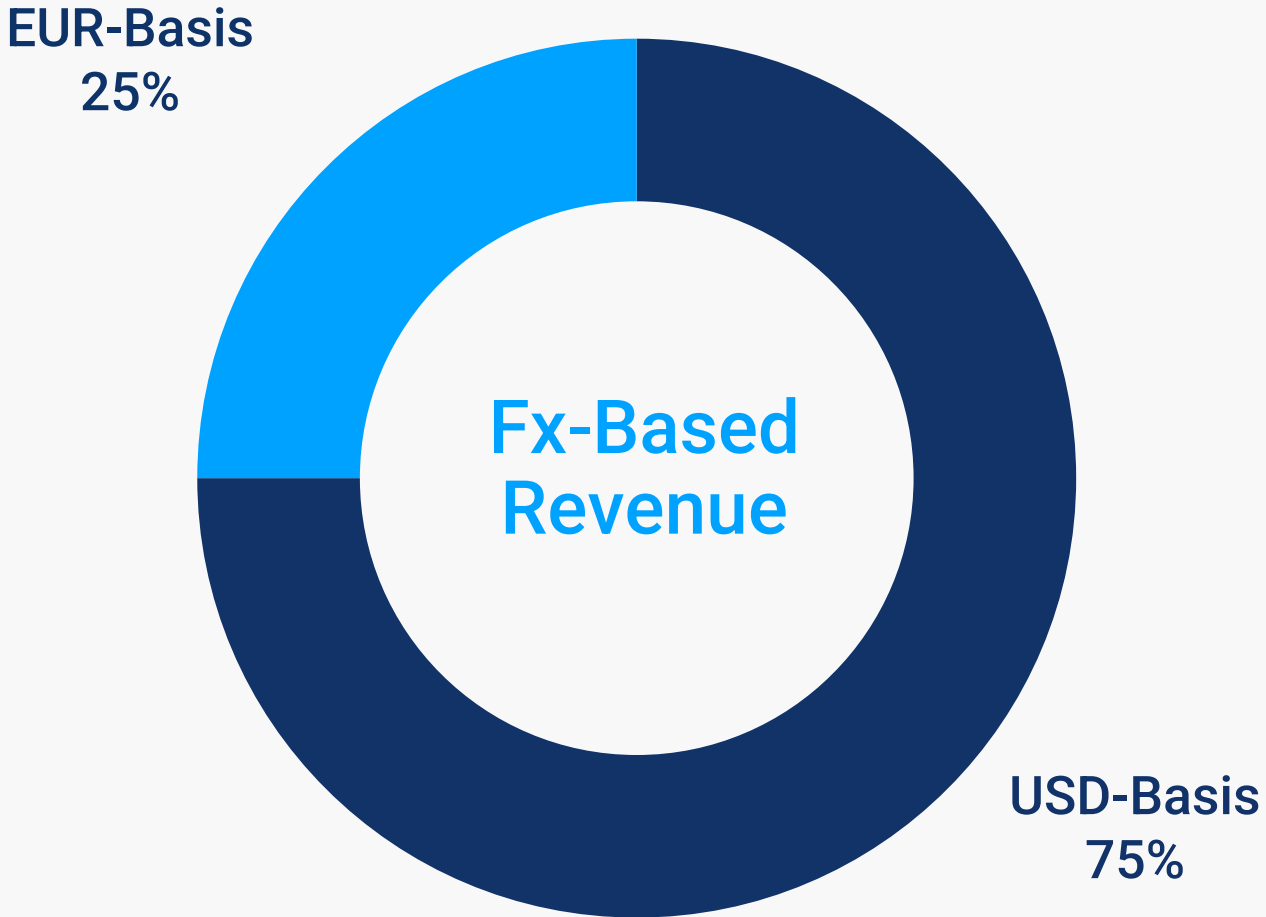
- Leading player in Ox-Ox Ceramic Matrix Composites
- Agile production capabilities / demand fulfillment
- CTCE : Industry & University Partnership

Trusted Partner

- Sole supplier of B787 Dreamliner in NA
- Partner of Orion Capsule
- Growing global partner in automotive industry

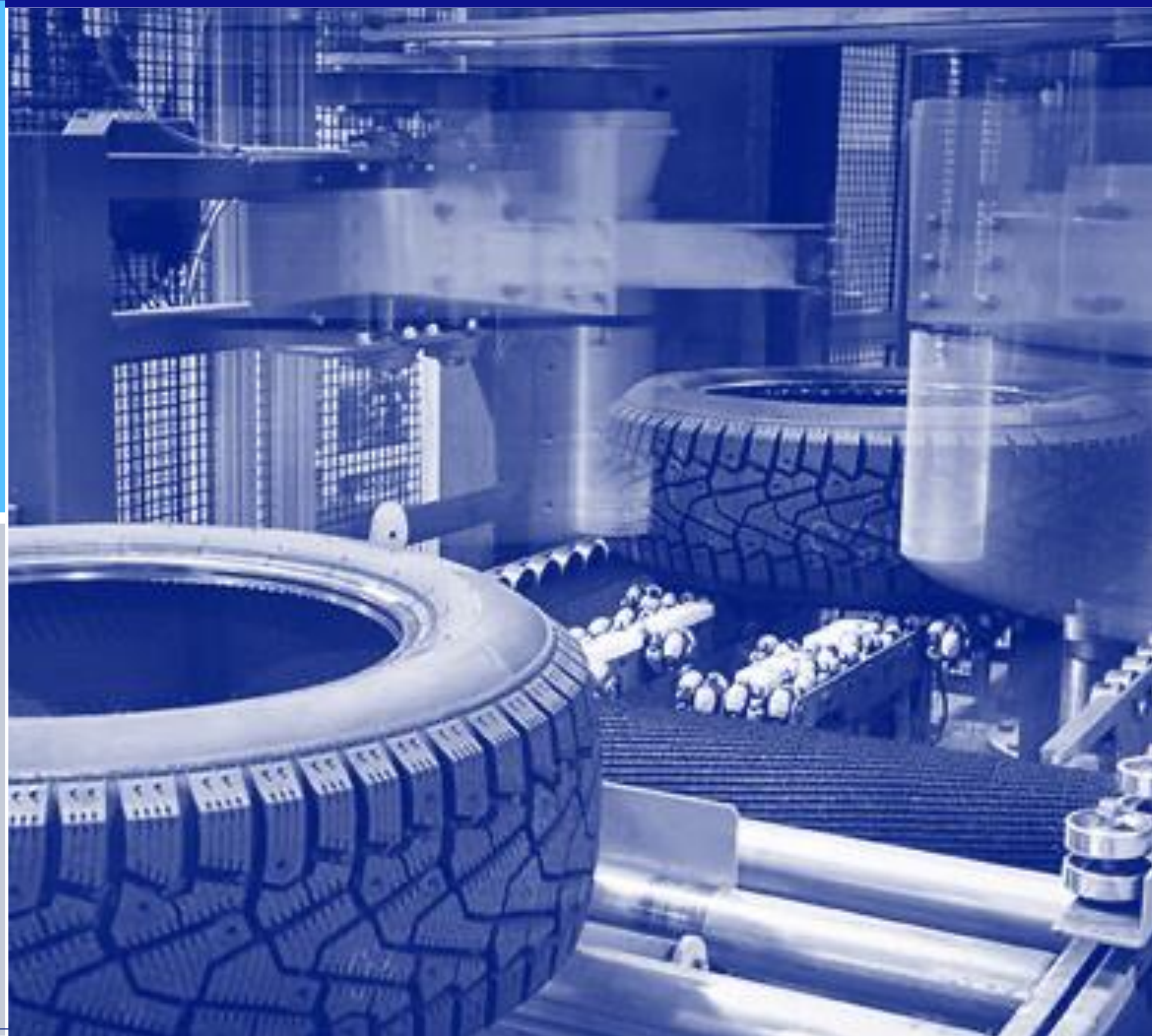
Strong hedge position to country risks through 100% hard-currency revenue

