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# Investor Presentation

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Nov'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

**3**

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 Turkish brand

## 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

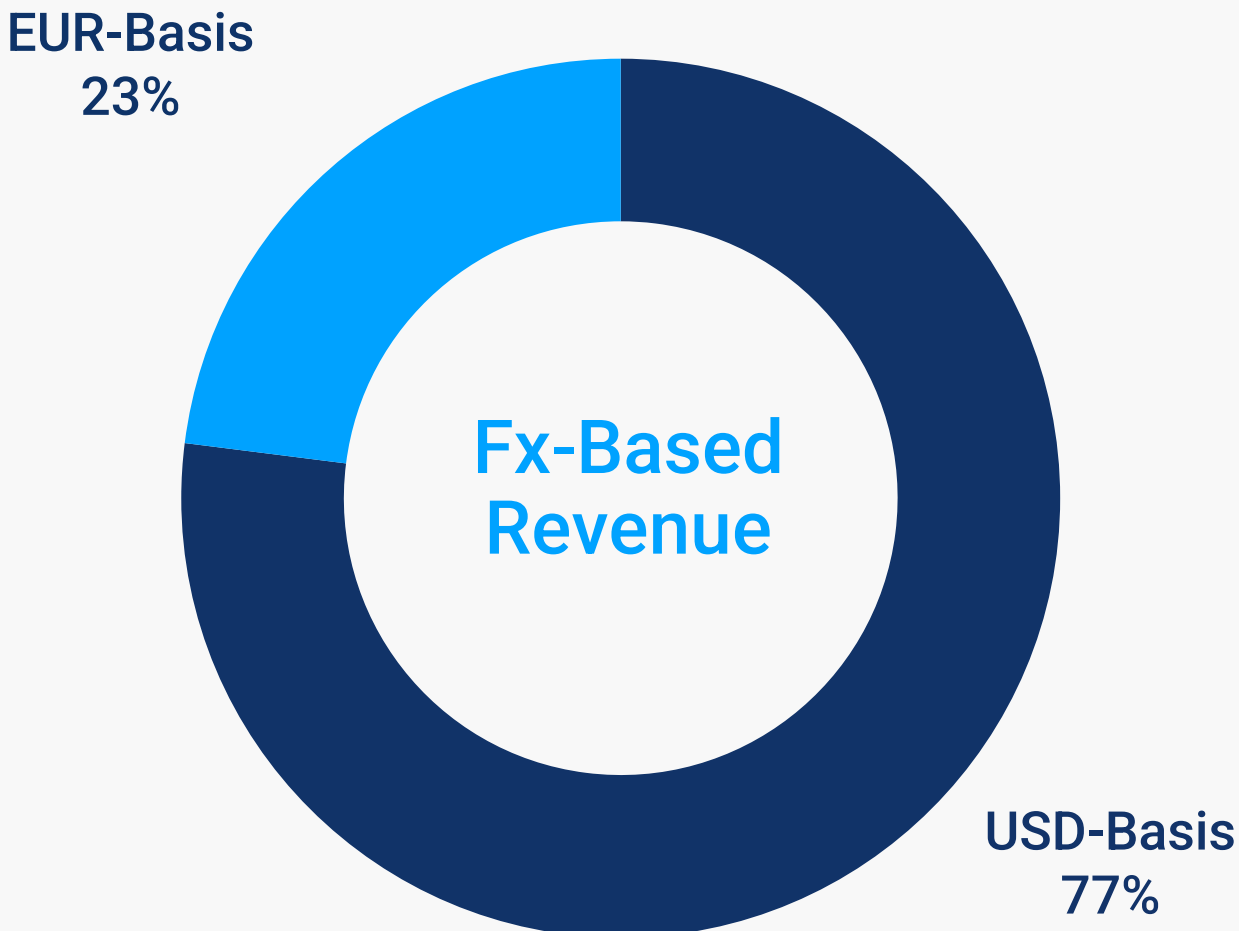
- Leading player in Ox-Ox Ceramic Matrix Composites
- Agile production capabilities / demand fulfillment
- CTCE : Industry & University Partnership

## Trusted Partner

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

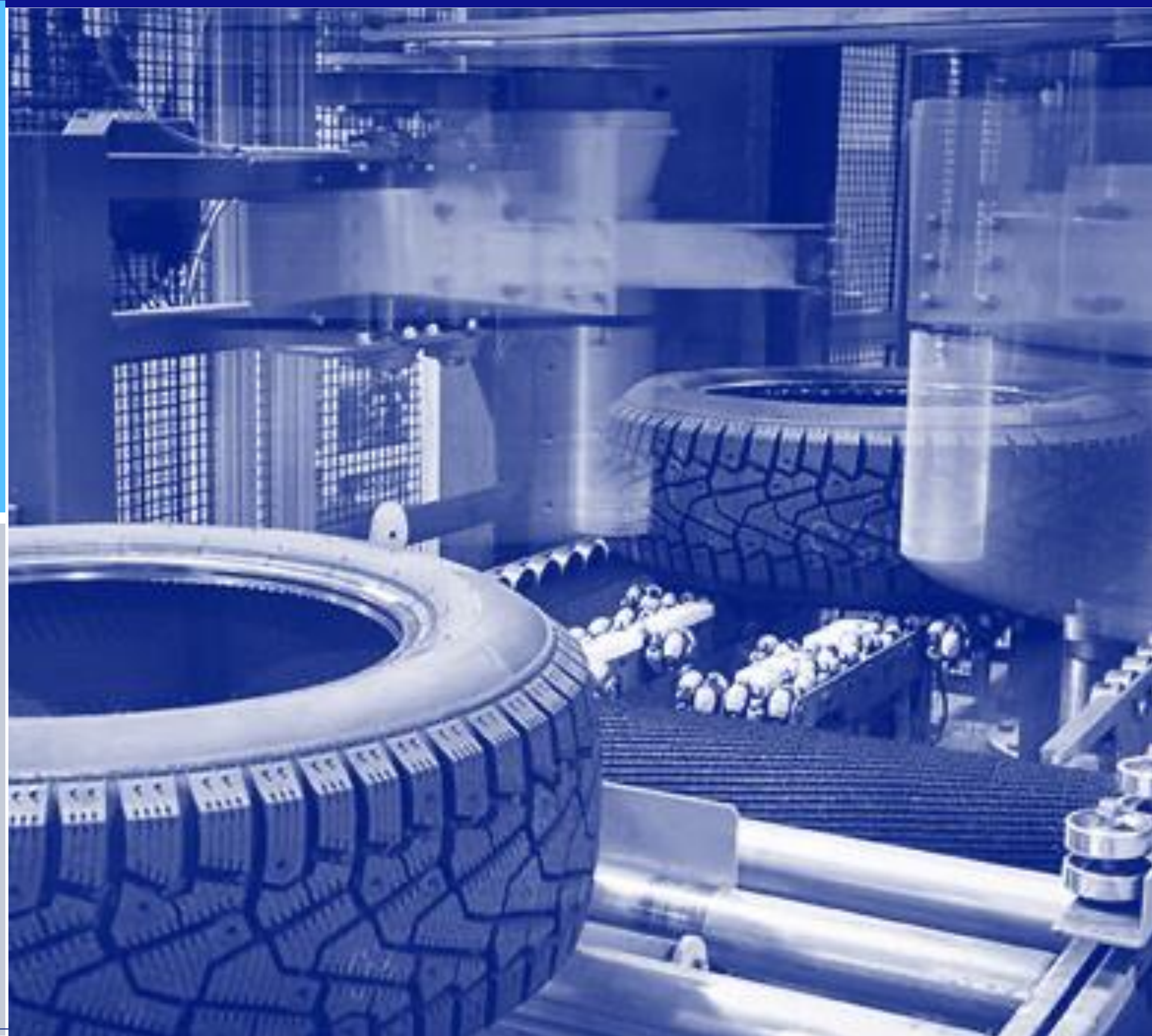
# Strong hedge position to country risks through 100% hard-currency revenue

