



Kordsa.com



3Q'24 Financial Results

Earnings Release

Oct 31 2024

The information and opinions contained in this document have been compiled by KORDSA Teknik Tekstil Anonim Şirketi (the "Company") 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. No undue reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. This document may contain forward-looking statements by using such words as "may", "will", "expect", "believe", "plan" and other similar terminology that reflect the Company management's current views, expectations, assumptions and forecasts with respect to certain future events. As the actual performance of the companies may be affected by risks and uncertainties, all opinions, information and estimates contained in this document constitute the Company's current judgment and are subject to change, update, amend, supplement or otherwise alter without notice. Although it is believed that the information and analysis are correct and expectations reflected in this document are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially.

The Company does not undertake any obligation and disclaims any duty to update or revise any forward-looking statements, whether as a result of new information or future events. Neither this document nor the information contained within can construe any investment advice, invitation or an offer to buy or sell the Company and/or Its group companies' shares. The Company cannot guarantee that the securities described in this document constitute a suitable investment for all investors and nothing shall be taken as an inducement to any person to invest in or otherwise deal with any shares of the Company and its group companies. The information contained in this document is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. You must not distribute the information in this document to, or cause it to be used by, any person or entity in a place where its distribution or use would be unlawful. Neither the Company, its board of directors, directors, managers, nor any of Its employees shall have any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

AGENDA

01.

3Q'24 Highlights

02.

Market Dynamics

03.

Key Financials

04.

What's Next

3Q'24 Highlights

TIRE REINFORCEMENT

- * No material change in volume-basis
- * Price competition from Far-East
- * No material change in raw material prices

REVENUE



**235
MUSD**
All Hard-
Currency

OPERATING CASH FLOW



14 MUSD

Adjusted EBITDA*



18 M\$
7.6% Margin

EBITDA** : 16 M\$

COMPOSITE REINFORCEMENT

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

NET DEBT



391 M\$

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

INVESTMENT



**12
MUSD**

NET INCOME



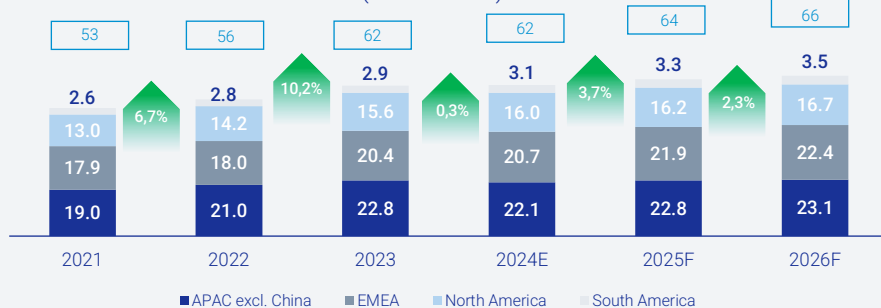
**-5
MUSD**

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

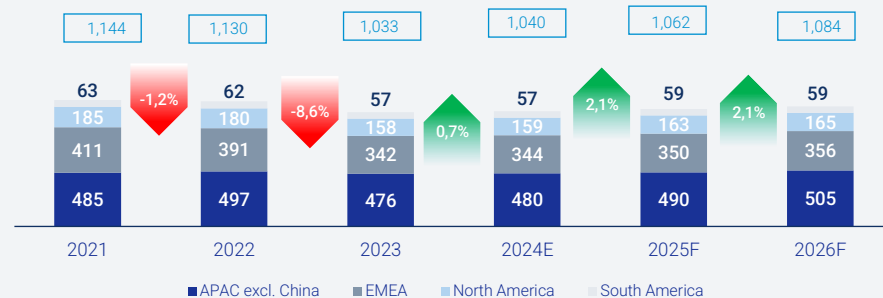
EBITDA** = Gross Profit – Operating Expenses + Amortization/Depreciation

Tire reinforcement market expected to grow ~1% in 2024

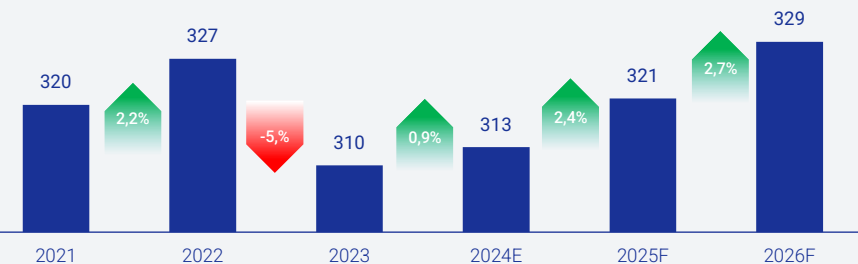
Global Automotive Market excl. China (million units)