Natural Hedge to FX/Türkiye Position



03

OPERATIONS



FINANCIALS



We reinforce mobility through our tire reinforcement products

- 01** A tire is a highly complex composite with approx. 40 components working under dynamic conditions enduring heat and motion
- 02** By weight: 350-450gr per tire
- 03** By value => Approx 7-10% cost of a tire is Tire Cord Fabric



We reinforce safety through our composite technologies

COMPOSITE PARTS

Composites use in aerospace & automotive is increasing, due to improved material properties and weight savings over conventional materials

«Lightweighting» is a major theme, driven by emission regulations as well as fuel-efficiency needs



We reinforce urbanization through our construction solutions

REINFORCED CONCRETE STRUCTURES

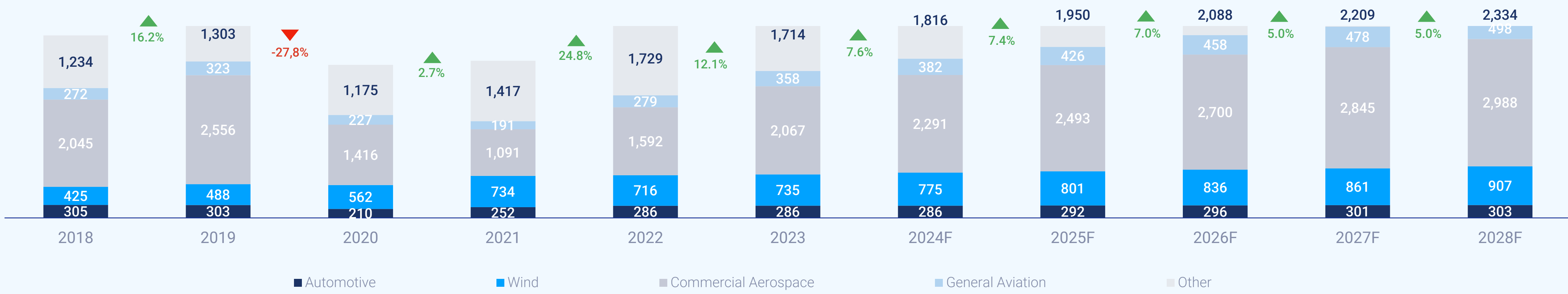
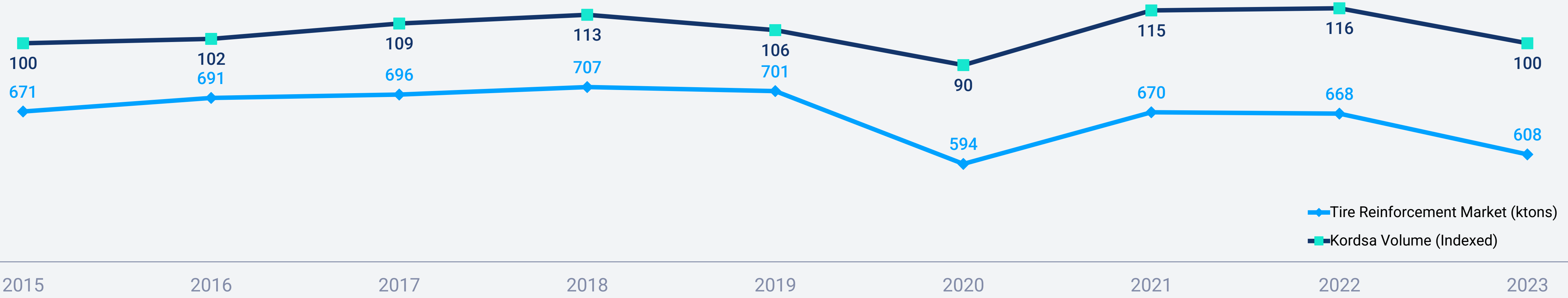
MAJOR APPLICATIONS

- ✔ Infrastructure projects (tunnels, runways, dams, bridges, metro tracks, highways)
- ✔ Mines



