



Kordsa.com



Investor Presentation

Feb, 2022

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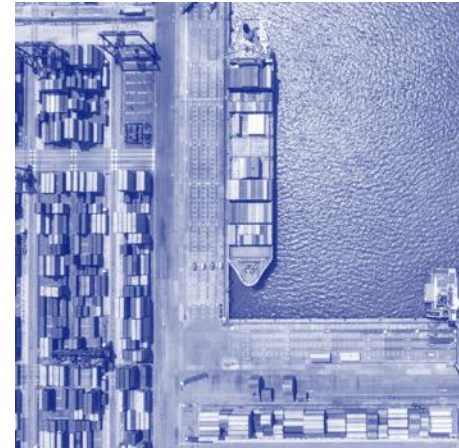
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4 continents
12 facilities

~4,900
continents

2 R&D
center

890 patent applications
194 patents



WE REINFORCE LIFE

AGENDA

01.

Kordsa Story

02.

Sustainability

03.

Investment
Highlights

04.

Operations

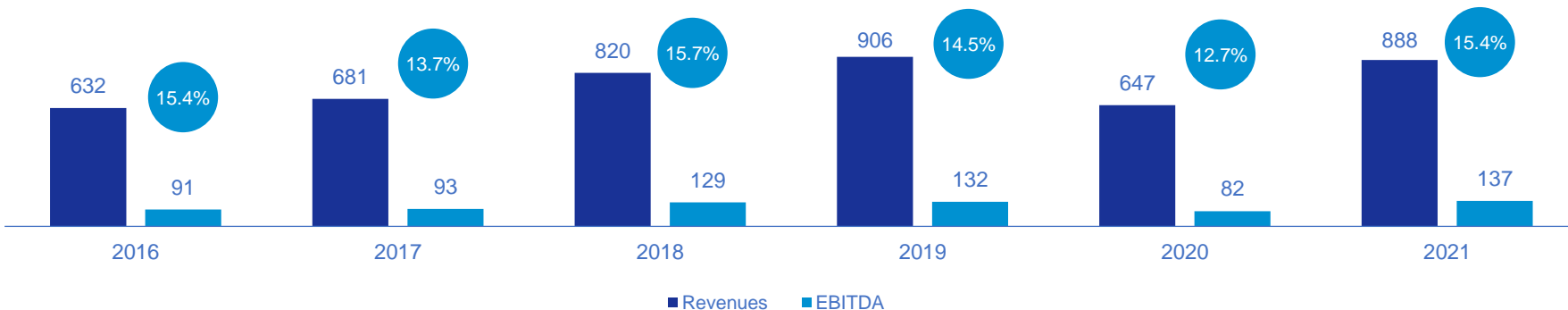
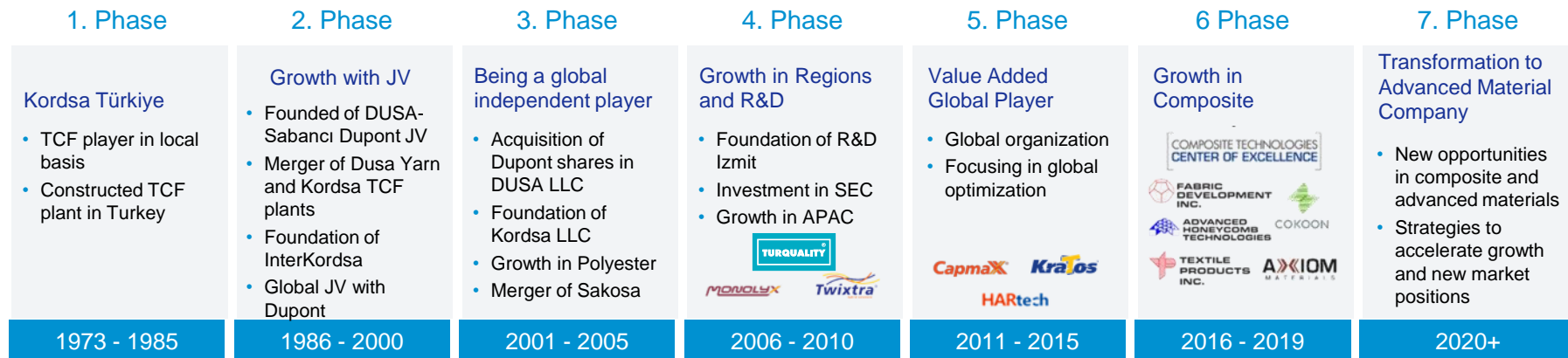
05.

Financial
Performance

06.