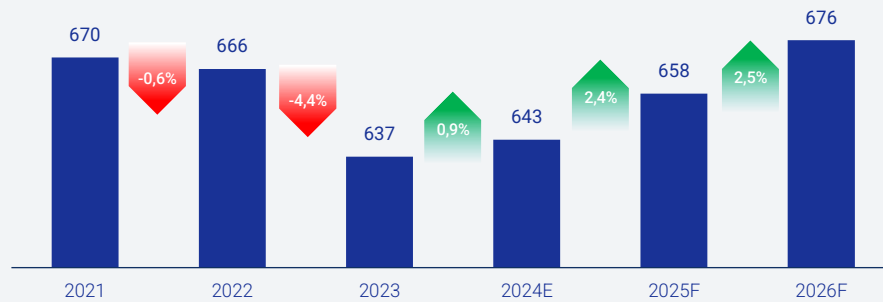
Global Tire Market excl. China (million units)



Tire Reinforcement Market (NY6.6-ktons)



Tire Reinforcement Market (PET HMLS-ktons)

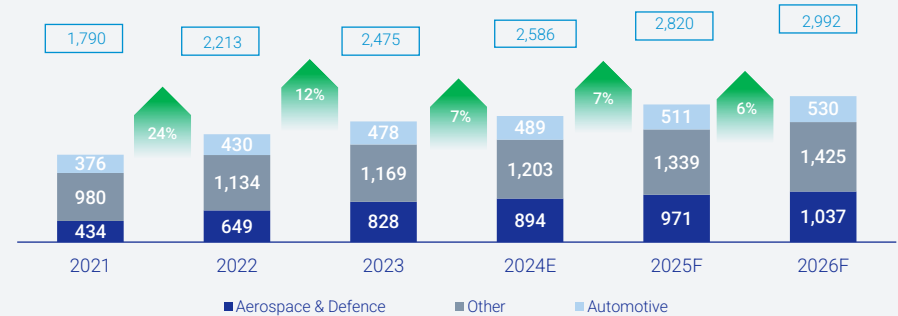


Positive Outlook for the Composite Market 2024 and Beyond

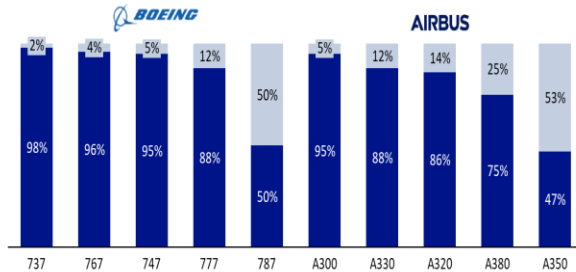
Composite Prepreg Market (M\$)



Composite Textile Market (M\$)

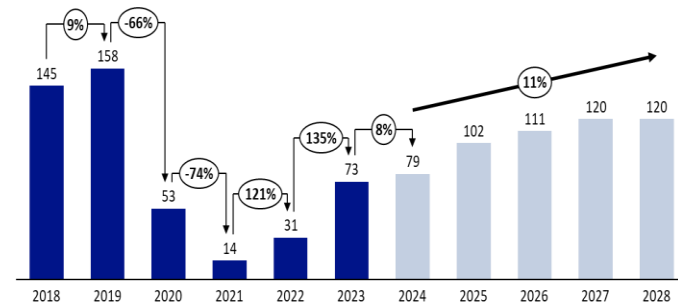


Composites as share of total weight of aircraft structures



Composite's 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 competition from Far-East in tire reinforcement and the late recovery of aerospace in the composite affecting our profitability levels

	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 (%)	9.8%	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* = Gross Profit – Operating Expenses + Amortization/Depreciation + Other Operating Income/Expense excl. fx gains/losses