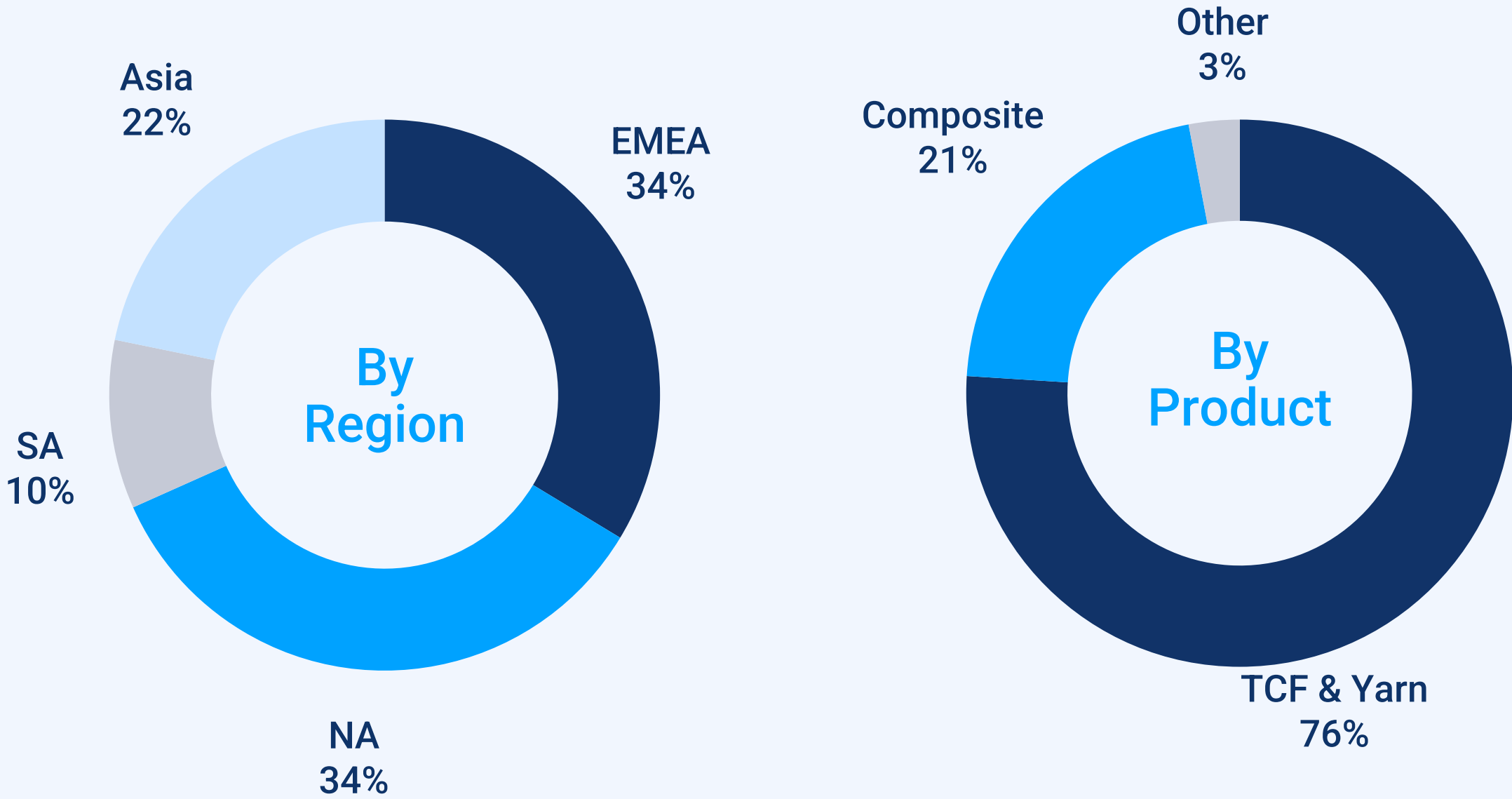
Composite strategy: two complementary segments