Highlights &
Lowlights

Our target is the continuation of market leadership in tire reinforcement, growth in Composite segment especially in Europe and actualization of transformation to advanced material company





1.

Business Excellence

- Operational Excellence: Safe and reliable operations, competitive cost
- Digital Transformation: Data analytics and Artificial Intelligence, Robotics and Automations, Cybersecurity
- Effective Finance & Risk Management
- Commercial Excellence

2.

Growth

- Growth in Tire Industry: Improve approved product base
- Growth in Composite Industry: Realization of growth business plan for composites, increase market penetration speed via acquisitions
- Growth in New Industries

3.

Innovation

- Innovation in Material Science
- Innovation in Tire Technology
- Innovation in Composite Technology
- Effective Innovation Management

Inspired to Reinforce Life for a Better Today and Tomorrow

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 Digitilazation.

Passion for Business Excellence

Efficiency and improvements in our own operations to create a positive impact in our value chain and to accelarete low carbon transition.

Responsibility for People

We commit to a non-discriminative, safe and healthy working environment for all.

Investing in community development with our social responsibility projects

Innovation for Sustainable Materials

With high value added sustainable product portfolio Kordsa is facilitating in transition to a low carbon economy with lighter products than alternatives.



Kordsa Sustainability Targets



2030
30% 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

Kordsa Awards & Recognition



2021 CDP Turkey Climate Change and Water Leader
("A" Global List in the world for water)



Ecovadis Gold Medal



Entered Istanbul Stock Exchange Sustainability Index for the 5th time



Four winner awards in IDC Turkey Digital Transformation Awards



Silver Award for Best Materiality Reporting at Asia Sustainability Reporting Awards

Kordsa Investment Highlights

01.

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

02.

Global footprint with large presence at growing regions

03.

Growth in composite reinforcement market

04.

Strong ESG position

05.

Strong cash generation and dividend payout

OPERATIONS

A man in a white lab coat and safety glasses is inspecting a large, dark, curved component in a factory setting. The component appears to be a large wheel or a similar part. The background shows industrial equipment and a factory environment.

FINANCIALS

A blue background with a white geometric pattern of interconnected lines and dots, resembling a network or molecular structure.

Global Footprint

NORTH AMERICA

13% vs. 2020
-22% vs. 2019

Anaheim, CA
Santa Ana, CA
San Marcos, CA
Quakertown, PA
Laurel Hill, NC
Chattanooga, TN

- Composite Reinforcement
- Tire Reinforcement
- Construction Reinforcement
- R&D Center

