

Kordsa.com



2Q'24 Financial Results

Earnings Release

Aug 22 2024

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AGENDA

01.

2Q'24 Highlights

02.

Market Dynamics

03.

Key Financials

04.

What's Next

2Q'24 Highlights

TIRE REINFORCEMENT

- * Increases on volume in line with the market
- * Price war from Far-East
- * No material change in raw material prices

REVENUE



235
MUSD
 All Hard-Currency

OPERATING CASH FLOW



9 MTL

Adjusted EBITDA*



16 M\$
 6.6% Margin

EBITDA** : 13 M\$

COMPOSITE REINFORCEMENT

- * Parallel revenue generation in line with 2023
- * Pressures on profitability from late recovery of commercial aerospace

NET DEBT



382 M\$

390 M\$ in 1H'24
 338 M\$ in YE'23

INVESTMENT



11
MUSD

NET INCOME



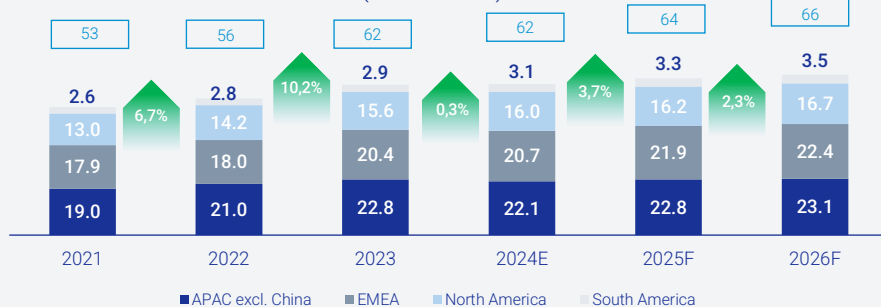
1
MUSD

Adjusted EBITDA* = Gross Profit – Operating Expenses + Amortization/Depreciation + Other Operating Income/Expense such as Incentive Income

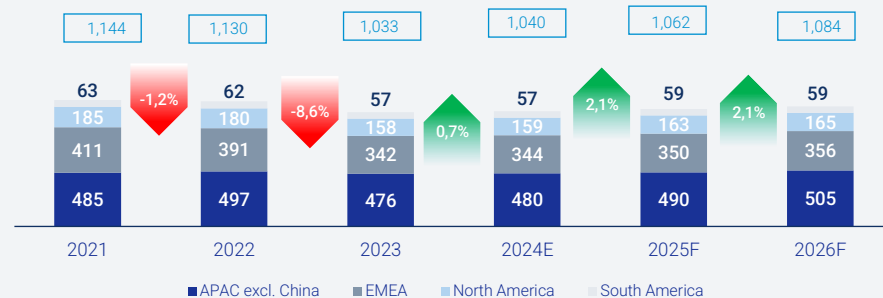
EBITDA** = Gross Profit – Operating Expenses + Amortization/Depreciation

Tire reinforcement market expected to grow ~1% in 2024

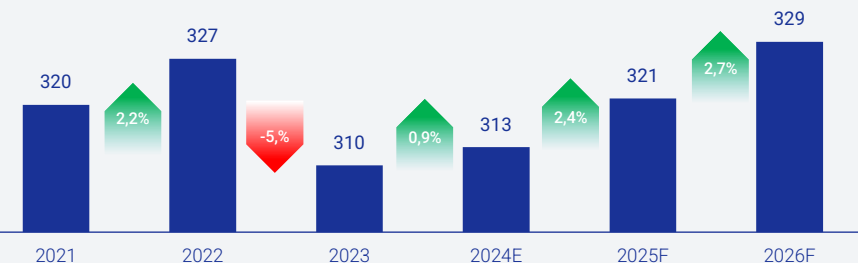
Global Automotive Market excl. China (million units)



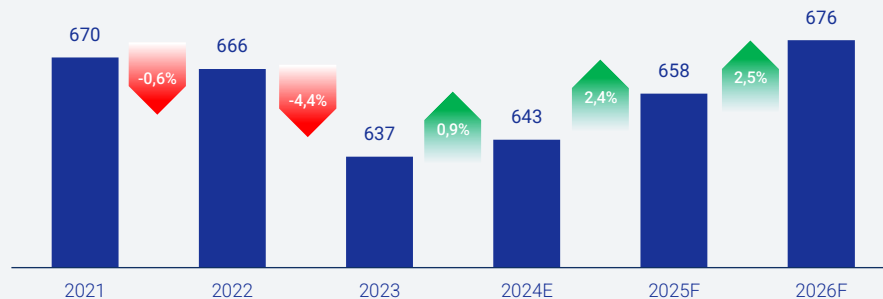
Global Tire Market excl. China (million units)



