

# Kordsa

## 3Q'24 Financial Results

### Earnings Release

Oct 30, 2024

Sales revenues of Kordsa, which is a tire, construction and composite reinforcement leader decreased by 3% in the third quarter of 2024 in parallel with the second quarter of 2024 and realized as 235 million USD due to;

- The recovery process in the tire reinforcement has not yet reached the expected level and continuing price competition in tire reinforcement segment,
- Parallel or shrinking market conditions excluding China in tire production
- Low profitability level for the sales to non-aerospace industry due to the recovery in the commercial aerospace has not been yet reflected in the composite sector.

In the third quarter of 2024, Kordsa's Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") was realized as 16 million USD due to price pressures in the tire reinforcement and increases on the sales to low-margin industries in the composite reinforcement. As a result of decreases on the operational profitability and deferred tax income, net loss for the period was 5 million USD.

#### FINANCIAL DEVELOPMENTS

In the third quarter of 2024, the revenues decreased by 3% compared to the same period of 2023 and parallel with the last two quarters, and realized as 235 million USD. In the third quarter of 2024 compared to the same period of 2023;

- Due to continuing demand competition for price and volume-basis; the revenues of tire reinforcement segment decreased by 4% and realized as 179 million USD in line with the first two quarters of 2024 (3Q'23 : 186 million USD)
- The revenues of composite technologies segment decreased by 4% compared to the same period of 2023 and realized as 48 million USD (3Q'23: 50 million USD). In the related period, Microtex's contribution was 9 million USD.
- The construction segment growing in the export markets, especially in Brasil, generated 3.1 million USD revenues above with the first two quarters of 2024 and in line with the same period of 2023.

Due to the pressures on the profitability from price/demand competition in tire reinforcement, the mismatch inflation – USDTRY exchange rate in EMEA region and profitability pressures in the composite segment with low-margin sales to non-aerospace industry, EBITDA was realized as 16 million USD. In the light of this information, in the third quarter of 2024 to the same of the previous year;

- There are negative variances amounting to 2 million USD coming from sales (including raw material, packaging and freight) and,
- Negative variance amounting to 4 million USD coming from labor and energy.

In the third quarter of 2024, our net loss was realized as 5.4 million USD due to pressures on operational profitability, tax expenses coming from Indonesia and Thailand operations and high financing costs

In 3Q'24, an investment of 12 million USD was made for machinery and product sustainability.

With the effect of increases on working capital requirements due to longer transit period for raw material purchases in case of closing of Suez-Canal, financial debts amounted to 455 million USD, while the net debt/EBITDA ratio increased to 5.1 on an annual basis. In Adjusted EBITDA calculation, other income/expenses from operating activities except fx gains/losses were taken to account.

## SUMMARY FINANCIAL RESULTS

	TL Financials (MTL)						
	3Q'23	3Q'24	Δ	4Q'23	1Q'24	2Q'24	3Q'24
Sales	8,564	7,865	-8.2%	4,733	7,239	7,586	7,865
Gross Profit	1,299	1,088	-16.3%	726	1,230	1,049	1,088
Gross Margin (%)	15.2%	13.8%	-1 pts'	15.3%	17.0%	13.8%	13.8%
OPEX (%)	10.5%	11.9%	2 pts'	11.6%	11.9%	12.4%	11.9%
Operating Profit	490	286	-41.6%	262	366	214	286
Operating Profit Margin (%)	5.7%	3.6%	-2 pts'	5.5%	5.1%	2.8%	3.6%
Adjusted EBITDA*	854	600	-29.8%	379	718	501	600
Adjusted EBITDA* Margin (%)	10.0%	7.6%	-2 pts'	8.0%	9.9%	6.6%	7.6%
EBITDA**	788	520	-34.0%	389	687	435	520
EBITDA** Margin (%)	9.2%	6.6%	-2 pts'	8.2%	9.5%	5.7%	6.6%
Net Income	107	-173	-261.2%	237	98	22	-173
Net Income (%)	1.3%	-2.2%	-3 pts'	5.0%	1.4%	0.3%	-2.2%

  

	USD Financials (MUSD)						
	3Q'23	3Q'24	Δ	4Q'23	1Q'24	2Q'24	3Q'24
Sales	241	235	-2.5%	231	234	235	235
Gross Profit	37	33	-11.1%	35	40	32	33
Gross Margin (%)	15.2%	13.8%	-1 pts'	15.3%	17.0%	13.8%	13.8%
OPEX (%)	10.5%	11.9%	2 pts'	11.6%	11.9%	12.4%	11.9%
Operating Profit	14	9	-38.0%	13	12	7	9
Operating Profit Margin (%)	5.7%	3.6%	-2 pts'	5.5%	5.1%	2.8%	3.6%
Adjusted EBITDA*	24	18	-25.5%	18	23	16	18
Adjusted EBITDA* Margin (%)	10.0%	7.6%	-2 pts'	8.0%	9.9%	6.6%	7.6%
EBITDA**	22	16	-29.9%	19	22	13	16
EBITDA** Margin (%)	9.2%	6.6%	-2 pts'	8.2%	9.5%	5.7%	6.6%
Net Income	3	-5	-271.1%	12	3	1	-5
Net Income (%)	1.3%	-2.2%	-3 pts'	5.0%	1.4%	0.3%	-2.2%

\* Adjusted EBITDA includes other income/expenses from operating activities except fx gains/losses

## DISCLAIMER

The information and opinions contained in this document have been compiled by Kordsa Teknik Tekstil A.Ş. ("Kordsa") 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.

This document is an accompanying part of consolidated financial statements available in Kordsa Investor Relations website and public disclosure platform.