## Natural Hedge to FX/Türkiye Position



03

# OPERATIONS

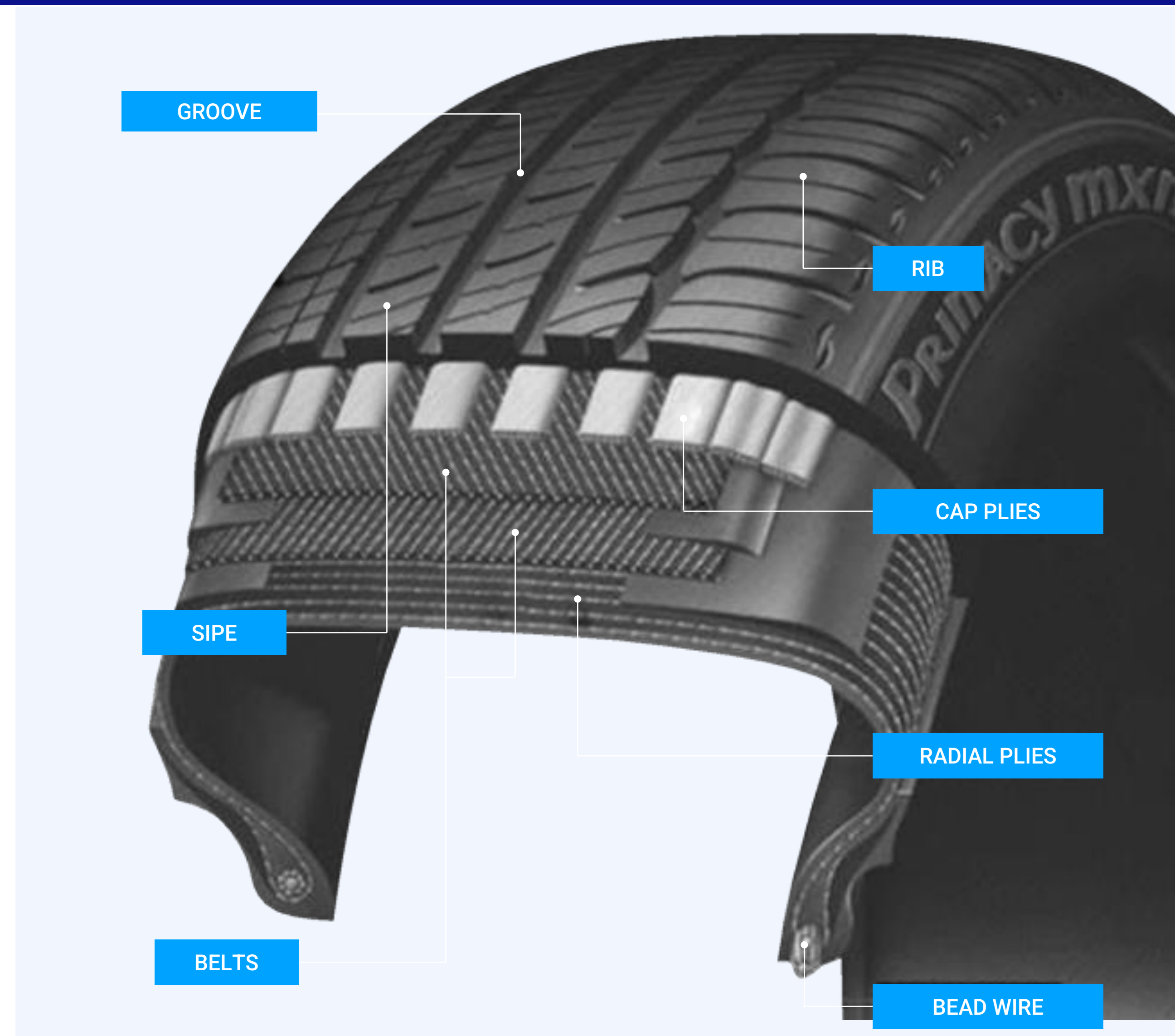


# FINANCIALS



# 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

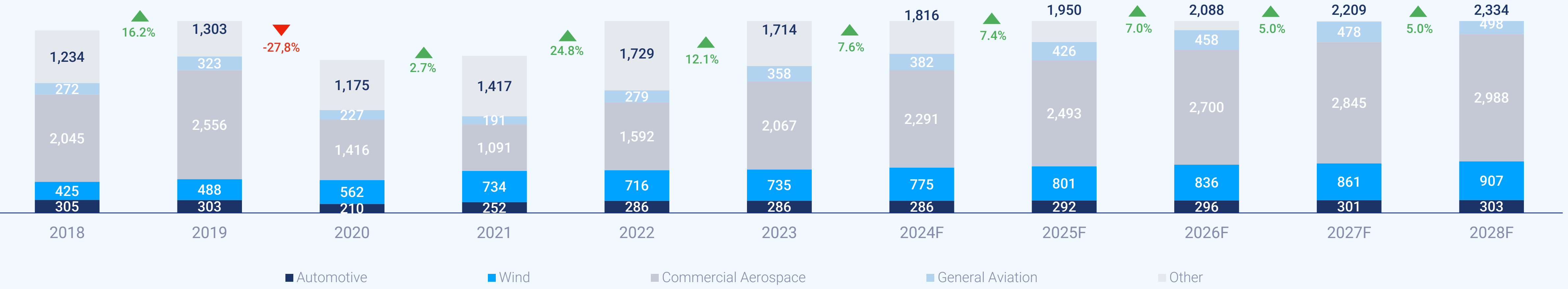
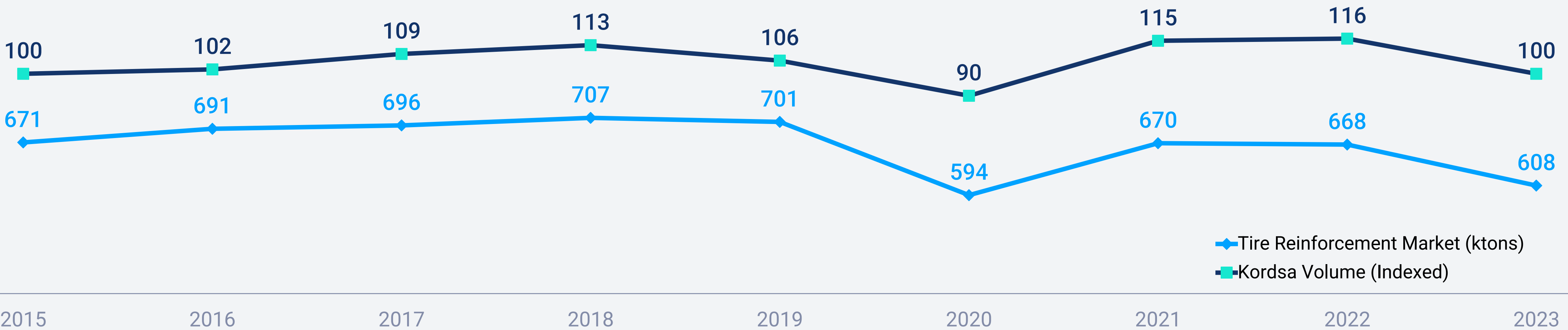
### MAJOR APPLICATIONS

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



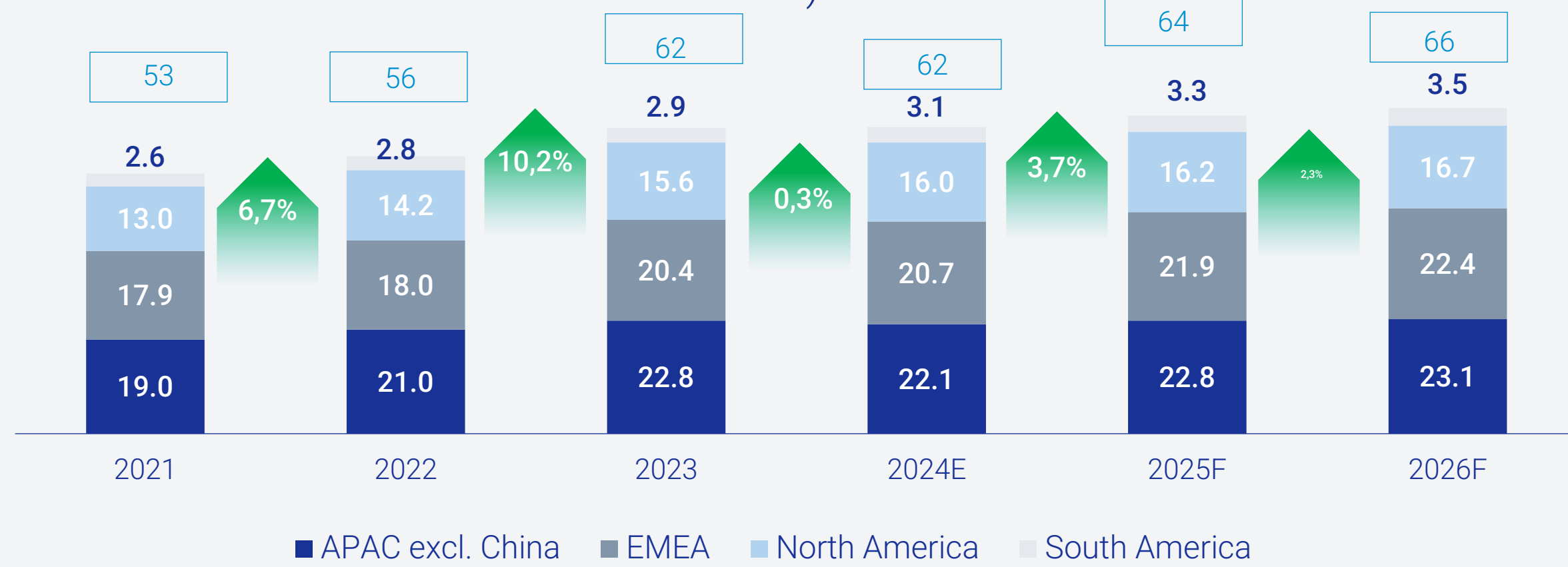
# Composite strategy: two complementary segments