SOUTH AMERICA

+35% vs. 2020
+6% vs. 2019

Brazil

EMEA

+45% vs. 2020
+9% vs. 2019

Istanbul
Izmit

APAC

+61% vs. 2020
+7% vs. 2019

Thailand
Indonesia
Brazil

Kordsa Market Position

EMEA

#1 NY TCF producer

#1 PET TCF producer

NA

#1 NY TCF producer in US

SA

The only Pet yarn, TCF and SEC producer in LATAM

APAC

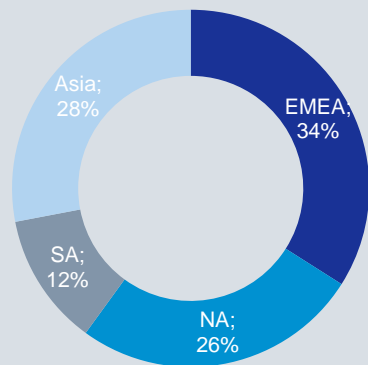
#2 NY TCF producer

#2 PET TCF producer

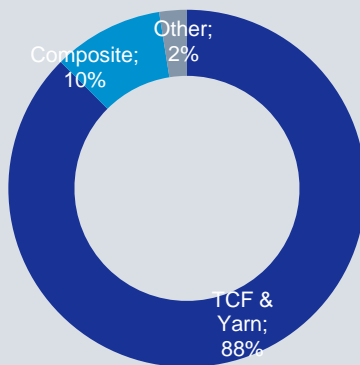
Segment Reporting Results

Dec, 21 Revenue Split

By Region

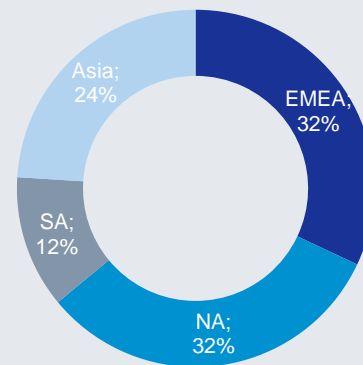


By Product

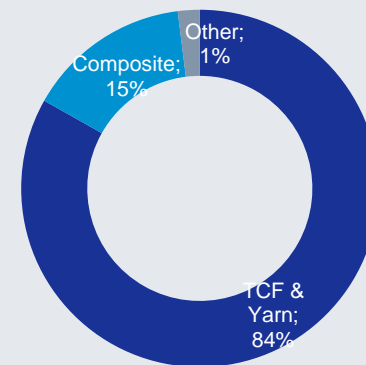


Dec, 20 Revenue Split

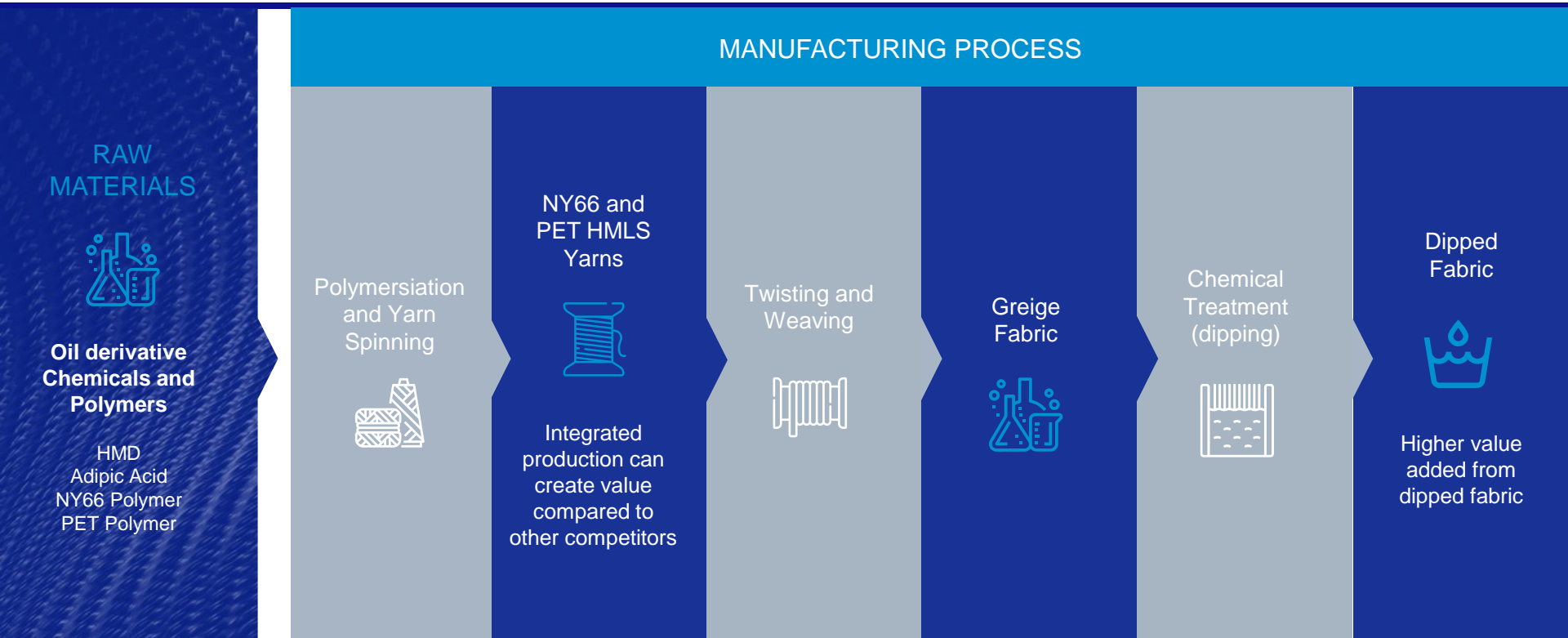
By Region



By Product



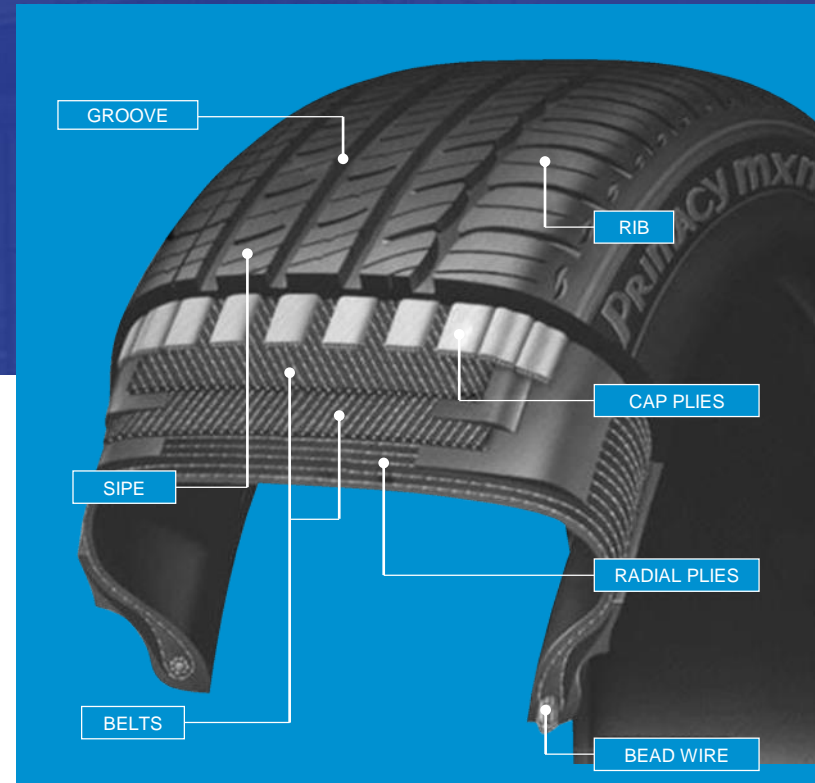
Tire Cord Fabric Value Chain



Kordsa fabrics are developed for specific requirements and are custom made

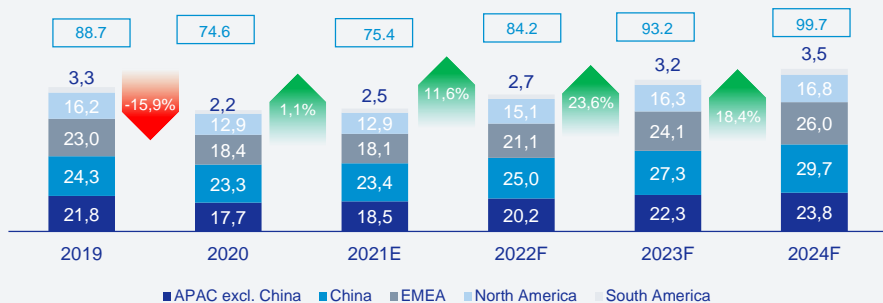