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

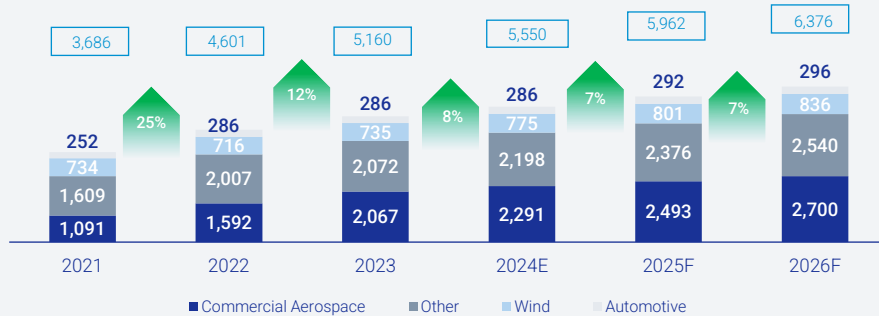


Tire Reinforcement Market excl. China (PET HMLS-ktons)

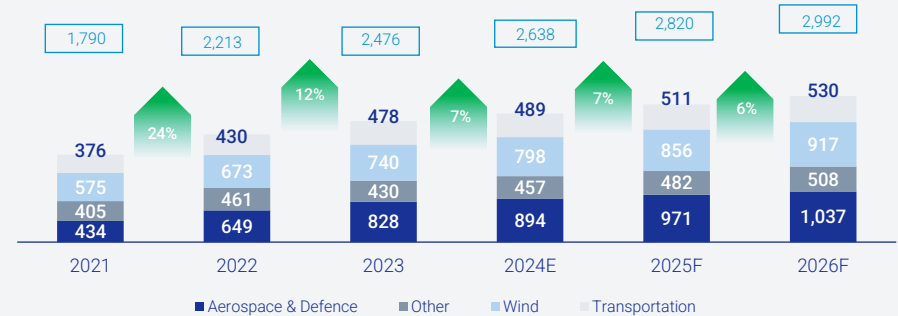


Positive Outlook for the Composite Market 2024 and Beyond

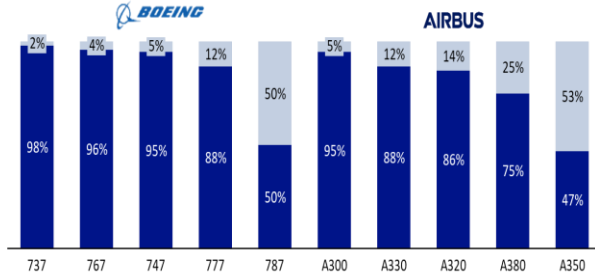
Composite Prepreg Market (M\$)



Composite Textile Market (M\$)

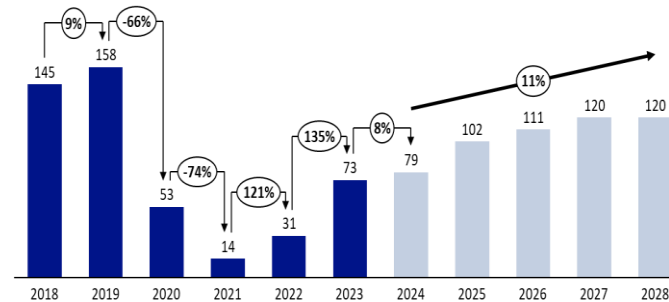


Composites as share of total weight of aircraft structures



Composites share over total weight of aircraft has been increased; (e.g., A-320, B-787) reaching > 50 share. ³ Kordsa is a supplier for 787 program.