## Through long-term sustainable and profitable growth

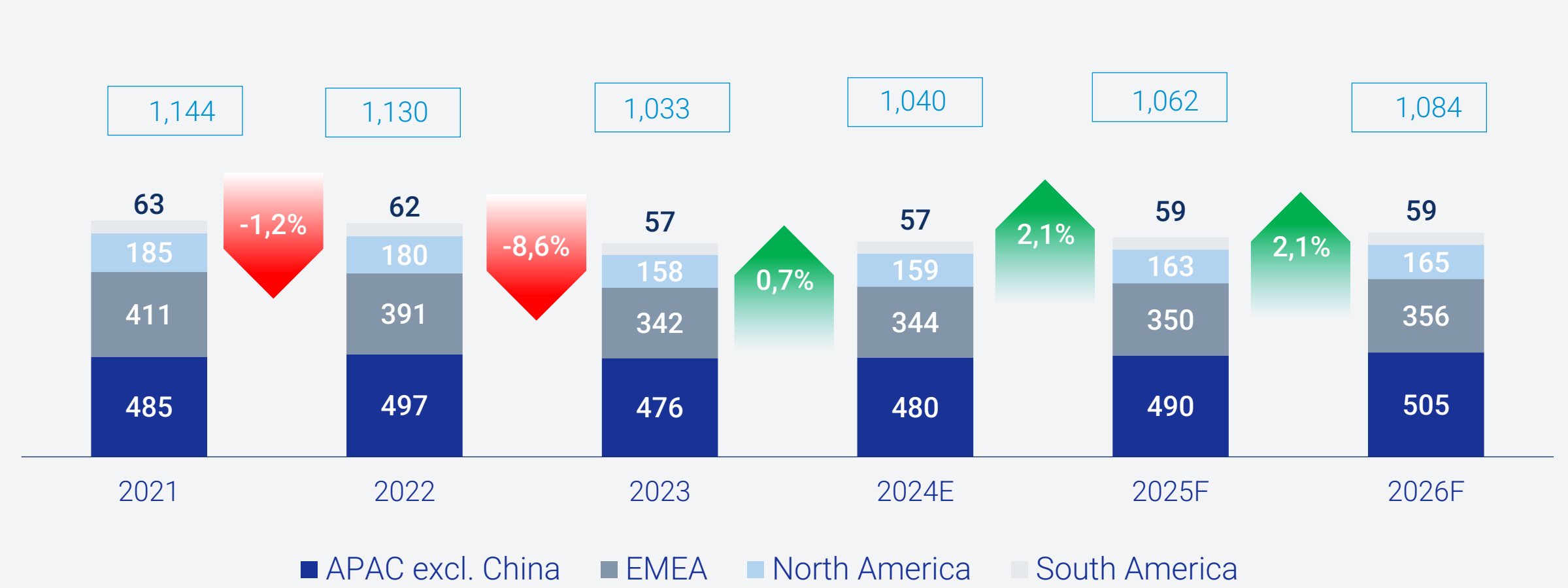


# Tire reinforcement market expected to grow ~1% in 2024

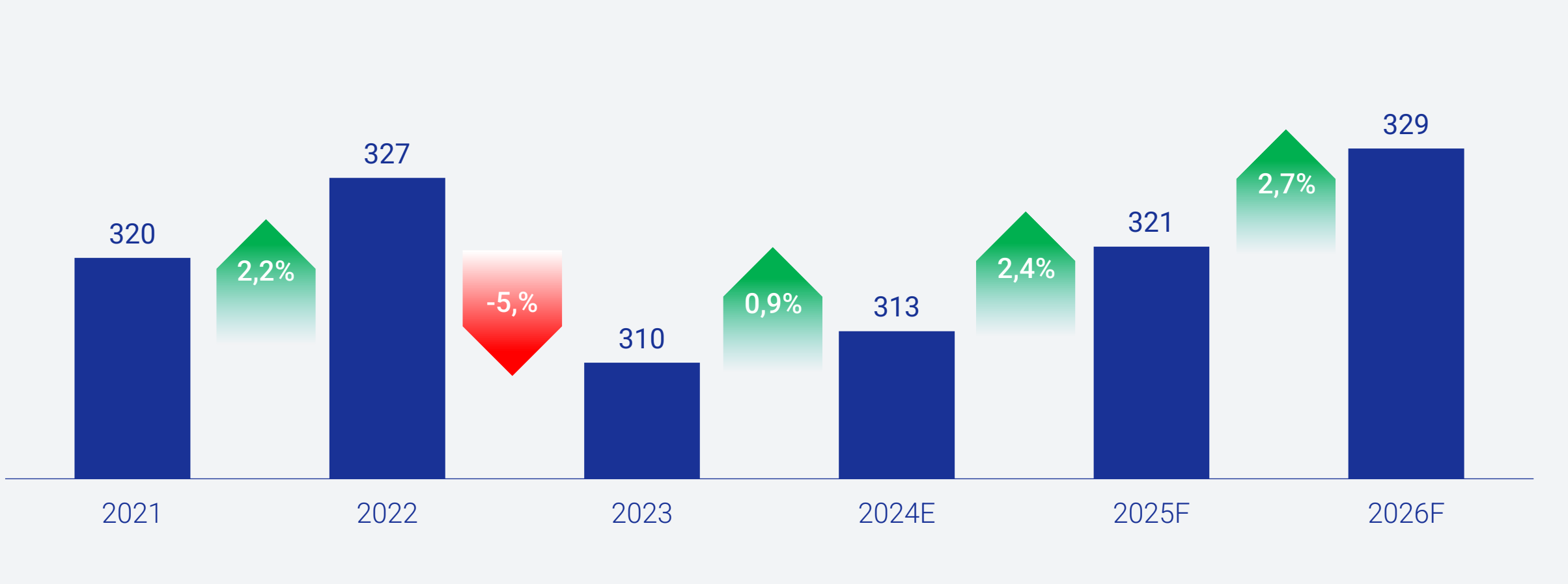
Global Automotive Market excl. China (million units)



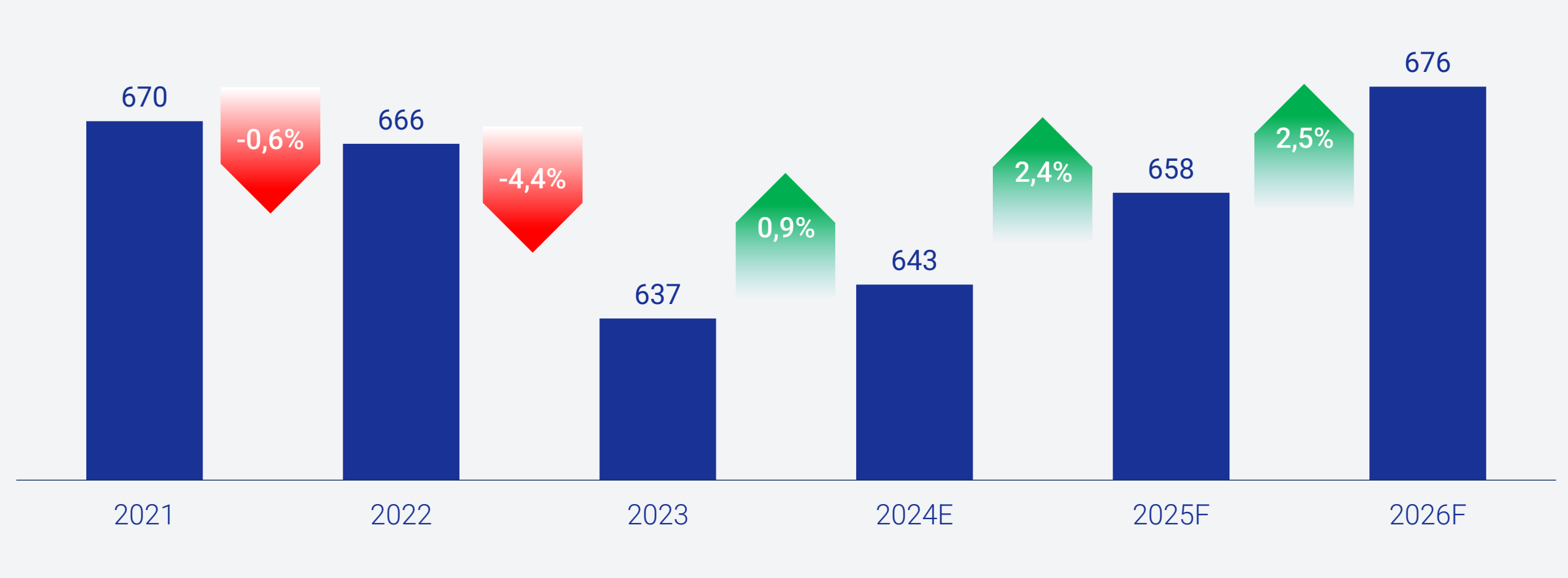
Global Tire Market excl. China (million units)



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



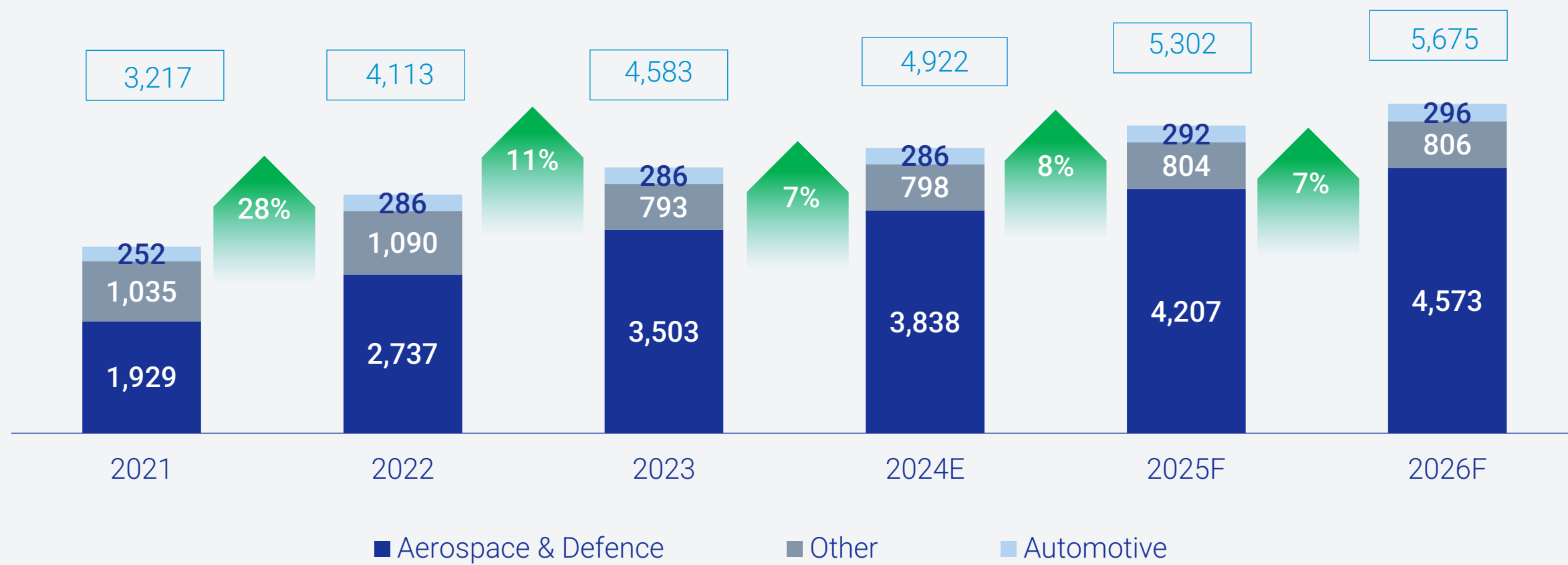
Tire Reinforcement Market excl. China (PET HMLS-ktons)



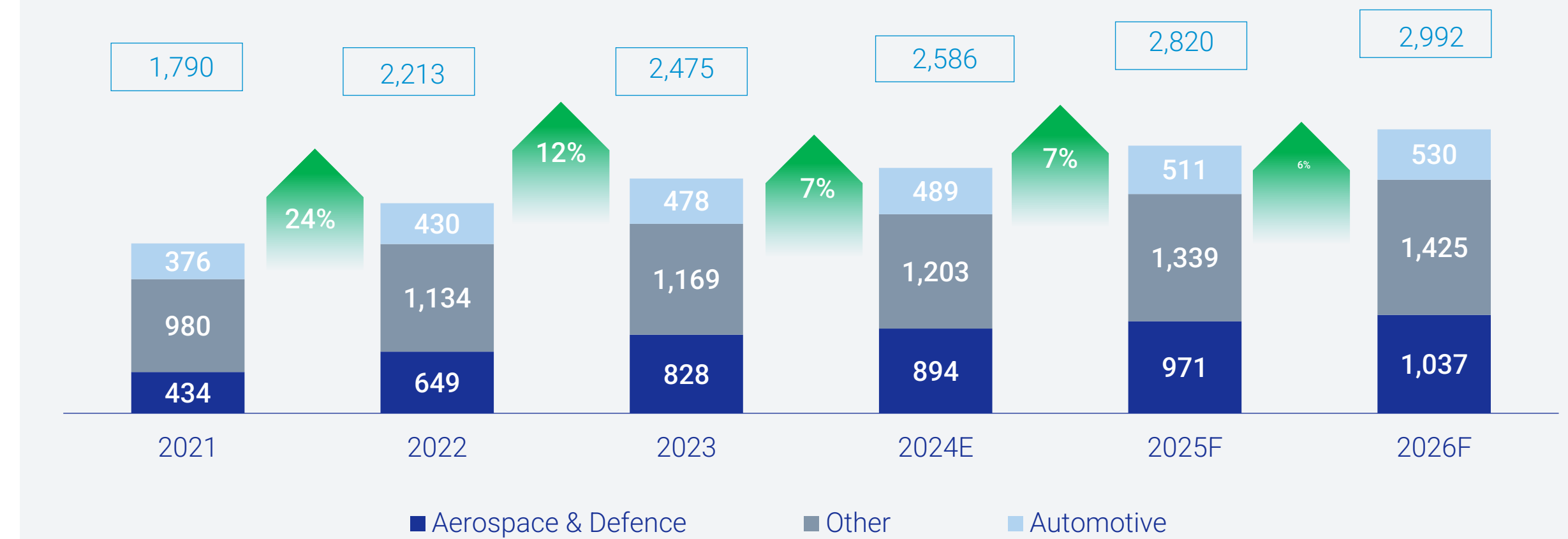
Source: IHS & Kordsa Market Intelligence Forecast