Through long-term sustainable and profitable growth

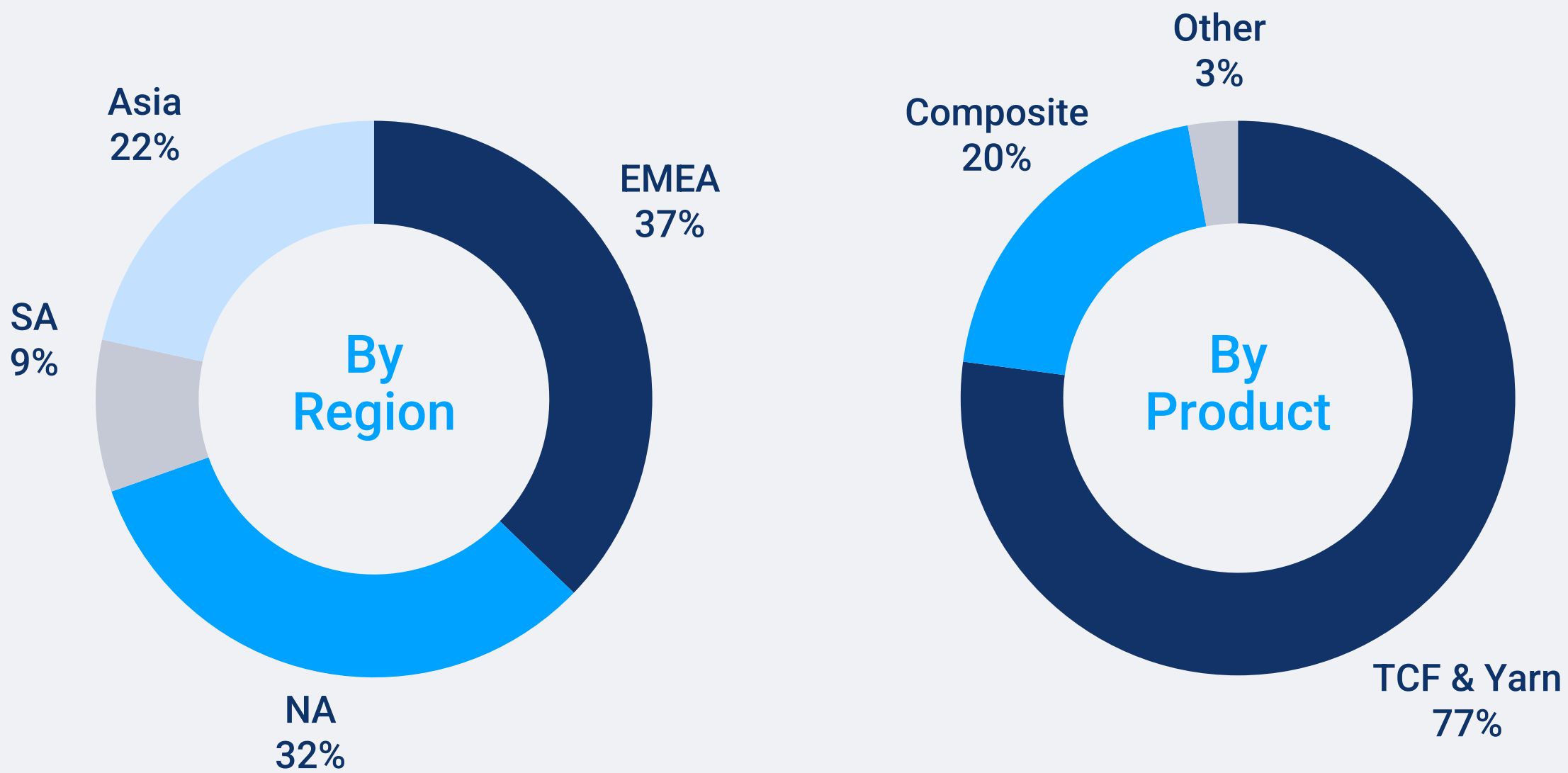


Growth in strong composite results

Mar, 23 Revenue Split



Mar, 24 Revenue Split



Strong financial performance in evolving advanced materials company



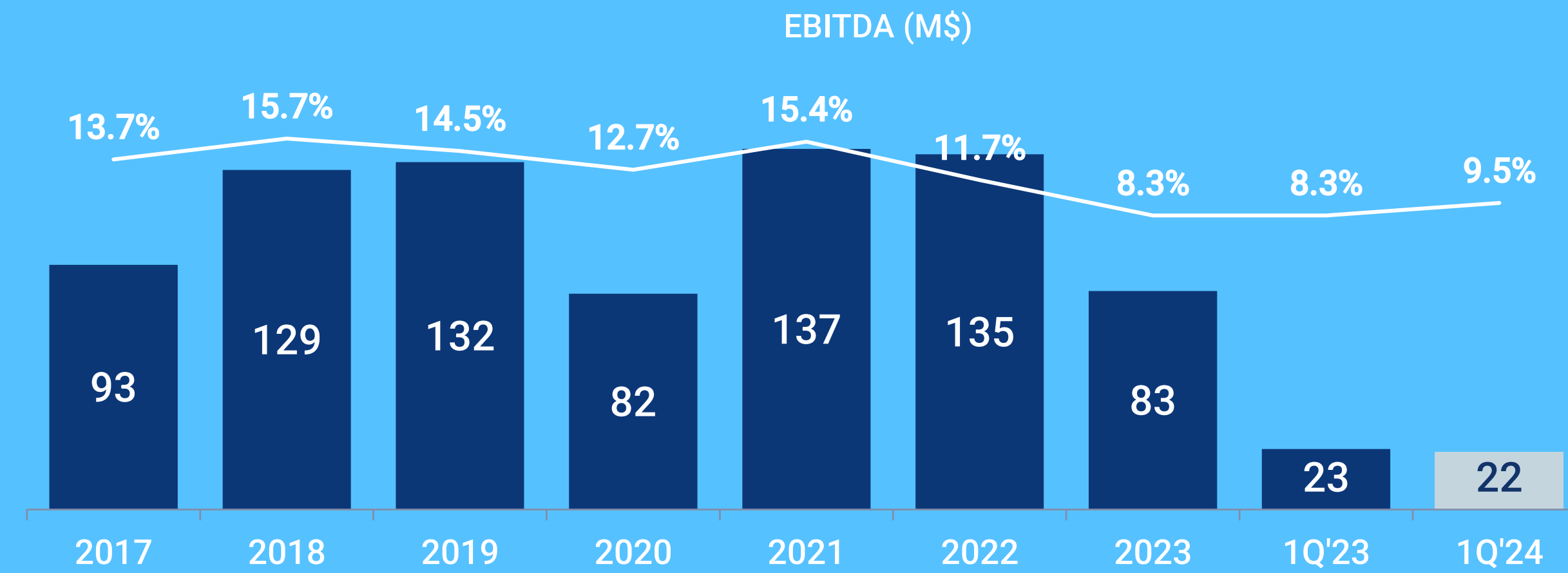
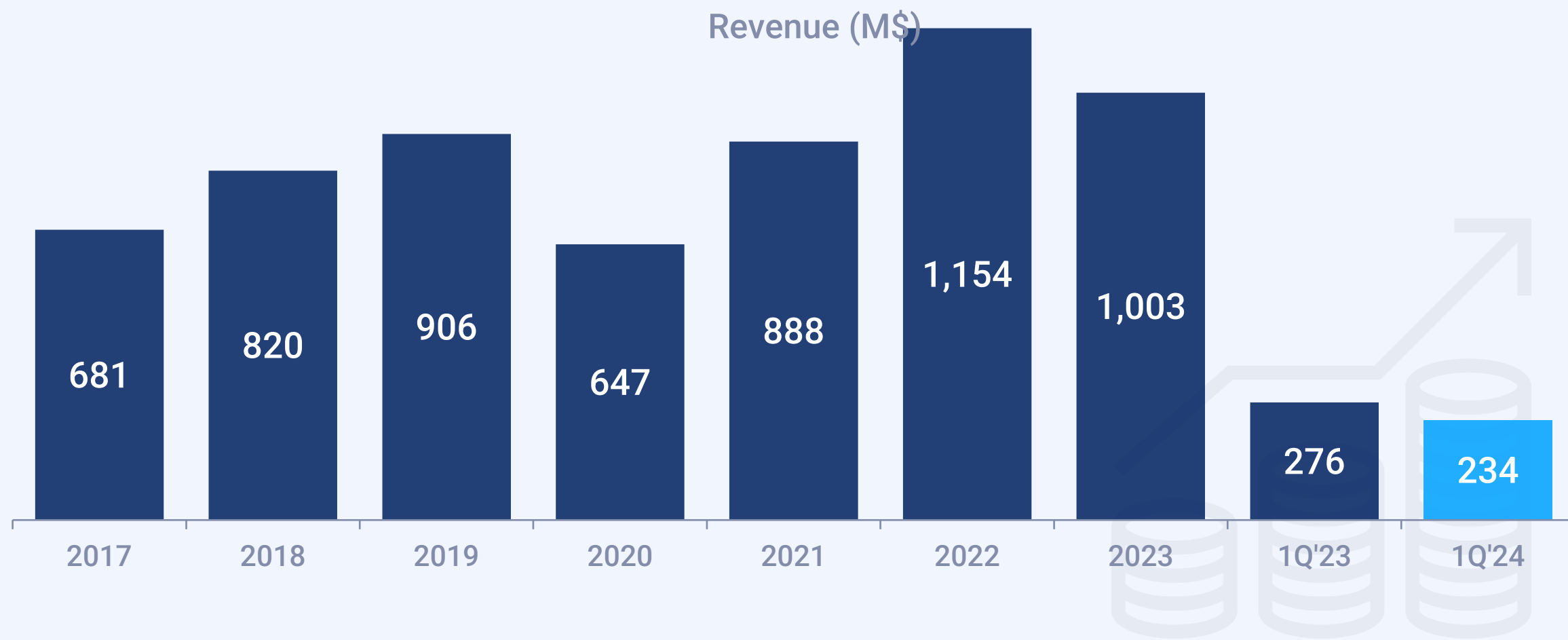
FINANCIALS



OPERATIONS



Ongoing challenging externalities impact financial performance



Tire Segment	Kordsa (Tire R.)	Competitor I	Competitor II	Competitor III
	YE'23 vs YE'22 Change (%)	YE'23 vs YE'22 Change (%)	YE'23 vs YE'22 Change (%)	YE'23 vs YE'22 Change (%)
Revenue	-22%	-16%	-9%	-17%
EBITDA	-53%	-13%	18%	-51%

Composite Segment	Kordsa (Comp.)	Competitor I	Competitor II	Competitor III	Competitor IV
	YE'23 vs YE'22 Change (%)	YE'23 vs YE'22 Change (%)	YE'23 vs YE'22 Change (%)	YE'23 vs YE'22 Change (%)	YE'23 vs YE'22 Change (%)
Revenue	54%	15%	-62%	-3%	12%
EBITDA	285%	34%	-52%	-4%	-27%