Boeing 787 deliveries and forecast



The 787-program is producing at 5 per month with plans to ramp production to 6-7 in Q1-Q2 2025.⁴

Price war from Far-East in tire reinforcement and the late recovery of aerospace in the composite affecting our profitability levels

	USD Financials (MUSD)						
	2Q'23	2Q'24	Δ	3Q'23	4Q'23	1Q'24	2Q'24
Sales	255	235	-8.0%	241	231	234	235
Gross Profit	37	32	-11.9%	37	35	40	32
Gross Margin (%)	14.4%	13.8%	0 pts'	15.2%	15.3%	17.0%	13.8%
OPEX (%)	10.8%	12.4%	1 pts'	10.5%	11.6%	11.9%	12.4%
Operating Profit	11	7	-38.8%	14	13	12	7
Operating Profit Margin (%)	4.2%	2.8%	-1 pts'	5.7%	5.5%	5.1%	2.8%
Adjusted EBITDA*	20	16	-23.1%	24	18	23	16
Adjusted EBITDA* Margin (%)	7.9%	6.6%	-1 pts'	10.0%	8.0%	9.9%	6.6%
EBITDA**	19	13	-30.0%	22	19	22	13
EBITDA** Margin (%)	7.5%	5.7%	-2 pts'	9.2%	8.2%	9.5%	5.7%
Net Income	-2	1	-133.4%	3	12	3	1
Net Income (%)	-0.8%	0.3%	1 pts'	1.3%	5.0%	1.4%	0.3%

Adjusted EBITDA* = Gross Profit – Operating Expenses + Amortization/Depreciation + Other Operating Income/Expense such as Incentive Income

EBITDA** = Gross Profit – Operating Expenses + Amortization/Depreciation

Continuing price competition coming from Far-East competitors

Sales Bridge – MUSD

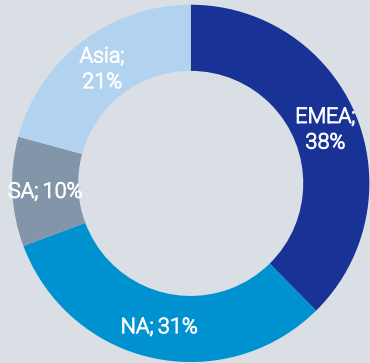


Our aim is to build balanced portfolio between tire and composite reinforcement

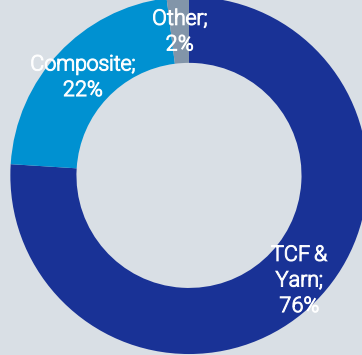
Segment Reporting Results

2Q, 24 Revenue Split

By Region

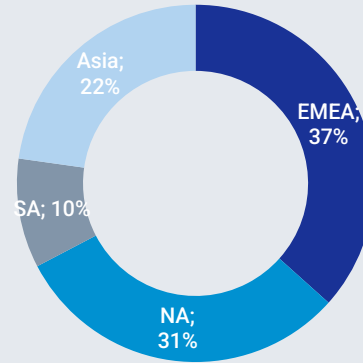


By Product

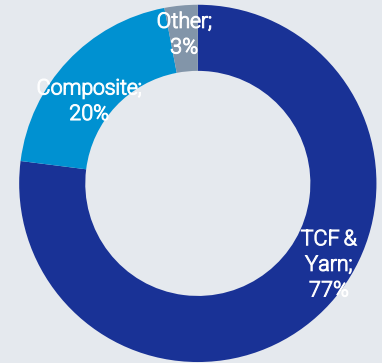


2Q, 23 Revenue Split

By Region

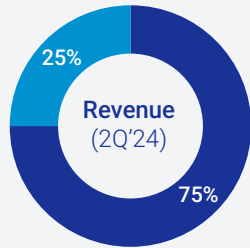


By Product



- * Balanced-portfolio based on the regions
- * Price competition especially in EMEA and APAC