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

Continuing price competition coming from Far-East competitors

Sales Bridge – MUS\$

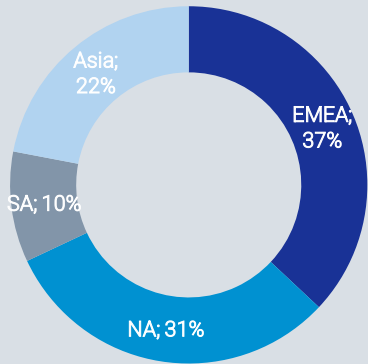


Our aim is to build balanced portfolio between tire and composite reinforcement

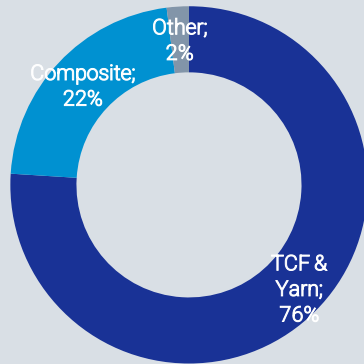
Segment Reporting Results

3Q, 24 Revenue Split

By Region

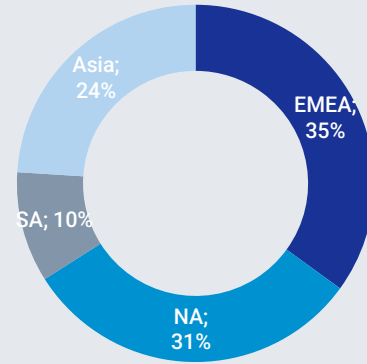


By Product

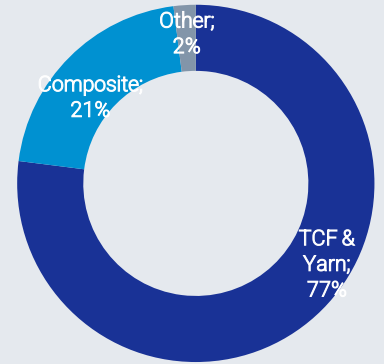


3Q, 23 Revenue Split

By Region

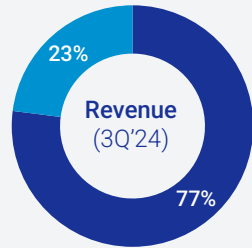


By Product



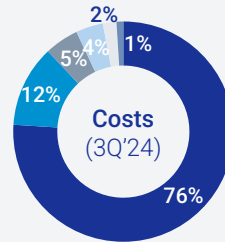
- * Balanced-portfolio based on the regions
- * Price competition especially in EMEA and APAC