Where do our products go...

- A tire is a highly complex composite with approx. 40 components working under dynamic conditions enduring heat and motion
- NY66 typically used in cap plies
- PET typically used in radial plies
- By weight: 350-450gr per tire
- By value => Approx 7-10% cost of a tire is Tire Cord Fabric

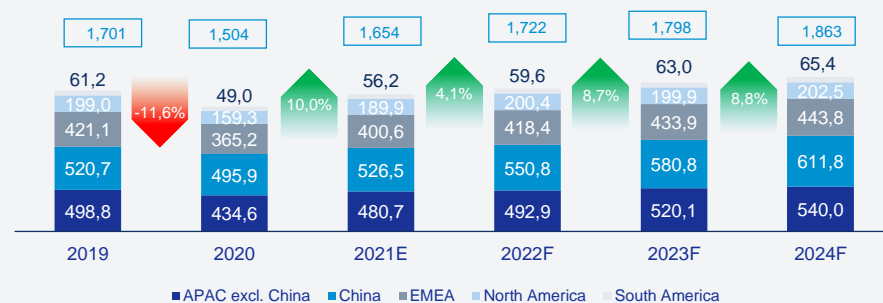


Market Dynamics / Tire

Global Automotive Market (million units)



Global Tire Market (million units)



Tire Reinforcement Market (NY6.6-ktons)



Tire Reinforcement Market (PET-ktons)



Composite Value Chain

INTERMEDIATES

RAW MATERIALS



Fibers:

Carbon Fiber
Aramide
Glass Fiber
Ceramic Fiber
Kevlar

Weaving



The sole supplier
of B787
Dreamliner

Prepreg



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



Kordsa fabrics and prepregs offer cutting edge solutions for aerospace & automotive markets