Hard Currency Revenue

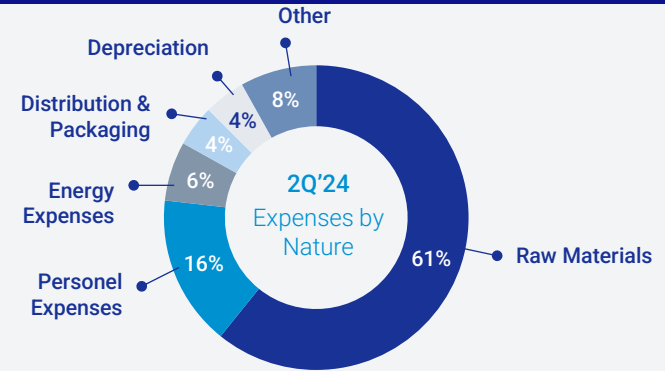


■ US \$ ■ EUR

FX exposure



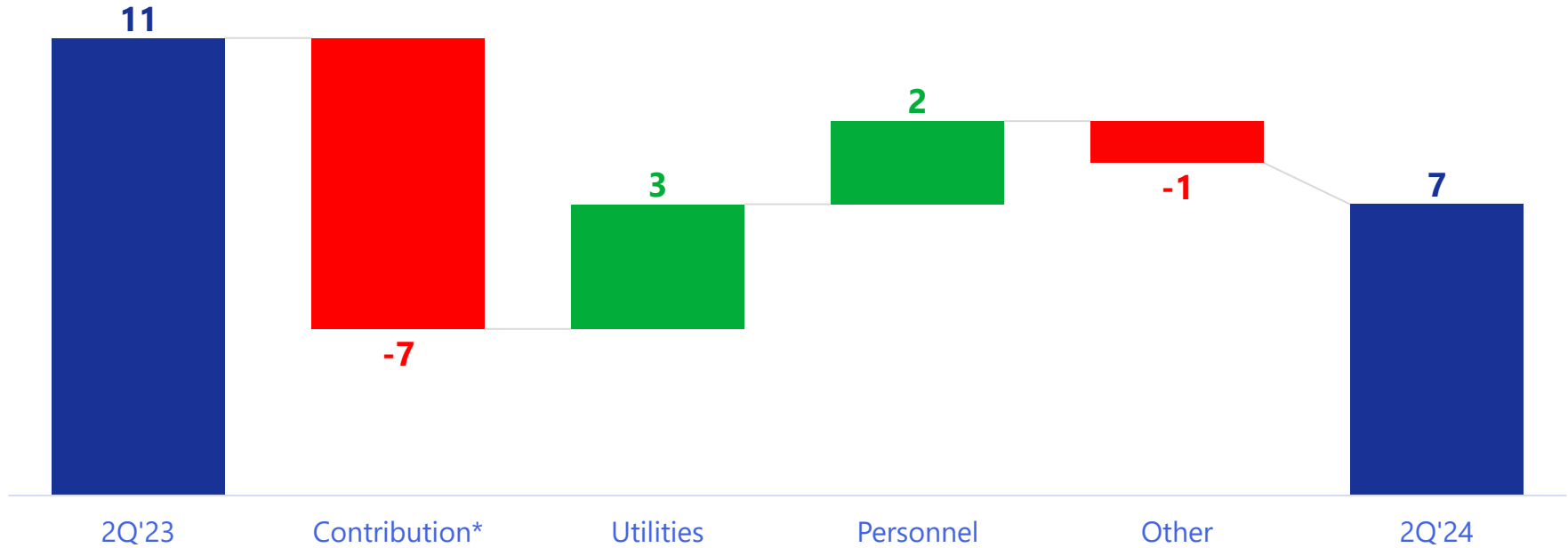
■ US \$ ■ TL ■ EUR
■ IDR ■ BRL ■ Baht



- 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
- Appreciation of EUR/USD parity is also positive for Kordsa

Effective cost management helped to limit negative impact of price pressures

EBIT Bridge (MUSD)