Hard Currency Revenue

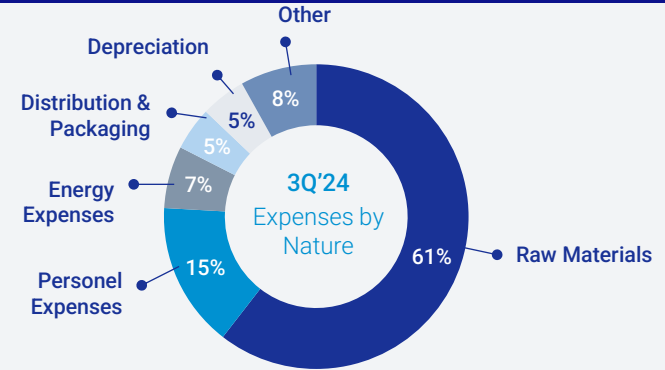


■ US \$ ■ EUR

FX exposure



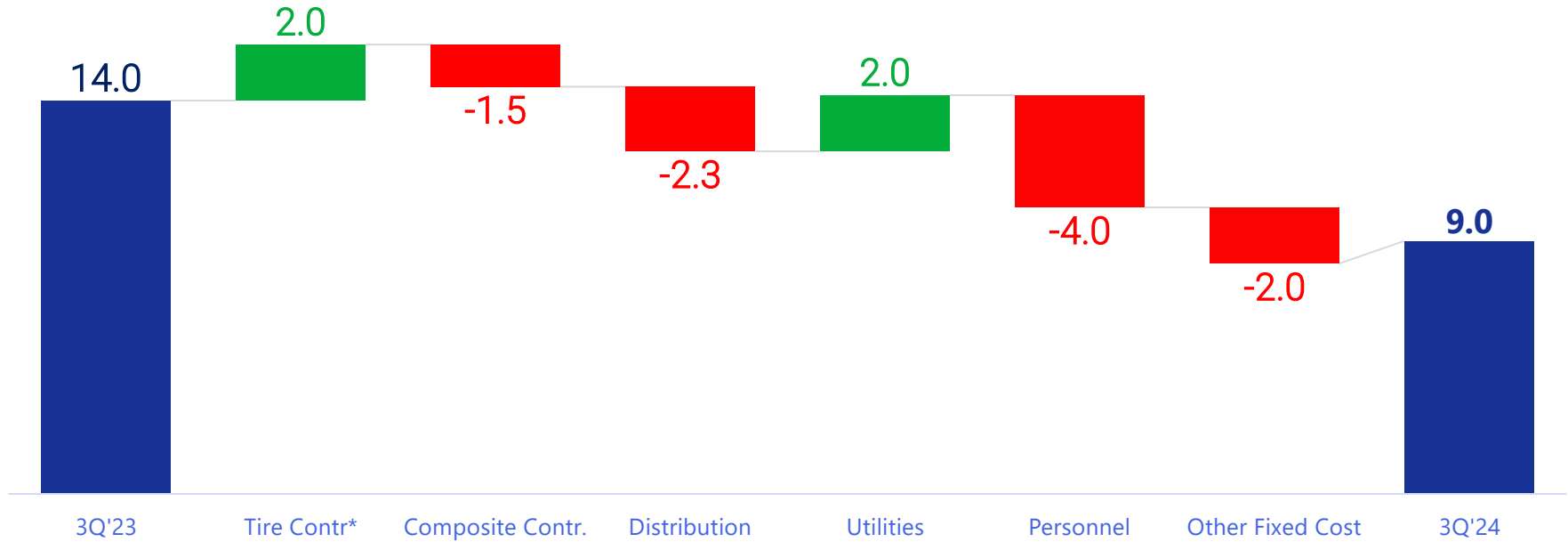
■ US \$ ■ TL ■ EUR
■ IDR ■ BRL ■ Baht



- 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)



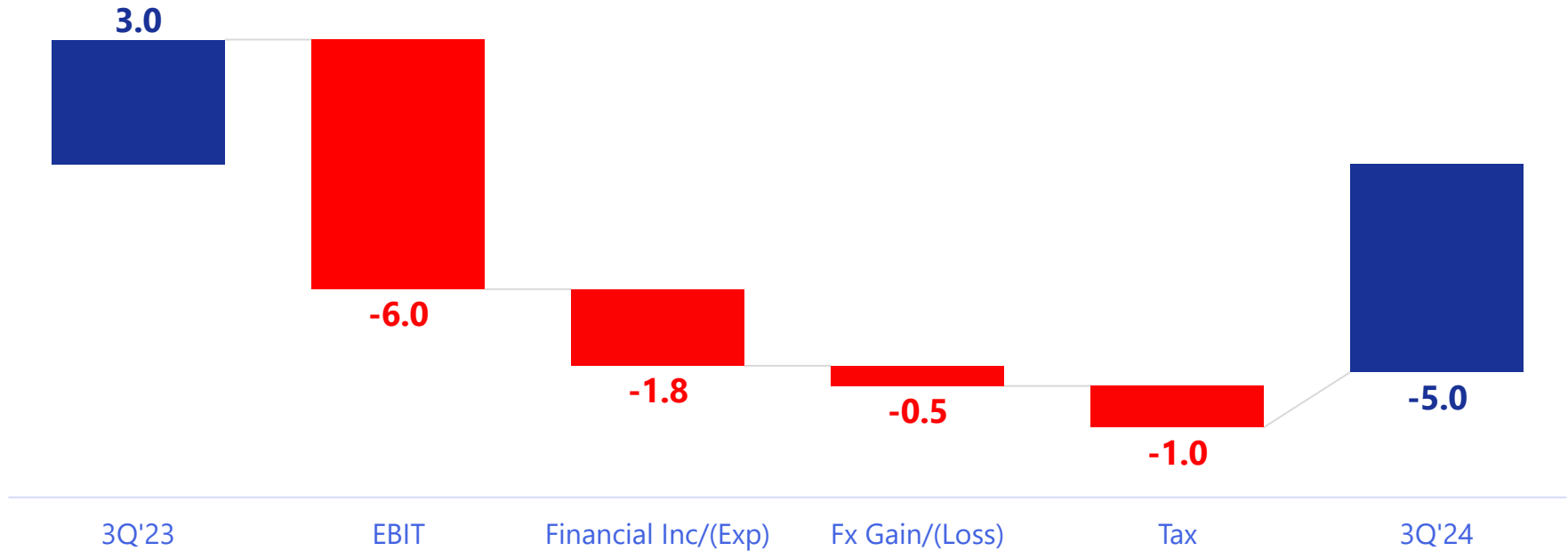
- * Cost pressure from TR inflation
- * Imbalance between USDTRY and inflation
- * Price competition – low profitability
- * Savings from energy costs, especially in EMEA

* Contribution: Sales – Raw Material Cost

* Tire Contribution including all other businesses except composite

Material effects coming from EBIT level

Net Income Bridge (MUSD)