Composite Value Chain

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

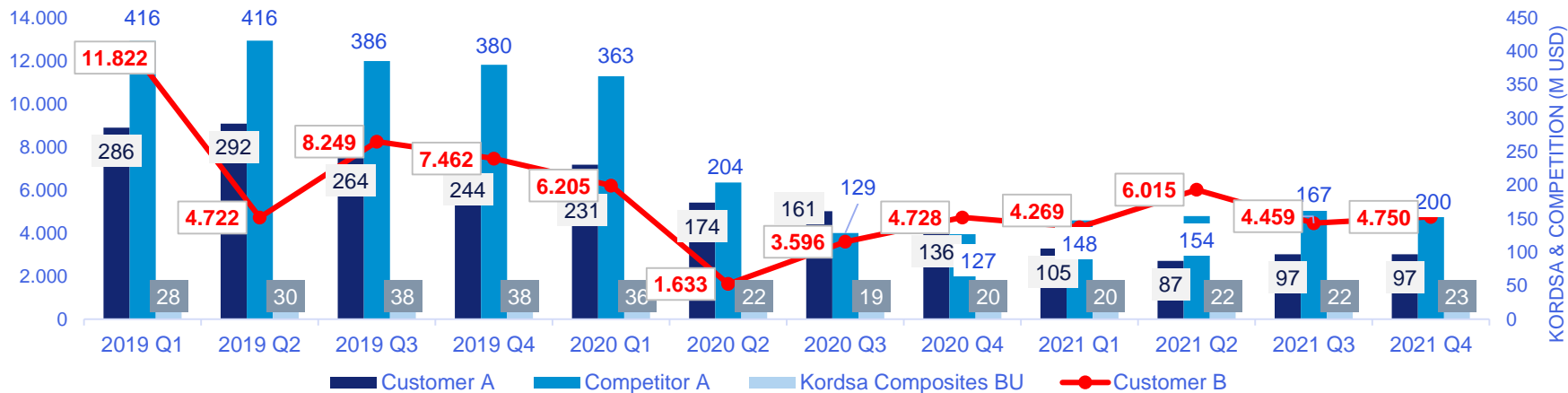
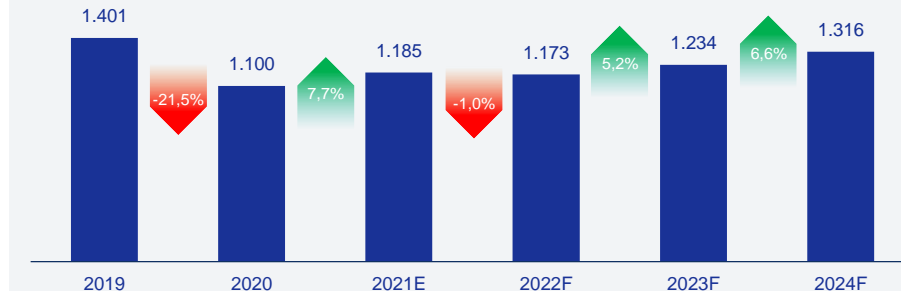


Market Drivers / Composite

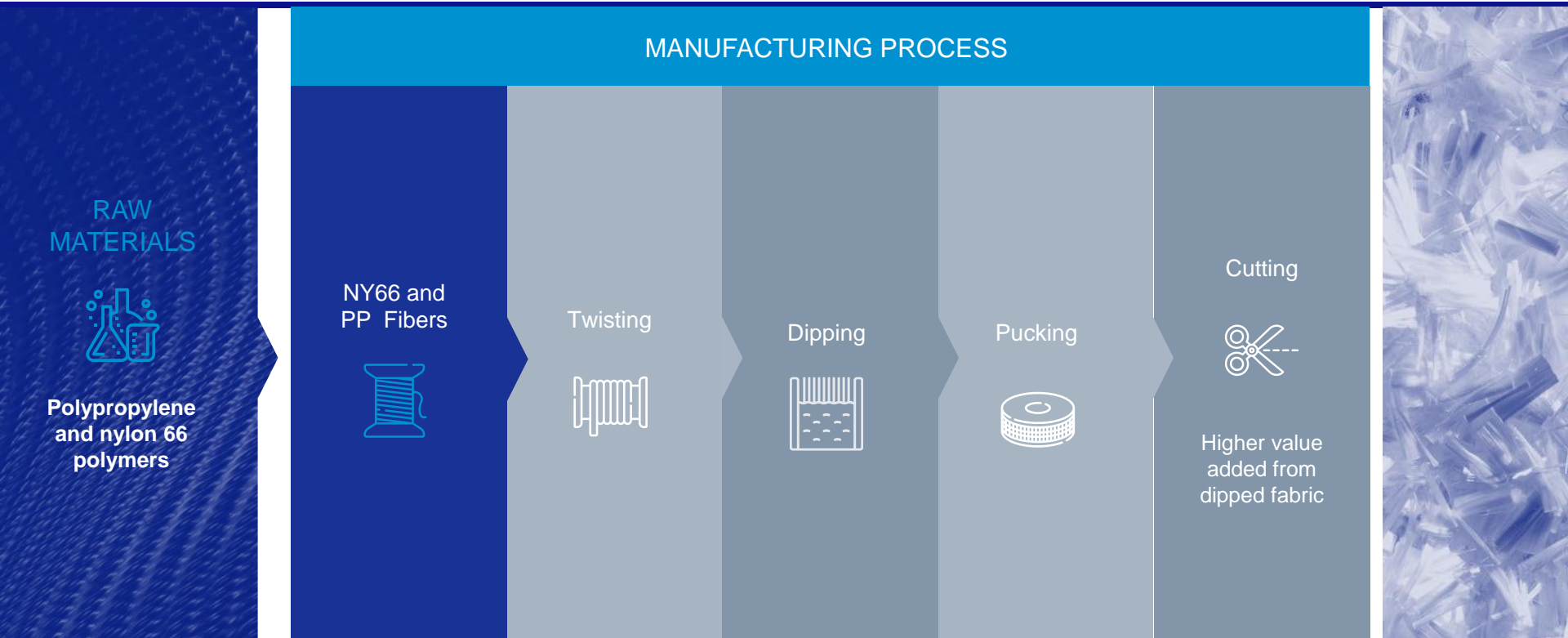
Global Prepreg Market ('000 USD)