# Positive Outlook for the Composite Market 2024 and Beyond

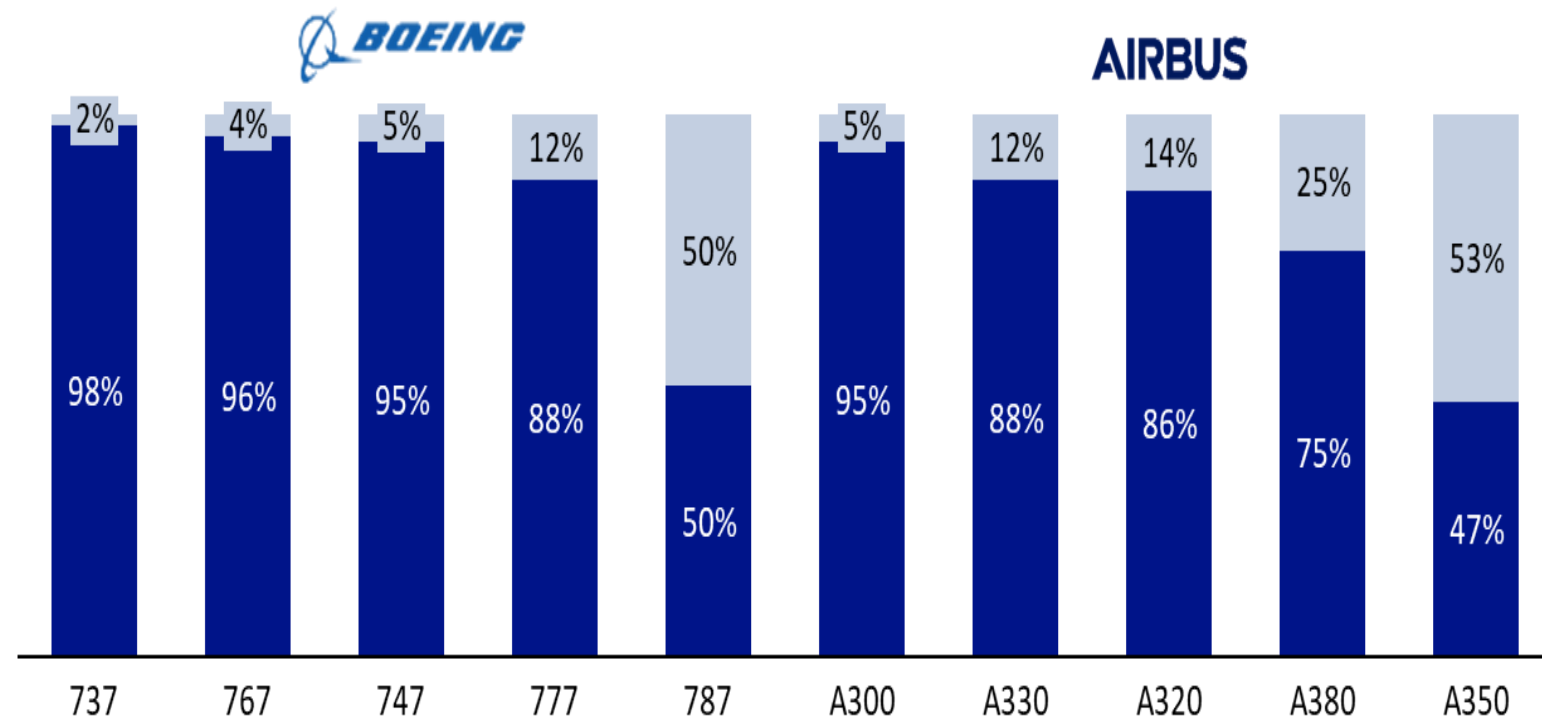
Composite Prepreg Market (M\$)



Composite Textile Market (M\$)