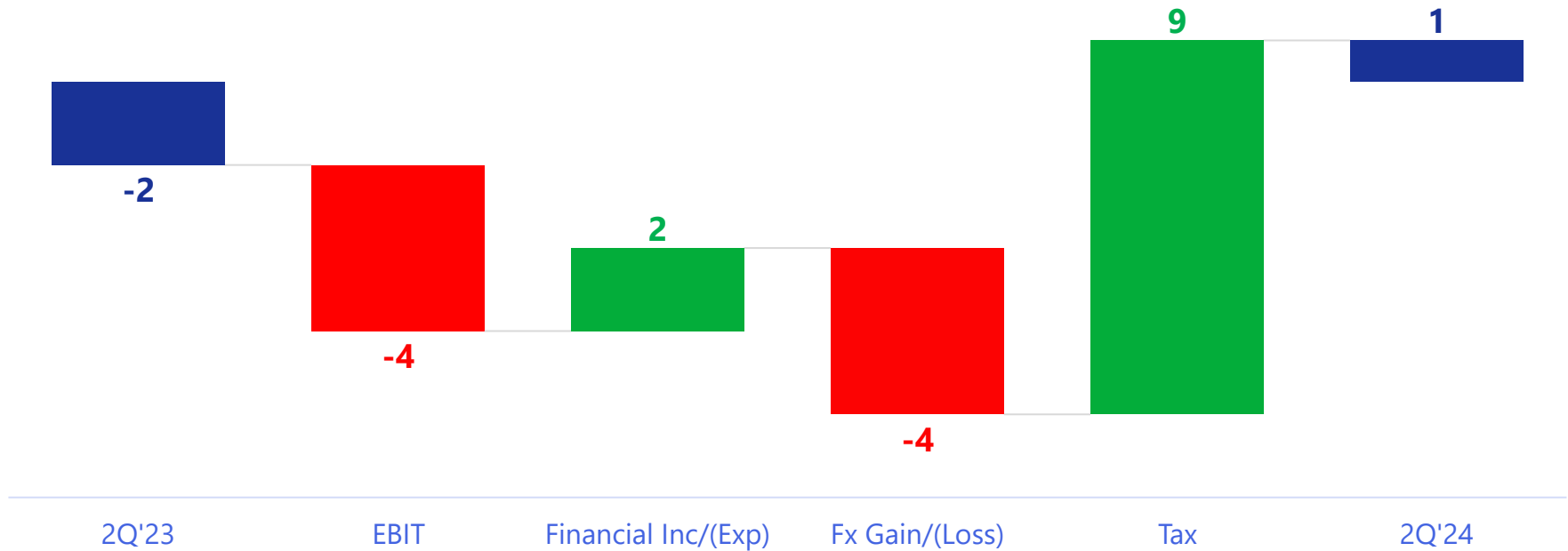


- * Cost pressure from TR inflation
- * Imbalance between USDTRY and inflation
- * Price war – low profitability
- * Savings from energy costs, especially in EMEA

* Sales – Raw Material Cost (including packaging, freight)

Positive bottom line despite lower EBIT

Net Income Bridge (MUSD)

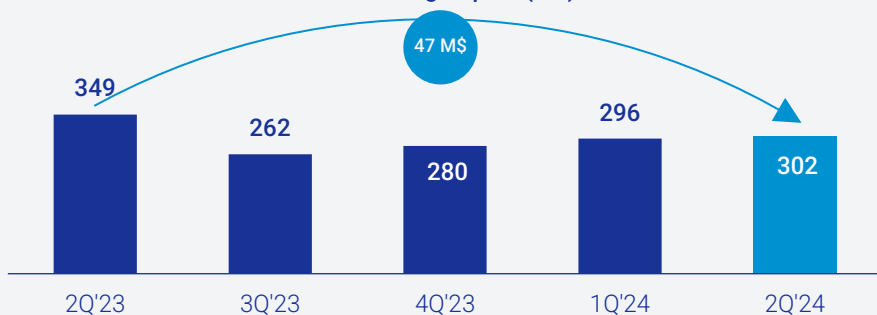


Balance Sheet

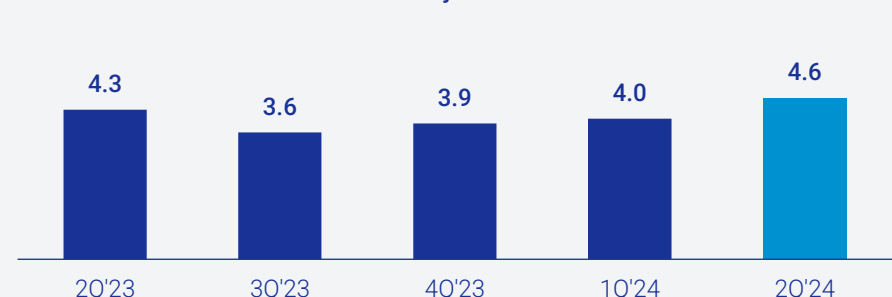
	TL Financials (MTL)			USD Financials (MUSD)		
	Dec'23	Jun'24	Δ	Dec'23	Jun'24	Δ
Cash and Cash Equivalents	1,712	1,762	50	58	54	-4
Account Receivables	4,774	5,779	1,005	162	176	14
Inventories	6,840	8,528	1,688	232	260	27
Other Current Assets	1,416	2,164	749	48	66	18
PPE & Intangibles	13,922	15,487	1,565	473	472	-1
Investment Property	697	777	80	24	24	0
Goodwill	3,960	4,415	456	135	135	0
Other Non-Current Assets	1,656	1,845	189	56	56	0
Account Payables	3,375	4,409	1,033	114	134	20
Total Debt	11,651	14,339	2,688	395	436	41
Short Term Debt	7,382	7,452	69	250	227	-24
Long Term Debt	4,269	6,887	2,618	145	209	65

