

Kocaer Çelik increased its net profit by 138% YoY in the first half of 2023...

Despite the deterioration in our industry and the decline in iron and steel exports, our company managed to maintain its total sales volume in the first half of 2023 at the same level as last year. Compared to the %16,3¹ annual contraction in Turkey's crude steel production and 46%¹ decline in export volume in the first half of the year, our company's total net sales volume remained at the same level as the previous year and amounted to 269,330 tons.

Sales Volume (ton)	1H2023	1H2022
I and H Shape Steel Profiles	18,808	13,912
Value Added Steel Profiles	91,272	115,153
U and C Shape Steel Profiles	44,904	37,083
Structural Steel Profiles	114,347	112,609
Total Sales Volume*	269,330	278,758
Value Added Products/Total Sales Volume	34%	41%

* Excluding other sales

Despite the slowdown in our sector and the 32-day production halt in the investment process of our Aliğa - A2 factory in May, the total sales volume closed the period with a limited annual decline of 3%. In the first half of 2023, our company's total sales revenues increased by 21% compared to the same period of the previous year and reached TRY 5,244 million. The company mainly prefers to make order-based production and works with a minimum stock of products and raw materials.

Sales Revenues (000 TRY)	1H2023	1H2022	Change (%)
Domestic Sales Revenues	1,778,824	949,011	87%
Global Sales Revenues	3,465,378	3,373,344	3%
Net Sales Revenues	5,244,298	4,322,078	21%

In 1H2023, operating profit increased by 23% to TRY 1.095 billion due to both the increase in revenue and the savings in sales and distribution expenses, despite the significantly increased energy and labor costs compared to the same period of last year.

With the contribution of both the increase in sales revenues and the sharp decrease in financing expenses, the company managed to increase its total net profit by 138% in the first half of 2023, from TRY 322.9 million in 1H202 to TRY 769.4 million in 1H2023.

¹ TÇÜD

Sound debt structure was maintained in 2Q2023

The Company maintained its sound and balanced debt structure during the first half of 2023. As a result of effective financial management, the ratio of net financial debts to adjusted EBITDA was kept at 1.28 in 2Q2023 despite investment expenditures. The Company's total financial debt stood at TRY 2,902 million as of end-1H2023.

Financial Debt (000 TRY)	1H2023	2022YE	Change (%)
Short Term Borrowings	2,499,114	1,499,563	67%
Short Term Portions of Long Term Borrowings	89,496	159,068	-44%
Long Term Borrowings	313,728	351,258	-11%
Total Borrowings	2,902,338	2,009,889	44%
Cash and Cash Equivalents ²	1,025,280	947,471	8%
Net Financial Debt³	1,877,059	1,062,419	7%

Summary Consolidated Financial Tables

Summary Consolidated Balance Sheet (000 TRY)	1H2023	2022YE	Change (%)
Current Assets	5,950,658	4,243,790	40%
Fixed Assets	3,332,716	3,057,687	9%
Total Assets	9,283,375	7,301,477	27%
Short Term Liabilities	5,110,005	3,551,871	44%
Long Term Liabilities	558,403	462,809	21%
Equity	3,614,967	3,286,798	10%
Total Liabilities and Equity	9,283,375	7,301,477	27%

Summary Consolidated P/L (000 TRY)	1H2023	1H2022	Change (%)
Net Sales	5,244,298	4,322,078	21%
Gross Profit	962,916	1,109,658	-13%
Operating Profit	1,094,748	890,831	23%
Financial Expenses (net)	(186,407)	(497,137)	-63%
Profit Before Tax	966,239	415,904	132%
Net Profit	769,446	322,924	138%
EBITDA	1,149,912	925,931	24%
Adjusted EBITDA ⁴	735,535	846,757	-13%

² Marked to market financial assets have been included.

³ Calculated as Short Term Financial Debt+Short Term Portions of Long Term Financial Debt+Long Term Financial Debt -Cash and Cash Equivalents.

⁴ Other operating revenues and expenses have been excluded from EBITDA calculation.

Summary Consolidated P/L (Quarterly) (000 TRY)	2Q2023	1Q2023	Change (%)
Net Sales	2,570,818	2,673,480	-4%
Gross Profit	525,075	437,841	205
Operating Profit	779,111	315,637	147%
Financial Expenses (net)	-103,812	-82,594	26%
Net Profit	591,335	178,111	232%
EBITDA	806,366	343,546	135%
Adjusted EBITDA	413,441	322,094	28%

Profit margins of Kocaer Çelik also increased significantly in the second quarter of the year compared to the January-March 2023 period. Gross profit margin and adjusted EBITDA margin increased by 400 basis points in the last quarter, while net profit margin increased to 23% from the previous 6.7%.

Main Ratios (%)	2Q2023	1Q2023
Gross Profit Margin	20,4%	16,4%
Adjusted EBITDA Margin	16,1%	12,0%
Net Profit Margin	23,0%	6,7%
Net Financial Debt/A.EBITDA(x) ⁵	1,28	0,79

⁵ Calculated with trailing A.EBITDA