Global Carbon Fabric Market ('000 USD)



Construction Value Chain



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

Composite Value Chain

REINFORCED CONCRETE STRUCTURES

MAJOR APPLICATIONS

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



OPERATIONS

FINANCIALS



REVENUE



888
MUSD
All Hard-
Currency

37% ↑ YOY

EBITDA MARGIN



15.4%

137 MUSD
robust margin

NET INCOME



96
MUSD

~ 5 fold increase

VOLUME GROWTH



30%

Strong demand in
tire reinforcement

FCF



211
MTL





Improvement in WC
28.5 M\$ investment

Kordsa Income Statement YE'21

	USD Financials (MUSD)					
	YE 2020	YE 2021	Δ	4Q 2020	4Q 2021	Δ
Sales	647	888	37,2%	183	239	30,5%
Gross Profit	115	195	70,1%	37	50	33,8%
Gross Margin (%)	17,7%	21,9%	4 pts ¹	20,3%	20,8%	1 pts ¹
OPEX (%)	11,3%	11,0%	0 pts ¹	11,4%	10,6%	0 pts ¹
Operating Profit	55	149	172,6%	15	48	213,7%
Operating Profit Margin (%)	8,5%	16,8%	9 pts ¹	8,3%	19,9%	12 pts ¹
EBITDA	82	137	67,3%	27	32	18,8%
EBITDA Margin (%)	12,7%	15,4%	2 pts ¹	14,5%	13,2%	-1 pts ¹
Net Income	21	96	348,8%	7	26	270,1%
Effective Tax Rate (%)	12,5%	8,5%	-3 pts ¹	26,3%	-2,5%	28 pts ¹
Net Income (%)	3,3%	10,8%	8 pts ¹	3,9%	11,0%	7 pts ¹
EPS (TL/1,000 shares)	0,11	0,50	348,8%	0,13	0,64	414,0%

4Q'2021 Snapshot

RESULTS





	USD-Based Revenue Growth	31.4% (vs 4Q'20)
	Tire Reinforcement Demand Growth	2.5% (vs 4Q'20)
	EBITDA Margin	13.2%
	Net Income	26 M\$

DRIVERS

- 2.5% volume growth
 - Revenue increase back of raw material prices (40% NY; 25% PET)
 - Construction revenue doubled (2.0M\$)
 - 3M\$ revenue growth in composite segment
-
- Demand growth not shadowed by automotive industry issues
 - Volume growth in EMEA and APAC, putting 2021 results well above 2020 and 2019.
-
- Lower EBITDA margin compared to the first three quarter of 2021 and the last quarter of 2020.
 - Sharp commodity price increases to be reflected in next quarter
 - Increases on freight costs of raw material and bargaining power of supplier
-
- Highest quarterly net income of all times
 - Nearly 6M\$ from K-TR revaluation of assets