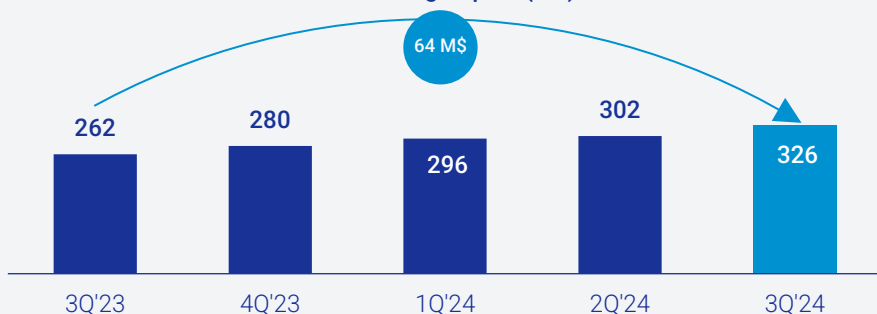


Balance Sheet

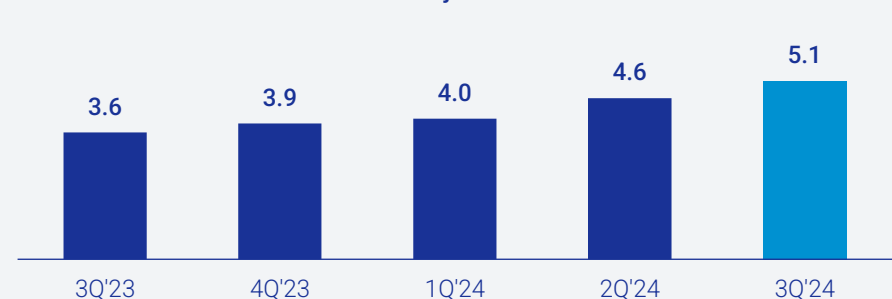
	TL Financials (MTL)			USD Financials (MUSD)		
	Dec'23	Sep'24	Δ	Dec'23	Sep'24	Δ
Cash and Cash Equivalents	1,712	2,179	467	58	64	6
Account Receivables	4,774	6,208	1,434	162	182	20
Inventories	6,840	8,790	1,950	232	258	25
Other Current Assets	1,416	1,884	468	48	55	7
PPE & Intangibles	13,922	16,242	2,320	473	476	3
Investment Property	697	686	-11	24	20	-4
Goodwill	3,960	4,590	630	135	135	0
Other Non-Current Assets	1,656	1,847	191	56	54	-2
Account Payables	3,375	3,874	499	114	113	-1
Total Debt	11,651	15,545	3,894	395	455	60
Short Term Debt	7,382	8,786	1,404	250	257	7
Long Term Debt	4,269	6,759	2,490	145	198	53

Focusing on improving working capital and net debt level

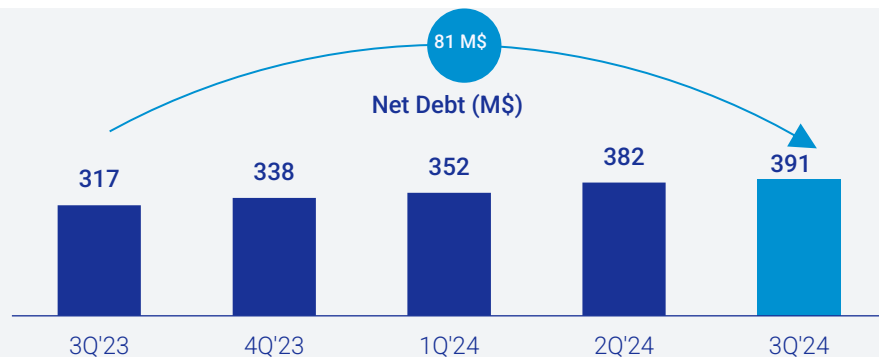
Net Working Capital (M\$)



Net Debt / Adjusted EBITDA*



Net Debt (M\$)



M\$	Amount		Avg. Int. Rates	
	31.12.2023	30.09.2024	%	%
Net Debt	337	391	YE'23	3Q'24
USD-Basis	295	342	8.5%	7.8%
EUR-Basis	39	46	7.3%	6.9%
TRY-Basis	56	64	34.8%	26.9%
Other Currencies	5	4	8.2%	4.7%
Cash & Cash Equi.	-58	-64		

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**

Thank You



THE REINFORCER