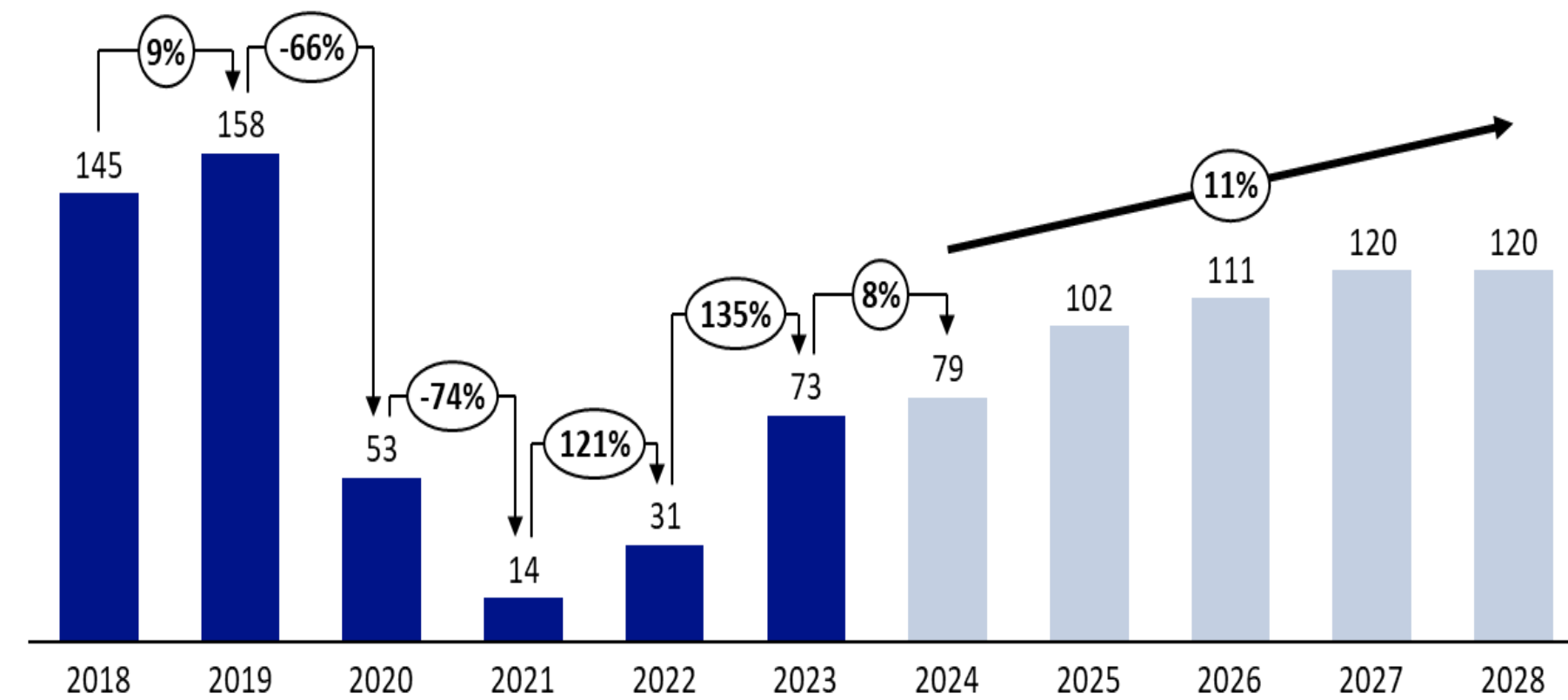


## Composites as share of total weight of aircraft structures



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

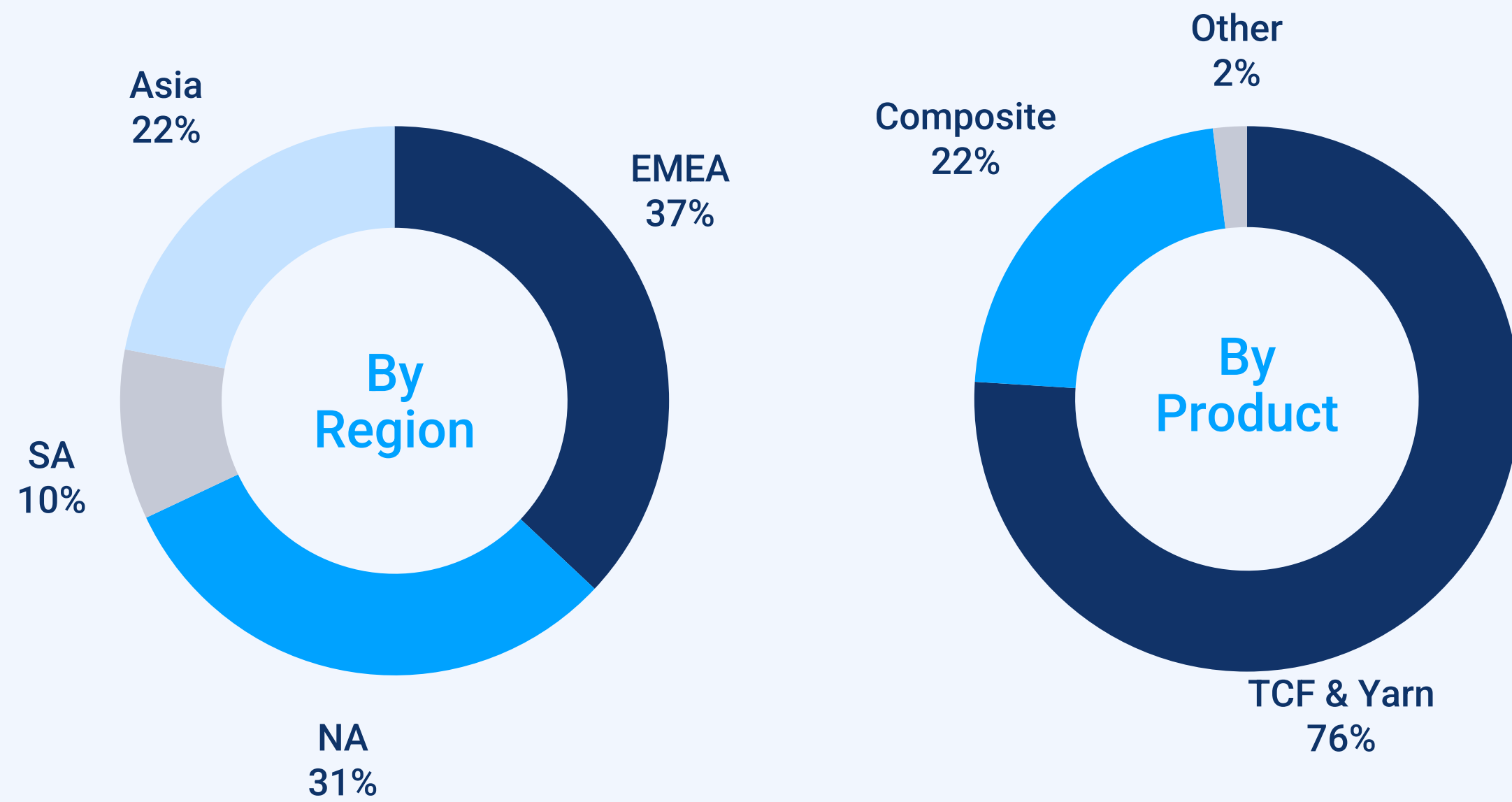
## Boeing 787 deliveries and forecast



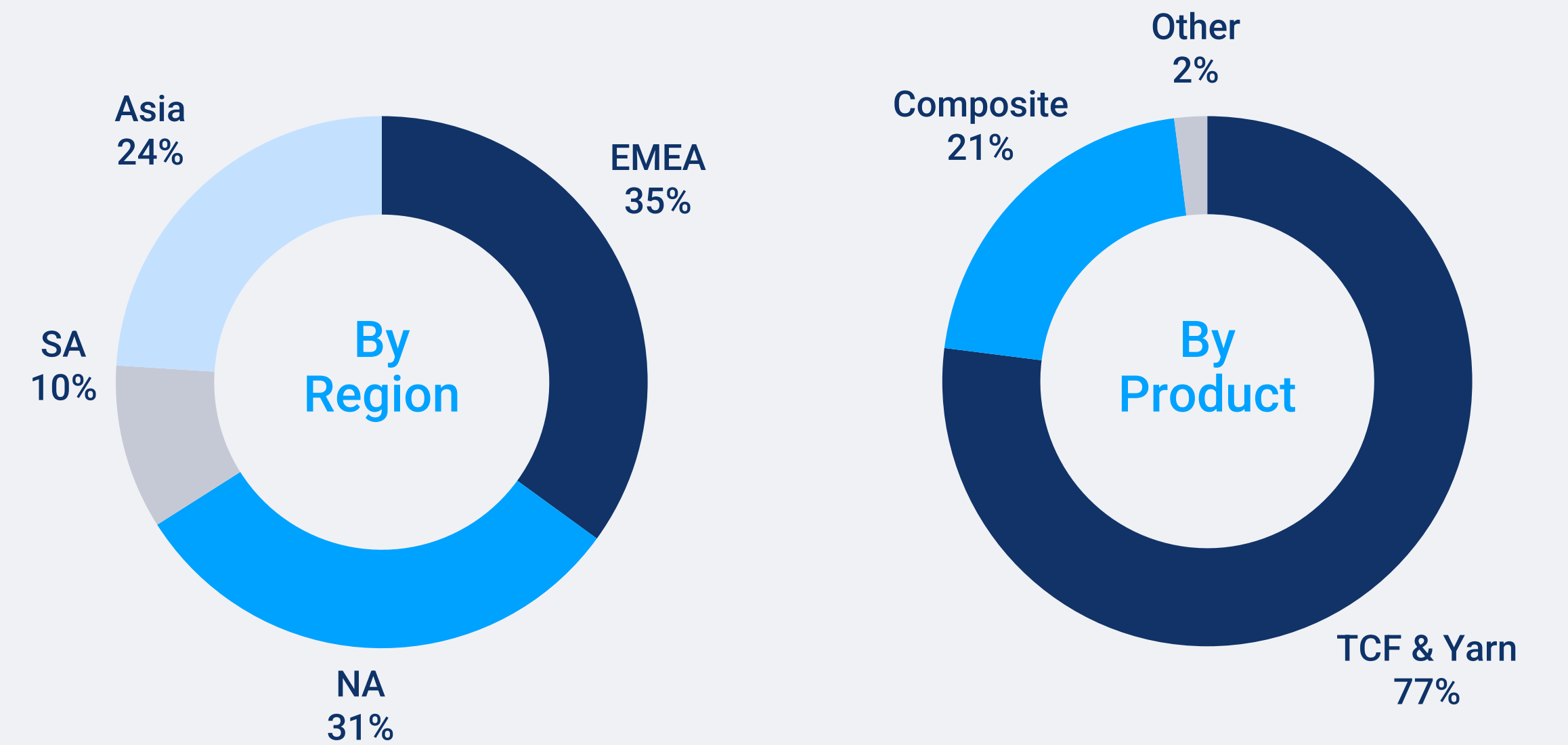
The 787-program is producing at 5 per month with plans to ramp production to 6-7 in Q1-Q2 2025.<sub>4</sub>

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

**Sep, 23** Revenue Split



**Sep, 24** Revenue Split



# Strong financial performance in evolving advanced materials company

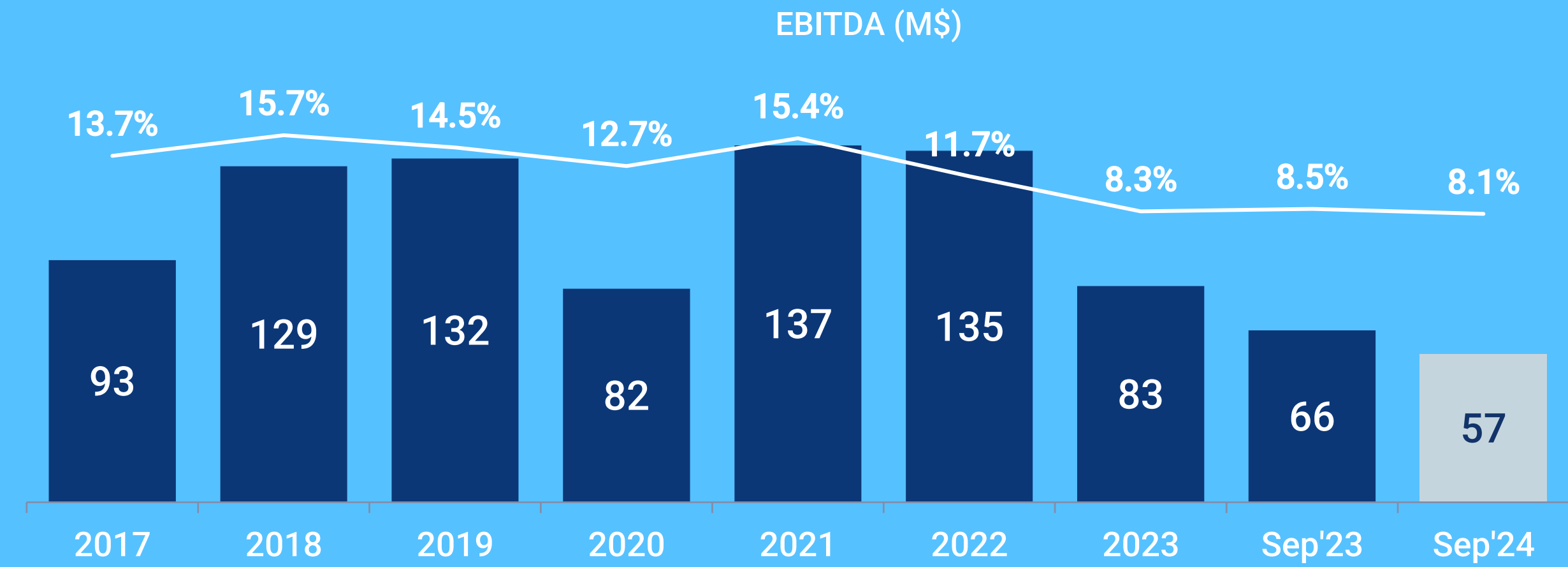
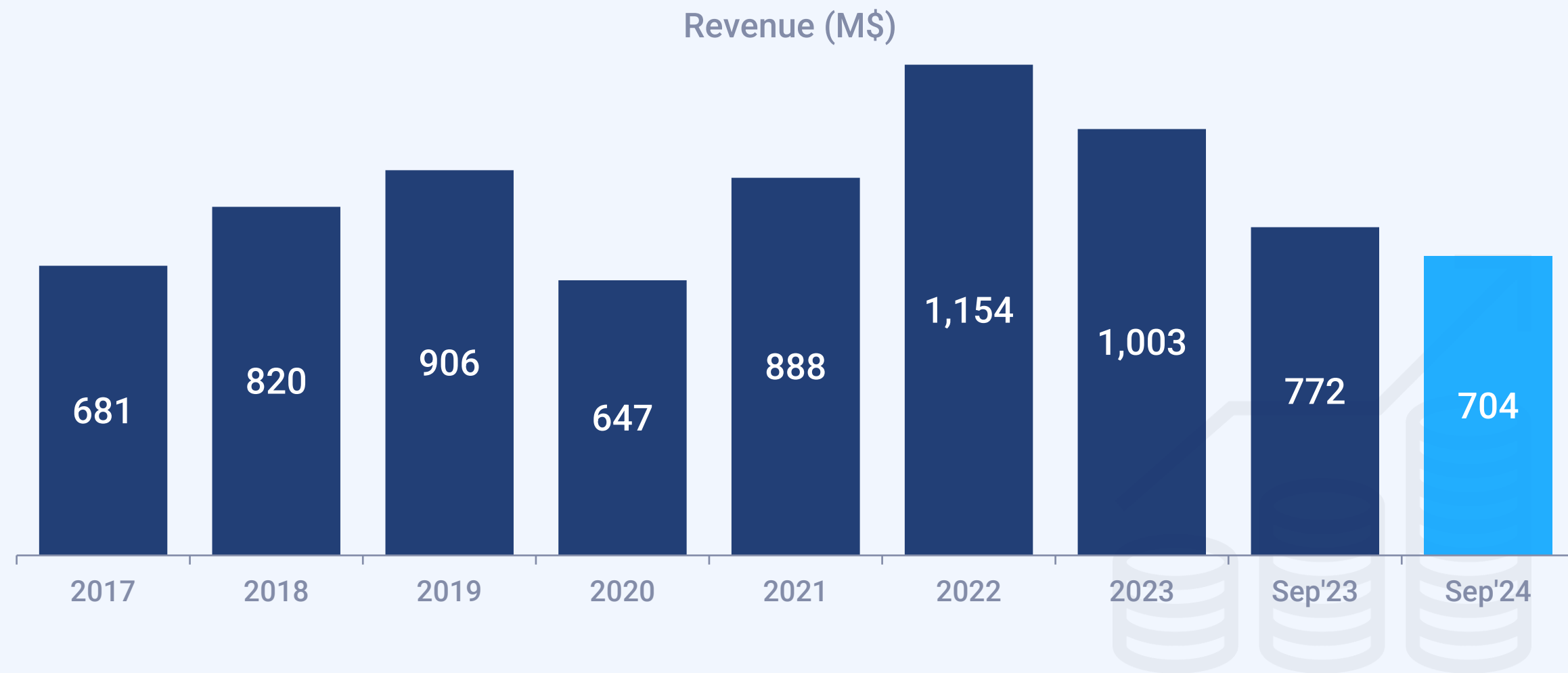
## FINANCIALS



## OPERATIONS



# Ongoing challenging externalities impact financial performance



Tire Segment	Kordsa (Tire R.)	Competitor I	Competitor II	Competitor III
	Sep'24 vs Sep'23 Change (%)	Sep'24 vs Sep'23 Change (%)	Sep'24 vs Sep'23 Change (%)	Sep'24 vs Sep'23 Change (%)
Revenue	-10%	-6%	-9%	-2%
EBITDA	-5%	-28%	-27%	1%