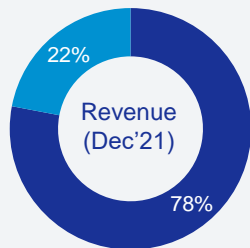
RESULTS

DRIVERS

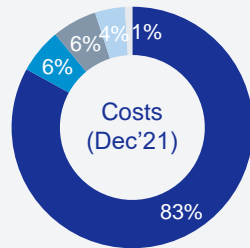
	USD-Based Revenue Growth	37.2% (vs YE'20)	<ul style="list-style-type: none"> • Strong tire reinforcement demand driving prices up • Kordsa volume growth above market growth • Price increases as a result of ingredients price hikes • Doubled revenue generation from construction (9.0M\$)
	Tire Reinforcement Demand Growth	30% (vs YE'20)	<ul style="list-style-type: none"> • Volume growth across all regions, putting 2021 results well above 2020 and 2019. • Growth leaders APAC, EMEA, LATAM, respectively. • Observing strong demand continuing in 1H'22.
	EBITDA Margin	15.4%	<ul style="list-style-type: none"> • The second best yearly EBITDA margin despite sluggish composite industry • Strong cost control
	Net Income	96 M\$	<ul style="list-style-type: none"> • Strong EBITDA improves net income • ~15 M\$ coming from Brazil tax-case and K-TR asset revaluation (impact on tax expense)

Well-Positioned for Strong Cash Generation and Dividends

FX exposure

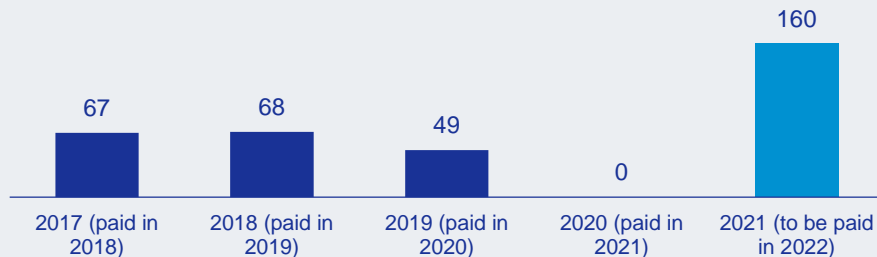


■ US \$ ■ EUR

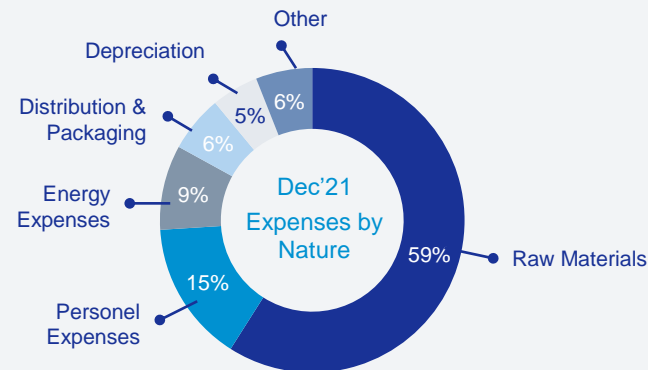


■ US \$ ■ TL ■ IDR ■ BRL ■ Baht

Dividend (MTL)



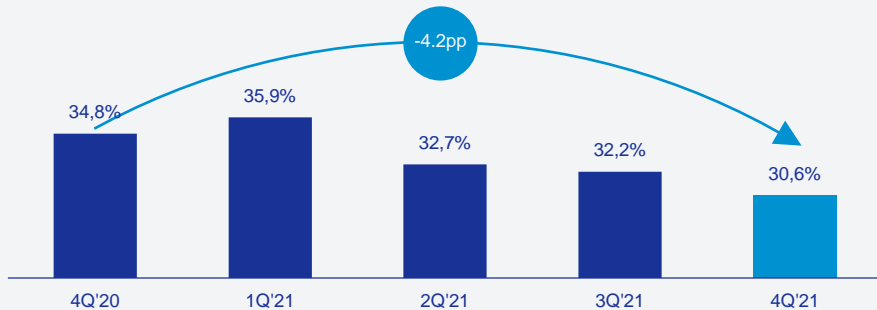
- Demonstrates value-based pricing model
- Ability to pass through raw material price volatility: (Revenue – raw material costs) tracked as a KPI by sales team
- Conversion costs as a key metric for management KPIs (main components are personnel expenses and energy costs)



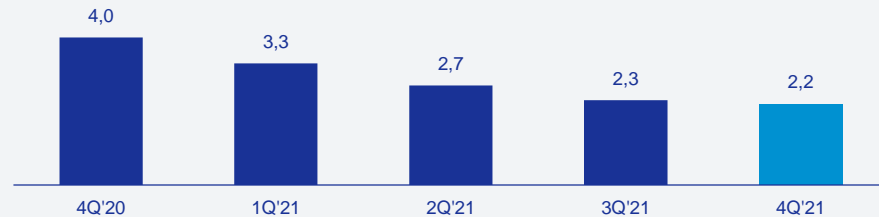
- Hard currency revenues
- FX exposure on costs -> EM footprint on local costs + hard currency priced raw materials
- Benefit from US\$ appreciation vs. TL, IDR and BRL