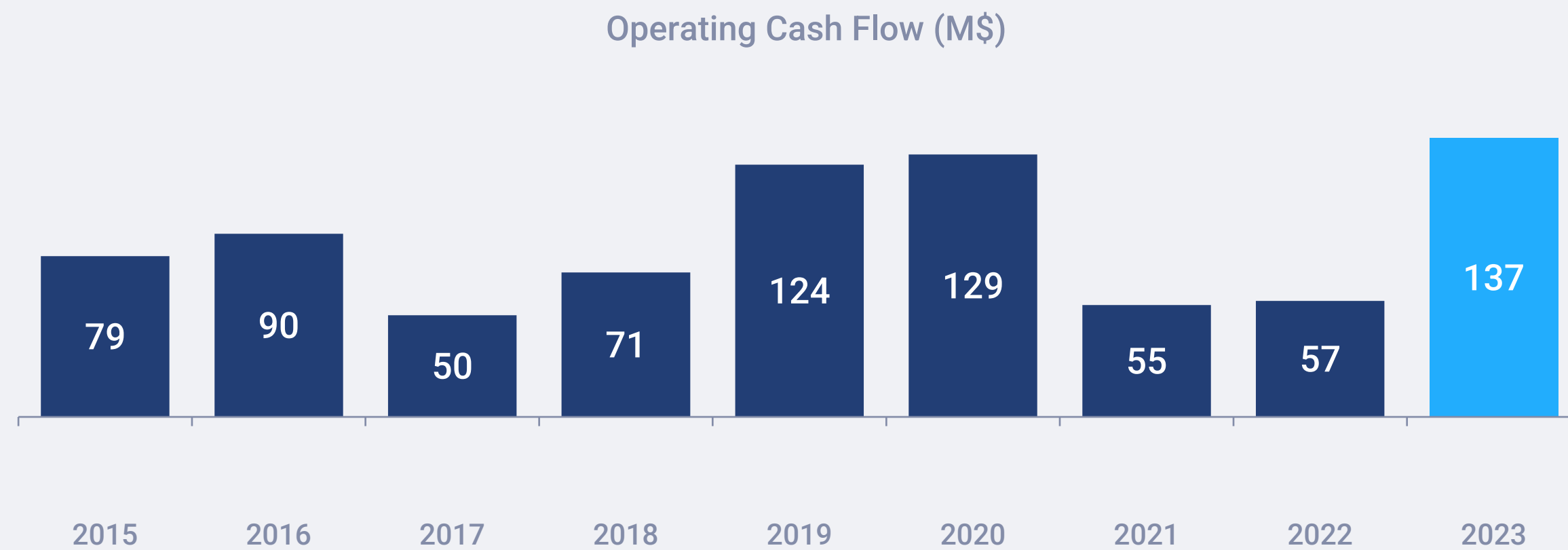
REVENUES

Driven by low demand in tire reinforcement, price competition coming from Chinese competitors holding high inventory level

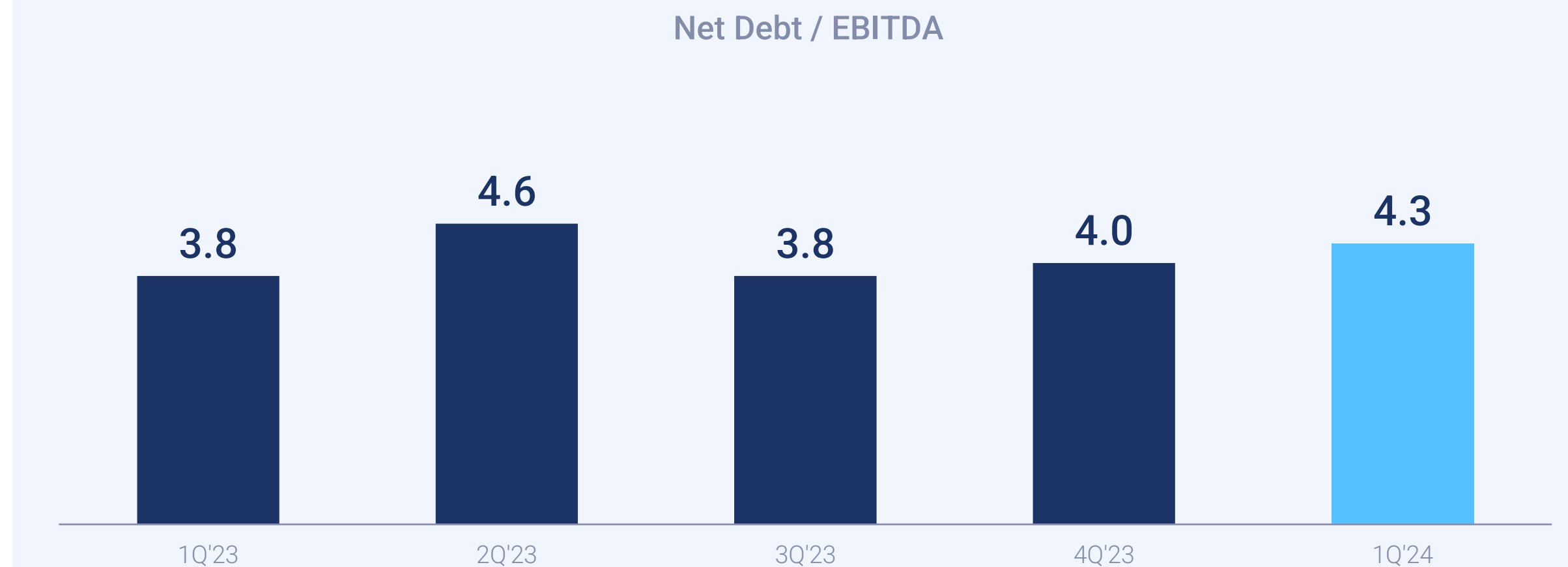
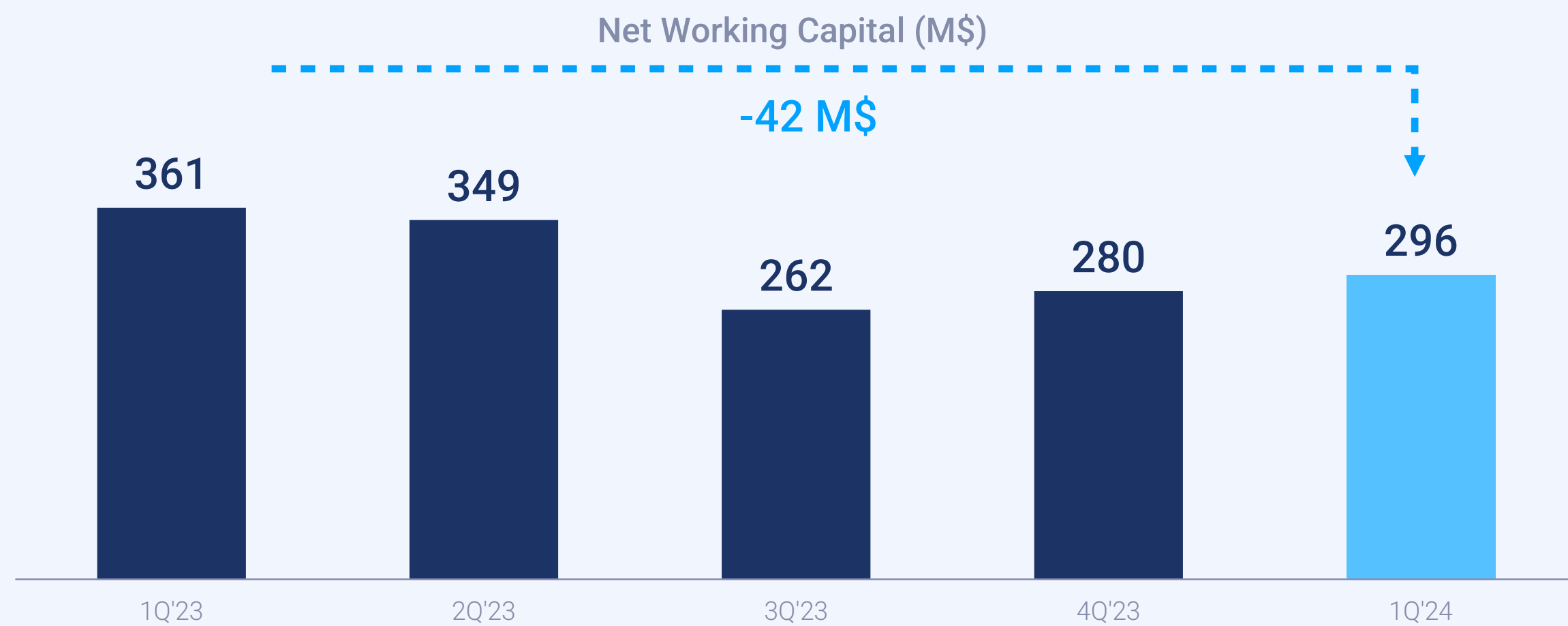
EBITDA