Focusing on improving working capital and net debt level

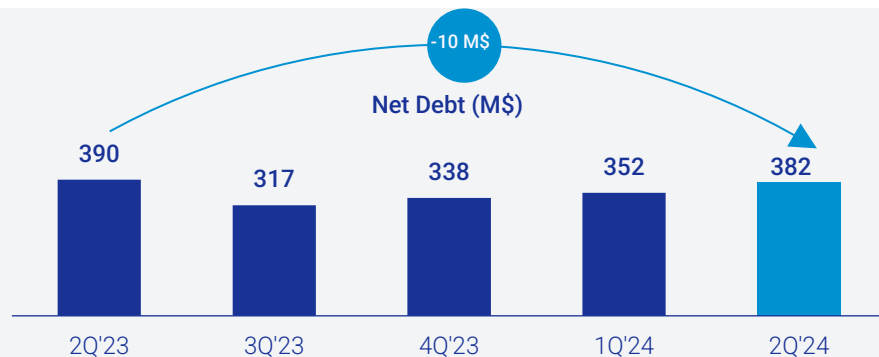
Net Working Capital (M\$)



Net Debt / Adjusted EBITDA*



Net Debt (M\$)



M\$	Amount		Avg. Int. Rates	
	31.12.2023	30.06.2024	%	%
Net Debt	337	382	YE'23	2Q'24
USD-Basis	295	350	8.5%	8.1%
EUR-Basis	39	45	7.3%	6.3%
TRY-Basis	56	36	34.8%	26.9%
Other Currencies	5	5	8.2%	4.6%
Cash & Cash Equi.	-58	-54		

Adjusted EBITDA* = Gross Profit – Operating Expenses + Amortization/Depreciation + Other Operating Income/Expense such as Incentive Income

CASH MANAGEMENT & IMPROVING NET DEBT LEVEL

COST IMPROVEMENT FOCUS

CONCENTRATE VALUE-ADDED PRODUCTS in COMPOSITE GROWING IN AEROSPACE & NON-AEROSPACE

GROWTH PLANS

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

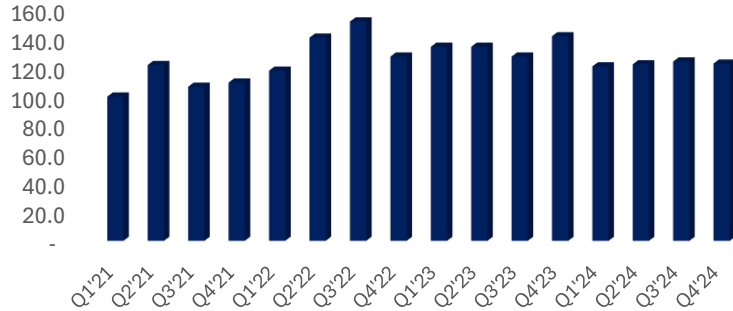
Thank You



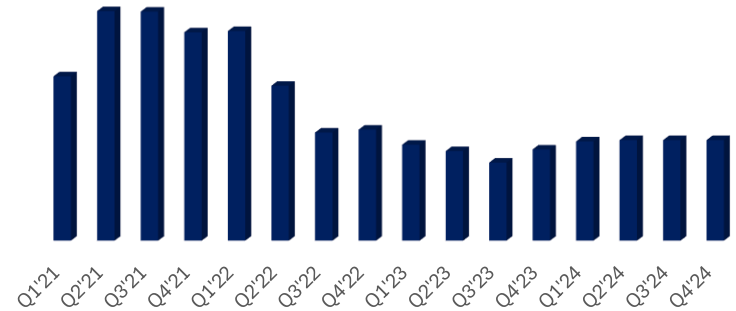
THE REINFORCER

No material change on raw material prices compared to the last year

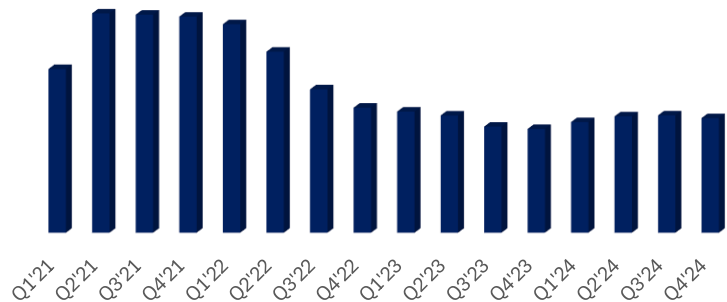
AA Price Index Trend



HMD Price Index Trend



Flake Price Index Trend



PET Chips Index Trend