Composite Segment	Kordsa (Comp.)	Competitor I	Competitor II	Competitor III
	Sep'24 vs Sep'23 Change (%)	Sep'24 vs Sep'23 Change (%)	Sep'24 vs Sep'23 Change (%)	Sep'24 vs Sep'23 Change (%)
Revenue	-4%	7%	-1%	-9%
EBITDA	-76%	4%	18%	-26%

## REVENUES

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

## EBITDA

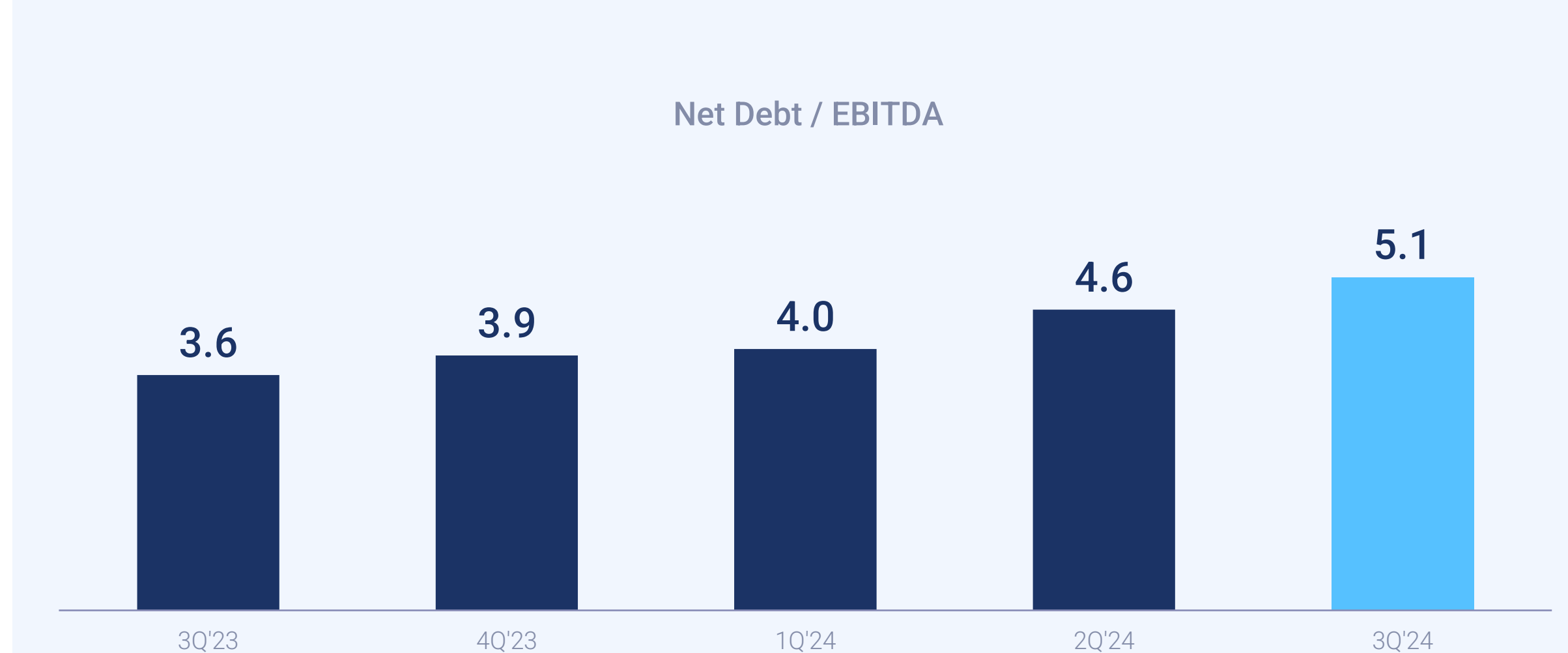
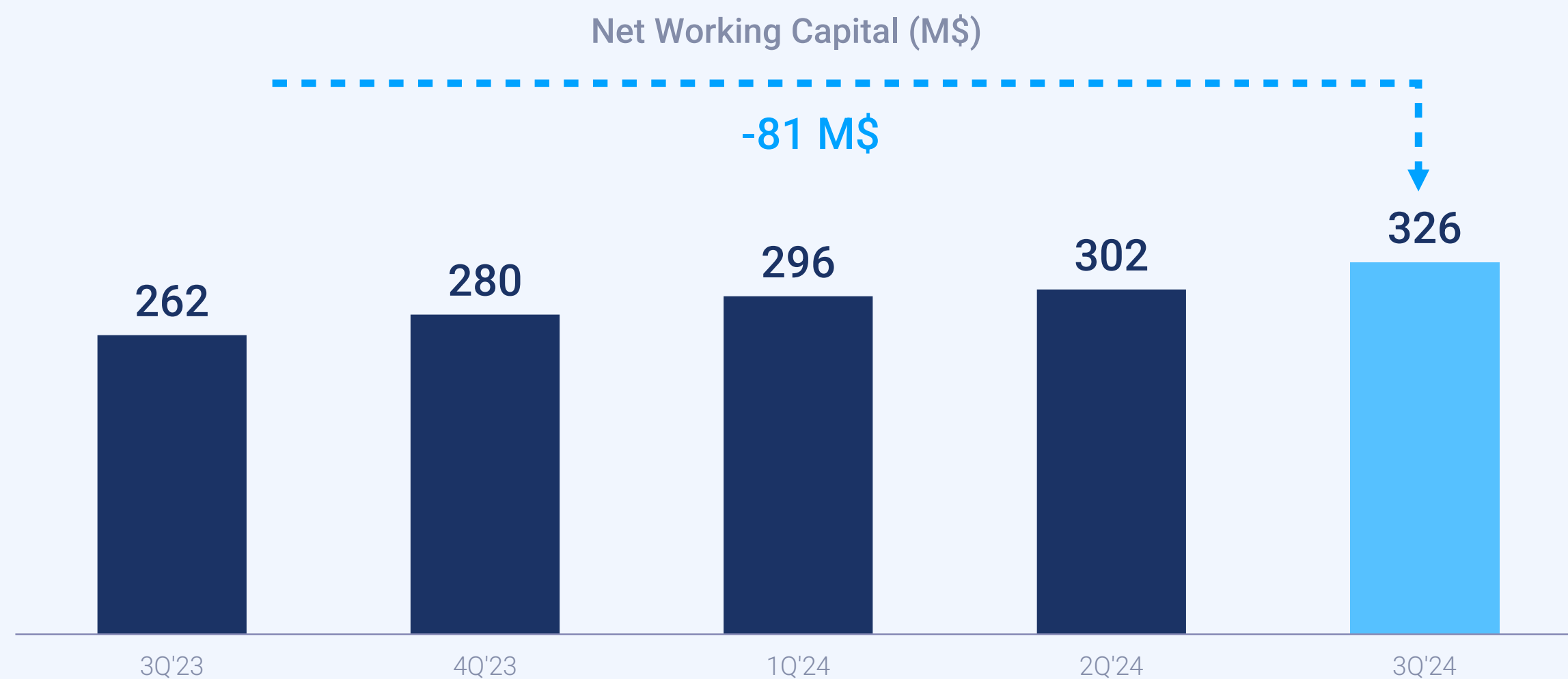
Adding to the impacts on revenue, the mismatch between inflation and FX fluctuations



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



M\$	Amount		Avg. Int Rates	
	31.12.2023	30.09.2024	%	%
Net Debt	337	391	YE'23	Sep'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		



**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**.



### Passion for Business Excellence

Efficiency and improvements in Business operations to accelerate the low carbon transition

- Decarbonization Plan
- Waste & Water Reduction Projects



### Responsibility for People

Commitment to an inclusive, safe and healthy working environment for all

- Sustainable Employment
- Sustainable Procurement
- Business Ethics
- Social Projects



### Innovation for Sustainable Materials

Transition to a low carbon economy with lighter products than alternatives, sustainable product portfolio with high value added

- Sustainable Product
- Sustainable Procurement



CDP Climate Change	CDP Water Program	CDP Supplier Engagement
2023 A-	2023 A-	2023 A



**GOLD | Top 5%**  
 Sustainability Rating  
 OCT 2024

We participate in the Ecovadis CSR Rating for environmental, social and governance issues.  
**We have been awarded the "Gold Medal" again in the 2023 Ecovadis CSR rating.**



SCIENCE BASED TARGETS

Our Carbon Emission Reduction Commitments have been approved by the Science Based Targets Initiative.

# Mapped Objectives to UN Development Goals

**13** CLIMATE ACTION

**2030**  
46.2% GHG Emission Reduction in Scope 1&2 (Base Year 2019)

**2027**  
Critical raw material suppliers have SBTi aligned target (Base Year 2021)

**2030**  
25% reduction Scope 3 Category 3 & 10 (Base Year 2021)

**2050**  
Net Zero

**6** CLEAN WATER AND SANITATION

**2030**  
30% water withdrawal reduction per unit tonnage product sales (Base year 2019)

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

**2030**  
SMR %40

**5** GENDER EQUALITY

**2025**  
45% Women employment\*

**8** DECENT WORK AND ECONOMIC GROWTH

**Zero Accident**

\*Office employee

# Why invest in **Kordsa**

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# Thank You



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THE REINFORCER

### INTERMEDIATES

#### RAW MATERIALS



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

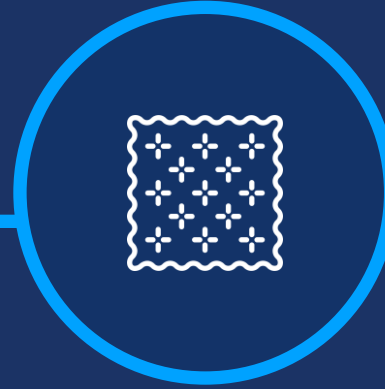
#### Weaving



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

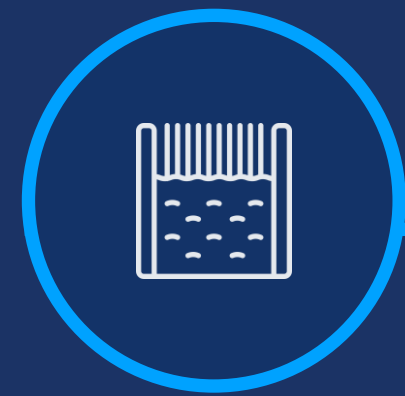
NY66 and PP Fibers

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**



Kordsa's Decarbonisation Strategy is aligned with 1.5°C pathway, and leverages mainly on renewable energy and supplier engagement to reduce GHG emissions across the value chain

“ Kordsa to be a leader in sustainability and achieve mid-term and long-term GHG emission reduction targets ”