Adding to the impacts on revenue, the mismatch between inflation and FX fluctuations

Efficient working capital management & robust profitability leading to **strong operating cash flow**



M\$	Amount		Avg. Int. Rates	
	31.12.2023	31.03.2024	%	%
Net Debt	337	355	YE'23	1Q'24
USD-Basis	295	326	8.5%	8.3%
EUR-Basis	39	46	7.3%	6.4%
TRY-Basis	56	37	34.8%	36.8%
Other Currencies	5	2	8.2%	4.4%
Cash & Cash Equi.	-58	-56		



We are a **Sustainability Partner** of our customers



Science based objectives for challenging 1.5°C scenario



Sustainable Products
Collaborative and Free Licensing

Out of 90,000 companies



Supplier Engagement and Water Security leaders



Entered Istanbul Stock Exchange Sustainability Index for the 6th time



Türkiye's best R&D Center for the 4th time

Kordsa Sustainability Targets



2030

46.2 % Emission Reduction



2030

50% water withdrawal reduction per unit tonnage product



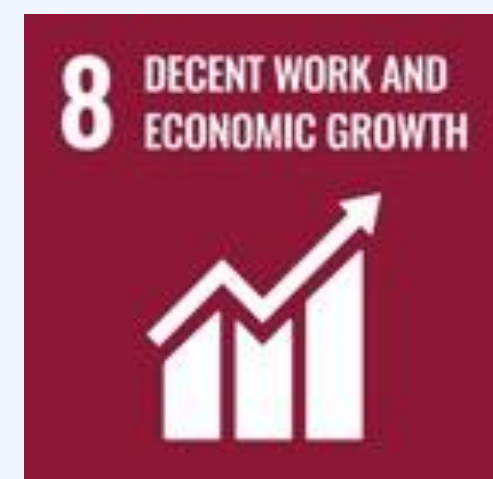
2030

50% total waste reduction per tonnage product



2025

45% Women employment



Zero Accident

Our sustainability strategy has been created within the framework of our material issues and is in harmony with our business strategy. Our enablers through our sustainability journey are Technology and Digitalization.



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Thank You



THE REINFORCER

INTERMEDIATES

RAW MATERIALS



Fibers:
Carbon Fiber -
Aramide
Glass Fiber - Ceramic
Fiber - Kevlar

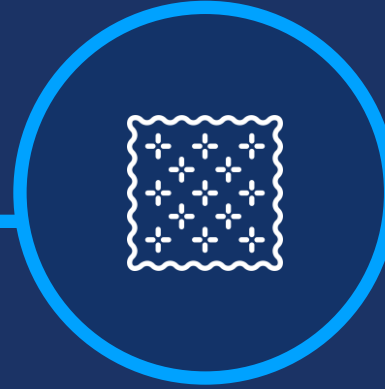
Weaving



The sole supplier of
B787 - Dreamliner



Prepreg



Value added products comprised of
ceramic, carbon, aramid, glass for
various industries such as aerospace,
energy, automotive, sports&leisure

MANUFACTURING PROCESS

RAW MATERIALS

Polymerisation
and Yarn
Spinning

NY66 and
PET HMLS
Yarns

Twisting
and
Weaving

Greige
Fabric

Chemical
Treatment
(dipping)

Dipped
Fabric



Oil derivative
Chemicals and Polymers

HMD
Adipic Acid
NY66 Polymer
PET Polymer

Integrated production
can create value
compared to other
competitors

Higher value
added from
dipped fabric

MANUFACTURING PROCESS

RAW MATERIALS

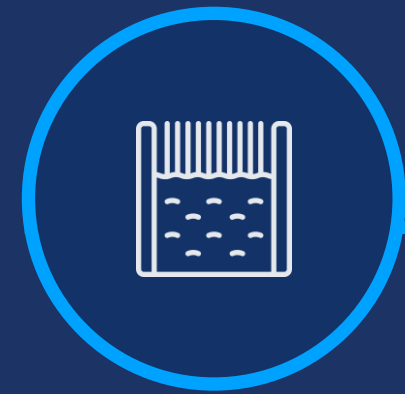
NY66 and PP Fibers

Twisting

Dipping

Pucking

Cutting



Polypropylene and nylon 66 polymers

Higher value added from dipped fabric

Kordsa's Kratos Fiber Reinforcement are applied in **Superstructure & Infrastructure Solutions**