Well-Positioned for Strong Cash Generation

Average Working Capital Turnover



Net Debt / EBITDA



INVENTORIES UP 30% Y-O-Y

Driven by strong demand in tire and rm price increases

RECEIVABLES UP 30% Y-O-Y

Driven by strong demand in tire reinforcement and price increases

PAYABLES UP 31% Y-O-Y

Driven by strong demand in tire reinforcement and rm price increases

M\$	Amount		Avg. Int. Rates
	31.12.2020	31.12.2021	%
Total Debt	392	313	
USD-Basis	236	193	3.0%
EUR-Basis	96	75	1.1%
TRY-Basis	56	41	16.1%
Other Currencies	5	4	7.0%

REALIZATION

TL-Basis

Sales : 74%

EBITDA: 112%

USD-Basis

Sales : 37%

EBITDA: 67%

2021 Guidance

Revenue

50% - 55%

TL basis

30% - 35%

USD basis

EBITDA

85% - 95%

TL basis

65% - 70%

USD basis

HIGHLIGHTS & LOWLIGHTS

HIGHLIGHTS

TIRE REINFORCEMENT DEMAND

Growth trend expected to continue in 1H'22

RECOVERY PROCESS in COMPOSITE

With increase of air travel, recovery process expected to start in 2H'22

GROWTH PLANS

Lower net debt/EBITDA creates financial opportunities for potential acquisitions

EFFECTIVE CASH MANAGEMENT

Improvement in WC turnover and strong free cash flow

LOWLIGHTS

FORCE MAJEURE

Still a continuing issue for raw material suppliers

CONTAINER ISSUES

Equipment and port issues continue

Available lines diminish

Costs continue to increase with record prices

COVID-19

Variants bring uncertainties for all industries

RAW MATERIAL PRICES

Strong demand, increasing commodity prices expected to endure, supplier bargaining power increase

Thank You



Balance Sheet

	TL Financials (MTL)			USD Financials (MUSD)		
	YE 2020	YE 2021	Δ	YE 2020	YE 2021	Δ
Cash and Cash Equivalents	450	195	-255	61	15	-47
Account Receivables	1.091	2.566	1.475	149	193	44
Inventories	1.225	2.989	1.763	167	224	57
Other Current Assets	123	436	312	17	33	16
PPE & Intangibles	3.343	5.238	1.894	455	393	-63
Investment Property	175	320	145	24	24	0
Goodwill	923	1.640	716	126	123	-3
Other Non-Current Assets	273	628	355	37	47	10
Account Payables	664	1.927	1.263	90	145	54
Total Debt	2.878	4.179	1.300	392	313	-79
Short Term Debt	1.667	2.912	1.245	227	218	-9
Long Term Debt	1.211	1.266	56	165	95	-70
Other Liabilities	784	1.421	637	107	107	0

Kordsa Income Statement YE'21

	TRY Financials (MTL)					
	YE 2020	YE 2021	Δ	4Q 2020	4Q 2021	Δ
Sales	4.536	7.891	74,0%	1.451	2.702	86,2%
Gross Profit	803	1.732	115,7%	295	562	91,0%
Gross Margin (%)	17,7%	21,9%	4 pts'	20,3%	20,8%	1 pts'
OPEX (%)	11,3%	11,0%	0 pts'	11,4%	10,6%	0 pts'
Operating Profit	384	1.326	245,5%	120	538	347,7%
Operating Profit Margin (%)	8,5%	16,8%	9 pts'	8,3%	19,9%	12 pts'
EBITDA	574	1.218	112,1%	210	356	69,6%
EBITDA Margin (%)	12,7%	15,4%	2 pts'	14,5%	13,2%	-1 pts'
Net Income	150	856	469,0%	56	297	428,4%
Effective Tax Rate (%)	12,5%	8,5%	-3 pts'	-0,4%	13,5%	13 pts'
Net Income (%)	3,3%	10,8%	8 pts'	3,9%	11,0%	7 pts'
EPS (TL/1,000 shares)	0,77	4,40	469,0%	0,99	7,26	633,6%

Cash Flow

	TL Financials (MTL)		
	YE 2020	YE 2021	Δ
Cash Used in Operating Activities	902	486	-416
Net Income	150	856	705
Depreciation & Amortization	285	350	65
Change in Working Capital	-71	-2.298	-2.227
Other Adjustments*	538	1.578	1.040
Cash Used in Investing Activities	-208	-274	-66
Maintenance CAPEX	-208	-222	14
M&A Investments	0	-52	-52
Free Cash Flow*	694	212	-482

* including unrealized currency translation difference