**Emission Reduction Targets:**  
*Scope 1 & 2*

**46.2%**

Absolute reduction in scope 1 & 2 GHG emissions by 2030



○ Baseline year = 2019

*Scope 3:*

**64%**

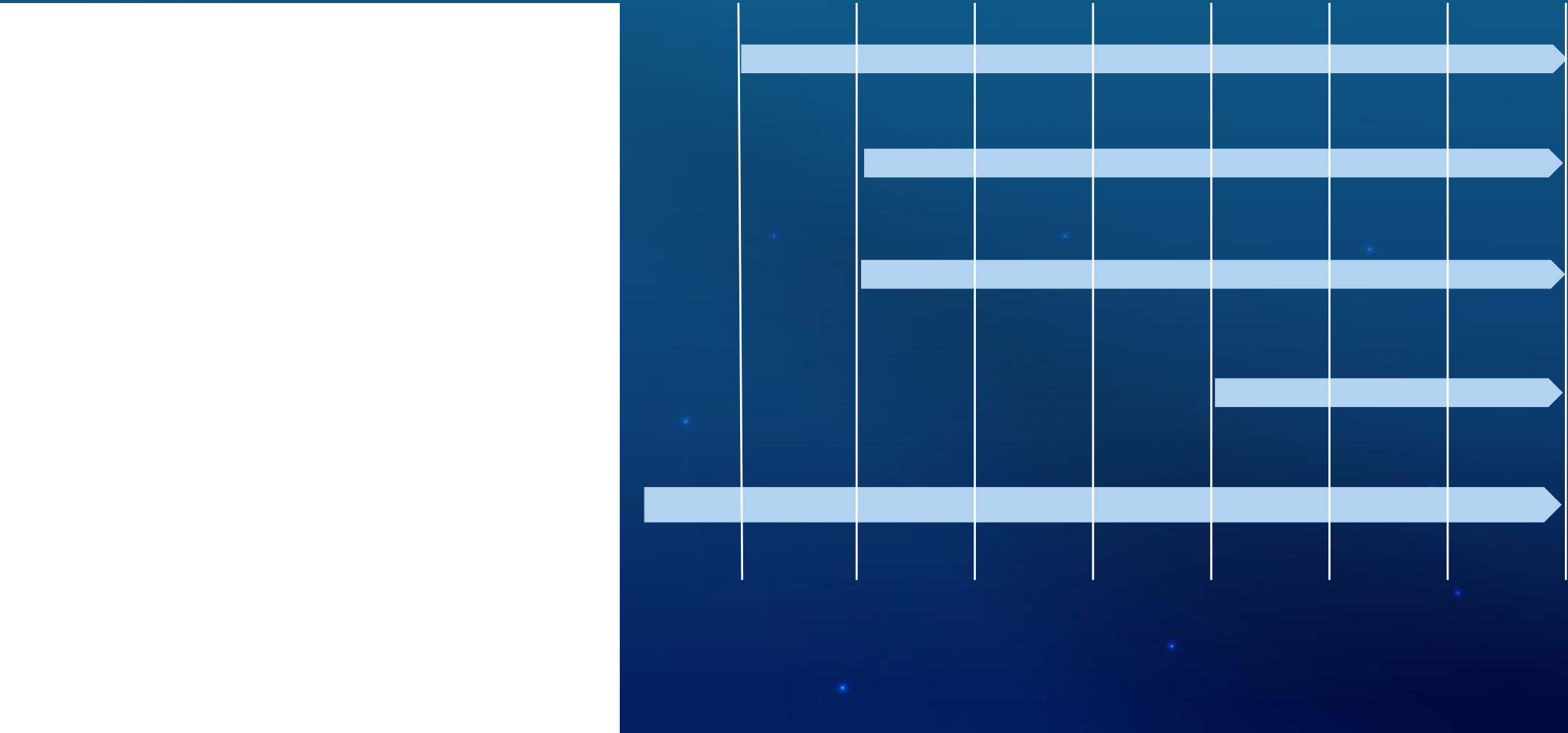
of emissions associated with Purchased Goods & Services to be covered by SBTi targets by 2027

- Baseline year = 2021
- Kordsa commits that suppliers responsible for 64% of its emissions from purchased goods and services will have science-based targets by 2027
- Kordsa also commits to reduce absolute emissions from Cat 3: Fuel and Energy related activities and Cat 10: Processing of Sold Products by 25% by 2030

**Reduction Focus Areas:**  
*Scope 1 & 2:*



2023 2024 2025 2026 2027 2028 2029 2030



**Why is decarbonization important for Kordsa**

- Kordsa intrinsically has the motivation, ambition and vision to transform the company into a leader on sustainability
- Local and international regulatory and market developments, reputational considerations, and increasing global awareness of climate change are also drivers for Kordsa to take action and reduce emissions in its manufacturing processes

# We Reinforce Life with Sustainability

## Tire Reinforcement



- Recycled Nylon
- Recycled PET
- Bio based PA
- Cokoon
- UHT PET
- High Modulus NY
- Paired Cord

## Composites



- Water based phenolic honeycomb
- Ceramic Matrix Composites
- Bio based prepreg

## Construction Reinforcement



- Kratos Synthetic Fiber Reinforcement
- Kratos Structural Reinforcement

## Compounding



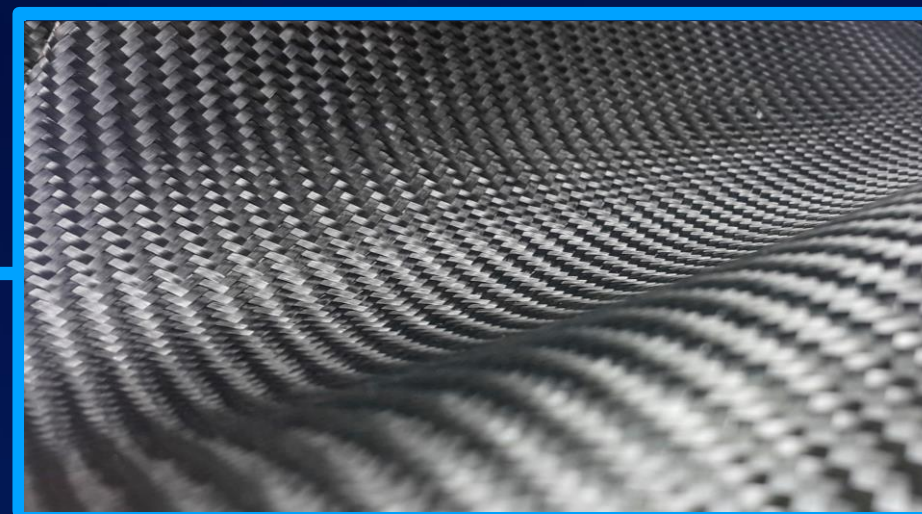
- Sustainable formulations
- Bio based formulations

## Sustainable Products 84 sustainable products including;



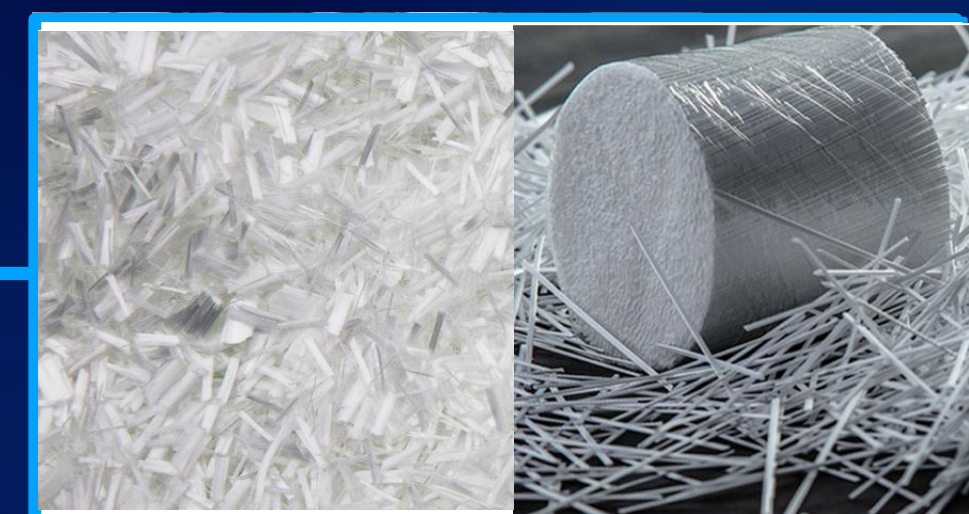
**In tire reinforcement;**  
Lightweighting, environmentally friendly & fuel-saving technologies

rPET, Paired Cord, UHT Polyester Cord Fabric, High Modulus Nylon and REV Technologies product group specifically for electric vehicle tires



**In composites industry;**  
Products that provide fuel savings & low carbon emissions

- Carbon prepreg composites have up to 10 times higher strength compared to steel.
- When a steel part is replaced with carbon prepreg composite, the part weight is reduced to 1/10 and reduces CO<sub>2</sub> emissions in vehicles.



**For the construction industry;**  
durable, long-lasting and lightweight solutions

- With its low CO<sub>2</sub> footprint, as recorded in the EPD certification, Kratos Synthetic Fiber Reinforcements provide a sustainable solution for construction projects.



**For the compounding industry;**  
innovative, tailor-made compounding solutions

- 20% of vehicle parts use engineering plastics, reducing weight lowers fuel consumption thus lowered carbon emissions
- Glass fiber added formulations are lighter than metal parts with same mechanical properties, thus contribute to a sustainable future..