Ongoing challenging externalities impact financial performance

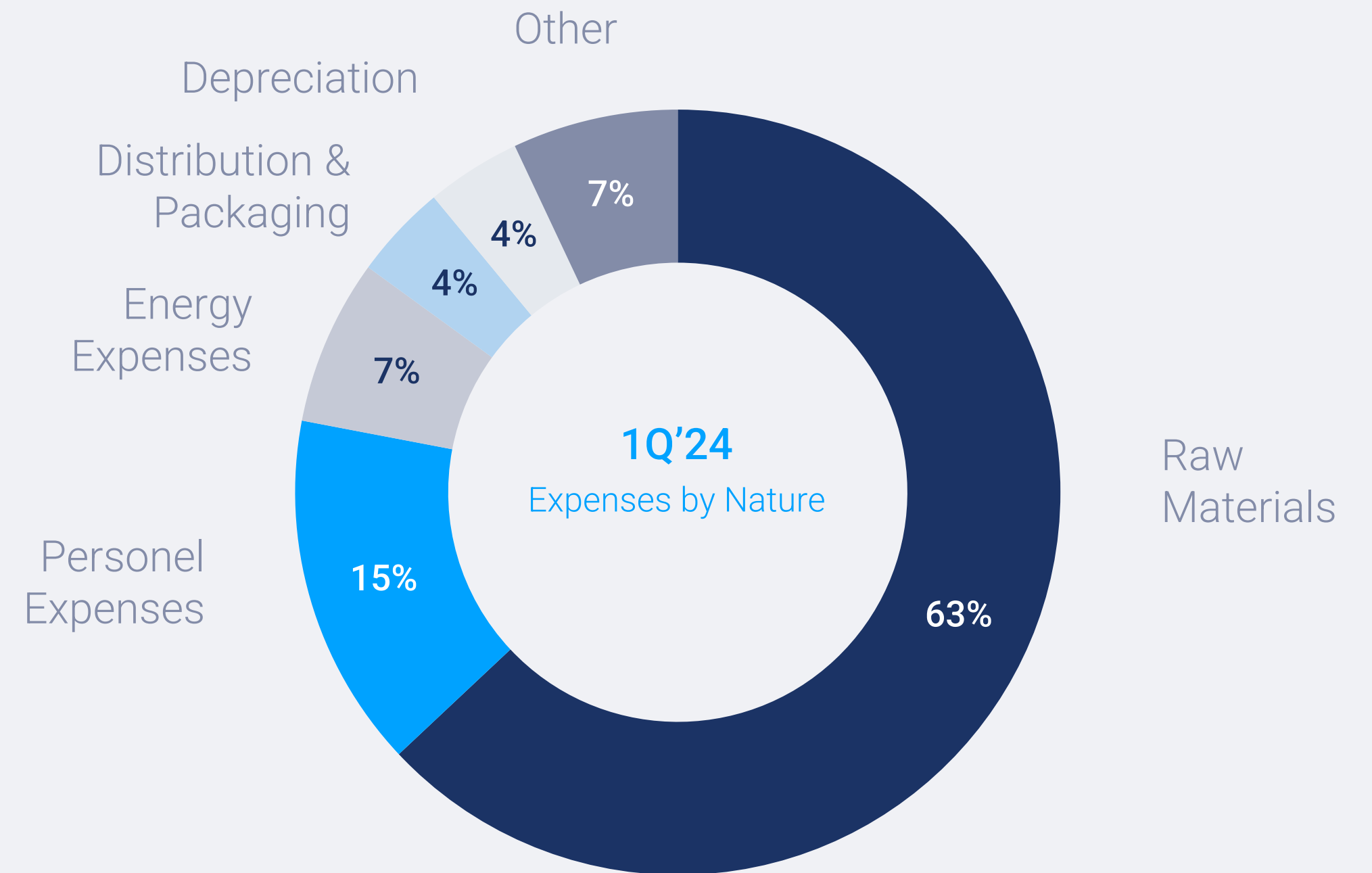
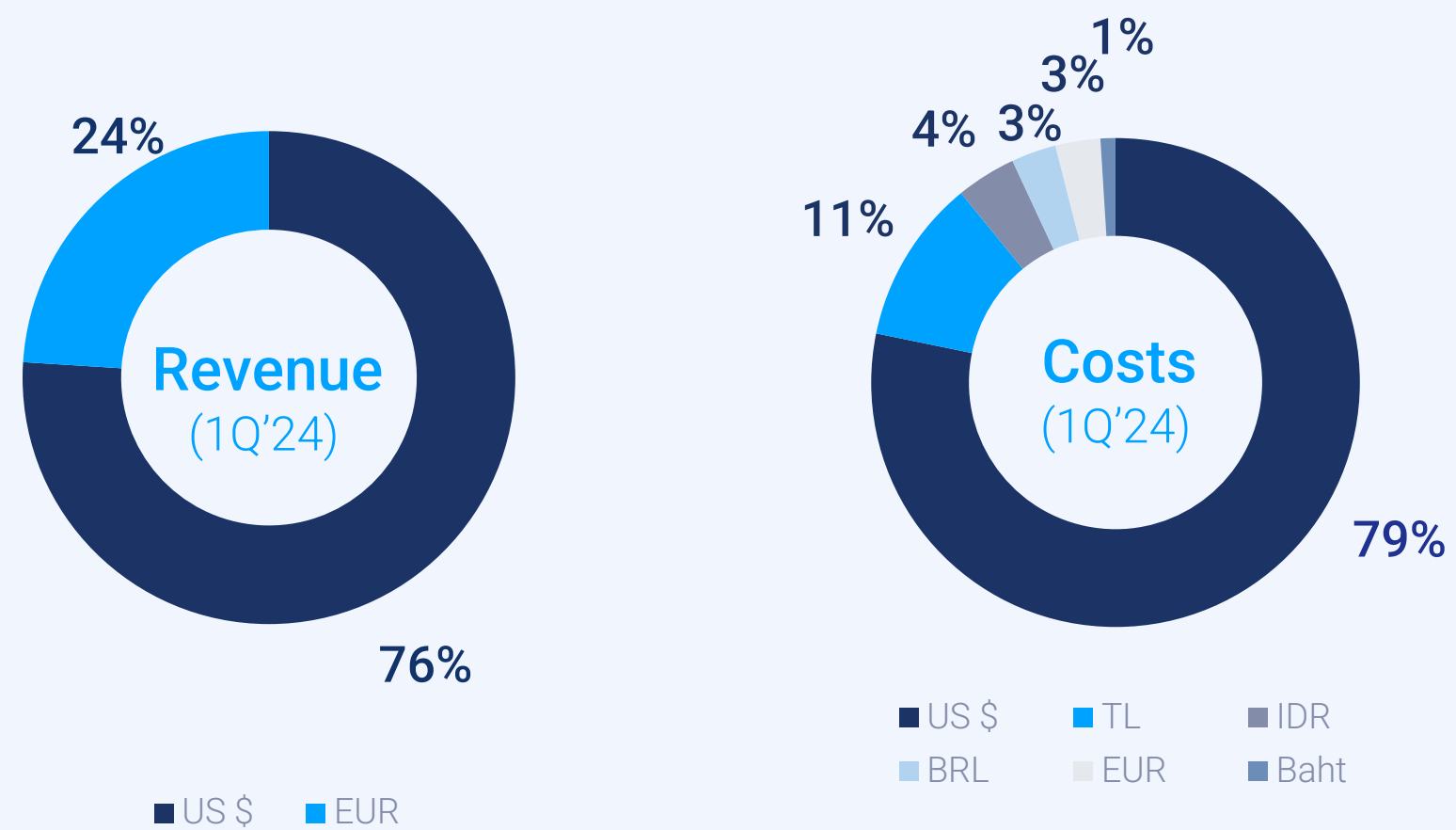
	USD Financials (MUSD)							
	1Q'23	1Q'24	Δ	2Q'23	3Q'23	4Q'23	1Q'24	
Sales	276	234	-15.2%	255	241	231	234	
Gross Profit	41	40	-2.5%	37	37	35	40	
Gross Margin (%)	14.8%	17.0%	2 pts'	14.4%	15.2%	15.3%	17.0%	
OPEX (%)	10.2%	11.9%	2 pts'	10.8%	10.5%	11.6%	11.9%	
Operating Profit	14	12	-16.0%	11	14	13	12	
Operating Profit Margin (%)	5.1%	5.1%	0 pts'	4.2%	5.7%	5.5%	5.1%	
EBITDA	23	22	-3.1%	19	22	19	22	
EBITDA* Margin (%)	8.3%	9.5%	1 pts'	7.5%	9.2%	8.2%	9.5%	
Net Income	5	3	-33.8%	-2	3	12	3	
Net Income (%)	1.7%	1.4%	-1 pts'	-0.8%	1.3%	5.0%	1.4%	

Balance Sheet

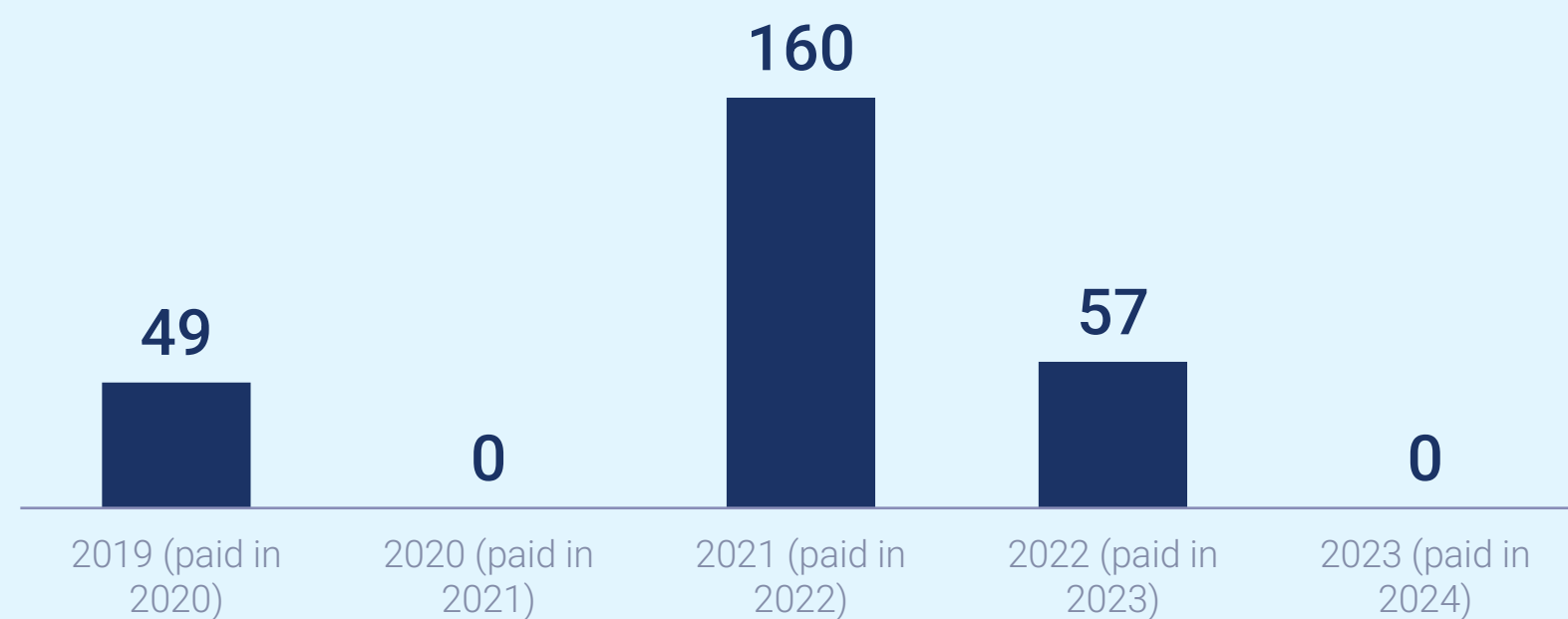
	TL Financials (MTL)			USD Financials (MUSD)		
	YE 2023	Mar 2024	Δ	YE 2023	Mar 2024	Δ
Cash and Cash Equivalents	1,712	1,818	913	58	58	15
Account Receivables	4,774	5,654	914	162	162	-44
Inventories	6,840	6,840	1,343	232	232	-62
Other Current Assets	1,416	1,416	426	48	48	-5
PPE & Intangibles	13,051	13,051	4,921	443	443	9
Investment Property	697	697	271	24	24	1
Goodwill	3,960	3,960	1,445	135	135	0
Other Non-Current Assets	2,526	2,526	1,175	86	86	14
Account Payables						
Total Debt	3,375	3,375	404	114	114	-44
Short Term Debt	11,651	11,651	3,752	395	395	-27
Long Term Debt	7,382	7,382	2,578	250	250	-6

Hard Currency Revenue

FX Exposure



DIVIDEND (MTL)



- ✔ Demonstrates value-based pricing model
- ✔ Ability to pass through raw material price volatility: (Revenue – raw material costs) tracked as a KPI by sales team
- ✔ Conversion costs as a key metric for management KPIs (main components are personnel expenses and energy costs)
- ✔ Hard currency revenues
- ✔ FX exposure on costs -> EM footprint on local costs + hard currency priced raw materials
- ✔ Benefit from US\$ appreciation vs. TL, IDR and BRL