# Ongoing challenging externalities impact financial performance

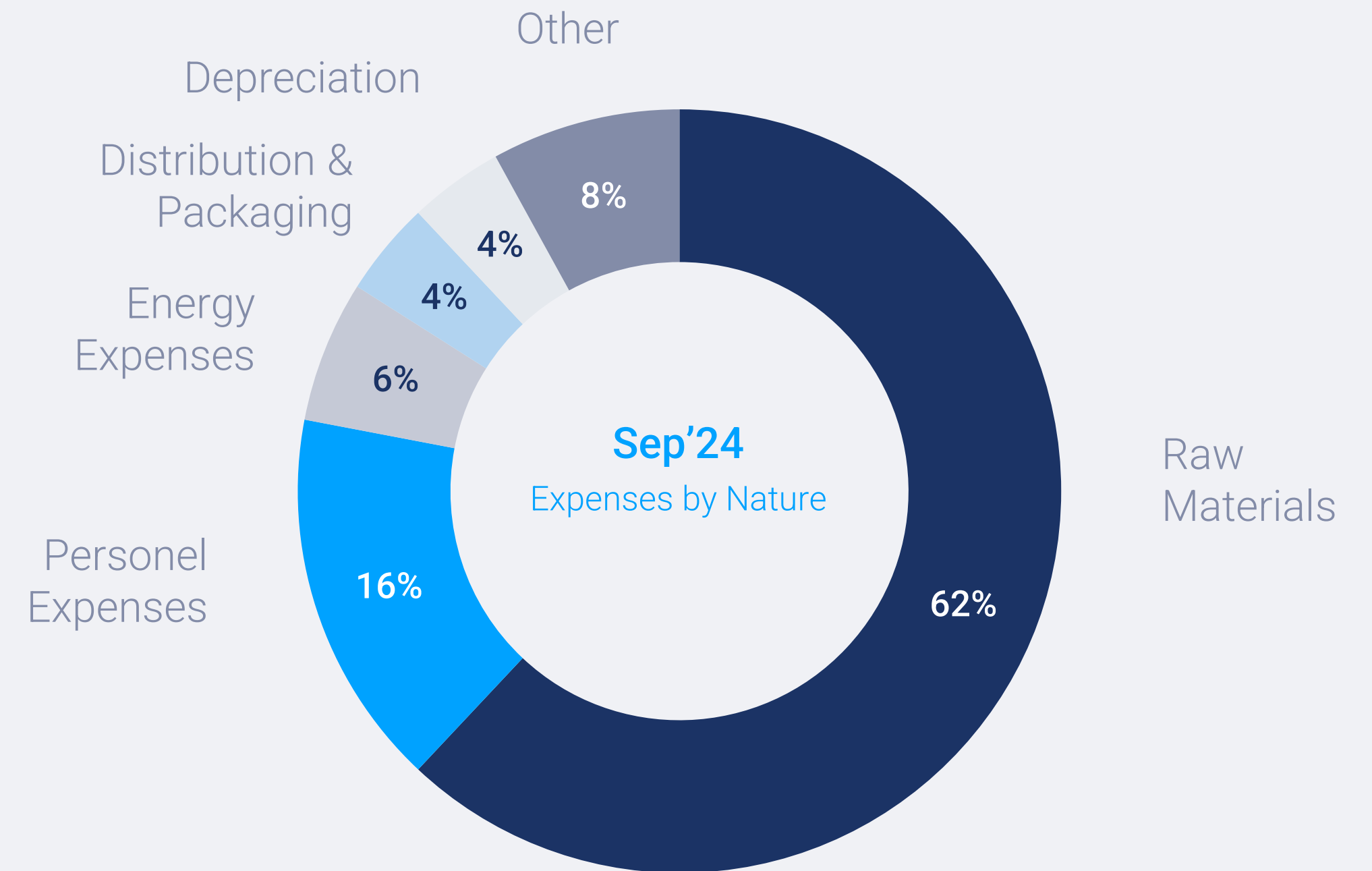
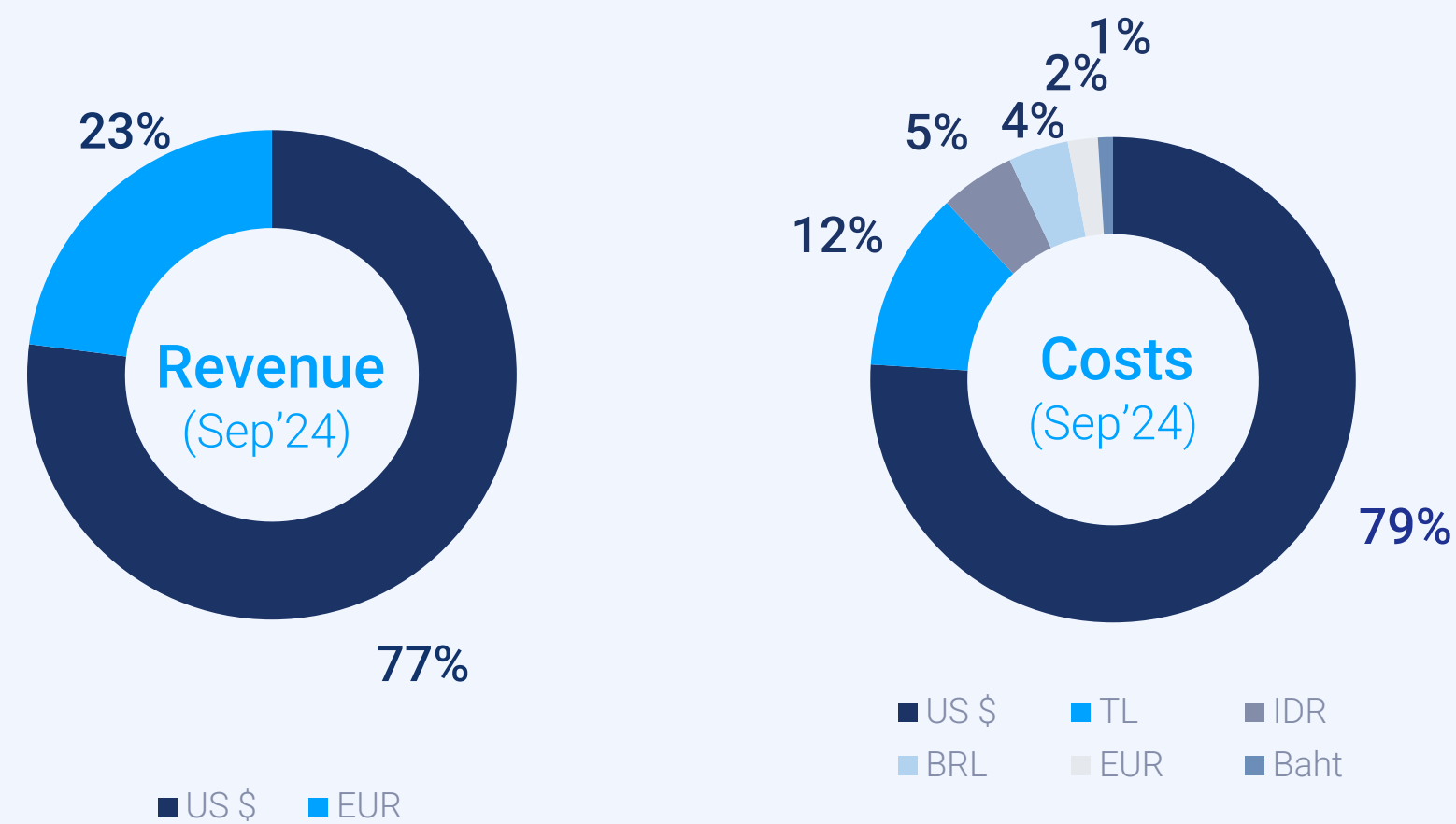
	USD Financials (MUSD)							
	3Q'23	3Q'24	Δ	4Q'23	1Q'24	2Q'24	3Q'24	
Sales	241	235	-2.5%	231	234	235	235	
Gross Profit	37	33	-11.1%	35	40	32	33	
Gross Margin (%)	15.2%	13.8%	-1 pts'	15.3%	17.0%	12.4%	13.8%	
OPEX (%)	10.5%	11.9%	2 pts'	11.6%	11.9%	12.4%	11.9%	
Operating Profit	14	9	-38.0%	13	12	7	9	
Operating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

# Balance Sheet

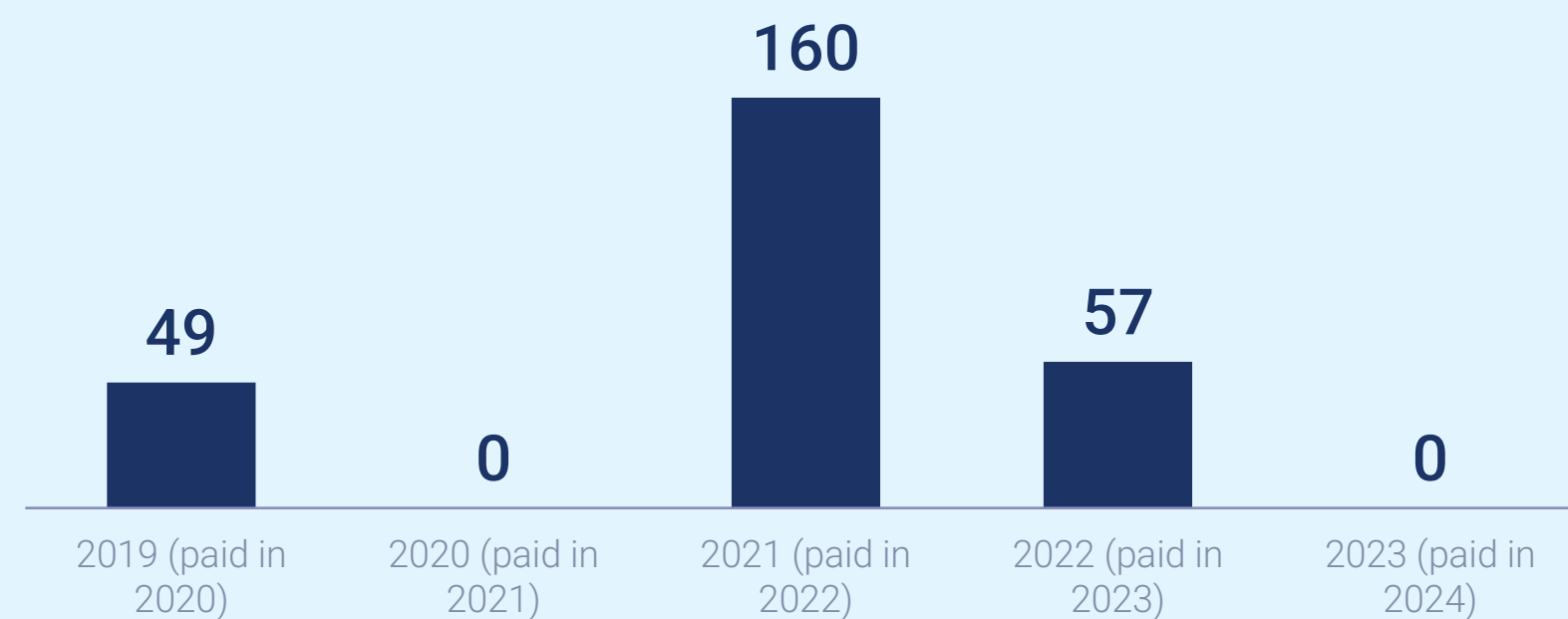
	TL Financials (MTL)			USD Financials (MUSD)		
	YE 2023	Sep 2024	Δ	YE 2023	Sep 2024	Δ
Cash and Cash Equivalents	1,712	2,179	467	58	64	6
Account Receivables	4,774	6,208	1,434	162	182	20
Inventories	6,840	8,790	1,950	232	258	25
Other Current Assets	1,416	1,884	468	48	55	7
PPE & Intangibles	13,922	16,242	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
<b>Total Debt</b>	<b>11,651</b>	<b>15,545</b>	<b>3,894</b>	<b>395</b>	<b>455</b>	<b>60</b>
Short Term Debt	7,382	8,786	1,404	250	257	7
Long Term Debt	4,269	6,759	2,490	145	198	53

# 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